ROO HSING CO., LTD.
PARENT COMPANY ONLY
FINANCIAL STATEMENTS
WITH
REPORT OF INDEPENDENT AUDITORS
FOR THE YEARS ENDED
31 DECEMBER 2019 AND 2018 (RESTATEMENT)

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The reader is advised that these parent company only financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

ROO HSING CO., LTD.

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Independent Auditors' Report Translated from Chinese

To Roo Hsing Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Roo Hsing Co., Ltd. (the "Company") as of 31 December 2019 and 2018 restated, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2019 and 2018 restated, and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other Matter – Making Reference to the Audits of Component Auditors* section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of 31 December 2019 and 2018 restated, and its parent company only financial performance and cash flows for the years ended 31 December 2019 and 2018 restated, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2019 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sales Authenticity

The Company engages mainly in manufacturing and processing of denim clothing. The Company recognized operating revenues in the amount of NT$1,744,262 thousand in 2019. Operating revenues from top ten customers represented 100% of parent company only operating revenues. Due to the small number of customers, concentration of sales targets, and different conditions for the transfer of goods and the terms of trade, the timing of meeting the performance obligation was different, and therefore raised the complexity of revenue recognition is increased, we therefore considered this a key audit matter.

Our audit procedures included (but are not limited to): assessing the appropriateness of the accounting policy for revenue recognition; evaluating the effectiveness of internal control in the transaction process related to revenue recognition and performing tests of control by selecting samples (including new customers who were related parties and the amounts were material and new customers who ranked top 10 sales customers); reviewing differences between sales contracts of new and general customers, reviewing the journal entries before and after the balance sheet date to understand whether there is any significant or unusual transaction, recurring or material return of goods in subsequent period; performing gross margin and price-volume analytical procedures according to revenue information classified based on product and customer types; selecting appropriate samples to perform tests of details and inspect the sales order, finished goods stock out, invoice, export declaration certificates and subsequent receipts to ensure sales revenue had been appropriately recognized and the customer and the recipient are the same; selecting a period before and after the balance sheet date to perform sales cut off test, sampling revenue transactions to review related certificates and confirm proper cut off for revenue.

We also considered the appropriateness of the disclosure of operating revenue included in Notes 4,5 and 6 to the parent company only financial statements.

Long Term Equity Investment － Business Combinations (Ten Win Business International Co., Ltd)

The Company acquired 23% of shares of Ten Win Business International Co., Ltd, through its subsidiary Chuwa Wool Industry Co., (Taiwan) Ltd. on 10 May 2019. With the original shares of 30% held by the Company, the holding interest reached more than half and therefore became controlling interest. The remeasured fair value of the original 30% shares was NT$67,545 thousand；with the payment of NT$61,327 thousand in cash, the total amount of acquisition consideration was NT$128,872 thousand. The gain recognized in bargain purchase transaction arising from the acquisition was NT$856 thousand and the non-controlling interest was NT$115,043 thousand. As the amount of the acquisition was material and involved the measurement of fair value, we therefore considered this a key audit matter.

Our audit procedures included (but are not limited to): assessing the acquisition date set by the management of the Company and recognizing and assessing the reasonableness of the acquisition consideration and the fair value of the identifiable net assets of the target company, including assessing the share purchase agreements provided by the management of the Company and purchase price allocation report issued by external valuation specialists; and engaging internal valuation specialists to validate the reasonableness of the key assumptions and the fair value of the net identifiable assets.

We also consider the appropriateness of the disclosure of business combinations included in Notes 4, 5, and 6 to the consolidated financial statements.

Long Term Equity Investment － Business Combinations (ADNY GROUP, INC. and NANJING USA, INC.)

The Company acquired 33% and 20% shares of ADNY GROUP, INC., through its subsidiary Faith in Blue (USA) Corporation on 25 April 2019 and 2 August 2019, respectively, which resulted in indirectly acquire 42.4% shares of NANJING USA, INC., with another directly acquired shares of 10.4%, the Company acquired 52.8% shares of NANJING USA, INC. The acquisition consideration was NT$1,492,320 thousand, the goodwill from the acquisition was NT$1,068,526 thousand, and the non-controlling interest was NT$378,893 thousand. As the amount of the acquisition was material and involved the measurement of fair value, we therefore considered this a key audit matter.

Our audit procedures included (but are not limited to): assessing the acquisition date set by the management of the Company and reviewing the minutes of board of directors' meetings and the share purchase agreements. The fair value of the net assets is still in the progress of evaluation and was reported preliminarily as of 31 December 2019；there may be adjustments when the evaluation report is officially issued.

We also consider the appropriateness of the disclosure of business combinations included in Notes 4, 5, and 6 to the consolidated financial statements.

Long Term Equity Investment － Impairment of Goodwill Assessment (JD United (BVI) Limited)

The Company acquired JD United (BVI) Limited and Tooku Holdings Limited in prior periods and the goodwill arising from the acquisition amounted to NT$2,584,154 thousand, representing 20% of the consolidated total assets of the Group as of 31 December 2019. The Group tested related cash generating units for impairment according to the International Financial Reporting Standards. The Group assessed the recoverable amount by value in use since the fair value of related cash generating units cannot be reliably measured. The recoverable amount was lower than the book value and an impairment loss of NT$1,000,693 thousand was recognized. The carrying amount of goodwill was material to the Group, the assessment of value in use was complex and the assumptions used by management in cash flow forecast involved significant subjective judgment; therefore, we considered this a key audit matter.

Our audit procedures included (but are not limited to): acquiring prospective financial information from management; interviewing management and analyzing the reasonableness of gross margin, revenue growth, overall market and economic forecast included in the prospective financial information; assessing the subjective evidence, procedures and factors considered in the assessment of impairment used by management to identify indication of impairment and whether they have been consistently adopted; confirming the accountability of information used in the forecast by researching industry development and comparing data with market participants; assessing the reasonableness of cash flow forecast by analyzing the method and assumptions used by management and comparing actual results to prior forecasts; and asking internal specialists to assist us in evaluating the relevance and reasonableness of important assumptions (revenue growth forecast, market average rate of return and discount rate, etc.) used by management, including comparing companies with similar cash generating units, assessing the reasonableness of key inputs in calculating discount rates such as cost of equity, company specific risk premium and market risk premium, and assessing the reasonableness and feasibility of significant assumptions.

We also consider the appropriateness of the disclosure of goodwill included in Notes 4, 5 and 6 to the consolidated financial statements.

Emphasis of Matter – Applying for New Accounting Standards

As described in Note 3 of the consolidated financial statements, the Company adopted the International Financial Reporting Standard No. 16, “Leases” starting form 1 January 2019, and elected not to restate the consolidated financial statements for prior periods for this opinion. Our conclusion is not modified in respect of this matter.

Other Matter –Restatements

We have issued an unqualified opinion on 22 March 2019 of the audited report for the year ended 31 December 2018 of the Company which included “Other Matter”. As described in Note 6 (7) to the consolidated financial statements, pursuant to the Letter of Cheng-Shen-Zi No. 1080314371 issued by the Financial Supervisory Commission, R.O.C. (Taiwan), the Company adopted financial forecast to assess investment impairment after excluding specific orders. Please refer to Note 12 (13) to the consolidated financial statements for the impact of this restatement. Therefore, the conclusion of the restated report has not been changed.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain subsidiaries, associates and joint ventures accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the reports of other auditors. These subsidiaries, associates and joint ventures under equity method amounted to NT$344,987 thousand and NT$445,367 thousand, representing 3% and 3% of total assets as of 31 December 2019 and 2018, respectively. The related shares of profits (loss) from the subsidiaries, associates and joint ventures under the equity method amounted to NT$(39,817) thousand and NT$(12,790) thousand, representing 3% and 1% of the income before tax for the years ended 31 December 2019 and 2018, respectively, and the related shares of other comprehensive income (loss) from the subsidiaries, associates and joint ventures under the equity method amounted to NT$(48,126) thousand and NT$12,342 thousand, representing 4% and (1)% of the comprehensive income (loss) for the years ended 31 December 2019 and 2018, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Hsu, Hsin-Min

Yang, Chih-Huei

Ernst & Young, Taiwan

30 April 2020

Notice to Readers

The accompanying parent company only financial statements are intended only to present the 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 audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese
ROO HSING CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2019 and 31 December 2018
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of 31 December 2019 Amount	31 December 2019 %	31 December 2018 (Restatement) Amount	31 December 2018 (Restatement) %
Current assets					
Cash and cash equivalents	4 and 6	$388,811	3	$862,496	6
Current financial assets at amortised cost	4, 5, 6 and 8	1,178,118	9	401,590	3
Accounts receivable, net	4 and 6	111,844	1	178,989	1
Accounts receivable due from related parties, net	4, 6 and 7	59,867	-	-	
Other receivables	6	9,354	-	110,297	1
Other receivables due from related parties	6 and 7	835,158	7	727,268	4
Inventories	4 and 6	179,785	1	249,280	2
Prepayments	7	101,228	1	36,418	-
Other current assets	7	124,968	1	785	-
Total current assets		2,989,133	23	2,567,123	17
Non-current assets					
Non-current financial assets at fair value through profit or loss	4, 5, 6 and 7	352,962	3	170,000	1
Investments accounted for using equity method	4 and 6	8,805,421	69	11,577,483	78
Property, plant and equipment	4, 6 and 7	117,106	1	117,965	1
Right-of-use asset	4 and 6	13,248	-	-	-
Intangible assets	4 and 6	6,232	-	2,452	-
Deferred tax assets	4, 5 and 6	872	-	817	-
Prepayments for business facilities	8	408,097	3	386,481	3
Guarantee deposits paid	7 and 8	22,521	-	28,212	-
Long-term accounts receivables due from related parties	4, 5, 6 and 7	66,419	1	48,028	-
Other non-current assets, others		2,762	-	-	-
Total non-current assets		9,795,640	77	12,331,438	83
Total assets		$12,784,773	100	$14,898,561	100

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Financial Statements Originally Issued in Chinese
ROO HSING CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2019 and 31 December 2018
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of 31 December 2019 Amount	%	31 December 2018 (Restatement) Amount	%
Current liabilities					
Short-term borrowings	6	$1,455,314	11	$854,472	6
Notes payable		-	-	1,668	-
Accounts payable		16,354	-	20,154	-
Accounts payable to related parties	7	3,043	-	39	-
Other payables		134,925	1	51,646	-
Other payables to related parties	7	19,826	-	160	-
Current provisions	4 and 5	1,991	-	616	-
Current lease liabilities	4 and 6	6,052	1	-	-
Other current liabilities		1,653	-	1,983	-
Long-term borrowings, current portion	4 and 6	42,950	-	54,550	-
Long-term notes and accounts payable to related parties, current portion	5 and 7	-	-	1,617,364	11
Total current liabilities		1,682,108	13	2,602,652	17
Non-current liabilities					
Long-term borrowings	4 and 6	-	-	42,950	-
Deferred tax liabilities	4, 5 and 6	349,426	3	394,444	3
Non-current lease liabilities	4 and 6	7,328	-	-	-
Net defined benefit liability, non-current	4, 5 and 6	4,362	-	4,088	-
Guarantee deposits received	7	-	-	114	-
Credit balance of investments accounted for using equity method	4 and 6	124,226	1	-	-
Total non-current liabilities		485,342	4	441,596	3
Total liabilities		2,167,450	17	3,044,248	20
Equity attributable to owners of parent	4 and 6				
Share capital					
Ordinary share		9,034,349	71	9,034,349	61
Capital surplus					
Capital surplus, additional paid-in capital arising from ordinary share		6,309,262	49	6,309,262	42
Capital surplus, additional paid-in capital arising from bond conversion		435,961	4	435,961	3
Capital surplus, treasury share transactions		22,790	-	22,790	-
Capital surplus, changes in equities of subsidiaries		14,655	-	-	-
Capital surplus, changes in equity of associates and joint ventures		4,485	-	4,485	-
accounted for using equity method			-		
Capital surplus, share options		206	-	206	-
Capital surplus, others		8	-	8	-
Total capital surplus		6,787,367	53	6,772,712	45
Retained earnings					
Legal reserve		22,341	-	22,341	-
Accumulated deficit		(3,833,534)	(30)	(2,710,041)	(18)
Total retained earnings		(3,811,193)	(30)	(2,687,700)	(18)
Other equity interest		17,347	-	145,499	1
Treasury Shares		(1,410,547)	(11)	(1,410,547)	(9)
Total equity		10,617,323	83	11,854,313	80
Total liabilities and equity		$12,784,773	100	$14,898,561	100

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Financial Statements Originally Issued in Chinese

ROO HSING CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended 31 December 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	For the Years Ended 31 December			
		2019		2018 (Restatement)	
		Amount	%	Amount	%
Operating revenue	4, 5, 6 and 7	$1,744,262	100	$2,217,211	100
Operating costs	6 and 7	(1,328,595)	(76)	(1,936,266)	(87)
Gross profit from operations		415,667	24	280,945	13
Operating expenses	5, 6, 7 and 9				
Selling expenses		(106,266)	(6)	(92,474)	(4)
Administrative expenses		(291,138)	(17)	(264,463)	(12)
Research and development expenses		(6,841)	-	(11,450)	(1)
Expected credit loss		(225,480)	(13)	(698)	-
Total operating expenses		(629,725)	(36)	(369,085)	(17)
Net operating loss		(214,058)	(12)	(88,140)	(4)
Non-operating income and expenses	6 and 7				
Other income		290,777	17	46,993	2
Other gains and losses		(925,936)	(53)	(1,082,916)	(49)
Finance costs		(47,505)	(3)	(168,849)	(7)
Share of profit (loss) of associates and joint ventures accounted for using equity method		(268,126)	(15)	(284,276)	(13)
Gain recognised in bargain purchase transaction		856	-	35	-
Total non-operating income and expenses		(949,934)	(54)	(1,489,013)	(67)
Loss before tax		(1,163,992)	(66)	(1,577,153)	(71)
Tax income	4, 5 and 6	44,980	3	34,585	1
Net loss		(1,119,012)	(63)	(1,542,568)	(70)
Other comprehensive income	4 and 6				
Components of other comprehensive income that will not be reclassified to profit or loss					
Gains (losses) on remeasurements of defined benefit plans		(463)	-	488	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		93	-	108	-
Components of other comprehensive income that will be reclassified to profit or loss					
Exchange differences on translation of foreign financial statements		(128,152)	(7)	87,107	4
Total other comprehensive income, net of tax		(128,522)	(7)	87,703	4
Total comprehensive income		$(1,247,534)	(70)	$(1,454,865)	(66)
Earnings per share (NTD)	4 and 6				
Basic earnings per share		$(1.36)		$(1.82)	
Diluted earnings per share		$(1.36)		$(1.82)	

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Financial Statements Originally Issued in Chinese

ROO HSING CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the Years Ended 31 December 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus	Retained Earnings		Other Equity Interest	Treasury Shares	Total Equity
	Ordinary Share	Advance Receipts for Share Capital		Legal Reserve	Accumulated Deficit	Exchange Differences on Translation of Foreign Financial Statements		
Balance as of 1 January 2018	$8,523,931	$78,144	$6,485,384	$22,341	$(1,148,919)	$58,392	$(689,562)	$13,329,711
Loss for the year ended 31 December 2018 (Restatement)	-	-	-	-	(1,542,568)	-	-	(1,542,568)
Other comprehensive income for the year ended 31 December 2018	-	-	-	-	596	87,107	-	87,703
Total comprehensive income (Restatement)	-	-	-	-	(1,541,972)	87,107	-	(1,454,865)
Conversion of convertible bonds	510,418	(78,144)	287,924	-	-	-	-	720,198
Purchase of treasury share	-	-	-	-	-	-	(724,975)	(724,975)
Changes in ownership interests in subsidiaries	-	-	-	-	(19,150)	-	-	(19,150)
Share-based payments	-	-	(596)	-	-	-	3,990	3,394
Balance as of 31 December 2018 (Restatement)	$9,034,349	$-	$6,772,712	$22,341	$(2,710,041)	$145,499	$(1,410,547)	$11,854,313
Balance as of 1 January 2019 (Restatement)	$9,034,349	$-	$6,772,712	$22,341	$(2,710,041)	$145,499	$(1,410,547)	$11,854,313
Loss for the year ended 31 December 2019	-	-	-	-	(1,119,012)	-	-	(1,119,012)
Other comprehensive income for the year ended 31 December 2019	-	-	-	-	(370)	(128,152)	-	(128,522)
Total comprehensive income	-	-	-	-	(1,119,382)	(128,152)	-	(1,247,534)
Changes in ownership interests in subsidiaries	-	-	14,655	-	(4,111)	-	-	10,544
Balance as of 31 December 2019	$9,034,349	$-	$6,787,367	$22,341	$(3,833,534)	$17,347	$(1,410,547)	$10,617,323

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Financial Statements Originally Issued in Chinese

ROO HSING CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the Years Ended 31 December 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

Item	2019 Amount	2018 (Restatement) Amount
Cash flows from operating activities:		
Loss before tax	$(1,163,992)	$(1,577,153)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	11,266	2,115
Amortization expense	1,409	1,161
Expected credit loss	225,480	698
Net loss on financial assets or liabilities at fair value through profit or loss	(26,915)	-
Interest expense	47,505	179,506
Amortization of discount on bonds payable	-	(10,657)
Interest income	(46,702)	(43,549)
Share of loss of associates and joint ventures accounted for using equity method	268,126	284,276
Loss on disposal of property, plant and equipment	-	1,073
Loss on disposal of intangible assets	-	3
Gain on disposal of non-current assets classified as held for sale	-	(33,182)
Gain on disposal of investment	(71,113)	-
Impairment loss on non-financial assets	1,000,693	1,102,819
Other income	(231,670)	-
Provisions for employee benefits	1,375	-
Gain recognised in bargain purchase transaction	(856)	(35)
Unrealized gain on disposal of property, plant and equipment	2,743	5
Changes in operating assets and liabilities:		
Accounts receivable, net	65,622	148,957
Accounts receivable due from related parties	(59,867)	-
Other receivables	(122,683)	(104,492)
Other receivables due from related parties	(266,752)	(138,155)
Inventories	146,174	30,682
Prepayments	(64,810)	10,556
Other current assets	(95)	1
Notes payable	(1,668)	(3,189)
Accounts payable	(3,800)	(15,603)
Accounts payable to related parties	3,004	(21,215)
Other payables	58,872	(3,244)
Other payables to related parties	19,666	(85)
Other current liabilities	(330)	78
Net defined benefit liabilities, non-current	(189)	(166)
Cash outflow generated from operations	(209,507)	(188,795)
Interest received	28,512	16,011
Interest paid	(33,846)	(18,960)
Income tax paid	(1,001)	(11,079)
Net cash flow used in operating activities	(215,842)	(202,823)

Item	2019 Amount	2018 (Restatement) Amount
Cash flows from investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive income	(49,000)	-
Acquisition of financial assets measured at amortized cost	(2,832,920)	(3,438,501)
Proceeds from redemption of financial assets at amortised cost	2,056,392	3,915,039
Acquisition of investments accounted for using the equity method	(786,809)	(1,899,301)
Proceeds from disposal of investments accounted for using the equity method	888,889	-
Proceeds from capital reduction of investments accounted for using the equity method	-	1,000,000
Proceeds from disposal of non-current assets classified as held for sale	-	51,030
Acquisition of property, plant and equipment	(2,810)	(24,573)
Proceeds from disposal of property, plant and equipment	-	182
Decrease (increase) in guarantee deposits paid	5,691	(21,552)
Decrease in other receivables due from related parties	155,568	26,240
Acquisition of intangible assets	(1,404)	-
Increase in prepayments for business facilities	(202,047)	(382,017)
Net cash used in investing activities	(768,450)	(773,453)
Cash flows from financing activities:		
Increase in short-term borrowings	2,520,524	1,490,817
Decrease in short-term borrowings	(1,919,682)	(1,138,654)
Repayments of bonds	-	(7,200)
Proceeds from long-term borrowings	-	100,000
Repayments of long-term borrowings	(54,550)	(2,500)
Increase in guarantee deposits received	(114)	34
Payments of lease liabilities	(7,396)	-
Decrease in long-term accounts payable to related parties	(28,175)	(326,088)
Exercise of employee share options	-	3,394
Payments to acquire treasury shares	-	(724,975)
Net cash provided by (used in) financing activities	510,607	(605,172)
Net decrease in cash and cash equivalents	(473,685)	(1,581,448)
Cash and cash equivalents at beginning of year	862,496	2,443,944
Cash and cash equivalents at ending of year	$388,811	$862,496

The accompanying notes are an integral part of the parent company only financial statements.

ROO HSING CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
For the Years ended 31 December 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

1. History and organization

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 Company from "Roo Hsing Garment Co., Ltd." to "Roo Hsing Co., Ltd." on 20 June 2008. The change was registered on 30 July 2008.

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements of the Company for the years ended 31 December 2019 and 2018 were authorized for issue in accordance with a resolution of the Board of Director's meeting on 30 April 2020.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2019. The nature and the impact of each new standard and amendment that has a material effect on the Company are described below:

A. *IFRS 16"Leases"*

IFRS 16 "Leases" replaces IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases - Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

The Company followed the transition provision in IFRS 16 and the date of initial application was 1 January 2019. The impacts arising from the adoption of IFRS 16 are summarized as follows:

(a) Please refer to Note 4 for the accounting policies before or after 1 January 2019.

(b) For the definition of a lease, the Company elected not to reassess whether a contract was, or contained, a lease on 1 January 2019. The Company was 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. That is, for contracts entered into (or changed) on or after 1 January 2019, the Company need to assess whether contacts are, or contain, leases applying IFRS 16. In comparing to IAS 17, IFRS 16 provides that 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. The Company assessed that most of the contracts are, or contain, leases and no significant impact arose.

(c) The Company is a lessee and elects not to restate comparative information in accordance with the transition provision in IFRS 16. Instead, the Company recognized the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

(i) Leases previously classified as operating leases

For leases that were previously classified as operating leases applying IAS 17, the Company measured and recognized those leases as lease liability on 1 January 2019 at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate on 1 January 2019. In addition, the Company chose, on a lease-by-lease basis, to measure the right-of-use asset at either:

i. its carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the lessee’s incremental borrowing rate on 1 January 2019; or
ii. an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before 1 January 2019.

On 1 January 2019, the Company's right-of-use asset and lease liability increased by NT$20,430 thousand and NT$20,430 thousand, respectively.

In accordance with the transition provision in IFRS 16, the Company used the following practical expedients on a lease-by-lease basis to leases previously classified as operating leases:

i. Apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
ii. Rely on its assessment of whether leases are onerous immediately before 1 January 2019 as an alternative to performing an impairment review.
iii. Elect to account in the same way as short-term leases to leases for which the lease term ends within 12 months of 1 January 2019.
iv. Exclude initial direct costs from the measurement of the right-of-use asset on 1 January 2019.
v. Use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

(ii) Please refer to Notes 4, 5 and 6 for additional disclosure of lessee and lessor required by IFRS 16.

(iii) As at 1 January 2019, the impacts arising from the adoption of IFRS 16 are summarized as follows:

i. The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized in the balance sheet on 1 January 2019 was 2.019%.

ii. The explanation for the difference of NT$689 thousand between: 1) operating lease commitments disclosed applying IAS 17 as at 31 December 2018, discounted using the incremental borrowing rate on 1 January 2019; and 2) lease liabilities recognized in the balance sheet as at 1 January 2019 is summarized as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Operating lease commitments disclosed applying IAS 17 as at 31 December 2018	$21,723
Discounted using the incremental borrowing rate on 1 January 2019	$21,119
Add: the carrying value of lease obligations payables as at 31 December 2018	(612)
Less: adjustment to leases that meet and elect to account in the same way as short-term leases	(77)
The carrying value of lease liabilities recognized as at 1 January 2019	$20,430

(d) The Company is the lessor and has not made any adjustments. Only the notes relating to the lessor are disclosed. Please refer to Note 4, Note 5 and Note 6.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	Definition of a Business (Amendments to IFRS 3)	1 January 2020
B	Definition of Material (Amendments to IAS 1 and 8)	1 January 2020
C	Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7	1 January 2020

A. *Definition of a Business* (Amendments to IFRS 3)

The amendments clarify the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

IFRS 3 continues to adopt a market participant's perspective to determine whether an acquired set of activities and assets is a business. The amendments clarify the minimum requirements for a business; add guidance to help entities assess whether an acquired process is substantive; and narrow the definitions of a business and of outputs; etc.

B. *Definition of a Material* (Amendments to IAS 1 and 8)

The main amendment is to clarify new definition of material. It states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

C. *Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7*

The amendments include a number of exceptions, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is directly affected if the interest rate benchmark reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. Hence, the entity shall apply the exceptions to all hedging relationships directly affected by the interest rate benchmark reform.

The amendments include:

(a).Highly probable requirement

When determining whether a forecast transaction is highly probable, an entity shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the interest rate benchmark reform.

(b).Prospective assessments

When performing prospective assessments, an entity shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.

(c).IAS 39 retrospective assessment

An entity is not required to undertake the IAS 39 retrospective assessment (i.e. the actual results of the hedge are within a range of 80–125%) for hedging relationships directly affected by the interest rate benchmark reform.

(d).Separately identifiable risk components

For hedges of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the separately identifiable requirement only at the inception of such hedging relationships.

The amendments also include the end of application of the exceptions requirements and the related disclosures requirements of the amendments.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2020. As the Company is still currently determining the potential impact of the standards and interpretations listed under A, it is not practicable to estimate their impact on the Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are not endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Item	Standards or interpretations issued, revised or amended	Effective date issued by the IASB
A	IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 17 Insurance Contracts	January 1, 2021
C	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2022

A. *IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures*

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

B. *IFRS 17 Insurance Contracts*

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a Campany of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

(a) estimates of future cash flows;
(b) Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
(c) a risk adjustment for non-financial risk.

The carrying amount of a Campany of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

C. *Classification of Liabilities as Current or Non-current – Amendments to IAS 1*

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the standards and interpretations listed under A, it is not practicable to estimate their impact on the Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

4. Summary of significant accounting policies

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended 31 December 2019 and 2018 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

According to article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial reports will be the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under "Investments accounted for using the equity method" in the parent company only financial report and change in value will be adjusted.

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

(3) Foreign currency transactions

The Company's parent company only financial statements are presented in NT$, which is also the parent Company's 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 (Before 1 January 2018: IAS 39 Financial Instruments: Recognition and Measurement) 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.

(4) Translation of financial statements in foreign currency

Each foreign operation of the Company determines its function currency upon its primary economic environment and items included in the financial statements of each operation are measured using that functional currency. While preparing the parent company only 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. On 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.

On 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.

(5) 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.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, 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.

(7) 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 other comprehensive income or fair value through profit or loss considering both factors below:

the Company’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets 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 other comprehensive income 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 other comprehensive income 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:

(i) 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.

(ii) 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.
(iii) 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.
(iv) For lease receivables arising from transactions within the scope of IFRS 16 (before 1 January 2019: IAS 17), 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 Company 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(before 1 January 2018: IAS 39 Financial Instruments: Recognition and Measurement)*.

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 *Financial Instruments* 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 Company 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 Company 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.

(8) 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 though profit or loss. These embedded derivatives are separated from the host contract and accounted for as a derivative.

(9) 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 by 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.

(10) 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.

(11) Non-current assets held for sale

Non-current assets or disposal Companys 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 Company is available for immediate sale in its present condition. Non-current assets and disposal Companys 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.

(12) Investments accounted for using the equity method

According to Art. 21 of Regulation Governing the Preparation of Financial Reports by Securities Issuers, the Company's investments in its subsidiaries are presented as Investments accounted for using equity method with necessary adjustments so that the net income and other comprehensive income of individual financial report equal the net income and other comprehensive income attributed to the parent of consolidated financial report, and that the shareholder's equity of individual financial report equals the shareholder's equity attributed to the parent of consolidated financial report. Considering the accounting treatment for investment in subsidiaries specified in IFRS 10 "Consolidated Financial Reports", and the different accounting treatments for different level of investees, necessary adjustments are made by debiting or crediting "Investments accounted for using equity method", "Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method", and "Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using 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 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 affects 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 Group. 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 (before 1 January 2018: IAS 39 Financial Instruments: Recognition and Measurement). 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 Company continues to apply the equity method and does not remeasure the retained interest.

(13) 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	1~8	years
Office and other equipment	1~50	years
Transportation equipment	5	years

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.

(14) Leases

The accounting policies from 1 January 2019 are as follows:

For contracts entered on or after 1 January 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.

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.

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.

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.

The accounting policies before 1 January 2019 are as follows:

Company as a lessee

Finance leases which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Rental revenue generated from operating lease is recognized over the lease term using the straight line method. Contingent rents are recognized as revenue in the period in which they are earned.

(15) 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).

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

	Computer software
Useful lives	Finite
Amortization method used	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired

(16) 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 Companys 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.

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

(17) 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.

(18) 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.

(19) 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 follow:

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

(a) the significant risks and rewards of ownership of the goods have passed to the buyer;
(b) neither continuing managerial involvement nor effective control over the goods sold have been retained;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
(e) the costs incurred in respect of the transaction can be measured reliably.

The credit period of the Company’s sale of goods is from 30 to 90 days. For most of the contracts, when the Company 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 Company 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 Company has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company 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 has a right to an amount of consideration that is unconditional, these contacts 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.

(20)Borrowing costs

Borrowing costs that necessarily takes a substantial period of time to get ready for its intended used 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 occurs. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(21) Post-employment benefits

All regular employees of the Company 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. Therefore, fund assets are not included in the Company’s parent company only financial statements.

For the defined contribution plan, the Company 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.

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.

(22) 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.

(23) 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.

(24) Seasonality of operations

The Company’s operation is seasonal in nature, as higher market demand for the Company’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. Significant accounting judgments, estimates and assumptions

The preparation of the Company’s parent company only 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.

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 Group 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) 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.

(d) 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 Group 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.

(e) 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 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.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(f) 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

	As of 31 December	
	2019	2018
Petty Cash	$50	$50
Cash on hand	25,000	-
Checking accounts and demand deposits	363,761	843,830
Time deposits (Note)	-	18,616
Total	$388,811	$862,496

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 in accordance with IFRS 9.

(2) Non-current financial assets at fair value through profit or loss

	As of 31 December	
	2019	2018
Mandatorily measured at fair value through profit or loss:		
Common stocks	$107,047	$-
Preferred stocks	245,915	170,000
Total	$352,962	$170,000

The Company acquired 4,900 thousand shares of Type B preferred stock issued by a related party accounted for using the equity method on 28 June 2019. The face value is NT$10. The preferred stocks were issued at par for a total of NT$49,000 thousand. The type B preferred stocks are convertible.

The terms of issue of type B preferred stock 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 27 September 2018 and 8 October 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 Note(2) 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 acquired 17,000 thousand shares of Type C preferred stock issued by a related party accounted for using the equity method on 22 June 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.

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

(e) 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.

(f) 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.

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(g) 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.

(h) On 27 September 2018 and 8 October 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 Note(2) 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.

For the years ended 31 December 2019 and 2018, the Company recognized interest income from preferred stocks in the amount of NT$18,390 thousand and NT$13,600 thousand.

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

(3) Current financial assets measured at cost

	As of 31 December	
	2019	2018
Demand deposits restricted for use	$878,318	$83,638
Time deposits	299,800	317,952
Total	$1,178,118	$401,590

Please refer to Note 6 (15) 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

	As of 31 December	
	2019	2018
Accounts receivable (total carrying amount)	$113,367	$179,687
Less: loss allowance	(1,523)	(698)
Subtotal	111,844	178,989
Accounts receivable due from related parties	59,867	-
Less: loss allowance	-	-
Subtotal	59,867	-
Total	$171,711	$178,989

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Accounts receivable were not pledged.

Accounts receivable are generally on 30-90 day terms. Total carrying amount are NT$173,234 thousand and NT$179,687 thousand as of 31 December 2019 and 2018. Please refer to Note 6 (15) for more details on loss allowance of trade receivables for the years ended 31 December 2019 and 2018. Note 12 for more details on credit risk management.

(5) Other receivable, net and other receivable due from related parties

	As of 31 December	
	2019	2018
Accounts receivable (total carrying amount)	$233,311	$110,297
Less: loss allowance	(223,957)	-
Subtotal	9,354	110,297
Accounts receivable due from related parties	835,138	727,268
Total	$844,512	$837,565

Please refer to Note 6 (15) for more details on loss allowance of trade receivables for the years ended 31 December 2019 and 2018. Note 12 for more details on credit risk management.

(6) Inventories

	As of 31 December	
	2019	2018
Raw materials and supplies	$8,166	$16,146
Work in process	170,308	217,776
Merchandise	1,311	15,358
Total	$179,785	$249,280

For the years ended 31 December 2019 and 2018, the Company recognized cost of goods sold of NT$1,328,595 thousand and NT$1,936,266 thousand, respectively, including gain on reversal of write-down of inventories of NT$9,480 thousand and NT$0 thousand, respectively.

Inventories were not pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(7) Investments accounted for using equity method

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

	As of 31 December				
	2019		2018 (Restatement)		
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	
Investments in subsidiaries:					
Roo Hsing Garment Co., Ltd.	$(124,226)	100.00%	$17,301	100%	
Roo Hsing Co. Nicaragua, S.A.	22,604	100.00%	59,506	100%	Note 1
ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V.	149,839	100.00%	155,699	100%	Note 1
Operadora Internacional de Zonas Francas (Managua), S.A.	172,544	100.00%	177,908	100%	Note 1
FAIN TEI ENTERPRISE COMPANY LTD.(BVI)	110,871	100.00%	165,824	100%	Note 2 and 3
Roo Hsing Garment Manufacturing Co., Ltd.	48,735	100.00%	52,893	100%	Note 4
Tooku Holdings Limited	56,139	100.00%	57,327	100%	
JD United (BVI) Limited	10,001,308	100.00%	11,426,979	100%	
Intelligence Textile Technology Co., Ltd.	4,827	100.00%	5,969	100%	Note 5
Han Yan Global Co., Ltd. (Original Roo Hsing Global Co., Ltd.)	-	-	539,642	100%	Note 6, 7 , 8 and 9
Ten Win Business International Co., Ltd.	121,447	46.50%	52,254	30%	Note 10 and 11
MF Holding Co.,Ltd	251,619	100.00%	-	-	Note 12
Subtotal	10,815,707		12,711,302		
Plus: Credit balance of investments accounted for using equity method	124,226		-		
Less: Accumulated impairment	(2,134,512)		(1,133,819)		Note 13
Total	$8,805,421		$11,577,483		

Note 1: The financial statements of Roo Hsing Co. Nicaragua, S.A., ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V., and Operadora Internacional de Zonas Francas (Managua), S.A., were audited by other auditors.

Note 2: The Company authorized the chairman to increase capital in the amount of US$2,042,429 for FAIN TEI ENTERPRISE COMPANY LTD. (BVI) in 2019, according to ‘‘Regulations Governing the Acquisition and Disposal of Assets by Public Companies”. The amount of capital increased from US$13,744,414 to US$15,786,843 and the number of shares issued increased from 13,794,414 shares to 15,836,843 shares.

Note 3: On 7 November 2019, the Company authorized the chairman to increase capital in the amount of US$50,000 for Hung Hsing Garment (Cambodia) Co., Ltd. through FAIN TEI ENTERPRISE COMPANY LTD. (BVI). As of 31 December 2019 the amount of capital was US$6,126,556.45 (approximately NT$181,805 thousand).

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

Note 5: The Company established Intelligence Textile Technology Co., Ltd. on 26 January 2018. And the Company authorized the chairman to increase capital in the amount of NT$5,000 thousand on 23 October 2019. As of 31 December 2019 the amount capital was NT$15,000 thousand.

Note 6: The Company’s board of directors approved on 26 February 2018 to acquire 100% shares of Sparkling Asia Limited and Keen Power Investments Limited. The acquisition was completed on 6 March 2018, 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.

Note 7: The Company established Roo Hsing Global Co., Ltd. on 12 March 2018. The Company’s board of directors approved on 21 March 2018 to increase its capital by all of the equity of Sparkling Asia Limited and Keen Power Investments Limited. The competent authority approved the proposal on 27 April 2018.

Note 8: To simplify the Company investment structure, the Company's board of directors approved on 28 September 2018 to transfer the equity of the five subsidiaries originally held by Sparkling Asia Limited and Keen Power Investments Limited, including Ho Jen Investment Ltd., Foowa Investment Limited, Chugen Investment Co. Ltd., Chuwa Japan Investment Ltd. and Yancien Investment Limited to Roo Hsing Global Co., Ltd.

Note 9: The Company's board of directors approved on 12 February and 7 August 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 20 December 2019, the amount of capital was NT$844,578 thousand. In addition, the Company's board of directors approved on 10 December 2019 to dispose the full ownership in the Han Yan with the consideration of NT$888,889 thousand and the gain on disposal of investments NT$47,195 thousand. The Company lost control of Han Yan Global Co., Ltd., and completed the procedure in 20 December 2019.

Note 10: Chuwa Wool Industry Co., (Taiwan) Ltd. acquired 23% of the voting shares of Ten Win Business International Co., Ltd. on 10 May 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 11: The Company's board of directors approved on 6 June 2019 to purchase 1,320,000 ordinary shares to the specific objective in the amount of NT$43,996 thousand, according to ''Regulations Governing the Acquisition and Disposal of Assets by Public Companies". 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 10 December 2019 to dipose 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 12: The Company established MF Holding Co., Ltd. on 14 January 2019, and the Company's board of directors approved on 18 April and 7 August 2019 to increase capital in the amount of US$4,000 thousand and US$4,600 thousand, respectively. As of 31 December 2019 the amount of capital was US$10,700 thousand (approximately NT$330,340 thousand).

Note 13: JD United (BVI) Limited, a subsidiary of the company, calculated the recoverable amount of the cash-generating unit based on its use value to conduct impairment testing on the cash-generating unit. As a result, the company recognized impairment losses of NT$1,000,693 thousand and NT$1,102,819 thousand respectively as of 31 December 2019 and 2018. Please refer to Note 6(13) in the consolidated financial report for details.

Even though the Company's board of directors approved on 12 February 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 Comany'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.

The related shares of profits (loss) from the subsidiaries, associates and joint ventures under the equity method audited by other auditors amounted to NT$(39,817) thousand and NT$(12,790) thousand, respectively. The related shares of other comprehensive income (loss) from the subsidiaries, associates and joint ventures under the equity method amounted to NT$(48,126) thousand and NT$12,342 thousand, respectively. These subsidiaries, associates and joint ventures under equity method amounted to NT$344,987 thousand and NT$445,367 thousand, respectively, as of 31 December 2019 and 2018.

Investments accounted for using equity method had no contingent liabilities or capital commitments.

(a) Investments in subsidiaries

Investments in subsidiaries are presented as "Investments accounted for using equity method". Valuation adjustments are made if necessary.

(b) Investments in associates

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 10 May 2019. With the original shares of 30% held by the Company, it totally reached more than half of equity and subsidiary therefore been control. 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:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

	For the years ended 31 December
	2018
Profit or loss from continuing operations	$(7,147)
Other comprehensive income (post-tax)	-
Total comprehensive income	$(7,147)

(8) Property, plant and equipment

	2019.12.31	2018.12.31 (Note)
Owner occupied property, plant and equipment	117,106	

Note: The Company adopted IFRS 16 on 1 January 2019. The Company elected not to restate prior periods financial statements in accordance with the transition provision in IFRS 16.

A. Owner occupied property, plant and equipment (applicable under IFRS 16 requirements)

	Land	Buildings and structures	Machinery and equipment	Office and other equipment	Total
Cost:					
As of 1 January 2019	$84,267	$25,638	$-	$18,394	$128,299
Additions	-	934	-	1,876	2,810
Disposals	-	-	-	-	-
Transfers	-	392	-	23	415
As of 31 December 2019	$84,267	$26,964	$-	$20,293	$131,524
Depreciation and impairment:					
As of 1 January 2019	$-	$6,584	$-	$3,750	$10,334
Depreciation	-	1,506	-	2,578	4,084
Disposals	-	-	-	-	-
As of 31 December 2019	$-	$8,090	$-	$6,328	$14,418
Net carrying amount as of:					
31 December 2019	$84,267	$18,874	$-	$13,965	$117,106

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Note: The Company adopted IFRS 16 on 1 January 2019. The Company elected not to restate prior periods financial statements in accordance with the transition provision in IFRS 16.

B. Property, plant and equipment (prior to the application of IFRS 16)

	Land	Buildings and structures	Machinery and equipment	Office and other equipment	Total
As of 1 January 2018	$84,267	$20,998	$769	$13,505	$119,539
Additions	-	11,817	-	12,756	24,573
Disposals	-	(8,002)	(769)	(7,867)	(16,638)
Transfers	-	825	-	-	825
As of 31 December 2018	$84,267	$25,638	$-	$18,394	$128,299
As of 1 January 2018	$-	$14,107	$769	$8,726	$23,602
Depreciation	-	359	-	1,756	2,115
Disposals	-	(7,882)	(769)	(6,732)	(15,383)
As of 31 December 2018	$-	$6,584	$-	$3,750	$10,334
Net carrying amount as of:					
31 December 2018	$84,267	$19,054	$-	$14,644	$117,965

Components of buildings of the Company are mainly buildings and decoration, which are depreciated over 55 years and 5 - 10 years, respectively, depending on their useful lives.

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

(9) Intangible assets

	Computer software
Cost:	
As of 1 January 2019	$8,072
Additions-acquired separately	5,189
As of 31 December 2019	$13,261
As of 1 January 2018	$8,095
Disposals	(23)
As of 31 December 2018	$8,072

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

	Computer software
Amortization and impairment:	
As of 1 January 2019	$5,620
Amortization	1,409
Disposals	-
As of 31 December 2019	$7,029
As of 1 January 2018	$4,479
Amortization	1,161
Disposals	(20)
As of 31 December 2018	$5,620
Net carrying amount as of	
31 December 2019	$6,232
31 December 2018	$2,452

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

	For the years ended 31 December	
	2019	2018
Operating expenses	$1,409	$1,161

(10) Short-term borrowings

	Interest Rate	As of 31 December	
	(%)	2019	2018
Unsecured bank loans	1.70~3.49	$1,103,203	$540,000
Secured finance company loans	3.22	31,553	50,000
Letter of credit	2.77~4.43	320,558	264,472
Total		$1,455,314	$854,472

The Company's unused short-term lines of credits amounted to NT$239,625 thousand and NT$615,968 thousand as of 31 December 2019 and 2018, respectively.

Please refer to Note 7 and 8 for more details on guarantee deposits paid pledged as security for secured finance company loans.

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(11) Long-term borrowings

Details of long-term borrowings as of 31 December 2019 are as follows:

Lenders	As of 31 December 2019	Interest Rate (%)	Maturity date and terms of repayment
Chailease Finance Co., Ltd. Secured borrowings	$20,300	2.45	Repayable monthly from 28 September 2018 to 28 September 2020. Interest paid monthly.
Chailease Finance Co., Ltd. Secured borrowings	22,650	2.45	Repayable monthly from 31 October 2018 to 31 October 2020. Interest paid monthly.
Subtotal	42,950		
Less: current portion	(42,950)		
Total	$-		

Details of long-term borrowings as of 31 December 2018 are as follows:

Lenders	As of 31 December 2018	Interest Rate (%)	Maturity date and terms of repayment
Chailease Finance Co., Ltd. Secured borrowings	$48,500	2.45	Repayable monthly from 28 September 2018 to 28 September 2020. Interest paid monthly.
Chailease Finance Co., Ltd. Secured borrowings	49,000	2.45	Repayable monthly from 31 October 2018 to 31 October 2020. Interest paid monthly.
Subtotal	97,500		
Less: current portion	(54,550)		
Total	$42,950		

Please refer to Note 7 and 8 for more details on property, plant and equipment, and prepayments for business facilities pledged as security for Chailease Finance Co., Ltd. Secured borrowings.

(12) Post-employment benefits

Defined contribution plan

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

Expenses under the defined contribution plan for the years ended 31 December 2019 and 2018 are NT$3,479 thousand and NT$3,927 thousand, respectively.

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Defined benefits plan

The Company adopts 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 month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor standards Act, The Company contributes 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. At the end of each year, if the balance in the designated labor pension reserve funds is inadequate to cover the benefit estimated to be paid in the following year, the Company will make up the difference in one appropriation before the end of March in the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the regulations for revenues, expenditures, safeguard and utilization of the labor retirement fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT$216 thousand and NT$210 thousand to its defined benefit plan during the 12 months after 31 December 2019 and 2018, respectively.

The average duration of the defined benefits plan obligation as of 31 December 2019 and 2018 will expire on 2027.

Pension costs recognized in profit or loss are as follows:

	For the years ended 31 December	
	2019	2018
Current period service costs	$-	$-
Interest income of net defined benefit assets	(41)	(53)
Total	$(41)	$(53)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Reconciliations of assets (liabilities) of the defined benefit obligation and fair value of plan assets are as follows:

	As of		
	31 December 2019	31 December 2018	1 January 2018
Defined benefit obligation	$(7,048)	$(6,441)	$(6,790)
Plan assets at fair value	2,686	2,353	2,048
Other non-current (liabilities) assets－Net defined benefit (liabilities) assets on balance sheet	$(4,362)	$(4,088)	$(4,742)

Reconciliations of liabilities (assets) of the defined benefit plan are as follows:

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (liabilities) assets
As of 1 January 2018	$(6,790)	$2,048	$(4,742)
Current period service cost	-	-	-
Net interest (expenses) income	(78)	25	53
Subtotal	(78)	25	53
Remeasurements of the net defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in financial assumptions	(34)	-	(34)
Experience adjustments	461	61	522
Subtotal	427	61	488
Payment of benefit obligation	-	-	-
Contributions by employer	-	219	219
As of 31 December 2018	$(6,441)	$2,353	$(4,088)
Current period service cost	-	-	-
Net interest (expenses) income	(47)	6	(41)
Subtotal	(47)	6	(41)
Remeasurements of the net defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in financial assumptions	(55)	-	(55)
Experience adjustments	(505)	97	(408)
Subtotal	(560)	97	(463)
Payment of benefit obligation	-	-	-
Contributions by employer	-	230	230
As of 31 December 2019	$(7,048)	$2,686	$(4,362)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	As of 31 December	
	2019	2018
Discount rate	0.74%	1.02%
Expected rate of salary increases	2.50%	2.50%

Sensitivity analysis for significant assumption are shown below:

	For the years ended 31 December			
	2019		2018	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increases by 0.5%	$-	$107	$-	$92
Discount rate decreases by 0.5%	112	-	96	-
Future salary increases by 0.5%	90	-	81	-
Future salary decreases by 0.5%	-	93	-	78

The sensitivity analysis above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(13) Equities

(a) Ordinary share

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

The fourth issue of domestic secured convertible bonds of the Company had been converted by bond holders into 51,042 thousand shares during the year ended 31 December 2018. As a result, the capital increased by NT$510,418 thousand.

(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 11 May 2018, the Company planned to buy back 30,000 thousand shares and transferred them to employees from 11 May 2018 to 9 July 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 20 July 2018, the Company planned to buy back 20,000 thousand shares and transferred them to employees from 23 July 2018 to 20 September 2018. The number and amount of shares actually bought back were 20,000 thousand shares and NT$281,017 thousand as of 31 December 2018, 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 10 August 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 31 December 2019 and 2018, the treasury shares held by the Company was both NT$1,410,547 thousand, respectively, and the number of treasury shares held by the Company was both 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:

i. Payment of all taxes and dues;
ii. Offset prior years operation losses;
iii. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
iv. Set aside or reverse special reserve in accordance with law and regulations; and
v. 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 paid-in 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 30 April 2020 and 24 May 2019, respectively. Retained earnings were not distributed because the Company were at an accumulative loss.

Please refer to Note 6 (17) for more details of employees' compensation and remuneration to directors and supervisors.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(14) Operating revenue

	For the years ended 31 December	
	2019	2018
Sale of goods	$1,573,550	$2,217,211
Service revenue	170,172	-
Total	$1,744,262	$2,217,211

The Company has adopted IFRS 15 from 1 January 2018. Analysis of revenue from contracts with customers during the year is as follows:

(1) Disaggregation of revenue

	Timing of revenue recognition	2019	2018
Sale of goods	At a point in time	$1,573,550	$2,217,211
Rendering of services	At a point in time	170,712	-
Total		$1,744,262	$2,217,211

(15) Expected credit loss / (gain)

	For the years ended 31 December	
	2019	2018 (Note)
Operating expenses – Expected credit loss / (gain)		
Accounts receivable	$1,523	$698
Other receivables	223,957	-
Total	$225,480	$698

Note: The Company adopted IFRS 9 since 1 January 2018. The Company elected not to restate financial statements of prior periods in accordance with the transition provision in IFRS 9.

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 31 December 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.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

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 at 31 December 2019 is as follows:

The Company considers the Companying 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:

2019.12.31		Overdue			
	Not yet due	0-90 days	91-180 days	Over 181 days (Note)	Total
Gross carrying amount	$136,687	$35,024	$-	$1,523	$173,234
Loss ratio	-	-	-	50%~100%	
Lifetime expected credit loss	-	-	-	(1,523)	(1,523)
Carrying amount	$136,687	$35,024	$-	$-	$171,711

2018.12.31		Overdue			
	Not yet due	0-90 days	91-180 days	Over 181 days (Note)	Total
Gross carrying amount	$171,056	$7,925	$8	$698	$179,687
Loss ratio	-	-	-	50%~100%	
Lifetime expected credit loss	-	-	-	(698)	(698)
Carrying amount	$171,056	$7,925	$8	$-	$178,989

Note: Trade 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$1,068,469 thousand and NT$837,565 as of 31 December 2019 and 2018. Considering the counterparty's credit situation, the loss allowances of NT$223,957 thousand and NT$0 had been accured, and the rest had no significant credit risk.

The Company 's business contract, Company A, due to financial difficulties, was unable to pay the amount of NT$227,030 thousand owned to the company, of which NT$3,073 thousand had been seized through the real estate provided by Company A as collateral by the company. Therefore the Company recognized the expected credit loss in the amount of NT$223,957 thousand due to the absence of collateral.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

The movement in the provision for impairment of accounts receivable and other receivables during the years ended 31 December 2019 and 2018 are as follows:

	Accounts receivable	Other receivables
Beginning balance 1 January 2019	$698	$-
Addition for the current period	1,523	223,957
Write off	(698)	-
Ending balance 31 December 2019	$1,523	$223,957
Beginning balance (in accordance with IAS 39) 1 January 2018	$-	$-
Transition adjustment to retained earnings	-	-
Beginning balance (in accordance with IFRS 9) 1 January 2018	-	-
Addition for the current period	698	-
Write off	-	-
Ending balance 31 December 2018	$698	$-

(16) Leases

A. Company as a lessee (applicable to the disclosure requirement under IFRS 16)

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 30 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

	As of	
	2019.12.31	2018.12.31 (Note)
Buildings and structures	$11,130	
Transportation equipment	1,921	
Office equipment	197	
Total	$13,248	

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Note: The Company adopted IFRS 16 on 1 January 2019. The Company elected not to restate prior periods financial statements in accordance with the transition provision in IFRS 16.

The company has no additional right-of-use assets in 2019.

(ii) Lease liabilities

	As of	
	2019.12.31	2018.12.31 (Note)
Current	$6,052	
Non-current	7,328	
Total	$13,380	

Please refer to Note 6 (18) (c) for the interest on lease liabilities recognized during the year ended 31 December 2019 and refer to Note 12 Liquidity Risk Management for the maturity analysis for lease liabilities as at 31 December 2019.

Note: The Company adopted IFRS 16 on 1 January 2019. The Company elected not to restate prior periods financial statements in accordance with the transition provision in IFRS 16.

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

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2019	2018 (Note)
Buildings and structures	$4,226	
Transportation equipment	2,860	
Office equipment	96	
Total	$7,182	

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Note: The Company adopted IFRS 16 on 1 January 2019. The Company elected not to restate prior periods financial statements in accordance with the transition provision in IFRS 16.

(c) Income and costs related to leasing activities

	For the years ended 31 December	
	2019	2018 (Note)
The expenses relating to short-term leases	$1,160	

Note: The Company adopted IFRS 16 on 1 January 2019. The Company elected not to restate prior periods financial statements in accordance with the transition provision in IFRS 16.

(d) Cash outflow related to leasing activities

During the year ended 31 December 2019, the Company's total cash outflows for leases amounted to NT$8,556 thousand.

(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 Company. 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.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

B. Operating lease commitments - Company as a lessee (applicable to the disclosure requirement in IAS 17)

The Company has entered into commercial leases on office and equipment. These leases have an average life of one to five years with renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases. Future minimum rentals payable under irrevocable operating leases as of 31 December 2019 and 2018 are as follows:

	As of	
	2019.12.31 (Note)	2018.12.31
Not later than one year		$7,929
Later than one year and not later than five years		13,613
Total		$21,542

Operating lease expenses recognized are as follows:

	For the years ended 31 December	
	2019(Note)	2018
Minimum lease payments		$11,864

Note: The Company adopted IFRS 16 on 1 January 2019. The Company elected not to restate prior periods financial statements in accordance with the transition provision in IFRS 16.

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

Please refer to Note 6 (8) for details on the Company's owned investment properties and investment properties held by the Company as right-of-use assets. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

	For the years ended 31 December	
	2019	2018 (Note)
Lease income recognized by operating lease		
Related income from fixed lease payments	$524	

Note: The Company adopted IFRS 16 on 1 January 2019. The Company elected not to restate prior periods financial statements in accordance with the transition provision in IFRS 16.

D. Operating lease commitments - Company as a lessor (applicable to the disclosure requirement in IAS 17)

The Company has entered into commercial leases for offices. The remaining life is between one to two years. All leases include terms of rent adjustment based on market conditions every year.

Based on irrevocable lease contracts, future minimum rentals payable for lessee as of 31 December 2019 and 2018 are as follows:

	As of	
	2019.12.31 (Note)	2018.12.31
Not later than one year		$619
Later than one year and not later than five years		86
Total		$705

Note: The Company adopted IFRS 16 on 1 January 2019. The Company elected not to restate prior periods financial statements in accordance with the transition provision in IFRS 16.

Contingent rent recognized as income amounted to NT$700 thousand for year ended 31 December 2018.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(17) Summary statement of employee benefits, depreciation and amortization expense by function during the years ended 31 December 2018 and 2017:

Features / Nature	For the year ended 31 December					
	2019			2018		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expenses						
Salaries	$-	$90,787	$90,787	$-	$104,213	$104,213
Labor and health insurance	-	6,548	6,548	-	6,784	6,784
Pension	-	3,520	3,520	-	3,980	3,980
Director’s emoluments	-	6,460	6,460	-	6,300	6,300
Other employee benefits expenses	-	3,227	3,227	-	3,868	3,868
Depreciation	-	11,266	11,266	-	2,115	2,115
Amortization	-	1,409	1,409	-	1,161	1,161

The number of the Company’s employees were 81 and 90 as of 31 December 2019 and 2018, respectively. The number of non-employee directors were both 5.

The company's employee benefit expenses for 2019 and 2018 were NT$1,370 thousand and NT$1,398 thousand, respectively, and the company's average employee salary expenses for 2019 and 2018 were NT$1,195 thousand and NT$1,226 thousand, respectively. The percentage change in the average employee salary expenses adjustment was (3)%.

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”).

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

The Company incurred net loss for the year ended 31 December 2019, so the Company did not need to estimate employee bonuses and remuneration to directors. The board of directors resolved not to distribute employee bonuses and remuneration to directors on 30 April 2020. 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.

There was no difference between 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 2018.

(18) Non-operating income and expenses

(a) Other income

	For the years ended 31 December	
	2019	2018
Rental income	$524	$700
Interest income		
Bank savings	11,304	11,325
Financial assets at fair value through profit or loss	18,390	13,600
Other interest income	17,008	18,624
Subtotal	46,702	43,549
Others (Note)	243,551	2,744
Total	$290,777	$46,993

Note：Other income recognized by the Company from 1 January to 31 December 2019 in the amount of NT$231,670 thousand arose from the abandonment of the right of contingent consideration. Please refer to Note 7.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(b) Other gains and losses

	For the years ended 31 December	
	2019	2018 (Restatement)
Losses on disposal of property, plant and equipment	$-	$(1,073)
Unrealized gains on disposal of property, plant and equipment	(2,743)	(5)
Gains on disposal of investments	71,113	-
Gains on disposal of non-current assets classified as held for sale	-	33,182
Gains on financial assets at fair value through profit or loss	26,915	-
Losses on disposal of intangible assets	-	(3)
Foreign exchange losses, net	(2,391)	(12,198)
Impairment losses(Note1)	(1,000,693)	(1,102,819)
Other losses(Note2)	(18,137)	-
Total	$(925,936)	$(1,082,916)

Note 1： Please refer to Note 6 (7) for more details of impairement loss.

Note 2： Other losses recognized by the Company for the year ended 2019, of which NT$18,137 thousand was entrusted by the Company to Company A to assist in inventory processing. However, Company A was unable to return the Company's inventory due to operational difficulties, therefore other losses were transferred.

(c) Finance costs

	For the years ended 31 December	
	2019	2018
Interest on borrowings from bank and secured finance companies	$34,675	$18,955
Interest on lease liabilities	347	(Note)
Interest on bonds payable	-	(10,657)
Amortization expenses on contingent consideration	12,441	160,545
Imputed interest for rent deposits	42	6
Total	$47,505	$168,849

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Note: The Company adopted IFRS 16 on 1 January 2019. The Company elected not to restate prior periods financial statements in accordance with the transition provision in IFRS 16.

(19) Components of other comprehensive income

For the year ended 31 December 2019

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of the defined benefit plan	$(463)	$-	$(463)	$93	$(370)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(128,152)	-	(128,152)	-	(128,152)
Total of other comprehensive income	$(128,615)	$-	$(128,615)	$93	$(128,522)

For the year ended 31 December 2018

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of the defined benefit plan	$488	$-	$488	$108	$596
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	87,107	-	87,107	-	87,107
Total of other comprehensive income	$87,595	$-	$87,595	$108	$87,703

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(20) Income tax

Based on the amendments to the Income Tax Act announced on 7 February 2018, the Company's applicable corporate income tax rate for the year ended 31 December 2018 has changed from 17% to 20%. The corporate income surtax on undistributed retained earnings has changed from 10% to 5%.

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

Income tax expense (income) recognized in profit or loss

	For the years ended 31 December	
	2019	2018
Current income tax expense:		
Land value increment tax paid in the current period	$-	$(10,588)
Deferred tax expense (income):		
Deferred tax income related to origination and reversal of temporary differences	44,980	45,427
Deferred tax expense relating to changes in tax rate	-	(254)
Total income tax income	$44,980	$34,585

Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2019	2018
Deferred tax expense (income)		
Defined benefit liabilities	$93	$(98)
Deferred tax expense relating to changes in tax rate	-	206
Income tax relating to components of other comprehensive income	$93	$108

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(b) A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December	
	2019	2018 (Restatement)
Accounting loss before tax from continuing operations	$(1,163,992)	$(1,577,153)
Tax at the domestic rates applicable to profits in the country concerned	$(232,798)	$(315,430)
Tax effect of revenues exempt from taxation	(25,826)	7,237
Tax effect of expenses not deductible for tax purposes	(35,086)	30,553
Tax effect of deferred tax assets/liabilities	248,730	232,467
Land value increment tax paid in the current period	-	10,588
Total income tax expense (income) recognized in profit or loss	$(44,980)	$(34,585)

(c) Deferred tax assets (liabilities) relate to the following:

	As of 31 December 2019				
	Beginning balance as of 1 January 2019	Recognized in profit or loss	Recognized in other comprehensive income	Acquisition through business combinations	Ending balance as of 31 December 2019
Temporary differences					
Defined benefit liabilities	$817	$(38)	$93	$-	$872
Fair value adjustments from business combinations	(394,444)	45,018	-	-	(349,426)
Deferred tax (expense) / income		$44,980	$93	$-	
Net deferred tax assets (liabilities)	$(393,627)				$(348,554)
Reflected in balance sheet as follows:					
Deferred tax assets	$817				$872
Deferred tax liabilities	$(394,444)				$(349,426)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

	As of 31 December 2018				
	Beginning balance as of 1 January 2018 (After adjustment)	Recognized in profit or loss	Recognized in other comprehensive income	Acquisition through business combinations (After adjustment)	Ending balance as of 31 December 2018
Temporary differences					
Defined benefit liabilities	$1,169	$(460)	$108	$-	$817
Unrealized foreign exchange losses (gains)	(1,436)	1,436	-	-	-
Provision for land value increment tax	(1,650)	1,650	-	-	-
Fair value adjustments from business combinations	(436,991)	42,547	-	-	(394,444)
Deferred tax (expense) / income		$45,173	$108		
Net deferred tax assets (liabilities)	$(438,908)				$(393,627)
Reflected in balance sheet as follows:					
Deferred tax assets	$1,169				$817
Deferred tax liabilities	$(440,077)				$(394,444)

(d) The information of the unused tax loss carry-forward is as follows:

		Unused tax losses		
		As of 31 December		
Year	Tax losses for the period	2019	2018	Expiration year
2015	$251,854	$155,947	$251,854	2025
2016	52,474	52,474	52,474	2026
2017	479,880	479,880	479,880	2027
2018	57,254	57,254	57,254	2028
	Total	$745,555	$841,462	

Unrecognized deferred tax assets

As of 31 December 2019 and 2018, deferred tax assets that have not been recognized as they may not be used to offset taxable profits amounted to NT$206,282 thousand and NT$177,796 thousand, respectively.

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

With respect to potential income tax payable when remitting the undistributed earnings of overseas subsidiaries, the Company did not recognize any related deferred tax liabilities. The subsidiaries will not distribute undistributed earnings in the foreseeable future.

(e) The assessment of income tax returns

As of 31 December 2019, the assessment of the income tax returns of the Company is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2018

(21) 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 years ended 31 December	
	2019	2018 (Restatement)
(a) Basic earnings per share		
Net loss attributable to ordinary equity holders of the Company (in thousand NT$)	$(1,119,012)	$(1,542,568)
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	820,047	845,333
Basic earnings per share (NT$)	$(1.36)	$(1.82)

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.

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

Name of the related parties	Nature of relationship of the related parties
Roo Hsing Garment Co., Ltd.	Subsidiary
Roo Hsing Co. Nicaragua, S.A.	Subsidiary
ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V.	Subsidiary
Roo Hsing Garment Manufacturing Co., Ltd.	Subsidiary
FAIN TEI ENTERPRISE COMPANY LTD.(BVI)	Subsidiary
Roo Hsing Shanghai Import & Export Co., Ltd.	Subsidiary
Intelligence Textile Technology Co., Ltd.	Subsidiary
NANJING USA, INC.	Subsidiary
J.D. United Trading Corporation Limited	Subsidiary
Changzhou Guangzhou Manchuria Trading Co., Ltd.	Subsidiary
Tanzania Tooku Garments Co., Ltd.	Subsidiary
Nagapeace Corporation Limited	Subsidiary
Ten Win Business International Co., Ltd.	Subsidiary (Note1)
Han Yan Global Co., Ltd.	Subsidiary (Note2)
Chuwa Wool Industry Co., (Taiwan) Ltd.	Subsidiary of the associate
JD United Holdings Limited	Substantive related party
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. Jhong, Jia-Hao	Director of a subsidiary of the Company
Mr. Yang, Ying-Tsu	General Manager of a subsidiary of the Company
Mr. Chien, Fei	General Manager of a subsidiary of the Company
Mr. Ji, Yao	Director of a subsidiary of the Company
Mr. Wu, Bin	Director of a subsidiary of the Company

Note:

1. The Company took control of the company on 10 May 2019.
2. The Company dispose the subsidiary of the company on 20 December 2019.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(1) Service Revenue

	For the years ended 31 December	
	2019	2018
Subsidiaries		
NANJING USA, INC.	$170,712	$-

(2) Purchases

	For the years ended 31 December	
	2018	2018
Subsidiaries		
J.D. United Trading Corporation Limited	$-	$154,802
Changzhou Guangzhou Manchuria Trading Co., Ltd.	55,711	-
Other related parties	-	4,498
Total	$55,711	$159,300

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

(3) Other Operating expenses paid to related parties:

	For the years ended 31 December	
	2019	2018
Subsidiaries		
Roo Hsing Garment Co., Ltd. - Production overheads - processing charges	$506,188	$713,487

Subsidiaries		
Roo Hsing Shanghai Import & Export Co., Ltd. - Service fee	$24,564	$28,990
J.D. United Trading Corporation Limited	19,224	-
Others	139	7
Associates		
Chuwa Wool Industry Co., (Taiwan) Ltd.- handling fee	7,463	-
Operating expenses	$51,390	$28,997

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(4) Interest income

	For the years ended 31 December	
	2019	2018
Subsidiaries		
J.D. United Trading Corporation Limited	$16,176	$18,470
Ten Win Business International Co., Ltd.	18,390	13,600
Others	-	120
Total	$34,566	$32,190

(5) Accounts receivables due from related parties

	As of 31 December	
	2019	2018
Subsidiaries		
NANJING USA, INC.	$59,867	$-

(6) Other receivables due from related parties

	As of 31 December	
	2019	2018
Subsidiaries		
Roo Hsing Garment Co., Ltd.	$421,895	$335,076
J.D. United Trading Corporation Limited	194,620	-
Others	4,806	13,283
Total	$621,321	$348,359

Other receivables are for the purchase of raw materials on behalf of related parties.

(7) Financing provided to related parties (recognized as other receivables due from related parties)

	As of 31 December 2019			
	Maximum balance	Ending balance	Interest rate	Interest payable
Subsidiaries				
J.D. United Trading Corporation Limited	$679,360	$206,862	4.77%-5.13%	$6,975
Total	$679,360	$206,862		$6,975

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

	As of 31 December 2018			
	Maximum balance	Ending balance	Interest rate	Interest payable
Subsidiaries				
J.D. United Trading Corporation Limited	$706,560	$368,640	4.77%-5.13%	$10,269
Others	20,000	-	-	-
Total	$726,560	$368,640		$10,269

(8) Prepayments

	As of 31 December	
	2019	2018
Subsidiaries		
Roo Hsing Shanghai Import & Export Co., Ltd.	$-	$24,564
FAIN TEI ENTERPRISE COMPANY LTD. (BVI)	47,968	-
Other related parties	2,000	-
Total	$49,968	$24,564

(9) Other current assets

	As of 31 December	
	2019	2018
Subsidiaries		
J.D. United Trading Corporation Limited	$123,087	$-

Other current assets were payment for computer software introduction fee for the related Parties

(10) Non-current financial assets at fair value through profit or loss

	As of 31 December	
	2019	2018
Subsidiaries		
Ten Win Business International Co., Ltd.	$219,000	$170,000
Associates		
Chuwa Wool Industry Co., (Taiwan) Ltd.	107,047	
Total	$326,047	$170,000

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(11) Long-term accounts receivable due from related parties

	As of 31 December	
	2019	2018
Subsidiaries		
Ten Win Business International Co., Ltd.	$66,419	$48,028

(12) Accounts payable to related parties

	As of 31 December	
	2019	2018
Subsidiaries		
J.D. United Trading Corporation Limited	$-	$39
Changzhou Guangzhou Manchuria Trading Co., Ltd.	3,043	-
Total	$3,043	$39

(13) Other payables to related parties

	As of 31 December	
	2019	2018
Subsidiaries		
ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V.	$132	$135
J.D. United Trading Corporation Limited	19,224	25
Associates		
Chuwa Wool Industry Co., (Taiwan) Ltd.	470	-
Total	$19,826	$160

(14) Long-term accounts payable to related parties (include current portion)

	As of 31 December	
	2019	2018
JD United Holdings Limited	$-	$1,617,364

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 31 December 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 31 December 2017 reflected this development, amongst other factors and a re-measurement charge has been recognized through profit or loss.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

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

	As of 31 December	
	2019	2018
Beginning balance	$1,617,364	$1,782,962
Amounts paid	-	(375,480)
Unrealized fair value changes recognized in profit or loss	12,441	160,490
Exemption from contingent contract to other income	(231,670)	-
Reversal investments accounted for using equity method (Note)	(1,369,960)	-
Exchange differences	(28,175)	49,392
Ending balance	$-	$1,617,364
Current	$-	$1,617,364
Non-current	-	-
Total	$-	$1,617,364

Note: On 12 February 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 (approximately NT$1,947,648 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 (investments for using equity method in parent company only finacial statement) and liabilities shall be adjusted on the amendment date.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

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

	As of 31 December			
	2019		2018	
ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V.	Mr. Xu, Zhong-Rong	1 shares	Mr. Chen, Chi-Ping	1 shares
Roo Hsing Co. Nicaragua, S.A.	Mr. Xu, Zhong-Rong	9 shares	Mr. Chen, Chi-Ping	9 shares
	Mr. Yang, Ying-Tsu	1 shares	Mr. Yang, Ying-Tsu	1 shares
Operadora Internacional de Zonas Francas (Managua), S.A.	Mr. Xu, Zhong-Rong	23 shares	Mr. Chen, Chi-Ping	23 shares
	Mr. Yang, Ying-Tsu	1 shares	Mr. Yang, Ying-Tsu	1 shares
Roo Hsing Garment Manufacturing Co., Ltd.	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
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

(16) Key management personnel compensation

	For the years ended 31 December	
	2019	2018
Short-term employee benefits	$37,923	$38,268

(17) The president and CEO of the Company are the co-guarantors of bank and finance company borrowings held by the Company.

(18) Please refer to Attachment 2 for more information about endorsement and guarantee provided to related parties.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

8. Assets pledged as security

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

	Carrying amount		
Items	31 December 2019	31 December 2018	Secured liabilities
Current financial assets at amortized cost(reserve accounts)	$878,318	$83,638	Short-term borrowings and customs duty guarantee
Financial asset at fair value through profit or loss-non-current	98,864	-	Short-term borrowings
Property, plant and equipment- Land	84,267	84,267	Short-term borrowings
Property, plant and equipment-Buildings and structures	18,874	18,874	Short-term borrowings
Prepayments for business facilities	120,913	117,051	Long-term borrowings
Guarantee deposits paid	19,500	25,000	Short-term borrowings
Total	$1,220,736	$328,830	

9. Commitments and contingencies

Amounts available under unused letters of credit as of 31 December 2019 and 2018 are NT$42,312 thousand and NT$$69,864 thousand, respectively.

Guarantee notes issued as collateral for subsidiary are NT$50,300 thousand and NT$$8,700 thousand as of 31 December 2019 and 2018, respectively.

10. Loss due to major disasters

None.

11. Significant subsequent events

(1) In order to integrate the resources and operations, the Company's board of directors approved on 20 January 2020 to increase capital USD 11,000 thousand to MF Holding Co., Ltd., a fully owned subsidiary of the Company.

(2) The Company's board of directors approved on 10 December 2019 to dispose the land of subsidiary, Roo Hsing Garment Co., Ltd. In order to adjust the investment strategy and integrate the Company 's resources, the proceeds should not be less than the highest quote in the valuation report (about US $ 19,750 thousand). The Company signed a letter of intent with a total price of US $ 26,000 thousand for land with natural persons on 5 March 2020. The sales agreement might be completed within 6 months.

(3) To protect the company's credit and shareholders' rights, the Company's board of directors approved on 25 March 2020 to purchase 6,900 thousand ordinary shares from 26 March 2020 to 24 May 2020 temporarily. The shares bought back 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.

(4) The Company's board of directors approved on 25 March 2020, due to the impact of the Covid-19, some overseas countries have implemented regional blockades, access control and other measures, which has caused the audit process of overseas subsidiaries been seriously delayed, making it unable to announce the financial report on schedule. The company applied for extension in accordance with the provisions of Article 4 of the Measures for Public Announcement of the Financial Report of the Public Issuance Company and Announcement of the Operational Situation. The authority agreed to extend the declaration date of the financial statements to 30 April 2020.

(5) Since January 2020, the world has been affected by Covid-19, the Company has cooperated with local government agencies to take relevant measures, and some mainland subsidiaries had halted work and then resumed work at the end of March 2020, and have communicated with customers and suppliers to adjust the shipping schedule. 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.

(6) The board of directors of Ten Win Business International Co., Ltd., subsidiary of the Company, approved on 27 February 2020 to set of February 27 2019 as the benchmark date for the conversion of type A preferred stock and type C preferred stock into ordinary shares. After the change of registration, the company had issued 9,290 thousand ordinary shares and 27,040 thousand preferred stocks, with a par value of NT$10 per share, and the amount of capital was NT$363,300 thousand.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

12. Others

(1) Categories of financial instruments

	As of 31 December	
	2019	2018
Financial assets		
Financial assets at fair value through profit or loss:		
Mandatorily measured at Fair value through profit or loss	$352,962	$170,000
Financial assets at amortized cost (Note 1)	2,647,042	2,356,830
Total	$3,000,004	$2,526,830

	As of 31 December	
	2019	2018
Financial liabilities		
Financial liabilities at amortized cost:		
Short-term borrowings	$1,455,314	$854,472
Notes payable	-	1,668
Accounts payable (including related parties)	19,397	20,193
Other payables (including related parties)	154,751	51,806
Lease liabilities	13,380	(Note 2)
Long-term borrowings (including current portion)	42,950	97,500
Guarantee deposits received	-	114
Subtotal	1,685,792	1,025,753
Financial liabilities at fair value through profit or loss:		
Contingent considerations arising from business combinations (Long-term accounts payable to related parties including current portion)	-	1,617,364
Total	$1,685,792	$2,643,117

Note:

1. Including cash and cash equivalents (excluding cash on hand), financial assets at amortized cost, accounts receivable, net, other receivables (including related parties), guarantee deposits paid, and long-term accounts receivables due from related parties.
2. The Company adopted IFRS 16 since 1 January 2019. The Company elected not to restate prior periods financial statements in accordance with the transition provision in IFRS 16.

(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 activates. 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. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. 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:

When NTD strengthens/weakens against USD by 1%, the loss for the years ended 31 December 2019 and 2018 are increased/decreased by NT$12,089 thousand and NT$1,699 thousand, respectively.

When NTD strengthens/weakens against EUR by 1%, the loss for the years ended 31 December 2019 and 2018 are increased/decreased by NT$680 thousand and NT$0 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 years ended 31 December 2019 and 2018 to increase/decrease by NT$35 thousand and NT$19 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 years ended 31 December 2019 and 2018 by NT$1,070 thousand and NT$0 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 31 December 2019 and 2018, amounts receivables from top ten customers represent 100% and 98% 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.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of 31 December 2019					
Short-term borrowings	$1,465,097	$-	$-	$-	$1,465,097
Accounts payable (including related parties)	19,397	-	-	-	19,397
Other payables (including related parties)	154,751	-	-	-	154,751
Current provisions	1,991	-	-	-	1,991
Lease liabilities(Note)	6,052	7,304	24	-	13,380
Long-term borrowings (including current portion)	43,784	-	-	-	43,784

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of 31 December 2018					
Short-term borrowings	$863,798	$-	$-	$-	$863,798
Notes payable	1,668	-	-	-	1,668
Accounts payable (including related parties)	20,193	-	-	-	20,193
Other payables (including related parties)	51,806	-	-	-	51,806
Long-term borrowings	56,949	44,839	-	-	101,788
Current provisions	616	-	-	-	616
Long-term accounts payable to related parties	1,617,364	-	-	-	1,617,364

The table above contains the undiscounted net cash flows of derivative financial liabilities.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2019:

	Short-term borrowings	Lease liabilities	Long-term borrowings	Total liabilities from financing activities
As of 1 January 2019	$854,472	$20,430	$97,50	$972,402
Cash flows	600,842	(7,396)	(54,550)	538,896
Non-cash changes	-	346	-	346
As of 31 December 2019	$1,455,314	$13,380	$42,950	$1,511,644

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Reconciliation of liabilities for the year ended 31 December 2018:

	Short-term borrowings	Bonds payable	Long-term borrowings	Total liabilities from financing activities
As of 1 January 2018	$502,309	$727,381	$-	$1,229,690
Cash flows	352,163	(7,200)	97,500	442,463
Non-cash changes	-	(720,181)	-	(720,181)
As of 31 December 2018	$854,472	$-	$97,500	$951,972

(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).

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

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, accounts receivables, accounts payable and other current liabilities whose carrying amount approximate their fair value, the fair value of the Company's financial assets and financial liabilities measured at amortized cost is listed in the table below:

	Carrying amount as of 31 December	
	2019	2018
Financial assets		
Financial assets at amortized cost	$1,178,118	$401,590
Financial liabilities		
Long-term borrowings (including current portion)	42,950	97,500
Long-term accounts payable to related parties (including current portion)	-	1,617,364

	Fair value as of 31 December	
	2019	2018
Financial assets		
Financial assets at amortized cost	$1,178,118	$401,590
Financial liabilities		
Long-term borrowings (including current portion)	43,784	101,788
Long-term accounts payable to related parties (including current portion)	-	1,617,364

(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 asset 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:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

	As of 31 December 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 stocks	-	-	245,915	245,915
	$107,047	$-	245,915	352,962

Transfer between Level 1 and Level 2 during the period

During the years ended 31 December 2019 and 2018, 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:

	At fair value through profit or loss
	Preferred stocks
As of 1 January 2019	$170,000
Total profits and losses recognized for the year ended 31 December 2019:	
Amount recognized in profit or loss (presented in “other profit or loss”)	26,915
Acquire in 2019	49,000
As of 31 December 2019	$245,915

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

	At fair value through profit or loss
	Preferred stocks
As of 1 January 2018	$170,000
Total profits and losses recognized for the year ended 31 December 2018:	
Amount recognized in profit or loss (presented in "other profit or loss")	-
As of 31 December 2018	$170,000

Total profits and losses recognized in profit or loss for the years ended 31 December 2019 and 2018 in the table above contain losses related to assets on hand in the amount of NT$0 thousand and 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 31 December 2019

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through profit or loss					
Preferred stocks	Option Pricing model	Volatility	20.4%	The higher the volatility, the lower the fair value	1% increase (decrease) in volatility would result in an increase (decrease) in the Company's loss by NT$825 thousand

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

As of 31 December 2018

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
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 Company's loss by NT$5,765 thousand

(10) 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 31 December 2019		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$53,477	29.98	$1,603,240
EUR	2,154	33.59	72,353
Non-monetary items:			
USD	317,553	29.98	9,520,234
MMK	2,400,739	0.0203	48,735
Financial liabilities			
Monetary items:			
USD	13,155	29.98	394,387
EUR	129	33.59	4,333
Non-monetary items:			
USD	4,144	29.98	124,226

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

	As of 31 December 2018		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$57,885	30.72	$1,778,227
Non-monetary items:			
USD	386,189	30.72	11,863,721
MMK	2,684,913	0.0197	52,893
Financial liabilities			
Monetary items:			
USD	63,414	30.72	1,948,078

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

For the years ended 31 December 2019 and 2018, foreign exchange losses were NT$2,391 thousand and NT$12,198 thousand, respectively. The above information about foreign exchange gains or losses on monetary financial assets and liabilities includes realized and unrealized net foreign exchange gains or losses.

(11) 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.

(12) 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 Group 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 14 March 2018. The Company has recognized related liabilities of RMB¥4,844 thousand as of 31 December 2018. The Group considered the dispute as a business fraud and planned to report the case as a criminal case.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(13) The reason and impact of the restated of the consolidated balance sheets as of 31 December 2018.

A. Reasons of restating the financial statement

Please refer to Note 6 (7) for more details.

B. Impact of the restated of the individual balance sheets as of 31 December 2018 are listed below:

	As of 31 December 2018		
Item	Before Restatement	After Restatement	Effected Amount
Investments accounted for using equity method	$12,680,302	$11,577,483	$(1,102,819)
Total non-current assets	13,434,257	12,331,438	(1,102,819)
Total assets	16,001,380	14,898,561	(1,102,819)
Accumulated deficit	(1,607,222)	(2,710,041)	(1,102,819)
Total retained earnings	(1,584,881)	(2,687,700)	(1,102,819)
Total equity	12,957,132	11,854,313	(1,102,819)
Total liabilities and equity	16,001,380	14,898,561	(1,102,819)
Other gains and losses	19,903	(1,082,916)	(1,102,819)
Total non-operating income and expenses	(386,194)	(1,489,013)	(1,102,819)
Loss before tax	(474,334)	(1,577,153)	(1,102,819)
Net loss	(439,749)	(1,542,568)	(1,102,819)
Total comprehensive income	(352,046)	(1,454,865)	(1,102,819)

(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.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

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

	As of 31 December	
	2019	2018 (Restatement)
Total liabilities	$2,167,450	$3,044,248
Total assets	$12,784,773	$14,898,561
Debt ratio	17%	20%

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$100 million and 20 percent of the capital stock: Please refer to Attachment 4.
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: Please refer to Attachment 5.
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 6.
h. Receivables from related parties with amounts exceeding the lower of NT$100 million and 20 percent of capital stock: Please refer to Attachment 7.
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 8.

(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 9.

(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 10.

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.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

ATTACHMENT 1: Financing provided to others for the year ended 31 December 2019

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	10,000	8,994	-	-	Note 4(2)	-	Operating	-	None	-	3,716,063	4,246,929	Note 7, 9
0	Roo Hsing Co., Ltd.	ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V.	Other receivables	Y	10,000	-	-	-	Note 4(2)	-	Operating	-	None	-	3,716,063	4,246,929	Note 7, 9
0	Roo Hsing Co., Ltd.	Roo Hsing Garment Co., Ltd.	Other receivables	Y	59,960	-	-	-	Note 4(2)	-	Operating	-	None	-	3,716,063	4,246,929	Note 7, 9
0	Roo Hsing Co., Ltd.	Roo Hsing Shanghai Import & Export Co., Ltd.	Other receivables	Y	19,487	-	-	-	Note 4(2)	-	Operating	-	None	-	3,716,063	4,246,929	Note 7, 9
0	Roo Hsing Co., Ltd.	J.D. United Trading Co., Ltd.	Other receivables	Y	359,760	299,800	206,862	4.4945%-4.869%	Note 4(2)	-	Operating	-	None	-	3,716,063	4,246,929	Note 7, 9
0	Roo Hsing Co., Ltd.	NANJING USA, INC.	Other receivables	Y	599,600	599,600	-	-	Note 4(2)	-	Operating	-	None	-	3,716,063	4,246,929	Note 7, 9
1	Roo Hsing Co. Nicaragua, S.A.	South Bay Manufacturing Company Limited	Other receivables	Y	11,992	5,996	5,996	3.94940%	Note 4(2)	-	Operating	-	None	-	67,812	67,812	Note 8, 9
2	ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V.	Operadora Internacional de Zonas Francas (Managua), S.A.	Other receivables	Y	14,990	14,990	14,990	3.90860%	Note 4(2)	-	Operating	-	None	-	449,517	449,517	Note 8, 9
3	ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V.	Roo Hsing Co. Nicaragua, S.A.	Other receivables	Y	5,996	5,996	-	-	Note 4(2)	-	Operating	-	None	-	517,633	517,633	Note 8, 9
4	Changzhou Tooku Garments Co., Ltd.	Changzhou Dongteng International Trade Co., Ltd.	Other receivables	N	131,057	113,212	113,212	4.5%	Note 4(1)	24,382	Operating	23,549	None	-	20,919	234,185	Note 9
5	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Changzhou Dongteng International Trade Co., Ltd.	Other receivables	N	18,818	18,047	18,047	4.5%	Note 4(1)	244,264	Operating	235,923	None	-	20,919	242,630	Note 9
6	T & K GARMENT INDUSTRY CO., LTD.	SL Garment Processing (Cambodia) Ltd.	Other receivables	N	80,766	25,543	25,543	5%	Note 4(1)	-	Operating	-	None	-	-	485,189	Note 9
7	GDM Enterprise Co., Ltd.	SL Garment Processing (Cambodia) Ltd.	Other receivables	N	199,806	193,810	193,810	-	Note 4(1)	-	Operating	-	None	-	-	-	Note 9

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 revolve 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.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

ATTACHMENT 2: Endorsement/Guarantee provided to others for the year ended 31 December 2019

No. (Note 1)	Name of endorsers	Endorsee: Name of endorsees	Endorsee: Relationship (Note 2)	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)
0	Roo Hsing Co., Ltd. (Note 3)	Roo Hsing Garment Co., Ltd.	2	5,308,662	29,980	-	-	-	-	21,234,646	Y	N	N
0	Roo Hsing Co., Ltd. (Note 3)	Roo Hsing Garment Co., Ltd.	2	5,308,662	53,964	53,964	3,598	-	0.51%	21,234,646	Y	N	N
0	Roo Hsing Co., Ltd. (Note 3)	J.D. United Manufacturing Limited	2	5,308,662	599,600	-	-	-	-	21,234,646	Y	N	N
0	Roo Hsing Co., Ltd. (Note 3)	J.D. United Trading Corporation Limited	2	5,308,662	599,600	-	-	-	-	21,234,646	Y	N	N
0	Roo Hsing Co., Ltd. (Note 3)	J.D. United Trading Corporation Limited	2	5,308,662	359,760	359,760	166,026	-	3.39%	21,234,646	Y	N	N
0	Roo Hsing Co., Ltd. (Note 3 and 11)	Roo Hsing Global Co., Ltd.	2	5,308,662	1,050,000	-	-	-	0.00%	21,234,646	Y	N	N
0	Roo Hsing Co., Ltd. (Note 3)	MF Holding Co.,Ltd.	2	5,308,662	1,379,080	1,379,080	1,241,172	3,607,215	12.99%	21,234,646	Y	N	N
1	Changzhou Tooku Garments Co., Ltd. (Note 9)	Changzhou Guangzhou Manchuria Trading Co., Ltd.	3	1,756,386	163,780	163,780	43,100	-	27.97%	1,756,386	N	N	Y
2	J.D. United Manufacturing Limited (Note 9)	Changzhou Tooku Garments Co., Ltd.	2	13,980,237	197,868	197,868	165,935	-	4.25%	13,980,237	N	N	Y
2	J.D. United Manufacturing Limited (Notes 8 and 9)	J.D. United Trading Corporation Limited	2	13,980,237	3,447,700	3,447,700	2,803,778	-	73.98%	13,980,237	N	N	N
3	Changzhou Guangzhou Manchuria Trading Co., Ltd. (Note 9)	Changzhou Tooku Garments Co., Ltd.	2	1,819,722	1,617,974	1,617,974	619,845	-	266.74%	1,819,722	N	N	Y
4	JD United (BVI) Limited (Note 9)	J.D. United Manufacturing Limited	2	10,812,159	1,193,936	1,193,924	734,804	-	33.13%	10,812,159	N	N	N
4	JD United (BVI) Limited (Notes 8 and 9)	J.D. United Trading Corporation Limited	2	10,812,159	3,447,700	3,447,700	2,803,778	-	95.66%	10,812,159	N	N	N
4	JD United (BVI) Limited (Note 9)	Changzhou Tooku Garments Co., Ltd.	2	10,812,159	646,500	-	-	-	-	10,812,159	N	N	Y
5	Nagapeace Corporation Limited (Note 9)	Roo Hsing Co., Ltd.	3	1,443,134	100,000	100,000	42,950	92,878	5.54%	1,803,918	N	Y	N
6	Chuwa Wool Industry Co., (Taiwan) Ltd. (Notes 12)	Roo Hsing Co., Ltd.	3	4,228,540	1,419,600	-	-	-	0.00%	4,228,540	N	Y	N
7	FAITH IN BLUE (USA) CORPORATION (Notes 9 and 10)	MF Holding Co.,Ltd.	3	2,175,837	1,379,080	1,379,080	1,241,172	1,897,990	95.07%	2,901,116	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$3,447,700 thousand, and the actual amount drawn was NT$2,803,778 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$1,379,080thousand, and the actual amount drawn was NT$1,241,172 thousand.

Note 11: The Company's board of directors approved on 10 December 2019 to dispose the full ownership and lost control of Han Yan Global Co., Ltd. (original Roo Hsing Global Co., Ltd.).

Note 12: 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 10 December 2019 to dispose full shareholding of Han Yan Global Co., Ltd..

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

ATTACHMENT 3: Securities held as of 31 December 2019 (Excluding subsidiaries, associates and joint ventures)

Names of companies held	Type and name of securities (Note 1)	Relationship with the Company	Financial statement account	December 31, 2019				Note (Note 4)
				shares	Carrying amount	Percentage of ownership (%)	Fair value	
Chuwa Wool Industry Co., (Taiwan) Ltd.	Common stocks	None (Note 2)	Non-current financial assets at fair value through profit or loss	3,205,000	$107,047	3.49%	$107,047	

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: 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 10 December 2019 to dispose full shareholding of Han Yan Global Co., Ltd.. Therefore, the Company reclassified the 3.49% remaining shareholdings to non-current financial assets at fair value through profit or loss.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

ATTACHMENT 4: Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2019

Buyer/Seller	Name of the securities (Note 1)	Financial statement accoun	Counterparty (Note 2)	Relationship (Note 2)	Beginning balance		Addition (Note 3)		Disposal (Note 3)				Ending balance	
					shares	Amount	shares	Amount	shares	Amount	Cost	Gain (loss) from disposal	shares	Amount
Chuwa Wool Industry Co., (Taiwan) Ltd.	Unlisted company equity investment-JOLLIFY4EVER LTD.	Investment accounted for using equity method	Pao Sheng Investment Co., Ltd. and individual shareholders	None	-	$-	11,600,000	$359,600	-	$-	$-	$-	11,600,000	$360,729
FAITH IN BLUE (USA) CORPORATION	Unlisted company equity investment-ADNY GROUP, INC.	Investment accounted for using equity method	COMARG GROUP, INC. and individual shareholders	None	-	-	53	1,193,856	-	-	-	-	53	1,193,856
FAITH IN BLUE (USA) CORPORATION	Unlisted company equity investment-NANJING USA, INC.	Investment accounted for using equity method	COMARG GROUP, INC. and individual shareholders	None	-	-	13	298,464	-	-	-	-	13	298,464
Roo Hsing Co., Ltd.	Unlisted company equity investment-Roo Hsing Global Co., Ltd.	Investment accounted for using equity method	Hanshin Asset Management Co., Ltd.	None	43,420,337	539,642	-	-	67,920,337	888,889	841,694	47,195	-	-

Note 1：Securities include stocks, bonds, beneficiary certificates and those derived from those items.

Note 2：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 10 December 2019 to dispose full shareholding of Han Yan Global Co., Ltd..

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

ATTACHMENT 5: Disposal of individual real estate with amount exceeding the lower of NT$300 million and 20 percent of the capital stock for the year ended 31 December 2019

Company	Names of properties	Transaction date	Date of original acquisition	Carrying amount	Transaction amount	Status of proceeds collection	Gain (Loss) from disposal	Counterparty	Relationship	Reason of disposal	Price reference	Other commitments
Chuwa Wool Industry Co., (Taiwan) Ltd.	Land and building located at No. 7, Gongjian W. Rd., Qidu Dist., Keelung City 206, Taiwan (R.O.C.)	21 December 2017	1 September 1965 28 March 1984 2 July 1992 8 June 1995 1 March 2015	$1,474,746	$1,718,889	$1,718,889	$244,143	Li Wan Asset Management Consultant Co., Ltd.	Third Party	Resource integration and better usage of asset	Took valuation by Colliers International and Cushman & Wakefield as reference and then negotiated by both parties. Valuation is listed below: 1. Valuation of NT$1,669,694 by Colliers International 2. Valuation of NT1,636,810 by Cushman & Wakefield	None

Note 1: Valuation is listed in the "Price reference" column if valuation is required when assets are disposed.

Note 2: The amount of gain on disposal excluded the Land Value Increment Tax. The difference from the book gains on disposal includes other expenses related to the sale, such as consultant's fees, attorney's fees, output tax, trust fees, soil testing fees, etc., totaling NT$38,551 thousand. And the amount NT$23 thousand loss on reclassfied of property, plant and equipment to non-current assets classified as held for sale, net.

Note 3：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 10 December 2019 to dispose full shareholding of Han Yan Global Co., Ltd..

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

ATTACHMENT 6: Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million and 20 percent of capital stock for the year ended 31 December 2019

Company	Related party	Relationship	Transactions				Details of non-arm's length transaction (Note 1)		Notes and accounts receivable (payable)		Note (Note 2)
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit Price	Term	Balance	Percentage of total receivables (payable)	
Roo Hsing Co., Ltd.	Roo Hsing Garment Co., Ltd.	The Company's subsidiary	Processing cost	506,188	100%	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	$421,895	20%	
Roo Hsing Co., Ltd.	Changzhou Guangzhou Manchuria Trading Co., Ltd.	The Company's subsidiary	Purchase	55,711	6%	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	(3,043)	-	
Roo Hsing Co., Ltd.	NANJING USA, INC.	The Company's subsidiary	Service revenue	(170,712)	100%	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	59,867	2%	
Roo Hsing Co. Nicaragua, S.A.	ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V.	Affiliate with same parent company	Sales	(111,980)	90%	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	6,215	-	
Hung Hsing Garment (Cambodia) Co., Ltd.	Nagapeace Corporation Limited	Affiliate with same parent company	Processing revenue	(328,041)	86%	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	38,903	2%	
Nishiku Manufacturing Corporation Limited	T & K Garment Industry Co., Ltd.	Affiliate with same parent company	Sales	(2,601,635)	8%	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	1,298,615	50%	
J.D. United Trading Corporation Limited	Tanzania Tooku Garments Co., Ltd.	Affiliate with same parent company	Sales	(181,286)	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	447,842	17%	
J.D. United Trading Corporation Limited	Nagapeace Corporation Limited	Affiliate with same parent company	Processing revenue	(244,771)	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	-	-	
T&K Garment Industry Co., Ltd.	Nagapeace Corporation Limited	Affiliate with same parent company	Sales	(4,113,455)	12%	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	3,974,657	154%	
Splendid Chance International Ltd.	Nagapeace Corporation Limited	Affiliate with same parent company	Processing revenue	(186,580)	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	-	-	
JD & Toyoshima Co., Ltd.	Nagapeace Corporation Limited	Affiliate with same parent company	Processing revenue	(154,010)	-	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	-	-	
Tanzania Tooku Garments Co., Ltd.	J.D. United Trading Corporation Limited	Affiliate with same parent company	Sales	(734,633)	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	-	-	
Zheng Tai Garment (Cambodia) Co., Ltd.	Nagapeace Corporation Limited	Affiliate with same parent company	Processing revenue	(228,252)	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	(7,088,962)	21%	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	1,146,366	44%	
Morning Glory Garment Enterprise Co., Ltd.	Nagapeace Corporation Limited	Affiliate with same parent company	Processing revenue	(102,780)	-	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	879,452	0	

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

ATTACHMENT 6: Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million and 20 percent of capital stock for the year ended 31 December 2019

Company	Related party	Relationship	Transactions				Details of non-arm's length transaction (Note 1)		Notes and accounts receivable (payable)		Note (Note 2)
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit Price	Term	Balance	Percentage of total receivables (payable)	
GDM Enterprise Co., Ltd.	Nagapeace Corporation Limited	Affiliate with same parent company	Processing revenue	(105,972)	-	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	-	-	
Great Union Cambodia Garment Co., Ltd.	Nagapeace Corporation Limited	Affiliate with same parent company	Processing revenue	(117,611)	-	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	-	-	
Changzhou Tooku Garments Co., Ltd.	J.D. United Trading Corporation Limited	Affiliate with same parent company	Sales	(2,990,073)	9%	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	1,383,888	1	
Changzhou Tooku Garments Co., Ltd.	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Affiliate with same parent company	Sales	(1,818,458)	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	-	-	
Changzhou Tooku Garments Co., Ltd.	Nagapeace Corporation Limited	Affiliate with same parent company	Sales	(391,547)	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	371,383	0	
Changzhou Tooku Garments Co., Ltd.	T & K Garment Industry Co., Ltd.	Affiliate with same parent company	Sales	(173,817)	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	-	-	
Changzhou Guangzhou Manchuria Trading Co., Ltd.	Nagapeace Corporation Limited	Affiliate with same parent company	Sales	(446,742)	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	207,747	8%	
Changzhou Guangzhou Manchuria Trading Co., Ltd.	Changzhou Tooku Garments Co., Ltd.	Affiliate with same parent company	Sales	(1,812,198)	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	432,349	17%	

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

ATTACHMENT 7: Receivables from related parties with amounts exceeding the lower of NT$100 million and 20 percent of capital stock as of 31 December 2019

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	$421,895	-	$-	-	$-	-
Roo Hsing Co., Ltd.	J.D. United Trading Corporation Limited	The Company's subsidiary	408,457	-	-	-	-	-
Roo Hsing Co., Ltd.	NANJING USA, INC.	The Company's subsidiary	59,867	-	-	-	-	-
Roo Hsing Co., Ltd.	Ten Win Business International Co., Ltd.	The Company's subsidiary	66,419	-	-	-	-	-
Tooku Trading Company Limited	J.D. United Trading Corporation Limited	Affiliate with same parent company	951,928	-	-	-	-	-
J.D. United Trading Corporation Limited	J.D. United Manufacturing Corporation Limited	Affiliate with same parent company	544,735	-	-	-	-	-
J.D. United Trading Corporation Limited	Morning Glory Garment Enterprise Co., Ltd.	Affiliate with same parent company	1,076,859	-	-	-	-	-
J.D. United Trading Corporation Limited	T & K Garment Industry Co., Ltd.	Affiliate with same parent company	1,298,615	-	-	-	-	-
J.D. United Trading Corporation Limited	South Bay Manufacturing Company Limited	Affiliate with same parent company	120,631	-	-	-	-	-
J.D. United Trading Corporation Limited	Tanzania Tooku Garments Co., Ltd	Affiliate with same parent company	447,842	-	-	-	-	-
Nishiku Manufacturing Corporation Limited	J.D. United Manufacturing Corporation Limited	Affiliate with same parent company	296,308	-	-	-	-	-
Changzhou Tooku Garments Co., Ltd.	J.D. United Trading Corporation Limited	Affiliate with same parent company	1,383,888	-	-	-	-	-
Changzhou Tooku Garments Co., Ltd.	Nagapeace Corporation Limited	Affiliate with same parent company	371,383	-	-	-	-	-
Changzhou Tooku Garments Co., Ltd.	Chongqing Municipality Youyang Country Tooku Dec Manufacturing Co., Ltd	Affiliate with same parent company	222,163	-	-	-	-	-
Changzhou Guangzhou Manchuria Trading Co., Ltd.	Nagapeace Corporation Limited	Affiliate with same parent company	207,747	-	-	-	-	-
Changzhou Guangzhou Manchuria Trading Co., Ltd.	Changzhou Tooku Garments Co., Ltd.	Affiliate with same parent company	432,349	-	-	-	-	-
Morning Glory Garment Enterprise Co., Ltd.	Nagapeace Corporation Limited	Affiliate with same parent company	879,452	-	-	-	-	-
Morning Glory Garment Enterprise Co., Ltd.	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Affiliate with same parent company	1,037,688	-	-	-	-	-
Morning Glory Garment Enterprise Co., Ltd.	JD & Toyoshima Co., Ltd.	Affiliate with same parent company	118,016	-	-	-	-	-
Morning Glory Garment Enterprise Co., Ltd.	Changzhou Tooku Garments Co., Ltd.	Affiliate with same parent company	608,990	-	-	-	-	-
T & K Garment Industry Co., Ltd.	Nagapeace Corporation Limited	Affiliate with same parent company	3,974,657	-	-	-	-	-
T & K Garment Industry Co., Ltd.	Morning Glory Garment Enterprise Co., Ltd.	Affiliate with same parent company	687,791	-	-	-	-	-
Nagapeace Corporation Limited	Paneffort (Cambodia) Garment Co., Ltd.	Affiliate with same parent company	206,753	-	-	-	-	-
Nagapeace Corporation Limited	Changzhou Tooku Garments Co., Ltd.	Affiliate with same parent company	383,819	-	-	-	-	-
Nagapeace Corporation Limited	J.D. United Trading Corporation Limited	Affiliate with same parent company	1,146,366	-	-	-	-	-
Nagapeace Corporation Limited	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Affiliate with same parent company	251,105	-	-	-	-	-
Nagapeace Corporation Limited	GDM Enterprise Co., Ltd.	Affiliate with same parent company	735,864	-	-	-	-	-
Nagapeace Corporation Limited	Zheng Tai Garment (Cambodia) Co., Ltd.	Affiliate with same parent company	391,204	-	-	-	-	-
Nagapeace Corporation Limited	Great Union Cambodia Garment Co., Ltd.	Affiliate with same parent company	161,073	-	-	-	-	-
Nagapeace Corporation Limited	Nishiku Manufacturing Corporation Limited	Affiliate with same parent company	135,501	-	-	-	-	-

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Attachment 8: Significant intercompany transactions between consolidated entities

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 receivable	$421,895	-	2%
0	Roo Hsing Co., Ltd.	Roo Hsing Garment Co., Ltd.	1	Processing expenses	506,188	Agreed based on product types	3%
0	Roo Hsing Co., Ltd.	Roo Hsing Shanghai Import & Export Co., Ltd.	1	Service costs	24,564	-	-
0	Roo Hsing Co., Ltd.	J.D. United Trading Corporation Limited	1	Other receivable	408,457	-	2%
0	Roo Hsing Co., Ltd.	J.D. United Trading Corporation Limited	1	Other current assets	123,087	-	1%
0	Roo Hsing Co., Ltd.	J.D. United Trading Corporation Limited	1	Other payables	19,224	-	-
0	Roo Hsing Co., Ltd.	J.D. United Trading Corporation Limited	1	Service costs	19,224	-	-
0	Roo Hsing Co., Ltd.	J.D. United Trading Corporation Limited	1	Interest revenue	16,176	-	-
0	Roo Hsing Co., Ltd.	Changzhou Guangzhou Manchuria Trading Co., Ltd.	1	Purchase	55,711	-	-
0	Roo Hsing Co., Ltd.	Ten Win Business International Co., Ltd.	1	Long-term receivable	66,419	-	-
0	Roo Hsing Co., Ltd.	Ten Win Business International Co., Ltd.	1	Non-current financial asset at fair value through profit or loss	219,000	-	1%
0	Roo Hsing Co., Ltd.	Ten Win Business International Co., Ltd.	1	Other interest revenue	18,390	-	-
0	Roo Hsing Co., Ltd.	NANJING USA INC.	1	Accounts receivable	59,867	-	-
0	Roo Hsing Co., Ltd.	NANJING USA INC.	1	Service revenue	170,712	-	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	76,868	-	-
2	Hung Hsing Garment (Cambodia) Co., Ltd.	Hung Hsing Garment (Cambodia) Co., Ltd.	3	Accounts receivable	60,768	-	-
2	Hung Hsing Garment (Cambodia) Co., Ltd.	Hung Hsing Garment (Cambodia) Co., Ltd.	3	Accounts payables	11,226	-	-
2	Hung Hsing Garment (Cambodia) Co., Ltd.	Hung Hsing Garment (Cambodia) Co., Ltd.	3	Processing cost	25,812	-	-
2	Hung Hsing Garment (Cambodia) Co., Ltd.	Nagapeace Corporation Limited	3	Accounts receivable	11,474	-	-
2	Hung Hsing Garment (Cambodia) Co., Ltd.	J.D. United Trading Corporation Limited	3	Sales	9,922	Agreed based on product types	-
2	Hung Hsing Garment (Cambodia) Co., Ltd.	J.D. United Trading Corporation Limited	3	Processing revenue	15,443	Agreed based on product types	-
2	Hung Hsing Garment (Cambodia) Co., Ltd.	J.D. United Trading Corporation Limited	3	Processing cost	24,009	-	-
3	Roo Hsing Co. Nicaragua, S.A.	ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V.	3	Other payables	22,448	-	-
3	Roo Hsing Co. Nicaragua, S.A.	ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V.	3	Sales	111,980	Agreed based on product types	1%
3	Roo Hsing Co. Nicaragua, S.A.	ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V.	3	Processing revenue	37,680	Agreed based on product types	-
3	Roo Hsing Co. Nicaragua, S.A.	Operadora Internacional de Zonas Francas (Managua), S.A.	3	Other payables	18,239	-	-
3	Roo Hsing Co. Nicaragua, S.A.	Operadora Internacional de Zonas Francas (Managua), S.A.	3	Rent expense	13,688	-	-
4	Roo Hsing Garment Manufacturing Co., Ltd.	S.H. United Co., Ltd.	3	Other receivable	19,002	-	-
4	Roo Hsing Garment Manufacturing Co., Ltd.	J.D. United Trading Corporation Limited	3	Accounts receivable	39,029	-	-
4	Roo Hsing Garment Manufacturing Co., Ltd.	J.D. United Trading Corporation Limited	3	Other payables	12,796	-	-
4	Roo Hsing Garment Manufacturing Co., Ltd.	J.D. United Manufacturing Corporation Limited	3	Other payables	20,251	-	-
4	Roo Hsing Garment Manufacturing Co., Ltd.	Changzhou Guangzhou Manchuria Trading Co., Ltd.	3	Other payables	10,411	-	-
4	Roo Hsing Garment Manufacturing Co., Ltd.	J.D. United Trading Corporation Limited	3	Processing revenue	94,417	Agreed based on product types	1%
5	S.H. United Co., Ltd.	J.D. United Trading Corporation Limited	3	Customer advance	40,902	-	-
5	S.H. United Co., Ltd.	J.D. United Trading Corporation Limited	3	Processing revenue	71,491	Agreed based on product types	-
6	Hung Hsing Garment (Cambodia) Co., Ltd.	Nagapeace Corporation Limited	3	Accounts receivable	38,903	-	-
6	Hung Hsing Garment (Cambodia) Co., Ltd.	Nagapeace Corporation Limited	3	Other payables	26,673	-	-
6	Hung Hsing Garment (Cambodia) Co., Ltd.	Paneffort (Cambodia) Garment Co., Ltd.	3	Other payables	13,191	-	-
6	Hung Hsing Garment (Cambodia) Co., Ltd.	Paneffort (Cambodia) Garment Co., Ltd.	3	Rent expense	13,587	-	-
6	Hung Hsing Garment (Cambodia) Co., Ltd.	Nagapeace Corporation Limited	3	Processing revenue	328,041	Agreed based on product types	2%

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Attachment 8: Significant intercompany transactions between consolidated entities

No.	Company	Counterparty	Relationship	Account	Amount	Term	As a percentage of consolidated assets or revenues
7	Roo Hsing Shanghai Import & Export Co., Ltd.	Changzhou Tooku Garments Co., Ltd.	3	Other payables	13,736	-	-
8	Tooku Trading Corporation Limited	J.D. United Trading Corporation Limited	3	Other receivable	951,928	-	4%
8	Tooku Trading Corporation Limited	J.D. United Trading Corporation Limited	3	Other payables	932,205	-	4%
8	Tooku Trading Corporation Limited	J.D. United Trading Corporation Limited	3	Cost of good sold	56,757	Agreed based on product types	-
9	J.D. United Manufacturing Corporation Limited	T & K Garment Industry Co., Ltd.	3	Sales	25,502	Agreed based on product types	-
9	J.D. United Manufacturing Corporation Limited	Nishiku Manufacturing Corporation Limited	3	Accounts receivable	71,941	-	-
9	J.D. United Manufacturing Corporation Limited	T & K Garment Industry Co., Ltd.	3	Accounts receivable	24,759	-	-
10	J.D. United Trading Corporation Limited	T & K Garment Industry Co., Ltd.	3	Sales	2,601,635	Agreed based on product types	15%
10	J.D. United Trading Corporation Limited	Changzhou Tooku Garments Co., Ltd.	3	Sales	86,343	Agreed based on product types	1%
10	J.D. United Trading Corporation Limited	Tanzania Tooku Garments Co., Ltd.	3	Sales	181,286	Agreed based on product types	1%
10	J.D. United Trading Corporation Limited	J.D. United Manufacturing Corporation Limited	3	Accounts receivable	544,735	-	2%
10	J.D. United Trading Corporation Limited	T & K Garment Industry Co., Ltd.	3	Accounts receivable	1,298,615	-	5%
10	J.D. United Trading Corporation Limited	Morning Glory Garment Enterprise Co., Ltd.	3	Accounts receivable	1,076,859	-	5%
10	J.D. United Trading Corporation Limited	South Bay Manufacturing Company Limited	3	Accounts receivable	120,631	-	1%
10	J.D. United Trading Corporation Limited	Tanzania Tooku Garments Co., Ltd.	3	Accounts receivable	447,842	-	2%
10	J.D. United Trading Corporation Limited	J.M. Bag&Case (Combodia) Co., Ltd.	3	Accounts receivable	37,613	-	-
11	T & K Garment Industry Co., Ltd.	Nagapeace Corporation Limited	3	Processing revenue	223,856	Agreed based on product types	1%
11	T & K Garment Industry Co., Ltd.	Nagapeace Corporation Limited	3	Sales	3,889,599	Agreed based on product types	23%
11	T & K Garment Industry Co., Ltd.	Morning Glory Garment Enterprise Co., Ltd.	3	Accounts receivable	687,791	-	3%
11	T & K Garment Industry Co., Ltd.	Nagapeace Corporation Limited	3	Accounts receivable	3,974,657	-	17%
12	Morning Glory Garment Enterprise Co., Ltd.	Nagapeace Corporation Limited	3	Processing revenue	102,780	Agreed based on product types	1%
12	Morning Glory Garment Enterprise Co., Ltd.	Changzhou Tooku Garments Co., Ltd.	3	Accounts receivable	608,990	-	3%
12	Morning Glory Garment Enterprise Co., Ltd.	Changzhou Guangzhou Manchuria Trading Co., Ltd.	3	Accounts receivable	1,037,688	-	4%
12	Morning Glory Garment Enterprise Co., Ltd.	JD & Toyoshima Co., Ltd.	3	Accounts receivable	118,016	-	-
12	Morning Glory Garment Enterprise Co., Ltd.	Nagapeace Corporation Limited	3	Accounts receivable	879,452	-	4%
13	Nishiku Enterprise Co., Ltd.	Nagapeace Corporation Limited	3	Processing revenue	244,771	Agreed based on product types	1%
13	Nishiku Enterprise Co., Ltd.	J.D. United Trading Corporation Limited	3	Accounts receivable	296,308	-	1%
13	Nishiku Enterprise Co., Ltd.	JD & Toyoshima Co., Ltd.	3	Accounts receivable	8,220	-	-
14	Changzhou Tooku Garments Co., Ltd.	J.D. United Trading Corporation Limited	3	Sales	3,000,985	Agreed based on product types	18%
14	Changzhou Tooku Garments Co., Ltd.	Changzhou Guangzhou Manchuria Trading Co., Ltd.	3	Sales	1,818,458	Agreed based on product types	11%
14	Changzhou Tooku Garments Co., Ltd.	Nagapeace Corporation Limited	3	Sales	391,547	Agreed based on product types	2%
14	Changzhou Tooku Garments Co., Ltd.	Paneffort (Cambodia) Garment Co., Ltd.	3	Sales	173,817	Agreed based on product types	1%
14	Changzhou Tooku Garments Co., Ltd.	Tanzania Tooku Garments Co., Ltd.	3	Sales	60,532	Agreed based on product types	-
14	Changzhou Tooku Garments Co., Ltd.	J.D. United Trading Corporation Limited	3	Accounts receivable	1,383,888	-	6%
14	Changzhou Tooku Garments Co., Ltd.	Bai Cheng Shi Mei Da Garment Co., Ltd.	3	Accounts receivable	75,505	-	-
14	Changzhou Tooku Garments Co., Ltd.	Chongqing Municipality Youyang Country Tooku Dec Manufacturing Co., Ltd.	3	Accounts receivable	222,163	-	1%
14	Changzhou Tooku Garments Co., Ltd.	Nagapeace Corporation Limited	3	Accounts receivable	371,383	-	2%
14	Changzhou Tooku Garments Co., Ltd.	Tanzania Tooku Garments Co., Ltd.	3	Accounts receivable	46,679	-	-
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Tanzania Tooku Garments Co., Ltd.	3	Sales	90,094	Agreed based on product types	1%
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	J.M. Bag&Case (Combodia) Co., Ltd.	3	Sales	15,714	Agreed based on product types	-
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	J.D. United Trading Corporation Limited	3	Sales	76,694	Agreed based on product types	-
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Nagapeace Corporation Limited	3	Sales	654,441	Agreed based on product types	4%

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Attachment 8: Significant intercompany transactions between consolidated entities

No.	Company	Counterparty	Relationship	Account	Amount	Term	As a percentage of consolidated assets or revenues
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Tanzania Tooku Garments Co., Ltd.	3	Sales	45,322	Agreed based on product types	-
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Changzhou Tooku Garments Co., Ltd.	3	Sales	1,812,198	Agreed based on product types	-
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	J.D. United Trading Corporation Limited	3	Accounts receivable	73,024	-	-
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Changzhou Tooku Garments Co., Ltd.	3	Accounts receivable	432,349	-	2%
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	J.M. Bag&Case (Combodia) Co., Ltd.	3	Accounts receivable	25,658	-	-
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Nagapeace Corporation Limited	3	Accounts receivable	207,747	-	1%
15	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Tanzania Tooku Garments Co., Ltd.	3	Accounts receivable	78,301	-	-
16	Nagapeace Corporation Limited	J.M. Bag & Case Manufacturing Corporation Limited	3	Processing revenue	21,859	Agreed based on product types	-
16	Nagapeace Corporation Limited	J.D. United Trading Corporation Limited	3	Processing revenue	7,088,962	Agreed based on product types	42%
16	Nagapeace Corporation Limited	J.D. United Trading Corporation Limited	3	Accounts receivable	1,146,366	-	5%
16	Nagapeace Corporation Limited	J.M. Bag & Case Manufacturing Corporation Limited	3	Accounts receivable	19,353	-	-
16	Nagapeace Corporation Limited	Changzhou Tooku Garments Co., Ltd.	3	Accounts receivable	383,819	-	2%
16	Nagapeace Corporation Limited	Changzhou Guangzhou Manchuria Trading Co., Ltd.	3	Accounts receivable	251,105	-	1%
16	Nagapeace Corporation Limited	Paneffort (Cambodia) Garment Co., Ltd.	3	Accounts receivable	206,753	-	1%
16	Nagapeace Corporation Limited	GDM Enterprise Co., Ltd.	3	Accounts receivable	735,864	-	3%
16	Nagapeace Corporation Limited	Zheng Tai Garment (Cambodia) Co., Ltd.	3	Accounts receivable	391,204	-	2%
16	Nagapeace Corporation Limited	Splendid Chance International Ltd.	3	Accounts receivable	43,946	-	-
16	Nagapeace Corporation Limited	Great Union Cambodia Garment Co., Ltd.	3	Accounts receivable	161,073	-	1%
16	Nagapeace Corporation Limited	Nishiku Manufacturing Corporation Limited	3	Accounts receivable	135,501	-	1%
16	Nagapeace Corporation Limited	JD & Toyoshima Co., Ltd.	3	Accounts receivable	45,186	-	-
16	Nagapeace Corporation Limited	J.M. Bag&Case (Combodia) Co., Ltd.	3	Accounts receivable	10,536	-	-
16	Nagapeace Corporation Limited	True Power Garment Corporation Ltd.	3	Accounts receivable	25,504	-	-
17	GDM Enterprise Co., Ltd.	Nagapeace Corporation Limited	3	Processing revenue	105,972	Agreed based on product types	1%
18	Splendid Chance International Ltd.	Nagapeace Corporation Limited	3	Processing revenue	186,580	Agreed based on product types	1%
19	Great Union Cambodia Garment Co., Ltd.	Nagapeace Corporation Limited	3	Processing revenue	117,611	Agreed based on product types	1%
20	JD & Toyoshima Co., Ltd.	Nagapeace Corporation Limited	3	Processing revenue	154,010	Agreed based on product types	1%
21	Tanzania Tooku Garments Co., Ltd.	J.D. United Trading Corporation Limited	3	Sales	734,633	Agreed based on product types	4%
22	Zheng Tai Garment (Cambodia) Co., Ltd.	Nagapeace Corporation Limited	3	Processing revenue	228,252	Agreed based on product types	1%
23	J.M. Bag&Case (Combodia) Co., Ltd.	J.D. United Trading Corporation Limited	3	Processing revenue	19,144	Agreed based on product types	1%
23	J.M. Bag&Case (Combodia) Co., Ltd.	J.M. Bag & Case Manufacturing Corporation Limited	3	Processing revenue	51,156	Agreed based on product types	1%
23	J.M. Bag&Case (Combodia) Co., Ltd.	J.M. Bag & Case Manufacturing Corporation Limited	3	Accounts receivable	46,486	-	1%
24	Chongqing Municipality Youyang Country Tooku Dec Manufacturing Co., Ltd.	Changzhou Tooku Garments Co., Ltd.	3	Processing revenue	16,049	Agreed based on product types	1%
25	J.M. Bag & Case Manufacturing Corporation Limited	J.D. United Trading Corporation Limited	3	Accounts receivable	27,462	-	1%
26	Bai Cheng Shi Mei Da Garment Co., Ltd.	Changzhou Tooku Garments Co., Ltd.	3	Processing revenue	8,193	Agreed based on product types	1%
27	Nishiku Manufacturing Corporation Limited	South Bay Manufacturing Company Limited	3	Accounts receivable	68,744		-

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..

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ATTACHMENT 9: Names, locations and related information of investee companies (Not including investment in Mainland China)

Investor Company	Investee Company (Note 1 and 2)	Location	Main business and products	Original investment amount		Investment as of 31 December 2018			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			
Roo Hsing Co., Ltd.	Roo Hsing Garment Co., Ltd.	Cambodia	Garment processing	$622,475	$622,475	-	100.00	(124,226)	$(145,346)	$(145,346)	
	Roo Hsing Co. Nicaragua, S.A.	Nicaragua	Garment processing	359,980	359,980	36,267	100.00	22,604	(36,534)	(36,534)	
	ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V.	El Salvador	Garment processing	600,981	600,981	1,346,000	100.00	149,839	(2,173)	(2,173)	
	Operadora Internacional de Zonas Francas (Managua), S.A.	Nicaragua	Plant and property Leasing	182,264	182,264	56,730	100.00	172,544	(1,110)	(1,110)	
	FAIN TEI ENTERPRISE COMPANY LTD.(BVI)	British Virgin Islands	Investment holding	476,446	413,060	15,836,843	100.00	110,871	(118,971)	(118,971)	
	Ten Win Business International Co., Ltd.	Taipei, Taiwan	Real estate development and leasing for funeral service	123,987	79,992	3,720,000	46.50	121,447	(7,727)	5,896	Note 9
	JD United (BVI) Limited	British Virgin Islands	Investment holding	9,558,486	9,558,486	1	100.00	9,000,615	290,055	64,963	Note 5
	Tooku Holdings Limited	British Virgin Islands	Investment holding	48,299	48,299	50,000	100.00	56,139	(665)	(665)	
	Roo Hsing Garment Manufacturing Co., Ltd.	Myanmar	Garment processing	128,495	119,204	41,216	100.00	48,735	(15,061)	(15,061)	
	Han Yan Global Co., Ltd.	Taiwan	Investment holding and garment trading	-	140,000	-	-	-	57,026	57,026	Note 6
	Intelligence Textile Technology Co., Ltd.	Taiwan	Garment trading	15,000	10,000	1,500,000	100.00	4,827	(6,141)	(6,141)	
	MF Holding Co., Ltd	Taiwan	Investment holding	330,340	-	133,750	100.00	251,619	(71,244)	(71,244)	
	Chuwa Wool Industry Co., (Taiwan) Ltd.	Taiwan	Garment trading	89,796	-	3,205,000	3.49	-	961,983	1,234	Note 7
Roo Hsing Garment Co., Ltd.	Chen Tai Co., Ltd.	Cambodia	Garment washing	20,312	20,312	-	100.00	3,157	(822)	(822)	
FAIN TEI ENTERPRISE COMPANY LTD.(BVI)	Hung Hsing Garment (Cambodia) Co., Ltd.	Cambodia	Garment processing	181,805	180,279	-	100.00	123,452	(46,311)	(46,311)	
	S.H. United Co., Ltd.	Myanmar	Garment processing	151,302	-	41,249	100.00	62,197	(36,237)	(36,237)	
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	4,660,079	290,076	290,076	
Tooku Holdings Limited	Tooku Trading Corporation Limited	Hong Kong	Garment trading	-	-	-	100.00	31,652	(665)	(665)	
J.D. United Manufacturing Corporation Limited	J.D. United Trading Corporation Limited	Hong Kong	Garment trading	121	121	-	100.00	35,694	44,591	44,591	
	OCT Holding Company Limited	Hong Kong	Investment holding	-	-	-	100.00	(205,028)	4,067	4,067	
	Nishiku Manufacturing Corporation Limited	Hong Kong	Investment holding	-	-	-	100.00	(206,470)	906	906	
	J.M. Bag & Case Manufacturing Corporation Limited	Hong Kong	Investment holding and Bag&Case trading	15,130	15,130	-	100.00	(31,618)	(4,910)	(4,910)	
	GDM Enterprise Co., Ltd.	Cambodia	Garment processing	30,260	30,260	-	100.00	(184,152)	(641)	(641)	
	Nishiku Enterprise Co., Ltd.	Cambodia	Garment processing	-	-	-	100.00	375,988	(278)	(278)	
	Morning Glory Garment Enterprise Co., Ltd.	Cambodia	Garment processing	-	-	-	100.00	1,369,524	(3,047)	(3,047)	
	JD & Toyoshima Co., Ltd.	Cambodia	Garment processing	77,163	77,163	-	100.00	(37,138)	(701)	(701)	
	Gowin Success Limited	British Virgin Islands	Investment holding	-	-	-	100.00	2,837,790	363,158	363,158	
	Paneffort (Cambodia) Garment Co., Ltd.	Cambodia	Garment processing	-	-	-	100.00	(7,881)	(169)	(169)	

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

ATTACHMENT 9: Names, locations and related information of investee companies (Not including investment in Mainland China)

Investor Company	Investee Company (Note 1 and 2)	Location	Main business and products	Original investment amount		Investment as of 31 December 2018			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	(205,028)	4,067	4,067	
Nishiku Manufacturing Corporation Limited	Southbay Manufacturing Co., Ltd.	Myanmar	Manufacturing	2,270	2,270	-	100.00	(203,552)	905	905	
J.M. Bag & Case Manufacturing Corporation Limited	J.M. Bag & Case (Cambodia) Co., Ltd.	Cambodia	Manufacturing	4,236	4,236	-	100.00	(30,158)	(92)	(92)	
Gowin Success Limited	J.D. United Manufacturing Pte. Limited (Singapore)	Singapore	Investment holding	-	-	-	100.00	1,035,772	(4,991)	(4,991)	
	Suntex Textile Trading Corporation Limited	Hong Kong	Textile trading	-	-	-	100.00	(549)	(1)	(1)	
	True Power Garment Corporation Ltd.	Cambodia	Manufacturing	-	-	-	100.00	(1,351)	(22)	(22)	
	Gowin Garments Corporation Limited	Hong Kong	Investment holding	-	-	-	100.00	1,803,918	368,172	368,172	
J.D. United Manufacturing Pte. Limited	Zhen Tai Garment (Cambodia) Co., Ltd.	Cambodia	Manufacturing	30,260	30,260	-	100.00	(167,838)	(1,758)	(1,758)	
	T&K Garment Industry Co., Ltd.	Cambodia	Manufacturing	26,531	26,531	-	100.00	1,212,974	(401)	(401)	
	Splendid Chance International Ltd.	Cambodia	Manufacturing	15,130	15,130	-	100.00	11,670	(2,030)	(2,030)	
	Great Union (Cambodia) Garment Co., Ltd.	Cambodia	Manufacturing	20,577	20,577	-	100.00	17,027	(690)	(690)	
Gowin Garments Corporation Limited	Nagapeace Corporation Limited	Cambodia	Manufacturing	-	-	-	100.00	1,803,918	368,172	368,172	
Changzhou Tooku Garments Co., Ltd.	Tanzania Tooku Garments Co., Ltd.	Tanzania	Manufacturing	349,806	349,806	-	99.97	(210,454)	(70,940)	(70,919)	
J.D. United Trading Co., Ltd.	CENTURY HSING INVESTMENT CO.,LTD.	Myanmar	Investment holding	30,070	-	-	100.00	30,070	-	-	
MF Holding Co., Ltd.	FAITH IN BLUE (USA) CORPORATION	US	Investment holding	1,492,433	-	4,805,000	100.00	1,450,558	10,320	10,320	
FAITH IN BLUE (USA) CORPORATION	ADNY GROUP, INC.	US	Investment holding	1,207,884	-	53	53.00	1,158,626	91,060	13,849	
FAITH IN BLUE (USA) CORPORATION	NANJING USA, INC.	US	Fashion garment wholesaler and distributor	298,464	-	13	10.40	289,901	130,701	2,155	
ADNY GROUP, INC.	ADNY APPAREL, INC.	US	Fashion garment wholesaler and distributor	-	-	-	100.00	(29,304)	(20)	(20)	
ADNY GROUP, INC.	NANJING USA, INC.	US	Fashion garment wholesaler and distributor	-	-	100	80.00	651,304	130,701	104,561	

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 December	290,055
Adjustment for difference between acquisition consideration allocation related fair value and net assets acquired	(225,092)
Investment income (loss) recognized	64,963

Note 6: The Company's board of directors approved on 10 December 2019 to dispose the full ownership and lost control of Han Yan Global Co., Ltd. (Original Roo Hsing Global Co., Ltd.).
Note 7: The Company disposed the full ownership of Han Yan Global Co., Ltd.and lost control, therefore the company reclassified the 3.49% remaining shareholdings to non-current financial assets through profit or loss.
Note 8: The above investments were offset as consolidated financial statements were prepared.
Note 9: Investment income (loss) of Investee Company Ten Win Business International Co., Ltd. recognized is illustrated as follows:

Net income from January to December	$(7,727)
Unrealized profit or loss	(26,916)
Extinction of existing relationship	40,539
Investment income (loss) recognized	$5,896

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

ATTACHMENT 10: Investment in Mainland China

Investee Company	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of 1 January 2019	Investment flows		Accumulated outflow of investment from Taiwan as of 31 December 2019	Net income (loss) of investee Company	Percentage of ownership	Investment income (loss) recognized	Carrying value as of 31 December 2019	Accumulated inward remittance of earnings as of 31 December 2019	Note
					Outflow	Inflow							
Roo Hsing Shanghai Import & Export Co., Ltd.	Garment and textile manufacturing, trading and processing	$117,976 (USD3,900 thousand)	Cash Note 1	$117,976 (USD3,900 thousand)	$-	$-	$117,976 (USD3,900 thousand)	$28,136	100%	$28,136	$(37,671)	$-	
Changzhou Tooku Garments Co., Ltd.	Garment and textile manufacturing, trading and processing	907,808 (USD30,000 thousand)	Cash Note 2	-	-	-	-	4,067	100%	4,067	585,462	-	
Bai Cheng Shi Mei Da Garment Co., Ltd.	Garment and textile manufacturing, trading and processing	67,932 (USD14,930 thousand)	Cash Note 2	-	-	-	-	(18,119)	100%	(18,119)	(52,577)	-	
Changzhou Guangzhou Manchuria Trading Co., Ltd.	Textile trading	453,900 (USD15,000 thousand)	Cash Note 2	-	-	-	-	28,908	100%	28,908	606,574	-	
Chongqing Municipality Youyang Country Tooku Dec Manufacturing Co., Ltd	Garment and textile manufacturing, trading and processing	60,520 (USD2,000 thousand)	Cash Note 2	-	-	-	-	(28,584)	100%	(28,584)	(167,093)	-	
Chongqing Municipality Youyang Country Tooku Dec Manufacturing Co., Ltd	Garment and textile manufacturing, trading and processing	30,260 (USD1,000 thousand)	Cash Note 2	-	-	-	-	(1,041)	100%	(1,041)	47,358	-	
Henan Kao wei Garment Corporation Limited	Garment and textile manufacturing, trading and processing	(Note 8)	Cash Note 2	-	-	-	-	-	100%	-	-	-	
Jiansu Xiu Jia Yu Yang Real Estate Development Limited	Real Estate Development	(Note 8)	Cash Note 3	-	-	-	-	-	50.20%	-	-	-	
Nanjing Roo-Hsing International Trading Co., Ltd.	Garment trading	(Note 8)	Cash Note 4	-	-	-	-	-	100%	-	-	-	
Nanjing Longchengxing International Trading Co., Ltd.	Garment trading	(Note 8)	Cash Note 4	-	-	-	-	-	100%	-	-	-	
3Y Universal Company Limited	Garment and textile manufacturing, trading and processing	84,544 (USD2,820 thousand)	Cash Note 5	-	-	-	-	52,434	23%	791	85,312	-	

Accumulated investment in Mainland China as of 31 December 2019	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 31 December 2019, these entitles were established but capital has not been paid in.
Note 9: The above investments were eliminated as consolidated financial statements were prepared.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

ROO HSING CO., LTD.

1. Statement of Cash and cash equivalents

31 December 2019

In Thousands of New Taiwan Dollars

Item	Description			Amount	Note
Cash on hand				$25,000	
Petty cash				$50	
Bank savings					
Demand deposits - NTD				124,527	
Demand deposits - Foreign currency	USD	7,155 thousand	Exchange rate 1:29.98	214,492	
Demand deposits - Foreign currency	EUR	736 thousand	Exchange rate 1:33.59	24,732	
Cheque deposit - NTD				10	
Total				$388,811	

ROO HSING CO., LTD.

2. Statement of Current financial assets at amortised cost

31 December 2019

In Thousands of New Taiwan Dollars

Name of securities	Description	Amount	Note
Demand deposits restricted for use	Entie Commercial Bank, Ltd.	$800,000	
	Taiwan Cooperative Bank Co., Ltd.	20,044	
	Hua Nan Commercial Bank, Ltd.	5,307	
	Land Bank of Taiwan	6,006	
	Bank SinoPac USD 324 thousand	9,718	
	Taiwan Business Bank Co., Ltd.USD 841 thousand	25,205	
	Taichung Commercial Bank Co., Ltd. USD 152 thousand	4,543	
	Bangkok Bank Public Company Limited USD 250 thousand	7,495	
Subtotal		878,318	
Time deposits	Entie Commercial Bank, Ltd. USD 10,000 thousand	299,800	Interest rate 2.95%
Total		$1,178,118	

ROO HSING CO., LTD.

3. Statement of Accounts receivable, net

31 December 2019

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Account receivables - third parties			
Customer A		$57,001	
Customer B		32,776	
Customer C		22,067	
Others		1,523	The amount of individual customer in others does not exceed 5% of the account balance.
Subtotal		113,367	
Less: loss allowance		(1,523)	
Net amount		$111,844	
Account receivables - related parties			
NANJING USA, INC.		59,867	
Subtotal		59,867	
Total		$171,711	

ROO HSING CO., LTD.

4. Statement of Other receivables

31 December 2019

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Other receivables - third parties			
Interest receivable		$6,068	
Others		227,243	
Subtotal		233,311	
Less: allowance		(223,957)	
Net amount		9,354	
Other receivables - related parties			
J.D. United Trading Corporation Limited		408,457	
Roo Hsing Garment Co., Ltd.		421,895	
Others		4,806	The amount of individual item in others does not exceed 5% of the account balance.
Subtotal		835,158	
Total		$844,512	

ROO HSING CO., LTD.

5. Statement of Inventories

31 December 2019

In Thousands of New Taiwan Dollars

Item	Description	Amount: Cost	Amount: Net realizable value	Note
Raw materials and supplies in transit		$8,166	$8,166	Net realizable value represents market value please refer to Parent Company Only Financial Statements Note 4 (10).
Current work in process		171,347	188,445	
Merchandise		14,752	13,457	
Subtotal		194,265	$210,068	
Less: Allowance for inventory valuation losses		(14,480)		
Net amount		$179,785		

ROO HSING CO., LTD.

6. Statement of Prepayments

31 December 2019

In Thousands of New Taiwan Dollars

Items	Description	Amount	Note
Prepayment to suppliers		$54,093	
Prepaid expense		24,152	
Net Input VAT		3,155	
Others		19,828	The amount of individual item in others does not exceed 5% of the account balance.
Total		$101,228	

ROO HSING CO., LTD.

7. Statement of Other current assets

31 December 2019

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Income tax refund receivable		$1,786	
Payment on behalf of others	Payment of computer software introduction fee on behalf of related parties	123,182	
Total		$124,968	

ROO HSING CO., LTD.

8. Statement of Non-current financial assets at fair value through profit or loss

For the Year Ended 31 December 2019

In Thousands of New Taiwan Dollars

Item	Beginning balance		Addition		Decrease		Ending balance		Collateral	Note
	Shares (in thousands)	Fair value	Shares (in thousands)	amount	Shares (in thousands)	amount	Shares (in thousands)	Fair value		
Chuwa Wool Industry Co., (Taiwan) Ltd. - Ordinary stocks		$-	3,205	$107,047	-	$-	3,205	$107,047	Note 8	
Ten Win Business International Co., Ltd. - Preferred stocks	17,000	$170,000	4,900	$75,915	-	$-	21,900	$245,915	None	
Total		$170,000		$182,962		$-		$352,962		

ROO HSING CO., LTD.

9. Statement of changes in Investments accounted for using equity method

For the Year Ended 31 December 2019

In Thousands of New Taiwan Dollars

Investee	Beginning balance (After adjustment)		Additions		Decrease		Change in equity	Gain recognised in bargain purchase transaction	Unrealized gain (loss)	Investment income (loss)	Exchange difference	Share of other comprehensive income	Ending balance			Fair value / Net assets value		Collateral	Note
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount							Shares (in thousands)	%	Amount	Unit price (NTD)	Total amount		
Roo Hsing Garment Co., Ltd.	-	$17,301	-	$-	-	$-	$-	$-	$-	$(145,346)	$3,819	$-	-	100%	$(124,226)	-	$(124,226)	N	
Roo Hsing Co. Nicaragua, S.A.	36,267	59,506	-	-	-	-	-	-	-	(36,534)	(368)	$-	36,267	100%	22,604	0.62	22,604	N	
ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V.	1,346,000	155,699	-	-	-	-	-	-	-	(2,173)	(3,687)	-	1,346,000	100%	149,839	0.11	149,839	N	
Operadora Internacional de Zonas Francas (Managua), S.A.	56,730	177,908	-	-	-	-	-	-	-	(1,110)	(4,254)	-	56,730	100%	172,544	3.04	172,544	N	
FAIN TEI ENTERPRISE COMPANY LTD.(BVI)	13,794,414	165,825	2,042,429	63,386	-	-	-	-	-	(118,971)	631	-	15,836,843	100%	110,871	-	188,818	N	
Roo Hsing Garment Manufacturing Co., Ltd.	38,216	52,893	3,000	9,290	-	-	-	-	-	(15,061)	1,613	-	41,216	100%	48,735	1.18	48,735	N	
Tooku Holdings Limited	50,000	57,327	-	-	-	-	-	-	-	(665)	(523)	-	50,000	100%	56,139	1.12	56,139	Y	
JD United (BVI) Limited	1	11,426,979	-	-	-	-	-	(1,369,960)	(2,743)	64,963	(117,931)	-	1	100%	10,001,308	-	9,807,054	Y	
Ten Win Business International Co., Ltd.	2,400,000	52,254	3,720,000	112,396	2,400,000	50,019	920	-	-	5,896	-	-	3,720,000	46.5%	121,447	0.03	138,155	N	
Roo Hsing Global Co., Ltd.	43,420,337	539,642	13,000,000	245,000	56,420,337	845,704	-	-	-	57,026	27	4,009	-	-	-	-	-	N	
Intelligence Textile Technology Co., Ltd.	1,000,000	5,968	500,000	5,000	-	-	-	-	-	(6,141)	-	-	1,500,000	100%	4,827	0.003	4,827	N	
MF Holding Co., Ltd	-	-	133,750	330,340	-	-	-	-	-	(71,244)	(7,477)	-	133,750	100%	251,619	1.881	251,619	Y	
Chuwa Wool Industry Co., (Taiwan) Ltd.	-	-	3,205,000	89,797	3,205,000	100,915	9,624	-	-	1,234	(2)	262	-	-	-		-	Y	Note 2
Subtotal		12,711,302		855,209		996,638	10,544	(1,369,960)	(2,743)	(268,126)	(128,152)	4,271			10,815,707		$10,716,108		
Less: accumulated impairment		(1,133,819)		(1,000,693)		-	-	-	-	-	-	-			(2,134,512)				
Total		$11,577,483		(145,484)		$996,638	$10,544	$(1,369,960)	$(2,743)	$(268,126)	$(128,152)	$4,271			$8,681,195				

	Beginning balance	Ending balance
Assets - Investments accounted for using equity method	$11,577,483	$8,805,421
Liabilities - Credit balance of investments accounted for using equity method	-	(124,226)
Total	$11,577,483	$8,681,195

Note1: On 12 February 2019, the Group signed an agreement with JD United Holding Limited. JD United Holding Limited waived and released the Group's contingent obligation of making further payment of any earn-out consideration of US$63,400 thousand (approximately NT$1,947,648 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 (investments for using equity method in parent company only finacial statement) and liabilities shall be adjusted on the amendment date.Please refer to Note 7.

Note2: 2,960 thousand shares was pledged at Entie Commercial Bank, Ltd.

ROO HSING CO., LTD.
10. Statement of Right-of-use asset
For the Year Ended 31 December 2019

In Thousands of New Taiwan Dollars

Item	Beginning balance	Additions	Dispose	Ending balance	Note
Cost					
Buildings and structures	$15,356	$-	$-	$15,356	The details of the depreciation expense are as follows：
Transportation equipment	4,781	-	-	4,781	
Office and other equipment	293	-	-	293	
Total cost	20,430	-	-	20,430	Administrative expenses $7,182
Accumulated depreciation					
Buildings and structures	-	(4,226)	-	(4,226)	
Transportation equipment	-	(2,860)	-	(2,860)	
Office and other equipment	-	(96)	-	(96)	
Total accumulated depreciation	-	(7,182)	-	(7,182)	
Carring amount	$20,430	$(7,182)	$-	$13,248	

ROO HSING CO., LTD.

11. Statement of Short-term borrowings

31 December 2019

In Thousands of New Taiwan Dollars

Type	Description	Ending balance	Contract period	Interest rate	Loan commitment	Collateral	Note
Unsecured bank loans	Entie Commercial Bank, Ltd.	$250,000	108/12/27-109/5/25	2.03%	$920,000	None	
	Entie Commercial Bank, Ltd.	290,000	108/11/12-109/2/10	2.03%	920,000	Pledged deposit certificate	
	Entie Commercial Bank, Ltd.	100,000	108/11/13-109/2/11	2.03%	920,000	Pledged deposit certificate	
	Entie Commercial Bank, Ltd.	215,300	108/12/6-109/3/5	2.03%	920,000	Pledged deposit certificate	
	Taiwan Cooperative Bank Co., Ltd.	50,000	108/12/26-109/12/26	2.48%	100,000	None	
	Taiwan Cooperative Bank Co., Ltd.	50,000	108/12/26-109/12/26	2.48%	100,000	None	
	Chang Hwa Bank Ltd.	40,000	108/4/2-109/10/2	1.73%	40,000	None	
	Taiwan Business Bank Co., Ltd.	3,099	108/7/22-109/1/18	3.14%	100,000	None	
	Taiwan Business Bank Co., Ltd.	100,000	108/9/20-109/3/20	1.70%	100,000	None	
	Land Bank of Taiwan	4,804	108/10/25-109/4/22	3.49%	50,000	None	
Subtotal		1,103,203					
Secured loans	Taichung Bank Leasing Corporation Ltd.	31,553	108/5/15-109/5/15	3.22%	75,000	Guarantee deposits paid	
Subtotal		31,553					
Letter of credit	Taiwan Cooperative Bank Co., Ltd.	79,411	108/9/3-109/4/21	3.07~3.25%	USD 3,336 thousand	None	
	Bank SinoPac	19,956	108/7/17-109/1/30	2.92~3.21%	USD 3,336 thousand	None	
	Taichung Commercial Bank Co., Ltd.	40,924	108/7/25-109/6/15	3.15~3.36%	USD 1,500 thousand	None	
	Bangkok Bank Public Company Limited	53,856	108/7/8-109/6/30	3.56~4.43%	USD 2,500 thousand	None	
	Taiwan Business Bank Co., Ltd.	48,548	108/8/19-109/5/26	2.9~3.08%	USD 2,235 thousand	None	
	Chang Hwa Bank Ltd.	17,251	108/7/10-109/4/5	3.14~3.45%	USD 1,334 thousand	None	
	Hua Nan Commercial Bank, Ltd.	40,966	108/7/25-109/6/20	2.77~3.1%	USD 1,650 thousand	None	
	Land Bank of Taiwan	19,646	108/10/24-109/5/31	3.44~3.56%	USD 1,263 thousand	None	
Subtotal		320,558					
Total		$1,455,314					

ROO HSING CO., LTD.

12. Statement of Accounts payable

31 December 2019

In Thousands of New Taiwan Dollars

Vendor name	Description	Amount	Note
Third parties			
Vendor A		$2,560	
Vendor B		1,967	
Vendor C		1,581	
Vendor D		1,563	
Vendor E		1,432	
Vendor F		1,418	
Vendor G		1,277	
Vendor H		1,208	
Others		3,348	The amount of individual vendor in others does not exceed 5% of the account balance.
Subtotal		$16,354	
Related parties			
Changzhou Guangzhou Manchuria Trading Co., Ltd.		3,043	
Subtotal		3,043	
Total		$19,397	

ROO HSING CO., LTD.

13. Statement of Other payables

31 December 2019

In Thousands of New Taiwan Dollars

Vendor name	Description	Amount	Note
Accounts payable - third parties			
Salary and wages payable		$21,166	
Service fees payable		71,626	
Other		42,133	The amount of individual vendor in others does not exceed 5% of the account balance.
Subtotal		134,925	
Accounts payable - related parties			
J.D. United Trading Corporation Limited		19,224	
Chuwa Wool Industry Co., (Taiwan) Ltd.		470	
ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V.		132	
Subtotal		19,826	
Total		$154,751	

ROO HSING CO., LTD.

14. Statement of Lease liabilities

31 December 2019

In Thousands of New Taiwan Dollars

Item	Description	Lease period	Interest rate	Ending balance	Note
Buildings and structures	Office lease	2~4 years	1.53% ~ 2.02%	$11,241	
Transportation equipment	Company rental car	1~5 years	1.53% ~ 2.02%	1,940	
Office and other equipment	Office equipment lease	1~5 years	1.53% ~ 2.02%	199	
Subtotal				13,380	
Less: current				(6,052)	
Non－current				$7,328	

ROO HSING CO., LTD.

15. Statement of Long-term borrowings

31 December 2019

In Thousands of New Taiwan Dollars

Lender	Description	Amount	Contract period	Interest rate	Collateral	Note
Chailease Finance Co., Ltd.		$20,300	107/09/28-109/09/28	2.45%	Machinery and equipment and Prepayments for business facilities	
Chailease Finance Co., Ltd.		22,650	107/10/31-109/10/31	2.45%	Machinery and equipment and Prepayments for business facilities	
Subtotal		42,950				
Less: current portion		(42,950)				
Total		$-				

ROO HSING CO., LTD.

16. Statement of Operating revenue

For the Year Ended 31 December 2019

In Thousands of New Taiwan Dollars

Item	Unit	Amount	Note
Sales revenue			
Pants	6,129 thousand pieces	$1,362,703	
Shorts	1,770 thousand pieces	188,078	
Others		25,119	The amount of individual item in others does not exceed 5% of the account balance.
Other operating revenue		170,712	
Subtotal		1,746,612	
Less: Sales returns		(4)	
Sales discounts		(2,346)	
Net operating revenue		$1,744,262	

ROO HSING CO., LTD.

17. Statement of Operating costs

For the Year Ended 31 December 2019

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Merchandise, beginning balance		$16,992	
Add: purchase		382,235	
Less: recognized as sample costs		(3)	
Less: merchandise, ending balance		(14,752)	
Cost of merchandise sold		384,472	
Raw materials and supplies, beginning balance		16,146	
Add: purchase		171,675	
Less: raw materials and supplies, ending balance		(8,166)	
Raw materials and supplies used		179,655	
Outsourcing costs		525,156	
Production overheads		180,037	
Manufacturing cost		884,848	
Work in process, beginning balance		221,142	
Less: work in process, ending balance		(171,347)	
Cost of goods sold		934,643	
Subtotal		1,319,115	
Add: allowance for inventory valuation and obsolescence loss		9,480	
Total		$1,328,595	

ROO HSING CO., LTD.

18. Statement of Production overheads

For the Year Ended 31 December 2019

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Processing charge		$525,156	
Consumables and tools		124,244	
Others		55,793	The amount of individual item in others does not exceed 5% of the account balance.
Total		$705,193	

ROO HSING CO., LTD.

19. Statement of Selling expenses

For the Year Ended 31 December 2019

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Service fees		$43,788	
Export charges		34,144	
Consumables		10,765	
Salaries		9,735	
Others		7,834	The amount of individual item in others does not exceed 5% of the account balance.
Total		$106,266	

ROO HSING CO., LTD.

20. Statement of Administrative expenses

For the Year Ended 31 December 2019

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Service fees		$129,887	
Salaries		85,548	
Handling fees		14,757	
Others		60,946	The amount of individual item in others does not exceed 5% of the account balance.
Total		$291,138	

ROO HSING CO., LTD.

21. Statement of Research and development expenses

For the Year Ended 31 December 2019

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Salaries		$5,683	
Insurance expense		459	
Travel expense		448	
Others		251	The amount of individual item in others does not exceed 5% of the account balance.
Total		$6,841	