

Pou Chen Corporation and Subsidiaries

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

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Pou Chen Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Pou Chen Corporation (the "Company") and its subsidiaries (collectively, the "Group") as of June 30, 2019 and 2018, the related consolidated statements of comprehensive income for the three months ended June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018, the consolidated statements of changes in equity and cash flows for the six 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 June 30, 2019 and 2018, its consolidated financial performance for the three months ended June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

The Group's investments in Ruen Chen Investment Holding Co., Ltd. and Nan Shan Life Insurance Co., Ltd. were accounted for by using the equity method based on its financial statements which were reviewed by other auditors. Our conclusion, insofar as it relates to the Group's investments in Ruen Chen Investment Holding Co., Ltd., and Nan Shan Life Insurance Co., Ltd. are based solely on the review reports of other auditors. As of June 30, 2019 and 2018, the carrying amounts of investments using the equity method in Ruen Chen Investment Holding Co., Ltd. were \$40,859,714 thousand and \$20,586,423 thousand, respectively, representing 11.68% and 6.51%, respectively, of the consolidated total assets. For the three months ended June 30, 2019 and 2018, the share of profit of associates was \$2,462,064 thousand and \$1,375,377 thousand, respectively, representing 37.87% and 27.37%, respectively, of the consolidated income before income tax, and for the six months ended June 30, 2019 and 2018, the share of profit of associates was \$3,848,695 thousand and \$2,439,434 thousand, respectively, representing 32.95% and 25.19%, respectively, of the consolidated income before income tax. As of June 30, 2019, the carrying amount of the investment using the equity method in Nan Shan Life Insurance Co., Ltd. was \$382,000 thousand, representing 0.11%, of the consolidated total assets. For the three months ended June 30, 2019, the share of profit of associates was \$2,160 thousand, representing 0.03%, of the consolidated income before income tax, and for the six months ended June 30, 2019, the share of profit of associates was \$2,160 thousand, representing 0.02%, of the consolidated income before income tax.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 14, 2019

Notice to Readers

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

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

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2019 (Reviewed)		December 31, 2018 (Audited)		June 30, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 32,405,280	9	\$ 32,252,001	11	\$ 36,864,039	12
Financial assets at fair value through profit or loss - current (Note 7)	772,341	-	845,690	-	1,193,751	-
Financial assets at fair value through other comprehensive income - current (Note 8)	17,952,749	5	15,065,002	5	15,723,210	5
Financial assets measured at cost - current (Note 9)	2,681,677	1	2,660,995	1	2,478,790	1
Notes receivable (Note 10)	2,287	-	1,295	-	1,002	-
Accounts receivable (Note 10)	37,592,644	11	38,938,365	13	35,924,727	11
Accounts receivable from related parties (Notes 10 and 35)	72,098	-	56,405	-	117,080	-
Other receivables (Note 10)	5,483,867	2	5,133,235	2	5,121,819	2
Inventories - manufacturing and retailing (Note 11)	50,361,108	14	54,571,450	18	50,515,938	16
Inventories - construction (Note 11)	4,767,854	1	4,780,007	1	4,777,895	1
Prepayments for leases (Note 4)	-	-	151,206	-	141,013	-
Non-current assets held for sale (Note 12)	131,881	-	-	-	277,765	-
Other current assets (Note 13)	<u>9,728,021</u>	<u>3</u>	<u>9,928,307</u>	<u>3</u>	<u>11,520,669</u>	<u>4</u>
Total current assets	<u>161,951,807</u>	<u>46</u>	<u>164,383,958</u>	<u>54</u>	<u>164,657,698</u>	<u>52</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	1,269,516	-	776,688	-	765,448	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	1,148,271	-	768,212	-	962,875	-
Financial assets at amortized cost - non-current (Notes 9 and 36)	5,849,018	2	343,595	-	1,305,182	-
Investments accounted for using equity method (Note 15)	64,180,861	18	31,228,219	10	43,867,441	14
Property, plant and equipment (Note 16)	79,658,135	23	79,162,641	26	76,520,627	24
Right-of-use assets (Notes 4 and 17)	16,404,406	5	-	-	-	-
Investment properties (Note 18)	2,309,372	1	2,312,021	1	2,288,781	1
Goodwill (Note 19)	8,619,129	2	8,866,746	3	8,872,380	3
Other intangible assets (Note 20)	2,014,966	1	3,187,467	1	3,512,148	1
Deferred tax assets (Notes 4 and 28)	1,755,496	1	1,951,026	1	1,551,995	1
Long-term prepayments for leases (Note 4)	-	-	6,455,195	2	5,899,415	2
Other non-current assets (Note 13)	<u>4,593,227</u>	<u>1</u>	<u>4,826,645</u>	<u>2</u>	<u>5,965,047</u>	<u>2</u>
Total non-current assets	<u>187,802,397</u>	<u>54</u>	<u>139,878,455</u>	<u>46</u>	<u>151,511,339</u>	<u>48</u>
TOTAL	<u>\$ 349,754,204</u>	<u>100</u>	<u>\$ 304,262,413</u>	<u>100</u>	<u>\$ 316,169,037</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 21)	\$ 46,082,940	13	\$ 37,560,974	12	\$ 40,598,462	13
Short-term bills payable (Note 21)	3,161,571	1	2,869,225	1	3,585,624	1
Financial liabilities at fair value through profit or loss - current (Note 7)	334,256	-	719,322	-	699,504	-
Notes payable (Note 22)	21,380	-	9,332	-	24,192	-
Notes payable to related parties (Notes 22 and 35)	23	-	74	-	9,276	-
Accounts payable (Note 22)	11,209,596	3	13,581,756	5	11,759,450	4
Accounts payable to related parties (Notes 22 and 35)	1,895,698	-	1,520,085	1	1,167,065	-
Other payables (Note 23)	25,970,553	7	25,243,368	8	28,372,829	9
Current tax liabilities (Note 28)	2,020,510	1	2,478,784	1	2,099,050	1
Lease liabilities (Notes 4 and 17)	3,331,016	1	-	-	-	-
Current portion of long-term borrowings (Note 21)	3,388,796	1	4,194,398	1	2,437,500	1
Other current liabilities	<u>5,675,048</u>	<u>2</u>	<u>5,125,762</u>	<u>2</u>	<u>4,864,408</u>	<u>1</u>
Total current liabilities	<u>103,091,387</u>	<u>29</u>	<u>93,303,080</u>	<u>31</u>	<u>95,617,360</u>	<u>30</u>
NON-CURRENT LIABILITIES						
Financial liabilities at fair value through profit or loss - non-current (Note 7)	325,903	-	-	-	-	-
Long-term borrowings (Note 21)	51,900,305	15	53,695,306	18	54,613,410	17
Deferred tax liabilities (Notes 4 and 28)	904,762	-	1,353,400	-	1,233,989	1
Lease liabilities - non-current (Notes 4 and 17)	5,936,476	2	-	-	-	-
Long-term payables (Note 23)	152,586	-	151,483	-	150,667	-
Net defined benefit liabilities (Note 4)	3,692,771	1	3,493,669	1	3,659,689	1
Other non-current liabilities	<u>69,281</u>	<u>-</u>	<u>67,769</u>	<u>-</u>	<u>64,172</u>	<u>-</u>
Total non-current liabilities	<u>62,982,084</u>	<u>18</u>	<u>58,761,627</u>	<u>19</u>	<u>59,721,927</u>	<u>19</u>
Total liabilities	<u>166,073,471</u>	<u>47</u>	<u>152,064,707</u>	<u>50</u>	<u>155,339,287</u>	<u>49</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)						
Share capital						
Ordinary shares	<u>29,467,872</u>	<u>9</u>	<u>29,467,872</u>	<u>10</u>	<u>29,467,872</u>	<u>9</u>
Capital surplus	<u>4,529,407</u>	<u>1</u>	<u>4,600,092</u>	<u>1</u>	<u>4,600,095</u>	<u>2</u>
Retained earnings						
Legal reserve	14,881,914	4	13,811,050	4	13,811,050	4
Special reserve	22,293,369	6	13,917,230	5	13,917,230	4
Unappropriated earnings	<u>30,463,087</u>	<u>9</u>	<u>38,360,517</u>	<u>13</u>	<u>33,114,853</u>	<u>11</u>
Total retained earnings	<u>67,638,370</u>	<u>19</u>	<u>66,088,797</u>	<u>22</u>	<u>60,843,133</u>	<u>19</u>
Other equity	<u>7,200,749</u>	<u>2</u>	<u>(22,293,369)</u>	<u>(7)</u>	<u>(8,037,326)</u>	<u>(2)</u>
Total equity attributable to owners of the Company	108,836,398	31	77,863,392	26	86,873,774	28
NON-CONTROLLING INTERESTS	<u>74,844,335</u>	<u>22</u>	<u>74,334,314</u>	<u>24</u>	<u>73,955,976</u>	<u>23</u>
Total equity	<u>183,680,733</u>	<u>53</u>	<u>152,197,706</u>	<u>50</u>	<u>160,829,750</u>	<u>51</u>
TOTAL	<u>\$ 349,754,204</u>	<u>100</u>	<u>\$ 304,262,413</u>	<u>100</u>	<u>\$ 316,169,037</u>	<u>100</u>

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

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

POU CHEN CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 26 and 35)	\$ 80,878,871	100	\$ 74,153,143	100	\$ 157,502,380	100	\$ 141,417,049	100
OPERATING COSTS (Notes 24, 27 and 35)	<u>60,262,831</u>	<u>74</u>	<u>55,450,654</u>	<u>75</u>	<u>117,199,690</u>	<u>74</u>	<u>105,400,384</u>	<u>74</u>
GROSS PROFIT	<u>20,616,040</u>	<u>26</u>	<u>18,702,489</u>	<u>25</u>	<u>40,302,690</u>	<u>26</u>	<u>36,016,665</u>	<u>26</u>
OPERATING EXPENSES (Notes 24 and 27)								
Selling and marketing expenses	9,639,724	12	8,779,271	12	19,333,628	12	17,244,160	12
General and administrative expenses	5,672,983	7	5,202,422	7	10,649,136	7	9,455,241	7
Research and development expenses	<u>1,557,376</u>	<u>2</u>	<u>1,524,388</u>	<u>2</u>	<u>3,137,689</u>	<u>2</u>	<u>3,000,337</u>	<u>2</u>
Total operating expenses	<u>16,870,083</u>	<u>21</u>	<u>15,506,081</u>	<u>21</u>	<u>33,120,453</u>	<u>21</u>	<u>29,699,738</u>	<u>21</u>
INCOME FROM OPERATIONS	<u>3,745,957</u>	<u>5</u>	<u>3,196,408</u>	<u>4</u>	<u>7,182,237</u>	<u>5</u>	<u>6,316,927</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Note 27)	739,204	1	669,092	1	1,422,833	1	1,279,384	1
Other gains and losses (Note 27)	5,245	-	304,559	1	381,568	-	330,804	-
Net (loss) gain on derecognition of financial assets at amortized cost	(3,260)	-	5,477	-	(3,260)	-	5,477	-
Finance costs (Note 27)	(850,704)	(1)	(674,281)	(1)	(1,688,296)	(1)	(1,258,267)	(1)
Share of the profit of associates and joint ventures (Note 15)	<u>2,865,046</u>	<u>3</u>	<u>1,524,599</u>	<u>2</u>	<u>4,383,724</u>	<u>3</u>	<u>3,008,476</u>	<u>2</u>
Total non-operating income and expenses	<u>2,755,531</u>	<u>3</u>	<u>1,829,446</u>	<u>3</u>	<u>4,496,569</u>	<u>3</u>	<u>3,365,874</u>	<u>2</u>
INCOME BEFORE INCOME TAX	6,501,488	8	5,025,854	7	11,678,806	8	9,682,801	7
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(560,224)</u>	<u>(1)</u>	<u>(1,094,181)</u>	<u>(2)</u>	<u>(1,296,032)</u>	<u>(1)</u>	<u>(2,016,732)</u>	<u>(1)</u>
NET INCOME	<u>5,941,264</u>	<u>7</u>	<u>3,931,673</u>	<u>5</u>	<u>10,382,774</u>	<u>7</u>	<u>7,666,069</u>	<u>6</u>
OTHER COMPREHENSIVE (LOSS) INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Remeasurement of defined benefit plans	-	-	(31,039)	-	-	-	(31,039)	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	1,825,962	2	793,255	1	3,233,495	2	1,008,611	-
Share of the other comprehensive income (loss) of associates and joint ventures	79,427	-	(327,810)	-	343,398	-	(209,709)	-

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POU CHEN CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	\$ 320,757	1	\$ 3,040,486	4	\$ 1,717,429	1	\$ 2,805,587	2
Share of the other comprehensive income (loss) of associates and joint ventures	<u>8,041,479</u>	<u>10</u>	<u>(2,113,477)</u>	<u>(3)</u>	<u>24,133,648</u>	<u>15</u>	<u>(11,905,208)</u>	<u>(8)</u>
Other comprehensive income (loss) for the period, net of income tax	<u>10,267,625</u>	<u>13</u>	<u>1,361,415</u>	<u>2</u>	<u>29,427,970</u>	<u>18</u>	<u>(8,331,758)</u>	<u>(6)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 16,208,889</u>	<u>20</u>	<u>\$ 5,293,088</u>	<u>7</u>	<u>\$ 39,810,744</u>	<u>25</u>	<u>\$ (665,689)</u>	<u>-</u>
NET INCOME								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 4,033,231	5	\$ 2,824,233	4	\$ 6,952,290	5	\$ 4,869,182	4
Non-controlling interests	<u>1,908,033</u>	<u>2</u>	<u>1,107,440</u>	<u>1</u>	<u>3,430,484</u>	<u>2</u>	<u>2,796,887</u>	<u>2</u>
	<u>\$ 5,941,264</u>	<u>7</u>	<u>\$ 3,931,673</u>	<u>5</u>	<u>\$ 10,382,774</u>	<u>7</u>	<u>\$ 7,666,069</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 14,210,214	18	\$ 3,843,901	5	\$ 35,397,907	22	\$ (4,542,328)	(3)
Non-controlling interests	<u>1,998,675</u>	<u>2</u>	<u>1,449,187</u>	<u>2</u>	<u>4,412,837</u>	<u>3</u>	<u>3,876,639</u>	<u>3</u>
	<u>\$ 16,208,889</u>	<u>20</u>	<u>\$ 5,293,088</u>	<u>7</u>	<u>\$ 39,810,744</u>	<u>25</u>	<u>\$ (665,689)</u>	<u>-</u>
EARNINGS PER SHARE (Note 29)								
Basic	<u>\$ 1.37</u>		<u>\$ 0.96</u>		<u>\$ 2.36</u>		<u>\$ 1.65</u>	
Diluted	<u>\$ 1.37</u>		<u>\$ 0.96</u>		<u>\$ 2.36</u>		<u>\$ 1.65</u>	

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

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

(Concluded)

POU CHEN CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company					Other Equity						
	Share Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized (Loss) Gain on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Others	Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve								
BALANCE AT JANUARY 1, 2018	\$ 29,467,872	\$ 4,615,341	\$ 12,518,889	\$ 13,636,368	\$ 37,294,138	\$ (1,790,529)	\$ (12,127,139)	\$ -	\$ 438	\$ 83,615,378	\$ 74,764,568	\$ 158,379,946
Effect of retrospective application	-	-	-	-	292,111	-	12,127,139	1,860,011	(506,875)	13,772,386	-	13,772,386
BALANCE AT JANUARY 1, 2018 AS RESTATED	29,467,872	4,615,341	12,518,889	13,636,368	37,586,249	(1,790,529)	-	1,860,011	(506,437)	97,387,764	74,764,568	172,152,332
Appropriation of 2017 earnings (Note 25)												
Legal reserve	-	-	1,292,161	-	(1,292,161)	-	-	-	-	-	-	-
Special reserve	-	-	-	280,862	(280,862)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(5,893,574)	-	-	-	-	(5,893,574)	-	(5,893,574)
	-	-	1,292,161	280,862	(7,466,597)	-	-	-	-	(5,893,574)	-	(5,893,574)
Net income for the six months ended June 30, 2018	-	-	-	-	4,869,182	-	-	-	-	4,869,182	2,796,887	7,666,069
Other comprehensive (loss) income for the six months ended June 30, 2018	-	-	-	-	(12,316)	1,445,282	-	(9,684,858)	(1,159,618)	(9,411,510)	1,079,752	(8,331,758)
Total comprehensive income (loss) for the six months ended June 30, 2018	-	-	-	-	4,856,866	1,445,282	-	(9,684,858)	(1,159,618)	(4,542,328)	3,876,639	(665,689)
Share of changes in equity of subsidiaries (Note 25)	-	(15,653)	-	-	(62,842)	-	-	-	-	(78,495)	-	(78,495)
Share of changes in net assets of associates (Note 25)	-	407	-	-	(1,798,823)	-	-	1,798,823	-	407	-	407
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,685,231)	(4,685,231)
Changes in equity for the six months ended June 30, 2018	-	(15,246)	1,292,161	280,862	(4,471,396)	1,445,282	-	(7,886,035)	(1,159,618)	(10,513,990)	(808,592)	(11,322,582)
BALANCE AT JUNE 30, 2018	<u>\$ 29,467,872</u>	<u>\$ 4,600,095</u>	<u>\$ 13,811,050</u>	<u>\$ 13,917,230</u>	<u>\$ 33,114,853</u>	<u>\$ (345,247)</u>	<u>\$ -</u>	<u>\$ (6,026,024)</u>	<u>\$ (1,666,055)</u>	<u>\$ 86,873,774</u>	<u>\$ 73,955,976</u>	<u>\$ 160,829,750</u>
BALANCE AT JANUARY 1, 2019	\$ 29,467,872	\$ 4,600,092	\$ 13,811,050	\$ 13,917,230	\$ 38,360,517	\$ (312,124)	\$ -	\$ (8,483,931)	\$ (13,497,314)	\$ 77,863,392	\$ 74,334,314	\$ 152,197,706
Appropriation of 2018 earnings (Note 25)												
Legal reserve	-	-	1,070,864	-	(1,070,864)	-	-	-	-	-	-	-
Special reserve	-	-	-	8,376,139	(8,376,139)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(4,420,181)	-	-	-	-	(4,420,181)	-	(4,420,181)
	-	-	1,070,864	8,376,139	(13,867,184)	-	-	-	-	(4,420,181)	-	(4,420,181)
Net income for the six months ended June 30, 2019	-	-	-	-	6,952,290	-	-	-	-	6,952,290	3,430,484	10,382,774
Other comprehensive income for the six months ended June 30, 2019	-	-	-	-	-	895,266	-	18,304,319	9,246,032	28,445,617	982,353	29,427,970
Total comprehensive income for the six months ended June 30, 2019	-	-	-	-	6,952,290	895,266	-	18,304,319	9,246,032	35,397,907	4,412,837	39,810,744
Difference between price of disposal or acquisition of interests in subsidiaries and book value	-	(95)	-	-	-	-	-	-	-	(95)	-	(95)
Share of changes in equity of subsidiaries (Note 25)	-	-	-	-	(72,808)	-	-	-	-	(72,808)	-	(72,808)
Share of changes in net assets of associates (Note 25)	-	(70,590)	-	-	(909,728)	-	-	1,048,501	-	68,183	-	68,183
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(3,902,816)	(3,902,816)
Changes in equity for the six months ended June 30, 2019	-	(70,685)	1,070,864	8,376,139	(7,897,430)	895,266	-	19,352,820	9,246,032	30,973,006	510,021	31,483,027
BALANCE AT JUNE 30, 2019	<u>\$ 29,467,872</u>	<u>\$ 4,529,407</u>	<u>\$ 14,881,914</u>	<u>\$ 22,293,369</u>	<u>\$ 30,463,087</u>	<u>\$ 583,142</u>	<u>\$ -</u>	<u>\$ 10,868,889</u>	<u>\$ (4,251,282)</u>	<u>\$ 108,836,398</u>	<u>\$ 74,844,335</u>	<u>\$ 183,680,733</u>

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

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

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 11,678,806	\$ 9,682,801
Adjustments for:		
Depreciation expenses	7,242,660	4,765,214
Amortization expenses	255,981	358,201
Expected credit loss (reversed) recognized on accounts receivable	(7,238)	12,873
Net gain on fair value changes of financial instruments at fair value through profit or loss	(125,842)	(356,950)
Finance costs	1,688,296	1,258,267
Net loss (gain) on derecognition of financial assets at amortized cost	3,260	(5,477)
Interest income	(378,853)	(299,885)
Dividend income	(872)	(9,671)
Compensation cost of employee share options	90,988	47,188
Share of profit of associates and joint ventures	(4,383,724)	(3,008,476)
Net loss on disposal of property, plant and equipment	243,224	155,669
Net gain on disposal of subsidiaries, associates and joint ventures	(606,871)	(233,579)
Impairment loss recognized (reversed)	48,792	(58)
Changes in operating assets and liabilities		
Financial assets mandatorily at fair value through profit or loss	1,550	1,438,870
Notes receivable	(992)	53,951
Notes receivable from related parties	-	64
Accounts receivable	(241,724)	867,601
Accounts receivable from related parties	(15,693)	(55,541)
Other receivables	(479,068)	(1,543,517)
Inventories	95,087	(2,739,358)
Other current assets	(409,145)	(1,686,065)
Other operating assets	(18,555)	(67,926)
Notes payable	12,048	(27,355)
Notes payable to related parties	(51)	(1,974)
Accounts payable	(2,077,773)	(971,325)
Accounts payable to related parties	375,613	40,527
Other payables	(1,975,110)	(4,098,656)
Other current liabilities	549,286	245,365
Net defined benefit liabilities	199,102	344,446
Other operating liabilities	1,103	(697)
Cash generated from operations	11,764,285	4,164,527
Interest paid	(1,654,094)	(1,219,279)
Income tax paid	(2,116,118)	(2,441,392)
Net cash generated from operating activities	7,994,073	503,856

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at amortized cost	\$ (8,932,449)	\$ (1,483,446)
Proceeds from sale of financial assets at amortized cost	3,408,962	3,705,465
Acquisition of associates and joint ventures	(4,379,840)	-
Proceeds from disposal of associates and joint ventures	-	483,574
Net cash inflow on disposal of subsidiaries	3,036,284	429,527
Acquisition of property, plant and equipment	(6,384,072)	(8,409,877)
Proceeds from disposal of property, plant and equipment	260,323	812,192
Increase in refundable deposits	(88,489)	(14,997)
Payments for intangible assets	(43,142)	(43,314)
Payments for right-of-use assets	(39,136)	-
Increase in other non-current assets	(317,761)	(176,781)
Increase in long-term prepayments for leases	-	(31,465)
Proceeds from disposal of long-term prepayments for leases	-	73,239
Interest received	290,805	389,705
Dividends received	520,952	820,155
Proceeds from disposal of right-of-use	<u>1,830</u>	<u>-</u>
Net cash used in investing activities	<u>(12,665,733)</u>	<u>(3,446,023)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	9,588,007	7,150,263
Proceeds from short-term bills payable	294,000	620,500
Proceeds from long-term borrowings	-	1,805,680
Repayments of long-term borrowings	(325,502)	-
Increase in guarantee deposits	1,512	18,941
Repayment of principal portion of lease liabilities	(1,678,840)	-
Changes in non-controlling interests	<u>(3,902,816)</u>	<u>(4,685,231)</u>
Net cash generated from financing activities	<u>3,976,361</u>	<u>4,910,153</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>848,578</u>	<u>787,700</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	153,279	2,755,686
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>32,252,001</u>	<u>34,108,353</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 32,405,280</u>	<u>\$ 36,864,039</u>

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

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

(Concluded)

POU CHEN CORPORATION AND SUBSIDIARIES

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

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

- 1) IFRS 16 “Leases”

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

Definition of a lease

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

The Group as lessee

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

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

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

The Group also applies the following practical expedients:

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

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

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

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

The Group as lessor

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

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

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

2) IFRIC 23 "Uncertainty over Income Tax Treatments"

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

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

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

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

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

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

4) Annual Improvements to IFRSs 2015-2017 Cycle

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

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

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

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

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

New, Revised or Amended Standards or Interpretations (the “New IFRSs”)	Effective Date Announced by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 2)
Note 1: The Group shall apply these amendments to business combinations for which the acquisition date falls on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.	
Note 2: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.	

- Amendments to IFRS 3 “Definition of a Business”

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

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not the acquired set of activities and assets is in line with the business.

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of consolidation

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

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

c. Other significant accounting policies

Except for the related accounting policies for lease and the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2018. For the summary of other significant accounting policies, refer to the consolidated financial statements for the year ended December 31, 2018.

1) Leases

2019

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

a) The Group as lessor

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

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

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

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

b) The Group as lessee

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

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

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

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

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

2018

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

a) The Group as lessor

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

b) The Group as lessee

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

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

2) Retirement benefits

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

3) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

6. CASH AND CASH EQUIVALENTS

	June 30, 2019	December 31, 2018	June 30, 2018
Cash on hand	\$ 35,418	\$ 38,782	\$ 32,741
Checking accounts and demand deposits	28,253,338	25,647,371	32,292,510
Cash equivalents (investments with original maturities of less than three months)			
Time deposits	3,313,019	6,083,301	3,836,828
Repurchase agreements collateralized by bonds	<u>803,505</u>	<u>482,547</u>	<u>701,960</u>
	<u>\$ 32,405,280</u>	<u>\$ 32,252,001</u>	<u>\$ 36,864,039</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2019	December 31, 2018	June 30, 2018
<u>Financial assets mandatorily as at FVTPL</u>			
Hybrid financial assets			
Structured deposits (a)	\$ 612,130	\$ 593,107	\$ 589,949
Derivative financial assets (not under hedge accounting)			
Interest rate swap contracts (b)	13,957	20,838	26,441
Forward exchange contracts (c)	240,119	249,528	-
Exchange rate option contracts (d)	17,303	5,451	3,915
Exchange rate swap contracts (e)	1,800	-	378,786
Cross-currency swap contracts (f)	6,838	-	37,267
Non-derivative financial assets			
Mutual funds	791,469	753,454	834,045
Foreign listed shares	-	-	88,796
Contingent considerations (Note 31)	<u>358,241</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,041,857</u>	<u>\$ 1,622,378</u>	<u>\$ 1,959,199</u>

(Continued)

	June 30, 2019	December 31, 2018	June 30, 2018
Current	\$ 772,341	\$ 845,690	\$ 1,193,751
Non-current	<u>1,269,516</u>	<u>776,688</u>	<u>765,448</u>
	<u>\$ 2,041,857</u>	<u>\$ 1,622,378</u>	<u>\$ 1,959,199</u>

Financial liabilities held for trading

Derivative financial liabilities (not under hedge accounting)

Interest rate swap contracts (b)	\$ 325,903	\$ -	\$ -
Forward exchange contracts (c)	-	37,018	183,580
Exchange rate option contracts (d)	269,140	636,778	515,924
Exchange rate swap contracts (e)	57,242	30,751	-
Cross-currency swap contracts (f)	<u>7,874</u>	<u>14,775</u>	<u>-</u>
	<u>\$ 660,159</u>	<u>\$ 719,322</u>	<u>\$ 699,504</u>

Current	\$ 334,256	\$ 719,322	\$ 699,504
Non-current	<u>325,903</u>	<u>-</u>	<u>-</u>
	<u>\$ 660,159</u>	<u>\$ 719,322</u>	<u>\$ 699,504</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 June 30, 2019, December 31, 2018 and June 30, 2018, the structured time deposit was classified as “financial assets at FVTPL - non-current”.

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

June 30, 2019

Notional Amount (In Thousands)	Maturity Date	Pay Rate (Fixed Rate %)	Received Rate (Floating Rate %)
US\$ 50,000	2021.03	Note	Note
US\$ 100,000	2022.08	2.600	3.16850
US\$ 50,000	2022.08	1.930	2.41850
US\$ 50,000	2022.08	1.930	2.41850
US\$ 100,000	2023.07	3.335	3.25988
US\$ 150,000	2023.07	3.340	3.28275

December 31, 2018

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

June 30, 2018

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

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

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

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

June 30, 2019

Notional Amount (In Thousands)	Forward Exchange Rates
US\$ 118,500	Sell US\$/Buy IDR at 14,700 to 16,235
US\$ 21,538	Sell RMB/Buy US\$ at 6.6940 to 6.7132
US\$ 48,000	Sell NT\$/Buy US\$ at 30.940 to 30.955

December 31, 2018

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

June 30, 2018

Notional Amount (In Thousands)	Forward Exchange Rates
US\$ 137,400	Sell US\$/Buy IDR at 13,925 to 14,075

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:

June 30, 2019

Notional Amount (In Thousands)	Type	Buy/Sell	Maturity Date	Exchange Rate
US\$ 15,000	Put	Sell	2019.07-2019.09	US\$:RMB6.7780
US\$ 27,000	Put	Sell	2019.07-2019.09	US\$:RMB6.7860
US\$ 18,000	Put	Sell	2019.07-2019.09	US\$:RMB6.7820
US\$ 18,000	Put	Sell	2019.07-2019.09	US\$:RMB6.5750
US\$ 12,000	Put	Sell	2019.07-2019.09	US\$:RMB6.5750
US\$ 15,000	Put	Sell	2019.07-2019.09	US\$:RMB6.5550
US\$ 9,000	Put	Sell	2019.07-2019.09	US\$:RMB6.5550
US\$ 12,000	Put	Sell	2019.07-2019.09	US\$:RMB6.5550
US\$ 9,000	Put	Sell	2019.07-2019.09	US\$:RMB6.5550
US\$ 25,000	Put	Sell	2019.07-2019.11	US\$:RMB6.5500
US\$ 25,000	Put	Sell	2019.07-2019.11	US\$:RMB6.5500
US\$ 25,000	Put	Sell	2019.07-2019.11	US\$:RMB6.5500
US\$ 25,000	Put	Sell	2019.07-2019.11	US\$:RMB6.7820
US\$ 24,000	Put	Sell	2019.07-2020.06	US\$:RMB7.0800
US\$ 224,000	Put	Sell	2019.07-2019.09	US\$:NT\$31.0000
US\$ 132,000	Call	Sell	2019.07-2021.04	US\$:HK\$7.7500
US\$ 88,000	Call	Sell	2019.07-2021.04	US\$:HK\$7.7500
US\$ 28,000	Call	Sell	2019.10-2020.04	US\$:HK\$7.7475
US\$ 28,000	Call	Sell	2019.10-2020.04	US\$:HK\$7.7475
US\$ 28,000	Call	Sell	2019.10-2020.04	US\$:HK\$7.7475
US\$ 24,000	Put	Sell	2019.11-2020.10	US\$:RMB7.8000
US\$ 24,000	Put	Sell	2019.11-2020.10	US\$:RMB7.6300
US\$ 60,000	Put	Sell	2020.06-2021.05	US\$:RMB8.000

December 31, 2018

Notional Amount (In Thousands)	Type	Buy/Sell	Maturity Date	Exchange Rate
US\$ 88,000	Put	Sell	2019.01-2019.06	US\$:NT\$30.0000
US\$ 54,000	Put	Sell	2019.01-2019.09	US\$:RMB6.7000
US\$ 54,000	Put	Sell	2019.01-2019.09	US\$:RMB6.5750
US\$ 36,000	Put	Sell	2019.01-2019.09	US\$:RMB6.5750
US\$ 45,000	Put	Sell	2019.01-2019.09	US\$:RMB6.5550
US\$ 27,000	Put	Sell	2019.01-2019.09	US\$:RMB6.5550
US\$ 36,000	Put	Sell	2019.01-2019.09	US\$:RMB6.5550
US\$ 27,000	Put	Sell	2019.01-2019.09	US\$:RMB6.5550
US\$ 81,000	Put	Sell	2019.01-2019.09	US\$:RMB6.7860
US\$ 40,000	Put	Sell	2019.02-2019.09	US\$:RMB6.7780
US\$ 55,000	Put	Sell	2019.01-2019.11	US\$:RMB6.5500
US\$ 55,000	Put	Sell	2019.01-2019.11	US\$:RMB6.5500
US\$ 55,000	Put	Sell	2019.01-2019.11	US\$:RMB6.5500
US\$ 39,000	Call	Sell	2019.04-2020.04	US\$:HK\$7.7475
US\$ 39,000	Call	Sell	2019.04-2020.04	US\$:HK\$7.7475
US\$ 39,000	Call	Sell	2019.04-2020.04	US\$:HK\$7.7475
US\$ 24,000	Put	Sell	2019.07-2020.06	US\$:RMB7.0800
US\$ 24,000	Put	Sell	2019.11-2020.10	US\$:RMB7.8000
US\$ 24,000	Put	Sell	2019.11-2020.10	US\$:RMB7.6300

June 30, 2018

Notional Amount (In Thousands)	Type	Buy/Sell	Maturity Date	Exchange Rate
US\$ 10,000	Put	Sell	2018.07	US\$:NT\$30.2000
US\$ 10,000	Put	Sell	2018.07	US\$:NT\$30.6000
US\$ 102,000	Put	Sell	2018.07-2019.06	US\$:NT\$30.0000
US\$ 90,000	Put	Sell	2018.07-2019.09	US\$:RMB6.5750
US\$ 60,000	Put	Sell	2018.07-2019.09	US\$:RMB6.5750
US\$ 75,000	Put	Sell	2018.07-2019.09	US\$:RMB6.5550
US\$ 45,000	Put	Sell	2018.07-2019.09	US\$:RMB6.5550
US\$ 60,000	Put	Sell	2018.07-2019.09	US\$:RMB6.5550
US\$ 45,000	Put	Sell	2018.07-2019.09	US\$:RMB6.5550
US\$ 85,000	Put	Sell	2018.07-2019.11	US\$:RMB6.5500
US\$ 85,000	Put	Sell	2018.07-2019.11	US\$:RMB6.5500
US\$ 85,000	Put	Sell	2018.07-2019.11	US\$:RMB6.5500
US\$ 44,000	Put	Sell	2018.07-2020.04	US\$:RMB6.1300
US\$ 132,000	Put	Sell	2018.07-2020.04	US\$:HK\$7.7500
US\$ 48,000	Put	Sell	2018.10-2020.04	US\$:HK\$7.7475
US\$ 48,000	Put	Sell	2018.10-2020.04	US\$:HK\$7.7475
US\$ 48,000	Put	Sell	2018.10-2020.04	US\$:HK\$7.7475
US\$ 24,000	Put	Sell	2019.07-2020.06	US\$:RMB7.0800

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

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

June 30, 2019

Notional Amount (In Thousands)	Maturity Date	Exchange Rate
US\$ 7,000	2019.07	US\$:NT\$30.9840
US\$ 21,000	2019.07	US\$:NT\$31.0530
US\$ 25,200	2019.08	US\$:NT\$31.2570
US\$ 60,000	2019.08	US\$:NT\$31.3170
US\$ 55,000	2019.08	US\$:NT\$31.4140
US\$ 10,000	2019.08	US\$:NT\$30.9720
US\$ 30,000	2019.08	US\$:NT\$30.8990
US\$ 27,000	2019.08	US\$:NT\$30.8990

December 31, 2018

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

June 30, 2018

Notional Amount (In Thousands)	Maturity Date	Exchange Rate
US\$ 32,200	2018.07	US\$:NT\$ 29.5675
US\$ 32,000	2018.07	US\$:NT\$ 29.5675
US\$ 400	2018.07	US\$:NT\$ 29.5675
US\$ 67,800	2018.07	US\$:NT\$ 29.5675
US\$ 4,000	2018.07	US\$:NT\$ 29.8450
US\$ 21,300	2018.08	US\$:NT\$ 29.5020
US\$ 34,000	2018.08	US\$:NT\$ 29.5020
US\$ 26,000	2018.08	US\$:NT\$ 29.5020
US\$ 20,600	2018.08	US\$:NT\$ 29.6130
US\$ 60,000	2018.08	US\$:NT\$ 29.6130
US\$ 60,000	2018.08	US\$:NT\$ 29.7130
US\$ 31,000	2018.08	US\$:NT\$ 29.7130
US\$ 30,300	2018.08	US\$:NT\$ 29.7130
US\$ 30,000	2018.08	US\$:NT\$ 29.7130
US\$ 40,000	2018.08	US\$:NT\$ 29.7130

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:

June 30, 2019

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

December 31, 2018

Notional Amount (In Thousands)	Maturity Date	Exchange Rate	Interest %
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

June 30, 2018

Notional Amount (In Thousands)	Maturity Date	Exchange Rate	Interest %
US\$ 20,000	2018.07	US\$:RMB6.357	2.00
US\$ 20,000	2018.12	US\$:NT\$29.440	0.51

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2019	December 31, 2018	June 30, 2018
Domestic investments			
Listed shares	\$ 18,810,199	\$ 15,536,802	\$ 16,334,532
Unlisted shares	78,028	78,912	79,277
Foreign investments			
Unlisted shares	<u>212,793</u>	<u>217,500</u>	<u>272,276</u>
	<u>\$ 19,101,020</u>	<u>\$ 15,833,214</u>	<u>\$ 16,686,085</u>
Current	\$ 17,952,749	\$ 15,065,002	\$ 15,723,210
Non-current	<u>1,148,271</u>	<u>768,212</u>	<u>962,875</u>
	<u>\$ 19,101,020</u>	<u>\$ 15,833,214</u>	<u>\$ 16,686,085</u>

9. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2019	December 31, 2018	June 30, 2018
Domestic investments			
Bonds	\$ -	\$ 318,201	\$ 327,362
Time deposits with original maturities of more than three months	1,552,319	804,673	226,727
Foreign investments			
Bonds	5,038,294	1,725,192	2,119,221
Commercial paper	1,940,082	-	293,975
Structured products	<u>-</u>	<u>156,524</u>	<u>816,687</u>
	<u>\$ 8,530,695</u>	<u>\$ 3,004,590</u>	<u>\$ 3,783,972</u>
Current	\$ 2,681,677	\$ 2,660,995	\$ 2,478,790
Non-current	<u>5,849,018</u>	<u>343,595</u>	<u>1,305,182</u>
	<u>\$ 8,530,695</u>	<u>\$ 3,004,590</u>	<u>\$ 3,783,972</u>

Refer to Note 36 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	June 30, 2019	December 31, 2018	June 30, 2018
<u>Notes receivable</u>			
Notes receivable - operating	\$ 895	\$ 756	\$ 650
Notes receivable - non-operating	<u>1,392</u>	<u>539</u>	<u>352</u>
	<u>\$ 2,287</u>	<u>\$ 1,295</u>	<u>\$ 1,002</u>
<u>Accounts receivable (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 38,111,571	\$ 39,569,289	\$ 36,577,898
Less: Allowance for impairment loss	<u>(446,829)</u>	<u>(574,519)</u>	<u>(536,091)</u>
	<u>\$ 37,664,742</u>	<u>\$ 38,994,770</u>	<u>\$ 36,041,807</u>
<u>Other receivables</u>			
Tax refund receivables	\$ 1,657,108	\$ 1,820,099	\$ 1,617,286
Others	3,827,618	3,313,995	3,505,392
Less: Allowance for impairment loss	<u>(859)</u>	<u>(859)</u>	<u>(859)</u>
	<u>\$ 5,483,867</u>	<u>\$ 5,133,235</u>	<u>\$ 5,121,819</u>

a. Notes receivable

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

b. Accounts receivable

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

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

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

June 30, 2019

	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 26,118,326	\$ 11,471,002	\$ 522,243	\$ 38,111,571
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>(446,829)</u>	<u>(446,829)</u>
Amortized cost	<u>\$ 26,118,326</u>	<u>\$ 11,471,002</u>	<u>\$ 75,414</u>	<u>\$ 37,664,742</u>

December 31, 2018

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

June 30, 2018

	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 24,975,641	\$ 10,509,779	\$ 1,092,478	\$ 36,577,898
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>(536,091)</u>	<u>(536,091)</u>
Amortized cost	<u>\$ 24,975,641</u>	<u>\$ 10,509,779</u>	<u>\$ 556,387</u>	<u>\$ 36,041,807</u>

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

	For the Six Months Ended June 30	
	2019	2018
Balance at January 1	\$ 574,519	\$ 552,133
Add (less): Impairment losses recognized (reversed) on receivable	(7,238)	12,873
Less: Net remeasurement of loss allowance	(29,538)	(37,131)
Less: Disposal of subsidiaries	(97,777)	-
Foreign exchange gains and losses	<u>6,863</u>	<u>8,216</u>
Balance at June 30	<u>\$ 446,829</u>	<u>\$ 536,091</u>

11. INVENTORIES

	June 30, 2019	December 31, 2018	June 30, 2018
Inventories - manufacturing and retail	\$ 50,361,108	\$ 54,571,450	\$ 50,515,938
Inventories - construction	<u>4,767,854</u>	<u>4,780,007</u>	<u>4,777,895</u>
	<u>\$ 55,128,962</u>	<u>\$ 59,351,457</u>	<u>\$ 55,293,833</u>

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

	June 30, 2019	December 31, 2018	June 30, 2018
Raw materials	\$ 8,546,413	\$ 8,563,302	\$ 8,730,869
Work in progress	5,508,130	5,726,047	5,451,810
Finished goods and merchandise	<u>36,306,565</u>	<u>40,282,101</u>	<u>36,333,259</u>
	<u>\$ 50,361,108</u>	<u>\$ 54,571,450</u>	<u>\$ 50,515,938</u>

1) For the three months ended June 30, 2019 and 2018, the cost of manufacturing and retail inventories recognized as cost of goods sold was \$60,262,831 thousand and \$55,450,654 thousand, respectively, and for the six months ended June 30, 2019 and 2018, the cost of manufacturing and retail inventories recognized as cost of goods sold was \$117,199,690 thousand and \$105,400,384 thousand, respectively.

2) The cost of manufacturing and retail inventories recognized as cost of goods sold for the six months ended June 30, 2018 included inventory write-downs of \$6,740 thousand.

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

	June 30, 2019	December 31, 2018	June 30, 2018
Land and buildings held for development	\$ 4,601,655	\$ 4,613,808	\$ 4,612,454
Land and buildings held for sale	55,307	55,307	54,549
Land held for construction sites	<u>110,892</u>	<u>110,892</u>	<u>110,892</u>
	<u>\$ 4,767,854</u>	<u>\$ 4,780,007</u>	<u>\$ 4,777,895</u>

12. NON-CURRENT ASSETS HELD FOR SALE

	June 30, 2019	December 31, 2018	June 30, 2018
Assets associated with non-current assets held for sale			
Investments accounted for using equity method	<u>\$ 131,881</u>	<u>\$ -</u>	<u>\$ 277,765</u>

a. Pou Sheng resolved to dispose of its joint venture during the six months ended June 30, 2019 and reclassified it as “non-current assets held for sale”. The carrying amount was \$131,881 thousand (US\$4,246 thousand) as of June 30, 2019.

- b. Yue Yuen resolved to dispose of its share of joint ventures during the six months ended June 30, 2018 and reclassified the assets as “non-current assets held for sale”. The carrying amount of the assets was \$277,765 thousand (US\$9,119 thousand) as of June 30, 2018. This transaction was completed in October 2018.

13. OTHER ASSETS

	June 30, 2019	December 31, 2018	June 30, 2018
Prepayments	\$ 8,058,215	\$ 8,805,134	\$ 9,652,041
Refundable deposits	706,014	617,525	546,326
Defined benefit assets	43,754	43,754	43,754
Prepayments for equipment	3,132,916	3,463,271	4,791,262
Others	<u>2,380,349</u>	<u>1,825,268</u>	<u>2,452,333</u>
	<u>\$ 14,321,248</u>	<u>\$ 14,754,952</u>	<u>\$ 17,485,716</u>
Current	\$ 9,728,021	\$ 9,928,307	\$ 11,520,669
Non-current	<u>4,593,227</u>	<u>4,826,645</u>	<u>5,965,047</u>
	<u>\$ 14,321,248</u>	<u>\$ 14,754,952</u>	<u>\$ 17,485,716</u>

14. SUBSIDIARIES

- a. Subsidiaries included in the consolidated financial statements

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

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

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership (%)		
			June 30, 2019	December 31, 2018	June 30, 2018
Yue Yuen Industrial (Holdings) Limited	Bermuda	Manufacture and sale of athletic and casual footwear and sports apparel	50.04	49.90	49.34
Pou Sheng International (Holdings) Limited	Bermuda	Retail of sporting goods and brand licensing business	31.12	31.11	30.77
Crown Master Investments Limited	British Virgin Islands	Investment holding	100.00	100.00	100.00
Tetor Ventures Ltd.	British Virgin Islands	Investment holding	100.00	100.00	100.00
Star Eagle Consultants Limited	British Virgin Islands	Agency of property and casualty insurance	100.00	100.00	100.00
Pou Yu Biotechnology Co., Ltd.	ROC	Manufacture of medical appliances and sale of related equipment	-	-	69.44

Win Fortune Investments Limited (“Win Fortune”) invested in Yue Yuen (as at June 30, 2019, December 31, 2018 and June 30, 2018, the ownership percentage was 1.07%, 1.07% and 1.06%). 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 (%)		
			June 30, 2019	December 31, 2018	June 30, 2018
Vantage Capital Investments Ltd.	British Virgin Islands	Investment holdings	100.00	100.00	100.00

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

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

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

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests (%)		
	June 30, 2019	December 31, 2018	June 30, 2018
Yue Yuen Industrial (Holdings) Limited	48.89	49.03	49.60
Pou Sheng International (Holdings) Limited	37.80	37.67	37.63

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		For the Six Months Ended		June 30, 2019	December 31, 2018	June 30, 2018
	June 30	2018	June 30	2018			
Yue Yuen Industrial (Holdings) Limited	\$ 1,398,946	\$ 815,841	\$ 2,533,808	\$ 2,214,565	\$ 60,916,987	\$ 61,418,948	\$ 61,681,036
Pou Sheng International (Holdings) Limited	406,307	291,130	737,133	533,968	12,061,934	11,618,440	11,470,931

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:

		June 30, 2019	December 31, 2018	June 30, 2018
Current assets		\$ 128,547,539	\$ 135,430,505	\$ 134,441,033
Non-current assets		127,396,504	118,358,281	117,132,216
Current liabilities		(68,407,804)	(70,731,816)	(70,290,884)
Non-current liabilities		<u>(48,924,770)</u>	<u>(44,772,518)</u>	<u>(44,554,086)</u>
Equity		<u>\$ 138,611,469</u>	<u>\$ 138,284,452</u>	<u>\$ 136,728,279</u>
Equity attributable to:				
Owners of the Company		\$ 64,054,514	\$ 64,218,019	\$ 63,037,170
Non-controlling interests of Yue Yuen		60,916,987	61,418,948	61,681,036
Non-controlling interests of Yue Yuen's subsidiaries		<u>13,639,968</u>	<u>12,647,485</u>	<u>12,010,073</u>
		<u>\$ 138,611,469</u>	<u>\$ 138,284,452</u>	<u>\$ 136,728,279</u>
		For the Three Months Ended June 30	For the Six Months Ended June 30	
		2019	2018	2019
				2018
Operating revenue		<u>\$ 80,686,616</u>	<u>\$ 73,897,937</u>	<u>\$ 157,123,576</u>
Net income		\$ 3,320,457	\$ 1,916,797	\$ 6,035,019
Other comprehensive (loss) income		<u>(714,688)</u>	<u>(2,362,031)</u>	<u>301,066</u>
Total comprehensive income (loss)		<u>\$ 2,605,769</u>	<u>\$ (445,234)</u>	<u>\$ 6,336,085</u>
Net income attributable to:				
Owners of the Company		\$ 1,412,141	\$ 809,558	\$ 2,604,012
Non-controlling interests of Yue Yuen		1,398,946	815,841	2,533,808
Non-controlling interests of Yue Yuen's subsidiaries		<u>509,370</u>	<u>291,398</u>	<u>897,199</u>
		<u>\$ 3,320,457</u>	<u>\$ 1,916,797</u>	<u>\$ 6,035,019</u>
Total comprehensive income (loss) attributable to:				
Owners of the Company		\$ 941,759	\$ (47,595)	\$ 2,764,495
Non-controlling interests of Yue Yuen		946,489	(39,100)	2,687,993
Non-controlling interests of Yue Yuen's subsidiaries		<u>717,521</u>	<u>(358,539)</u>	<u>883,597</u>
		<u>\$ 2,605,769</u>	<u>\$ (445,234)</u>	<u>\$ 6,336,085</u>

	For the Six Months Ended June 30	
	2019	2018
Net cash inflow (outflow) from:		
Operating activities	\$ 6,002,515	\$ 5,388,529
Investing activities	(2,250,730)	(4,934,217)
Financing activities	<u>(5,759,874)</u>	<u>(1,095,552)</u>
Net cash outflow	<u>\$ (2,008,089)</u>	<u>\$ (641,240)</u>
Dividends paid to:		
Non-controlling interests of Yue Yuen	<u>\$ 3,471,162</u>	<u>\$ 3,399,438</u>
Non-controlling interests of Yue Yuen's subsidiaries	<u>\$ 263,653</u>	<u>\$ 151,401</u>

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30, 2019	December 31, 2018	June 30, 2018
Investments in associates	\$ 56,743,537	\$ 23,580,599	\$ 36,417,441
Investments in joint ventures	<u>7,437,324</u>	<u>7,647,620</u>	<u>7,450,000</u>
	<u>\$ 64,180,861</u>	<u>\$ 31,228,219</u>	<u>\$ 43,867,441</u>

a. Investments in associates

	June 30, 2019	December 31, 2018	June 30, 2018
Material associate			
Ruen Chen Investment Holding Co., Ltd.	\$ 40,859,714	\$ 8,403,275	\$ 20,586,423
Associates that are not individually material	<u>15,883,823</u>	<u>15,177,324</u>	<u>15,831,018</u>
	<u>\$ 56,743,537</u>	<u>\$ 23,580,599</u>	<u>\$ 36,417,441</u>

1) Material associate

Name of Associate	Proportion of Ownership and Voting Rights		
	June 30, 2019	December 31, 2018	June 30, 2018
Ruen Chen Investment Holding Co., Ltd.	20%	20%	20%

- a) As of May 15, 2019, the Company's board of directors resolved to issue ordinary shares to raise cash capital for Ruen Chen Investment Holding Co., Ltd., and as of June 6, 2019, the Company subscribed 400,000 thousand ordinary shares at \$10 per share (at the amount of \$4,000,000 thousand).
- 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	June 30, 2019	December 31, 2018	June 30, 2018
Assets	\$ 4,735,756,934	\$ 4,362,687,326	\$ 4,333,682,129
Liabilities	(4,500,061,378)	(4,309,426,713)	(4,212,974,767)
Non-controlling interests	<u>(31,100,425)</u>	<u>(10,947,677)</u>	<u>(17,478,688)</u>
Owners of Ruen Chen Investment Holding Co., Ltd.	<u>\$ 204,595,131</u>	<u>\$ 42,312,936</u>	<u>\$ 103,228,674</u>
Proportion of the Group's interest	20%	20%	20%
Equity attributable to the Group	\$ 40,919,026	\$ 8,462,587	\$ 20,645,735
Other adjustments	<u>(59,312)</u>	<u>(59,312)</u>	<u>(59,312)</u>
Carrying amounts	<u>\$ 40,859,714</u>	<u>\$ 8,403,275</u>	<u>\$ 20,586,423</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Operating revenue	<u>\$ 165,164,034</u>	<u>\$ 160,552,460</u>	<u>\$ 339,825,598</u>	<u>\$ 336,515,029</u>
Net income	\$ 13,623,263	\$ 7,076,318	\$ 21,287,894	\$ 12,955,819
Other comprehensive income (loss)	<u>45,973,862</u>	<u>(14,344,906)</u>	<u>135,434,911</u>	<u>(69,232,197)</u>
Total comprehensive income (loss)	<u>\$ 59,597,125</u>	<u>\$ (7,268,588)</u>	<u>\$ 156,722,805</u>	<u>\$ (56,276,378)</u>

2) Associates that are not individually material

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

(Continued)

Name of Associate	Proportion of Ownership and Voting Rights (%)		
	June 30, 2019	December 31, 2018	June 30, 2018
Pou Ming Paper Products Manufacturing Co., Ltd.	20.00	20.00	20.00
Prosperlink Limited	38.00	38.00	38.00
Prosperous Industrial (Holdings) Ltd.	22.50	22.50	30.00
Rise Bloom International Limited	38.00	38.00	38.00
Silver Island Trading Ltd.	50.00	50.00	50.00
Supplyline Logistics Ltd.	49.00	49.00	49.00
Tien Pou International Ltd.	40.00	40.00	40.00
Venture Well Holdings Ltd.	31.55	31.55	31.55
Nan Pao Resins Chemical Co., Ltd.	17.59	17.59	19.52
Nan Shan Life Insurance Company, Ltd.	0.18	-	-
Techview International Technology Inc.	50.00	50.00	50.00
			(Concluded)

- a) Refer to Table 9 “Information on Investees” of Note 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 did not issue ordinary shares to raise cash capital for Nan Pao Resins Chemical Co., Ltd. (“Nan Pao”). Consequently, the proportion of ownership and voting rights of the Group decreased from 19.52% to 17.59%. The Group has the power to appoint one out of the eight directors of Nan Pao; therefore, the Group is still able to exercise significant influence over Nan Pao.
- d) The Group issued ordinary shares to raise cash capital for Nan Shan Life Insurance Company, Ltd., and subscribed 23,740 thousand shares at \$16 per share, at 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 as an associate of the Group.
- e) The Group participated in the acquisition of Evermore Chemical Industry Co., Ltd. (“Evermore”) proposed by Aica Kogyo Co., Ltd. in November 2017. This transaction was completed in January 2018, and the Group disposed of 20,786 thousand shares which amounted to \$415,720 thousand. After the transaction, the proportion of ownership and voting rights of the Group decreased from 29.05% to 8.13%, and the Group lost significant influence over Evermore.

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

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

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

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
The Group's share of:				
Net income	\$ 248,089	\$ 151,532	\$ 265,990	\$ 225,907
Other comprehensive loss	<u>(28,847)</u>	<u>(154,327)</u>	<u>(12,184)</u>	<u>(223,462)</u>
Total comprehensive income (loss)	<u>\$ 219,242</u>	<u>\$ (2,795)</u>	<u>\$ 253,806</u>	<u>\$ 2,445</u>

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

Name of Associate	June 30, 2019	December 31, 2018	June 30, 2018
Eagle Nice (International) Holdings Limited	<u>\$ 1,801,179</u>	<u>\$ 2,108,301</u>	<u>\$ 2,861,990</u>
Prosperous Industrial (Holdings) Ltd.	<u>\$ 1,302,229</u>	<u>\$ 1,106,858</u>	<u>\$ -</u>
San Fang Chemical Industry Co., Ltd.	<u>\$ 4,390,710</u>	<u>\$ 4,252,760</u>	<u>\$ 5,342,728</u>
Elitegroup Computer Systems Co., Ltd.	<u>\$ 1,260,981</u>	<u>\$ 1,342,510</u>	<u>\$ 1,907,778</u>
Nan Pao Resins Chemical Co., Ltd.	<u>\$ 3,308,093</u>	<u>\$ 2,385,590</u>	<u>\$ -</u>

b. Investments in joint ventures

	June 30, 2019	December 31, 2018	June 30, 2018
Joint ventures that are not individually material	\$ 7,437,034	\$ 7,634,204	\$ 7,436,229
Long-term receivables			
Joint ventures that are not individually material	<u>290</u>	<u>13,416</u>	<u>13,771</u>
	<u>\$ 7,437,324</u>	<u>\$ 7,647,620</u>	<u>\$ 7,450,000</u>

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

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

- 1) Refer to Table 9 “Information on Investees” of Note 39 for business location and business item of the material associates.
- 2) The summarized financial information below represents amounts shown in the financial statements of joint ventures that are not individually material which were prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
The Group's share of:				
Net income (loss)	\$ 154,893	\$ (2,310)	\$ 269,039	\$ 343,135
Other comprehensive (loss) income	<u>(74,760)</u>	<u>(228,992)</u>	<u>4,717</u>	<u>(46,306)</u>
Total comprehensive income (loss)	<u>\$ 80,133</u>	<u>\$ (231,302)</u>	<u>\$ 273,756</u>	<u>\$ 296,829</u>

16. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2019	December 31, 2018	June 30, 2018
Land	\$ 2,232,857	\$ 2,236,631	\$ 2,239,640
Buildings and improvements	50,214,577	50,271,966	46,804,103
Machinery and equipment	20,841,306	20,744,250	19,583,984
Transportation equipment	430,405	435,721	399,089
Office equipment	2,842,286	2,825,847	2,928,022
Other equipment	85,545	71,424	54,454
Construction in progress	<u>3,011,159</u>	<u>2,576,802</u>	<u>4,511,335</u>
	<u>\$ 79,658,135</u>	<u>\$ 79,162,641</u>	<u>\$ 76,520,627</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 June 30, 2019 and 2018 and the six months ended June 30, 2019 and 2018.
- b. The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life as follows:

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

- c. The Group has land located in Changhwa County with a carrying amount of \$56,102 thousand. Due to certain restrictions under the land regulations, the ownership for these 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 - 2019

	June 30, 2019
<u>Carrying amounts</u>	
Land	\$ 6,974,286
Buildings	9,410,144
Machinery	6,572
Transportation equipment	7,452
Other equipment	<u>5,952</u>
	<u>\$ 16,404,406</u>

	For the Three Months Ended June 30, 2019	For the Six Months Ended June 30, 2019
Additions to right-of-use assets	<u>\$ 1,686,386</u>	<u>\$ 2,141,373</u>
Depreciation charge for right-of-use assets		
Land	\$ 41,432	\$ 76,114
Buildings	971,258	1,834,383
Machinery	1,774	2,510
Transportation equipment	1,034	2,062
Other equipment	<u>62</u>	<u>62</u>
	<u>\$ 1,015,560</u>	<u>\$ 1,915,131</u>
b. Lease liabilities - 2019		
		June 30, 2019
<u>Carrying amounts</u>		
Current		\$ 3,331,016
Non-current		<u>5,936,476</u>
		<u>\$ 9,267,492</u>
Range of discount rate for lease liabilities was as follows:		
		June 30, 2019
Land		1.34%-5.00%
Buildings		1.34%-4.50%
Machinery		3.07%
Transportation equipment		1.34%-4.50%
Other equipment		1.34%

c. Other lease information

2019

	For the Three Months Ended June 30, 2019	For the Six Months Ended June 30, 2019
Expenses relating to short-term leases	<u>\$ 301,421</u>	<u>\$ 700,770</u>
Expenses relating to low-value asset leases	<u>\$ 618</u>	<u>\$ 1,533</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 2,165,188</u>	<u>\$ 4,440,113</u>
Total cash outflow for leases		<u>\$ 6,821,256</u>

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

2018

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

	December 31, 2018	June 30, 2018
Not later than 1 year	\$ 4,385,309	\$ 3,617,943
Later than 1 year and not later than 5 years	5,950,601	5,378,421
Later than 5 years	<u>1,380,670</u>	<u>1,625,498</u>
	<u>\$ 11,716,580</u>	<u>\$ 10,621,862</u>

18. INVESTMENT PROPERTIES

	June 30, 2019	December 31, 2018	June 30, 2018
Investment properties	<u>\$ 2,309,372</u>	<u>\$ 2,312,021</u>	<u>\$ 2,288,781</u>

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

19. GOODWILL

After the Group's goodwill that was tested as of December 31, 2018 and 2017, the Group's management team evaluated that goodwill as of June 30, 2019 and 2018 did not changed significantly and was not impaired.

20. OTHER INTANGIBLE ASSETS

	June 30, 2019	December 31, 2018	June 30, 2018
Trademarks	\$ -	\$ 1,414,628	\$ 1,405,413
Brand names	953,853	1,131,909	1,355,470
Computer software	495,697	-	-
Non-compete agreements	413,160	382,371	453,945
Licensing agreements	146,479	167,581	194,883
Others	<u>5,777</u>	<u>90,978</u>	<u>102,437</u>
	<u>\$ 2,014,966</u>	<u>\$ 3,187,467</u>	<u>\$ 3,512,148</u>

- For the six months ended June 30, 2019, the Group reduced its other intangible assets by \$1,506,783 thousand due to the disposal of subsidiaries.

- b. Except for the decrease of other intangible assets due to disposal of subsidiaries and amortization recognized, the Group had neither significant disposal nor impairment of other intangible assets for the three months ended June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018.
- c. The above mentioned items of other intangible assets are amortized on a straight-line basis over their estimated useful life as follows:

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

21. BORROWINGS

- a. Short-term borrowings

	June 30, 2019	December 31, 2018	June 30, 2018
<u>Unsecured borrowings</u>			
Credit borrowings	<u>\$ 46,082,940</u>	<u>\$ 37,560,974</u>	<u>\$ 40,598,462</u>

The ranges of effective interest rate on bank borrowings were 0.6%-4.95%, 0.6%-6.7% and 0.74%-5.77% per annum as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively.

- b. Short-term bills payable

June 30, 2019

	Annual Interest Rate	Amount
Commercial papers	0.59%-0.85%	\$ 3,164,000
Less: Unamortized discount on bills payable		<u>(2,429)</u>
		<u>\$ 3,161,571</u>

December 31, 2018

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

June 30, 2018

	Annual Interest Rate	Amount
Commercial papers	0.5%-0.76%	\$ 3,588,500
Less: Unamortized discount on bills payable		<u>(2,876)</u>
		<u>\$ 3,585,624</u>

c. Long-term borrowings

	June 30, 2019	December 31, 2018	June 30, 2018
<u>Unsecured borrowings</u>			
Bank loans	\$ 55,534,910	\$ 58,181,619	\$ 57,344,880
Less: Long-term expenses for syndicated loans	(245,809)	(291,915)	(293,970)
Less: Current portion	<u>(3,388,796)</u>	<u>(4,194,398)</u>	<u>(2,437,500)</u>
	<u>\$ 51,900,305</u>	<u>\$ 53,695,306</u>	<u>\$ 54,613,410</u>

Maturity dates and ranges of annual interest rates:

	June 30, 2019	December 31, 2018	June 30, 2018
<u>Maturity date</u>			
Long-term borrowings	2020.07.15- 2026.07.15	2020.01.15- 2026.07.15	2019.07.15- 2023.03.29
Current portion of long-term borrowings	2019.07.15- 2020.06.19	2019.03.27- 2019.12.03	2018.09.27- 2019.04.01
<u>Ranges of interest rate</u>	1.04%-3.29%	1.01%-3.75%	1.01%-3.39%

22. NOTES PAYABLE AND ACCOUNTS PAYABLE

	June 30, 2019	December 31, 2018	June 30, 2018
<u>Notes payable (included related parties)</u>			
Operating	\$ 8,864	\$ 5,986	\$ 29,374
Non-operating	<u>12,539</u>	<u>3,420</u>	<u>4,094</u>
	<u>\$ 21,403</u>	<u>\$ 9,406</u>	<u>\$ 33,468</u>
Accounts payable (included related parties)	<u>\$ 13,105,294</u>	<u>\$ 15,101,841</u>	<u>\$ 12,926,515</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

	June 30, 2019	December 31, 2018	June 30, 2018
Payables for salaries	\$ 9,206,547	\$ 11,946,991	\$ 8,356,881
Payables for purchase of property, plant and equipment	2,378,368	3,143,362	2,494,260
Compensation due to directors	207,229	174,347	208,188
Employee compensation payables	854,395	756,902	801,135
Interest payables	275,722	259,573	146,946
Payables for annual leave	978,546	1,000,389	1,541,316
Payables for dividends	4,425,380	-	5,899,077
Others	<u>7,796,952</u>	<u>8,113,287</u>	<u>9,075,693</u>
	<u>\$ 26,123,139</u>	<u>\$ 25,394,851</u>	<u>\$ 28,523,496</u>
Current	\$ 25,970,553	\$ 25,243,368	\$ 28,372,829
Non-current	<u>152,586</u>	<u>151,483</u>	<u>150,667</u>
	<u>\$ 26,123,139</u>	<u>\$ 25,394,851</u>	<u>\$ 28,523,496</u>

24. RETIREMENT BENEFIT PLANS

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Operating costs	\$ 47,473	\$ 43,831	\$ 93,692	\$ 94,677
Selling and marketing expenses	1,133	340	1,548	684
General and administrative expenses	78,739	64,584	150,685	102,490
Research and development expenses	<u>1,721</u>	<u>2,309</u>	<u>3,511</u>	<u>4,590</u>
	<u>\$ 129,066</u>	<u>\$ 111,064</u>	<u>\$ 249,436</u>	<u>\$ 202,441</u>

25. EQUITY

a. Share capital

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

b. Capital surplus

	June 30, 2019	December 31, 2018	June 30, 2018
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Recognized from issuance of ordinary shares	\$ 848,603	848,603	\$ 848,603
Recognized from conversion of bonds	1,447,492	1,447,492	1,447,492
Recognized from treasury share transactions	1,824,608	1,824,608	1,824,608
Recognized from the excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	343,174	343,269	343,269
<u>May not be used for any purpose</u>			
Recognized from the share of changes in net assets of associates and joint ventures	<u>65,530</u>	<u>136,120</u>	<u>136,123</u>
	<u>\$ 4,529,407</u>	<u>\$ 4,600,092</u>	<u>\$ 4,600,095</u>

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

c. Retained earnings and dividend policy

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

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

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

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

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

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

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

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

d. Other equity item

1) Exchange differences on translating foreign operations

	For the Six Months Ended June 30	
	2019	2018
Balance at January 1	\$ (312,124)	\$ (1,790,529)
Exchange differences on translating foreign operations	887,081	1,438,659
Share of exchange differences of associates and joint ventures accounted for using equity method	<u>8,185</u>	<u>6,623</u>
Balance at June 30	<u>\$ 583,142</u>	<u>\$ (345,247)</u>

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

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

3) Unrealized gain or loss on financial assets at FVTOCI

	For the Six Months Ended June 30	
	2019	2018
Balance at January 1	\$ (8,483,931)	\$ -
Adjustment on initial application of IFRS 9	-	1,860,011
Balance at January 1 per IFRS 9	(8,483,931)	1,860,011
Unrealized gain from equity instruments	3,044,962	1,280,392
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	1,048,501	1,798,823
Share of gain (loss) from associates and joint ventures accounted for using equity method	15,259,357	(10,965,250)
Balance at June 30	<u>\$ 10,868,889</u>	<u>\$ (6,026,024)</u>

4) Others

	For the Six Months Ended June 30	
	2019	2018
Balance at January 1	\$ (13,497,314)	\$ 438
Adjustment on initial application of IFRS 9	-	(506,875)
Balance at January 1 per IFRS 9	(13,497,314)	(506,437)
Share of gain (loss) from associates and joint ventures accounted for using equity method	9,246,032	(1,159,618)
Balance at June 30	<u>\$ (4,251,282)</u>	<u>\$ (1,666,055)</u>

e. Non-controlling interests

	For the Six Months Ended June 30	
	2019	2018
Balance at January 1	\$ 74,334,314	\$ 74,764,568
Share of non-controlling interests		
Net income	3,430,484	2,796,887
Exchange differences on translating foreign operations	830,348	1,366,928
Unrealized gain (loss) on financial assets at FVTOCI	152,005	(271,781)
Remeasurement of defined benefit plans	-	(15,395)
Changes in non-controlling interests	<u>(3,902,816)</u>	<u>(4,685,231)</u>
Balance at June 30	<u>\$ 74,844,335</u>	<u>\$ 73,955,976</u>

26. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Sales revenue	\$ 80,703,034	\$ 73,966,995	\$ 157,163,800	\$ 141,071,693
Revenue from entertainment and resorts	120,868	125,003	259,702	263,535
Others	<u>54,969</u>	<u>61,145</u>	<u>78,878</u>	<u>81,821</u>
	<u>\$ 80,878,871</u>	<u>\$ 74,153,143</u>	<u>\$ 157,502,380</u>	<u>\$ 141,417,049</u>

27. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consist of the following:

a. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Rental income				
Rental income from operating leases				
Investment properties	\$ 22,525	\$ 11,686	\$ 45,094	\$ 23,360
Others	<u>119,801</u>	<u>122,385</u>	<u>234,983</u>	<u>228,044</u>
	<u>142,326</u>	<u>134,071</u>	<u>280,077</u>	<u>251,404</u>
Interest income				
Cash in bank	129,148	103,623	265,664	185,310
Repurchase agreements collateralized by bonds	5,718	3,493	10,990	8,124
Financial assets at amortized cost	63,260	38,018	88,627	97,122
Others	<u>6,868</u>	<u>5,156</u>	<u>13,572</u>	<u>9,329</u>
	<u>204,994</u>	<u>150,290</u>	<u>378,853</u>	<u>299,885</u>
Dividend income	872	9,671	872	9,671
Others	<u>391,012</u>	<u>375,060</u>	<u>763,031</u>	<u>718,424</u>
	<u>\$ 739,204</u>	<u>\$ 669,092</u>	<u>\$ 1,422,833</u>	<u>\$ 1,279,384</u>

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Net loss on disposal of property, plant and equipment	\$ (128,834)	\$ (44,956)	\$ (243,224)	\$ (155,669)
Net foreign exchange (loss) gain	(203,516)	211,647	39,457	47,095
Net gain on disposal of subsidiaries, associates and joint ventures	595,557	99,351	606,871	233,579
Net gain on financial assets at FVTPL	263,853	566,265	447,372	790,401
Net loss on financial liabilities at FVTPL	(423,835)	(487,640)	(321,530)	(433,451)
Impairment loss (recognized) reversed	(48,792)	29	(48,792)	58
Others	<u>(49,188)</u>	<u>(40,137)</u>	<u>(98,586)</u>	<u>(151,209)</u>
	<u>\$ 5,245</u>	<u>\$ 304,559</u>	<u>\$ 381,568</u>	<u>\$ 330,804</u>

c. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Interest on bank borrowings	\$ 720,437	\$ 657,026	\$ 1,433,710	\$ 1,224,602
Interest on short-term bills payable	4,828	6,050	9,040	12,293
Lease liabilities	112,438	-	214,450	-
Other interest expense	<u>13,001</u>	<u>11,205</u>	<u>31,096</u>	<u>21,372</u>
	<u>\$ 850,704</u>	<u>\$ 674,281</u>	<u>\$ 1,688,296</u>	<u>\$ 1,258,267</u>

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Property, plant and equipment	\$ 2,663,230	\$ 2,395,055	\$ 5,314,246	\$ 4,751,385
Investment properties	6,665	7,726	13,283	13,829
Right-of-use assets	1,015,560	-	1,915,131	-
Other intangible assets	127,789	147,471	255,012	291,540
Long-term prepayments	335	397	680	789
Prepayments for leases	-	32,463	-	65,583
Other prepaid expenses	<u>145</u>	<u>289</u>	<u>289</u>	<u>289</u>
	<u>\$ 3,813,724</u>	<u>\$ 2,583,401</u>	<u>\$ 7,498,641</u>	<u>\$ 5,123,415</u>

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
An analysis of depreciation by function				
Operating costs	\$ 1,583,407	\$ 1,351,503	\$ 3,185,818	\$ 2,778,444
Operating expenses	2,097,528	1,048,550	4,047,817	1,982,854
Non-operating expenses	<u>4,520</u>	<u>2,728</u>	<u>9,025</u>	<u>3,916</u>
	<u>\$ 3,685,455</u>	<u>\$ 2,402,781</u>	<u>\$ 7,242,660</u>	<u>\$ 4,765,214</u>
An analysis of amortization by function				
Operating costs	\$ -	\$ 290	\$ -	\$ 575
Operating expenses	<u>128,269</u>	<u>180,330</u>	<u>255,981</u>	<u>357,626</u>
	<u>\$ 128,269</u>	<u>\$ 180,620</u>	<u>\$ 255,981</u>	<u>\$ 358,201</u>

(Concluded)

e. Direct operating expenses from investment properties

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Generate rental income	<u>\$ 11,304</u>	<u>\$ 11,069</u>	<u>\$ 22,657</u>	<u>\$ 21,406</u>

f. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Short-term benefits	\$ 18,384,612	\$ 15,118,469	\$ 34,931,626	\$ 30,601,484
Post-employment benefits				
Defined contribution plans	1,946,441	2,622,254	3,820,722	3,790,832
Defined benefit plans	<u>129,066</u>	<u>111,064</u>	<u>249,436</u>	<u>202,441</u>
	2,075,507	2,733,318	4,070,158	3,993,273
Share-based payments				
Equity-settled	63,519	26,707	90,988	47,188
Termination benefits	<u>1,460</u>	<u>1,562</u>	<u>2,101</u>	<u>1,569</u>
	<u>\$ 20,525,098</u>	<u>\$ 17,880,056</u>	<u>\$ 39,094,873</u>	<u>\$ 34,643,514</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 13,230,390	\$ 11,300,475	\$ 25,488,431	\$ 22,724,874
Operating expenses	<u>7,294,708</u>	<u>6,579,581</u>	<u>13,606,442</u>	<u>11,918,640</u>
	<u>\$ 20,525,098</u>	<u>\$ 17,880,056</u>	<u>\$ 39,094,873</u>	<u>\$ 34,643,514</u>

As of June 30, 2019 and 2018, there were 346,542 and 349,261 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 six months ended June 30, 2019 and 2018 were as follows:

Accrual rate

	For the Six Months Ended June 30	
	2019	2018
Employees' compensation	1.8%	1.8%
Remuneration of directors	0.9%	0.9%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Employees' compensation	\$ 75,265	\$ 61,302	\$ 129,970	\$ 103,241
Remuneration of directors	\$ 37,634	\$ 30,651	\$ 64,985	\$ 51,620

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

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

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

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

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

28. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Current tax				
In respect of the current period	\$ 621,627	\$ 794,574	\$ 1,540,415	\$ 1,514,266
Income tax expense of unappropriated earnings	<u>-</u> 621,627	<u>506,950</u> 1,301,524	<u>-</u> 1,540,415	<u>506,950</u> 2,021,216
Deferred tax				
In respect of the current period	(61,696)	(223,317)	(244,676)	(20,366)
Change of tax rate	<u>-</u> (61,696)	<u>-</u> (223,317)	<u>-</u> (244,676)	<u>(92)</u> (20,458)
Adjustments for prior year's income tax	<u>293</u>	<u>15,974</u>	<u>293</u>	<u>15,974</u>
Income tax expense recognized in profit or loss	<u>\$ 560,224</u>	<u>\$ 1,094,181</u>	<u>\$ 1,296,032</u>	<u>\$ 2,016,732</u>

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

b. Income tax assessments

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

29. EARNINGS PER SHARE

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
<u>Net income (in thousand dollars)</u>				
Earnings used in the computation of earnings per share	<u>\$ 4,033,231</u>	<u>\$ 2,824,233</u>	<u>\$ 6,952,290</u>	<u>\$ 4,869,182</u>

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Weighted average number of shares outstanding (in thousand shares)				
Weighted average number of ordinary shares used in the computation of basic earnings per share	2,946,787	2,946,787	2,946,787	2,946,787
Effect of potentially dilutive ordinary shares:				
Employees' compensation	<u>1,955</u>	<u>1,732</u>	<u>4,622</u>	<u>4,413</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>2,948,742</u>	<u>2,948,519</u>	<u>2,951,409</u>	<u>2,951,200</u>
Earnings per share (in dollars)				
Basic earnings per share	<u>\$1.37</u>	<u>\$0.96</u>	<u>\$2.36</u>	<u>\$1.65</u>
Diluted earnings per share	<u>\$1.37</u>	<u>\$0.96</u>	<u>\$2.36</u>	<u>\$1.65</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 six months ended June 30, 2019 and 2018 was as follows:

	For the Six Months Ended June 30	
	2019	2018
	Number of Shares (In Thousands)	Number of Shares (In Thousands)
Balance at January 1	1,387	1,053
Options granted	-	35
Options cancelled	<u>(40)</u>	<u>(33)</u>
Balance at June 30	<u>1,347</u>	<u>1,055</u>

Yue Yuen recognized \$16,918 thousand and \$23,056 thousand in compensation costs for the six months ended June 30, 2019 and 2018, respectively.

b. Information about Pou Sheng's employee share options

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

Employee Share Options	For the Six Months Ended June 30			
	2019		2018	
	Number of Shares Purchasable (In Thousands)	Weighted- average Exercise Price (HK\$)	Number of Shares Purchasable (In Thousands)	Weighted- average Exercise Price (HK\$)
Balance at January 1	28,244	\$ 1.75	53,749	\$ 1.64
Options cancelled	(5,040)	1.23	(18,747)	1.62
Options exercised	<u>(11,166)</u>	1.23	<u>(2,740)</u>	1.23
Balance at June 30	<u>12,038</u>	2.45	<u>32,262</u>	1.68
Exercisable options at June 30	<u>2,708</u>	2.29	<u>21,765</u>	1.29

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

	June 30, 2019	December 31, 2018	June 30, 2018
Range of exercise price (HK\$)	\$1.05-\$2.494	\$1.05-\$2.494	\$1.05-\$2.494
Weighted-average remaining contractual life (years)	3	1.52	1.84

Pou Sheng recognized \$4,306 thousand and \$5,022 thousand in compensation costs for the six months ended June 30, 2019 and 2018, respectively.

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

	For the Six Months Ended June 30	
	2019	2018
	Number of Shares (In Thousands)	Number of Shares (In Thousands)
Balance at January 1	43,843	41,079
Options granted	13,826	-
Options cancelled	(2,219)	(2,883)
Options exercised	<u>(3,096)</u>	<u>(4,935)</u>
Balance at June 30	<u>52,354</u>	<u>33,261</u>

Pou Sheng recognized \$42,145 thousand and \$19,110 thousand in compensation costs for the six months ended June 30, 2019 and 2018, respectively.

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

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

TCHC employee share options granted in the previous period were cancelled entirely on May 31, 2019. Information on the outstanding share options for the five months ended May 31, 2019 and for the six months ended June 30, 2018 were as follows:

	For the Five Months Ended May 31, 2019		For the Six Months Ended June 30, 2018	
	Number of Shares Purchasable (In Thousands)	Weighted- average Exercise Price (US\$)	Number of Shares Purchasable (In Thousands)	Weighted- average Exercise Price (US\$)
Employee Share Options				
Balance at January 1	817	\$ 20.01	817	\$ 20.01
Options exercised	<u>(817)</u>	-	<u>-</u>	-
Balance at the end of the period	<u>-</u>	-	<u>817</u>	20.01
Exercisable options at the end of the period	<u>-</u>	-	<u>670</u>	19.21

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

	June 30, 2018
Range of exercise price (US\$)	\$13.92-\$27.33
Weighted-average remaining contractual life (years)	5.38

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

31. DISPOSAL OF SUBSIDIARIES

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

Assets

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

Liabilities

Short-term borrowings	\$ (1,066,041)
Payables and other payables	(1,328,498)
Tax payable	(34,663)
Lease liabilities	(740,098)
Long-term borrowings	(2,321,207)
Deferred tax liabilities	<u>(393,934)</u>
	<u>\$ 3,952,449</u>
	(Concluded)

1) Consideration received

Cash and cash equivalents	\$ 3,618,100
Proceeds from disposal of receivables	496,960
Restricted deposit (classified as “other current assets”)	66,779
Contingent consideration	<u>354,364</u>
Total consideration received	<u>\$ 4,536,203</u>

2) Gain on disposal of subsidiaries

Consideration received in cash and cash equivalents	\$ 4,536,203
Net value of net assets disposed of	(3,952,449)
Reclassification of other comprehensive income in respect of the subsidiary	<u>11,803</u>
Gain on disposal	<u>\$ 595,557</u>

3) Net cash outflow on disposal of subsidiaries

Consideration received in cash and cash equivalents	\$ 3,309,892
Less: Cash and cash equivalents balance disposed of	<u>(273,608)</u>
	<u>\$ 3,036,284</u>

- b. The Group disposed of subsidiaries for the six months ended June 30, 2018, and the assets and liabilities on the date of disposal were as follows:

Assets

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

Liabilities

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

1) Gain on disposal of subsidiaries

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

2) Net cash inflow on disposal of subsidiaries

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

32. 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.

33. 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.

34. 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:

June 30, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 280,017	\$ -	\$ 280,017
Structured deposits	-	612,130	-	612,130
Mutual funds	680,763	-	110,706	791,469
Contingent consideration	<u>-</u>	<u>-</u>	<u>358,241</u>	<u>358,241</u>
	<u>\$ 680,763</u>	<u>\$ 892,147</u>	<u>\$ 468,947</u>	<u>\$ 2,041,857</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 18,810,199	\$ -	\$ -	\$ 18,810,199
Domestic unlisted shares	-	-	78,028	78,028
Foreign unlisted shares	-	-	212,793	212,793
	<u>\$ 18,810,199</u>	<u>\$ -</u>	<u>\$ 290,821</u>	<u>\$ 19,101,020</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 660,159</u>	<u>\$ -</u>	<u>\$ 660,159</u> (Concluded)

December 31, 2018

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

June 30, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 446,409	\$ -	\$ 446,409
Structured deposits	-	589,949	-	589,949
Mutual funds	468,415	-	365,630	834,045
Foreign listed shares	<u>88,796</u>	<u>-</u>	<u>-</u>	<u>88,796</u>
	<u>\$ 557,211</u>	<u>\$ 1,036,358</u>	<u>\$ 365,630</u>	<u>\$ 1,959,199</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 16,334,532	\$ -	\$ -	\$ 16,334,532
Domestic unlisted shares	-	-	79,277	79,277
Foreign unlisted shares	-	-	272,276	272,276
	<u>\$ 16,334,532</u>	<u>\$ -</u>	<u>\$ 351,553</u>	<u>\$ 16,686,085</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 699,504</u>	<u>\$ -</u>	<u>\$ 699,504</u>

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

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

c. Categories of financial instruments

	June 30, 2019	December 31, 2018	June 30, 2018
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily at FVTPL	\$ 2,041,857	\$ 1,622,378	\$ 1,959,199
Financial assets at amortized cost (Note 1)	84,792,885	80,003,416	82,358,965
Financial assets at FVTOCI	19,101,020	15,833,214	16,686,085
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Held for trading	660,159	719,322	699,504
Financial liabilities at amortized cost (Note 2)	153,108,809	138,882,358	142,673,793

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

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

d. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

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

	For the Six Months Ended June 30	
	2019	2018
USD	\$ (5,949)	\$ (6,778)
RMB	(3,783)	(127,129)
HKD	(1,925)	(37,664)
VND	184,054	6,276
IDR	192	(8,072)

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:

	June 30, 2019	December 31, 2018	June 30, 2018
Cash flow interest rate risk			
Financial liabilities	\$ 93,804,920	\$ 91,761,856	\$ 94,187,496

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 \$469,025 thousand and \$470,938 thousand during the six months ended June 30, 2019 and 2018, respectively.

c) Other price risk

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

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period. If equity prices had declined by 1%, income before income tax for the six months ended June 30, 2019 and 2018 would have decreased by \$7,915 thousand and \$9,228 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income for the six months ended June 30, 2019 and 2018 would have decreased by \$188,291 thousand and \$163,535 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

3) Liquidity risk

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

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

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

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

June 30, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 17,180,813	\$ 9,636,090	\$ 12,314,332	\$ 115,453	\$ 61,017
Lease liabilities	351,220	819,176	2,910,618	5,732,041	1,236,762
Floating interest rate liabilities	19,916,191	13,131,198	14,385,617	49,589,030	31,021
Fixed interest rate liabilities	-	3,275,218	1,265,654	7,361,608	-
Financial guarantee contracts	<u>64,232,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 101,680,466</u>	<u>\$ 26,861,682</u>	<u>\$ 30,876,221</u>	<u>\$ 62,798,132</u>	<u>\$ 1,328,800</u>

December 31, 2018

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

June 30, 2018

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 15,503,542	\$ 12,136,073	\$ 13,725,707	\$ 113,192	\$ 57,725
Floating interest rate liabilities	28,503,964	11,298,115	5,503,796	53,925,397	-
Fixed interest rate liabilities	-	-	1,875,000	5,125,000	-
Financial guarantee contracts	<u>41,960,639</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 85,968,145</u>	<u>\$ 23,434,188</u>	<u>\$ 21,104,503</u>	<u>\$ 59,163,589</u>	<u>\$ 57,725</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.

June 30, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Interest rate swap contracts	\$ -	\$ -	\$ -	\$ 325,903	\$ -
Cross-currency swap contracts	3,255	4,619	-	-	-
Exchange rate swap contracts	716	56,526	-	-	-
Exchange rate option contracts	-	154,446	109,953	4,741	-
	<u>\$ 3,971</u>	<u>\$ 215,591</u>	<u>\$ 109,953</u>	<u>\$ 330,644</u>	<u>\$ -</u>

December 31, 2018

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

June 30, 2018

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Forward exchange contracts	\$ 16,134	\$ 41,257	\$ 126,189	\$ -	\$ -
Exchange rate option contracts	32,952	56,946	312,700	113,326	-
	<u>\$ 49,086</u>	<u>\$ 98,203</u>	<u>\$ 438,889</u>	<u>\$ 113,326</u>	<u>\$ -</u>

c) Financing facilities

	June 30, 2019	December 31, 2018	June 30, 2018
Unsecured bank facilities:			
Amount used	\$ 104,945,653	\$ 98,781,541	\$ 101,726,971
Amount unused	<u>29,536,647</u>	<u>34,414,573</u>	<u>27,644,532</u>
	<u>\$ 134,482,300</u>	<u>\$ 133,196,114</u>	<u>\$ 129,371,503</u>

35. 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
Bigfoot Limited	Associates
San Fang Chemical Industry Co., Ltd.	Associates
Ka Yuen Rubber Factory Limited	Joint ventures
Twinways Investments Limited	Joint ventures

b. Operating revenue

Account	Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2019	2018	2019	2018
Sales	Associates	\$ 39,941	\$ 20,872	\$ 65,344	\$ 45,279
	Joint ventures	128,423	177,389	238,768	262,562
	Others	<u>580</u>	<u>-</u>	<u>580</u>	<u>-</u>
		<u>\$ 168,944</u>	<u>\$ 198,261</u>	<u>\$ 304,692</u>	<u>\$ 307,841</u>

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

c. Purchases

Account	Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2019	2018	2019	2018
Purchases	Associates	\$ 746,446	\$ 349,675	\$ 1,509,151	\$ 648,239
	Joint ventures	<u>1,258,455</u>	<u>1,131,330</u>	<u>2,418,605</u>	<u>2,099,421</u>
		<u>\$ 2,004,901</u>	<u>\$ 1,481,005</u>	<u>\$ 3,927,756</u>	<u>\$ 2,747,660</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	June 30, 2019	December 31, 2018	June 30, 2018
Notes receivable and accounts receivable	Associates	\$ 33,658	\$ 19,298	\$ 15,535
	Joint ventures	<u>38,440</u>	<u>37,107</u>	<u>101,545</u>
		<u>\$ 72,098</u>	<u>\$ 56,405</u>	<u>\$ 117,080</u>

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

e. Payables to related parties

Amount Item	Related Party Category	June 30, 2019	December 31, 2018	June 30, 2018
Notes payable and accounts payable	Associates	\$ 731,106	\$ 443,060	\$ 133,507
	Joint ventures	<u>1,164,615</u>	<u>1,077,099</u>	<u>1,042,834</u>
		<u>\$ 1,895,721</u>	<u>\$ 1,520,159</u>	<u>\$ 1,176,341</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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Short-term employee benefits	<u>\$ 69,925</u>	<u>\$ 61,602</u>	<u>\$ 129,870</u>	<u>\$ 110,169</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.

36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	June 30, 2019	December 31, 2018	June 30, 2018
Financial assets at amortized cost	<u>\$ 37,280</u>	<u>\$ 42,252</u>	<u>\$ 42,581</u>

37. 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	June 30, 2019	December 31, 2018	June 30, 2018
USD	\$ 2,067	\$ 2,502	\$ 3,703
EUR	147	53	248
IDR	11,378,899	23,515,196	12,596,252
VND	4,069,302	-	-

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

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:

June 30, 2019

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 80,013	31.06	\$ 2,485,173
NTD	438,164	1	438,164
RMB	2,206,478	4.521	9,975,486
HKD	106,713	3.977	424,396
VND	197,424,793	0.00121	238,884
IDR	112,763,229	0.00223	251,462
Non-monetary items			
NTD	857,450	1	857,450
RMB	672,218	4.521	3,039,096
<u>Financial liabilities</u>			
Monetary items			
USD	60,679	31.06	1,884,716
NTD	888,094	1	888,094
RMB	2,122,384	4.521	9,595,298
HKD	58,548	3.977	232,844
VND	1,073,871,901	0.00121	1,299,385
IDR	113,598,207	0.00223	253,324

December 31, 2018

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 74,581	30.715	\$ 2,290,764
NTD	264,825	1	264,825
RMB	2,762,708	4.472	12,354,829
HKD	65,462	3.921	256,678
VND	166,925,833	0.00120	200,311
IDR	333,611,268	0.00213	710,592
Non-monetary items			
NTD	596,390	1	596,390
RMB	191,107	4.472	854,632

Financial liabilities

Monetary items			
USD	50,381	30.715	1,547,447
NTD	987,973	1	987,973
RMB	749,777	4.472	3,353,003
HKD	25,592	3.921	100,346
VND	1,954,754,167	0.00120	2,345,705
IDR	371,896,714	0.00213	792,140

June 30, 2018

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 102,440	30.46	\$ 3,120,325
NTD	226,318	1	226,318
RMB	2,920,840	4.593	13,415,419
HKD	983,662	3.881	3,817,591
VND	211,175,834	0.0012	253,411
IDR	504,106,103	0.00213	1,073,746
Non-monetary items			
NTD	759,417	1	759,417
RMB	356,147	4.593	1,635,781

Financial liabilities

Monetary items			
USD	80,179	30.46	2,442,267
NTD	826,246	1	826,246
RMB	157,203	4.593	722,033
HKD	17,847	3.881	69,266
VND	838,756,666	0.0012	1,006,508
IDR	100,503,756	0.00213	214,073

For the three months ended June 30, 2019 and 2018 and the six months ended June 30, 2019 and 2018, net foreign exchange (losses) gains were \$(203,516) thousand, \$211,647 thousand, \$39,457 thousand and \$47,095 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the functional currencies of the Group's entities.

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 34)
- 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).

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 six months ended June 30, 2019

	Manufacturing of Shoes	Retail of Sporting Goods and Brand Licensing Business	Others	Total
Revenue from external customers	<u>\$ 90,802,583</u>	<u>\$ 66,296,577</u>	<u>\$ 403,220</u>	<u>\$ 157,502,380</u>
Segment income	<u>\$ 11,316,947</u>	<u>\$ 6,225,434</u>	<u>\$ 288,992</u>	\$ 17,831,373
Administrative costs and remuneration of directors				(10,649,136)
Rental income				280,077
Interest income				378,853
Dividend income				872
Other income				763,031
Net loss on disposal of property, plant and equipment				(243,224)
Net foreign exchange gain				39,457
Net gain on disposal of subsidiaries and associates				606,871
Net gain on financial assets at FVTPL				447,372
Net loss on financial liabilities at FVTPL				(321,530)
Impairment loss recognized				(48,792)
Other loss				(98,586)
Net loss on derecognition of financial assets at amortized cost				(3,260)
Finance costs				(1,688,296)
Share of profit of associates and joint ventures				<u>4,383,724</u>
Income before income tax				<u>\$ 11,678,806</u>

For the six months ended June 30, 2018

	Manufacturing of Shoes	Retail of Sporting Goods and Brand Licensing Business	Others	Total
Revenue from external customers	<u>\$ 83,558,818</u>	<u>\$ 57,433,950</u>	<u>\$ 424,281</u>	<u>\$ 141,417,049</u>
Segment income	<u>\$ 10,944,612</u>	<u>\$ 4,539,427</u>	<u>\$ 288,129</u>	<u>\$ 15,772,168</u>
Administrative costs and remuneration of directors				(9,455,241)
Rental income				251,404
Interest income				299,885
Dividend income				9,671
Other income				718,424
Net loss on disposal of property, plant and equipment				(155,669)
Net foreign exchange gain				47,095
Net gain on disposal of subsidiaries, associates and joint ventures				233,579
Net gain on financial assets at FVTPL				790,401
Net loss on financial liabilities at FVTPL				(433,451)
Impairment loss reversed				58
Other loss				(151,209)
Net gain on derecognition of financial assets at amortized cost				5,477
Finance costs				(1,258,267)
Share of profit of associates and joint ventures				<u>3,008,476</u>
Income before income tax				<u>\$ 9,682,801</u>

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

TABLE 1

POU CHEN CORPORATION AND SUBSIDIARIES

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

No. (Note 1)	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3 and 4)	Aggregate Financing Limit (Notes 3 and 4)	Note
													Item	Value			
0	Pou Chen Corporation	Pou Yii Development Co., Ltd.	Loan receivable	Yes	\$ 205,000	\$ 205,000	\$ 193,000	1.20	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 10,883,640	\$ 43,534,559	
1	Dong Guan Baoqiao Electronic Technology Co., Ltd.	Kunshan Yuanying Electronics Technology Co., Ltd.	Accounts receivable from related parties	Yes	6,736 (RMB 1,470,960)	6,650 (RMB 1,470,960)	6,650 (RMB 1,470,960)	4.35	2	-	Operating capital	-	-	-	99,055,507	99,055,507	
2	Great Pacific Investments Limited	Sure Elite Investments Limited	Accounts receivable from related parties	Yes	120,080 (US\$ 3,800,000)	118,028 (US\$ 3,800,000)	118,028 (US\$ 3,800,000)	3.00	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
		Solar Link International Inc.	Accounts receivable from related parties	Yes	282,820 (US\$ 8,950,000)	267,116 (US\$ 8,600,000)	267,116 (US\$ 8,600,000)	1.70	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
		Orisol Asia Limited	Accounts receivable from related parties	Yes	350,658 (US\$ 11,350,000)	-	-	3.00	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
		Pro Kingtex Industrial Company Limited	Accounts receivable from related parties	Yes	221,200 (US\$ 7,000,000)	217,420 (US\$ 7,000,000)	217,420 (US\$ 7,000,000)	Note 5	2	-	Operating capital	-	-	-	21,937,709	21,937,709	
		PT. Glostar Indonesia	Accounts receivable from related parties	Yes	3,806,370 (US\$ 122,000,000)	1,863,600 (US\$ 60,000,000)	1,863,600 (US\$ 60,000,000)	1.30-1.50	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
		PT. Pou Yuen Indonesia	Accounts receivable from related parties	Yes	5,234,915 (US\$ 168,000,000)	2,205,260 (US\$ 71,000,000)	2,205,260 (US\$ 71,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
3	Orisol Asia Limited	Orisol Vietnam Co., Ltd.	Accounts receivable from related parties	Yes	15,800 (US\$ 500,000)	15,530 (US\$ 500,000)	15,530 (US\$ 500,000)	2.00	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
4	Precious Full Investment Limited	Powerknit Vietnam Company Limited	Accounts receivable from related parties	Yes	1,453,600 (US\$ 46,000,000)	1,428,760 (US\$ 46,000,000)	1,428,760 (US\$ 46,000,000)	1.30	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
		Pou Li Vietnam Company Limited	Accounts receivable from related parties	Yes	1,346,815 (US\$ 43,000,000)	807,560 (US\$ 26,000,000)	807,560 (US\$ 26,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
		Pou Phong Vietnam Company Limited	Accounts receivable from related parties	Yes	1,453,600 (US\$ 46,000,000)	1,428,760 (US\$ 46,000,000)	1,428,760 (US\$ 46,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
		Yue De Vietnam Company Limited	Accounts receivable from related parties	Yes	2,596,880 (US\$ 83,000,000)	1,490,880 (US\$ 48,000,000)	1,490,880 (US\$ 48,000,000)	2.00-3.00	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
		Pou Hung Vietnam Company Limited	Accounts receivable from related parties	Yes	4,138,770 (US\$ 132,000,000)	2,671,160 (US\$ 86,000,000)	2,671,160 (US\$ 86,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
5	Pou Yuen Industrial (Holdings) Ltd.	PT. Pou Chen Indonesia	Accounts receivable from related parties	Yes	948,000 (US\$ 30,000,000)	931,800 (US\$ 30,000,000)	931,800 (US\$ 30,000,000)	1.50	2	-	Operating capital	-	-	-	11,049,626	11,049,626	
		Pou Chen Vietnam Enterprise Ltd.	Accounts receivable from related parties	Yes	1,249,900 (US\$ 40,000,000)	621,200 (US\$ 20,000,000)	621,200 (US\$ 20,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
		PT. Nikomas Gemilang	Accounts receivable from related parties	Yes	948,000 (US\$ 30,000,000)	931,800 (US\$ 30,000,000)	931,800 (US\$ 30,000,000)	1.30-1.50	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
		Pouyuen Vietnam Company Ltd.	Accounts receivable from related parties	Yes	5,309,750 (US\$ 170,000,000)	3,727,200 (US\$ 120,000,000)	3,727,200 (US\$ 120,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
		Pou Sung Vietnam Company Ltd.	Accounts receivable from related parties	Yes	5,056,000 (US\$ 162,000,000)	4,969,600 (US\$ 160,000,000)	4,969,600 (US\$ 160,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
6	Key International Co., Ltd.	Prime Asia (S.E. Asia) Leather Corporation	Accounts receivable from related parties	Yes	170,640 (US\$ 5,400,000)	167,724 (US\$ 5,400,000)	-	-	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
		Prime Asia Leather Corp.	Accounts receivable from related parties	Yes	1,106,000 (US\$ 35,000,000)	714,380 (US\$ 23,000,000)	714,380 (US\$ 23,000,000)	-	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
7	Prime Asia (S.E. Asia) Leather Corporation	Prime Asia (Vietnam) Co., Ltd.	Accounts receivable from related parties	Yes	559,320 (US\$ 17,700,000)	549,762 (US\$ 17,700,000)	549,762 (US\$ 17,700,000)	1.50	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
8	Top Galaxy Group Limited	Yue Yuen (Anfu) Footwear Co., Ltd.	Accounts receivable from related parties	Yes	46,073 (US\$ 1,500,000)	-	-	-	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
9	Bao Hong (Yangzhou) Shoes Co., Ltd.	Pou Sheng (China) Investment Co., Ltd.	Accounts receivable from related parties	Yes	308,401 (RMB 67,000,000)	302,907 (RMB 67,000,000)	293,865 (RMB 65,000,000)	Note 6	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
10	Shanggao Yisen Industry Co., Ltd.	Yu Xing (Jishui) Footwear Co., Ltd.	Accounts receivable from related parties	Yes	382,647 (RMB 83,130,000)	375,831 (RMB 83,130,000)	203,445 (RMB 45,000,000)	3.33	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
11	Dong Guan Yue Yuan Footwear Products Company Limited	Yang Xin Pou Shou Sporting Goods Co., Ltd.	Accounts receivable from related parties	Yes	160,265 (RMB 35,000,000)	158,235 (RMB 35,000,000)	158,235 (RMB 35,000,000)	3.33	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
12	Yue Yuen Industrial (Holdings) Limited	PT. Glostar Indonesia	Accounts receivable from related parties	Yes	1,422,000 (US\$ 45,000,000)	1,397,700 (US\$ 45,000,000)	1,397,700 (US\$ 45,000,000)	3.00	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
12	Yue Yuen Industrial (Holdings) Limited	PT. Pou Yuen Indonesia	Accounts receivable from related parties	Yes	1,580,000 (US\$ 50,000,000)	1,553,000 (US\$ 50,000,000)	1,553,000 (US\$ 50,000,000)	3.00	2	-	Operating capital	-	-	-	128,200,150	128,200,150	
13	Wealthplus Holdings Limited	Treasure Chain International Limited	Accounts receivable from related parties	Yes	4,429,092 (RMB 964,000,000)	1,419,594 (RMB 314,000,000)	1,419,594 (RMB 314,000,000)	4.00-4.35	2	-	Operating capital	-	-	-	45,808,839	45,808,839	
14	Pou Sheng (China) Investment Co., Ltd.	Qingdao Pou-Sheng International Sport Products Co., Ltd.	Loan receivable	Yes	1,565,020 (RMB 340,000,000)	1,537,140 (RMB 340,000,000)	963,623 (RMB 213,143,703)	4.35	2	-	Operating capital	-	-	-	1,563,845	1,563,845	

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.

(Continued)

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 join operation: The financing amount shall not exceed 40% of total equity of lender's financial statement.

Pou Yuen Industrial (Holdings) Ltd. for subsidiaries held less than 100%: The financing amount shall not exceed 40% of total equity of lender's financial statement.

Pou Sheng International (Holdings) Limited for subsidiaries held less than 100%: The financing amount shall not exceed 40% of total equity of lender's financial statement.

Wealthplus Holdings Limited for subsidiaries: Each of the financing amount shall not exceed 30% of total equity of lender's financial statement.

Orisal Asia Limited for subsidiaries held less than 100%: The financing amount shall not exceed 40% of total equity of lender's financial statement.

Note 5: The borrowing rate is 1 month US dollar LIBOR rate plus 0.8% and 1.2%.

Note 6: If the term of the loan is half a year or more, the annual interest rate of the loan is based on the one-year short-term loan interest rate of the People's Bank of China. If the loan term is less than half a year, the annual interest rate of the loan is fixed at 3.55%.

TABLE 2

POU CHEN CORPORATION AND SUBSIDIARIES

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

No. (Note 1)	Endorsement/ Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 4)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 4)	Note
		Name	Relationship (Note 2)											
0	Pou Chen Corporation	Wealthplus Holding Ltd.	b	\$ 108,836,398	\$ 24,948,200	\$ 24,521,870	\$ 107,282	\$ -	23	\$ 217,672,796	Y	N	N	
		Barits Development Corp.	b	108,836,398	7,953,700	7,363,600	4,288,200	-	7	217,672,796	Y	N	N	
		Pou Shine Investment Co., Ltd.	b	108,836,398	1,500,000	1,500,000	772,000	-	1	217,672,796	Y	N	N	
		Pou Yuen Technology Co., Ltd.	b	108,836,398	300,000	300,000	44,000	-	-	217,672,796	Y	N	N	
		Pro Arch International Development Enterprise Inc.	b	108,836,398	58,439	49,442	49,442	-	-	217,672,796	Y	N	N	
		Pou Yii Development Co., Ltd.	b	108,836,398	600,000	600,000	-	-	1	217,672,796	Y	N	N	
		Yue Hong Realty Development Co., Ltd.	b	108,836,398	550,000	550,000	494,000	-	1	217,672,796	Y	N	N	
1	Yue Yuen Industrial (Holdings) Limited	Orisol Asia Limited	b	108,836,398	90,000	90,000	-	-	-	217,672,796	N	N	N	
		Tien Pou International Ltd.	f	108,836,398	86,194	-	-	-	-	217,672,796	N	N	N	
		Great Spring Management Ltd.	f	108,836,398	(US\$ 2,800,000) 135,574	-	-	-	-	217,672,796	N	N	N	
		Universal Ocean Co., Ltd.	f	108,836,398	(US\$ 4,400,000) 135,574	-	-	-	-	217,672,796	N	N	N	
		Cohen Enterprises Inc.	f	108,836,398	(US\$ 4,400,000) 1,101,950	1,087,100	528,020	-	1	217,672,796	N	N	N	
		Pou Chien Enterprise Co., Ltd.	b	108,836,398	(US\$ 35,000,000) 2,000,000	(US\$ 35,000,000) 2,000,000	(US\$ 17,000,000) 1,300,000	-	2	217,672,796	N	N	N	
		Haggar Direct Inc.	b	108,836,398	31,600	31,600	-	-	-	217,672,796	N	N	N	
		Texas Clothing Holding Corp.	b	108,836,398	(US\$ 1,000,000) 31,600	(US\$ 1,000,000) 31,600	-	-	-	217,672,796	N	N	N	
		PT Ka Yuen Indonesia	f	108,836,398	(US\$ 1,000,000) 31,600	(US\$ 1,000,000) 31,600	-	-	-	217,672,796	N	N	N	
		Pine Wood Industries Ltd.	f	108,836,398	(US\$ 1,000,000) 242,646	(US\$ 1,000,000) 178,129	29,573	-	-	217,672,796	N	N	N	
		Ka Yuen Rubber Factory Ltd.	f	108,836,398	(US\$ 7,770,000) 250,430	(US\$ 5,735,000) 246,151	(US\$ 952,122) -	-	-	217,672,796	N	N	N	
		PT Kmk Globals Sports	b	108,836,398	(US\$ 7,925,000) 284,400	(US\$ 7,925,000) 279,540	-	-	-	217,672,796	N	N	N	
		PT Pou Yuen Indonesia	b	108,836,398	(US\$ 9,000,000) 474,000	(US\$ 9,000,000) 465,900	341,660	-	-	217,672,796	N	N	N	
		Vietnam Tiong Liong Industrial Co., Ltd.	f	108,836,398	(US\$ 15,000,000) 17,538	(US\$ 15,000,000) 17,238	(US\$ 11,000,000) 16,562	-	-	217,672,796	N	N	N	
		PT. Selalu Cinta Indonesia	b	108,836,398	(US\$ 555,000) 2,237,850	(US\$ 555,000) 1,677,240	(US\$ 533,230) 1,337,954	-	2	217,672,796	N	N	N	
		Prime Asia Leather Corporation	b	108,836,398	(US\$ 72,000,000) 2,686,000	(US\$ 54,000,000) 2,640,100	(US\$ 43,076,446) 694,868	-	2	217,672,796	N	N	N	
		Haggar Clothing Co.	b	108,836,398	(US\$ 85,000,000) 4,740,000	(US\$ 85,000,000) 4,659,000	(US\$ 19,055,645) -	-	4	217,672,796	N	N	N	
		Pou Phong Vietnam Company Ltd.	b	108,836,398	(US\$ 150,000,000) 158,000	(US\$ 150,000,000) 155,300	16,772	-	-	217,672,796	N	N	N	
		Powerknit Vietnam Company Ltd.	b	108,836,398	(US\$ 5,000,000) 158,000	(US\$ 5,000,000) 155,300	(US\$ 540,000) 8,697	-	-	217,672,796	N	N	N	
		Henan YYSPO RTS Sport Products Co., Ltd.	b	108,836,398	(US\$ 5,000,000) 43,094	(US\$ 5,000,000) 42,327	(US\$ 280,000) -	-	-	217,672,796	N	N	Y	
					(RMB 9,362,235)	(RMB 9,362,235)								

(Continued)

No. (Note 1)	Endorsement/ Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 4)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 4)	Note
		Name	Relationship (Note 2)											
		Guizhou Pou-Sheng Sport Products Co., Ltd.	b	\$ 108,836,398	\$ 45,967 (RMB 9,986,384)	\$ 45,148 (RMB 9,986,384)	\$ -	\$ -	-	\$ 217,672,796	N	N	Y	
		Shanghai DZJ Sports Industries Dev. Co., Ltd.	b	108,836,398	57,459 (RMB 12,482,980)	56,436 (RMB 12,482,980)	-	-	-	217,672,796	N	N	Y	
		Jiangxi Bao Yuan Trade Co., Ltd.	b	108,836,398	66,078 (RMB 14,355,427)	64,901 (RMB 14,355,427)	-	-	-	217,672,796	N	N	Y	
		Hefei Pouxun Sporting Goods Co., Ltd.	b	108,836,398	137,902 (RMB 29,959,152)	135,445 (RMB 29,959,152)	-	-	-	217,672,796	N	N	Y	
		Qingdao Pou-Sheng International Sport Products Co., Ltd.	b	108,836,398	140,660 (RMB 30,558,335)	138,154 (RMB 30,558,335)	-	-	-	217,672,796	N	N	Y	
		Zhejiang Shengdao Sporting-Goods Co., Ltd.	b	108,836,398	316,025 (RMB 68,656,390)	310,396 (RMB 68,656,390)	-	-	-	217,672,796	N	N	Y	
		Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	b	108,836,398	511,387 (RMB 111,098,522)	502,277 (RMB 111,098,522)	-	-	-	217,672,796	N	N	Y	
		Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	b	108,836,398	965,314 (RMB 209,714,064)	948,116 (RMB 209,714,064)	-	-	1	217,672,796	N	N	Y	
		Shaanxi Pousheng Trading Co., Ltd.	b	108,836,398	1,261,229 (RMB 274,001,411)	1,238,761 (RMB 274,001,411)	-	-	1	217,672,796	N	N	Y	
2	Pou Sheng International (Holdings) Limited	Qingdao Pou-Sheng International Sport Products Co., Ltd.	b	108,836,398	570,181 (RMB 123,884,000)	560,079 (RMB 123,884,000)	-	-	1	217,672,796	N	N	Y	
		Hefei Pouxun Sporting Goods Co., Ltd.	b	108,836,398	335,640 (RMB 72,944,000)	329,780 (RMB 72,944,000)	-	-	-	217,672,796	N	N	Y	
		Henan YYSPO RTS Sport Products Co., Ltd.	b	108,836,398	222,559 (RMB 48,355,000)	218,613 (RMB 48,355,000)	-	-	-	217,672,796	N	N	Y	
		Yue Cheng (Kun Shan) Sports Co., Ltd.	b	108,836,398	220,944 (RMB 48,000,000)	217,008 (RMB 48,000,000)	-	-	-	217,672,796	N	N	Y	
		Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	b	108,836,398	16,305,502 (RMB2,207,035,750) (US\$ 196,000,000)	14,202,169 (RMB2,207,035,750) (US\$ 136,000,000)	2,682,186 (RMB 593,272,682)	-	13	217,672,796	N	N	Y	
		Shaanxi Pousheng Trading Co., Ltd.	b	108,836,398	7,455,817 (RMB1,269,762,000) (US\$ 51,000,000)	7,324,657 (RMB1,269,762,000) (US\$ 51,000,000)	1,006,827 (RMB 222,700,000)	-	7	217,672,796	N	N	Y	
		Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	b	108,836,398	7,810,772 (RMB 361,349,000) (US\$ 196,000,000)	5,857,818 (RMB 361,349,000) (US\$ 136,000,000)	1,108,097 (RMB 245,100,000)	-	5	217,672,796	N	N	Y	
		Zhejiang Shengdao Sporting-Goods Co., Ltd.	b	108,836,398	5,554,467 (RMB 221,279,000) (US\$ 145,000,000)	3,640,502 (RMB 221,279,000) (US\$ 85,000,000)	1,058,592 (RMB 234,150,000)	-	3	217,672,796	N	N	Y	
		Taiwan Taisong Trading Co., Ltd.	b	108,836,398	40,000	40,000	-	-	-	217,672,796	N	N	N	
		Pou Yuen Trading Corporation	b	108,836,398	45,000	45,000	30,000	-	-	217,672,796	N	N	N	
		PCG Bros Sports Management Co., Ltd.	b	108,836,398	100,000	100,000	45,000	-	-	217,672,796	N	N	N	
		Guizhou Pou-Sheng Sport Products Co., Ltd.	b	108,836,398	131,186 (RMB 28,500,000)	128,849 (RMB 28,500,000)	-	-	-	217,672,796	N	N	Y	
		Jiangxi Bao Yuan Trade Co., Ltd.	b	108,836,398	174,525 (RMB 37,925,000)	171,459 (RMB 37,925,000)	-	-	-	217,672,796	N	N	Y	
		Kun Shan Taisong Trading Co., Ltd.	b	108,836,398	230,150 (RMB 50,000,000)	226,050 (RMB 50,000,000)	-	-	-	217,672,796	N	N	Y	
		Kun Shan Pou-Chi Sports Co., Ltd.	b	108,836,398	557,765 (RMB 121,175,000)	547,832 (RMB 121,175,000)	-	-	1	217,672,796	N	N	Y	
		Kun Shan Ysports E-Commerce Co., Ltd.	b	108,836,398	475,847 (RMB 103,500,000)	467,924 (RMB 103,500,000)	-	-	-	217,672,796	N	N	Y	
		Guangzhou Pou-Yuen Trading Co., Ltd.	b	108,836,398	1,611,600 (US\$ 51,000,000)	1,584,060 (US\$ 51,000,000)	-	-	1	217,672,796	N	N	Y	
		Shenzhen Pou-Yuen Sport Products Co., Ltd.	b	108,836,398	2,605 (RMB 568,750)	2,571 (RMB 568,750)	-	-	-	217,672,796	N	N	Y	
		Pou Sheng (China) Investment Co., Ltd.	b	108,836,398	3,913,100 (RMB 500,000,000) (US\$ 51,000,000)	3,844,560 (RMB 500,000,000) (US\$ 51,000,000)	-	-	4	217,672,796	N	N	Y	

(Continued)

No. (Note 1)	Endorsement/ Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 4)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 4)	Note
		Name	Relationship (Note 2)											
		Nanning Pou-Kung Sport Products Co., Ltd.	b	\$ 108,836,398	\$ 21,229 (RMB 4,625,000)	\$ 20,910 (RMB 4,625,000)	\$ -	\$ -	-	\$ 217,672,796	N	N	Y	
		Yue-Shen (Taicang) Footwear Co., Ltd.	b	108,836,398	37,004 (RMB 8,039,000)	36,344 (RMB 8,039,000)	-	-	-	217,672,796	N	N	Y	
		Taicang Yue-Shen Sporting Goods Co., Ltd.	b	108,836,398	95,107 (RMB 20,675,000)	93,472 (RMB 20,675,000)	-	-	-	217,672,796	N	N	Y	
3	Pou Sheng (China) Investment Co., Ltd.	Henan YYSPTS Sport Products Co., Ltd.	b	108,836,398	96,663 (RMB 21,000,000)	94,941 (RMB 21,000,000)	54,274 (RMB 12,004,870)	-	-	217,672,796	N	N	Y	
		Guizhou Pou-Sheng Sport Products Co., Ltd.	b	108,836,398	128,884 (RMB 28,000,000)	126,588 (RMB 28,000,000)	45,221 (RMB 10,002,376)	-	-	217,672,796	N	N	Y	
		Shanghai DZJ Sports Industries Dev. Co., Ltd.	b	108,836,398	92,060 (RMB 20,000,000)	90,420 (RMB 20,000,000)	-	-	-	217,672,796	N	N	Y	
		Jiangxi Bao Yuan Trade Co., Ltd.	b	108,836,398	146,162 (RMB 31,900,000)	124,780 (RMB 27,600,000)	91,971 (RMB 20,342,964)	-	-	217,672,796	N	N	Y	
		Yue Cheng (Kun Shan) Sports Co., Ltd.	b	108,836,398	134,160 (RMB 30,000,000)	-	-	-	-	217,672,796	N	N	Y	
		Taicang Yue-Shen Sporting Goods Co., Ltd.	b	108,836,398	202,550 (RMB 45,000,000)	31,647 (RMB 7,000,000)	-	-	-	217,672,796	N	N	Y	
		Qingdao Pou-Sheng International Sport Products Co., Ltd.	b	108,836,398	317,183 (RMB 68,910,000)	311,542 (RMB 68,910,000)	183,721 (RMB 40,637,166)	-	-	217,672,796	N	N	Y	
		Hefei Pouxun Sporting Goods Co., Ltd.	b	108,836,398	327,239 (RMB 71,300,000)	295,222 (RMB 65,300,000)	169,559 (RMB 37,504,785)	-	-	217,672,796	N	N	Y	
		Zhejiang Shengdao Sporting-Goods Co., Ltd.	b	108,836,398	559,994 (RMB 121,150,000)	520,593 (RMB 115,150,000)	256,483 (RMB 56,731,576)	-	-	217,672,796	N	N	Y	
		Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	b	108,836,398	844,651 (RMB 183,500,000)	827,343 (RMB 183,000,000)	705,142 (RMB 155,970,553)	-	1	217,672,796	N	N	Y	
		Shaanxi Pousheng Trading Co., Ltd.	b	108,836,398	2,159,910 (RMB 469,200,000)	2,066,098 (RMB 457,000,000)	1,099,375 (RMB 243,170,601)	-	2	217,672,796	N	N	Y	
		Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	b	108,836,398	2,974,780 (RMB 646,500,000)	2,857,272 (RMB 632,000,000)	1,073,467 (RMB 237,439,960)	-	3	217,672,796	N	N	Y	

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: Relationships for guarantee provider and guarantee are as follows:

a. Business relationship.

b. A company in which the Company directly and indirectly holds more than 50% of the voting shares.

c. A company that directly and indirectly holds more than 50% of the voting shares in the Company.

d. A company in which the Company directly and indirectly holds more than 90% of the voting shares.

e. 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.

f. A company where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

g. A company where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: According to the Company’s procedures for the Management of Endorsements and Guarantees, the aggregate amount of endorsements/guarantees provided by the Company shall not exceed 200% of its net worth. Meanwhile, the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed 100% of the Company’s net worth.

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

TABLE 3

POU CHEN CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2019				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Pou Chen Corporation	<u>Ordinary shares</u>							
	Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	191,730,486	\$ 5,924,472	1.41	\$ 5,924,472	
	Taiwan Paiho Limited		Financial assets at FVTOCI - current	615,473	55,208	0.21	55,208	
	Zhiyuan Venture Capital Co., Ltd.		Financial assets at FVTOCI - non-current	6,000,000	59,158	10.71	59,158	
	New Loulan Corporation., Ltd.		Financial assets at FVTOCI - non-current	100,000	801	4.00	801	
Wealthplus Holdings Limited	<u>Fund</u>							
	Cid Greater China Venture Capital Fund II, L.P.		Financial assets mandatorily at FVTPL - non-current	-	110,706 (US\$ 3,564,255)	-	110,706	
	<u>Ordinary shares</u>							
	Golden Brands Developments Ltd.		Financial assets at FVTOCI - non-current	17,086,572	71,160 (US\$ 2,291,040)	5.38	71,160	
	Great Team Backend Foundry, Inc.		Financial assets at FVTOCI - non-current	4,000,000	141,633 (US\$ 4,560,000)	6.87	141,633	
	<u>Bonds</u>							
	Goldman Sachs Bank		Financial assets at amortized cost - current	-	81,484 (US\$ 2,623,430)	-	81,484	
	CIB Bond		Financial assets at amortized cost - current	-	135,788 (US\$ 4,371,800)	-	135,788	
	Caiyun Intl Investment Bond		Financial assets at amortized cost - current	-	232,930 (US\$ 7,499,363)	-	232,930	
	Yunnan Energy Investment Bond		Financial assets at amortized cost - current	-	248,075 (US\$ 7,986,956)	-	248,075	
	China Huarong International Holdings Bond		Financial assets at amortized cost - current	-	280,606 (US\$ 9,034,317)	-	280,606	
	Macquarie Bond		Financial assets at amortized cost - non-current	-	90,915 (US\$ 2,927,066)	-	90,915	
	Morgan Stanley Bond		Financial assets at amortized cost - non-current	-	22,682 (US\$ 730,270)	-	22,682	
	Citigroup Bond		Financial assets at amortized cost - non-current	-	136,496 (US\$ 4,394,598)	-	136,496	
	Natwest Markets PL Bond		Financial assets at amortized cost - non-current	-	452,234 (US\$ 14,560,000)	-	452,234	
	Societe Generale Perpetual Bond		Financial assets at amortized cost - non-current	-	240,466 (US\$ 7,741,998)	-	240,466	
	UBS Perpetual Bond		Financial assets at amortized cost - non-current	-	158,970 (US\$ 5,118,153)	-	158,970	
	Zhaohai Investment BVI Bond		Financial assets at amortized cost - non-current	-	278,410 (US\$ 8,963,621)	-	278,410	
	HSBC Holdings Perpetual Bond		Financial assets at amortized cost - non-current	-	285,507 (US\$ 9,192,117)	-	285,507	
	Swedbank Perpetual Bond		Financial assets at amortized cost - non-current	-	299,934 (US\$ 9,656,591)	-	299,934	
	BNP Paribas Perpetual Bond		Financial assets at amortized cost - non-current	-	197,841 (US\$ 6,369,641)	-	197,841	
	Yunnan Energy Investment Bond		Financial assets at amortized cost - non-current	-	48,366 (US\$ 1,557,192)	-	48,366	
	Bi Hai Co., Ltd.		Financial assets at amortized cost - non-current	-	161,061 (US\$ 5,185,471)	-	161,061	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2019				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Wealthplus Holdings Limited	<u>Bonds</u>							
	UBS Group Perpetual Bond		Financial assets at amortized cost - non-current	-	\$ 146,347 (US\$ 4,711,754)	-	\$ 146,347	
	ING Groep Perpetual Bond		Financial assets at amortized cost - non-current	-	310,325 (US\$ 9,991,157)	-	310,325	
	Credit Agricole SA Perpetual Bond		Financial assets at amortized cost - non-current	-	162,053 (US\$ 5,217,411)	-	162,053	
	Swiss Re Bond		Financial assets at amortized cost - non-current	-	313,466 (US\$ 10,092,261)	-	313,466	
	Shinhan Financial Group Perpetual Bond		Financial assets at amortized cost - non-current	-	198,303 (US\$ 6,384,513)	-	198,303	
	Lloyds Banking Group Perpetual Bond		Financial assets at amortized cost - non-current	-	311,060 (US\$ 10,014,841)	-	311,060	
	<u>Notes</u>							
	Deutsche Bank-Anleihe		Financial assets at amortized cost - non-current	-	1,940,082 (US\$ 62,462,400)	-	1,940,082	
Win Fortune Investments Limited	<u>Fund</u>							
	Prodigy Strategic Investment Fund Xxii Segregated Portfolio		Financial assets mandatorily at FVTPL - non-current	38,500	174,482 (US\$ 5,617,566)	-	174,482	
Pou Shine Investments Co., Ltd.	<u>Ordinary shares</u>							
	Taiwan Paiho Limited		Financial assets at FVTOCI - current	775,170	69,533	0.26	69,533	
	Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	125,123,044	3,866,302	0.92	3,866,302	
Pou Yuen Technology Co., Ltd.	<u>Ordinary shares</u>							
	Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	17,039,372	526,517	0.13	526,517	
Barits Development Corporation	<u>Ordinary shares</u>							
	Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	133,720,943	4,131,977	0.98	4,131,977	
	Global Brands Manufacture Ltd.		Financial assets at FVTOCI - current	34,448,000	501,218	6.68	501,218	
	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	3,543,842	44,145	-	44,145	
	<u>Ordinary shares</u>							
	Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	49,416,125	1,526,958	0.36	1,526,958	
Pro Arch International Development Enterprise Inc.	<u>Fund</u>							
	Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	1,449,139	18,052	-	18,052	
Pou Chin Development Co., Ltd.	<u>Fund</u>							
	Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	418,551	5,214	-	5,214	
Wang Yi Construction Co., Ltd.	<u>Fund</u>							
	Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	905,526	11,280	-	11,280	
Windsor Entertainment Co., Ltd.	<u>Funds</u>							
	Mega Diamond Money Market Fund		Financial assets mandatorily at FVTPL - current	2,511,572	31,532	-	31,532	
	<u>Ordinary shares</u>							
	Taichung International Entertainment Corporation		Financial assets at FVTOCI - non-current	3	7,710	0.09	7,710	
Pou Yii Development Co., Ltd.	<u>Ordinary shares</u>							
	Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	40,069,450	1,238,146	0.30	1,238,146	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2019				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	31,691,609	\$ 396,058 (US\$ 12,751,368)	-	\$ 396,058	
	<u>Ordinary shares</u> Evermore Chemical Industry Co., Ltd.		Financial assets at FVTOCI - current	8,081,281	131,340 (US\$ 4,228,609)	8.13	131,340	
	Taiwan Paiho Limited		Financial assets at FVTOCI - non-current	9,528,228	857,450 (US\$ 27,606,230)	3.20	857,450	
	Keg Big Dome Sports Co., Ltd.		Financial assets at FVTOCI - non-current	-	10,039 (US\$ 323,233)	11.76	10,039	
	<u>Bonds</u> Haitong International Finance 2014 Ltd.		Financial assets at amortized cost - current	-	18,660 (US\$ 600,774)	-	18,660	
	Greenland Global Investment Ltd.		Financial assets at amortized cost - current	-	18,637 (US\$ 600,020)	-	18,637	
	Bank of China (Hong Kong)		Financial assets at amortized cost - current	-	37,778 (US\$ 1,216,274)	-	37,778	
	Beijing State-Owned Assets Management Co., Ltd.		Financial assets at amortized cost - current	-	18,646 (US\$ 600,321)	-	18,646	
	CITIC Securities Finance MTN Co., Ltd.		Financial assets at amortized cost - current	-	18,658 (US\$ 600,715)	-	18,658	
	Cnooc Finance 2015 Australia Pty. Ltd.		Financial assets at amortized cost - current	-	18,594 (US\$ 598,640)	-	18,594	
	Fita International Ltd.		Financial assets at amortized cost - current	-	18,969 (US\$ 610,735)	-	18,969	
	Huarong Finance II Co., Ltd.		Financial assets at amortized cost - current	-	18,759 (US\$ 603,971)	-	18,759	
	Standard Chartered (Hong Kong)		Financial assets at amortized cost - current	-	19,054 (US\$ 613,454)	-	19,054	
	The Bank of East Asia Limited		Financial assets at amortized cost - non-current	-	19,111 (US\$ 615,303)	-	19,111	
	China Overseas Finance (Cayman) II Ltd.		Financial assets at amortized cost - non-current	-	19,174 (US\$ 617,330)	-	19,174	
	Sinochem Group Co., Ltd.		Financial assets at amortized cost - non-current	-	18,934 (US\$ 609,601)	-	18,934	
	<u>Structured product</u> JP Morgan Credit Linked Note		Financial assets mandatorily at FVTPL - non-current	-	612,130 (US\$ 19,708,000)	-	612,130	

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)

TABLE 4

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 SIX MONTHS ENDED JUNE 30, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Pou Chen Corporation	Ruen Chen Investment Holding Co., Ltd.	Investments accounted for using equity method	-	None	2,961,000,000	\$ 8,403,275	400,000,000	\$ 32,456,439 (Note 1)	-	\$ -	\$ -	\$ -	3,361,000,000	\$ 40,859,714
Yue Yuen Industrial (Holdings) Limited	Cathay Taiwan Money Market Fund	Financial assets at FVTPL - current	-	None	29,690,182	370,612 (US\$ 12,066,154)	12,363,710	154,581 (US\$ 4,853,310) (Note 2)	10,362,284	129,135 (US\$ 4,168,096)	129,135 (US\$ 4,168,096)	-	31,691,608	396,058 (US\$ 12,751,368)

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

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

TABLE 5

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 SIX MONTHS ENDED JUNE 30, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Yue Yuen Industrial (Holdings) Limited	Public construction such as factories and dormitories	2019.01-2019.06	\$ 1,383,352 (US\$ 44,538,040)	Accumulated payment as of June 30, 2019 \$ 1,381,657 (US\$ 44,483,490)	-	None	-	-	-	-	Market price	Plant expansion	

TABLE 6

POU CHEN CORPORATION AND SUBSIDIARIES

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	The subsidiary in which the Company holds 51.11% indirectly at June 30, 2019	Sale	\$ (5,571,685)	(99)	D/A 45 days			\$ 1,819,999	98	
Yue Yuen Industrial (Holdings) Limited	Cohen Enterprises Inc.	Investee accounted for by the equity method	Sale	(198,253)	-	D/A 45 days			280	-	
	Pou Chen Corporation	The parent company	Purchase	(US\$ 6,395,000)	6	D/A 45 days			(US\$ 9,000)	(14)	
	Ka Yuen Rubber Factory Limited	Investee accounted for by the equity method	Purchase	5,571,685	1	D/A 45 days			(1,819,999)	(3)	
				(US\$ 179,863,963)					(US\$ (58,596,233))		
	Twinways Investments Limited	Investee accounted for by the equity method	Purchase	778,393	1	D/A 45 days			(427,479)	(3)	
				(US\$ 25,123,000)					(US\$ (13,763,000))		
	Cohen Enterprises Inc.	Investee accounted for by the equity method	Purchase	790,155	1	D/A 45 days			(422,678)	(1)	
				(US\$ 25,490,000)					(US\$ (13,602,000))		
	Top Units Developments Ltd.	Investee accounted for by the equity method	Purchase	238,937	-	D/A 45 days			(87,496)	(1)	
	San Fang Chemical Industry Co., Ltd.	Investee accounted for by the equity method	Purchase	(US\$ 7,716,000)	-	D/A 45 days			(US\$ (2,817,000))	(1)	
	Eastlion Industrial Ltd.	Investee accounted for by the equity method	Purchase	275,591	1	D/A 45 days			(95,603)	(3)	
				(US\$ 8,896,000)					(US\$ (3,078,000))		
	Great Skill Industrial Limited	Investee accounted for by the equity method	Purchase	716,435	1	D/A 45 days			(343,461)	(2)	
				(US\$ 23,131,000)					(US\$ (11,058,000))		
				630,697	-	D/A 45 days			(314,017)	(1)	
				(US\$ 20,355,000)					(US\$ (10,110,000))		
				198,390	-	D/A 45 days			(109,300)		
				(US\$ 6,398,000)					(US\$ (3,519,000))		

TABLE 7

POU CHEN CORPORATION AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
JUNE 30, 2019**

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

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	The subsidiary in which the Company holds 51.11% indirectly at June 30, 2019	\$ 1,819,999	6	\$ -	-	\$ 988,880	\$ -

POU CHEN CORPORATION AND SUBSIDIARIES

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

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	a	Operating revenue	\$ 5,571,685	D/A 45 days	4
		Yue Yuen Industrial (Holdings) Limited	a	Accounts receivable	1,819,999	D/A 45 days	1

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

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

Note 2: Nature of relationship is as follows:

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

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

TABLE 9

POU CHEN CORPORATION AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2019	December 31, 2018	Shares	%	Carrying Amount			
Pou Chen Corporation	Wealthplus Holding Ltd.	British Virgin Islands	Investing in footwear, electronic and peripheral products	\$ 295,429 (US\$ 9,222,000)	\$ 295,429 (US\$ 9,222,000)	9,222,000	100.00	\$ 79,285,645 (US\$ 2,552,660,805)	\$ 2,785,304 (US\$ 89,895,075)	\$ 2,793,404 (US\$ 90,156,515)	
	Win Fortune Investments Limited	British Virgin Islands	Investing activities	3,230 (US\$ 100,000)	3,230 (US\$ 100,000)	100,000	100.00	2,164,699 (US\$ 69,694,109)	79,768 (US\$ 2,569,906)	79,942 (US\$ 2,575,513)	
	Windsor Hotel Co., Ltd.	No. 610, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan (ROC)	Entertainment and resort operations	400,000	450,000	5,000,000	100.00	60,181	5,169	7,462	
	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	3,462,104	(6,340)	(6,340)	
	Pan Asia Insurance Services Co., Ltd.	8F., No. 3, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (ROC)	Agency of property and casualty insurance	5,000	5,000	-	100.00	9,616	(826)	(826)	
	Barits Development Corp.	No. 2, Fugong Rd., Fuxing Township, Changhua County 506, Taiwan (ROC)	Import and export of shoe-related materials and investing activities	2,117,088	2,117,088	251,662,040	99.49	8,209,115	(59,761)	(59,449)	
	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	339,302	3,126	(5,040)	
	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	271,228	31,673	31,874	
	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	167,604	(2,739)	(411)	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	-	(2,220)	57	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	1,364,992	(214,550)	(26,969)	The Company and its associate hold 19.50% and serve as director
	Techview International Technology Inc.	8F., No. 3, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (ROC)	Development and sales of TFT-LCD display	380,115	380,115	75	30.00	-	(559)	-	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	15,150,000	11,150,000	3,361,000,000	20.00	40,859,714	19,243,392	3,848,695	(Note 1)
Wealthplus Holdings Limited	Yue Yuen Industrial (Holdings) Ltd.	22nd Floor, C-Bons International Center., 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong	Manufacturing and sale of athletic and casual footwear and sports apparel	24,199,976 (US\$ 747,132,133)	24,199,976 (US\$ 747,132,133)	806,836,663	50.04	63,306,353 (US\$ 2,038,195,517)	5,141,660 (US\$ 165,877,000)	2,549,326 (US\$ 82,248,881)	The subsidiary in which the Company holds 51.11% indirectly at June 30, 2019 (Note 2)
	Silver Island Trading Ltd.	British Virgin Islands	Sale of electronic components	129,720 (US\$ 4,000,000)	129,720 (US\$ 4,000,000)	4,000,000	50.00	76,587 (US\$ 2,465,793)	33 (US\$ 1,067)	8 (US\$ 265)	
	Venture Well Holdings Ltd.	British Virgin Islands	Sale of electronic components	332,638 (US\$ 10,257,121)	332,638 (US\$ 10,257,121)	10,121,521	31.55	164,012 (US\$ 5,280,477)	5,351 (US\$ 172,739)	1,688 (US\$ 54,508)	
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	1,358,591 (US\$ 43,740,862)	5,141,660 (US\$ 165,877,000)	54,686 (US\$ 1,764,340)	The subsidiary in which the Company holds 51.11% indirectly at June 30, 2019 (Note 2)
Pou Shine Investments Co., Ltd.	Barits Development Corporation	No. 2, Fugong Rd., Fuxing Township, Changhua County 506, Taiwan (ROC)	Import and export of shoe-related materials and investing activities	2,583	2,583	323,370	0.13	10,507	(59,761)	(76)	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	223,204	(214,550)	(4,410)	The Company and its associate hold 19.50% and serve as director
	Techview International Technology Inc.	8F., No. 3, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (ROC)	Development and sales of TFT-LCD display	34,296	34,296	12	4.80	-	(559)	-	The Company and its associate hold 50.00%
	Nan Shan Life Insurance Company, Ltd.	No. 168, Zhuangjing Rd., Xinyi Dist., Taipei City 110, Taiwan (ROC)	Sale of life insurance	189,920	-	11,870,000	0.09	191,000	22,271,188	1,080	The Company and its associate hold 18.09%

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2019	December 31, 2018	Shares	%	Carrying Amount			
Barits Development Corporation	Song Ming Investments Co., Ltd.	No. 2, Fugong Rd., Fuxing Township, Changhua County 506, Taiwan (ROC)	Investing activities	\$ 1,218,879	\$ 1,218,879	\$ 120,486,400	100.00	\$ 2,383,195	\$ (2,902)	\$ (2,902)	The Company and its associate hold 97.57%
	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	81,838	(2,220)	(1,992)	
	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	199,687	(436)	(436)	
	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	171,710	(4,454)	(4,454)	
	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	469,679	(214,550)	(9,280)	The Company and its associate hold 19.50% and serve as director
	Techview International Technology Inc.	8F., No. 3, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (ROC)	Development and sales of TFT-LCD display	128,610	128,610	19	7.60	-	(559)	-	
	Nan Shan Life Insurance Company, Ltd.	No. 168, Zhuangjing Rd., Xinyi Dist., Taipei City 110, Taiwan (ROC)	Sale of life insurance	189,920	-	11,870,000	0.09	191,000	22,271,188	1,080	
Wang Yi Construction Co., Ltd.	Elitegroup Computer Systems Co., Ltd.	No. 239, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Manufacturing of electronic components	30,838	30,838	924,148	0.17	18,004	(214,550)	(356)	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	838,021	(2,739)	(2,054)	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	13,552	3,126	62	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	41,839	(214,550)	(827)	The Company and its associate hold 19.50% and serve as director
Pou Yuen Technology Co., Ltd.	Vantage Capital Investments Limited	British Virgin Islands	Investment holding	215,342	215,342	14,539,767	100.00	25,142	(1,243)	(1,243)	The Company and its associate hold 50.00%
	Techview International Technology Inc.	8F., No. 3, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (ROC)	Development and sales of TFT-LCD display	(US\$ 6,523,222)	(US\$ 6,523,222)	19	7.60	(US\$ 809,450)	(US\$ (40,148))	(US\$ (40,148))	
Yue Yuen Industrial (Holdings) Limited	Eagle Nice (International) Holdings Limited	British Cayman Islands	Manufacturing of wearing apparel and clothing accessories	1,297,712	1,325,223	192,000,000	36.09	2,325,272	186,103	67,165	
	Full Pearl International Ltd.	British Virgin Islands	Sale of women's shoes	(US\$ 40,015,775)	(US\$ 40,864,107)	1,319	40.04	(US\$ 74,863,869)	(US\$ 5,960,294)	(US\$ 2,151,070)	
	Oftenrich Holdings Limited	Bermuda	Manufacturing and sale of footwear	381,878	381,878	5,400	45.00	430,752	(20,258)	(8,111)	
	Pine Wood Industries Limited	British Virgin Islands	Manufacturing and sale of fabric	(US\$ 12,226,424)	(US\$ 12,226,424)	2,849,000	37.00	(US\$ 13,868,387)	(US\$ (656,409))	(US\$ (262,826))	
	Prosperous Industrial (Holdings) Ltd.	British Cayman Islands	Manufacturing and sale of gym bags	(US\$ 1,339,783)	(US\$ 1,339,783)	252,000,000	22.50	(US\$ 2,404,619)	(US\$ 153,204)	(US\$ 68,941)	
	Supplyline Logistics Ltd.	Hong Kong	Logistics service provider	(US\$ 42,210,159)	(US\$ 42,210,159)	4,612	49.00	(US\$ 77,418,511)	(US\$ 4,925,851)	(US\$ 2,216,633)	
	San Fang Chemical Industry Co., Ltd.	ROC	Manufacturing and sale of synthetic leather	92,393	92,393	177,908,075	44.72	201,218	(US\$ 27,637)	(US\$ 10,226)	
	Tien Pou International Ltd.	British Virgin Islands	Investment holding	(US\$ 2,849,000)	(US\$ 2,849,000)	11,600,000	40.00	(US\$ 6,478,352)	(US\$ 893,368)	(US\$ 330,546)	
	Nan Pao Resins Chemical Co., Ltd.	ROC	Manufacturing and sale of chemical materials	(US\$ 583,740)	(US\$ 583,740)	21,205,248	17.59	(US\$ 1,237,980)	(US\$ 174,583)	(US\$ 39,281)	
	Bigfoot Limited	British Virgin Islands	Fabric trade/dyeing, finishing and processing of fabric/footwear material fitting	(US\$ 18,000,000)	(US\$ 18,000,000)	3,964,188	48.76	(US\$ 39,857,693)	(US\$ 5,594,449)	(US\$ 1,258,751)	
	Enthroned Group Limited	British Virgin Islands	Investment holding	(US\$ 253,541)	(US\$ 250,496)	4,876	48.76	(US\$ -)	(US\$ (5,100))	(US\$ -)	
	Just Lucky Investments Limited	British Virgin Islands	Property management	(US\$ 7,911,493)	(US\$ 7,813,063)	808,130	38.30	(US\$ 4,516,232)	(US\$ (174,685))	(US\$ -)	
	Natural Options Limited	British Virgin Islands	Manufacturing of foam	(US\$ 2,696,757)	(US\$ 2,696,757)	340,870	38.30	(US\$ 145,403,466)	(US\$ 216,041)	(US\$ 96,614)	
	Rise Bloom International Limited	Hong Kong	Investment holding	(US\$ 83,192,794)	(US\$ 83,192,794)	760,000	38.00	(US\$ 7,715)	(US\$ 6,974,054)	(US\$ 3,118,797)	
	Prosperlink Limited	Samoa	Investment holding	(US\$ 369,662)	(US\$ 369,662)	570,000	38.00	(US\$ 7,715)	(US\$ (184,274))	(US\$ (73,710))	
	Pou Ming Paper Products Manufacturing Co., Ltd.	British Virgin Islands	Manufacturing of paper products	(US\$ 11,740,355)	(US\$ 11,740,355)	1,000,000	20.00	(US\$ 248,399)	(US\$ (5,928,858))	(US\$ (2,371,543))	
				(US\$ 539,797)	(US\$ 539,797)			(US\$ 1,698,028)	(US\$ 473,172)	(US\$ 83,231)	
				(US\$ 16,873,924)	(US\$ 16,873,924)			(US\$ 54,669,293)	(US\$ 15,224,207)	(US\$ 2,677,938)	
				(US\$ 138,837)	(US\$ 138,837)			(US\$ 153,116)	(US\$ 26,622)	(US\$ 12,981)	
				(US\$ 4,281,139)	(US\$ 4,281,139)			(US\$ 4,929,677)	(US\$ 853,901)	(US\$ 416,362)	
				158	158			151	-	-	
				(US 4,876)	(US 4,876)			(US 4,876)			
				26,207	26,207			64,892	7,350	2,815	
				(US\$ 808,130)	(US\$ 808,130)			(US\$ 2,089,239)	(US\$ 236,418)	(US\$ 90,548)	
				11,144	11,144			6,881	-	-	
				(US\$ 343,638)	(US\$ 343,638)			(US\$ 221,553)			
				24,312	24,312			48,181	3,124	1,187	
				(US\$ 760,000)	(US\$ 760,000)			(US\$ 1,551,211)	(US\$ 100,397)	(US\$ 38,151)	
				17,432	17,432			24,213	1,711	650	
				(US\$ 570,000)	(US\$ 570,000)			(US\$ 779,562)	(US\$ 55,063)	(US\$ 20,924)	
				66,937	66,937			24,255	13,524	2,705	
				(US\$ 2,163,800)	(US\$ 2,163,800)			(US\$ 780,913)	(US\$ 435,455)	(US\$ 87,091)	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2019	December 31, 2018	Shares	%	Carrying Amount			
	Best Focus Holdings Ltd.	British Virgin Islands	Manufacturing and sale of shoe box	\$ 162,150 (US\$ 5,000,000)	\$ 162,150 (US\$ 5,000,000)	5,000,000	50.00	\$ 6,560 (US\$ 211,200)	\$ 1,164 (US\$ 37,552)	\$ 582 (US\$ 18,776)	
	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	107,917 (US\$ 3,474,484)	16,492 (US\$ 532,508)	8,246 (US\$ 266,254)	
	Hua Jian Industrial Holding Co., Limited	British Virgin Islands	Manufacturing and sale of women's shoes	771,201 (US\$ 23,780,485)	771,201 (US\$ 23,780,485)	1	50.00	1,299,513 (US\$ 41,838,799)	(370,780) (US\$ (11,963,852))	(185,390) (US\$ (5,981,926))	
	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	524,644 (US\$ 16,891,302)	84,860 (US\$ 2,732,530)	42,430 (US\$ 1,366,265)	
	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	674,740 (US\$ 21,723,772)	129,459 (US\$ 4,176,410)	64,730 (US\$ 2,088,205)	
	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	852,706 (US\$ 27,453,513)	74,892 (US\$ 2,412,725)	33,581 (US\$ 1,081,866)	
	Blessland Enterprises Limited	British Virgin Islands	Manufacturing and sale of insole	39,852 (US\$ 1,232,414)	39,852 (US\$ 1,232,414)	1,175,000	50.00	37,267 (US\$ 1,199,824)	4,897 (US\$ 157,254)	2,448 (US\$ 78,627)	
	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	553,521 (US\$ 17,821,010)	12,483 (US\$ 411,216)	6,242 (US\$ 205,608)	
	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	1,272,504 (US\$ 40,969,230)	255,292 (US\$ 8,232,970)	127,646 (US\$ 4,116,485)	
	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	621,937 (US\$ 20,023,731)	200,557 (US\$ 6,472,459)	98,273 (US\$ 3,171,505)	

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

Note 2: The Company provided 61,295 thousand ordinary shares of Yue Yuen in the custody of the trust department of Mega Bank.

(Concluded)

TABLE 10

POU CHEN CORPORATION AND SUBSIDIARIES

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2019	Accumulated Repatriation of Investment Income as of June 30, 2019	Note
					Outward	Inward							
Great Team Backend Foundry, Inc.	Processing and manufacturing of transistors	\$ 328,100 (US\$ 10,000,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 22,372 (RMB 4,894,845)	6.89	\$ -	\$ 141,634 (RMB 31,327,936)	\$ -	(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	-	-	-	-	4,690 (RMB 1,025,140)	31.79	1,485 (RMB 324,560) b, 1)	248,040 (RMB 54,864,057)	-	
Dongguan Yuming Electronic Technology Co., Ltd.	Production and marketing of over 17 inches color-image monitor, motherboards and other products	475,745 (US\$ 14,500,000)	b	-	-	-	-	(1,406) (RMB (307,747))	100.00	(1,406) (RMB (307,747)) b, 1)	71,160 (RMB 157,739,818)	-	(Note 3)
Dongguan Gaocheng Precision Injection Molding Technology Co., Ltd.	Mould, plastic case for mobile phones	395,526 (US\$ 12,055,034)	b	-	-	-	-	(606) (RMB (132,969))	100.00	(606) (RMB (132,969)) b, 2)	51,686 (RMB 11,432,455)	-	
Haicheng (Shanghai) Information Technology Co., Ltd.	Sales and production of desktop computers, notebook computers, CRT monitors, PDA handheld computers, etc.	393,720 (US\$ 12,000,000)	b	-	-	-	-	-	-	- b, 2)	-	-	
Yue Cheng (Kun Shan) Sports Co., Ltd.	Operating sporting goods and equipment, spare parts production and marketing business	435,402 (US\$ 14,200,000)	b	-	-	-	-	105,214 (RMB 23,089,697)	31.79	33,388 (RMB 7,327,239) b, 1)	275,680 (RMB 60,977,760)	-	
Zhongshan Bao Ji Clothing Co., Ltd.	Production and marketing of sportswear	82,025 (US\$ 2,500,000)	b	-	-	-	-	364 (RMB 79,790)	48.68	177 (RMB 38,754) b, 1)	6,091 (RMB 1,347,241)	-	
Dongguan Baoqiao Electronic Technology Co., Ltd.	Production and marketing of other optical appliances and instruments	147,645 (US\$ 4,500,000)	b	-	-	-	-	12,487 (RMB 2,740,651)	100.00	12,487 (RMB 2,740,651) b, 2)	141,428 (RMB 31,282,455)	-	
Long Chuan Pou Yuan Shoe Co., Ltd.	Production of sports shoes, casual shoes, leather shoes and other footwear	262,480 (US\$ 8,000,000)	b	-	-	-	-	-	51.11	- b, 1)	-	-	
Poushun Paper Products Manufacturing Co., Ltd.	Production and sale of shoe inner boxes, cartons	68,901 (US\$ 2,100,000)	b	-	-	-	-	419 (RMB 92,395)	10.22	43 (RMB 9,455) b, 1)	10,200 (RMB 2,256,182)	-	
Beijing Advazone Electronic Limited Company	Development and production of computer software	512,019 (US\$ 16,100,000)	b	-	-	-	-	(200) (RMB (43,844))	32.00	(64) (RMB (13,992)) b, 2)	35,066 (RMB 7,756,262)	-	
Pouhong Footwear Industrial Ltd.	Production and operation of leisure shoes, sports shoes	49,215 (US\$ 1,500,000)	b	-	-	-	-	4,670 (RMB 1,024,454)	51.11	2,382 (RMB 522,591) b, 1)	43,213 (RMB 9,558,244)	-	
Shanggao Yisen Industry Co., Ltd.	Production and sale of finished shoes, semi-finished products, components and moulds	660,404 (US\$ 20,390,000)	b	-	-	-	-	107,630 (RMB 23,622,742)	51.11	54,919 (RMB 12,053,736) b, 1)	837,884 (RMB 185,331,461)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2019	Accumulated Repatriation of Investment Income as of June 30, 2019	Note
					Outward	Inward							
Bao Hong (Yangzhou) Shoes Co., Ltd.	Production of needles, woven garments, footwear and sales of self-produce products	\$ 1,841,686 (US\$ 61,291,800)	b	\$ -	\$ -	\$ -	\$ -	\$ (48,346) (RMB (10,603,081))	51.11	\$ (24,659) (RMB (5,407,995)) b. 1)	\$ 570,147 (RMB 126,110,726)	-	
Dong Guan Yu Yuen Mold Co., Ltd.	Production and sale of molds for non-metallic products	62,011 (US\$ 1,890,000)	b	-	-	-	-	1,233 (RMB 270,285)	51.11	629 (RMB 137,810) b. 1)	42,650 (RMB 9,433,834)	-	
Zhong Shan Glory Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	951,490 (US\$ 29,000,000)	b	-	-	-	-	(154,113) (RMB (33,812,438))	23.00	(35,583) (RMB (7,763,151)) b. 2)	582,327 (RMB 128,804,954)	-	
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	-	-	-	-	321 (RMB 70,343)	23.00	74 (RMB 16,148) b. 2)	10,303 (RMB 2,278,866)	-	
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	-	-	-	-	64,436 (RMB 14,130,077)	20.34	13,081 (RMB 2,868,538) b. 1)	622,594 (RMB 137,711,480)	-	
ShangGao Yisen Ka Yuen Industry Co., Ltd.	Production and sale of footwear products	77,432 (US\$ 2,360,000)	b	-	-	-	-	(9,111) (RMB (1,999,778))	25.56	(2,325) (RMB (510,318)) b. 1)	23,265 (RMB 5,145,895)	-	
Bao Sheng Dao Ji (BeiJing) Trading Company Ltd.	Retail business of sports goods and accessories	1,988,061 (US\$ 65,000,000)	b	-	-	-	-	59,580 (RMB 13,079,882)	31.79	18,911 (RMB 4,151,609) b. 1)	1,116,531 (RMB 246,965,401)	-	
Qingdao Pou-Sheng International Sport Products Co., Ltd.	Sales of sports and leisure shoes and accessories	94,800 (RMB 20,000,000)	b	-	-	-	-	229,843 (RMB 50,417,623)	22.89	52,512 (RMB 11,518,880) b. 1)	169,741 (RMB 37,545,070)	-	
Guizhou Pou-Sheng Sport Products Co., Ltd.	Sales of sports and leisure shoes and accessories	322,886 (US\$ 10,000,000)	b	-	-	-	-	13,016 (RMB 2,854,095)	31.79	4,129 (RMB 905,263) b. 1)	130,709 (RMB 28,911,627)	-	
Nanning Pou-Kung Sport Products Co., Ltd.	Retail business of sports goods and accessories	42,653 (US\$ 1,300,000)	b	-	-	-	-	14,930 (RMB 3,269,888)	31.79	4,732 (RMB 1,036,452) b. 1)	3,036 (RMB 671,634)	-	
Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	Retail business of sports goods and accessories	1,567,250 (US\$ 50,000,000)	b	-	-	-	-	471,584 (RMB 103,379,164)	31.79	149,556 (RMB 32,785,170) b. 1)	1,550,550 (RMB 342,966,265)	-	
Diodite (China) Sports Good Co., Ltd.	Retail and wholesale business of sporting goods and accessories	639,800 (US\$ 20,000,000)	b	-	-	-	-	1,124 (RMB 246,424)	31.79	356 (RMB 78,171) b. 1)	45,783 (RMB 10,126,733)	-	
Taicang YYSPTS Business Trading Co., Ltd.	Retail business of sports goods and accessories series products	164,050 (US\$ 5,000,000)	b	-	-	-	-	(2,086) (RMB (457,407))	31.79	(662) (RMB (145,062)) b. 1)	132,535 (RMB 29,315,506)	-	
Yangzhou Baoyi Shoes Manufacturing Co., Ltd.	Vulcanized shoes, sports shoes, leisure shoes and other footwear manufacturing, marketing	729,906 (US\$ 22,456,800)	b	-	-	-	-	82,034 (RMB 17,999,503)	25.56	20,930 (RMB 4,592,328) b. 1)	283,673 (RMB 62,745,534)	-	
Dalian YYSPTS Sport Industrial Development Co., Ltd.	Development and sale of sports goods, clothing, shoes and hats, fitness equipment and related products	928,000 (RMB 200,000,000)	b	-	-	-	-	(8,832) (RMB (1,935,680))	31.79	(2,801) (RMB (613,805)) b. 1)	464,390 (RMB 102,718,365)	-	
YYSPTS (Chengdu) Business Trading Co., Ltd.	Retail business of sports goods and accessories	689,194 (US\$ 22,400,000)	b	-	-	-	-	(4,564) (RMB (1,000,772))	31.79	(1,448) (RMB (317,436)) b. 1)	169,112 (RMB 37,405,878)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2019	Accumulated Repatriation of Investment Income as of June 30, 2019	Note
					Outward	Inward							
Fujian Baomin Sporting Goods Co., Ltd.	Retail business of sports goods and accessories	\$ 147,645 (US\$ 4,500,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 153 (RMB 35,549)	28.61	\$ 44 (RMB 9,579) b. 1)	\$ 71,172 (RMB 15,742,504)	\$ -	
Guangzhou Pou-Yuen Trading Co., Ltd.	Retail business of sports goods and accessories	710,251 (US\$ 23,310,000)	b	-	-	-	-	(14,005) (RMB (3,076,008))	31.79	(4,446) (RMB (976,625)) b. 1)	256,719 (RMB 56,783,668)	-	
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	-	-	-	-	7,293 (RMB 1,599,186)	31.79	2,313 (RMB 507,247) b. 1)	417,953 (RMB 92,446,978)	-	
Shend Dao (Yang Zhou) Sporting Goods Dev Co., Ltd.	Shopping mall management and property management	2,111,340 (US\$ 66,000,000)	b	-	-	-	-	17,988 (RMB 3,944,337)	31.79	5,706 (RMB 1,251,092) b. 1)	692,916 (RMB 153,266,092)	-	
Zhong Shan Pou Feng Mold Limited	Production and operation mould	85,306 (US\$ 2,600,000)	b	-	-	-	-	806 (RMB 176,757)	51.11	411 (RMB 90,138) b. 1)	44,095 (RMB 9,753,441)	-	
Dong Guan Pou Yuan Paper Products Ltd.	Production and sales of packaging and decoration prints	56,436 (US\$ 1,750,000)	b	-	-	-	-	220 (RMB 48,375)	51.11	112 (RMB 24,678) b. 1)	15,383 (RMB 3,402,461)	-	
Zhong Shan O Li Su Shoe Making Machine Ltd.	Manufacturing shoes and boots or repairing machinery	157,134 (US\$ 5,100,000)	b	-	-	-	-	(10,589) (RMB (2,323,341))	51.11	(5,402) (RMB (1,185,289)) b. 1)	9,770 (RMB 2,160,956)	-	
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	-	-	-	-	682,452 (RMB 149,736,294)	31.79	216,541 (RMB 47,511,172) b. 1)	2,330,186 (RMB 515,413,899)	-	
Taichang Yue-Shen Sporting Goods Co., Ltd.	Engaged in the production and sales of shoe products, semi-finished products, moulds and related sports goods.	393,720 (US\$ 12,000,000)	b	-	-	-	-	3,039 (RMB 664,976)	31.79	963 (RMB 210,647) b. 1)	518,897 (RMB 114,708,393)	-	
Hangzhou Pou-Hung Sport Products Co., Ltd.	Design, development, production and processing of sports goods, sports instruments, sportswear, sports shoes and accessories	67,308 (RMB 14,200,000)	b	-	-	-	-	-	15.90	- b. 1)	-	-	
Yangzhou Yijian Software Tech Co., Ltd.	Integration of software and hardware sales service systems (excluding IC design)	35,803 (US\$ 1,170,000)	b	-	-	-	-	22,760 (RMB 4,997,795)	51.11	11,617 (RMB 2,550,877) b. 1)	14,386 (RMB 3,182,101)	-	
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	-	-	-	-	(64,947) (RMB (14,241,285))	51.11	(33,122) (RMB (7,262,900)) b. 1)	165,311 (RMB 36,565,167)	-	
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	-	-	-	-	(109,119) (RMB (23,934,229))	51.11	(55,659) (RMB (12,208,263)) b. 1)	726,372 (RMB 160,666,294)	-	
Bou Jin (Yangzhou) Garments Co., Ltd.	Production and sale of sportswear, casual wear, etc.	698,853 (US\$ 21,300,000)	b	-	-	-	-	(45,463) (RMB (9,970,078))	20.44	(9,275) (RMB (2,034,052)) b. 1)	9,994 (RMB 2,210,630)	-	
Jiangxi Province Yutai Shoe Co., Ltd.	Production and sale of footwear products and semi-finished products	468,425 (US\$ 15,000,000)	b	-	-	-	-	(14,846) (RMB (3,255,879))	51.11	(7,572) (RMB (1,660,616)) b. 1)	(77,770) (RMB (17,201,923))	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2019	Accumulated Repatriation of Investment Income as of June 30, 2019	Note
					Outward	Inward							
Dongguan Yu Xiang Shoes Material Co., Ltd.	Production and sale of footwear products	\$ 295,820 (US\$ 9,500,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 24,048 (RMB 5,285,338)	51.11	\$ 12,280 (RMB 2,698,987) b. 1)	\$ 228,893 (RMB 50,628,810)	\$ -	
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	-	-	-	-	(35) (RMB (7,611))	23.00	(8) (RMB (1,747)) b. 1)	13,758 (RMB 3,043,218)	-	
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	-	-	-	-	3,630 (RMB 797,774)	19.42	704 (RMB 154,806) b. 1)	17,575 (RMB 3,887,430)	-	
Dong Guan Yue Tai Shoe Material Company Limited	Production and sale of footwear products	70,153 (US\$ 2,202,580)	b	-	-	-	-	(145) (RMB (31,839))	25.56	(37) (RMB (8,134)) b. 1)	- (RMB -)	-	
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	-	-	-	-	139,113 (RMB 30,523,768)	51.11	70,972 (RMB 15,572,476) b. 1)	1,064,453 (RMB 235,446,261)	-	
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)	37,239 (RMB 8,236,989)	-	
Beijing Baojing Kang Tai Trading Co., Ltd.	Wholesale and retail of sporting goods, sporting instruments and clothing, shoes and hats	261,797 (US\$ 8,940,000)	b	-	-	-	-	-	15.90	- b. 1)	-	-	
Kun Shan Pou-chi Sports Co., Ltd.	Wholesale, commission agency, import and export business of sports goods, sports equipment, clothing, shoes, caps and packaging and related design, technical consultation and service	399,539 (US\$ 13,500,000)	b	-	-	-	-	166,011 (RMB 36,399,282)	31.79	52,654 (RMB 11,544,774) b. 1)	275,680 (RMB 60,977,760)	-	
Yangzhou Baoyuan Shoes Co., Ltd.	Production and sale of sports shoes, sportswear, leisure shoes and sports goods	145,650 (US\$ 5,000,000)	b	-	-	-	-	-	31.79	- b. 1)	-	-	
Dongguan Yuancheng Shoes Material Co., Ltd.	Production and sale of footwear products	89,382 (US\$ 2,750,000)	b	-	-	-	-	(225) (RMB (49,306))	25.56	(57) (RMB (12,565)) b. 1)	22,871 (RMB 5,058,756)	-	
Dongguan De Chang Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US\$ 350,000)	b	-	-	-	-	6,817 (RMB 1,494,856)	51.11	3,477 (RMB 762,397) b. 1)	19,590 (RMB 4,333,050)	-	
Zhong Shan Bao Song Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US\$ 350,000)	b	-	-	-	-	9,996 (RMB 2,193,218)	51.11	5,100 (RMB 1,118,920) b. 1)	18,879 (RMB 4,175,942)	-	
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	-	-	-	-	(9,705) (RMB (2,128,408))	51.11	(4,950) (RMB (1,085,573)) b. 1)	29,074 (RMB 6,430,778)	-	
Dong Guan YuZhan Shoes Co., Ltd.	Prepare sports shoes, leisure shoes, leather shoes, children's shoes, semi-finished shoes and shoes material items	557,490 (US\$ 19,100,000)	b	-	-	-	-	-	51.11	- b. 1)	-	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2019	Accumulated Repatriation of Investment Income as of June 30, 2019	Note
					Outward	Inward							
Jiangxi Uniscien Consulting Co., Ltd.	Business management consultation, marketing planning and other services	\$ 10,442 (US\$ 350,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 2,128 (RMB 466,665)	51.11	\$ 1,085 (RMB 238,007) b. 1)	\$ 14,909 (RMB 3,297,812)	\$ -	
Yu Xing (Jishui) Footwear Co., Ltd.	Production and sale of sports shoes	183,840 (US\$ 6,400,000)	b	-	-	-	-	(12,139) (RMB (2,662,069))	51.11	(6,191) (RMB (1,357,732)) b. 1)	(113,185) (RMB (25,035,410))	-	
Dongguan Xingtai Consulting Co., Ltd.	Business management consultation, marketing planning and other services	41,945 (US\$ 1,400,000)	b	-	-	-	-	5,353 (RMB 1,174,099)	51.11	2,730 (RMB 598,856) b. 1)	33,475 (RMB 7,404,337)	-	
Yang Xin Zhang Yuan Shoe Co., Ltd.	Production and sale of footwear products	61,029 (US\$ 2,100,000)	b	-	-	-	-	(821) (RMB (180,037))	25.56	(209) (RMB (45,920)) b. 1)	7,503 (RMB 1,659,587)	-	
YangXin Pou Jia Yuen Shoes Manufacturing Co., Ltd.	Production and sale of rubber soles	72,990 (US\$ 2,500,000)	b	-	-	-	-	(12,458) (RMB (2,731,439))	25.56	(3,177) (RMB (696,583)) b. 1)	17,394 (RMB 3,847,439)	-	
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	-	-	-	-	164,271 (RMB 35,986,153)	31.79	52,075 (RMB 11,407,857) b. 1)	1,274,916 (RMB 281,998,685)	-	
Yichun Yisen Industry Co., Ltd.	Production and sale of footwear and mold products	410,130 (US\$ 14,000,000)	b	-	-	-	-	4,380 (RMB 979,717)	51.11	2,259 (RMB 505,246) b. 1)	335,522 (RMB 74,214,114)	-	
Zhong Xiang Yue-Shen Sporting Goods Co., Ltd.	Production, processing of shoes, semi-finished products, moulds and related sporting goods, sales of self-produce products	94,380 (US\$ 3,250,000)	b	-	-	-	-	(1,140) (RMB (249,861))	51.11	(581) (RMB (127,402)) b. 1)	(6,251) (RMB (1,382,680))	-	
Dong Guan Yurui Electronic Technology Co., Ltd.	Processing and manufacturing of electronic products such as computer peripheral equipment	87,120 (US\$ 3,000,000)	b	-	-	-	-	-	51.11	b. 1)	-	-	
Zhang Shan Shi Bi Fu Material Co., Ltd.	Production and operation of knitted fabrics and carbon fiber shoes, especially for shoes, sports shoes, etc.	43,290 (US\$ 1,395,000)	b	-	-	-	-	7,357 (RMB 1,617,465)	24.92	1,832 (RMB 402,802) b. 1)	13,191 (RMB 2,917,621)	-	
Dong Guan Pou Chen Footwear Company Limited	Production and sale of footwear products, semi-finished footwear products and accessories, moulding tools and engaged in the wholesale and import and export business of footwear products	850,131 (RMB 177,000,000)	b	-	-	-	-	135,644 (RMB 29,767,016)	51.11	69,208 (RMB 15,187,655) b. 1)	936,093 (RMB 207,054,357)	-	
Dongguan Yusheng Shoe Industry Co., Ltd.	Production and sale of finished shoes, semi-finished shoes and mold products and engaged in research and development of shoes, finished shoes, mold products	883,824 (RMB 184,000,000)	b	-	-	-	-	23,639 (RMB 5,196,628)	51.11	12,073 (RMB 2,654,030) b. 1)	874,428 (RMB 193,414,751)	-	
Dong Guan Yue Yuan Footwear Products Company Limited	Production and sale of footwear products, semi-finished footwear products, mold products and engaged in wholesale and import and export business of footwear products	860,086 (RMB 179,000,000)	b	-	-	-	-	(20,456) (RMB (4,485,132))	51.11	(10,432) (RMB (2,287,265)) b. 1)	289,124 (RMB 63,951,328)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2019	Accumulated Repatriation of Investment Income as of June 30, 2019	Note
					Outward	Inward							
Dong Guan Yue Lei Plastic Company Limited	Prepare for research and development of shoe materials and composite materials	\$ 37,960 (RMB 7,800,000)	b	\$ -	\$ -	\$ -	\$ -	\$ -	51.11	\$ - b. 1)	\$ -	\$ -	
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	-	-	-	-	14,481 (RMB 3,171,607)	25.56	3,691 (RMB 808,351) b. 1)	42,073 (RMB 9,306,029)	-	
Dong Guan Jia Yuan Shoe Materials Products Company Limited	Prepare shoe material	108,805 (RMB 21,600,000)	b	-	-	-	-	3,776 (RMB 828,686)	51.11	1,927 (RMB 422,816) b. 1)	54,082 (RMB 11,962,507)	-	
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	-	-	-	-	(22) (RMB (4,607))	10.22	(2) (RMB (458)) b. 1)	4,552 (RMB 1,006,785)	-	
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	-	-	-	-	(59,101) (RMB (12,984,154))	31.79	(18,767) (RMB (4,122,981)) b. 1)	(22,801) (RMB (5,043,282))	-	
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	-	-	-	-	(4,769) (RMB (1,045,928))	6.80	(324) (RMB (70,966)) b. 1)	4,215 (RMB 932,230)	-	
Kun Shan Taisong Trading Co., Ltd.	Wholesale and retail of clothing, footwear, glasses and watches	790,110 (US\$ 26,500,000)	b	-	-	-	-	(36,181) (RMB (7,932,520))	31.79	(11,475) (RMB (2,515,856)) b. 1)	(115,087) (RMB (25,455,995))	-	
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	-	-	-	-	(4,689) (RMB (1,027,856))	31.79	(1,487) (RMB (325,958)) b. 1)	(4,533) (RMB (1,002,569))	-	
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	-	-	-	-	(13,723) (RMB (3,013,189))	31.79	(4,356) (RMB (956,504)) b. 1)	10,367 (RMB 2,293,059)	-	
Yisen (YiFeng) Mould Co., Ltd.	Production and sale of mould products	479,284 (US\$ 14,850,000)	b	-	-	-	-	(12,736) (RMB (2,794,830))	51.11	(6,498) (RMB (1,425,970)) b. 1)	194,514 (RMB 43,024,541)	-	
Zhu Hai Yu Yuan Industrial Co., Ltd.	Processing, production and sale of footwear products	1,408 (RMB 300,000)	b	-	-	-	-	(3,506) (RMB (764,937))	51.11	(1,783) (RMB (388,965)) b. 1)	35,355 (RMB 7,820,210)	-	
Yang Xin Pou Shou Sporting Goods Co., Ltd.	Processing, production and sale of footwear products	236,574 (US\$ 7,800,000)	b	-	-	-	-	40,603 (RMB 8,913,378)	51.11	20,720 (RMB 4,548,671) b. 1)	110,675 (RMB 24,480,129)	-	
Changsha YYSPO RTS Sport Products Co., Ltd.	Sales of sports goods and equipments	22,825 (RMB 5,000,000)	b	-	-	-	-	10,879 (RMB 2,385,863)	31.79	3,451 (RMB 756,809) b. 1)	6,498 (RMB 1,437,362)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2019	Accumulated Repatriation of Investment Income as of June 30, 2019	Note
					Outward	Inward							
Henan YYSPTS Sport Products Co., Ltd.	Retail business of sports goods and accessories	\$ 9,130 (RMB 2,000,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 97,745 (RMB 21,442,132)	31.79	\$ 31,011 (RMB 6,802,813) b. 1)	\$ 131,549 (RMB 29,097,305)	\$ -	
Shenyang Pou-Yi Trading Co., Ltd.	Retail business of sports goods and accessories	182,600 (RMB 40,000,000)	b	-	-	-	-	2,273 (RMB 503,844)	31.79	726 (RMB 160,822) b. 1)	13,690 (RMB 3,028,030)	-	
Zhejiang shengdao Sporting-goods Co., Ltd.	Retail business of sports goods and accessories	228,250 (RMB 50,000,000)	b	-	-	-	-	330,246 (RMB 72,454,496)	31.79	104,783 (RMB 22,988,869) b. 1)	392,749 (RMB 86,872,121)	-	
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	-	-	-	-	3,987 (RMB 874,905)	31.79	1,265 (RMB 277,643) b. 1)	3,841 (RMB 849,557)	-	
Widevision Investment (Shenzhen) Co., Ltd.	Business management consulting, economic information consulting and market management planning	13,833 (RMB 3,000,000)	b	-	-	-	-	(778) (RMB (170,682))	100.00	(778) (RMB (170,682)) b. 1)	8,838 (RMB 1,954,894)	-	
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	-	-	-	-	273 (RMB 59,938)	31.79	43 (RMB 9,527) b. 1)	1,488 (RMB 329,145)	-	
Kuo Yuen Tannery	Production, processing, sales, research and development of shoe materials, import and export goods or technic	43,176 (RMB 9,550,000)	b	-	-	-	-	(2,731) (RMB (599,801))	25.56	(349) (RMB (76,655)) b. 1)	10,343 (RMB 2,287,671)	-	

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2019	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
\$ -	\$ 21,069,793 (US\$ 678,357,800)	\$ 110,208,439

Note 1: Methods of investments have following types:

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

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

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

Note 3: Financial assets at FVTOCI

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

(Concluded)

TABLE 10-1

POU CHEN CORPORATION AND SUBSIDIARIES

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2019	Accumulated Repatriation of Investment Income as of June 30, 2019	Note
					Outward	Inward							
Kunshan Yuanying Electronics Technology Co., Ltd.	Manufacturing and sale of alloy	\$ 85,936 (US\$ 2,620,000)	b	\$ -	\$ -	\$ -	\$ -	\$ (2,800) (RMB (614,086))	100.00	\$ (2,800) (RMB (614,086)) b, 2)	\$ 77,310 (RMB 17,100,153)	\$ -	

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2019	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
\$ -	\$ 179,216 (US\$ 5,770,000)	\$ 408,835

- Note 1: Methods of investments have following types:
- a. Direct investment in mainland China.
 - b. Indirect investment in the Company located in mainland China through a third place.
 - c. Other.
- Note 2: Investment profit or loss recognized in the current period
- a. If it is in the preparation stage, there is no investment gains and losses, it should be noted.
 - b. The amount of investment gain (loss) was recognized on following bases:
 - 1) Based on the financial statements audited by an ROC CPA firm cooperating with an international CPA firm.
 - 2) Based on the financial statements audited by the auditor of parent company.

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