

Stock code : 4414

Roo Hsing Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the
Three-Month Periods Ended March 31, 2020
and 2019 and Independent Auditor's Review Report

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Roo Hsing Co., Ltd. and Subsidiaries

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INDEPENDENT AUDITORS' REVIEW REPORT

Roo Hsing Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Roo Hsing Co., Ltd. and its subsidiaries (the "Company") as of March 31, 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended of March 31, 2020, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements"). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No.34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following basis for qualified conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Note 4(3), the financial statements of certain insignificant subsidiaries were not reviewed by independent accountants. Those statements reflect total assets of NT\$11,189,100 thousand, constituting 48% of the consolidated total assets, and total liabilities of NT\$6,569,814 thousand, constituting 54% of the consolidated total liabilities as of March 31, 2020; and total comprehensive income of NT\$(244,371) thousand, constituting 98% of the consolidated total comprehensive income for the three-month periods ended March 31, 2020. As explained in Note 6(9), the financial statements of certain associates and joint ventures accounted for under the equity method were not reviewed by independent accountants. Those associates and joint ventures under equity method amounted to NT\$85,521 thousand as of March 31, 2020. The related shares of profits from the associates and joint ventures under the equity method amounted to NT\$(499) thousand;

and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT\$0 thousand for the three-month periods ended March 31, 2020. The information related to above subsidiaries, and associates and joint ventures accounted for under the equity method disclosed in Note 13 was also not reviewed by independent accountants.

Qualified Conclusion

Based on our reviews and the review reports of other independent accountants (please refer to the Other Matter paragraph of our report), except in the preceding basis for qualified conclusion paragraph, for the consolidated financial statements effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain insignificant subsidiaries, associates and joint ventures accounted for using equity method and the information been reviewed by independent accountants, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as at March 31, 2020, and their consolidated financial performance and cash flows for the three-month periods ended March 31, 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No. 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Other Matter – Making Reference to the Reviews of Other Independent Accountants

We did not review the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT\$2,513,625 thousand, constituting 11% of consolidated total assets as of March 31, 2020, and total operating revenues of NT\$2,248,103 thousand, constituting 58% of consolidated operating revenues for the three-month periods ended March 31, 2020. Those financial statements were reviewed by other independent accountants, whose reports thereon have been furnished to us, and our review results are based solely on the review reports of the other independent accountants. In addition, in Note 13 of the consolidated financial statements is also evaluated and disclosed in the review reports of the other independent accountants appointed by the aforementioned subsidiaries.

Other Matter –The Previous Financial Report were Reviewed by Other Accountants

The consolidated financial report of the Company in the first quarter of 2019 was reviewed by other accountants who issued a qualified conclusion on May 28, 2019.

The engagement partners on the audit resulting in this independent auditors' report are Lin Chao-Min and Chen Wen-Pin.

Candor Taiwan CPAs
Taipei, Taiwan
Republic of China

May 15, 2020

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Roo Hsing Co., Ltd. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
March 31, 2020, December 31 and March 31, 2019
(In Thousands of New Taiwan Dollars)

		March 31, 2020 (Reviewed)		December 31, 2019 (Audited)		March 31, 2019 (Reviewed)	
		Amount	%	Amount	%	Amount	%
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	Note 4(7), 6(1)	\$ 1,198,824	5	\$ 1,142,405	5	\$ 2,350,589	10
Financial assets at fair value through profit or loss - current	Note 4(8), 5(2), 6(2)	94,523	-	-	-	9,933	-
Financial assets measured at amortized cost - current	Note 4(8), 5(2), 6(3)	1,448,472	6	1,332,967	6	605,233	2
Notes Receivable	Note 4, 6(4), 8	85	-	-	-	-	-
Accounts receivable, net	Note 4, 6(4), 8	2,007,468	10	2,562,784	11	2,459,921	10
Accounts receivable due from related parties, net	Note 4, 6(4), 7(5)	3,565	-	24,971	-	-	-
Other receivables	Note 5(2), 6(5)	1,571,176	7	1,416,828	6	1,137,489	5
Other receivables due from related parties	Note 5(2), 6(5), 7(6)	80,074	-	34,812	-	143	-
Current tax assets	Note 4(27), 5(2), 6(25)	33,923	-	87,857	-	-	-
Inventories	Note 4(11), 5(2), 6(6)	4,495,623	19	4,127,658	18	4,266,655	18
Prepayments	6(7)	1,676,603	7	1,561,290	7	1,488,256	6
Non-current assets classified as held for sale, net	Note 4(12), 6(8)	-	-	-	-	1,474,746	6
Other current assets		29,328	-	271	-	3,198	-
Total current assets		12,639,664	54	12,291,843	53	13,796,163	57
NON-CURRENT ASSETS							
Financial assets at fair value through profit or loss - non-current	Note 4(8), 6(2), 7(7), 8	-	-	107,047	-	170,000	1
Investments accounted for using equity method	Note 4(13), 6(9)	85,521	-	85,312	-	50,502	-
Property, plant and equipment	Note 4(14), 6(10), 8	3,889,949	17	3,587,798	16	3,084,684	13
Right-of-use assets	Note 4(16), 6(21)	798,746	3	839,368	4	720,093	3
Investment property	Note 4(15), 5(2), 6(11)	-	-	-	-	108,955	-
Intangible assets	Note 4(17), 6(12)	5,471,360	24	5,522,719	24	5,485,387	23
Deferred tax assets	Note 4(27), 5(2), 6(25)	2,595	-	2,581	-	4,930	-
Prepayments for business facilities	8	173,576	1	408,096	2	548,246	2
Refundable deposits	8	132,368	1	186,574	1	167,263	1
Long-term accounts receivables due from related parties	Note 4, 6(4), 7(8)	-	-	-	-	51,382	-
Other non-current assets		2,802	-	2,762	-	-	-
Total non-current assets		10,556,917	46	10,742,257	47	10,391,442	43
Total		\$ 23,196,581	100	\$ 23,034,100	100	\$ 24,187,605	100
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
Short-term loans	Note 6(14)	\$ 7,128,022	32	\$ 7,083,657	31	\$ 6,191,534	26
Contract liabilities - current	Note 6(19)	2,260	-	4,856	-	4,910	-
Notes payable		275,106	1	158,647	1	104,151	-
Accounts payable		2,360,053	10	1,997,202	9	1,927,232	8
Other payables		936,683	4	851,126	3	617,974	3
Other payables to related parties	Note 7(10)	-	-	2,350	-	1,868	-
Income tax payable	Note 4(27), 5(2), 6(25)	21,588	-	128,719	1	105,753	-
Provisions - current	Note 4(20)	64,596	-	1,991	-	777	-
Liabilities from non-current assets held for sale	Note 6(8)	-	-	-	-	256,629	1
Lease liabilities - current	Note 4(16), 6(21)	168,957	1	176,751	1	247,293	1
Other current liabilities		38,051	-	95,733	-	35,326	-
Long-term loans - current portion	Note 4, 6(15)	166,664	1	182,305	1	300,732	1
Total current liabilities		11,161,980	49	10,683,337	47	9,794,179	40
NON-CURRENT LIABILITIES							
Long-term loans	Note 4, 6(15)	122,017	1	156,262	1	311,393	1
Deferred tax liabilities	Note 4(27), 5(2), 6(25)	338,121	1	349,426	1	399,015	2
Lease liabilities - non-current	Note 4(16), 6(21)	559,970	2	584,983	3	462,055	2
Preferred stock liabilities - non-current	Note 6(16), Note 7(12)	49,775	-	93,419	-	-	-
Net defined benefit liabilities - non-current	Note 4(25), 6(17)	4,362	-	4,362	-	4,043	-
Guarantee deposit received	Note 7(9)	1,341	-	1,335	-	3,178	-
Other non-current liabilities	Note 7(13)	10,482	-	28,434	-	-	-
Total non-current liabilities		1,086,068	4	1,218,221	5	1,179,684	5
Total liabilities		12,248,048	53	11,901,558	52	10,973,863	45
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT							
Capital stock	Note 6(18)						
Ordinary share		9,034,349	39	9,034,349	39	9,034,349	38
Capital surplus							
Capital surplus, additional paid-in capital arising from ordinary share		6,309,262	28	6,309,262	28	6,309,262	26
Capital surplus, additional paid-in capital arising from bond conversion		435,961	2	435,961	2	435,961	2
Capital surplus, treasury share transactions		22,790	-	22,790	-	22,790	-
Capital surplus, changes in equities of subsidiaries		43,498	-	14,655	-	-	-
Capital surplus, changes in equity of associates and joint ventures accounted for using equity method		4,485	-	4,485	-	4,485	-
Capital surplus, share options		206	-	206	-	206	-
Capital surplus, others		8	-	8	-	8	-
Total capital surplus		6,816,210	69	6,787,367	30	6,772,712	28
Retained earnings							
Appropriated as legal capital reserve		22,341	-	22,341	-	22,341	-
Accumulated deficits		(4,106,927)	(18)	(3,833,534)	(17)	(2,648,002)	(11)
Total retained earnings		(4,084,586)	(18)	(3,811,193)	(17)	(2,625,661)	(11)
Other equity		21,007	-	17,347	-	180,205	1
Treasury Shares	Note 4(21)	(1,410,547)	(6)	(1,410,547)	(6)	(1,410,547)	(6)
Equity attributable to shareholders of the parent		10,376,433	45	10,617,323	46	11,951,058	50
Non-controlling interests	Note 6(18)	572,100	2	515,219	2	1,262,684	5
Total equity		10,948,533	47	11,132,542	48	13,213,742	55
Total		\$ 23,196,581	100	\$ 23,034,100	100	\$ 24,187,605	100

The accompanying notes are an integral part of the consolidated financial statements.
(With Candor Taiwan CPAs review report dated May 15, 2020)

Roo Hsing Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three-months periods ended March 31, 2020 and 2019
(In Thousands of New Taiwan Dollars, Except for Earnings per Share)
(Reviewed, Not Audited)

		For the Three-Months periods ended March 31			
		2020		2019	
		Amount	%	Amount	%
NET REVENUE	Note 4((22), 6(19))	\$ 3,851,231	100	\$ 3,293,844	100
COST OF REVENUE	Note 6, 7	(3,478,254)	(90)	(2,911,546)	(88)
GROSS PROFIT		<u>372,977</u>	<u>10</u>	<u>382,298</u>	<u>12</u>
OPERATING EXPENSES	Note 5, 6				
Selling and marketing		(203,450)	(5)	(165,644)	(5)
General and administrative		(363,492)	(9)	(321,127)	(10)
Research and development		(4,034)	-	(2,915)	-
Expected credit loss		(38,584)	(1)	(589)	-
Total operating expenses		<u>(609,560)</u>	<u>(15)</u>	<u>(490,275)</u>	<u>(15)</u>
INCOME FROM OPERATIONS		<u>(236,583)</u>	<u>(5)</u>	<u>(107,977)</u>	<u>(3)</u>
NON-OPERATING INCOME AND EXPENSES	Note 4, 6(22), 7				
Other income		40,493	1	275,640	8
Other gains and losses		27,102	1	(14,112)	-
Finance costs		(87,548)	(2)	(105,306)	(3)
Share of profit (loss) of associates and joint ventures accounted for using equity method		(499)	-	(1,752)	-
Total non-operating income and expenses		<u>(20,452)</u>	<u>-</u>	<u>154,470</u>	<u>5</u>
INCOME BEFORE INCOME TAX		<u>(257,035)</u>	<u>(5)</u>	<u>46,493</u>	<u>2</u>
INCOME TAX	Note 4(27), 5(2), 6(25)	119	-	7,385	-
NET INCOME		<u>(256,916)</u>	<u>(5)</u>	<u>53,878</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME (LOSS)	Note 4, 6(24)				
Exchange differences arising on translation of foreign operations		6,943	-	34,741	1
Income tax related to components of other comprehensive income that will be reclassified to profit or loss		-	-	(9)	-
Other comprehensive income (loss) for the year, net of income tax		<u>6,943</u>	<u>-</u>	<u>34,732</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>\$ (249,973)</u>	<u>(5)</u>	<u>\$ 88,610</u>	<u>3</u>
NET INCOME ATTRIBUTABLE TO:					
Shareholders of the parent		\$ (273,393)	(5)	\$ 62,039	2
Non-controlling interests		16,477	-	(8,161)	-
		<u>\$ (256,916)</u>	<u>(5)</u>	<u>\$ 53,878</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Shareholders of the parent		\$ (269,733)	(5)	\$ 96,745	3
Non-controlling interests		19,760	-	(8,135)	-
		<u>\$ (249,973)</u>	<u>(5)</u>	<u>\$ 88,610</u>	<u>3</u>
EARNINGS PER SHARE	Note 4(26), 6(26)				
Basic earnings per share		\$ (0.33)		\$ 0.08	
Diluted earnings per share		\$ (0.33)		\$ 0.08	

The accompanying notes are an integral part of the consolidated financial statements.
(With Candor Taiwan CPAs review report dated May 15, 2020)

Roo Hsing Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the three-months periods ended March 31, 2020 and 2019
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Parent							Total Equity Attributable to Shareholders of the Parent	Non-Controlling Interests	Total Equity
	Retained Earnings			Other Equity						
	Capital Stock	Capital Surplus	Legal Capital Reserve	Accumulated Deficits	Foreign Currency Translation Reserve	Treasury Shares				
BALANCE, JANUARY 1, 2019 (Restatement)	\$ 9,034,349	\$ 6,772,712	\$ 22,341	\$ (2,710,041)	\$ 145,499	\$ (1,410,547)	\$ 11,854,313	\$ 1,270,819	\$ 13,125,132	
Net income for the three-months periods ended March 31, 2019	-	-	-	62,039	-	-	62,039	(8,161)	53,878	
Other comprehensive income for the three-months periods end March 31, 2019	-	-	-	-	34,706	-	34,706	26	34,732	
BALANCE, MARCH 31, 2019(Restatement)	\$ 9,034,349	\$ 6,772,712	\$ 22,341	\$ (2,648,002)	\$ 180,205	\$ (1,410,547)	\$ 11,951,058	\$ 1,262,684	\$ 13,213,742	
BALANCE, JANUARY 1, 2020	\$ 9,034,349	\$ 6,787,367	\$ 22,341	\$ (3,833,534)	\$ 17,347	\$ (1,410,547)	\$ 10,617,323	\$ 515,219	\$ 11,132,542	
Increase capital from subsidiaries and others	-	28,843	-	-	-	-	28,843	37,121	65,964	
Net income for the three-months periods ended March 31, 2020	-	-	-	(273,393)	-	-	(273,393)	16,477	(256,916)	
Other comprehensive income for the three-months periods end March 31, 2020	-	-	-	-	3,660	-	3,660	3,283	6,943	
BALANCE, MARCH 31, 2020	\$ 9,034,349	\$ 6,816,210	\$ 22,341	\$ (4,106,927)	\$ 21,007	\$ (1,410,547)	\$ 10,376,433	\$ 572,100	\$ 10,948,533	

The accompanying notes are an integral part of the consolidated financial statements.

(With Candor Taiwan CPAs review report dated May 15, 2020)

Roo Hsing Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three-months periods ended March 31, 2020 and 2019
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months periods ended March 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ (257,035)	\$ 46,493
Adjustments for:		
Depreciation expense	159,262	152,727
Amortization expense	62,110	56,851
Expected credit Loss	38,584	589
Net loss on financial assets or liabilities at fair value through profit or loss	9,442	422
Finance costs	87,548	105,306
Interest income	(6,407)	(14,180)
Share of loss (gain) of associates and joint ventures accounted for using equity method	499	1,752
Loss (gain) on disposal of property, plant and equipment, net	9	818
Loss on disposal of non-current assets held for sale	-	9,189
Changes in operating assets and liabilities:		
(Increase)decrease in accounts receivable	573,372	456,058
(Increase)decrease in other accounts receivable	(243,666)	(136,561)
(Increase)decrease in other receivables due from related parties	-	15
(Increase)decrease in inventories	(367,965)	(418,586)
(Increase)decrease in prepayments	(115,313)	(176,488)
(Increase)decrease in other current assets	(29,057)	(240)
Increase(decrease) in contract liabilities	(2,596)	2,974
Increase(decrease) in notes payable	116,459	(46,265)
Increase(decrease) in accounts payable	362,851	142,103
Increase(decrease) in other accounts payable	80,623	(91,343)
Increase(decrease) in other current liabilities	(56,565)	(43)
Increase(decrease) in net defined benefit liabilities	-	(45)
Increase(decrease) in provisions	62,605	-
Cash generated (used in) from operations	474,760	91,546
Interest received	15,427	36,779
Interest paid	(84,748)	(84,424)
Income taxes paid	(64,397)	(8,881)
Net cash generated (used in) by operating activities	341,042	35,020

(Continued)

Roo Hsing Co., Ltd. and Subsidiaris
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three-months periods ended March 31, 2020 and 2019
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months periods ended March 31	
	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of financial assets at fair value through profit or loss	\$ 3,689	\$ -
Payments for financial assets at fair value through profit or loss	(607)	-
Payments for financial assets measured at amortized cost	(70,537)	(299,638)
Proceeds from repayments of financial assets measured at amortized cost	-	1,469,947
Proceeds from disposal of non-current assets held for sale	-	78,748
Payments for property, plant and equipment	(220,456)	(32,473)
Proceeds from disposal of property, plant and equipment	53,875	14,536
(Increase) decrease in refundable deposits	54,206	29,019
(Increase) decrease in other receivables	-	125,423
Payments for intangible assets	(943)	(2,799)
(Increase) decrease in prepayments for business facilities	-	(50,465)
(Increase) decrease in other non-current assets	(40)	-
Net cash generated (used in) from investing activities	<u>(180,813)</u>	<u>1,332,298</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	5,105,347	5,585,862
decrease in short-term loans	(5,098,244)	(5,631,641)
Repayment of long-term loans	(52,351)	(106,690)
Increase(decrease) in guarantee deposits received	6	(177)
Increase(decrease) in long-term accounts payable-related parties	-	(231,670)
Repayment of thr principal portion of lease liabilities	(73,213)	(77,607)
Net cash generated (used in) financing activities	<u>(118,455)</u>	<u>(461,923)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	14,645	17,010
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	56,419	922,405
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,142,405	1,428,184
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,198,824</u>	<u>\$ 2,350,589</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Candor Taiwan CPAs review report dated May 15, 2020)

(Concluded)

Roo Hsing Co., Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three-months periods ended March 31, 2020 and 2019

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

(Reviewed, Not Audited)

1. GENERAL

Roo Hsing Co., Ltd. (the “Company”) was incorporated in the Republic of China (R.O.C.) on 23 November 1977. The Company is a garment manufacturing corporation and engages mainly in the manufacturing, processing, and trading of textiles and clothing.

Roo Hsing’s common shares were publicly listed on Taipei exchange on 16 December 1999, and then listed on the Taiwan Stock Exchange on 6 September 2004. Roo Hsing’s registered office and main operations base are located in 13F-4, No.57, Fuxing N. Rd., Songshan Dist., Taipei City, Taiwan (R.O.C).

The shareholders meeting approved to change the name of the Group from “Roo Hsing Garment Co., Ltd.” to “Roo Hsing Co., Ltd.” on 20 June 2008. The change was registered on 30 July 2008.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors and authorized for issue on May 15, 2020.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- (1) Application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), Interpretations of IFRS (“IFRIC”), and Interpretations of IAS (“SIC”) (collectively, the “IFRSs”) endorsed and issued into effect by the ROC Financial Supervisory Commission (“FSC”).

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies:

- (2) The IFRSs issued by IASB but not yet endorsed and issued into effect by FSC

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
IFRS 17“Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

Note 1 : Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

As of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) **Statement of Compliance**

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

(2) **Basis of Preparation**

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") unless otherwise stated.

(3) **Basis of consolidation**

Preparation principle for the consolidated financial statements

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- A. Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- B. Exposure, or rights, to variable returns from its involvement with the investee, and
- C. The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- A. The contractual arrangement with the other vote holders of the investee;
- B. Rights arising from other contractual arrangements;
- C. The Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-company balances, income and expenses, unrealized gains and losses and dividends resulting from intra- company transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, it:

- A. Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- B. Derecognizes the carrying amount of any non-controlling interest;
- C. Recognizes the fair value of the consideration received;
- D. Recognizes the fair value of any investment retained;
- E. Recognizes any surplus or deficit in profit or loss; and
- F. Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
The Company	Roo Hsing Garment Co., Ltd.	Garment processing	100.00%	100.00%	100.00%	
The Company	Roo Hsing Co. Nicaragua, S.A.	Garment processing	100.00%	100.00%	100.00%	1
The Company	Roo Hsing Garment Co., El Salvador S.A. DEC.V.	Garment processing	100.00%	100.00%	100.00%	1
The Company	Operadora Internacional de Zonas Francas (Managua), S.A.	Leasing plant and property	100.00%	100.00%	100.00%	1
The Company	Fain Tei Enterprise Company Ltd.(BVI)	Investment holding	100.00%	100.00%	100.00%	1 and 2
The Company	JD United (BVI) Limited	Investment holding	100.00%	100.00%	100.00%	
The Company	Tooku Holdings Limited	Investment holding	100.00%	100.00%	100.00%	1
The Company	Roo Hsing Garment Manufacturing Co., Ltd.	Garment processing	100.00%	100.00%	100.00%	1 and 5
The Company	Han Yan Global Co., Ltd. (Original Roo Hsing Global Co., Ltd.)	Investment holding and garment trading	-	-	100.00%	1 and 12
The Company	Intelligence Textile Technology Co., Ltd.	Garment trading	100.00%	100.00%	100.00%	1 and 7
The Company	MF Holding Co., Ltd.	Investment holding	100.00%	100.00%	100.00%	1 and 9
The Company	Ten Win Business International Co., Ltd	International trade, Funeral Home development, rental and sales, Renovation, or maintenance within the renewal area	40.04%	46.50%	-	1,11 and 13

Investor	Subsidiary	Main businesses	Percentage of ownership (%)			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
The Company	Chuwa Wool Industry Co., (Taiwan) Ltd.	Wool product manufacturing and trading; real estate leasing	3.49%	3.49%	-	17
Roo Hsing Garment Co., Ltd.	Chen Tai Co., Ltd.	Garment processing and washing	100.00%	100.00%	100.00%	1
Fain Tei Enterprise Company Ltd.(BVI)	Roo Hsing Shanghai Import & Export Co., Ltd.	Garment trading	100.00%	100.00%	100.00%	1
Fain Tei Enterprise Company Ltd.(BVI)	Hung Hsing Garment (Cambodia) Co., Ltd.	Garment processing	100.00%	100.00%	100.00%	1 and 3
Fain Tei Enterprise Company Ltd.(BVI)	S.H. United Co., Ltd.	Garment processing	100.00%	100.00%	100.00%	1 and 4
JD United (BVI) Limited	J.D. United Manufacturing Corporation Limited	Investment holding and garment trading	100.00%	100.00%	100.00%	
Tooku Holdings Limited	Tooku Trading Corporation Limited	Garment trading	100.00%	100.00%	100.00%	1
J.D. United Manufacturing Corporation Limited	Century Hsing Investment Co.,Ltd	Investment holding	100.00%	100.00%	-	1 and 16
J.D. United Manufacturing Corporation Limited	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Textile trading	100.00%	100.00%	100.00%	1
J.D. United Manufacturing Corporation Limited	OCT Holding Company Limited	Investment holding	100.00%	100.00%	100.00%	1
J.D. United Manufacturing Corporation Limited	Nishiku Manufacturing Corporation Limited	Investment holding	100.00%	100.00%	100.00%	1
J.D. United Manufacturing Corporation Limited	J.M. Bag & Case Manufacturing Corporation Limited	Investment holding and bag trading	100.00%	100.00%	100.00%	1
J.D. United Manufacturing Corporation Limited	Chongqing Municipality Youyang Country Tooku Dec Manufacturing Co., Ltd.	Garment processing	100.00%	100.00%	100.00%	1
J.D. United Manufacturing Corporation Limited	Tooku Jan Garments Co., Ltd.	Garment processing	100.00%	100.00%	100.00%	1
J.D. United Manufacturing Corporation Limited	Henan Kaowei Garments Corporation Limited	Garment processing	100.00%	100.00%	100.00%	1 and 6
J.D. United Manufacturing Corporation Limited	J.D. United Trading Corporation Limited	Garment trading	100.00%	100.00%	100.00%	
J.D. United Manufacturing Corporation Limited	GDM Enterprise Co., Ltd.	Garment processing	100.00%	100.00%	100.00%	1
J.D. United Manufacturing Corporation Limited	Nishiku Enterprise Co., Ltd.	Garment processing	100.00%	100.00%	100.00%	1
J.D. United Manufacturing Corporation Limited	Morning Glory Garment Enterprise Co., Ltd.	Garment processing	100.00%	100.00%	100.00%	1
J.D. United Manufacturing Corporation Limited	JD & Toyoshima Co., Ltd.	Garment processing	100.00%	100.00%	100.00%	1
J.D. United Manufacturing Corporation Limited	Gowin Success Limited	Investment holding	100.00%	100.00%	100.00%	1
J.D. United Manufacturing Corporation Limited	Paneffort (Cambodia) Garment Co., Ltd.	Garment processing	100.00%	100.00%	100.00%	1
OCT Holding Company Limited	GDM Trading Company Limited	Investment holding	100.00%	100.00%	100.00%	1
Nishiku Manufacturing Corporation Limited	South Bay Manufacturing Company Limited	Garment processing	100.00%	100.00%	100.00%	1

Investor	Subsidiary	Main businesses	Percentage of ownership (%)			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
J.M. Bag & Case Manufacturing Corporation Limited	J.M. Bag & Case (Cambodia) Co., Ltd.	Manufacturing	100.00%	100.00%	100.00%	1
Gowin Success Limited	JD United Manufacturing Pte. Limited (Singapore)	Investment holding	100.00%	100.00%	100.00%	1
Gowin Success Limited	Suntex Textile Trading Corporation Limited	Textile trading	100.00%	100.00%	100.00%	1
Gowin Success Limited	True Power Garment Corporation Ltd.	Garment processing	100.00%	100.00%	100.00%	1
Gowin Success Limited	Gowin Garments Corporation Limited	Investment holding	100.00%	100.00%	100.00%	1
GDM Trading Company Limited	Changzhou Tooku Garments Co., Ltd.	Garment processing	100.00%	100.00%	100.00%	1
JD United Manufacturing Pte. Limited (Singapore)	Zhen Tai Garment (Cambodia) Co., Ltd.	Garment processing	100.00%	100.00%	100.00%	1
JD United Manufacturing Pte. Limited (Singapore)	T & K Garment Industry Co., Ltd.	Garment processing	100.00%	100.00%	100.00%	1
JD United Manufacturing Pte. Limited (Singapore)	Splendid Chance International Ltd.	Garment processing	100.00%	100.00%	100.00%	1
JD United Manufacturing Pte. Limited (Singapore)	Great Union (Cambodia) Garment Co., Ltd.	Garment processing	100.00%	100.00%	100.00%	1
Gowin Garments Corporation Limited	Nagapeace Corporation Limited	Garment processing	100.00%	100.00%	100.00%	1
Changzhou Tooku Garments Co., Ltd.	Bai Cheng Shi Mei Da Garment Co., Ltd.	Garment processing	100.00%	100.00%	100.00%	1
Changzhou Tooku Garments Co., Ltd.	Tanzania Tooku Garments Co., Ltd.	Garment processing	99.97%	99.97%	99.97%	1
Changzhou Tooku Garments Co., Ltd.	Jiangsu Xiu Jia Yu Yang Real Estate Development Limited	Real estate development	50.20%	50.20%	50.20%	1 and 8
Han Yan Global Co., Ltd. (Original Roo Hsing Global Co., Ltd.)	Sparkling Asia Limited	Investment holding	-	-	100.00%	12
Han Yan Global Co., Ltd. (Original Roo Hsing Global Co., Ltd.)	Keen Power Investments Limited	Investment holding	-	-	100.00%	12
Han Yan Global Co., Ltd. (Original Roo Hsing Global Co., Ltd.)	Ho Jen Investment Ltd.	Investment holding	-	-	100.00%	12
Han Yan Global Co., Ltd. (Original Roo Hsing Global Co., Ltd.)	Foowa Investment Limited	Investment holding	-	-	100.00%	12
Han Yan Global Co., Ltd. (Original Roo Hsing Global Co., Ltd.)	Chugen Investment Co. Ltd.	Investment holding	-	-	100.00%	12
Han Yan Global Co., Ltd. (Original Roo Hsing Global Co., Ltd.)	Chuwa Japan Investment Ltd.	Investment holding	-	-	100.00%	12
Han Yan Global Co., Ltd. (Original Roo Hsing Global Co., Ltd.)	Yancien Investment Limited	Investment holding	-	-	100.00%	12

Investor	Subsidiary	Main businesses	Percentage of ownership (%)			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
Han Yan Global Co., Ltd. (Original Roo Hsing Global Co., Ltd.)	Chuwa Wool Industry Co., (Taiwan) Ltd.	Wool product manufacturing and trading; real estate leasing	-	53.41%	53.41%	12
Chuwa Wool Industry Co., (Taiwan) Ltd.	CW Investment One Limited	Investment holding	-	-	100.00%	17
Chuwa Wool Industry Co., (Taiwan) Ltd.	HCW Investment Co., Ltd.	Investment	-	-	100.00%	17
MF Holding Co., Ltd.	Faith In Blue (USA) Corporation	Investment holding	100.00%	100.00%	100.00%	1 and 10
MF Holding Co., Ltd.	Nanjing Roo-Hsing International Trading Co., Ltd.	Garment sales	100.00%	100.00%	-	1 and 15
Faith In Blue (USA) Corporation	Nanjing USA, Inc.	Fashion garment wholesaler and distributor	10.40%	10.40%	-	1 and 14
Faith In Blue (USA) Corporation	Adny Group, Inc.	Investment holding	53.00%	53.00%	-	1 and 14
Adny Group, Inc.	Adny Apparel, Inc.	Fashion garment wholesaler and distributor	100.00%	100.00%	-	1 and 14
Adny Group, Inc.	Nanjing Usa, Inc.	Fashion garment wholesaler and distributor	80.00%	80.00%	-	1 and 14
Nanjing Roo-Hsing International Trading Co., Ltd.	Nanjing Longchengxing International Trading Co., Ltd.	Garment trading	100.00%	100.00%	-	1 and 15

Note 1: The financial statements of non-significant subsidiaries were not reviewed by accountants.

Note 2: The Company authorized the chairman to determine to increase capital in the amount of US\$2,042,429 for Fain Tei Enterprise Company Ltd. (BVI) in 2019, per “Process of Property Acquisition and Disposal”. The amount of capital increased from US\$13,744,414 to US\$15,786,843 and the number of shares issued from 13,794,414 shares to 15,836,843 shares.

Note 3: On November 7, 2019, the Company authorized the chairman to determine to increase capital in the amount of US\$50,000 for Roo Hsing Garment Co., Ltd. (Cambodia) through Fain Tei Enterprise Company Ltd. (BVI). As of March 31, 2020, the amount of capital was US\$6,126,556.45 (approximately NT\$181,805 thousand).

Note 4: The Company’s Board of Directors approved on November 10, 2017 to establish S.H. United Co., Ltd. (Myanmar) through Fain Tei Enterprise Company Ltd. (BVI) in the amount of no more than US\$5,000,000. As of March 31, 2020, the amount of capital was US\$4,999,446.40 (approximately NT\$151,302 thousand), including US\$874,531 of equipment transferred.

Note 5: The Company increase capital in the amount of US\$300,000 for Roo Hsing Garment Manufacturing Co., Ltd. on October 9, 2019. As of March 31, 2020, the amount of capital was US\$4,271,600 (approximately NT\$128,495 thousand).

Note 6: The Company’s Board of Directors approved on November 10, 2017 to establish Henan Kaowei Garments Corporation Limited through J.D. United Manufacturing

Corporation Limited in the amount of no more than US\$20,000,000. No capital has been paid as of March 31, 2020.

- Note 7: The Company established Intelligence Textile Technology Co., Ltd. on January 26, 2018. And the Company authorized the chairman to determine to increase capital in the amount of NT\$5,000 thousand on October 23, 2019, per “Process of Property Acquisition and Disposal”. As of March 31, 2020, the amount of capital was NT\$15,000 thousand.
- Note 8: To develop land use, Changzhou Tooku Garments Co., Ltd., a subsidiary of the Company, established Jiangsu Xiu Jia Yu Yang Real Estate Development Limited with Changzhou Hongmei Plastic Materbatch Co., Ltd. on December 17, 2018. No capital has been paid as of March 31, 2020.
- Note 9: The Company established MF Holding Co., Ltd. on January 14, 2019, and the Company’s Board of Directors approved on April 18 and August 7, 2019 to increase capital in the amount of US\$4,000 thousand and US\$4,600 thousand. As of March 31, 2020, the amount of capital was US\$10,700 thousand (approximately NT\$330,340 thousand).
- Note 10: The Company established Faith In Blue (USA) Corporation on January 29, 2019 through MF Holding Co., Ltd. As of March 31, 2020, the amount of capital was US\$48,050 thousand.
- Note 11: Chuwa Wool Industry Co., (Taiwan) Ltd. acquired 23% of the voting shares of Ten Win Business International Co., Ltd. on May 10, 2019, combining the 30% of shares originally held, in total more than half of the interest; therefore became a controlling interest and a consolidated entity in the statement.
- Note 12: The Company’s Board of Directors approved on February 12 and August 7, 2019 to increase capital in the amount of NT\$130,000 thousand and NT\$115,000 thousand to Han Yan Global Co., Ltd. (original Roo Hsing Global Co., Ltd.). As of December 20, 2019, the amount of capital was NT\$844,578 thousand. In addition, the Company’s Board of Directors approved on December 10, 2019, to dispose the full ownership in Han Yan with the consideration of NT\$888,889 thousand and the gain on disposal of investments of NT\$47,195 thousand. The Company lost control of Han Yan Global Co., Ltd., and completed the procedure in December 20, 2019.
- Note 13: The Company’s Board of Directors approved on June 6, 2019, to purchase 1,320,000 ordinary shares to the specific objective in the amount of NT\$43,996 thousand, per “Process of Property Acquisition and Disposal”. The Company held 46.5% of shares of Ten Win Business International Co., Ltd., and 23% of shares through the subsidiary Chuwa Wool Industry Co., (Taiwan) Ltd., with 69.5% of shares in total. In addition, the Company’s Board of Directors approved on December 10, 2019, to dispose Han Yan Global Co., Ltd. and indirectly dispose 23% of shares held through Chuwa Wool Industry Co., (Taiwan) Ltd., with 46.5% of shares remaining. Nevertheless, the Company had more than half of the board members, to decide the main operating activities of Ten Win Business International Co., Ltd. with controlling interest.

Note 14: To extend the business range to brands and great distributors, the Company signed a share purchase agreement in the amount of US\$9,600 thousand (approximately NT\$297,600 thousand) with Comarg USA, Inc. to acquire 10.4% shares of Nanjing USA, Inc. The Company also acquired 53% shares of Adny Group, Inc. in the amount of US\$38,400 thousand (approximately NT\$1,190,400 thousand) from three individual shareholders of Adny Group, Inc., and indirectly obtained the 42.4% of shares in Nanjing USA, Inc., and then total comprehensively obtained the 52.8% of shares in Nanjing USA, Inc.. The investment for the target company was made through Faith In Blue (USA) Corporation, fully owned investment holding subsidiary established in United States by new subsidiary MF Holding Co., Ltd. in the British Virgin Island. The Company paid US\$24,000 thousand on April 25, 2019, to acquire 33% of shares of Adny Group, Inc. The Company paid US\$24,000 thousand on August 2, 2019, to acquire 20% of shares of Adny Group Inc. and 10.4% of shares of Nanjing USA, Inc. and became the controlling interest in Adny Group, Inc.

Note 15: Considering the future business orders and procurement arrangements, the Company's Board of Directors approved on May 13, 2019, in the amount of no more than RMB\$6,000 thousand to establish a subsidiary in Mainland China via indirect investment through MF Holding Co., Ltd. The Company established Nanjing Roo-Hsing International Trading Co., Ltd. and Nanjing Longchengxing International Trading Co., Ltd. on June 13, 2019 and July 19, 2019, respectively. No capital payments had been made as of March 31, 2020.

Note 16: The Company established Century Hsing Investment Co., Ltd on October 30, 2019, through J.D. United Trading Corporation Limited. The registered capital was US\$5,000 thousand. As of March 31, 2020, the amount of capital was US\$1,030 thousands.

Note 17: The Company held 53.41% shares of and had control of Chuwa Wool Industry Co., (Taiwan) Ltd. through the original subsidiary company Han Yan Global Co., Ltd. (original Roo Hsing Global Co., Ltd.). In addition, the Company acquired 3.49% or 3,205 of shares of Chuwa Wool Industry Co., (Taiwan) Ltd. in the amount NT\$89,796 thousand from open market during August 2019. The Company's Board of Directors approved on December 10, 2019, to dispose the full ownership of Han Yan Global Co., Ltd. and indirectly dispose the 53.41% shareholdings and lost control.

The financial statements of some of the consolidated subsidiaries listed above had not been reviewed by auditors. As of March 31, 2020 and March 31, 2019, the related assets of the subsidiaries which were unreviewed by auditors amount to NT\$11,189,100 thousand and NT\$5,320,643 thousand, respectively, and the related liabilities amount to NT\$6,569,814 thousand and NT\$288,576 thousand, respectively. The comprehensive income of these subsidiaries amount to NT\$(244,371) thousand and NT\$(375,533) thousand for the three-month periods ended March 31, 2020 and 2019, respectively.

(4) Foreign currency transactions

The Company's consolidated financial statements are presented in NT\$, which is also the parent Company's functional currency. Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Company entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

While preparing the Company consolidated financial statements, the assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. Upon the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The partial disposals are accounted for as disposals when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation and when the retained interest after the partial disposal of an interest in a joint arrangement

or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

Upon the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

- A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- B. The Company holds the asset primarily for the purpose of trading.
- C. The Company expects to realize the asset within twelve months after the reporting period.
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Company expects to settle the liability in its normal operating cycle.
- B. The Company holds the liability primarily for the purpose of trading.
- C. The liability is due to be settled within twelve months after the reporting period.
- D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, check deposit, demand deposits and short-term, highly liquid time deposits (including ones that have original maturity within three months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through profit or loss or fair value through profit or loss considering both factors below:

- (a) The Company's business model for managing the financial assets and
- (b) The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

- (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - i. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through profit or loss on the balance sheet. Dividends

on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through profit or loss based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- (a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) The time value of money; and
- (c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired.
- (b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- (c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled. For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified

as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- (a) It eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative instrument

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value through profit or loss. These embedded derivatives are separated from the host contract and accounted for as a derivative.

(10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventories

Inventories are valued at lower of cost and net realizable value item by item. Inventories are generally priced by the weighted average method.

Work in progress includes raw materials and supplies, direct labor, processing cost and a proportion of based on normal operating capacity, but not borrowing cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(12) Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

(13) Investments accounted for using the equity method

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangements have rights to the net assets of the arrangement.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro rata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional paid in capital and investments accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

- A. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate or joint venture and the proceeds on the ultimate disposal of the investment; or
- B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss, furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

(14) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings and structures	1~55	years
Machinery and equipment	1~18	years
Transportation equipment	4~10	years
Office and other equipment	1~50	years
Right-for-used assets/Leased assets (Note)	5~55	years

Note: The Company reclassified the lease assets to right-of-use assets after the adoption of IFRS 16 from January 1, 2019.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(15) **Investment property**

The Company's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, investment properties are measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	8~60 years
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Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Company transfers to or from investment properties when there is a change in use for these assets.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(16) Leases

For contracts entered on or after January 1, 2019, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- A. The right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. The right to direct the use of the identified asset.

The Company elected not to reassess whether a contract is, or contains, a lease on 1 January 2019. The Company is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

The Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. Amounts expected to be payable by the lessee under residual value guarantees;
- D. The exercise price of a purchase option if the Company is reasonably certain to

- exercise that option; and
- E. Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. The amount of the initial measurement of the lease liability;
- B. Any lease payments made at or before the commencement date, less any lease incentives received;
- C. Any initial direct costs incurred by the lessee; and
- D. An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

The Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date,

the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(17) **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3 to 5 years).

Customer relationship

The cost of customer relationship is amortized on a straight-line basis over the estimated useful life (10 years).

Trademark

Trademark acquired separately are recognized at acquisition cost, and trademarks acquired as a result of a business combinations are recognized at fair value on the acquisition date. Trademark rights are amortized on a straight-line basis over the limited useful life (ten years).

A summary of the policies applied to the Company's intangible assets is as follows:

	<u>Computer software</u>	<u>Customer relationship</u>	<u>Trademark</u>
Useful lives	Finite	10 years	10 years
Amortization method used	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the limited useful life
Internally generated or acquired	Acquired	Acquired	Acquired

(18) **Other non-current assets**

Other non-current assets are office ornaments, such as jade art display and Taiwan Cypress woodwork. They are stated at cost and not depreciated over time but the cost will be eliminated when they are disposed of.

(19) **Impairment of non-financial assets**

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and value in use.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

CGU, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the CGU (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(20) **Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time.

(21) **Treasury shares**

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(22) **Revenue recognition**

The Company's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

Sale of goods

The Company manufactures and sells merchandise. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is high unit price equipment and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts to the Company estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable

consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The credit period of the Company's sale of goods is from 30 to 90 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not have a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Rendering of services

The Company provides processing and washing services. Such services are separately priced or negotiated, and provided based on contract periods. As the Company provides the services over the contract period, the customers simultaneously receive and consume the benefits provided by the Company. Accordingly, the performance obligations are satisfied over time, and the related revenue are recognized by straight-line method over the contract period.

Most of the contractual considerations of the Company are collected evenly throughout the contract periods. When the Company has performed the services to customers but does not have a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arisen.

(23) Borrowing costs

Borrowing costs that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets which are directly attributable to the acquisition, construction or production of assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(24) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(25) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. The date of the plan amendment or curtailment; and
- B. The date that the Company recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(26) Share-based payment transactions

The cost of equity-settled transactions between the Company and employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model. The cost of equity-settled transactions is recognized, together with a corresponding

increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met.

However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

The Company recognized the amount paid to employees left in the vesting period as liability according to employee turnover rate, and recognized estimated final vesting amount as equity.

(27) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The surtax on undistributed retained earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Income taxes of subsidiaries according to local tax codes are as follows:

- A. Roo Hsing Garment Co., Ltd. (Cambodia) is subject to 1% corporate income tax prepaid monthly based on the total amount of offshore price, and 20% income tax based on the annual taxable income. However, local government permitted exemption of 1% corporate income tax on the total amount of goods sold until 2022.
- B. GDM Enterprise Co., Ltd., Nishiku Enterprise Co., Ltd., Morning Glory Garment Enterprise Co., Ltd., JD & Toyoshima Co., Ltd., Paneffort (Cambodia) Garment Co., Ltd., J.M. Bag & Case (Cambodia) Co., Ltd., True Power Garment Corporation Ltd., Zhen Tai Garment (Cambodia) Co., Ltd., T & K Garment Industry Co., Ltd., Splendid Chance International Ltd., Great Union (Cambodia) Garment Co., Ltd. and Nagapeace Corporation Limited are subject to 20% income tax according to the local tax rules of Cambodia.
- C. Roo Hsing Co. Nicaragua, S.A. and Operadora Internacional de Zonas Francas were established in the free trade zone in Nicaragua. Income taxes are exempted for 10 years (60% exempted from the 11th year) from the establishment of the subsidiaries according to local laws.
- D. ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V. was established in the free trade zone in El Salvador. Income taxes are exempted according to local laws.
- E. Roo Hsing Shanghai Import & Export Co., Ltd., Changzhou Tooku Garments Co., Ltd., Bai Cheng Shi Mei Da Garment Co., Ltd., Chongqing Municipality Youyang Country Tooku Dec Manufacturing Co., Ltd. and Changzhou Guangzhou Manchuria Trading Co., Ltd. are subject to 25% income tax according to the Enterprise Income Tax Law of the People's Republic of China.
- F. J.D. United Manufacturing Corporation Limited, J.D. United Trading Corporation Limited, Nishiku Manufacturing Corporation Limited, J.M. Bag & Case Manufacturing Corporation Limited and Suntex Textile Trading Corporation Limited are subject to 16.5% income tax according to the Inland Revenue Ordinance of Hong Kong.
- G. JD United Manufacturing Pte. Limited (Singapore) is subject to 17% income tax according to local laws the Income Tax of the Republic of Singapore.
- H. Tanzania Tooku Garments Co., Ltd. is subject to 30% income tax according to local laws the Income Tax of the United Republic of Tanzania.

- I. Adny Group, Inc., Adny Apparel, Inc. and Nanjing USA, Inc. are subject to 21% income tax according to local laws the Income Tax of the Republic of United States.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Company recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

(28) **Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Company acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGU that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Company at which the goodwill is monitored for internal management purpose and is no larger than an operating segment before aggregation.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the CGU retained.

(29) Seasonality of operations

The Company's operation is seasonal in nature, as higher market demand for the Group's products in the second half of the year results in higher revenues in the second half of the year rather than in the first six months.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The preparation of the Company's consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgment

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Operating lease commitment – Company as the lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Impairment of non-financial assets

An impairment exists when the carrying value of an asset or CGU unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or CGU. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

C. Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases.

D. Fair value measurement of contingent consideration

Contingent consideration, resulting from business combinations, is valued at fair value on the acquisition date as part of the business combination. The contingent consideration becomes a financial liability as it meets the definition of a derivative, and is subsequently measured at fair value on each reporting date. The determination of fair value is based on discounted cash flows. Key assumptions take into consideration the probability of meeting each performance target and the discount factor.

E. Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

F. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or

future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

G. Other receivables—estimation of impairment loss

The Company estimates the impairment loss of other receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term other receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6.

H. Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2020	December 31, 2019	March 31, 2019
Cash on hand	\$ 59,226	\$ 53,189	\$ 59,361
Checking accounts and demand deposits	1,139,598	1,089,206	2,291,088
Time deposits (Note)	-	10	140
Total	<u>\$ 1,198,824</u>	<u>\$ 1,142,405</u>	<u>\$ 2,350,589</u>

Note: Time deposits are those with original maturity within three months.

Cash and cash equivalents were not pledged. Demand deposits restricted for use, time deposits pledged as collateral, and time deposits with original maturity over three months were reclassified as Current financial assets at amortized cost.

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

	March 31, 2020	December 31, 2019	March 31, 2019
Mandatorily measured at fair value through profit or loss:			
Stocks	\$ 94,523	\$ 107,047	\$ 9,387
Preferred stocks	-	-	170,546
	<u>\$ 94,523</u>	<u>\$ 107,047</u>	<u>\$ 179,933</u>
Current	\$ 94,523	\$ -	\$ 9,933
Non-current	-	107,047	170,000
Total	<u>\$ 94,523</u>	<u>\$ 107,047</u>	<u>\$ 179,933</u>

For the three-month periods ended March 31, 2020 and 2019, the Company recognized loss of NT\$9,442 thousand and NT\$422 thousand for financial assets, and the Company classifies certain financial assets into financial assets measured at fair value through profit or loss.

The Company's Board of Directors approved on December 10, 2019, to dispose the full ownership of Han Yan Global Co., Ltd. and indirectly dispose the 53.41% shareholdings and lost control, therefore the Company reclassified the 3.49% remaining shareholdings to non-current financial assets at fair value through profit or loss. The book value was NT\$100,915 thousands, the fair value was NT\$107,047 thousand, and the recognized gain on disposal of investments was NT\$6,132 thousand.

The Company acquired 17,000 thousand shares of type C preferred stocks issued by a related party accounted for using the equity method on June 22, 2015. The face value is NT\$10. The preferred stocks were issued at par for a total of NT\$170,000 thousand. The type C preferred stocks are convertible. Therefore the Company had control of Ten Win Business International Co., Ltd.; the financial assets at fair value through profit or loss acquired had been eliminated through consolidation. The financial assets at fair value through profit or loss (preferred stocks) amounted to NT\$0 thousand and NT\$170,000 thousand as of March 31, 2020 and 2019.

The terms of issue of type C preferred stocks are as follows:

- A. The issuing company will recall all outstanding type C preferred stocks with a price of actual issuing price plus unpaid dividends in the seventh year from the date of issue.
- B. The dividend rate is stated as 8%. Dividends payable for the year and accumulated unpaid dividends should be paid first once there is net profit after paying income tax, covering accumulated deficit, and setting aside legal and special reserve. Except for receiving fixed preferred stocks dividends mentioned above, preferred stocks stockholders may not participate in the distribution of profit and capital surplus for ordinary shares.
- C. Type C preferred shareholders can require the issuing company to recall the type C preferred stocks, but the issuing company has the right to decline. The issuing company should recall the type C preferred stocks with the original issuing price if it accepts the recall, but undistributed accumulated dividends will not be paid under such condition.

3.4 type C preferred stocks can be converted into one ordinary share.

- D. The issuing company of the preferred stocks approved and resolved to modify terms in the Board of Directors' meeting and the general shareholders' meeting on September 27 2018 and October 8, 2018, respectively. Undistributed accumulated dividends will be paid as the issuing company recall the preferred stocks, at the original issuing price, required by stockholders.

The Company acquired 9 thousand shares of preferred stocks B issued by Cathay Financial Holdings Co., Ltd. on August 8, 2018. The face value is NT\$10. The preferred stocks were acquired at NT\$60 per share. Cost of the investment is NT\$524 thousand.

The terms of issue of preferred stocks B are as follows:

- A. The dividend rate will be set as 7-year IRS + 【1.4025%~3.4025%】. The IRS rate will be reset every 7 years based on the average rate of TAFXIRS and COSMOS3 at 11:00am on the date which is two business days prior to the interest rate reset date. If no such rate can be obtained, the company will determine the rate based on reasonable market price with good faith.
- B. Any earnings concluded in a fiscal year shall first make up for losses of previous years, right after statutory taxation and accounting adjustments. Any surpluses are subject to provision of legal reserves and special reserves according to the regulations, and the remaining earnings shall be paid to the current year's preferred shareholders as the respective year's dividends.
- C. The company has discretion over the dividend distribution of preferred stocks B. The company may decide not to distribute dividends of preferred stocks B in the following circumstances:
- (a) There are no earnings in a fiscal year
 - (b) The earnings are insufficient to distribute dividends of preferred stocks B
 - (c) The distribution of dividends of preferred stocks B will cause the capital adequacy ratio to be lower than the regulatory requirements.
 - (d) Other considerations. The preferred shareholders can not object to the decision. The preferred stocks B are noncumulative, and the preferred shareholders do not have the right to claim any of the unpaid or omitted dividends in the future.
- D. Except the dividends prescribed in Subparagraph 1 of this Paragraph, preferred stocks B are not entitled to common shares' cash or stock dividends derived from earnings or capital reserve.
- E. The distribution priority for shareholders of preferred stocks B on the residual property of the Company is ahead of shareholders of ordinary shares and equal to the preferential order of shareholders of all preferred stocks issued by the Company, and the preferential order is only lower than general creditors. Yet the distribution shall not exceed the issuance amount

- F. Shareholders of preferred stocks B do not have the right to vote or suffrage. However, they will have the right to vote in shareholders' meetings of preferred stocks or shareholders' meetings that involve the rights and obligations of shareholders of preferred stocks.
- G. Preferred stocks B can't be converted to common shares, and preferred shareholders do not have the right to request the company to redeem preferred stocks B possessed by shareholders.
- H. The preferred stocks B have no maturity, but the company may redeem all or a partial preferred stocks anytime on the next day after seven years of issuance with the original issue price. Unredeemed preferred stocks shall continue to have the rights and obligations of issuance terms prescribed in this Article.

For the three-month periods ended March 31, 2019, the Company recognized interest income from preferred stocks in the amount of NT\$3,354 thousand.

Please refer to Note 8 for more details on financial assets at fair value through profit or loss under pledge.

(3) Financial assets measured at amortized cost

	March 31, 2020	December 31, 2019	March 31, 2019
Demand deposits restricted for use	\$ 1,094,601	\$ 981,224	\$ 190,140
Time deposits	353,871	351,743	316,629
Foreign debt instrument	-	-	98,464
Subtotal (total carrying amount)	<u>\$ 1,448,472</u>	<u>\$ 1,332,967</u>	<u>605,233</u>
Less : loss allowance	-	-	-
Total	<u><u>\$ 1,448,472</u></u>	<u><u>\$ 1,332,967</u></u>	<u><u>\$ 605,233</u></u>

The Company classified certain financial assets as financial assets at amortized cost. Please refer to Note 6 (20) for more details on loss allowance, Note 8 for more details on financial assets measured at cost under pledge, and Note 12 for more details on credit risk.

(4) Accounts receivable, net and accounts receivable due from related parties

	March 31, 2020	December 31, 2019	March 31, 2019
Accounts receivable (total carrying amount)	\$2,261,830	\$ 2,779,364	\$ 2,619,326
Less: loss allowance	(254,362)	(216,580)	(159,405)
Subtotal	<u>2,007,468</u>	<u>2,562,784</u>	<u>2,459,921</u>
Accounts receivable due from related parties	3,565	24,971	-
Less: loss allowance	-	-	-
Subtotal	<u>3,565</u>	<u>24,971</u>	<u>-</u>
Total	<u><u>\$2,011,033</u></u>	<u><u>\$ 2,587,755</u></u>	<u><u>\$ 2,459,921</u></u>

Please refer to Note 8 for more details of accounts receivable under pledge and Note 12(15) for disclosure on information of accounts receivable transferred.

Accounts receivable are generally on 30-90 day terms. Total carrying amount were NT\$2,265,395 thousand and NT\$2,619,326 thousand as of March 31, 2020 and 2019. Please refer to Note 6 (20) for more details on loss allowance of trade receivables for the three-month periods ended March 31, 2020 and 2019, and Note 12 for more details on credit risk management.

(5) Other receivables and other receivable due from related parties

	March 31, 2020	December 31, 2019	March 31, 2019
Financing	\$ 268,241	\$ 350,612	\$ 437,387
Income tax refund receivable	90,642	114,727	56,886
Interest receivable	162,957	69,315	-
Factoring of accounts receivable without recourse (to be collected from the bank)	875,810	717,553	-
Interest receivable	-	-	60,562
Other	460,362	450,937	582,654
Less: loss allowance	(286,836)	(286,316)	-
Subtotal	<u>1,571,176</u>	<u>1,416,828</u>	<u>1,137,489</u>
Accounts receivable due from related parties	80,074	34,812	-
Less: loss allowance	-	-	-
Subtotal	<u>80,074</u>	<u>34,812</u>	<u>-</u>
Total	<u>\$ 1,651,250</u>	<u>\$ 1,451,640</u>	<u>\$ 1,137,489</u>

Please refer to Note 6 (20) for more details on loss allowance of trade receivables for the three-month periods ended March 31, 2020 and 2019, and Note 12 for more details on credit risk management.

(6) Inventories

	March 31, 2020	December 31, 2019	March 31, 2019
Raw materials and supplies	\$ 729,335	\$ 536,996	\$ 1,171,052
Work in process	2,094,956	1,798,407	2,083,822
Finished goods	780,079	1,028,682	999,856
Merchandise	891,253	763,573	11,925
Total	<u>\$ 4,495,623</u>	<u>\$ 4,127,658</u>	<u>\$ 4,266,655</u>

For the three-month periods ended March 31, 2020 and 2019, the Company recognized cost of goods sold of NT\$3,478,254 thousand and NT\$2,909,265 thousand, respectively, including write-down of inventories of NT\$37,067 thousand and NT\$6,204 thousand, respectively.

The gain from inventory price recovery was due to the reversal of provision for obsolete inventory depreciation and obsolete inventory loss.

(7) Prepayments

	March 31, 2020	December 31, 2019	March 31, 2019
Prepaid rents	\$ -	\$ 3,187	\$ 14,655
Prepaid insurance	252	247	289
Prepayment for purchases	1,559,789	1,475,210	1,428,671
Prepaid sales tax	16,393	16,076	16,977
Overpaid sales tax	7,082	4,415	522
Prepaid expenses	26,520	40,465	25,317
Others	66,567	21,690	1,825
Total	<u>\$ 1,676,603</u>	<u>\$ 1,561,290</u>	<u>\$ 1,488,256</u>

(8) Non-current assets held for sale

	Land	Buildings	Total
Cost :			
As of January 1, 2020	\$ -	\$ -	\$ -
Disposals	-	-	-
As of March 31, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cost :			
As of January 1, 2019	\$ 1,452,061	\$ 110,622	\$ 1,562,683
Disposals	(60,435)	(27,502)	(87,937)
As of March 31, 2019	<u>\$ 1,391,626</u>	<u>\$ 83,120</u>	<u>\$ 1,474,746</u>

Liabilities related to non-current assets held for sale

	March 31, 2020	December 31, 2019	March 31, 2019
Deferred tax liabilities – Provision for land value increment tax	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,629</u>

Non-current assets held for sale were not pledged.

To make better use of assets and increase working capital, the Company's Board of Directors resolved to dispose of the land and building in Zhunan on August 9, 2017. The land and building were reclassified as Non-current assets held for sale according to IFRS 5 and ceased to recognize depreciation. The disposal was completed on May 7, 2018.

To integrate resource and make better use of assets, Chuwa Wool Industry Co., (Taiwan) Ltd., a subsidiary of the Company, planned to dispose of the land and building in Gongjian W. Rd., Qidu Dist., Keelung City, resolved at the special shareholder's meeting available on November 28, 2018 and at the board meeting held on December 21, 2018. A buyer is confirmed and the disposal is anticipated to be completed within a year, so the Company reclassified the investment property at carrying amount of NT\$1,474,746 thousand to non-current assets held for sale. In addition, deferred tax liabilities from provision for land value increment tax in the amount of NT\$256,629 thousand were reclassified as liabilities related to non-current assets held for sale.

The Company intended to dispose the land and building located on Sec. 2, Tiding Blvd., Neihu Dist., Taipei City and reclassified the investment property at carrying amount of NT\$87,937 thousand to non-current assets held for sale (Original account was classified as investment property in the amount of NT\$87,937 thousand). The disposal was completed on February 2018 with a loss of NT\$9,189 thousand.

(9) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Company:

Investees	March 31,2020		December 31,2019		March 31,2019	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:						
Ten Win Business International Co., Ltd.	\$ -	-	\$ -	-	\$ 50,502	30%
3Y Universal Co., Ltd	85,521	23%	85,312	23%	-	-
Total	<u>\$ 85,521</u>		<u>\$ 85,312</u>		<u>\$ 50,502</u>	

The Company acquired 23% of the voting shares of Ten Win Business International Co., Ltd, through its subsidiary Chuwa Wool Industry Co., (Taiwan) Ltd. on May 10, 2019. With the original shares of 30% held by the Company, the total shareholding reached more than half of the equity and subsidiary therefore have been controlled. The Company's investment in Ten Win Business International Co., Ltd. was not significant. The following table illustrates summarized financial information of the Company's investment in the associate:

	For the three-month periods ended March 31,2019
Loss from continuing operations	\$ (1,752)
Other comprehensive income (post-tax)	-
Total comprehensive income	<u>\$ (1,752)</u>

The Company acquired 23% of the voting shares of 3Y Universal Co., Ltd, through its subsidiary JD United (BVI) Limited on 31 October 2019. The acquisition consideration was NT\$84,544 thousand. The Company's investment in 3Y Universal Co., Ltd was not significant. The following table illustrates summarized financial information of the Company's investment in the associate:

	For the three-month periods ended March 31,2020
Loss from continuing operations	\$ (499)
Other comprehensive income (post-tax)	-
Total comprehensive income	<u>\$ (499)</u>

The associate accounted for using the equity method are not recognized from financial statements reviews by accountants.

(10) Property, plant and equipment

	March 31, 2020	December 31, 2019	March 31, 2019
Owner occupied property, plant and equipment	\$ 3,889,878	\$ 3,587,723	\$ 3,084,684
Operating rental property, plant and equipment	71	75	-
Total	\$ 3,889,949	\$ 3,587,798	\$ 3,084,684

	Land	Buildings and structures	Machinery and equipment	Office and other equipment	Transportation equipment	Construction in progress	Total
Cost:							
As of January 1, 2020	\$ 931,685	\$ 753,892	\$2,785,155	\$1,628,858	\$ 62,193	\$ 136,328	\$6,298,111
Additions	-	-	314,803	4,597	588	166,892	486,880
Disposals	-	-	(63,694)	(2,970)	-	(9,767)	(76,431)
Transfers	-	-	4,673	815	-	(37,392)	(31,904)
Exchange differences	1,306	3,854	19,797	5,326	143	999	31,425
As of March 31, 2020	<u>\$ 932,991</u>	<u>\$ 757,746</u>	<u>\$3,060,734</u>	<u>\$1,636,626</u>	<u>\$ 62,924</u>	<u>\$ 257,060</u>	<u>\$6,708,081</u>

Depreciation and impairment:							
As of January 1, 2020	\$ 9,962	\$ 375,619	\$1,479,018	\$ 795,703	\$ 50,011	-	\$2,710,313
Depreciation	-	10,654	64,224	34,411	664	-	109,953
Disposals	-	-	(20,910)	(1,637)	-	-	(22,547)
Exchange differences	-	2,245	13,083	4,533	552	-	20,413
As of March 31, 2020	<u>\$ 9,962</u>	<u>\$ 388,518</u>	<u>\$1,535,415</u>	<u>\$ 833,010</u>	<u>\$ 51,227</u>	<u>\$ -</u>	<u>\$2,818,132</u>

Net carrying amount as of:							
March 31, 2020	<u>\$ 923,029</u>	<u>\$ 369,228</u>	<u>\$1,525,319</u>	<u>\$ 803,616</u>	<u>\$ 11,697</u>	<u>\$ 257,060</u>	<u>\$3,889,949</u>

	Land	Buildings and structures	Machinery and equipment	Office and other equipment	Transportation equipment	Construction in progress	Total
Cost:							
As of January 1, 2019	\$ 260,478	\$ 731,719	\$2,798,746	\$1,620,873	\$ 65,104	\$ 177,280	\$5,654,200
Additions	-	4,306	16,791	7,793	922	2,661	32,473
Disposals	-	-	(13,315)	(9,519)	(1,235)	(2,064)	(26,133)
Transfers	-	-	(104,327)	-	-	-	(104,327)
Exchange differences	523	2,173	17,640	12,497	585	1,414	34,832
As of March 31, 2019	<u>\$ 261,001</u>	<u>\$ 738,198</u>	<u>\$2,715,535</u>	<u>\$1,631,644</u>	<u>\$ 65,376</u>	<u>\$ 179,291</u>	<u>\$5,591,045</u>

Depreciation and impairment:							
As of January 1, 2019	\$ 9,962	\$ 345,790	\$1,367,542	\$ 648,032	\$ 47,634	-	\$2,418,960
Depreciation	-	9,831	51,638	35,906	1,586	-	98,961
Disposals	-	-	(2,440)	(7,321)	(1,018)	-	(10,779)
Transfers	-	-	(16,204)	-	-	-	(16,204)
Exchange differences	-	1,223	7,277	6,473	450	-	15,423
As of March 31, 2019	<u>\$ 9,962</u>	<u>\$ 356,844</u>	<u>\$1,407,813</u>	<u>\$ 683,090</u>	<u>\$ 48,652</u>	<u>\$ -</u>	<u>\$2,506,361</u>

Net carrying amount as of:							
March 31, 2019	<u>\$ 251,039</u>	<u>\$ 381,354</u>	<u>\$1,307,722</u>	<u>\$ 948,554</u>	<u>\$ 16,724</u>	<u>\$ 179,291</u>	<u>\$3,084,684</u>

Components of buildings of the Company are mainly buildings and decoration, which are depreciated over 20 - 50 years and 1 - 8 years, respectively, depending on their useful lives.

There were no unrecognized impairment loss or gain on reversal of impairment loss for the three-month periods ended March 31, 2020 and 2019, respectively. Accumulated impairment amounted to NT\$31,000 thousand as of March 31, 2020, December 31, 2019 and March 31, 2019.

The value of the land the Company owned in Cambodia amounted to US\$1,370,000 as of March 31, 2020, December 31, 2019 and March 31, 2019. The land could not be registered

in the name of Roo Hsing Garment Co., Ltd. (Cambodia) yet because of local regulations in Cambodia, and was temporarily registered in the names of Jin-Cheng, Gan and Hsing-Hung, Chen. Both parties entered into a land trust agreement in 2007, specifying rights and obligations of both parties.

Please refer to Note 8 for more details on property, plant and equipment pledged.

(11) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
As of January 1, 2020	\$ -	\$ -	\$ -
Additions	-	-	-
As of March 31, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
As of January 1, 2019	\$ 101,224	\$ 20,352	\$ 121,576
Additions	-	-	-
As of March 31, 2019	<u>\$ 101,224</u>	<u>\$ 20,352</u>	<u>\$ 121,576</u>
Depreciation and impairment:			
As of January 1, 2020	\$ -	\$ -	\$ -
Depreciation	-	-	-
As of March 31, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
As of January 1, 2019	\$ 4,276	\$ 8,162	\$ 12,438
Depreciation	-	183	183
As of March 31, 2019	<u>\$ 4,276</u>	<u>\$ 8,345</u>	<u>\$ 12,621</u>
Net carrying amount as of:			
March 31, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
March 31, 2019	<u>\$ 96,948</u>	<u>\$ 12,007</u>	<u>\$ 108,955</u>

	<u>For the three-month periods ended March 31, 2019</u>
Rental income from Investment property	\$ 2,414
Less: Direct operating expenses from investment property generating rental income	(857)
Direct operating expenses from investment property not generating rental income	(1,240)
Total	<u>\$ 317</u>

Investment property were not pledged.

Investment properties held by the Company are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3. The fair value of investment properties less those disposed of and reclassified as Non-current assets held for sale is NT\$109,739 thousand as of February 28, 2018, an amount close to the carrying amount as of December 31, 2018. The fair value

has been determined based on valuations performed by an independent valuer. The valuation method used is the income approach, and the inputs used are discount rates and growth rates:

	March 31, 2020	December 31, 2019	March 31, 2019
Capitalisation rate	-	0.97%~1.43%	0.97%~1.43%

(12) Intangible assets

	Computer software	Trademark	Customer Relationship	Goodwill (including human recourses)	Total
Cost:					
As of January 1, 2020	\$ 219,652	\$ 1,997	\$2,264,245	\$5,743,424	\$8,229,318
Additions	943	-	-	-	943
Exchange differences	329	17	-	(16,790)	(16,444)
As of March 31, 2020	<u>\$ 220,924</u>	<u>\$ 2,014</u>	<u>\$2,264,245</u>	<u>\$5,726,634</u>	<u>\$8,213,817</u>
As of January 1, 2019	\$ 26,620	\$ -	\$2,264,245	\$6,083,007	\$8,373,872
Additions	2,799	-	-	-	2,799
Adjustment of contingent consideration (Note)	-	-	-	(1,369,960)	(1,369,960)
Exchange differences	371	-	-	-	371
As of March 31, 2019	<u>\$ 29,790</u>	<u>\$ -</u>	<u>\$2,264,245</u>	<u>\$4,713,047</u>	<u>\$7,007,082</u>
Amortization and impairment:					
As of January 1, 2020	\$ 28,819	\$ 1,694	\$ 547,193	\$2,128,893	\$2,706,599
Amortization	5,454	50	56,606	-	62,110
Exchange differences	(885)	14	-	(25,381)	(26,252)
As of March 31, 2020	<u>\$ 33,388</u>	<u>\$ 1,758</u>	<u>\$ 603,799</u>	<u>\$2,103,512</u>	<u>\$2,742,457</u>
As of January 1, 2019 (After restatement)	\$ 15,748	\$ -	\$ 320,768	\$1,128,200	\$1,464,716
Amortization	245	-	56,606	-	56,851
Exchange differences	128	-	-	-	128
As of March 31, 2019 (After restatement)	<u>\$ 16,121</u>	<u>\$ -</u>	<u>\$ 377,374</u>	<u>\$1,128,200</u>	<u>\$1,521,695</u>
Net carrying amount as of					
March 31, 2020	<u>\$ 187,536</u>	<u>\$ 256</u>	<u>\$1,660,446</u>	<u>\$3,623,122</u>	<u>\$5,471,360</u>
December 31, 2019	<u>\$ 190,833</u>	<u>\$ 303</u>	<u>\$1,717,052</u>	<u>\$3,614,531</u>	<u>\$5,522,719</u>
March 31, 2019 (After restatement)	<u>\$ 13,669</u>	<u>\$ -</u>	<u>\$1,886,871</u>	<u>\$3,584,847</u>	<u>\$5,485,387</u>

Note: Please refer to Note 6 (27) for more details on adjustment of contingent consideration.

Amortization expense of intangible assets under the statement of comprehensive income:

	For the three-month periods ended March 31	
	2020	2019
Operating expenses	<u>\$ 62,110</u>	<u>\$ 56,851</u>

(13) Impairment testing of goodwill

The Company does not hold intangible assets with indefinite useful lives. Goodwill acquired through business combinations has been allocated to each cash-generating unit (CGU) expected to benefit from synergies of business combinations. The Company tests the recoverable amount of goodwill for impairment as of the last day of every fiscal year, calculating recoverable amount from value in use. The value in use is determined based on cash flow projections discounted by the post-tax discount rate from financial budgets approved by management covering a thirteen-year period. The projected cash flows reflect change in demand for products. The Company evaluated the impairment for the recoverable amount of goodwill as of December 31, 2018. Cumulative impairment loss recognized for the years ended December 31, 2019 is NT\$1,102,820 thousand.

Even though the Company's Board of Directors approved on February 12, 2019 to execute the share purchase agreement which were signed by the Company and Nanjing USA, Inc. However, the sales profits and cash inflows of the original order still belonged to the original business unit. The existing production capacity of the Company was based on the processing services provided by existing suppliers. Whether the share purchase transaction was completed or not does not affect the business relationship between the Company and Nanjing USA, Inc. Therefore, the Company included the sales orders of Nanjing USA, Inc. while preparing the financial forecast as the basis for the goodwill impairment assessment, however, according to Letter Financial-Supervisory-Securities-Auditing No.1080314371 issued by the Financial Supervisory Commission R.O.C. (Taiwan) and the follow-up letters, the benefits of acquiring Nanjing USA, Inc. could not be included in the assessment of goodwill impairment. Therefore the Company excluded the effects from the evaluation of the goodwill impairment assessment as 2018, and recognized the impairment loss on non-financial assets in the amount of NT\$1,102,819 thousand.

Nanjing USA Inc. is an important jeans supplier of Walmart in the United States. It is constantly looking for a production base outside China to avoid the possible impact from the China–United States trade war. Therefore, it is necessary and reasonable that Nanjing USA Inc. and the Company negotiated business transactions. The Company has planned and made strategic adjustment of new sales channels in its business policy, therefore the best arrangement according to the Company's business strategy is to add new orders from Nanjing USA Inc. and reducing orders from other customers.

Recognizing the impairment loss on goodwill – intangible assets that was mentioned above was due to the different revenue assumptions while making the goodwill impairment assessment forecast. It does not affect the Company's production capacity arrangement and the plan to transfer sales order to avoid the possible impact on Nanjing USA Inc. as a result of the China–United States trade war.

(14) Short-term loans

	Interest Rate (%)	March 31, 2020	December 31, 2019	March 31, 2019
Unsecured bank loans	1.70~3.49	\$1,150,105	\$1,103,203	\$575,165
Secured bank loans	2.00~6.00	5,255,449	5,436,872	5,082,604
Letter of credit	1.14~5.90	709,795	512,029	533,765
Lease finance company loans	3.32	12,673	31,553	-
Total		<u>\$7,128,022</u>	<u>\$7,083,657</u>	<u>\$6,191,534</u>

The Company's unused short-term lines of credits amounted to NT\$1,813,846 thousand, NT\$2,197,881 thousand and NT\$2,281,854 thousand as of March 31, 2020, December 31, 2019 and March 31, 2019, respectively.

Please refer to Note 8 for more details on financial assets at amortized cost, accounts receivable, right-of-use assets (land use rights), property, plant and equipment, financial assets at fair value through profit or loss, pledged as security for secured bank and finance company loans.

(15) Long-term loans

Details of long-term loans as of March 31, 2020, December 31, 2019 and March 31, 2019 are as follows:

Lenders	March 31, 2020	Interest Rate (%)	Maturity date and terms of repayment
Chailease Finance Co., Ltd. Secured borrowings	\$ 13,250	2.45	Repayable monthly from September 28, 2018 to September 28, 2020. Interest paid monthly.
Chailease Finance Co., Ltd. Secured borrowings	15,600	2.45	Repayable monthly from October 31, 2018 to October 31, 2020. Interest paid monthly.
HSBC Secured borrowings denominated in a foreign currency (US\$3,885 thousand)	117,448	4.13	Repayable monthly from September 5, 2018 to September 5, 2021. Interest paid monthly.
HSBC Secured borrowings denominated in a foreign currency (US\$4,500 thousand)	136,035	4.00	Repayable monthly from May 9, 2017 to May 9, 2022. Interest paid monthly.
Toyoshima And Co., Ltd. Secured borrowings denominated in a foreign currency (US\$210 thousand)	6,348	2.00	Repayable biannually from October 14, 2015 to September 30, 2022. Interest paid biannually.
Subtotal	288,681		
Less: current portion	(166,664)		
Total	\$ 122,017		

Lenders	December 31, 2019	Interest Rate (%)	Maturity date and terms of repayment
Chailease Finance Co., Ltd. Secured borrowings	\$20,300	2.45	Repayable monthly from September 28, 2018 to September 28, 2020. Interest paid monthly.
Chailease Finance Co., Ltd. Secured borrowings	22,650	2.45	Repayable monthly from October 31, 2018 to October 31, 2020. Interest paid monthly.
Chailease Finance Co., Ltd. Unsecured borrowings denominated in a foreign currency (US\$120 thousand)	3,598	3.76	Repayable monthly from February 28, 2018 to February 29, 2020. Interest paid monthly.
HSBC Secured borrowings denominated in a foreign currency (US\$4,528 thousand)	135,758	4.86	Repayable monthly from September 9, 2018 to September 5, 2021. Interest paid monthly.
HSBC Secured borrowings denominated in a foreign currency (US\$5,002 thousand)	149,965	3.50	Repayable monthly from May 9, 2017 to May 9, 2022. Interest paid monthly.

Lenders	December 31, 2019	Interest Rate (%)	Maturity date and terms of repayment
Toyoshima And Co., Ltd. Secured borrowings denominated in a foreign currency (US\$210 thousand)	6,296	2.00	Repayable biannually from October 14, 2015 to September 30, 2022. Interest paid biannually.
Subtotal	338,567		
Less: current portion	(182,305)		
Total	\$156,262		

Lenders	March 31, 2019	Interest Rate (%)	Maturity date and terms of repayment
Chailease Finance Co., Ltd. Secured borrowings	\$41,450	2.45	Repayable monthly from September 28, 2018 to September 28, 2020. Interest paid monthly.
Chailease Finance Co., Ltd. Secured borrowings	43,800	2.45	Repayable monthly from October 31, 2018 to October 31, 2020. Interest paid monthly.
Chailease Finance Co., Ltd. Unsecured borrowings denominated in a foreign currency (US\$660 thousand)	20,341	4.49	Repayable monthly from February 28, 2018 to February 29, 2020. Interest paid monthly.
Taichung Bank Leasing Corporation Limited Unsecured borrowings denominated in a foreign currency (US\$83 thousand)	2,569	7.06	Repayable bimonthly from May 5, 2017 to May 5, 2019. Interest paid monthly.
HSBC Secured borrowings denominated in a foreign currency (US\$843 thousand)	25,981	4.79	Repayable quarterly from September 25, 2014 to September 30, 2019. Interest paid monthly.
HSBC Secured borrowings denominated in a foreign currency (US\$640 thousand)	19,725	4.29	Repayable quarterly from November 3, 2014 to November 4, 2019. Interest paid monthly.
HSBC Secured borrowings denominated in a foreign currency (US\$6,324 thousand)	194,902	3.50	Repayable monthly from September 5, 2018 to September 5, 2021. Interest paid monthly.
HSBC Secured borrowings denominated in a foreign currency (US\$1,800 thousand)	55,476	4.86	Repayable monthly from November 25, 2016 to September 25, 2019. Interest paid monthly.
HSBC Secured borrowings denominated in a foreign currency (US\$6,500 thousand)	200,330	3.34	Repayable quarterly from May 9, 2017 to May 9, 2022. Interest paid monthly.
Toyoshima And Co., Ltd. Secured borrowings denominated in a foreign currency (US\$245 thousand)	7,551	2.00	Repayable biannually from October 14, 2015 to September 30, 2022. Interest paid biannually.
Subtotal	612,125		
Less: current portion	(300,732)		
Total	\$311,393		

Please refer to Note 8 for more details on financial assets measured at cost, part of property, plant and equipment, and prepayments for business facilities pledged as security for secured bank and finance company loans.

(16) Non-current preferred stock liabilities

	March 31, 2020	December 31, 2019	March 31, 2019
Type A preferred stock	\$ -	\$ 30,000	\$ -
Type B preferred stock	31,000	31,000	-
Type C preferred stock	20,400	34,260	-
Subtotal	51,400	95,260	-
Less : preferred stock discount - type B preferred stock	(1,625)	(1,841)	-
	<u>\$ 49,775</u>	<u>\$ 93,419</u>	<u>\$ -</u>

The convertible preferred stocks issued by the Company cannot be exempted from the obligation to pay in cash or financial assets to the holders; therefore, the conversion options for the convertible preferred stocks are separated from the main debt in accordance with the regulations and are separately recognized as equity and liabilities. The main debt is in the amount of the fair value measured at the issuance date; the equity composition is the balance that the original issuance price subtracts the fair value of the components of the liability and is recorded in the capital surplus.

The Company issued 3,000 thousand shares of type A preferred stocks on February 17, 2014. The face value is NT\$10. The preferred stocks were issued at par for a total of NT\$30,000 thousand. The type A preferred stocks are convertible. Of which 3000 shares were converted into ordinary shares in February 2020.

The terms of issuance of type A preferred stocks are as follows:

- A. The Company will recall all outstanding type A preferred stocks with a price of actual issuance price plus the unpaid dividends and the dividends which should be distributed for the current year ended recall date in the seventh year from the date of issuance, per Company Act.
- B. The annual rate is stated as 8%. Dividends payable for the year and accumulated undistributed dividends should be paid first once there are earnings after paying income tax, offsetting accumulated deficit, and setting aside legal and special reserve. Except for receiving fixed preferred stocks dividends mentioned before, preferred stocks shareholders may not participate in the distribution of profit and capital surplus for capital increase.
- C. Type A preferred stocks shareholders can request the Company to recall the type A preferred stocks before due, but the Company has the right to decline. If the Company accepts, the Company should recall preferred stocks at the original issuance price but accumulated and insufficient undistributed dividends will not be distributed under such condition. Every 3.4 shares of Type A preferred stocks can be converted into 1 ordinary share during the issuance period.
- D. On September 27, 2018 and October 8, 2018, the Company's Board of Directors' meeting and the general shareholders' meeting approved and resolved the modification of terms of Type A issuance in C. If the Company accepts the shareholder's requests to recall Type A preferred stock at original issuance price, accumulated and

insufficient undistributed dividends will not be distributed under such condition.

The Company issued 8,000 thousand shares of type B preferred stocks on January 9, 2015. The face value is NT\$10. The preferred stocks were issued at par for a total of NT\$80,000 thousand, of which NT\$49,000 thousand had been eliminated when preparing the consolidated statement. The type B preferred stocks are convertible.

The terms of issuance of type B preferred stocks are as follows:

- A. The Company will recall all outstanding type B preferred stocks with a price of actual issuance price plus the unpaid dividends and the dividends which should be distributed for the current year ended recall date in the seventh year from the date of issuance, per Company Act.
- B. The annual rate is stated as 2%. Dividends payable for the year and accumulated undistributed dividends should be paid first once there are earnings after paying income tax, offsetting accumulated deficit, and setting aside legal and special reserve. Except for receiving fixed preferred stocks dividends mentioned before, preferred shareholders may not participate in the distribution of profit and capital surplus for capital increase.
- C. Type B preferred stocks shareholders can request the Company to recall the type B preferred stocks before due, but the Company has the right to decline. If the Company accepts, the Company should recall preferred stocks at the original issuance price but accumulated and insufficient undistributed dividends will not be distributed under such condition. Every 3.4 shares of Type B preferred stocks can be converted into 1 ordinary share during the issuance period.
- D. On September 27, 2018 and October 8, 2018, the Company's Board of Directors' meeting and the general shareholders' meeting approved and resolved the modification of terms of Type B issuance in C. If the Company accepts the shareholder's requests to recall Type B preferred stock at original issuance price, accumulated and insufficient undistributed dividends will not be distributed under such condition.

The Company issued 17,000 thousand shares, 510 thousand shares and 2,916 thousand shares of type C preferred stocks on May 19, 2015, June 25, 2015 and September 15, 2015, respectively. The face value is NT\$10. The preferred stocks were issued at par for a total of NT\$204,260 thousand, of which NT\$170,000 thousand had been eliminated when preparing the consolidated statement. The type C preferred stocks are convertible. Of which 1,386 shares were converted into ordinary shares in February 2020

The terms of issuance of type C preferred stocks are as follows:

- A. The Company will recall all outstanding type C preferred stocks with a price of actual issuance price plus the unpaid dividends and the dividends which should be distributed for the current year ended recall date in the seventh year from the date of issuance, per Company Act.

- B. The annual rate is stated as 8%. Dividends payable for the year and accumulated undistributed dividends should be paid first once there are earnings after paying income tax, offsetting accumulated deficit, and setting aside legal and special reserve. Except for receiving fixed preferred stocks dividends mentioned before, preferred stocks shareholders may not participate in the distribution of profit and capital surplus for capital increase.
- C. Type C preferred stocks shareholders can request the Company to recall the type C preferred stocks before due, but the Company has the right to decline. If the Company accepts, the Company should recall preferred stocks at the original issuance price but accumulated and insufficient undistributed dividends will not be distributed under such condition. Every 3.4 shares of Type C preferred stocks can be converted into 1 ordinary share during the issuance period.
- D. On September 27, 2018 and October 8, 2018, the Company's Board of Directors' meeting and the general shareholders' meeting approved and resolved the modification of terms of Type C issuance in C. If the Company accepts the shareholder's requests to recall Type C preferred stocks at original issuance price, accumulated and insufficient undistributed dividends will not be distributed under such condition.

(17) Post-employment benefits defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, and the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employee's monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the three-month periods ended March 31, 2020 and 2019 are NT\$7,082 thousand and NT\$16,758 thousand, respectively.

Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last six months of the service year. Under the Labor standards Act, The Company contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Since this retirement reserve is completely separate from the Company, it is not included in the financial statements.

Expenses under the defined benefits plan for the three-month periods ended March 31, 2020 and 2019 are NT\$5,710 thousand and NT\$0 thousand, respectively.

(18) Equities

A. Ordinary share

The Company's authorized capital was NT\$9,900,000 thousand as of March 31, 2020, December 31, 2019 and March 31, 2019. The Company's issued capital was NT\$9,034,349 thousand as of March 31, 2020, December 31, 2019 and March 31, 2019, respectively. Each at a per value of NT\$10. The company has issued 903,435 thousand ordinary shares as of March 31, 2020, December 31, 2018 and March 31, 2018, respectively. Each share has one voting right and a right to receive dividends.

B. Capital surplus

According to the Company Act, the capital reserve shall not be used except for marking good the deficit of the company. When a company incurs no loss, it may distribute the capital surplus reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Treasury shares

Resolved by the Company's Board of Directors on May 11, 2018, the Company planned to buy back 30,000 thousand shares and transferred them to employees from May 11, 2018 to July 9, 2018. The number and amount of shares actually bought back were 29,701 thousand shares and NT\$443,958 thousand, respectively. The shares were transferred to employees in three years from the date of the buyback.

Resolved by the Company's Board of Directors on July 20, 2018, the Company planned to buy back 20,000 thousand shares and transferred them to employees from July 23, 2018 to September 20, 2018. The number and amount of shares actually bought back were 20,000 thousand shares and NT\$281,017 thousand. The shares were transferred to employees in three years from the date of the buyback.

Resolved by the Company's Board of Directors on August 10, 2018, the Company transferred 224 thousand shares of treasury shares to employees. Transfer price was NT\$15.15 per share. Closing price on the date before the date of the Board of Directors' meeting was NT\$14.25. Actual share option was 224 thousand shares. Expenses recognized for share-based payment plans were NT\$0 thousand.

As of March 31, 2020, December 31, 2019 and March 31, 2019, the treasury shares held by the Company were NT\$1,410,547 thousand respectively, and the number of treasury shares held by the Company were 83,388 thousand ordinary shares respectively.

D. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- (a) Payment of all taxes and dues;
- (b) Offset prior years operation losses;
- (c) Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
- (d) Set aside or reverse special reserve in accordance with law and regulations; and
- (e) The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholder's meeting.

The dividend policy of the Company shall be determined pursuant to factors such as the investment environment, its funding requirements, domestic and overseas competitive landscape and its capital expenditure forecast, as well as stockholders' interest, balancing dividends and the Company's long-term financial planning. The Board of Directors shall propose the distribution plan and submit it to the stockholders' meeting every year. Cash dividends shall not exceed 50% of total dividends.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the amount of capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

The Board of Directors' meeting and general shareholders' meeting approved and resolved the appropriation of profit or loss on April 30, 2020 and May 24, 2019, respectively. Retained earnings were not distributed because the Company were at an accumulative loss.

Please refer to Note 6(21) for more details of employees' compensation and remuneration to directors and supervisors.

E. Non-controlling interests

	For the three-month periods ended March 31	
	2020	2019
Beginning balance	\$515,219	\$1,270,819
Increase capital from subsidiaries and others	37,121	-
Loss attributable to non-controlling interests	16,477	(8,161)
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of foreign operations	3,283	26
Ending balance	<u>\$ 572,100</u>	<u>\$1,262,684</u>

(19) Operating revenue

	For the three-month periods ended March 31	
	2020	2019
Revenue from contracts with customers		
Sale of goods	\$3,208,280	\$3,019,277
Processing revenue	595,893	255,841
Washing revenue	41,726	14,730
Other operating revenues	4,473	1,582
Rent revenue	859	2,414
Total	<u>\$3,851,231</u>	<u>\$3,293,844</u>

Analysis of revenue from contracts with customers during the year is as follows:

A. Disaggregation of revenue

	For the three-month periods ended March 31, 2020			
	Trade marketing Department	Production and Sales Department	Lease Department	Total
Sale of goods (Note)	\$1,119,636	\$2,093,118	\$ -	\$3,212,754
Rendering of services	-	637,619	-	637,619
Rent revenue	-	-	858	858
Total	<u>\$1,119,636</u>	<u>\$2,730,737</u>	<u>\$ 858</u>	<u>\$3,851,231</u>

Timing of revenue recognition:				
At a point in time	\$1,119,636	\$2,730,737	\$ -	\$3,850,373
Over time	-	-	858	858
Total	<u>\$1,119,636</u>	<u>\$2,730,737</u>	<u>\$ 858</u>	<u>\$3,851,231</u>

	For the three-month periods ended March 31, 2019			
	Trade marketing Department	Production and Sales Department	Lease Department	Total
Sale of goods (Note)	\$ -	\$3,020,859	\$ -	\$3,020,859
Rendering of services	-	270,571	-	270,571
Rent revenue	-	-	2,414	2,414
Total	<u>\$ -</u>	<u>\$3,291,430</u>	<u>\$ 2,414</u>	<u>\$3,293,844</u>

Timing of revenue recognition:				
At a point in time	\$ -	\$3,291,430	\$ -	\$3,291,430
Over time	-	-	2,414	2,414
Total	<u>\$ -</u>	<u>\$3,291,430</u>	<u>\$ 2,414</u>	<u>\$3,293,844</u>

Note: Sale of goods includes revenue from sale of goods and revenue from sale of samples recognized as other operating revenues.

B. Contract balances

Contract liabilities – current

	March 31, 2020	December 31, 2019	March 31, 2019
Sales of goods	<u>\$2,260</u>	<u>\$4,856</u>	<u>\$4,910</u>

A description of the significant changes in the contract liabilities for the Company for the years ended March 31, 2020 and 2019 are as follows:

	For the three-month periods ended March 31	
	2020	2019
The opening balance transferred to revenue	\$ (1,600)	\$ (383)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	(996)	3,357

C. Transaction price allocated to unfulfilled performance obligations

The transaction price of the Company's performance obligations not yet satisfied (including partially unmet) totaled NT\$2,260 thousand as of March 31, 2020. It is expected that approximately 100% will be transferred to revenue in 2020.

The transaction price of the Company's performance obligations not yet satisfied (including partially unmet) totaled NT\$4,910 thousand as of March 31, 2019. It is expected that approximately 95% will be transferred to revenue in 2019 and the rest will be transferred to revenue in 2020.

D. Assets recognized from costs to fulfill a contract : None.

(20) Expected credit loss (gain)

	For the three-month periods ended March 31	
	2020	2019
Operating expenses – Expected credit loss / (gain)		
Accounts receivable	<u>\$ 38,584</u>	<u>\$ 589</u>

Please refer to Note 12 for more details on credit risk.

The credit risk for the Company's financial assets measured at amortized cost are assessed as low as of March 31, 2020, December 31, 2019 and March 31, 2019 (the same as the assessment result in the beginning of the period). In addition, counterparties of the Company are financial institutions with sound credit such as banks. Therefore, the loss allowance is measured at an amount equal to 12-month expected credit loss (loss ratio of 0%). The amount of the loss is NT\$0 thousand.

The Company measures the loss allowance of its trade receivables (including notes receivable and accounts receivables) at an amount equal to lifetime expected credit loss. The assessment of the Company's loss allowance as of March 31,2020, December 31, 2019 and March 31,2019 are as follows:

The Company considers the grouping of trade receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. Details are as follows:

	March 31,2020				
	Overdue				Total
	Not yet due	0-90 days	91-180 days	Over 181 days	
Gross carrying amount	\$1,638,289	\$152,247	\$55,571	\$419,288	\$2,265,395
Loss ratio	-	-	-	50%~100%	
Lifetime expected credit loss	-	-	-	(254,362)	(254,362)
Carrying amount	\$1,638,289	\$152,247	\$55,571	\$164,926	\$2,011,033

	December 31, 2019				
	Overdue				Total
	Not yet due	0-90 days	91-180 days	Over 181 days	
Gross carrying amount	\$2,140,872	\$127,386	\$88,606	\$447,471	\$2,804,335
Loss ratio	-	-	-	50%~100%	
Lifetime expected credit loss	-	-	-	(216,580)	(216,580)
Carrying amount	\$2,140,872	\$127,386	\$88,606	\$230,891	\$2,587,755

	March 31,2019				
	Overdue				Total
	Not yet due	0-90 days	91-180 days	Over 181 days (Note)	
Gross carrying amount	\$1,713,748	\$393,719	\$204,282	\$307,577	\$2,619,326
Loss ratio	1%	-	-	50%~100%	
Lifetime expected credit loss	(58)	-	-	(159,347)	(159,405)
Carrying amount	\$1,713,690	\$393,719	\$204,282	\$148,230	\$2,459,921

Note : The Company's accounts receivables over 360 days overdue are recognized in full as provision for impairment because possibility of collection is considered low.

The Company also measures the loss allowance of its other receivables by lifetime expected credit loss. The other receivables of the Company amounted to NT\$1,858,012 thousand and NT\$1,137,489 as of for the three-month periods ended March 31,2020 and 2019. Considering the counterparty's credit situation, the loss allowances of NT\$286,836 thousand and NT\$0 had been accrued, respectively, and the rest had no significant credit risk.

The movement in the provision for impairment of accounts receivable and other receivables during for the three-month periods ended March 31,2020 and 2019 are as follows:

	Accounts receivable	Other receivables
Beginning balance as of January 1, 2020	\$216,580	\$286,316
Addition/(reversal) for the current period	38,584	-
Exchange differences	(802)	520
Ending balance as of March 31, 2020	<u>\$254,362</u>	<u>\$286,836</u>
Beginning balance as of January 1, 2019	\$155,167	\$ -
Addition/(reversal) for the current period	589	-
Exchange differences	3,649	-
Ending balance as of March 31, 2019	<u>\$159,405</u>	<u>\$ -</u>

(21) Leases

A. The Company as a lessee

The Company leases various properties, including real estate such as land and buildings, machinery and equipment, transportation equipment, and office and other equipment. The lease terms range from 1 year to 15 years.

The Company's leases effect on the financial position, financial performance and cash flows are as follow:

(a) Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	March 31, 2020	December 31, 2019	March 31, 2019
Land	\$ 19,915	\$ 20,337	\$ 5,067
Land use rights	38,997	38,856	9,318
Buildings and structures	638,131	678,578	531,175
Machinery and equipment	75,042	74,421	111,213
Transportation equipment	2,730	2,649	35,533
Office equipment	173	197	406
Other equipment	23,758	24,330	27,381
Total	<u>\$ 798,746</u>	<u>\$ 839,368</u>	<u>\$ 720,093</u>

The Company added NT\$1,046 thousand of the right-of-use assets for the three-month periods ended March 31, 2020.

ii. Lease liabilities

	March 31, 2020	December 31, 2019	March 31, 2019
Current	\$168,957	\$176,751	\$247,293
Non-current	559,970	584,983	462,055
Total	<u>\$728,927</u>	<u>\$761,734</u>	<u>\$709,348</u>

Please refer to Note 6 (23) C. for the interest on lease liabilities recognized during three-month periods ended March 31, 2020 and refer to Note 12 the maturity analysis for lease liabilities as at March 31, 2019.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the three-month periods ended March 31	
	2020	2019
Land	\$ 592	\$ 147
Land use rights	52	65
Buildings and structures	44,419	46,764
Machinery and equipment	2,476	3,628
Transportation equipment	971	2,157
Office equipment	24	32
Other equipment	775	790
Total	<u>\$ 49,309</u>	<u>\$ 53,583</u>

(c) Income and costs related to leasing activities

	For the three-month periods ended March 31	
	2020	2019
The expenses relating to short-term leases	<u>\$10,491</u>	<u>\$3,892</u>

(d) Cash outflow related to leasing activities

During the three-month periods ended March 31, 2020 and 2019, the Company's total cash outflows for leases amounted are NT\$78,352 thousand and NT\$79,838 thousand, respectively.

(e) Other information related to leasing activities

Extension and termination options

Some of the Company's property rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Company has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group. After the commencement date, the Company reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

B. The Company as a lessor (applicable to the disclosure requirement under IFRS 16)

Please refer to Note 6 (11) for details on the Company's owned properties and properties held by the Company as right-of-use assets. Leases of owned properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the three-month periods ended March 31	
	2020	2019
Lease income recognized by operating lease		
Related income from fixed lease payments	\$859	\$2,414

(22) Summary statement of employee benefits, depreciation and amortization expense by function

Nature	Features	For the three-month periods ended March 31					
		2020			2019		
		Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expenses							
Salaries		\$865,734	\$142,207	\$1,007,941	\$556,692	\$147,946	\$704,638
Labor and health insurance		21,320	22,479	43,799	21,505	6,752	28,257
Pension		2,532	10,260	12,792	1,991	14,767	16,758
Director's emoluments		-	2,764	2,764	-	2,886	2,886
Other employee benefits expenses		22,020	4,062	26,082	16,898	2,810	19,708
Depreciation		150,206	13,800	164,006	141,439	11,288	152,727
Amortization		213	61,897	62,110	-	56,851	56,851

According to the Company's Articles of Incorporation, no lower than 5% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors and supervisors. However, accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the Taiwan Stock Exchange Corporation ("TWSE").

The Company incurred net loss as of the year ended December 31, 2019, so the Company was not required to estimate employee bonuses and remuneration to directors. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, the difference will be recognized as an adjustment to income of next year.

The Board of Directors resolved not to distribute employee bonuses and remuneration to directors on April 30, 2020. There was no difference between the actual amount of employee bonuses and remuneration to directors and the amount recognized as expenses on the financial report for the year ended 31 December 2019.

(23) Non-operating income and expenses

A. Other income

	For the three-month periods ended March 31	
	2020	2019
Rental income	\$ 34	\$ 86
Interest income		
Bank savings	1,913	10,703
Financial assets at fair value through profit or loss	-	3,354
Financial assets measured at amortized cost	-	123
Subtotal	1,913	14,180
Others (Note)	38,546	261,057
Government grant income	-	317
Total	\$ 40,493	\$ 275,640

Note: Other income recognized by the Company from January 1 to March 31, 2019 in the amount of NT\$231,670 thousand arose from the abandonment of the right of contingent consideration. Please refer to Note 6 (27).

B. Other gains and losses

	For the three-month periods ended March 31	
	2020	2019
(Loss)gain on disposal of property, plant and equipment	\$ (9)	\$ (818)
Loss on disposal of non-current assets held for sale	-	(9,189)
Foreign exchange gain(loss), net	12,002	8,316
Loss on financial assets at fair value through other comprehensive income (Note)	(9,442)	(422)
Others	24,551	(11,999)
Total	\$ 27,102	\$ (14,112)

Note : For the three-month period ended 31 March 2020 and 2019, balances were arising from financial assets mandatorily measured at fair value through profit or loss.

C. Finance costs

	For the three-month periods ended March 31	
	2020	2019
Interest on loans from bank	\$ 70,620	\$ 78,788
Interest for operating leases	12,515	14,077
Interest for Credit repayment	2,285	-
Interest for preferred stocks	1,677	-
Interest for finance leases	449	-
Imputed interest of guarantee deposits	2	-
Amortization expenses on contingent consideration	-	12,441
Total	\$ 87,548	\$ 105,306

(24) Components of other comprehensive income

	For the three-month period ended March 31, 2020				
	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax related to components of other comprehensive income	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	\$6,943	\$-	\$6,943	\$-	\$6,943

	For the three-month period ended March 31, 2019				
	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax related to components of other comprehensive income	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	\$34,741	\$-	\$34,741	\$(9)	\$34,732

(25) Income tax

The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the three-month periods ended March 31	
	2020	2019
Current income tax expense:		
Current income tax charge	\$ 11,186	\$ 4,346
Land value increment tax paid in the current period	-	1,547
Deferred tax income:		
Deferred tax income related to origination and reversal of temporary differences	(11,305)	(13,278)
Deferred tax expense related to changes in tax rate	-	-
Total income tax (income) expense	<u>\$ (119)</u>	<u>\$ (7,385)</u>

Income tax related to components of other comprehensive income

	For the three-month periods ended March 31	
	2020	2019
Deferred tax expense		
Deferred tax expense related to changes in tax rate	\$ -	\$ -
Exchange differences resulting from translating the financial statements of foreign operations	-	9
Income tax related to components of other comprehensive income	<u>\$ -</u>	<u>\$ 9</u>

The assessment of income tax returns

As of March 31, 2020, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns	Remarks
The Company	Assessed and approved up to 2018	-
Subsidiary—Ten Win Business International Co., Ltd.	Assessed and approved up to 2018	-
Subsidiary—Intelligence Textile Technology Co., Ltd.	-	Established in 2018

(26) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the three-month periods ended March 31	
	2020	2019
A. Basic earnings per share		
Profit (loss) attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$ (273,393)</u>	<u>\$ 62,039</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>820,047</u>	<u>820,047</u>
Basic earnings per share (NT\$)	<u>\$ (0.33)</u>	<u>\$ 0.08</u>

	For the three-month periods ended March 31	
	2020	2019
B. Diluted earnings per share		
Profit (loss) attributable to ordinary equity holders of the Company (in thousand NT\$)	\$ (273,393)	\$ 62,039
Profit (loss) attributable to ordinary equity holders of the Company after dilution (in thousand NT\$)	\$ (273,393)	\$ 62,039
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	820,047	820,047
Effect of dilution:		
Calculation of net loss for the period not considering anti-dilutive effect	-	-
Weighted average number of ordinary shares outstanding after dilution (in thousands)	820,047	820,047
Diluted earnings per share (NT\$)	\$ (0.33)	\$ 0.08

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

(27) Business combinations

Acquisition of JD United (BVI) Limited

Approved at the interim shareholders meeting on October 29, 2015, the Company acquired 100% voting shares of JD United (BVI) Limited (JDU) with a cash consideration of NT\$9,183,006 thousand (US\$302,409 thousand). The acquisition was settled and registered on July 31, 2017. Established in the British Virgin Islands, JDU is a non-listed company specializing in the investment of denim manufacturing. The Company acquired JDU mainly to improve profitability by expanding manufacturing scale and integrating global supply chain. The Company was expected to benefit from the acquisition because of JDU's strong designing and manufacturing ability.

The Company has measured the non-controlling interest of JDU at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The fair values of the identifiable assets and liabilities of JDU as of the acquisition date are as follows:

	Fair value recognized on the acquisition date (After adjustment)
Assets	
Cash and cash equivalents	\$617,159
Investments in debt instrument without active market-current	270,297
Accounts receivable, net	3,068,451
Other receivables	685,086
Other receivables due from related parties	246,665
Inventories	4,490,767
Prepayments	1,701,955
Property, plant and equipment	1,794,510
Intangible assets	2,274,559
Prepayments for business facilities	39,108
Long-term prepaid rents	9,620
	<u>15,198,177</u>
Liabilities	
Short-term borrowings	(4,711,856)
Notes payable	(169,241)
Accounts payable	(3,315,341)
Other payables	(443,490)
Other payables to related parties	(160,788)
Current tax liabilities	(37,337)
Other current liabilities	(42,483)
Long-term borrowings, current portion	(325,073)
Current lease obligations payable	(84,586)
Long-term borrowings	(500,897)
Deferred tax liabilities	(513,730)
Non-current lease obligations payable	(59,994)
	<u>(10,364,816)</u>
Fair value of identifiable net assets	<u>\$4,833,361</u>
	<u>Fair value recognized on the acquisition date</u>
Goodwill of JDU is as follows:	
Acquisition consideration	\$10,860,839
Add: non-controlling interests (0% of identifiable net assets at fair value)	(4,629)
Less: identifiable net assets at fair value	<u>(4,833,361)</u>
Goodwill	<u>\$6,022,849</u>

The fair value and the total contract amount of the accounts receivable amounted to NT\$3,068,451 thousand. None of the accounts receivable has been impaired and the full contract amount is expected to be collected.

From July 31, 2017 to December 31, 2017, JDU generated revenue in the amount of NT\$6,736,910 thousand and net profit before tax in the amount of NT\$293,994 thousand. If the combination had taken place at the beginning of the year, revenue from the continuing

operations would have been NT\$18,975,569 thousand and the loss from continuing operations for the Company would have been NT\$42,113 thousand.

Acquisition consideration

Transaction costs attributable to cash paid	\$9,183,006
Contingent consideration Liabilities (Recognized as Long-term accounts payable to related parties)	1,728,074
Exchange differences	(50,241)
Total consideration	<u>\$10,860,839</u>

Analysis cash flows on acquisition:

Net cash acquired with the subsidiary	\$617,159
Transaction costs attributable to cash paid	(9,183,006)
Net cash flow on acquisition	<u>\$(8,565,847)</u>

Contingent considerations

Contingent consideration has been agreed as part of the purchase agreement with the previous owner of JDU. There will be additional cash payments to the previous owner of JDU under the following circumstances:

US\$12,600 thousand for the first five years from the year when the acquisition is closed and US\$13,000 thousand for the sixth year will be paid if the performances are met. The Company will pay the total contingent consideration retained if total net profit for the six years meets the target agreed upon by both parties. However, if total net profits for the six years do not meet the target agreed upon by both parties, the Company does not need to pay part or all of the amount retained.

Expressed in thousands of USD

	For the years ended					
	2017	2018	2019	2020	2021	2022
Net income	\$20,266	\$24,472	\$26,982	\$29,589	\$31,883	\$37,555

As of the acquisition date, the fair value of the contingent consideration was estimated at NT\$1,728,074 thousand. The fair value is determined using the DCF method.

Significant unobservable valuation inputs are provided below:

Assumed probability-adjusted profit before tax of JDU	US\$ 20,266 thousand-US\$ 37,555 thousand
Discount rate	9.8%
Discount for own non-performance risk	0%

Significant increase (decrease) in the profit after tax of JDU would result in higher (lower) fair value of the contingent consideration liability, while significant increase (decrease) in the discount rate and its own non-performance risk would result in lower (higher) fair value of the liability. When the discount rate increases (decreases) by 1%, the profit after tax of the Company would decrease/increase by NT\$65,429 thousand.

As of December 31, 2017, the key performance indicators of JDU showed that it is highly probable that the target will be achieved due to a significant expansion of the business and the synergies realized. The fair value of the contingent consideration determined as of December 31, 2017 reflected this development, amongst other factors and a re-measurement charge has been recognized through profit or loss.

A reconciliation of fair value measurement of the contingent consideration liability is provided below:

	March 31, 2020	December 31, 2019	March 31, 2019
Beginning balance	\$ -	\$1,617,364	\$1,617,364
Amounts paid	-	-	-
Unrealized fair value changes recognized in profit or loss	-	12,441	12,441
Exemption from contingent contract to other income	-	(231,670)	(231,670)
Reversal goodwill (Note)	-	(1,369,960)	(1,369,960)
Exchange differences	-	(28,175)	(28,175)
Ending balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Current	\$ -	\$ -	\$ -
Non-current	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: On February 12, 2019, the Company signed an agreement with JD United Holding Limited. JD United Holding Limited waived and released the Company's contingent obligation of making further payment of any earn-out consideration of US\$63,400 thousand. According to Letter Financial-Supervisory-Securities-Auditing No.1080314371 issued by the Financial Supervisory Commission R.O.C. (Taiwan), which referred to the Interpretation Letter of Accounting Research and Development Foundation, the abandonment agreement of the contingent consideration is regarded as an extension of the original contract, and the economic substance shall be regarded as a contract amendment, whereby goodwill (individual financial reports adjust investment for using equity method) and liabilities shall be adjusted on the amendment date.

Assessment of the assets has been completed on August 6, 2018. The fair value of the assets was NT\$4,833,361 thousand according to the final assessment, there same as the preliminary assessment.

Acquisition of Tooku Holdings Limited

Approved at the interim shareholders meeting on 29 October 2015, the Company acquired 100% of the voting shares of Tooku Holdings Limited (Tooku) with a cash consideration in the amount of NT\$48,299 thousand (US\$1,591,000). The acquisition was closed and completed registration on 31 July 2017. Established in the British Virgin Islands, Tooku is a non-listed company specializing in the investment of denim manufacturing. The Company acquired Tooku mainly to improve profitability by expanding manufacturing scale and integrating global supply chain. The Company could benefit from the acquisition because of Tooku's strong designing and manufacturing ability.

The fair values of the identifiable assets and liabilities of Tooku as of the acquisition date are as follows:

	Fair value recognized on the acquisition date
Assets	
Cash and cash equivalents	\$ 19,096
Accounts receivable, net	142,946
	<u>162,042</u>
Liabilities	
Short-term borrowings	(86,312)
Other payables	(62,472)
	<u>(148,784)</u>
Fair value of identifiable net assets	<u>\$ 13,258</u>

Goodwill of Tooku is as follows:

Acquisition consideration	\$ 48,299
Less: identifiable net assets at fair value	(13,258)
Exchange difference	(264)
Goodwill	<u>\$ 34,777</u>

The fair value and the total contract amount of the trade receivables amounted to NT\$142,946 thousand. None of the trade receivables have been impaired and it is expected that the full contract amount can be collected.

From July 31, 2017, the acquisition date, to December 31, 2017, Tooku has contributed NT\$393,964 thousand of revenue and NT\$2,448 thousand of net profit before tax to the Company. If the combination had taken place at the beginning of the year, revenue from the continuing operations would have been NT\$11,023,048 thousand and the loss from continuing operations for the Group would have been NT\$373,855 thousand.

Analysis cash flows on acquisition:

Net cash acquired with the subsidiary	\$ 19,096
Transaction costs attributable to cash paid	(48,299)
Net cash flow on acquisition	<u>\$ (29,203)</u>

Assessment of the assets has been completed on August 6, 2018. Fair value was NT\$13,258 thousand according to the final assessment, the same as the preliminary assessment.

Acquisition of Chuwa Wool Industry Co., (Taiwan) Ltd.

Resolved by the Board of Directors meeting on February 26, 2018, the Company acquired 100% shares of Sparkling Asia Limited and Keen Power Investments Ltd. and indirectly acquired 100% shares of the subsidiaries of the target companies and comprehensive shareholding 53.41% shares of Chuwa Wool Industry Co., (Taiwan) Ltd. (Chuwa Wool). Acquisition consideration is NT\$1,459,578 thousand (US\$49,909,000). The acquisition was completed and registered on March 6, 2018. Chuwa Wool is a listed company engaging in trading and manufacturing wool products and real estate leasing. The purpose of the acquisition is to integrate resources and diversify investment.

The Company has measured the non-controlling interest of Chuwa Wool at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The fair values of the identifiable assets and liabilities of Chuwa Wool as of the acquisition date are as follows:

	Fair value recognized on the acquisition date (After adjustment)
Assets	
Cash and cash equivalents (Note)	\$790,106
Financial assets at fair value through profit or loss - current	11,381
Financial assets at measured amortized cost - current	513,000
Other receivables	558
Inventories	14,006
Prepayments	204
Other current assets	693
Property, plant and equipment	106,166
Investment property	1,639,608
Intangible assets	47
Deferred tax assets	338
Refundable deposits	77
	<u>3,076,184</u>
Liabilities	
Notes payable	(298)
Other payables	(4,703)
Other current liabilities	(481)
Deferred tax liabilities	(275,269)
Guarantee deposits received	(3,670)
	<u>(284,421)</u>
Fair value of identifiable net assets	<u><u>\$2,791,763</u></u>

Note: Cash and cash equivalents include those held by Keen Power Investments Ltd., Sparkling Asia Limited, Ho Jen Investment Ltd., Foowa Investment Limited, Chugen Investment Co. Ltd., Chuwa Japan Investment Ltd. and Yancien Investment Limited.

Gain recognised in bargain purchase transaction for Chuwa Wool is as follows:

Acquisition consideration	\$ 1,459,578
Add: non-controlling interests (46.59% of identifiable net assets at fair value)	1,300,383
Less: identifiable net assets at fair value	<u>(2,791,763)</u>
Gain recognised in bargain purchase transaction	<u><u>\$ (31,802)</u></u>

From February 28, 2018 to December 31, 2018, Chuwa Wool has contributed NT\$220,945 thousand of revenue and NT\$71,469 thousand of net loss before tax to the Company. If the combination had taken place at the beginning of the year, revenue from the continuing

operations would have been NT\$264,022 thousand and the loss from continuing operations for the Company would have been NT\$68,815 thousand.

Analysis cash flows on acquisition:

Net cash acquired with the subsidiary	\$ 790,106
Transaction costs attributable to cash paid	(1,459,578)
Net cash flow on acquisition	<u>\$ (669,472)</u>

The identifiable net assets recognized in the financial statements as of September 30, 2018 was estimated by preliminary assessment. The Company has sought individual evaluation of assets, but no conclusion has been reached as of the date the financial statement was issued. Assessment of the assets has been completed on November 15, 2018. The fair value of the assets was NT\$2,791,763 thousand according to the final assessment, there same as the preliminary assessment.

Ten Win Business International Co., Ltd

Chuwa Wool Industry Co., (Taiwan) Ltd., a subsidiary of the Company, acquired 23% of the voting shares of Ten Win Business International Co., Ltd. (Ten Win Company) on May 10, 2019. When the percentage is combined with the original shares held by the Company 30%, it reached more than 50% equity.

The Company has measured the non-controlling interest of Ten Win Company at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The provisional amount of the identifiable assets and liabilities of Ten Win Company as of the acquisition date are as follows:

	<u>Amount</u>
Assets	
Cash and cash equivalents	\$ 1,133
Inventories	1,267
Prepayments	1,859
Property, plant and equipment	691,604
Refundable deposits	20
	<u>695,883</u>
Liabilities	
Other payables	(81,326)
Contract liabilities-current	(2,667)
Guarantee deposits received	(600)
Preferred stock liabilities	(366,519)
	<u>(451,112)</u>
Fair value of identifiable net assets	<u>\$ 244,771</u>

Goodwill of Ten Win Company is as follows:

Acquisition consideration	\$ 61,327
Add: the fair value of the original 30% shareholding of the acquisition date	67,545
Add: non-controlling interest (47% of identifiable net assets at fair value)	115,043
Less: identifiable net assets at fair value	244,771
Goodwill	<u>\$ (856)</u>

From May 1, 2019 to December 31, 2019, Ten Win Company has contributed NT\$3,045 thousand of revenue and NT\$12,892 thousand of net loss before tax to the Company. If the combination had taken place at the beginning of the year, revenue from the continuing operations would have been NT\$16,917,970 thousand and the loss from continuing operations for the Company would have been NT\$1,051,084 thousand.

Analysis cash flows on acquisition:

Net cash acquired with the subsidiary	\$ 1,133
Transaction costs attributable to cash paid	(61,327)
Net cash flow on acquisition	<u>\$ (60,194)</u>

Valuation of the assets had been completed on April 2019. The fair value of the assets was NT\$244,771 thousand according to the final assessment, an increase of NT\$288,322 thousand to the preliminary assessment.

The value adjustment of acquisition date as follows:

	Preliminary fair value	Difference adjustment	Final fair value
Property, plant and equipment	\$344,803	\$346,801	\$691,604
Preferred stock liabilities	(308,040)	(58,479)	(366,519)

The fair value of the original 30% shares after remeasurement decreased by NT\$12,447 thousand, property, plant and equipment increased by NT\$346,801 thousand, preferred stock liabilities increased by NT\$(58,479) thousand, and non-controlling interest increased by NT\$135,512 thousand. Goodwill decreased by NT\$164,401 thousand and the gain recognized in bargain purchase transaction arising from the acquisition was NT\$856 thousand.

Acquisition of Adny Group, Inc. and Nanjing USA, Inc.

The Company's Board of Directors approved on February 12, 2019 to acquired 53% shares of Adny Group, Inc. (the "Adny Company") in the amount of US\$48,000 thousand (approximately NT\$1,492,320 thousand) through Faith In Blue (USA) Corporation and indirectly obtained the 42.4% stake in Nanjing USA, Inc., and directly acquire 10.4% shares of Nanjing USA, Inc. The Company acquired a total of 52.8% shares of Nanjing USA, Inc. The acquisition was settled and registered on August 2, 2019. Established in the United States, Adny Company is a non-listed company specializing in the investment holding of fashion garment wholesaler and distributor. The Company acquired Adny Company mainly to expand business scale and to integrate serving of wholesale. The acquisition was expected

to benefit performance and enforce the ability in customer development.

The Company has measured the non-controlling interest of Adny Company at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The provisional amount of the identifiable assets and liabilities of Adny Company as of the acquisition date are as follows:

	Amount
Assets	
Cash and cash equivalents	\$ 154,168
Other receivables	740,463
Current tax assets	99,969
Inventories	1,516,432
Prepayments	2,720
Property, plant and equipment	628
Right-of-use assets	50,767
Intangible assets	1,233
Deferred tax assets	3,016
Refundable deposits	5,668
	<u>2,575,064</u>
Liabilities	
Accounts payable	(1,543,860)
Other payables	(107,701)
Current provisions	(10,454)
Current lease liabilities	(68,603)
Non-current lease liabilities	(41,759)
	<u>(1,772,377)</u>
Fair value of identifiable net assets	<u><u>\$ 802,687</u></u>

Goodwill of Adny Company is as follows:

Acquisition consideration (including 10.4% shares of Nanjing USA, Inc. in the amount of US\$9,600 thousand)	\$ 746,160
Add: the fair value of the original 33% shareholding of the acquisition date	746,160
Add: non-controlling interests (47% of identifiable net assets at fair value)	378,893
Less: identifiable net assets at fair value	<u>(802,687)</u>
Goodwill	<u><u>\$ 1,068,526</u></u>

From August 2, 2019 to December 31, 2019, Adny Company has contributed NT\$1,837,069 thousand of revenue and NT\$18,514 thousand of net profit before tax to the Company. If the combination had taken place at the beginning of the year, revenue from the continuing operations would have been NT\$20,055,545 thousand and the net loss from continuing operations for the Company would have been NT\$944,947 thousand.

Analysis cash flows on acquisition:	
Net cash acquired with the subsidiary	\$ 154,168
Transaction costs attributable to cash paid	(1,492,320)
Net cash flow on acquisition	<u>\$ (1,338,152)</u>

The identifiable net assets recognized in the financial statements as of December 31, 2019 was estimated by preliminary assessment. The Company has sought individual evaluation of assets, but no conclusion has been reached as of the date the financial statement was issued, there may be adjustments when the evaluation report is officially issued.

(28) Changes in parent's interest in subsidiaries

Acquisition of additional interest in a subsidiary

On March 2020, the Company acquired an additional 3.49% of the voting shares of Chuwa Wool Industry Co., (Taiwan) Ltd. increasing its ownership to 56.9%. A cash consideration of NT\$89,797 thousand was paid to the non-controlling interest shareholders. The carrying amount of Chuwa Wool Industry Co., (Taiwan) Ltd. net assets (excluding goodwill on the original acquisition) was NT\$99,422 thousand. Following is a schedule of additional interest acquired in Chuwa Wool Industry Co., (Taiwan) Ltd. including changes in non-controlling interests and adjustments to accumulated other comprehensive income:

Cash consideration paid to non-controlling shareholders	\$ 89,797
Decrease to non-controlling interests	(99,422)
Difference recognized in capital surplus within equity	<u>\$ (9,625)</u>

On June 28, 2019, the Company acquired an additional 16.5% of the voting shares of Ten Win Business International Co., Ltd, increasing its ownership to 69.5%. A cash consideration of NT\$43,995 thousand was paid to the non-controlling interest shareholders. The carrying amount of Ten Win Business International Co., Ltd, net assets (excluding goodwill on the original acquisition) was NT\$39,884 thousand. Following is a schedule of additional interest acquired in Ten Win Business International Co., Ltd including changes in non-controlling interests and adjustments to accumulated other comprehensive income:

Cash consideration paid to non-controlling shareholders	\$ 43,995
Increase to non-controlling interests	(39,884)
Difference recognized in retained earning within equity	<u>\$ 4,111</u>

The Company's Board of Directors approved on December 10, 2019 to dispose the full ownership of Han Yan Global Co., Ltd. (Original Roo Hsing Global Co., Ltd.), therefore lost control of its subsidiary Chuwa Wool Industry Co., (Taiwan) Ltd. Chuwa Wool Industry Co., (Taiwan) Ltd. originally held 23% voting shares of Ten Win Business International Co., Ltd. After the Company lost control of Chuwa Wool Industry Co., (Taiwan) Ltd., it still held 46.5% voting shares and more than half of the board members and therefore the subsidiary was still under control. The acquisition of the equity of Ten Win Business International Co., Ltd. including the adjustment of the increase in non-controlling equity was as follows:

Chuwa Wool Industry Co., (Taiwan) Ltd.'s shares	\$ (58,362)
Increase in non-controlling interests	53,332

Difference recognized in capital surplus within equity	\$ (5,030)
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(29) Subsidiaries that have material non-controlling interests

Financial information of subsidiaries that have material non-controlling interests are provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of Incorporation and operation	March 31, 2020	December 31, 2019	March 31, 2019
Chuwa Wool Industry Co., (Taiwan) Ltd.	Republic of China	(Note)	(Note)	46.59%
Ten Win Business International Co., Ltd.	Republic of China	59.96%	53.5%	-
Adny Group, Inc. and subsidiaries	United States	47.2%	47.2%	-

Note : The company's share of 53.41% was held and controlled by the Company through Han Yan Global Co., Ltd. (original Roo Hsing Global Co., Ltd.), the Company's fully owned subsidiary. The Company lost the control of the company after the Company's Board of Directors approved on December 10, 2019 to dispose the full ownership of Han Yan Global Co., Ltd.

	March 31, 2020	December 31, 2019	March 31, 2019
Accumulated balances of material non-controlling interest:			
Chuwa Wool Industry Co., (Taiwan) Ltd.	\$ -	\$ -	\$ 1,260,227
Ten Win Business International Co., Ltd.	173,559	141,994	-
Adny Group, Inc. and subsidiaries	396,118	373,853	-
Total	<u>\$ 569,677</u>	<u>\$ 515,847</u>	<u>\$ 1,260,227</u>

Gain (loss) allocated to material non-controlling interest:

	For the three-month periods ended March 31	
	2020	2019
Chuwa Wool Industry Co., (Taiwan) Ltd.	\$ -	\$ (8,170)
Ten Win Business International Co., Ltd.	(2,521)	-
Adny Group, Inc. and subsidiaries	19,001	-
Total	<u>\$ 16,480</u>	<u>\$ (8,170)</u>

For the years ended December 31, 2019, the Company did not pay dividends to material non-controlling interest.

The summarized financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarized information of profit or loss:

	For the three-month periods ended March 31, 2020		
	Adny Group, Inc. and subsidiaries	Ten Win Business International Co., Ltd.	Chuwa Wool Industry Co., (Taiwan) Ltd.
Operating revenue	\$ 1,119,636	\$ 859	\$ -
Gain (loss) from continuing operations	\$ 40,260	\$ (4,548)	\$ -
Total comprehensive income	\$ 40,260	\$ (4,548)	\$ -

	For the three-month periods ended March 31, 2019		
	Adny Group, Inc. and subsidiaries	Ten Win Business International Co., Ltd.	Chuwa Wool Industry Co., (Taiwan) Ltd.
Operating revenue	\$ -	\$ -	\$ 55,451
Gain (loss) from continuing operations	\$ -	\$ -	\$ (6,711)
Total comprehensive income	\$ -	\$ -	\$ (6,673)

Summarized information of financial position:

Chuwa Wool Industry Co., (Taiwan) Ltd.

	December 31, 2019 (Note)	March 31, 2019
Current assets	\$-	\$ 2,859,894
Non-current assets	-	132,788
Current liabilities	-	262,177
Non-current liabilities	-	18,901

Note : The company's is share of 53.41% was held and controlled by the Company through Han Yan Global Co., Ltd. (original Roo Hsing Global Co., Ltd.), the Company's fully owned subsidiary. The Company lost the control of the company after the Company's Board of Directors approved on December 10, 2019 to dispose the full ownership of Han Yan Global Co., Ltd.

Ten Win Business International Co., Ltd.

	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 4,640	\$ 3,829	\$ -
Non-current assets	344,763	691,592	-
Current liabilities	122	94,955	-
Non-current liabilities	347,343	368,587	-

Adny Group, Inc. and subsidiaries

	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 1,897,477	\$ 1,673,046	\$ -
Non-current assets	54,626	57,385	-
Current liabilities	1,077,700	782,450	-
Non-current liabilities	35,248	155,978	-

Summarized cash flow information:

Chuwa Wool Industry Co., (Taiwan) Ltd.

	For the three-month periods ended March 31	
	2019	
Operating activities	\$	(8,918)
Investing activities		1,079,736
Financing activities		(724)
Exchange differences		48
Net increase (decrease) in cash and cash equivalents	\$	1,070,142

Ten Win Business International Co., Ltd.

	For the three-month periods ended March 31	
	2020	2019
Operating activities	\$ 297,261	\$ -
Investing activities	-	-
Financing activities	-	-
Exchange differences	-	-
Net decrease in cash and cash equivalents	\$ 297,261	\$ -

Adny Group, Inc. and subsidiaries

	For the three-month periods ended March 31	
	2020	2019
Operating activities	\$ 43,590	\$ -
Investing activities	-	-
Financing activities	-	-
Exchange differences	-	-
Net decrease in cash and cash equivalents	\$ 43,590	\$ -

(30) Disposal of subsidiary

The Company considers the development of the Company's territory strategy to adjust its investment strategy and concentrate its resources, the Company's Board of Directors approved on December 10, 2019 to dispose the full ownership of Han Yan Global Co., Ltd.

(Original Roo Hsing Global Co., Ltd.). The ownership had been transferred and the control was lost on December 20, 2019. The amount of acquisition consideration was NT\$888,889 thousand and the gain on disposal of investments was NT\$47,195 thousand, presented in “gain on disposal of investments” in the consolidated statement of comprehensive income.

The Company considered that the impact from the settlement date to the financial reporting date was not significant and regarded December 31, 2019 as the base date for disposal. Han Yan Global Co., Ltd.’s assets and liabilities carrying amount as of December 31, 2019 were as follows:

	<u>Amount</u>
Current assets (including cash and cash equivalents NT\$1,211,943 thousand)	\$ 2,284,747
Non-current assets	<u>678,390</u>
Total assets	<u>2,963,137</u>
Current liabilities	(750,081)
Non-current liabilities	<u>(20,135)</u>
Total liabilities	<u>(770,216)</u>
Net assets	2,192,921
Non-controlling interest	<u>(1,347,214)</u>
Net assets of disposal	<u><u>\$ 845,707</u></u>

Benefits of disposal of subsidiaries:

Acquisition consideration	\$ 888,889
Other comprehensive profit or loss reclassified from equity to profit or loss due to loss of control of the subsidiaries	4,013
Net assets of disposal	<u>(845,707)</u>
Total	<u><u>\$ 47,195</u></u>

Net cash inflow from disposal of subsidiaries:

Acquisition consideration	\$ 888,889
Cash of disposal	<u>(1,211,943)</u>
Total	<u><u>\$ (323,054)</u></u>

7. RELATED PARTY TRANSACTIONS

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Nanjing USA, Inc.	Subsidiary of the associate(Note 1)
Ten Win Business International Co., Ltd.	Associate(Note 2)
Chuwa Wool Industry Co., (Taiwan) Ltd.	Subsidiary of the associate(Note 3)
Xingtai Garment (Cambodia) Co., Ltd.	Substantive related party
JD United Holdings Limited	Substantive related party
3Y Universal Co., Ltd.	Substantive related party
Sure Fortune Limited	Substantive related party
Nanjing USA International Trading Co., Ltd	Substantive related party
Sumoda Co., Ltd.	Key management with the Company
Mr. Chen, Shih-Hsiu	President of the Company
Mr. Sun, Yang	General Manager of the Company
Mr. Hsu, Chung-Jung	CFO of the Company
Mr. Chen, Chi-Ping	Director of a subsidiary of the Company
Mr. Yang, Ying-Tsu	General Manager of a subsidiary of the Company
Mr. Jhong, Jia-Hao	Director of a subsidiary of the Company
Mr. Chien, Fei	Director of a subsidiary of the Company
Mr. Ji, Yao	Director of a subsidiary of the Company
Mr. Wu, Bin	Substantive related party
Mr. Chen, Chih-Ying	President of Chuwa Wool Industry Co., (Taiwan) Ltd., a subsidiary, of the Company (Note 3)

Note 1: The Company took control of the company on August 2, 2019.

Note 2: The Company took control of the company on May 10, 2019.

Note 3: The Company lost control of the company on December 20, 2019, Mr. Chen, hih-Ying was the president of the company.

Significant transactions with the related parties

(1) Sales Revenue

	For the three-month periods ended March 31	
	2020	2019
Substantive related party 3Y Universal Co., Ltd.	\$40,835	\$-

The sales price to the above related parties was determined through mutual agreement based on the market rates. The collection terms from the related party suppliers are comparable with third party suppliers.

(2) Rental income

	For the three-month periods ended March 31	
	2020	2019
Associates	\$ -	\$ 29
Other related parties		
Wei Hao Investment Limited	9	29
Prosperity Investment Limited	9	11
Other	18	17
Total	<u>\$ 36</u>	<u>\$ 86</u>

Rental income from related parties are collected monthly based on the market rates.

(3) Interest income

	For the three-month periods ended March 31	
	2020	2019
Associates	<u>\$-</u>	<u>\$3,354</u>

(4) Interest for preferred stock

	For the three-month periods ended March 31	
	2020	2019
Other related parties		
Mr. Chen, Shih-Hsiu	\$327	\$-
Mr. Jhong, Jia-Hao	42	-
Total	<u>\$369</u>	<u>\$-</u>

(5) Accounts receivable due from related parties

	March 31, 2020	December 31, 2019	March 31, 2019
Substantive related party			
3Y Universal Co., Ltd.	<u>\$3,565</u>	<u>\$24,971</u>	<u>\$-</u>

(6) Other receivables due from related parties

	March 31, 2020	December 31, 2019	March 31, 2019
Key management with the Company			
Mr. Sun, Yang	\$ 295	\$ 258	\$ 143
Substantive related party			
3Y Universal Co., Ltd.	-	507	-
Sure Fortune Limited	15,031	22,615	-
Nanjing USA International Trading Co., Ltd	64,747	11,432	-
Total	<u>\$ 80,072</u>	<u>\$ 34,812</u>	<u>\$ 143</u>

(7) Financial assets at fair value through profit or loss - non-current					
	March 31, 2020	December 31, 2019	March 31, 2019		
Associates	\$ -	\$ -	\$ 170,000		
(8) Long-term accounts receivable due from related parties					
	March 31, 2020	December 31, 2019	March 31, 2019		
Associates	\$ -	\$ -	\$ 51,382		
(9) Guarantee deposits received					
	March 31, 2020	December 31, 2019	March 31, 2019		
Associates	\$ -	\$ -	\$ 20		
Other related parties					
Wei Hao Investment Limited	-	-	20		
Prosperity Investment Limited	-	-	8		
Others	-	-	12		
Total	\$ -	\$ -	\$ 60		
(10) Amounts owed to related parties (recognized as other payables to related parties)					
	For the three-month period ended March 31, 2020				
	Maximum balance	Ending balance	Interest rate	Interest payable	Interest expenses
JD United Holdings Limited	\$1,685	\$-	5.00%	\$-	\$-
	For the year ended December 31, 2019				
	Maximum balance	Ending balance	Interest rate	Interest payable	Interest expenses
JD United Holdings Limited	\$1,904	\$1,671	5.00%	\$209	\$86
	For the three-month period ended March 31, 2019				
	Maximum balance	Ending balance	Interest rate	Interest payable	Interest expenses
JD United Holdings Limited	\$1,718	\$1,718	5.00%	\$150	\$21
(11) Other payables to related parties					
	March 31, 2020	December 31, 2019	March 31, 2019		
Subsidiary of the associate					
Chuwa Wool Industry Co., (Taiwan) Ltd.	\$ -	\$ 470	\$ -		
(12) Preferred stock liabilities					
	March 31, 2020	December 31, 2019	March 31, 2019		
Other related parties					
Mr. Chen, Shih-Hsiu	\$ 17,596	\$ 17,572	\$ -		
Mr. Jhong, Jia-Hao	3,317	3,292	-		
Total	\$ 20,913	\$ 20,864	\$ -		

(13) Other non-current liabilities

	March 31, 2020	December 31, 2019	March 31, 2019
Other related parties			
Mr. Chen, Shih-Hsiu	\$ 5,392	\$ 5,090	\$ -
Mr. Jhong, Jia-Hao	362	345	-
Total	<u>\$ 5,754</u>	<u>\$ 5,435</u>	<u>\$ -</u>

(14) The Companies' entrustment of holding shares in subsidiaries is as follows:

	March 31, 2020		December 31, 2019		March 31, 2019	
Roo Hsing Garment Co., El Salvador, S.A. DE C.V.	Mr. Hsu, Chung-Jung	1 shares	Mr. Hsu, Chung-Jung	1 shares	Mr. Chen, Chi-Ping	1 shares
Roo Hsing Co. Nicaragua, S.A.	Mr. Hsu, Chung-Jung	9 shares	Mr. Hsu, Chung-Jung	9 shares	Mr. Chen, Chi-Ping	9 shares
	Mr. Yang, Ying-Tsu	1 shares	Mr. Yang, Ying-Tsu	1 shares	Mr. Yang, Ying-Tsu	1 shares
Operadora Internacional de Zonas Francas (Managua), S.A.	Mr. Hsu, Chung-Jung	23 shares	Mr. Hsu, Chung-Jung	23 shares	Mr. Chen, Chi-Ping	23 shares
					Mr. Yang, Ying-Tsu	1 shares
Roo Hsing Garment Manufacturing Co., Ltd.	Mr. Yang, Ying-Tsu	1 shares	Mr. Yang, Ying-Tsu	1 shares		
	Mr. Chien, Fei	1 shares	Mr. Chien, Fei	1 shares	Mr. Chien, Fei	1 shares
S.H. United Co., Ltd.	Mr. Chien, Fei	1 shares	Mr. Chien, Fei	1 shares	Mr. Chien, Fei	1 shares
South Bay Manufacturing Company Limited	Mr. Chien, Fei	1 shares	Mr. Chien, Fei	1 shares		
Tanzania Tooku Garments Co., Ltd.	Mr. Ji, Yao	1 shares	Mr. Ji, Yao	1 shares		
	Mr. Wu, Bin	1 shares	Mr. Wu, Bin	1 shares		

(15) Key management personnel compensation

	For the three-month periods ended March 31	
	2020	2019
Short-term employee benefits	\$14,809	\$18,248
Post-employment benefits	-	-
Total	<u>\$14,809</u>	<u>\$18,248</u>

- (16) The president and General Manager of the Company are the co-guarantors of bank loans held by the Company.
- (17) Please refer to Note 13 Attachment 2 for more information about endorsement and guarantee provided to related parties.

8. PLEDGED ASSETS

The following table lists assets of the Company pledged as security:

Items	Carrying amount			Secured liabilities
	March 31, 2020	December 31, 2019	March 31, 2019	
Current financial assets measured at amortized cost	\$1,094,601	\$981,224	\$190,140	Short-term loans and customs duty guarantee
Financial assets at fair value through profit or loss - non-current	-	98,864	-	Short-term loans
Financial assets at fair value through profit or loss - current	94,523	-	-	Short-term loans
Accounts receivable	1,404,167	1,744,006	1,368,247	Short-term loans
Property, plant and equipment-land	84,267	84,267	-	Short-term loans
Property, plant and equipment-buildings	18,496	18,874	23,933	Short-term loans
Property, plant and equipment-Machinery and equipment	85,585	84,877	87,255	Long-term loans
Right-of-use assets (land use rights)	39,061	38,856	10,535	Short-term loans
Prepayments for business facilities	118,384	120,913	117,051	Long-term loans
Refundable deposits	19,500	19,500	28,082	Short-term loans and long-term loans
Total	<u>\$2,958,584</u>	<u>\$3,191,381</u>	<u>\$ 1,825,243</u>	

The Company provided shares of subsidiaries, including Roo Hsing Global Co., Ltd. and Chuwa Wool Industry Co., (Taiwan) Ltd., as collateral for short-term borrowings as of March 31, 2019.

The Company provided shares of subsidiaries, including Roo Hsing Garment Co., Ltd., JD United (BVI) Limited, Tooku Holdings Limited, MF Holding Co., Ltd., Faith in Blue (USA) Corporation, Adny Group, Inc. and Nanjing USA, Inc., as collateral for short-term loans as of March 31, 2020 and December 31, 2019.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Amounts available under unused letters of credit as of March 31, 2020, December 31, 2019 and March 31, 2020 are NT\$71,074 thousand, NT\$42,312 thousand and NT\$69,473 thousand, respectively.

Guarantee notes issued as collateral for subsidiary are NT\$2,900 thousand as of March 31, 2019.

10. LOSSES DUE TO MAJOR DISASTERS : None

11. SIGNIFICANT SUBSEQUENT EVENTS

- (1) To protect the Company's credit and shareholders' rights, the Company's Board of Directors approved on March 25, 2020 to purchase 6,900 thousand ordinary shares from March 26, 2020 to May 24, 2020. The shares purchased only account for 0.76% of the Company's capital amount, which was insignificant and would not affect the Company's financial condition and maintenance of capital. As of the date of the financial report, 1,000 thousand shares have been bought back, accounting for 0.11% of the company's paid-in capital.
- (2) Since January 2020, the world has been affected by Covid-19, the Company has cooperated with local government agencies to take relevant countermeasures, and some mainland subsidiaries had halted work and some have resumed work at the end of March 2020, and have been communicating with customers and suppliers to adjust the shipping schedule. Since April 2020, because the information is still unclear and the impact of the operation and financial condition cannot be reasonably estimated, the Company will continue to monitor the pandemic situation for immediate assessment.

12. OTHERS MATTERS

- (1) Categories of financial instruments

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Financial assets</u>			
Financial assets at fair value through profit or loss:			
Mandatorily measured at Fair value through profit or loss	\$ -	\$ 107,047	\$ 179,933
Financial assets measured at amortized cost (Note 1)	6,442,032	6,648,152	6,712,659
Total	<u>\$ 6,442,032</u>	<u>\$ 6,755,199</u>	<u>\$ 6,892,592</u>
	March 31, 2020	December 31, 2019	March 31, 2019
<u>Financial liabilities</u>			
Financial liabilities measured at amortized cost:			
Short-term loans	\$ 7,128,022	\$ 7,083,657	\$ 6,191,534
Notes payable	275,106	158,647	104,151
Accounts payable	2,360,053	1,997,202	1,927,232
Other payables (including related parties)	936,683	853,476	619,842
Long-term loans (including current portion)	288,681	338,567	612,125
Preferred stock liabilities	49,775	93,419	-
Lease obligations payable (including current portion)	728,927	761,734	709,348
Guarantee deposits received	1,341	1,335	3,178
Total	<u>\$11,768,588</u>	<u>\$ 11,288,037</u>	<u>\$10,167,410</u>

Note1: Including cash and cash equivalents (excluding cash on hand), financial assets measured at amortized cost, notes and accounts receivable (including related parties), net, other receivables (including related parties), refundable deposits and long-term accounts receivables due from related parties.

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for US dollars. The information of the sensitivity analysis is as follows:

- A. When NTD strengthens/weakens against USD by 1%, the loss for the three-month periods ended March 31, 2020 and 2019 are increased/decreased by NT\$19,578 thousand and NT\$20,951 thousand, respectively.
- B. When NTD strengthens/weakens against CNY by 1%, the loss for the three-month periods ended March 31, 2020 and 2019 are increased/decreased by NT\$18,182 thousand and NT\$6,656 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, an increase/decrease of 10 basis points of interest rate (thousandth) in a reporting period could cause the loss for the three months ended March 31, 2020 and 2019 to increased/decreased by NT\$73 thousand and NT\$88 thousand, respectively.

Equity price risk

The fair value of the Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed and unlisted equity securities are classified as financial assets at fair value through profit or loss. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, an increase/decrease of 1% in the price of the listed equity securities classified as financial assets at fair value through profit or loss could decrease/increase the Company's loss for the three months ended March 31, 2020 and 2019 by NT\$945 thousand and NT\$99 thousand, respectively.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counterparties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of March 31, 2020, December 31, 2019 and March 31, 2019, accounts receivables from top ten customers represent 59%, 72% and 64% of the total accounts receivables of the Company, respectively. The credit concentration risk of other accounts receivables is

insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings and convertible bonds. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than				Total
	1 year	2 to 3 years	4 to 5 years	> 5 years	
As of March 31, 2020					
Short-term loans	\$ 7,128,022	\$ -	\$ -	\$ -	\$7,128,022
Notes payable	275,106	-	-	-	275,106
Accounts payable	2,899,878	-	-	-	2,899,878
Other payables (include related parties)	936,683	-	-	-	936,683
Provisions - current	64,596	-	-	-	64,596
Lease liabilities (Note)	168,957	254,362	136,465	169,143	728,927
Long-term loans	166,664	122,017	-	-	288,681
Preferred stock liabilities	49,775	-	-	-	49,775

	Less than				Total
	1 year	2 to 3 years	4 to 5 years	> 5 years	
As of December 31, 2019					
Short-term loans	\$ 7,097,200	\$ -	\$ -	\$ -	\$ 7,097,200
Notes payable	158,647	-	-	-	158,647
Accounts payable	1,997,202	-	-	-	1,997,202
Other payables (include related parties)	853,476	-	-	-	853,476
Provisions - current	1,991	-	-	-	1,991
Lease liabilities (Note)	176,751	256,566	143,008	185,409	761,734
Long-term loans	189,208	163,757	-	-	352,965
Preferred stock liabilities	121,853	-	-	-	121,853

	Less than				Total
	1 year	2 to 3 years	4 to 5 years	> 5 years	
As of March 31, 2019					
Short-term loans	\$ 6,297,039	\$ -	\$ -	\$ -	\$ 6,297,039
Notes payable	104,151	-	-	-	104,151
Accounts payable	1,927,232	-	-	-	1,927,232
Other payables (include related parties)	619,885	-	-	-	619,885
Provisions - current	777	-	-	-	777
Lease liabilities (Note)	247,293	300,332	112,309	49,414	790,348
Long-term loans	323,836	295,359	33,114	-	652,309

Note: Includes cash flows from lease contracts for short-term leases and low-value underlying assets.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the three-month period ended March 31, 2020

	Short-term loans	Long-term loans	Leases liabilities	Other payables to related parties	Total liabilities from financing activities
As of January 1, 2020	\$7,083,657	\$ 338,567	\$ 761,734	\$ 1,881	\$ 8,185,839
Cash flows	7,103	(52,351)	(73,213)	(1,881)	(120,342)
Foreign exchange movement	37,262	2,465	2,043	-	41,770
As of March 31, 2020	\$7,128,022	\$ 288,681	\$ 690,564	\$ -	\$ 8,107,267

Reconciliation of liabilities for the three-month period ended March 31, 2019:

	Short-term loans	Long-term loans	Leases liabilities	Other payables to related parties	Total liabilities from financing activities
As of January 1, 2019	\$6,213,501	\$716,799	\$771,040	\$1,786	\$7,703,126
Cash flows	(45,779)	(106,690)	(63,530)	76	(215,923)
Foreign exchange movement	23,812	2,016	1,838	6	27,672
As of March 31, 2019	\$6,191,534	\$612,125	\$709,348	\$1,868	\$7,514,875

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- (d) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
- (e) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

Other than cash and cash equivalents, note and accounts receivable, refundable deposits paid, accounts payable, short term loans, long term loans (include period year) and guarantee deposits received whose carrying amount approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12 (8) for fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

	As of March 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets at fair value				
Financial assets at fair value through profit or loss				
Common stocks	\$ 94,523	\$ -	\$ -	\$ 94,523
Preferred stock	-	-	-	-
Total	<u>\$ 94,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,523</u>

	As of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets at fair value				
Financial assets at fair value through profit or loss				
Common stocks	\$107,047	\$ -	\$ -	\$107,047
Preferred stock	-	-	-	-
Total	<u>\$107,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$107,047</u>

	As of March 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets at fair value				
Financial assets at fair value through profit or loss				
Common stocks	\$ 9,387	\$ -	\$ -	\$ 9,387
Preferred stocks	546	-	170,000	170,546
Total	<u>\$ 9,933</u>	<u>\$ -</u>	<u>\$170,000</u>	<u>\$179,933</u>

Transfer between Level 1 and Level 2 during the period

During the three months periods ended March 31, 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	<u>At fair value through profit or loss</u>
	<u>Preferred stocks</u>
As of January 1, 2020	\$170,000
Total profits and losses recognized for the three-month period ended March 31, 2020:	
Amount recognized in profit or loss (presented in “other profit or loss”)	-
As of March 31, 2020	<u>\$170,000</u>

Total gains and losses recognized in profit or loss for the three months periods ended March 31, 2020 and 2019 in the table above contain losses related to assets on hand in the amount of NT\$0 thousand, respectively.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of March 31, 2020 and December 31, 2019

None.

As of March 31, 2019

	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Quantitative information</u>	<u>Relationship between inputs and fair value</u>	<u>Sensitivity of the input to fair value</u>
Financial assets: At fair value through profit or loss					
Preferred stocks	Asset-Based Valuation	Liquidity discount	20%~25%	The higher the liquidity discount, the lower the fair value	2.5% increase (decrease) in liquidity discount would result in an increase / decrease in the Group’s loss by NT\$5,765 thousand

C. Fair value measurement hierarchy of the Company’s assets and liabilities not measured at fair value but for which the fair value is disclosed

	<u>As of March 31, 2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property (Please refer to Note 6 (11))	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Lease liabilities	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

	As of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property (Please refer to Note 6 (11))	\$-	\$-	\$-	\$-
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Long-term accounts payable to related parties (including current portion)	\$-	\$-	\$-	\$-
	As of March 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property (Please refer to Note 6 (11))	\$-	\$-	\$109,739	\$109,739
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Lease liabilities	\$-	\$-	\$709,348	\$709,348

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	(Unit: thousands)		
	As of March 31, 2020		
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$134,559	30.23	\$4,067,719
CNY	220,487	4.26	939,275
<u>Financial liabilities</u>			
Monetary items:			
USD	199,322	30.23	6,025,504
CNY	647,296	4.26	2,757,481

	(Unit: thousands)		
	As of December 31, 2019		
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$168,453	29.98	\$5,050,221
CNY	181,512	4.31	782,317
<u>Financial liabilities</u>			
Monetary items:			
USD	230,614	29.98	6,913,808
CNY	416,516	4.31	1,795,184

	(Unit: thousands)		
	As of March 31, 2019		
	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$135,578	30.82	\$4,178,514
CNY	168,450	4.58	771,501
<u>Financial liabilities</u>			
Monetary items:			
USD	67,600	30.82	2,083,432
CNY	313,781	4.58	1,437,117

The above information is disclosed based on the carrying amount of foreign currency (after conversion of functional currency).

For the three months periods ended March 31, 2020 and 2019, foreign exchange gain (loss) were NT\$12,002 thousand and NT\$8,316 thousand, respectively. The above information about foreign exchange gains or losses on monetary financial assets and liabilities includes realized and unrealized net foreign exchange gain or loss.

- (10) Roo Hsing Shanghai Import & Export Co., Ltd., a subsidiary of the Company, is unable to collect accounts receivable in an amount of RMB\$28,402 thousand due from Suzhou Rui Bi De Trade Co., Ltd. (“Suzhou Rui Bi De”) and claims of NT\$47,467 thousand guaranteed by Wang, Jiong-Lie, the president of Suzhou Rui Bi De. The Company has applied for a ruling in Taiwan YunLin District Court with respect to one of the promissory notes guaranteed by Wang, Jiong-Lie. The amount of the promissory note was NT\$18,960 thousand. The Company has acquired the court’s final verdict. The Company will take similar actions for other promissory notes and hire local lawyers and asset management firms to protect the rights of the Company.
- (11) Roo Hsing Shanghai Import & Export Co., Ltd. (Roo Hsing Shanghai), a subsidiary of the Company, filed a civil action against Nan Tong Si Bo Te Trading Co., Ltd. with respect to a dispute arising from a purchase agreement. The Shanghai Xuhui People’s Court ruled that Roo Hsing Shanghai shall return payment for purchase to Nan Tong Si Bo Te Trading Co., Ltd. plus accrued interest. The Company was not satisfied with the judgment, so the Company lodged an appeal to the intermediate people's court in Shanghai on 17 October 2017. The intermediate people's court maintained the original judgment on March 14, 2018. The Company has recognized related liabilities of RMB\$4,844 thousand as of March 31, 2019. The Company considered the dispute a business fraud and planned to report the case as a criminal case.
- (12) The reason and impact of the restated of the consolidated balance sheets as of December 31, 2018.

A. Reasons of restating the financial statement

Please refer to Note 6 (13) for more details.

B. Impact of the restated of the consolidated balance sheets as of March 31, 2019 are listed below:

Item	As of March 31, 2019		
	Before Restatement	After Restatement	Effectuated Amount
Intangible assets	\$ 6,588,206	\$ 5,485,387	\$ (1,102,819)
Total non-current assets	11,494,261	10,391,442	(1,102,819)
Total assets	25,290,424	24,187,605	(1,102,819)
Accumulated deficit	(1,545,183)	(2,648,002)	(1,102,819)
Total retained earnings	(1,522,842)	(2,625,661)	(1,102,819)
Total equity	14,316,561	13,213,742	(1,102,819)
Total liabilities and equity	25,290,424	24,187,605	(1,102,819)

(13) Taiwan Stock Exchange issued Letter Tai-Cheng-Shang-Yi-Zi No.1081800136 on January 9, 2019 stating that the Company's inventory accounting basis shall comply with international accounting standards and shall be evaluated by the "the lower of cost or net realizable value method". However, as business environment varied and the management concept was defined differently, there were differences between the consolidated financial statements for the years ended December 2017 and 2018 for the estimation of allowance to reduce inventory to market. On the other hand, the calculation of the net realizable value adopted by the Company has considered the obsolete inventory. Therefore, it is difficult to conclude that the differences were the result of different accounting estimates. Therefore, the loss for market price decline and obsolete and slow-moving inventories of NT\$11,392 thousand was corrected and recognized in 2017.

(14) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital by reviewing debt ratio periodically. The debt ratio is as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Total liabilities	\$10,948,533	\$11,901,558	\$10,973,863
Total assets	\$23,196,581	\$23,034,100	\$24,187,605
Debt ratio	53%	52%	45%

(15) Information of financial assets transferred

Transferred financial assets that are partially-derecognition in their entirety

The Company entered into a factoring agreement with a financial institution, which is partly with recourse and partly non-recourse. The Company has transferred the right on those non-recourse factoring, and in accordance with the contract, the Company shall not be liable for the credit risks associated with uncollectable receivables (except for commercial

disputes), which met the requirements for derecognized financial assets. The related information is as follows:

As of March 31, 2020

Transferee	Transferred amount	Factoring amount	Advanced amount	Interest rate range	Credit
Wells Fargo Bank, N.A.	\$ 1,099,485	\$ 1,099,485	\$ 223,675	3.613%	\$ -

As of December 31, 2019

Transferee	Transferred amount	Factoring amount	Advanced amount	Interest rate range	Credit
Wells Fargo Bank, N.A.	\$947,621	\$947,621	\$230,068	4.413%	\$ -

As of March 31, 2020, and December 31, 2019 the Company did not receive from bank. Accounts receivable factoring has transferred to other receivables, please refer to Note 6(5).

13. ADDITIONAL DISCLOSURE

(1) Information at significant transactions

- A. Financing provided to other: Please refer to Attachment 1.
- B. Endorsement/Guarantee provided to others: Please refer to Attachment 2.
- C. Securities held as of 31 December 2019 (excluding subsidiaries, associates and joint venture): Please refer to Attachment 3.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million and 20 percent of the capital stock: None.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million and 20 percent of the capital stock: None.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million and 20 percent of the capital stock: None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million and 20 percent of the capital stock: Please refer to Attachment 4.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million and 20 percent of capital stock: Please refer to Attachment 5.
- I. Financial instruments and derivative transactions: None.
- J. Others: Business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions: Please refer to Attachment 6.

(2) Information on investees

Names, locations, main businesses, total amount of paid-in capital, percentage of ownership, net income and investment income recognized of investees (excluding investment in Mainland China): Please refer to Attachment 7.

(3) Information on investments in mainland China

- A. Names, main businesses and products, total amount of paid-in capital, method of investment, accumulated outflow of investment from Taiwan, percentage of ownership, investment income recognized, carrying amount, accumulated inward remittance of earnings, and upper limit on investment of investees in Mainland China: Please refer to Attachment 8.
- B. Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition: Please refer to Attachment 1 and 2.

- (4) Information of major stockholders, the name, the number of stocks owned, and percentage of ownership of each stockholder with ownership of 5% or greater: Please refer to Attachment 9.

14. SEGMENT INFORMATION

For management purposes, the Company is organized into business units based on their products and services and has three reportable operating segments as follows:

- (1) Production and sales department: the department manufactures and trades clothing and wool related products.
- (2) Lease department: the department leases real estate.
- (3) Trade marketing department: the department is responsible for the sales of wholesale and distribution and retail.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

- (1) The following table presents segment profit and loss of the Company' operating segments:

	For the three months period ended March 31, 2020					
	Production and sales department	Lease department	Trade marketing department	Subtotal	Adjustment and elimination	Consolidated
Revenue						
External customer	\$2,730,737	\$ 859	\$1,119,636	\$3,851,231	\$ -	\$3,851,231
Inter-segment	814,581	-	38,352	852,932	(852,932)	-
Total revenue	<u>\$3,545,318</u>	<u>\$ 859</u>	<u>\$1,157,987</u>	<u>\$4,704,163</u>	<u>\$ (852,932)</u>	<u>\$3,851,231</u>
Segment (loss) profit	<u>\$ (535,918)</u>	<u>\$ (4,548)</u>	<u>\$ 28,524</u>	<u>\$ (511,942)</u>	<u>\$ 254,907</u>	<u>\$ (257,035)</u>

	For the three months period ended March 31, 2019					
	Production and sales department	Lease department	Trade marketing department	Subtotal	Adjustment and elimination	Consolidated
Revenue						
External customer	\$3,291,430	\$ 2,414	\$ -	\$3,293,844	\$ -	\$3,293,844
Inter-segment	379,190	-	-	379,190	(379,190)	-
Total revenue	<u>\$3,670,620</u>	<u>\$ 2,414</u>	<u>\$ -</u>	<u>\$3,673,034</u>	<u>\$ (379,190)</u>	<u>\$3,293,844</u>
Segment (loss) profit	<u>\$(104,562)</u>	<u>\$ 317</u>	<u>\$ -</u>	<u>\$ (104,562)</u>	<u>\$ 150,738</u>	<u>\$ 46,493</u>

Inter-segment revenue are eliminated on consolidation and recorded under the “adjustment and elimination” column, all other adjustments and eliminations are disclosed below.

- (2) Decision makers of the Company do not make decisions based on segment assets, so segment assets are not disclosed.

Roo Hsing Co., Ltd. and Subsidiaries

Attachment 1: Financing provided to others for the three-month periods ended March 31, 2020

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No. (Note 1)	Name of financing provider	Name of counterparty	Account (Note 2)	Related party	Maximum balance for the period (Note 3)	Ending balance (Note 6)	Actual amount provided	Interest rate	Nature of financing activity	Amount of sales to (purchase from) counterparty	Reason for financing	Loss Allowance	Assets pledged		Limit of financing amount for individual counterparty (Note 5)	Limit of total financing amount (Note 5)	Note
													Item	Value			
0	Roo Hsing Co., Ltd.	Roo Hsing Co. Nicaragua, S.A.	Other receivables	Y	\$ 9,069	\$ 9,069	\$ -	0%	Note 4(2)	-	Operating	-	None	-	\$ 3,631,751	\$ 4,150,573	Note 7, 9
0	Roo Hsing Co., Ltd.	J.D. United Trading Co., Ltd.	Other receivables	Y	302,300	302,300	151,150	2.889%	Note 4(2)	-	Operating	-	None	-	3,631,751	4,150,573	Note 7, 9
0	Roo Hsing Co., Ltd.	Nanjing Usa, Inc.	Other receivables	Y	604,600	604,600	-	0%	Note 4(2)	-	Operating	-	None	-	3,631,751	4,150,573	Note 7, 9
1	Roo Hsing Co. Nicaragua, S.A.	South Bay Manufacturing Company Limited	Other receivables	Y	6,046	6,046	6,046	3.9494%	Note 4(2)	-	Operating	-	None	-	44,547	44,547	Note 8, 9
2	Roo Hsing Garment Co., El Salvador, S.A. DE C.V.	Roo Hsing Co. Nicaragua, S.A.	Other receivables	Y	15,115	15,115	15,115	3.9086%	Note 4(2)	-	Operating	-	None	-	451,914	451,914	Note 8, 9
3	Operadora Internacional de Zonas Francas (Managua), S.A.	Roo Hsing Co. Nicaragua, S.A.	Other receivables	Y	6,046	6,046	-	0%	Note 4(2)	-	Operating	-	None	-	520,500	520,500	Note 8, 9
4	Changzhou Tooku Garments Co., Ltd.	Changzhou Dongteng International Trade Co., Ltd.	Other receivables	N	115,624	113,681	113,681	4.50%	Note 4(1)	-	Operating	-	None	-	2,908	218,043	Note 8
5	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Changzhou Dongteng International Trade Co., Ltd.	Other receivables	N	18,431	17,917	17,917	4.50%	Note 4(1)	-	Operating	-	None	-	2,908	246,718	Note 8
6	T & K Garment Industry Co., Ltd.	SL Garment Processing (Cambodia) Ltd.	Other receivables	N	25,756	3,188	3,188	5.00%	Note 4(1)	-	Operating	-	None	-	-	482,811	Note 8
7	GDM Enterprise Co., Ltd.	SL Garment Processing (Cambodia) Ltd.	Other receivables	N	157,367	133,455	133,455	0%	Note 4(1)	-	Operating	-	None	-	-	-	Note 8

Note 1: The parent company and its subsidiaries are coded as follows:

(1) The parent company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Items such as other receivables due from related parties, shareholders' current account, prepayments, temporary payments, etc. with financing nature should be filled in the column.

Note 3: The maximum financing amount for the year.

Note 4: (1) For counterparties with transactions, financing amount is the transaction amount between lender and the counterparty for the current year.

(2) Please describe the reason and usage of financing if short-term financing is necessary.

Note 5: Please fill in the limit of financing amount for individual counterparty and the limit of total financing amount according to the Company's procedure.

Note 6: If public companies propose financing provided to others to the Board of Directors under the Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, they should still state ending balances approved by the Board of Directors to disclose the risk taken. When the capital is repaid, the amount of repayment should be disclosed to reflect the adjusted risk. If public companies authorize the director to revoke credit under certain limit approved by the Board of Directors, limit approved by the Board of Directors should still be stated. Even though capital is repaid, limit approved by the Board of Directors should still be stated since the company may lend again.

Note 7: The financing amount to any single entities shall not exceed 35% net worth of the lender, the total financing amount shall not exceed 40% net worth of the lender.

Note 8: The total financing amount of its subsidiary and the limit amount for any single entities are as follows:

(1) The total financing amount, excluding situations described in (3), shall not exceed 40% net worth of the lender.

(2) The financing amount shall not exceed the transaction amount between the lender and the counterparty for companies with transactions. Transaction amount is the higher of sales or purchases between counterparties. The financing amount shall not exceed 40% net worth of the Company or 10% net worth of the counterparty.

(3) The financing amount shall not exceed 3 times net worth of the lender if the Company has directly or indirectly hold 100% shares of its overseas subsidiaries.

Note 9: The above transactions were offset as consolidated financial statements were prepared.

Roo Hsing Co., Ltd. and Subsidiaries

Attachment 2: Endorsement/Guarantee provided to others for the three-month periods ended March 31, 2020

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No. (Note 1)	Name of endorsers	Endorsee		Endorsement limit for a single entity	Maximum balance for the period (Note 4)	Ending balance (Note 5)	Actual amount provided (Note 6)	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/endorsement amount (Note 3)	Guarantee provided by Parent Company (Note 7)	Guarantee provided by a Subsidiary (Note 7)	Guarantee provided to Subsidiaries in Mainland China (Note 7)
		Name of endorsees	Relationship (Note 2)										
0	Roo Hsing Co., Ltd. (Note 3)	Roo Hsing Garment Co., Ltd.	2	\$ 5,188,217	\$ 54,414	\$ -	\$ -	\$ -	0.00%	\$ 20,752,866	Y	N	N
0	Roo Hsing Co., Ltd. (Note 3)	J.D. United Trading Corporation Limited	2	5,188,217	362,760	362,760	241,808	-	3.50%	20,752,866	Y	N	N
0	Roo Hsing Co., Ltd. (Note 3)	MF Holding Co.,Ltd.	2	5,188,217	1,390,580	1,390,580	1,189,551	3,637,296	13.40%	20,752,866	Y	N	N
1	Changzhou Tooku Garments Co., Ltd. (Note 9)	Changzhou Guangzhou Manchuria Trading Co., Ltd.	3	1,635,321	438,780	438,780	138,309	-	80.49%	1,635,321	N	N	Y
2	J.D. United Manufacturing Limited (Note 9)	Changzhou Tooku Garments Co., Ltd.	2	13,484,439	199,518	199,518	164,010	-	4.44%	13,484,439	N	N	Y
2	J.D. United Manufacturing Limited (Notes 8 and 9)	J.D. United Trading Corporation Limited	2	13,484,439	3,476,450	3,476,450	2,527,458	-	77.34%	13,484,439	N	N	N
3	Changzhou Guangzhou Manchuria Trading Co., Ltd. (Note 9)	Changzhou Tooku Garments Co., Ltd.	2	1,850,382	1,599,204	1,599,204	774,761	-	259.28%	1,850,382	N	N	Y
4	JD United (BVI) Limited (Note 9)	J.D. United Manufacturing Limited	2	10,289,943	1,203,880	1,203,880	706,951	-	35.10%	10,289,943	N	N	N
4	JD United (BVI) Limited (Notes 8 and 9)	J.D. United Trading Corporation Limited	2	10,289,943	3,476,450	3,476,450	2,527,458	-	101.35%	10,289,943	N	N	N
5	Nagapeace Corporation Limited (Note 9)	Roo Hsing Co., Ltd.	3	1,455,146	100,000	100,000	28,850	93,653	5.50%	1,818,932	N	Y	N
6	Faith In Blue (USA) Corporation (Notes 9 and 10)	MF Holding Co.,Ltd.	3	2,226,081	1,390,580	1,390,580	1,189,551	1,913,817	93.70%	2,968,108	N	N	N

Note 1: The parent company and its subsidiaries are coded as follows:

- (1) The parent company is coded "0".
- (2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
- (4) The endorsed/guaranteed parent company directly or indirectly owns more than 90% voting shares of the endorser/guarantor subsidiary.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (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 procedure of endorsement is shown as follows:

- (1) Aggregate amount of endorsement of the Company shall not exceed 200% of net worth of the Company. Aggregate amount of endorsement of the Company and its subsidiaries shall not exceed 200% of net worth of the Company.
- (2) The amount of endorsements/guarantees for any entity shall not exceed 50% net worth of the Company; the aggregate amount of endorsements/guarantees for any entity shall not exceed 50% net worth of the Company.

Note 4: The maximum endorsements/guarantees amount for the year.

Note 5: All endorsements/guarantees that have been approved by bank shall be included in ending balance.

Note 6: Please fill in the actual amount provided by the endorsers.

Note 7: Parent company endorsed/guaranteed for the subsidiaries, subsidiaries endorsed/guaranteed for the parent company, or endorsement/guarantee for entities in Mainland China shall fill in "Y"

Note 8: J.D. United Manufacturing Limited and JD United (BVI) Limited have shared limit for J.D. United Trading Corporation Limited. The table shows the separate entries to calculate the limit though actually the endorsements/guarantees are for any single entity. The shared limit was NT\$3,476,450 thousand, and the actual amount drawn was NT\$2,527,458 thousand.

Note 9: Endorsement limits provided by Changzhou Tooku Garments Co., Ltd., Changzhou Guangzhou Manchuria Trading Co., Ltd., J.D. United Manufacturing Limited, JD United (BVI) Limited, for a single entity and all entities are all 300% of their net worth. Endorsement limits provided by Nagapeace Corporation Limited for a single entity and all entities are 80% and 100%, respectively, of its net worth.;Endorsement limits provided by FAITH IN BLUE (USA) CORPORATION for a single entity and all entities are 150% and 200%, respectively, of its net worth.

Note 10: The Company and Faith In Blue (USA) Corporation have shared limit for MF Holding Co.,Ltd. The table shows separate entries to calculate limit amounts though actually they are endorsements/guarantees for a single entity. The shared limit was NT\$1,390,580thousand, and the actual amount drawn was NT\$1,189,551 thousand.

Roo Hsing Co., Ltd. and Subsidiaries

Attachment 3: Securities held as of March 31, 2020 (Excluding subsidiaries, associates and joint ventures)

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Names of companies held	Type and name of securities (Note 1)	Relationship with the Company	Financial statement account	March 31, 2020				Note
				shares	Carrying amount	Percentage of ownership (%)	Fair value	
Chuwa Wool Industry Co., (Taiwan) Ltd.	Common stocks	None (Note 2)	Financial assets at fair value through profit or loss - current	3,105,000	\$103,086	3.38%	\$94,237	
Max Zipper Co., Ltd.	Common stocks	None	Financial assets at fair value through profit or loss - current	27,000	278	0.06%	286	

Note 1: Securities on the list refer to securities such as stocks, bonds, beneficiary certificates and securities derived from those items included in IFRS 9 “Financial Instruments”.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 5: The Company held 53.41% of its shares and controlled the company, through Han Yan Global Co., Ltd. (original Roo Hsing Global Co., Ltd.), a fully owned subsidiary.

The Company had lost control after the Company's board of directors approved on December 10, 2019 to dispose full shareholding of Han Yan Global Co., Ltd..

Therefore, the Company reclassified the 3.38% remaining shareholdings to non-current financial assets at fair value through profit or loss.

English Translation of Financial Statements Originally Issued in Chinese
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
 Roo Hsing Co., Ltd. and Subsidiaries

Attachment 4: Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million and 20 percent of capital stock for the three-month periods ended March 31, 2020

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company	Related party	Relationship	Transactions				Details of non-arm's length transaction (Note 1)		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit Price	Term	Balance	Percentage of total receivables (payable)	
Hung Hsing Garment (Cambodia) Co., Ltd.	Nagapeace Corporation Limited	Affiliate with same parent company	Processing revenue	\$ (102,333)	92%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	\$ -	-	
J.D. United Trading Corporation Limited	Nanjing USA, Inc.	Affiliate with same parent company	Sales	(423,883)	15%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	143,688	7%	
J.D. United Trading Corporation Limited	T&K Garment Industry Co., Ltd.	Affiliate with same parent company	Sales	(677,733)	2%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	1,992,374	99%	
T&K Garment Industry Co., Ltd.	Nagapeace Corporation Limited	Affiliate with same parent company	Sales	(993,371)	3%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	4,939,559	246%	
Tanzania Tooku Garments Co., Ltd.	J.D. United Trading Corporation Limited	Affiliate with same parent company	Sales	(175,734)	1%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	-	-	
Nagapeace Corporation Limited	J.D. United Trading Corporation Limited	Affiliate with same parent company	Processing revenue	(1,551,547)	5%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	1,887,741	94%	
Changzhou Tooku Garments Co., Ltd.	J.D. United Trading Corporation Limited	Affiliate with same parent company	Sales	(321,478)	1%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	1,278,393	64%	
Changzhou Tooku Garments Co., Ltd.	Nagapeace Corporation Limited	Affiliate with same parent company	Sales	(218,045)	-	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	612,738	30%	
Changzhou Guangzhou Manchuria Trading Co., Ltd.	Paneffort (Cambodia) Garment Co., Ltd.	Affiliate with same parent company	Sales	(136,859)	-	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	139,259	7%	

Note 1: The above transactions of subsidiaries were eliminated as consolidated financial statements were prepared.

Roo Hsing Co., Ltd. and Subsidiaries

Attachment 5: Receivables from related parties with amounts exceeding the lower of NT\$100 million and 20 percent of capital stock as of March 31, 2020

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company recognizing receivables	Counterparty	Relationship	Ending balance of receivables	Turnover rate	Overdue receivables		Amount received in subsequent period	Loss allowance
					Amount	Collection status		
Roo Hsing Co., Ltd.	Roo Hsing Garment Co., Ltd.	The Company's subsidiary	\$433,579	-	\$-	-	\$-	-
Roo Hsing Co., Ltd.	J.D. United Trading Corporation Limited	The Company's subsidiary	466,321	-	-	-	-	-
Roo Hsing Co., Ltd.	Nanjing USA, Inc.	The Company's subsidiary	99,050	-	-	-	-	-
Roo Hsing Co., Ltd.	Ten Win Business International Co., Ltd.	The Company's subsidiary	70,054	-	-	-	-	-
Tooku Trading Company Limited	J.D. United Trading Corporation Limited	Affiliate with same parent company	959,865	-	-	-	-	-
J.D. United Trading Corporation Limited	Nanjing USA, Inc.	Affiliate with same parent company	143,688	-	-	-	-	-
J.D. United Trading Corporation Limited	J.D. United Manufacturing Corporation Limited	Affiliate with same parent company	615,259	-	-	-	-	-
J.D. United Trading Corporation Limited	Morning Glory Garment Enterprise Co., Ltd.	Affiliate with same parent company	1,085,838	-	-	-	-	-
J.D. United Trading Corporation Limited	T & K Garment Industry Co., Ltd.	Affiliate with same parent company	1,992,374	-	-	-	-	-
J.D. United Trading Corporation Limited	South Bay Manufacturing Company Limited	Affiliate with same parent company	121,637	-	-	-	-	-
J.D. United Trading Corporation Limited	Tanzania Tooku Garments Co., Ltd	Affiliate with same parent company	398,100	-	-	-	-	-
Nishiku Manufacturing Corporation Limited	J.D. United Manufacturing Corporation Limited	Affiliate with same parent company	298,779	-	-	-	-	-
Changzhou Tooku Garments Co., Ltd.	J.D. United Trading Corporation Limited	Affiliate with same parent company	1,278,393	-	-	-	-	-
Changzhou Tooku Garments Co., Ltd.	Nagapeace Corporation Limited	Affiliate with same parent company	612,738	-	-	-	-	-
Changzhou Tooku Garments Co., Ltd.	Chongqing Municipality Youyang Country Tooku Dec Manufacturing Co., Ltd	Affiliate with same parent company	220,572	-	-	-	-	-
Changzhou Guangzhou Manchuria Trading Co., Ltd.	Nagapeace Corporation Limited	Affiliate with same parent company	250,455	-	-	-	-	-
Changzhou Guangzhou Manchuria Trading Co., Ltd.	Changzhou Tooku Garments Co., Ltd.	Affiliate with same parent company	405,701	-	-	-	-	-
Changzhou Guangzhou Manchuria Trading Co., Ltd.	Paneffort (Cambodia) Garment Co., Ltd.	Affiliate with same parent company	139,259	-	-	-	-	-
Changzhou Guangzhou Manchuria Trading Co., Ltd.	Tanzania Tooku Garments Co., Ltd.	Affiliate with same parent company	103,893	-	-	-	-	-
Morning Glory Garment Enterprise Co., Ltd.	Nagapeace Corporation Limited	Affiliate with same parent company	875,449	-	-	-	-	-
Morning Glory Garment Enterprise Co., Ltd.	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Affiliate with same parent company	1,046,341	-	-	-	-	-
Morning Glory Garment Enterprise Co., Ltd.	JD & Toyoshima Co., Ltd.	Affiliate with same parent company	119,000	-	-	-	-	-
Morning Glory Garment Enterprise Co., Ltd.	Changzhou Tooku Garments Co., Ltd.	Affiliate with same parent company	614,068	-	-	-	-	-
T & K Garment Industry Co., Ltd.	Nagapeace Corporation Limited	Affiliate with same parent company	4,939,559	-	-	-	-	-
T & K Garment Industry Co., Ltd.	Morning Glory Garment Enterprise Co., Ltd.	Affiliate with same parent company	693,526	-	-	-	-	-
Nagapeace Corporation Limited	Paneffort (Cambodia) Garment Co., Ltd.	Affiliate with same parent company	208,477	-	-	-	-	-
Nagapeace Corporation Limited	Changzhou Tooku Garments Co., Ltd.	Affiliate with same parent company	451,597	-	-	-	-	-
Nagapeace Corporation Limited	J.D. United Trading Corporation Limited	Affiliate with same parent company	1,887,741	-	-	-	-	-
Nagapeace Corporation Limited	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Affiliate with same parent company	253,758	-	-	-	-	-
Nagapeace Corporation Limited	GDM Enterprise Co., Ltd.	Affiliate with same parent company	705,709	-	-	-	-	-
Nagapeace Corporation Limited	Zheng Tai Garment (Cambodia) Co., Ltd.	Affiliate with same parent company	430,372	-	-	-	-	-
Nagapeace Corporation Limited	Great Union Cambodia Garment Co., Ltd.	Affiliate with same parent company	156,343	-	-	-	-	-
Nagapeace Corporation Limited	Nishiku Manufacturing Corporation Limited	Affiliate with same parent company	155,505	-	-	-	-	-

Note 1: The above transactions of subsidiaries were eliminated as consolidated financial statements were prepared.

Roo Hsing Co., Ltd. and Subsidiaries

Attachment 6: Significant intercompany transactions between consolidated entities

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Company	Counterparty	Relationship	Account	Amount	Term	As a percentage of consolidated assets or revenues
0	Roo Hsing Co., Ltd.	Roo Hsing Garment Co., Ltd.	1	Other receivables	\$ 433,579	-	2%
0	Roo Hsing Co., Ltd.	Roo Hsing Garment Co., Ltd.	1	Processing expenses	97,498	Agreed based on product types	2%
0	Roo Hsing Co., Ltd.	J.D. United Trading Corporation Limited	1	Other receivables	466,321	-	2%
0	Roo Hsing Co., Ltd.	J.D. United Trading Corporation Limited	1	Other payables	19,384	-	-
0	Roo Hsing Co., Ltd.	J.D. United Trading Corporation Limited	1	Interest revenue	2,283	-	-
0	Roo Hsing Co., Ltd.	Changzhou Guangzhou Manchuria Trading Co., Ltd.	1	Purchases	12,226	-	-
0	Roo Hsing Co., Ltd.	Ten Win Business International Co., Ltd.	1	Long-term receivables	70,054	-	-
0	Roo Hsing Co., Ltd.	Ten Win Business International Co., Ltd.	1	Financial assets at fair value through profit or loss - non-current	219,000	-	1%
0	Roo Hsing Co., Ltd.	Ten Win Business International Co., Ltd.	1	Other interest revenue	3,635	-	-
0	Roo Hsing Co., Ltd.	Nanjing USA, Inc.	1	Accounts receivable	99,050	-	-
0	Roo Hsing Co., Ltd.	Nanjing USA, Inc.	1	Service revenue	38,352	-	1%
0	Roo Hsing Co., Ltd.	Fain Tei Enterprise Company Ltd.(BVI)	1	Prepayment for purchases	47,968	-	-
1	Nanjing USA, Inc.	J.D. United Trading Corporation Limited	3	Accounts payables	143,688	-	1%
1	Nanjing USA, Inc.	J.D. United Trading Corporation Limited	3	Cost of good sold	423,883	-	10%
2	Roo Hsing Garment Co., Ltd.	Hung Hsing Garment (Cambodia) Co., Ltd.	3	Accounts receivable	55,370	-	-
2	Roo Hsing Garment Co., Ltd.	Hung Hsing Garment (Cambodia) Co., Ltd.	3	Accounts payables	9,148	-	-
2	Roo Hsing Garment Co., Ltd.	Nagapeace Corporation Limited	3	Accounts receivable	4,111	-	-
2	Roo Hsing Garment Co., Ltd.	J.D. United Trading Corporation Limited	3	Sales	15,325	Agreed based on product types	-
3	Roo Hsing Co. Nicaragua, S.A.	Roo Hsing Garment Co., El Salvador, S.A. DE C.V.	3	Accounts receivable	5,088	-	-
3	Roo Hsing Co. Nicaragua, S.A.	Roo Hsing Garment Co., El Salvador, S.A. DE C.V.	3	Other payables	22,715	-	-
3	Roo Hsing Co. Nicaragua, S.A.	Roo Hsing Garment Co., El Salvador, S.A. DE C.V.	3	Sales	34,534	Agreed based on product types	1%
3	Roo Hsing Co. Nicaragua, S.A.	Operadora Internacional de Zonas Francas (Managua), S.A.	3	Other payables	20,027	-	-
3	Roo Hsing Co. Nicaragua, S.A.	Operadora Internacional de Zonas Francas (Managua), S.A.	3	Rent expense	3,590	-	-
4	Roo Hsing Garment Manufacturing Co., Ltd.	S.H. United Co., Ltd.	3	Other receivables	33,349	-	-
4	Roo Hsing Garment Manufacturing Co., Ltd.	J.D. United Trading Corporation Limited	3	Accounts receivable	20,474	-	-
4	Roo Hsing Garment Manufacturing Co., Ltd.	J.D. United Trading Corporation Limited	3	Other payables	12,593	-	-
4	Roo Hsing Garment Manufacturing Co., Ltd.	J.D. United Manufacturing Corporation Limited	3	Other payables	19,930	-	-
4	Roo Hsing Garment Manufacturing Co., Ltd.	Changzhou Guangzhou Manchuria Trading Co., Ltd.	3	Other payables	10,246	-	-
4	Roo Hsing Garment Manufacturing Co., Ltd.	J.D. United Trading Corporation Limited	3	Processing revenue	32,868	Agreed based on product types	1%
5	S.H. United Co., Ltd.	J.D. United Trading Corporation Limited	3	Accounts receivable	32,331	-	-
5	S.H. United Co., Ltd.	J.D. United Trading Corporation Limited	3	Processing revenue	20,338	Agreed based on product types	-
6	Hung Hsing Garment (Cambodia) Co., Ltd.	Nagapeace Corporation Limited	3	Accounts payables	11,957	-	-
6	Hung Hsing Garment (Cambodia) Co., Ltd.	Paneffort (Cambodia) Garment Co., Ltd.	3	Accounts payables	30,230	-	1%
6	Hung Hsing Garment (Cambodia) Co., Ltd.	Nagapeace Corporation Limited	3	Processing revenue	102,333	Agreed based on product types	2%
7	Roo Hsing Shanghai Import & Export Co., Ltd.	Changzhou Tooku Garments Co., Ltd.	3	Other payables	10,454	-	-
8	Tooku Trading Corporation Limited	J.D. United Trading Corporation Limited	3	Other receivables	959,865	-	4%
8	Tooku Trading Corporation Limited	J.D. United Trading Corporation Limited	3	Other payables	939,979	-	4%
9	J.D. United Manufacturing Corporation Limited	Nishiku Manufacturing Corporation Limited	3	Accounts receivable	72,695	-	-
9	J.D. United Manufacturing Corporation Limited	T & K Garment Industry Co., Ltd.	3	Accounts receivable	25,117	-	-
9	J.D. United Manufacturing Corporation Limited	Paneffort (Cambodia) Garment Co., Ltd.	3	Accounts receivable	2,873	-	-
10	J.D. United Trading Corporation Limited	T & K Garment Industry Co., Ltd.	3	Sales	677,733	Agreed based on product types	16%
10	J.D. United Trading Corporation Limited	Tanzania Tooku Garments Co., Ltd.	3	Sales	56,723	Agreed based on product types	1%

No.	Company	Counterparty	Relationship	Account	Amount	Term	As a percentage of consolidated assets or revenues
10	J.D. United Trading Corporation Limited	J.D. United Manufacturing Corporation Limited	3	Accounts receivable	\$ 615,259	-	3%
10	J.D. United Trading Corporation Limited	Paneffort (Cambodia) Garment Co., Ltd.	3	Accounts receivable	30,230	-	-
10	J.D. United Trading Corporation Limited	T & K Garment Industry Co., Ltd.	3	Accounts receivable	1,992,374	-	9%
10	J.D. United Trading Corporation Limited	Morning Glory Garment Enterprise Co., Ltd.	3	Accounts receivable	1,085,838	-	5%
10	J.D. United Trading Corporation Limited	South Bay Manufacturing Company Limited	3	Accounts receivable	121,637	-	1%
10	J.D. United Trading Corporation Limited	Tanzania Tooku Garments Co., Ltd.	3	Accounts receivable	398,100	-	2%
10	J.D. United Trading Corporation Limited	J.M. Bag&Case (Cambodia) Co., Ltd.	3	Accounts receivable	37,927	-	-
10	J.D. United Trading Corporation Limited	JDSingapore	3	Accounts receivable	2,697	-	-
11	T & K Garment Industry Co., Ltd.	Nagapeace Corporation Limited	3	Processing revenue	53,009	Agreed based on product types	1%
11	T & K Garment Industry Co., Ltd.	Nagapeace Corporation Limited	3	Sales	940,362	Agreed based on product types	22%
11	T & K Garment Industry Co., Ltd.	Morning Glory Garment Enterprise Co., Ltd.	3	Accounts receivable	693,526	-	3%
11	T & K Garment Industry Co., Ltd.	Nagapeace Corporation Limited	3	Accounts receivable	4,939,559	-	21%
12	Morning Glory Garment Enterprise Co., Ltd.	Nagapeace Corporation Limited	3	Processing revenue	49,354	Agreed based on product types	1%
12	Morning Glory Garment Enterprise Co., Ltd.	Changzhou Tooku Garments Co., Ltd.	3	Accounts receivable	614,068	-	3%
12	Morning Glory Garment Enterprise Co., Ltd.	Changzhou Guangzhou Manchuria Trading Co., Ltd.	3	Accounts receivable	1,046,341	-	5%
12	Morning Glory Garment Enterprise Co., Ltd.	JD & Toyoshima Co., Ltd.	3	Accounts receivable	119,000	-	1%
12	Morning Glory Garment Enterprise Co., Ltd.	Nagapeace Corporation Limited	3	Accounts receivable	875,449	-	4%
13	Nishiku Enterprise Co., Ltd.	Nagapeace Corporation Limited	3	Processing revenue	53,473	Agreed based on product types	1%
13	Nishiku Enterprise Co., Ltd.	J.D. United Trading Corporation Limited	3	Accounts receivable	298,779	-	1%
13	Nishiku Enterprise Co., Ltd.	JD & Toyoshima Co., Ltd.	3	Accounts receivable	8,288	-	-
14	Changzhou Tooku Garments Co., Ltd.	J.D. United Trading Corporation Limited	3	Sales	339,755	Agreed based on product types	8%
14	Changzhou Tooku Garments Co., Ltd.	Changzhou Guangzhou Manchuria Trading Co., Ltd.	3	Sales	87,851	Agreed based on product types	2%
14	Changzhou Tooku Garments Co., Ltd.	Nagapeace Corporation Limited	3	Sales	218,045	Agreed based on product types	5%
14	Changzhou Tooku Garments Co., Ltd.	Paneffort (Cambodia) Garment Co., Ltd.	3	Sales	65,512	Agreed based on product types	2%
14	Changzhou Tooku Garments Co., Ltd.	Tanzania Tooku Garments Co., Ltd.	3	Sales	26,533	Agreed based on product types	1%
14	Changzhou Tooku Garments Co., Ltd.	J.D. United Trading Corporation Limited	3	Accounts receivable	1,278,393	-	6%
14	Changzhou Tooku Garments Co., Ltd.	Bai Cheng Shi Mei Da Garment Co., Ltd.	3	Accounts receivable	76,695	-	0%
14	Changzhou Tooku Garments Co., Ltd.	Chongqing Municipality Youyang Country Tooku Dec Manufacturing Co., Ltd.	3	Accounts receivable	220,572	-	1%
14	Changzhou Tooku Garments Co., Ltd.	J.M. Bag&Case (Cambodia) Co., Ltd.	3	Accounts receivable	2,974	-	-
14	Changzhou Tooku Garments Co., Ltd.	Nagapeace Corporation Limited	3	Accounts receivable	612,738	-	3%
14	Changzhou Tooku Garments Co., Ltd.	Tanzania Tooku Garments Co., Ltd.	3	Accounts receivable	91,601	-	-
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Tanzania Tooku Garments Co., Ltd.	3	Sales	16,150	Agreed based on product types	-
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Paneffort (Cambodia) Garment Co., Ltd.	3	Sales	136,859	Agreed based on product types	3%
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	J.D. United Trading Corporation Limited	3	Sales	14,521	Agreed based on product types	-
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Nagapeace Corporation Limited	3	Sales	91,377	Agreed based on product types	2%
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Tanzania Tooku Garments Co., Ltd.	3	Sales	9,987	Agreed based on product types	-
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Changzhou Tooku Garments Co., Ltd.	3	Sales	86,876	Agreed based on product types	2%
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	J.D. United Trading Corporation Limited	3	Accounts receivable	14,255	-	-
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Changzhou Tooku Garments Co., Ltd.	3	Accounts receivable	405,701	-	2%
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Paneffort (Cambodia) Garment Co., Ltd.	3	Accounts receivable	139,259	-	1%
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Changzhou Tooku Garments Co., Ltd.	3	Accounts receivable	2,501	-	-
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	J.M. Bag&Case (Cambodia) Co., Ltd.	3	Accounts receivable	25,872	-	-

No.	Company	Counterparty	Relationship	Account	Amount	Term	As a percentage of consolidated assets or revenues
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Nagapeace Corporation Limited	3	Accounts receivable	\$ 250,455	-	1%
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Tanzania Tooku Garments Co., Ltd.	3	Accounts receivable	103,893	-	-
16	Nagapeace Corporation Limited	J.M. Bag & Case Manufacturing Corporation Limited	3	Processing revenue	11,467	Agreed based on product types	-
16	Nagapeace Corporation Limited	J.D. United Trading Corporation Limited	3	Processing revenue	1,551,547	Agreed based on product types	36%
16	Nagapeace Corporation Limited	J.D. United Trading Corporation Limited	3	Accounts receivable	1,887,741	-	8%
16	Nagapeace Corporation Limited	Changzhou Tooku Garments Co., Ltd.	3	Accounts receivable	451,597	-	2%
16	Nagapeace Corporation Limited	Changzhou Guangzhou Manchuria Trading Co., Ltd.	3	Accounts receivable	253,758	-	1%
16	Nagapeace Corporation Limited	Paneffort (Cambodia) Garment Co., Ltd.	3	Accounts receivable	208,477	-	1%
16	Nagapeace Corporation Limited	GDM Enterprise Co., Ltd.	3	Accounts receivable	705,709	-	3%
16	Nagapeace Corporation Limited	Zheng Tai Garment (Cambodia) Co., Ltd.	3	Accounts receivable	430,372	-	2%
16	Nagapeace Corporation Limited	Splendid Chance International Ltd.	3	Accounts receivable	58,081	-	-
16	Nagapeace Corporation Limited	Great Union Cambodia Garment Co., Ltd.	3	Accounts receivable	156,343	-	1%
16	Nagapeace Corporation Limited	Nishiku Manufacturing Corporation Limited	3	Accounts receivable	155,505	-	1%
16	Nagapeace Corporation Limited	JD & Toyoshima Co., Ltd.	3	Accounts receivable	64,490	-	-
16	Nagapeace Corporation Limited	J.M. Bag&Case (Cambodia) Co., Ltd.	3	Accounts receivable	10,624	-	-
16	Nagapeace Corporation Limited	Tanzania Tooku Garments Co., Ltd.	3	Accounts receivable	17,431	-	-
16	Nagapeace Corporation Limited	True Power Garment Corporation Ltd.	3	Accounts receivable	25,717	-	-
17	GDM Enterprise Co., Ltd.	Nagapeace Corporation Limited	3	Processing revenue	23,762	Agreed based on product types	1%
18	Splendid Chance International Ltd.	Nagapeace Corporation Limited	3	Processing revenue	30,709	Agreed based on product types	1%
19	Great Union Cambodia Garment Co., Ltd.	Nagapeace Corporation Limited	3	Processing revenue	53,922	Agreed based on product types	1%
20	JD & Toyoshima Co., Ltd.	Nagapeace Corporation Limited	3	Processing revenue	27,326	Agreed based on product types	1%
21	Tanzania Tooku Garments Co., Ltd.	J.D. United Trading Corporation Limited	3	Sales	175,734	Agreed based on product types	4%
22	Zheng Tai Garment (Cambodia) Co., Ltd.	Nagapeace Corporation Limited	3	Processing revenue	52,846	Agreed based on product types	1%
23	J.M. Bag&Case (Cambodia) Co., Ltd.	J.M. Bag & Case Manufacturing Corporation Limited	3	Accounts receivable	46,874	-	1%
23	J.M. Bag&Case (Cambodia) Co., Ltd.	Zheng Tai Garment (Cambodia) Co., Ltd.	3	Accounts receivable	7,656	-	1%
24	Chongqing Municipality Youyang Country Tooku Dec Manufacturing Co.,	Changzhou Guangzhou Manchuria Trading Co., Ltd.	3	Accounts receivable	7,813	-	-
25	J.M. Bag & Case Manufacturing Corporation Limited	J.D. United Trading Corporation Limited	3	Accounts receivable	27,690	-	1%
25	J.M. Bag & Case Manufacturing Corporation Limited	Nagapeace Corporation Limited	3	Accounts receivable	12,212	-	1%
26	Bai Cheng Shi Mei Da Garment Co., Ltd.	J.D. United Trading Corporation Limited	3	Processing revenue	2,381	-	1%
27	Nishiku Manufacturing Corporation Limited	South Bay Manufacturing Company Limited	3	Accounts receivable	69,317	-	-
28	Chongqing Municipality Youyang Country Tooku Dec Manufacturing Co.,	Changzhou Tooku Garments Co., Ltd.	3	Accounts receivable	6,205	-	-

Note 1: Information about related party transactions should be stated. The numbers of each company are illustrated as follows:

- (1) 0 is for the parent company.
- (2) Each subsidiary is numbered from 1.

Note 2: The relationship between related parties are as follows:

- (1) Parent company and subsidiary.
- (2) Subsidiary and Parent company.
- (3) Subsidiary and subsidiary.

Note 3: Transaction amount is stated as a percentage of total assets or total revenues. Percentages of assets or liabilities accounts are calculated as ending balance divided by consolidated assets, and percentages of profit or loss accounts are calculated as accumulated amount for the year divided by consolidated revenues.

Note 4: The above transactions of subsidiaries were eliminated as consolidated financial statements were prepared.

Roo Hsing Co., Ltd. and Subsidiaries

Attachment 7: Names, locations and related information of investee companies (Not including investment in Mainland China)

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company (Note 1 and 2)	Location	Main business and products	Original investment amount		Investment as of March 31, 2020		Book value	Net income (loss) of investee (Note 2(2))	Investment income (loss) recognized (Note 2(3))	Note	
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)					
Roo Hsing Co., Ltd.	Roo Hsing Garment Co., Ltd.	Cambodia	Garment processing	\$622,475	\$622,475	-	100.00	\$(139,444)	\$(15,217)	\$(15,217)		
	Roo Hsing Co. Nicaragua, S.A.	Nicaragua	Garment processing	359,980	359,980	36,267	100.00	14,849	(7,755)	(7,755)		
	Roo Hsing Garment Co., El Salvador, S.A. DE C.V.	El Salvador	Garment processing	600,981	600,981	1,346,000	100.00	150,637	798	798		
	Operadora Internacional de Zonas Francas (Managua), S.A.	Nicaragua	Plant and property Leasing	182,264	182,264	56,730	100.00	173,501	(479)	(479)		
	Fain Tei Enterprise Company Ltd.(BVI)	British Virgin Islands	Investment holding	491,420	476,446	16,336,843	100.00	67,600	(61,918)	(61,918)		
	Ten Win Business International Co., Ltd.	Taiwan	Real estate development and leasing for funeral service	123,987	123,987	37,197,160	40.04	148,265	(4,548)	(2,026)		
	JD United (BVI) Limited	British Virgin Islands	Investment holding	9,558,486	9,558,486	1	100.00	8,770,039	(166,017)	(222,540)	Note 5	
	Tooku Holdings Limited	British Virgin Islands	Investment holding	48,299	48,299	50,000	100.00	56,311	(6)	(6)		
	Roo Hsing Garment Manufacturing Co., Ltd.	Myanmar	Garment processing	128,495	128,495	41,216	100.00	43,386	(8,580)	(8,580)		
	Intelligence Textile Technology Co., Ltd.	Taiwan	Garment trading	15,000	15,000	1,500,000	100.00	1,835	(2,991)	(2,991)		
	MF Holding Co., Ltd	Cayman Islands	Investment holding	391,532	330,340	133,750	100.00	325,273	9,511	9,511		
	Roo Hsing Garment Co., Ltd.	Chen Tai Co., Ltd.	Cambodia	Garment washing	20,312	20,312	-	100.00	2,992	(191)	(191)	
	Fain Tei Enterprise Company Ltd.(BVI)	Hung Hsing Garment (Cambodia) Co., Ltd.	Cambodia	Garment processing	181,805	181,805	-	100.00	36,544	(24,868)	(24,868)	
S.H. United Co., Ltd.		Myanmar	Garment processing	151,302	151,302	41,249	100.00	28,555	(36,660)	(36,660)		
JD United (BVI) Limited	J.D. United Manufacturing Corporation Limited	Hong Kong	Investment holding and garment trading	1,065,889	1,065,889	-	100.00	4,494,813	(166,014)	(166,014)		
	3Y Universal Company Limited	Hong Kong	Garment processing	85,312	85,312	-	23.00	85,521	(2,168)	(2,168)		
Tooku Holdings Limited	Tooku Trading Corporation Limited	Hong Kong	Garment trading	-	-	-	100.00	31,910	(6)	(6)		
J.D. United Manufacturing Corporation Limited	J.D. United Trading Corporation Limited	Hong Kong	Garment trading	121	121	-	100.00	43,890	7,838	7,838		
	OCT Holding Company Limited	Hong Kong	Investment holding	-	-	-	100.00	(251,975)	(33,155)	(33,155)		
	Nishiku Manufacturing Corporation Limited	Hong Kong	Investment holding	-	-	-	100.00	(211,945)	14,200	14,200		
	J.M. Bag & Case Manufacturing Corporation Limited	Hong Kong	Investment holding and Bag&Case trading	15,130	15,130	-	100.00	(31,202)	(4,770)	(4,770)		
	GDM Enterprise Co., Ltd.	Cambodia	Garment processing	30,260	30,260	-	100.00	(203,440)	(17,617)	(17,617)		
	Nishiku Enterprise Co., Ltd.	Cambodia	Garment processing	-	-	-	100.00	358,584	(20,384)	(20,384)		
	Morning Glory Garment Enterprise Co., Ltd.	Cambodia	Garment processing	-	-	-	100.00	1,365,298	(15,527)	(15,527)		
	JD & Toyoshima Co., Ltd.	Cambodia	Garment processing	77,163	77,163	-	100.00	(50,659)	(13,111)	(13,111)		
	Gowin Success Limited	British Virgin Islands	Investment holding	-	-	-	100.00	2,798,644	(62,333)	(62,333)		
	Panefort (Cambodia) Garment Co., Ltd.	Cambodia	Garment processing	-	-	-	100.00	(7,947)	-	-		

Investor Company	Investee Company (Note 1 and 2)	Location	Main business and products	Original investment amount		Investment as of March 31, 2020			Net income (loss) of investee (Note 2(2))	Investment income (loss) recognized (Note 2(3))	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value			
OCT Holding Company Limited	GDM Trading Company Limited	Hong Kong	Investment holding	\$30,260	\$30,260	-	100.00	\$(251,975)	\$(33,155)	\$(33,155)	
Nishiku Manufacturing Corporation Limited	Southbay Manufacturing Co., Ltd.	Myanmar	Manufacturing	2,270	2,270	-	100.00	(209,019)	14,183	14,183	
J.M. Bag & Case Manufacturing Corporation Limited	J.M. Bag & Case (Cambodia) Co., Ltd.	Cambodia	Manufacturing	4,236	4,236	-	100.00	(30,762)	(350)	(350)	
Gowin Success Limited	J.D. United Manufacturing Pte. Limited (Singapore)	Singapore	Investment holding	-	-	-	100.00	984,460	(59,493)	(59,493)	
	Suntex Textile Trading Corporation Limited	Hong Kong	Textile trading	-	-	-	100.00	(554)	(1)	(1)	
	True Power Garment Corporation Ltd.	Cambodia	Manufacturing	-	-	-	100.00	(4,194)	(2,810)	(2,810)	
	Gowin Garments Corporation Limited	Hong Kong	Investment holding	-	-	-	100.00	1,818,932	(29)	(29)	
J.D. United Manufacturing Pte. Limited	Zhentai Garment (Cambodia) Co., Ltd.	Cambodia	Manufacturing	30,260	30,260	-	100.00	(188,737)	(19,351)	(19,351)	
	T&K Garment Industry Co., Ltd.	Cambodia	Manufacturing	26,531	26,531	-	100.00	1,207,029	(15,938)	(15,938)	
	Splendid Chance International Ltd.	Cambodia	Manufacturing	15,130	15,130	-	100.00	1,473	(10,216)	(10,216)	
	Great Union (Cambodia) Garment Co., Ltd.	Cambodia	Manufacturing	20,577	20,577	-	100.00	3,073	(13,988)	(13,988)	
Gowin Garments Corporation Limited	Nagapeace Corporation Limited	Cambodia	Manufacturing	-	-	-	100.00	1,818,932	(29)	(29)	
Changzhou Tooku Garments Co., Ltd.	Tanzania Tooku Garments Co., Ltd.	Tanzania	Manufacturing	349,806	349,806	-	99.97	(212,266)	(9,840)	(9,837)	
J.D. United Trading Co., Ltd.	Century Hsing Investment Co., Ltd.	Myanmar	Investment holding	30,070	-	-	100.00	30,321	-	-	
MF Holding Co., Ltd.	Faith In Blue (USA) Corporation	US	Investment holding	1,492,433	1,492,433	4,805,000	100.00	1,484,054	21,237	21,237	
Faith In Blue (USA) Corporation	Adny Group, Inc.	US	Investment holding	1,207,884	1,207,884	53	53.00	1,185,569	32,358	13,849	
Faith In Blue (USA) Corporation	Nanjing USA, Inc.	US	fashion garment wholesaler distributor	298,464	298,464	13	10.40	296,459	39,515	4,110	
Adny Group, Inc.	Adny Apparel, Inc.	US	fashion garment wholesaler distributor	-	-	-	100.00	(29,554)	(6)	(6)	Note 4
Adny Group, Inc.	Nanjing USA, Inc.	US	fashion garment wholesaler distributor	-	-	100	80.00	668,589	39,515	30,068	

Note 1: If the overseas holding company established by listed companies prepares consolidated financial statements under local regulations, information about the overseas investees can be disclosed only to the extent of the overseas holding company.

Note 2: If not qualified for the situation stated in Note 1, the above table should be made under rules as follows:

(1) Information about the Company's investments should be filled in the "Investee", "Location", "Main business", "Initial investment" and "Ending balance of investment" columns. The relationship between the investee and the Company should be filled in the "Note" column.

(2) The net income for the year of each investee should be filled in the "Net income (loss) of investee" column.

(3) Only the investment income (loss) of subsidiaries or investees accounted for using the equity method recognized by the Company should be filled in the "Investment income (loss) recognized" column. The investment income (loss) recognized should include investment income (loss) recognized by the investee.

Note 3: The initial investment of subsidiaries of J.D. United (BVI) Limited and Tooku Holdings Limited is the initial investment before Roo Hsing acquired them.

Note 4: The initial investment of subsidiaries of Adny Group, Inc. is the initial investment before Roo Hsing's acquisition.

Note 5: Investment income (loss) of Investee Company J.D. United (BVI) Limited recognized is illustrated as follows:

Net income from January to March

(166,017)

Adjustment for difference between acquisition consideration allocation related fair value and net assets acquired

(56,523)

Investment income (loss) recognized

(222,540)

Note 6: The above transactions were offset as consolidated financial statements were prepared.

Roo Hsing Co., Ltd. and Subsidiaries

Attachment 8: Investment in Mainland China

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2020	Net income (loss) of investee Company	Percentage of ownership	Investment income (loss) recognized	Carrying value as of March 31, 2020	Accumulated inward remittance of earnings as of March 31, 2020	Note
					Outflow	Inflow							
Roo Hsing Shanghai Import & Export Co., Ltd.	Garment and textile manufacturing, trading and processing	\$117,976 (USD3,900 thousand)	Cash	\$117,976 (USD3,900 thousand)	\$-	\$-	\$117,976 (USD3,900 thousand)	\$(514)	100%	\$(514)	\$(27,541)	\$-	
Changzhou Tooku Garments Co., Ltd.	Garment and textile manufacturing, trading and processing	907,808 (USD30,000 thousand)	Cash	-	-	-	-	(33,155)	100%	(33,155)	545,107	-	
Bai Cheng Shi Mei Da Garment Co., Ltd.	Garment and textile manufacturing, trading and processing	67,932 (RMB14,930 thousand)	Cash	-	-	-	-	(2,699)	100%	(2,699)	(54,900)	-	
Changzhou Guangzhou Manchuria Trading Co., Ltd.	Textile trading	453,900 (USD15,000 thousand)	Cash	-	-	-	-	134,562	100%	134,562	616,794	-	
Chongqing Municipality Youyang Country Tooku Dec Manufacturing Co., Ltd	Garment and textile manufacturing, trading and processing	60,520 (USD2,000 thousand)	Cash	-	-	-	-	(13,154)	100%	(13,154)	(179,050)	-	
Chongqing Municipality Youyang Country Tooku Dec Manufacturing Co., Ltd	Garment and textile manufacturing, trading and processing	30,260 (USD1,000 thousand)	Cash	-	-	-	-	-	100%	-	47,752	-	
Henan Kao wei Garment Corporation Limited	Garment and textile manufacturing, trading and processing	(Note 8)	Cash	-	-	-	-	-	100%	-	-	-	
Jiansu Xiu Jia Yu Yang Real Estate Development Limited	Real Estate Development	(Note 8)	Cash	-	-	-	-	-	50.20%	-	-	-	
Nanjing Roo-Hsing International Trading Co., Ltd.	Garment trading	(Note 8)	Cash	-	-	-	-	-	-	-	-	-	
Nanjing Longchengxing International Trading Co., Ltd.	Garment trading	(Note 8)	Cash	-	-	-	-	-	-	-	-	-	

Accumulated investment in Mainland China as of March 31, 2020	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment
\$117,976 (USD3,900 thousand)	\$123,018 (USD3,900 thousand)	Unlimited (Note 7)

Note 1: Indirect investment in Mainland China through Fain Tei Enterprise Company Ltd. (BVI) registered in a third region.

Note 2: Indirect investment in Mainland China through J.D. United Manufacturing Corporation Limited registered in a third region.

Note 3: Indirect investment in Mainland China through Changzhou Tooku Garments Co., Ltd. registered in a third region.

Note 4: Indirect investment in Mainland China through MF Holding Co., Ltd registered in a third region.

Note 5: Indirect investment in Mainland China through JD United (BVI) Limited registered in a third region.

Note 6: The initial investment of subsidiaries of J.D. United (BVI) Limited and Tooku Holdings Limited is the original investment before Roo Hsing acquired them.

Note 7: The company meets the requirements of Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China. The investment amount is unlimited.

Note 8: As of March, 31 2020, these entities were established but capital has not been paid in.

Note 9: The above investments were eliminated as consolidated financial statements were prepared.

Roo Hsing Co., Ltd. and Subsidiaries

Attachment 9 : Information of major stockholders

Unit : Share

Shareholders	Shares	Total Shares Owned	Ownership Percentage
Roo Hsing Co., Ltd.		83,388,000	9.23%
National Development Fund, Executive Yuan		80,000,000	8.85%
Farglory Life Insurance Inc.		78,335,004	8.67%
Heng Shing Li Feng Co., Ltd		71,171,483	7.87%
Shing Niou Yi investment Co., Ltd.		66,502,221	7.36%
CTBC Bank Co., Ltd. is entrusted with the custody of JDU Opportunities Co		56,258,000	6.22%

Note 1: This table presents information provided by the Taiwan Depository & Clearing Corporation on stockholders holding greater than 5% of the Company dematerialized securities that have completed the process of registration and delivery by book-entry transfer as of the last business day for the current quarter. The stocks reported in the Roo Hsing's consolidated financial statements and the actual number of stocks that have completed the dematerialized registration and delivery may be different due to the basis of calculation.

Note 2: If the information in the above table belongs to the shareholder who transfers the shares to the trust, it will be disclosed by the trustee who opened the trust account separately. As for the shareholders' handling of insider shareholding declarations with more than 10% of the shares held in accordance with the Securities Exchange Act, their shareholdings include their own shares plus their delivery to the trust and have the right to exercise trust in the trust property, Please refer to the Market Observation Post System for information on insider equity declaration.