Appendix B

Ruentex Development Co., Ltd.

Unconsolidated Financial Statements for the Years Ended December 31, 2017 and 2018 and Independent Auditor's Report

(Stock Code: 9945)

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Ruentex Development Co., Ltd.

Unconsolidated Financial Statements for the Years Ended December 31, 2017 and 2018 and Independent Auditor's Report

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INDEPENDENT AUDITORS' REPORT

(2019) Cai-Shen-Bao-Zi No. 18004383

The Board of Directors and Shareholders

Ruentex Development Co., Ltd.

Audit opinion

We have audited the accompanying financial statements of Ruentex Development Co., Ltd. (the Company), which comprise the unconsolidated balance sheets as of December 31, 2018 and 2017 and the unconsolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Audit Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the Company for the year ended December 31, 2018. These matters were addressed in the context of our audit opinion of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's unconsolidated financial statements for the year ended December 31, 2018 are stated as follows:

Accuracy of Investment Balance Accounted for using equity method

<u>Description of Key Audit Matters</u>

The investment balance under equity method of the Company as of December 31, 2018 was NT$ 29,133,278 thousand, representing 44.40% of total Assets. For the accounting policy related to investments under equity method, please refer to Unconsolidated Financial Statements Note IV(13). For the explanation on the accounts, please refer to Financial Statements Note VI(7).

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

<u>Corresponding Audit Procedures</u>

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

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

Assessment on Investment Balance Under Equity Method

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

On December 31, 2018, the Company adopted the equity method to assess its subsidiary, Ruentex Engineering & Construction Co., Ltd. (hereinafter referred to as "Ruentex Engineering & Construction"). Under the consideration of comprehensive shareholding, since the investment balance under equity for Ruentex Engineering & Construction and the investment gain Ruentex Engineering & Construction in 2018 have significant impacts on the financial statements of the Company, we listed the key audit matters of Ruentex Engineering & Construction - assessment on Ruentex Engineering & Construction of construction income - construction completion progress and accuracy of time for Ruentex Engineering & Construction of construction cost as the key audit matters. The key audit matters of REC are respectively described in the following:

Assessment on Recognition of Construction Income - Construction Completion Progress

Description of Key Audit Matters

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

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

Corresponding Audit Procedures

We summarize the audit procedures executed for the aforementioned key audit matters related to construction completion progress as follows:

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

3. We conducted field survey and interviewed major construction sites not yet in progress at the end of the period.

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

Accuracy of Time for Recognition of Construction Cost

Description of Key Audit Matters

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

Corresponding Audit Procedures

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

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

confirming that the construction cost incurred had been recorded at the appropriate period.

Other Matters - Relevant audits by other independent auditors

For the investee listed in the aforementioned unconsolidated financial statements under equity method, its financial statements was not audited by our representatives, but was audited by other independent auditors. Accordingly, regarding our opinion on the aforementioned unconsolidated financial statements, relevant amount listed in financial statements of such company was based on the audit report by other independent auditors. As of December 31, 2018 and 2017, the investment balances under equity method for the aforementioned companies were NT$ 7,620,785 thousand and NT$ 8,074,951 thousand respectively, representing 11.62% and 9.64% of the total Assets respectively. For the period of 2018 and January 1 to December 31, 2017, the share of profit of associates under equity method and other comprehensive income of the aforementioned companies were NT$ 2,363,845 thousand and NT$ 8,769,137 thousand respectively, representing 8.83% and 54.70% of the compressive income respectively.

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

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

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

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

Auditor’s Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

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

statements. We handle the guidance, supervision and execution of the audit on the Company and are responsible for preparing the audit opinion for the Company.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of the most significance in the audit of the unconsolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Chao-Ming Wang

CPA

Ming-Chuan Hsu

Former Securities and Futures Commission, Ministry of Finance
Approval Certificate No.:(1996) Tai-Cai-Zheng (VI) No. 65945
Financial Supervisory Commission
Approval Certificate No.: Jin-Guan-Zheng-Shen-Zi No. 1050029449

March 28, 2019

Ruentex Development Co., Ltd.
Unconsolidated Balance Sheets
For the Years Ended December 31, 2018 and 2017

Unit: In Thousands of New Taiwan Dollars

	Assets	Notes	December 31, 2018 Amount	%	December 31,2017 Amount	%
	Current Assets					
1100	Cash and cash equivalents	6 (1)	$ 2,581,300	4	$ 11,467,563	14
1150	Net Notes Receivable	6 (2)	2,053	-	93,463	-
1170	Net Accounts Receivable	6(2) and 12(4)	20,331	-	12,794	-
1200	Other receivables		6,592	-	69,931	-
1210	Other Receivables - related party	7	4,707	-	11,471	-
130X	Inventories	6(3) and 8	23,332,148	36	24,679,946	29
1410	Prepayments		74,571	-	245,444	-
1470	Other Current Assets	6(4) and 8	262,700	-	438,492	1
11XX	**Total Current Assets**		26,284,402	40	37,019,104	44
	Non-Current Assets					
1517	Financial Assets at fair value through other comprehensive income - non-Current	6(5) and 8	2,819,599	4	-	-
1523	Available-for-sale financial Assets - non-Current	12(4)	-	-	2,549,466	3
1535	Amortized cost financial Assets - non-Current	6(6)	60,000	-	-	-
1543	Financial Assets carried at cost - non-Current	8 and 12(4)	-	-	391,946	1
1546	Investments in debt instrument without active market - non-Current	12(4)	-	-	60,000	-
1550	Investment accounted for under the equity method	6(7) and 8	29,133,278	45	37,524,738	45
1600	Real estate, plant and equipment	6(8)	33,656	-	41,384	-
1760	Net investment real estate	6(9) and 8	1,960,861	3	897,174	1
1840	Deferred tax Assets	6(26)	213,379	-	167,282	-
1900	Other non-Current Assets	6(10) and 8	5,104,119	8	5,090,512	6
15XX	**Total Non-Current Assets**		39,324,892	60	46,722,502	56
1XXX	**Total Assets**		$ 65,609,294	100	$ 83,741,606	100

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Ruentex Development Co., Ltd.
Unconsolidated Balance Sheets
For the Years Ended December 31, 2018 and 2017

Unit: In Thousands of New Taiwan Dollars

	Liabilities and Equity	Notes	December 31, 2018 Amount	%	December 31,2017 Amount	%
	Current Liabilities					
2100	Short-term borrowings	6(11) and 8	$ 710,000	1	$ 12,640,000	15
2110	Short-term notes and bills payable	6(12) and 8	179,958	-	5,475,975	7
2130	Contract liabilities - Current	6(19), 7 and 12(5)	384,280	1	-	-
2150	Notes payable		42,645	-	38,166	-
2160	Notes payable - related party	7	6,178	-	75,121	-
2170	Accounts payable		192,192	-	249,446	-
2180	Accounts payable - related party	7	342,501	1	324,071	1
2200	Other payables	7	325,108	1	311,289	-
2230	Income tax liabilities of current period		649,077	1	1,980,753	2
2300	Other Current liabilities	6(13), 7, 8 and 12(5)	6,834,955	10	6,367,996	8
21XX	**Total Current Liabilities**		9,666,894	15	27,462,817	33
	Non-Current Liabilities					
2540	Long-term borrowings	6(13) and 8	22,660,565	34	6,182,338	7
2570	Deferred income tax liabilities	6(26)	1,341,451	2	591,735	1
2600	Other non-Current liabilities	6(14)	1,044,051	2	1,027,955	1
25XX	**Total Non-Current Liabilities**		25,046,067	38	7,802,028	9
2XXX	**Total Liabilities**		34,712,961	53	35,264,845	42
	Equity					
	Capital	6(15)				
3110	Share capital		10,032,540	15	16,720,900	20
	Capital surplus	6(16)				
3200	Capital surplus		18,013,510	27	17,986,504	22
	Retained earnings	6(17)				
3310	Legal reserve		4,829,705	7	3,719,263	4
3320	Special reserve		17,450,088	27	17,447,134	21
3350	Unappropriated earnings		13,066,788	20	11,104,418	13
	Other equity	6(18)				
3400	Other equity		(32,411,659)	(49)	(18,396,258)	(22)
3500	Treasury shares	6(7)(15)	(84,639)	-	(105,200)	-
3XXX	**Total Equity**		30,896,333	47	48,476,761	58
	Significant Contingent Liabilities and Unrecognized Commitments	9				
	Significant Subsequent Events	11				
3X2X	**Total Liabilities and Equity**		$ 65,609,294	100	$ 83,741,606	100

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

Chairman: Jean Tsang Jiunn　　Manager: Chih-Hung Lee　　Accounting Supervisor: Chi-Tzu Lin

Ruentex Development Co., Ltd.
Unconsolidated Statements of Comprehensive Income
December 31, 2018 and 2017

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

	Item	Notes	2018 Amount	2018 %	2017 Amount	2017 %
4000	**Operating Revenue**	6(19) and 7	$ 5,834,768	100	$ 6,980,281	100
5000	**Operating Costs**	6(3)(20)(24)(25) and 7	(4,333,022)	(75)	(6,154,681)	(88)
5950	**Gross Profit**		1,501,746	25	825,600	12
	Operating Expenses	6(14)(24)(25) and 7				
6100	Selling and marketing expenses		(602,532)	(10)	(579,486)	(8)
6200	Administrative expense		(225,738)	(4)	(232,341)	(4)
6450	Expected credit losses	6(24)	(262)	-	-	-
6000	**Total Operating Expenses**		(828,532)	(14)	(811,827)	(12)
6900	**Operating Profit**		673,214	11	13,773	-
	Non-operating Income and Expenses					
7010	Other income	6(6)(21) and 7	199,430	3	36,801	1
7020	Other gains and losses	6(22)	258,179	4	(130,857)	(2)
7050	Finance costs	6(23)	(196,068)	(3)	(142,355)	(2)
7070	Share of profit or loss of subsidiaries, associates & joint ventures accounted for using equity method	6(7)	10,536,970	181	13,708,887	196
7000	**Total Non-operating Income and Expenses**		10,798,511	185	13,472,476	193
7900	**Net income before tax**		11,471,725	196	13,486,249	193
7950	Income tax expense	6(26)	(1,539,631)	(26)	(2,321,611)	(33)
8000	**Net income of current period of continuing business unit**		9,932,094	170	11,164,638	160
8200	**Net income of current period**		$ 9,932,094	170	$ 11,164,638	160
	Other Comprehensive Income (Loss)					
	Items may not be reclassified subsequently to profit or loss:					
8311	Remeasurements of defined benefit plans	6(14)	$ 3,845	-	($ 3,390)	-
8316	Unrealized equity instrument profit or loss measured at fair value through other comprehensive income	6(5)	(337,490)	(6)	-	-
8330	Share of other comprehensive income of subsidiaries, associates & joint ventures accounted for using equity method - items not to be reclassified into profit or loss	6(17)	(89,813)	(1)	(56,865)	(1)
8349	Income tax related to items not to be reclassified into profit or loss	6(26)	17,702	-	(2,919)	-
8310	**Total of items not to be reclassified into profit or loss**		(405,756)	(7)	(63,174)	(1)
	Items may be reclassified subsequently to profit or loss					
8361	Exchange differences on translating foreign operations		218,071	4	(626,509)	(9)
8362	Unrealized gain or loss on available-for-sale financial Assets	12(4)	-	-	33,930	1
8380	Share of other comprehensive income of subsidiaries, associates & joint ventures accounted for using equity method - items likely to be reclassified into profit or loss	6(18)	(36,544,381)	(626)	5,512,124	79
8399	Income tax related to items may be reclassified into profit or loss	6(17)(26)	28,596	-	9,662	-
8360	**Total of items may be reclassified subsequently to profit or loss**		(36,297,714)	(622)	4,929,207	71
8300	**Other Comprehensive Income (net)**		($ 36,703,470)	(629)	$ 4,866,033	70
8500	**Total Comprehensive Income of current period**		($ 26,771,376)	(459)	$ 16,030,671	230
	Earnings Per Share	6(27)				
9750	**Basic earnings per share**		$	7.22	$	6.91
9850	**Diluted earnings per share**		$	7.22	$	6.90

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

Chairman: Jean Tsang Jiunn Manager: Chih-Hung Lee Accounting Supervisor: Chi-Tzu Lin

Ruentex Development Co., Ltd.
Unconsolidated Statements of Changes in Equity
December 31, 2018 and 2017

Unit: In Thousands of New Taiwan Dollars

	Notes	Share capital	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated earnings	Other equity	Treasury shares	Total Equity
2017									
Balance on January 1, 2017		$ 13,934,083	$ 17,900,583	$ 2,929,448	$ 13,128,571	$ 7,898,149	($ 23,325,465)	($ 105,200)	$ 32,360,169
Net income of current period		-	-	-	-	11,164,638	-	-	11,164,638
Other comprehensive income of current period	6(18)	-	-	-	-	(63,174)	4,929,207	-	4,866,033
Total Comprehensive Income of current period		-	-	-	-	11,101,464	4,929,207	-	16,030,671
2016 Appropriation and distribution of retained earnings:	6(17)								
Legal reserve		-	-	789,815	-	(789,815)	-	-	-
Special reserve		-	-	-	4,318,563	(4,318,563)	-	-	-
Stock dividends	6(15)	2,786,817	-	-	-	(2,786,817)	-	-	-
Changes in associates & joint ventures accounted for using equity method	6(16)	-	86,001	-	-	-	-	-	86,001
Change in ownership interests in subsidiaries	6(16)	-	(80)	-	-	-	-	-	(80)
Balance, December 31, 2017		$ 16,720,900	$ 17,986,504	$ 3,719,263	$ 17,447,134	$ 11,104,418	($ 18,396,258)	($ 105,200)	$ 48,476,761
2018									
Balance on January 1, 2018		$ 16,720,900	$ 17,986,504	$ 3,719,263	$ 17,447,134	$ 11,104,418	($ 18,396,258)	($ 105,200)	$ 48,476,761
Effect of retrospective application and retrospective restatement	12(4)	-	-	-	-	(193,654)	19,369,575	-	19,175,921
January 1, 2018 Restated balance		16,720,900	17,986,504	3,719,263	17,447,134	10,910,764	973,317	(105,200)	67,652,682
Net income of current period		-	-	-	-	9,932,094	-	-	9,932,094
Other comprehensive income of current period	6(17)(18)	-	-	-	-	(80,498)	(36,622,972)	-	(36,703,470)
Total Comprehensive Income of current period		-	-	-	-	9,851,596	(36,622,972)	-	(26,771,376)
Capital reduction by cash	6(15)	(6,688,360)	-	-	-	-	-	8,552	(6,679,808)
2017 Appropriation and distribution of retained earnings:	6(17)								
Legal reserve		-	-	1,110,442	-	(1,110,442)	-	-	-
Special reserve		-	-	-	2,954	(2,954)	-	-	-
Cash dividend		-	-	-	-	(3,344,180)	-	-	(3,344,180)
Dividends unclaimed by shareholders with claim period elapsed	6(16)	-	9,205	-	-	-	-	-	9,205
Changes in associates & joint ventures accounted for using equity method	6(16)	-	17,801	-	-	-	-	12,009	29,810
Equity instruments valuation profit or loss measured at fair value through disposal of other comprehensive income	6(17)(18)	-	-	-	-	(3,237,996)	3,237,996	-	-
Balance, December 31, 2018		$ 10,032,540	$ 18,013,510	$ 4,829,705	$ 17,450,088	$ 13,066,788	($ 32,411,659)	($ 84,639)	$ 30,896,333

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

Chairman: Jean Tsang Jiunn | Manager: Chih-Hung Lee | Accounting Supervisor: Chi-Tzu Lin

Ruentex Development Co., Ltd.
Unconsolidated Statements of Cash Flows
December 31, 2018 and 2017

Unit: In Thousands of New Taiwan Dollars

	Notes	2018	2017
Cash Flows from Operating Activities			
Income before income tax of current period		11,471,725	13,486,249
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Income and expense items			
Depreciation expense	6(24)	36,023	31,139
Expected credit loss	6(24)	262	-
Allowance for doubtful accounts	12(4)	-	24
Interest Cost	6(23)	196,068	142,355
Interest income	6(21)	159,087	5,689
Dividend income	6(21)	11,671	8,142
Share of profit of associates accounted for using equity method	6(7)	10,536,970	13,708,887
Gains on disposals of real estate, plant and equipment	6(22)	11	2
Change in operating assets/liabilities			
Net change in operating assets			
Notes receivable		91,410	88,199
Accounts receivable		7,799	75,866
Accounts receivable - related party		-	10,476
Other receivables		63,339	65,037
Other receivables - related Party		6,764	4,503
Inventories		449,601	1,802,017
Prepayments		170,873	52,347
Other Current Assets		57,121	71,809
Net change in operating liabilities			
Contract liabilities - Current		118,811	-
Notes payable		4,479	5,464
Notes payable - related party		68,943	19,025
Accounts payable		57,254	89,042
Accounts payable - related party		18,430	119,088
Other payables		8,696	44,647
Other Current liabilities		5,572	227,571
Other non-Current liabilities		605	540
Cash flow generated from (used in) operations		1,845,690	2,010,536
Interest received		159,087	5,689
Interest payment		370,767	387,459
Dividends received		1,134,719	12,381,715
Income tax paid		2,128,237	81,607
Net cash generated from operating activities		640,492	9,907,802

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Ruentex Development Co., Ltd.
Unconsolidated Statements of Cash Flows
December 31, 2018 and 2017

Unit: In Thousands of New Taiwan Dollars

	Notes	2018	2017
Cash flow from investing activities			
Investment under the equity method acquired	6(7)	($ 87,500)	($ 100,000)
Proceeds from capital reduction of investments under equity method	6(7)	811,412	193,348
Real estate, plant and equipment acquired	6(8)	(4,169)	(4,447)
Proceeds from disposal of real estate, plant and equipment		137	2
Investment real estate acquired	6(9)	(4,490)	(4,599)
Decrease (increase) in refundable deposits		105,318	(4,972,679)
Other decrease (increase) in non-Current Assets		(254)	766
Cash flow generated from (used in) investing activities		820,454	(4,887,609)
Cash Flows from Financing Activities			
Net increase (decrease) in short-term borrowings		(11,930,000)	8,200,000
Net increase (decrease) in short-term notes and bills payable		(5,296,017)	2,497,276
Proceeds from long-term borrowings		26,333,475	10,311,212
Repayments of long-term borrowings		(9,113,673)	(14,894,955)
Increase in guarantee deposits		20,546	54,076
Issuance of cash dividends	6(17)	(3,344,180)	-
Subsidiary equity acquired	6(7)	(329,000)	(919,000)
Capital reduction by cash	6(15)	(6,688,360)	-
Net cash generated from (used in) financing activities		(10,347,209)	5,248,609
Increase (decrease) in cash and cash equivalents of current period		(8,886,263)	10,268,802
Cash and cash equivalents at beginning of period	6 (1)	11,467,563	1,198,761
Cash and cash equivalents at end of period	6 (1)	$ 2,581,300	$ 11,467,563

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

Chairman: Jean Tsang Jiunn Manager: Chih-Hung Lee Accounting Supervisor: Chi-Tzu Lin

Ruentex Development Co., Ltd.
Notes to Financial Statements
2017 and 2018

Unit: In Thousands of New Taiwan Dollars
(Unless Stated Otherwise)

I. Company History

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

II. Date and Procedure for Approval of Financial Statements

The unconsolidated financial statements were authorized for issuance by the Company's board of directors on March 28, 2019.

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 2018 are as follows:

New and revised standards, amendments to standards and interpretations	Effective date published by the International Accounting Standards Board
Amendments to IFRS 2 "Classification and Measurement of Share-Based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9, Financial Instruments with IFRS 4, Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to the Revenue Standard, IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 7 "Improving Disclosures about Financial Instruments"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Real Estate"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018
2014-2016 annual improvements cycle - IFRS 1 "First-time Adoption of International Financial Reporting Standards"	January 1, 2018
2014-2016 annual improvements cycle - IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2017
2014-2016 annual improvements cycle - IAS 28 "Investments in Associates and Joint Ventures"	January 1, 2018

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

1. IFRS 9, "Financial Instruments"

   (1) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial Assets, which would be classified as financial asset at fair value through profit or loss and financial asset measured at fair value through other comprehensive income. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

   (2) Regarding International Financial Reporting Standards 9 ("IFRS 9"), the Company chose to not restate the prior period financial statements (referred to as "modified retroactive approach"). For the material impacts on January 1, 2018, please refer to the explanation of Note XII(4)-2.

2. IFRS 15, "Revenue from contracts with customers" and relevant revisions

   (1) IFRS 15, "Revenue from contracts with customers" replaces IAS 11 "Construction contracts", IAS 18 "Revenue" and relevant interpretations. According to IFRS 15, revenue is recognized when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

   The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognizes revenue in accordance with that core principle by applying the following steps:

   Step 1: Identify contracts with customer.

   Step 2: Identify separate performance obligations in the contract(s).

   Step 3: Determine the transaction price.

   Step 4: Allocate the transaction price.

   Step 5: Recognize revenue when the performance obligation is satisfied.

   Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

   (2) When the Company first applied the International Financial Reporting Standards 15 (referred to as "IFRS 15"), the it chose to not restate the prior period financial statements, and the cumulative effects applicable for the first time was recognized at the retained earnings of January 1, 2018 (referred to as the "modified retroactive approach"). The Group adopted the transitional rules of expedient procedure of IFRS 15 and chosen to retroactively apply IFRS 15 to unfinished contracts on January 1, 2018. The effect amount of January 1, 2018 due to the official retroactive transitional procedure is summarized in the following:

Balance Sheets Effected items	Applicable to the carrying amount of the original revenue standards	Adjustment amount on the first-time adoption of IFRS 15	Adjusted amount applicable to IFRS 15	Description
January 1, 2018				
Contract liabilities-current	$ -	$ 265,469	$ 265,469	(A)
Other current liabilities	6,367,996	(265,469)	6,102,527	(A)
Total effects of liabilities	$ 6,367,996	$ -	$ 6,367,996	

A. Presentation of customer contract related liabilities:
Due to the application of relevant provisions of IFRS 15, the Company revised parts of the accounts in the presentation of the balance sheets as follows:
(A) According to the provisions of IFRS 15, for the recognition of contract liabilities related to the real estate sales contract and commodity sales contract, it is expressed as other Current liabilities (advance receipts) on the balance sheets during the past report period, and the balance on January 1, 2018 was NT$ 265,469.

B. Regarding the other disclosure for the application of IFRS 15 for the first time, please refer to the explanation of Note XII(5).

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 2019 are as follows:

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

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and operating result based on the Company's assessment:
IFRS 16, "Leases"

IFRS 16, "Leases", replaces IAS 17, "Leases" and related interpretations and SICs. The standard requires lessees to recognize a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value Assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.
The Company handled the lease contract of lessees according to IFRS 16; however, it chose to not restate the prior period financial statements (referred to as the "modified retroactive approach"), and the right-of-use Assets and lease liabilities on January 1, 2019 were increased respectively as NT$ 37,297 and NT$ 37,297.

IFRSs issued by IASB but not yet endorsed by the FSC

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

New and revised standards, amendments to standards and interpretations	Effective date published by the International Accounting Standards Board
Amendments to IAS 1 and IAS 8 "Disclosure Initiative - Definition of Material"	January 1, 2020

Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by the International Accounting Standards Board (IASB)
IFRS 17 “Insurance Contracts”	January 1, 2021

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

IV. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

Basis of preparation

1. Except for the following items, these unconsolidated financial statements have been prepared under the historical cost convention:

   (1) Financial Assets/available-for-sale financial Assets at fair value through profit or loss.

   (2) Defined benefit liabilities recognized based on the net amount of pension fund Assets less present value of defined benefit obligation.

2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the unconsolidated financial statements are disclosed in Note V.

3. The Company applied IFRS 9 and IFRS 15 for the first time on January 1, 2018 and adopted the modified retroactive approach to recognize conversion difference in the retained earnings or other equity of January 1, 2018, and the financial statements and notes of 2017 were not restated. In 2017 financial statements were interpreted, publicly announced and prepared according to IAS 39, IAS 11, IAS 18 and relevant interpretation thereof. For the explanation of significant accounting policies and significant accounts, please refer to Note XII(4) and (5).

Foreign currency translation

Items included in the financial statements of each of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The unconsolidated financial statements are presented in “NT dollars”, which is the Company’s functional currency.

1. Foreign currency translation and balances

   (1) Foreign currency transactions are translated into the functional currency using the

exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(2) Monetary Assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(3) Non-monetary Assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary Assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date. Their translation differences are recognized in other comprehensive income. However, non-monetary Assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(4) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

2. Translation of foreign operations

(1) The operating results and financial position of all the subsidiaries and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

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

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

(2) When the foreign operation partially disposed of or sold is an associate cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred into part of the gain or loss on the sale or disposal thereof. In addition, even when the Company still retains partial interest in the former associate after losing its major influence on the former foreign operation associate such transactions should be accounted for as disposal of all interest in the foreign operation.

(3) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

<u>Classification of Current and non-Current items</u>

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

(1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(2) Assets held mainly for trading purposes;

(3) Assets that are expected to be realized within 12 months from the balance sheet date;

(4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.

Assets that do not meet the above criteria are classified as non-Current Assets.

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

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

Liabilities that do not meet the above criteria are classified as non-Current liabilities.

3. Since the operating cycle of building and housing sale is longer than one year, the Assets and liabilities related to construction and long-term construction contracts are classified into current and non-current according to the standard of the operating cycle.

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 other comprehensive income acquired

1. It refers to an irrevocable choice made during the initial recognition, and the fair value change of the equity tool investment not held for trading is listed in the other comprehensive income.
2. On a regular way purchase or sale basis, financial Assets at fair value through comprehensive income are recognized and derecognized using settlement date accounting.
3. The Company initially recognized the financial Assets at fair value through profit or loss are initially recognized at fair value, and subsequently, they were measured and stated at fair value:

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

Financial Assets at amortized cost

1. Refer to financial Assets satisfying the following criteria at the same time:

(1) Financial Assets held under the operating model for the purpose of receiving contractual cash flows.

(2) Where contract terms of such financial Assets generated cash flow of specific date, and it is completely for the payment of the interest of principle and external circulating principle amount.

2. On a regular way purchase or sale basis, the Company recognizes or derecognizes financial Assets at amortized cost by using settlement date accounting.

3. During the initial recognition the Company calculated the transaction cost measurement at fair value, and subsequently adopted the effective interest rate method to recognize the interest income according to the amortization procedure during the circulation period, and to recognize the impairment loss. In addition, during the derecognition, the gain or loss was recognized in the income or loss.

Notes and accounts receivable

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

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

Impairment of financial Assets

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

Derecognition of financial Assets

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

1. The contractual rights to receive the cash flows from the financial asset expire.

2. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

3. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

Lease receivables/operating leases (lessor)

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

The perpetual inventory system is adopted. The acquisition cost is used as the basis for account entry, and relevant interest during the construction period (at construction site) is capitalized, and the carry down of cost is calculated by using the weighted average method.

The ending inventories are stated at the lower of cost and net realizable value. In addition, the item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

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

1. Subsidiaries are all entities (including structural entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. Unrealized profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company’s share of its subsidiaries’ post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company’s share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
4. Changes in the Company's ownership interest in a subsidiary that do not result in the Company’s losing control (and non-controlling equity transaction) of the subsidiary are equity transactions, and it is also considered as a transaction between owners. The Company recognizes directly in equity any difference between the adjusted amount of non-controlling equity and the fair value of the consideration paid or received.
5. When the Company losses its control on a subsidiary, the remaining investment on the former subsidiary is remeasured at fair value and is used as the fair value for the initial recognition of financial Assets or the cost for initial recognition of investment in an associate. The difference between the fair value and the carrying amount is recognized as the profit or loss of the Current period. For all of the amounts related to the subsidiary previously recognized in other comprehensive income, if its accounting handling basis is identical to the disposal of relevant Assets or liabilities directly, i.e. such as the profit or loss recognized in the other comprehensive income it is re-classified as profit or loss during the disposal of relevant Assets or liabilities, then when the Company losses its control on the subsidiary, such profit or loss shall be re-classified as profit or loss from equity.
6. An associate is an entity over which the Company has significant influence but without control power, and it generally refers to an entity that the Company directly or indirectly holds more than 20% of shares of voting rights. The Company uses the equity method to account for its investments in associates, and costs are recognized during the acquisition thereof.
7. The Company’s share of its associate’ post-acquisition profits or losses are recognized in profit or loss, and its share of post-acquisition movements in other comprehensive

income is recognized in other comprehensive income. When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any other unsecured accounts receivable), the Company discontinues recognizing its share of further losses; unless that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

8. When the an associate is subject to equity change not for profit or loss or other comprehensive income and when the shareholding percentage on the associate is not affected, the Company then recognizes the equity change under the share of the associate for the Company as the "capital reserve" according to the shareholding percentage.

9. The unrealized profit or loss generated from the transactions between the Company and an associate has been eliminated according to the equity ratio of the associate. Unless there is evidence indicating that the asset transferred in such transaction has impairment, the unrealized loss is also eliminated. The accounting policies of the associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

10. When an associate issues new shares, if the Company does not subscribe of acquire according to such ratio such that there is a change in the investment ratio and still causing significant impact, then "capital reserve" and "investment accounted for using equity method" are adjusted for the increase/decrease of the change of net value of the equity. If it causes the investment ratio to decrease, in addition to the aforementioned adjustment, for the profit or loss related to the decrease of the ownership equity and previously recognized in the other comprehensive income, and such profit or loss requires to be reclassified into profit or loss during the disposal of relevant Assets or liabilities, it is reclassified into profit or loss according to the ratio of decrease.

11. When the Company losses its significant influence on an associate, the remaining investment on the former associate is remeasured at fair value, and the difference between the fair value and the carrying amount is recognized as the profit or loss of the Current period.

12. When the Company disposes an associate, if the Company loses its significant influence on the associate, then for all of the amounts related to the associate previously recognized in other comprehensive income, if its accounting handling basis is identical to the disposal of relevant Assets or liabilities directly, i.e. such as the profit or loss recognized in the other comprehensive income, it is re-classified as profit or loss during the disposal of relevant Assets or liabilities, then when the Company losses its significant influence on the associate, such profit or loss shall be re-classified as profit or loss from equity. If the Company still has significant influence on the associate, then the amount previously recognized in the other comprehensive income is transferred out proportionally according to the aforementioned method.

13. When the Company disposes an associate, if it loses its significant influence on the associate, the capital reserve related to the associate is recognized as profit or loss. If it shall have significant influence on the associate, then it is recognized as profit or loss according to the disposal ratio.

14. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", profit (loss) of the Current period and other comprehensive income

in the unconsolidated financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the unconsolidated financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statement.

Real estate, plant and equipment

1. Real estate, plant and equipment are initially recorded at cost.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other real estate, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of real estate, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the Assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the Assets' future economic benefits embodied in the Assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Machinery and equipment	3 years ~ 11 years
Warehouse equipment	3 years ~ 7 years
Transportation equipment	2 years ~ 8 years
Office equipment	2 years ~ 7 years
Other equipment	4 years ~ 10 years

Operating leases (lessee)

Payments made under an operating lease (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term.

Investment Real Estate

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

Impairment of non-financial Assets

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

Loans

Refer to long-term, short-term borrowings from banks and other long-term, short-term loans. During the initial recognition, the Company measures according to the fair value with deduction of transaction cost. Subsequently, for any difference between the amount after the deduction of transaction cost and the redemption value, the effective interest method is adopted to recognize the interest expense in the profit or loss according to amortized procedure during the circulation period.

Notes and accounts payable

1. Notes and accounts payable refer to debts occurred due to goods or services that have been acquired in the course of business and occurred due to non-operating activities.
2. For short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

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. Employees' compensation, directors' and supervisors' remuneration

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

Income tax

1. The income tax expense for the period comprises Current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The Current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. The management assesses the status of income tax declaration according to relevant applicable income tax laws, and shall pay the income tax liability estimated to the taxation agency according to the expect ion under applicable status. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings in a shareholders' meeting of the following year.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of Assets and liabilities and their carrying amounts in the parent only balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination (excluding corporate individual entity) that at the time of the transaction affects neither accounting nor taxable profit (loss). Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates or laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax Assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax Assets are reassessed.
5. Current income tax Assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax Assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset Current tax

Assets against Current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

6. Since the part without the income tax credit carried forward generated due to the equity investment may be very likely to be within the scope without the use of income tax credit when it is taxed in the future, consequently, it is recognized as the deferred income tax asset.

Capital

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

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

1. Land development and sale
   (1) The Company operates the business of land development and sales of housing, and income is recognized when the control of real estate is transferred to customers. For the housing sales contract already signed, based on the restriction of contract terms, such real estate serves no other purposes to the Company; however, when the statutory ownership of the real estate is transfer to customer, the Company then has the executable right on the contract terms. Consequently, income is recognized at the time when the statutory ownership is transferred to the customer.
   (2) Income is measured based on the contract negotiated amount, and the contract price is paid when the statutory ownership of the real estate is transferred. Under extremely rare cases, the Company and customers engaged in negotiation for the deferred time of payment; however, the deferred repayment periods were all less than 12 months. Therefore, it is determined that there is no major financial composition in the contract, such that the consideration amount is not adjusted.
2. Sale of goods
   (1) The Company operates the business related to department store purchase and sale, as well as the business of super market. The income from sale of goods is recognized when the control of goods is transferred to customers, i.e. when the goods are delivered to customer. In addition, the Company has no unfulfilled obligations that may affect customer from accepting the goods. When goods are transported to the designated location, the obsolete and impairment risks have been transferred to the customer, and customer also accepts goods according to the sales contract, or when there is objective evidence proofing that all acceptable standards have been satisfied, which occurs when the goods is delivered to the customer.
   (2) The Company operates the customer royalty plan for retail customers, and provides the customer reward points during the transactions. When customers exchange for the reward points, they have the right to obtain additional goods at

discounted price or exchange for free of payment. The reward point is an important right that cannot be obtained if a customer has not made any initial transaction; therefore, the reward point provided to customers is a single contract performance obligation. The transaction price is appropriated to the goods and reward point based on the relative independent sales price. The independent sales price of reward point is estimated according to the discount obtained by the customer and the possibility of exchange of points based on the past experience.

(3) Accounts receivable is recognized when goods are delivered to customers since starting from such time of delivery, the Company has the unconditional right on the contract price, and the Company can receive the consideration from the customer after time has passed.

(4) Financial component

Since the period from the time when contracts are signed between the Company and customers, the goods or services are promised to be transferred to customers to the time when the payments are made by customers have not exceeded one year, consequently, the Company has not adjusted the transaction price to reflect the currency time value.

3. Income from lease

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

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

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

(1) Critical judgments in applying the Company accounting policies

Investment Real Estate

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

Critical accounting estimates and assumptions

Financial Assets - There are no measurements of stocks of non-TWSE/TPEx companies in active market at fair value.

For the stocks of non-TWSE/TPEx companies in the active market held by the Company, the measurement at fair value is estimated mainly based on the assessment of companies of similar type, company’s technology development status, market condition and other economic indicators. Any change of determination and estimation can affect the measurement at fair value. For explanation of financial tool at fair value, please refer to Note XII(3).

On December 31, 2018, the carrying amount of the stocks of non-TWSE/TPEx companies in the active market held by the Company was NT$ 507,692.

VI. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand and revolving funds	$ 9,068	$ 8,202
Checking deposits and demand deposits	103,552	43,343
Time deposits	2,373,667	11,317,965
Cash equivalents - Bonds under repurchase agreements	95,013	98,053
	$ 2,581,300	$ 11,467,563

1. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Company has no cash and cash equivalents pledged to others.

Notes and accounts receivable

	December 31, 2018
Notes receivable	$ 2,053
Accounts receivable	$ 20,615
Less: Allowance for loss	(284)
	$ 20,331

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

	December 31, 2018	
	Accounts receivable	Notes receivable
Not overdue	$ 20,104	$ 2,053
Overdue		
151 days and more	511	-
	$ 20,615	$ 2,053

2. Under the condition where the increase of collaterals or other credits held was not considered, the maximum exposure amount for the credit risk most representing the notes receivable of the Company on December 31, 2018 was NT$ 2,053, and the maximum exposure amount for the credit risk most representing the accounts receivable of the Company on December 31, 2018 was NT$ 20,331.
3. The Company does not hold any collateral as security.
4. For credit risk information related to accounts receivable and notes receivable, please refer to Note XII(2).
5. For the information dated December 31, 2017, please refer to the explanation of Note XII(4).

Inventories

	December 31, 2018	December 31, 2017
Construction business department:		
Real property for sale (including parking space)	$ 6,560,418	$ 8,739,768

Property under construction	12,500,229	12,710,163
Construction land	2,354,557	1,423,161
Prepayment for land purchases	2,227,682	2,081,793
Less: Allowance for valuation losses	(420,247)	(420,247)
Subtotal	23,222,639	24,534,638
Hypermarket Business Department:		
Merchandise inventory	111,435	148,653
Less: allowance for obsolescence loss	(1,926)	(3,345)
Subtotal	109,509	145,308
Total	$ 23,332,148	$ 24,679,946

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

	2018	2017
Cost of inventories sold	$ 4,299,558	$ 6,069,031
loss on physical inventory	10,457	14,768
(Gain from price recovery) Loss from price reduction	(1,419)	48,638
	$ 4,308,596	$ 6,132,437

In 2018, due to the increase of net realizable value of the inventory of the Hypermarket Business Department of the Company, there was a gain from price recovery of inventory. In 2017, due to the decrease of the net realizable value of the inventory of the Construction Business Department, there was a loss from falling price of inventory.

2. Inventory capitalization amount and interest range:

	2018	2017
Amount of capitalization	$ 185,252	$ 249,277
Interest rate collars of capitalization	0.94%~1.71%	1.02%~1.55%

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

Other Current Assets

	December 31, 2018	December 31, 2017
Joint construction guarantee deposits	$ 239,760	$ 353,957
Restricted bank deposits	14,688	71,809
Guarantee deposits paid	8,252	12,726
	$ 262,700	$ 438,492

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

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

Item	December 31, 2018
Equity Instrument	
Shares of the TPEx listed companies	$ 169,866
Privately offered shares of TWSE/TPEx listed companies	503,208
Shares of non-TWSE/TPEx listed companies	473,984
Subtotal	1,147,058
Adjustments for valuation	1,672,541
Total	$ 2,819,599

1. The Company chose to classify the non-TWSE/TPEx stocks under strategic investment as the financial Assets at fair value through other comprehensive income, and the fair value of such investment on December 31, 2018 was NT$ 507,692.
2. Under the condition where the increase of collaterals or other credits held was not considered, for the most representing financial Assets at fair value through other comprehensive income held by the Company, the maximum exposure amount of credit risk on December 31, 2018 was NT$ 2,819,599.
3. Detail of the financial Assets at fair value through other comprehensive income recognized under the comprehensive income is as follows:

Items	2018
Changes in fair value recognized as other comprehensive income	($ 337,490)

4. For the status of the Company using the financial Assets at fair value through other comprehensive income as collateral for security, please refer to Note VIII.
5. For the information dated December 31, 2017, please refer to the explanation of Note XII(4).

Financial Assets at amortized cost- non-Current

Item	December 31, 2018
Subordinated corporate bonds	$ 60,000

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

	2018
Interest revenue	$ 2,100

2. Under the condition where the increase of collaterals or other credits held was not considered, for the most representing financial Assets at amortized cost held by the Company, the maximum exposure amount of credit risk on December 31, 2018 was NT$ 60,000.
3. For the financial Assets at amortized cost held by the Company, there was no collateral provided as security.
4. For relevant credit risk information, please refer to Note XII(2).
5. For the information dated December 31, 2017, please refer to the explanation of Note XII(4).

Investment accounted for under the equity method

1. Detail is as follows:

The investee company	Carrying amount December 31, 2018	Carrying amount December 31, 2017
Subsidiary		
Ruentex Construction International (B.V.I.) Ltd. (Ruentex)	$ 2,069,368	$ 1,364,552
Ruentex Resource Integration Co., Ltd. (Resource Integration)	890,684	1,019,083
Lee Shen Development Co., Ltd. (Lee Shen Development)	752,581	1,095,790
Ruentex Pai Yi Co., Ltd. (Ruentex Pai Yi)	2,258,798	2,193,108
Ruentex Syu Jan Co., Ltd. (Ruentex Syu Jan)	1,984,108	1,901,421
Ruentex Material Co., Ltd. (Ruentex Material)	186,730	179,807
Ruentex Security Co., Ltd. (Ruentex Security)	66,304	63,289
Ruentex Property Management and Maintenance Co., Ltd. (Ruentex Property)	34,988	14
Ruen Fu Newlife Corp. (Ruen Fu)	4,806	5,976
Ruentex Engineering & Construction Co., Ltd. (Ruentex Engineering)	19,757	16,898
Ruentex Development Company (Ruentex Development)	1,445,822	1,132,918
Less: Treasury stock	(3,190)	(11,742)
Subtotal	9,710,756	8,992,914

2. The investment shareholder percentage is as follows:

The investee company	Shareholding percentage December 31, 2018	Shareholding percentage December 31, 2017
Subsidiary		
Ruentex	100.00%	100.00%
Resource Integration	71.12%	71.12%
Lee Shen Development	100.00%	100.00%
Ruentex Pai Yi	100.00%	100.00%
Ruentex Syu Jan	80.00%	80.00%
Ruentex Material	10.49%	10.49%
Ruentex Security	100.00%	100.00%
Ruentex Property	100.00%	100.00%
Ruen Fu	60.00%	60.00%

Ruentex Engineering	0.75%	0.75%
Ruentex Development	70.00%	70.00%
Associates		
Shing Yen	45.45%	45.45%
Ruentex Industries	11.63%	11.63%
Gin-Hong	30.00%	30.00%
Concord	25.46%	25.46%
Sunny Friend	26.62%	26.62%
Ruen Chen	25.00%	25.00%
Global Mobile	9.46%	9.46%

3. As of December 31, 2018 and 2017, the stocks of the Company held by the subsidiaries of the Company were treated as treasury stocks, and its detail is as follows:

Company name	December 31, 2018	December 31, 2017
Ruentex Engineering	$ 3,190	$ 11,742

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

The investee company	2018	2017
Subsidiaries		
Ruentex	$ 736,489	$ 1,606,435
Resource Integration	253,399	168,313
Lee Shen Development	(297,825)	(90,518)
Ruentex Pai Yi	202,190	150,931
Ruentex Syu Jan	290,687	230,378
Ruentex Material	19,865	17,897
Ruentex Security	3,783	(345)
Ruentex Property	3,940	2,682
Ruen Fu	(923)	(1,447)
Ruentex Engineering	5,328	2,552
Ruentex Development	(16,096)	(7,826)
Subtotal	1,200,837	2,079,052
Associates		
Shing Yen	102,990	(4,174)
Ruentex Industries	892,154	1,321,878
Gin-Hong	56,279	11,100
Concord	2,451,162	5,373,525
Sunny Friend	219,179	208,644
Ruen Chen	5,614,369	4,718,862
Global Mobile	-	-
Subtotal	9,336,133	11,629,835
Total	$ 10,536,970	$ 13,708,887

5. Among the investments accounted for under equity method as of December 31, 2018 and 2017, the Ruentex Industries, Gin Hong, Concord and Ruen Fu were obtained according to the assessment on the financial reports audited by other independent auditors.

6. Subsidiaries

(1) Please refer to Note IV(3) in the consolidated financial statements for the year ended December 31, 2018 for more information on the Company's subsidiaries.

(2) Resource integration was to reduce the idle capital, and the Company executed capital reduction in December 2018 and August 2017 respectively, and the share capital was returned to shareholders. The capital reduction percentages were 69.21% and 13.62% respectively and the cash returned amounts were NT$ 265,274 and NT$ 60,451 respectively.

(3) To improve financial structure and to satisfy operating capital, Ruentex Development executed capital increase by cash in May 2018 and October 2017 respectively, and the numbers of new shares issued were 47,000,000 shares and 130,000,000 shares

respectively. The subscription amounts of the Company according to the shareholding percentage were NT$ 329,000 and NT$ 910,000.

(4) To improve financial structure and to satisfy operating capital, Ruen Fu executed capital reduction in December 2017 to make up losses, and also executed the capital increase by cash. The subscription amount of the Company according to the shareholding percentage was NT$ 9,000.

7. Associates

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

Company name	Principal Place of Business	Shareholding percentage		Nature of relationship	Measurement method
		December 31, 2018	December 31, 2017		
Ruen Chen	Taiwan	25.00%	25.00%	Diversification	Equity method
Concord	British Virgin Islands (BVI)	25.46%	25.46%	Diversification	Equity method

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

Balance Sheets

	Ruen Chen	
	December 31, 2018	December 31, 2017
Total assets	$ 4,362,687,326	$ 4,035,948,083
Total liabilities	(4,309,426,713)	(3,936,746,594)
Total net assets (Note)	$ 53,260,613	$ 99,201,489
Portion of the net assets of associates	$ 10,578,234	$ 20,899,121

Note: Including the non-controlling interest merged by Ruen Chen Investment Holdings.

	Concord	
	December 31, 2018	December 31, 2017
Total assets	$ 18,031,630	$ 13,193,987
Total liabilities	(245,031)	(6,189,222)
Total net assets	$ 17,786,599	$ 7,004,765
Portion of the net assets of associates (Note)	$ 4,528,468	$ 1,783,413

Note: The difference from the carrying amount the original investment cost less the fair value of the identifiable net assets.

Statement of Comprehensive Income

	Ruen Chen	
	2018	2017
Revenue	$ 636,836,934	$ 674,451,923
Net income	$ 24,301,356	$ 20,864,196
Other comprehensive income (Net after tax)	(150,286,690)	20,744,687
Total comprehensive income	($ 125,985,334)	$ 41,608,883

	Concord	
	2018	2017
Revenue	$ 9,639,125	$ 25,735,777
Net income	$ 9,627,501	$ 21,105,754
Other comprehensive income (Net after tax)	565,477	(2,119,465)
Total comprehensive income	$ 10,192,978	$ 18,986,289

(3) The summary on the share of individual insignificant associate's carrying amount and operating result of the Company is as follows:

As of December 31, 2018 and 2017, the total of the carrying amount of individual insignificant associate of the Company were NT$ 4,314,963 and NT$ 5,848,433 respectively.

	2018	2017
Net income	$ 8,821,240	$ 12,172,968
Other comprehensive income (Net after tax)	(11,491,263)	3,618,730
Total comprehensive income	($ 2,670,023)	$ 15,791,698

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

	December 31, 2018	December 31, 2018
Ruentex Industries	$ 5,165,646	$ 5,542,444
Sunny Friend	6,024,461	7,567,673
	$ 11,190,107	$ 13,110,117

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

(6) To adjust the capital structure and to increase the shareholders' return on equity, Ruentex Industries executed capital reduction in August 2018, and returned the share capital to shareholders. The capital reduction percentage was 40%, and the returned cash amount was NT$ 438,138.

(7) Resource integration was to reduce the idle capital, and the Gin Hong executed capital reduction in December 2018 and November 2017 respectively, and the share capital was returned to shareholders. The capital reduction percentages were 28.57% and 10% respectively and the returned cash amounts were NT$ 108,000 and NT$ 42,000 respectively.

(8) Resource integration was to reduce the idle capital, and Shing Yen executed capital reduction in July 2017, and the share capital was returned to shareholders. The capital reduction percentage was 15.93% and the returned cash amount was NT$ 90,897.

(9) Ruen Chen Investment Holdings executed capital increase by cash in July 2018 and April 2017 respectively, and the subscription amounts of the Company according to the shareholding percentage were NT$ 87,500 and NT$ 100,000.

(10) Global Mobile was an investee of the Company with valuation under equity method - Ruentex Industries' investment under equity method. After the assessment of the Company, the Company had significant influence on Global Mobile; therefore, the investment under equity method was adopted to recognize such company. Global Mobile received a letter in March 2015 stating that its application for the extension of wireless broadband reception business was rejected by the competent authority. Global Mobile had filed appeal for its application according to the law, and

subsequently, in November 2015, it received a letter informing that its appeal had been rejected by the competent authority such that its service was terminated in December of the same year. Global Mobile had filed appeal and subsequent litigation according to laws. However, based on the conservative and stable business principle of the Company, it had recognized an impairment loss in 2015 as NT$ 5,247.

(11) To cope with the reinvestment planning and diverse operational needs, the Company invested in Nan Shan Life Insurance Co., Ltd. (referred to as "Nan Shan Life Insurance") in 2010 through Ruen Chen Investment Holdings. Ruen Chen Investment Holdings executed capital increase by cash during the period from 2010 to 2011 respectively, and the total subscription amount of the Company according to the shareholding percentage was NT$ 11,250,000. Regarding the aforementioned reinvestment of Ruen Chen Investment Holdings in Nan Shan Life Insurance, in accordance with the request of the competent authority, the Company delivered the Ruen Chen Investment Holdings stocks held to trust. The main provisions of such trust are as follows:

A. Purpose of trust: After Ruen Chen Investment Holdings acquired the management right of Nan Shan Life Insurance, to satisfy the commitment in long-term operation and the promise for the vision of stable operation, the total of 612,500 thousand shares held by Ruen Chen Investment Holdings were transferred to the Trust Department of First Commercial Bank Co., Ltd. on September 5 and September 9, 2011 respectively, and trust registration was performed.

B. Term of trust: The term of trust was ten years starting from the signing date of the trust contracts on September 5 and September 9, 2011 respectively.

C. Management, use method and limitation to trust property:

(a) The management and use method for the trust property under this contract is for specific independent management and use. The trustee has no right to determine the use of the trust property. Unless otherwise specified in this contract, the trust property shall be managed properly according to the operating scope or method instructed by the trustor.

(b) The change of this contract shall be performed only after the joint negotiation of the trustor and trustee, followed by reporting to FSC for written approval.

(c) This contract shall become effective upon the signing of both parties. Unless otherwise specified in the laws or both parties agree otherwise, this contract is terminated due to the following matters along with the written consent of the competent authority:

(i) In case of the occurrence of breach of contract by any one party, the breaching party shall correct within 15 days from the date of notice by the other party. Any failure to correct beyond such period, the other party may terminate this contract and may claim damage indemnification.

(ii) Where there is an actual difficulty in the continuous management of the trust matter, it may be terminated based on the written consents of both parties.

(iii) Where the trustee is subject to dissolution, restructure, bankruptcy, revocation of establishment registration or being informed by the exchange office to be a rejected account, it shall inform the other party. Any one party may terminate this contract by informing the other party in writing.

(iv) When a creditor of the trustor files petition to the court to revoke the trust under this contract due to harms to its rights and such petition is confirmed.

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

(12) According to the instruction of FSC on June 13, 2016, the Company planned to invest in Nan Shan General Insurance Co., Ltd. (referred to as Nan Shan General Insurance”, original name as AIG Insurance), the Company issued an undertaking, and the commitments were as follows:

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

B. The Company undertakes that after Nan Shan Life Insurance acquires 200,000,000 ordinary shares of Nan Shan General Insurance, i.e. 100% issued shares with voting rights, when Nan Shan General Insurance has the needs for capital increase at any time, the Company will request Nan Shan Life Insurance to handle the capital increase for Nan Shan General Insurance according to the laws and the request of the competent authority.

C. To fulfill the commitment of the Company and Ruen Chen Investment Holdings other shareholders on the long-term operation of Nan Shan General Insurance, in case where there is a need for capital increase for the Nan Shan General Insurance according to the laws or the request of competent authority such that new shares are to be issued for the capital increase, the Company and Ruen Chen Investment Holdings other shareholders undertake to request Nan Shan Life Insurance to hold at least a percentage of 51% on the number of outstanding ordinary shares.

(13) According to the instruction of FSC on November 15, 2017, regarding to the capital increase undertaking signed by Nan Shan Life Insurance, the Company undertakes to deliver cash at an amount of NT$ 5,000,000 to Trust Department of Mega International Commercial Bank for custody, such that in the future, when Nan Shan Life Insurance needs to perform capital increase but Ruen Chen Investment Holdings cannot handle the capital increase, the Company agrees to deliver the aforementioned trust cash under custody in order to perform the capital increase by cash for Nan Shan Life Insurance through Ruen Chen Investment Holdings or via other methods agreed by the competent authority. In addition, it shall be sufficient to cover the capital increase amount required by Nan Shan Life Insurance. In case where there is any deficiency in the amount provided by other upper shareholders, the Company agrees to cover such deficiency.

8. For the status of collaterals provided for investments under equity method of the Company, please refer to Note VIII.

Real estate, plant and equipment

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

	Machinery and equipment	Warehouse equipment	Transportation equipment	Office equipment	Other equipment	Total
2017						
January 1						
Cost	$ 81,199	$ 32,215	$ 25,945	$ 29,583	$ 176,252	$ 345,194
Accumulated depreciation	(61,227)	(29,328)	(13,279)	(27,766)	(164,221)	(295,821)
	$ 19,972	$ 2,887	$ 12,666	$ 1,817	$ 12,031	$ 49,373
2017						
January 1	$ 19,972	$ 2,887	$ 12,666	$ 1,817	$ 12,031	$ 49,373
Addition	2,089	-	-	576	1,782	4,447
Costs of disposal of assets	(324)	(133)	-	(37)	(2,020)	(2,514)
Accumulated depreciation on disposal date	324	133	-	37	2,020	2,514
Depreciation expense	(3,443)	(434)	(3,484)	(978)	(4,097)	(12,436)
December 31	$ 18,618	$ 2,453	$ 9,182	$ 1,415	$ 9,716	$ 41,384
December 31, 2017						
Cost	$ 82,964	$ 32,082	$ 25,945	$ 30,122	$ 176,014	$ 347,127
Accumulated depreciation	(64,346)	(29,629)	(16,763)	(28,707)	(166,298)	(305,743)
	$ 18,618	$ 2,453	$ 9,182	$ 1,415	$ 9,716	$ 41,384

Investment Real Estate

	Land	Buildings	Total
2018/1/1			
Cost	$ 388,673	$ 847,885	$ 1,236,558
Accumulated depreciation	-	(339,384)	(339,384)
	$ 388,673	$ 508,501	$ 897,174
2018			
January 1	$ 388,673	$ 508,501	$ 897,174
Addition	-	4,490	4,490
Transfer (Note)	620,051	463,398	1,083,449
Depreciation expense	-	(24,252)	(24,252)
December 31	$ 1,008,724	$ 952,137	$ 1,960,861
2018/12/31			
Cost	$ 1,008,724	$ 1,315,773	$ 2,324,497
Accumulated depreciation	-	(363,636)	(363,636)
	$ 1,008,724	$ 952,137	$ 1,960,861

	Land	Buildings	Total
2017/1/1			
Cost	$ 388,673	$ 843,286	$ 1,231,959
Accumulated depreciation	-	(320,681)	(320,681)
	$ 388,673	$ 522,605	$ 911,278
2017			
January 1	$ 388,673	$ 522,605	$ 911,278
Addition	-	4,599	4,599
Depreciation expense	-	(18,703)	(18,703)
December 31	$ 388,673	$ 508,501	$ 897,174
2017/12/31			
Cost	$ 388,673	$ 847,885	$ 1,236,558
Accumulated depreciation	-	(339,384)	(339,384)
	$ 388,673	$ 508,501	$ 897,174

Note: Recognized from inventories.

1. Rental income from investment real estate and direct operating expenses arising from the investment real estate are shown below:

	2018	2017
Rental income from investment real estate	$ 35,012	$ 24,517
Direct operating expenses incurred by investment real estate with the rental income for current period.	$ 24,426	$ 22,244

2. The fair value of the investment real estate held by the Company as at December 31, 2018 and 2017 was NT$ 2,846,171 and NT$ 1,300,677 respectively, which was categorized within Level 3 in the fair value hierarchy. The aforementioned fair value was obtained according to the assessment on market transaction price of relevant similar real estate in the neighboring areas.

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

Other non-Current Assets

	December 31, 2018	December 31, 2017
Other financial assets	$ 5,098,542	$ 5,085,189
Others	5,577	5,323
	$ 5,104,119	$ 5,090,512

1. On November 15, 2017, the Company undertook to deliver cash at an amount of NT$ 5,000,000 to Trust Department of Mega International Commercial Bank for custody according to the capital increase commitment signed by Nan Shan Life Insurance. For relevant details, please refer to Note VI(7) VII(13).

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

Short-term borrowings

	December 31, 2018	December 31, 2017
Credit bank loan	$ 710,000	$ 5,220,000
Secured bank loan	-	7,420,000
	$ 710,000	$ 12,640,000
Interest rate collars	1.00%~1.22%	1.00%~1.32%

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

	December 31, 2018	December 31, 2017
Guarantee notes	$ 8,260,800	$ 15,444,000

Short-term notes and bills payable

	December 31, 2018	December 31, 2017
Commercial papers payable	$ 180,000	$ 5,479,000
Less: Unamortized discount	(42)	(3,025)
	$ 179,958	$ 5,475,975
Interest rate collars	0.50%~0.75%	0.40%~0.86%

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

	December 31, 2018	December 31, 2017
Guarantee notes	$ 5,019,000	$ 5,820,000

Long-term borrowings

	December 31, 2018	December 31, 2017
Secured bank loan	$ 9,460,090	$ 6,460,090
Credit bank loan	18,600,000	3,600,000
	28,060,090	10,060,090
Less: Arrangement fees for leading banks of syndicated loan	(9,000)	(5,425)
	28,051,090	10,054,665
Face value of long term commercial paper	1,425,000	2,205,000
Less: Unamortized discount	(1,525)	(1,327)
	29,474,565	12,258,338
Less: Due within one year		
(listed as other current liabilities)	(838,000)	(100,000)
Due within one operating cycle (listed as other current liabilities)	(5,976,000)	(5,976,000)
	$ 22,660,565	$ 6,182,338
Interest rate collars	0.50%~2.22%	0.53%~2.22%

1. The Company signed a syndicated loan agreement with a bank group including Land Bank of Taiwan in July 2010 to provide the financing for the construction of the Company. The term of loan was from July 2014 to July 2021, the total loan amount was NT$ 4,600,000. Up to the date of December 31, 2018, the Company has drawn the credit amount of the contract performance guarantee letter at an amount of NT$ 194,036. The main commitments of the Company are as follows:
   (1) The Company shall use the loan amount obtained under this agreement in the purpose of credit extension for payment specified in this agreement, and shall prepare accounting books and records as well as certificates for recordation.
   (2) The Company shall provide the consolidated financial report audited by independent director as well as audited consolidated and unconsolidated financial reports within 60 days and 120 days after the first half and the end of each fiscal year respectively.
   (3) Before obtaining the prior consents of all members of the syndicated loan banks, the Company shall not merger with others or demerger the Company according to the Company Act. However, where the Company is a survival company (after merger) and the merger result has no adverse impacts on its ability to perform obligations under this agreement, then such restriction shall not be applied.
2. The Company signed a long-term loan agreement with Chang Hwa Commercial Bank in November 2012 to provide the financing for the construction of the Company. The term of the loan was from November 2012 to March 2021, the total loan amount was NT$ 7,576,000. Up to the date of December 31, 2018, the Company has drawn down the credit amount of NT$ 5,976,000.
3. The Company signed a long-term loan agreement with Mega Holdings in April 2018 to provide the operational financing necessary for the Company. The term of the loan was from April 2018 to May 2020, the total loan amount was NT$ 7,500,000. Up to the date

of December 31, 2018, the Company has drawn down the credit amount of NT$ 7,500,000.

4. The Company signed a syndicated loan agreement with the financial institution group including Mega Bills in December 2018 to provide the operational financing necessary for the Company. The term of the loan was from December 2018 to December 2021, the total loan amount was NT$ 2,450,000. Up to the date of December 31, 2018, the Company has drawn down the credit amount of NT$ 1,225,000. The main commitments of the Company are as follows:

   (1) The Company shall use the loan amount obtained under this agreement in the purpose of credit extension for payment specified in this agreement, and shall prepare accounting books and records as well as certificates for recordation.

   (2) The Company shall provide consolidated and unconsolidated financial reports audited by independent auditor within 120 days after the end of each fiscal year.

   (3) The Company shall maintain the interest protection multiples above 3 times and the tangible net worth above NT$ 18,000,000. The aforementioned ratio and standard shall be based on the annual consolidated financial report audited by independent auditor. If the Company fails to comply with the aforementioned financial ratio or restrictive terms, starting from the date of violation, the Company shall pay compensation fee calculated at 0.1% of the outstanding balance for each loan bank until the date when the Company has been examined to completely improve the financial commitments such that the compensation fee is then stopped without further calculation.

5. Except for the loans mentioned above, the term of the remaining loan of the Company was from January 2016 to October 2021.

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

	December 31, 2018	December 31, 2017
Guarantee notes	$ 31,093,700	$ 21,650,000

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

	December 31, 2018	December 31, 2017
Due within one year	$ 700,000	$ 100,000
Due longer than one year	8,275,000	8,143,000
	$ 8,975,000	$ 8,243,000

Pensions

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

(2) The amounts recognized in the balance sheet are determined as follows:

	December 31, 2018	December 31, 2017
Present value of defined benefit obligation	($ 128,157)	($ 130,649)
Fair value of plan assets	62,943	60,985
Defined benefit liability (listed as other non-current liabilities)	($ 65,214)	($ 69,664)

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

	Present value of defined benefit obligation	Fair value of plan assets	Defined benefit liability
2018			
Balance, January 1	($ 130,649)	$ 60,985	($ 69,664)
Current service cost	(946)	-	(946)
Interest (expense) revenue	(1,255)	568	(687)
	(132,850)	61,553	(71,297)
Remeasurements:			
Return on plan assets (Other than the amount included in interest revenue or expense)	-	1,941	1,941
Effects of changes in demographic assumptions	(518)	-	(518)
Effects of changes in economic assumptions	(2,882)	-	(2,882)
Experience adjustments	5,304	-	5,304
	1,904	1,941	3,845
Contribution to pension fund	-	2,238	2,238
Payment of pension benefits	2,789	(2,789)	-
Balance, December 31	($ 128,157)	$ 62,943	($ 65,214)

	Present value of defined benefit obligation	Fair value of plan assets	Defined benefit liability
2017			
Balance, January 1	($ 128,526)	$ 61,712	($ 66,814)
Current service cost	(950)	-	(950)
Interest (expense) revenue	(1,589)	766	(823)
	(131,065)	62,478	(68,587)

Remeasurements:			
Return on plan assets (Other than the amount included in interest revenue or expense)	-	(167)	(167)
Effects of changes in demographic assumptions	(2,374)	-	(2,374)
Effects of changes in economic assumptions	(3,077)	-	(3,077)
Experience adjustments	2,228	-	2,228
	(3,223)	(167)	(3,390)
Contribution to pension fund	-	2,313	2,313
Payment of pension benefits	3,639	(3,639)	-
Balance, December 31	($ 130,649)	$ 60,985	($ 69,664)

(4) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 Paragraph 142. The composition of fair value of plan Assets as of December 31, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	2018	2017
Discount rate	0.75%	1.00%
Future salary increase in percent	2.00%	2.00%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increase in percent	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2018				

Effects on the present value of a defined benefit obligation	($ 2,901)	$ 3,004	$ 2,960	($ 2,873)
December 31, 2017				
Effects on the present value of a defined benefit obligation	($ 3,170)	$ 3,288	$ 3,248	($ 3,148)

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

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

(6) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2019 amounts to $1,890.

(7) As of December 31, 2018, the weighted average duration of that retirement plan is 9 years. The analysis of timing of the future pension payment was as follows:

Less than 1 year	$	10,458
1-2 years		4,008
2-5 years		22,040
More than 5 years		99,012
	$	135,518

2.(1) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(2) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2018 and 2017 were NT$ 8,555 and NT$ 8,298 respectively.

Capital

1. As of December 31, 2018, the Company's authorized capital was NT$ 20,000,000, and the paid-in capital was NT$ 10,032,540 (including share capital of convertible corporate bonds of NT$ 384,539) with a par value of NT$ 10 per share, all issued as ordinary shares. All proceeds from shares issued have been collected.

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

	2018	2017
January 1	1,672,090	1,393,408
Capital increase by earnings	-	278,682
Capital reduction by cash	(668,836)	-
December 31	1,003,254	1,672,090

2. On June 15, 2017, through the resolution of shareholders' meeting, the Company executed capital increase for issuance of new shares based on the undistributed earnings NT$ 2,786,817, and was approved by the competent authority, following which the alternation registration was completed on September 13, 2017.

3. To adjust the capital structure and to increase the shareholders' return on equity, through the resolution of the shareholders' meeting on June 14, 2018, the Company executed the cash capital reduction with the return of share capital to shareholders, and the capital reduction percentage was 40%, the number of shares canceled was 668,836 share, and the paid-in capital after capital reduction was NT$ 10,032,540. The date of August 17, 2018 was the target date for capital reduction, and the shares alternation registration had been completed on August 28, 2018, and the share capital had been returned to shareholders on October 12, 2018.

4. To adjust the capital structure and to increase the shareholders' return on equity, the associate of the Company, Ruentex Industries executed capital reduction in August 2018, and the Company recognized the treasury stock changes for Ruentex Industries according to the shareholding percentage.

5. The treasury shares Ruentex Engineering & Constructionorded by the Company refer to the sub-subsidiary of the Company - Ruentex Engineering & Construction holding 3,426 thousand shares of the Company for the purpose of protecting the interests of the shareholders and the treasury shares for the associate of the Company - Ruentex Industries. The information on their respective amounts is as follows:

	December 31, 2018	December 31, 2017
	Carrying amount	Carrying amount
Ruentex Engineering	$ 19,984	$ 28,536
Amount accounted for using equity method	64,655	76,664
	$ 84,639	$ 105,200

Capital surplus

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

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

as recorded or the difference between the disposal of subsidiary's equity and carrying value, Article 241 of the Company Act may be applicable in order to use it for issuance of new shares or cash.

3. Change of capital surplus is as follows:

	Issued at premium	Treasury share transactions	Dividends not claimed by shareholders in the given period of time	Changes in the associates' net value of equity	Difference between the equity price and the book value of actual acquisition or disposition of subsidiaries	Changes in the ownership interests of subsidiaries as recognized	Total
January 1, 2018	$17,296,568	$ 136,626	$ -	$ 402,493	$ 1,535	$ 149,282	$ 17,986,504
Others	-	-	9,205	17,048	-	-	26,253
Income tax effect	-	-	-	(1,023)	-	-	(1,023)
Effects of changes in tax rates	-	-	-	1,776	-	-	1,776
December 31, 2018	$17,296,568	$ 136,626	$ 9,205	$ 420,294	$ 1,535	$ 149,282	$ 18,013,510

	Issued at premium	Treasury share transactions	Dividends not claimed by shareholders in the given period of time	Changes in the associates' net value of equity	Difference between the equity price and the book value of actual acquisition or disposition of subsidiaries	Changes in the ownership interests of subsidiaries as recognized	Total
January 1, 2017	$ 17,296,568	$ 136,626	$ -	$ 316,492	$ 1,535	$ 149,362	$ 17,900,583
Others	-	-	-	69,239	-	(85)	69,154
Income tax effect	-	-	-	16,762	-	5	16,767
December 31, 2017	$ 17,296,568	$136,626	$ -	$ 402,493	$ 1,535	$ 149,282	$ 17,986,504

Retained earnings

1. According to the Company's Articles of Incorporation, the Current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses and then 10% of the remaining amount shall be set aside as legal reserve, following which special reserve shall be set aside or reversed according to the laws. If there are still remaining earnings, the remainder shall be combined with the prior year's accumulated retained earnings, and the board of directors shall establish earnings distribution proposal for submission to the shareholders' meeting for resolution on the retention or distribution thereof. The Company's dividend policy adopts the remaining dividend policy. According to the future capital budget planning, the future capital demand of the Company is measured, and after the necessary capital is retained for financing purpose, the remaining earnings can then be distributed in the method of cash dividend.

2. Except for covering accumulated deficit or issuing new stocks or cash to shareholder in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

3.(1) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(2) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi No. 1010012865 Letter dated April 6, 2012, shall be reversed proportionately when the relevant Assets are used, disposed of or reclassified subsequently.

4.(1) The appropriation of 2017 earnings had been proposed on June 14, 2018 and the appropriation of 2016 earnings had been resolved at the shareholders' meeting on June 15, 2017. Details are summarized as follows:

	2017		2016	
	Amount	Dividend per share (NTD)	Amount	Dividend per share (NTD)
Legal reserve	$ 1,110,442		$ 789,815	
Special reserve	2,954		4,318,563	
Share dividend	-	$ -	2,786,817	$ 2.00
Cash dividend	3,344,180	2.00	-	-
Total	$ 4,457,576		$ 7,895,195	

(2) The appropriation of earnings for 2018 had been proposed by Company's board of directors on March 28, 2019 as follows:

	2018
	Amount
Legal reserve	$ 993,209
Special reserve	12,073,579
Total	$ 13,066,788

(3) According to the approval of the proposal made by the board of directors on March 28, 2019, the Company distributed cash at NT$ 2 per share with the legal reserve, for a total amount of NT$ 2,006,508.

5. Change of retained earnings is as follows:

	2018
January 1, 2018	$ 11,104,418
Effects of retrospective application and retrospective restatement	(193,654)
Balance at 1 January, as restated	10,910,764
Appropriation and distribution of retained earnings of 2017:	
- Legal reserve	(1,110,442)
- Special reserve	(2,954)
- Cash dividend	(3,344,180)
Disposal of equity instrument at fair value through other comprehensive income	(3,237,996)
Net income	9,932,094
Remeasurements of defined benefit plans with actuarial valuation	3,845
Portion of other comprehensive income from the associates and joint ventures accounted for using equity method	(89,813)
Income tax relating to items that will not be reclassified:	
- Tax related to the group	6,725
- Tax related to the associates	(2,248)
- Effects of changes in tax rates	993
December 31, 2018	$ 13,066,788

Other equity items

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

	Unrealized valuation profit or loss	Foreign currency translation	Hedging reserve	Total
2017/1/1	($ 23,087,831)	($238,130)	$ 496	($ 23,325,465)
Unrealized valuation profit or loss of financial assets:				
- The Company	33,930	-	-	33,930

- Tax related to the Company	(3,644)	-	-	(3,644)
- Subsidiaries and associates (Note)	4,853,103	-	-	4,853,103
- Tax related to the subsidiaries and associates	21,822	-	-	21,822
Foreign currency translation differences:				
- The Company	-	(626,509)	-	(626,509)
- Tax related to the Company	-	106,506	-	106,506
- Subsidiaries and associates	-	658,902	-	658,902
- Tax related to the subsidiaries and associates	-	(115,022)	-	(115,022)
Cash flow hedge:				
- Associate	-	-	119	119
2017/12/31	($ 18,182,620)	($ 214,253)	$ 615	($ 18,396,258)

Note: The changes in the unrealized valuation profit or loss and the reclassification under overlay approach mainly refer to the effects of the fair value and disposal change of the associate Ruen Chen Investment Holdings recognizing the financial Assets/available-for-sale financial Assets through profit or loss and other comprehensive income at fair value held by its investee Nan Shan Life Insurance.

Operating Revenue

	2018	2017
Revenue from contracts with customers:		
Revenue from sales of real estate	$ 4,425,022	$ 5,398,343
Revenue from sales of goods	1,374,734	1,557,421
Rental income	35,012	24,517
	$ 5,834,768	$ 6,980,281

1. Detail of customer contract income

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

	Taiwan		
2018	Construction business	Hypermarket business	Total
Departmental revenue	$ 4,425,022	$ 1,374,734	$ 5,799,756
Timing of revenue recognition			
Revenue recognized at a point in time	$ 4,425,022	$ 1,374,734	$ 5,799,756

2. Contract liabilities

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

		December 31, 2018
Contract liability:		
Contract liability - Sales contract for real estate	$	382,727
Contract liability - Sales contract for goods		1,553
Total	$	384,280

3. For relevant disclosure on the 2017 operating income, please refer to Note XII(5) 2 and 3.

Operating Costs

		2018		2017
Cost of sales of real estate	$	3,222,911	$	4,870,309
Cost of sales of goods		1,085,685		1,262,128
Rental cost		24,426		22,244
	$	4,333,022	$	6,154,681

Other income

		2018		2017
Interest revenue	$	159,087	$	5,689
Dividend revenue		11,671		8,142
Other revenue		28,672		22,970
	$	199,430	$	36,801

Other gains and losses

		2018		2017
Gains on disposals of real estate, plant and equipment	$	11	$	2
Foreign exchange net gain (loss)		312,352	(	77,867)
Others	(	54,184)	(	52,992)
	$	258,179	($	130,857)

Finance costs

		2018		2017
Interest expense:				
Bank loan and short-term notes and bills	$	381,320	$	391,632
Less: Assets eligible for capitalization	(	185,252)	(	249,277)
Financial costs	$	196,068	$	142,355

Additional information of expenses by nature

	2018	2017
Changes in merchandise inventory	$ 4,308,596	$ 6,132,437
Employee benefit expenses	331,316	326,863
Depreciation expense	36,023	31,139
Rent expense	110,863	115,009
Tax expense	89,824	73,578
Advertisement expense	121,509	110,544
Expected credit losses	262	-
Other expense	163,161	176,938
Operating costs and expenses	$ 5,161,554	$ 6,966,508

Employee benefit expense

	2018	2017
Wages and salaries	$ 289,084	$ 283,229
Labor and Health Insurance costs	18,906	18,790
Pension expense	10,188	10,062
Directors' Remuneration	3,720	3,796
Other employment fees	9,418	10,986
	$ 331,316	$ 326,863

1. In accordance with the Articles of Incorporation of the Company, when the Company has a profit in a fiscal year, 0.3% to 5% of such profit shall be distributed as the employees’ compensation; however, when the Company still has accumulated losses, amount still be reserved in advance to make up the losses. The employees’ compensation described in the preceding paragraph shall be in shares or cash, and the subjects for receiving the shares or cash may include employees of affiliates satisfying certain criteria.
2. For the years ended December 31, 2018 and 2017, employees’ compensation was accrued at $34,519 and $40,399, respectively. The aforementioned amounts were recognized in salary expenses.

   The employees’ compensation was estimated and accrued based on 0.3% of distributable profit of Current year for the year ended December 31, 2018. The employees’ compensation resolved by the board of directors was NT$ 34,519, which will be distributed in the form of cash.

   Employees’ compensation of 2017 as resolved by the board of directors was in agreement with the amount of NT$ 40,399 recognized in the 2017 financial statements. The aforementioned employees’ compensation was distributed in the form of cash.

   Information about employees’ compensation and directors’ and supervisors’ remuneration of the Company as resolved by the board of directors and the shareholders at the shareholders’ meeting will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

Income tax

1. Income tax expense

(1) Components of income tax expense:

	2018	2017
Current income tax:		
Income tax occurred in the current period	$ 13,097	$ 1,980,836
Land value increment tax	148,822	19,251
Income tax imposed on undistributed earnings	649,131	295
Overestimation on income tax for prior years	(14,288)	(10,928)
Total income tax for current period	796,762	1,989,454
Deferred income tax:		
Origination and reversal of temporary differences	652,329	347,711
Investment tax credits	15,554	(15,554)
Effects of the change in tax rates	74,986	-
Total deferred income tax	742,869	332,157
Income tax expense	$ 1,539,631	$ 2,321,611

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

	2018	2017
Changes in unrealized valuation profit or loss	$ 12,232	($ 3,644)
Differences on translation of foreign operations	(43,614)	106,506
Portion of other comprehensive income from the subsidiaries and associates	70,508	(93,200)
Remeasurements of defined benefit obligation	4,477	(2,919)
Effects of the change in tax rates	2,695	-
	$ 46,298	$ 6,743

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

	2018	2017
Capital surplus	($ 1,023)	$ 16,767
Effects of the change in tax rates	1,776	-
	$ 753	$ 16,767

2. Reconciliation between income tax expense and accounting profit

	2018	2017
Imputed income taxes on pretax income at statutory tax rate	$ 2,294,345	$ 2,292,662
Expenses to be excluded as stipulated in the tax law	(1,466,427)	(1,134,661)
Income with exemption from tax as stipulated in the tax law	(152,507)	(23,138)
Temporary differences on unrealized deferred income tax assets	119	81
Realizability evaluation on deferred income tax assets	(10,104)	1,193,606
Income tax imposed on undistributed earnings	649,131	295
Income tax effects of investment tax credits	15,554	(15,554)
Land value increment tax	148,822	19,251
Overestimation on income tax for prior years	(14,288)	(10,928)
Income tax effects of amendments to the tax law	74,986	-
Income tax effects of increases in land rice	-	(3)
Income tax expense	$ 1,539,631	$ 2,321,611

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

	2018						
	January 1	Recognized in profit and loss	Recognized in other comprehensive income	Recognized in equity	Effects of changes in tax rates	Adjustments for IFRS 9	December 31
Temporary differences:							
- Deferred income tax assets:							
Loss for market price decline and obsolete and slow-moving inventories	$8,920	($ 283)	$ -	$ -	$ 1,573	$ -	$ 10,210
Pension exceeding the limits	8,679	(122)	-	-	1,532	-	10,089
Deferred promotion expenses	11,134	6,534	-	-	1,965	-	19,633
Allowance for bad debt exceeding the limits	5	(6)	-	-	1	-	-
Impairment loss	5,237	-	-	-	-	(4,922)	315
Domestic investment loss	44,053	10,277	-	-	-	-	54,330
Unrealized foreign exchange losses	13,234	(15,570)	-	-	2,336	-	-
Differences on translation of foreign operations	15,349	-	(18,057)	-	2,708	-	-
Portion of other comprehensive income from the subsidiaries and associates	45,117	-	70,508	-	(1,006)	-	114,619
Remeasurements of defined benefit obligation	-	-	4,183	-	-	-	4,183
Investment tax credits	15,554	(15,554)	-	-	-	-	-
Subtotal	167,282	(14,724)	56,634	-	9,109	(4,922)	213,379

	2018						
	January 1	Recognized in profit and loss	Recognized in other comprehensive income	Recognized in equity	Effects of changes in tax rates	Others	December 31
Temporary differences:							
- Deferred income tax liabilities:							
Foreign investment gain	(466,895)	(638,310)	-	-	(82,393)	-	(1,187,598)
Unrealized foreign exchange gains	-	(14,839)	-	-	-	-	(14,839)
Allowance for bad debt exceeding the limits	-	(10)	-	-	-	-	(10)
Changes in unrealized valuation profit or loss	(109,706)	-	12,232	-	-	(2,879)	(100,353)
Differences on translation of foreign operations	-	-	(25,557)	-	-	-	(25,557)
Remeasurements of defined benefit obligation	(1,287)	-	294	-	993	-	-
Capital surplus	(13,847)	-	-	(1,023)	1,776	-	(13,094)
Subtotal	(591,735)	(653,159)	(13,031)	(1,023)	(79,624)	(2,879)	(1,341,451)
Total	($424,453)	($ 667,883)	$ 43,603	($ 1,023)	($ 70,515)	($ 7,801)	($1,128,072)

	January 1	Recognized in profit and loss	2017 Recognized in other comprehensive income	Recognized in equity	Others	December 31
Temporary differences:						
- Deferred income tax assets:						
Loss for market price decline and obsolete and slow-moving inventories	$652	$ 8,268	$ -	$ -	$ -	$ 8,920
Pension exceeding the limits	8,771	(92)	-	-	-	8,679
Deferred promotion expenses	191	10,943	-	-	-	11,134
Non-leave bonus	668	-	-	-	(668)	-
Allowance for bad debt exceeding the limits	1	4	-	-	-	5
Impairment loss	5,237	-	-	-	-	5,237
Domestic investment loss	43,766	287	-	-	-	44,053
Unrealized foreign exchange losses	293	12,941	-	-	-	13,234
Differences on translation of foreign operations	-	-	15,349	-	-	15,349
Portion of other comprehensive income from the subsidiaries and associates	138,317	-	(93,200)	-	-	45,117
Remeasurements of defined benefit obligation	1,632	-	(1,632)	-	-	-
Investment tax credits	-	15,554	-	-	-	15,554
Subtotal	199,528	47,905	(79,483)	-	(668)	167,282
Temporary differences:						
- Deferred income tax liabilities:						
Foreign investment gain	(86,833)	(380,062)	-	-	-	(466,895)
Fair value changes in available-for-sale financial assets	(106,062)	-	(3,644)	-	-	(109,706)
Differences on translation of foreign operations	(91,157)	-	91,157	-	-	-
Remeasurements of defined benefit obligation	-	-	(1,287)	-	-	(1,287)
Capital surplus	(30,614)	-	-	16,767	-	(13,847)
Subtotal	(314,666)	(380,062)	86,226	16,767	-	(591,735)
Total	($ 115,138)	($ 332,157)	$ 6,743	$ 16,767	($ 668)	($424,453)

4. Relevant amounts of tax credit of investment and deferred tax Assets unrecognized for the Company are as follows:

December 31, 2017

Deduction items	Balance not deducted	Non-recognized tax amount of deferred income tax assets	The final year in which the tax credit is applied
Investment in emerging and important strategic industries	$ 15,554	$ -	2022

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

	December 31, 2018	December 31, 2017
Deductible temporary differences	$ 119	$ 81

6. The Company's income tax returns through 2016 have been assessed and approved by the Tax Authority.
7. Since the amendment of the Income Tax Act became effective on February 7, 2018, the tax rate of the profit-seeking enterprise income tax was increased from 17% to 20%, and such amendment had been applied since 2018. The Company has assessed relevant income tax impacts of such change of tax rate.

Earnings Per Share

	2018		
	After-tax amount	Weighted average number of shares outstanding (thousand shares)	Earnings per share (NTD)
Basic earnings per share			
Net income attributable to ordinary shareholders	$ 9,932,094	1,374,811	$ 7.22
Diluted earnings per share			
Net income attributable to ordinary shareholders	$ 9,932,094	1,374,811	
Dilutive potential ordinary shares effecting employee compensation	-	1,133	
Effects of the net income attributable to ordinary shareholders plus potential ordinary shares	$ 9,932,094	1,375,944	$ 7.22

	2017		
	After-tax amount	Weighted average number of shares outstanding (thousand shares)	Earnings per share (NTD)
Basic earnings per share			
Net income attributable to ordinary shareholders	$ 11,164,638	1,616,402	$ 6.91
Diluted earnings per share			
Net income attributable to ordinary shareholders	$ 11,164,638	1,616,402	
Dilutive potential ordinary shares effecting employee compensation	-	1,405	
Effects of the net income attributable to ordinary shareholders plus potential ordinary shares	$ 11,164,638	1,617,807	$ 6.90

Operating lease

Lessee

The Company has leased the land for hypermarket business and the Zhonglun office building under operating lease, and the term of lease is between 2012 and 2021. For 2018 and 2017, the rental expense of NT$ 105,314 was recognized as the Current profit or loss. The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	December 31, 2018		December 31, 2017	
Less than one years	$	112,783	$	112,783
More than one year but less than five years		22,687		135,470
	$	135,470	$	248,253

Cash flow supplementary information

1. Investing activities not affecting cash flow:

	2018	2017
Inventories reclassified to Investment real estate	$ 1,083,449	$ -

2. Financing activities not affecting cash flow:

	2018	2017
Share dividend	$ -	$ 2,786,817

VII. Transaction with Related Parties

(1) Names of related parties and relationship

Name of the related party	Relationship with the Company
Ruentex Pai Yi Co., Ltd.	Subsidiary of the Company
Ruentex Syu Jan Co., Ltd.	Subsidiary of the Company
Lee Shen Development Co., Ltd.	Subsidiary of the Company
Ruen Fu Newlife Corp.	Subsidiary of the Company
Ruentex Development Company (Ruentex Development)	Subsidiary of the Company
Ruentex Property Management and Maintenance Co., Ltd.	Subsidiary of the Company
Ruentex Security Co., Ltd.	Subsidiary of the Company
Ruentex Engineering & Construction Co., Ltd. (Ruentex Engineering)	Sub-subsidiary of the Company
Ruentex Construction Co., Ltd.	Sub-sub-subsidiary of the Company
Ruentex Interior Design Inc. (Ruentex Design)	Sub-sub-sub-subsidiary of the Company
Ruentex Industries Ltd.	Associate (the investment company which accounts for the Company using the equity method)
Shing Yen Construction Development Co., Ltd.	Associate (the investee company accounted for under the equity method by the Company)
RT-Mart International Co., Ltd. (RT-Mart)	Other related party (the Company is a juridical person supervisor of the company)
Nan Shan Life Insurance Co., Ltd. (Nan Shan Life Insurance)	Other related party (one of the Company’s associates is a controlled company of the company)
Ruentex Construction Co., Ltd.	Other related party (the Company’s management is a supervisor of the company)
Huei Hong Investment Co. Ltd.	Other related party (the Company’s key management personnel is the representative of the juridical person director of the company)
Yin, Yen-Liang	Other related party (spouse of the representative of the juridical person director of the Company)

Chen, Yung-Fang	Other related party (spouse of the Company's key management personnel)
Chien, Chieh-An	Other related party (relative of the Company's key management personnel)
Chang, Hsiu-Yen	Other related party (supervisor of the Company's subsidiary)
Chien, Tsang-Tsun	The Company's key management personnel
Li, Chih-Hung	The Company's key management personnel
Chiu, Hui-Sheng	Key management personnel of the sub-sub-subsidiary of the Company

Significant related party transactions and balances

1. Operating revenue

	2018	2017
Key management personnel	$ 43,411	$ -
Other related parties	25,390	-
Ruentex Development	10,476	3,884,324
Subsidiaries	30,684	8,640
Associates	-	32
	$ 109,961	$ 3,892,996

(1) The Company sold houses and lands to related parties, and the transaction prices were determined based on the negotiation between both parties. In addition, payments were collected according to the contract schedule signed by both parties. The transaction terms had no major difference form general non-related parties. The aforementioned transactions had been completed and the ownership of houses had been transferred. In addition, payments were collected according to the contract schedule signed by both parties.

(2) The Company signed consultation service agreements with related parties, and the transaction prices were determined based on the negotiation between both parties. In addition, payments were collected according to the contract schedule signed by both parties.

(3) The Company pre-sold houses and lands to related parties, and the sales contract total price and the advance payment for the sale of house and land collected in advance (under the accounts of contract liabilities - Current and other Current liabilities in the table) as follows:

	December 31, 2018		December 31, 2017	
	Total contract amount	Advance real estate receipts	Total contract amount	Advance real estate receipts
Key management personnel	$ -	$ -	$ 44,040	$ 4,400
Other related parties	89,250	12,150	25,560	5,370
	$ 89,250	$ 12,150	$ 69,600	$ 9,770

2. Purchases

	2018	2017
Ruentex Engineering	$ 1,266,474	$ 1,358,488
Subsidiaries	114,062	176,941
Other related parties	84,396	130,429
	$ 1,464,932	$ 1,665,858

(1) The Company had issued checks matured within 1~2 months for payments to related parties.

(2) The construction price for the project contracted out by the Company to related parties were determined based on the price negotiation between both parties.

(3) For the decoration works contracted out by the Company to related parties, contracts were established according to additional percentages on top of the costs, and the costs were determined after considering the decoration area and the materials used.

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

	December 31, 2018		December 31, 2017	
	Total contract amount (Tax excluded)	Amount paid	Total contract amount (Tax excluded)	Amount paid
Ruentex Engineering	$ 3,305,332	$ 2,126,249	$ 5,053,503	$ 2,604,588
Subsidiaries	452,136	38,086	615,066	472,988
Other related parties	18,114	3,351	18,114	3,351
	$ 3,775,582	$ 2,167,686	$ 5,686,683	$ 3,080,927

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

3. Non-operating income and expenses - other income

	December 31, 2018	December 31, 2017
Subsidiary (Note)	$ 17,867	$ 2,007

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

4. Receivables from related parties

	2018	2017
RT-Mart	$ 2,987	$ 9,806
Other related parties	1,093	1,093
Subsidiaries	624	566
Associates	3	6
	$ 4,707	$ 11,471

Note: mainly refer to certificates receivable and interest receivable.

5. Payables to related parties

	December 31, 2018	December 31, 2017
Notes payable:		
Ruentex Engineering	$ 53	$ 68,062
Subsidiaries	3,485	6,508
Associates (Note)	4	333
Other related parties	2,636	218
	$ 6,178	$ 75,121
Accounts payable:		
Ruentex Engineering	$ 309,095	$ 214,963
Ruentex Design	28,081	97,383
Subsidiaries	3,078	1,725
Other related parties	2,130	9,890
Associates (Note)	117	110
	$ 342,501	$ 324,071

Note: mainly refer to computer maintenance fee payable.

6. Property transactions

Acquisition of financial Assets

Please refer to explanation of Note VI(7)7 for details.

7. Authorized operation contracts of Hypermarket Business Department

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

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

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

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

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

C. Restrictive clauses:

During the term of the contract, where the Company plans to sell, lease or dispose the asset or operation of the hypermarket in other method, it shall be sold, leased or transferred to the other party in written proposal according to the price agreed in priority. If the other party fails to inform the Company its willingness to accept the offer within 60 days after the receipt of the proposal, then the Company may then lease, sell or dispose the asset or operation of the store in other methods to a third party.

(2) The royalties (including earnings remuneration) for 2018 and 2017 were both NT$ 500, and the royalties payable (including earnings remuneration) (recorded under other accounts payable) as of December 31, 2018 and 2017 were both NT$ 42.

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

	December 31, 2018	December 31, 2017
Subsidiaries	$ 4,080,000	2,680,000

9. Status of endorsements and guarantees provided by related parties

	December 31, 2018	December 31, 2017
Key management personnel	$ 39,339,523	$ 38,617,313

Key management compensation information

	2018	2017
Wages and salaries and other short-term employee benefits	$ 93,123	$ 89,135
Post-employment benefits	1,343	1,423
Total	$ 94,466	$ 90,558

VIII. Pledged Assets

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

Asset items	Carrying amount December 31, 2018	Carrying amount December 31, 2017	For guarantee purpose
Inventories	$ 15,709,773	$ 15,302,365	Long-term/short-term borrowings and Issuance of Commercial Paper
Current other financial assets (listed as other current assets)	254,448	425,766	Joint construction guarantee deposits and real estate trust receipts in advance
Non-current financial assets at fair value through other comprehensive income	414,656	-	Short-term borrowings and Issuance of Commercial Paper
Non-current financial assets carried at cost	-	342,000	Short-term borrowings and Issuance of Commercial Paper
Investments accounted for using equity method	3,239,894	4,834,017	Long-term/short-term borrowings and Issuance of Commercial Paper and investment guarantee for invested company (Note)
Non-current other financial assets (listed as other non-current assets)	5,061,569	5,049,246	Money Lodged at Courts, performance bond and Investment guarantee for invested company (Note)
Investment real estate	161,029	162,913	Guarantee for advance rent receipts
	$ 24,841,369	$ 26,116,307	

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

IX. Significant Contingent Liabilities and Unrecognized Commitments

(1) Contingencies

None.

Commitments

As of December 31, 2018 and 2017, in addition to the content described in Note VI(7), (13), (28) and 7, other significant commitments are as follows:

1. As of December 31, 2018 and 2017, the joint construction contracts signed by the Company and land owners included the construction projects of Banqiao Jiangcui etc., and the joint construction guarantee bonds provided were NT$ $239,760 NT$ $353,957 respectively.
2. The Company signed the MRT system Neihu Line Neihu Station Joint Jiao 11 Development Construction Shopping Center, a building with 15 storages and 3 basement floors for a total of 274 household units, residential complex building and Xinzhuang Sanchong Station Jia

6 Commercial Building Site Joint Development Project with the Taipei City Government in September and December 2008. The performance bond of NT$ 220,179 was paid with the performance bond guarantee issued by R.O.C. bank registered with the Ministry of Finance. For the Neihu Station Jiao 11 Joint Development Project, the Company has signed the equity distribution agreement with the Taipei City Government in September 2017, Presently, parts of the public facilities have not been inspected and delivered.

X. Significant Disaster Loss

None.

XI. Significant Subsequent Events

Please refer to the description of Note VI(17) and (25).

XII. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return share capital to shareholders, issue new shares or sell Assets in order to adjust to reach the most suitable capital structure. The Company uses the debt-to-capital ratio to monitor its capital, and such ratio is calculated by dividing the net debt by the total capital. The calculation of the net debt refers to total borrowings (including the "Current and non-Current borrowings" listed in the unconsolidated balance sheet) with the deduction of cash and cash equivalents. The calculation of the total capital refers to the addition of the "equity" listed on the unconsolidated balance sheet with the net debt.

The strategy in 2018 of the Company was maintained the same as the strategy in 2017. As of December 31, 2018 and 2017, the debt to total Assets ratio was as follows:

	December 31, 2018	December 31, 2017
Total borrowings	$ 30,364,523	$ 30,374,313
Less: Cash and cash equivalents	2,581,300	(11,467,563)
Net debt	27,783,223	18,906,750
Total equity	30,896,333	48,476,761
Total capital	$ 58,679,556	$ 67,383,511
Debt-to-total-capital ratio	47.35%	28.06%

(2) Financial instruments

1. Type of financial instruments

	December 31, 2018	December 31, 2017
Financial assets		
Non-current financial assets at fair value through other comprehensive income	$ 2,819,599	$ -
Non-current available-for-sale financial assets	-	2,549,466
Non-current financial assets carried at cost	-	391,946
Financial assets at amortized cost/loans and receivables		
Cash and cash equivalents	2,581,300	11,467,563
Notes receivable	2,053	93,463
Accounts receivable	20,331	12,794
Other receivables (including related parties)	11,299	81,402
Investments in debt instrument with no active market - Non-current financial assets at amortized cost	60,000	60,000
Other financial assets (listed as other current assets and other non-current assets)	5,361,242	5,523,681
	$ 10,855,824	$ 20,180,315
Financial liabilities		
Financial liabilities are carried at amortized cost		
Short-term borrowings	$ 710,000	$ 12,640,000
Short-term notes and bills payable	179,958	5,475,975
Notes payable (including related parties)	48,823	113,287
Accounts payable (including related parties)	534,693	573,517
Other payables	325,108	311,289
Long-term borrowings (including due within one year or one operating cycle)	29,474,565	12,258,338
Guarantee deposits received (listed as other non-current liabilities)	978,837	958,291
	$ 32,251,984	$ 32,330,697

2. Risk management policies

(1) The Company’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(2) The risk management of the Company is executed by the financial department

according to the policies approved by the board of directors, and cooperation with all operating units of the Company closely in order to be responsible for the identification, assessment and hedging of financial risks. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3. Significant financial risks and degrees of financial risks

(1) Market risk

Foreign exchange risk

A. The Company holds several foreign operating institution investments, and its net asset bears the foreign exchange risk. In addition, the Company's businesses involve some non-functional currency operations. The information on Assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follow:

	December 31, 2018					
				Sensitivity analysis		
	Foreign currency (in thousands of NTD)	Exchange rate	Carrying amount (NTD)	Range of variation	Effects on profit and loss	Effects on other comprehensive income
Financial assets						
Monetary Items						
USD:NTD	$ 77,291	30.72	$ 2,374,380	1%	$23,744	$ -
Non-monetary Items						
USD:NTD	214,801	30.72	6,598,693	1%	-	65,987

	December,31, 2017					
				Sensitivity analysis		
	Foreign currency (in thousands of NTD)	Exchange rate	Carrying amount (NTD)	Range of variation	Effects on profit and loss	Effects on other comprehensive income
Financial assets						
Monetary Items						
USD:NTD	$ 380,334	29.76	$11,318,740	1%	$113,187	$ -
Non-monetary Items						

USD:NTD	105,807	29.76	3,148,822	1%	-	31,488
Financial liabilities						
Monetary Items						
USD:NTD	$ 338	29.76	$ 10,059	1%	$ 101	-

B. The total exchange gain or loss, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2018 and 2017, amounted to profit of NT$ 312,352 and loss of NT$ 77,867 respectively.

Price risk

A. The Company is exposed to equity securities price risk because of the financial Assets and available-for-sale financial Assets at fair value through other compressive income held and accrued by the Company. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

B. The Company mainly invests in domestic or foreign equity instruments. The prices of equity instruments is affected by the uncertainty of the future value of investment subject matters. If the prices of these equity instruments had increased/decreased by 1% with all other variables held constant, profit or loss for the years ended December 31, 2018 and 2017 would have increased/decreased by NT$ 19,116 and NT$ 21,060 respectively, as a result of gains/losses classified as equity instrument and available-for-sale financial Assets at fair value through comprehensive income.

Cash flow and fair value interest rate risk

A. The interest rate risk of the Company comes from total borrowings such that the Company is exposed to cash flow interest rate risk. For 2018 and 2017, the borrowing of the Company at floating interest rate was mainly calculated in NTD.

B. The borrowing of the Company was measured at amortized cost, and re-pricing was performed according to the annual interest rate specified in the contract. Therefore, the Company is exposed to the risk of future market interest rate change.

C. When the loan interest rate was increased or decreased by 0.125% with the other factors maintained unchanged, then the net profit after tax for 2018 and 2017 would be decreased or increased by NT$ 37,956 and NT$ 37,968 respectively, which as mainly due to borrowing at the floating interest rate such that the interest expense changed along with the rate.

(2) Credit risk

A. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or transaction counterparties of financial instruments on the contract obligations. Such risk is mainly due to the counterparties cannot repay the accounts payable according to the payment terms, and it is classified as the contract cash flow at amortized cost.

B. The Company established management of credit risk from the company's perspective. For corresponding banks and financial institutions, the Company set up to only accept transaction counterparties receiving the credit raking of at least Class “A”. According to the internally specified credit extension policy, before each operating entity and each new customer of the Company establish the terms for payment and goods delivery, it is necessary to perform management and credit risk analysis. The internal risk control considers the financial position, past experience and other factors in order to assess the credit quality of customers. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilization of credit limits is regularly monitored.

C. The Company adopts IFRS 9 to provide preliminary assumption, and when the payment specified according to the contract term has exceeded 90 days, breach of contract is deemed to have occurred.

D. The Company classifies the accounts payable of customers according to the characteristics of customer type, and adopts the simplified method to use the loss rate method as the basis for estimating the expected credit loss.

E. The Company incorporates the future prospective consideration described in the economic forecast of Taiwan Institute of Economics Research for adjusting the loss rate established according to the specific period history and Current information, in order to estimate the allowance loss for accounts receivable. The loss rate method as of December 31, 2018 was as follows:

		Each		Group A		Total
December 31, 2018						
Expected loss		50%~100%		0%		
Total carrying amount	$	511	$	20,104	$	20,615
Allowance for losses		284		-		284

Group A: Customers who do not have overdue payments

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

		2018
		Accounts receivable
January 1 for IAS 39	$	22
Adjustments for applying new standards		-
January 1 for IFRS 39		22
Provision of impairment loss		262
December 31	$	284

G. For details of the credit risk information for 2017, please refer to Note XII(4)4.

(3) Liquidity risk

A. The cash flow forecast of the Company is executed by the operating entity and summarized by the financial department. The financial department monitors rolling forecasts of the Company’s liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times, as described in Note

VI(13), in order to prevent the Company from breaching relevant borrowing limits or term. Such forecasts also consider the credit financing plan, credit terms compliance and the conformity with the financial ratio target specified in the internal balance sheet.

B. For the remaining cash held by the operating entity of the Company, when it exceeds the management needs of operating capital, the financial department invests the remaining capital in the saving deposit with interest, time deposit and repurchase agreements etc. The instruments selected have appropriate maturity date or sufficient liquidity in order to cope with the aforementioned forecasts and to provide sufficient movement level. As of December 31, 2018 and 2017, the Current market position held by the Company was NT$ 2,581,300 and NT$ 11,467,563 respectively.

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

Non-derivative financial liabilities:

December 31, 2018	Within 1 year	Within 2-5 years	More than 5 years
Short-term borrowings (Note 1)	$ 717,881	$ -	$ -
Short-term notes and bills payable (Note 1)	180,000	-	-
Notes payable (including related parties)	48,823	-	-
Accounts payable (including related parties)	534,693	-	-
Other payables	325,108	-	-
Long-term borrowings (including due within one year or one operating cycle) (Note 1)	847,302	30,194,394	-
Other financial liabilities (Note 2)	-	978,837	-

Non-derivative financial liabilities:

December 31, 2017	Within 1 year	Within 2-5 years	More than 5 years
Short-term borrowings (Note 1)	$12,786,624	$ -	$ -
Short-term notes and bills payable (Note 1)	5,479,000	-	-
Notes payable (including related parties)	113,287	-	-
Accounts payable (including related parties)	573,517	-	-
Other payables	311,289	-	-
Long-term borrowings (including due within one year or one operating cycle) (Note 1)	101,375	12,827,047	-
Other financial liabilities (Note 2)	-	958,291	-

Note I: The amount includes the expected interest to be paid in the future.
Note II: Refers to the bond deposited, and other non-Current liabilities is listed.

D. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

1. The definition of each level of the valuation technique adopted for measuring the fair value of financial and non-financial instruments is as follows:

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

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

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

2. For the fair value information of investment real estate at cost of the Company, please refer to Note VI(9) for details.

3. The carrying amount of financial instruments not at fair value of the Company (including cash and cash equivalents, notes receivable, accounts receivable, other accounts receivable, other financial Assets (listed as other Current Assets and other non-Current Assets), short-term borrowing, short-term bills payable, notes payable, accounts payable, other accounts payable, long-term borrowing and other financial liabilities (listed as other non-Current liabilities)) refers to the reasonably close value of fair value.

4. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the Assets and liabilities is as follows:

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

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Available-for-sale financial assets				
Equity securities	$ 2,105,998	$ -	$ 443,468	$ 2,549,466

5. The methods and assumptions the Company used to measure fair value are as follows:
   (1) For the investments on OTC stocks by the Company used market quoted prices as their fair values (i.e. Level 1), the market quoted prices are the closing prices.
   (2) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to Current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date (such as the reference yield curve of TPEx, Reuters commercial paper interest rate average price).
   (3) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
   (4) For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. Such type of valuation model is normally applied to derivative financial instruments. Certain inputs used in such type of valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions. For the impacts of non-market observable parameters on financial instrument valuation, please refer to Note XII(3)10 for details.
   (5) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the balance sheet date. The inputs and pricing information used during valuation are carefully assessed and adjusted based on Current market conditions.
6. For the years ended December 31, 2018 and 2017, 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, 2018 and 2017.

	Non-derivative Equity Instrument	Total
January 1, 2018	$ 443,468	$ 443,468
Transferring into the Level 3 (Note 1)	607,623	607,623
Losses recognized as other comprehensive income (Note 2)	(143,091)	(143,091)
December 31, 2018	$ 908,000	$ 908,000

	Non-derivative Equity Instrument	Total
January 1, 2017	$ 431,458	$ 431,458
Gains recognized as other comprehensive income (Note 2)	12,010	12,010
December 31, 2017	$ 443,468	$ 443,468

Note I: Refers to adjustments with the application of IFRS 9 classification requirements.
Note II: Unrealized valuation profit or loss accrued.

8. For the valuation process of classifying fair values under Level 3 of the Company, the accounting department is responsible for performing the independent fair value verification of the financial asset. Through independent source information to allow the result to be close to the market status, confirming information source being independent, reliable, and consistent with other sources as well as representing the executable price. In addition, the valuation model is calibrated periodically, retroactive test is performed, the input values and data required for the valuation model is spaded and other necessary fair value adjustments are made, in order to ensure that the valuation result is reasonable.

9. The significant non-observable input value quantified information and significant non-observable input value change sensitivity analysis for the valuation model used in relation to the Level 3 fair value measurements are as follows:

	December 31, 2018 Fair value	Valuation techniques	Significant unobservable inputs	Interval	Relationship between inputs and fair value
Non-derivative Equity Instrument:					
Privately offered shares (TWSE listed companies)	$ 49,161	Binomial options pricing model	Discount for lack of marketability	21.53%	The higher the marketability discount, the lower the fair value.
Privately offered shares (TPEx listed companies)	351,147	Market value method Market comparison method	Discount for lack of marketability	20.57%	The higher the marketability discount, the lower the fair value.
Shares of non-TWSE/TPEx listed companies	459,093	Comparable TWSE/TPEx listed companies	Discount for lack of marketability	25.69%	The higher the marketability discount, the lower the fair value.
Shares of non-TWSE/TPEx listed companies	47,699	Comparable TWSE/TPEx listed companies	Discount for lack of marketability	18.48%	The higher the marketability discount, the lower the fair value.
Shares of non-TWSE/TPEx listed companies	900	Net assets value method	Not applicable	Not applicable	Not applicable

	December 31, 2017 Fair value	Valuation techniques	Significant unobservable inputs	Interval	Relationship between inputs and fair value
Non-derivative Equity Instrument:					
Privately offered shares (TWSE listed companies)	$ 59,422	Binomial options pricing model	Discount for lack of marketability	19%	The higher the marketability discount, the lower the fair value.
Privately offered shares (TPEx listed companies)	384,046	Market value method Market comparison method	Discount for lack of marketability	26%	The higher the marketability discount, the lower the fair value.

10. The Company carefully assesses and selects the valuation model and valuation parameters used; however, when different valuation model or valuation parameters are used, it may lead to different valuation result. For financial Assets classified as Level 3, if there is change in the valuation parameters, then the impact on other comprehensive income is as follows:

			December 31, 2018 Recognized as other comprehensive income	
	Inputs	Changes	Favorable changes	Adverse changes
Financial assets				
Equity Instrument	Lack of marketability			
	Marketability discount	±1%	$ 9,080	($ 9,080)

			December 31, 2017 Recognized as other comprehensive income	
	Inputs	Changes	Favorable changes	Adverse changes
Financial assets				
Equity Instrument	Lack of marketability			
	Marketability discount	±1%	$ 4,435	($ 4,435)

(4) Impact of initial application of IFRS 9 and information on application of IFRS 39 to 2017

1. The significant accounting policies adopted for 2017 are explained as follows:

(1) Available-for-sale financial Assets

A. Refer to non-derivative financial Assets available for sale or not being classified in any other types.

B. On a regular way purchase or sale basis, the Company recognizes or derecognizes available-for-sale financial Assets by using settlement date accounting.

C. The Company initially recognizes the available-for-sale financial Assets at fair value plus the transaction cost, and subsequently, they are measured at fair value, and the change of fair value is recognized under other comprehensive income. For investments in equity instruments that do not have a quoted market price in an active market, or derivatives that are linked to such type of equity instruments without active market quoted price and must be settled by delivery of such unquoted equity investments, when their fair values cannot be measured reliably, the Company then list them under “financial Assets carried at cost”.

(2) Loans and receivables

A. Accounts receivable

Refer to loans and receivables initially generated, and the customer payments receivable arising from the sale of goods or providing of service during normal operation process. They are initially recognized at fair value, and subsequently, the amount is measured based on the effective interest method at amortized cost with the deduction of impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

B. Investments in debt instrument without active market

(A) Refer to loans and accounts receivable not initially generated, there is no active market quoted price, securities investment with fixed or determining collection amount, and complying with the following criteria:

a. Where it is not classified to be measured at fair price through profit or loss.

b. Where it is not specified to be available for sale.

c. Where there are no factors other than credit deterioration such that the holder may not recover nearly all of the initial investment.

(B) For investments in debt instruments without active market complying with the normal trading practice, the Company adopts the trade date accounting.

(C) The investments in debt instruments without active market are initially recognized at fair value on the trading date plus the transaction cost, and subsequently, the amount obtained by using effective interest rate method at amortized cost with the reduction of impairment is used for measurement. The discount or premium amortized under effective interest rate method is recognized under the Current profit or loss.

(3) Impairment of financial Assets

A. The Company assesses whether there is any objective evidence for the existence of impairment on each balance sheet date, indicating that one or a set of financial Assets are subject to the occurrence of one or a multiple events (i.e. "loss events") after the initial recognition, and such loss events have impacts on the reliable estimates for the future cash flow of a financial asset or a set of financial Assets.

B. The Company's policy for using objective evidence in determining whether impairment loss exists is as follows:

(A) Major financial difficulties of issuer or debtor;

(B) Breach of contract, such as delay payment or failure of payment of interest or principle;

(C) The Company's concession not considered originally to the debtor due to economic or legal grounds related to the financial difficulty of the debtor;

(D) The likelihood of the debtor entering into bankruptcy or other financial restructuring increases significantly;

(E) Due to the financial difficulty such that the active market of the financial asset vanishes;

(F) The observable information indicates that the estimated future cash flow of a set of financial Assets is subject to measurable decrease after the initial recognition of such Assets. Although such decrease still cannot be determined to be due to certain financial asset in such set, the information includes the adverse changes to the repayment status of the debtor for such set of financial Assets, or there is breach contract in such set of financial Assets related to the national or regional economic status;

(G) The technology, market, economy or legal environment of the operating location of the issuer is subject to occurrence of information of material changes with adverse impacts, and the evidence indicates that there is a possibility that the investment cost for such equity investment may not be recovered; or

(H) The fair value of the equity instrument investment significantly or persistently decreases to be lower than the cost.

C. When the Company assesses that there is objective evidence of existence of impairment, and impairment loss has occurred, then it is handled according to the following categories:

(A) Financial Assets at amortized cost

The difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate is used to recognize the impairment loss in the Current profit or loss. When the impairment loss amount decreases subsequently, and such decrease can be objectively linked to an event occurred after the recognition of the impairment, then under the condition where the impairment is not recognized for the impairment loss previously recognized, it is reversed in the Current period within the required limit at amortized cost on the reversal date. The amount of impairment loss recognized and reversed is used to adjust the carrying amount of Assets with the allowance account.

(B) Financial Assets carried at cost

The difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the similar financial asset's Current value of rate of return discounted is used to recognize the impairment loss in the Current profit or loss. Such type of impairment loss should not be reversed subsequently. The amount of impairment loss recognized is used to adjust the carrying amount of Assets with the allowance account.

(C) Available-for-sale financial Assets

The difference between the acquisition cost (deduction of any principle or amortization already repaid) of such asset and the Current fair value is obtained, followed by deducting the impairment loss of such financial asset previously accrued as profit or loss, and it is then reclassified from the other comprehensive income to Current profit or loss. For debt instrument investments, when the fair value is increased in the subsequent period and where such increase can be objectively linked to the events occurred after the impairment loss is recognized in profit or loss, then the impairment loss is reversed in the Current profit or loss. For equity instrument investments, the impairment loss already recognized in profit or loss shall not be reversed through Current profit or loss. The amount of impairment loss recognized and reversed is used to adjust the carrying amount of Assets with the allowance account.

2. The adjustments for the conversion of carrying value of financial Assets prepared according to IAS 39 on December 31, 2017 to the preparation according to IFRS 9 on January 1, 2018 are as follows:

	Available-for-sale - Equity	Held to maturity		Debt instrument without active market	Investments accounted for using equity method	Deferred income tax assets	Deferred income tax liabilities	Total	Effects		Description
	Measurement at fair value through other comprehensive income - Equity	Measurement at amortized cost	Measurement at cost						Retained earnings	Other equity interest	
IAS39	$ 2,549,466	$ -	$391,946	$60,000	$ 37,524,738	$ 167,282	($ 591,735)	$ 40,101,697	$ -	$ -	
Transferring into measurement at fair value through other comprehensive income - Equity	391,946	-	(391,946)	-	-	-	-	-	-	-	(1)
Transferring into measurement at amortized cost	-	60,000	-	(60,000)	-	-	-	-	-	-	(2)
Adjustments for fair value	215,677	-	-	-	-	-	-	215,677	-	215,677	(1)
Adjustments for fair value - income tax adjustments	-	-	-	-	-	-	(12,941)	(12,941)	-	(12,941)	(1)
Adjustments for impairment loss	-	-	-	-	-	-	-	-	167,706	(167,706)	(3)
Adjustments for impairment loss - income tax adjustments	-	-	-	-	-	(4,922)	10,062	5,140	(4,922)	10,062	(3)
Adjustments for associates	-	-	-	-	18,968,045	-	-	18,968,045	(356,438)	19,324,483	(4)
IFRS9	$ 3,157,089	$ 60,000	$ -	$ -	$56,492,783	$ 162,360	($ 594,614)	$59,277,618	($193,654)	$19,369,575	

(1) The equity instruments classified as “available-for-sale financial Assets and financial Assets at cost” according to IAS 39 were calculated at the amounts of NT$ 2,549,466 NT$ 391,946. Accordingly during the initial application of IFRS 9, they were classified as “financial Assets (equity instruments) at fair value through other comprehensive income” and were adjusted to increase to NT$ 3,157,089. In addition, the deferred income tax liabilities was adjusted with an increase to NT$ 12,941 and the other equity was adjusted to NT$ 202,736.

(2) For the debt instruments classified as the “debt instruments without active market” according to IAS was calculated at the amount of NT$ 60,000. Since there was cash flow completely for payment of principle and the interest terms for the outstanding principle amount, and since the Company held the cash flow for receipt, consequently during the initial application of IFRS 9, they were classified as “financial Assets at amortized cost” and was adjusted with an increase to NT$ 60,000.

(3) According to the rules for the recognition of impairment loss specified in IFRS 9, the Company adjusted and decreased the deferred income tax Assets to NT$ 4,922, deferred income tax liabilities to NT$ 10,062 and other equity to NT$ 157,644. In addition, the unappropriated earnings was adjusted with an increase to NT$ 162,784.

(4) For the associate of the Company, the modified retroactive approach was adopted according to IFRS 9 classification rules for adjustments. The Company adjusted and increased the investments accounted for under equity method to NT$ 18,968,045 according to the shareholding percentage of the Company on the associate, the unappropriated earnings was adjusted with a decrease to NT$ 356,438 and the other equity was adjusted with an increase to NT$ 19,324,483.

3. Significant accounts as of December 31, 2017 are explained as follows:

(1) Available-for-sale financial Assets - non-Current

Item		December 31, 2017
Shares of the TPEx listed companies	$	169,866
Privately offered shares of TWSE/TPEx listed companies		503,208
Subtotal		673,074
Adjustments for valuation on available-for-sale financial assets		1,876,392
Total	$	2,549,466

A. For 2017, the Company’s amount recognized in the other comprehensive income due to the change of fair value was credit balance of NT$ 33,930.

B. The available-for-sale financial Assets held by the Company on December 31, 2017 were not subject to any pledges.

(2) Financial Assets carried at cost - non-Current

Item	December 31, 2017
Shares of non-TWSE/TPEx listed companies	$ 473,984
Accumulated impairment - Non-current financial assets carried at cost	(82,038)
Total	$ 391,946

A. The non-TWSE/TPEx company stocks held by the Company should be classified as available-for-sale financial Assets according to the investment intention; however, since the subject matters are not publicly traded in the active market and there is no sufficient industry information of similar companies available, the fair values of these subject matters cannot be reasonably and reliably measured; consequently, they are classed as "financial Assets carried at cost."

B. For the status of collaterals related to the Company's financial Assets carried at cost on December 31, 2017, please refer to Note VIII.

(3) Investments in debt instrument without active market - non-Current

Item	December 31, 2017
Subordinated corporate bonds	$ 60,000

A. The interest income recognized in the Current profit or loss for 2017 of the Company was NT$ 2,100.

B. The credit quality of investees of the Company were excellent.

C. The Company's investments in debt instrument without active market as of December 31, 2017 were not subject to any pledges.

(4) Accounts receivable

	December 31, 2017
Accounts receivable	$ 12,816
Less: Allowance for bad debt	(22)
	$ 12,794

For the credit quality risk of accounts receivable, please refer to Note XII(4)4 for details.

4. Information of credit risk as of December 31, 2017 is as follows:

(1)Credit risk refers to the risk of financial loss of the Company due to customer or transaction counterparties of financial instruments fail to fulfill contract obligations. According to the internally specified credit extension policy, before each operating entity establishes the terms for payment and goods delivery, it is necessary to perform management and credit risk analysis on each new customer. The internal risk control considers the financial position, past experience and other factors in order to assess the credit quality of customers. The credit risk mainly comes from the deposit of cash and cash equivalents at banks and financial institutions, and also include the accounts receivable not yet received.

(2) For 2017, the Company was not subject to any exceeding of credit limit, and the management had no expectation in any material loss due to failure of contract performance by transaction counterparties.

(3) The Company's analysis on the change of allowance for bad debts of financial Assets with impairment loss:

A. As of December 31, 2017, the accounts receivable with impairment loss of the Company was NT$ 22.

B. The allowance for bad debts change table is as follows:

	Individually assessed impairment loss
	2017
January 1	$ 6
Impairment loss recognized for current period	24
Amounts written off due to unable to recover	(8)
December 31	$ 22

(4) The credit quality information for the accounts receivable not yet due and without impairment loss according to the credit standard of the Company is as follows:

	December 31, 2017
Accounts receivable (Note)	$ 12,794

Note: Accounts receivable generated from the sale of general goods and labor.

(5) Impact of initial application of IFRS 15 and information on application of IFRS 11 and IFRS 18 to 2017

1. The significant accounting policies adopted for recognizing income in 2017 are explained as follows:

Operating Revenue

(1) The Company operates the businesses of contracted construction of congregate housings and lease/sale of commercial buildings, purchase and sale of building materials as well as department store business and super market business etc. Income refers to the net value presented by the fair value received or considerations receivable from the sales of goods to external customers of the Company during the normal operating activities, with the deduction of value added tax, sales return, quantity discount and allowance. Income is recognized when goods are sold to the buyer during the delivery of the goods, the sales amount can be reliably measured and there is a high possibility of flow of future economic benefit into the corporate. When material risk and remuneration related to ownership have been shifted to customers, the Company then does not participate in the continuous management of such goods and does not maintain effective control, and the customer also accepts the goods according to the sales contract, or where there is objective evidence indicating that all of the acceptance terms have been satisfied, then the delivery of goods is considered to take place.

(2) Regarding the customer royalty plan of the company, during the transaction, reward points are provided to customers, and customers can use the reward points obtained to exchange products for free or at a discounted price. The fair values already received or considerations receivable related to the initial sales is amortized to the goods sold and the reward points. The consideration amortized to the reward points is estimated according to the fair value of the goods for exchange and the expected exchange rate. Such amount is deferred to be recognized when relevant obligation of the reward is performed.

2. The Company's income recognized according to the aforementioned accounting policies applicable in 2017 is as follows:

		2017
Sales revenue	$	1,557,421
Construction income		5,398,343
Rental income		24,517
	$	6,980,281

3. The effects on the balance sheets of the current period if the Company continues to adopt the aforementioned accounting policy in 2018 are explained in the following:

		December 31, 2018		
Balance sheet items	Description	Balance as recognized in the adoption of IFRS 15	Balance as recognized in the adoption of the original accounting policy	The effects of the changes in accounting policies
Contract liabilities-current	(1)	($ 384,280)	$ -	($ 384,280)
Other current liabilities	(1)	-	(384,280)	384,280
		($ 384,280)	($ 384,280)	$ -

Description:

(1) According to the provisions of IFRS 15, for the recognition of contract liabilities related to the real estate sales contract and commodity sales contract, it is expressed as other Current liabilities (advance receipts) on the balance sheets during the past report period.

XIII. Separately Disclosed Items

(1) 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 real estate reaching NT$ 300 million or 20% of paid-in capital or more: Please refer to Table 4.

6. Disposal of real estate reaching NT$ 300 million or 20% of paid-in capital or more: Please refer to Table 5.

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 6.

8. Receivables from related parties reaching NT$ 100 million or 20% of paid-in capital or more: Please refer to Table 7.

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 8.

(2) Information on Investees

Names, locations and other information of investees (not including investees in Mainland China): Please refer to Table 9.

(3) Information on Investments in Mainland China

1. Basic information: Please refer to Table 10.

2. Significant transactions, either directly or indirectly through a third area, with investees in the Mainland Area: None.

XIV. Information on Departments

Not applicable.

Ruentex Development Co., Ltd.
Statement of cash and cash equivalents
December 31, 2018

Unit: In Thousands of New Taiwan Dollars

Item	Summary	Amount	
Cash on hand		$	6,308
Petty cash			2,760
Bank deposits			
- Checking deposits			90,912
- Demand deposits	Including USD 23 thousand, an exchange rate of 30.72 NTD to USD		12,640
- Time deposits	Including USD 77,268 thousand, an exchange rate of 30.72 NTD to USD Period of November 30, 2018~February 28, 2019		2,373,667
Cash equivalents (Bonds under repurchase agreements)	Interest rate of 0.288%, period of December 28, 2018~January 2, 2019		95,013
		$	2,581,300

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Ruentex Development Co., Ltd.
Statement of Inventories
December 31, 2018

Unit: In Thousands of New Taiwan Dollars

Item	Summary	Amount: Cost	Amount: Fair value	Remarks
Construction Business Department				
Real property for sale (including parking space)		$ 6,560,418	$ 12,310,821	1. Net realizable value.
Property under construction		12,500,229	13,478,816	2. Please refer to the "Notes VIII, Pledged Asset" for more details.
Construction land		2,354,557	2,146,084	
Prepayment for land purchases		2,227,682	2,233,600	
Less: Allowance for valuation losses		(420,247)	-	
Subtotal		23,222,639	30,169,321	
Hypermarket Business Department				
Merchandise inventory		111,435	138,515	
Less: Allowance for obsolescence loss		(1,926)	-	
		109,509	138,515	
Total inventories		$ 23,332,148	$ 30,307,836	

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Ruentex Development Co., Ltd.
Statement of changes in financial Assets measured at fair value through profit or loss - non-Current
January 1 to December 31, 2018

Unit: In Thousands of New Taiwan Dollars

	Beginning of the period (Note 1)				Increase in the current period (Note 2)		Decrease in the current period (Note 3)		End of the period				
Name	Number of shares (thousand shares)	Amount	Adjustments for fair value	Fair value	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Shareholding percentage	Amount	Provided as a guarantee or hedge	Note
Brogent Technologies Inc.	1,975	$ 384,046	$ -	$384,046	395	$ -	-	($ 32,899)	2,370	4.46%	$ 351,147	None	
Orient Semiconductor Electronics	7,748	59,422	-	59,422	-	-	(2,439)	(10,261)	5,309	0.96%	49,161	”	
OBI Pharma, Inc.	1,262	189,878	-	189,878	-	7,570	-	-	1,262	0.73%	197,448	”	
TaiMed Biologics	10,357	1,916,120	-	1,916,120	-	-	-	(201,969)	10,357	4.13%	1,714,151	”	
RT-Mart International Co., Ltd.	16,829	378,659	184,605	563,264	-	-	-	(104,171)	16,829	10.80%	459,093	Please refer to the "Notes VIII, Pledged Asset" for more details	
Gloria Solar International Holding Inc.	669	-	-	-	-	-	-	-	669	0.57%	-	None	
Pacific Resources Corporation	1,078	-	-	-	-	-	-	-	1,078	1.05%	-	”	
Asia Pacific Federation of Industry and Commerce	21	900	-	900	-	-	-	-	21	0.03%	900	”	
Evergreen Steel Corp.	1,885	12,387	31,072	43,459	-	4,240	-	-	1,885	0.46%	47,699	”	
		$ 2,941,412	$ 215,677	$3,157,089		$11,810		($349,300)			$ 2,819,599		

Note 1: Balance at the beginning of the period as restated according to IFRS 9.

Note 2: Changes in the fair value measurement.

Note 3: Changes in the fair value measurement and capital reduction.

Ruentex Development Co., Ltd.
Statement of financial Assets at amortized cost - non-Current
January 1 to December 31, 2018

Unit: In Thousands of New Taiwan Dollars

	Beginning of the period		Increase in the current period		Decrease in the current period		End of the period			
Name	Number	Carrying amount	Number	Amount	Number	Amount	Number	Carrying amount	Provided as a guarantee or hedge	Note
Subordinated corporate bonds	60	$ 60,000	-	$ -	-	$ -	60	$ 60,000	None	

Ruentex Development Co., Ltd.
Statement of changes in investments accounted for using the equity method
January 1 to December 31, 2018

Unit: In Thousands of New Taiwan Dollars

	Balance at the beginning of the period		Increase in the current period		Decrease in the current period		Balance at the end of the period			Market price or net value of equity			
Name	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Shareholding percentage	Amount	Unit price (NTD)	Total amount	Provided as a guarantee or hedge	Note
Shing Yen Construction Development Co., Ltd.	47,958	$349,646	-	$102,990	-	($1,735)	47,958	45.45%	$450,901	$9.40	$501,836	Please refer to the "Notes VIII, Pledged Asset" for more details	
Ruentex Industries Ltd.	109,534	4,033,830	-	1,397,450	(43,814)	(3,021,969)	65,720	11.63%	2,409,311	78.60	5,165,646	”	
Ruentex Construction International (B.V.I.) Ltd.	25,000	1,364,552	-	807,392	-	(102,576)	25,000	100.00%	2,069,368	82.77	2,068,857	None	
Gin-Hong Investment Co., Ltd.	37,800	721,183	-	64,160	(10,800)	(108,000)	27,000	30.00%	677,343	25.09	677,947	”	
Concord Greater China Ltd.	10,593	1,784,270	-	2,745,055	-	-	10,593	25.46%	4,529,325	427.56	4,528,468	”	
Ruentex Resource Integration Co., Ltd.	38,331	1,019,083	-	294,924	(26,527)	(423,323)	11,804	71.12%	890,684	75.46	1,009,935	”	
Lee Shen Development Co., Ltd.	109,874	1,095,790	-	14,131	-	(357,340)	109,874	100.00%	752,581	6.85	751,055	”	
Ruentex Pai Yi Co., Ltd.	195,000	2,193,108	-	202,190	-	(136,500)	195,000	100.00%	2,258,798	11.58	2,258,798	”	
Ruentex Syu Jan Co., Ltd.	160,000	1,901,421	-	290,687	-	(08,000)	160,000	80.00%	1,984,108	12.40	1,983,953	”	
Sunny Friend Environmental Technology Co., Ltd.	29,677	743,774	-	219,179	-	(185,545)	29,677	26.62%	777,408	203.00	6,024,461	Please refer to the "Notes VIII, Pledged Asset" for more details	
Ruentex Material Co., Ltd.	15,740	179,807	-	19,992	-	(13,069)	15,740	10.49%	186,730	26.30	413,972	None	
Ruen Chen Investment Holdings Ltd.	3,272,250	20,899,121	429,000	9,904,312	-	(20,225,199)	3,701,250	25.00%	10,578,234	2.86	10,578,234	”	
Ruentex Security Co., Ltd.	6,900	63,289	-	4,084	-	(1,069)	6,900	100.00%	66,304	9.61	66,303	”	
Ruentex Property Management and Maintenance Co., Ltd.	2,829	31,814	-	4,627	-	(1,453)	2,829	100.00%	34,988	12.37	34,988	”	
Ruen Fu Newlife Corp.	900	5,976	-	-	-	(1,170)	900	60.00%	4,806	5.34	4,806	”	
Ruentex Engineering & Construction Co., Ltd.	1,013	16,898	-	5,731	-	(2,872)	1,013	0.75%	19,757	49.15	49,764	”	
Global Mobile Corp.	26,082	-	-	-	-	-	26,082	9.46%	-	-	-	”	
Ruentex Development Company	114,800	1,132,918	32,900	329,000	-	(16,096)	147,700	70.00%	1,445,822	9.79	1,445,822	”	
Less: Treasury stock		(11,742)		8,552		-			(3,190)		-		
Total		$37,524,738		$16,414,456		($24,805,916)			$29,133,278		$37,564,845		

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

Unit: In Thousands of New Taiwan Dollars

Item	Balance at the beginning of the period	Increase in the current period	Decrease in the current period	Transfer amount for current period	Balance at the end of the period	Provided as a guarantee or hedge	Note
Machinery and equipment	$ 82,964	$1,001	($2,015)	$ -	$81,950	None	
Warehouse equipment	32,082	188	-	-	32,270	”	
Transportation equipment	25,945	-	(566)	-	25,379	”	
Office equipment	30,122	1,181	(143)	-	31,160	”	
Other equipment	176,014	1,799	(192)	-	177,621	”	
	$ 347,127	$4,169	($2,916)	$-	$ 348,380		

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

Ruentex Development Co., Ltd.

Statement of changes in accumulated depreciation of real estate, plant and equipment

January 1 to December 31, 2018

Unit: In Thousands of New Taiwan Dollars

Item	Balance at the beginning of the period	Increase in the current period	Decrease in the current period	Transfer amount for current period	Balance at the end of the period	Provided as a guarantee or hedge	Remarks
Machinery and equipment	$ 64,346	$ 3,866	($2,015)	$ -	$ 66,197	None	
Warehouse equipment	29,629	476	-	-	30,105	”	
Transportation equipment	16,763	3,235	(566)	-	19,432	”	
Office equipment	28,707	1,007	(143)	-	29,571	”	
Other equipment	166,298	3,187	(66)	-	169,419	”	
	$305,743	$ 11,771	($2,790)	$ -	$ 314,724		

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Ruentex Development Co., Ltd.
Statement of changes in investment real estate
January 1 to December 31, 2018

Unit: In Thousands of New Taiwan Dollars

Item	Balance at the beginning of the period	Increase in the current period	Decrease in the current period	Transfer amount for current period	Balance at the end of the period	Provided as a guarantee or hedge	Remarks
Cost:							
Land	$ 388,673	$ -	$ -	$ 620,051	$1,008,724	Please refer to the "Notes VIII, Pledged Asset" for more details.	
Buildings	847,885	4,490	-	463,398	1,315,773		
	1,236,558	4,490	-	1,083,449	2,324,497		
Accumulated depreciation:							
Buildings	(339,384)	(24,252)	-	-	(363,636)		
Carrying amount	$ 897,174	($ 19,762)	$ -	$ 1,083,449	$1,960,861		

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

Ruentex Development Co., Ltd.
Statement of short-term borrowings
December 31, 2018

Unit: In Thousands of New Taiwan Dollars

Types of borrowing	Creditor	Balance at the end of the period	Time-limit for contract	Interest rate collars	Loan limit	Mortgage or guarantee	Remarks
Credit loan	Land Bank Of Taiwan	$ 200,000	12.19.2018-01.18.2019	1.00%~1.22%	$ 300,000	Guarantee notes NTD 300,000	
	Taiwan Cooperative Bank	10,000	11.13.2018-02.13.2019	"	400,000	Guarantee notes NTD 400,000	
	Agricultural Bank of Taiwan	500,000	08.31.2018-04.03.2019	"	500,000	Guarantee notes NTD 500,000	
		$ 710,000			$ 1,200,000		

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Ruentex Development Co., Ltd.
Statement of short-term bills payable
December 31, 2018

Unit: In Thousands of New Taiwan Dollars

Item	Guarantee or acceptance institution	Time-limit for contract	Interest rate collars	Amount Issuing amount	Unamortized bond discount	Carrying amount	Mortgage or guarantee	Note
Commercial papers payable	China Bills Finance	10.05.2018-01.08.2019	0.50%~0.75%	$160,000	($15)	$ 159,985	House for sale and guarantee notes NTD 1,000,000	
	Taiwan Finance Corporation	12.28.2018-03.06.2019	"	20,000	(27)	19,973	Shares and guarantee notes NTD 300,000	
				$ 180,000	($ 42)	$ 179,958		

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Ruentex Development Co., Ltd.
Statement of other Current liabilities
December 31, 2018

Unit: In Thousands of New Taiwan Dollars

Item	Summary	Amount	Note
Long term liabilities due within one year or one operating cycle		$ 6,814,000	
Advance rent receipts		20,955	
		$ 6,834,955	

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Ruentex Development Co., Ltd.
Statement of long-term borrowings
December 31, 2018

Unit: In Thousands of New Taiwan Dollars

Creditor	Summary	Amount borrowed	Time-limit for contract	Interest	Mortgage or guarantee	Note
Bank of Taiwan	Secured loan	$ 150,000	08.01.2018-08.01.2020	0.50%~2.22%	Shares and guarantee notes NTD 300,000	One-off payment upon maturity
Chang Hwa Bank	"	5,976,000	11.29.2012-03.31.2021	"	Land under construction	One-off payment upon maturity
Mega Financial Holding	"	3,000,000	04.27.2018-05.31.2020	"	Shares and guarantee notes NTD 3,000,000	One-off payment upon maturity
Land Bank Of Taiwan	"	84,090	09.30.2017-09.30.2020	"	House for sale	One-off payment upon maturity
HUA NAN COMMERCIAL BANK	"	250,000	07.27.2018-07.27.2020	"	Shares	One-off payment upon maturity
		9,460,090				
Bank of Taiwan	Credit loan	2,000,000	08.13.2018-08.13.2021	0.50%~2.22%	Issuing guarantee notes NTD 2,000,000	Evenly amortized on a quarterly basis from the third year
Chang Hwa Bank	"	1,600,000	05.31.2018-05.31.2021	"	Issuing guarantee notes NTD 1,600,000	Evenly amortized on a semi-annual basis from the second year
KGI Bank	"	1,050,000	12.28.2017-12.24.2020	"	Issuing guarantee notes NTD 1,100,000	One-off payment upon maturity
Agricultural Bank of Taiwan	"	200,000	02.22.2016-02.22.2019	"	None	One-off payment upon maturity
Mega Financial Holding	"	4,500,000	2018.04.27-2020.05.31	"	Issuing guarantee notes NTD 4,500,000	One-off payment upon maturity
Taishin International Bank	"	1,500,000	10.09.2018-2021.10.08.2021	"	Issuing guarantee notes NTD 1,500,000	Extended credit monthly, the limit to extend credit quarterly will be decreased from the third year
Bank of East Asia	"	600,000	12.26.2018-12.26.2020	"	Issuing guarantee notes NTD 600,000	One-off payment upon maturity
Hwatai Bank	"	100,000	01.22.2016-07.23.2020	"	Issuing guarantee notes NTD 100,000	One-off payment upon maturity
DBS Bank	"	1,000,000	10.31.2018-10.31.2020	"	Issuing guarantee notes NTD 1,000,000	One-off payment upon maturity
Mizuho Bank	"	300,000	12.20.2018-12.20.2020	"	Issuing guarantee notes USD 10,000	One-off payment upon maturity
Mizuho Bank	"	600,000	01.23.2018-01.22.2021	"	Issuing guarantee notes NTD 600,000	One-off payment upon maturity
HUA NAN COMMERCIAL BANK	"	1,000,000	2018.10.09-2021.10.08	"	None	Evenly amortized on a quarterly basis from the third year
Bank of Kaohsiung	"	100,000	06.11.2018-06.11.2020	"	Issuing guarantee notes NTD 200,000	One-off payment upon maturity
Bank SinoPac	"	1,000,000	2018.08.13-2021.08.13	"	Issuing guarantee notes NTD 1,000,000	Evenly amortized on a quarterly basis from the third year
CTBC Bank	"	700,000	2018.10.09-2021.10.08	"	Issuing guarantee notes NTD 700,000	Evenly amortized on a semi-annual basis from the withdrawal date
Taiwan Business Bank	"	2,000,000	2018.10.09-2021.10.08	"	Issuing guarantee notes NTD 2,000,000	Evenly amortized on a quarterly basis from the third year
Entie Commercial Bank	"	350,000	07.17.2018-07.17.2021	"	Issuing guarantee notes NTD 350,000	One-off payment upon maturity
		18,600,000				
Mega bills syndicated loan	"	1,225,000	12.05.2018-12.04.2021	0.50%~2.22%	Issuing guarantee notes NTD 2,450,000	Long-term commercial paper, one-off payment upon maturity

Ruentex Development Co., Ltd.
Statement of long-term borrowings
December 31, 2018

Unit: In Thousands of New Taiwan Dollars

Taishin International Bank	"	200,000	03.30.2018-03.30.2020	"	Issuing guarantee notes NTD 200,000	Long-term commercial paper, one-off payment upon maturity
		1,425,000				
		29,485,090				
Less: Arrangement fees for leading banks of syndicated loan		(9,000)				
Due within one year		(838,000)				
Due within one operating cycle		(5,976,000)				
Discount on commercial papers		(1,525)				
Total		$ 22,660,565				

Ruentex Development Co., Ltd.
Statement of operating revenue
January 1 to December 31, 2018

Unit: In Thousands of New Taiwan Dollars

Item	Summary	Amount Subtotal	Amount Total	Note
Revenue from contracts with customers - Revenue from sales of goods				
Chung Lun hypermarket - Revenue from hypermarket		$ 1,375,732		
- Revenue from food street		25,215	$ 1,400,947	
Rental income			35,012	
Revenue from contracts with customers - Revenue from sales of real property				
Revenue from sales of house, land and parking spaces		4,390,479		
Sales of house agency, consultancy and others		37,537	4,428,016	
Subtotal			5,863,975	
Less: Sales returns			(26,213)	
Sales discounts			(2,994)	
			$ 5,834,768	

Ruentex Development Co., Ltd.
Statement of operating costs
January 1 to December 31, 2018

Unit: In Thousands of New Taiwan Dollars

Item	Amount: Subtotal	Amount: Total
Cost of sales		
Beginning inventory	$ 148,653	
Add: Purchases for current period	1,049,886	
Less: Loss on physical inventory	(10,457)	
Ending inventory	(111,435)	$ 1,076,647
Gain from price recovery of inventory		(1,419)
loss on physical inventory		10,457
		1,085,685
Rental cost		
Depreciation expense	24,252	
Other expense	174	24,426
Construction cost		
Prepayment for land purchases		
Beginning prepayments of land	2,081,793	
Add: Purchases for current period	219,272	
Capitalization of interest	7,551	
Less: Reclassified to construction land	(80,934)	
Ending prepayments of land	(2,227,682)	-
Construction land		
Beginning construction land	1,423,161	
Add: Purchases for current period	850,062	
Capitalization of interest	400	
Reclassified from prepayments of land	80,934	
Less: Ending construction land	(2,354,557)	-
Property under construction		
Beginning property under construction	12,710,163	
Add: Purchases for current period	1,644,783	
Capitalization of interest	177,301	
Less: Reclassified to house for sale	(2,032,018)	
Ending property under construction	(12,500,229)	-
Real property for sale (including parking space)		
Beginning house for sale	8,739,768	
Add: Purchases for current period	122,526	
Reclassified from property under construction	2,032,018	

Ruentex Development Co., Ltd.
Statement of operating costs
January 1 to December 31, 2018

Unit: In Thousands of New Taiwan Dollars

Less: Decrease in progress payments	(14,864)	
Reclassified to investment real estate	(1,083,449)	
Ending house for sale	(6,560,418)	3,235,581
Decrease in progress payments		(12,670)
Total operating costs		

Ruentex Development Co., Ltd.
Statement of selling expenses
January 1 to December 31, 2018

Unit: In Thousands of New Taiwan Dollars

Item	Summary	Amount	Note
Wages and salaries		$ 143,481	
Advertisement expense		121,462	
Rent expense		93,289	
Taxes		89,630	
Cleaning administrative expense		31,398	
Utilities expense		27,064	
Insurance expense		14,349	
Credit card transaction fees		12,558	
Repairs and maintenance expense		10,574	
Depreciations		7,662	
Pension cost		5,830	
Other expense		45,235	
		$ 602,532	

Ruentex Development Co., Ltd.
Statement of administrative and general affairs expenses
January 1 to December 31, 2018
Unit: In Thousands of New Taiwan Dollars

Item	Summary	Amount	Note
Wages and salaries		$ 145,603	
Rent expense		17,574	
Services expense		14,874	
Insurance expense		9,039	
Repairs and maintenance expense		6,326	
Pension cost		4,358	
Depreciations		4,109	
Other expense		23,855	
		$ 225,738	

Ruentex Development Co., Ltd.
Summary statement of current period employee benefits and depreciation expenses by function
2017 and 2018

Unit: In Thousands of New Taiwan Dollars

Function / Nature	2018			2017		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Wages and salaries	$ -	$ 289,084	$ 289,084	$ -	$ 283,229	$ 283,229
Labor and Health Insurance costs	-	18,906	18,906	-	18,790	18,790
Pension expense	-	10,188	10,188	-	10,062	10,062
Directors' Remuneration	-	3,720	3,720	-	3,796	3,796
Other employee benefit expense	-	9,418	9,418	-	10,986	10,986
Depreciation expense	24,252	11,771	36,023	18,703	12,436	31,139

Explanation: By December 31 2018 and 2017, the number of employees at the Company is 339 and 354, respectively. Among whom, the number of directors who were not employees concurrently was 6 for both.

附表一

Ruentex Development Co., Ltd.

Endorsements and Guarantees for Others

January 1, 2018 to December 31, 2018

Attached Table I

Thousands of New Taiwan Dollars

(Unless Stated Otherwise)

		endorsement/guarantee is made		of	balance of	endorsements/gu		endorsements	of	of	/guarantees	/guarantees	s/guarantees	
No. (Note 1)	Name of the company making an endorsement/guarantee	Company name	Relation ship	endorsements/guarantees permitted	endorsements/guarantees for the	arantees at the end of the period	Actual amount drawn	/guarantees secured by	endorsements/guarantees as a	endorsements/guarantees	made by the parent for its	made by the subsidiary	made for the entities in	Remark
0	Ruentex Development Co., Ltd.	Ruentex Development Company	2	$ 27,806,700	$ 4,080,000	$ 4,080,000	$ 2,680,000	$ -	13.21	$ 30,896,333	Y	N	N	Note 3
1	Ruentex Engineering & Construction Co., Ltd.	Ruentex Material Co., Ltd.	1	675,000	31,254	31,254	31,254	-	0.78	1,350,000	Y	N	N	Note 4

lete)

Note 1: The column of No. is described as follows:
(1). Please fill in 0 for the issuers.
(2). Please fill in the Arabic numeral sequentially numbered starting from 1 for the invested companies according to the company type.

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

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

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

附表二

Ruentex Development Co., Ltd.

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

December 31, 2018

Attached Table II

Unit: In Thousands of New Taiwan Dollars

(Unless Stated Otherwise)

Company holding the securities	Type and name of the securities (Note 1)	Relationship with the issuer of securities (Note 2)	Account recognized	End of the period: Number of shares	Carrying amount (Note 3)	Percentage of shareholding	Fair value (Note 4)	Remarks
Ruentex Development Co., Ltd.	Shares of Orient Semiconductor Electronics	–	Financial Assets at fair value through other comprehensive income - non-Current	5,308,868	$ 49,161	0.96	$ 49,161	
	Shares of TaiMed Biologics	The Company is a juridical person director of the company.	,,	10,357,408	1,714,151	4.13	1,714,151	
	Shares of OBI Pharma, Inc.	One of the supervisors of the Company's subsidiaries and affiliates is the representative of the juridical person director of the company.	,,	1,261,648	197,448	0.73	197,448	
	Shares of Brogent Technologies Inc.	One of the supervisors of the Company's subsidiaries and affiliates is the representative of the juridical person director of the company.	,,	2,370,534	351,147	4.46	351,147	
	Shares of RT-Mart International Co., Ltd.	The Company is a juridical person supervisor of the company	,,	16,828,936	459,093	10.80	459,093	Note 5
	Shares of Gloria Solar International Holding Inc.	–	,,	669,000	-	0.57	-	
	Shares of Pacific Resources Corporation	–	,,	1,078,437	-	1.05	-	
	Shares of Asia Pacific Federation of Industry and Commerce	–	,,	21,090	900	0.03	900	
	Shares of Evergreen Steel Corp.	–	,,	1,884,613	47,699	0.46	47,699	
	Subordinated debts of Nan Shan Life Insurance	One of the Company's affiliates is a controlled company of the company.	Amortized cost financial Assets - non-Current	-	60,000	-	-	
Lee Shen Development Co., Ltd.	IP Cathay Fund	–	Financial assets at fair value through profit or loss - non-current	-	-	-	-	
Ruentex Engineering & Construction Co., Ltd.	Shares of Ruentex Development Co., Ltd.	The Company	Financial Assets at fair value through other comprehensive income - non-Current	3,426,264	153,325	0.34	153,325	Note 6
	Shares of Ruentex Industries Ltd.	The investment company which accounts for the (	,,	20,151,803	1,583,932	3.57	1,583,932	Note 7
	Shares of OBI Pharma, Inc.	One of the supervisors of the Company's subsidiaries and affiliates is the representative of	,,	220,000	34,430	0.13	34,430	
	Shares of Save & Safe Corporation	–	,,	4,267,233	62,302	2.51	62,302	
	Shares of Powertec Energy Corp.	–	,,	19,737,629	123,755	1.50	123,755	
	Subordinated debts of Nan Shan Life Insurance	One of the Company's affiliates is a controlled company of the company.	Amortized cost financial Assets - non-Current	-	500,000	-	-	
Ruentex Material Co., Ltd.	Shares of Ruentex Industries Ltd.	The investment company which accounts for the Company using the equity method	Financial Assets at fair value through other comprehensive income - non-Current	37,874	2,976	-	2,976	Note 7
	Shares of OBI Pharma, Inc.	One of the supervisors of the Company's subsidiaries and affiliates is the representative of	,,	99,000	15,493	0.06	15,493	
Ruentex Interior Design Inc.	Shares of Ruentex Industries Ltd.	The investment company which accounts for the Company using the equity method	,,	657,045	51,644	0.12	51,644	Note 7

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Note 1: Securities indicated in the Table refer to shares, bonds, beneficiary certificates and securities derived from the items mentioned above within the scope of IFRS No.9.
Note 2: Not required to be filled in for the issuers of securities that are not related parties.
Note 3: Please fill in the value carried at adjusted fair value less accumulated impairment losses for those measured at fair value and the value varied at acquisition cost or amortized cost less accumulated impairment losses for those not measured at fair value.
Note 4: The securities listed that are limited to their use due to the provision of security, pledge loans or others in accordance with the contract shall indicate the number of shares provided for guarantee or pledge, the amount of guarantee or pledge and the limits on the use in the in the column of "Remarks".
Note 5: The provision of 15,200 thousand shares, a total of NTD 414,656 thousand was pledged to financial institutions for financing loans.
Note 6: The record date for the Company to conduct the capital reduction and that of exchange of shares was October 5, 2018.
Note 7: The record date for Ruentex Industries Ltd. to conduct the capital reduction and that of exchange of shares was October 26, 2018.

附表三

Ruentex Development Co., Ltd.

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

January 1, 2018 to December 31, 2018

Attached Table III

Unit: In Thousands of New Taiwan Dollars

(Unless Stated Otherwise)

	the securities		Counterparty	Relationshi	Beginning of the period		Buying (Note 3)		Selling (Note 3)				End of the period	
Buying/selling	(Note 1)	Account	(Note 2)	(Note 2)	Number of shares	Amount	Number of shares	Amount	Number of	Price	Book cost (Note 4)	Gain(loss) on	Number of shares	Amount
Ruentex Development Co., Ltd.	Ruentex Development Company	Investment accounted	Capital Increased by Cash	Subsidiary	114,800,000	$ 1,132,918	32,900,000	$ 329,000	-	$ -	($ 16,096)	$ -	147,700,000	$ 1,445,822

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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: Referring to Investment loss

附表四

Ruentex Development Co., Ltd.

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

January 1, 2018 to December 31, 2018

Attached Table IV

Unit: In Thousands of New Taiwan Dollars

The company acquiring the real estate	Name of property	Date of occurrence	Transaction amount	Amount paid	Counterparty	Relationship	The last transfer information if the counterparty is a related party				Reference basis for price decision	Purpose of acquisition and conditions of use	Other provisions
							Owner	Relationship with the issuer	Date of transfer	Amount			
Ruentex Development Co., Ltd.	One land at Land No. 111, Ssu Hsin Section, Xindian Dist., New Taipei City	107.05.17	$ 930,763	Paid in full	New Taipei City Government	Non-related parties	-	-	-	$ -	Public bidding	Development	-

Note 1: When an appraisal is required to be made for the disposal of assets according to the regulation, the results of the appraisal should be indicated in the column of “reference basis for price decision”.
Note 2: Paid-in capital refers to the paid-in capital of the parent. In the case of an issuer whose shares have no par value or have a par value other than NT$10, the monetary amount of the transaction of 20% of the paid-in capital shall be calculated at 10% of equity attributable to
Note 3: The date of occurrence means the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of a resolution of the Board of Directors or other date that can confirm the counterparty and monetary amount of the transaction, whi

附表五

Ruentex Development Co., Ltd.

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

January 1, 2018 to December 31, 2018

Attached Table V

Unit: In Thousands of New Taiwan Dollars

The company disposing the real estate	Name of property	Date of occurrence	Original acquisition date	Carrying amount	Transaction amour	Amount received	Gain(loss) on disposal	Counterparty	Relationship	disposition	Reference basis for price decision	Other provisions
Ruentex Development Co., Ltd.	One unit of house and land on the 3rd floor and a total of 5 parking spaces on the ground floor and the 3rd basement floor at	107.06.07	November 20, 2008 and October 4, 2113	$ 159,627	$ 395,763	Received in full	$ 236,136	Non-related parties-natural person	-	General sales	Appraisal Report of G-Beam Real Estate Appraisers Firm	-

Note 1: When an appraisal is required to be made for the disposal of assets according to the regulation, the results of the appraisal should be indicated in the column of "reference basis for price decision".
Note 2: Paid-in capital refers to the paid-in capital of the parent. In the case of an issuer whose shares have no par value or have a par value other than NT$10, the monetary amount of the transaction of 20% of the paid-in capital shall be calculated at 10% of eq
Note 3: The date of occurrence means the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of a resolution of the Board of Directors or other date that can confirm the counterparty and monetary amount of

附表六

Ruentex Development Co., Ltd.

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

January 1, 2018 to December 31, 2018

Attached Table VI

Unit: In Thousands of New Taiwan Dollars

(Unless Stated Otherwise)

			Transaction conditions				conditions of transaction and the general type of transaction and the		Notes receivable/payable and accounts receivable/payable		
The company making the purchase (sale) of goods	Name of counterparty	Relationship	Purchase (sale) of goods	Amount	total purchases (sales) of goods	Credit period	Unit price	Credit period	Balance	notes receivable/payable	Remarks (Note 2)
Ruentex Development Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Sub-subsidiary	Purchase of goods	$ 1,266,474	32.59	Amount paid according to the prescribed period	Negotiated price	Amount paid according to the	($ 148,812)	25.50	
Ruentex Development Company	Ruentex Engineering & Construction Co., Ltd.	Sub-subsidiary	Purchase of goods	219,756	86.79	Amount paid according to the prescribed period	Negotiated price	Amount paid according to the	(25,103)	79.31	
Ruentex Engineering & Construction Co., Ltd.	Ruentex Development Co., Ltd.	The Company	Sale of goods	1,361,128	22.78	Amount paid according to the prescribed period	Negotiated price	Amount paid according to the	148,812	19.76	
Ruentex Engineering & Construction Co., Ltd.	RT-MART International Co., Ltd.	The Company is a juridical	Sale of goods	198,109	3.32	Amount paid according to the prescribed period	Negotiated price	Amount paid according to the	13,835	1.84	
Ruentex Engineering & Construction Co., Ltd.	TaiMed Biologics, Inc.	The Company is a juridical	Sale of goods	148,334	2.48	Amount paid according to the prescribed period	Negotiated price	Amount paid according to the	4,087	0.54	
Ruentex Engineering & Construction Co., Ltd.	Ruentex Development Company	Subsidiary	Sale of goods	131,293	2.20	Amount paid according to the prescribed period	Negotiated price	Amount paid according to the	25,103	3.33	
Ruentex Interior Design Inc.	Ruentex Development Co., Ltd.	The Company	Sale of goods	112,275	16.51	Amount paid according to the prescribed period	Negotiated price	Amount paid according to the	31,644	34.90	
Ruentex Interior Design Inc.	Ruentex Engineering & Construction Co., Ltd.	Sub-subsidiary	Sale of goods	130,052	19.13	Amount paid according to the prescribed period	Negotiated price	Amount paid according to the	7,381	8.14	

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 attrib
Note 4: Calculate from the perspective of the entity of the company making the purchase (sale) of goods

附表七

Ruentex Development Co., Ltd.

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

December 31, 2018

Attached Table VII

Unit: In Thousands of New Taiwan Dollars

(Unless Stated Otherwise)

The company recognized as receivables	Name of counterparty	Relationship	Balance of accounts receivable due from	Turnover	Overdue accounts receivable due from related		Recovered amount in subsequent periods for	Provision for allowance for bad
					Amount	Approach to handling		
Ruentex Engineering & Construction	Ruentex Development Co., Ltd.	The Company	$ 148,812	6.33	$ -	-	$ 148,762	$ -

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

Note 2: Paid-in capital refers to the paid-in capital of the parent. In the case of an issuer whose shares have no par value or have a par value other than NT$10, the monetary amount of the transaction of 20% of the paid-in capital shall be calculate

附表八

Ruentex Development Co., Ltd.

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

January 1, 2018 to December 31, 2018

Attached Table VIII

Unit: In Thousands of New Taiwan Dollars

(Unless Stated Otherwise)

No. (Note 1)	Name of the transaction party	Transaction counterparty	Relationship with the transaction party (Note 2)	Transaction information: Account	Amount	Terms and conditions of transaction	As a percentage of the consolidated total operating revenue or total assets (Note 3)
0	Ruentex Development Co., Ltd.	Ruentex Development Company	1	Construction income	10,476	Note 5	0.07
		”	1	Other income	17,867	”	0.12
		Lee Shen Development Co., Ltd.	1	Rental income	13,737	”	0.09
1	Ruentex Interior Design Inc.	Ruentex Development Co., Ltd.	2	Construction income	112,275	Note 4	0.76
		”	2	Receivable	31,644	”	0.04
		Lee Shen Development Co., Ltd.	3	Construction income	23,365	”	0.16
		Ruentex Engineering & Construction Co.,	2	Sales revenue	59,763	Note 5	0.40
		”	2	Construction income	70,289	Note 4	0.47
2	Ruentex Engineering & Construction Co., Ltd.	Ruentex Development Co., Ltd.	2	Construction income	1,361,128	”	9.16
		”	2	Receivable	148,812	”	0.17
		”	2	Contract asset	115,211	”	0.13
		Ruentex Development Company	3	Construction income	131,293	”	0.88
		”	3	Receivable	25,103	”	0.03
		Ruentex Syu Jan Co., Ltd.	3	Construction income	28,894	”	0.19
		Runzhu Architecture and Engineering	1	Service revenue	24,695	Note 5	0.17
3	Ruentex Material Co., Ltd.	Ruentex Engineering & Construction Co.,	2	Sales revenue	50,350	”	0.34
		”	2	Construction income	10,489	Note 4	0.07
4	Ruentex Property Management & Maintenance	Ruentex Syu Jan Co., Ltd.	3	Service revenue	40,455	Note 5	0.27
		Ruentex Pai Yi Co., Ltd	3	Service revenue	36,633	”	0.25
		Ruentex Development Co., Ltd.	2	Service revenue	14,845	”	0.10
5	Ruentex Security Co., Ltd.	Ruentex Syu Jan Co., Ltd.	3	Service revenue	13,986	”	0.09
		Ruentex Pai Yi Co., Ltd	3	Service revenue	11,646	”	0.08
		Ruentex Development Co., Ltd.	2	Service revenue	14,639	”	0.10
6	Run Yang Construction Co., Ltd.	Ruentex Development Co., Ltd.	2	Construction income	18,146	Note 4	0.12
		Ruentex Development Company	3	Construction income	20,030	”	0.13

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. 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 interi

Note 4: The price shall be set according to negotiations between the two parties, and the amount shall be collected according to the prescribed period of the construction contract.

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

Note 6: Transactions amounting to NTD 10,000 shall be disclosed. The information shall be also disclosed from the asset side and revenue side.

附表九

Ruentex Development Co., Ltd.

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

January 1, 2018 to December 31, 2018

Attached Table IX

Unit: In Thousands of New Taiwan Dollars

(Unless Stated Otherwise)

				Original investment amount		Holding at the end of period			Current profit and loss of the	on investment recognized for	
Name of the investing company	Name of the investee company	Location	Main business items	d of the current per	End of last year	Number of shares	Percentage	Carrying amount	investee company	the current period	Remarks
Ruentex Development Co., Ltd.	Ruentex Construction International (B.V.I.) Ltd.	British Virgin Islands (BVI)	Investment	$ 635,403	$ 635,403	25,000,000	100.00	$ 2,069,368	$ 736,489	$ 736,489	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Property Management & Maintenance Co., Ltd.	Taiwan	Mansions Management Services	15,998	15,998	2,828,650	100.00	34,988	3,940	3,940	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruen Fu Newlife Corp.	Taiwan	Senior Citizen's housing and buildings general	9,000	9,000	900,000	60.00	4,806	(1,539)	(923)	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Security Co., Ltd.	Taiwan	Security Services	49,000	49,000	6,900,000	100.00	66,304	3,783	3,783	Subsidiary of the Company
Ruentex Development Co., Ltd.	Lee Shen Development Co., Ltd.	Taiwan	Operating shopping center, self-operated counter, commercial real estate leasing, residential buildings	1,097,665	1,097,665	109,874,391	100.00	752,581	(297,825)	(297,825)	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Resource Integration Co., Ltd.	Taiwan	Installation of cables, elevators and fire safety equipment	9,934	275,208	11,804,014	71.12	890,684	338,007	253,399	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Syu Jan Co., Ltd.	Taiwan	Business of operating shopping center and	1,600,000	1,600,000	160,000,000	80.00	1,984,108	363,358	290,687	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Pai Yi Co., Ltd	Taiwan	Business of operating shopping center and	1,950,000	1,950,000	195,000,000	100.00	2,258,798	202,190	202,190	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Development Company	Taiwan	Congregate housing and commercial building rental and	1,477,000	1,148,000	147,700,000	70.00	1,445,822	(22,995)	(16,096)	Subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	12,940	12,940	1,012,500	0.75	19,757	660,906	5,328	Sub-subsidiary of the Company
Ruentex Development Co., Ltd.	Ruentex Material Co., Ltd.	Taiwan	Building materials production and distribution	44,087	44,087	15,740,381	10.49	186,730	116,121	19,865	Sub-sub-subsidiary of the Company
Ruentex Development Co., Ltd.	Jing-Hong Investment Co., Ltd.	Taiwan	Investment	270,000	378,000	27,000,000	30.00	677,343	187,597	56,279	The investee company accounted for under the equity
Ruentex Development Co., Ltd.	Ruen Chen Investment Holdings Ltd.	Taiwan	Investment	13,937,500	13,850,000	3,701,250,000	25.00	10,578,234	22,457,476	5,614,369	The investee company accounted for under the equity

Name of the investing company	Name of the investee company	Location	Main business items	Original investment amount		Holding at the end of period			Current profit and loss of the investee company	on investment recognized for the current period	Remarks
				d of the current per	End of last year	Number of shares	Percentage	Carrying amount			
Ruentex Development Co., Ltd.	Concord Greater China Ltd.	British Virgin Islands (BVI)	Investment	$ 409,489	$ 409,489	10,593,334	25.46	$ 4,529,325	$ 9,627,501	$ 2,451,162	The investee company accounted for under the equity
Ruentex Development Co., Ltd.	Shing Yen Construction Development Co., Ltd.	Taiwan	Congregate housing and commercial building rental and	479,576	479,576	47,957,559	45.45	450,901	142,338	102,990	The investee company accounted for under the equity
Ruentex Development Co., Ltd.	Sunny Friend Environmental Technology Co., Ltd.	Taiwan	Waste disposal and pollution prevention equipment	331,147	331,147	29,677,148	26.62	777,408	823,361	219,179	The investee company accounted for under the equity
Ruentex Development Co., Ltd.	Global Mobile Corp.	Taiwan	Type I Telecommunications Enterprises and	269,443	269,443	26,082,039	9.46	-	-	-	The investee company accounted for under the equity
Ruentex Development Co., Ltd.	Ruentex Industries Ltd.	Taiwan	Manufacturing, processing and sales of spinning, weaving	2,537,808	2,975,946	65,720,683	11.63	2,409,311	8,111,099	892,154	The investment company which accounts for the
Ruentex Construction International (B.V.I.) Ltd.	Ruentex Construction International Ltd.	Hong Kong	Investment	32,860	32,860	7,800,000	100.00	22,162	(299)	(299)	Sub-subsidiary of the Company
Ruentex Construction International (B.V.I.) Ltd.	Sinopac Global Investment Ltd.	Cayman Islands	Investment	640,770	640,770	19,500,000	49.06	2,043,472	1,501,751	736,714	The investee company accounted for under the equity
Ruentex Resource Integration Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	893,521	893,521	72,881,000	53.99	1,459,882	660,906	383,565	Sub-subsidiary of the Company
Ruentex Resource Integration Co., Ltd.	Wide Profit International Holdings Ltd.	Hong Kong	Investment	-	686,402	-	0.00	-	8,320	6,884	Sub-subsidiary of the Company (Note 5)
Ruentex Engineering & Construction Co., Ltd.	Ruentex Material Co., Ltd.	Taiwan	Building materials production and distribution	587,269	587,269	58,726,917	39.15	907,476	116,121	45,463	Sub-sub-subsidiary of the Company
Ruentex Engineering & Construction Co., Ltd.	Run Yang Construction Co., Ltd.	Taiwan	Civil engineering	5,408	5,408	600,000	100.00	11,238	1,032	1,032	Sub-sub-subsidiary of the Company
Ruentex Engineering & Construction Co., Ltd.	Wide Profit International Holdings Ltd.	Hong Kong	Investment	-	45,819	-	0.00	-	8,320	619	Sub-subsidiary of the Company (Note 5)
Ruentex Material Co., Ltd.	Ruentex Interior Design Inc.	Taiwan	Interior decoration and garden greening design and	140,571	140,571	3,000,000	100.00	185,106	84,713	84,713	Sub-sub-sub-subsidiary of the Company
Lee Shen Development Co., Ltd.	Ruentex Industries Ltd.	Taiwan	Manufacturing, processing and sales of spinning, weaving	131,158	143,311	1,822,888	0.32	145,521	8,111,099	24,746	The investment company which accounts for the
Ruentex Security Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	57,799	57,799	976,000	0.72	55,628	660,906	4,778	Sub-subsidiary of the Company
Ruentex Property Management & Maintenance Co., Ltd.	Ruentex Engineering & Construction Co., Ltd.	Taiwan	Contract of construction and civil engineering	15,583	15,583	264,000	0.20	14,982	660,906	1,322	Sub-subsidiary of the Company

Note 1: The provision of 10,000 thousand shares, a total of NTD 94,656 thousand was pledged to financial institutions for financing loans.

Note 2: The provision of 29,677 thousand shares, a total of NTD 777,408 thousand was pledged to financial institutions for financing loans.

Note 3: The provision of 64,607 thousand shares, a total of NTD 2,368,486 thousand was pledged to financial institutions for financing loans.

Note 4: The record date for Ruentex Industries Ltd. to conduct the capital reduction and that of exchange of shares was October 26, 2018.

Note 5: Wide Profit International Holdings Ltd. ceased its operating activities on July 31, 2018, remitted the amount of share liquidation on September 13, 2018, and cancelled the company registration by resolution of the shareholders ' meeting on December 14, 2(

附表十

Ruentex Development Co., Ltd.

Information of investments in mainland China-Basic information

January 1, 2018 to December 31, 2018

Attached Table X

Unit: In Thousands of New Taiwan Dollars

(Unless Stated Otherwise)

Name of the invested companies in mainland China	Main business items	Paid-in capital	Investment method	amount remitted from Taiwan to invest in	remitted out or back for the current period: Remit out	Remit back	amount remitted from Taiwan at the end of the	Current profit and loss of the investee company	percentage of direct or indirect	losses on investment recognized for	of investments at the end for the period	income remitted back by the end of the current	Remarks
Runzhu Architecture and Engineering (Shanghai) Co., Ltd.	Technical Consulting and service of construction	$ 159,744	Note 1	$ 159,744	$ -	$ -	$ 159,744	$ 3,932	40.07	$ 1,576	$ 57,181	$ -	Note 2 (II) 2

Note 1: The investment method is the sub-subsidiary directly entering into mainland China to make an investment.
Note 2: The figures related to the Table shall be expressed in New Taiwan dollars.
(I) In the case of preparation where no gain or loss on investment has occurred, please specify.
(II) The basis for recognition of gains and losses on investment is divided into the following three categories, which should be specified.
1. The financial reports audited and certified by an international accounting firm having a business cooperation relationship with an ROC accounting firm.
2. The financial reports audited and certified by a certified public accountant of the parent in Taiwan.
3. Others.
Note 3: The consolidated shareholding percentage of the Company and its subsidiaries.
Note 4: If any foreign currency is involved in the figures related to the Table, it shall be converted to New Taiwan dollars at the exchange rate on the financial reporting date.

Company name	The accumulated amount remitted from Taiwan to invest in mainland China at the end of the current period	The investment amount approved by the Investment Board, Ministry of Economic Affairs	The investment limit approved by the Investment Board, Ministry of Economic Affairs
Ruentex Engineering & Construction Co., Ltd.	$ 159,744	$ 159,744	$ 3,278,364

Note 1: The total amount of the original currency remitted from Taiwan to invest in mainland China at the end of the current period is as follows:
Ruentex Engineering & Construction Co., Ltd.: USD 5,200 thousand
Note 2: The investment amount approved by the Investment Board, Ministry of Economic Affairs is as follows:
Ruentex Engineering & Construction Co., Ltd.: USD 5,200 thousand
Note 3: Note 3: According to the limits set out in the "Principles for the review of investment or technical cooperation in the mainland China" of the Investment Board, Ministry of Economic Affairs, the current limit is 60% of the net worth of the company.
Note 4: If any foreign currency is involved in the figures related to the Table, it shall be converted to New Taiwan dollars at the exchange rate on the financial reporting date.