

# **Pou Chen Corporation and Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 2019 and 2018 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Shareholders  
Pou Chen Corporation

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Pou Chen Corporation (the "Company") and its subsidiaries (collectively, the "Group") as of September 30, 2019 and 2018, the related consolidated statements of comprehensive income for the three months ended September 30, 2019 and 2018 and for the nine months ended September 30, 2019 and 2018, the related consolidated statements of changes in equity and cash flows for the nine months then ended and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

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

### **Conclusion**

Based on our reviews and the reports of other auditors (refer to the other matter paragraph), nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2019 and 2018, its consolidated financial performance for the three months ended September 30, 2019 and 2018 and for the nine months ended September 30, 2019 and 2018 and its consolidated cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

## Other Matter

The Group's investments in Ruen Chen Investment Holding Co., Ltd. and Nan Shan Life Insurance Co., Ltd. were accounted for by using the equity method based on its financial statements which were reviewed by other auditors. Our conclusion, insofar as it relates to the Group's investments in Ruen Chen Investment Holding Co., Ltd., and Nan Shan Life Insurance Co., Ltd. are based solely on the review reports of other auditors. As of September 30, 2019 and 2018, the carrying amounts of the investment in Ruen Chen Investment Holding Co., Ltd. were \$50,533,983 thousand and \$18,390,964 thousand, respectively, which constituted 13.85% and 5.76% of the Group's consolidated total assets, respectively. For the three months ended September 30, 2019 and 2018 and for the nine months ended September 30, 2019 and 2018, the profits of the associate were \$2,871,948 thousand, \$1,807,113 thousand, \$6,720,643 thousand and \$4,246,547 thousand which constituted 41.45%, 33.85%, 36.12% and 28.27% of the income which were recognized before income tax by the Group, respectively. As of September 30, 2019, the carrying amounts of the investment in Nan Shan Life Insurance Co., Ltd. were \$558,154 thousand, which constituted 0.15% of the Group's consolidated total assets. For the three months ended September 30, 2019 and for the nine months ended September 30, 2019, the profits of the associate were \$29,948 thousand and \$32,108 thousand which constituted 0.43% and 0.17% of the income which were recognized before income tax by the Group, respectively.

The engagement partners on the reviews resulting in this independent auditors' review report are Ker-Chang Wu and Kenny Hong.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

November 14, 2019

### Notice to Readers

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

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

**POU CHEN CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**  
(In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2019 (Reviewed)		December 31, 2018 (Audited)		September 30, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 33,355,722	9	\$ 32,252,001	11	\$ 33,991,558	11
Financial assets at fair value through profit or loss - current (Note 7)	789,200	-	845,690	-	827,730	-
Financial assets at fair value through other comprehensive income - current (Note 8)	16,816,430	5	15,065,002	5	15,976,096	5
Financial assets measured at cost - current (Note 9)	1,985,667	1	2,660,995	1	4,034,223	1
Notes receivable (Note 10)	1,129	-	1,295	-	976	-
Accounts receivable (Note 10)	34,180,029	9	38,938,365	13	35,759,238	11
Accounts receivable from related parties (Notes 10 and 36)	61,001	-	56,405	-	63,550	-
Other receivables (Note 10)	6,330,663	2	5,133,235	2	4,689,589	1
Inventories - manufacturing and retailing (Note 11)	55,147,616	15	54,571,450	18	55,889,280	18
Inventories - construction (Note 11)	4,768,171	1	4,780,007	1	4,780,007	2
Prepayments for leases (Note 4)	-	-	151,206	-	155,640	-
Non-current assets held for sale (Note 12)	149,458	-	-	-	278,357	-
Other current assets (Note 13)	11,798,224	3	9,928,307	3	13,470,752	4
Total current assets	165,383,310	45	164,383,958	54	169,916,996	53
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current (Note 7)	1,249,633	-	776,688	-	754,856	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	1,023,067	-	768,212	-	874,515	-
Financial assets at amortized cost - non-current (Notes 9 and 37)	6,174,851	2	343,595	-	1,063,171	-
Investments accounted for using equity method (Note 15)	74,014,503	20	31,228,219	10	41,074,109	13
Property, plant and equipment (Note 16)	79,732,359	22	79,162,641	26	77,863,904	24
Right-of-use assets (Notes 4 and 17)	18,078,701	5	-	-	-	-
Investment properties (Note 18)	2,302,377	1	2,312,021	1	2,311,313	1
Goodwill (Note 19)	8,521,955	2	8,866,746	3	8,807,387	3
Other intangible assets (Note 20)	2,190,975	1	3,187,467	1	3,309,722	1
Deferred tax assets (Notes 4 and 28)	1,824,291	1	1,951,026	1	1,778,263	1
Long-term prepayments for leases (Note 4)	-	-	6,455,195	2	6,355,856	2
Other non-current assets (Note 13)	4,352,190	1	4,826,645	2	5,010,494	2
Total non-current assets	199,464,902	55	139,878,455	46	149,203,590	47
<b>TOTAL</b>	<b>\$ 364,848,212</b>	<b>100</b>	<b>\$ 304,262,413</b>	<b>100</b>	<b>\$ 319,120,586</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Note 21)	\$ 41,719,649	11	\$ 37,560,974	12	\$ 40,794,730	13
Short-term bills payable (Note 21)	2,722,670	1	2,869,225	1	3,435,136	1
Financial liabilities at fair value through profit or loss - current (Note 7)	77,738	-	719,322	-	1,117,070	-
Notes payable (Note 22)	14,501	-	9,332	-	11,378	-
Notes payable to related parties (Notes 22 and 36)	-	-	74	-	-	-
Accounts payable (Note 22)	14,958,351	4	13,581,756	5	17,013,378	5
Accounts payable to related parties (Notes 22 and 36)	1,960,902	-	1,520,085	1	1,284,366	1
Other payables (Note 23)	25,285,635	7	25,243,368	8	25,745,026	8
Current tax liabilities (Note 28)	1,817,415	-	2,478,784	1	2,385,926	1
Lease liabilities (Notes 4 and 17)	3,837,269	1	-	-	-	-
Current portion of long-term borrowings (Note 21)	2,263,796	1	4,194,398	1	3,503,449	1
Other current liabilities	6,167,310	2	5,125,762	2	5,921,868	2
Total current liabilities	100,825,236	27	93,303,080	31	101,212,327	32
<b>NON-CURRENT LIABILITIES</b>						
Financial liabilities at fair value through profit or loss - non-current (Note 7)	386,497	-	-	-	-	-
Long-term borrowings (Note 21)	58,564,480	16	53,695,306	18	54,868,946	17
Deferred tax liabilities (Notes 4 and 28)	1,743,109	1	1,353,400	-	1,185,793	1
Lease liabilities - non-current (Notes 4 and 17)	7,177,138	2	-	-	-	-
Long-term payables (Note 23)	152,522	-	151,483	-	150,875	-
Net defined benefit liabilities (Note 4)	3,803,970	1	3,493,669	1	3,747,260	1
Other non-current liabilities	68,553	-	67,769	-	66,724	-
Total non-current liabilities	71,896,269	20	58,761,627	19	60,019,598	19
Total liabilities	172,721,505	47	152,064,707	50	161,231,925	51
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)</b>						
Share capital						
Ordinary shares	29,467,872	8	29,467,872	10	29,467,872	9
Capital surplus	4,590,417	1	4,600,092	1	4,600,092	2
Retained earnings						
Legal reserve	14,881,914	4	13,811,050	4	13,811,050	4
Special reserve	22,293,369	6	13,917,230	5	13,917,230	4
Unappropriated earnings	34,378,862	10	38,360,517	13	36,766,989	12
Total retained earnings	71,554,145	20	66,088,797	22	64,495,269	20
Other equity	12,703,129	4	(22,293,369)	(7)	(12,251,779)	(4)
Total equity attributable to owners of the Company	118,315,563	33	77,863,392	26	86,311,454	27
<b>NON-CONTROLLING INTERESTS</b>						
Total equity	192,126,707	53	152,197,706	50	157,888,661	49
<b>TOTAL</b>	<b>\$ 364,848,212</b>	<b>100</b>	<b>\$ 304,262,413</b>	<b>100</b>	<b>\$ 319,120,586</b>	<b>100</b>

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

(With Deloitte & Touche review report dated November 14, 2019)

## POU CHEN CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 26 and 36)	\$ 76,624,364	100	\$ 73,246,246	100	\$ 234,126,744	100	\$ 214,663,295	100
OPERATING COSTS (Notes 24, 27 and 36)	<u>57,582,594</u>	<u>75</u>	<u>54,561,737</u>	<u>75</u>	<u>174,782,284</u>	<u>75</u>	<u>159,962,121</u>	<u>74</u>
GROSS PROFIT	<u>19,041,770</u>	<u>25</u>	<u>18,684,509</u>	<u>25</u>	<u>59,344,460</u>	<u>25</u>	<u>54,701,174</u>	<u>26</u>
OPERATING EXPENSES (Notes 24 and 27)								
Selling and marketing expenses	8,861,476	12	8,329,668	11	28,195,104	12	25,573,828	12
General and administrative expenses	5,408,900	7	5,401,654	8	16,058,036	7	14,856,895	7
Research and development expenses	<u>1,623,249</u>	<u>2</u>	<u>1,589,857</u>	<u>2</u>	<u>4,760,938</u>	<u>2</u>	<u>4,590,194</u>	<u>2</u>
Total operating expenses	<u>15,893,625</u>	<u>21</u>	<u>15,321,179</u>	<u>21</u>	<u>49,014,078</u>	<u>21</u>	<u>45,020,917</u>	<u>21</u>
INCOME FROM OPERATIONS	<u>3,148,145</u>	<u>4</u>	<u>3,363,330</u>	<u>4</u>	<u>10,330,382</u>	<u>4</u>	<u>9,680,257</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Note 27)	1,684,220	2	1,613,655	2	3,107,053	1	2,893,039	1
Other gains and losses (Note 27)	(656,224)	(1)	(1,117,914)	(1)	(274,656)	-	(787,110)	-
Net (loss) gain on derecognition of financial assets at amortized cost	-	-	-	-	(3,260)	-	5,477	-
Finance costs (Note 27)	(786,157)	(1)	(740,392)	(1)	(2,474,453)	(1)	(1,998,659)	(1)
Share of the profit of associates and joint ventures (Note 15)	<u>3,538,205</u>	<u>5</u>	<u>2,220,494</u>	<u>3</u>	<u>7,921,929</u>	<u>4</u>	<u>5,228,970</u>	<u>2</u>
Total non-operating income and expenses	<u>3,780,044</u>	<u>5</u>	<u>1,975,843</u>	<u>3</u>	<u>8,276,613</u>	<u>4</u>	<u>5,341,717</u>	<u>2</u>
INCOME BEFORE INCOME TAX	6,928,189	9	5,339,173	7	18,606,995	8	15,021,974	7
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(1,222,083)</u>	<u>(1)</u>	<u>(716,337)</u>	<u>(1)</u>	<u>(2,518,115)</u>	<u>(1)</u>	<u>(2,733,069)</u>	<u>(1)</u>
NET INCOME	<u>5,706,106</u>	<u>8</u>	<u>4,622,836</u>	<u>6</u>	<u>16,088,880</u>	<u>7</u>	<u>12,288,905</u>	<u>6</u>
OTHER COMPREHENSIVE (LOSS) INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Remeasurement of defined benefit plans	-	-	-	-	-	-	(31,039)	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	(1,250,671)	(2)	207,592	1	1,982,824	1	1,216,203	1
Share of the other comprehensive income (loss) of associates and joint ventures	(134,968)	-	43,576	-	208,430	-	(166,133)	-

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## POU CHEN CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	\$ (1,640,862)	(2)	\$ (982,237)	(1)	\$ 76,567	-	\$ 1,823,350	1
Share of the other comprehensive income (loss) of associates and joint ventures	<u>6,927,011</u>	<u>9</u>	<u>(4,141,989)</u>	<u>(6)</u>	<u>31,060,659</u>	<u>13</u>	<u>(16,047,197)</u>	<u>(8)</u>
Other comprehensive income (loss) for the period, net of income tax	<u>3,900,510</u>	<u>5</u>	<u>(4,873,058)</u>	<u>(6)</u>	<u>33,328,480</u>	<u>14</u>	<u>(13,204,816)</u>	<u>(6)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 9,606,616</u>	<u>13</u>	<u>\$ (250,222)</u>	<u>-</u>	<u>\$ 49,417,360</u>	<u>21</u>	<u>\$ (915,911)</u>	<u>-</u>
NET INCOME								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 4,389,942	6	\$ 3,603,185	5	\$ 11,342,232	5	\$ 8,472,367	4
Non-controlling interests	<u>1,316,164</u>	<u>2</u>	<u>1,019,651</u>	<u>1</u>	<u>4,746,648</u>	<u>2</u>	<u>3,816,538</u>	<u>2</u>
	<u>\$ 5,706,106</u>	<u>8</u>	<u>\$ 4,622,836</u>	<u>6</u>	<u>\$ 16,088,880</u>	<u>7</u>	<u>\$ 12,288,905</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 9,416,568	13	\$ (549,681)	(1)	\$ 44,814,475	19	\$ (5,092,009)	(2)
Non-controlling interests	<u>190,048</u>	<u>-</u>	<u>299,459</u>	<u>1</u>	<u>4,602,885</u>	<u>2</u>	<u>4,176,098</u>	<u>2</u>
	<u>\$ 9,606,616</u>	<u>13</u>	<u>\$ (250,222)</u>	<u>-</u>	<u>\$ 49,417,360</u>	<u>21</u>	<u>\$ (915,911)</u>	<u>-</u>
EARNINGS PER SHARE (Note 29)								
Basic	<u>\$ 1.49</u>		<u>\$ 1.23</u>		<u>\$ 3.85</u>		<u>\$ 2.88</u>	
Diluted	<u>\$ 1.48</u>		<u>\$ 1.22</u>		<u>\$ 3.84</u>		<u>\$ 2.87</u>	

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

(With Deloitte & Touche review report dated November 14, 2019)

(Concluded)

**POU CHEN CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company					Other Equity					Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized (Loss) Gain on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income		Total		
			Legal Reserve	Special Reserve				Others	Total			
BALANCE AT JANUARY 1, 2018	\$ 29,467,872	\$ 4,615,341	\$ 12,518,889	\$ 13,636,368	\$ 37,294,138	\$ (1,790,529)	\$ (12,127,139)	\$ -	\$ 438	\$ 83,615,378	\$ 74,764,568	\$ 158,379,946
Effect of retrospective application and retrospective restatement	-	-	-	-	292,111	-	12,127,139	1,860,011	(506,875)	13,772,386	-	13,772,386
BALANCE AT JANUARY 1, 2018 AS RESTATED	29,467,872	4,615,341	12,518,889	13,636,368	37,586,249	(1,790,529)	-	1,860,011	(506,437)	97,387,764	74,764,568	172,152,332
Appropriation of 2017 earnings (Note 25)												
Legal reserve	-	-	1,292,161	-	(1,292,161)	-	-	-	-	-	-	-
Special reserve	-	-	-	280,862	(280,862)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(5,893,574)	-	-	-	-	(5,893,574)	-	(5,893,574)
	-	-	1,292,161	280,862	(7,466,597)	-	-	-	-	(5,893,574)	-	(5,893,574)
Net income for the nine months ended September 30, 2018	-	-	-	-	8,472,367	-	-	-	-	8,472,367	3,816,538	12,288,905
Other comprehensive (loss) income for the nine months ended September 30, 2018	-	-	-	-	(12,495)	1,138,917	-	(10,541,233)	(4,149,565)	(13,564,376)	359,560	(13,204,816)
Total comprehensive income (loss) for the nine months ended September 30, 2018	-	-	-	-	8,459,872	1,138,917	-	(10,541,233)	(4,149,565)	(5,092,009)	4,176,098	(915,911)
Share of changes in equity of subsidiaries (Note 25)	-	(15,653)	-	-	(75,478)	-	-	-	-	(91,131)	-	(91,131)
Changes in capital surplus from investments in associates accounted for using equity method (Note 25)	-	404	-	-	(1,737,057)	-	-	1,737,057	-	404	-	404
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(7,363,459)	(7,363,459)
Changes in equity for the nine months ended September 30, 2018	-	(15,249)	1,292,161	280,862	(819,260)	1,138,917	-	(8,804,176)	(4,149,565)	(11,076,310)	(3,187,361)	(14,263,671)
BALANCE AT SEPTEMBER 30, 2018	\$ 29,467,872	\$ 4,600,092	\$ 13,811,050	\$ 13,917,230	\$ 36,766,989	\$ (651,612)	\$ -	\$ (6,944,165)	\$ (4,656,002)	\$ 86,311,454	\$ 71,577,207	\$ 157,888,661
BALANCE AT JANUARY 1, 2019	\$ 29,467,872	\$ 4,600,092	\$ 13,811,050	\$ 13,917,230	\$ 38,360,517	\$ (312,124)	\$ -	\$ (8,483,931)	\$ (13,497,314)	\$ 77,863,392	\$ 74,334,314	\$ 152,197,706
Appropriation of 2018 earnings (Note 25)												
Legal reserve	-	-	1,070,864	-	(1,070,864)	-	-	-	-	-	-	-
Special reserve	-	-	-	8,376,139	(8,376,139)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(4,420,181)	-	-	-	-	(4,420,181)	-	(4,420,181)
	-	-	1,070,864	8,376,139	(13,867,184)	-	-	-	-	(4,420,181)	-	(4,420,181)
Net income for the nine months ended September 30, 2019	-	-	-	-	11,342,232	-	-	-	-	11,342,232	4,746,648	16,088,880
Other comprehensive income for the nine months ended September 30, 2019	-	-	-	-	-	304,874	-	22,963,196	10,204,173	33,472,243	(143,763)	33,328,480
Total comprehensive income for the nine months ended September 30, 2019	-	-	-	-	11,342,232	304,874	-	22,963,196	10,204,173	44,814,475	4,602,885	49,417,360
Difference between price of disposal or acquisition of interests in subsidiaries and book value	-	(3,539)	-	-	-	-	-	-	-	(3,539)	-	(3,539)
Share of changes in equity of subsidiaries (Note 25)	-	-	-	-	(73,339)	-	-	-	-	(73,339)	-	(73,339)
Share of changes in net assets of associates (Note 25)	-	(6,136)	-	-	(1,383,364)	-	-	1,524,255	-	134,755	-	134,755
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(5,126,055)	(5,126,055)
Changes in equity for the nine months ended September 30, 2019	-	(9,675)	1,070,864	8,376,139	(3,981,655)	304,874	-	24,487,451	10,204,173	40,452,171	(523,170)	39,929,001
BALANCE AT SEPTEMBER 30, 2019	\$ 29,467,872	\$ 4,590,417	\$ 14,881,914	\$ 22,293,369	\$ 34,378,862	\$ (7,250)	\$ -	\$ 16,003,520	\$ (3,293,141)	\$ 118,315,563	\$ 73,811,144	\$ 192,126,707

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

(With Deloitte & Touche review report dated November 14, 2019)

# POU CHEN CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 18,606,995	\$ 15,021,974
Adjustments for:		
Depreciation expenses	11,215,727	7,271,531
Amortization expenses	379,516	523,611
Expected credit loss recognized on accounts receivable	168,303	55,017
Net (gain) loss on fair value changes of financial instruments at fair value through profit or loss	(186,499)	462,000
Finance costs	2,474,453	1,998,659
Net loss (gain) on derecognition of financial assets at amortized cost	3,260	(5,477)
Interest income	(570,419)	(458,471)
Dividend income	(986,786)	(898,717)
Compensation cost of employee share options	121,842	78,382
Share of profit of associates and joint ventures	(7,921,929)	(5,228,970)
Net loss on disposal of property, plant and equipment	342,672	327,440
Net gain on disposal of subsidiaries, associates and joint ventures	(594,518)	(83,531)
Impairment loss (reversal of impairment loss)	48,293	(87)
Gain from bargain purchase - acquisition of subsidiaries	-	(13,280)
Changes in operating assets and liabilities		
Financial assets mandatorily at fair value through profit or loss	(130,679)	1,414,099
Notes receivable	166	53,977
Notes receivable from related parties	-	64
Accounts receivable	3,080,207	990,946
Accounts receivable from related parties	(4,596)	(2,011)
Other receivables	(1,418,902)	(1,078,839)
Inventories	(4,691,738)	(8,114,812)
Other current assets	(3,182,630)	(3,636,148)
Other operating assets	(52,394)	(103,319)
Notes payable	5,169	(40,169)
Notes payable to related parties	(74)	(11,250)
Accounts payable	1,671,012	4,282,603
Accounts payable to related parties	440,817	157,828
Other payables	164,446	(2,270,068)
Other current liabilities	1,041,548	1,302,825
Net defined benefit liabilities	310,301	432,017
Other operating liabilities	1,039	(489)
Cash generated from operations	20,334,602	12,427,335
Interest paid	(2,403,232)	(1,878,610)
Income tax paid	(2,882,695)	(3,129,428)
Net cash generated from operating activities	<u>15,048,675</u>	<u>7,419,297</u>

(Continued)

# POU CHEN CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2019	2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from return of capital of financial assets at fair value through other comprehensive income	\$ -	\$ 48,408
Purchases of financial assets at amortized cost	(9,953,762)	(3,368,461)
Proceeds from sale of financial assets at amortized cost	4,670,407	4,254,647
Acquisition of associates and joint ventures	(4,459,840)	(70,000)
Proceeds from disposal of associates and joint ventures	89,240	483,574
Net cash outflow on acquisition of subsidiaries	-	(74,380)
Net cash inflow on disposal of subsidiaries	3,075,084	429,527
Acquisition of property, plant and equipment	(9,321,777)	(11,219,082)
Proceeds from disposal of property, plant and equipment	319,895	730,535
Increase in refundable deposits	(120,823)	(18,159)
Increase in intangible assets	(399,206)	(43,314)
Acquisition of right-of-use	(39,136)	-
Acquisition of investment properties	-	(206)
Increase in other non-current assets	-	(226,836)
Acquisition of long-term prepayments for leases	-	(484,395)
Proceeds from disposal of long-term prepayments for leases	-	73,239
Interest received	494,634	517,463
Dividends received	1,836,057	2,300,251
Cash dividends from reduction of capital surplus from associates	-	108,705
Proceeds from disposal of right-of-use	<u>1,835</u>	<u>-</u>
Net cash used in investing activities	<u>(13,807,392)</u>	<u>(6,558,484)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	5,224,716	7,346,531
Proceeds from short-term bills payable	-	469,000
Repayment of short-term bills payable	(145,000)	-
Proceeds from long-term borrowings	5,198,274	3,143,848
Increase in guarantee deposits	784	21,493
Repayment of principal portion of lease liabilities	(2,143,394)	-
Cash dividends	(4,420,181)	(5,893,574)
Changes in non-controlling interests	<u>(3,872,148)</u>	<u>(6,121,277)</u>
Net cash used in financing activities	<u>(156,949)</u>	<u>(1,033,979)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>19,387</u>	<u>56,371</u>

(Continued)

# POU CHEN CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

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	For the Nine Months Ended September 30	
	2019	2018
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 1,103,721	\$ (116,795)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>32,252,001</u>	<u>34,108,353</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 33,355,722</u>	<u>\$ 33,991,558</u>

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

(With Deloitte & Touche review report dated November 14, 2019)

(Concluded)

# **POU CHEN CORPORATION AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)**

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### **1. GENERAL INFORMATION**

Pou Chen Corporation (the “Company”) has main business activities which include the manufacture and sale of various kinds of shoes and the import and export of related products and materials. The Company also invests significantly in the shoes and electronics industries to diversify its business operations. The Company invests in Yue Yuen Industrial (Holdings) Limited (“Yue Yuen”) and other footwear-related companies through Wealthplus Holdings Limited (“Wealthplus”). Yue Yuen and Pou Sheng International (Holdings) Limited (“Pou Sheng”), a subsidiary of Yue Yuen, are listed on the Hong Kong Exchange and Clearing Limited (“HKEx”).

In January 1990, the Company started to trade its shares on the Taiwan Stock Exchange.

The consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) are presented in New Taiwan dollars, the functional currency of the Company.

### **2. APPROVAL OF FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the board of directors on November 14, 2019.

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

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

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

- 1) IFRS 16 “Leases”

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

### Definition of a lease

The Group reassesses whether a contract is, or contains, a lease in accordance with the definition of a lease under IFRS 16 contracts, which were previously identified as containing a lease under IAS 17 and IFRIC 4, do not meet the definition of a lease under IFRS 16 and are accounted for in accordance with other standards because the Group do not have the right to direct the use of the identified assets. Contracts that are reassessed as containing leases are accounted for in accordance with the transitional provisions under IFRS 16.

### The Group as lessee

The Group recognizes right-of-use assets or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts, including property interest qualified as investment properties, were recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights in China and Vietnam were recognized as prepayments for leases. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables were recognized on the consolidated balance sheets for contracts classified as finance leases.

The Group anticipates applying IFRS 16 retrospectively. Comparative information will not be restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid lease payments. The Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

- a) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- b) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- c) The Group excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- d) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

For leases previously classified as finance leases under IAS 17, the carrying amounts of right-of-use assets and lease liabilities on January 1, 2019 are determined as at the carrying amounts of the respective leased assets and finance lease payables on December 31, 2018.

The weighted average of lessee's incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 4.44%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	\$ 11,716,580
Less: Recognition exemption for short-term leases	(878,552)
Less: Recognition exemption for leases of low-value assets	(5,191)
Less: Do not have the right to direct the use of identified assets	<u>(86,814)</u>
Undiscounted amounts on January 1, 2019	<u>\$ 10,746,023</u>
Discounted amounts using the incremental borrowing rate on January 1, 2019	\$ 10,127,878
Less: Prepaid rents on January 1, 2019	<u>(589,430)</u>
Lease liabilities recognized on January 1, 2019	<u>\$ 9,538,448</u>

The Group as lessor

Except for sublease transactions, the Group does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	<b>As Originally Stated on January 1, 2019</b>	<b>Adjustments Arising from Initial Application</b>	<b>Restated on January 1, 2019</b>
Lease prepaid - current	\$ 151,206	\$ (151,206)	\$ -
Lease prepaid - non-current	6,455,195	(6,455,195)	-
Other current assets	9,928,307	(441,261)	9,487,046
Right-of-use assets	-	16,734,279	16,734,279
Other non-current assets	<u>4,826,645</u>	<u>(148,169)</u>	<u>4,678,476</u>
Total effect on assets	<u>\$ 21,361,353</u>	<u>\$ 9,538,448</u>	<u>\$ 30,899,801</u>
Lease liabilities - current	\$ -	\$ 3,099,447	\$ 3,099,447
Lease liabilities - non-current	<u>-</u>	<u>6,439,001</u>	<u>6,439,001</u>
Total effect on liabilities	<u>\$ -</u>	<u>\$ 9,538,448</u>	<u>\$ 9,538,448</u>

2) IFRIC 23 "Uncertainty over Income Tax Treatments"

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Group should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Group should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the Group expects to better predict the

resolution of the uncertainty. The Group has to reassess its judgments and estimates if facts and circumstances change.

The initial application of IFRIC 23 will not have a significant effect on the accounting of the Group.

3) Amendments to IFRS 9 “Prepayment Features with Negative Compensation”

IFRS 9 stipulates that if a contractual term of a financial asset permits the issuer (i.e. the debtor) to prepay a debt instrument or permits the holder (i.e. the creditor) to put a debt instrument back to the issuer before maturity and the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination, the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The amendments further explain that reasonable compensation may be paid or received by either of the parties, i.e. a party may receive reasonable compensation when it chooses to terminate the contract early.

The initial application of the above amendments will not have a significant effect on the accounting of the Group.

4) Annual Improvements to IFRSs 2015-2017 Cycle

Several standards, including IFRS 3, IFRS 11, IAS 12 and IAS 23 “Borrowing Costs”, were amended in this annual improvement to IFRSs 2015-2017 Cycle. IAS 23 was amended to clarify that, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, the related borrowing costs shall be included in the calculation of the capitalization rate on general borrowings.

5) Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”

The amendments stipulate that, if a plan amendment, curtailment or settlement occurs, the current service cost and net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets). In addition, the amendments clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The amendment shall be applied prospectively.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group assessed the application of other standards and interpretations will not have significant impact on the Group’s financial position and financial performance.

b. The IFRSs endorsed by the FSC for application starting from 2020

<b>New, Revised or Amended Standards or Interpretations (the “New IFRSs”)</b>	<b>Effective Date Announced by IASB</b>
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Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 2)

Note 1: The Group shall apply these amendments to business combinations for which the acquisition date falls on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

- Amendments to IFRS 3 “Definition of a Business”

The amendments clarify that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process applied to the input that together significantly contribute to the ability to create output. The amendments narrow the definition of output by focusing on goods and services provided to customers, and the reference to an ability to reduce costs is removed. Moreover, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce output.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether the acquired set of activities and assets are in line with the business.

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

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e. the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e. the Group’s share of the gain or loss is eliminated.

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. Statement of compliance

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

##### b. Basis of consolidation

The basis of consolidation has been followed in these consolidated financial statements as was applied in the preparation of the consolidated financial statements for the year ended December 31, 2018.

Refer to Note 14, Table 9 “Information on Investees” and Table 10 “Information on investments in mainland China” of Note 40 for detailed information on subsidiaries, including the percentages of ownership and main businesses.

##### c. Other significant accounting policies

Except for the related accounting policies for lease and the following, for the summary of other significant accounting policies, refer to the consolidated financial statements for the year ended December 31, 2018.

##### 1) Leases

###### 2019

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

##### a) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

b) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. The Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

2018

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

b) The Group as lessee

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

Lease incentives received under operating leases are recognized as liabilities. The aggregate benefit of incentives is recognized as a reduction of rental expenses on a straight-line basis.

2) Retirement benefits

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

### 3) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized based on the accounting which is consistent with the accounting for the transaction itself, which gives rise to a tax consequence, and is recognized in profit or loss, or other comprehensive income, or directly in equity in full in the period in which the change in tax rate occurs.

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

The summary of critical accounting judgments and key sources of estimation uncertainty can be referenced from the consolidated financial statements for the year ended December 31, 2018.

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2019	December 31, 2018	September 30, 2018
Cash on hand	\$ 33,059	\$ 38,782	\$ 33,751
Checking accounts and demand deposits	26,398,092	25,647,371	29,630,899
Cash equivalents (investments with original maturities of less than three months)			
Time deposits	6,427,838	6,083,301	3,621,393
Repurchase agreements collateralized by bonds	<u>496,733</u>	<u>482,547</u>	<u>705,515</u>
	<u>\$ 33,355,722</u>	<u>\$ 32,252,001</u>	<u>\$ 33,991,558</u>

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Financial assets mandatorily as at FVTPL</u>			
Hybrid financial assets			
Structured deposits (a)	\$ 613,785	\$ 593,107	\$ 590,659
Derivative financial assets (not under hedge accounting)			
Interest rate swap contracts (b)	12,549	20,838	24,295
Forward exchange contracts (c)	58,976	249,528	3,583
Exchange rate option contracts (d)	15,397	5,451	17,112
Exchange rate swap contracts (e)	16,264	-	834
Cross-currency swap contracts (f)	9,096	-	21,621
Non-derivative financial assets			
Mutual funds	942,830	753,454	924,482
Contingent considerations (Note 32)	<u>369,936</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,038,833</u>	<u>\$ 1,622,378</u>	<u>\$ 1,582,586</u>

(Continued)

	September 30, 2019	December 31, 2018	September 30, 2018
Current	\$ 789,200	\$ 845,690	\$ 827,730
Non-current	<u>1,249,633</u>	<u>776,688</u>	<u>754,856</u>
	<u>\$ 2,038,833</u>	<u>\$ 1,622,378</u>	<u>\$ 1,582,586</u>

Financial liabilities held for trading

Derivative financial liabilities (not under hedge accounting)

Interest rate swap contracts (b)	\$ 386,497	\$ -	\$ -
Forward exchange contracts (c)	1,894	37,018	183,622
Exchange rate option contracts (d)	75,840	636,778	876,420
Exchange rate swap contracts (e)	4	30,751	50,300
Cross-currency swap contracts (f)	<u>-</u>	<u>14,775</u>	<u>6,728</u>
	<u>\$ 464,235</u>	<u>\$ 719,322</u>	<u>\$ 1,117,070</u>

Current	\$ 77,738	\$ 719,322	\$ 1,117,070
Non-current	<u>386,497</u>	<u>-</u>	<u>-</u>
	<u>\$ 464,235</u>	<u>\$ 719,322</u>	<u>\$ 1,117,070</u>

(Concluded)

a. Structured deposits

Yue Yuen entered into a 5-year, USD structured time deposit contract with a bank in October 2017. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract is assessed and classified mandatorily as at FVTPL since it contained a host that is an asset within the scope of IFRS 9. As of September 30, 2019, December 31, 2018 and September 30, 2018, the structured time deposit was classified as “financial assets at FVTPL - non-current”.

b. At the end of the reporting period, outstanding interest rate swap contracts not under hedge accounting were as follows:

September 30, 2019

Notional Amount (In Thousands)	Maturity Date	Pay Rate (Fixed Rate %)	Received Rate (Floating Rate %)
US\$ 50,000	2021.03	Note	Note
US\$ 100,000	2022.08	2.600	2.91413
US\$ 50,000	2022.08	1.930	2.16413
US\$ 50,000	2022.08	1.930	2.16413
US\$ 100,000	2023.07	3.335	2.88700
US\$ 150,000	2023.07	3.340	2.95550

December 31, 2018

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Pay Rate (Fixed Rate %)</b>	<b>Received Rate (Floating Rate %)</b>
US\$ 50,000	2021.03	Note	Note

September 30, 2018

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Pay Rate (Fixed Rate %)</b>	<b>Received Rate (Floating Rate %)</b>
US\$ 50,000	2021.03	Note	Note

The Group entered into interest rate swap contracts to manage exposures to interest rate fluctuations.

Note: If the three-month London Interbank Offered Rate (LIBOR) based on the U.S. dollar is less than or equal to 1.5%, the Group will pay interest at 0.84% of the notional amount and receive interest at the floating rate. If the three-month LIBOR based on the U.S. dollar is more than 1.5%, the Group will pay interest at the floating rate minus 0.66% and receive interest at the floating rate.

- c. At the end of the reporting period, outstanding forward exchange contracts not under hedge accounting were as follows:

September 30, 2019

<b>Notional Amount (In Thousands)</b>	<b>Forward Exchange Rates</b>
US\$ 72,700	Sell US\$/Buy IDR at 14,700
US\$ 16,777	Sell RMB/Buy US\$ at 7.0348 to 7.1455
US\$ 16,000	Sell NT\$/Buy US\$ at 31

December 31, 2018

<b>Notional Amount (In Thousands)</b>	<b>Forward Exchange Rates</b>
US\$ 140,700	Sell US\$/Buy IDR at 14,070 to 16,235
US\$ 14,295	Sell RMB/Buy US\$ at 6.8625 to 6.894

September 30, 2018

<b>Notional Amount (In Thousands)</b>	<b>Forward Exchange Rates</b>
US\$ 88,400	Sell US\$/Buy IDR at 14,070 to 14,075
US\$ 10,661	Sell RMB/Buy US\$ at 6.802 to 6.806

The Group entered into forward exchange contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

- d. At the end of the reporting period, outstanding exchange rate option contracts not under hedge accounting were as follows:

September 30, 2019

<b>Notional Amount (In Thousands)</b>	<b>Type</b>	<b>Buy/Sell</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>
US\$ 10,000	Put	Sell	2019.10-2019.11	US\$:RMB 6.5500
US\$ 10,000	Put	Sell	2019.10-2019.11	US\$:RMB 6.5500
US\$ 5,000	Put	Sell	2019.11	US\$:RMB 6.5500
US\$ 28,000	Call	Sell	2019.10-2020.04	US\$:HK\$ 7.7475
US\$ 28,000	Call	Sell	2019.10-2020.04	US\$:HK\$ 7.7475
US\$ 28,000	Call	Sell	2019.10-2020.04	US\$:HK\$ 7.7475
US\$ 18,000	Put	Sell	2019.10-2020.06	US\$:RMB 7.0800
US\$ 24,000	Put	Sell	2019.11-2020.10	US\$:RMB 7.8000
US\$ 24,000	Put	Sell	2019.11-2020.10	US\$:RMB 7.6300
US\$ 76,000	Call	Sell	2019.10-2021.04	US\$:HK\$ 7.7500
US\$ 114,000	Call	Sell	2019.10-2021.04	US\$:HK\$ 7.7500
US\$ 60,000	Put	Sell	2020.06-2021.05	US\$:RMB 8.0000

December 31, 2018

<b>Notional Amount (In Thousands)</b>	<b>Type</b>	<b>Buy/Sell</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>
US\$ 88,000	Put	Sell	2019.01-2019.06	US\$:NT\$ 30.0000
US\$ 54,000	Put	Sell	2019.01-2019.09	US\$:RMB 6.7000
US\$ 54,000	Put	Sell	2019.01-2019.09	US\$:RMB 6.5750
US\$ 36,000	Put	Sell	2019.01-2019.09	US\$:RMB 6.5750
US\$ 45,000	Put	Sell	2019.01-2019.09	US\$:RMB 6.5550
US\$ 27,000	Put	Sell	2019.01-2019.09	US\$:RMB 6.5550
US\$ 36,000	Put	Sell	2019.01-2019.09	US\$:RMB 6.5550
US\$ 27,000	Put	Sell	2019.01-2019.09	US\$:RMB 6.5550
US\$ 81,000	Put	Sell	2019.01-2019.09	US\$:RMB 6.7860
US\$ 40,000	Put	Sell	2019.02-2019.09	US\$:RMB 6.7780
US\$ 55,000	Put	Sell	2019.01-2019.11	US\$:RMB 6.5500
US\$ 55,000	Put	Sell	2019.01-2019.11	US\$:RMB 6.5500
US\$ 55,000	Put	Sell	2019.01-2019.11	US\$:RMB 6.5500
US\$ 39,000	Call	Sell	2019.04-2020.04	US\$:HK\$ 7.7475
US\$ 39,000	Call	Sell	2019.04-2020.04	US\$:HK\$ 7.7475
US\$ 39,000	Call	Sell	2019.04-2020.04	US\$:HK\$ 7.7475
US\$ 24,000	Put	Sell	2019.07-2020.06	US\$:RMB 7.0800
US\$ 24,000	Put	Sell	2019.11-2020.10	US\$:RMB 7.8000
US\$ 24,000	Put	Sell	2019.11-2020.10	US\$:RMB 7.6300

September 30, 2018

<b>Notional Amount (In Thousands)</b>	<b>Type</b>	<b>Buy/Sell</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>
US\$ 72,000	Put	Sell	2018.10-2019.09	US\$:RMB 6.5750
US\$ 48,000	Put	Sell	2018.10-2019.09	US\$:RMB 6.5750
US\$ 60,000	Put	Sell	2018.10-2019.09	US\$:RMB 6.5550
US\$ 36,000	Put	Sell	2018.10-2019.09	US\$:RMB 6.5550
US\$ 48,000	Put	Sell	2018.10-2019.09	US\$:RMB 6.5550
US\$ 36,000	Put	Sell	2018.10-2019.09	US\$:RMB 6.5550
US\$ 60,000	Put	Sell	2018.10-2019.09	US\$:RMB 6.7000
US\$ 70,000	Put	Sell	2018.10-2019.11	US\$:RMB 6.5500
US\$ 70,000	Put	Sell	2018.10-2019.11	US\$:RMB 6.5500
US\$ 114,000	Call	Sell	2018.10-2020.04	US\$:HK\$ 7.7500
US\$ 48,000	Call	Sell	2018.10-2020.04	US\$:HK\$ 7.7475
US\$ 48,000	Call	Sell	2018.10-2020.04	US\$:HK\$ 7.7475
US\$ 48,000	Call	Sell	2018.10-2020.04	US\$:HK\$ 7.7475
US\$ 94,000	Put	Sell	2018.11-2019.06	US\$:NT\$ 30.0000
US\$ 66,000	Put	Sell	2018.11-2019.09	US\$:RMB 6.7000
US\$ 65,000	Put	Sell	2018.11-2019.11	US\$:RMB 6.7000
US\$ 65,000	Put	Sell	2018.11-2019.11	US\$:RMB 6.5500
US\$ 24,000	Put	Sell	2019.07-2020.06	US\$:RMB 7.0800

The Group entered into exchange rate option contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

- e. At the end of the reporting period, outstanding exchange rate swap contracts not under hedge accounting were as follows:

September 30, 2019

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>
US\$ 14,000	2019.10	US\$:NT\$ 30.8850
US\$ 55,000	2019.10	US\$:NT\$ 30.9050
US\$ 19,000	2019.10	US\$:NT\$ 30.9370
US\$ 60,000	2019.10	US\$:NT\$ 30.9100
US\$ 10,000	2019.10	US\$:NT\$ 30.9420
US\$ 21,000	2019.10	US\$:NT\$ 90.9530
US\$ 22,300	2019.10	US\$:NT\$ 30.9530
US\$ 5,900	2019.11	US\$:NT\$ 30.9500

December 31, 2018

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>
US\$ 60,000	2019.01	US\$:NT\$ 30.7720
US\$ 27,200	2019.03	US\$:NT\$ 30.6250
US\$ 31,000	2019.03	US\$:NT\$ 30.6250
US\$ 55,000	2019.03	US\$:NT\$ 30.6240
US\$ 30,000	2019.03	US\$:NT\$ 30.5770
US\$ 27,000	2019.03	US\$:NT\$ 30.5730

September 30, 2018

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>
US\$ 8,100	2018.10	US\$:NT\$ 30.4760
US\$ 21,300	2018.10	US\$:NT\$ 30.4775
US\$ 34,000	2018.10	US\$:NT\$ 30.4770
US\$ 26,000	2018.10	US\$:NT\$ 30.4770
US\$ 20,600	2018.10	US\$:NT\$ 30.4770
US\$ 60,000	2018.10	US\$:NT\$ 30.4770
US\$ 60,000	2018.10	US\$:NT\$ 30.7215
US\$ 31,000	2018.10	US\$:NT\$ 30.7210
US\$ 30,300	2018.10	US\$:NT\$ 30.7210
US\$ 30,000	2018.10	US\$:NT\$ 30.7210
US\$ 40,000	2018.10	US\$:NT\$ 30.7020
US\$ 5,000	2018.10	US\$:NT\$ 30.5880

The Group entered into exchange rate swap contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

- f. At the end of the reporting period, outstanding cross-currency swap contracts not under hedge accounting were as follows:

September 30, 2019

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>	<b>Interest %</b>
US\$ 20,000	2019.12	US\$:NT\$ 30.800	0.500
US\$ 28,157	2020.09	US\$:RMB 7.103	0.885

December 31, 2018

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>	<b>Interest %</b>
US\$ 15,000	2019.07	US\$:RMB 6.820	3.50
US\$ 15,000	2019.09	US\$:RMB 6.860	3.20
US\$ 20,000	2019.12	US\$:NT\$ 30.800	0.50

September 30, 2018

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>	<b>Interest %</b>
US\$ 20,000	2018.12	US\$:NT\$ 29.4400	0.51
US\$ 15,000	2019.07	US\$:RMB 6.8200	3.50
US\$ 15,000	2019.09	US\$:RMB 6.8600	3.20

The Group entered into cross-currency swap contracts to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2019	December 31, 2018	September 30, 2018
Domestic investments			
Listed shares	\$ 17,553,537	\$ 15,536,802	\$ 16,554,916
Unlisted shares	73,693	78,912	79,157
Foreign investments			
Unlisted shares	<u>212,267</u>	<u>217,500</u>	<u>216,538</u>
	<u>\$ 17,839,497</u>	<u>\$ 15,833,214</u>	<u>\$ 16,850,611</u>
Current	\$ 16,816,430	\$ 15,065,002	\$ 15,976,096
Non-current	<u>1,023,067</u>	<u>768,212</u>	<u>874,515</u>
	<u>\$ 17,839,497</u>	<u>\$ 15,833,214</u>	<u>\$ 16,850,611</u>

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2019	December 31, 2018	September 30, 2018
Domestic investments			
Bonds	\$ -	\$ 318,201	\$ 316,078
Time deposits with original maturities of more than three months	730,443	804,673	1,471,525
Structured products	605,280	-	-
Foreign investments			
Bonds	4,847,868	1,725,192	2,688,424
Commercial paper	1,864,262	-	-
Structured products	<u>112,665</u>	<u>156,524</u>	<u>621,367</u>
	<u>\$ 8,160,518</u>	<u>\$ 3,004,590</u>	<u>\$ 5,097,394</u>
Current	\$ 1,985,667	\$ 2,660,995	\$ 4,034,223
Non-current	<u>6,174,851</u>	<u>343,595</u>	<u>1,063,171</u>
	<u>\$ 8,160,518</u>	<u>\$ 3,004,590</u>	<u>\$ 5,097,394</u>

Refer to Note 37 for information relating to investments in financial assets at amortized cost pledged as security.

## 10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Notes receivable</u>			
Notes receivable - operating	\$ 304	\$ 756	\$ 581
Notes receivable - non-operating	<u>825</u>	<u>539</u>	<u>395</u>
	<u>\$ 1,129</u>	<u>\$ 1,295</u>	<u>\$ 976</u>
<u>Accounts receivable (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 34,756,103	\$ 39,569,289	\$ 36,374,706
Less: Allowance for impairment loss	<u>(515,073)</u>	<u>(574,519)</u>	<u>(551,918)</u>
	<u>\$ 34,241,030</u>	<u>\$ 38,994,770</u>	<u>\$ 35,822,788</u>
<u>Other receivables</u>			
Tax refund receivables	\$ 1,786,936	\$ 1,820,099	\$ 1,724,382
Others	4,612,346	3,313,995	2,966,066
Less: Allowance for impairment loss	<u>(68,619)</u>	<u>(859)</u>	<u>(859)</u>
	<u>\$ 6,330,663</u>	<u>\$ 5,133,235</u>	<u>\$ 4,689,589</u>

### a. Notes receivable

The notes receivable balances at September 30, 2019, December 31, 2018 and September 30, 2018 were not past due.

### b. Accounts receivable

The Group use simplified practice of IFRS 9 to measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position. As the Group's historical credit loss experience shows significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

- 1) The following table details the loss allowance of trade receivables based on the Group's provision matrix.

September 30, 2019

	<b>Less than 30 Days</b>	<b>31 to 90 Days</b>	<b>Over 91 Days</b>	<b>Total</b>
Gross carrying amount	\$ 22,954,078	\$ 10,770,912	\$ 1,031,113	\$ 34,756,103
Loss allowance (lifetime ECLs)	<u>-</u>	<u>(279)</u>	<u>(514,794)</u>	<u>(515,073)</u>
Amortized cost	<u>\$ 22,954,078</u>	<u>\$ 10,770,633</u>	<u>\$ 516,319</u>	<u>\$ 34,241,030</u>

December 31, 2018

	<b>Less than 30 Days</b>	<b>31 to 90 Days</b>	<b>Over 91 Days</b>	<b>Total</b>
Gross carrying amount	\$ 24,499,833	\$ 14,037,125	\$ 1,032,331	\$ 39,569,289
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>(574,519)</u>	<u>(574,519)</u>
Amortized cost	<u>\$ 24,499,833</u>	<u>\$ 14,037,125</u>	<u>\$ 457,812</u>	<u>\$ 38,994,770</u>

September 30, 2018

	<b>Less than 30 Days</b>	<b>31 to 90 Days</b>	<b>Over 91 Days</b>	<b>Total</b>
Gross carrying amount	\$ 24,932,904	\$ 10,829,654	\$ 612,148	\$ 36,374,706
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>(551,918)</u>	<u>(551,918)</u>
Amortized cost	<u>\$ 24,932,904</u>	<u>\$ 10,829,654</u>	<u>\$ 60,230</u>	<u>\$ 35,822,788</u>

- 2) The movements of the loss allowance of accounts receivable were as follows:

	<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ 574,519	\$ 552,133
Add: Impairment losses recognized on receivable	83,447	55,017
Less: Net remeasurement of loss allowance	(31,040)	(47,131)
Less: Disposal of subsidiaries	(97,777)	-
Foreign exchange gains and losses	<u>(14,076)</u>	<u>(8,101)</u>
Balance at September 30	<u>\$ 515,073</u>	<u>\$ 551,918</u>

## 11. INVENTORIES

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Inventories - manufacturing and retail	\$ 55,147,616	\$ 54,571,450	\$ 55,889,280
Inventories - construction	<u>4,768,171</u>	<u>4,780,007</u>	<u>4,780,007</u>
	<u>\$ 59,915,787</u>	<u>\$ 59,351,457</u>	<u>\$ 60,669,287</u>

a. Inventories - manufacturing and retail at the end of the reporting period consisted of the following:

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Raw materials	\$ 7,892,847	\$ 8,563,302	\$ 8,770,749
Work in progress	5,643,300	5,726,047	5,598,014
Finished goods and merchandise	<u>41,611,469</u>	<u>40,282,101</u>	<u>41,520,517</u>
	<u>\$ 55,147,616</u>	<u>\$ 54,571,450</u>	<u>\$ 55,889,280</u>

The cost of manufacturing and retail inventories recognized as cost of goods sold for the three months ended September 30, 2019 and 2018 and the nine months ended September 30, 2019 and 2018 was \$57,582,594 thousand, \$54,561,737 thousand, \$174,782,284 thousand and \$159,962,121 thousand, respectively.

b. Inventories - construction at the end of the reporting period consisted of the following:

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Land and buildings held for development	\$ 4,601,965	\$ 4,613,808	\$ 4,613,808
Land and buildings held for sale	55,314	55,307	55,307
Land held for construction sites	<u>110,892</u>	<u>110,892</u>	<u>110,892</u>
	<u>\$ 4,768,171</u>	<u>\$ 4,780,007</u>	<u>\$ 4,780,007</u>

## 12. NON-CURRENT ASSETS HELD FOR SALE

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Assets associated with non-current assets held for sale			
Investments accounted for using equity method	<u>\$ 149,458</u>	<u>\$ -</u>	<u>\$ 278,357</u>

a. Yue Yuen resolved to dispose of its share of joint ventures during the nine months ended September 30, 2019 and reclassified the assets as “non-current assets held for sale”. The carrying amount of the assets was \$22,753 thousand (US\$733 thousand) as of September 30, 2019.

b. Pou Sheng resolved to dispose of its joint venture during the nine months ended September 30, 2019 and reclassified it as “non-current assets held for sale”. The carrying amount was \$126,705 thousand (US\$4,082 thousand) as of September 30, 2019.

- c. Yue Yuen resolved to dispose of its share of joint ventures during the nine months ended September 30, 2018 and reclassified the assets as “non-current assets held for sale”. The carrying amount of the assets was \$278,357 thousand (US\$9,119 thousand) as of September 30, 2018. This transaction was completed in October 2018.

### 13. OTHER ASSETS

	September 30, 2019	December 31, 2018	September 30, 2018
Prepayments	\$ 9,554,405	\$ 8,805,134	\$ 11,632,497
Refundable deposits	738,348	617,525	549,488
Defined benefit assets	43,754	43,754	43,754
Prepayments for equipment	3,182,283	3,463,271	3,798,154
Others	<u>2,631,624</u>	<u>1,825,268</u>	<u>2,457,353</u>
	<u>\$ 16,150,414</u>	<u>\$ 14,754,952</u>	<u>\$ 18,481,246</u>
Current	\$ 11,798,224	\$ 9,928,307	\$ 13,470,752
Non-current	<u>4,352,190</u>	<u>4,826,645</u>	<u>5,010,494</u>
	<u>\$ 16,150,414</u>	<u>\$ 14,754,952</u>	<u>\$ 18,481,246</u>

### 14. SUBSIDIARIES

- a. Subsidiaries included in the consolidated financial statements

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership (%)		
			September 30, 2019	December 31, 2018	September 30, 2018
Wealthplus Holdings Limited (“Wealthplus”)	British Virgin Islands	Investing in footwear, electronics and peripheral products	100.00	100.00	100.00
Win Fortune Investments Limited	British Virgin Islands	Investing activities	100.00	100.00	100.00
Windsor Entertainment Co., Ltd.	ROC	Entertainment and resort operations	100.00	100.00	100.00
Pou Shine Investments Co., Ltd.	ROC	Investing activities	100.00	100.00	100.00
Pan Asia Insurance Services Co., Ltd.	ROC	Agency of property and casualty insurance	100.00	100.00	100.00
Pro Arch International Development Enterprise Inc.	ROC	Design and manufacture of footwear products	100.00	100.00	100.00
Pou Yuen Technology Co., Ltd.	ROC	Rental of real estate	99.81	99.81	99.81
Barits Development Corporation	ROC	Import and export of shoe related materials and investing activities	99.62	99.62	99.62

The information of Wealthplus’s major subsidiaries is as follows:

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership (%)		
			September 30, 2019	December 31, 2018	September 30, 2018
Yue Yuen Industrial (Holdings) Limited	Bermuda	Manufacture and sale of athletic and casual footwear and sports apparel	50.04	49.90	49.90
Pou Sheng International (Holdings) Limited	Bermuda	Retail of sporting goods and brand licensing business	31.12	31.11	31.12
Crown Master Investments Limited	British Virgin Islands	Investment holding	100.00	100.00	100.00
Tetor Ventures Ltd.	British Virgin Islands	Investment holding	100.00	100.00	100.00
Star Eagle Consultants Limited	British Virgin Islands	Agency of property and casualty insurance	100.00	100.00	100.00
Allied Charm Holdings Limited	British Virgin Islands	Investment holding	100.00	100.00	100.00

Win Fortune Investments Limited (“Win Fortune”) invested in Yue Yuen (as at September 30, 2019, December 31, 2018 and September 30, 2018, the ownership percentage was 1.07%, 1.07% and 1.07%). Investing is its primary operation activity.

The information of Pou Yuen Technology Co., Ltd.’s subsidiary is as follows:

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership (%)		
			September 30, 2019	December 31, 2018	September 30, 2018
Vantage Capital Investments Ltd.	British Virgin Islands	Investment holdings	100.00	100.00	100.00

The information of Barits Development Corporation’s subsidiaries is as follows:

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership (%)		
			September 30, 2019	December 31, 2018	September 30, 2018
Song Ming Investments Co., Ltd.	ROC	Investing activities	100.00	100.00	100.00
Pou Chin Development Co., Ltd.	ROC	Agency of land demarcation	100.00	100.00	100.00
Yu Hong Development Co., Ltd.	ROC	Development of real estate	100.00	100.00	100.00
Wang Yi Construction Co., Ltd.	ROC	Construction	89.75	89.75	89.75
Pou Yii Development Co., Ltd.	ROC	Rental and sale of real estate	75.00	75.00	75.00

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests (%)		
	September 30, 2019	December 31, 2018	September 30, 2018
Yue Yuen Industrial (Holdings) Limited	48.89	49.03	49.03
Pou Sheng International (Holdings) Limited	37.80	37.67	37.64

Refer to Table 9 “Information on Investees” of Note 40 for business location and business item of the material associates.

Name of Subsidiary	Profit Allocated to Non-controlling Interests				Accumulated Non-controlling Interests		
	For the Three Months Ended September 30		For the Nine Months Ended September 30		September 30, 2019	December 31, 2018	September 30, 2018
	2019	2018	2019	2018			
Yue Yuen Industrial (Holdings) Limited	\$ 967,193	\$ 867,602	\$ 3,501,001	\$ 3,082,167	\$ 60,055,833	\$ 61,418,948	\$ 59,504,079
Pou Sheng International (Holdings) Limited	296,278	134,006	1,033,411	667,974	11,887,109	11,618,440	11,221,967

Pou Sheng is a subsidiary of Yue Yuen, and the summarized financial information in respect of Yue Yuen and its subsidiaries (including Pou Sheng) is set out below:

	September 30, 2019	December 31, 2018	September 30, 2018
Current assets	\$ 133,767,789	\$ 135,430,505	\$ 141,301,676
Non-current assets	128,853,773	118,358,281	117,151,073
Current liabilities	(72,312,869)	(70,731,816)	(80,267,837)
Non-current liabilities	<u>(53,626,988)</u>	<u>(44,772,518)</u>	<u>(44,659,754)</u>
Equity	<u>\$ 136,681,705</u>	<u>\$ 138,284,452</u>	<u>\$ 133,525,158</u>

(Continued)

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Equity attributable to:			
Owners of the Company	\$ 63,158,454	\$ 64,218,019	\$ 62,222,831
Non-controlling interests of Yue Yuen	60,055,833	61,418,948	59,504,079
Non-controlling interests of Yue Yuen's subsidiaries	<u>13,467,418</u>	<u>12,647,485</u>	<u>11,798,248</u>
	<u>\$ 136,681,705</u>	<u>\$ 138,284,452</u>	<u>\$ 133,525,158</u> (Concluded)

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Operating revenue	<u>\$ 76,398,240</u>	<u>\$ 73,076,991</u>	<u>\$ 233,521,816</u>	<u>\$ 213,995,484</u>
Net income	\$ 2,321,781	\$ 1,813,796	\$ 8,356,800	\$ 6,813,692
Other comprehensive loss	<u>(1,634,941)</u>	<u>(1,294,512)</u>	<u>(1,333,875)</u>	<u>(2,654,073)</u>
Total comprehensive income	<u>\$ 686,840</u>	<u>\$ 519,284</u>	<u>\$ 7,022,925</u>	<u>\$ 4,159,619</u>
Net income attributable to:				
Owners of the Company	\$ 1,013,761	\$ 801,238	\$ 3,617,773	\$ 3,006,683
Non-controlling interests of Yue Yuen	967,193	867,602	3,501,001	3,082,167
Non-controlling interests of Yue Yuen's subsidiaries	<u>340,827</u>	<u>144,956</u>	<u>1,238,026</u>	<u>724,842</u>
	<u>\$ 2,321,781</u>	<u>\$ 1,813,796</u>	<u>\$ 8,356,800</u>	<u>\$ 6,813,692</u>
Total comprehensive income attributable to:				
Owners of the Company	\$ 454,151	\$ 360,512	\$ 3,218,646	\$ 1,968,324
Non-controlling interests of Yue Yuen	430,135	432,182	3,118,128	2,051,394
Non-controlling interests of Yue Yuen's subsidiaries	<u>(197,446)</u>	<u>(273,410)</u>	<u>686,151</u>	<u>139,901</u>
	<u>\$ 686,840</u>	<u>\$ 519,284</u>	<u>\$ 7,022,925</u>	<u>\$ 4,159,619</u>
Net cash inflow (outflow) from:				
Operating activities			\$ 14,820,023	\$ 12,028,069
Investing activities			(4,502,681)	(7,349,882)
Financing activities			<u>(9,547,725)</u>	<u>(4,446,284)</u>
Net cash inflow			<u>\$ 769,617</u>	<u>\$ 231,903</u> (Continued)

	<b>For the Three Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Dividends paid to:				
Non-controlling interests of Yue Yuen			<u>\$ 3,471,152</u>	<u>\$ 3,399,438</u>
Non-controlling interests of Yue Yuen's subsidiaries			<u>\$ 263,653</u>	<u>\$ 151,401</u> (Concluded)

## 15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Investments in associates	\$ 66,557,857	\$ 23,580,599	\$ 33,583,301
Investments in joint ventures	<u>7,456,646</u>	<u>7,647,620</u>	<u>7,490,808</u>
	<u>\$ 74,014,503</u>	<u>\$ 31,228,219</u>	<u>\$ 41,074,109</u>

### a. Investments in associates

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Material associate			
Ruen Chen Investment Holding Co., Ltd.	\$ 50,533,983	\$ 8,403,275	\$ 18,390,964
Associates that are not individually material	<u>16,023,874</u>	<u>15,177,324</u>	<u>15,192,337</u>
	<u>\$ 66,557,857</u>	<u>\$ 23,580,599</u>	<u>\$ 33,583,301</u>

### 1) Material associate

<b>Name of Associate</b>	<b>Proportion of Ownership and Voting Rights</b>		
	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Ruen Chen Investment Holding Co., Ltd.	20%	20%	20%

- a) As of May 15, 2019, the Company's board of directors resolved to subscribe the issuance of ordinary shares for cash of Ruen Chen Investment Holding Co., Ltd., and purchasing 408,000 thousand share issued ordinary shares with \$10 per share (with the amount of \$4,080,000 thousand) as of June 6, 2019 and July 25, 2019
- b) Refer to Table 9 "Information on Investees" of Note 40 for business location and business item of the material associates.

- c) The summarized financial information below represents amounts shown in the material associate's financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

Ruen Chen Investment Holding Co., Ltd.

Name of Associate	September 30, 2019	December 31, 2018	September 30, 2018
Assets	\$ 4,842,272,303	\$ 4,362,687,326	\$ 4,349,092,700
Liabilities	(4,552,797,229)	(4,309,426,713)	(4,240,631,511)
Non-controlling interests	<u>(36,508,598)</u>	<u>(10,947,677)</u>	<u>(16,209,806)</u>
Owners of Ruen Chen Investment Holding Co., Ltd.	<u>\$ 252,966,476</u>	<u>\$ 42,312,936</u>	<u>\$ 92,251,383</u>
Proportion of the Group's interest	20%	20%	20%
Equity attributable to the Group	\$ 50,593,295	\$ 8,462,587	\$ 18,450,276
Other adjustments	<u>(59,312)</u>	<u>(59,312)</u>	<u>(59,312)</u>
Carrying amounts	<u>\$ 50,533,983</u>	<u>\$ 8,403,275</u>	<u>\$ 18,390,964</u>

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2019	2018	2019	2018
Operating revenue	<u>\$ 154,403,280</u>	<u>\$ 153,570,515</u>	<u>\$ 494,228,878</u>	<u>\$ 490,085,544</u>
Net income	\$ 16,033,126	\$ 9,984,861	\$ 37,321,020	\$ 22,940,680
Other comprehensive income (loss)	<u>37,482,266</u>	<u>(23,439,979)</u>	<u>172,917,177</u>	<u>(92,672,176)</u>
Total comprehensive income (loss)	<u>\$ 53,515,392</u>	<u>\$ (13,455,118)</u>	<u>\$ 210,238,197</u>	<u>\$ (69,731,496)</u>

- 2) Associates that are not individually material

Name of Associate	<u>Proportion of Ownership and Voting Rights (%)</u>		
	September 30, 2019	December 31, 2018	September 30, 2018
Eagle Nice (International) Holdings Limited	36.09	38.42	38.42
San Fang Chemical Industry Co., Ltd.	44.72	44.72	44.72
Elitegroup Computer Systems Co., Ltd.	19.50	19.50	19.50
Bigfoot Limited	48.76	48.76	48.76
Enthroned Group Limited	48.76	48.76	48.76
Full Pearl International Ltd.	40.04	40.04	40.04
Haicheng Information Technology Co., Ltd.	50.00	50.00	50.00

(Continued)

Name of Associate	Proportion of Ownership and Voting Rights (%)		
	September 30, 2019	December 31, 2018	September 30, 2018
Just Lucky Investments Limited	38.30	38.30	38.30
Natural Options Limited	38.30	38.30	38.30
Oftenrich Holdings Limited	45.00	45.00	45.00
Pine Wood Industries Limited	37.00	37.00	37.00
Pou Ming Paper Products Manufacturing Co., Ltd.	20.00	20.00	20.00
Prosperlink Limited	38.00	38.00	38.00
Prosperous Industrial (Holdings) Ltd.	22.50	22.50	22.50
Rise Bloom International Limited	38.00	38.00	38.00
Silver Island Trading Ltd.	50.00	50.00	50.00
Supplyline Logistics Ltd.	49.00	49.00	49.00
Tien Pou International Ltd.	-	40.00	40.00
Venture Well Holdings Ltd.	31.55	31.55	31.55
Nan Pao Resins Chemical Co., Ltd.	17.59	17.59	19.52
Nan Shan Life Insurance Company, Ltd.	0.18	-	-
Techview International Technology Inc.	50.00	50.00	50.00

(Concluded)

- a) Refer to Table 9 “Information on Investees” of Note 40 for business location and business item of the material associates.
- b) The Group holds less than 20% interest of Elitegroup Computer Systems Co., Ltd. but the Group has the power to appoint two out of the nine directors of Elitegroup Computer Systems Co., Ltd.; therefore, the Group is able to exercise significant influence over Elitegroup Computer Systems Co., Ltd.
- c) The Group did not participate in the issuance of ordinary shares for cash of Nan Pao Resins Chemical Co., Ltd. (“Nan Pao”). Consequently, the proportion of ownership and voting rights of the Group decreased from 19.52% to 17.59%. The Group has the power to appoint one out of the eight directors of Nan Pao; therefore, the Group is still able to exercise significant influence over Nan Pao.
- d) The Group participated in the issuance of ordinary shares for cash of Nan Shan Life Insurance Company, Ltd., and purchasing 23,740 thousand shares with \$16 per share, with the amount of \$379,840 thousand. The proportion of ownership and voting rights of the Group is 0.18%, but the Group exercises significant influence over Ruen Chen Investment Holding Co., Ltd., which is the parent company of Nan Shan Life Insurance Company, Ltd., therefore, Nan Shan Life Insurance Company, Ltd. is classified to associate of the Group.
- e) The Group participated in the acquisition of Evermore Chemical Industry Co., Ltd. (“Evermore”) proposed by Aica Kogyo Co., Ltd. in November 2017. This transaction was completed in January 2018, and the Group disposed of 20,786 thousand shares which amounted to \$415,720 thousand. After the transaction, the proportion of ownership and voting rights of the Group decreased from 29.05% to 8.13%, and the Group lost significant influence over Evermore.

The Group retained the remaining 8.13% interest as financial assets at FVTOCI whose fair value at the date of disposal was \$138,594 thousand. This transaction resulted in the recognition of a gain in profit or loss, calculated as follows:

Proceeds of disposal	\$ 415,720
Plus: Fair value of retained investment (8.13%)	138,594
Less: Carrying amount of the investment on the date of loss of significant influence	(452,316)
Plus: Share of other comprehensive income of the associate	27,057
Exchange rate changes	<u>(3,006)</u>
Gain recognized	<u>\$ 126,049</u>

For the nine months ended September 30, 2018, the gain recognized from the disposal was \$126,049 thousand.

- f) The summarized financial information below represents amounts shown in the financial statements of associates that are not individually material which were prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
The Group's share of:				
Net income	\$ 396,705	\$ 139,127	\$ 662,695	\$ 365,034
Other comprehensive gain (loss)	<u>38,820</u>	<u>(49,012)</u>	<u>26,636</u>	<u>(272,474)</u>
Total comprehensive income	<u>\$ 435,525</u>	<u>\$ 90,115</u>	<u>\$ 689,331</u>	<u>\$ 92,560</u>

- g) Fair values (Level 1) of investments in associates that are not individually material with available published price quotations are summarized as follows:

<b>Name of Associate</b>	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Eagle Nice (International) Holdings Limited	<u>\$ 1,657,402</u>	<u>\$ 2,108,301</u>	<u>\$ 2,417,978</u>
Prosperous Industrial (Holdings) Ltd.	<u>\$ 1,676,409</u>	<u>\$ 1,106,858</u>	<u>\$ -</u>
San Fang Chemical Industry Co., Ltd.	<u>\$ 4,107,572</u>	<u>\$ 4,252,760</u>	<u>\$ 4,833,078</u>
Elitegroup Computer Systems Co., Ltd.	<u>\$ 1,369,687</u>	<u>\$ 1,342,510</u>	<u>\$ 1,679,497</u>
Nan Pao Resins Chemical Co., Ltd.	<u>\$ 3,454,686</u>	<u>\$ 2,385,590</u>	<u>\$ -</u>

b. Investments in joint ventures

	September 30, 2019	December 31, 2018	September 30, 2018
Joint ventures that are not individually material	\$ 7,456,646	\$ 7,634,204	\$ 7,477,493
Long-term receivables			
Joint ventures that are not individually material	<u>          -</u>	<u>      13,416</u>	<u>      13,315</u>
	<u>\$ 7,456,646</u>	<u>\$ 7,647,620</u>	<u>\$ 7,490,808</u>

At the end of the reporting period, the proportions of ownership and voting rights in joint ventures that are not individually material held by the Group were as follows:

Name of Joint Venture	Proportion of Ownership and Voting Rights (%)		
	September 30, 2019	December 31, 2018	September 30, 2018
Beijing Baojing Kangtai Trading Co., Ltd.	-	50.00	50.00
Best Focus Holdings Ltd.	50.00	50.00	50.00
Blessland Enterprises Limited	50.00	50.00	50.00
Cohen Enterprises Inc.	50.00	50.00	50.00
Great Skill Industrial Limited	50.00	50.00	50.00
Hangzhou Baohong Sports Goods Company Limited	50.00	50.00	50.00
Hua Jian Industrial Holding Co., Limited	50.00	50.00	50.00
Jilin Xinfangwei Sports Goods Company Limited	50.00	50.00	50.00
Jumbo Power Enterprises Limited	50.00	50.00	50.00
Ka Yuen Rubber Factory Limited	50.00	50.00	50.00
Top Units Developments Limited	49.00	49.00	49.00
Twinways Investments Limited	50.00	50.00	50.00
Willpower Industries Limited	44.84	44.84	44.84
Zhong Ao Multiplex Management Limited	46.82	46.82	46.82

- 1) Refer to Table 9 “Information on Investees” of Note 40 for business location and business item of the material associates.
- 2) The summarized financial information below represents amounts shown in the financial statements of joint ventures that are not individually material which were prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
The Group’s share of:				
Net income	\$ 269,552	\$ 274,254	\$ 538,591	\$ 617,389
Other comprehensive loss	<u>(162,349)</u>	<u>(158,636)</u>	<u>(157,632)</u>	<u>(204,942)</u>
Total comprehensive income	<u>\$ 107,203</u>	<u>\$ 115,618</u>	<u>\$ 380,959</u>	<u>\$ 412,447</u>

## 16. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2019	December 31, 2018	September 30, 2018
Land	\$ 2,230,980	\$ 2,236,631	\$ 2,240,596
Buildings and improvements	50,392,790	50,271,966	48,366,580
Machinery and equipment	20,735,807	20,744,250	20,516,040
Transportation equipment	421,373	435,721	401,429
Office equipment	2,868,112	2,825,847	2,685,662
Other equipment	84,207	71,424	60,257
Construction in progress	<u>2,999,090</u>	<u>2,576,802</u>	<u>3,593,340</u>
	<u>\$ 79,732,359</u>	<u>\$ 79,162,641</u>	<u>\$ 77,863,904</u>

- a. Except for depreciation expenses recognized, the Group had no significant disposal nor impairment of property, plant and equipment during the three months ended September 30, 2019 and 2018 and the nine months ended September 30, 2019 and 2018.
- b. The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life as follows:

<u>Items</u>	<u>Estimated Useful Life</u>
Buildings and improvements	
Main buildings	50-55 years
Elevators	15 years
Machinery and equipment	5-12 years
Transportation equipment	5 years
Office equipment	3-7 years
Other equipment	3-10 years

- c. The Group has land located in Changhwa County with a carrying amount of \$56,102 thousand. Due to certain restrictions under the land regulations, the ownership for these parcels of land resides with a trustee through a trust agreement which prohibits the trustee from selling, pledging or hypothecating the property.

## 17. LEASE ARRANGEMENTS

- a. Right-of-use assets - 2019

	September 30, 2019
<u>Carrying amounts</u>	
Land	\$ 6,896,027
Buildings	11,162,205
Machinery	6,765
Transportation equipment	7,940
Other equipment	<u>5,764</u>
	<u>\$ 18,078,701</u>

		<b>For the Nine Months Ended September 30, 2019</b>
Additions to right-of-use assets		<u>\$ 5,482,381</u>
	<b>For the Three Months Ended September 30, 2019</b>	<b>For the Nine Months Ended September 30, 2019</b>
Depreciation charge for right-of-use assets		
Land	\$ 38,042	\$ 114,156
Buildings	1,146,372	2,980,755
Machinery	1,503	4,013
Transportation equipment	1,129	3,191
Other equipment	<u>188</u>	<u>250</u>
	<u>\$ 1,187,234</u>	<u>\$ 3,102,365</u>
b. Lease liabilities - 2019		
		<b>September 30, 2019</b>
<u>Carrying amounts</u>		
Current		\$ 3,837,269
Non-current		<u>7,177,138</u>
		<u>\$ 11,014,407</u>
Range of discount rate for lease liabilities was as follows:		
		<b>September 30, 2019</b>
Land		1.34%-5.00%
Buildings		1.34%-5.16%
Machinery		3.07%
Transportation equipment		1.34%-4.50%
Other equipment		1.34%
c. Other lease information		
<u>2019</u>		
	<b>For the Three Months Ended September 30, 2019</b>	<b>For the Nine Months Ended September 30, 2019</b>
Expenses relating to short-term leases	<u>\$ 383,277</u>	<u>\$ 1,084,047</u>
Expenses relating to low-value asset leases	<u>\$ 1,420</u>	<u>\$ 2,953</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 1,878,545</u>	<u>\$ 6,318,658</u>
Total cash outflow for leases		<u>\$ 9,549,052</u>

The Group leases which qualify as short-term leases and qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

2018

The future minimum lease payments of non-cancellable operating lease commitments are as follows:

	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Not later than 1 year	\$ 4,385,309	\$ 3,802,497
Later than 1 year and not later than 5 years	5,950,601	5,572,491
Later than 5 years	<u>1,380,670</u>	<u>1,674,571</u>
	<u>\$ 11,716,580</u>	<u>\$ 11,049,559</u>

## 18. INVESTMENT PROPERTIES

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Investment properties	<u>\$ 2,302,377</u>	<u>\$ 2,312,021</u>	<u>\$ 2,311,313</u>

- a. Except for depreciation expenses recognized, the Group had neither significant disposal nor impairment of investment properties during the three months ended September 30, 2019 and 2018 and the nine months ended September 30, 2019 and 2018.
- b. The investment properties are depreciated using the straight-line method over 30-55 years.
- c. The fair values of the Group's investment properties as of December 31, 2018 and 2017 were \$3,690,038 thousand and \$3,594,750 thousand, respectively. The Group's management evaluated the fair value of investment properties which did not change significantly during the nine months ended September 30, 2019 and 2018.

## 19. GOODWILL

The Group tested the goodwill as of December 31, 2018 and 2017, and the Group's management evaluated that goodwill as of September 30, 2019 and 2018, and the Group concluded that the goodwill did not change significantly and was not impaired.

## 20. OTHER INTANGIBLE ASSETS

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Trademarks	\$ -	\$ 1,414,628	\$ 1,409,632
Brand names	824,888	1,131,909	1,216,971
Computer software	845,422	-	-
Non-compete agreements	387,845	382,371	409,249
Licensing agreements	130,089	167,581	177,686
Others	<u>2,731</u>	<u>90,978</u>	<u>96,184</u>
	<u>\$ 2,190,975</u>	<u>\$ 3,187,467</u>	<u>\$ 3,309,722</u>

- a. Other intangible assets of the Group decreased by \$1,506,783 thousand due to disposal of subsidiaries in the nine months ended September 30, 2019.
- b. Except for the decrease of other intangible assets due to disposal of subsidiaries and amortization recognized, the Group had neither significant disposal nor impairment of other intangible assets during the three months ended September 30, 2019 and 2018 and the nine months ended September 30, 2019 and 2018.
- c. The abovementioned items of other intangible assets are amortized on a straight-line basis over their estimated useful life as follows:

<u>Item</u>	<u>Estimated Useful Life</u>
Trademarks	10 years
Brand names	5 years
Computer software	20 years
Non-compete agreements	5-20 years
Licensing agreements	10 years
Others	8 years

## 21. BORROWINGS

- a. Short-term borrowings

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
<u>Unsecured borrowings</u>			
Credit borrowings	<u>\$ 41,719,649</u>	<u>\$ 37,560,974</u>	<u>\$ 40,794,730</u>

The ranges of effective interest rate on bank borrowings were 0.66%-4.95%, 0.6%-6.7% and 0.6%-6.7% per annum as of September 30, 2019, December 31, 2018 and September 30, 2018, respectively.

- b. Short-term bills payable

September 30, 2019

	<b>Annual Interest Rate</b>	<b>Amount</b>
Commercial papers	0.58%-0.81%	\$ 2,725,000
Less: Unamortized discount on bills payable		<u>(2,330)</u>
		<u>\$ 2,722,670</u>

December 31, 2018

	<b>Annual Interest Rate</b>	<b>Amount</b>
Commercial papers	0.58%-0.82%	\$ 2,870,000
Less: Unamortized discount on bills payable		<u>(775)</u>
		<u>\$ 2,869,225</u>

September 30, 2018

	<b>Annual Interest Rate</b>	<b>Amount</b>
Commercial papers	0.55%-0.76%	\$ 3,437,000
Less: Unamortized discount on bills payable		<u>(1,864)</u>
		<u>\$ 3,435,136</u>

c. Long-term borrowings

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
<u>Unsecured borrowings</u>			
Bank loans	\$ 61,058,686	\$ 58,181,619	\$ 58,683,048
Less: Long-term expenses for syndicated loans	(230,410)	(291,915)	(310,653)
Less: Current portion	<u>(2,263,796)</u>	<u>(4,194,398)</u>	<u>(3,503,449)</u>
	<u>\$ 58,564,480</u>	<u>\$ 53,695,306</u>	<u>\$ 54,868,946</u>

Maturity dates and ranges of annual interest rates:

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
<u>Maturity date</u>			
Long-term borrowings	2020.10.15- 2026.07.15	2020.01.15- 2026.07.15	2019.10.15- 2026.07.15
Current portion of long-term borrowings	2019.10.15- 2020.09.29	2019.03.27- 2019.12.03	2019.03.27- 2019.09.30
<u>Ranges of interest rate</u>	1.04%-2.96%	1.01%-3.75%	1.01%-3.46%

**22. NOTES PAYABLE AND ACCOUNTS PAYABLE**

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
<u>Notes payable (included related parties)</u>			
Operating	\$ 2,541	\$ 5,986	\$ 5,633
Non-operating	<u>11,960</u>	<u>3,420</u>	<u>5,745</u>
	<u>\$ 14,501</u>	<u>\$ 9,406</u>	<u>\$ 11,378</u>
Accounts payable (included related parties)	<u>\$ 16,919,253</u>	<u>\$ 15,101,841</u>	<u>\$ 18,297,744</u>

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

## 23. OTHER PAYABLES

	September 30, 2019	December 31, 2018	September 30, 2018
Payables for salaries	\$ 10,793,926	\$ 11,946,991	\$ 9,976,941
Payables for purchase of property, plant and equipment	2,746,889	3,143,362	2,655,949
Compensation due to directors	162,459	174,347	135,519
Employee compensation payables	807,800	756,902	714,144
Interest payables	249,001	259,573	180,258
Payables for annual leave	1,082,953	1,000,389	1,582,750
Payables for dividends	1,253,907	-	1,242,182
Others	<u>8,341,222</u>	<u>8,113,287</u>	<u>9,408,158</u>
	<u>\$ 25,438,157</u>	<u>\$ 25,394,851</u>	<u>\$ 25,895,901</u>
Current	\$ 25,285,635	\$ 25,243,368	\$ 25,745,026
Non-current	<u>152,522</u>	<u>151,483</u>	<u>150,875</u>
	<u>\$ 25,438,157</u>	<u>\$ 25,394,851</u>	<u>\$ 25,895,901</u>

## 24. RETIREMENT BENEFIT PLANS

Employee benefits expenses in respect of the Group's defined benefit retirement plans were calculated using the respective annual, actuarially determined pension cost discount rates as of December 31, 2018 and 2017 and recognized in the following line items in their respective periods:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Operating costs	\$ 63,923	\$ 38,387	\$ 160,583	\$ 133,064
Selling and marketing expenses	459	336	1,290	1,020
General and administrative expenses	73,803	75,643	222,237	178,133
Research and development expenses	<u>1,697</u>	<u>2,310</u>	<u>5,208</u>	<u>6,900</u>
	<u>\$ 139,882</u>	<u>\$ 116,676</u>	<u>\$ 389,318</u>	<u>\$ 319,117</u>

## 25. EQUITY

### a. Share capital

	September 30, 2019	December 31, 2018	September 30, 2018
Number of shares authorized (in thousands)	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>
Amount of shares authorized	<u>\$ 45,000,000</u>	<u>\$ 45,000,000</u>	<u>\$ 45,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>2,946,787</u>	<u>2,946,787</u>	<u>2,946,787</u>
Amount of shares issued	<u>\$ 29,467,872</u>	<u>\$ 29,467,872</u>	<u>\$ 29,467,872</u>

b. Capital surplus

	September 30, 2019	December 31, 2018	September 30, 2018
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>			
Recognized from issuance of ordinary shares	\$ 848,603	848,603	\$ 848,603
Recognized from conversion of bonds	1,447,492	1,447,492	1,447,492
Recognized from treasury share transactions	1,824,608	1,824,608	1,824,608
Recognized from the excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	339,730	343,269	343,269
<u>May not be used for any purpose</u>			
Recognized from the share of changes in net assets of associates and joint ventures	<u>129,984</u>	<u>136,120</u>	<u>136,120</u>
	<u>\$ 4,590,417</u>	<u>\$ 4,600,092</u>	<u>\$ 4,600,092</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividend policy of the amended Articles, the Company should make appropriations from the annual net profit in the following order:

- 1) For paying taxes.
- 2) For offsetting deficits.
- 3) For the legal reserve at 10% of the remaining profit, and for the special reserve to be appropriated and distributed according to regulations or upon request by the FSC.
- 4) The total of any remaining profit after the appropriations mentioned above plus any accumulated unappropriated earnings from prior years may be partially retained and then the remainder distributed as proposed according to the share ownership proportion.

For information about the accrual basis of the employees' compensation and remuneration of directors and supervisors and the actual appropriations, refer to employee's compensation and remuneration of directors in Note 27 (g).

In accordance with the "Articles", profit may be distributed after taking into consideration the future development plan, financial condition, business and operational status, and so on. The distribution of profit shall be proposed by the board of directors, and submitted to the shareholders' meeting for approval. The ratio of distribution shall be no less than 30% of the net income for each fiscal year, and the proportion of cash dividends distributed shall be no less than 30% of total dividends distributed. If there are material changes in the operating environment, the Company can adjust the ratio and amounts of distribution of profit.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve.

The appropriations of earnings for 2018 and 2017, which were approved in the shareholders' meetings on June 13, 2019 and June 15, 2018, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For Year 2018</b>	<b>For Year 2017</b>	<b>For Year 2018</b>	<b>For Year 2017</b>
Legal reserve	\$ 1,070,864	\$ 1,292,161	\$ -	\$ -
Special reserve	8,376,139	280,862	-	-
Cash dividends	4,420,181	5,893,574	1.50	2.00

d. Other equity item

1) Exchange differences on translating foreign operations

	<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ (312,124)	\$ (1,790,529)
Exchange differences on translating foreign operations	316,906	1,157,985
Share of exchange differences of associates and joint ventures accounted for using equity method	<u>(12,032)</u>	<u>(19,068)</u>
Balance at September 30	<u>\$ (7,250)</u>	<u>\$ (651,612)</u>

2) Unrealized gain or loss on available-for-sale financial assets

	<b>For the Nine Months Ended September 30, 2018</b>
Balance at January 1	\$ (12,127,139)
Adjustment on initial application of IFRS 9	<u>12,127,139</u>
Balance at September 30	<u>\$ -</u>

3) Unrealized gain or loss on financial assets at FVTOCI

	<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ (8,483,931)	\$ -
Adjustment on initial application of IFRS 9	<u>-</u>	<u>1,860,011</u>
Balance at January 1 per IFRS 9	(8,483,931)	1,860,011
Unrealized gain from equity instruments	1,854,935	1,506,792
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	1,524,255	1,737,057
Share of gain (loss) from associates and joint ventures accounted for using equity method	<u>21,108,261</u>	<u>(12,048,025)</u>
Balance at September 30	<u>\$ 16,003,520</u>	<u>\$ (6,944,165)</u>

4) Others

	<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ (13,497,314)	\$ 438
Adjustment on initial application of IFRS 9	<u>-</u>	<u>(506,875)</u>
Balance at January 1 per IFRS 9	(13,497,314)	(506,437)
Share of gain (loss) from associates and joint ventures accounted for using equity method	<u>10,204,173</u>	<u>(4,149,565)</u>
Balance at September 30	<u>\$ (3,293,141)</u>	<u>\$ (4,656,002)</u>

e. Non-controlling interests

	<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ 74,334,314	\$ 74,764,568
Share of non-controlling interests		
Net income	4,746,648	3,816,538
Exchange differences on translating foreign operations	(240,339)	665,365
Unrealized gain (loss) on financial assets at FVTOCI	96,550	(290,589)
Others	26	-
Remeasurement of defined benefit plans	-	(15,216)
Changes in non-controlling interests	<u>(5,126,055)</u>	<u>(7,363,459)</u>
Balance at September 30	<u>\$ 73,811,144</u>	<u>\$ 71,577,207</u>

## 26. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Sales revenue	\$ 76,413,223	\$ 73,087,202	\$ 233,577,023	\$ 214,158,895
Revenue from entertainment and resorts	130,053	133,748	389,755	397,283
Others	<u>81,088</u>	<u>25,296</u>	<u>159,966</u>	<u>107,117</u>
	<u>\$ 76,624,364</u>	<u>\$ 73,246,246</u>	<u>\$ 234,126,744</u>	<u>\$ 214,663,295</u>

## 27. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consist of the following:

a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Rental income				
Rental income from operating leases				
Investment properties	\$ 3,570	\$ 24,096	\$ 9,762	\$ 47,456
Others	<u>80,385</u>	<u>121,782</u>	<u>354,270</u>	<u>349,826</u>
	<u>83,955</u>	<u>145,878</u>	<u>364,032</u>	<u>397,282</u>
Interest income				
Cash in bank	94,580	108,965	360,244	294,275
Repurchase agreements collateralized by bonds	4,102	5,357	15,092	13,481
Financial assets at amortized cost	85,408	38,833	174,035	135,955
Others	<u>7,476</u>	<u>5,431</u>	<u>21,048</u>	<u>14,760</u>
	<u>191,566</u>	<u>158,586</u>	<u>570,419</u>	<u>458,471</u>
Dividend income	985,914	889,046	986,786	898,717
Others	<u>422,785</u>	<u>420,145</u>	<u>1,185,816</u>	<u>1,138,569</u>
	<u>\$ 1,684,220</u>	<u>\$ 1,613,655</u>	<u>\$ 3,107,053</u>	<u>\$ 2,893,039</u>

b. Other gains and losses

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Net loss on disposal of property, plant and equipment	\$ (99,448)	\$ (171,771)	\$ (342,672)	\$ (327,440)
Net foreign exchange (loss) gain	(583,125)	69,557	(543,668)	116,652
Net (loss) gain on disposal of subsidiaries, associates and joint ventures	(12,353)	(150,048)	594,518	83,531
Net gain (loss) on financial assets at FVTPL	155,886	(216,072)	603,258	574,329
Net loss on financial liabilities at FVTPL	(95,229)	(602,878)	(416,759)	(1,036,329)
Reversal (recognized) of impairment loss	499	29	(48,293)	87
Others	<u>(22,454)</u>	<u>(46,731)</u>	<u>(121,040)</u>	<u>(197,940)</u>
	<u>\$ (656,224)</u>	<u>\$ (1,117,914)</u>	<u>\$ (274,656)</u>	<u>\$ (787,110)</u>

c. Finance costs

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Interest on bank borrowings	\$ 644,361	\$ 721,268	\$ 2,078,071	\$ 1,945,870
Interest on short-term bills payable	5,183	5,931	14,223	18,224
Lease liabilities	122,240	-	336,690	-
Other interest expense	<u>14,373</u>	<u>13,193</u>	<u>45,469</u>	<u>34,565</u>
	<u>\$ 786,157</u>	<u>\$ 740,392</u>	<u>\$ 2,474,453</u>	<u>\$ 1,998,659</u>

d. Depreciation and amortization

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Property, plant and equipment	\$ 2,779,165	\$ 2,499,971	\$ 8,093,411	\$ 7,251,356
Investment properties	6,668	6,346	19,951	20,175
Right-of-use assets	1,187,234	-	3,102,365	-
Other intangible assets	123,438	142,073	378,450	433,613
Prepayments for leases	-	22,859	-	88,442
Other prepaid expenses	<u>97</u>	<u>478</u>	<u>1,066</u>	<u>1,556</u>
	<u>\$ 4,096,602</u>	<u>\$ 2,671,727</u>	<u>\$ 11,595,243</u>	<u>\$ 7,795,142</u>

(Continued)

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
An analysis of depreciation by function				
Operating costs	\$ 1,725,512	\$ 1,618,583	\$ 4,919,897	\$ 4,397,027
Operating expenses	2,246,455	884,108	6,292,499	2,866,962
Non-operating expenses	<u>1,100</u>	<u>3,626</u>	<u>3,331</u>	<u>7,542</u>
	<u>\$ 3,973,067</u>	<u>\$ 2,506,317</u>	<u>\$ 11,215,727</u>	<u>\$ 7,271,531</u>
An analysis of amortization by function				
Operating costs	\$ -	\$ 298	\$ -	\$ 873
Operating expenses	<u>123,535</u>	<u>165,112</u>	<u>379,516</u>	<u>522,738</u>
	<u>\$ 123,535</u>	<u>\$ 165,410</u>	<u>\$ 379,516</u>	<u>\$ 523,611</u>

(Concluded)

e. Direct operating expenses from investment properties

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Generate rental income	<u>\$ 11,321</u>	<u>\$ 10,865</u>	<u>\$ 33,978</u>	<u>\$ 32,271</u>

f. Employee benefits expense

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Short-term benefits	\$ 17,320,545	\$ 15,635,206	\$ 52,252,171	\$ 46,236,690
Post-employment benefits				
Defined contribution plans	1,891,600	1,526,940	5,712,322	5,317,772
Defined benefit plans	<u>139,882</u>	<u>116,676</u>	<u>389,318</u>	<u>319,117</u>
	2,031,482	1,643,616	6,101,640	5,636,889
Share-based payments				
Equity-settled	30,854	31,194	121,842	78,382
Termination benefits	<u>4,969</u>	<u>9,437</u>	<u>7,070</u>	<u>11,006</u>
	<u>\$ 19,387,850</u>	<u>\$ 17,319,453</u>	<u>\$ 58,482,723</u>	<u>\$ 51,962,967</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 13,056,752	\$ 11,257,338	\$ 38,545,183	\$ 33,982,212
Operating expenses	<u>6,331,098</u>	<u>6,062,115</u>	<u>19,937,540</u>	<u>17,980,755</u>
	<u>\$ 19,387,850</u>	<u>\$ 17,319,453</u>	<u>\$ 58,482,723</u>	<u>\$ 51,962,967</u>

As of September 30, 2019 and 2018, there were 351,887 and 348,989 employees, respectively, in the Group. The Group accounts for employee benefits expense based on the number of employees.

g. Employee's compensation and remuneration of directors

According to the Company's Articles, the Company shall distribute employees' compensation and remuneration of directors and supervisors at rates of 1%-5% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. In the case of an accumulated loss, the Company shall allocate an amount to recover such loss before appropriating any employees' compensation and remuneration of directors and supervisors.

The employees' compensation and remuneration of directors for the nine months ended September 30, 2019 and 2018 were as follows:

Accrual rate

	<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Employees' compensation	1.8%	1.8%
Remuneration of directors	0.9%	0.9%

Amount

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Employees' compensation	<u>\$ 91,961</u>	<u>\$ 68,041</u>	<u>\$ 221,931</u>	<u>\$ 171,282</u>
Remuneration of directors	<u>\$ 45,979</u>	<u>\$ 34,021</u>	<u>\$ 110,964</u>	<u>\$ 85,641</u>

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

The employees' compensation and remuneration of directors for the years ended December 31, 2018 and 2017, which were approved by the Company's board of directors on March 25, 2019 and March 26, 2018, respectively, were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2018</b>		<b>2017</b>	
	<b>Cash</b>	<b>Shares</b>	<b>Cash</b>	<b>Shares</b>
Employees' compensation	\$ 214,776	\$ -	\$ 246,856	\$ -
Remuneration of directors	107,388	-	123,428	-

There was no difference between the actual amounts of employees' compensation and remuneration of directors approved/paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2018 and 2017.

Information on employees' compensation and remuneration of directors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 28. INCOME TAXES

### a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Current tax				
In respect of the current period	\$ 450,962	\$ 993,961	\$ 1,991,377	\$ 2,508,227
Income tax expense of unappropriated earnings	<u>-</u>	<u>-</u>	<u>-</u>	<u>506,950</u>
	<u>450,962</u>	<u>993,961</u>	<u>1,991,377</u>	<u>3,015,177</u>
Deferred tax				
In respect of the current period	761,120	(277,624)	516,444	(297,990)
Change of tax rate	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92)</u>
	<u>761,120</u>	<u>(277,624)</u>	<u>516,444</u>	<u>(298,082)</u>
Adjustments for prior year's income tax	<u>10,001</u>	<u>-</u>	<u>10,294</u>	<u>15,974</u>
Income tax expense recognized in profit or loss	<u>\$ 1,222,083</u>	<u>\$ 716,337</u>	<u>\$ 2,518,115</u>	<u>\$ 2,733,069</u>

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20% effective in 2018. The effect of the change in tax rate on deferred income tax is recognized in profit or loss. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings has been reduced from 10% to 5%.

### b. Income tax assessments

The income tax returns of the Company through 2016 have been assessed by the tax authorities.

## 29. EARNINGS PER SHARE

The basic earnings per share and diluted earnings per share for the three months ended September 30, 2019 and 2018 and the nine months ended September 30, 2019 and 2018 were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
<u>Net income (in thousand dollars)</u>				
Earnings used in the computation of earnings per share	<u>\$ 4,389,942</u>	<u>\$ 3,603,185</u>	<u>\$ 11,342,232</u>	<u>\$ 8,472,367</u>

(Continued)

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<u>Weighted average number of shares outstanding (in thousand shares)</u>				
Weighted average number of common shares used in the computation of basic earnings per share	2,946,787	2,946,787	2,946,787	2,946,787
Effect of potentially dilutive common shares:				
Employees' compensation	<u>2,314</u>	<u>2,010</u>	<u>6,829</u>	<u>6,808</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>2,949,101</u>	<u>2,948,797</u>	<u>2,953,616</u>	<u>2,953,595</u>
<u>Earnings per share (in dollars)</u>				
Basic earnings per share	<u>\$ 1.49</u>	<u>\$ 1.23</u>	<u>\$ 3.85</u>	<u>\$ 2.88</u>
Diluted earnings per share	<u>\$ 1.48</u>	<u>\$ 1.22</u>	<u>\$ 3.84</u>	<u>\$ 2.87</u>
				(Concluded)

Since the Company offered to settle the compensation paid to employees by cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

### 30. SHARE-BASED PAYMENT ARRANGEMENTS

#### a. Information about Yue Yuen's employee share options

Information about the granted employee share options during the nine months ended September 30, 2019 and 2018 was as follows:

	<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
	<b>Number of Shares (In Thousands)</b>	<b>Number of Shares (In Thousands)</b>
Balance at January 1	1,387	1,053
Options granted	-	35
Options cancelled	<u>(60)</u>	<u>(50)</u>
Balance at September 30	<u>1,327</u>	<u>1,038</u>

Yue Yuen recognized \$25,092 thousand and \$34,681 thousand in compensation costs for the nine months ended September 30, 2019 and 2018, respectively.

b. Information about Pou Sheng's employee share options

- 1) Information about outstanding share options during the nine months ended September 30, 2019 and 2018 was as follows:

Employee Share Options	For the Nine Months Ended September 30			
	2019		2018	
	Number of Shares Purchasable (In Thousands)	Weighted-average Exercise Price (HK\$)	Number of Shares Purchasable (In Thousands)	Weighted-average Exercise Price (HK\$)
Balance at January 1	28,244	\$ 1.75	53,749	\$ 1.64
Options cancelled	(6,206)	1.47	(18,747)	1.62
Options exercised	<u>(11,166)</u>	1.23	<u>(3,620)</u>	1.23
Balance at September 30	<u>10,872</u>	2.44	<u>31,382</u>	1.70
Exercisable options at September 30	<u>2,708</u>	2.29	<u>22,052</u>	1.36

Information about outstanding employee share options as of September 30, 2019, December 31, 2018 and September 30, 2018 was as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Range of exercise price (HK\$)	\$1.05-\$2.494	\$1.05-\$2.494	\$1.05-\$2.494
Weighted-average remaining contractual life (years)	3.05	1.52	1.63

Pou Sheng recognized \$6,365 thousand and \$7,507 thousand in compensation costs for the nine months ended September 30, 2019 and 2018, respectively.

- 2) Information about the granted employee share options during the nine months ended September 30, 2019 and 2018 was as follows:

	For the Nine Months Ended September 30	
	2019	2018
	Number of Shares (In Thousands)	Number of Shares (In Thousands)
Balance at January 1	43,843	41,079
Options granted	13,826	20,129
Options cancelled	(2,354)	(3,746)
Options exercised	<u>(12,987)</u>	<u>(13,539)</u>
Balance at September 30	<u>42,328</u>	<u>43,923</u>

Pou Sheng recognized \$62,766 thousand and \$36,194 thousand in compensation costs for the nine months ended September 30, 2019 and 2018, respectively.

c. Information about Texas Clothing Holding Corporation's ("TCHC") employee share options

The Group has disposed of TCHC at May 31, 2019. After the transaction, TCHC is no longer the subsidiary of the Group.

Granted employee share options of TCHC have been cancelled entirely at May 31, 2019. Information about outstanding share options during the five months ended May 31, 2019 and the nine months ended September 30, 2018 were as follows:

Employee Share Options	For the Five Months Ended May 31, 2019		For the Nine Months Ended September 30, 2018	
	Number of Shares Purchasable (In Thousands)	Weighted- average Exercise Price (US\$)	Number of Shares Purchasable (In Thousands)	Weighted- average Exercise Price (US\$)
Balance at January 1	817	\$ 20.01	817	\$ 20.01
Options exercised	<u>(817)</u>	-	<u>-</u>	-
Balance at the end of the period	<u>-</u>	-	<u>817</u>	20.01
Exercisable options at the end of the period	<u>-</u>	-	<u>680</u>	19.28

Information about outstanding employee share options as of September 30, 2018 was as follows:

	September 30, 2018
Range of exercise price (US\$)	\$13.92-\$27.33
Weighted-average remaining contractual life (years)	5.19

TCHC recognized \$27,619 thousand in compensation costs for the five months ended May 31, 2019.

### 31. BUSINESS COMBINATIONS

The Group acquired subsidiaries from independent third parties for the nine months ended September 30, 2018. The assets and liabilities on the date of acquisition were as follows:

Assets

Cash and cash equivalents	\$ 10,169
Receivables and other receivables	13
Other current assets	1,575
Property, plant and equipment	200
Investment properties	27,983
Long-term prepayments	60,535
	(Continued)

## Liabilities

Payables and other payables	\$ (230)
Other current liabilities	(482)
Guarantee deposits	<u>(1,998)</u>
	<u>\$ 97,765</u>
	(Concluded)

### a. Bargain purchase arising from the acquisition

Fair value of identifiable net assets acquired	\$ 97,765
Less: Consideration paid in cash	(84,549)
Add: Exchange rate adjustment	<u>64</u>

Gain from bargain purchase - acquisition of subsidiaries \$ 13,280

### b. Net cash outflow on the acquisition of subsidiaries

Consideration paid in cash	\$ (84,549)
Less: Cash and cash equivalent balances acquired	<u>10,169</u>

Net cash outflow \$ (74,380)

## **32. DISPOSAL OF SUBSIDIARIES**

- a. The Group disposed of subsidiaries in the nine months ended September 30, 2019, the assets and liabilities on the date of disposal were as follows:

### Assets

Cash and cash equivalents	\$ 273,608
Receivables and other receivables	1,907,177
Tax refund receivables	96,628
Inventories	4,127,408
Property, plant and equipment	436,362
Right-of-use assets	733,482
Goodwill	347,127
Intangible assets	1,506,783
Deferred tax assets	408,315

### Liabilities

Short-term borrowings	(1,066,041)
Payables and other payables	(1,328,498)
Tax payable	(34,663)
Lease liabilities	(740,098)
Long-term borrowings	(2,321,207)
Deferred tax liabilities	<u>(393,934)</u>

\$ 3,952,449

1) Consideration received	
Cash and cash equivalents	\$ 3,618,100
Proceeds of disposal receivable	496,960
Restricted deposit (classified as “other current assets”)	66,779
Contingent consideration	<u>354,364</u>
Total consideration received	<u>\$ 4,536,203</u>
2) Gain on disposal of subsidiaries	
Consideration received in cash and cash equivalents	\$ 4,536,203
Net value of net assets disposed of	(3,952,449)
The reclassification of other comprehensive income in respect of the subsidiary	<u>11,803</u>
Gain on disposal	<u>\$ 595,557</u>
3) Net cash outflow on disposal of subsidiaries	
Consideration received in cash and cash equivalents	\$ 3,348,692
Less: Cash and cash equivalents balance disposed of	<u>(273,608)</u>
	<u>\$ 3,075,084</u>

b. The Group disposed of subsidiaries in the nine months ended September 30, 2018, and the assets and liabilities on the date of disposal were as follows:

Assets

Cash and cash equivalents	\$ 209,047
Receivables and other receivables	116,905
Inventories	303,107
Property, plant and equipment	29,059

Liabilities

Payables and other payables	(148,584)
Income tax payables	<u>(13,280)</u>
	<u>\$ 496,254</u>

1) Gain on disposal of subsidiaries

Consideration received in cash and cash equivalents	\$ 638,574
Net value of net assets disposed of	<u>(496,254)</u>
Gain on disposal	<u>\$ 142,320</u>

2) Net cash inflow on disposal of subsidiaries

Consideration received in cash and cash equivalents	\$ 638,574
Less: Cash and cash equivalent balances disposed of	<u>(209,047)</u>
	<u>\$ 429,527</u>

### 33. EXPLANATORY COMMENTS ABOUT THE SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

The Group's industry is not seasonal in nature. Based on historical experience, the sales of the Group are not seasonally-dependent.

### 34. CAPITAL MANAGEMENT

The Group's capital management policy is to ensure that the Group has sufficient financial resources and operating plans to balance the working capital, capital expenditure, research and development expenditure, repayment of debt and dividends paid to shareholders within twelve months.

### 35. FINANCIAL INSTRUMENTS

#### a. Fair value of financial instruments not measured at fair value

The Group's management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

#### b. Fair value of financial instruments measured at fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1, 2 and 3 based on the degree to which the fair value is observable:

##### 1) The fair value hierarchy is as follows:

September 30, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 112,282	\$ -	\$ 112,282
Structured deposits	-	613,785	-	613,785
Mutual funds	852,765	-	90,065	942,830
Contingent consideration	<u>-</u>	<u>-</u>	<u>369,936</u>	<u>369,936</u>
	<u>\$ 852,765</u>	<u>\$ 726,067</u>	<u>\$ 460,001</u>	<u>\$ 2,038,833</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 17,553,537	\$ -	\$ -	\$ 17,553,537
Domestic unlisted shares	-	-	73,693	73,693
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>212,267</u>	<u>212,267</u>
	<u>\$ 17,553,537</u>	<u>\$ -</u>	<u>\$ 285,960</u>	<u>\$ 17,839,497</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 464,235</u>	<u>\$ -</u>	<u>\$ 464,235</u>

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 275,817	\$ -	\$ 275,817
Structured deposits	-	593,107	-	593,107
Mutual funds	<u>590,711</u>	<u>-</u>	<u>162,743</u>	<u>753,454</u>
	<u>\$ 590,711</u>	<u>\$ 868,924</u>	<u>\$ 162,743</u>	<u>\$ 1,622,378</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 15,536,802	\$ -	\$ -	\$ 15,536,802
Domestic unlisted shares	-	-	78,912	78,912
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>217,500</u>	<u>217,500</u>
	<u>\$ 15,536,802</u>	<u>\$ -</u>	<u>\$ 296,412</u>	<u>\$ 15,833,214</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 719,322</u>	<u>\$ -</u>	<u>\$ 719,322</u>

September 30, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 67,445	\$ -	\$ 67,445
Structured deposits	-	590,659	-	590,659
Mutual funds	<u>924,482</u>	<u>-</u>	<u>-</u>	<u>924,482</u>
	<u>\$ 924,482</u>	<u>\$ 658,104</u>	<u>\$ -</u>	<u>\$ 1,582,586</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 16,554,916	\$ -	\$ -	\$ 16,554,916
Domestic unlisted shares	-	-	79,157	79,157
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>216,538</u>	<u>216,538</u>
	<u>\$ 16,554,916</u>	<u>\$ -</u>	<u>\$ 295,695</u>	<u>\$ 16,850,611</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 1,117,070</u>	<u>\$ -</u>	<u>\$ 1,117,070</u>

- 2) There were no transfers between Levels 1 and 2 in the current and prior periods.
- 3) There was no reconciliation of Level 3 fair value measurements of financial assets except for changes in fair value recognized in other comprehensive income.
- 4) The fair value of Level 2 financial assets and financial liabilities is determined as follows:
  - a) The fair value of financial instruments with standard terms and conditions and traded in active liquid markets is determined with reference to the quoted market prices.
  - b) The future cash flows of derivatives are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

5) Valuation techniques and assumptions applied for Level 3 fair value measurement is as follows:

The fair values of unlisted shares and funds with no active market is determined using the asset approach, income approach and market approach.

c. Categories of financial instruments

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily at FVTPL	\$ 2,038,833	\$ 1,622,378	\$ 1,582,586
Financial assets at amortized cost (Note 1)	82,827,410	80,003,416	80,151,793
Financial assets at FVTOCI	17,839,497	15,833,214	16,850,611
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Held for trading	464,235	719,322	1,117,070
Financial liabilities at amortized cost (Note 2)	158,714,054	138,882,358	146,862,596

Note 1: The balance included financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables and refundable deposits.

Note 2: The balances included financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, accounts payable, other payables, lease liabilities, long-term borrowings, long-term payables and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity investments, borrowings, receivables, payables, lease liabilities, refundable deposits and guarantee deposits. The Group's treasury function monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts and other derivative instruments.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and the carrying amount of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 39.

### Sensitivity analysis

The Group was mainly exposed to the USD, RMB, HKD, VND and IDR.

The following table details the Group's sensitivity to 1% increase (decrease) in New Taiwan dollars (the functional currency) against the relevant foreign currencies. A positive (negative) number below indicates an increase (decrease) in pre-tax profit with New Taiwan dollars strengthening 1% against the relevant currency. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	<b>For the Nine Months Ended</b>	
	<b>September 30</b>	
	<b>2019</b>	<b>2018</b>
USD	\$ (15,260)	\$ (13,165)
RMB	(96,227)	(124,724)
HKD	(25,267)	(22,334)
VND	216,218	6,760
IDR	(65,713)	(1,090)

#### b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts and forward interest rate contracts.

The carrying amounts of the Group's financial liabilities with exposure to interest rates at the end of the reporting periods were as follows:

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Cash flow interest rate risk			
Financial liabilities	\$ 93,508,534	\$ 91,761,856	\$ 94,852,261

### Sensitivity analysis

The sensitivity analysis below was based on the Group's floating rate liabilities. The analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole period. If there had been a 1%-increase in interest rates, it would have caused the Group to increase its cash outflow by \$701,314 thousand and \$711,392 thousand during the nine months ended September 30, 2019 and 2018, respectively.

#### c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities and mutual funds. The investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

## Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period. If equity prices had declined by 1%, income before income tax for the nine months ended September 30, 2019 and 2018 would have decreased by \$9,428 thousand and \$9,245 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income for the nine months ended September 30, 2019 and 2018 would have decreased by \$175,725 thousand and \$165,738 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

### 2) Credit risk

Financial instruments are evaluated for credit risk (which represents the potential loss that would be incurred by the Company if a counterparty or third party were to breach a contract). The risk includes the centralization of credit risk, components, contract figures, and accounts receivable. Besides, the Company requires significant clients to provide guarantees of a credit rating of intermediate or higher issued by a bank so as to effectively reduce its credit risk.

### 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2019, December 31, 2018 and September 30, 2018, the Group had available unutilized short-term bank borrowing facilities set out in (c) below.

#### a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The tables had been drawn up based on the undiscounted cash flows of financial liabilities including both interest and principal from the earliest date on which the Group can be required to pay.

#### September 30, 2019

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 21,273,022	\$ 11,642,173	\$ 9,337,069	\$ 115,884	\$ 60,904
Lease liabilities	344,447	884,550	3,024,860	6,685,308	1,286,457
Floating interest rate liabilities	18,875,191	12,949,246	9,676,315	56,087,829	27,571
Fixed interest rate liabilities	-	1,005,184	1,515,582	9,241,295	-
Financial guarantee contracts	<u>60,360,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 100,853,077</u>	<u>\$ 26,481,153</u>	<u>\$ 23,553,826</u>	<u>\$ 72,130,316</u>	<u>\$ 1,374,932</u>

December 31, 2018

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 19,258,244	\$ 10,222,162	\$ 10,887,422	\$ 133,565	\$ 61,062
Floating interest rate liabilities	26,530,533	6,687,886	6,655,009	51,888,428	-
Fixed interest rate liabilities	-	1,130,222	5,160,665	5,873,606	-
Financial guarantee contracts	<u>59,138,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 104,927,670</u>	<u>\$ 18,040,270</u>	<u>\$ 22,703,096</u>	<u>\$ 57,895,599</u>	<u>\$ 61,062</u>

September 30, 2018

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 22,586,722	\$ 12,838,923	\$ 8,660,831	\$ 114,097	\$ 59,762
Floating interest rate liabilities	23,518,463	10,930,625	8,559,802	54,100,169	-
Fixed interest rate liabilities	-	-	5,270,000	5,500,000	-
Financial guarantee contracts	<u>52,477,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 98,582,771</u>	<u>\$ 23,769,548</u>	<u>\$ 22,490,633</u>	<u>\$ 59,714,266</u>	<u>\$ 59,762</u>

The amounts included above for floating interest rate instruments for non-derivative financial liabilities were subject to change if floating interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Liquidity and interest rate risk tables for derivative financial liabilities

The following table details the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

September 30, 2019

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Interest rate swap contracts	\$ -	\$ -	\$ -	\$ 386,497	\$ -
Forward exchange contracts	1,894	-	-	-	-
Exchange rate swap contracts	-	4	-	-	-
Exchange rate option contracts	<u>-</u>	<u>64,514</u>	<u>7,373</u>	<u>3,953</u>	<u>-</u>
	<u>\$ 1,894</u>	<u>\$ 64,518</u>	<u>\$ 7,373</u>	<u>\$ 390,450</u>	<u>\$ -</u>

December 31, 2018

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Forward exchange contracts	\$ 251	\$ 17,303	\$ 19,464	\$ -	\$ -
Cross-currency swap contracts	-	-	14,775	-	-
Exchange rate swap contracts	-	30,751	-	-	-
Exchange rate option contracts	<u>71,108</u>	<u>102,678</u>	<u>457,299</u>	<u>5,693</u>	<u>-</u>
	<u>\$ 71,359</u>	<u>\$ 150,732</u>	<u>\$ 491,538</u>	<u>\$ 5,693</u>	<u>\$ -</u>

September 30, 2018

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Forward exchange contracts	\$ -	\$ 97,908	\$ 85,714	\$ -	\$ -
Exchange rate option contracts	45,995	196,550	583,570	50,305	-
Cross-currency swap contracts	6,728	-	-	-	-
Exchange rate swap contracts	<u>50,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 103,023</u>	<u>\$ 294,458</u>	<u>\$ 669,284</u>	<u>\$ 50,305</u>	<u>\$ -</u>

c) Financing facilities

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Unsecured bank facilities:			
Amount used	\$ 105,610,683	\$ 98,781,541	\$ 103,079,289
Amount unused	<u>29,767,878</u>	<u>34,414,573</u>	<u>31,471,148</u>
	<u>\$ 135,378,561</u>	<u>\$ 133,196,114</u>	<u>\$ 134,550,437</u>

**36. TRANSACTIONS WITH RELATED PARTIES**

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party names and categories

<u>Name</u>	<u>Related Party Category</u>
Oftenrich Holdings Limited	Associates
Bigfoot Limited	Associates
San Fang Chemical Industry Co., Ltd.	Associates
Ka Yuen Rubber Factory Limited	Joint ventures
Twinways Investments Limited	Joint ventures

b. Operating revenue

Account	Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2019	2018	2019	2018
Sales	Associates	\$ 20,070	\$ 27,175	\$ 85,414	\$ 72,454
	Joint ventures	116,764	143,096	355,532	405,658
	Others	<u>153</u>	<u>-</u>	<u>733</u>	<u>-</u>
		<u>\$ 136,987</u>	<u>\$ 170,271</u>	<u>\$ 441,679</u>	<u>\$ 478,112</u>

The sales prices and receivable terms to related parties were not significantly different from those of non-related parties.

c. Purchases

Account	Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2019	2018	2019	2018
Purchases	Associates	\$ 827,424	\$ 433,774	\$ 2,336,575	\$ 1,082,013
	Joint ventures	<u>1,223,899</u>	<u>1,094,833</u>	<u>3,642,504</u>	<u>3,194,254</u>
		<u>\$ 2,051,323</u>	<u>\$ 1,528,607</u>	<u>\$ 5,979,079</u>	<u>\$ 4,276,267</u>

The purchase prices and payment terms from related parties were not significantly different from those of non-related parties.

d. Receivables from related parties

Amount Item	Related Party Category	September 30, 2019	December 31, 2018	September 30, 2018
Notes receivable and accounts receivable	Associates	\$ 13,929	\$ 19,298	\$ 18,407
	Joint ventures	<u>47,072</u>	<u>37,107</u>	<u>45,143</u>
		<u>\$ 61,001</u>	<u>\$ 56,405</u>	<u>\$ 63,550</u>

No bad debt expense was recognized for the nine months ended September 30, 2019 and 2018 for the amounts owed by related parties.

e. Payables to related parties

Amount Item	Related Party Category	September 30, 2019	December 31, 2018	September 30, 2018
Notes payable and accounts payable	Associates	\$ 792,435	\$ 443,060	\$ 207,312
	Joint ventures	<u>1,168,467</u>	<u>1,077,099</u>	<u>1,077,054</u>
		<u>\$ 1,960,902</u>	<u>\$ 1,520,159</u>	<u>\$ 1,284,366</u>

f. Financing provided

Refer to Table 1 "Financing provided to others" of Note 40 in the consolidated financial statements.

- g. Endorsements/guarantees provided

Refer to Table 2 “Endorsements/guarantees provided” of Note 40 in the consolidated financial statements.

- h. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Short-term employee benefits	\$ <u>84,021</u>	\$ <u>64,397</u>	\$ <u>213,891</u>	\$ <u>174,566</u>

The remuneration of directors and key management personnel was determined by the remuneration committee with regard to the performance of individuals and market trends.

### 37. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the issuance of gift vouchers:

	September 30, 2019	December 31, 2018	September 30, 2018
Financial assets at amortized cost	\$ <u>38,580</u>	\$ <u>42,252</u>	\$ <u>40,135</u>

### 38. SIGNIFICANT COMMITMENTS AND UNRECOGNIZED LIABILITIES

- a. Outstanding letters of credit of the Group at the end of reporting period were as follows:

(Unit: Foreign Currencies in Thousands)

Foreign Currencies	September 30, 2019	December 31, 2018	September 30, 2018
USD	\$ 1,540	\$ 2,502	\$ 2,551
EUR	3	53	165
IDR	13,851,450	23,515,196	19,775,538
VND	4,069,302	-	-

- b. The Company invests in Nan Shan Life Insurance Co., Ltd. through Ruen Chen Investment Holding Co., Ltd. According to the request made by the FSC, the Company provided 61,295 thousand ordinary shares of Yue Yuen in the custody of the trust department of Mega Bank during the period from June 27, 2011 to June 27, 2021. The Company will not dispose of or make encumbrance the shares of Wealthplus equal to the share value of Yue Yuen during the trust period. The Company terminated the contract of shares in the custody of Mega Bank as mentioned above and retrieved the shares on October 22, 2019 because Ruen Chen Investment Holding Co., Ltd applied to FSC for releasing the custody, and was authorized by FSC on October 21, 2019.
- c. Because of the Company’s investment in Nan Shan Life Insurance Co., Ltd. through Ruen Chen Investment Holding Co., Ltd., the Company received a request from the FSC to provide 490,000 thousand ordinary shares of Ruen Chen in the custody of the trust department of First Bank, and the trust period is ten years.

- d. The Company entered into project agreements with the Institute for Information Industry (“III”). According to the project agreements, the Company has to provide promissory notes and bank guarantees to III as guarantee.

### 39. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the functional currencies of the Group entities and the exchange rates between the foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

September 30, 2019

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 92,555	31.04	\$ 2,872,912
NTD	477,489	1	477,489
RMB	2,436,376	4.35	10,598,234
HKD	665,725	3.958	2,634,942
VND	234,366,393	0.00122	285,927
IDR	347,884,305	0.00223	775,782
Non-monetary items			
NTD	747,006	1	747,006
RMB	702,626	4.35	3,056,421

Financial liabilities

Monetary items			
USD	43,308	31.04	1,344,292
NTD	1,206,030	1	1,206,030
RMB	198,530	4.35	863,602
HKD	34,100	3.958	134,968
VND	1,217,177,049	0.00122	1,484,956
IDR	62,177,578	0.00223	138,656

December 31, 2018

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 74,581	30.715	\$ 2,290,764
NTD	264,825	1	264,825
RMB	2,762,708	4.472	12,354,829
HKD	65,462	3.921	256,678
VND	166,925,833	0.00120	200,311
IDR	333,611,268	0.00213	710,592

(Continued)

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
Non-monetary items			
NTD	\$ 596,390	1	\$ 596,390
RMB	191,107	4.472	854,632
<u>Financial liabilities</u>			
Monetary items			
USD	50,381	30.715	1,547,447
NTD	987,973	1	987,973
RMB	749,777	4.472	3,353,003
HKD	25,592	3.921	100,346
VND	1,954,754,167	0.00120	2,345,705
IDR	371,896,714	0.00213	792,140
			(Concluded)

September 30, 2018

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 94,430	30.525	\$ 2,882,489
NTD	309,218	1	309,218
RMB	3,002,718	4.436	13,320,055
HKD	591,890	3.901	2,308,960
VND	234,912,712	0.00118	277,197
IDR	179,216,827	0.00208	372,771
Non-monetary items			
NTD	716,010	1	716,010
RMB	254,382	4.436	1,128,438
<u>Financial liabilities</u>			
Monetary items			
USD	51,372	30.525	1,568,111
NTD	813,897	1	813,897
RMB	168,054	4.436	745,487
HKD	19,195	3.901	74,878
VND	910,912,712	0.00118	1,074,877
IDR	124,697,596	0.00208	259,371

For the three months ended September 30, 2019 and 2018 and the nine months ended September 30, 2019 and 2018, net foreign exchange (losses) gains were \$(583,125) thousand, \$69,557 thousand, \$(543,668) thousand and \$116,652 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the functional currencies of the Group's entities.

#### **40. SEPARATELY DISCLOSED ITEMS**

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital (Table 5)
- 6) Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital (Table 6)
- 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital (Table 7)
- 9) Trading in derivative instruments (Note 35)
- 10) Intercompany relationships and significant intercompany transactions (Table 8)
- 11) Information on investees (Table 9)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 10)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party: (None).

#### **41. SEGMENT INFORMATION**

a. Information about reportable segments

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

- 1) Manufacturing of shoes;
- 2) Retail of sporting goods and brand licensing business; and
- 3) Others.

b. Segment revenue and results

The Group's revenue and results by reportable segment were as follows:

For the nine months ended September 30, 2019

	<b>Manufacturing of Shoes</b>	<b>Retail of Sporting Goods and Brand Licensing Business</b>	<b>Others</b>	<b>Total</b>
Revenue from external customers	<u>\$ 137,793,964</u>	<u>\$ 95,697,566</u>	<u>\$ 635,214</u>	<u>\$ 234,126,744</u>
Segment income	<u>\$ 17,338,202</u>	<u>\$ 8,611,318</u>	<u>\$ 438,898</u>	\$ 26,388,418
Administrative costs and remuneration of directors				(16,058,036)
Rental income				364,032
Interest income				570,419
Dividend income				986,786
Other income				1,185,816
Net loss on disposal of property, plant and equipment				(342,672)
Net foreign exchange loss				(543,668)
Net gain on disposal of subsidiaries and associates				594,518
Net gain on financial assets at FVTPL				603,258
Net loss on financial liabilities at FVTPL				(416,759)
Impairment loss				(48,293)
Other loss				(121,040)
Net loss on derecognition of financial assets at amortized cost				(3,260)
Finance costs				(2,474,453)
Share of profit of associates and joint ventures				<u>7,921,929</u>
Income before income tax				<u>\$ 18,606,995</u>

For the nine months ended September 30, 2018

	<b>Manufacturing of Shoes</b>	<b>Retail of Sporting Goods and Brand Licensing Business</b>	<b>Others</b>	<b>Total</b>
Revenue from external customers	<u>\$ 129,150,813</u>	<u>\$ 84,898,738</u>	<u>\$ 613,744</u>	<u>\$ 214,663,295</u>
Segment income	<u>\$ 17,586,886</u>	<u>\$ 6,536,683</u>	<u>\$ 413,583</u>	\$ 24,537,152
Administrative costs and remuneration of directors				(14,856,895)
Rental income				397,282
Interest income				458,471
Dividend income				898,717
Other income				1,138,569

(Continued)

	<b>Manufacturing of Shoes</b>	<b>Retail of Sporting Goods and Brand Licensing Business</b>	<b>Others</b>	<b>Total</b>
Net loss on disposal of property, plant and equipment				\$ (327,440)
Net foreign exchange gain				116,652
Net gain on disposal of subsidiaries, associates and joint ventures				83,531
Net gain on financial assets at FVTPL				574,329
Net loss on financial liabilities at FVTPL				(1,036,329)
Reversal of impairment loss				87
Other loss				(197,940)
Net gain on derecognition of financial assets at amortized cost				5,477
Finance costs				(1,998,659)
Share of profit of associates and joint ventures				<u>5,228,970</u>
Income before income tax				<u>\$ 15,021,974</u> (Concluded)

- 1) Sales between segments were made at market price.
- 2) Segment profit represented the profit before income tax earned by each segment without allocation of administration costs, remuneration of directors, rental income, interest income, dividend income, other income, net loss on disposal of property, plant and equipment, net foreign exchange (loss) gain, net gain on disposal of subsidiaries, associates and joint ventures, gain (loss) on financial instruments, reversal (recognized) of impairment loss, other loss, net (loss) gain on derecognition of financial assets at amortized cost, finance costs and the share of profit of associates and joint ventures. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

## POU CHEN CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3 and 4)	Aggregate Financing Limit (Notes 3 and 4)	Note
													Item	Value			
0	Pou Chen Corporation	Pou Yii Development Co., Ltd.	Loan receivable	Yes	\$ 205,000	\$ 205,000	\$ 175,000	1.20	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 11,831,556	\$ 47,326,225	
1	Dong Guan Baoqiao Electronic Technology Co., Ltd.	Kunshan Yuanying Electronics Technology Co., Ltd.	Accounts receivable from related parties	Yes	17,709 (RMB 4,070,960)	17,709 (RMB 4,070,960)	11,310 (RMB 2,600,000)	4.35	2	-	Operating capital	-	-	-	108,836,398	108,836,398	
2	Great Pacific Investments Limited	Sure Elite Investments Limited	Accounts receivable from related parties	Yes	120,080 (US\$ 3,800,000)	117,952 (US\$ 3,800,000)	117,952 (US\$ 3,800,000)	3.00	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
		Solar Link International Inc.	Accounts receivable from related parties	Yes	552,774 (US\$ 17,550,000)	266,944 (US\$ 8,600,000)	266,944 (US\$ 8,600,000)	3.00	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
		Orisol Asia Limited	Accounts receivable from related parties	Yes	350,658 (US\$ 11,350,000)	-	-	-	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
		Pro Kingtex Industrial Company Limited	Accounts receivable from related parties	Yes	440,930 (US\$ 14,000,000)	217,280 (US\$ 7,000,000)	217,280 (US\$ 7,000,000)	3.00	2	-	Operating capital	-	-	-	21,923,583	21,923,583	
		PT. Glostar Indonesia	Accounts receivable from related parties	Yes	3,806,370 (US\$ 122,000,000)	310,400 (US\$ 10,000,000)	310,400 (US\$ 10,000,000)	1.30-1.50	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
		PT. Pou Yuen Indonesia	Accounts receivable from related parties	Yes	5,234,915 (US\$ 168,000,000)	2,203,840 (US\$ 71,000,000)	2,203,840 (US\$ 71,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
3	Orisol Asia Limited	Orisol Vietnam Co., Ltd.	Accounts receivable from related parties	Yes	15,800 (US\$ 500,000)	15,520 (US\$ 500,000)	15,520 (US\$ 500,000)	2.00	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
4	Precious Full Investment Limited	Powerkmit Vietnam Company Limited	Accounts receivable from related parties	Yes	1,453,600 (US\$ 46,000,000)	1,427,840 (US\$ 46,000,000)	1,427,840 (US\$ 46,000,000)	1.30	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
		Pou Li Vietnam Company Limited	Accounts receivable from related parties	Yes	1,346,815 (US\$ 43,000,000)	807,040 (US\$ 26,000,000)	807,040 (US\$ 26,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
		Pou Phong Vietnam Company Limited	Accounts receivable from related parties	Yes	1,453,600 (US\$ 46,000,000)	1,427,840 (US\$ 46,000,000)	1,427,840 (US\$ 46,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
		Yue De Vietnam Company Limited	Accounts receivable from related parties	Yes	2,612,720 (US\$ 83,000,000)	1,489,920 (US\$ 48,000,000)	1,489,920 (US\$ 48,000,000)	2.00-3.00	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
		Pou Hung Vietnam Company Limited	Accounts receivable from related parties	Yes	4,138,770 (US\$ 132,000,000)	2,669,440 (US\$ 86,000,000)	2,669,440 (US\$ 86,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
5	Pou Yuen Industrial (Holdings) Ltd.	PT. Pou Chen Indonesia	Accounts receivable from related parties	Yes	948,000 (US\$ 30,000,000)	620,800 (US\$ 20,000,000)	620,800 (US\$ 20,000,000)	1.50	2	-	Operating capital	-	-	-	11,042,511	11,042,511	
		Pou Chen Vietnam Enterprise Ltd.	Accounts receivable from related parties	Yes	1,249,900 (US\$ 40,000,000)	620,800 (US\$ 20,000,000)	620,800 (US\$ 20,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
		PT. Nikomas Gemilang	Accounts receivable from related parties	Yes	948,000 (US\$ 30,000,000)	-	-	-	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
		Pouyuen Vietnam Company Ltd.	Accounts receivable from related parties	Yes	6,785,080 (US\$ 217,000,000)	4,035,200 (US\$ 130,000,000)	4,035,200 (US\$ 130,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
		Pou Sung Vietnam Company Ltd.	Accounts receivable from related parties	Yes	5,056,000 (US\$ 160,000,000)	4,966,400 (US\$ 160,000,000)	4,966,400 (US\$ 160,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
6	Key International Co., Ltd.	Prime Asia (S.E. Asia) Leather Corporation	Accounts receivable from related parties	Yes	170,640 (US\$ 5,400,000)	-	-	-	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
		Prime Asia Leather Corp.	Accounts receivable from related parties	Yes	1,106,000 (US\$ 35,000,000)	-	-	-	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
7	Prime Asia (S.E. Asia) Leather Corporation	Prime Asia (Vietnam) Co., Ltd.	Accounts receivable from related parties	Yes	559,320 (US\$ 17,700,000)	549,408 (US\$ 17,700,000)	549,408 (US\$ 17,700,000)	1.50	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
8	Top Galaxy Group Limited	Yue Yuen (Anfu) Footwear Co., Ltd.	Accounts receivable from related parties	Yes	46,703 (US\$ 1,500,000)	-	-	-	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
9	Bao Hong (Yangzhou) Shoes Co., Ltd.	Pou Sheng (China) Investment Co., Ltd.	Accounts receivable from related parties	Yes	308,401 (RMB 67,000,000)	291,450 (RMB 67,000,000)	-	5	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
10	Shanggao Yisen Industry Co., Ltd.	Yu Xing (Jishui) Footwear Co., Ltd.	Accounts receivable from related parties	Yes	382,647 (RMB 83,130,000)	361,616 (RMB 83,130,000)	30,450 (RMB 7,000,000)	3.33	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
11	Dong Guan Yue Yuan Footwear Products Company Limited	Yang Xin Pou Shou Sporting Goods Co., Ltd.	Accounts receivable from related parties	Yes	160,265 (RMB 35,000,000)	152,250 (RMB 35,000,000)	152,250 (RMB 35,000,000)	3.33	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
12	Yue Yuen Industrial (Holdings) Limited	PT. Glostar Indonesia	Accounts receivable from related parties	Yes	2,834,550 (US\$ 90,000,000)	2,793,600 (US\$ 90,000,000)	2,793,600 (US\$ 90,000,000)	3.00	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
		PT. Pou Yuen Indonesia	Accounts receivable from related parties	Yes	1,580,000 (US\$ 50,000,000)	1,552,000 (US\$ 50,000,000)	1,552,000 (US\$ 50,000,000)	3.00	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
		PT. Nikomas Gemilang	Accounts receivable from related parties	Yes	3,076,220 (US\$ 98,000,000)	3,041,920 (US\$ 98,000,000)	3,041,920 (US\$ 98,000,000)	3.00	2	-	Operating capital	-	-	-	126,115,768	126,115,768	
13	Wealthplus Holdings Limited	Allied Charm Holdings Limited	Accounts receivable from related parties	Yes	4,346 (US\$ 140,000)	4,346 (US\$ 140,000)	4,346 (US\$ 140,000)	3.00	2	-	Operating capital	-	-	-	152,597,808	152,597,808	
		Treasure Chain International Limited	Accounts receivable from related parties	Yes	5,540,817 (RMB 1,219,000,000)	2,475,150 (RMB 569,000,000)	2,475,150 (RMB 569,000,000)	3.90-4.35	2	-	Operating capital	-	-	-	45,779,342	45,779,342	
14	Pou Sheng (China) Investment Co., Ltd.	Qingdao Pou-Sheng International Sport Products Co., Ltd.	Loan receivable	Yes	1,565,020 (RMB 340,000,000)	1,479,000 (RMB 340,000,000)	1,152,775 (RMB 265,005,697)	4.35	2	-	Operating capital	-	-	-	1,504,695	1,504,695	

(Continued)

Note 1: The Company is coded as follows:

- a. The Company is coded "0".
- b. The investee is coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The nature of financing is code as follows:

- a. Business relationship is coded 1.
- b. The need for short-term financing is coded 2.

Note 3: According to the Company's policy, procedure of financing provided to others as follows:

- a. The maximum amount permitted to a single borrower is listed based on the types of financing reasons as follows:
  - 1) Business relationship: Each of the financing amount shall not exceed the amount of our business relationship. Business relationship means higher amount of the purchases from or sales to both sides in the current year or in the future year and shall not exceed 10% of the Company's net worth.
  - 2) The need for short-term financing: Each of the financing amount shall not exceed 10% of the Company's net worth.
- b. The total maximum amount permitted to a single borrower is listed based on the types of financing reasons as follows:
  - 1) Business relationship: Each of the financing amount shall not exceed 10% of the Company's net worth.
  - 2) The need for short-term financing: Each of the financing amount shall not exceed 40% of the Company's net worth.
  - 3) Among foreign companies which the Company holds 100% voting rights directly and indirectly, when financing is necessary, the amount is not limited by the above information. However, the limit amount of financing to others during one year shall not exceed the borrowers' net worth.

Note 4: Foreign companies on which Yue Yuen Industrial (Holdings) Limited holds 100% voting rights directly and indirectly: The financing amount shall not exceed 100% of total equity of Yue Yuen's consolidated financial statement.  
Great Pacific Investments Limited for joint ventures or joint operation: The financing amount shall not exceed 40% of total equity of lender's financial statement.  
Pou Yuen Industrial (Holdings) Ltd. for subsidiaries held less than 100%: The financing amount shall not exceed 40% of total equity of lender's financial statement.  
Pou Sheng International (Holdings) Limited for subsidiaries held less than 100%: The financing amount shall not exceed 40% of total equity of lender's financial statement.  
Wealthplus Holdings Limited for subsidiaries: Each of the financing amount shall not exceed 30% of total equity of lender's financial statement.  
Orisal Asia Limited for subsidiaries held less than 100%: The financing amount shall not exceed 40% of total equity of lender's financial statement.

Note 5: If the term of the loan is half a year or more, the annual interest rate of the loan is based on the one-year short-term loan interest rate of the People's Bank of China. If the loan term is less than half a year, the annual interest rate of the loan is fixed at 3.55%.

(Concluded)

## POU CHEN CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorsement/ Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 4)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 4)	Note
		Name	Relationship (Note 2)											
0	Pou Chen Corporation	Wealthplus Holding Ltd.	b	\$ 118,315,563	\$ 24,948,200	\$ 24,506,080	\$ 102,945	\$ -	21	\$ 236,631,126	Y	N	N	
		Barits Development Corp.	b	118,315,563	9,083,400	9,062,400	4,185,300	-	8	236,631,126	Y	N	N	
		Pou Shine Investment Co., Ltd.	b	118,315,563	1,500,000	1,300,000	559,000	-	1	236,631,126	Y	N	N	
		Pou Yuen Technology Co., Ltd.	b	118,315,563	300,000	300,000	46,200	-	-	236,631,126	Y	N	N	
		Pro Arch International Development Enterprise Inc.	b	118,315,563	58,439	44,045	44,045	-	-	236,631,126	Y	N	N	
		Pou Yii Development Co., Ltd.	b	118,315,563	600,000	600,000	-	-	1	236,631,126	Y	N	N	
		Yue Hong Realty Development Co., Ltd.	b	118,315,563	550,000	550,000	496,000	-	-	236,631,126	Y	N	N	
1	Yue Yuen Industrial (Holdings) Limited	Orisol Asia Limited	b	118,315,563	90,000	90,000	-	-	-	236,631,126	N	N	N	
		Tien Pou International Ltd.	f	118,315,563	86,194	-	-	-	-	236,631,126	N	N	N	
		Great Spring Management Ltd.	f	118,315,563	(US\$ 2,800,000) 135,574	-	-	-	-	236,631,126	N	N	N	
		Universal Ocean Co., Ltd.	f	118,315,563	(US\$ 4,400,000) 135,574	-	-	-	-	236,631,126	N	N	N	
		Cohen Enterprises Inc.	f	118,315,563	(US\$ 4,400,000) 1,261,375	1,080,400	527,680	-	1	236,631,126	N	N	N	
		Pou Chien Enterprise Co., Ltd.	b	118,315,563	(US\$ 40,000,000) 2,000,000	(US\$ 35,000,000) 2,000,000	(US\$ 17,000,000) 1,300,000	-	2	236,631,126	N	N	N	
		Hagggar Direct Inc.	b	118,315,563	(US\$ 1,000,000) 31,600	-	-	-	-	236,631,126	N	N	N	
		Texas Clothing Holding Corp.	b	118,315,563	(US\$ 1,000,000) 31,600	-	-	-	-	236,631,126	N	N	N	
		PT. Ka Yuen Indonesia	f	118,315,563	(US\$ 1,000,000) 31,600	31,040	-	-	-	236,631,126	N	N	N	
		Pine Wood Industries Ltd.	f	118,315,563	(US\$ 1,000,000) 242,646	(US\$ 1,000,000) 178,015	48,731	-	-	236,631,126	N	N	N	
		Ka Yuen Rubber Factory Ltd.	f	118,315,563	(US\$ 7,770,000) 250,430	(US\$ 5,735,000) 245,992	(US\$ 1,569,936) -	-	-	236,631,126	N	N	N	
		PT. SHOENARY JAVANESIA INC.	b	118,315,563	(US\$ 7,925,000) 279,685	(US\$ 7,925,000) 276,566	64,253	-	-	236,631,126	N	N	N	
		PT. Kmk Globals Sports	b	118,315,563	(US\$ 8,910,000) 284,400	(US\$ 8,910,000) 279,360	(US\$ 2,070,000) -	-	-	236,631,126	N	N	N	
		PT. Pou Yuen Indonesia	b	118,315,563	(US\$ 9,000,000) 474,000	(US\$ 9,000,000) 465,600	341,440	-	-	236,631,126	N	N	N	
		Vietnam Tiong Liong Industrial Co., Ltd.	f	118,315,563	(US\$ 15,000,000) 17,538	(US\$ 15,000,000) -	(US\$ 11,000,000) -	-	-	236,631,126	N	N	N	
		PT. Selalu Cinta Indonesia	b	118,315,563	(US\$ 555,000) 2,237,850	1,676,160	1,489,495	-	1	236,631,126	N	N	N	
		Prime Asia Leather Corporation	b	118,315,563	(US\$ 72,000,000) 2,686,000	(US\$ 54,000,000) 2,638,400	(US\$ 47,986,308) 1,380,720	-	2	236,631,126	N	N	N	
		Hagggar Clothing Co.	b	118,315,563	(US\$ 85,000,000) 4,740,000	(US\$ 85,000,000) -	(US\$ 35,996,796) -	-	-	236,631,126	N	N	N	
		Pou Phong Vietnam Company Ltd.	b	118,315,563	(US\$ 150,000,000) 158,000	155,200	-	-	-	236,631,126	N	N	N	
		Powerknit Vietnam Company Ltd.	b	118,315,563	(US\$ 5,000,000) 158,000	(US\$ 5,000,000) 155,200	-	-	-	236,631,126	N	N	N	
		Henan YYSPTS Sport Products Co., Ltd.	b	118,315,563	(US\$ 5,000,000) 43,094	(US\$ 5,000,000) 40,726	-	-	-	236,631,126	N	N	Y	
				(RMB 936,235)	(RMB 936,235)									

(Continued)

No. (Note 1)	Endorsement/ Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 4)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 4)	Note
		Name	Relationship (Note 2)											
		Guizhou Pou-Sheng Sport Products Co., Ltd.	b	\$ 118,315,563	\$ 45,967 (RMB 9,986,384)	\$ 43,441 (RMB 9,986,384)	\$ -	\$ -	-	\$ 236,631,126	N	N	Y	
		Shanghai DZJ Sports Industries Dev. Co., Ltd.	b	118,315,563	57,459 (RMB 12,482,980)	54,301 (RMB 12,482,980)	-	-	-	236,631,126	N	N	Y	
		Jiangxi Bao Yuan Trade Co., Ltd.	b	118,315,563	66,078 (RMB 14,355,427)	62,446 (RMB 14,355,427)	-	-	-	236,631,126	N	N	Y	
		Hefei Pouxun Sporting Goods Co., Ltd.	b	118,315,563	137,902 (RMB 29,959,152)	130,322 (RMB 29,959,152)	-	-	-	236,631,126	N	N	Y	
		Qingdao Pou-Sheng International Sport Products Co., Ltd.	b	118,315,563	140,660 (RMB 30,558,335)	132,929 (RMB 30,558,335)	-	-	-	236,631,126	N	N	Y	
		Zhejiang Shengdao Sporting-Goods Co., Ltd.	b	118,315,563	316,025 (RMB 68,656,390)	298,655 (RMB 68,656,390)	-	-	-	236,631,126	N	N	Y	
		Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	b	118,315,563	511,387 (RMB 111,098,522)	483,279 (RMB 111,098,522)	-	-	-	236,631,126	N	N	Y	
		Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	b	118,315,563	965,314 (RMB 209,714,064)	912,257 (RMB 209,714,064)	-	-	1	236,631,126	N	N	Y	
		Shaanxi Pousheng Trading Co., Ltd.	b	118,315,563	1,261,229 (RMB 274,001,411)	1,191,907 (RMB 274,001,411)	-	-	1	236,631,126	N	N	Y	
2	Pou Sheng International (Holdings) Limited	Qingdao Pou-Sheng International Sport Products Co., Ltd.	b	118,315,563	1,121,935 (RMB 250,724,000)	584,162 (RMB 134,290,000)	-	-	-	236,631,126	N	N	Y	
		Hefei Pouxun Sporting Goods Co., Ltd.	b	118,315,563	615,563 (RMB 137,294,000)	402,811 (RMB 92,600,000)	-	-	-	236,631,126	N	N	Y	
		Henan YYSports Sport Products Co., Ltd.	b	118,315,563	457,285 (RMB 102,315,000)	251,582 (RMB 57,835,000)	-	-	-	236,631,126	N	N	Y	
		Yue Cheng (Kun Shan) Sports Co., Ltd.	b	118,315,563	506,839 (RMB 113,723,077)	285,895 (RMB 65,723,077)	-	-	-	236,631,126	N	N	Y	
		Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	b	118,315,563	18,841,284 (RMB2,783,525,750) (US\$ 196,000,000)	13,860,970 (RMB2,215,983,750) (US\$ 136,000,000)	2,449,373 (RMB 303,414,351) (RMB 259,660,000)	-	12	236,631,126	N	N	Y	
		Shaanxi Pousheng Trading Co., Ltd.	b	118,315,563	9,868,372 (RMB1,824,372,000) (US\$ 51,000,000)	7,189,366 (RMB1,288,810,000) (US\$ 51,000,000)	808,665 (RMB 185,900,000)	-	6	236,631,126	N	N	Y	
		Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	b	118,315,563	8,729,746 (RMB 566,159,000) (US\$ 196,000,000)	5,892,972 (RMB 384,260,000) (US\$ 136,000,000)	1,370,685 (RMB 103,800,000) (RMB 211,300,000)	-	5	236,631,126	N	N	Y	
		Zhejiang Shengdao Sporting-Goods Co., Ltd.	b	118,315,563	6,037,919 (RMB 325,969,000) (US\$ 145,000,000)	3,628,308 (RMB 227,565,000) (US\$ 85,000,000)	1,018,553 (RMB 63,000,000) (RMB 171,150,000)	-	3	236,631,126	N	N	Y	
		Taiwan Taisong Trading Co., Ltd.	b	118,315,563	40,000	40,000	-	-	-	236,631,126	N	N	N	
		Pou Yuen Trading Corporation	b	118,315,563	61,000	61,000	30,000	-	-	236,631,126	N	N	N	
		PCG Bros Sports Management Co., Ltd.	b	118,315,563	100,000	100,000	55,000	-	-	236,631,126	N	N	N	
		Guizhou Pou-Sheng Sport Products Co., Ltd.	b	118,315,563	257,336 (RMB 57,500,000)	160,950 (RMB 37,000,000)	-	-	-	236,631,126	N	N	Y	
		Jiangxi Bao Yuan Trade Co., Ltd.	b	118,315,563	342,971 (RMB 76,648,247)	202,920 (RMB 46,648,247)	-	-	-	236,631,126	N	N	Y	
		Kun Shan Taisong Trading Co., Ltd.	b	118,315,563	235,150 (RMB 50,000,000)	217,500 (RMB 50,000,000)	-	-	-	236,631,126	N	N	Y	
		Kun Shan Pou-Chi Sports Co., Ltd.	b	118,315,563	1,060,843 (RMB 236,825,000)	516,889 (RMB 11,825,000)	-	-	-	236,631,126	N	N	Y	
		Kun Shan Ysports E-Commerce Co., Ltd.	b	118,315,563	612,872 (RMB 135,000,000)	439,350 (RMB 101,000,000)	-	-	-	236,631,126	N	N	Y	
		Guangzhou Pou-Yuen Trading Co., Ltd.	b	118,315,563	1,611,600 (US\$ 51,000,000)	1,583,040 (US\$ 51,000,000)	-	-	1	236,631,126	N	N	Y	
		Shenzhen Pou-Yuen Sport Products Co., Ltd.	b	118,315,563	42,645 (RMB 9,773,399)	42,514 (RMB 9,773,399)	-	-	-	236,631,126	N	N	Y	
		Pou Sheng (China) Investment Co., Ltd.	b	118,315,563	3,913,100 (RMB 500,000,000) (US\$ 51,000,000)	3,758,040 (RMB 500,000,000) (US\$ 51,000,000)	500,658 (RMB 115,093,873)	-	3	236,631,126	N	N	Y	

(Continued)

No. (Note 1)	Endorsement/ Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 4)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 4)	Note
		Name	Relationship (Note 2)											
		Nanning Pou-Kung Sport Products Co., Ltd.	b	\$ 118,315,563	\$ 106,054 (RMB 24,125,000)	\$ 104,944 (RMB 24,125,000)	\$ -	\$ -	-	\$ 236,631,126	N	N	Y	
		Yue-Shen (Taicang) Footwear Co., Ltd.	b	118,315,563	96,164 (RMB 21,639,000)	59,160 (RMB 13,600,000)	-	-	-	236,631,126	N	N	Y	
		Taicang Yue-Shen Sporting Goods Co., Ltd.	b	118,315,563	144,784 (RMB 32,095,000)	104,596 (RMB 24,045,000)	-	-	-	236,631,126	N	N	Y	
3	Pou Sheng (China) Investment Co., Ltd.	Henan Ysports Sport Products Co., Ltd.	b	118,315,563	96,663 (RMB 21,000,000)	91,350 (RMB 21,000,000)	52,221 (RMB 12,004,870)	-	-	236,631,126	N	N	Y	
		Guizhou Pou-Sheng Sport Products Co., Ltd.	b	118,315,563	128,884 (RMB 28,000,000)	121,800 (RMB 28,000,000)	43,510 (RMB 10,002,376)	-	-	236,631,126	N	N	Y	
		Shanghai DZJ Sports Industries Dev. Co., Ltd.	b	118,315,563	92,060 (RMB 20,000,000)	87,000 (RMB 20,000,000)	-	-	-	236,631,126	N	N	Y	
		Jiangxi Bao Yuan Trade Co., Ltd.	b	118,315,563	146,162 (RMB 31,900,000)	120,060 (RMB 27,600,000)	88,492 (RMB 20,342,964)	-	-	236,631,126	N	N	Y	
		Yue Cheng (Kun Shan) Sports Co., Ltd.	b	118,315,563	134,160 (RMB 30,000,000)	-	-	-	-	236,631,126	N	N	Y	
		Taicang Yue-Shen Sporting Goods Co., Ltd.	b	118,315,563	269,630 (RMB 48,000,000)	43,500 (RMB 10,000,000)	-	-	-	236,631,126	N	N	Y	
		Qingdao Pou-Sheng International Sport Products Co., Ltd.	b	118,315,563	539,468 (RMB 120,010,000)	522,044 (RMB 120,010,000)	176,772 (RMB 40,637,166)	-	-	236,631,126	N	N	Y	
		Hefei Pouxun Sporting Goods Co., Ltd.	b	118,315,563	549,524 (RMB 122,400,000)	506,340 (RMB 116,400,000)	163,146 (RMB 37,504,785)	-	-	236,631,126	N	N	Y	
		Zhejiang Shengdao Sporting-Goods Co., Ltd.	b	118,315,563	559,994 (RMB 121,150,000)	500,903 (RMB 115,150,000)	246,782 (RMB 56,731,576)	-	-	236,631,126	N	N	Y	
		Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	b	118,315,563	844,651 (RMB 183,500,000)	796,050 (RMB 183,000,000)	678,472 (RMB 155,970,553)	-	1	236,631,126	N	N	Y	
		Shaanxi Pousheng Trading Co., Ltd.	b	118,315,563	2,604,480 (RMB 571,400,000)	2,432,520 (RMB 559,200,000)	1,057,791 (RMB 243,170,601)	-	2	236,631,126	N	N	Y	
		Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	b	118,315,563	3,249,265 (RMB 709,600,000)	3,023,685 (RMB 695,100,000)	1,032,864 (RMB 237,439,960)	-	3	236,631,126	N	N	Y	

Note 1: The Company is coded as follows:

- The Company is coded "0".
- The investee is coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Relationships for guarantee provider and guarantee are as follows:

- Business relationship.
- A company in which the Company directly and indirectly holds more than 50% of the voting shares.
- A company that directly and indirectly holds more than 50% of the voting shares in the Company.
- A company in which the Company directly and indirectly holds more than 90% of the voting shares.
- A company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- A company where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- A company where 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: According to the Company's procedures for the Management of Endorsements and Guarantees, the aggregate amount of endorsements/guarantees provided by the Company shall not exceed 200% of its net worth. Meanwhile, the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed 100% of the Company's net worth.

Note 4: Endorsement/guarantee given by listed parent on behalf of subsidiaries, by subsidiaries on behalf of listed parent, and on behalf of companies in mainland China is coded "Y".

(Concluded)

## POU CHEN CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2019

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2019				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Pou Chen Corporation	<u>Ordinary shares</u>							
	Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	191,730,486	\$ 5,512,251	1.41	\$ 5,512,251	
	Taiwan Paiho Limited		Financial assets at FVTOCI - current	615,473	47,638	0.21	47,638	
	Zhiyuan Venture Capital Co., Ltd.		Financial assets at FVTOCI - non-current	6,000,000	55,083	10.71	55,083	
Pou Chen Corporation	New Loulan Corporation., Ltd.		Financial assets at FVTOCI - non-current	100,000	801	4.00	801	
	<u>Structured product</u>							
	CIB Callable Structured Deposit		Financial assets at amortized cost - non-current	-	112,665	-	112,665	
	<u>Fund</u>							
Wealthplus Holdings Limited	Cid Greater China Venture Capital Fund II, L.P.		Financial assets mandatorily at FVTPL - current	-	90,065 (US\$ 2,901,573)	-	90,065	
	<u>Ordinary shares</u>							
Wealthplus Holdings Limited	Golden Brands Developments Ltd.		Financial assets at FVTOCI - non-current	17,086,572	70,725 (US\$ 2,278,497)	5.38	70,725	
	Great Team Backend Foundry, Inc.		Financial assets at FVTOCI - non-current	4,000,000	141,542 (US\$ 4,560,000)	6.87	141,542	
Wealthplus Holdings Limited	<u>Bonds</u>							
	Goldman Sachs Bank		Financial assets at amortized cost - current	-	78,260 (US\$ 2,521,257)	-	78,260	
Wealthplus Holdings Limited	Yunnan Metropolitan Construction Investment Group Bond		Financial assets at amortized cost - current	-	248,138 (US\$ 7,994,155)	-	248,138	
	China Huarong International Holdings Bond		Financial assets at amortized cost - current	-	280,052 (US\$ 9,022,298)	-	280,052	
Wealthplus Holdings Limited	Macquarie Bond		Financial assets at amortized cost - current	-	87,261 (US\$ 2,811,237)	-	87,261	
	Citigroup Bond		Financial assets at amortized cost - current	-	130,987 (US\$ 4,219,948)	-	130,987	
Wealthplus Holdings Limited	Zhaohai Investment BVI		Financial assets at amortized cost - current	-	278,496 (US\$ 8,972,155)	-	278,496	
	Morgan Stanley		Financial assets at amortized cost - current	-	21,780 (US\$ 701,659)	-	21,780	
Wealthplus Holdings Limited	Natwest Markets PL		Financial assets at amortized cost - non-current	-	434,560 (US\$ 14,000,000)	-	434,560	
	First Abu Dhabi Bank		Financial assets at amortized cost - non-current	-	22,290 (US\$ 718,112)	-	22,290	
Wealthplus Holdings Limited	Bank of China (Macau)		Financial assets at amortized cost - non-current	-	43,655 (US\$ 1,406,398)	-	43,655	
	CIB Bond		Financial assets at amortized cost - non-current	-	88,072 (US\$ 2,837,356)	-	88,072	
Wealthplus Holdings Limited	Societe Generale Perpetual Bond (EUR)		Financial assets at amortized cost - non-current	-	103,804 (US\$ 3,344,191)	-	103,804	
	UBS Perpetual Bond		Financial assets at amortized cost - non-current	-	158,804 (US\$ 5,116,105)	-	158,804	
Wealthplus Holdings Limited	HSBC Holdings Perpetual Bond		Financial assets at amortized cost - non-current	-	285,208 (US\$ 9,188,418)	-	285,208	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2019				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Wealthplus Holdings Limited	<u>Bonds</u> Swedbank Perpetual Bond		Financial assets at amortized cost - non-current	-	\$ 299,604 (US\$ 9,652,197)	-	\$ 299,604	
	BNP Paribas Perpetual Bond		Financial assets at amortized cost - non-current	-	197,462 (US\$ 6,361,544)	-	197,462	
	Societe Generale Perpetual Bond (USD)		Financial assets at amortized cost - non-current	-	131,765 (US\$ 4,245,005)	-	131,765	
	Yunnan Metropolitan Construction Investment Group Bond		Financial assets at amortized cost - non-current	-	48,149 (US\$ 1,551,169)	-	48,149	
	Bi Hai Co., Ltd.		Financial assets at amortized cost - non-current	-	160,411 (US\$ 5,167,886)	-	160,411	
	UBS Group Perpetual Bond		Financial assets at amortized cost - non-current	-	146,121 (US\$ 4,707,501)	-	146,121	
	ING Groep Perpetual Bond		Financial assets at amortized cost - non-current	-	309,820 (US\$ 9,981,320)	-	309,820	
	Credit Agricole SA Perpetual Bond		Financial assets at amortized cost - non-current	-	161,831 (US\$ 5,213,644)	-	161,831	
	Swiss Re Bond		Financial assets at amortized cost - non-current	-	313,109 (US\$ 10,087,279)	-	313,109	
	Shinhan Financial Group Perpetual Bond		Financial assets at amortized cost - non-current	-	197,996 (US\$ 6,378,724)	-	197,996	
	Lloyds Banking Group Perpetual Bond		Financial assets at amortized cost - non-current	-	310,573 (US\$ 10,005,567)	-	310,573	
	RBS Subordinated Tier 2 Bond		Financial assets at amortized cost - non-current	-	102,900 (US\$ 3,315,088)	-	102,900	
	<u>Bills</u> Deutsche Bank-Anleihe		Financial assets at amortized cost - non-current	-	1,864,262 (US\$ 60,060,000)	-	1,864,262	
	<u>Structured product</u> E.SUN Bank Callable Structured Deposit		Financial assets at amortized cost - non-current	-	605,280 (US\$ 19,500,000)	-	605,280	
Win Fortune Investments Limited	<u>Fund</u> Prodigy Strategic Investment Fund Xxii Segregated Portfolio		Financial assets mandatorily at FVTPL - non-current	38,500	163,298 (US\$ 5,260,898)	-	163,298	
Pou Shine Investments Co., Ltd.	<u>Ordinary shares</u> Taiwan Paiho Limited Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	775,170	59,998	0.26	59,998	
			Financial assets at FVTOCI - current	125,123,044	3,597,287	0.92	3,597,287	
Pou Yuen Technology Co., Ltd.	<u>Ordinary shares</u> Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	17,039,372	489,882	0.13	489,882	
Barits Development Corporation	<u>Ordinary shares</u> Mega Financial Holding Company Ltd. Global Brands Manufacture Ltd. Shey Yu Co., Ltd. Environment In Assistant Engineering Corp.		Financial assets at FVTOCI - current	133,720,943	3,844,477	0.98	3,844,477	
			Financial assets at FVTOCI - current	34,448,000	583,894	6.68	583,894	
			Financial assets at FVTOCI - non-current	32,000	320	1.07	320	
			Financial assets at FVTOCI - non-current	20,000	-	1.00	-	
Song Ming Investments Co., Ltd.	<u>Fund</u> Cathay Taiwan Money Market Fund  <u>Ordinary shares</u> Mega Financial Holding Company Ltd.		Financial assets mandatorily at FVTPL - current	4,908,636	61,218	-	61,218	
			Financial assets at FVTOCI - current	49,416,125	1,420,714	0.36	1,420,714	
Pro Arch International Development Enterprise Inc.	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	606,052	7,558	-	7,558	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2019				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Pou Chin Development Co., Ltd.	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	418,551	\$ 5,220	-	\$ 5,220	
Wang Yi Construction Co., Ltd.	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	584,587	7,291	-	7,291	
Windsor Entertainment Co., Ltd.	<u>Funds</u> Mega Diamond Money Market Fund		Financial assets mandatorily at FVTPL - current	2,988,955	37,577	-	37,577	
	<u>Ordinary shares</u> Taichung International Entertainment Corporation		Financial assets at FVTOCI - non-current	3	7,590	0.09	7,590	
Pou Yii Development Co., Ltd.	<u>Ordinary shares</u> Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	40,069,450	1,151,997	0.30	1,151,997	
Yue Yuen Industrial (Holdings) Limited	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	45,775,661	570,603 (US\$ 18,382,843)	-	570,603	
	<u>Ordinary shares</u> Evermore Chemical Industry Co., Ltd.		Financial assets at FVTOCI - current	8,081,281	127,215 (US\$ 4,098,420)	8.13	127,215	
	Taiwan Paiho Limited		Financial assets at FVTOCI - non-current	9,528,228	737,107 (US\$ 23,747,012)	3.20	737,107	
	Keg Big Dome Sports Co., Ltd.		Financial assets at FVTOCI - non-current	-	9,899 (US\$ 318,918)	11.76	9,899	
	<u>Bonds</u> Bank of China (Hong Kong)		Financial assets at amortized cost - current	-	37,547 (US\$ 1,209,620)	-	37,547	
	Beijing State-Owned Assets Management Co., Ltd.		Financial assets at amortized cost - current	-	18,631 (US\$ 600,232)	-	18,631	
	CITIC Securities Finance MTN Co., Ltd.		Financial assets at amortized cost - current	-	18,630 (US\$ 600,179)	-	18,630	
	Cnooc Finance 2015 Australia Pty. Ltd.		Financial assets at amortized cost - current	-	18,594 (US\$ 599,041)	-	18,594	
	Fita International Ltd.		Financial assets at amortized cost - current	-	18,820 (US\$ 606,320)	-	18,820	
	Huarong Finance II Co., Ltd.		Financial assets at amortized cost - current	-	18,690 (US\$ 602,144)	-	18,690	
	Standard Chartered (Hong Kong)		Financial assets at amortized cost - current	-	18,934 (US\$ 610,005)	-	18,934	
	The Bank of East Asia Limited		Financial assets at amortized cost - current	-	18,984 (US\$ 611,605)	-	18,984	
	China Overseas Finance (Cayman) II Ltd.		Financial assets at amortized cost - non-current	-	19,062 (US\$ 614,110)	-	19,062	
	Sinochem Group Co., Ltd.		Financial assets at amortized cost - non-current	-	18,868 (US\$ 607,833)	-	18,868	
	<u>Structured product</u> JP Morgan Credit Linked Note		Financial assets mandatorily at FVTPL - non-current	-	613,785 (US\$ 19,774,000)	-	613,785	

Note: The marketable securities stated here are related to shares, debentures and beneficiary certificates and the derivative products caused by those of "IFRS 9 Financial Instruments". For information on the investments in subsidiaries, associates and joint ventures refer to Tables 9 and 10.

(Concluded)

## POU CHEN CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Pou Chen Corporation	Ruen Chen Investment Holding Co., Ltd.	Investments accounted for using equity method	-	Related parties	2,961,000,000	\$ 8,403,275	570,800,000	\$ 42,130,708 (Note 1)	-	\$ -	\$ -	\$ -	3,531,800,000	\$ 50,533,983
Yue Yuen Industrial (Holdings) Limited	Cathay Taiwan Money Market Fund	Financial assets at FVTPL - current	-	None	29,690,182	370,612 (US\$ 12,066,154)	32,369,027	402,854 (US\$ 12,848,083) (Note 2)	16,283,548	202,863 (US\$ 6,531,394)	202,863 (US\$ 6,531,394)	-	45,775,661	570,603 (US\$ 18,382,843)

Note 1: Include acquisition, profit/loss of investments accounted for using equity method and exchange differences on translating foreign operations.

Note 2: Include acquisition and valuation adjustments for fair value.

**POU CHEN CORPORATION AND SUBSIDIARIES**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Yue Yuen Industrial (Holdings) Limited	Public construction such as factories and dormitories	2019.01-2019.09	\$ 2,510,069 (US\$ 80,865,627)	Accumulated payment as of September 30, 2019 \$ 2,001,581 (US\$ 64,483,910)	-	None	-	-	-	-	Market price	Plant expansion	

**TABLE 6**

**POU CHEN CORPORATION AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	The subsidiary in which the Company holds 51.11% indirectly at September 30, 2019	Sale	\$ (8,500,565)	(99)	D/A 45 days			\$ 2,040,860	98	
	San Fang Chemical Industry Co., Ltd.	Both Pou Chien Enterprise Co., Ltd. and Yue Dean Technology Corporation are directors of the Company	Purchase	111,565	2	D/A 45 days			(13,858)	(1)	
Yue Yuen Industrial (Holdings) Limited	Cohen Enterprises Inc.	Investee accounted for by the equity method	Sale	(295,400) (US\$ 9,509,000)	-	D/A 45 days			6,487 (US\$ 209,000)	-	
	Pou Chen Corporation	The parent company	Purchase	8,500,565 (US\$ 273,747,350)	6	D/A 45 days			(2,040,860) (US\$ (65,749,356))	(12)	
	Ka Yuen Rubber Factory Limited	Investee accounted for by the equity method	Purchase	1,186,231 (US\$ 38,196,000)	1	D/A 45 days			(392,470) (US\$ (12,644,000))	(2)	
	Twinways Investments Limited	Investee accounted for by the equity method	Purchase	1,145,614 (US\$ 36,884,000)	1	D/A 45 days			(425,838) (US\$ (13,719,000))	(2)	
	Cohen Enterprises Inc.	Investee accounted for by the equity method	Purchase	367,843 (US\$ 11,848,000)	-	D/A 45 days			(120,249) (US\$ (3,874,000))	(1)	
	Top Units Developments Ltd.	Investee accounted for by the equity method	Purchase	398,913 (US\$ 12,849,000)	-	D/A 45 days			(97,310) (US\$ (3,135,000))	(1)	
	San Fang Chemical Industry Co., Ltd.	Investee accounted for by the equity method	Purchase	1,105,742 (US\$ 35,610,000)	1	D/A 45 days			(423,386) (US\$ (13,640,000))	(2)	
	Eastlion Industrial Ltd.	Investee accounted for by the equity method	Purchase	1,007,962 (US\$ 32,448,000)	1	D/A 45 days			(317,167) (US\$ (10,218,000))	(2)	
	Great Skill Industrial Limited	Investee accounted for by the equity method	Purchase	343,113 (US\$ 11,037,000)	-	D/A 45 days			(112,861) (US\$ (3,636,000))	(1)	

**POU CHEN CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**SEPTEMBER 30, 2019**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	The subsidiary in which the Company holds 51.11% indirectly at September 30, 2019	\$ 2,040,860	8	\$ -	-	\$ 1,288,870	\$ -

**POU CHEN CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	a	Operating revenue	\$ 8,500,565	D/A 45 days	4
		Yue Yuen Industrial (Holdings) Limited	a	Accounts receivable	2,040,860	D/A 45 days	1

Note 1: The Company and its subsidiaries are coded as follows:

- a. The Company is coded "0".
- b. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of relationship is as follows:

- a. From the parent company to its subsidiary.
- b. From a subsidiary to its parent company.
- c. Between subsidiaries.

Note 3: The percentage calculation is based on the consolidated total operating revenue or total assets. For balance sheet items, each item's period-end balance is shown as a percentage to consolidated total assets as of September 30, 2019. For profit or loss items, cumulative amounts are shown as a percentage to the consolidated total operating revenue for the nine months ended September 30, 2019.

## POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2019	December 31, 2018	Shares	%	Carrying Amount			
Pou Chen Corporation	Wealthplus Holding Ltd.	British Virgin Islands	Investing in footwear, electronic and peripheral products	\$ 295,429 (US\$ 9,222,000)	\$ 295,429 (US\$ 9,222,000)	9,222,000	100.00	\$ 79,659,573 (US\$ 2,566,352,238)	\$ 3,762,798 (US\$ 121,228,023)	\$ 3,774,903 (US\$ 121,617,839)	
	Win Fortune Investments Limited	British Virgin Islands	Investing activities	3,230 (US\$ 100,000)	3,230 (US\$ 100,000)	100,000	100.00	2,162,418 (US\$ 69,665,528)	90,442 (US\$ 2,912,072)	90,702 (US\$ 2,920,434)	
	Windsor Hotel Co., Ltd.	No. 610, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan (ROC)	Entertainment and resort operations	400,000	450,000	5,000,000	100.00	58,948	3,053	6,350	
	Pou Shine Investment Co., Ltd.	No. 2, Fugong Rd., Fuxing Township, Changhua County 506, Taiwan (ROC)	Investing activities	1,124,667	1,124,667	133,094,460	100.00	3,485,836	225,358	225,358	
	Pan Asia Insurance Services Co., Ltd.	8F., No. 3, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (ROC)	Agency of property and casualty insurance	5,000	5,000	-	100.00	12,119	1,678	1,678	
	Barits Development Corp.	No. 2, Fugong Rd., Fuxing Township, Changhua County 506, Taiwan (ROC)	Import and export of shoe-related materials and investing activities	2,117,088	2,117,088	251,662,040	99.49	8,273,987	313,833	312,242	
	Pou Yuen Technology Co., Ltd.	No. 4, Fugong Rd., Fuxing Township, Changhua County 506, Taiwan (ROC)	Rental of real estate	966,449	966,449	28,437,147	97.82	326,814	34,049	21,162	
	Pro Arch International Development Enterprise Inc.	No. 8, Gongyequ 11th Rd., Xitun Dist., Taichung City 407, Taiwan (ROC)	Design and manufacture of footwear products	2,643,184	2,643,184	20,000,000	100.00	270,226	30,573	30,871	
	Pou Yii Development Co., Ltd.	1F., No. 71, Dadun 4th St., Nantun Dist., Taichung City 408, Taiwan (ROC)	Rental and sale of real estate	40,320	40,320	7,875,000	15.00	164,682	63,928	9,589	The Company and its associate hold 90.00%
	Wang Yi Construction Co., Ltd.	Rm. 1, 6F., No. 600, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan (ROC)	Construction	7,700	7,700	601,755	7.82	-	(3,294)	88	The Company and its associate hold 97.57%
	Elitegroup Computer Systems Co., Ltd.	No. 239, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Manufacturing of electronic components	3,364,570	3,364,570	70,066,949	12.57	1,373,093	(46,710)	(5,872)	The Company and its associate hold 19.50% and serve as director
	Techview International Technology Inc.	8F., No. 3, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (ROC)	Development and sales of TFT-LCD display	380,115	380,115	75	30.00	-	(718)	-	The Company and its associate hold 50.00%
	Ruen Chen Investment Holding Co., Ltd.	Rm. 1, 13F., No. 308, Sec. 2, Bade Rd., Da'an Dist., Taipei City 106, Taiwan (ROC)	Investment holding	15,230,000	11,150,000	3,531,800,000	20.00	50,533,983	33,603,133	6,720,643	(Note 1)
Wealthplus Holdings Limited	Yue Yuen Industrial (Holdings) Ltd.	22nd Floor, C-Bons International Center., 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong	Manufacturing and sale of athletic and casual footwear and sports apparel	24,199,976 (US\$ 747,132,133)	24,199,976 (US\$ 747,132,133)	806,836,663	50.04	62,426,443 (US\$ 2,011,161,172)	7,124,541 (US\$ 229,437,000)	3,541,794 (US\$ 114,061,814)	The subsidiary in which the Company holds 51.11% indirectly at September 30, 2019 (Note 2)
	Silver Island Trading Ltd.	British Virgin Islands	Sale of electronic components	129,720 (US\$ 4,000,000)	129,720 (US\$ 4,000,000)	4,000,000	50.00	76,538 (US\$ 2,465,793)	35 (US\$ 1,127)	8 (US\$ 265)	
	Venture Well Holdings Ltd.	British Virgin Islands	Sale of electronic components	332,638 (US\$ 10,257,121)	332,638 (US\$ 10,257,121)	10,121,521	31.55	167,763 (US\$ 5,404,729)	21,340 (US\$ 685,247)	6,733 (US\$ 216,230)	
Win Fortune Investments Limited	Yue Yuen Industrial (Holdings) Ltd.	22nd Floor, C-Bons International Center., 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong	Manufacturing and sale of athletic and casual footwear and sports apparel	404,026 (US\$ 12,769,118)	404,026 (US\$ 12,769,118)	17,307,172	1.07	1,339,717 (US\$ 43,160,970)	7,124,541 (US\$ 229,437,000)	78,320 (US\$ 2,521,905)	The subsidiary in which the Company holds 51.11% indirectly at September 30, 2019 (Note 2)
Pou Shine Investments Co., Ltd.	Barits Development Corporation	No. 2, Fugong Rd., Fuxing Township, Changhua County 506, Taiwan (ROC)	Import and export of shoe-related materials and investing activities	2,583	2,583	323,370	0.13	10,590	313,833	401	Subsidiary
	Elitegroup Computer Systems Co., Ltd.	No. 239, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Manufacturing of electronic components	373,347	373,347	11,457,179	2.06	224,528	(46,710)	(960)	The Company and its associate hold 19.50% and serve as director
	Techview International Technology Inc.	8F., No. 3, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (ROC)	Development and sales of TFT-LCD display	34,296	34,296	12	4.80	-	(718)	-	The Company and its associate hold 50.00%
	Nan Shan Life Insurance Company, Ltd.	No. 168, Zhuangjing Rd., Xinyi Dist., Taipei City 110, Taiwan (ROC)	Sale of life insurance	189,920	-	11,870,000	0.09	279,077	37,675,553	16,054	The Company and its associate hold 18.09%
Barits Development Corporation	Song Ming Investments Co., Ltd.	No. 2, Fugong Rd., Fuxing Township, Changhua County 506, Taiwan (ROC)	Investing activities	1,218,879	1,218,879	120,486,400	100.00	2,346,410	132,354	132,354	
	Wang Yi Construction Co., Ltd.	Rm. 1, 6F., No. 600, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan (ROC)	Construction	89,712	89,712	6,910,750	89.75	80,720	(3,294)	(2,956)	The Company and its associate hold 97.57%

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2019	December 31, 2018	Shares	%	Carrying Amount			
	Pou Chin Development Co., Ltd.	10F., No. 600, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan (ROC)	Agency of land demarcation	\$ 200,000	\$ 200,000	20,000,000	100.00	\$ 198,944	\$ (1,179)	\$ (1,179)	
	Yu Hong Development Co., Ltd.	13F., No. 600, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan (ROC)	Development of real estate	240,000	240,000	24,000,000	100.00	169,417	(6,748)	(6,748)	
	Elitegroup Computer Systems Co., Ltd.	No. 239, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Manufacturing of electronic components	348,159	348,159	24,109,451	4.32	472,466	(46,710)	(2,020)	The Company and its associate hold 19.50% and serve as director
	Techview International Technology Inc.	8F., No. 3, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (ROC)	Development and sales of TFT-LCD display	128,610	128,610	19	7.60	-	(718)	-	The Company and its associate hold 50.00%
	Nan Shan Life Insurance Company, Ltd.	No. 168, Zhuangjing Rd., Xinyi Dist., Taipei City 110, Taiwan (ROC)	Sale of life insurance	189,920	-	11,870,000	0.09	279,077	37,675,553	16,054	The Company and its associate hold 18.09%
Wang Yi Construction Co., Ltd.	Elitegroup Computer Systems Co., Ltd.	No. 239, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Manufacturing of electronic components	30,838	30,838	924,148	0.17	18,111	(46,710)	(77)	The Company and its associate hold 19.50% and serve as director
Song Ming Investments Co., Ltd.	Pou Yii Development Co., Ltd.	1F., No. 71, Dadun 4th St., Nantun Dist., Taichung City 408, Taiwan (ROC)	Rental and sale of real estate	262,500	262,500	39,375,000	75.00	823,409	63,928	47,946	The Company and its associate hold 90.00%
	Pou Yuen Technology Co., Ltd.	No. 4, Fugong Rd., Fuxing Township, Changhua County 506, Taiwan (ROC)	Rental of real estate	21,240	21,240	578,170	1.99	13,381	34,049	677	Subsidiary
	Elitegroup Computer Systems Co., Ltd.	No. 239, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Manufacturing of electronic components	21,725	21,725	2,147,558	0.38	42,087	(46,710)	(180)	The Company and its associate hold 19.50% and serve as director
Pou Yuen Technology Co., Ltd.	Vantage Capital Investments Limited	British Virgin Islands	Investment holding	215,342	215,342	14,539,767	100.00	20,251	(1,620)	(1,620)	
	Techview International Technology Inc.	8F., No. 3, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (ROC)	Development and sales of TFT-LCD display	(US\$ 6,523,222)	(US\$ 6,523,222)	19	7.60	(US\$ 652,422)	(US\$ (52,228))	(US\$ (52,228))	The Company and its associate hold 50.00%
Yue Yuen Industrial (Holdings) Limited	Eagle Nice (International) Holdings Limited	British Cayman Islands	Manufacturing of wearing apparel and clothing accessories	1,297,712	1,325,223	192,000,000	36.09	2,422,066	618,958	223,383	
	Full Pearl International Ltd.	British Virgin Islands	Sale of women's shoes	(US\$ 40,015,775)	(US\$ 40,864,107)	1,319	40.04	(US\$ 78,030,480)	(US\$ 19,835,195)	(US\$ 7,158,522)	
	Oftenrich Holdings Limited	Bermuda	Manufacturing and sale of footwear	381,878	381,878	5,400	45.00	422,093	(23,126)	(9,259)	
	Pine Wood Industries Limited	British Virgin Islands	Manufacturing and sale of fabric	(US\$ 12,226,424)	(US\$ 12,226,424)	2,849,000	37.00	(US\$ 13,598,367)	(US\$ (748,342))	(US\$ (299,636))	
	Prosperous Industrial (Holdings) Ltd.	British Cayman Islands	Manufacturing and sale of gym bags	1,339,783	1,339,783	252,000,000	22.50	2,450,978	260,203	117,091	
	Supplyline Logistics Ltd.	Hong Kong	Logistics service provider	(US\$ 42,210,159)	(US\$ 42,210,159)	4,612	49.00	(US\$ 78,961,907)	(US\$ 8,355,620)	(US\$ 3,760,029)	
	San Fang Chemical Industry Co., Ltd.	ROC	Manufacturing and sale of synthetic leather	92,393	92,393	177,908,075	44.72	206,566	42,518	15,732	
	Tien Pou International Ltd.	British Virgin Islands	Investment holding	(US\$ 2,849,000)	(US\$ 2,849,000)	-	-	(US\$ 6,654,837)	(US\$ 1,370,354)	(US\$ 507,031)	
	Nan Pao Resins Chemical Co., Ltd.	ROC	Manufacturing and sale of chemical materials	583,740	583,740	21,205,248	17.59	1,235,781	106,806	24,031	
	Bigfoot Limited	British Virgin Islands	Fabric trade/dyeing, finishing and processing of fabric/footwear material fitting	(US\$ 18,000,000)	(US\$ 18,000,000)	3,964,188	48.76	(US\$ 39,812,538)	(US\$ 3,421,889)	(US\$ 769,925)	
	Enthroned Group Limited	British Virgin Islands	Investment holding	255,097	250,496	4,876	48.76	-	2,990	-	
	Just Lucky Investments Limited	British Virgin Islands	Property management	(US\$ 7,961,608)	(US\$ 7,813,063)	808,130	38.30	(US\$ 84,628)	13,466	5,157	
	Natural Options Limited	British Virgin Islands	Manufacturing of foam	2,696,757	2,696,757	340,870	38.30	4,476,022	355,094	158,798	
	Rise Bloom International Limited	Hong Kong	Investment holding	(US\$ 83,192,794)	(US\$ 83,192,794)	760,000	38.00	(US\$ 144,201,745)	(US\$ 11,431,322)	(US\$ 5,112,087)	
	Prosperlink Limited	Samoa	Investment holding	-	369,662	570,000	38.00	-	(140,082)	(56,033)	
	Pou Ming Paper Products Manufacturing Co., Ltd.	British Virgin Islands	Manufacturing of paper products	(US\$ 11,740,355)	(US\$ 11,740,355)	1,000,000	20.00	(US\$ 4,512,308))	(US\$ (4,512,308))	(US\$ (1,804,923))	
	Best Focus Holdings Ltd.	British Virgin Islands	Manufacturing and sale of shoe box	539,797	539,797	5,000,000	50.00	1,638,367	815,741	143,489	
	Great Skill Industrial Limited	British Virgin Islands	Manufacturing and sale of plastic shoe material injection crepe	(US\$ 16,873,924)	(US\$ 16,873,924)	2,130,000	50.00	(US\$ 52,782,438)	(US\$ 26,205,037)	(US\$ 4,609,466)	
	Hua Jian Industrial Holding Co., Limited	British Virgin Islands	Manufacturing and sale of women's shoes	59,773	138,837	1	50.00	65,422	4,311	2,102	
				(US\$ 1,843,139)	(US\$ 4,281,139)			(US\$ 2,107,655)	(US\$ 138,724)	(US\$ 67,642)	
				158	158			151	-	-	
				(US\$ 4,876)	(US\$ 4,876)			(US\$ 4,876)			
				26,207	26,207			67,181	13,466	5,157	
				(US\$ 808,130)	(US\$ 808,130)			(US\$ 2,164,327)	(US\$ 432,470)	(US\$ 165,636)	
				11,144	11,144			6,855	(59)	(23)	
				(US\$ 343,638)	(US\$ 343,638)			(US\$ 220,829)	(US\$ (1,890))	(US\$ (724))	
				24,312	24,312			48,531	4,132	1,570	
				(US\$ 760,000)	(US\$ 760,000)			(US\$ 1,563,485)	(US\$ 132,697)	(US\$ 50,425)	
				17,432	17,432			24,482	2,463	936	
				(US\$ 570,000)	(US\$ 570,000)			(US\$ 788,722)	(US\$ 79,168)	(US\$ 30,084)	
				66,937	66,937			26,639	29,908	5,982	
				(US\$ 2,163,800)	(US\$ 2,163,800)			(US\$ 858,206)	(US\$ 960,640)	(US\$ 192,128)	
				162,150	162,150			69,533	127,755	63,878	
				(US\$ 5,000,000)	(US\$ 5,000,000)			(US\$ 2,240,096)	(US\$ 4,095,344)	(US\$ 2,047,672)	
				68,882	68,882			115,013	30,894	15,447	
				(US\$ 2,130,000)	(US\$ 2,130,000)			(US\$ 3,705,311)	(US\$ 994,162)	(US\$ 497,081)	
				771,201	771,201			1,202,201	(408,420)	(204,210)	
				(US\$ 23,780,485)	(US\$ 23,780,485)			(US\$ 38,730,711)	(US\$ (13,170,368))	(US\$ (6,585,184))	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2019	December 31, 2018	Shares	%	Carrying Amount			
	Jumbo Power Enterprises Limited	British Virgin Islands	Manufacturing and sale of footwear	\$ 259,742 (US\$ 8,000,000)	\$ 259,742 (US\$ 8,000,000)	50	50.00	\$ 535,229 (US\$ 17,243,201)	\$ 144,179 (US\$ 4,633,974)	\$ 72,090 (US\$ 2,316,987)	
	Ka Yuen Rubber Factory Limited	British Virgin Islands	Manufacturing and sale of rubber sole	564,782 (US\$ 17,500,000)	564,782 (US\$ 17,500,000)	17,500,000	50.00	709,344 (US\$ 22,852,576)	199,889 (US\$ 6,434,012)	99,945 (US\$ 3,217,006)	
	Willpower Industries Limited	British Virgin Islands	Manufacturing and sale of paper products	221,001 (US\$ 6,950,000)	221,001 (US\$ 6,950,000)	6,950,000	44.84	876,719 (US\$ 28,244,826)	150,253 (US\$ 4,828,374)	67,373 (US\$ 2,165,043)	
	Blessland Enterprises Limited	British Virgin Islands	Manufacturing and sale of insole	39,852 (US\$ 1,232,414)	39,852 (US\$ 1,232,414)	1,175,000	50.00	37,304 (US\$ 1,201,817)	(4,153) (US\$ (132,842))	(2,077) (US\$ (66,421))	
	Cohen Enterprises Inc.	British Virgin Islands	Manufacturing and sale of footwear leather products	623,276 (US\$ 20,215,015)	623,276 (US\$ 20,215,015)	20,000,000	50.00	568,379 (US\$ 18,311,190)	45,180 (US\$ 1,459,296)	22,590 (US\$ 729,648)	
	Twinways Investments Limited	British Virgin Islands	Manufacturing and sale of footwear accessory injection crepe	551,432 (US\$ 17,500,000)	551,432 (US\$ 17,500,000)	17,500,000	50.00	1,327,393 (US\$ 42,763,960)	374,538 (US\$ 12,055,314)	187,269 (US\$ 6,027,657)	
	Top Units Developments Ltd.	British Virgin Islands	Manufacturing of footwear accessories	418,997 (US\$ 14,079,196)	418,997 (US\$ 14,079,196)	5,390,000	49.00	678,985 (US\$ 21,874,508)	318,408 (US\$ 10,250,100)	156,020 (US\$ 5,022,549)	

Note 1: The Company received a request by the FSC to provide 490,000 thousand ordinary shares of Ruen Chen in the custody of the trust department of First Bank, and the trust period is ten years.

Note 2: The Company placed 61,295 thousand ordinary shares of Yue Yuen in the custody of the trust department of Mega Bank. The Company terminated the placement of the shares in the custody of Mega Bank and retrieved the shares on October 22, 2019.

(Concluded)

## POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019  
(In Thousands of New Taiwan Dollars, US Dollars and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2019	Accumulated Repatriation of Investment Income as of September 30, 2019	Note
					Outward	Inward							
Great Team Backend Foundry, Inc.	Processing and manufacturing of transistors	\$ 328,100 (US\$ 10,000,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 22,372 (RMB 4,894,845)	6.89	\$ -	\$ 141,542 (RMB 32,538,483)	\$ -	(Note 3)
Yue-Shen (Taicang) Footwear Co., Ltd.	Finished shoes, semi-finished products, components and production and marketing of moulds	554,646 (US\$ 17,100,000)	b	-	-	-	-	1,986 (RMB 416,389)	31.79	626 (RMB 131,221) b, 1)	237,817 (RMB 54,670,535)	-	
Dongguan Yuming Electronic Technology Co., Ltd.	Production and marketing of over 17 inches color-image monitor, motherboards and other products	475,745 (US\$ 14,500,000)	b	-	-	-	-	(273) (RMB (60,355))	100.00	(273) (RMB (60,355)) b, 2)	306,419 (RMB 70,441,048)	-	
Dongguan Gaocheng Precision Injection Molding Technology Co., Ltd.	Mould, plastic case for mobile phones	395,526 (US\$ 12,055,034)	b	-	-	-	-	(320) (RMB (68,763))	100.00	(320) (RMB (68,763)) b, 2)	50,010 (RMB 11,496,661)	-	
Haicheng (Shanghai) Information Technology Co., Ltd.	Sales and production of desktop computers, notebook computers, CRT monitors, PDA handheld computers, etc.	393,720 (US\$ 12,000,000)	b	-	-	-	-	-	-	- b, 2)	-	-	
Yue Cheng (Kun Shan) Sports Co., Ltd.	Operating sporting goods and equipment, spare parts production and marketing business	435,402 (US\$ 14,200,000)	b	-	-	-	-	149,647 (RMB 33,094,867)	31.79	47,500 (RMB 10,504,881) b, 1)	874,087 (RMB 200,939,525)	-	
Zhongshan Bao Ji Clothing Co., Ltd.	Production and marketing of sportswear	82,025 (US\$ 2,500,000)	b	-	-	-	-	565 (RMB 125,146)	48.68	275 (RMB 60,813) b, 1)	6,077 (RMB 1,396,925)	-	
Dongguan Baoqiao Electronic Technology Co., Ltd.	Production and marketing of other optical appliances and instruments	147,645 (US\$ 4,500,000)	b	-	-	-	-	20,585 (RMB 4,564,125)	100.00	20,585 (RMB 4,564,125) b, 2)	144,011 (RMB 33,106,029)	-	
Long Chuan Pou Yuan Shoe Co., Ltd.	Production of sports shoes, casual shoes, leather shoes and other footwear	262,480 (US\$ 8,000,000)	b	-	-	-	-	-	51.11	- b, 1)	-	-	
Poushun Paper Products Manufacturing Co., Ltd.	Production and sale of shoe inner boxes, cartons	68,901 (US\$ 2,100,000)	b	-	-	-	-	301 (RMB 65,809)	10.22	31 (RMB 6,740) b, 1)	9,803 (RMB 2,253,465)	-	
Beijing Advazone Electronic Limited Company	Development and production of computer software	512,019 (US\$ 16,100,000)	b	-	-	-	-	(233) (RMB (51,203))	32.00	(74) (RMB (16,345)) b, 2)	33,729 (RMB 7,753,907)	-	
Pouhong Footwear Industrial Ltd.	Production and operation of leisure shoes, sports shoes	49,215 (US\$ 1,500,000)	b	-	-	-	-	6,221 (RMB 1,373,749)	51.11	3,174 (RMB 700,953) b, 1)	42,355 (RMB 9,736,769)	-	
Shanggao Yisen Industry Co., Ltd.	Production and sale of finished shoes, semi-finished products, components and moulds	660,404 (US\$ 20,390,000)	b	-	-	-	-	142,099 (RMB 31,384,192)	51.11	72,520 (RMB 16,016,992) b, 1)	823,448 (RMB 189,298,338)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2019	Accumulated Repatriation of Investment Income as of September 30, 2019	Note
					Outward	Inward							
Bao Hong (Yangzhou) Shoes Co., Ltd.	Production of needles, woven garments, footwear and sales of self-produce products	\$ 1,841,686 (US\$ 61,291,800)	b	\$ -	\$ -	\$ -	\$ (74,613) (RMB (16,517,623))	51.11	\$ (38,071) (RMB (8,428,158)) b, 1)	\$ 535,432 (RMB 123,087,803)	\$ -		
Dong Guan Yu Yuen Mold Co., Ltd.	Production and sale of molds for non-metallic products	62,011 (US\$ 1,890,000)	b	-	-	-	1,935 (RMB 428,316)	51.11	987 (RMB 218,507) b, 1)	41,389 (RMB 9,514,604)	-		
Zhong Shan Glory Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	951,490 (US\$ 29,000,000)	b	-	-	-	(340,261) (RMB (75,728,336))	23.00	(78,160) (RMB (17,395,424)) b, 2)	518,365 (RMB 119,164,297)	-		
Zhong Shan Lu Mei Da Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	39,372 (US\$ 1,200,000)	b	-	-	-	471 (RMB 104,126)	23.00	108 (RMB 23,911) b, 2)	9,947 (RMB 2,286,636)	-		
Zhong Ao Multiplex Management Group Co., Ltd.	Stadium management, wholesale and retail of clothing and footwear accessories	2,055,560 (RMB 431,795,000)	b	-	-	-	48,361 (RMB 10,510,417)	20.34	9,814 (RMB 2,132,903) b, 1)	557,638 (RMB 128,192,531)	-		
ShangGao Yisen Ka Yuen Industry Co., Ltd.	Production and sale of footwear products	77,432 (US\$ 2,360,000)	b	-	-	-	(1,816) (RMB (401,677))	25.56	(462) (RMB (102,216)) b, 1)	24,162 (RMB 5,554,370)	-		
Bao Sheng Dao Ji (BeiJing) Trading Company Ltd.	Retail business of sports goods and accessories	1,988,061 (US\$ 65,000,000)	b	-	-	-	91,839 (RMB 20,343,687)	31.79	29,156 (RMB 6,458,593) b, 1)	1,084,344 (RMB 249,274,564)	-		
Qingdao Pou-Sheng International Sport Products Co., Ltd.	Sales of sports and leisure shoes and accessories	94,800 (RMB 20,000,000)	b	-	-	-	297,302 (RMB 65,607,662)	22.89	67,940 (RMB 14,992,842) b, 1)	178,446 (RMB 41,022,070)	-		
Guizhou Pou-Sheng Sport Products Co., Ltd.	Sales of sports and leisure shoes and accessories	322,886 (US\$ 10,000,000)	b	-	-	-	25,528 (RMB 5,671,465)	31.79	8,102 (RMB 1,800,060) b, 1)	129,662 (RMB 29,807,269)	-		
Nanning Pou-Kung Sport Products Co., Ltd.	Retail business of sports goods and accessories	42,653 (US\$ 1,300,000)	b	-	-	-	(12,309) (RMB (2,863,636))	31.79	(3,919) (RMB (911,556)) b, 1)	7,094 (RMB 1,630,757)	-		
Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	Retail business of sports goods and accessories	1,567,250 (US\$ 50,000,000)	b	-	-	-	572,163 (RMB 126,026,822)	31.79	181,500 (RMB 39,978,066) b, 1)	1,523,222 (RMB 350,165,956)	-		
Diodite (China) Sports Good Co., Ltd.	Retail and wholesale business of sporting goods and accessories	639,800 (US\$ 20,000,000)	b	-	-	-	1,939 (RMB 430,024)	31.79	615 (RMB 136,482) b, 1)	44,305 (RMB 10,185,099)	-		
Taicang YYSPO RTS Business Trading Co., Ltd.	Retail business of sports goods and accessories series products	164,050 (US\$ 5,000,000)	b	-	-	-	(2,006) (RMB (439,338))	31.79	(636) (RMB (139,323)) b, 1)	127,547 (RMB 29,321,250)	-		
Yangzhou Baoyi Shoes Manufacturing Co., Ltd.	Vulcanized shoes, sports shoes, leisure shoes and other footwear manufacturing, marketing	729,906 (US\$ 22,456,800)	b	-	-	-	147,403 (RMB 32,718,867)	25.56	37,623 (RMB 8,351,163) b, 1)	289,309 (RMB 66,507,803)	-		
Dalian YYSPO RTS Sport Industrial Development Co., Ltd.	Development and sale of sports goods, clothing, shoes and hats, fitness equipment and related products	928,000 (RMB 200,000,000)	b	-	-	-	(8,849) (RMB (1,939,674))	31.79	(2,806) (RMB (615,073)) b, 1)	446,819 (RMB 102,717,095)	-		
YYSPO RTS (Chengdu) Business Trading Co., Ltd.	Retail business of sports goods and accessories	689,194 (US\$ 22,400,000)	b	-	-	-	(22,035) (RMB (4,934,736))	31.79	(6,996) (RMB (1,566,863)) b, 1)	155,484 (RMB 35,743,512)	-		

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2019	Accumulated Repatriation of Investment Income as of September 30, 2019	Note
					Outward	Inward							
Fujian Baomin Sporting Goods Co., Ltd.	Retail business of sports goods and accessories	\$ 147,645 (US\$ 4,500,000)	b	\$ -	\$ -	\$ -	\$ 227 (RMB 50,210)	28.61	\$ 65 (RMB 14,341) b, 1)	\$ 68,501 (RMB 15,747,271)	-		
Guangzhou Pou-Yuen Trading Co., Ltd.	Retail business of sports goods and accessories	710,251 (US\$ 23,310,000)	b	-	-	-	(27,659) (RMB (6,150,572))	31.79	(8,783) (RMB (1,953,107)) b, 1)	242,757 (RMB 55,806,264)	-		
Dragon Light (China) Sporting Goods Co., Ltd.	Development and sale of sports goods, clothing, shoes and hats, fitness equipment and related products	2,111,340 (US\$ 66,000,000)	b	-	-	-	26,789 (RMB 5,989,147)	31.79	8,505 (RMB 1,901,499) b, 1)	408,215 (RMB 93,842,546)	-		
Shend Dao (Yang Zhou) Sporting Goods Dev Co., Ltd.	Shopping mall management and property management	2,111,340 (US\$ 66,000,000)	b	-	-	-	29,860 (RMB 6,617,525)	31.79	9,476 (RMB 2,100,097) b, 1)	670,404 (RMB 154,115,898)	-		
Zhong Shan Pou Feng Mold Limited	Production and operation mould	85,306 (US\$ 2,600,000)	b	-	-	-	1,022 (RMB 225,346)	51.11	521 (RMB 114,949) b, 1)	42,535 (RMB 9,778,275)	-		
Dong Guan Pou Yuan Paper Products Ltd.	Production and sales of packaging and decoration prints	56,436 (US\$ 1,750,000)	b	-	-	-	220 (RMB 48,375)	51.11	112 (RMB 24,678) b, 1)	14,801 (RMB 3,402,461)	-		
Zhong Shan O Li Su Shoe Making Machine Ltd.	Manufacturing shoes and boots or repairing machinery	157,134 (US\$ 5,100,000)	b	-	-	-	(13,669) (RMB (3,016,894))	51.11	(6,975) (RMB (1,539,440)) b, 2)	7,858 (RMB 1,806,481)	-		
Shaanxi Pousheng Trading Co., Ltd.	Engaged in wholesale, retail and import and export business of sports goods, fitness equipment and sportswear	2,012,320 (US\$ 66,000,000)	b	-	-	-	993,643 (RMB 219,808,667)	31.79	315,376 (RMB 69,766,158) b, 1)	2,347,136 (RMB 539,571,483)	-		
Taicang Yue-Shen Sporting Goods Co., Ltd.	Engaged in the production and sales of shoe products, semi-finished products, moulds and related sports goods.	393,720 (US\$ 12,000,000)	b	-	-	-	(3,239) (RMB (748,812))	31.79	(1,031) (RMB (238,372)) b, 1)	497,026 (RMB 114,258,950)	-		
Hangzhou Pou-Hung Sport Products Co., Ltd.	Design, development, production and processing of sports goods, sports instruments, sportswear, sports shoes and accessories	67,308 (RMB 14,200,000)	b	-	-	-	-	15.90	- b, 1)	-	-		
Yangzhou Yijian Software Tech Co., Ltd.	Integration of software and hardware sales service systems (excluding IC design)	35,803 (US\$ 1,170,000)	b	-	-	-	22,607 (RMB 4,963,264)	51.11	11,538 (RMB 2,533,244) b, 1)	13,765 (RMB 3,164,452)	-		
Rui Jin Pou Yuen Footwear Development Co., Ltd.	Production and sale of sports shoes, leisure shoes and semi-finished products	356,697 (US\$ 12,000,000)	b	-	-	-	(78,900) (RMB (17,383,155))	51.11	(40,247) (RMB (8,867,244)) b, 1)	152,073 (RMB 34,959,358)	-		
Yang Xin Pou Jia Shoes Manufacturing Co., Ltd.	Production and sale of shoes uppers, footwear and garments	1,391,195 (US\$ 45,500,000)	b	-	-	-	(98,995) (RMB (21,654,580))	51.11	(50,489) (RMB (11,044,198)) b, 1)	703,967 (RMB 161,831,423)	-		
Bou Jin (Yangzhou) Garments Co., Ltd.	Production and sale of sportswear, casual wear, etc.	698,853 (US\$ 21,300,000)	b	-	-	-	(11,213) (RMB (2,257,846))	20.44	(2,280) (RMB (458,958)) b, 1)	16,473 (RMB 3,787,011)	-		
Jiangxi Province Yutai Shoe Co., Ltd.	Production and sale of footwear products and semi-finished products	468,425 (US\$ 15,000,000)	b	-	-	-	109,580 (RMB 24,761,630)	51.11	55,964 (RMB 12,646,058) b, 1)	(12,537) (RMB (2,882,175))	-		

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2019	Accumulated Repatriation of Investment Income as of September 30, 2019	Note
					Outward	Inward							
Dongguan Yu Xiang Shoes Material Co., Ltd.	Production and sale of footwear products	\$ 295,820 (US\$ 9,500,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 74,720 (RMB 16,695,258)	51.11	\$ 38,155 (RMB 8,525,272) b, 1)	\$ 245,603 (RMB 56,460,420)	\$ -	
Chen Zhou Glory Shoes Ind., Ltd.	Production and sale of sports shoes, leisure shoes and leather shoes and semi-finished products	59,610 (US\$ 2,000,000)	b	-	-	-	-	(58,565) (RMB (13,187,247))	23.00	(13,458) (RMB (3,030,427)) b, 2)	52 (RMB 11,901)	-	
Jiang Xi Hwa Ching Foam Ltd.	Manufacturing and sale of plastic foam, plastic packaging materials and other plastic products	63,600 (US\$ 2,000,000)	b	-	-	-	-	7,459 (RMB 1,659,943)	19.42	1,447 (RMB 322,095) b, 1)	17,639 (RMB 4,054,863)	-	
Dong Guan Yue Tai Shoe Material Company Limited	Production and sale of footwear products	70,153 (US\$ 2,202,580)	b	-	-	-	-	144 (RMB 31,839)	25.56	(37) (RMB (8,134)) b, 1)	-	-	
Yue Yuen (Anfu) Footwear Co., Ltd.	Production and marketing of finished shoes, semi-finished products and components and modules	1,763,350 (US\$ 60,000,000)	b	-	-	-	-	160,884 (RMB 35,426,001)	51.11	82,089 (RMB 18,075,719) b, 1)	1,035,090 (RMB 237,951,792)	-	
Dong Guan Bao Yu Shoes Co., Ltd.	Production and sale of sports shoes, leisure shoes, leather shoes, children's shoes, semi-finished footwear and footwear materials	66,780 (US\$ 2,100,000)	b	-	-	-	-	-	51.11	- b, 1)	35,831 (RMB 8,236,989)	-	
Beijing Baojing Kang Tai Trading Co., Ltd.	Wholesale and retail of sporting goods, sporting instruments and clothing, shoes and hats	261,797 (US\$ 8,940,000)	b	-	-	-	-	-	15.90	- b, 1)	-	-	
Kun Shan Pou-chi Sports Co., Ltd.	Wholesale, commission agency, import and export business of sports goods, sports equipment, clothing, shoes, caps and packaging and related design, technical consultation and service	399,539 (US\$ 13,500,000)	b	-	-	-	-	223,109 (RMB 49,256,214)	31.79	70,788 (RMB 15,628,136) b, 1)	283,033 (RMB 65,064,979)	-	
Yangzhou Baoyuan Shoes Co., Ltd.	Production and sale of sports shoes, sportswear, leisure shoes and sports goods	145,650 (US\$ 5,000,000)	b	-	-	-	-	-	31.79	- b, 1)	-	-	
Dongguan Yuancheng Shoes Material Co., Ltd.	Production and sale of footwear products	92,486 (US\$ 2,850,000)	b	-	-	-	-	(21) (RMB (4,595))	25.56	(5) (RMB (1,148)) b, 1)	22,843 (RMB 5,251,267)	-	
Dongguan De Chang Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US\$ 350,000)	b	-	-	-	-	9,318 (RMB 2,058,209)	51.11	4,754 (RMB 1,050,064) b, 1)	20,101 (RMB 4,620,980)	-	
Zhong Shan Bao Song Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US\$ 350,000)	b	-	-	-	-	11,890 (RMB 2,619,807)	51.11	6,067 (RMB 1,336,750) b, 1)	19,114 (RMB 4,393,971)	-	
Yiyang Yujing Shoes Industrial Co., Ltd.	Production and sale of finished and semi-finished sports shoes and leisure shoes	743,983 (US\$ 24,000,000)	b	-	-	-	-	(14,142) (RMB (3,127,495))	51.11	(7,215) (RMB (1,595,740)) b, 1)	25,753 (RMB 5,920,145)	-	
Dong Guan YuZhan Shoes Co., Ltd.	Prepare sports shoes, leisure shoes, leather shoes, children's shoes, semi-finished shoes and shoes material items	557,490 (US\$ 19,100,000)	b	-	-	-	-	-	51.11	- b, 1)	-	-	
Jiangxi Uniscien Consulting Co., Ltd.	Business management consultation, marketing planning and other services	10,442 (US\$ 350,000)	b	-	-	-	-	3,872 (RMB 859,461)	51.11	1,976 (RMB 438,582) b, 1)	15,219 (RMB 3,498,571)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2019	Accumulated Repatriation of Investment Income as of September 30, 2019	Note
					Outward	Inward							
Yu Xing (Jishui) Footwear Co., Ltd.	Production and sale of sports shoes	\$ 183,840 (US\$ 6,400,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 126,323 (RMB 28,515,919)	51.11	\$ 64,512 (RMB 14,562,788) b, 1)	\$ (39,586) (RMB (9,100,340))	\$ -	
Dongguan Xingtai Consulting Co., Ltd.	Business management consultation, marketing planning and other services	41,945 (US\$ 1,400,000)	b	-	-	-	-	7,907 (RMB 1,749,213)	51.11	4,035 (RMB 892,529) b, 1)	33,488 (RMB 7,698,278)	-	
Yang Xin Zhang Yuan Shoe Co., Ltd.	Production and sale of footwear products	61,029 (US\$ 2,100,000)	b	-	-	-	-	(1,217) (RMB (269,210))	25.56	(311) (RMB (68,692)) b, 1)	7,120 (RMB 1,636,794)	-	
YangXin Pou Jia Yuen Shoes Manufacturing Co., Ltd.	Production and sale of rubber soles	72,990 (US\$ 2,500,000)	b	-	-	-	-	(11,815) (RMB (2,586,645))	25.56	(3,013) (RMB (659,607)) b, 1)	16,897 (RMB 3,884,448)	-	
Pou Sheng (China) Investment Co., Ltd.	Business of investment, technical services and wholesale, import and export sports goods, sportswear, sports shoes and leisure shoes	4,550,741 (US\$ 152,922,400)	b	-	-	-	-	162,516 (RMB 35,590,941)	31.79	51,518 (RMB 11,282,338) b, 1)	1,226,148 (RMB 281,873,047)	-	
Yichun Yisen Industry Co., Ltd.	Production and sale of footwear and mold products	410,130 (US\$ 14,000,000)	b	-	-	-	-	43,099 (RMB 9,698,302)	51.11	22,031 (RMB 4,957,247) b, 1)	342,215 (RMB 78,670,182)	-	
Zhong Xiang Yue-Shen Sporting Goods Co., Ltd.	Production, processing of shoes, semi-finished products, moulds and related sporting goods, sales of self-produce products	94,380 (US\$ 3,250,000)	b	-	-	-	-	(1,147) (RMB (251,508))	51.11	(585) (RMB (128,243)) b, 1)	(6,018) (RMB (1,383,522))	-	
Dong Guan Yurui Electronic Technology Co., Ltd.	Processing and manufacturing of electronic products such as computer peripheral equipment	87,120 (US\$ 3,000,000)	b	-	-	-	-	-	51.11	- b, 1)	-	-	
Zhang Shan Shi Bi Fu Material Co., Ltd.	Production and operation of knitted fabrics and carbon fiber shoes, especially for shoes, sports shoes, etc.	43,290 (US\$ 1,395,000)	b	-	-	-	-	5,218 (RMB 1,135,935)	24.92	1,300 (RMB 282,917) b, 1)	12,170 (RMB 2,797,623)	-	
Dong Guan Pou Chen Footwear Company Limited	Production and sale of footwear products, semi-finished footwear products and accessories, moulding tools and engaged in the wholesale and import and export business of footwear products	850,131 (RMB 177,000,000)	b	-	-	-	-	122,478 (RMB 26,802,258)	51.11	62,485 (RMB 13,673,751) b, 1)	894,095 (RMB 205,539,069)	-	
Dongguan Yusheng Shoe Industry Co., Ltd.	Production and sale of finished shoes, semi-finished shoes and mold products and engaged in research and development of shoes, finished shoes, mold products	883,824 (RMB 184,000,000)	b	-	-	-	-	34,243 (RMB 7,584,446)	51.11	17,488 (RMB 3,873,330) b, 1)	846,663 (RMB 194,635,165)	-	
Dong Guan Yue Yuan Footwear Products Company Limited	Production and sale of footwear products, semi-finished footwear products, mold products and engaged in wholesale and import and export business of footwear products	860,086 (RMB 179,000,000)	b	-	-	-	-	13,000 (RMB 3,048,299)	51.11	6,652 (RMB 1,559,556) b, 1)	294,937 (RMB 67,801,664)	-	
Dong Guan Yue Lei Plastic Company Limited	Prepare for research and development of shoe materials and composite materials	37,960 (RMB 7,800,000)	b	-	-	-	-	-	51.11	- b, 1)	-	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2019	Accumulated Repatriation of Investment Income as of September 30, 2019	Note
					Outward	Inward							
Jilin Xinfangwei Sports Goods Company Limited	Sports goods sales	\$ 196,160 (RMB 40,000,000)	b	\$ -	\$ -	\$ -	\$ -	\$ -	15.90	\$ - b, 1)	\$ -	\$ -	
Zhang Yuan (Dong Guan) Shoe Materials Co., Ltd.	Prepare for research and development of shoe materials and composite materials	114,804 (RMB 23,000,000)	b	-	-	-	-	15,282 (RMB 3,351,902)	25.56	3,895 (RMB 854,393) b, 1)	40,682 (RMB 9,352,112)	-	
Dong Guan Jia Yuan Shoe Materials Products Company Limited	Prepare shoe material	108,805 (RMB 21,600,000)	b	-	-	-	-	4,278 (RMB 941,649)	51.11	2,183 (RMB 480,499) b, 1)	52,288 (RMB 12,020,242)	-	
Dong Guan Yue Guan Paper Products Co., Ltd.	Production and sale of cartons and engaged in research and development of cartons	48,693 (RMB 10,000,000)	b	-	-	-	-	134 (RMB 30,508)	10.22	14 (RMB 3,127) b, 1)	4,395 (RMB 1,010,374)	-	
Kun Shan YYSPO RTS E-Commerce Co., Ltd.	Network technology development, technical consultation, technical services and retail and wholesale of sports goods, sports equipment	89,367 (US\$ 3,000,000)	b	-	-	-	-	(52,127) (RMB (11,413,781))	31.79	(16,552) (RMB (3,624,230)) b, 1)	(19,767) (RMB (4,544,061))	-	
Hunan Huaqing Foam Products Co., Ltd.	Processing and production of plastic foam, foam daily products, shoe products and composite products	76,819 (US\$ 2,500,000)	b	-	-	-	-	(6,746) (RMB (1,491,205))	6.80	(458) (RMB (101,215)) b, 1)	3,923 (RMB 901,952)	-	
Kun Shan Taisong Trading Co., Ltd.	Wholesale and retail of clothing, footwear, glasses and watches	790,110 (US\$ 26,500,000)	b	-	-	-	-	(52,480) (RMB (11,602,522))	31.79	(16,652) (RMB (3,681,449)) b, 1)	(115,809) (RMB (26,622,688))	-	
Shanghai Pou-Lo Sport Culture Co., Ltd.	Management consultants, wholesale of sports goods and equipment wholesale, other sports services and other art performance assistant services	16,093 (US\$ 500,000)	b	-	-	-	-	8,697 (RMB 1,986,417)	31.79	2,765 (RMB 631,375) b, 1)	(193) (RMB (44,332))	-	
Kun Shan Pou-Han Sport Culture Development Co., Ltd.	Management consultants, wholesale of sports goods and equipment wholesale, other sports services and other art performance assistant services	48,278 (US\$ 1,500,000)	b	-	-	-	-	(7,197) (RMB (1,543,720))	31.79	(2,284) (RMB (489,801)) b, 1)	12,007 (RMB 2,760,203)	-	
Yisen (YiFeng) Mould Co., Ltd.	Production and sale of mould products	479,284 (US\$ 14,850,000)	b	-	-	-	-	(15,764) (RMB (3,476,675))	51.11	(8,044) (RMB (1,774,142)) b, 1)	185,641 (RMB 42,676,050)	-	
Zhu Hai Yu Yuan Industrial Co., Ltd.	Processing, production and sale of footwear products	1,408 (RMB 300,000)	b	-	-	-	-	(3,970) (RMB (869,333))	51.11	(2,020) (RMB (442,273)) b, 1)	33,786 (RMB 7,766,853)	-	
Yang Xin Pou Shou Sporting Goods Co., Ltd.	Processing, production and sale of footwear products	236,574 (US\$ 7,800,000)	b	-	-	-	-	59,016 (RMB 13,059,549)	51.11	30,123 (RMB 6,665,844) b, 1)	115,707 (RMB 26,599,237)	-	
Changsha YYSPO RTS Sport Products Co., Ltd.	Sales of sports goods and equipments	22,825 (RMB 5,000,000)	b	-	-	-	-	7,736 (RMB 1,678,026)	31.79	2,453 (RMB 532,000) b, 1)	5,275 (RMB 1,212,690)	-	
Henan YYSPO RTS Sport Products Co., Ltd.	Retail business of sports goods and accessories	9,130 (RMB 2,000,000)	b	-	-	-	-	111,388 (RMB 24,514,253)	31.79	35,344 (RMB 7,778,519) b, 1)	130,822 (RMB 30,073,932)	-	
Shenyang Pou-Yi Trading Co., Ltd.	Retail business of sports goods and accessories	182,600 (RMB 40,000,000)	b	-	-	-	-	(1,821) (RMB (418,031))	31.79	(575) (RMB (131,965)) b, 1)	11,897 (RMB 2,734,966)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2019	Accumulated Repatriation of Investment Income as of September 30, 2019	Note
					Outward	Inward							
Zhejiang shengdao Sporting-goods Co., Ltd.	Retail business of sports goods and accessories	\$ 228,250 (RMB 50,000,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 408,825 (RMB 90,148,290)	31.79	\$ 129,739 (RMB 28,608,418) b, 1)	\$ 402,362 (RMB 92,496,978)	\$ -	
Mudanjiang YYSPTS Sport Technology Co., Ltd.	Sports service, research and development of sports fitness equipment and retail business of sports goods	4,565 (RMB 1,000,000)	b	-	-	-	-	6,333 (RMB 1,403,235)	31.79	2,010 (RMB 445,441) b, 1)	4,426 (RMB 1,017,513)	-	
Widevision Investment (Shenzhen) Co., Ltd.	Business management consulting, economic information consulting and market management planning	13,833 (RMB 3,000,000)	b	-	-	-	-	(1,077) (RMB (237,948))	100.00	(1,077) (RMB (237,948)) b, 1)	8,211 (RMB 1,887,627)	-	
Chongqing Baoyu Sports Goods Company Limited	Wholesale and retail of sports goods, sports equipment, clothing, shoes, caps and accessories and premises leasing	4,521 (RMB 1,000,000)	b	-	-	-	-	(4,927) (RMB (1,110,868))	31.79	(1,059) (RMB (238,606)) b, 1)	(187) (RMB (43,054))	-	
Kuo Yuen Tannery	Production, processing, sales, research and development of shoe materials, import and export goods or technic	88,634 (RMB 20,000,000)	b	-	-	-	-	(6,913) (RMB (1,541,422))	25.56	(1,062) (RMB (237,107)) b, 1)	20,523 (RMB 4,718,013)	-	

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2019	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
\$ -	\$ 21,133,541 (US\$ 680,848,600)	\$ 115,276,024

Note 1: Methods of investments have following types:

- a. Direct investment in mainland China.
- b. Indirect investment in the Company located in mainland China through a third place.
- c. Other.

Note 2: Investment profit or loss recognized in the current period:

- a. If it is in the preparation stage, there is no investment gains and losses, it should be noted.
- b. The amount of investment gain (loss) was recognized in following bases:
  - 1) Based on the financial statements audited by an ROC CPA firm cooperating with an international CPA firm.
  - 2) Based on the financial statements audited by the auditor of parent company.

Note 3: Financial assets at FVTOCI

Note 4: The limitation of the amount is in accordance with the provisions of the "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area" which was passed on August 29, 2008.

(Concluded)

## POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019  
(In Thousands of New Taiwan Dollars, US Dollars and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2019	Accumulated Repatriation of Investment Income as of September 30, 2019	Note
					Outward	Inward							
Kunshan Yuanying Electronics Technology Co., Ltd.	Manufacturing and sale of alloy	\$ 85,936 (US\$ 2,620,000)	b	\$ -	\$ -	\$ -	\$ -	\$ (3,989) (RMB (881,839))	100.00	\$ (3,989) (RMB (881,839)) b, 2)	\$ 73,221 (RMB 16,832,401)	\$ -	

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2019	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
\$ -	\$ 179,101 (US\$ 5,770,000)	\$ 403,658

Note 1: Methods of investments have following types:

- a. Direct investment in mainland China.
- b. Indirect investment in the Company located in mainland China through a third place.
- c. Other.

Note 2: Investment profit or loss recognized in the current period

- a. If it is in the preparation stage, there is no investment gains and losses, it should be noted.
- b. The amount of investment gain (loss) was recognized on following bases:
  - 1) Based on the financial statements audited by an ROC CPA firm cooperating with an international CPA firm.
  - 2) Based on the financial statements audited by the auditor of parent company.

Note 3: The limitation of the amount is in accordance with the provisions of the "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area" which was passed on August 29, 2008.