

# **Pou Chen Corporation and Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2020 and 2019 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, 2020 and 2019, 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

## Other Matter

The Group's investments in Ruen Chen Investment Holding Co., Ltd. and Nan Shan Life Insurance Co., Ltd. were accounted for by using the equity method based on the financial statements which were reviewed by other auditors. Our conclusion, insofar as it relates to the Group's investments in Ruen Chen Investment Holding Co., Ltd., and Nan Shan Life Insurance Co., Ltd., is based solely on the review reports of other auditors. As of March 31, 2020 and 2019, the carrying amounts of the investment in Ruen Chen Investment Holding Co., Ltd. were \$35,687,742 thousand and \$26,191,298 thousand which constituted 10.54% and 7.66% of the Group's consolidated total assets, respectively. For the three months ended March 31, 2020 and 2019, the profits of the associate were \$1,993,272 thousand and \$1,386,631 thousand which constituted 451.31% and 26.78% of the income which the Group recognized before income tax, respectively. As of March 31, 2020, the carrying amounts of the investment in Nan Shan Life Insurance Co., Ltd. was \$404,668 thousand which constituted 0.12% of the Group's consolidated total assets. For the three months ended March 31, 2020, the profit of the associate was \$20,838 thousand which constituted 4.72% of the income which the Group recognized before income tax.

The engagement partners on the reviews resulting in this independent auditors' review report are Wen-Yea, Shyu and Kenny Hong.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 15, 2020

### Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, 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, 2020 (Reviewed)		December 31, 2019 (Audited)		March 31, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 39,933,691	12	\$ 37,049,955	10	\$ 37,221,501	11
Financial assets at fair value through profit or loss - current (Note 7)	476,381	-	692,874	-	956,765	-
Financial assets at fair value through other comprehensive income - current (Note 8)	16,309,510	5	17,736,334	5	16,282,060	5
Financial assets measured at cost - current (Note 9)	993,944	-	1,656,038	1	2,916,715	1
Notes receivable (Notes 10 and 34)	395	-	509	-	784	-
Accounts receivable (Notes 10 and 34)	30,070,183	9	34,261,246	10	37,286,183	11
Other receivables (Note 10)	6,645,693	2	5,115,656	1	4,957,031	2
Inventories - manufacturing and retailing (Note 11)	50,226,901	15	54,713,419	15	57,968,751	17
Inventories - construction (Note 11)	3,920,896	1	3,909,013	1	4,780,239	1
Non-current assets held for sale (Notes 12)	698,893	-	1,342,804	-	-	-
Other current assets (Note 13)	8,241,086	3	9,159,841	3	10,995,664	3
Total current assets	<u>157,517,573</u>	<u>47</u>	<u>165,637,689</u>	<u>46</u>	<u>173,365,693</u>	<u>51</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current (Note 7)	1,345,038	-	1,353,545	-	782,009	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	902,019	-	1,222,245	-	972,010	-
Financial assets at amortized cost - non-current (Notes 9 and 35)	4,836,790	1	5,918,089	2	534,405	-
Investments accounted for using equity method (Note 15)	58,682,552	17	72,310,784	20	49,150,664	14
Property, plant and equipment (Note 16)	77,469,726	23	77,861,266	21	79,610,023	23
Right-of-use assets (Note 17)	18,074,240	5	18,983,090	5	16,489,042	5
Investment properties (Note 18)	2,832,686	1	2,841,851	1	2,308,514	1
Goodwill (Note 19)	8,308,345	3	8,279,832	2	8,947,881	3
Other intangible assets (Note 20)	2,083,437	1	2,149,303	1	3,616,259	1
Deferred tax assets (Notes 4 and 28)	2,207,322	1	2,167,426	1	2,092,892	1
Other non-current assets (Note 13)	4,390,958	1	4,331,210	1	3,981,101	1
Total non-current assets	<u>181,133,113</u>	<u>53</u>	<u>197,418,641</u>	<u>54</u>	<u>168,484,800</u>	<u>49</u>
<b>TOTAL</b>	<u>\$ 338,650,686</u>	<u>100</u>	<u>\$ 363,056,330</u>	<u>100</u>	<u>\$ 341,850,493</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Note 21)	\$ 41,911,166	12	\$ 42,247,828	12	\$ 42,800,384	13
Short-term bills payable (Note 21)	2,750,055	1	2,547,678	1	3,151,147	1
Financial liabilities at fair value through profit or loss - current (Note 7)	365,134	-	47,741	-	339,555	-
Notes payable (Notes 22 and 34)	11,443	-	11,199	-	13,542	-
Accounts payable (Notes 22 and 34)	13,525,976	4	14,866,337	4	17,529,866	5
Other payables (Note 23)	24,069,888	7	25,295,496	7	25,513,502	7
Current tax liabilities (Notes 4 and 28)	2,086,373	1	2,093,845	-	2,915,303	1
Lease liabilities (Note 17)	3,759,577	1	3,908,023	1	3,230,402	1
Current portion of long-term borrowings (Note 21)	13,796	-	263,796	-	4,385,347	1
Other current liabilities	5,429,294	2	6,951,737	2	6,180,305	2
Total current liabilities	<u>93,922,702</u>	<u>28</u>	<u>98,233,680</u>	<u>27</u>	<u>106,059,353</u>	<u>31</u>
<b>NON-CURRENT LIABILITIES</b>						
Financial liabilities at fair value through profit or loss - non-current (Note 7)	820,994	-	308,366	-	132,594	-
Long-term borrowings (Note 21)	60,124,079	18	60,290,054	17	52,152,952	15
Deferred tax liabilities (Notes 4 and 28)	1,601,468	1	1,627,302	1	1,312,286	1
Lease liabilities - non-current (Note 17)	7,607,545	2	8,255,154	2	5,957,410	2
Long-term payables (Note 23)	153,615	-	152,831	-	151,818	-
Net defined benefit liabilities (Note 4)	4,335,101	1	4,251,602	1	3,597,188	1
Other non-current liabilities	67,979	-	68,314	-	68,970	-
Total non-current liabilities	<u>74,710,781</u>	<u>22</u>	<u>74,953,623</u>	<u>21</u>	<u>63,373,218</u>	<u>19</u>
Total liabilities	<u>168,633,483</u>	<u>50</u>	<u>173,187,303</u>	<u>48</u>	<u>169,432,571</u>	<u>50</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)</b>						
Share capital						
Ordinary shares	29,467,872	9	29,467,872	8	29,467,872	9
Capital surplus	4,445,786	1	4,592,397	1	4,604,514	1
Retained earnings						
Legal reserve	14,881,914	4	14,881,914	4	13,811,050	4
Special reserve	22,293,369	7	22,293,369	6	13,917,230	4
Unappropriated earnings	35,673,474	11	34,488,820	10	41,278,792	12
Total retained earnings	<u>72,848,757</u>	<u>22</u>	<u>71,664,103</u>	<u>20</u>	<u>69,007,072</u>	<u>20</u>
Other equity	(5,642,515)	(2)	11,684,567	3	(4,023,951)	(1)
Total equity attributable to owners of the Company	101,119,900	30	117,408,939	32	99,055,507	29
<b>NON-CONTROLLING INTERESTS</b>	<u>68,897,303</u>	<u>20</u>	<u>72,460,088</u>	<u>20</u>	<u>73,362,415</u>	<u>21</u>
Total equity	<u>170,017,203</u>	<u>50</u>	<u>189,869,027</u>	<u>52</u>	<u>172,417,922</u>	<u>50</u>
<b>TOTAL</b>	<u>\$ 338,650,686</u>	<u>100</u>	<u>\$ 363,056,330</u>	<u>100</u>	<u>\$ 341,850,493</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 15, 2020)

# 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>2020</b>		<b>2019</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
OPERATING REVENUE (Notes 26 and 34)	\$ 59,448,420	100	\$ 76,623,509	100
OPERATING COSTS (Notes 24, 27 and 34)	<u>46,734,381</u>	<u>78</u>	<u>56,936,859</u>	<u>74</u>
GROSS PROFIT	<u>12,714,039</u>	<u>22</u>	<u>19,686,650</u>	<u>26</u>
OPERATING EXPENSES (Notes 24 and 27)				
Selling and marketing expenses	7,062,313	12	9,693,904	13
General and administrative expenses	5,610,251	9	4,976,153	6
Research and development expenses	<u>1,454,750</u>	<u>3</u>	<u>1,580,313</u>	<u>2</u>
Total operating expenses	<u>14,127,314</u>	<u>24</u>	<u>16,250,370</u>	<u>21</u>
(LOSS) INCOME FROM OPERATIONS	<u>(1,413,275)</u>	<u>(2)</u>	<u>3,436,280</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 27)	710,686	1	683,629	1
Other gains and losses (Note 27)	(259,111)	(1)	376,323	-
Net loss on derecognition of financial assets at amortized cost	(1,654)	-	-	-
Finance costs (Note 27)	(719,075)	(1)	(837,592)	(1)
Share of the profit of associates and joint ventures (Note 15)	<u>2,124,091</u>	<u>4</u>	<u>1,518,678</u>	<u>2</u>
Total non-operating income and expenses	<u>1,854,937</u>	<u>3</u>	<u>1,741,038</u>	<u>2</u>
INCOME BEFORE INCOME TAX	441,662	1	5,177,318	7
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(359,454)</u>	<u>(1)</u>	<u>(735,808)</u>	<u>(1)</u>
NET INCOME	<u>82,208</u>	<u>-</u>	<u>4,441,510</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized (loss) gain on investments in equity instruments designated as at fair value through other comprehensive income	(1,744,029)	(3)	1,407,533	2
Share of the other comprehensive (loss) income of associates and joint ventures	(258,057)	-	263,971	-

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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>2020</b>		<b>2019</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	\$ 430,199	1	\$ 1,396,672	2
Share of the other comprehensive (loss) income of associates and joint ventures	<u>(15,863,800)</u>	<u>(27)</u>	<u>16,092,169</u>	<u>21</u>
Other comprehensive (loss) income for the period, net of income tax	<u>(17,435,687)</u>	<u>(29)</u>	<u>19,160,345</u>	<u>25</u>
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD</b>	<u>\$ (17,353,479)</u>	<u>(29)</u>	<u>\$ 23,601,855</u>	<u>31</u>
<b>NET INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 1,185,679	2	\$ 2,919,059	4
Non-controlling interests	<u>(1,103,471)</u>	<u>(2)</u>	<u>1,522,451</u>	<u>2</u>
	<u>\$ 82,208</u>	<u>-</u>	<u>\$ 4,441,510</u>	<u>6</u>
<b>TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ (16,141,269)	(27)	\$ 21,187,693	28
Non-controlling interests	<u>(1,212,210)</u>	<u>(2)</u>	<u>2,414,162</u>	<u>3</u>
	<u>\$ (17,353,479)</u>	<u>(29)</u>	<u>\$ 23,601,855</u>	<u>31</u>
<b>EARNINGS PER SHARE (Note 29)</b>				
Basic	<u>\$ 0.40</u>		<u>\$ 0.99</u>	
Diluted	<u>\$ 0.40</u>		<u>\$ 0.99</u>	

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

(With Deloitte & Touche review report dated May 15, 2020)

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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						Other Equity		Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Others			
			Legal Reserve	Special Reserve	Unappropriated Earnings						
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 25)	-	4,107	-	-	(784)	-	784	-	4,107	-	4,107
Share of changes in equity of subsidiaries (Note 25)	-	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	\$ 29,467,872	\$ 4,604,514	\$ 13,811,050	\$ 13,917,230	\$ 41,278,792	\$ 279,778	\$ 851,232	\$ (5,154,961)	\$ 99,055,507	\$ 73,362,415	\$ 172,417,922
BALANCE AT JANUARY 1, 2020	\$ 29,467,872	\$ 4,592,397	\$ 14,881,914	\$ 22,293,369	\$ 34,488,820	\$ (2,498,149)	\$ 13,759,473	\$ 423,243	\$ 117,408,939	\$ 72,460,088	\$ 189,869,027
Net income (loss) for the three months ended March 31, 2020	-	-	-	-	1,185,679	-	-	-	1,185,679	(1,103,471)	82,208
Other comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	-	355,960	(4,797,660)	(12,885,248)	(17,326,948)	(108,739)	(17,435,687)
Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	1,185,679	355,960	(4,797,660)	(12,885,248)	(16,141,269)	(1,212,210)	(17,353,479)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(173,853)	-	-	-	-	-	-	(173,853)	-	(173,853)
Share of changes in equity of subsidiaries (Note 25)	-	-	-	-	(1,159)	-	-	-	(1,159)	-	(1,159)
Share of changes in net assets of associates (Note 25)	-	3	-	-	134	-	(134)	-	3	-	3
Changes in other capital surplus	-	27,239	-	-	-	-	-	-	27,239	-	27,239
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(2,350,575)	(2,350,575)
Changes in equity for the three months ended March 31, 2020	-	(146,611)	-	-	1,184,654	355,960	(4,797,794)	(12,885,248)	(16,289,039)	(3,562,785)	(19,851,824)
BALANCE AT MARCH 31, 2020	\$ 29,467,872	\$ 4,445,786	\$ 14,881,914	\$ 22,293,369	\$ 35,673,474	\$ (2,142,189)	\$ 8,961,679	\$ (12,462,005)	\$ 101,119,900	\$ 68,897,303	\$ 170,017,203

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

(With Deloitte & Touche review report dated May 15, 2020)

# 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	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 441,662	\$ 5,177,318
Adjustments for:		
Depreciation expenses	4,038,678	3,557,205
Amortization expenses	118,789	127,712
Expected credit loss recognized on accounts receivable	8,610	2,009
Net loss (gain) on fair value changes of financial instruments at fair value through profit or loss	1,002,369	(285,824)
Finance costs	719,075	837,592
Net loss on derecognition of financial assets at amortized cost	1,654	-
Interest income	(171,726)	(173,859)
Compensation cost of employee share options	6,954	27,469
Share of profit of associates and joint ventures	(2,124,091)	(1,518,678)
Net loss on disposal of property, plant and equipment	78,700	114,390
Net gain on disposal of associates	(405,098)	(11,314)
Changes in operating assets and liabilities		
Financial assets mandatorily at fair value through profit or loss	52,652	(77,745)
Notes receivable	114	511
Accounts receivable	4,180,707	1,706,578
Other receivables	(1,524,294)	123,384
Inventories	4,474,635	(3,397,533)
Other current assets	918,755	(1,682,095)
Other operating assets	5,196	4,825
Notes payable	244	4,136
Accounts payable	(1,340,361)	2,428,025
Other payables	(2,887,973)	(2,466,476)
Other current liabilities	(514,772)	1,054,543
Net defined benefit liabilities	83,499	103,519
Other operating liabilities	784	335
Cash generated from operations	7,164,762	5,656,027
Interest paid	(715,485)	(841,535)
Income tax paid	(563,210)	(595,667)
Net cash generated from operating activities	<u>5,886,067</u>	<u>4,218,825</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of financial assets at amortized cost	(206,195)	(1,796,724)
Proceeds from sale of financial assets at amortized cost	1,950,252	1,372,900
Acquisition of associate and joint ventures	(897,108)	-
Proceeds from disposal of associates and joint ventures	74,529	-
Proceeds from disposal of non-current assets held for sale	45,005	-
Acquisition of property, plant and equipment	(2,534,189)	(3,434,787)

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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	
	2020	2019
Proceeds from disposal of property, plant and equipment	\$ 107,899	\$ 241,179
Increase in refundable deposits	(8,085)	(37,854)
Decrease in other receivables	37,781	-
Acquisition of intangible assets	(63,441)	-
Increase in other non-current assets	-	(103,885)
Increase in prepayment for equipment	(94,640)	-
Interest received	171,442	141,930
Dividends received	363,470	271,295
Proceeds from disposal of right-of-use	<u>-</u>	<u>339</u>
Net cash used in investing activities	<u>(1,053,280)</u>	<u>(3,345,607)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	-	5,239,410
Repayments of short-term borrowings	(336,662)	-
Proceeds from short-term bills payable	202,000	282,000
Repayments of long-term borrowings	(432,774)	(1,371,180)
Increase in guarantee deposits	-	1,201
Decrease in guarantee deposits	(335)	-
Repayment of principal portion of lease liabilities	(1,148,042)	(770,436)
Changes in non-controlling interests	(204,917)	26,400
Unclaimed cash dividends overdue transferred to capital surplus	<u>27,239</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(1,893,491)</u>	<u>3,407,395</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>(55,560)</u>	<u>688,887</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,883,736	4,969,500
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>37,049,955</u>	<u>32,252,001</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 39,933,691</u>	<u>\$ 37,221,501</u>

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

(With Deloitte & Touche review report dated May 15, 2020)

(Concluded)

# **POU CHEN CORPORATION AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (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 reported to the Company’s board of directors on May 15, 2020.

### **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 Issued and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

- 1) Amendments to IFRS 3 “Definition of a Business”

The Group applies the amendments to IFRS 3 to transactions that occur on or after January 1, 2020. The amendments require that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To judge whether the acquired process is substantive, there will be different judgement requirements depending on whether there is output on the acquisition date. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not an acquired set of activities and assets is a business.

- 2) Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”

Upon retrospective application of the amendments, the Group complied with the hedge accounting requirements under the assumption that the interest rate benchmark (such as the London Interbank Offered Rate or LIBOR) on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

3) Amendments to IAS 1 and IAS 8 “Definition of Material”

The Group adopted the amendments starting from January 1, 2020. The threshold for materiality influencing users has been changed to “could reasonably be expected to influence” and, therefore, the disclosures in the consolidated financial report have been adjusted and immaterial information that may obscure material information has been deleted.

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)</b>
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 “Classification of Liabilities as Current or Non-current”	January 1, 2022

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

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 IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

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, 2019.

Refer to Note 14, Table 9 "Information on Investees" and Table 10 "Information on investments in mainland China" of Note 39 for detailed information on subsidiaries, including the percentages of ownership and main businesses.

c. Other significant accounting policies

Except for the following, for the summary of other significant accounting policies, refer to the consolidated financial statements for the year ended December 31, 2019.

1) 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.

2) 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 Company has considered the economic implications of COVID-19 on critical accounting estimates and will continue evaluating the impact on its financial position and financial performance as a result of the pandemic. In addition, the same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2019.

## 6. CASH AND CASH EQUIVALENTS

	March 31, 2020	December 31, 2019	March 31, 2019
Cash on hand	\$ 40,772	\$ 20,011	\$ 40,858
Checking accounts and demand deposits	26,556,956	24,675,936	27,924,160
Cash equivalents (investments with original maturities of less than three months)			
Time deposits	12,973,263	12,354,008	8,771,375
Repurchase agreements collateralized by bonds	<u>362,700</u>	<u>-</u>	<u>485,108</u>
	<u>\$ 39,933,691</u>	<u>\$ 37,049,955</u>	<u>\$ 37,221,501</u>

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

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Financial assets mandatorily as at FVTPL</u>			
Hybrid financial assets			
Structured deposits (a)	\$ 581,045	\$ 598,281	\$ 600,312
Derivative financial assets (not under hedge accounting)			
Interest rate swap contracts (b)	-	11,350	18,496
Forward exchange contracts (c)	-	169,394	300,154
Exchange rate option contracts (d)	1,299	6,191	18,517
Exchange rate swap contracts (e)	7,255	1,636	19,250
Cross-currency swap contracts (f)	-	-	2,844
Non-derivative financial assets			
Mutual funds	847,199	890,362	779,201
Contingent consideration (g)	<u>384,621</u>	<u>369,205</u>	<u>-</u>
	<u>\$ 1,821,419</u>	<u>\$ 2,046,419</u>	<u>\$ 1,738,774</u>
Current	\$ 476,381	\$ 692,874	\$ 956,765
Non-current	<u>1,345,038</u>	<u>1,353,545</u>	<u>782,009</u>
	<u>\$ 1,821,419</u>	<u>\$ 2,046,419</u>	<u>\$ 1,738,774</u>

(Continued)

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
<u>Financial liabilities held for trading</u>			
Derivative financial liabilities (not under hedge accounting)			
Interest rate swap contracts (b)	\$ 820,994	\$ 308,366	\$ 132,594
Forward exchange contracts (c)	317,371	-	3,117
Exchange rate option contracts (d)	23,957	2,383	309,209
Exchange rate swap contracts (e)	11,604	19,692	206
Cross-currency swap contracts (f)	<u>12,202</u>	<u>25,666</u>	<u>27,023</u>
	<u>\$ 1,186,128</u>	<u>\$ 356,107</u>	<u>\$ 472,149</u>
Current	\$ 365,134	\$ 47,741	\$ 339,555
Non-current	<u>820,994</u>	<u>308,366</u>	<u>132,594</u>
	<u>\$ 1,186,128</u>	<u>\$ 356,107</u>	<u>\$ 472,149</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, 2020, December 31, 2019 and March 31, 2019, 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, 2020

<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	2022.08	2.600	1.80188
US\$ 50,000	2022.08	1.930	1.05188
US\$ 50,000	2022.08	1.930	1.05188
US\$ 50,000	2023.03	0.720	1.05188
US\$ 50,000	2023.03	0.710	1.05188
US\$ 50,000	2023.03	0.648	1.05188
US\$ 50,000	2023.03	0.548	1.05188
US\$ 50,000	2023.03	0.515	1.26700
US\$ 100,000	2023.07	3.335	2.43413
US\$ 150,000	2023.07	3.340	2.47713

December 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	2.60425
US\$ 150,000	2023.07	3.340	2.62713
US\$ 100,000	2022.08	2.600	2.65250
US\$ 50,000	2022.08	1.930	1.90250
US\$ 50,000	2022.08	1.930	1.90250

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

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, 2020

<b>Notional Amount (In Thousands)</b>	<b>Forward Exchange Rates</b>
US\$ 84,500	Sell US\$/Buy IDR at 14,610
US\$ 44,247	Sell NTD/Buy US\$ at 29.286 to 29.440

December 31, 2019

<b>Notional Amount (In Thousands)</b>	<b>Forward Exchange Rates</b>
US\$ 132,700	Sell US\$/Buy IDR at 14,610 to 14,700

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

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, 2020

<b>Notional Amount (In Thousands)</b>	<b>Type</b>	<b>Buy/Sell</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>
US\$ 15,000	Call	Sell	2020.04	US\$:HK\$7.7475
US\$ 15,000	Call	Sell	2020.04	US\$:HK\$7.7475
US\$ 15,000	Call	Sell	2020.04	US\$:HK\$7.7475
US\$ 130,000	Put	Sell	2020.04	US\$:NT\$31.0000
US\$ 20,000	Put	Sell	2020.04	US\$:NT\$31.0000
US\$ 60,000	Put	Sell	2020.06-2021.05	US\$:RMB8.0000
US\$ 48,000	Call	Sell	2020.06-2021.12	US\$:HK\$7.7490
US\$ 76,000	Put	Sell	2020.08-2022.02	US\$:RMB8.0125
US\$ 76,000	Put	Sell	2020.08-2022.02	US\$:RMB8.0120
US\$ 38,000	Put	Sell	2020.08-2022.02	US\$:RMB8.0130
US\$ 40,000	Call	Sell	2020.08-2022.02	US\$:HK\$7.7490
US\$ 40,000	Call	Sell	2020.09-2022.03	US\$:HK\$7.7475

December 31, 2019

<b>Notional Amount (In Thousands)</b>	<b>Type</b>	<b>Buy/Sell</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>
US\$ 12,000	Put	Sell	2020.01-2020.06	US\$:RMB7.0800
US\$ 15,000	Call	Sell	2020.04	US\$:HK\$7.7475
US\$ 15,000	Call	Sell	2020.04	US\$:HK\$7.7475
US\$ 15,000	Call	Sell	2020.04	US\$:HK\$7.7475
US\$ 60,000	Put	Sell	2020.06-2021.05	US\$:RMB8.0000
US\$ 48,000	Call	Sell	2020.06-2021.12	US\$:HK\$7.7490

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

(Continued)



<b>Notional Amount (In Thousands)</b>	<b>Type</b>	<b>Buy/Sell</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>
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

(Concluded)

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, 2020

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>
US\$ 43,000	2020.04	US\$:NT\$30.177
US\$ 22,000	2020.04	US\$:NT\$30.118
US\$ 55,000	2020.04	US\$:NT\$30.233
US\$ 20,400	2020.04	US\$:NT\$30.320
US\$ 60,000	2020.05	US\$:NT\$30.188
US\$ 21,000	2020.05	US\$:NT\$30.083
US\$ 36,000	2020.05	US\$:NT\$30.083
US\$ 22,300	2020.06	US\$:NT\$30.122
US\$ 2,000	2020.06	US\$:NT\$30.247
US\$ 19,000	2020.06	US\$:NT\$30.190
US\$ 31,900	2020.06	US\$:NT\$30.054
US\$ 9,000	2020.06	US\$:NT\$30.017
US\$ 28,300	2020.06	US\$:NT\$30.120

December 31, 2019

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>
US\$ 14,000	2020.01	US\$:NT\$30.097
US\$ 55,000	2020.02	US\$:NT\$30.061
US\$ 19,000	2020.02	US\$:NT\$30.061
US\$ 60,000	2020.02	US\$:NT\$30.073
US\$ 36,000	2020.02	US\$:NT\$30.007
US\$ 21,000	2020.02	US\$:NT\$30.007
US\$ 5,900	2020.02	US\$:NT\$30.007
US\$ 36,000	2020.02	US\$:NT\$30.006
US\$ 43,000	2020.03	US\$:NT\$29.966
US\$ 22,300	2020.03	US\$:NT\$29.964

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

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, 2020

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>	<b>Interest %</b>
US\$ 28,157	2020.09	US\$:RMB7.103	0.885
US\$ 15,000	2020.12	US\$:NT\$30.475	0.635

December 31, 2019

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>	<b>Interest %</b>
US\$ 28,157	2020.09	US\$:RMB7.103	0.885
US\$ 15,000	2020.12	US\$:NT\$30.475	0.635

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

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.

- g. The consideration received of disposal of subsidiaries by the Group in 2019 includes contingent consideration. The contingent consideration is estimated at fair value discounted based on expected future cash flows.

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

	March 31, 2020	December 31, 2019	March 31, 2019
Domestic investments			
Listed shares	\$ 16,933,759	\$ 18,682,365	\$ 16,963,514
Unlisted shares	70,462	70,805	78,475
Foreign investments			
Unlisted shares	<u>207,308</u>	<u>205,409</u>	<u>212,081</u>
	<u>\$ 17,211,529</u>	<u>\$ 18,958,579</u>	<u>\$ 17,254,070</u>
Current	\$ 16,309,510	\$ 17,736,334	\$ 16,282,060
Non-current	<u>902,019</u>	<u>1,222,245</u>	<u>972,010</u>
	<u>\$ 17,211,529</u>	<u>\$ 18,958,579</u>	<u>\$ 17,254,070</u>

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2020	December 31, 2019	March 31, 2019
Domestic investments			
Bonds	\$ -	\$ -	\$ 325,850
Time deposits with original maturities of more than three months	339,770	663,276	830,824
Structured products	-	696,110	-
Foreign investments			
Bonds	3,561,002	4,367,841	2,134,043
Commercial paper	1,819,757	1,846,900	-
Structured products	<u>110,205</u>	<u>-</u>	<u>160,403</u>
	<u>\$ 5,830,734</u>	<u>\$ 7,574,127</u>	<u>\$ 3,451,120</u>
Current	\$ 993,944	\$ 1,656,038	\$ 2,916,715
Non-current	<u>4,836,790</u>	<u>5,918,089</u>	<u>534,405</u>
	<u>\$ 5,830,734</u>	<u>\$ 7,574,127</u>	<u>\$ 3,451,120</u>

Refer to Note 35 for information relating to investments in financial assets at amortized cost pledged as security.

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

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Notes receivable (including related parties)</u>			
Notes receivable - operating	\$ 395	\$ 509	\$ 719
Notes receivable - non-operating	<u>-</u>	<u>-</u>	<u>65</u>
	<u>\$ 395</u>	<u>\$ 509</u>	<u>\$ 784</u>
<u>Accounts receivable (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 30,385,590	\$ 34,569,042	\$ 37,864,675
Less: Allowance for impairment loss	<u>(315,407)</u>	<u>(307,796)</u>	<u>(578,492)</u>
	<u>\$ 30,070,183</u>	<u>\$ 34,261,246</u>	<u>\$ 37,286,183</u>
<u>Other receivables</u>			
Tax refund receivables	\$ 1,693,461	\$ 1,618,777	\$ 1,644,809
Others	4,984,271	3,528,918	3,313,081
Less: Allowance for impairment loss	<u>(32,039)</u>	<u>(32,039)</u>	<u>(859)</u>
	<u>\$ 6,645,693</u>	<u>\$ 5,115,656</u>	<u>\$ 4,957,031</u>

### a. Notes receivable

The notes receivable balances at March 31, 2020, December 31, 2019 and March 31, 2019 were not past due.

### b. Accounts receivable

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

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

1) The following table details the loss allowance of trade receivables.

March 31, 2020

	<b>Less than 30 Days</b>	<b>31 to 90 Days</b>	<b>Over 91 Days</b>	<b>Total</b>
Gross carrying amount	\$ 18,496,387	\$ 11,444,221	\$ 444,982	\$ 30,385,590
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>(315,407)</u>	<u>(315,407)</u>
Amortized cost	<u>\$ 18,496,387</u>	<u>\$ 11,444,221</u>	<u>\$ 129,575</u>	<u>\$ 30,070,183</u>

December 31, 2019

	<b>Less than 30 Days</b>	<b>31 to 90 Days</b>	<b>Over 91 Days</b>	<b>Total</b>
Gross carrying amount	\$ 22,064,260	\$ 12,188,018	\$ 316,764	\$ 34,569,042
Loss allowance (lifetime ECLs)	<u>-</u>	<u>(1,559)</u>	<u>(306,237)</u>	<u>(307,796)</u>
Amortized cost	<u>\$ 22,064,260</u>	<u>\$ 12,186,459</u>	<u>\$ 10,527</u>	<u>\$ 34,261,246</u>

March 31, 2019

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

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

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 307,796	\$ 574,519
Add: Impairment losses recognized on receivable	10,356	2,009
Foreign exchange gains and losses	<u>(2,745)</u>	<u>1,964</u>
Balance at March 31	<u>\$ 315,407</u>	<u>\$ 578,492</u>

## 11. INVENTORIES

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Inventories - manufacturing and retail	\$ 50,226,901	\$ 54,713,419	\$ 57,968,751
Inventories - construction	<u>3,920,896</u>	<u>3,909,013</u>	<u>4,780,239</u>
	<u>\$ 54,147,797</u>	<u>\$ 58,622,432</u>	<u>\$ 62,748,990</u>

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

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Raw materials	\$ 8,834,945	\$ 7,301,125	\$ 9,065,318
Work in progress	5,568,152	5,369,483	5,777,717
Finished goods and merchandise	<u>35,823,804</u>	<u>42,042,811</u>	<u>43,125,716</u>
	<u>\$ 50,226,901</u>	<u>\$ 54,713,419</u>	<u>\$ 57,968,751</u>

The cost of manufacturing and retail inventories recognized as cost of goods sold for the three months ended March 31, 2020 and 2019 was \$46,734,381 thousand and \$56,936,859 thousand, respectively.

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

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Land and buildings held for development	\$ 3,742,904	\$ 3,742,807	\$ 4,614,040
Land and buildings held for sale	67,100	55,314	55,307
Land held for construction sites	<u>110,892</u>	<u>110,892</u>	<u>110,892</u>
	<u>\$ 3,920,896</u>	<u>\$ 3,909,013</u>	<u>\$ 4,780,239</u>

## 12. NON-CURRENT ASSETS HELD FOR SALE

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
<u>Assets associated with non-current assets held for sale</u>			
Investments accounted for using equity method	<u>\$ 698,893</u>	<u>\$ 1,342,804</u>	<u>\$ -</u>

a. Yue Yuen resolved to dispose of its associates and joint ventures during in 2019 and reclassified the assets as “non-current assets held for sale”. The carrying amount of the assets was \$574,608 thousand (US\$19,011 thousand), and \$1,217,278 thousand (US\$40,603 thousand) as of March 31, 2020, and December 31, 2019.

b. Pou Sheng resolved to dispose of its joint ventures in 2019 and reclassified the assets as “non-current assets held for sale”. The carrying amount of the assets was \$124,285 thousand (US\$4,112 thousand), and \$125,526 thousand (US\$4,187 thousand) as of March 31, 2020, and December 31, 2019.

### 13. OTHER ASSETS

	March 31, 2020	December 31, 2019	March 31, 2019
Prepayments	\$ 6,162,016	\$ 7,298,459	\$ 9,128,774
Refundable deposits	788,549	780,464	655,379
Defined benefit assets	43,754	43,754	43,754
Prepayments for equipment	3,282,334	3,187,694	3,137,389
Others	<u>2,355,391</u>	<u>2,180,680</u>	<u>2,011,469</u>
	<u>\$ 12,632,044</u>	<u>\$ 13,491,051</u>	<u>\$ 14,976,765</u>
Current	\$ 8,241,086	\$ 9,159,841	\$ 10,995,664
Non-current	<u>4,390,958</u>	<u>4,331,210</u>	<u>3,981,101</u>
	<u>\$ 12,632,044</u>	<u>\$ 13,491,051</u>	<u>\$ 14,976,765</u>

### 14. SUBSIDIARIES

#### a. Subsidiaries included in the consolidated financial statements

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership (%)		
			March 31, 2020	December 31, 2019	March 31, 2019
Wealthplus Holdings Limited (“Wealthplus”)	British Virgin Islands	Investing in footwear, electronics and peripheral products	100.00	100.00	100.00
Win Fortune Investments Limited	British Virgin Islands	Investing activities	100.00	100.00	100.00
Windsor Entertainment Co., Ltd.	ROC	Entertainment and resort operations	100.00	100.00	100.00
Pou Shine Investments Co., Ltd.	ROC	Investing activities	100.00	100.00	100.00
Pan Asia Insurance Services Co., Ltd.	ROC	Agency of property and casualty insurance	100.00	100.00	100.00
Pro Arch International Development Enterprise Inc.	ROC	Design and manufacture of footwear products	100.00	100.00	100.00
Pou Yuen Technology Co., Ltd.	ROC	Rental of real estate	99.81	99.81	99.81
Barits Development Corporation	ROC	Import and export of shoe related materials and investing activities	99.62	99.62	99.62

The information of Wealthplus’ major subsidiaries is as follows:

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership (%)		
			March 31, 2020	December 31, 2019	March 31, 2019
Yue Yuen Industrial (Holdings) Limited	Bermuda	Manufacture and sale of athletic and casual footwear and sports apparel	50.04	50.04	49.90
Pou Sheng International (Holdings) Limited	Bermuda	Retail of sporting goods and brand licensing business	31.12	31.12	31.04
Crown Master Investments Limited	British Virgin Islands	Investment holding	100.00	100.00	100.00
Tetor Ventures Ltd.	British Virgin Islands	Investment holding	100.00	100.00	100.00
Star Eagle Consultants Limited	British Virgin Islands	Agency of property and casualty insurance	100.00	100.00	100.00
Allied Charm Holdings Limited	British Virgin Islands	Investment holding	100.00	100.00	100.00

Win Fortune Investments Limited (“Win Fortune”) invested in Yue Yuen (as at March 31, 2020, December 31, 2019 and March 31, 2019, the ownership percentage were 1.07%). Investing is its primary operation activity.

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

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership (%)		
			March 31, 2020	December 31, 2019	March 31, 2019
Vantage Capital Investments Ltd.	British Virgin Islands	Investment holdings	-	100.00	100.00
Pearl Dove International Limited	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, 2020	December 31, 2019	March 31, 2019
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, 2020	December 31, 2019	March 31, 2019
Yue Yuen Industrial (Holdings) Limited	48.89	48.89	49.03
Pou Sheng International (Holdings) Limited	37.81	37.80	37.80

Refer to Table 9 "Information on Investees" of Note 39 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, 2020	December 31, 2019	March 31, 2019
	March 31				
	2020	2019			
Yue Yuen Industrial (Holdings) Limited	\$ (831,586)	\$ 1,134,862	\$ 56,166,900	\$ 59,284,190	\$ 59,715,122
Pou Sheng International (Holdings) Limited	(269,599)	330,826	11,770,038	12,167,173	12,294,653

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:

	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 127,958,748	\$ 134,660,339	\$ 140,658,103
Non-current assets	126,186,329	127,150,345	128,813,818
Current liabilities	(72,423,745)	(73,624,773)	(82,867,448)
Non-current liabilities	<u>(54,025,003)</u>	<u>(53,680,531)</u>	<u>(51,073,123)</u>
Equity	<u>\$ 127,696,329</u>	<u>\$ 134,505,380</u>	<u>\$ 135,531,350</u>

(Continued)



	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Equity attributable to:			
Owners of the Company	\$ 59,077,485	\$ 62,334,857	\$ 62,447,344
Non-controlling interests of Yue Yuen	56,166,900	59,284,190	59,715,122
Non-controlling interests of Yue Yuen's subsidiaries	<u>12,451,944</u>	<u>12,886,333</u>	<u>13,368,884</u>
	<u>\$ 127,696,329</u>	<u>\$ 134,505,380</u>	<u>\$ 135,531,350</u> (Concluded)

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Operating revenue	<u>\$ 59,292,804</u>	<u>\$ 76,436,960</u>
Net (loss) income	\$ (1,967,571)	\$ 2,714,562
Other comprehensive (loss) income	<u>(1,163,627)</u>	<u>1,015,754</u>
Total comprehensive (loss) income	<u>\$ (3,131,198)</u>	<u>\$ 3,730,316</u>
Net (loss) income attributable to:		
Owners of the Company	\$ (864,670)	\$ 1,191,871
Non-controlling interests of Yue Yuen	(831,586)	1,134,862
Non-controlling interests of Yue Yuen's subsidiaries	<u>(271,315)</u>	<u>387,829</u>
	<u>\$ (1,967,571)</u>	<u>\$ 2,714,562</u>
Total comprehensive (loss) income attributable to:		
Owners of the Company	\$ (1,337,131)	\$ 1,822,736
Non-controlling interests of Yue Yuen	(1,283,349)	1,741,504
Non-controlling interests of Yue Yuen's subsidiaries	<u>(510,718)</u>	<u>166,076</u>
	<u>\$ (3,131,198)</u>	<u>\$ 3,730,316</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 6,637,730	\$ 1,990,322
Investing activities	(2,799,767)	(2,721,553)
Financing activities	<u>(1,400,216)</u>	<u>2,651,849</u>
Net cash inflow	<u>\$ 2,437,747</u>	<u>\$ 1,920,618</u>
Dividends paid to:		
Non-controlling interests of Yue Yuen's subsidiaries	<u>\$ -</u>	<u>\$ 63,847</u>

## 15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2020	December 31, 2019	March 31, 2019
Investments in associates	\$ 50,743,930	\$ 64,849,487	\$ 41,461,937
Investments in joint ventures	<u>7,938,622</u>	<u>7,461,297</u>	<u>7,688,727</u>
	<u>\$ 58,682,552</u>	<u>\$ 72,310,784</u>	<u>\$ 49,150,664</u>

### a. Investments in associates

	March 31, 2020	December 31, 2019	March 31, 2019
Material associate			
Ruen Chen Investment Holding Co., Ltd.	\$ 35,687,742	\$ 49,612,043	\$ 26,191,298
Associates that are not individually material	<u>15,056,188</u>	<u>15,237,444</u>	<u>15,270,639</u>
	<u>\$ 50,743,930</u>	<u>\$ 64,849,487</u>	<u>\$ 41,461,937</u>

### 1) Material associate

Name of Associate	<u>Proportion of Ownership and Voting Rights</u>		
	March 31, 2020	December 31, 2019	March 31, 2019
Ruen Chen Investment Holding Co., Ltd.	20%	20%	20%

- a) As of May 15, 2019, the Company's board of directors resolved to subscribe the issuance of ordinary shares for cash of Ruen Chen Investment Holding Co., Ltd., and purchasing 408,000 thousand share issued ordinary shares with \$10 per share (with the amount of \$4,080,000 thousand) as of June 6, 2019 and July 25, 2019.
- b) Refer to Table 9 "Information on Investees" of Note 39 for business location and business item of the material associates.
- c) The summarized financial information below represents amounts shown in the material associate's financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

#### Ruen Chen Investment Holding Co., Ltd.

Name of Associate	March 31, 2020	December 31, 2019	March 31, 2019
Assets	\$ 4,773,971,355	\$ 4,846,936,411	\$ 4,571,047,665
Liabilities	(4,567,605,644)	(4,562,716,753)	(4,419,744,365)
Non-controlling interests	<u>(27,630,439)</u>	<u>(35,862,882)</u>	<u>(20,050,250)</u>
Owners of Ruen Chen Investment Holding Co., Ltd.	<u>\$ 178,735,272</u>	<u>\$ 248,356,776</u>	<u>\$ 131,253,050</u>
Proportion of the Group's interest	20%	20 %	20%

(Continued)

Name of Associate	March 31, 2020	December 31, 2019	March 31, 2019
Equity attributable to the Group	\$ 35,747,054	\$ 49,671,355	\$ 26,250,610
Other adjustments	<u>(59,312)</u>	<u>(59,312)</u>	<u>(59,312)</u>
Carrying amounts	<u>\$ 35,687,742</u>	<u>\$ 49,612,043</u>	<u>\$ 26,191,298</u> (Concluded)

	For the Three Months Ended March 31	
	2020	2019
Operating revenue	\$ <u>136,496,598</u>	\$ <u>174,661,564</u>
Net income	\$ 11,139,665	\$ 7,664,631
Other comprehensive (loss) income	<u>(88,875,510)</u>	<u>89,461,049</u>
Total comprehensive (loss) income	\$ <u>(77,735,845)</u>	\$ <u>97,125,680</u>

2) Associates that are not individually material

Name of Associate	Proportion of Ownership and Voting Rights (%)		
	March 31, 2020	December 31, 2019	March 31, 2019
Eagle Nice (International) Holdings Limited	36.09	36.09	36.09
San Fang Chemical Industry Co., Ltd.	44.72	44.72	44.72
Elitegroup Computer Systems Co., Ltd.	19.50	19.50	19.50
Bigfoot Limited	-	-	48.76
Brandblack Inc.	31.25	-	-
Enthroned Group Limited	-	-	48.76
Full Pearl International Ltd.	40.04	40.04	40.04
Haicheng Information Technology Co., Ltd.	-	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
Pine Wood Industries Limited	37.00	37.00	37.00
Pou Ming Paper Products Manufacturing Co., Ltd.	20.00	20.00	20.00
Prosperlink Limited	38.00	38.00	38.00
Prosperous Industrial (Holdings) Ltd.	22.50	22.50	22.50
Rise Bloom International Limited	38.00	38.00	38.00
Silver Island Trading Ltd.	-	50.00	50.00
Supplyline Logistics Ltd.	49.00	49.00	49.00
Tien Pou International Ltd.	-	-	40.00
Venture Well Holdings Ltd.	31.55	31.55	31.55
Nan Pao Resins Chemical Co., Ltd.	17.59	17.59	17.59
Nan Shan Life Insurance Co., Ltd.	0.18	0.18	-
Techview International Technology Inc.	50.00	50.00	50.00

a) Refer to Table 9 “Information on Investees” of Note 39 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 holds less than 20% interest of Nan Pao Resins Chemical Co., Ltd. but the Group has the power to appoint one out of the eight directors of Nan Pao; therefore, the Group is able to exercise significant influence over Nan Pao.
- d) The Group participated in the issuance of ordinary shares for cash of Nan Shan Life Insurance Company, Ltd., and purchasing 23,740 thousand shares with \$16 per share, with the amount of \$379,840 thousand. The proportion of ownership and voting rights of the Group is 0.18, but the Group exercises significant influence over Ruen Chen Investment Holding Co., Ltd., which is the parent company of Nan Shan Life Insurance Company, Ltd., therefore, Nan Shan Life Insurance Company, Ltd. is classified to associate of the Group.
- e) The 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>2020</b>	<b>2019</b>
The Group's share of:		
Net income	\$ 98,318	\$ 17,901
Other comprehensive (loss) income	<u>(357,707)</u>	<u>16,663</u>
Total comprehensive (loss) income	<u>\$ (259,389)</u>	<u>\$ 34,564</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, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Eagle Nice (International) Holdings Limited	<u>\$ 1,767,000</u>	<u>\$ 2,245,787</u>	<u>\$ 2,276,545</u>
Prosperous Industrial (Holdings) Ltd.	<u>\$ 294,812</u>	<u>\$ 353,905</u>	<u>\$ 1,167,483</u>
San Fang Chemical Industry Co., Ltd.	<u>\$ 3,038,992</u>	<u>\$ 4,211,869</u>	<u>\$ 4,096,173</u>
Elitegroup Computer Systems Co., Ltd.	<u>\$ 891,383</u>	<u>\$ 1,489,262</u>	<u>\$ 1,320,769</u>
Nan Pao Resins Chemical Co., Ltd.	<u>\$ 2,319,505</u>	<u>\$ 3,194,684</u>	<u>\$ 3,124,259</u>

b. Investments in joint ventures

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Joint ventures that are not individually material	\$ 7,938,622	\$ 7,461,297	\$ 7,674,978
Long-term receivables			
Joint ventures that are not individually material	<u>          -</u>	<u>          -</u>	<u>      13,749</u>
	<u>\$ 7,938,622</u>	<u>\$ 7,461,297</u>	<u>\$ 7,688,727</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, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Beijing Baojing Kangtai Trading Co., Ltd.	-	-	50.00
Best Focus Holdings Ltd.	50.00	50.00	50.00
Blessland Enterprises Limited	-	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
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
Kounshan Baowei Information Technology Co., Ltd.	55.00	55.00	-
Prime Glorious Limited	49.00	-	-
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 39 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>2020</b>	<b>2019</b>
The Group’s share of:		
Net income	\$ 32,501	\$ 114,146
Other comprehensive (loss) income	<u>(60,513)</u>	<u>      79,477</u>
Total comprehensive (loss) income	<u>\$ (28,012)</u>	<u>\$ 193,623</u>

## 16. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2020	December 31, 2019	March 31, 2019
Land	\$ 2,538,294	\$ 2,539,801	\$ 2,235,107
Buildings and improvements	48,865,446	49,238,584	50,310,889
Machinery and equipment	19,566,412	19,771,535	20,854,660
Transportation equipment	394,144	401,003	432,214
Office equipment	2,753,368	2,820,747	3,016,868
Other equipment	87,399	82,448	72,218
Construction in progress	<u>3,264,663</u>	<u>3,007,148</u>	<u>2,688,067</u>
	<u>\$ 77,469,726</u>	<u>\$ 77,861,266</u>	<u>\$ 79,610,023</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, 2020 and 2019.
- 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.

## 17. LEASE ARRANGEMENTS

- a. Right-of-use assets

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Carrying amounts</u>			
Land	\$ 6,668,697	\$ 6,667,555	\$ 6,624,650
Buildings	11,387,092	12,298,223	9,851,263
Machinery	5,253	5,182	4,683
Transportation equipment	7,196	6,554	8,446
Other equipment	<u>6,002</u>	<u>5,576</u>	<u>-</u>
	<u>\$ 18,074,240</u>	<u>\$ 18,983,090</u>	<u>\$ 16,489,042</u>

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Additions to right-of-use assets	<u>\$ 571,986</u>	<u>\$ 454,987</u>
Depreciation charge for right-of-use assets		
Land	\$ 37,017	\$ 34,682
Buildings	1,252,079	863,125
Machinery	1,665	736
Transportation equipment	1,295	1,028
Other equipment	<u>195</u>	<u>-</u>
	<u>\$ 1,292,251</u>	<u>\$ 899,571</u>

b. Lease liabilities

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
<u>Carrying amounts</u>			
Current	\$ 3,759,577	\$ 3,908,023	\$ 3,230,402
Non-current	<u>7,607,545</u>	<u>8,255,154</u>	<u>5,957,410</u>
	<u>\$ 11,367,122</u>	<u>\$ 12,163,177</u>	<u>\$ 9,187,812</u>

Range of discount rate for lease liabilities was as follows:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Land	1.34%-5.00%	1.34%-5.00%	1.34%-5.00%
Buildings	1.34%-5.50%	1.34%-5.50%	1.34%-4.50%
Machinery	3.07%	3.07%	3.07%
Transportation equipment	1.34%-4.50%	1.34%-4.50%	1.34%-4.50%
Other equipment	1.34%	1.34%	-

c. Other lease information

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Expenses relating to short-term leases	<u>\$ 195,014</u>	<u>\$ 398,357</u>
Expenses relating to low-value asset leases	<u>\$ 668</u>	<u>\$ 3,595</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 1,005,601</u>	<u>\$ 2,274,925</u>
Total cash outflow for leases	<u>\$ (2,486,083)</u>	<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.

## 18. INVESTMENT PROPERTIES

	March 31, 2020	December 31, 2019	March 31, 2019
Investment properties	\$ <u>2,832,686</u>	\$ <u>2,841,851</u>	\$ <u>2,308,514</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, 2020 and 2019.
- 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, 2019 and 2018 were \$5,198,009 thousand and \$3,690,038 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, 2020 and 2019.

## 19. GOODWILL

After the Group's goodwill that was tested as of December 31, 2019 and 2018, the Group's management team evaluated that goodwill as of March 31, 2020 and 2019 did not changed significantly and was not impaired.

## 20. OTHER INTANGIBLE ASSETS

	March 31, 2020	December 31, 2019	March 31, 2019
Computer software	\$ 985,574	\$ 929,626	\$ 502,052
Brand names	629,224	726,446	1,063,290
Non-compete agreements	362,337	375,080	384,356
Licensing agreements	106,241	118,151	159,833
Trademarks	36	-	1,420,833
Others	<u>25</u>	<u>-</u>	<u>85,895</u>
	\$ <u>2,083,437</u>	\$ <u>2,149,303</u>	\$ <u>3,616,259</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, 2020 and 2019.
- 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	3-20 years
Non-compete agreements	5-20 years
Licensing agreements	10 years
Others	15 years



## 21. BORROWINGS

### a. Short-term borrowings

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
<u>Unsecured borrowings</u>			
Credit borrowings	<u>\$ 41,911,166</u>	<u>\$ 42,247,828</u>	<u>\$ 42,800,384</u>

The ranges of effective interest rate on bank borrowings were 0.66%-4.35%, 0.66%-5.00% and 0.60%-4.95% per annum as of March 31, 2020, December 31, 2019 and March 31, 2019, respectively.

### b. Short-term bills payable

#### March 31, 2020

	<b>Annual Interest Rate</b>	<b>Amount</b>
Commercial papers	0.58%-0.89%	\$ 2,750,500
Less: Unamortized discount on bills payable		<u>(445)</u>
		<u>\$ 2,750,055</u>

#### December 31, 2019

	<b>Annual Interest Rate</b>	<b>Amount</b>
Commercial papers	0.64%-0.89%	\$ 2,548,500
Less: Unamortized discount on bills payable		<u>(822)</u>
		<u>\$ 2,547,678</u>

#### 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>

c. Long-term borrowings

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
<u>Unsecured borrowings</u>			
Bank loans	\$ 60,325,270	\$ 60,758,044	\$ 56,810,439
Less: Long-term expenses for syndicated loans	(187,395)	(204,194)	(272,140)
Less: Current portion	<u>(13,796)</u>	<u>(263,796)</u>	<u>(4,385,347)</u>
	<u>\$ 60,124,079</u>	<u>\$ 60,290,054</u>	<u>\$ 52,152,952</u>

Maturity dates and ranges of annual interest rates:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
<u>Maturity date</u>			
Long-term borrowings	2021.04.15- 2026.07.15	2021.01.15- 2026.07.15	2020.04.12- 2026.07.15
Current portion of long-term borrowings	2020.04.15- 2021.01.15	2020.01.15- 2020.10.15	2019.04.01- 2020.03.30
<u>Ranges of interest rate</u>	0.83%-2.51%	0.91%-2.65%	1.01%-3.78%

**22. NOTES PAYABLE AND ACCOUNTS PAYABLE**

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
<u>Notes payable (included related parties)</u>			
Operating	\$ 5,134	\$ 4,236	\$ 8,785
Non-operating	<u>6,309</u>	<u>6,963</u>	<u>4,757</u>
	<u>\$ 11,443</u>	<u>\$ 11,199</u>	<u>\$ 13,542</u>
Accounts payable (included related parties)	<u>\$ 13,525,976</u>	<u>\$ 14,866,337</u>	<u>\$ 17,529,866</u>

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

## 23. OTHER PAYABLES

	March 31, 2020	December 31, 2019	March 31, 2019
Payables for salaries	\$ 8,526,181	\$ 12,205,156	\$ 8,656,728
Payables for purchase of property, plant and equipment	2,262,053	2,726,377	2,479,591
Compensation due to directors	128,343	168,575	151,782
Employee compensation payables	796,203	777,250	809,293
Interest payables	221,004	239,973	247,493
Payables for annual leave	1,066,112	1,165,164	1,045,296
Payables for dividends	2,145,658	-	3,412,461
Others	<u>9,077,949</u>	<u>8,165,832</u>	<u>8,862,676</u>
	<u>\$ 24,223,503</u>	<u>\$ 25,448,327</u>	<u>\$ 25,665,320</u>
Current	\$ 24,069,888	\$ 25,295,496	\$ 25,513,502
Non-current	<u>153,615</u>	<u>152,831</u>	<u>151,818</u>
	<u>\$ 24,223,503</u>	<u>\$ 25,448,327</u>	<u>\$ 25,665,320</u>

## 24. RETIREMENT BENEFIT PLANS

Employee benefits expenses in respect of the Group's defined benefit retirement plans were calculated using the respective annual, actuarially determined pension cost discount rates as of December 31, 2019 and 2018 and recognized in the following line items in their respective periods:

	For the Three Months Ended March 31	
	2020	2019
Operating costs	\$ 65,313	\$ 46,219
Selling and marketing expenses	519	415
General and administrative expenses	84,211	71,946
Research and development expenses	<u>1,567</u>	<u>1,790</u>
	<u>\$ 151,610</u>	<u>\$ 120,370</u>

## 25. EQUITY

### a. Share capital

	March 31, 2020	December 31, 2019	March 31, 2019
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, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</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	165,877	339,730	343,269
<u>May be used to offset a deficit only (2)</u>			
Recognized from the share of changes in equity of subsidiaries	-	-	315
Recognized from the share of changes in net assets of associates and joint ventures	131,967	131,964	140,227
Others	<u>27,239</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,445,786</u>	<u>\$ 4,592,397</u>	<u>\$ 4,604,514</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.

The board of directors proposes an earnings distribution in the form of new shares shall be approved following the resolution of the shareholders' meetings. Distribution of dividends and bonuses or distribution of the legal reserve and capital surplus in whole or in part by cash shall be resolved by a majority vote at a meeting attended by more than two thirds of the total number of directors, and such distribution shall be reported at the shareholders' meeting.

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

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

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

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

The appropriations of earnings for 2019 and 2018 that were proposed by the board of directors on April 28, 2020 and approved in the shareholders' meetings on June 13, 2019, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For Year 2019</b>	<b>For Year 2018</b>	<b>For Year 2019</b>	<b>For Year 2018</b>
Legal reserve	\$ 1,182,861	\$ 1,070,865	\$ -	\$ -
(Reversal) special reserve	(22,293,369)	8,376,139	-	-
Cash dividends	3,683,484	4,420,181	1.25	1.50

d. Other equity item

1) Exchange differences on translating foreign operations

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ (2,498,149)	\$ (312,124)
Exchange differences on translating foreign operations	362,049	576,167
Share of exchange differences of associates and joint ventures accounted for using equity method	<u>(6,089)</u>	<u>15,735</u>
Balance at March 31	<u>\$ (2,142,189)</u>	<u>\$ 279,778</u>

2) Unrealized gain or loss on financial assets at FVTOCI

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 13,759,473	\$ (8,483,931)
Unrealized (loss) gain from equity instruments	(1,583,596)	1,306,292
Cumulative unrealized (loss) gain of equity instruments transferred to retained earnings due to disposal	(134)	784
Share of loss from associates and joint ventures accounted for using equity method	<u>(3,214,064)</u>	<u>8,028,087</u>
Balance at March 31	<u>\$ 8,961,679</u>	<u>\$ 851,232</u>

3) Others

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 423,243	\$ (13,497,314)
Share of loss from associates and joint ventures accounted for using equity method	<u>(12,885,248)</u>	<u>8,342,353</u>
Balance at March 31	<u>\$ (12,462,005)</u>	<u>\$ (5,154,961)</u>

e. Non-controlling interests

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 72,460,088	\$ 74,334,314
Share of non-controlling interests		
Net (loss) income	(1,103,471)	1,522,451
Exchange differences on translating foreign operations	68,150	820,505
Unrealized (loss) gain on financial assets at FVTOCI	(176,638)	71,206
Others	(251)	-
Changes in non-controlling interests	<u>(2,350,575)</u>	<u>(3,386,061)</u>
Balance at March 31	<u>\$ 68,897,303</u>	<u>\$ 73,362,415</u>

**26. REVENUE**

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Sales revenue	\$ 59,309,635	\$ 76,460,766
Revenue from entertainment and resorts	98,104	138,834
Others	<u>40,681</u>	<u>23,909</u>
	<u>\$ 59,448,420</u>	<u>\$ 76,623,509</u>

## 27. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consist of the following:

a. Other income

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Rental income		
Rental income from operating leases		
Investment properties	\$ 4,497	\$ 3,097
Others	<u>151,596</u>	<u>134,654</u>
	<u>156,093</u>	<u>137,751</u>
Interest income		
Cash in bank	91,563	136,516
Repurchase agreements collateralized by bonds	965	5,272
Financial assets at amortized cost	74,708	25,367
Others	<u>4,490</u>	<u>6,704</u>
	<u>171,726</u>	<u>173,859</u>
Others	<u>382,867</u>	<u>372,019</u>
	<u>\$ 710,686</u>	<u>\$ 683,629</u>

b. Other gains and losses

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Net loss on disposal of property, plant and equipment	\$ (78,700)	\$ (114,390)
Net foreign exchange gain	442,674	242,973
Net gain on disposal of associates and joint ventures	405,098	11,314
Net (loss) gain on financial assets at FVTPL	(132,258)	183,519
Net (loss) gain on financial liabilities at FVTPL	(870,111)	102,305
Others	<u>(25,814)</u>	<u>(49,398)</u>
	<u>\$ (259,111)</u>	<u>\$ 376,323</u>

c. Finance costs

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Interest on bank borrowings	\$ 567,745	\$ 713,273
Lease liabilities	136,758	102,012
Interest on short-term bills payable	5,297	4,212
Other interest expense	<u>9,275</u>	<u>18,095</u>
	<u>\$ 719,075</u>	<u>\$ 837,592</u>

d. Depreciation and amortization

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Property, plant and equipment	\$ 2,739,825	\$ 2,651,016
Right-of-use assets	1,292,251	899,571
Other intangible assets	118,343	127,223
Investment properties	6,602	6,618
Long-term prepayments	302	345
Other prepaid expenses	<u>144</u>	<u>144</u>
	<u>\$ 4,157,467</u>	<u>\$ 3,684,917</u>
 An analysis of depreciation by function		
Operating costs	\$ 1,570,915	\$ 1,602,411
Operating expenses	2,466,540	1,950,289
Non-operating expenses	<u>1,223</u>	<u>4,505</u>
	<u>\$ 4,038,678</u>	<u>\$ 3,557,205</u>
 An analysis of amortization by function		
Operating expenses	<u>\$ 118,789</u>	<u>\$ 127,712</u>

e. Direct operating expenses from investment properties

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Generate rental income	<u>\$ 12,057</u>	<u>\$ 11,353</u>

f. Employee benefits expense

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Short-term benefits	\$ 16,321,054	\$ 16,547,014
Post-employment benefits		
Defined contribution plans	2,350,159	1,874,281
Defined benefit plans	<u>151,610</u>	<u>120,370</u>
	2,501,769	1,994,651
Share-based payments		
Equity-settled	6,954	27,469
Termination benefits	<u>3,500</u>	<u>641</u>
	<u>\$ 18,833,277</u>	<u>\$ 18,569,775</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 12,451,534	\$ 12,258,041
Operating expenses	<u>6,381,743</u>	<u>6,311,734</u>
	<u>\$ 18,833,277</u>	<u>\$ 18,569,775</u>



As of March 31, 2020 and 2019, there were 349,001 and 349,295 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, 2020 and 2019 were as follows:

Accrual rate

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Employees' compensation	1.6%	1.8%
Remuneration of directors	0.8%	0.9%

Amount

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Employees' compensation	<u>\$ 19,936</u>	<u>\$ 54,705</u>
Remuneration of directors	<u>\$ 9,968</u>	<u>\$ 27,351</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 31, 2020 and March 25, 2019, respectively, were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2019</b>		<b>2018</b>	
	<b>Cash</b>	<b>Shares</b>	<b>Cash</b>	<b>Shares</b>
Employees' compensation	\$ 203,200	\$ -	\$ 214,776	\$ -
Remuneration of directors	101,600	-	107,388	-

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, 2019 and 2018.

Information on employees' compensation and remuneration of directors resolved by the Company's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 28. INCOME TAXES

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

The major components of tax expense were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Current tax		
In respect of the current period	\$ 423,680	\$ 918,788
Adjustments for prior year	1,504	-
Deferred tax		
In respect of the current period	(66,311)	(182,980)
Adjustments for prior year	<u>581</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 359,454</u>	<u>\$ 735,808</u>

### b. Income tax assessments

The income tax returns of the Company through 2017, have been assessed by the tax authorities.

## 29. EARNINGS PER SHARE

The basic earnings per share and diluted earnings per share for the three months ended March 31, 2020 and 2019 were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Net income (in thousand dollars)</u>		
Earnings used in the computation of earnings per share	<u>\$ 1,185,679</u>	<u>\$ 2,919,059</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>2,725</u>	<u>2,703</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>2,949,512</u>	<u>2,949,490</u>
<u>Earnings per share (in dollars)</u>		
Basic earnings per share	<u>\$0.40</u>	<u>\$0.99</u>
Diluted earnings per share	<u>\$0.40</u>	<u>\$0.99</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.

### 30. 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, 2020 and 2019 was as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
	<b>Number of Shares (In Thousands)</b>	<b>Number of Shares (In Thousands)</b>
Balance at January 1	1,312	1,387
Options cancelled	<u>(40)</u>	<u>(40)</u>
Balance at March 31	<u>1,272</u>	<u>1,347</u>

Yue Yuen recognized \$7,948 thousand and \$8,293 thousand in compensation costs for the three months ended March 31, 2020 and 2019, respectively.

#### b. Information about Pou Sheng's employee share options

1) Information about outstanding share options during the three months ended March 31, 2020 and 2019 was as follows:

	<b>For the Three Months Ended March 31</b>			
	<b>2020</b>		<b>2019</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	10,872	\$ 2.44	28,244	\$ 1.75
Options cancelled	(4,082)	2.49	(5,040)	1.23
Options exercised	<u>(375)</u>	1.05	<u>(11,166)</u>	1.23
Balance at March 31	<u>6,415</u>	2.49	<u>12,038</u>	2.45
Exercisable options at March 31	<u>2,333</u>	2.49	<u>2,708</u>	2.29

Information about outstanding employee share options as of March 31, 2020, December 31, 2019 and March 31, 2019 was as follows:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Range of exercise price (HK\$)	\$1.05-\$2.494	\$1.05-\$2.494	\$1.05-\$2.494
Weighted-average remaining contractual life (years)	2.33	2.80	3.25

Pou Sheng recognized \$873 thousand and \$2,158 thousand in compensation costs for the three months ended March 31, 2020 and 2019, respectively.

- 2) Information about the granted employee share options during the three months ended March 31, 2020 and 2019 was as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
	<b>Number of Shares (In Thousands)</b>	<b>Number of Shares (In Thousands)</b>
Balance at January 1	42,743	43,843
Options granted	1,500	13,826
Options cancelled	(6,056)	(1,259)
Options exercised	<u>(4,305)</u>	<u>(3,096)</u>
Balance at March 31	<u>33,882</u>	<u>53,314</u>

Pou Sheng recognized \$(1,867) thousand and \$17,018 thousand in compensation (gains) costs for the three months ended March 31, 2020 and 2019, respectively.

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

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

Granted employee share options of TCHC have been cancelled entirely at May 21, 2019. Information about outstanding share options during the three months ended March 31, 2019 was as follows:

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

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

**March 31, 2019**

Range of exercise price (US\$)	\$13.92-\$27.33
Weighted-average remaining contractual life (years)	5.33

### 31. 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.

### 32. 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.

### 33. 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, 2020

	Level 1	Level 2	Level 3	Total
<b>Financial assets at FVTPL</b>				
Derivative financial assets	\$ -	\$ 8,554	\$ -	\$ 8,554
Structured deposits	-	581,045	-	581,045
Mutual funds	605,230	-	241,969	847,199
Contingent consolidation	<u>-</u>	<u>-</u>	<u>384,621</u>	<u>384,621</u>
	<u>\$ 605,230</u>	<u>\$ 589,599</u>	<u>\$ 626,590</u>	<u>\$ 1,821,419</u>
<b>Financial assets at FVTOCI</b>				
<b>Investments in equity instruments</b>				
Domestic listed shares	\$ 16,933,759	\$ -	\$ -	\$ 16,933,759
Domestic unlisted shares	-	-	70,462	70,462
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>207,308</u>	<u>207,308</u>
	<u>\$ 16,933,759</u>	<u>\$ -</u>	<u>\$ 277,770</u>	<u>\$ 17,211,529</u>
<b>Financial liabilities at FVTPL</b>				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 1,186,128</u>	<u>\$ -</u>	<u>\$ 1,186,128</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 188,571	\$ -	\$ 188,571
Structured deposits	-	598,281	-	598,281
Mutual funds	652,036	-	238,326	890,362
Contingent consolidation	<u>-</u>	<u>-</u>	<u>369,205</u>	<u>369,205</u>
	<u>\$ 652,036</u>	<u>\$ 786,852</u>	<u>\$ 607,531</u>	<u>\$ 2,046,419</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 18,682,365	\$ -	\$ -	\$ 18,682,365
Domestic unlisted shares	-	-	70,805	70,805
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>205,409</u>	<u>205,409</u>
	<u>\$ 18,682,365</u>	<u>\$ -</u>	<u>\$ 276,214</u>	<u>\$ 18,958,579</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 356,107</u>	<u>\$ -</u>	<u>\$ 356,107</u>

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 at FVTOCI				
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>

- 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.

The future cash flow of the contingent consideration of the receivables from disposal of subsidiary is estimated using the expected revenue growth rate. It is discounted at a discount rate that reflects the credit risk of the counterparty. Significant unobservable inputs include discount rate and operating income growth rate.

c. Categories of financial instruments

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily at FVTPL	\$ 1,821,419	\$ 2,046,419	\$ 1,738,774
Financial assets at amortized cost (Note 1)	83,269,245	84,781,957	83,571,998
Financial assets at FVTOCI	17,211,529	18,958,579	17,254,070
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Held for trading	1,186,128	356,107	472,149
Financial liabilities at amortized cost (Note 2)	142,616,585	145,732,121	154,943,928

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, 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 38.

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>2020</b>	<b>2019</b>
USD	\$ (15,499)	\$ (12,335)
RMB	(100,792)	(118,063)
HKD	(23,838)	(35,253)
VND	9,887	95,309
IDR	(4,463)	1,298
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, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Cash flow interest rate risk			
Financial liabilities	\$ 96,043,116	\$ 97,853,535	\$ 90,671,291

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 \$240,108 thousand and \$226,678 thousand during the three months ended March 31, 2020 and 2019, 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, 2020 and 2019 would have decreased by \$8,472 thousand and \$7,792 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, 2020 and 2019 would have decreased by \$169,527 thousand and \$169,689 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The company's sensitivity to equity securities investment has not changed significantly from the previous year.

### 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, 2020, December 31, 2019 and March 31, 2019, 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, 2020

	<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	\$ 19,595,036	\$ 10,581,033	\$ 7,464,074	\$ 118,002	\$ 59,344
Lease liabilities	41,783	1,233,531	2,889,914	7,153,949	1,284,149
Floating interest rate liabilities	20,890,792	12,314,873	11,693,935	51,122,843	20,673
Fixed interest rate liabilities	-	5,199	735,596	10,480,177	-
Financial guarantee contracts	<u>70,790,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 111,318,337</u>	<u>\$ 24,134,636</u>	<u>\$ 22,783,519</u>	<u>\$ 68,874,971</u>	<u>\$ 1,364,166</u>

December 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	\$ 19,358,328	\$ 10,015,585	\$ 10,832,018	\$ 114,233	\$ 62,601
Lease liabilities	154,496	889,905	3,294,083	7,817,606	1,311,513
Floating interest rate liabilities	23,978,227	12,484,457	6,053,969	55,312,759	24,122
Fixed interest rate liabilities	-	255,217	15,620	10,488,201	-
Financial guarantee contracts	<u>64,041,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 107,532,944</u>	<u>\$ 23,645,164</u>	<u>\$ 20,195,690</u>	<u>\$ 73,732,799</u>	<u>\$ 1,398,236</u>

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	<u>61,997,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 117,307,093</u>	<u>\$ 14,761,317</u>	<u>\$ 28,281,986</u>	<u>\$ 61,638,660</u>	<u>\$ 961,712</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, 2020

	<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	\$ -	\$ 21,037	\$ 214,507	\$ 585,450	\$ -
Forward exchange contracts	60,057	117,545	139,769	-	-
Exchange rate option contracts	3,180	-	-	20,777	-
Cross-currency swap contracts	-	-	12,202	-	-
Exchange rate swap contracts	<u>6,060</u>	<u>5,544</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 69,297</u>	<u>\$ 144,126</u>	<u>\$ 366,478</u>	<u>\$ 606,227</u>	<u>\$ -</u>

December 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	\$ -	\$ 13,431	\$ 49,017	\$ 245,918	\$ -
Cross-currency swap contracts	-	-	25,666	-	-
Exchange rate swap contracts	1,442	18,250	-	-	-
Exchange rate option contracts	-	-	-	<u>2,383</u>	-
	<u>\$ 1,442</u>	<u>\$ 31,681</u>	<u>\$ 74,683</u>	<u>\$ 248,301</u>	<u>\$ -</u>

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>\$ 26,094</u>	<u>\$ 135,143</u>	<u>\$ 178,318</u>	<u>\$ 132,594</u>	<u>\$ -</u>

c) Financing facilities

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Unsecured bank facilities:			
Amount used	\$ 105,085,511	\$ 105,657,355	\$ 102,951,984
Amount unused	<u>35,782,323</u>	<u>35,754,260</u>	<u>31,641,693</u>
	<u>\$ 140,867,834</u>	<u>\$ 141,411,615</u>	<u>\$ 134,593,677</u>

### 34. 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

Name	Related Party Category
Oftenrich Holdings Limited	Associates
San Fang Chemical Industry Co., Ltd.	Associates
Ka Yuen Rubber Factory Limited	Joint ventures
Twinways Investments Limited	Joint ventures
Kounshan Baowei Information Technology Co., Ltd.	Joint ventures
Vipshop Holdings Limited	Other related parties

b. Operating revenue

Amount Item	Related Party Category	For the Three Months Ended March 31	
		2020	2019
Sales	Associates	\$ 13,638	\$ 25,403
	Joint ventures	1,875,855	110,345
	Other related parties	<u>600,230</u>	<u>-</u>
		<u>\$ 2,489,723</u>	<u>\$ 135,748</u>

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

c. Purchases

Amount Item	Related Party Category	For the Three Months Ended March 31	
		2020	2019
Purchases	Associates	\$ 751,263	\$ 762,705
	Joint ventures	<u>1,388,176</u>	<u>1,160,150</u>
		<u>\$ 2,139,439</u>	<u>\$ 1,922,855</u>

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

d. Receivables from related parties

Amount Item	Related Party Category	March 31, 2020	December 31, 2019	March 31, 2019
Notes receivable and accounts receivable	Associates	\$ 10,329	\$ 14,135	\$ 19,701
	Joint ventures	1,784,737	32,065	62,590
	Other related parties	<u>-</u>	<u>541,131</u>	<u>-</u>
		<u>\$ 1,795,066</u>	<u>\$ 587,331</u>	<u>\$ 82,291</u>

No bad debt expense was recognized for the three months ended March 31, 2020 and 2019 for the amounts owed by related parties.

e. Payables to related parties

<b>Amount Item</b>	<b>Related Party Category</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Notes payable and accounts payable	Associates	\$ 782,306	\$ 732,041	\$ 752,581
	Joint ventures	<u>1,083,808</u>	<u>1,021,262</u>	<u>953,160</u>
		<u>\$ 1,866,114</u>	<u>\$ 1,753,303</u>	<u>\$ 1,705,741</u>

f. Financing provided

Refer to Table 1 “Financing provided to others” of Note 39 in the consolidated financial statements.

g. Endorsements/guarantees provided

Refer to Table 2 “Endorsements/guarantees provided” of Note 39 in the consolidated financial statements.

h. Compensation of key management personnel

	<b>For the Three Months Ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Short-term employee benefits	<u>\$ 42,383</u>	<u>\$ 59,945</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.

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

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

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Financial assets at amortized cost	<u>\$ 47,643</u>	<u>\$ 52,085</u>	<u>\$ 42,196</u>

### 36. 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, 2020	December 31, 2019	March 31, 2019
USD	\$ 1,942	\$ 1,381	\$ 2,532
EUR	241	117	2
IDR	14,338,267	13,350,662	19,087,188
VND	4,069,302	4,069,302	4,069,302

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

### 37. OTHERS

The 2019 Novel Coronavirus epidemic ("Epidemic") broke out in late January of 2020. Due to the worldwide spread of the epidemic, the governments of the countries have implemented lockdown management. The control measures result in the contraction of global economic activity and stagnation of consumption; the chain effect of which is affecting both footwear manufacturers and sports retailers. There is still great uncertainty around how the epidemic may continue to impact the Group's performance. In view of the challenges and uncertainties ahead, the Group will continue to proactively monitor the situation, liaise with its customers to adjust the production capacity and impose cost control measures. The Group will also adopt a more prudent approach to minimize the adverse impact in this regard.

### 38. 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, 2020

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 66,942	30.225	\$ 2,023,325
NTD	1,780,646	1	1,780,646
RMB	2,493,261	4.255	10,608,829
HKD	631,806	3.898	2,462,780
VND	277,796,551	0.00116	322,244
IDR	325,658,511	0.00188	612,238
Non-monetary items			
NTD	634,242	1	634,242
RMB	685,784	4.255	2,918,012

Financial liabilities

Monetary items			
USD	15,561	30.225	470,352
NTD	454,813	1	454,813
RMB	149,279	4.255	635,184
HKD	20,621	3.898	80,380
VND	1,266,474,138	0.00116	1,469,110
IDR	102,522,340	0.00188	192,742

December 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	\$ 65,391	29.980	\$ 1,960,416
NTD	762,838	1	762,838
RMB	2,567,830	4.289	11,013,427
HKD	71,815	3.849	276,417
VND	291,538,462	0.00117	341,100
IDR	118,682,569	0.00218	258,728
Non-monetary items			
NTD	956,032	1	956,032
RMB	689,212	4.289	2,956,029

(Continued)

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 15,594	29.980	\$ 467,470
NTD	1,191,000	1	1,191,000
RMB	162,092	4.289	695,216
HKD	14,404	3.849	55,442
VND	1,241,281,196	0.00117	1,452,299
IDR	132,834,404	0.00218	289,579
			(Concluded)

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	123,917	4.58	567,541
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

For the three months ended March 31, 2020 and 2019, net foreign exchange gains were \$442,674 thousand and \$242,973 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the functional currencies of the Group's entities.



### **39. 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 7)
  - 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).
- c. Information of major shareholders : List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 11)

#### 40. 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, 2020

	<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>\$ 37,971,603</u>	<u>\$ 21,317,035</u>	<u>\$ 159,782</u>	<u>\$ 59,448,420</u>
Segment income	<u>\$ 3,760,049</u>	<u>\$ 337,247</u>	<u>\$ 99,680</u>	\$ 4,196,976
Administrative costs and remuneration of directors				(5,610,251)
Rental income				156,093
Interest income				171,726
Other income				382,867
Net loss on disposal of property, plant and equipment				(78,700)
Net foreign exchange gain				442,674
Net gain on disposal of associates and joint ventures				405,098
Net loss on financial assets at FVTPL				(132,258)
Net loss on financial liabilities at FVTPL				(870,111)
Other loss				(25,814)
Net loss on derecognition of financial assets at amortized cost				(1,654)
Finance costs				(719,075)
Share of profit of associates and joint ventures				<u>2,124,091</u>
Income before income tax				<u>\$ 441,662</u>

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 gain 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>

- 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, net gain on disposal of associates, (loss) gain 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, 2020  
(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	\$ 179,500	1.20	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 10,111,990	\$ 40,447,960	
1	Dong Guan Baoqiao Electronic Technology Co., Ltd.	Kunshan Yuanying Electronics Technology Co., Ltd.	Accounts receivable from related parties	Yes	13,404 (RMB 3,100,000)	13,191 (RMB 3,100,000)	11,063 (RMB 2,600,000)	4.35	2	-	Operating capital	-	-	-	101,119,900	101,119,900	
2	Great Pacific Investments Limited	Sure Elite Investments Limited	Accounts receivable from related parties	Yes	3,623 (US\$ 120,000)	-	-	-	2	-	Operating capital	-	-	-	123,883,389	123,883,389	
Pt. Pou Yuen Indonesia		Accounts receivable from related parties	Yes	907,500 (US\$ 30,000,000)	-	-	-	2	-	Operating capital	-	-	-	123,883,389	123,883,389		
Pro Kingtex Industrial Company Limited		Accounts receivable from related parties	Yes	105,875 (US\$ 3,500,000)	105,788 (US\$ 3,500,000)	105,788 (US\$ 3,500,000)	3.00	2	-	Operating capital	-	-	-	21,347,948	21,347,948		
Solar Link International Inc.		Accounts receivable from related parties	Yes	260,150 (US\$ 8,600,000)	259,935 (US\$ 8,600,000)	259,935 (US\$ 8,600,000)	3.00	2	-	Operating capital	-	-	-	123,883,389	123,883,389		
3	Orisol Asia Limited	Orisol Vietnam Co., Ltd.	Accounts receivable from related parties	Yes	15,125 (US\$ 500,000)	15,113 (US\$ 500,000)	15,113 (US\$ 500,000)	2.00	2	-	Operating capital	-	-	-	123,883,389	123,883,389	
4	Precious Full Investment Limited	Pou Li Vietnam Company Limited	Accounts receivable from related parties	Yes	786,500 (US\$ 26,000,000)	-	-	3.00	2	-	Operating capital	-	-	-	123,883,389	123,883,389	
Pou Hung Vietnam Company Limited		Accounts receivable from related parties	Yes	1,089,000 (US\$ 36,000,000)	1,088,100 (US\$ 36,000,000)	1,088,100 (US\$ 36,000,000)	3.00	2	-	Operating capital	-	-	-	123,883,389	123,883,389		
Pou Phong Vietnam Company Limited		Accounts receivable from related parties	Yes	1,391,500 (US\$ 46,000,000)	1,390,350 (US\$ 46,000,000)	1,390,350 (US\$ 46,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	123,883,389	123,883,389		
Powerknit Vietnam Company Limited		Accounts receivable from related parties	Yes	1,391,500 (US\$ 46,000,000)	1,390,350 (US\$ 46,000,000)	1,390,350 (US\$ 46,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	123,883,389	123,883,389		
Yue De Vietnam Company Limited		Accounts receivable from related parties	Yes	1,452,000 (US\$ 48,000,000)	1,450,800 (US\$ 48,000,000)	1,450,800 (US\$ 48,000,000)	3.00	2	-	Operating capital	-	-	-	123,883,389	123,883,389		
5	Pou Yuen Industrial (Holdings) Ltd.	Pou Chen Vietnam Enterprise Ltd.	Accounts receivable from related parties	Yes	605,000 (US\$ 20,000,000)	604,500 (US\$ 20,000,000)	604,500 (US\$ 20,000,000)	3.00	2	-	Operating capital	-	-	-	123,883,389	123,883,389	
Pouyuen Vietnam Company Ltd.		Accounts receivable from related parties	Yes	3,161,330 (US\$ 104,600,000)	2,708,160 (US\$ 89,600,000)	2,708,160 (US\$ 89,600,000)	1.30-3.00	2	-	Operating capital	-	-	-	123,883,389	123,883,389		
Pou Sung Vietnam Company Ltd.		Accounts receivable from related parties	Yes	5,898,750 (US\$ 195,000,000)	5,893,875 (US\$ 195,000,000)	5,893,875 (US\$ 195,000,000)	1.30-2.70	2	-	Operating capital	-	-	-	123,883,389	123,883,389		
6	Prime Asia (S.E. Asia) Leather Corporation	Prime Asia (Vietnam) Co., Ltd	Accounts receivable from related parties	Yes	535,425 (US\$ 17,700,000)	534,983 (US\$ 17,700,000)	534,983 (US\$ 17,700,000)	1.50	2	-	Operating capital	-	-	-	123,883,389	123,883,389	
7	Yue Yuen Industrial (Holdings) Limited	Prime Asia (Vietnam) Co., Ltd	Accounts receivable from related parties	Yes	438,438 (US\$ 14,500,000)	438,261 (US\$ 14,500,000)	211,574 (US\$ 7,000,000)	2.60	2	-	Operating capital	-	-	-	123,883,389	123,883,389	
Pou Li Vietnam Company Limited		Accounts receivable from related parties	Yes	785,850 (US\$ 26,000,000)	785,850 (US\$ 26,000,000)	785,850 (US\$ 26,000,000)	2.50	2	-	Operating capital	-	-	-	123,883,389	123,883,389		
Prime Asia Leather Corporation		Accounts receivable from related parties	Yes	968,000 (US\$ 32,000,000)	846,300 (US\$ 28,000,000)	846,300 (US\$ 28,000,000)	2.50	2	-	Operating capital	-	-	-	123,883,389	123,883,389		
Pouyuen Vietnam Company Ltd.		Accounts receivable from related parties	Yes	1,210,000 (US\$ 40,000,000)	1,209,000 (US\$ 40,000,000)	1,209,000 (US\$ 40,000,000)	2.50	2	-	Operating capital	-	-	-	123,883,389	123,883,389		
Pt. Pou Chen Indonesia		Accounts receivable from related parties	Yes	1,391,500 (US\$ 46,000,000)	1,390,350 (US\$ 46,000,000)	1,390,350 (US\$ 46,000,000)	2.70	2	-	Operating capital	-	-	-	123,883,389	123,883,389		
Pou Hung Vietnam Company Limited		Accounts receivable from related parties	Yes	1,512,500 (US\$ 50,000,000)	1,511,250 (US\$ 50,000,000)	1,511,250 (US\$ 50,000,000)	2.50	2	-	Operating capital	-	-	-	123,883,389	123,883,389		
PT. Glostar Indonesia		Accounts receivable from related parties	Yes	2,722,500 (US\$ 90,000,000)	2,720,250 (US\$ 90,000,000)	2,720,250 (US\$ 90,000,000)	3.00	2	-	Operating capital	-	-	-	123,883,389	123,883,389		
PT. Nikomas Gemilang		Accounts receivable from related parties	Yes	2,964,500 (US\$ 98,000,000)	2,962,050 (US\$ 98,000,000)	2,962,050 (US\$ 98,000,000)	3.00	2	-	Operating capital	-	-	-	123,883,389	123,883,389		
PT. Pou Yuen Indonesia		Accounts receivable from related parties	Yes	3,659,500 (US\$ 121,000,000)	3,657,225 (US\$ 121,000,000)	3,657,225 (US\$ 121,000,000)	2.70-3.00	2	-	Operating capital	-	-	-	123,883,389	123,883,389		
8	Top Galaxy Group Limited	Yue Yuen (Anfu) Footwear Co., Ltd	Accounts receivable from related parties	Yes	363,000 (US\$ 12,000,000)	362,700 (US\$ 12,000,000)	362,700 (US\$ 12,000,000)	2.92	2	-	Operating capital	-	-	-	123,883,389	123,883,389	
9	Shanggao Yisen Industry Co., Ltd	Yu Xing (Jishui) Footwear Co., Ltd.	Accounts receivable from related parties	Yes	359,454 (RMB 83,130,000)	353,718 (RMB 83,130,000)	29,785 (RMB 7,000,000)	3.33	2	-	Operating capital	-	-	-	123,883,389	123,883,389	
10	Dong Guan Yue Yuan Footwear Products Company Limited	Yang Xin Pou Shou Sporting Goods Co., Ltd.	Accounts receivable from related parties	Yes	151,340 (RMB 35,000,000)	148,925 (RMB 35,000,000)	148,925 (RMB 35,000,000)	3.33	2	-	Operating capital	-	-	-	123,883,389	123,883,389	
Yang Xin Pou Jia Shoes Manufacturing Co., Ltd.		Accounts receivable from related parties	Yes	172,960 (RMB 40,000,000)	170,200 (RMB 40,000,000)	170,200 (RMB 40,000,000)	3.33	2	-	Operating capital	-	-	-	123,883,389	123,883,389		
11	Pou Chien Technology Co., Ltd.	Yue Dean Technology Corporation	Accounts receivable from related parties	Yes	200,000	200,000	105,856	1.00	2	-	Operating capital	-	-	-	475,330	475,330	
12	Dong Guan Jia Yuan Shoe Materials Products Company Limited	Yang Xin Pou Jia Yuen Shoes Manufacturing Co., Ltd.	Accounts receivable from related parties	Yes	30,268 (RMB 7,000,000)	29,785 (RMB 7,000,000)	29,785 (RMB 7,000,000)	3.05	2	-	Operating capital	-	-	-	38,869	38,869	
13	Dongguan Yusheng Shoe Industry Co., Ltd.	Dongguan Xingtai Consulting Co., Ltd.	Accounts receivable from related parties	Yes	215,400 (RMB 50,000,000)	212,750 (RMB 50,000,000)	51,060 (RMB 12,000,000)	3.05	2	-	Operating capital	-	-	-	123,883,389	123,883,389	
Yang Xin Pou Jia Shoes Manufacturing Co., Ltd.		Accounts receivable from related parties	Yes	129,720 (RMB 30,000,000)	127,650 (RMB 30,000,000)	127,650 (RMB 30,000,000)	3.33	2	-	Operating capital	-	-	-	123,883,389	123,883,389		
Dongguan Prime Asia Leather Co., Ltd.		Accounts receivable from related parties	Yes	134,044 (RMB 31,000,000)	131,905 (RMB 31,000,000)	131,905 (RMB 31,000,000)	3.05	2	-	Operating capital	-	-	-	123,883,389	123,883,389		
14	Orisol Asia Limited	Orisol Do Brasil Industria E Comercio De Maquinas Ltda	Accounts receivable from related parties	Yes	36,300 (US\$ 1,200,000)	36,270 (US\$ 1,200,000)	-	1.00	2	-	Operating capital	-	-	-	142,515	142,515	

(Continued)

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			
15	Wealthplus Holdings Limited	Allied Charm Holdings Limited	Accounts receivable from related parties	Yes	\$ 4,227 (US\$ 140,000)	\$ -	\$ -	-	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 148,591,132	\$ 148,591,132	
		Barits Development Corp	Accounts receivable from related parties	Yes	1,300,000	1,300,000	1,300,000	0.80	2	-	Operating capital	-	-	-	44,577,340	44,577,340	
		Treasure Chain International Limited	Accounts receivable from related parties	Yes	2,606,604 (RMB 603,000,000)	2,565,765 (RMB 603,000,000)	2,565,765 (RMB 603,000,000)	3.90-4.35	2	-	Operating capital	-	-	-	44,577,340	44,577,340	
16	Pou Sheng (China) Investment Co., Ltd.	Qingdao Pou-Sheng International Sport Products Co., Ltd.	Loan receivable	Yes	1,463,955 (RMB 338,565,000)	1,440,594 (RMB 338,565,000)	669,258 (RMB 157,287,413)	4.35	2	-	Operating capital	-	-	-	1,471,833	1,471,833	

Note 1: The Company is coded as follows:

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

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

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

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

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

Note 4: Foreign companies on which Yue Yuen Industrial (Holdings) Limited holds 100% voting rights directly and indirectly: The financing amount shall not exceed 100% of total equity of Yue Yuen's consolidated financial statement.

Great Pacific Investments Limited for joint ventures or joint operation: The financing amount shall not exceed 40% of total equity of lender's financial statement.

For subsidiaries in which Wealthplus Holdings Limited holds 100% voting rights directly and indirectly: The financing amount shall not exceed 100% of total equity of Wealthplus Holdings Limited financial statements. Each of the financing amount shall not exceed 30% of total equity of lender's financial statement.

Dong Guan Baoqiao Electronic Technology Co., Ltd holds 100% voting rights directly and indirectly: The financing amount shall not exceed 100% of total equity of Pou Chen's consolidated financial statements.

For subsidiaries in which Pou Sheng (China) Investment Co., Ltd holds not 100% voting rights directly. The financing amount shall not exceed 100% of total equity of Pou Sheng (China) Investment Co., Ltd.'s financial statement.

(Concluded)

## POU CHEN CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE THREE MONTHS ENDED MARCH 31, 2020  
(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	\$ 101,119,900	\$ 26,771,250	\$ 26,749,125	\$ 99,720	\$ -	26	\$ 202,239,800	Y	N	N		
		Pro Arch International Development Enterprise Inc.	b	101,119,900	104,744	101,073	101,073	-	-	-	202,239,800	Y	N	N	
		Pou Yii Development Co., Ltd.	b	101,119,900	300,000	300,000	-	-	-	-	202,239,800	Y	N	N	
		Pou Yuen Technology Co., Ltd.	b	101,119,900	300,000	300,000	40,000	-	-	-	202,239,800	Y	N	N	
		Yue Hong Realty Development Co., Ltd.	b	101,119,900	550,000	550,000	500,500	-	1	1	202,239,800	Y	N	N	
		Pou Shine Investment Co., Ltd.	b	101,119,900	1,600,000	1,600,000	729,000	-	2	2	202,239,800	Y	N	N	
		Barits Development Corp.	b	101,119,900	8,915,000	8,913,500	2,935,000	-	9	9	202,239,800	Y	N	N	
1	Yue Yuen Industrial (Holdings) Limited	Orisol Asia Limited	b	74,330,033	90,000	90,000	-	-	-	185,825,083	N	N	N		
		Pou Chien Enterprise Co., Ltd.	b	74,330,033	1,300,000	1,300,000	1,300,000	-	1	1	185,825,083	N	N	N	
		Yue Dean Technology Corporation	b	74,330,033	1,700,000	1,700,000	1,381,000	-	1	1	185,825,083	N	N	N	
		Pt. Selalu Cinta Indonesia	b	74,330,033	2,313,563	1,768,163	1,521,130	-	1	1	185,825,083	N	N	N	
		Pt. Shoenary Javanesia Inc.	b	74,330,033	947,324	677,796	222,154	-	1	1	185,825,083	N	N	N	
		Pt Ka Yuen Indonesia	f	74,330,033	30,250	30,225	-	-	-	-	185,825,083	N	N	N	
		Pine Wood Industries Ltd.	f	74,330,033	67,155	67,100	23,310	-	-	-	185,825,083	N	N	N	
		Pou Li Vietnam Company Ltd.	b	74,330,033	90,750	90,675	-	-	-	-	185,825,083	N	N	N	
		Pt Kmk Globals Sports	b	74,330,033	272,250	272,025	-	-	-	-	185,825,083	N	N	N	
		Pt Pou Yuen Indonesia	b	74,330,033	453,750	453,375	332,475	-	-	-	185,825,083	N	N	N	
		Cohen Enterprises Inc.	f	74,330,033	1,209,875	1,057,876	468,488	-	1	1	185,825,083	N	N	N	
		Prime Asia Leather Corporation	b	74,330,033	3,327,500	3,324,750	435,000	-	3	3	185,825,083	N	N	N	
		Pou Hung Vietnam Company Ltd.	b	74,330,033	181,500	181,350	151,695	-	-	-	185,825,083	N	N	N	
		Pou Phong Vietnam Company Ltd.	b	74,330,033	302,200	151,125	12,090	-	-	-	185,825,083	N	N	N	
		Powerknit Vietnam Company Ltd.	b	74,330,033	302,200	151,125	-	-	-	-	185,825,083	N	N	N	
		Henan YYSPO RTS Sport Products Co., Ltd.	b	74,330,033	40,482	39,836	-	-	-	-	185,825,083	N	N	Y	
		Guizhou Pou-Sheng Sport Products Co., Ltd.	b	74,330,033	43,181	42,492	-	-	-	-	185,825,083	N	N	Y	
		Shanghai DZJ Sports Industries Dev. Co., Ltd.	b	74,330,033	53,976	53,115	-	-	-	-	185,825,083	N	N	Y	
		Jiangxi Bao Yuan Trade Co., Ltd.	b	74,330,033	62,073	61,082	-	-	-	-	185,825,083	N	N	Y	
		Hefei Pouxun Sporting Goods Co., Ltd.	b	74,330,033	129,543	127,476	-	-	-	-	185,825,083	N	N	Y	

(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)											
1	Yue Yuen Industrial (Holdings) Limited	Qingdao Pou-Sheng International Sport Products Co., Ltd.	b	\$ 74,330,033	\$ 132,134 (RMB 30,558,335)	\$ 130,026 (RMB 30,558,335)	\$ -	\$ -	-	\$ 185,825,083	N	N	Y	
		Zhejiang Shengdao Sporting-Goods Co., Ltd.	b	74,330,033	296,870 (RMB 68,656,390)	292,133 (RMB 68,656,390)	-	-	-	185,825,083	N	N	Y	
		Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	b	74,330,033	480,390 (RMB 111,098,522)	472,724 (RMB 111,098,522)	-	-	-	185,825,083	N	N	Y	
		Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	b	74,330,033	906,804 (RMB 209,714,064)	892,334 (RMB 209,714,064)	-	-	1	185,825,083	N	N	Y	
		Shaanxi Pousheng Trading Co., Ltd.	b	74,330,033	1,184,781 (RMB 274,001,411)	1,165,876 (RMB 274,001,411)	-	-	1	185,825,083	N	N	Y	
2	Pou Sheng International (Holdings) Limited	Qingdao Pou-Sheng International Sport Products Co., Ltd.	b	64,783,005	601,966 (RMB 139,215,000)	592,360 (RMB 139,215,000)	-	-	2	129,566,009	N	N	Y	
		Hefei Pouxun Sporting Goods Co., Ltd.	b	64,783,005	429,589 (RMB 99,350,000)	422,734 (RMB 99,350,000)	-	-	1	129,566,009	N	N	Y	
		Henan YYSPO RTS Sport Products Co., Ltd.	b	64,783,005	263,051 (RMB 60,835,000)	258,853 (RMB 60,835,000)	-	-	1	129,566,009	N	N	Y	
		Yue Cheng (Kun Shan) Sports Co., Ltd.	b	64,783,005	1,581,387 (RMB 365,723,077)	1,556,152 (RMB 365,723,077)	-	-	5	129,566,009	N	N	Y	
		Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	b	64,783,005	15,559,856 (RMB2,542,115,000) (US\$ 151,000,000)	15,380,677 (RMB2,542,115,000) (US\$ 151,000,000)	3,342,655 (RMB 785,582,863)	-	47	129,566,009	N	N	Y	
		Shaanxi Pousheng Trading Co., Ltd.	b	64,783,005	7,612,231 (RMB1,298,735,000) (US\$ 66,000,000)	7,520,968 (RMB1,298,735,000) (US\$ 66,000,000)	319,125 (RMB 75,000,000)	-	23	129,566,009	N	N	Y	
		Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	b	64,783,005	6,241,398 (RMB 472,060,000) (US\$ 66,000,000)	6,210,916 (RMB 472,060,000) (US\$ 66,000,000)	771,985 (RMB 181,430,000)	-	19	129,566,009	N	N	Y	
		Zhejiang Shengdao Sporting-Goods Co., Ltd.	b	64,783,005	5,583,091 (RMB 319,815,000) (US\$ 66,000,000)	5,563,113 (RMB 319,815,000) (US\$ 66,000,000)	1,309,264 (RMB 307,700,000)	-	17	129,566,009	N	N	Y	
		Taiwan Taisong Trading Co., Ltd.	b	64,783,005	40,000	40,000	5,000	-	-	129,566,009	N	N	N	
		PCG Bros Sports Management Co., Ltd.	b	64,783,005	100,000	100,000	65,000	-	-	129,566,009	N	N	N	
		Pou Yuen Trading Corporation	b	64,783,005	282,000	266,000	5,000	-	1	129,566,009	N	N	N	
		Fujian Pou Sheng Sporting Goods Co., Ltd.	b	64,783,005	24,863 (RMB 5,750,000)	24,466 (RMB 5,750,000)	-	-	-	129,566,009	N	N	Y	
		Guizhou Pou-Sheng Sport Products Co., Ltd.	b	64,783,005	168,636 (RMB 39,000,000)	165,945 (RMB 39,000,000)	-	-	1	129,566,009	N	N	Y	
		Jiangxi Bao Yuan Trade Co., Ltd.	b	64,783,005	204,734 (RMB 47,348,247)	201,466 (RMB 47,348,247)	-	-	1	129,566,009	N	N	Y	
		Kun Shan Taisong Trading Co., Ltd.	b	64,783,005	216,200 (RMB 50,000,000)	212,750 (RMB 50,000,000)	-	-	1	129,566,009	N	N	Y	
		Kun Shan Pou-Chi Sports Co., Ltd.	b	64,783,005	501,963 (RMB 116,087,500)	493,953 (RMB 116,087,500)	-	-	2	129,566,009	N	N	Y	
		Kun Shan Ysports E-Commerce Co., Ltd.	b	64,783,005	586,443 (RMB 135,625,000)	577,085 (RMB 135,625,000)	-	-	2	129,566,009	N	N	Y	
		Guangzhou Pou-Yuen Trading Co., Ltd.	b	64,783,005	1,996,500 (US\$ 66,000,000)	1,994,850 (US\$ 66,000,000)	-	-	6	129,566,009	N	N	Y	
		Shenzhen Pou-Yuen Sport Products Co., Ltd.	b	64,783,005	51,476 (RMB 11,904,649)	50,655 (RMB 11,904,649)	-	-	-	129,566,009	N	N	Y	
		Pou Sheng (China) Investment Co., Ltd.	b	64,783,005	4,158,500 (RMB 500,000,000) (US\$ 66,000,000)	4,122,350 (RMB 500,000,000) (US\$ 66,000,000)	-	-	13	129,566,009	N	N	Y	

(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)											
2	Pou Sheng International (Holdings) Limited	Nanning Pou-Kung Sport Products Co., Ltd.	b	\$ 64,783,005	\$ 108,641 (RMB 25,125,000)	\$ 106,907 (RMB 25,125,000)	\$ -	\$ -	-	\$ 129,566,009	N	N	Y	
		Yue-Shen (Taicang) Footwear Co., Ltd.	b	64,783,005	84,750 (RMB 19,600,000)	83,398 (RMB 19,600,000)	-	-	-	129,566,009	N	N	Y	
		Taicang Yue-Shen Sporting Goods Co., Ltd.	b	64,783,005	2,104,254 (RMB 90,920,000)	2,100,885 (RMB 90,920,000)	-	-	6	129,566,009	N	N	Y	
3	Pou Sheng (China) Investment Co., Ltd.	Henan Ysports Sport Products Co., Ltd.	b	7,202,983	90,804 (RMB 21,000,000)	89,355 (RMB 21,000,000)	51,081 (RMB 12,004,870)	-	2	14,405,966	N	N	Y	
		Guizhou Pou-Sheng Sport Products Co., Ltd.	b	7,202,983	121,072 (RMB 28,000,000)	119,140 (RMB 28,000,000)	42,560 (RMB 10,002,376)	-	3	14,405,966	N	N	Y	
		Shanghai DZJ Sports Industries Dev. Co., Ltd.	b	7,202,983	86,480 (RMB 20,000,000)	85,100 (RMB 20,000,000)	-	-	2	14,405,966	N	N	Y	
		Jiangxi Bao Yuan Trade Co., Ltd.	b	7,202,983	119,342 (RMB 27,600,000)	117,438 (RMB 27,600,000)	86,559 (RMB 20,342,964)	-	3	14,405,966	N	N	Y	
		Taicang Yue-Shen Sporting Goods Co., Ltd.	b	7,202,983	43,240 (RMB 10,000,000)	42,550 (RMB 10,000,000)	-	-	1	14,405,966	N	N	Y	
		Qingdao Pou-Sheng International Sport Products Co., Ltd.	b	7,202,983	518,923 (RMB 120,010,000)	510,644 (RMB 120,010,000)	172,911 (RMB 40,637,166)	-	14	14,405,966	N	N	Y	
		Hefei Pouxun Sporting Goods Co., Ltd.	b	7,202,983	503,313 (RMB 116,400,000)	495,283 (RMB 116,400,000)	159,583 (RMB 37,504,785)	-	14	14,405,966	N	N	Y	
		Zhejiang Shengdao Sporting-Goods Co., Ltd.	b	7,202,983	497,909 (RMB 115,150,000)	489,963 (RMB 115,150,000)	241,393 (RMB 56,731,576)	-	14	14,405,966	N	N	Y	
		Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	b	7,202,983	791,292 (RMB 183,000,000)	778,665 (RMB 183,000,000)	663,654 (RMB 155,970,553)	-	22	14,405,966	N	N	Y	
		Shaanxi Pousheng Trading Co., Ltd.	b	7,202,983	2,465,544 (RMB 570,200,000)	2,426,203 (RMB 570,200,000)	1,034,689 (RMB 243,170,601)	-	67	14,405,966	N	N	Y	
		Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	b	7,202,983	3,045,825 (RMB 704,400,000)	2,997,223 (RMB 704,400,000)	1,010,307 (RMB 237,439,960)	-	83	14,405,966	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. The aggregate amount of endorsements/guarantees provided by the Yue Yuen Industrial (Holdings) Limited shall not exceed 150% of its net worth. Meanwhile, the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed 60% of the Company's net worth. The aggregate amount of endorsements/guarantees provided by the Pou Sheng International (Holdings) Limited shall not exceed 400% of its net worth. Meanwhile, the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed 200% of the Company's net worth. The aggregate amount of endorsements/guarantees provided by the Pou Sheng (China) Investment Co., Ltd shall not exceed 400% of its net worth. Meanwhile, the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed 200% 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, 2020

(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, 2020				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	\$ 5,454,732	1.41	\$ 5,454,732	
	Taiwan Paiho Limited		Financial assets at FVTOCI - current	615,473	32,066	0.21	32,066	
	China Steel Corporation		Financial assets at FVTOCI - current	769	15	-	15	
	Zhiyuan Venture Capital Co., Ltd.		Financial assets at FVTOCI - non-current	6,000,000	51,789	10.71	51,789	
	New Loulan Corporation., Ltd.		Financial assets at FVTOCI - non-current	100,000	801	4.00	801	
	<u>Structured product</u>							
	CIB Callable Structured Deposit		Financial assets at amortized cost - non-current	-	110,205	-	110,205	
Wealthplus Holdings Limited	<u>Fund</u>							
	Cid Greater China Venture Capital Fund II, L.P.		Financial assets mandatorily at FVTPL - non-current	-	83,670 (US\$ 2,768,228)	-	83,670 (US\$ 2,768,228)	
	<u>Ordinary shares</u>							
	Golden Brands Developments Ltd.		Financial assets at FVTOCI - non-current	17,086,572	69,482 (US\$ 2,298,813)	5.38	69,482 (US\$ 2,298,813)	
	Great Team Backend Foundry, Inc.		Financial assets at FVTOCI - non-current	4,000,000	137,826 (US\$ 4,560,000)	6.87	137,826 (US\$ 4,560,000)	
	<u>Bonds</u>							
	Macquarie Bond		Financial assets at amortized cost - current	-	85,378 (US\$ 2,824,746)	-	85,378 (US\$ 2,824,746)	
	Citigroup Bond		Financial assets at amortized cost - current	-	128,115 (US\$ 4,238,715)	-	128,115 (US\$ 4,238,715)	
	Morgan Stanley		Financial assets at amortized cost - current	-	21,327 (US\$ 705,613)	-	21,327 (US\$ 705,613)	
	Zhaohai Investment BVI		Financial assets at amortized cost - current	-	271,703 (US\$ 8,989,345)	-	271,703 (US\$ 8,989,345)	
	CIB Bond		Financial assets at amortized cost - current	-	85,902 (US\$ 2,842,086)	-	85,902 (US\$ 2,842,086)	
	Natwest Markets PL		Financial assets at amortized cost - non-current	-	426,173 (US\$ 14,100,000)	-	426,173 (US\$ 14,100,000)	
	First Abu Dhabi Bank		Financial assets at amortized cost - non-current	-	21,717 (US\$ 718,502)	-	21,717 (US\$ 718,502)	
	Bank of China (Macau)		Financial assets at amortized cost - non-current	-	42,774 (US\$ 1,415,173)	-	42,774 (US\$ 1,415,173)	
	Societe Generale Perpetual Bond (EUR)		Financial assets at amortized cost - non-current	-	102,181 (US\$ 3,380,683)	-	102,181 (US\$ 3,380,683)	
	UBS Perpetual Bond		Financial assets at amortized cost - non-current	-	154,509 (US\$ 5,111,987)	-	154,509 (US\$ 5,111,987)	
	HSBC Holdings Perpetual Bond		Financial assets at amortized cost - non-current	-	63,410 (US\$ 2,097,929)	-	63,410 (US\$ 2,097,929)	
	Swedbank Perpetual Bond		Financial assets at amortized cost - non-current	-	230,283 (US\$ 7,618,983)	-	230,283 (US\$ 7,618,983)	
	BNP Paribas Perpetual Bond		Financial assets at amortized cost - non-current	-	191,786 (US\$ 6,345,291)	-	191,786 (US\$ 6,345,291)	
	Societe Generale Perpetual Bond (USD)		Financial assets at amortized cost - non-current	-	127,985 (US\$ 4,234,403)	-	127,985 (US\$ 4,234,403)	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2020				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
	UBS Group Perpetual Bond		Financial assets at amortized cost - non-current	-	\$ 142,026	-	\$ 142,026	
	ING Groep Perpetual Bond		Financial assets at amortized cost - non-current	-	(US\$ 4,698,958)	-	(US\$ 4,698,958)	
	Credit Agricole SA Perpetual Bond		Financial assets at amortized cost - non-current	-	301,088	-	301,088	
	Swiss Re Bond		Financial assets at amortized cost - non-current	-	(US\$ 9,961,568)	-	(US\$ 9,961,568)	
	Shinhan Financial Group Perpetual Bond		Financial assets at amortized cost - non-current	-	157,354	-	157,354	
	Lloyds Banking Group Perpetual Bond		Financial assets at amortized cost - non-current	-	(US\$ 5,206,075)	-	(US\$ 5,206,075)	
	RBS Subordinated Tier 2 Bond		Financial assets at amortized cost - non-current	-	304,585	-	304,585	
				-	(US\$ 10,077,269)	-	(US\$ 10,077,269)	
	<u>Bills</u>							
	Deutsche Bank-Anleihe		Financial assets at amortized cost - non-current	-	1,819,757	-	1,819,757	
					(US\$ 60,207,000)		(US\$ 60,207,000)	
Win Fortune Investments Limited	<u>Fund</u> Prodigy Strategic Investment Fund Xxii Segregated Portfolio		Financial assets mandatorily at FVTPL - non-current	38,500	137,403	-	137,403	
					(US\$ 4,546,003)		(US\$ 4,546,003)	
Pou Shine Investments Co., Ltd.	<u>Ordinary shares</u> Taiwan Paiho Limited		Financial assets at FVTOCI - current	775,170	40,387	0.26	40,387	
	Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	125,123,044	3,559,750	0.92	3,559,750	
Pou Yuen Technology Co., Ltd.	<u>Ordinary shares</u> Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	17,039,372	484,770	0.13	484,770	
Barits Development Corporation	<u>Ordinary shares</u> Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	133,720,943	3,804,361	0.98	3,804,361	
	Global Brands Manufacture Ltd.		Financial assets at FVTOCI - current	34,448,000	406,486	6.68	406,486	
	Shey Yu Co., Ltd.		Financial assets at FVTOCI - non-current	32,000	320	1.07	320	
	Environment In Assistant Engineering Corp.		Financial assets at FVTOCI - non-current	20,000	-	1.00	-	
Song Ming Investments Co., Ltd.	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	4,908,636	61,367	-	61,367	
	<u>Ordinary shares</u> Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	49,416,125	1,405,889	0.36	1,405,889	
Pro Arch International Development Enterprise Inc.	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	845,787	10,574	-	10,574	
Pou Chin Development Co., Ltd.	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	298,372	3,730	-	3,730	
Wang Yi Construction Co., Ltd.	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	560,430	7,007	-	7,007	
Windsor Entertainment Co., Ltd.	<u>Funds</u> Mega Diamond Money Market Fund		Financial assets mandatorily at FVTPL - current	1,561,160	19,684	-	19,684	
	Jih Sun Money Market Fund		Financial assets mandatorily at FVTPL - current	336,171	5,008	-	5,008	
	<u>Ordinary shares</u> Taichung International Entertainment Corporation		Financial assets at FVTOCI - non-current	3	7,560	0.09	7,560	
Pou Yii Development Co., Ltd.	<u>Ordinary shares</u> Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	40,069,450	1,139,976	0.30	1,139,976	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2020				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Yue Yuen Industrial (Holdings) Limited	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	28,862,893	\$ 360,457 (US\$ 11,925,795)	-	\$ 360,457 (US\$ 11,925,795)	
	BPEA Asia Private Equity		Financial assets mandatorily at FVTPL - non - current	-	158,299 (US\$ 5,237,343)	-	158,299 (US\$ 5,237,343)	
	<u>Ordinary shares</u> Evermore Chemical Industry Co., Ltd.		Financial assets at FVTOCI - non-current	8,081,281	128,356 (US\$ 4,246,670)	8.13	128,356 (US\$ 4,246,670)	
	Taiwan Paiho Limited		Financial assets at FVTOCI - non-current	9,528,228	495,893 (US\$ 16,406,703)	3.20	495,893 (US\$ 16,406,703)	
	Keg Big Dome Sports Co., Ltd.		Financial assets at FVTOCI - non-current	-	9,994 (US\$ 330,645)	11.76	9,994 (US\$ 330,645)	
	<u>Bonds</u> Beijing State-Owned Assets Management Co., Ltd		Financial assets at amortized cost - current	-	18,137 (US\$ 600,054)	-	18,137 (US\$ 600,054)	
	Cnooc Finance 2015 Australia Pty. Ltd.		Financial assets at amortized cost - current	-	18,130 (US\$ 599,848)	-	18,130 (US\$ 599,848)	
	Standard Chartered (Hong Kong)		Financial assets at amortized cost - current	-	18,230 (US\$ 603,128)	-	18,230 (US\$ 603,128)	
	The Bank of East Asia Limited		Financial assets at amortized cost - current	-	18,263 (US\$ 604,235)	-	18,263 (US\$ 604,235)	
	China Overseas Finance (Cayman) II Ltd.		Financial assets at amortized cost - current	-	18,367 (US\$ 607,685)	-	18,367 (US\$ 607,685)	
	Sinochem Group Co., Ltd.		Financial assets at amortized cost - current	-	18,265 (US\$ 604,294)	-	18,265 (US\$ 604,294)	
	<u>Structured product</u> JP Morgan Credit Linked Note		Financial assets mandatorily at FVTPL - non-current	-	581,045 (US\$ 19,224,000)	-	581,045 (US\$ 19,224,000)	

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, 2020  
(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	Prime Glorious Limited	Investments accounted for using equity method	-	None	-	\$ -	11,612,000	\$ 352,484 (US\$ 11,662,000)	-	\$ -	\$ -	\$ -	11,662,000	\$ 352,484 (US\$ 11,662,000)
	Hua Jian Industrial Holding Co., Limited	Non-current assets held for sale	-	None	-	1,133,304 (US\$ 37,802)	-	-	-	965,012 (US\$ 32,279)	621,232 (US\$ 20,860)	343,780 (US\$ 11,419)	-	512,072 (US\$ 16,942)

**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, 2020**

**(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	2020.01-2020.03	\$ 723,649 (US\$ 23,942,063)	Accumulated payment as of March 31, 2020 \$ 572,499 (US\$ 18,941,231)	-	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, 2020

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	The subsidiary in which the Company holds 51.11% indirectly at March 31, 2020	Sale	\$ (2,491,536)	(99)	D/A 45 days	\$ -	-	\$ 1,580,907	99	
Yue Yuen Industrial (Holdings) Limited	Pou Chen Corporation	The parent company	Purchase	2,491,536	9	D/A 45 days	-	-	(1,580,907)	(12)	
	Ka Yuen Rubber Factory Limited	Investee accounted for by the equity method	Purchase	309,490	1	D/A 45 days	-	-	(339,578)	(2)	
	Twinways Investments Limited	Investee accounted for by the equity method	Purchase	257,527	1	D/A 45 days	-	-	(311,650)	(2)	
	Cohen Enterprises Inc.	Investee accounted for by the equity method	Purchase	126,957	-	D/A 45 days	-	-	(92,761)	(1)	
	Top Units Developments Ltd.	Investee accounted for by the equity method	Purchase	133,339	-	D/A 45 days	-	-	(111,107)	(1)	
	San Fang Chemical Industry Co., Ltd.	Investee accounted for by the equity method	Purchase	429,432	2	D/A 45 days	-	-	(427,230)	(3)	
	Eastlion Industrial Ltd.	Investee accounted for by the equity method	Purchase	258,430	1	D/A 45 days	-	-	(292,246)	(2)	
	Great Skill Industrial Limited	Investee accounted for by the equity method	Purchase	132,497	-	D/A 45 days	-	-	(93,698)	(1)	
					(US\$ 4,401,000)				(US\$ (3,100,000))		
Pou Sheng International (Holdings) Limited	Kounshan Baowei Information Technology Co., Ltd.	Investee accounted for by the equity method	Sale	(1,772,461)	3	D/A 60 days	-	-	1,758,279	6	
	Kounshan Baowei Information Technology Co., Ltd.	Investee accounted for by the equity method	Purchase	388,488	1	D/A 60 days	-	-	(119,933)	(1)	
	Vipshop Holdings Limited	Other related parties	Sale	(599,920)	1	D/A 60 days	-	-	-	-	
				(US\$ (19,988,000))							

**POU CHEN CORPORATION AND SUBSIDIARIES**

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

**MARCH 31, 2020**

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

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	The subsidiary in which the Company holds 51.11% indirectly at March 31, 2020	\$ 1,580,907	6	\$ -	-	\$ 886,681	\$ -
Pou Sheng International (Holdings) Limited	Kounshan Baowei Information Technology Co., Ltd.	Investee accounted for by the equity method	1,758,279	8	-	-	180,201	-

## POU CHEN CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2020

(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	\$ 2,491,536	D/A 45 days	4
		Yue Yuen Industrial (Holdings) Limited	a	Accounts receivable	1,580,907	D/A 45 days	-

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, 2020. 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, 2020.



## POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE THREE MONTHS ENDED MARCH 31, 2020  
(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, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2020	December 31, 2019	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	\$ 77,808,274 (US\$ 2,574,301,870)	\$ (846,024) (US\$ (28,101,498))	\$ (842,069) (US\$ (27,970,145))	
	Win Fortune Investments Limited	British Virgin Islands	Investing activities	3,230 (US\$ 100,000)	3,230 (US\$ 100,000)	100,000	100.00	2,081,777 (US\$ 68,875,994)	(18,002) (US\$ (597,940))	(17,917) (US\$ (595,122))	
	Windsor Hotel Co., Ltd.	No. 610, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan (ROC)	Entertainment and resort operations	400,000	400,000	5,000,000	100.00	45,157	(20,209)	(19,397)	
	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	3,345,282	4,444	4,444	
	Pan Asia Insurance Services Co., Ltd.	7F., No. 59, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (ROC)	Agency of property and casualty insurance	5,000	5,000	-	100.00	11,367	(53)	(53)	
	Barits Development Corp.	No. 2, Fugong Rd., Fuxing Township, Changhua County 506, Taiwan (ROC)	Import and export of shoe-related materials and investing activities	2,117,292	2,117,088	251,668,150	99.49	7,931,028	(23,773)	(23,654)	
	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	315,992	77	(3,974)	
	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	242,153	(6)	(11)	
	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	162,082	(4,052)	(608)	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	-	(1,214)	20	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	1,348,210	(192,281)	(24,170)	The Company and its associate hold 19.50% and serve as director
	Techview International Technology Inc.	7F., No. 59, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (ROC)	Development and sales of TFT-LCD display	380,115	380,115	75	30.00	-	29	-	The Company and its associate hold 50.00%
	Ruen Chen Investment Holding Co., Ltd.	Rm. 1, 13F., No. 308, Sec. 2, Bade Rd., Da'an Dist., Taipei City 106, Taiwan (ROC)	Investment holding	15,230,000	15,230,000	3,531,800,000	20.00	35,687,742	9,966,362	1,993,272	(Note)
Wealthplus Holdings Limited	Yue Yuen Industrial (Holdings) Ltd.	22nd Floor, C-Bons International Center, 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong	Manufacturing and sale of athletic and casual footwear and sports apparel	24,199,976 (US\$ 747,132,133)	24,199,976 (US\$ 747,132,133)	806,836,663	50.04	58,417,793 (US\$ 1,932,764,023)	(1,694,396) (US\$ (56,281,000))	(846,513) (US\$ (28,117,753))	The subsidiary in which the Company holds 51.11% indirectly at March 31, 2020
	Silver Island Trading Ltd.	British Virgin Islands	Sale of electronic components	-	129,720 (US\$ 4,000,000)	-	-	-	-	-	
	Venture Well Holdings Ltd.	British Virgin Islands	Sale of electronic components	230,305 (US\$ 7,101,621)	230,305 (US\$ 7,101,621)	6,966,030	31.55	69,242 (US\$ 2,290,887)	(93) (US\$ (3,095))	(29) (US\$ (977))	
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	1,253,713 (US\$ 41,479,337)	(1,694,396) (US\$ (56,281,000))	(18,157) (US\$ (603,096))	The subsidiary in which the Company holds 51.11% indirectly at March 31, 2020
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	10,149	(23,773)	(30)	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	220,460	(192,281)	(3,952)	The Company and its associate hold 19.50% and serve as director
	Techview International Technology Inc.	7F., No. 59, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (ROC)	Development and sales of TFT-LCD display	34,296	34,296	12	4.80	-	29	-	The Company and its associate hold 50.00%
	Nan Shan Life Insurance Company, Ltd.	No. 168, Zhuangang Rd., Xinyi Dist., Taipei City 110, Taiwan (ROC)	Sale of life insurance	189,920	189,920	11,870,000	0.09	202,335	11,227,593	10,419	The Company and its associate hold 18.09%

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2020	December 31, 2019	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	\$ 2,318,477	\$ (3,789)	\$ (3,789)	
	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	78,816	(1,214)	(1,090)	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	199,302	(167)	(167)	
	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	164,602	(2,429)	(2,429)	
	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	463,904	(192,281)	(8,317)	The Company and its associate hold 19.50% and serve as director
	Techview International Technology Inc.	7F., No. 59, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (ROC)	Development and sales of TFT-LCD display	128,610	128,610	19	7.60	-	29	-	The Company and its associate hold 50.00%
	Nan Shan Life Insurance Company, Ltd.	No. 168, Zhuangang Rd., Xinyi Dist., Taipei City 110, Taiwan (ROC)	Sale of life insurance	189,920	189,920	11,870,000	0.09	202,335	11,227,593	10,419	The Company and its associate hold 18.09%
Wang Yi Construction Co., Ltd.	Elitegroup Computer Systems Co., Ltd.	No. 239, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Manufacturing of electronic components	30,838	30,838	924,148	0.17	17,783	(192,281)	(319)	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	810,411	(4,052)	(3,039)	The Company and its associate hold 90.00%
	Pou Yuen Technology Co., Ltd.	No. 4, Fugong Rd., Fuxing Township, Changhua County 506, Taiwan (ROC)	Rental of real estate	21,240	21,240	578,170	1.99	13,325	77	2	Subsidiary
	Elitegroup Computer Systems Co., Ltd.	No. 239, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Manufacturing of electronic components	21,725	21,725	2,147,558	0.38	41,325	(192,281)	(741)	The Company and its associate hold 19.50% and serve as director
Pou Yuen Technology Co., Ltd.	Pearl Dove International Limited	British Virgin Islands	Investment holding	77,796 (US\$ 2,573,883)	-	25,901	100.00	18,906 (US\$ 625,499)	(691) (US\$ (22,958))	(219) (US\$ (7,278))	
	Vantage Capital Investments Limited	British Virgin Islands	Investment holding	-	215,342 (US\$ 6,523,222)	-	-	-	(513) (US\$ (17,045))	(513) (US\$ (17,045))	
	Techview International Technology Inc.	7F., No. 59, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (ROC)	Development and sales of TFT-LCD display	128,597	128,597	19	7.60	-	29	-	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 (US\$ 40,015,775)	1,297,712 (US\$ 40,015,775)	192,000,000	36.09	2,203,624 (US\$ 72,907,323)	(4,333) (US\$ (143,912))	(1,563) (US\$ (51,938))	
	Full Pearl International Ltd.	British Virgin Islands	Sale of women's shoes	381,878 (US\$ 12,226,424)	381,878 (US\$ 12,226,424)	1,319	40.04	402,704 (US\$ 13,323,548)	(3,315) (US\$ (110,105))	(1,327) (US\$ (44,086))	
	Oftenrich Holdings Limited	Bermuda	Manufacturing and sale of footwear	1,339,783 (US\$ 42,210,159)	1,339,783 (US\$ 42,210,159)	5,400	45.00	2,434,506 (US\$ 80,546,105)	40,307 (US\$ 1,338,847)	18,138 (US\$ 602,481)	
	Pine Wood Industries Limited	British Virgin Islands	Manufacturing and sale of fabric	92,393 (US\$ 2,849,000)	92,393 (US\$ 2,849,000)	2,849,000	37.00	222,501 (US\$ 7,361,479)	35,170 (US\$ 1,168,200)	13,013 (US\$ 432,234)	
	Prosperous Industrial (Holdings) Ltd.	British Cayman Islands	Manufacturing and sale of gym bags	583,740 (US\$ 18,000,000)	583,740 (US\$ 18,000,000)	252,000,000	22.50	917,523 (US\$ 30,356,442)	(36,761) (US\$ (1,221,040))	(8,271) (US\$ (274,734))	
	Supplyline Logistics Ltd.	Hong Kong	Logistics service provider	258,049 (US\$ 8,059,666)	256,576 (US\$ 8,016,938)	4,612	49.00	- (US\$ (228,129))	(6,868) (US\$ (228,129))	-	
	San Fang Chemical Industry Co., Ltd.	ROC	Manufacturing and sale of synthetic leather	2,696,757 (US\$ 83,192,794)	2,696,757 (US\$ 83,192,794)	177,908,075	44.72	4,447,131 (US\$ 147,134,208)	115,268 (US\$ 3,828,743)	51,548 (US\$ 1,712,214)	
	Nan Pao Resins Chemical Co., Ltd.	ROC	Manufacturing and sale of chemical materials	539,797 (US\$ 16,873,924)	539,797 (US\$ 16,873,924)	21,205,248	17.59	1,642,568 (US\$ 54,344,696)	243,600 (US\$ 8,091,403)	42,849 (US\$ 1,423,278)	
	Just Lucky Investments Limited	British Virgin Islands	Property management	26,207 (US\$ 808,130)	26,207 (US\$ 808,130)	808,130	38.30	54,973 (US\$ 1,818,779)	1,352 (US\$ 44,903)	518 (US\$ 17,198)	
	Natural Options Limited	British Virgin Islands	Manufacturing of foam	11,144 (US\$ 343,638)	11,144 (US\$ 343,638)	340,870	38.30	6,783 (US\$ 224,424)	(2) (US\$ (80))	(1) (US\$ (31))	
	Rise Bloom International Limited	Hong Kong	Investment holding	24,312 (US\$ 760,000)	24,312 (US\$ 760,000)	760,000	38.00	46,406 (US\$ 1,535,364)	(2,207) (US\$ (73,298))	(839) (US\$ (27,853))	
	Prosperlink Limited	Samoa	Investment holding	17,432 (US\$ 570,000)	17,432 (US\$ 570,000)	570,000	38.00	18,428 (US\$ 609,692)	86 (US\$ 2,849)	33 (US\$ 1,083)	
	Pou Ming Paper Products Manufacturing Co., Ltd.	British Virgin Islands	Manufacturing of paper products	66,937 (US\$ 2,163,800)	66,937 (US\$ 2,163,800)	1,000,000	20.00	24,685 (US\$ 816,699)	4,552 (US\$ 151,210)	910 (US\$ 30,242)	
	Brandblack Inc.	USA	Investment holding	68,762 (US\$ 2,275,000)	-	1,135,796	31.25	68,762 (US\$ 2,275,000)	-	-	
	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	67,977 (US\$ 2,249,043)	221 (US\$ 7,352)	111 (US\$ 3,676)	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2020	December 31, 2019	Shares	%	Carrying Amount			
	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	\$ 97,835 (US\$ 3,236,905)	\$ (712) (US\$ (23,664))	\$ (356) (US\$ (11,832))	
	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	525,221 (US\$ 17,377,052)	15,532 (US\$ 515,910)	7,766 (US\$ 257,955)	
	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	680,241 (US\$ 22,505,915)	12,650 (US\$ 420,198)	6,325 (US\$ 210,099)	
	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	935,603 (US\$ 30,954,593)	54,869 (US\$ 1,822,527)	24,603 (US\$ 817,221)	
	Blessland Enterprises Limited	British Virgin Islands	Manufacturing and sale of insole	-	39,852 (US\$ 1,232,414)	-	-	-	-	-	
	Prime Glorious Limited	British Virgin Islands	Investment holding	352,484 (US\$ 11,662,000)	-	11,662,000	49.00	352,484 (US\$ 11,662,000)	-	-	
	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	564,845 (US\$ 18,688,000)	10,050 (US\$ 333,825)	5,025 (US\$ 166,912)	
	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	1,034,144 (US\$ 34,214,841)	43,213 (US\$ 1,435,354)	21,606 (US\$ 717,677)	
	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	756,520 (US\$ 25,029,603)	74,693 (US\$ 2,481,008)	36,600 (US\$ 1,215,694)	

Note: 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.

(Concluded)

## POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE THREE MONTHS ENDED MARCH 31, 2020  
(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, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2020	Accumulated Repatriation of Investment Income as of March 31, 2020	Note
					Outward	Inward							
Great Team Backend Foundry, Inc.	Processing and manufacturing of transistors	\$ 328,100 (US\$ 10,000,000)	b	\$ -	\$ -	\$ -	\$ -	\$ -	4.45	\$ -	\$ 137,826 (RMB 32,391,539)	\$ -	(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	-	-	-	(5,839) (RMB (1,354,697))	(5,839) (RMB (1,354,697))	31.79	(1,856) (RMB (430,658)) b, 1)	236,026 (RMB 55,470,173)	-	
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	-	-	-	869 (RMB 201,650)	869 (RMB 201,650)	100.00	869 (RMB 201,650) b, 1)	301,590 (RMB 70,878,944)	-	(Note 3)
Dongguan Gaocheng Precision Injection Molding Technology Co., Ltd.	Mould, plastic case for mobile phones	395,526 (US\$ 12,055,034)	b	-	-	-	235 (RMB 54,469)	235 (RMB 54,469)	100.00	235 (RMB 54,469) b, 2)	49,465 (RMB 11,625,173)	-	
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	-	-	-	4,103 (RMB 952,013)	4,103 (RMB 952,013)	31.79	1,304 (RMB 302,645) b, 1)	879,483 (RMB 206,693,985)	-	
Zhongshan Bao Ji Clothing Co., Ltd.	Production and marketing of sportswear	82,025 (US\$ 2,500,000)	b	-	-	-	14 (RMB 3,278)	14 (RMB 3,278)	48.68	7 (RMB 1,595) b, 1)	5,918 (RMB 1,390,873)	-	
Dongguan Baoqiao Electronic Technology Co., Ltd.	Production and marketing of other optical appliances and instruments	147,645 (US\$ 4,500,000)	b	-	-	-	7,410 (RMB 1,719,304)	7,410 (RMB 1,719,304)	100.00	7,410 (RMB 1,719,304) b, 2)	152,259 (RMB 35,783,491)	-	
Poushun Paper Products Manufacturing Co., Ltd.	Production and sale of shoe inner boxes, cartons	68,901 (US\$ 2,100,000)	b	-	-	-	(12,109) (RMB (2,809,463))	(12,109) (RMB (2,809,463))	10.22	(1,238) (RMB (287,127)) b, 1)	4,005 (RMB 941,292)	-	
Beijing Advazone Electronic Limited Company	Development and production of computer software	512,019 (US\$ 16,100,000)	b	-	-	-	(8) (RMB (1,784))	(8) (RMB (1,784))	32.00	(2) (RMB (571)) b, 2)	32,900 (RMB 7,731,971)	-	
Pouhong Footwear Industrial Ltd.	Production and operation of leisure shoes, sports shoes	49,215 (US\$ 1,500,000)	b	-	-	-	527 (RMB 122,232)	527 (RMB 122,232)	51.11	269 (RMB 62,473) b, 1)	42,423 (RMB 9,970,234)	-	
Shanggao Yisen Industry Co., Ltd.	Production and sale of finished shoes, semi-finished products, components and moulds	660,404 (US\$ 20,390,000)	b	-	-	-	5,219 (RMB 1,210,948)	5,219 (RMB 1,210,948)	51.11	2,668 (RMB 618,915) b, 1)	801,827 (RMB 188,443,366)	-	
Bao Hong (Yangzhou) Shoes Co., Ltd.	Production of needles, woven garments, footwear and sales of self-produce products	2,591,184 (US\$ 86,291,730)	b	-	-	-	(17,668) (RMB (4,099,337))	(17,668) (RMB (4,099,337))	51.11	(9,030) (RMB (2,095,171)) b, 1)	506,576 (RMB 119,054,186)	-	
Dong Guan Yu Yuen Mold Co., Ltd.	Production and sale of molds for non-metallic products	62,011 (US\$ 1,890,000)	b	-	-	-	177 (RMB 41,117)	177 (RMB 41,117)	51.11	91 (RMB 21,015) b, 1)	41,424 (RMB 9,735,293)	-	
Zhong Shan Glory Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	951,490 (US\$ 29,000,000)	b	-	-	-	(48,695) (RMB (11,298,146))	(48,695) (RMB (11,298,146))	23.00	(11,200) (RMB (2,598,573)) b, 2)	447,893 (RMB 105,262,635)	-	

(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, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2020	Accumulated Repatriation of Investment Income as of March 31, 2020	Note
					Outward	Inward							
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	\$ -	\$ -	\$ -	\$ -	\$ 95 (RMB 22,077)	23.00	\$ 22 (RMB 5,078) b, 2)	\$ 9,785 (RMB 2,299,700)	\$ -	
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	-	-	-	-	4,365 (RMB 1,012,728)	20.34	888 (RMB 205,989) b, 1)	604,177 (RMB 141,992,276)	-	
ShangGao Yisen Ka Yuen Industry Co., Ltd.	Production and sale of footwear products	77,432 (US\$ 2,360,000)	b	-	-	-	-	(986) (RMB (228,843))	25.56	(252) (RMB (58,492)) b, 1)	25,471 (RMB 5,986,141)	-	
Bao Sheng Dao Ji (BeiJing) Trading Company Ltd.	Retail business of sports goods and accessories	1,988,061 (US\$ 65,000,000)	b	-	-	-	-	(429,197) (RMB (99,581,603))	31.79	(136,442) (RMB (31,656,992)) b, 1)	925,052 (RMB 217,403,605)	-	
Qingdao Pou-Sheng International Sport Products Co., Ltd.	Sales of sports and leisure shoes and accessories	94,800 (RMB 20,000,000)	b	-	-	-	-	19,282 (RMB 4,473,725)	22.89	4,414 (RMB 1,024,036) b, 1)	192,342 (RMB 45,203,665)	-	
Guizhou Pou-Sheng Sport Products Co., Ltd.	Sales of sports and leisure shoes and accessories	322,886 (US\$ 10,000,000)	b	-	-	-	-	(4,648) (RMB (1,078,389))	31.79	(1,478) (RMB (342,820)) b, 1)	125,400 (RMB 29,471,154)	-	
Nanning Pou-Kung Sport Products Co., Ltd.	Retail business of sports goods and accessories	42,653 (US\$ 1,300,000)	b	-	-	-	-	(8,076) (RMB (1,873,780))	31.79	(2,567) (RMB (595,675)) b, 1)	3,161 (RMB 742,973)	-	
Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	Retail business of sports goods and accessories	1,567,250 (US\$ 50,000,000)	b	-	-	-	-	(52,153) (RMB (12,100,580))	31.79	(16,580) (RMB (3,846,774)) b, 1)	1,679,037 (RMB 394,603,237)	-	
Diodite (China) Sports Good Co., Ltd.	Retail and wholesale business of sporting goods and accessories	639,800 (US\$ 20,000,000)	b	-	-	-	-	150 (RMB 34,851)	31.79	48 (RMB 11,079) b, 1)	43,565 (RMB 10,238,561)	-	
Taicang YYSPO RTS Business Trading Co., Ltd.	Retail business of sports goods and accessories series products	164,050 (US\$ 5,000,000)	b	-	-	-	-	964 (RMB 223,696)	31.79	306 (RMB 71,113) b, 1)	127,982 (RMB 30,077,956)	-	
Yangzhou Baoyi Shoes Manufacturing Co., Ltd.	Vulcanized shoes, sports shoes, leisure shoes and other footwear manufacturing, marketing	729,906 (US\$ 22,456,800)	b	-	-	-	-	11,742 (RMB 2,724,362)	25.56	3,001 (RMB 696,347) b, 1)	275,385 (RMB 64,720,322)	-	
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	-	-	-	-	(5,596) (RMB (1,298,307))	31.79	(1,779) (RMB (412,732)) b, 1)	437,853 (RMB 102,903,250)	-	
YYSPO RTS (Chengdu) Business Trading Co., Ltd.	Retail business of sports goods and accessories	689,194 (US\$ 22,400,000)	b	-	-	-	-	(14,277) (RMB (3,312,531))	31.79	(4,539) (RMB (1,053,054)) b, 1)	148,551 (RMB 34,912,088)	-	
Fujian Baomin Sporting Goods Co., Ltd.	Retail business of sports goods and accessories	147,645 (US\$ 4,500,000)	b	-	-	-	-	70 (RMB 16,181)	28.61	20 (RMB 4,629) b, 1)	67,045 (RMB 15,756,709)	-	
Guangzhou Pou-Yuen Trading Co., Ltd.	Retail business of sports goods and accessories	710,251 (US\$ 23,310,000)	b	-	-	-	-	(11,984) (RMB (2,780,505))	31.79	(3,810) (RMB (883,922)) b, 1)	232,227 (RMB 54,577,531)	-	
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	-	-	-	-	2,973 (RMB 689,899)	31.79	945 (RMB 219,319) b, 1)	396,723 (RMB 93,236,865)	-	

(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, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2020	Accumulated Repatriation of Investment Income as of March 31, 2020	Note
					Outward	Inward							
Shend Dao (Yang Zhou) Sporting Goods Dev Co., Ltd.	Shopping mall management and property management	\$ 2,111,340 (US\$ 66,000,000)	b	\$ -	\$ -	\$ -	\$ 14,862 (RMB 3,448,202)	31.79	\$ 4,725 (RMB 1,096,183) b, 1)	\$ 662,124 (RMB 155,610,756)	\$ -		
Zhong Shan O Li Su Shoe Making Machine Ltd.	Manufacturing shoes and boots or repairing machinery	181,314 (US\$ 5,900,000)	b	-	-	-	(1,461) (RMB (339,011))	51.11	(747) (RMB (173,268)) b, 2)	14,541 (RMB 3,417,447)	-		
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	-	-	-	(252,953) (RMB (58,689,800))	31.79	(80,414) (RMB (18,657,487)) b, 1)	2,281,574 (RMB 536,210,169)	-		
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	-	-	-	2,301 (RMB 533,888)	31.79	732 (RMB 169,723) b, 1)	491,014 (RMB 115,396,919)	-		
Hangzhou Pou-Hung Sport Products Co., Ltd.	Design, development, production and processing of sports goods, sports instruments, sportswear, sports shoes and accessories	67,308 (RMB 14,200,000)	b	-	-	-	-	15.90	- b, 1)	-	-		
Yangzhou Yijian Software Tech Co., Ltd.	Integration of software and hardware sales service systems (excluding IC design)	35,803 (US\$ 1,170,000)	b	-	-	-	28 (RMB 6,388)	51.11	14 (RMB 3,265) b, 1)	7 (RMB 1,754)	-		
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	-	-	-	(68,652) (RMB (15,928,473))	51.11	(35,088) (RMB (8,141,042)) b, 1)	111,328 (RMB 26,164,097)	-		
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	-	-	-	(143,789) (RMB (33,361,755))	51.11	(73,491) (RMB (17,051,193)) b, 1)	668,331 (RMB 157,069,494)	-		
Bou Jin (Yangzhou) Garments Co., Ltd.	Production and sale of sportswear, casual wear, etc.	695,572 (US\$ 21,200,000)	b	-	-	-	(23,484) (RMB (5,448,746))	20.44	(4,800) (RMB (1,113,724)) b, 1)	28,565 (RMB 6,713,264)	-		
Jiangxi Province Yutai Shoe Co., Ltd.	Production and sale of footwear products and semi-finished products	918,125 (US\$ 30,000,000)	b	-	-	-	(7,706) (RMB (1,787,829))	51.11	(3,938) (RMB (913,760)) b, 1)	(19,336) (RMB (4,544,282))	-		
Dongguan Yu Xiang Shoes Material Co., Ltd.	Production and sale of footwear products	295,820 (US\$ 9,500,000)	b	-	-	-	9,546 (RMB 2,214,874)	51.11	4,879 (RMB 1,132,022) b, 1)	258,488 (RMB 60,749,297)	-		
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	-	-	-	(17) (RMB (3,845))	23.00	(4) (RMB (884)) b, 2)	44 (RMB 10,339)	-		
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	-	-	-	(1,476) (RMB (342,412))	19.42	(287) (RMB (66,496)) b, 1)	15,016 (RMB 3,529,043)	-		
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	-	-	-	(30,207) (RMB (7,008,692))	51.11	(15,439) (RMB (3,582,142)) b, 1)	1,021,404 (RMB 240,047,901)	-		
Dong Guan Bao Yu Shoes Co., Ltd.	Production and sale of sports shoes, leisure shoes, leather shoes, children's shoes, semi-finished footwear and footwear materials	66,780 (US\$ 2,100,000)	b	-	-	-	-	51.11	- b, 1)	35,048 (RMB 8,236,989)	-		

(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, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2020	Accumulated Repatriation of Investment Income as of March 31, 2020	Note
					Outward	Inward							
Beijing Baojing Kang Tai Trading Co., Ltd.	Wholesale and retail of sporting goods, sporting instruments and clothing, shoes and hats	\$ 261,797 (US\$ 8,940,000)	b	\$ -	\$ -	\$ -	\$ -	\$ -	15.90	\$ - b, 1)	\$ -	\$ -	-
Kun Shan Pou-chi Sports Co., Ltd.	Wholesale, commission agency, import and export business of sports goods, sports equipment, clothing, shoes, caps and packaging and related design, technical consultation and service	399,539 (US\$ 13,500,000)	b	-	-	-	-	53,196 (RMB 12,342,492)	31.79	16,911 (RMB 3,923,678) b, 1)	330,406 (RMB 77,651,330)	-	-
Dongguan Yuancheng Shoes Material Co., Ltd.	Production and sale of footwear products	92,486 (US\$ 2,850,000)	b	-	-	-	-	(209) (RMB (48,424))	25.56	(53) (RMB (12,377)) b, 1)	22,184 (RMB 5,213,521)	-	-
Dongguan De Chang Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US\$ 350,000)	b	-	-	-	-	4,457 (RMB 1,034,100)	51.11	2,278 (RMB 528,528) b, 1)	22,888 (RMB 5,378,971)	-	-
Zhong Shan Bao Song Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US\$ 350,000)	b	-	-	-	-	1,311 (RMB 304,233)	51.11	670 (RMB 155,493) b, 1)	20,053 (RMB 4,712,814)	-	-
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	-	-	-	-	(4,408) (RMB (1,022,639))	51.11	(2,253) (RMB (522,671)) b, 1)	20,716 (RMB 4,868,649)	-	-
Jiangxi Uniscien Consulting Co., Ltd.	Business management consultation, marketing planning and other services	10,442 (US\$ 350,000)	b	-	-	-	-	1,276 (RMB 296,167)	51.11	652 (RMB 151,371) b, 1)	15,748 (RMB 3,701,175)	-	-
Yu Xing (Jishui) Footwear Co., Ltd.	Production and sale of sports shoes	183,840 (US\$ 6,400,000)	b	-	-	-	-	(1,517) (RMB (352,080))	51.11	(776) (RMB (179,948)) b, 1)	(40,527) (RMB (9,524,462))	-	-
Dongguan Xingtai Consulting Co., Ltd.	Business management consultation, marketing planning and other services	41,945 (US\$ 1,400,000)	b	-	-	-	-	2,087 (RMB 484,133)	51.11	1,066 (RMB 247,441) b, 1)	34,767 (RMB 8,170,927)	-	-
Yang Xin Zhang Yuan Shoe Co., Ltd.	Production and sale of footwear products	61,029 (US\$ 2,100,000)	b	-	-	-	-	(392) (RMB (90,936))	25.56	(100) (RMB (23,243)) b, 1)	6,763 (RMB 1,589,514)	-	-
YangXin Pou Jia Yuen Shoes Manufacturing Co., Ltd.	Production and sale of rubber soles	72,990 (US\$ 2,500,000)	b	-	-	-	-	(11,738) (RMB (2,723,346))	25.56	(3,000) (RMB (696,087)) b, 1)	14,517 (RMB 3,411,761)	-	-
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	-	-	-	-	(89,360) (RMB (20,733,089))	31.79	(28,407) (RMB (6,591,049)) b, 1)	1,175,376 (RMB 276,234,135)	-	-
Yichun Yisen Industry Co., Ltd.	Production and sale of footwear and mold products	410,130 (US\$ 14,000,000)	b	-	-	-	-	(10,126) (RMB (2,349,531))	51.11	(5,176) (RMB (1,200,845)) b, 1)	327,430 (RMB 76,951,869)	-	-
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	-	-	-	-	(411) (RMB (95,371))	51.11	(210) (RMB (48,744)) b, 1)	(6,093) (RMB (1,432,022))	-	-
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	-	-	-	-	(3,811) (RMB (884,318))	24.92	(950) (RMB (220,372)) b, 1)	9,767 (RMB 2,295,484)	-	-

(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, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2020	Accumulated Repatriation of Investment Income as of March 31, 2020	Note
					Outward	Inward							
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	\$ 1,223,925 (RMB 263,827,800)	b	\$ -	\$ -	\$ -	\$ -	\$ (159,640) (RMB (37,039,559))	51.11	\$ (81,592) (RMB (18,930,919)) b, 1)	\$ 816,551 (RMB 191,903,819)	\$ -	
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	1,469,176 (RMB 319,970,250)	b	-	-	-	-	(94,824) (RMB (22,000,863))	51.11	(48,464) (RMB (11,244,641)) b, 1)	781,312 (RMB 183,622,078)	-	
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	1,026,777 (RMB 217,720,430)	b	-	-	-	-	(19,790) (RMB (4,591,625))	51.11	(10,115) (RMB (2,346,779)) b, 1)	277,966 (RMB 65,327,021)	-	
Jilin Xinfangwei Sports Goods Company Limited	Sports goods sales	196,160 (RMB 40,000,000)	b	-	-	-	-	-	15.90	- b, 1)	-	-	
Zhang Yuan (Dong Guan) Shoe Materials Co., Ltd.	Prepare for research and development of shoe materials and composite materials	114,804 (RMB 23,000,000)	b	-	-	-	-	(12,714) (RMB (2,949,871))	25.56	(3,250) (RMB (753,987)) b, 1)	34,671 (RMB 8,148,193)	-	
Dong Guan Jia Yuan Shoe Materials Products Company Limited	Prepare shoe material	108,805 (RMB 21,600,000)	b	-	-	-	-	468 (RMB 108,686)	51.11	239 (RMB 55,549) b, 1)	52,011 (RMB 12,223,414)	-	
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	-	-	-	-	(1,006) (RMB (233,460))	10.22	(103) (RMB (23,860)) b, 1)	4,275 (RMB 1,004,649)	-	
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	-	-	-	-	31,473 (RMB 7,302,389)	31.79	10,005 (RMB 2,321,429) b, 1)	14,362 (RMB 3,375,362)	-	
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	-	-	-	-	(1,689) (RMB (391,938))	6.80	(115) (RMB (26,652)) b, 1)	3,594 (RMB 844,635)	-	
Kun Shan Taisong Trading Co., Ltd.	Wholesale and retail of clothing, footwear, glasses and watches	790,110 (US\$ 26,500,000)	b	-	-	-	-	(17,702) (RMB (4,107,276))	31.79	(5,628) (RMB (1,305,703)) b, 1)	(123,851) (RMB (29,107,136))	-	
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	-	-	-	-	213 (RMB 49,311)	26.08	55 (RMB 12,860) b, 1)	1,454 (RMB 341,649)	-	
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	-	-	-	-	(921) (RMB (213,603))	26.08	(240) (RMB (55,708)) b, 1)	10,614 (RMB 2,494,466)	-	
Yisen (YiFeng) Mould Co., Ltd.	Production and sale of mould products	479,284 (US\$ 14,850,000)	b	-	-	-	-	(7,473) (RMB (1,733,864))	51.11	(3,819) (RMB (886,178)) b, 1)	171,027 (RMB 40,194,435)	-	

(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, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2020	Accumulated Repatriation of Investment Income as of March 31, 2020	Note
					Outward	Inward							
Zhu Hai Yu Yuan Industrial Co., Ltd.	Processing, production and sale of footwear products	\$ 1,408 (RMB 300,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 5,090 (RMB 1,180,972)	51.11	\$ 2,601 (RMB 603,595) b, 1)	\$ 13,674 (RMB 3,213,549)	\$ -	
Yang Xin Pou Shou Sporting Goods Co., Ltd.	Processing, production and sale of footwear products	236,574 (US\$ 7,800,000)	b	-	-	-	-	(27,496) (RMB (6,379,632))	51.11	(14,053) (RMB (3,260,630)) b, 1)	69,525 (RMB 16,339,606)	-	
Changsha YYSPTS Sport Products Co., Ltd.	Sales of sports goods and equipment	22,825 (RMB 5,000,000)	b	-	-	-	-	14,127 (RMB 3,277,654)	31.79	4,491 (RMB 1,041,966) b, 1)	15,124 (RMB 3,554,453)	-	
Henan YYSPTS Sport Products Co., Ltd.	Retail business of sports goods and accessories	9,130 (RMB 2,000,000)	b	-	-	-	-	(25,946) (RMB (6,019,873))	31.79	(8,248) (RMB (1,913,718)) b, 1)	126,866 (RMB 29,815,638)	-	
Shenyang Pou-Yi Trading Co., Ltd.	Retail business of sports goods and accessories	182,600 (RMB 40,000,000)	b	-	-	-	-	(16,225) (RMB (3,764,579))	31.79	(5,158) (RMB (1,196,760)) b, 1)	4,883 (RMB 1,147,544)	-	
Zhejiang Shengdao Sporting-goods Co., Ltd.	Retail business of sports goods and accessories	228,250 (RMB 50,000,000)	b	-	-	-	-	(878) (RMB (203,622))	31.79	(279) (RMB (64,731)) b, 1)	439,781 (RMB 103,356,239)	-	
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	-	-	-	-	(172) (RMB (39,867))	31.79	(55) (RMB (12,674)) b, 1)	4,441 (RMB 1,043,822)	-	
Widevision Investment (Shenzhen) Co., Ltd.	Business management consulting, economic information consulting and market management planning	13,833 (RMB 3,000,000)	b	-	-	-	-	(468) (RMB (108,651))	100.00	(468) (RMB (108,651)) b, 1)	9,267 (RMB 2,177,817)	-	
Chongqing Baoyu Sports Goods Company Limited	Wholesale and retail of sports goods, sports equipment, clothing, shoes, caps and accessories and premises leasing	4,521 (RMB 1,000,000)	b	-	-	-	-	(9,924) (RMB (2,302,560))	31.79	(3,155) (RMB (731,984)) b, 1)	(6,896) (RMB (1,620,799))	-	
Kuo Yuen Tannery	Production, processing, sales, research and development of shoe materials, import and export goods or technic	88,634 (RMB 20,000,000)	b	-	-	-	-	(1,990) (RMB (461,778))	25.56	(509) (RMB (118,031)) b, 1)	21,638 (RMB 5,085,339)	-	
Akenz (ShangHai) Trading Co., Ltd.	Management consultants, wholesale of sports goods and equipment wholesale, other sports services and other art performance assistant services	108,652 (RMB 25,300,000)	b	-	-	-	-	(10,011) (RMB (2,322,687))	31.79	(3,182) (RMB (738,382)) b, 1)	26,610 (RMB 6,253,842)	-	
Yangzhou Yuhong Garment Co., Ltd.	Engaged in the processing and production of apparel, apparel accessories, and apparel accessories, and selling our own products	305,196 (US\$ 10,180,000)	b	-	-	-	-	(17,048) (US\$ (3,955,339))	51.11	(8,713) (RMB (2,021,574)) b, 1)	206,132 (RMB 48,444,537)	-	
Yifeng Kun Ching Foam Ltd.	Production, sales, processing of plastic foam and foam daily products	8,994 (US\$ 300,000)	b	-	-	-	-	(263) (US\$ (60,976))	19.42	(51) (RMB (11,842)) b, 1)	2,978 (RMB 699,873)	-	
Zhongshan Hwa Ching Foam Co., Ltd.	Production of foam products	29,980 (US\$ 1,000,000)	b	-	-	-	-	5,775 (US\$ 1,339,871)	19.58	1,131 (RMB 262,347) b, 1)	18,782 (RMB 4,414,090)	-	

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2020	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
\$ -	\$ 20,657,426 (US\$ 683,454,958)	\$ 102,010,322

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 reviewed by an ROC CPA firm cooperating with an international CPA firm.
  - 2) Based on the financial statements reviewed 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, 2020  
(In Thousands of New Taiwan Dollars, U.S. 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, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2020	Accumulated Repatriation of Investment Income as of March 31, 2020	Note
					Outward	Inward							
Kunshan Yuanying Electronics Technology Co., Ltd.	Manufacturing and sale of alloy	\$ 85,936 (US\$ 2,620,000)	b	\$ -	\$ -	\$ -	\$ -	\$ (1,443) (RMB (334,696))	100.00	\$ (1,443) (RMB (334,696)) b, 2)	\$ 68,276 (RMB 16,046,140)	\$ -	

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2020	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
\$ -	\$ 174,398 (US\$ 5,770,000)	\$ 401,987

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 reviewed by an ROC CPA firm cooperating with an international CPA firm.
  - 2) Based on the financial statements reviewed 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.

**POU CHEN CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
FOR THE THREE MONTHS ENDED MARCH 31, 2020**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
PC Brothers Corporation	213,280,710	7.23
Chuan Mou Investments Co., Limited	163,425,022	5.54

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.