

# **Pou Chen Corporation and Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 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 March 31, 2019 and 2018, the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three 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 March 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2019 and 2018 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. 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., is based solely on the review reports of other auditors. As of March 31, 2019 and 2018, the carrying amounts of the investment were \$26,191,298 thousand and \$21,650,684 thousand, respectively, which constituted 7.66% and 7.06% of the Group's consolidated total assets, respectively. For the three months ended March 31, 2019 and 2018, the profits of the associate were \$1,386,631 thousand and \$1,064,057 thousand which constituted 26.78% and 22.85% 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

May 15, 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	March 31, 2019 (Reviewed)		December 31, 2018 (Audited)		March 31, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 37,221,501	11	\$ 32,252,001	11	\$ 34,082,428	11
Financial assets at fair value through profit or loss - current (Note 7)	956,765	-	845,690	-	859,800	-
Financial assets at fair value through other comprehensive income - current (Note 8)	16,282,060	5	15,065,002	5	14,700,764	5
Financial assets measured at cost - current (Note 9)	2,916,715	1	2,660,995	1	1,175,205	-
Notes receivable (Note 10)	784	-	1,295	-	194	-
Notes receivable from related parties (Notes 10 and 33)	-	-	-	-	1	-
Accounts receivable (Note 10)	37,203,892	11	38,938,365	13	33,368,315	11
Accounts receivable from related parties (Notes 10 and 33)	82,291	-	56,405	-	66,947	-
Other receivables (Note 10)	4,957,031	2	5,133,235	2	4,692,951	1
Inventories - manufacturing and retailing (Note 11)	57,968,751	17	54,571,450	18	51,697,964	17
Inventories - construction (Note 11)	4,780,239	1	4,780,007	1	4,777,895	2
Prepayments for leases (Note 4)	-	-	151,206	-	136,639	-
Other current assets (Note 12)	10,995,664	3	9,928,307	3	11,571,776	4
Total current assets	<u>173,365,693</u>	<u>51</u>	<u>164,383,958</u>	<u>54</u>	<u>157,130,879</u>	<u>51</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current (Note 7)	782,009	-	776,688	-	902,884	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	972,010	-	768,212	-	1,131,835	-
Financial assets at amortized cost - non-current (Notes 9 and 34)	534,405	-	343,595	-	2,317,635	1
Investments accounted for using equity method (Note 14)	49,150,664	14	31,228,219	10	45,181,798	15
Property, plant and equipment (Note 15)	79,610,023	23	79,162,641	26	72,694,243	24
Right-of-use assets (Notes 4 and 16)	16,489,042	5	-	-	-	-
Investment properties (Note 17)	2,308,514	1	2,312,021	1	2,223,448	1
Goodwill (Note 18)	8,947,881	3	8,866,746	3	8,594,842	3
Other intangible assets (Note 19)	3,616,259	1	3,187,467	1	3,569,340	1
Deferred tax assets (Notes 4 and 27)	2,092,892	1	1,951,026	1	1,406,438	-
Long-term prepayments for leases (Note 4)	-	-	6,455,195	2	5,688,136	2
Other non-current assets (Note 12)	3,981,101	1	4,826,645	2	5,767,499	2
Total non-current assets	<u>168,484,800</u>	<u>49</u>	<u>139,878,455</u>	<u>46</u>	<u>149,478,098</u>	<u>49</u>
<b>TOTAL</b>	<u>\$ 341,850,493</u>	<u>100</u>	<u>\$ 304,262,413</u>	<u>100</u>	<u>\$ 306,608,977</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Note 20)	\$ 42,800,384	13	\$ 37,560,974	12	\$ 35,566,859	11
Short-term bills payable (Note 20)	3,151,147	1	2,869,225	1	3,812,838	1
Financial liabilities at fair value through profit or loss - current (Note 7)	339,555	-	719,322	-	129,463	-
Notes payable (Note 21)	13,483	-	9,332	-	27,482	-
Notes payable to related parties (Notes 21 and 33)	59	-	74	-	12,963	-
Accounts payable (Note 21)	15,824,184	5	13,581,756	5	14,676,541	5
Accounts payable to related parties (Notes 21 and 33)	1,705,682	-	1,520,085	1	1,064,722	-
Other payables (Note 22)	25,513,502	7	25,243,368	8	23,302,833	8
Current tax liabilities (Note 27)	2,915,303	1	2,478,784	1	2,758,732	1
Lease liabilities (Notes 4 and 16)	3,230,402	1	-	-	-	-
Current portion of long-term borrowings (Note 20)	4,385,347	1	4,194,398	1	2,437,500	1
Other current liabilities	6,180,305	2	5,125,762	2	4,998,292	2
Total current liabilities	<u>106,059,353</u>	<u>31</u>	<u>93,303,080</u>	<u>31</u>	<u>88,788,225</u>	<u>29</u>
<b>NON-CURRENT LIABILITIES</b>						
Financial liabilities at fair value through profit or loss - non-current (Note 7)	132,594	-	-	-	-	-
Long-term borrowings (Note 20)	52,152,952	15	53,695,306	18	51,952,704	17
Deferred tax liabilities (Notes 4 and 27)	1,312,286	1	1,353,400	-	1,311,749	-
Lease liabilities - non-current (Notes 4 and 16)	5,957,410	2	-	-	-	-
Long-term payables (Note 22)	151,818	-	151,483	-	149,269	-
Net defined benefit liabilities (Note 4)	3,597,188	1	3,493,669	1	3,168,156	1
Other non-current liabilities	68,970	-	67,769	-	45,271	-
Total non-current liabilities	<u>63,373,218</u>	<u>19</u>	<u>58,761,627</u>	<u>19</u>	<u>56,627,149</u>	<u>18</u>
Total liabilities	<u>169,432,571</u>	<u>50</u>	<u>152,064,707</u>	<u>50</u>	<u>145,415,374</u>	<u>47</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)</b>						
Share capital						
Ordinary shares	29,467,872	9	29,467,872	10	29,467,872	10
Capital surplus	4,604,514	1	4,600,092	1	4,616,607	1
Retained earnings						
Legal reserve	13,811,050	4	13,811,050	4	12,518,889	4
Special reserve	13,917,230	4	13,917,230	5	13,636,368	4
Unappropriated earnings	41,278,792	12	38,360,517	13	39,047,910	13
Total retained earnings	69,007,072	20	66,088,797	22	65,203,167	21
Other equity	(4,023,951)	(1)	(22,293,369)	(7)	(10,284,845)	(3)
Total equity attributable to owners of the Company	99,055,507	29	77,863,392	26	89,002,801	29
<b>NON-CONTROLLING INTERESTS</b>	<u>73,362,415</u>	<u>21</u>	<u>74,334,314</u>	<u>24</u>	<u>72,190,802</u>	<u>24</u>
Total equity	<u>172,417,922</u>	<u>50</u>	<u>152,197,706</u>	<u>50</u>	<u>161,193,603</u>	<u>53</u>
<b>TOTAL</b>	<u>\$ 341,850,493</u>	<u>100</u>	<u>\$ 304,262,413</u>	<u>100</u>	<u>\$ 306,608,977</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 15, 2019)

# POU CHEN CORPORATION AND SUBSIDIARIES

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

	<b>For the Three Months Ended March 31</b>			
	<b>2019</b>		<b>2018</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
OPERATING REVENUE (Notes 25 and 33)	\$ 76,623,509	100	\$ 67,263,906	100
OPERATING COSTS (Notes 23, 26 and 33)	<u>56,936,859</u>	<u>74</u>	<u>49,949,730</u>	<u>74</u>
GROSS PROFIT	<u>19,686,650</u>	<u>26</u>	<u>17,314,176</u>	<u>26</u>
OPERATING EXPENSES (Notes 23 and 26)				
Selling and marketing expenses	9,693,904	13	8,464,889	13
General and administrative expenses	4,976,153	6	4,252,819	6
Research and development expenses	<u>1,580,313</u>	<u>2</u>	<u>1,475,949</u>	<u>2</u>
Total operating expenses	<u>16,250,370</u>	<u>21</u>	<u>14,193,657</u>	<u>21</u>
INCOME FROM OPERATIONS	<u>3,436,280</u>	<u>5</u>	<u>3,120,519</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 26)	683,629	1	610,292	1
Other gains and losses (Note 26)	376,323	-	26,245	-
Finance costs (Note 26)	(837,592)	(1)	(583,986)	(1)
Share of the profit of associates and joint ventures (Note 14)	<u>1,518,678</u>	<u>2</u>	<u>1,483,877</u>	<u>2</u>
Total non-operating income and expenses	<u>1,741,038</u>	<u>2</u>	<u>1,536,428</u>	<u>2</u>
INCOME BEFORE INCOME TAX	5,177,318	7	4,656,947	7
INCOME TAX EXPENSE (Notes 4 and 27)	<u>(735,808)</u>	<u>(1)</u>	<u>(922,551)</u>	<u>(2)</u>
NET INCOME	<u>4,441,510</u>	<u>6</u>	<u>3,734,396</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	1,407,533	2	215,356	1
Share of the other comprehensive income of associates and joint ventures	263,971	-	118,101	-

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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)

	<b>For the Three Months Ended March 31</b>			
	<b>2019</b>		<b>2018</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	\$ 1,396,672	2	\$ (234,899)	-
Share of the other comprehensive income (loss) of associates and joint ventures	<u>16,092,169</u>	<u>21</u>	<u>(9,791,731)</u>	<u>(15)</u>
Other comprehensive income (loss) for the period, net of income tax	<u>19,160,345</u>	<u>25</u>	<u>(9,693,173)</u>	<u>(14)</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<u>\$ 23,601,855</u>	<u>31</u>	<u>\$ (5,958,777)</u>	<u>(9)</u>
<b>NET INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 2,919,059	4	\$ 2,044,949	3
Non-controlling interests	<u>1,522,451</u>	<u>2</u>	<u>1,689,447</u>	<u>3</u>
	<u>\$ 4,441,510</u>	<u>6</u>	<u>\$ 3,734,396</u>	<u>6</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 21,187,693	28	\$ (8,386,229)	(13)
Non-controlling interests	<u>2,414,162</u>	<u>3</u>	<u>2,427,452</u>	<u>4</u>
	<u>\$ 23,601,855</u>	<u>31</u>	<u>\$ (5,958,777)</u>	<u>(9)</u>
<b>EARNINGS PER SHARE (Note 28)</b>				
Basic	<u>\$ 0.99</u>		<u>\$ 0.69</u>	
Diluted	<u>\$ 0.99</u>		<u>\$ 0.69</u>	

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

(With Deloitte & Touche review report dated May 15, 2019)

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**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											
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Other Equity			Non-controlling Interests	Total Equity	
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized (Loss) Gain on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	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	-	-	-	-	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
Net income for the three months ended March 31, 2018	-	-	-	-	2,044,949	-	-	-	-	2,044,949	1,689,447	3,734,396
Other comprehensive income (loss) for the three months ended March 31, 2018	-	-	-	-	3,328	(1,139,797)	-	(5,841,631)	(3,453,078)	(10,431,178)	738,005	(9,693,173)
Total comprehensive (loss) income for the three months ended March 31, 2018	-	-	-	-	2,048,277	(1,139,797)	-	(5,841,631)	(3,453,078)	(8,386,229)	2,427,452	(5,958,777)
Share of changes in equity of subsidiaries (Note 24)	-	1,266	-	-	-	-	-	-	-	1,266	-	1,266
Share of changes in net assets of associates (Note 24)	-	-	-	-	(586,616)	-	-	586,616	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(5,001,218)	(5,001,218)
Changes in equity for the three months ended March 31, 2018	-	1,266	-	-	1,461,661	(1,139,797)	-	(5,255,015)	(3,453,078)	(8,384,963)	(2,573,766)	(10,958,729)
BALANCE AT MARCH 31, 2018	<u>\$ 29,467,872</u>	<u>\$ 4,616,607</u>	<u>\$ 12,518,889</u>	<u>\$ 13,636,368</u>	<u>\$ 39,047,910</u>	<u>\$ (2,930,326)</u>	<u>\$ -</u>	<u>\$ (3,395,004)</u>	<u>\$ (3,959,515)</u>	<u>\$ 89,002,801</u>	<u>\$ 72,190,802</u>	<u>\$ 161,193,603</u>
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
Net income for the three months ended March 31, 2019	-	-	-	-	2,919,059	-	-	-	-	2,919,059	1,522,451	4,441,510
Other comprehensive income for the three months ended March 31, 2019	-	-	-	-	-	591,902	-	9,334,379	8,342,353	18,268,634	891,711	19,160,345
Total comprehensive income for the three months ended March 31, 2019	-	-	-	-	2,919,059	591,902	-	9,334,379	8,342,353	21,187,693	2,414,162	23,601,855
Share of changes in net assets of associates (Note 24)	-	4,107	-	-	(784)	-	-	784	-	4,107	-	4,107
Share of changes in equity of subsidiaries (Note 24)	-	315	-	-	-	-	-	-	-	315	-	315
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(3,386,061)	(3,386,061)
Changes in equity for the three months ended March 31, 2019	-	4,422	-	-	2,918,275	591,902	-	9,335,163	8,342,353	21,192,115	(971,899)	20,220,216
BALANCE AT MARCH 31, 2019	<u>\$ 29,467,872</u>	<u>\$ 4,604,514</u>	<u>\$ 13,811,050</u>	<u>\$ 13,917,230</u>	<u>\$ 41,278,792</u>	<u>\$ 279,778</u>	<u>\$ -</u>	<u>\$ 851,232</u>	<u>\$ (5,154,961)</u>	<u>\$ 99,055,507</u>	<u>\$ 73,362,415</u>	<u>\$ 172,417,922</u>

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

(With Deloitte & Touche review report dated May 15, 2019)

# POU CHEN CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 5,177,318	\$ 4,656,947
Adjustments for:		
Depreciation expenses	3,557,205	2,362,433
Amortization expenses	127,712	177,581
Expected credit loss recognized (reversed) on accounts receivable	2,009	(26,429)
Net gain on fair value changes of financial instruments at fair value through profit or loss	(285,824)	(278,325)
Finance costs	837,592	583,986
Interest income	(173,859)	(149,595)
Compensation cost of employee share options	27,469	20,481
Share of profit of associates and joint ventures	(1,518,678)	(1,483,877)
Net loss on disposal of property, plant and equipment	114,390	110,713
Net gain on disposal of associates	(11,314)	(134,228)
Reversal of impairment loss	-	(29)
Changes in operating assets and liabilities		
Financial assets mandatorily at fair value through profit or loss	(77,745)	986,719
Notes receivable	511	54,759
Notes receivable from related parties	-	63
Accounts receivable	1,732,464	3,463,315
Accounts receivable from related parties	(25,886)	(5,408)
Other receivables	123,384	(1,082,401)
Inventories	(3,397,533)	(3,921,384)
Other current assets	(1,682,095)	(1,737,172)
Other operating assets	4,825	(53,290)
Notes payable	4,151	(24,065)
Notes payable to related parties	(15)	1,713
Accounts payable	2,242,428	1,945,766
Accounts payable to related parties	185,597	(61,816)
Other payables	(2,466,476)	(6,152,117)
Other current liabilities	1,054,543	379,249
Net defined benefit liabilities	103,519	(116,048)
Other operating liabilities	335	(2,095)
Cash generated from (used in) operations	5,656,027	(484,554)
Interest paid	(841,535)	(579,206)
Income tax paid	(595,667)	(307,482)
Net cash generated from (used in) operating activities	<u>4,218,825</u>	<u>(1,371,242)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of financial assets at amortized cost	(1,796,724)	(2,767)
Proceeds from sale of financial assets at amortized cost	1,372,900	2,522,882

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# POU CHEN CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2019	2018
Proceeds from disposal of associates and joint ventures	\$ -	\$ 417,050
Acquisition of property, plant and equipment	(3,434,787)	(4,661,581)
Proceeds from disposal of property, plant and equipment	241,179	589,487
Increase in refundable deposits	(37,854)	(14,079)
Increase in other non-current assets	(103,885)	(35,747)
Proceeds from disposal of long-term prepayments for leases	-	73,239
Interest received	141,930	206,591
Dividends received	271,295	246,267
Proceeds from disposal of right-of-use	<u>339</u>	<u>-</u>
Net cash used in investing activities	<u>(3,345,607)</u>	<u>(658,658)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	5,239,410	2,118,660
Proceeds from short-term bills payable	282,000	848,500
Proceeds from long-term borrowings	(1,371,180)	(848,225)
Increase in guarantee deposits	1,201	40
Repayment of principal portion of lease liabilities	(770,436)	-
Changes in non-controlling interests	<u>26,400</u>	<u>(1,635,844)</u>
Net cash generated from financing activities	<u>3,407,395</u>	<u>483,131</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>688,887</u>	<u>1,520,844</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	4,969,500	(25,925)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>32,252,001</u>	<u>34,108,353</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 37,221,501</u>	<u>\$ 34,082,428</u>

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

(With Deloitte & Touche review report dated May 15, 2019)

(Concluded)

# **POU CHEN CORPORATION AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 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 May 15, 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, whenever applied, 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 would 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. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

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

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

Note 2: 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 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

1) 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.

2) 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.

#### **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 13, Table 9 “Information on Investees” and Table 10 “Information on investments in mainland China” of Note 38 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, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2018. 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

	March 31, 2019	December 31, 2018	March 31, 2018
Cash on hand	\$ 40,858	\$ 38,782	\$ 32,188
Checking accounts and demand deposits	27,924,160	25,647,371	29,920,948
Cash equivalents (investments with original maturities of less than three months)			
Time deposits	8,771,375	6,083,301	3,830,769
Repurchase agreements collateralized by bonds	<u>485,108</u>	<u>482,547</u>	<u>298,523</u>
	<u>\$ 37,221,501</u>	<u>\$ 32,252,001</u>	<u>\$ 34,082,428</u>

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

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Financial assets mandatorily as at FVTPL</u>			
Hybrid financial assets			
Structured deposits (a)	\$ 600,312	\$ 593,107	\$ 568,886
Derivative financial assets (not under hedge accounting)			
Interest rate swap contracts (b)	18,496	20,838	27,141
Forward exchange contracts (c)	300,154	249,528	12,708
Exchange rate option contracts (d)	18,517	5,451	43,456
Exchange rate swap contracts (e)	19,250	-	20,558
Cross-currency swap contracts (f)	2,844	-	-
Non-derivative financial assets			
Mutual funds	779,201	753,454	807,929
Foreign listed shares	<u>-</u>	<u>-</u>	<u>282,006</u>
	<u>\$ 1,738,774</u>	<u>\$ 1,622,378</u>	<u>\$ 1,762,684</u>
Current	\$ 956,765	\$ 845,690	\$ 859,800
Non-current	<u>782,009</u>	<u>776,688</u>	<u>902,884</u>
	<u>\$ 1,738,774</u>	<u>\$ 1,622,378</u>	<u>\$ 1,762,684</u>

(Continued)

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
<u>Financial liabilities held for trading</u>			
Derivative financial liabilities (not under hedge accounting)			
Interest rate swap contracts (b)	\$ 132,594	\$ -	\$ 1,546
Forward exchange contracts (c)	3,117	37,018	1,123
Exchange rate option contracts (d)	309,209	636,778	3,399
Exchange rate swap contracts (e)	206	30,751	101,636
Cross-currency swap contracts (f)	<u>27,023</u>	<u>14,775</u>	<u>21,759</u>
	<u>\$ 472,149</u>	<u>\$ 719,322</u>	<u>\$ 129,463</u>
Current	\$ 339,555	\$ 719,322	\$ 129,463
Non-current	<u>132,594</u>	<u>-</u>	<u>-</u>
	<u>\$ 472,149</u>	<u>\$ 719,322</u>	<u>\$ 129,463</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 March 31, 2019, December 31, 2018 and March 31, 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:

March 31, 2019

<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
US\$ 100,000	2023.07	3.335	3.43763
US\$ 150,000	2023.07	3.340	3.45050

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

March 31, 2018

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Pay Rate (Fixed Rate %)</b>	<b>Received Rate (Floating Rate %)</b>
\$ 125,000	2018.06	1.340	0.65611
225,000	2018.06	1.310	0.65611
150,000	2018.06	1.310	0.65611
125,000	2018.06	1.290	0.65611
125,000	2018.06	1.278	0.65611
75,000	2018.06	1.265	0.65611
125,000	2018.06	1.280	0.65611
50,000	2018.06	1.260	0.65611
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:

March 31, 2019

<b>Notional Amount (In Thousands)</b>	<b>Forward Exchange Rates</b>
US\$ 89,400	Sell US\$/Buy IDR at 15,965 to 16,235
US\$ 57,538	Sell RMB/Buy US\$ at 6.6936 to 6.7968

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

March 31, 2018

<b>Notional Amount (In Thousands)</b>	<b>Forward Exchange Rates</b>
US\$ 96,000	Sell US\$/Buy IDR at 13,925

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:

March 31, 2019

<b>Notional Amount (In Thousands)</b>	<b>Type</b>	<b>Buy/Sell</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>
US\$ 46,000	Put	Sell	2019.04-2019.06	US\$:NT\$30.0000
US\$ 36,000	Put	Sell	2019.04-2019.09	US\$:RMB6.5750
US\$ 24,000	Put	Sell	2019.04-2019.09	US\$:RMB6.5750
US\$ 30,000	Put	Sell	2019.04-2019.09	US\$:RMB6.5550
US\$ 18,000	Put	Sell	2019.04-2019.09	US\$:RMB6.5550
US\$ 24,000	Put	Sell	2019.04-2019.09	US\$:RMB6.5550
US\$ 18,000	Put	Sell	2019.04-2019.09	US\$:RMB6.5550
US\$ 30,000	Put	Sell	2019.04-2019.09	US\$:RMB6.7780
US\$ 54,000	Put	Sell	2019.04-2019.09	US\$:RMB6.7860
US\$ 36,000	Put	Sell	2019.04-2019.09	US\$:RMB6.7820
US\$ 40,000	Put	Sell	2019.04-2019.11	US\$:RMB6.5500
US\$ 40,000	Put	Sell	2019.04-2019.11	US\$:RMB6.5500
US\$ 40,000	Put	Sell	2019.04-2019.11	US\$:RMB6.5500
US\$ 40,000	Put	Sell	2019.04-2019.11	US\$:RMB6.7820
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\$:RMB7.0800
US\$ 24,000	Put	Sell	2019.11-2020.10	US\$:RMB7.8000
US\$ 24,000	Put	Sell	2019.11-2020.10	US\$:RMB7.6300

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\$:RMB6.7000
US\$ 54,000	Put	Sell	2019.01-2019.09	US\$:RMB6.5750
US\$ 36,000	Put	Sell	2019.01-2019.09	US\$:RMB6.5750
US\$ 45,000	Put	Sell	2019.01-2019.09	US\$:RMB6.5550
US\$ 27,000	Put	Sell	2019.01-2019.09	US\$:RMB6.5550
US\$ 36,000	Put	Sell	2019.01-2019.09	US\$:RMB6.5550
US\$ 27,000	Put	Sell	2019.01-2019.09	US\$:RMB6.5550
US\$ 81,000	Put	Sell	2019.01-2019.09	US\$:RMB6.7860
US\$ 40,000	Put	Sell	2019.02-2019.09	US\$:RMB6.7780
US\$ 55,000	Put	Sell	2019.01-2019.11	US\$:RMB6.5500
US\$ 55,000	Put	Sell	2019.01-2019.11	US\$:RMB6.5500
US\$ 55,000	Put	Sell	2019.01-2019.11	US\$:RMB6.5500
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\$:RMB7.0800
US\$ 24,000	Put	Sell	2019.11-2020.10	US\$:RMB7.8000
US\$ 24,000	Put	Sell	2019.11-2020.10	US\$:RMB7.6300

March 31, 2018

<b>Notional Amount (In Thousands)</b>	<b>Type</b>	<b>Buy/Sell</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>
US\$ 108,000	Put	Sell	2018.04-2019.09	US\$:RMB6.5750
US\$ 72,000	Put	Sell	2018.04-2019.09	US\$:RMB6.5750
US\$ 90,000	Put	Sell	2018.04-2019.09	US\$:RMB6.5550
US\$ 54,000	Put	Sell	2018.04-2019.09	US\$:RMB6.5550
US\$ 72,000	Put	Sell	2018.04-2019.09	US\$:RMB6.5550
US\$ 54,000	Put	Sell	2018.04-2019.09	US\$:RMB6.5550
US\$ 104,000	Put	Sell	2018.06-2019.06	US\$:NT\$30.0000

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:

March 31, 2019

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>
US\$ 60,000	2019.04	US\$:NT\$30.5410
US\$ 27,200	2019.04	US\$:NT\$30.8170
US\$ 31,000	2019.04	US\$:NT\$30.8170
US\$ 30,000	2019.04	US\$:NT\$30.7360
US\$ 27,000	2019.04	US\$:NT\$30.7360
US\$ 21,000	2019.04	US\$:NT\$30.7680
US\$ 55,000	2019.06	US\$:NT\$30.6770
US\$ 10,000	2019.06	US\$:NT\$30.6100

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

March 31, 2018

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>
US\$ 20,600	2018.04	US\$:NT\$29.4290
US\$ 10,000	2018.04	US\$:NT\$29.4450
US\$ 25,000	2018.04	US\$:NT\$29.4440
US\$ 35,000	2018.04	US\$:NT\$29.4450
US\$ 30,300	2018.04	US\$:NT\$29.4450
US\$ 30,000	2018.04	US\$:NT\$29.4450
US\$ 31,000	2018.04	US\$:NT\$29.4450
US\$ 40,000	2018.04	US\$:NT\$29.4470
US\$ 34,000	2018.04	US\$:NT\$29.0860
US\$ 21,300	2018.04	US\$:NT\$29.1760
US\$ 26,000	2018.04	US\$:NT\$29.1810
US\$ 49,300	2018.04	US\$:NT\$29.1280
US\$ 23,500	2018.05	US\$:NT\$29.1750
US\$ 35,000	2018.05	US\$:NT\$29.1200
US\$ 32,300	2018.05	US\$:NT\$29.1200
US\$ 32,200	2018.05	US\$:NT\$29.1200
US\$ 32,000	2018.05	US\$:NT\$29.1200
US\$ 7,300	2018.05	US\$:NT\$29.1200
US\$ 23,400	2018.05	US\$:NT\$29.1200
US\$ 67,800	2018.05	US\$:NT\$29.1200
US\$ 48,000	2018.05	US\$:NT\$28.9350
US\$ 6,000	2018.05	US\$:NT\$28.9350
US\$ 30,000	2018.05	US\$:NT\$28.9350
US\$ 2,000	2018.05	US\$:NT\$28.9350
US\$ 72,900	2018.05	US\$:NT\$28.9350
US\$ 46,100	2018.05	US\$:NT\$28.9350
US\$ 36,000	2018.06	US\$:NT\$29.0110

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:

March 31, 2019

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>	<b>Interest %</b>
US\$ 15,000	2019.07	US\$:RMB6.820	3.50
US\$ 15,000	2019.09	US\$:RMB6.860	3.20
US\$ 20,000	2019.12	US\$:NT\$30.800	0.50

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\$:RMB6.820	3.50
US\$ 15,000	2019.09	US\$:RMB6.860	3.20
US\$ 20,000	2019.12	US\$:NT\$30.800	0.50

March 31, 2018

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>	<b>Interest %</b>
US\$ 10,000	2018.05	US\$:NT\$29.301	0.58
US\$ 10,000	2018.06	US\$:NT\$29.270	0.58
US\$ 20,000	2018.12	US\$:NT\$29.440	0.51
US\$ 20,000	2018.07	US\$:RMB6.357	2.00

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**

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Domestic investments			
Listed shares	\$ 16,963,514	\$ 15,536,802	\$ 15,490,034
Unlisted shares	78,475	78,912	81,962
Foreign investments			
Unlisted shares	<u>212,081</u>	<u>217,500</u>	<u>260,603</u>
	<u>\$ 17,254,070</u>	<u>\$ 15,833,214</u>	<u>\$ 15,832,599</u>
Current	\$ 16,282,060	\$ 15,065,002	\$ 14,700,764
Non-current	<u>972,010</u>	<u>768,212</u>	<u>1,131,835</u>
	<u>\$ 17,254,070</u>	<u>\$ 15,833,214</u>	<u>\$ 15,832,599</u>

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2019	December 31, 2018	March 31, 2018
Domestic investments			
Bonds	\$ 325,850	\$ 318,201	\$ 750,242
Time deposits with original maturities of more than three months	830,824	804,673	105,396
Foreign investments			
Bonds	2,134,043	1,725,192	1,214,685
Commercial paper	-	-	442,932
Structured products	<u>160,403</u>	<u>156,524</u>	<u>979,585</u>
	<u>\$ 3,451,120</u>	<u>\$ 3,004,590</u>	<u>\$ 3,492,840</u>
Current	\$ 2,916,715	\$ 2,660,995	\$ 1,175,205
Non-current	<u>534,405</u>	<u>343,595</u>	<u>2,317,635</u>
	<u>\$ 3,451,120</u>	<u>\$ 3,004,590</u>	<u>\$ 3,492,840</u>

Refer to Note 34 for information relating to investments in financial assets at amortized cost pledged as security.

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

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Notes receivable (including related parties)</u>			
Notes receivable - operating	\$ 719	\$ 756	\$ 29
Notes receivable - non-operating	<u>65</u>	<u>539</u>	<u>166</u>
	<u>\$ 784</u>	<u>\$ 1,295</u>	<u>\$ 195</u>
<u>Accounts receivable (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 37,864,675	\$ 39,569,289	\$ 33,948,990
Less: Allowance for impairment loss	<u>(578,492)</u>	<u>(574,519)</u>	<u>(513,728)</u>
	<u>\$ 37,286,183</u>	<u>\$ 38,994,770</u>	<u>\$ 33,435,262</u>
<u>Other receivables</u>			
Tax refund receivables	\$ 1,644,809	\$ 1,820,099	\$ 1,721,069
Others	3,313,081	3,313,995	2,972,741
Less: Allowance for impairment loss	<u>(859)</u>	<u>(859)</u>	<u>(859)</u>
	<u>\$ 4,957,031</u>	<u>\$ 5,133,235</u>	<u>\$ 4,692,951</u>



a. Notes receivable

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

b. Accounts receivable

In determining the recoverability of accounts receivable, the Group considered any change in the credit quality of the accounts receivable since the date credit was initially granted to the end of the reporting period. Allowance for impairment loss was recognized based on the expected loss rate of individual customers by reference to the past default record of the debtor and an analysis of the debtor's current financial position.

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.

March 31, 2019

	<b>Less than 30 Days</b>	<b>31 to 90 Days</b>	<b>Over 91 Days</b>	<b>Total</b>
Expected credit loss rate	-	-	0-100%	-
Gross carrying amount	\$ 24,793,415	\$ 12,431,621	\$ 639,639	\$ 37,864,675
Loss allowance (lifetime ECLs)	-	-	(578,492)	(578,492)
Amortized cost	<u>\$ 24,793,415</u>	<u>\$ 12,431,621</u>	<u>\$ 61,147</u>	<u>\$ 37,286,183</u>

December 31, 2018

	<b>Less than 30 Days</b>	<b>31 to 90 Days</b>	<b>Over 91 Days</b>	<b>Total</b>
Expected credit loss rate	-	-	0-100%	-
Gross carrying amount	\$ 24,499,833	\$ 14,037,125	\$ 1,032,331	\$ 39,569,289
Loss allowance (lifetime ECLs)	-	-	(574,519)	(574,519)
Amortized cost	<u>\$ 24,499,833</u>	<u>\$ 14,037,125</u>	<u>\$ 457,812</u>	<u>\$ 38,994,770</u>

March 31, 2018

	<b>Less than 30 Days</b>	<b>31 to 90 Days</b>	<b>Over 91 Days</b>	<b>Total</b>
Expected credit loss rate	-	-	0-100%	-
Gross carrying amount	\$ 23,397,161	\$ 9,688,255	\$ 863,574	\$ 33,948,990
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>(513,728)</u>	<u>(513,728)</u>
Amortized cost	<u>\$ 23,397,161</u>	<u>\$ 9,688,255</u>	<u>\$ 349,846</u>	<u>\$ 33,435,262</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ 574,519	\$ 552,133
Add (less): Impairment losses recognized (reversal) on receivable	2,009	(26,429)
Foreign exchange gains and losses	<u>1,964</u>	<u>(11,976)</u>
Balance at March 31	<u>\$ 578,492</u>	<u>\$ 513,728</u>

## 11. INVENTORIES

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Inventories - manufacturing and retail	\$ 57,968,751	\$ 54,571,450	\$ 51,697,964
Inventories - construction	<u>4,780,239</u>	<u>4,780,007</u>	<u>4,777,895</u>
	<u>\$ 62,748,990</u>	<u>\$ 59,351,457</u>	<u>\$ 56,475,859</u>

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

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Raw materials	\$ 9,065,318	\$ 8,563,302	\$ 8,135,746
Work in progress	5,777,717	5,726,047	5,059,980
Finished goods and merchandise	<u>43,125,716</u>	<u>40,282,101</u>	<u>38,502,238</u>
	<u>\$ 57,968,751</u>	<u>\$ 54,571,450</u>	<u>\$ 51,697,964</u>

The cost of manufacturing and retail inventories recognized as cost of goods sold for the three months ended March 31, 2019 and 2018 was \$56,936,859 thousand and \$49,949,730 thousand, respectively.

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

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Land and buildings held for development	\$ 4,614,040	\$ 4,613,808	\$ 4,612,454
Land and buildings held for sale	55,307	55,307	54,549
Land held for construction sites	<u>110,892</u>	<u>110,892</u>	<u>110,892</u>
	<u>\$ 4,780,239</u>	<u>\$ 4,780,007</u>	<u>\$ 4,777,895</u>

## 12. OTHER ASSETS

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Prepayments	\$ 9,128,774	\$ 8,805,134	\$ 10,242,722
Refundable deposits	655,379	617,525	545,408
Defined benefit assets	43,754	43,754	43,754
Prepayments for equipment	3,137,389	3,463,271	4,609,268
Others	<u>2,011,469</u>	<u>1,825,268</u>	<u>1,898,123</u>
	<u>\$ 14,976,765</u>	<u>\$ 14,754,952</u>	<u>\$ 17,339,275</u>
Current	\$ 10,995,664	\$ 9,928,307	\$ 11,571,776
Non-current	<u>3,981,101</u>	<u>4,826,645</u>	<u>5,767,499</u>
	<u>\$ 14,976,765</u>	<u>\$ 14,754,952</u>	<u>\$ 17,339,275</u>

## 13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership (%)		
			March 31, 2019	December 31, 2018	March 31, 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 Windsor Entertainment Co., Ltd.	British Virgin Islands ROC	Investing activities Entertainment and resort operations	100.00 100.00	100.00 100.00	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 (%)		
			March 31, 2019	December 31, 2018	March 31, 2018
Yue Yuen Industrial (Holdings) Limited	Bermuda	Manufacture and sale of athletic and casual footwear and sports apparel	49.90	49.90	48.94
Pou Sheng International (Holdings) Limited	Bermuda	Retail of sporting goods and brand licensing business	31.04	31.11	30.53
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
Pou Yu Biotechnology Co., Ltd.	ROC	Manufacture of medical appliances and sale of related equipment	-	-	69.44

Win Fortune Investments Limited ("Win Fortune") invested in Yue Yuen (as at March 31, 2019, December 31, 2018 and March 31, 2018, the ownership percentage was 1.07%, 1.07% and 1.05%). 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 (%)		
			March 31, 2019	December 31, 2018	March 31, 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 (%)		
			March 31, 2019	December 31, 2018	March 31, 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 (%)		
	March 31, 2019	December 31, 2018	March 31, 2018
Yue Yuen Industrial (Holdings) Limited	49.03	49.03	50.01
Pou Sheng International (Holdings) Limited	37.80	37.67	37.62

Refer to Table 9 "Information on Investees" of Note 38 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		March 31, 2019	December 31, 2018	March 31, 2018
	2019	2018			
Yue Yuen Industrial (Holdings) Limited	\$ 1,134,862	\$ 1,398,724	\$ 59,715,122	\$ 61,418,948	\$ 60,021,876
Pou Sheng International (Holdings) Limited	330,826	242,838	12,294,653	11,618,440	11,405,405

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:

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Current assets	\$ 140,658,103	\$ 135,430,505	\$ 129,608,691
Non-current assets	128,813,818	118,358,281	113,031,825
Current liabilities	(82,867,448)	(70,731,816)	(69,335,285)
Non-current liabilities	<u>(51,073,123)</u>	<u>(44,772,518)</u>	<u>(41,010,837)</u>
Equity	<u>\$ 135,531,350</u>	<u>\$ 138,284,452</u>	<u>\$ 132,294,394</u>
Equity attributable to:			
Owners of the Company	62,447,344	64,218,019	60,359,405
Non-controlling interests of Yue Yuen	59,715,122	61,418,948	60,021,876
Non-controlling interests of Yue Yuen's subsidiaries	<u>13,368,884</u>	<u>12,647,485</u>	<u>11,913,113</u>
	<u>\$ 135,531,350</u>	<u>\$ 138,284,452</u>	<u>\$ 132,294,394</u>
		<b>For the Three Months Ended March 31</b>	
		<b>2019</b>	<b>2018</b>
Operating revenue		<u>\$ 76,436,960</u>	<u>\$ 67,020,556</u>
Net income		\$ 2,714,562	\$ 3,083,099
Other comprehensive income		<u>1,015,754</u>	<u>1,002,470</u>
Total comprehensive income		<u>\$ 3,730,316</u>	<u>\$ 4,085,569</u>
Net income attributable to:			
Owners of the Company		\$ 1,191,871	\$ 1,395,887
Non-controlling interests of Yue Yuen		1,134,862	1,398,724
Non-controlling interests of Yue Yuen's subsidiaries		<u>387,829</u>	<u>288,488</u>
		<u>\$ 2,714,562</u>	<u>\$ 3,083,099</u>
Total comprehensive income attributable to:			
Owners of the Company		\$ 1,822,736	\$ 1,655,407
Non-controlling interests of Yue Yuen		1,741,504	1,658,312
Non-controlling interests of Yue Yuen's subsidiaries		<u>166,076</u>	<u>771,850</u>
		<u>\$ 3,730,316</u>	<u>\$ 4,085,569</u>
Net cash inflow (outflow) from:			
Operating activities		\$ 1,990,322	\$ (2,068,950)
Investing activities		(2,721,553)	(3,008,524)
Financing activities		<u>2,651,849</u>	<u>1,755,070</u>
Net cash inflow		<u>\$ 1,920,618</u>	<u>\$ (3,322,404)</u>
Dividends paid to:			
Non-controlling interests of Yue Yuen's subsidiaries		<u>\$ 63,847</u>	<u>\$ -</u>

#### 14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2019	December 31, 2018	March 31, 2018
Investments in associates	\$ 41,461,937	\$ 23,580,599	\$ 37,590,567
Investments in joint ventures	<u>7,688,727</u>	<u>7,647,620</u>	<u>7,591,231</u>
	<u>\$ 49,150,664</u>	<u>\$ 31,228,219</u>	<u>\$ 45,181,798</u>

a. Investments in associates

	March 31, 2019	December 31, 2018	March 31, 2018
Material associate			
Ruen Chen Investment Holding Co., Ltd.	\$ 26,191,298	\$ 8,403,275	\$ 21,650,684
Associates that are not individually material	<u>15,270,639</u>	<u>15,177,324</u>	<u>15,939,883</u>
	<u>\$ 41,461,937</u>	<u>\$ 23,580,599</u>	<u>\$ 37,590,567</u>

1) Material associate

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

- a) Refer to Table 9 “Information on Investees” of Note 38 for business location and business item of the material associates.
- b) 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	March 31, 2019	December 31, 2018	March 31, 2018
Assets	\$ 4,571,047,665	\$ 4,362,687,326	\$ 4,158,116,904
Liabilities	(4,419,744,365)	(4,309,426,713)	(4,031,439,545)
Non-controlling interests	<u>(20,050,250)</u>	<u>(10,947,677)</u>	<u>(18,127,379)</u>
Owners of Ruen Chen Investment Holding Co., Ltd.	<u>\$ 131,253,050</u>	<u>\$ 42,312,936</u>	<u>\$ 108,549,980</u>
Proportion of the Group’s interest	20%	20%	20%
Equity attributable to the Group	\$ 26,250,610	\$ 8,462,587	\$ 21,709,996
Other adjustments	<u>(59,312)</u>	<u>(59,312)</u>	<u>(59,312)</u>
Carrying amounts	<u>\$ 26,191,298</u>	<u>\$ 8,403,275</u>	<u>\$ 21,650,684</u>

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Operating revenue	<u>\$ 174,661,564</u>	<u>\$ 175,962,569</u>
Net income	\$ 7,664,631	\$ 5,879,501
Other comprehensive income (loss)	<u>89,461,049</u>	<u>(54,887,291)</u>
Total comprehensive income (loss)	<u>\$ 97,125,680</u>	<u>\$ (49,007,790)</u>

2) Associates that are not individually material

Name of Associate	<b>Proportion of Ownership and Voting Rights (%)</b>		
	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
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
Ace Top Group Limited	-	-	40.00
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
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
Original Designs Developments Limited	-	-	49.47
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	30.00
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	40.00
Venture Well Holdings Ltd.	31.55	31.55	31.55
Zhuhai Poulik Properties Management Co., Ltd.	-	-	40.00
Nan Pao Resins Chemical Co., Ltd.	17.59	17.59	19.52
Techview International Technology Inc.	50.00	50.00	50.00

- a) Refer to Table 9 “Information on Investees” of Note 38 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 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 three months ended March 31, 2018, the gain recognized from the disposal was \$126,049 thousand.

- e) 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 March 31</b>	
	<b>2019</b>	<b>2018</b>
The Group’s share of:		
Net income	\$ 17,901	\$ 74,375
Other comprehensive (loss) income	<u>16,663</u>	<u>(69,135)</u>
Total comprehensive income	<u>\$ 34,564</u>	<u>\$ 5,240</u>

- f) 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>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Eagle Nice (International) Holdings Limited	<u>\$ 2,276,545</u>	<u>\$ 2,108,301</u>	<u>\$ 2,670,354</u>
Prosperous Industrial (Holdings) Ltd.	<u>\$ 1,167,483</u>	<u>\$ 1,106,858</u>	<u>\$ -</u>
San Fang Chemical Industry Co., Ltd.	<u>\$ 4,096,173</u>	<u>\$ 4,252,760</u>	<u>\$ 5,770,513</u>
Elitegroup Computer Systems Co., Ltd.	<u>\$ 1,320,769</u>	<u>\$ 1,342,510</u>	<u>\$ 1,858,860</u>
Nan Pao Resins Chemical Co., Ltd.	<u>\$ 3,124,259</u>	<u>\$ 2,385,590</u>	<u>\$ -</u>



b. Investments in joint ventures

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Joint ventures that are not individually material	\$ 7,674,978	\$ 7,634,204	\$ 7,577,340
Long-term receivables			
Joint ventures that are not individually material	<u>13,749</u>	<u>13,416</u>	<u>13,891</u>
	<u>\$ 7,688,727</u>	<u>\$ 7,647,620</u>	<u>\$ 7,591,231</u>

- 1) 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:

<b>Name of Joint Venture</b>	<b>Proportion of Ownership and Voting Rights (%)</b>		
	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Beijing Baojing Kangtai Trading Co., Ltd.	50.00	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 Lingpao Sports Goods Company Limited	-	-	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

- 2) Refer to Table 9 “Information on Investees” of Note 38 for business location and business item of the material associates.
- 3) 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:

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
The Group’s share of:		
Net income	\$ 114,146	\$ 345,445
Other comprehensive income	<u>79,477</u>	<u>182,686</u>
Total comprehensive income	<u>\$ 193,623</u>	<u>\$ 528,131</u>

## 15. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2019	December 31, 2018	March 31, 2018
Land	\$ 2,235,107	\$ 2,236,631	\$ 2,270,526
Buildings and improvements	50,310,889	50,271,966	45,322,301
Machinery and equipment	20,854,660	20,744,250	18,160,273
Transportation equipment	432,214	435,721	381,202
Office equipment	3,016,868	2,825,847	2,811,568
Other equipment	72,218	71,424	44,557
Construction in progress	<u>2,688,067</u>	<u>2,576,802</u>	<u>3,703,816</u>
	<u>\$ 79,610,023</u>	<u>\$ 79,162,641</u>	<u>\$ 72,694,243</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 March 31, 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 three parcels of land resides with a trustee through a trust agreement which prohibits the trustee from selling, pledging or hypothecating the property.

## 16. LEASE ARRANGEMENTS

- a. Right-of-use assets - 2019

	March 31, 2019
<u>Carrying amounts</u>	
Land	\$ 6,624,650
Buildings	9,851,263
Machinery	4,683
Transportation equipment	<u>8,446</u>
	<u>\$ 16,489,042</u>

	<b>For the Three Months Ended March 31, 2019</b>
Additions to right-of-use assets	<u>\$ 454,987</u>
Depreciation charge for right-of-use assets	
Land	\$ 34,682
Buildings	863,125
Machinery	736
Transportation equipment	<u>1,028</u>
	<u>\$ 899,571</u>

b. Lease liabilities - 2019

**March 31, 2019**

Carrying amounts

Current	\$ 3,230,402
Non-current	<u>5,957,410</u>
	<u>\$ 9,187,812</u>

Range of discount rate for lease liabilities was as follows:

**March 31, 2019**

Land	1.34%-5.00%
Buildings	1.34%-4.50%
Machinery	3.07%
Transportation equipment	1.34%-4.50%

c. Other lease information

2019

**For the Three  
Months Ended  
March 31, 2019**

Expenses relating to short-term leases	<u>\$ 398,357</u>
Expenses relating to low-value asset leases	<u>\$ 3,595</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 2,274,925</u>
Total cash outflow for leases	<u>\$ (3,455,234)</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>March 31, 2018</b>
Not later than 1 year	\$ 4,385,309	\$ 2,946,512
Later than 1 year and not later than 5 years	5,950,601	4,833,021
Later than 5 years	<u>1,380,670</u>	<u>1,526,703</u>
	<u>\$ 11,716,580</u>	<u>\$ 9,306,236</u>

## 17. INVESTMENT PROPERTIES

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Investment properties	<u>\$ 2,308,514</u>	<u>\$ 2,312,021</u>	<u>\$ 2,223,448</u>

- a. Except for depreciation expenses recognized, the Group had neither significant disposal nor impairment of investment properties during the three months ended March 31, 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 team evaluated the fair value of investment properties which did not changed significantly for during the three months ended March 31, 2019 and 2018.

## 18. GOODWILL

After the Group's goodwill that was tested as of December 31, 2018 and 2017, the Group's management team evaluated that goodwill as of March 31, 2019 and 2018 did not changed significantly and was not impaired.

## 19. OTHER INTANGIBLE ASSETS

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Trademarks	\$ 1,420,833	\$ 1,414,628	\$ 1,331,835
Brand names	1,063,290	1,131,909	1,464,971
Computer software	502,052	-	-
Non-compete agreements	384,356	382,371	488,935
Licensing agreements	159,833	167,581	208,101
Others	<u>85,895</u>	<u>90,978</u>	<u>75,498</u>
	<u>\$ 3,616,259</u>	<u>\$ 3,187,467</u>	<u>\$ 3,569,340</u>

- a. Except for amortization recognized, the Group had neither significant disposal nor impairment of other intangible assets during the three months ended March 31, 2019 and 2018.

- b. The above mentioned 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

## 20. BORROWINGS

- a. Short-term borrowings

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
<u>Unsecured borrowings</u>			
Credit borrowings	<u>\$ 42,800,384</u>	<u>\$ 37,560,974</u>	<u>\$ 35,566,859</u>

The ranges of effective interest rate on bank borrowings were 0.60%-4.95%, 0.60%-6.70% and 0.78%-5.77% per annum as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively.

- b. Short-term bills payable

### March 31, 2019

	<b>Annual Interest Rate</b>	<b>Amount</b>
Commercial papers	0.55%-0.81%	\$ 3,152,000
Less: Unamortized discount on bills payable		<u>(853)</u>
		<u>\$ 3,151,147</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>

March 31, 2018

	<b>Annual Interest Rate</b>	<b>Amount</b>
Commercial papers	0.48%-0.76%	\$ 3,816,500
Less: Unamortized discount on bills payable		<u>(3,662)</u>
		<u>\$ 3,812,838</u>

c. Long-term borrowings

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
<u>Unsecured borrowings</u>			
Bank loans	\$ 56,810,439	\$ 58,181,619	\$ 54,690,975
Less: Long-term expenses for syndicated loans	(272,140)	(291,915)	(300,771)
Less: Current portion	<u>(4,385,347)</u>	<u>(4,194,398)</u>	<u>(2,437,500)</u>
	<u>\$ 52,152,952</u>	<u>\$ 53,695,306</u>	<u>\$ 51,952,704</u>

Maturity dates and ranges of annual interest rates:

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
<u>Maturity date</u>			
Long-term borrowings	2020.04.12- 2026.07.15	2020.01.15- 2026.07.15	2019.04.01- 2022.08.18
Current portion of long-term borrowings	2019.04.01- 2020.03.30	2018.03.27- 2019.12.03	2018.09.27- 2019.03.29
<u>Ranges of interest rate</u>	1.01%-3.78%	1.01%-3.75%	1.09%-3.29%

**21. NOTES PAYABLE AND ACCOUNTS PAYABLE**

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
<u>Notes payable (included related parties)</u>			
Operating	\$ 8,785	\$ 5,986	\$ 35,732
Non-operating	<u>4,757</u>	<u>3,420</u>	<u>4,713</u>
	<u>\$ 13,542</u>	<u>\$ 9,406</u>	<u>\$ 40,445</u>
Accounts payable (included related parties)	<u>\$ 17,529,866</u>	<u>\$ 15,101,841</u>	<u>\$ 15,741,263</u>

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

## 22. OTHER PAYABLES

	March 31, 2019	December 31, 2018	March 31, 2018
Payables for salaries	\$ 8,656,728	\$ 11,946,991	\$ 8,117,217
Payables for purchase of property, plant and equipment	2,479,591	3,143,362	2,044,436
Compensation due to directors	151,782	174,347	159,572
Employee compensation payables	809,293	756,902	739,756
Interest payables	247,493	259,573	108,435
Payables for annual leave	1,045,296	1,000,389	1,512,384
Payables for dividends	3,412,461	-	3,365,374
Others	<u>8,862,676</u>	<u>8,113,287</u>	<u>7,404,928</u>
	<u>\$ 25,665,320</u>	<u>\$ 25,394,851</u>	<u>\$ 23,452,102</u>
Current	\$ 25,513,502	\$ 25,243,368	\$ 23,302,833
Non-current	<u>151,818</u>	<u>151,483</u>	<u>149,269</u>
	<u>\$ 25,665,320</u>	<u>\$ 25,394,851</u>	<u>\$ 23,452,102</u>

## 23. 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 March 31	
	2019	2018
Operating costs	\$ 139,827	\$ 50,846
Selling and marketing expenses	415	344
General and administrative expenses	71,946	37,906
Research and development expenses	<u>1,790</u>	<u>2,281</u>
	<u>\$ 213,978</u>	<u>\$ 91,377</u>

## 24. EQUITY

### a. Share capital

	March 31, 2019	December 31, 2018	March 31, 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

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</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	343,269	343,269	343,269
<u>May be used to offset a deficit only (2)</u>			
Recognized from the share of changes in equity of subsidiaries	315	-	16,919
<u>May not be used for any purpose</u>			
Recognized from the share of changes in net assets of associates and joint ventures	<u>140,227</u>	<u>136,120</u>	<u>135,716</u>
	<u>\$ 4,604,514</u>	<u>\$ 4,600,092</u>	<u>\$ 4,616,607</u>

- 1) 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).
- 2) Such capital surplus are recognized from the share of changes in equity of subsidiaries that resulted from equity transactions, or from the share of changes in capital surplus of subsidiaries accounted for using the equity method when there was no actual disposal or acquisition of subsidiaries.

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 26 (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 that were proposed by the board of directors on April 30, 2019 and approved in the shareholders’ meetings on June 15, 2018, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share</b>	
			<b>(NT\$)</b>	
	<b>For</b>	<b>For</b>	<b>For</b>	<b>For</b>
	<b>Year 2018</b>	<b>Year 2017</b>	<b>Year 2018</b>	<b>Year 2017</b>
Legal reserve	\$ 1,070,865	\$ 1,292,161	\$ -	\$ -
Special reserve	8,376,139	280,862	-	-
Cash dividends	4,420,181	5,893,574	1.50	2.00

The appropriations of earnings for 2018 are subject to the resolution of the shareholders’ meeting to be held on June 13, 2019.

d. Other equity item

1) Exchange differences on translating foreign operations

	<b>For the Three Months Ended</b>	
	<b>March 31</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ (312,124)	\$ (1,790,529)
Exchange differences on translating foreign operations	576,167	(1,147,382)
Share of exchange differences of associates and joint ventures accounted for using equity method	<u>15,735</u>	<u>7,585</u>
Balance at March 31	<u>\$ 279,778</u>	<u>\$ (2,930,326)</u>

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

	<b>For the Three Months Ended March 31, 2018</b>
Balance at January 1	\$ (12,127,139)
Adjustment on initial application of IFRS 9	<u>12,127,139</u>
Balance at March 31	<u>\$ -</u>

3) Unrealized gain or loss on financial assets at FVTOCI

	<b>For the Three Months Ended March 31</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	1,306,292	389,834
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	784	586,616
Share of loss from associates and joint ventures accounted for using equity method	<u>8,028,087</u>	<u>(6,231,465)</u>
Balance at March 31	<u>\$ 851,232</u>	<u>\$ (3,395,004)</u>

4) Others

	<b>For the Three Months Ended March 31</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 loss from associates and joint ventures accounted for using equity method	<u>8,342,353</u>	<u>(3,453,078)</u>
Balance at March 31	<u>\$ (5,154,961)</u>	<u>\$ (3,959,515)</u>

e. Non-controlling interests

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ 74,334,314	\$ 74,764,568
Share of non-controlling interests		
Net income	1,522,451	1,689,447
Exchange differences on translating foreign operations	820,505	912,483
Unrealized gain (loss) on financial assets at FVTOCI	71,206	(174,478)
Changes in non-controlling interests	<u>(3,386,061)</u>	<u>(5,001,218)</u>
Balance at March 31	<u>\$ 73,362,415</u>	<u>\$ 72,190,802</u>

## 25. REVENUE

	For the Three Months Ended March 31	
	2019	2018
Sales revenue	\$ 76,460,766	\$ 67,104,698
Revenue from entertainment and resorts	138,834	138,532
Others	<u>23,909</u>	<u>20,676</u>
	<u>\$ 76,623,509</u>	<u>\$ 67,263,906</u>

## 26. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consist of the following:

a. Other income

	For the Three Months Ended March 31	
	2019	2018
Rental income		
Rental income from operating leases		
Investment properties	\$ 22,569	\$ 11,674
Others	<u>115,182</u>	<u>105,659</u>
	<u>137,751</u>	<u>117,333</u>
Interest income		
Cash in bank	136,516	81,687
Repurchase agreements collateralized by bonds	5,272	4,631
Financial assets at amortized cost	25,367	59,104
Others	<u>6,704</u>	<u>4,173</u>
	<u>173,859</u>	<u>149,595</u>
Others	<u>372,019</u>	<u>343,364</u>
	<u>\$ 683,629</u>	<u>\$ 610,292</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	2019	2018
Net loss on disposal of property, plant and equipment	\$ (114,390)	\$ (110,713)
Net foreign exchange gain (loss)	242,973	(164,552)
Net gain on disposal of associates	11,314	134,228
Net gain on financial assets at FVTPL	183,519	224,136
Net gain on financial liabilities at FVTPL	102,305	54,189
Reversal of impairment loss	-	29
Others	<u>(49,398)</u>	<u>(111,072)</u>
	<u>\$ 376,323</u>	<u>\$ 26,245</u>

c. Finance costs

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Interest on bank borrowings	\$ 713,273	\$ 563,416
Interest on short-term bills payable	4,212	6,243
Lease liabilities	102,012	-
Other interest expense	<u>18,095</u>	<u>14,327</u>
	<u>\$ 837,592</u>	<u>\$ 583,986</u>

d. Depreciation and amortization

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Property, plant and equipment	\$ 2,651,016	\$ 2,356,330
Investment properties	6,618	6,103
Right-of-use assets	899,571	-
Other intangible assets	127,223	144,069
Long-term prepayments	345	392
Prepayments for leases	-	33,120
Other prepaid expenses	<u>144</u>	<u>-</u>
	<u>\$ 3,684,917</u>	<u>\$ 2,540,014</u>
 An analysis of depreciation by function		
Operating costs	\$ 1,602,411	\$ 1,426,941
Operating expenses	1,950,289	934,304
Non-operating expenses	<u>4,505</u>	<u>1,188</u>
	<u>\$ 3,557,205</u>	<u>\$ 2,362,433</u>
 An analysis of amortization by function		
Operating costs	\$ -	\$ 285
Operating expenses	<u>127,712</u>	<u>177,296</u>
	<u>\$ 127,712</u>	<u>\$ 177,581</u>

e. Direct operating expenses from investment properties

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Generate rental income	<u>\$ 11,353</u>	<u>\$ 10,337</u>

f. Employee benefits expense

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Short-term benefits	\$ 16,547,014	\$ 15,483,015
Post-employment benefits		
Defined contribution plans	1,780,673	1,168,578
Defined benefit plans	<u>213,978</u>	<u>91,377</u>
	1,994,651	1,259,955
Share-based payments		
Equity-settled	27,469	20,481
Termination benefits	<u>641</u>	<u>7</u>
	<u>\$ 18,569,775</u>	<u>\$ 16,763,458</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 12,258,041	\$ 11,424,399
Operating expenses	<u>6,311,734</u>	<u>5,339,059</u>
	<u>\$ 18,569,775</u>	<u>\$ 16,763,458</u>

As of March 31, 2019 and 2018, there were 349,295 and 357,000 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 three months ended March 31, 2019 and 2018 were as follows:

Accrual rate

	<b>For the Three Months Ended March 31</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 March 31</b>	
	<b>2019</b>	<b>2018</b>
Employees' compensation	<u>\$ 54,705</u>	<u>\$ 41,939</u>
Remuneration of directors	<u>\$ 27,351</u>	<u>\$ 20,969</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, 2019 and 2018, 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.

## 27. INCOME TAXES

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

The major components of tax expense were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Current tax		
In respect of the current period	\$ 918,788	\$ 719,692
Deferred tax		
In respect of the current period	(182,980)	202,951
Change of tax rate	<u>-</u>	<u>(92)</u>
Income tax expense recognized in profit or loss	<u>\$ 735,808</u>	<u>\$ 922,551</u>

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, and 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 will be 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.

## 28. EARNINGS PER SHARE

The basic earnings per share and diluted earnings per share for the three months ended March 31, 2019 and 2018 were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
<u>Net income (in thousand dollars)</u>		
Earnings used in the computation of earnings per share	<u>\$ 2,919,059</u>	<u>\$ 2,044,949</u>
<u>Weighted average number of shares outstanding (in thousand shares)</u>		
Weighted average number of ordinary shares used in the computation of basic earnings per share	2,946,787	2,946,787
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>2,703</u>	<u>2,561</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>2,949,490</u>	<u>2,949,348</u>
<u>Earnings per share (in dollars)</u>		
Basic earnings per share	<u>\$0.99</u>	<u>\$0.69</u>
Diluted earnings per share	<u>\$0.99</u>	<u>\$0.69</u>

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.

## 29. SHARE-BASED PAYMENT ARRANGEMENTS

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

Information about the granted employee share options during the three months ended March 31, 2019 and 2018 was as follows:

	<b>For the Three Months Ended March 31</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 cancelled	<u>(40)</u>	<u>(33)</u>
Balance at March 31	<u>1,347</u>	<u>1,020</u>

Yue Yuen recognized \$8,293 thousand and \$10,372 thousand in compensation costs for the three months ended March 31, 2019 and 2018, respectively.

b. Information about Pou Sheng's employee share options

1) Information about outstanding share options during the three months ended March 31, 2019 and 2018 was as follows:

	<b>For the Three Months Ended March 31</b>			
	<b>2019</b>		<b>2018</b>	
<b>Employee Share Options</b>	<b>Number of Shares Purchasable (In Thousands)</b>	<b>Weighted-average Exercise Price (HK\$)</b>	<b>Number of Shares Purchasable (In Thousands)</b>	<b>Weighted-average Exercise Price (HK\$)</b>
Balance at January 1	28,244	\$ 1.75	53,749	\$ 1.64
Options cancelled	(5,040)	1.23	(18,747)	1.62
Options exercised	<u>(11,166)</u>	1.23	<u>(2,525)</u>	1.23
Balance at March 31	<u>12,038</u>	2.45	<u>32,477</u>	1.68
Exercisable options at March 31	<u>2,708</u>	2.29	<u>21,980</u>	1.29

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

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Range of exercise price (HK\$)	\$1.05-\$2.494	\$1.05-\$2.494	\$1.05-\$2.494
Weighted-average remaining contractual life (years)	3.25	1.52	2.09

Pou Sheng recognized \$2,158 thousand and \$2,432 thousand in compensation costs for the three months ended March 31, 2019 and 2018, respectively.

2) Information about the granted employee share options during the three months ended March 31, 2019 and 2018 was as follows:

	<b>For the Three Months Ended March 31</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	43,843	41,079
Options granted	13,826	-
Options cancelled	(1,259)	(2,746)
Options exercised	<u>(3,096)</u>	<u>(4,935)</u>
Balance at March 31	<u>53,314</u>	<u>33,398</u>

Pou Sheng recognized \$17,018 thousand and \$7,677 thousand in compensation costs for the three months ended March 31, 2019 and 2018, respectively.



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

Information about outstanding share options during the three months ended March 31, 2018 was as follows:

	<b>For the Three Months Ended March 31</b>			
	<b>2019</b>		<b>2018</b>	
<b>Employee Share Options</b>	<b>Number of Shares Purchasable (In Thousands)</b>	<b>Weighted- average Exercise Price (US\$)</b>	<b>Number of Shares Purchasable (In Thousands)</b>	<b>Weighted- average Exercise Price (US\$)</b>
Balance at January 1	817	\$ 20.01	817	\$ 20.01
Options exercised	-	-	-	-
Balance at March 31	<u>817</u>	20.01	<u>817</u>	20.01
Exercisable options at March 31	<u>733</u>	19.63	<u>670</u>	19.21

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

	<b>March 31</b>	
	<b>2019</b>	<b>2018</b>
Range of exercise price (US\$)	\$13.92-\$27.33	\$13.92-\$27.33
Weighted-average remaining contractual life (years)	5.33	5.63

### **30. 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.

### **31. 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.

### **32. 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:

March 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 359,261	\$ -	\$ 359,261
Structured deposits	-	600,312	-	600,312
Mutual funds	<u>616,000</u>	<u>-</u>	<u>163,201</u>	<u>779,201</u>
	<u>\$ 616,000</u>	<u>\$ 959,573</u>	<u>\$ 163,201</u>	<u>\$ 1,738,774</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 16,963,514	\$ -	\$ -	\$ 16,963,514
Domestic unlisted shares	-	-	78,475	78,475
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>212,081</u>	<u>212,081</u>
	<u>\$ 16,963,514</u>	<u>\$ -</u>	<u>\$ 290,556</u>	<u>\$ 17,254,070</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 472,149</u>	<u>\$ -</u>	<u>\$ 472,149</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>

March 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 103,863	\$ -	\$ 103,863
Structured deposits	-	568,886	-	568,886
Mutual funds	473,931	-	333,998	807,929
Foreign listed shares	<u>282,006</u>	<u>-</u>	<u>-</u>	<u>282,006</u>
	<u>\$ 755,937</u>	<u>\$ 672,749</u>	<u>\$ 333,998</u>	<u>\$ 1,762,684</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 15,490,034	\$ -	\$ -	\$ 15,490,034
Domestic unlisted shares	-	-	81,962	81,962
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>260,603</u>	<u>260,603</u>
	<u>\$ 15,490,034</u>	<u>\$ -</u>	<u>\$ 342,565</u>	<u>\$ 15,832,599</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 129,463</u>	<u>\$ -</u>	<u>\$ 129,463</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

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily at FVTPL	\$ 1,738,774	\$ 1,622,378	\$ 1,762,684
Financial assets at amortized cost (Note 1)	83,571,998	80,003,416	76,249,084
Financial assets at FVTOCI	17,254,070	15,833,214	15,832,599
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Held for trading	472,149	719,322	129,463
Financial liabilities at amortized cost (Note 2)	154,943,928	138,882,358	133,037,570

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 37.

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 Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
USD	\$ (12,335)	\$ (885)
RMB	(38,179)	(105,171)
HKD	(35,253)	(61,164)
VND	95,309	4,464
IDR	1,298	(6,790)
CAD	1,207	-

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>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Cash flow interest rate risk			
Financial liabilities	\$ 90,671,291	\$ 91,761,856	\$ 88,269,901

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 \$226,678 thousand and \$220,675 thousand during the three months ended March 31, 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 three months ended March 31, 2019 and 2018 would have decreased by \$7,792 thousand and \$10,899 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income for the three months ended March 31, 2019 and 2018 would have decreased by \$169,689 thousand and \$154,955 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 March 31, 2019, December 31, 2018 and March 31, 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.

March 31, 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	\$ 24,868,512	\$ 10,708,068	\$ 7,513,752	\$ 115,366	\$ 60,588
Lease liabilities	248,520	620,171	2,468,009	5,748,438	901,124
Floating interest rate liabilities	30,192,090	3,427,869	12,014,630	50,163,999	-
Fixed interest rate liabilities	-	5,209	6,285,595	5,610,857	-
Financial guarantee contracts	61,997,971	-	-	-	-
	<u>\$ 117,307,093</u>	<u>\$ 14,761,317</u>	<u>\$ 28,281,986</u>	<u>\$ 61,638,660</u>	<u>\$ 961,712</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	59,138,893	-	-	-	-
	<u>\$ 104,927,670</u>	<u>\$ 18,040,270</u>	<u>\$ 22,703,096</u>	<u>\$ 57,895,599</u>	<u>\$ 61,062</u>

March 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 liabilities	\$ 22,136,425	\$ 10,025,975	\$ 6,940,865	\$ 109,247	\$ 55,157
Floating interest rate liabilities	28,772,044	5,966,084	5,695,909	52,322,336	-
Fixed interest rate liabilities	-	-	1,875,000	3,625,000	-
Financial guarantee contracts	33,646,277	-	-	-	-
	<u>\$ 84,554,746</u>	<u>\$ 15,992,059</u>	<u>\$ 14,511,774</u>	<u>\$ 56,056,583</u>	<u>\$ 55,157</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.

March 31, 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	\$ -	\$ -	\$ -	\$ 132,594	\$ -
Forward exchange contracts	2,109	1,008	-	-	-
Exchange rate option contracts	23,779	134,135	151,295	-	-
Cross-currency swap contracts	-	-	27,023	-	-
Exchange rate swap contracts	<u>206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 26,094</u>	<u>\$ 135,143</u>	<u>\$ 178,318</u>	<u>\$ 132,594</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>

March 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>
Interest rate swap contracts	\$ -	\$ 1,546	\$ -	\$ -	\$ -
Forward exchange contracts	1,123	-	-	-	-
Exchange rate option contracts	-	-	-	3,399	-
Cross-currency swap contracts	10,641	2,962	8,156	-	-
Exchange rate swap contracts	<u>79,710</u>	<u>21,926</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 91,474</u>	<u>\$ 26,434</u>	<u>\$ 8,156</u>	<u>\$ 3,399</u>	<u>\$ -</u>

c) Financing facilities

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Unsecured bank facilities:			
Amount used	\$ 102,951,984	\$ 98,781,541	\$ 94,241,246
Amount unused	<u>31,641,693</u>	<u>34,414,573</u>	<u>64,780,512</u>
	<u>\$ 134,593,677</u>	<u>\$ 133,196,114</u>	<u>\$ 159,021,758</u>

### 33. 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

<b>Amount Item</b>	<b>Related Party Category</b>	<b>For the Three Months Ended March 31</b>	
		<b>2019</b>	<b>2018</b>
Sales	Associates	\$ 25,403	\$ 24,407
	Joint ventures	<u>110,345</u>	<u>85,173</u>
		<u>\$ 135,748</u>	<u>\$ 109,580</u>

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

c. Purchases

<b>Amount Item</b>	<b>Related Party Category</b>	<b>For the Three Months Ended March 31</b>	
		<b>2019</b>	<b>2018</b>
Purchases	Associates	\$ 762,705	\$ 298,564
	Joint ventures	<u>1,160,150</u>	<u>968,091</u>
		<u>\$ 1,922,855</u>	<u>\$ 1,266,655</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

<b>Amount Item</b>	<b>Related Party Category</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Notes receivable and accounts receivable	Associates	\$ 19,701	\$ 19,298	\$ 14,442
	Joint ventures	<u>62,590</u>	<u>37,107</u>	<u>52,506</u>
		<u>\$ 82,291</u>	<u>\$ 56,405</u>	<u>\$ 66,948</u>

No bad debt expense was recognized for the three months ended March 31, 2019 and 2018 for the amounts owed by related parties.

e. Payables to related parties

<b>Amount Item</b>	<b>Related Party Category</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Notes payable and accounts payable	Associates	\$ 752,581	\$ 443,060	\$ 118,575
	Joint ventures	<u>953,160</u>	<u>1,077,099</u>	<u>959,110</u>
		<u>\$ 1,705,741</u>	<u>\$ 1,520,159</u>	<u>\$ 1,077,685</u>

f. Financing provided

Refer to Table 1 “Financing provided to others” of Note 38 in the consolidated financial statements.

g. Endorsements/guarantees provided

Refer to Table 2 “Endorsements/guarantees provided” of Note 38 in the consolidated financial statements.

h. Compensation of key management personnel

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Short-term employee benefits	<u>\$ 59,945</u>	<u>\$ 48,567</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.

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

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

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Financial assets at amortized cost	<u>\$ 42,196</u>	<u>\$ 42,252</u>	<u>\$ 43,016</u>

### 35. 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	March 31, 2019	December 31, 2018	March 31, 2018
USD	\$ 2,532	\$ 2,502	\$ 3,617
EUR	2	53	219
IDR	19,087,188	23,515,196	22,426,197
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.
- 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.

### 36. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

- a. On May 7, 2019, Grand Wealth Group Limited, a subsidiary of the Group, resolved to dispose of its entire shareholding in Texas Clothing Holding Corp. not exceeding \$4,634,250 thousand (approximately US\$150,000 thousand).
- b. 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. which is the reinvestment of the Company with the estimated amount of \$4,080,000 thousand.

### 37. 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:

March 31, 2019

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 90,470	30.82	\$ 2,788,301
NTD	446,412	1	446,412
RMB	2,690,468	4.58	12,322,345
HKD	935,315	3.926	3,672,045
VND	220,776,860	0.00121	267,140
IDR	131,184,862	0.00218	285,983
Non-monetary items			
NTD	1,202,343	1	1,202,343
RMB	219,021	4.58	1,003,114

Financial liabilities

Monetary items			
USD	50,510	30.82	1,556,706
NTD	868,045	1	868,045
RMB	1,860,515	4.58	8,521,157
HKD	31,327	3.926	122,990
VND	674,630,578	0.00121	816,303
IDR	138,393,578	0.00218	301,698
CAD	5,269	22.95	120,914

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
Non-monetary items			
NTD	596,390	1	596,390
RMB	191,107	4.472	854,632

(Continued)

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<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)

March 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	\$ 100,002	29.105	\$ 2,910,555
NTD	436,673	1	436,673
RMB	2,414,817	4.647	11,221,654
HKD	1,672,831	3.708	6,202,854
VND	329,494,783	0.00115	378,919
IDR	463,712,206	0.00213	987,707
Non-monetary items			
NTD	920,227	1	920,227
RMB	538,734	4.647	2,503,495

Financial liabilities

Monetary items			
USD	97,027	29.105	2,823,948
NTD	808,808	1	808,808
RMB	128,464	4.647	596,973
HKD	19,694	3.708	73,024
VND	775,939,130	0.00115	892,330
IDR	124,236,150	0.00213	264,623

For the three months ended March 31, 2019 and 2018, net foreign exchange gains (losses) were \$242,973 thousand and \$(164,552) 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.

### **38. 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 32)
- 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).

### **39. 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 three months ended March 31, 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>\$ 43,018,365</u>	<u>\$ 33,420,287</u>	<u>\$ 184,857</u>	<u>\$ 76,623,509</u>
Segment income	<u>\$ 5,328,058</u>	<u>\$ 2,955,678</u>	<u>\$ 128,697</u>	\$ 8,412,433
Administrative costs and remuneration of directors				(4,976,153)
Rental income				137,751
Interest income				173,859
Other income				372,019
Net loss on disposal of property, plant and equipment				(114,390)
Net foreign exchange gain				242,973
Net gain on disposal of associates				11,314
Net gain on financial assets at FVTPL				183,519
Net loss on financial liabilities at FVTPL				102,305
Other loss				(49,398)
Finance costs				(837,592)
Share of profit of associates and joint ventures				<u>1,518,678</u>
Income before income tax				<u>\$ 5,177,318</u>

For the three months ended March 31, 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>\$ 38,990,860</u>	<u>\$ 28,069,242</u>	<u>\$ 203,804</u>	<u>\$ 67,263,906</u>
Segment income	<u>\$ 4,944,060</u>	<u>\$ 2,294,247</u>	<u>\$ 135,031</u>	\$ 7,373,338
Administrative costs and remuneration to directors				(4,252,819)
Rental income				117,333
Interest income				149,595
Other income				343,364
Net loss on disposal of property, plant and equipment				(110,713)
Net foreign exchange loss				(164,552)
Net gain on disposal of associates				134,228
Net gain on financial assets at FVTPL				224,136

(Continued)

	<b>Manufacturing of Shoes</b>	<b>Retail of Sporting Goods and Brand Licensing Business</b>	<b>Others</b>	<b>Total</b>
Net gain on financial liabilities at FVTPL				\$ 54,189
Reversal of impairment loss				29
Other loss				(111,072)
Finance costs				(583,986)
Share of the profit of associates and joint ventures				<u>1,483,877</u>
Income before income tax				<u>\$ 4,656,947</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, other income, net loss on disposal of property, plant and equipment, net foreign exchange gain (loss), net gain on disposal of associates, gain (loss) on financial instruments, reversal of impairment loss, other loss, 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 THREE MONTHS ENDED MARCH 31, 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	\$ 191,000	1.20	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 9,905,551	\$ 29,716,652	
1	Dong Guan Baoqiao Electronic Technology Co., Ltd.	Kunshan Yuanying Electronics Technology Co., Ltd.	Accounts receivable from related parties	Yes	4,469 (RMB 970,960)	4,447 (RMB 970,960)	4,447 (RMB 970,960)	4.35	2	-	Operating capital	-	"	-	77,863,392	77,863,392	
2	Great Pacific Investments Limited	Sure Elite Investments Limited	Accounts receivable from related parties	Yes	117,116 (US\$ 3,800,000)	117,116 (US\$ 3,800,000)	117,116 (US\$ 3,800,000)	3.00	2	-	Operating capital	-	-	-	127,209,550	127,209,550	
		Solar Link International Inc.	Accounts receivable from related parties	Yes	275,839 (US\$ 8,950,000)	275,839 (US\$ 8,950,000)	275,839 (US\$ 8,950,000)	1.70	2	-	Operating capital	-	-	-	127,209,550	127,209,550	
		Orisol Asia Limited	Accounts receivable from related parties	Yes	349,807 (US\$ 11,350,000)	349,807 (US\$ 11,350,000)	349,807 (US\$ 11,350,000)	3.00	2	-	Operating capital	-	-	-	127,209,550	127,209,550	
		Pro Kingtex Industrial Company Limited	Accounts receivable from related parties	Yes	215,740 (US\$ 7,000,000)	215,740 (US\$ 7,000,000)	215,740 (US\$ 7,000,000)	Note 5	2	-	Operating capital	-	-	-	8,393,457	8,393,457	
		Pt. Glostar Indonesia	Accounts receivable from related parties	Yes	3,757,320 (US\$ 122,000,000)	2,773,800 (US\$ 90,000,000)	2,773,800 (US\$ 90,000,000)	1.30-1.50	2	-	Operating capital	-	-	-	127,209,550	127,209,550	
		Pt. Pou Yuen Indonesia	Accounts receivable from related parties	Yes	5,157,560 (US\$ 168,000,000)	3,821,680 (US\$ 124,000,000)	3,729,220 (US\$ 121,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	127,209,550	127,209,550	
3	Orisol Asia Limited	Orisol Vietnam Co., Ltd.	Accounts receivable from related parties	Yes	15,410 (US\$ 500,000)	15,410 (US\$ 500,000)	15,410 (US\$ 500,000)	2.00	2	-	Operating capital	-	-	-	127,209,550	127,209,550	
4	Precious Full Investment Limited	Powerkmit Vietnam Company Limited	Accounts receivable from related parties	Yes	1,417,720 (US\$ 46,000,000)	1,417,720 (US\$ 46,000,000)	1,417,720 (US\$ 46,000,000)	1.30	2	-	Operating capital	-	-	-	127,209,550	127,209,550	
		Pou Li Vietnam Company Limited	Accounts receivable from related parties	Yes	801,320 (US\$ 26,000,000)	801,320 (US\$ 26,000,000)	801,320 (US\$ 26,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	127,209,550	127,209,550	
		Pou Phong Vietnam Company Limited	Accounts receivable from related parties	Yes	1,417,720 (US\$ 46,000,000)	1,417,720 (US\$ 46,000,000)	1,417,720 (US\$ 46,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	127,209,550	127,209,550	
		Yue De Vietnam Company Limited	Accounts receivable from related parties	Yes	1,078,700 (US\$ 35,000,000)	1,078,700 (US\$ 35,000,000)	1,078,700 (US\$ 35,000,000)	2.00	2	-	Operating capital	-	-	-	127,209,550	127,209,550	
		Pou Hung Vietnam Company Limited	Accounts receivable from related parties	Yes	2,958,720 (US\$ 96,000,000)	2,958,720 (US\$ 96,000,000)	2,958,720 (US\$ 96,000,000)	1.30-2.00	2	-	Operating capital	-	-	-	127,209,550	127,209,550	
5	Pou Yuen Industrial (Holdings) Ltd.	Pt. Pou Chen Indonesia	Accounts receivable from related parties	Yes	924,600 (US\$ 30,000,000)	924,600 (US\$ 30,000,000)	924,600 (US\$ 30,000,000)	1.50	2	-	Operating capital	-	-	-	10,100,361	10,100,361	
		Pou Chen Vietnam Enterprise Ltd.	Accounts receivable from related parties	Yes	1,232,800 (US\$ 40,000,000)	1,232,800 (US\$ 40,000,000)	924,600 (US\$ 30,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	127,209,550	127,209,550	
		Pt. Nikomas Gemilang	Accounts receivable from related parties	Yes	924,600 (US\$ 30,000,000)	924,600 (US\$ 30,000,000)	924,600 (US\$ 30,000,000)	1.30-1.50	2	-	Operating capital	-	-	-	127,209,550	127,209,550	
		Pouyuen Vietnam Company Ltd.	Accounts receivable from related parties	Yes	5,239,400 (US\$ 170,000,000)	5,239,400 (US\$ 170,000,000)	4,623,000 (US\$ 150,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	127,209,550	127,209,550	
		Pou Sung Vietnam Company Ltd.	Accounts receivable from related parties	Yes	4,931,200 (US\$ 160,000,000)	4,931,200 (US\$ 160,000,000)	4,931,200 (US\$ 160,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	127,209,550	127,209,550	
6	Key International Co., Ltd.	Prime Asia (S.E. Asia) Leather Corporation	Accounts receivable from related parties	Yes	166,428 (US\$ 5,400,000)	166,428 (US\$ 5,400,000)	-	-	2	-	Operating capital	-	-	-	127,209,550	127,209,550	
		Prime Asia Leather Corp.	Accounts receivable from related parties	Yes	1,078,700 (US\$ 35,000,000)	1,078,700 (US\$ 35,000,000)	1,078,700 (US\$ 35,000,000)	-	2	-	Operating capital	-	-	-	127,209,550	127,209,550	
7	Prime Asia (S.E. Asia) Leather Corporation	Prime Asia (Vietnam) Co., Ltd.	Accounts receivable from related parties	Yes	545,514 (US\$ 17,700,000)	545,514 (US\$ 17,700,000)	545,514 (US\$ 17,700,000)	1.50	2	-	Operating capital	-	-	-	127,209,550	127,209,550	
8	Top Galaxy Group Limited	Yue Yuen (Anfu) Footwear Co., Ltd.	Accounts receivable from related parties	Yes	46,073 (US\$ 1,500,000)	-	-	-	2	-	Operating capital	-	-	-	127,209,550	127,209,550	
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)	306,860 (RMB 67,000,000)	302,280 (RMB 66,000,000)	Note 6	2	-	Operating capital	-	-	-	127,209,550	127,209,550	
10	Shanggao Yisen Industry Co., Ltd.	Yu Xing (Jishui) Footwear Co., Ltd.	Accounts receivable from related parties	Yes	382,647 (RMB 83,130,000)	380,735 (RMB 83,130,000)	380,735 (RMB 83,130,000)	3.33	2	-	Operating capital	-	-	-	127,209,550	127,209,550	
11	Wealthplus Holdings Limited	Treasure Chain International Limited	Accounts receivable from related parties	Yes	3,976,992 (RMB 864,000,000)	3,957,120 (RMB 864,000,000)	1,896,120 (RMB 414,000,000)	4.35	2	-	Operating capital	-	-	-	45,178,489	45,178,489	
12	Pou Sheng (China) Investment Co., Ltd.	Qingdao Pou-Sheng International Sport Products Co., Ltd.	Loan receivable	Yes	1,565,020 (RMB 340,000,000)	1,557,200 (RMB 340,000,000)	958,551 (RMB 209,290,538)	4.35	2	-	Operating capital	-	-	-	1,584,253	1,584,253	

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: The nature of financing is code as follows:

- Business relationship is coded 1.
- 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:

- The maximum amount permitted to a single borrower is listed based on the types of financing reasons as follows:
  - 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.
  - The need for short-term financing: Each of the financing amount shall not exceed 10% of the Company's net worth.

(Continued)



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 30% 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: The borrowing rate is 1 month US dollar LIBOR rate plus 0.8% and 1.2%.

Note 6: 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 THREE MONTHS ENDED MARCH 31, 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	\$ 99,055,507	\$ 24,024,190	\$ 24,024,190	\$ 108,280	\$ -	31	\$ 198,111,014	Y	N	N	
		Barits Development Corp.	b	99,055,507	7,949,200	7,949,200	4,087,400	-	10	198,111,014	Y	N	N	
		Pou Shine Investment Co., Ltd.	b	99,055,507	1,500,000	1,500,000	580,000	-	2	198,111,014	Y	N	N	
		Pou Yuen Technology Co., Ltd.	b	99,055,507	300,000	300,000	47,000	-	-	198,111,014	Y	N	N	
		Pro Arch International Development Enterprise Inc.	b	99,055,507	58,439	54,840	54,840	-	-	198,111,014	Y	N	N	
		Pou Yii Development Co., Ltd.	b	99,055,507	600,000	600,000	-	-	1	198,111,014	Y	N	N	
		Yue Hong Realty Development Co., Ltd.	b	99,055,507	550,000	550,000	491,000	-	1	198,111,014	Y	N	N	
1	Yue Yuen Industrial (Holdings) Limited	Orisol Asia Limited	b	99,055,507	90,000	90,000	-	-	-	198,111,014	N	N	N	
		Tien Pou International Ltd.	f	99,055,507	86,194	49,312	24,656	-	-	198,111,014	N	N	N	
		Great Spring Management Ltd.	f	99,055,507	135,574	123,280	-	-	-	198,111,014	N	N	N	
		Universal Ocean Co., Ltd.	f	99,055,507	135,574	123,280	-	-	-	198,111,014	N	N	N	
		Cohen Enterprises Inc.	f	99,055,507	847,550	847,550	462,300	-	1	198,111,014	N	N	N	
		Pou Chien Enterprise Co., Ltd.	b	99,055,507	2,000,000	2,000,000	1,300,000	-	3	198,111,014	N	N	N	
		Haggar Direct Inc.	b	99,055,507	30,820	30,820	-	-	-	198,111,014	N	N	N	
		Texas Clothing Holding Corp.	b	99,055,507	30,820	30,820	-	-	-	198,111,014	N	N	N	
		Pt Ka Yuen Indonesia	f	99,055,507	30,820	30,820	-	-	-	198,111,014	N	N	N	
		Pine Wood Industries Ltd.	f	99,055,507	171,051	171,051	33,287	-	-	198,111,014	N	N	N	
		Ka Yuen Rubber Factory Ltd.	f	99,055,507	244,249	244,249	-	-	-	198,111,014	N	N	N	
		Pt Kmk Globals Sports	b	99,055,507	277,380	277,380	-	-	-	198,111,014	N	N	N	
		Pt Pou Yuen Indonesia	b	99,055,507	462,300	462,300	339,020	-	1	198,111,014	N	N	N	
		Vietnam Tiong Liong Industrial Co., Ltd.	f	99,055,507	17,105	17,105	16,434	-	-	198,111,014	N	N	N	
		Pt. Selalu Cinta Indonesia	b	99,055,507	2,216,790	1,664,280	1,271,225	-	2	198,111,014	N	N	N	
		Prime Asia Leather Corporation	b	99,055,507	2,619,700	2,619,700	258,888	-	3	198,111,014	N	N	N	
		Haggar Clothing Co.	b	99,055,507	4,623,000	4,623,000	3,550,429	-	6	198,111,014	N	N	N	
		Pou Phong Vietnam Company Ltd.	b	99,055,507	154,100	154,100	-	-	-	198,111,014	N	N	N	
		Powerknit Vietnam Company Ltd.	b	99,055,507	154,100	154,100	-	-	-	198,111,014	N	N	N	
		Henan YYSPOrts Sport Products Co., Ltd.	b	99,055,507	43,094	42,879	-	-	-	198,111,014	N	N	Y	
					(RMB 9,362,235)	(RMB 9,362,235)								

(Continued)

No. (Note 1)	Endorsement/ Guarantee Provider	Endorsee/Guaranteee		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	\$ 99,055,507	\$ 45,967 (RMB 9,986,384)	\$ 45,738 (RMB 9,986,384)	\$ -	\$ -	-	\$ 198,111,014	N	N	Y	
		Shanghai DZJ Sports Industries Dev. Co., Ltd.	b	99,055,507	57,459 (RMB 12,482,980)	57,172 (RMB 12,482,980)	-	-	-	198,111,014	N	N	Y	
		Jiangxi Bao Yuan Trade Co., Ltd.	b	99,055,507	66,078 (RMB 14,355,427)	65,748 (RMB 14,355,427)	-	-	-	198,111,014	N	N	Y	
		Hefei Pouxun Sporting Goods Co., Ltd.	b	99,055,507	137,902 (RMB 29,959,152)	137,213 (RMB 29,959,192)	-	-	-	198,111,014	N	N	Y	
		Qingdao Pou-Sheng International Sport Products Co., Ltd.	b	99,055,507	140,660 (RMB 30,558,335)	139,957 (RMB 30,558,335)	-	-	-	198,111,014	N	N	Y	
		Zhejiang Shengdao Sporting-Goods Co., Ltd.	b	99,055,507	316,025 (RMB 68,656,390)	314,446 (RMB 68,656,390)	-	-	-	198,111,014	N	N	Y	
		Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	b	99,055,507	511,387 (RMB 111,098,522)	508,831 (RMB 111,098,522)	-	-	1	198,111,014	N	N	Y	
		Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	b	99,055,507	965,314 (RMB 209,714,064)	960,489 (RMB 209,714,064)	-	-	1	198,111,014	N	N	Y	
		Shaanxi Pousheng Trading Co., Ltd.	b	99,055,507	1,261,229 (RMB 274,001,411)	1,254,927 (RMB 274,001,411)	-	-	2	198,111,014	N	N	Y	
2	Pou Sheng International (Holdings) Limited	Qingdao Pou-Sheng International Sport Products Co., Ltd.	b	99,055,507	570,181 (RMB 123,884,000)	567,389 (RMB 123,884,000)	-	-	1	198,111,014	N	N	Y	
		Hefei Pouxun Sporting Goods Co., Ltd.	b	99,055,507	335,640 (RMB 72,944,000)	334,084 (RMB 72,944,000)	-	-	-	198,111,014	N	N	Y	
		Henan YYSports Sport Products Co., Ltd.	b	99,055,507	222,559 (RMB 48,355,000)	221,466 (RMB 48,355,000)	-	-	-	198,111,014	N	N	Y	
		Yue Cheng (Kun Shan) Sports Co., Ltd.	b	99,055,507	220,944 (RMB 48,000,000)	219,840 (RMB 48,000,000)	-	-	-	198,111,014	N	N	Y	
		Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	b	99,055,507	13,578,822 (RMB2,207,035,750) (US\$ 111,000,000)	13,529,244 (RMB2,207,035,750) (US\$ 111,000,000)	2,691,105 (RMB 587,577,745)	-	17	198,111,014	N	N	Y	
		Shaanxi Pousheng Trading Co., Ltd.	b	99,055,507	7,416,037 (RMB1,269,762,000) (US\$ 51,000,000)	7,387,330 (RMB1,269,762,000) (US\$ 51,000,000)	676,466 (RMB 147,700,000)	-	9	198,111,014	N	N	Y	
		Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	b	99,055,507	5,084,092 (RMB 361,349,000) (US\$ 111,000,000)	5,075,998 (RMB 361,349,000) (US\$ 111,000,000)	628,376 (RMB 137,200,000)	-	7	198,111,014	N	N	Y	
		Zhejiang Shengdao Sporting-Goods Co., Ltd.	b	99,055,507	2,867,567 (RMB 221,279,000) (US\$ 60,000,000)	2,862,658 (RMB 221,279,000) (US\$ 60,000,000)	1,072,407 (RMB 234,150,000)	-	4	198,111,014	N	N	Y	
		Taiwan Taisong Trading Co., Ltd.	b	99,055,507	40,000	40,000	40,000	-	-	198,111,014	N	N	N	
		Pou Yuen Trading Corporation	b	99,055,507	45,000	45,000	30,000	-	-	198,111,014	N	N	N	
		Guizhou Pou-Sheng Sport Products Co., Ltd.	b	99,055,507	131,186 (RMB 28,500,000)	130,530 (RMB 28,500,000)	-	-	-	198,111,014	N	N	Y	
		Jiangxi Bao Yuan Trade Co., Ltd.	b	99,055,507	174,525 (RMB 37,925,000)	173,697 (RMB 37,925,000)	-	-	-	198,111,014	N	N	Y	
		Kun Shan Taisong Trading Co., Ltd.	b	99,055,507	230,150 (RMB 50,000,000)	229,000 (RMB 50,000,000)	-	-	-	198,111,014	N	N	Y	
		Kun Shan Pou-Chi Sports Co., Ltd.	b	99,055,507	557,765 (RMB 121,175,000)	554,982 (RMB 121,175,000)	-	-	1	198,111,014	N	N	Y	
		Kun Shan Ysports E-Commerce Co., Ltd.	b	99,055,507	475,847 (RMB 103,500,000)	474,030 (RMB 103,500,000)	-	-	1	198,111,014	N	N	Y	
		Guangzhou Pou-Yuen Trading Co., Ltd.	b	99,055,507	1,571,820 (US\$ 51,000,000)	1,571,820 (US\$ 51,000,000)	-	-	2	198,111,014	N	N	Y	
		Shenzhen Pou-Yuen Sport Products Co., Ltd.	b	99,055,507	2,605 (RMB 568,750)	2,605 (RMB 568,750)	-	-	-	198,111,014	N	N	Y	
		Pou Sheng (China) Investment Co., Ltd.	b	99,055,507	3,873,320 (RMB 500,000,000) (US\$ 51,000,000)	3,861,820 (RMB 500,000,000) (US\$ 51,000,000)	320,330 (RMB 69,941,106)	-	5	198,111,014	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	\$ 99,055,507	\$ 21,229 (RMB 4,625,000)	\$ 21,183 (RMB 4,625,000)	\$ -	\$ -	-	\$ 198,111,014	N	N	Y	
		Yue-Shen (Taicang) Footwear Co., Ltd.	b	99,055,507	37,004 (RMB 8,039,000)	36,819 (RMB 8,039,000)	-	-	-	198,111,014	N	N	Y	
		Taicang Yue-Shen Sporting Goods Co., Ltd.	b	99,055,507	95,107 (RMB 20,675,000)	94,692 (RMB 20,675,000)	-	-	-	198,111,014	N	N	Y	
3	Pou Sheng (China) Investment Co., Ltd.	Henan Ysports Sport Products Co., Ltd.	b	99,055,507	96,663 (RMB 21,000,000)	96,180 (RMB 21,000,000)	54,982 (RMB 12,004,870)	-	-	198,111,014	N	N	Y	
		Guizhou Pou-Sheng Sport Products Co., Ltd.	b	99,055,507	128,884 (RMB 28,000,000)	128,240 (RMB 28,000,000)	45,811 (RMB 10,002,376)	-	-	198,111,014	N	N	Y	
		Shanghai DZJ Sports Industries Dev. Co., Ltd.	b	99,055,507	92,060 (RMB 20,000,000)	91,600 (RMB 20,000,000)	-	-	-	198,111,014	N	N	Y	
		Jiangxi Bao Yuan Trade Co., Ltd.	b	99,055,507	125,099 (RMB 27,300,000)	105,340 (RMB 23,000,000)	93,171 (RMB 20,342,964)	-	-	198,111,014	N	N	Y	
		Yue Cheng (Kun Shan) Sports Co., Ltd.	b	99,055,507	134,160 (RMB 30,000,000)	-	-	-	-	198,111,014	N	N	Y	
		Taicang Yue-Shen Sporting Goods Co., Ltd.	b	99,055,507	202,500 (RMB 45,000,000)	32,060 (RMB 7,000,000)	-	-	-	198,111,014	N	N	Y	
		Qingdao Pou-Sheng International Sport Products Co., Ltd.	b	99,055,507	315,122 (RMB 68,460,000)	313,547 (RMB 68,460,000)	186,118 (RMB 40,637,166)	-	-	198,111,014	N	N	Y	
		Hefei Pouxun Sporting Goods Co., Ltd.	b	99,055,507	282,365 (RMB 61,500,000)	254,190 (RMB 55,500,000)	171,772 (RMB 37,504,785)	-	-	198,111,014	N	N	Y	
		Zhejiang Shengdao Sporting-Goods Co., Ltd.	b	99,055,507	533,162 (RMB 110,000,000)	503,800 (RMB 110,000,000)	259,831 (RMB 56,731,576)	-	1	198,111,014	N	N	Y	
		Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	b	99,055,507	844,651 (RMB 183,000,000)	838,140 (RMB 183,000,000)	714,346 (RMB 155,970,553)	-	1	198,111,014	N	N	Y	
		Shaanxi Pousheng Trading Co., Ltd.	b	99,055,507	2,159,910 (RMB 457,000,000)	2,093,060 (RMB 457,000,000)	1,113,721 (RMB 243,170,601)	-	3	198,111,014	N	N	Y	
		Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	b	99,055,507	2,947,306 (RMB 633,500,000)	2,867,080 (RMB 626,000,000)	1,087,476 (RMB 237,439,960)	-	4	198,111,014	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

MARCH 31, 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	March 31, 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	\$ 5,378,040	1.41	\$ 5,378,040	
	Taiwan Paiho Limited		Financial assets at FVTOCI - current	615,473	44,068	0.21	44,068	
	Zhiyuan Venture Capital Co., Ltd.		Financial assets at FVTOCI - non-current	6,000,000	59,552	10.71	59,552	
	New Loulan Corporation., Ltd.		Financial assets at FVTOCI - non-current	100,000	804	4.00	804	
Wealthplus Holdings Limited	<u>Fund</u>							
	Cid Greater China Venture Capital Fund II, L.P.		Financial assets mandatorily at FVTPL - current	-	94,601 (US\$ 3,069,476)	-	94,601	
	<u>Ordinary shares</u>							
	Golden Brands Developments Ltd.		Financial assets at FVTOCI - non-current	17,086,572	71,541 (US\$ 2,321,245)	5.38	71,541	
	Great Team Backend Foundry, Inc.		Financial assets at FVTOCI - non-current	4,000,000	140,539 (US\$ 4,560,000)	6.87	140,539	
	<u>Bonds</u>							
	China Construction Bank		Financial assets at amortized cost - current	-	1,232,800 (US\$ 40,000,000)	-	1,232,800	
	Goldman Sachs Bank		Financial assets at amortized cost - current	-	82,617 (US\$ 2,680,622)	-	82,617	
	Morgan Stanley Bank Formosa Bond		Financial assets at amortized cost - current	-	229,276 (US\$ 7,439,185)	-	229,276	
	Bank of America		Financial assets at amortized cost - current	-	154,099 (US\$ 4,999,953)	-	154,099	
	CIB Bond		Financial assets at amortized cost - current	-	137,988 (US\$ 4,477,237)	-	137,988	
	<u>Structured product</u>							
	CIB Redeemable Structured Product		Financial assets at amortized cost - current	-	160,403 (US\$ 5,204,500)	-	160,403	
	<u>Bonds</u>							
	Societe Generale Taiwan Formosa Bond		Financial assets at amortized cost - non-current	-	96,574 (US\$ 3,133,493)	-	96,574	
	Societe Generale Perpetual Bond		Financial assets at amortized cost - non-current	-	106,210 (US\$ 3,446,155)	-	106,210	
	UBS Perpetual Bond		Financial assets at amortized cost - non-current	-	157,804 (US\$ 5,120,179)	-	157,804	
Win Fortune Investments Limited	<u>Fund</u>							
	Prodigy Strategic Investment Fund Xxii Segregated Portfolio		Financial assets mandatorily at FVTPL - non-current	41,660	163,201 (US\$ 5,295,289)	-	163,201	
Pou Shine Investments Co., Ltd.	<u>Ordinary shares</u>							
	Taiwan Paiho Limited		Financial assets at FVTOCI - current	775,170	55,502	0.26	55,502	
	Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	125,123,044	3,509,701	0.92	3,509,701	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2019				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Pou Yuen Technology Co., Ltd.	<u>Ordinary shares</u> Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	17,039,372	\$ 477,954	0.13	\$ 477,954	
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 Financial assets at FVTOCI - current Financial assets at FVTOCI - non-current Financial assets at FVTOCI - non-current	133,720,943 34,448,000 32,000 20,000	3,750,873 451,269 320 -	0.98 6.68 1.07 1.00	3,750,873 451,269 320 -	
Song Ming Investments Co., Ltd.	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	3,222,441	40,095	-	40,095	
	<u>Ordinary shares</u> Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	49,416,125	1,386,122	0.36	1,386,122	
Pro Arch International Development Enterprise Inc.	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	686,746	8,545	-	8,545	
Pou Chin Development Co., Ltd.	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	418,551	5,208	-	5,208	
Wang Yi Construction Co., Ltd.	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	905,526	11,267	-	11,267	
Windsor Entertainment Co., Ltd.	<u>Funds</u> Mega Diamond Money Market Fund Jih Sun Money Market Fund Prudential Financial Money Market Fund		Financial assets mandatorily at FVTPL - current Financial assets mandatorily at FVTPL - current Financial assets mandatorily at FVTPL - current	3,308,539 686,973 1,090,135	41,482 10,177 17,241	- - -	41,482 10,177 17,241	
	<u>Ordinary shares</u> Taichung International Entertainment Corporation		Financial assets at FVTOCI - non-current	3	7,800	0.09	7,800	
Pou Yii Development Co., Ltd.	<u>Ordinary shares</u> Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	40,069,450	1,123,948	0.30	1,123,948	
Yue Yuen Industrial (Holdings) Limited	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	31,168,966	387,384 (US\$ 12,569,241)	-	387,384	
	<u>Ordinary shares</u> Evermore Chemical Industry Co., Ltd.		Financial assets at FVTOCI - current	8,081,281	123,505 (US\$ 4,007,290)	8.13	123,505	
	Taiwan Paiho Limited		Financial assets at FVTOCI - non-current	9,528,228	681,454 (US\$ 22,110,787)	3.20	681,454	
	Keg Big Dome Sports Co., Ltd.		Financial assets at FVTOCI - non-current	-	10,000 (US\$ 324,466)	11.76	10,000	
	<u>Bonds</u> Haitong International Finance 2014 Ltd.		Financial assets at amortized cost - current	-	18,546 (US\$ 601,745)	-	18,546	
	Greenland Global Investment Ltd.		Financial assets at amortized cost - current	-	18,511 (US\$ 600,602)	-	18,511	
	Bank of China (Hong Kong)		Financial assets at amortized cost - current	-	37,689 (US\$ 1,222,890)	-	37,689	
	CITIC Securities Finance MTN Co., Ltd.		Financial assets at amortized cost - current	-	18,530 (US\$ 601,245)	-	18,530	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2019				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
	Fita International Ltd.		Financial assets at amortized cost - current	-	\$ 18,958	-	\$ 18,958	
	Huarong Finance II Co., Ltd.		Financial assets at amortized cost - current	-	(US\$ 615,132)	-	18,670	
	The Bank of East Asia Limited		Financial assets at amortized cost - non-current	-	(US\$ 605,783)	-	19,077	
	Beijing State-Owned Assets Management Co., Ltd.		Financial assets at amortized cost - non-current	-	(US\$ 618,982)	-	18,505	
	Boom Up Investments Ltd.		Financial assets at amortized cost - non-current	-	(US\$ 600,408)	-	18,622	
	China Overseas Finance (Cayman) II Ltd.		Financial assets at amortized cost - non-current	-	(US\$ 604,213)	-	18,622	
	Cnooc Finance 2015 Australia Pty. Ltd.		Financial assets at amortized cost - non-current	-	(US\$ 620,531)	-	19,125	
	Sinochem Group Co., Ltd.		Financial assets at amortized cost - non-current	-	(US\$ 18,438)	-	18,438	
	Standard Chartered (Hong Kong)		Financial assets at amortized cost - non-current	-	(US\$ 598,244)	-	18,842	
				-	(US\$ 611,354)	-	19,012	
	<u>Structured product</u>			-	(US\$ 618,884)	-		
	JP Morgan Credit Linked Note		Financial assets mandatorily at FVTPL - non-current	-	600,312	-	600,312	
				-	(US\$ 19,478,000)	-		

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 THREE MONTHS ENDED MARCH 31, 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				Company Name	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
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)	6,661,357	\$ 81,499 (US\$ 2,602,628) (Note)	5,182,573	\$ 64,727 (US\$ 2,099,541)	\$ 64,727 (US\$ 2,099,541)	\$ - (US\$ -)	31,168,966	\$ 387,384 (US\$ 12,569,241)

Note: 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 THREE MONTHS ENDED MARCH 31, 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	2019.01-2019.03	\$ 679,652 (US\$ 22,052,293)	Accumulated payment as of March 31, 2019 \$ 651,818 (US\$ 21,149,189)	-	None	-	-	-	-	Market price	Plant expansion	

## 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 THREE MONTHS ENDED MARCH 31, 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 50.97% indirectly at March 31, 2019	Sale	\$ (2,876,627)	(99)	D/A 45 days			\$ 1,827,206	99	
Yue Yuen Industrial (Holdings) Limited	Pou Chen Corporation	The parent company	Purchase	2,876,627 (US\$ 93,309,125)	6	D/A 45 days			(1,827,206) (US\$ (59,286,370))	(11)	
	Ka Yuen Rubber Factory Limited	Investee accounted for by the equity method	Purchase	386,503 (US\$ 12,537,000)	1	D/A 45 days			(388,116) (US\$ (12,593,000))	(2)	
	Twinways Investments Limited	Investee accounted for by the equity method	Purchase	353,023 (US\$ 11,451,000)	1	D/A 45 days			(307,830) (US\$ (9,988,000))	(2)	
	Cohen Enterprises Inc.	Investee accounted for by the equity method	Purchase	131,732 (US\$ 4,273,000)	-	D/A 45 days			(91,967) (US\$ (2,984,000))	(1)	
	Top Units Developments Ltd.	Investee accounted for by the equity method	Purchase	140,488 (US\$ 4,557,000)	-	D/A 45 days			(86,204) (US\$ (2,797,000))	-	
	San Fang Chemical Industry Co., Ltd.	Investee accounted for by the equity method	Purchase	379,782 (US\$ 12,319,000)	1	D/A 45 days			(395,544) (US\$ (12,834,000))	(2)	
	Eastlion Industrial Ltd.	Investee accounted for by the equity method	Purchase	309,986 (US\$ 10,055,000)	1	D/A 45 days			(282,804) (US\$ (9,176,000))	(2)	

**POU CHEN CORPORATION AND SUBSIDIARIES**

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

**MARCH 31, 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 50.97% indirectly at March 31, 2019	\$ 1,827,206	6	\$ -	-	\$ 898,848	\$ -

**POU CHEN CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 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	\$ 2,876,627	D/A 45 days	4
		Yue Yuen Industrial (Holdings) Limited	a	Accounts receivable	1,827,206	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 March 31, 2019. For profit or loss items, cumulative amounts are shown as a percentage to the consolidated total operating revenue for the three months ended March 31, 2019.

## POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE THREE MONTHS ENDED MARCH 31, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 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	\$ 77,560,285 (US\$ 2,516,556,954)	\$ 1,377,176 (US\$ 44,671,443)	\$ 1,381,240 (US\$ 44,803,284)	
	Win Fortune Investments Limited	British Virgin Islands	Investing activities	3,230 (US\$ 100,000)	3,230 (US\$ 100,000)	100,000	100.00	2,100,073 (US\$ 68,139,950)	25,147 (US\$ 815,680)	25,234 (US\$ 818,507)	
	Windsor Hotel Co., Ltd.	No. 610, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan (ROC)	Entertainment and resort operations	450,000	450,000	10,000,000	100.00	109,367	5,365	6,559	
	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	3,261,883	(2,926)	(2,926)	
	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	14,296	(3,212)	(3,212)	
	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	7,821,668	(20,343)	(20,235)	
	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	330,022	1,427	(2,652)	
	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	255,152	4,444	4,476	
	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	158,046	(1,443)	(216)	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	-	(1,049)	33	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	1,388,001	(72,119)	(9,066)	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	-	(250)	-	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	11,150,000	11,150,000	2,961,000,000	20.00	26,191,298	6,933,076	1,386,631	(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	49.90	61,728,248 (US\$ 2,002,863,333)	2,327,405 (US\$ 75,494,000)	1,166,843 (US\$ 37,848,887)	The subsidiary in which the Company holds 50.97% indirectly at March 31, 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	75,996 (US\$ 2,465,793)	16 (US\$ 531)	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	163,021 (US\$ 5,289,454)	2,846 (US\$ 92,303)	898 (US\$ 29,126)	
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	1,324,810 (US\$ 42,985,414)	2,327,405 (US\$ 75,494,000)	25,028 (US\$ 811,825)	The subsidiary in which the Company holds 50.97% indirectly at March 31, 2018 (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	10,009	(20,343)	(26)	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	226,966	(72,119)	(1,482)	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	-	(250)	-	The Company and its associate hold 50.00%

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2019	December 31, 2018	Shares	%	Carrying Amount			
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	\$ 2,261,961	\$ (1,370)	\$ (1,370)	
	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	82,949	(1,049)	(942)	The Company and its associate hold 97.57%
	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	199,397	(726)	(726)	
	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	174,030	(2,134)	(2,134)	
	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	477,596	(72,119)	(3,119)	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	-	(250)	-	The Company and its associate hold 50.00%
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	18,308	(72,119)	(120)	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	790,231	(1,443)	(1,082)	The Company and its associate hold 90.00% Subsidiary
	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	13,281	1,427	28	
	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	42,544	(72,119)	(278)	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	25,531	(659)	(659)	
	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\$ 828,388)	(US\$ (21,367))	(US\$ (21,367))	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	2,220,322	(51,752)	(18,677)	
	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\$ 72,041,590)	(US\$ (1,678,687))	(US\$ (605,838))	
	Oftenrich Holdings Limited	Bermuda	Manufacturing and sale of footwear	381,878	381,878	5,400	45.00	439,253	(18,144)	(7,265)	
	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\$ 14,252,222)	(US\$ (588,524))	(US\$ (235,645))	
	Prosperous Industrial (Holdings) Ltd.	British Cayman Islands	Manufacturing and sale of gym bags	1,339,783	1,339,783	252,000,000	22.50	2,325,511	17,314	7,791	
	Supplyline Logistics Ltd.	Hong Kong	Logistics service provider	(US\$ 42,210,159)	(US\$ 42,210,159)	4,612	49.00	(US\$ 75,454,600)	(US\$ 561,604)	(US\$ 252,722)	
	San Fang Chemical Industry Co., Ltd.	ROC	Manufacturing and sale of synthetic leather	92,393	92,393	2,849,000	37.00	196,132	17,997	6,659	
	Tien Pou International Ltd.	British Virgin Islands	Investment holding	(US\$ 2,849,000)	(US\$ 2,849,000)	252,000,000	22.50	(US\$ 6,363,798)	(US\$ 583,762)	(US\$ 215,992)	
	Nan Pao Resins Chemical Co., Ltd.	ROC	Manufacturing and sale of chemical materials	583,740	583,740	4,612	49.00	1,242,071	(38,889)	(8,750)	
	Bigfoot Limited	British Virgin Islands	Fabric trade/dyeing, finishing and processing of fabric/footwear material fitting	(US\$ 18,000,000)	(US\$ 18,000,000)	11,600,000	40.00	(US\$ 40,300,796)	(US\$ (1,261,436))	(US\$ (283,823))	
	Enthroned Group Limited	British Virgin Islands	Investment holding	251,967	250,496	4,876	48.76	-	(33,934)	-	
	Just Lucky Investments Limited	British Virgin Islands	Property management	(US\$ 7,860,793)	(US\$ 7,813,063)	177,908,075	44.72	4,446,067	111,066	49,669	
	Natural Options Limited	British Virgin Islands	Manufacturing of foam	(US\$ 83,192,794)	(US\$ 83,192,794)	11,600,000	40.00	(US\$ 144,259,149)	(US\$ 3,602,663)	(US\$ 1,611,111)	
	Rise Bloom International Limited	Hong Kong	Investment holding	(US\$ 369,662)	(US\$ 369,662)	21,205,248	17.59	63,797	(33,311)	(13,324)	
	Prosperlink Limited	Samoa	Investment holding	(US\$ 11,740,355)	(US\$ 11,740,355)	3,964,188	48.76	(US\$ 2,069,976)	(US\$ 1,080,508)	(US\$ (432,203))	
	Pou Ming Paper Products Manufacturing Co., Ltd.	British Virgin Islands	Manufacturing of paper products	539,797	539,797	1,000,000	20.00	1,640,554	86,475	15,211	
				(US\$ 16,873,924)	(US\$ 16,873,924)	138,837	138,837	(US\$ 53,230,165)	(US\$ 2,805,005)	(US\$ 493,400)	
				(US\$ 4,281,139)	(US\$ 4,281,139)	158	158	(US\$ 4,480,925)	(US\$ (109,875))	(US\$ (53,574))	
				158	158	4,876	48.76	150	-	-	
				(US\$ 4,876)	(US\$ 4,876)	808,130	38.30	(US\$ 4,876)	1,185	454	
			26,207	26,207	808,130	38.30	62,053	(US\$ 38,433)	(US\$ 14,720)		
			(US\$ 808,130)	(US\$ 808,130)	11,144	38.30	(US\$ 2,013,411)	(US\$ 1,185)	(US\$ 454)		
			11,144	11,144	340,870	38.30	6,828	(1)	-		
			(US\$ 343,638)	(US\$ 343,638)	760,000	38.00	(US\$ 221,542)	(US\$ (29))	(US\$ 11)		
			24,312	24,312	760,000	38.00	46,724	241	91		
			(US\$ 760,000)	(US\$ 760,000)	570,000	38.00	(US\$ 1,516,030)	(US\$ 7,816)	(US\$ 2,970)		
			17,432	17,432	570,000	38.00	23,530	392	149		
			(US\$ 570,000)	(US\$ 570,000)	1,000,000	20.00	(US\$ 763,463)	(US\$ 12,700)	(US\$ 4,826)		
			66,937	66,937	27,113	27,113	(US\$ 879,724)	(US\$ 114,177)	(US\$ 22,835)		
			(US\$ 2,163,800)	(US\$ 2,163,800)							

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2019	December 31, 2018	Shares	%	Carrying Amount			
	Best Focus Holdings Ltd.	British Virgin Islands	Manufacturing and sale of shoe box	\$ 162,150 (US\$ 5,000,000)	\$ 162,150 (US\$ 5,000,000)	5,000,000	50.00	\$ 6,214 (US\$ 201,630)	\$ 568 (US\$ 18,412)	\$ 284 (US\$ 9,206)	
	Great Skill Industrial Limited	British Virgin Islands	Manufacturing and sale of plastic shoe material injection crepe	68,882 (US\$ 2,130,000)	68,882 (US\$ 2,130,000)	2,130,000	50.00	103,303 (US\$ 3,351,799)	8,852 (US\$ 287,138)	4,426 (US\$ 143,569)	
	Hua Jian Industrial Holding Co., Limited	British Virgin Islands	Manufacturing and sale of women's shoes	771,201 (US\$ 23,780,485)	771,201 (US\$ 23,780,485)	1	50.00	1,429,593 (US\$ 46,385,248)	(174,004) (US\$ (5,644,160))	(87,002) (US\$ (2,822,080))	
	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	560,966 (US\$ 18,201,364)	22,260 (US\$ 722,062)	11,130 (US\$ 361,031)	
	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	765,245 (US\$ 24,829,494)	58,200 (US\$ 1,887,848)	29,100 (US\$ 943,924)	
	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	814,297 (US\$ 26,421,049)	23,362 (US\$ 757,790)	10,476 (US\$ 339,793)	
	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	37,767 (US\$ 1,225,392)	(9) (US\$ (302))	(5) (US\$ (151))	
	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	558,998 (US\$ 18,137,511)	32,083 (US\$ 1,040,678)	16,042 (US\$ 520,339)	
	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	1,191,328 (US\$ 38,654,381)	105,828 (US\$ 3,432,752)	52,914 (US\$ 1,716,376)	
	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	567,387 (US\$ 18,409,710)	97,697 (US\$ 3,168,990)	47,871 (US\$ 1,552,805)	

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 provided 61,295 thousand ordinary shares of Yue Yuen in the custody of the trust department of Mega Bank.

(Concluded)

## POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE THREE MONTHS ENDED MARCH 31, 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 March 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2019	Accumulated Repatriation of Investment Income as of March 31, 2019	Note
					Outward	Inward							
Great Team Backend Foundry, Inc.	Processing and manufacturing of transistors	\$ 328,100 (US\$ 10,000,000)	b	\$ -	\$ -	\$ -	\$ 22,372 (US\$ 4,894,845)	6.89	\$ -	\$ 140,539 RMB 30,685,415)	\$ -	(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	-	-	-	8,333 (RMB 1,934,934)	31.70	2,800 (RMB 613,374) b, 1)	251,887 (RMB 54,997,137)	-		
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	-	-	-	(1,964) (RMB (430,170))	100.00	(1,964) (RMB (430,170)) b, 1)	71,541 (RMB 15,620,255)	-	(Note 3)	
Dongguan Gaocheng Precision Injection Molding Technology Co., Ltd.	Mould, plastic case for mobile phones	395,526 (US\$ 12,055,034)	b	-	-	-	(2) (RMB (356))	100.00	(2) (RMB (356)) b, 2)	52,968 (RMB 11,565,068)	-		
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	-	-	-	26,225 (RMB 5,744,768)	31.70	8,313 (RMB 1,821,092) b, 1)	873,147 (RMB 190,643,455)	-		
Zhongshan Bao Ji Clothing Co., Ltd.	Production and marketing of sportswear	82,025 (US\$ 2,500,000)	b	-	-	-	256 (RMB 56,014)	48.55	124 (RMB 27,195) b, 1)	6,101 (RMB 1,332,100)	-		
Dongguan Baoqiao Electronic Technology Co., Ltd.	Production and marketing of other optical appliances and instruments	147,645 (US\$ 4,500,000)	b	-	-	-	2,320 (RMB 508,295)	100.00	2,320 (RMB 508,295) b, 2)	133,050 (RMB 29,050,199)	-		
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	-	-	-	-	50.97	- b, 1)	-	-		
Poushun Paper Products Manufacturing Co., Ltd.	Production and sale of shoe inner boxes, cartons	68,901 (US\$ 2,100,000)	b	-	-	-	(781) (RMB (170,977))	10.19	(80) (RMB (17,423)) b, 1)	10,180 (RMB 2,222,721)	-		
Beijing Advazone Electronic Limited Company	Development and production of computer software	512,019 (US\$ 16,100,000)	b	-	-	-	(182) (RMB (39,908))	31.91	(58) (RMB (12,735)) b, 2)	35,430 (RMB 7,735,703)	-		
Pouhong Footwear Industrial Ltd.	Production and operation of leisure shoes, sports shoes	49,215 (US\$ 1,500,000)	b	-	-	-	1,893 (RMB 414,569)	50.97	965 (RMB 211,306) b, 1)	42,333 (RMB 9,221,204)	-		
Shanggao Yisen Industry Co., Ltd.	Production and sale of finished shoes, semi-finished products, components and moulds	660,404 (US\$ 20,390,000)	b	-	-	-	21,593 (RMB 4,730,178)	50.97	11,006 (RMB 2,410,972) b, 1)	802,390 (RMB 175,194,263)	-		

(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 March 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2019	Accumulated Repatriation of Investment Income as of March 31, 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	\$ -	\$ -	\$ -	\$ (24,895) (RMB (5,453,380))	50.97	\$ (12,689) (RMB (2,779,588)) b. 1)	\$ 588,027 (RMB 128,390,087)	-		
Dong Guan Yu Yuen Mold Co., Ltd.	Production and sale of molds for non-metallic products	62,011 (US\$ 1,890,000)	b	-	-	-	932 (RMB 204,246)	50.97	475 (RMB 104,104) b. 1)	42,934 (RMB 9,374,333)	-		
Zhong Shan Glory Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	951,490 (US\$ 29,000,000)	b	-	-	-	(54,266) (RMB (11,887,454))	22.94	(12,449) (RMB (2,726,982)) b. 2)	584,829 (RMB 127,691,988)	-		
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	-	-	-	153 (RMB 33,470)	22.94	35 (RMB 7,678) b. 2)	10,368 (RMB 2,263,698)	-		
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	-	-	-	36,281 (RMB 7,947,655)	20.29	7,361 (RMB 1,612,579) b. 1)	612,968 (RMB 133,835,753)	-		
ShangGao Yisen Ka Yuen Industry Co., Ltd.	Production and sale of footwear products	77,432 (US\$ 2,360,000)	b	-	-	-	(1,635) (RMB (358,242))	25.49	(417) (RMB (91,316)) b. 1)	25,420 (RMB 5,550,230)	-		
Bao Sheng Dao Ji (BeiJing) Trading Company Ltd.	Retail business of sports goods and accessories	1,988,061 (US\$ 65,000,000)	b	-	-	-	6,086 (RMB 1,333,079)	31.70	1,929 (RMB 422,586) b. 1)	1,089,035 (RMB 237,780,484)	-		
Qingdao Pou-Sheng International Sport Products Co., Ltd.	Sales of sports and leisure shoes and accessories	94,800 (RMB 20,000,000)	b	-	-	-	100,255 (RMB 21,961,617)	22.83	22,888 (RMB 5,013,837) b. 1)	142,124 (RMB 31,031,441)	-		
Guizhou Pou-Sheng Sport Products Co., Ltd.	Sales of sports and leisure shoes and accessories	322,886 (US\$ 10,000,000)	b	-	-	-	7,800 (RMB 1,708,733)	31.70	2,473 (RMB 541,668) b. 1)	130,954 (RMB 28,592,645)	-		
Nanning Pou-Kung Sport Products Co., Ltd.	Retail business of sports goods and accessories	42,653 (US\$ 1,300,000)	b	-	-	-	15,970 (RMB 3,498,400)	31.70	5,063 (RMB 1,108,993) b. 1)	3,408 (RMB 743,998)	-		
Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	Retail business of sports goods and accessories	946,050 (US\$ 30,000,000)	b	-	-	-	330,153 (RMB 72,322,709)	31.70	104,659 (RMB 22,926,299) b. 1)	1,330,708 (RMB 290,547,554)	-		
Diodite (China) Sports Good Co., Ltd.	Retail and wholesale business of sporting goods and accessories	639,800 (US\$ 20,000,000)	b	-	-	-	575 (RMB 126,003)	31.70	182 (RMB 39,943) b. 1)	46,074 (RMB 10,059,890)	-		
Taicang YYSPO RTS Business Trading Co., Ltd.	Retail business of sports goods and accessories series products	164,050 (US\$ 5,000,000)	b	-	-	-	(1,439) (RMB (315,177))	31.70	(456) (RMB (99,911)) b. 1)	134,091 (RMB 29,277,598)	-		
Yangzhou Baoyi Shoes Manufacturing Co., Ltd.	Vulcanized shoes, sports shoes, leisure shoes and other footwear manufacturing, marketing	729,906 (US\$ 22,456,800)	b	-	-	-	26,671 (RMB 5,842,468)	25.49	6,798 (RMB 1,489,245) b. 1)	272,395 (RMB 59,474,867)	-		
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	-	-	-	(6,865) (RMB (1,503,756))	31.70	(2,176) (RMB (476,691)) b. 1)	469,745 (RMB 102,564,480)	-		
YYSPO RTS (Chengdu) Business Trading Co., Ltd.	Retail business of sports goods and accessories	689,194 (US\$ 22,400,000)	b	-	-	-	(2,627) (RMB (575,376))	31.70	(833) (RMB (182,394)) b. 1)	169,571 (RMB 37,024,237)	-		

(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 March 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2019	Accumulated Repatriation of Investment Income as of March 31, 2019	Note
					Outward	Inward							
Fujian Baomin Sporting Goods Co., Ltd.	Retail business of sports goods and accessories	\$ 147,645 (US\$ 4,500,000)	b	\$ -	\$ -	\$ -	\$ 67 (RMB 14,763)	28.53	\$ 19 (RMB 4,212) b. 1)	\$ 71,875 (RMB 15,693,125)	\$ -	-	
Guangzhou Pou-Yuen Trading Co., Ltd.	Retail business of sports goods and accessories	710,251 (US\$ 23,310,000)	b	-	-	-	1,483 (RMB 324,766)	31.70	470 (RMB 102,951) b. 1)	264,198 (RMB 57,685,105)	-	-	
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	-	-	-	4,205 (RMB 921,083)	31.70	1,333 (RMB 291,983) b. 1)	527,779 (RMB 115,235,516)	-	-	
Shend Dao (Yang Zhou) Sporting Goods Dev Co., Ltd.	Shopping mall management and property management	2,111,340 (US\$ 66,000,000)	b	-	-	-	10,526 (RMB 2,305,884)	31.70	3,337 (RMB 730,965) b. 1)	697,836 (RMB 152,365,948)	-	-	
Zhong Shan Pou Feng Mold Limited	Production and operation mould	85,306 (US\$ 2,600,000)	b	-	-	-	517 (RMB 113,168)	50.97	263 (RMB 57,682) b. 1)	44,400 (RMB 9,694,313)	-	-	
Fanchang Yuxiang Enterprise Development Co., Ltd.	Production and sale of garments, shoes and related products, semi-finished products and bags, etc.	383,800 (US\$ 12,000,000)	b	-	-	-	-	-	-	-	-	-	
Dong Guan Pou Yuan Paper Products Ltd.	Production and sales of packaging and decoration prints	56,436 (US\$ 1,750,000)	b	-	-	-	81 (RMB 17,748)	50.97	41 (RMB 9,046) b. 1)	15,469 (RMB 3,377,530)	-	-	
Zhong Shan O Li Su Shoe Making Machine Ltd.	Manufacturing shoes and boots or repairing machinery	157,134 (US\$ 5,100,000)	b	-	-	-	(3,552) (RMB (778,160))	50.97	(1,811) (RMB (396,628)) b. 1)	35,703 (RMB 7,795,358)	-	-	
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	-	-	-	229,411 (RMB 50,254,398)	31.70	72,723 (RMB 15,930,644) b. 1)	2,211,026 (RMB 482,756,664)	-	-	
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	-	-	-	4,558 (RMB 998,557)	31.70	1,445 (RMB 316,542) b. 1)	524,361 (RMB 114,489,390)	-	-	
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	-	-	-	-	15.85	-	-	-	-	
Yangzhou Yijian Software Tech Co., Ltd.	Integration of software and hardware sales service systems (excluding IC design)	35,803 (US\$ 1,170,000)	b	-	-	-	(19) (RMB (4,055))	50.97	(9) (RMB (2,067)) b. 1)	2,858 (RMB 623,942)	-	-	
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	-	-	-	(38,161) (RMB (8,359,500))	50.97	(19,451) (RMB (4,260,837)) b. 1)	180,740 (RMB 39,462,954)	-	-	
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	-	-	-	(50,657) (RMB (11,096,810))	50.97	(25,820) (RMB (5,656,044)) b. 1)	763,804 (RMB 166,769,431)	-	-	
Bou Jin (Yangzhou) Garments Co., Ltd.	Production and sale of sportswear, casual wear, etc.	698,853 (US\$ 21,300,000)	b	-	-	-	(24,451) (RMB (5,356,265))	20.39	(4,986) (RMB (1,092,143)) b. 1)	14,409 (RMB 3,145,979)	-	-	

(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 March 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2019	Accumulated Repatriation of Investment Income as of March 31, 2019	Note
					Outward	Inward							
Jiangxi Province Yutai Shoe Co., Ltd.	Production and sale of footwear products and semi-finished products	\$ 468,425 (US\$ 15,000,000)	b	\$ -	\$ -	\$ -	\$ (7,725) (RMB (1,692,281))	50.97	\$ (3,938) (RMB (862,555)) b. 1)	\$ (74,919) (RMB (16,357,838))	\$ -		
Dongguan Yu Xiang Shoes Material Co., Ltd.	Production and sale of footwear products	295,820 (US\$ 9,500,000)	b	-	-	-	(8,807) (RMB 1,929,142))	50.97	(4,489) (RMB (983,284)) b. 1)	214,403 (RMB 46,812,907)	-		
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	-	-	-	(18) (RMB (4,015))	22.94	(4) (RMB (921)) b. 1)	13,905 (RMB 3,036,104)	-		
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	-	-	-	(1,409) (RMB (308,731))	19.37	(273) (RMB (59,801)) b. 1)	16,778 (RMB 3,663,368)	-		
Dong Guan Yue Tai Shoe Material Company Limited	Production and sale of footwear products	70,153 (US\$ 2,202,580)	b	-	-	-	86 (RMB 18,910)	25.49	22 (RMB 4,820) b. 1)	16,586 (RMB 3,621,496)	-		
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	-	-	-	44,706 (RMB 9,793,162)	50.97	22,787 (RMB 4,991,575) b. 1)	1,026,996 (RMB 224,234,939)	-		
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	-	-	-	-	50.97	- b. 1)	37,622 (RMB 8,214,426)	-		
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	-	-	-	24,398 (RMB 5,338,005)	15.85	3,867 (RMB 846,074) b. 1)	59,237 (RMB 12,933,942)	-		
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	-	-	-	103,249 (RMB 22,617,533)	31.70	32,730 (RMB 7,169,758) b. 1)	258,478 (RMB 56,436,313)	-		
Yangzhou Baoyuan Shoes Co., Ltd.	Production and sale of sports shoes, sportswear, leisure shoes and sports goods	145,650 (US\$ 5,000,000)	b	-	-	-	-	31.70	- b. 1)	-	-		
Dongguan Yuancheng Shoes Material Co., Ltd.	Production and sale of footwear products	89,382 (US\$ 2,750,000)	b	-	-	-	(260) (RMB (57,009))	25.49	(66) (RMB (14,531)) b. 1)	23,097 (RMB 5,042,939)	-		
Dongguan De Chang Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US\$ 350,000)	b	-	-	-	3,764 (RMB (824,575))	50.97	1,919 (RMB 420,286) b. 1)	18,226 (RMB 3,979,539)	-		
Zhong Shan Bao Song Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US\$ 350,000)	b	-	-	-	3,255 (RMB 712,937))	50.97	1,659 (RMB 363,384) b. 1)	15,618 (RMB 3,410,004)	-		
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	-	-	-	(5,001) (RMB (1,095,509))	50.97	(2,549) (RMB (558,381)) b. 1)	31,784 (RMB 6,939,632)	-		
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	-	-	-	-	50.97	- 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 March 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2019	Accumulated Repatriation of Investment Income as of March 31, 2019	Note
					Outward	Inward							
Jiangxi Uniscien Consulting Co., Ltd.	Business management consultation, marketing planning and other services	\$ 10,442 (US\$ 350,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 1,166 (RMB 255,462)	50.97	\$ 594 (RMB 130,209) b. 1)	\$ 14,570 (RMB 3,181,129)	\$ -	
Yu Xing (Jishui) Footwear Co., Ltd.	Production and sale of sports shoes	183,840 (US\$ 6,400,000)	b	-	-	-	-	(6,445) (RMB (1,411,739))	50.97	(3,285) (RMB (719,563)) b. 1)	(111,429) (RMB (24,329,540))	-	
Dongguan Xingtai Consulting Co., Ltd.	Business management consultation, marketing planning and other services	41,945 (US\$ 1,400,000)	b	-	-	-	-	2,634 (RMB 577,082)	50.97	1,343 (RMB 294,139) b. 1)	32,425 (RMB 7,079,756)	-	
Yang Xin Zhang Yuan Shoe Co., Ltd.	Production and sale of footwear products	61,029 (US\$ 2,100,000)	b	-	-	-	-	(446) (RMB (97,784))	25.49	(114) (RMB (24,925)) b. 1)	7,676 (RMB 1,676,008)	-	
YangXin Pou Jia Yuen Shoes Manufacturing Co., Ltd.	Production and sale of rubber soles	72,990 (US\$ 2,500,000)	b	-	-	-	-	(8,043) (RMB (1,761,979))	25.49	(2,050) (RMB (449,128)) b. 1)	18,705 (RMB 4,084,017)	-	
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	-	-	-	-	161,775 (RMB 35,438,046)	31.70	51,283 (RMB 11,233,861) b. 1)	1,287,102 (RMB 281,026,574)	-	
Yichun Yisen Industry Co., Ltd.	Production and sale of footwear and mold products	410,130 (US\$ 14,000,000)	b	-	-	-	-	(33,903) (RMB (7,426,743))	50.97	(17,280) (RMB (3,785,411)) b. 1)	319,345 (RMB 69,726,054)	-	
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	-	-	-	-	(831) (RMB (181,961))	50.97	(423) (RMB (92,746)) b. 1)	(6,157) (RMB (1,344,284))	-	
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	-	-	-	-	-	50.97	- 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\$ 1,395,100)	b	-	-	-	-	(3,861) (RMB (845,748))	24.85	(959) (RMB (210,168)) b. 1)	10,522 (RMB 2,297,317)	-	
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	-	-	-	-	35,410 (RMB 7,756,918)	50.97	18,049 (RMB 3,953,701) b. 1)	894,330 (RMB 195,268,649)	-	
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	-	-	-	-	(10,899) (RMB (2,387,465))	50.97	(5,555) (RMB (1,216,891)) b. 1)	865,709 (RMB 189,019,339)	-	
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	-	-	-	-	(12,692) (RMB (2,780,211))	50.97	(6,469) (RMB (1,417,073)) b. 1)	296,075 (RMB 64,645,152)	-	

(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 March 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2019	Accumulated Repatriation of Investment Income as of March 31, 2019	Note
					Outward	Inward							
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	\$ -	\$ -	\$ -	\$ -	\$ -	50.97	\$ - b. 1)	\$ -	\$ -	
Jilin Xinfangwei Sports Goods Company Limited	Sports goods sales	196,160 (RMB 40,000,000)	b	-	-	-	-	-	15.85	- 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	-	-	-	-	15,671 (RMB 3,432,771)	25.49	3,994 (RMB 875,013) b. 1)	42,810 (RMB 9,347,114)	-	
Dong Guan Jia Yuan Shoe Materials Products Company Limited	Prepare shoe material	108,805 (RMB 21,600,000)	b	-	-	-	-	947 (RMB 207,498)	50.97	483 (RMB 105,762) b. 1)	53,188 (RMB 11,613,120)	-	
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	-	-	-	-	(371) (RMB (81,275))	10.19	(38) (RMB (8,282)) b. 1)	4,562 (RMB 996,018)	-	
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	-	-	-	-	11,778 (RMB 2,580,081)	31.70	3,734 (RMB 817,886) b. 1)	(436) (RMB (95,142))	-	
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	-	-	-	-	(2,406) (RMB (526,946))	6.78	(163) (RMB (35,727)) b. 1)	4,418 (RMB 964,676)	-	
Kun Shan Taisong Trading Co., Ltd.	Wholesale and retail of clothing, footwear, glasses and watches	790,110 (US\$ 26,500,000)	b	-	-	-	-	(23,558) (RMB (5,160,656))	31.70	(7,468) (RMB (1,635,928)) b. 1)	(112,234) (RMB (24,505,246))	-	
Dong Guan Artesol Trading Co., Ltd.	Wholesale of adhesives, glue rubber, shoe materials and their supporting products, etc.	9,138 (US\$ 300,000)	b	-	-	-	-	-	-	- b. 1)	-	-	
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	-	-	-	-	(3,398) (RMB (744,340))	31.70	(1,077) (RMB (235,956)) b. 1)	(4,167) (RMB (909,856))	-	
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	-	-	-	-	(334) (RMB (73,127))	31.70	(106) (RMB (23,181)) b. 1)	14,741 (RMB 3,218,566)	-	
Yisen (YiFeng) Mould Co., Ltd.	Production and sale of mould products	479,284 (US\$ 14,850,000)	b	-	-	-	-	(3,337) (RMB (730,942))	50.97	(1,701) (RMB (372,561)) b. 1)	201,331 (RMB 43,958,653)	-	
Zhu Hai Yu Yuan Industrial Co., Ltd.	Processing, production and sale of footwear products	1,408 (RMB 300,000)	b	-	-	-	-	(9,514) (RMB (2,084,156))	50.97	(4,849) (RMB (1,062,295)) b. 1)	32,639 (RMB 7,126,383)	-	
Yang Xin Pou Shou Sporting Goods Co., Ltd.	Processing, production and sale of footwear products	236,574 (US\$ 7,800,000)	b	-	-	-	-	4,677 (RMB 1,024,555)	50.97	2,384 (RMB 522,216) b. 1)	93,396 (RMB 20,392,140)	-	
Changsha YYSPO RTS Sport Products Co., Ltd.	Sales of sports goods and equipments	22,825 (RMB 5,000,000)	b	-	-	-	-	5,920 (RMB 1,296,889)	31.70	1,877 (RMB 411,114) b. 1)	4,983 (RMB 1,088,088)	-	

(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 March 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2019	Accumulated Repatriation of Investment Income as of March 31, 2019	Note
					Outward	Inward							
Henan YYSPTS Sport Products Co., Ltd.	Retail business of sports goods and accessories	\$ 9,130 (RMB 2,000,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 40,494 (RMB 8,870,625)	31.70	\$ 12,837 (RMB 2,811,988) b. 1)	\$ 113,148 (RMB 24,704,698)	\$ -	
Shenyang Pou-Yi Trading Co., Ltd.	Retail business of sports goods and accessories	182,600 (RMB 40,000,000)	b	-	-	-	-	(8,897) (RMB (1,948,853))	31.70	(2,820) (RMB (617,786)) b. 1)	10,268 (RMB 2,241,953)	-	
Zhejiang shengdao Sporting-goods Co., Ltd.	Retail business of sports goods and accessories	228,250 (RMB 50,000,000)	b	-	-	-	-	119,815 (RMB 26,246,333)	31.70	37,981 (RMB 8,320,088) b. 1)	329,104 (RMB 71,856,787)	-	
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	-	-	-	-	971 (RMB 212,727)	31.70	308 (RMB 67,434) b. 1)	2,919 (RMB 637,241)	-	
Widevision Investment (Shenzhen) Co., Ltd.	Business management consulting, economic information consulting and market management planning	13,833 (RMB 3,000,000)	b	-	-	-	-	(454) (RMB (99,384))	100.00	(454) (RMB (99,384)) b. 1)	9,280 (RMB 2,026,192)	-	

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2019	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
\$ -	\$ 20,894,416 (US\$ 677,949,893)	\$ 103,450,753

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 THREE MONTHS ENDED MARCH 31, 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 March 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2019	Accumulated Repatriation of Investment Income as of March 31, 2019	Note
					Outward	Inward							
Kunshan Yuanying Electronics Technology Co., Ltd.	Manufacturing and sale of alloy	\$ 85,936 (US\$ 2,620,000)	b	\$ -	\$ -	\$ -	\$ -	\$ (1,386) (RMB (303,584))	100.00	\$ (1,386) (RMB (303,584)) b, 2)	\$ 79,741 (RMB 17,410,656)	\$ -	

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2019	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
\$ -	\$ 177,831 US\$ 5,770,000	\$ 400,659

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.