

## **Pou Chen Corporation and Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 2020 and 2019 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Shareholders  
Pou Chen Corporation

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Pou Chen Corporation (the "Company") and its subsidiaries (collectively, the "Group") as of September 30, 2020 and 2019, the related consolidated statements of comprehensive income for the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019, the consolidated statements of changes in equity and cash flows for the nine months then ended and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

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

### **Scope of Review**

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

### **Conclusion**

Based on our reviews and the reports of other auditors (refer to the other matter paragraph), nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2020 and 2019, its consolidated financial performance for the three months ended September 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

## Other Matter

The Group's investments in Ruen Chen Investment Holding Co., Ltd. and Nan Shan Life Insurance Co., Ltd. were accounted for by using the equity method based on its financial statements which were reviewed by other auditors. Our conclusion, insofar as it relates to the Group's investments in Ruen Chen Investment Holding Co., Ltd., and Nan Shan Life Insurance Co., Ltd. are based solely on the review reports of other auditors. As of September 30, 2020 and 2019, the carrying amounts of investment using the equity method in Ruen Chen Investment Holding Co., Ltd. were \$62,335,882 thousand and \$50,533,983 thousand, respectively, representing 17.65% and 13.85%, respectively, of the consolidated total assets. For the three months ended September 30, 2020 and 2019, the share of profit of associates was \$2,571,723 thousand and \$2,871,948 thousand, respectively, representing 74.64% and 41.45%, respectively, of the consolidated income before income tax, and for the nine months ended September 30, 2020 and 2019, the share of profit of associates was \$6,446,531 thousand and \$6,720,643 thousand, respectively, representing 186.63% and 36.12%, respectively, of the consolidated income before income tax. As of September 30, 2020 and 2019, the carrying amounts of the investment using the equity method in Nan Shan Life Insurance Co., Ltd. were \$680,468 thousand and \$558,154 thousand, respectively, representing 0.19% and 0.15%, respectively, of the consolidated total assets. For the three months ended September 30, 2020 and 2019, the share of profit of associates was \$26,844 thousand and \$29,948 thousand, respectively, representing 0.78% and 0.43%, respectively, of the consolidated income before income tax, and for the nine months ended September 30, 2020 and 2019, the share of profit of associates was \$67,360 thousand and \$32,108 thousand, respectively, representing 1.95% and 0.17%, respectively, of the consolidated income before income tax.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

November 13, 2020

### Notice to Readers

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

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

# POU CHEN CORPORATION AND SUBSIDIARIES

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

ASSETS	September 30, 2020 (Reviewed)		December 31, 2019 (Audited)		September 30, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 35,740,547	10	\$ 37,049,955	10	\$ 33,355,722	9
Financial assets at fair value through profit or loss - current (Note 7)	762,211	-	692,874	-	789,200	-
Financial assets at fair value through other comprehensive income - current (Note 8)	16,261,743	5	17,736,334	5	16,816,430	5
Financial assets measured at cost - current (Note 9)	8,640,635	3	1,656,038	1	1,985,667	1
Notes receivable (Note 10)	112	-	509	-	1,129	-
Accounts receivable (Notes 10 and 35)	25,129,063	7	34,261,246	10	34,241,030	9
Other receivables (Note 10)	6,398,775	2	5,115,656	1	6,330,663	2
Inventories - manufacturing and retailing (Note 11)	45,317,789	13	54,713,419	15	55,147,616	15
Inventories - construction (Note 11)	3,926,248	1	3,909,013	1	4,768,171	1
Non-current assets held for sale (Note 12)	678,321	-	1,342,804	-	149,458	-
Other current assets (Note 13)	8,557,546	2	9,159,841	3	11,798,224	3
Total current assets	151,412,990	43	165,637,689	46	165,383,310	45
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	1,404,109	-	1,353,545	-	1,249,633	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	1,001,872	-	1,222,245	-	1,023,067	-
Financial assets at amortized cost - non-current (Notes 9 and 36)	3,429,856	1	5,918,089	2	6,174,851	2
Investments accounted for using equity method (Note 15)	85,226,275	24	72,310,784	20	74,014,503	20
Property, plant and equipment (Note 16)	72,245,375	21	77,861,266	21	79,732,359	22
Right-of-use assets (Note 17)	18,297,001	5	18,983,090	5	18,078,701	5
Investment properties (Note 18)	2,837,752	1	2,841,851	1	2,302,377	1
Goodwill (Note 19)	8,088,054	2	8,279,832	2	8,521,955	2
Other intangible assets (Note 20)	1,933,641	1	2,149,303	1	2,190,975	1
Deferred tax assets (Notes 4 and 28)	2,925,514	1	2,167,426	1	1,824,291	1
Other non-current assets (Note 13)	4,368,342	1	4,331,210	1	4,352,190	1
Total non-current assets	201,757,791	57	197,418,641	54	199,464,902	55
TOTAL	\$ 353,170,781	100	\$ 363,056,330	100	\$ 364,848,212	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 21)	\$ 30,146,760	8	\$ 42,247,828	12	\$ 41,719,649	11
Short-term bills payable (Note 21)	2,423,274	1	2,547,678	1	2,722,670	1
Financial liabilities at fair value through profit or loss - current (Note 7)	128,533	-	47,741	-	77,738	-
Notes payable (Note 22)	10,129	-	11,199	-	14,501	-
Accounts payable (Notes 22 and 35)	14,754,015	4	14,866,337	4	16,919,253	5
Other payables (Note 23)	20,571,781	6	25,295,496	7	25,285,635	7
Current tax liabilities (Note 28)	2,999,483	1	2,093,845	-	1,817,415	-
Lease liabilities (Note 17)	3,535,531	1	3,908,023	1	3,837,269	1
Current portion of long-term borrowings (Note 21)	5,684,968	1	263,796	-	2,263,796	-
Other current liabilities	6,165,815	2	6,951,737	2	6,167,310	2
Total current liabilities	86,420,289	24	98,233,680	27	100,825,236	27
NON-CURRENT LIABILITIES						
Financial liabilities at fair value through profit or loss - non-current (Note 7)	797,801	-	308,366	-	386,497	-
Long-term borrowings (Note 21)	64,860,877	18	60,290,054	17	58,564,480	16
Deferred tax liabilities (Notes 4 and 28)	1,459,789	1	1,627,302	1	1,743,109	1
Lease liabilities - non-current (Note 17)	8,535,414	3	8,255,154	2	7,177,138	2
Long-term payables (Note 23)	150,016	-	152,831	-	152,522	-
Net defined benefit liabilities (Note 4)	4,088,555	1	4,251,602	1	3,803,970	1
Other non-current liabilities	58,101	-	68,314	-	68,553	-
Total non-current liabilities	79,950,553	23	74,953,623	21	71,896,269	20
Total liabilities	166,370,842	47	173,187,303	48	172,721,505	47
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)						
Share capital						
Ordinary shares	29,467,872	8	29,467,872	8	29,467,872	8
Capital surplus	4,389,862	1	4,592,397	1	4,590,417	1
Retained earnings						
Legal reserve	16,064,775	5	14,881,914	4	14,881,914	4
Special reserve	-	-	22,293,369	6	22,293,369	6
Unappropriated earnings	55,848,279	16	34,488,820	10	34,378,862	10
Total retained earnings	71,913,054	21	71,664,103	20	71,554,145	20
Other equity	14,358,906	4	11,684,567	3	12,703,129	4
Total equity attributable to owners of the Company	120,129,694	34	117,408,939	32	118,315,563	33
NON-CONTROLLING INTERESTS	66,670,245	19	72,460,088	20	73,811,144	20
Total equity	186,799,939	53	189,869,027	52	192,126,707	53
TOTAL	\$ 353,170,781	100	\$ 363,056,330	100	\$ 364,848,212	100

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

(With Deloitte & Touche review report dated November 13, 2020)

# POU CHEN CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 26 and 35)	\$ 59,112,964	100	\$ 76,624,364	100	\$ 181,971,609	100	\$ 234,126,744	100
OPERATING COSTS (Notes 24, 27 and 35)	<u>46,467,486</u>	<u>78</u>	<u>57,582,594</u>	<u>75</u>	<u>143,974,736</u>	<u>79</u>	<u>174,782,284</u>	<u>75</u>
GROSS PROFIT	<u>12,645,478</u>	<u>22</u>	<u>19,041,770</u>	<u>25</u>	<u>37,996,873</u>	<u>21</u>	<u>59,344,460</u>	<u>25</u>
OPERATING EXPENSES (Notes 24 and 27)								
Selling and marketing expenses	7,498,254	13	8,861,476	12	21,922,588	12	28,195,104	12
General and administrative expenses	4,763,284	8	5,408,900	7	16,366,846	9	16,058,036	7
Research and development expenses	<u>1,307,319</u>	<u>2</u>	<u>1,623,249</u>	<u>2</u>	<u>4,154,849</u>	<u>2</u>	<u>4,760,938</u>	<u>2</u>
Total operating expenses	<u>13,568,857</u>	<u>23</u>	<u>15,893,625</u>	<u>21</u>	<u>42,444,283</u>	<u>23</u>	<u>49,014,078</u>	<u>21</u>
(LOSS) INCOME FROM OPERATIONS	<u>(923,379)</u>	<u>(1)</u>	<u>3,148,145</u>	<u>4</u>	<u>(4,447,410)</u>	<u>(2)</u>	<u>10,330,382</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 27)	147,309	-	191,566	-	496,103	-	570,419	-
Other income (Note 27)	1,465,307	2	1,492,654	2	2,547,147	1	2,536,634	1
Other gains and losses (Note 27)	(43,186)	-	(656,224)	(1)	(795,831)	-	(274,656)	-
Net gain (loss) on derecognition of financial assets at amortized cost	3,179	-	-	-	3,214	-	(3,260)	-
Finance costs (Note 27)	(541,889)	(1)	(786,157)	(1)	(1,855,674)	(1)	(2,474,453)	(1)
Share of the profit of associates and joint ventures (Note 15)	<u>3,338,108</u>	<u>6</u>	<u>3,538,205</u>	<u>5</u>	<u>7,506,681</u>	<u>4</u>	<u>7,921,929</u>	<u>4</u>
Total non-operating income and expenses	<u>4,368,828</u>	<u>7</u>	<u>3,780,044</u>	<u>5</u>	<u>7,901,640</u>	<u>4</u>	<u>8,276,613</u>	<u>4</u>
INCOME BEFORE INCOME TAX	3,445,449	6	6,928,189	9	3,454,230	2	18,606,995	8
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(111,406)</u>	<u>-</u>	<u>(1,222,083)</u>	<u>(1)</u>	<u>(1,471,075)</u>	<u>(1)</u>	<u>(2,518,115)</u>	<u>(1)</u>
NET INCOME	<u>3,334,043</u>	<u>6</u>	<u>5,706,106</u>	<u>8</u>	<u>1,983,155</u>	<u>1</u>	<u>16,088,880</u>	<u>7</u>
OTHER COMPREHENSIVE (LOSS) INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Remeasurement of defined benefit plans	4,329	-	-	-	(145,595)	-	-	-
Unrealized (loss) gain on investments in equity instruments designated as at fair value through other comprehensive income	(1,457,436)	(2)	(1,250,671)	(2)	(1,627,810)	(1)	1,982,824	1
Share of the other comprehensive (loss) income of associates and joint ventures	(57,696)	-	(134,968)	-	(188,963)	-	208,430	-

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# POU CHEN CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	\$ (1,004,309)	(2)	\$ (1,640,862)	(2)	\$ (3,427,424)	(2)	\$ 76,567	-
Share of the other comprehensive income of associates and joint ventures	<u>2,336,942</u>	<u>4</u>	<u>6,927,011</u>	<u>9</u>	<u>6,391,052</u>	<u>4</u>	<u>31,060,659</u>	<u>13</u>
Other comprehensive (loss) income for the period, net of income tax	<u>(178,170)</u>	<u>-</u>	<u>3,900,510</u>	<u>5</u>	<u>1,001,260</u>	<u>1</u>	<u>33,328,480</u>	<u>14</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 3,155,873</u>	<u>6</u>	<u>\$ 9,606,616</u>	<u>13</u>	<u>\$ 2,984,415</u>	<u>2</u>	<u>\$ 49,417,360</u>	<u>21</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 3,342,494	6	\$ 4,389,942	6	\$ 4,002,200	2	\$ 11,342,232	5
Non-controlling interests	<u>(8,451)</u>	<u>-</u>	<u>1,316,164</u>	<u>2</u>	<u>(2,019,045)</u>	<u>(1)</u>	<u>4,746,648</u>	<u>2</u>
	<u>\$ 3,334,043</u>	<u>6</u>	<u>\$ 5,706,106</u>	<u>8</u>	<u>\$ 1,983,155</u>	<u>1</u>	<u>\$ 16,088,880</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 3,319,724	6	\$ 9,416,568	13	\$ 6,607,933	4	\$ 44,814,475	19
Non-controlling interests	<u>(163,851)</u>	<u>-</u>	<u>190,048</u>	<u>-</u>	<u>(3,623,518)</u>	<u>(2)</u>	<u>4,602,885</u>	<u>2</u>
	<u>\$ 3,155,873</u>	<u>6</u>	<u>\$ 9,606,616</u>	<u>13</u>	<u>\$ 2,984,415</u>	<u>2</u>	<u>\$ 49,417,360</u>	<u>21</u>
EARNINGS PER SHARE (Note 29)								
Basic	<u>\$ 1.14</u>		<u>\$ 1.49</u>		<u>\$ 1.36</u>		<u>\$ 3.85</u>	
Diluted	<u>\$ 1.14</u>		<u>\$ 1.48</u>		<u>\$ 1.36</u>		<u>\$ 3.84</u>	

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

(With Deloitte & Touche review report dated November 13, 2020)

(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										Total Equity
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity	Others	Total	Non-controlling Interests	
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2019	\$ 29,467,872	\$ 4,600,092	\$ 13,811,050	\$ 13,917,230	\$ 38,360,517	\$ (312,124)	\$ (8,483,931)	\$ (13,497,314)	\$ 77,863,392	\$ 74,334,314	\$ 152,197,706
Appropriation of 2018 earnings (Note 25)											
Legal reserve	-	-	1,070,864	-	(1,070,864)	-	-	-	-	-	-
Special reserve	-	-	-	8,376,139	(8,376,139)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(4,420,181)	-	-	-	(4,420,181)	-	(4,420,181)
	-	-	1,070,864	8,376,139	(13,867,184)	-	-	-	(4,420,181)	-	(4,420,181)
Net income for the nine months ended September 30, 2019	-	-	-	-	11,342,232	-	-	-	11,342,232	4,746,648	16,088,880
Other comprehensive income (loss) for the nine months ended September 30, 2019	-	-	-	-	-	304,874	22,963,196	10,204,173	33,472,243	(143,763)	33,328,480
Total comprehensive income for the nine months ended September 30, 2019	-	-	-	-	11,342,232	304,874	22,963,196	10,204,173	44,814,475	4,602,885	49,417,360
Difference between price of disposal or acquisition of interests in subsidiaries and book value	-	(3,539)	-	-	-	-	-	-	(3,539)	-	(3,539)
Share of changes in equity of subsidiaries (Note 25)	-	-	-	-	(73,339)	-	-	-	(73,339)	-	(73,339)
Share of changes in net assets of associates (Note 25)	-	(6,136)	-	-	(1,383,364)	-	1,524,255	-	134,755	-	134,755
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(5,126,055)	(5,126,055)
Changes in equity for the nine months ended September 30, 2019	-	(9,675)	1,070,864	8,376,139	(3,981,655)	304,874	24,487,451	10,204,173	40,452,171	(523,170)	39,929,001
BALANCE AT SEPTEMBER 30, 2019	\$ 29,467,872	\$ 4,590,417	\$ 14,881,914	\$ 22,293,369	\$ 34,378,862	\$ (7,250)	\$ 16,003,520	\$ (3,293,141)	\$ 118,315,563	\$ 73,811,144	\$ 192,126,707
BALANCE AT JANUARY 1, 2020	\$ 29,467,872	\$ 4,592,397	\$ 14,881,914	\$ 22,293,369	\$ 34,488,820	\$ (2,498,149)	\$ 13,759,473	\$ 423,243	\$ 117,408,939	\$ 72,460,088	\$ 189,869,027
Appropriation of 2019 earnings (Note 25)											
Legal reserve	-	-	1,182,861	-	(1,182,861)	-	-	-	-	-	-
Special reserve	-	-	-	(22,293,369)	22,293,369	-	-	-	-	-	-
Cash dividends	-	-	-	-	(3,683,484)	-	-	-	(3,683,484)	-	(3,683,484)
	-	-	1,182,861	(22,293,369)	17,427,024	-	-	-	(3,683,484)	-	(3,683,484)
Net income (loss) for the nine months ended September 30, 2020	-	-	-	-	4,002,200	-	-	-	4,002,200	(2,019,045)	1,983,155
Other comprehensive (loss) income for the nine months ended September 30, 2020	-	-	-	-	(75,360)	(2,001,024)	4,904,594	(222,477)	2,605,733	(1,604,473)	1,001,260
Total comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	3,926,840	(2,001,024)	4,904,594	(222,477)	6,607,933	(3,623,518)	2,984,415
Difference between price of disposal or acquisition of interests in subsidiaries and book value (Note 25)	-	(230,093)	-	-	-	-	-	-	(230,093)	-	(230,093)
Share of changes in equity of subsidiaries (Note 25)	-	-	-	-	4,312	-	(5,471)	-	(1,159)	-	(1,159)
Share of changes in net assets of associates (Note 25)	-	335	-	-	1,283	-	(1,283)	-	335	-	335
Changes in additional paid-in capital - unclaimed dividends by shareholders	-	27,223	-	-	-	-	-	-	27,223	-	27,223
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(2,166,325)	(2,166,325)
Changes in equity for the nine months ended September 30, 2020	-	(202,535)	1,182,861	(22,293,369)	21,359,459	(2,001,024)	4,897,840	(222,477)	2,720,755	(5,789,843)	(3,069,088)
BALANCE AT SEPTEMBER 30, 2020	\$ 29,467,872	\$ 4,389,862	\$ 16,064,775	\$ -	\$ 55,848,279	\$ (4,499,173)	\$ 18,657,313	\$ 200,766	\$ 120,129,694	\$ 66,670,245	\$ 186,799,939

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

(With Deloitte & Touche review report dated November 13, 2020)

# POU CHEN CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 3,454,230	\$ 18,606,995
Adjustments for:		
Depreciation expenses	12,126,131	11,215,727
Amortization expenses	356,455	379,516
Expected credit loss recognized on accounts receivable	34,638	168,303
Net loss (gain) on fair value changes of financial instruments at fair value through profit or loss	551,010	(186,499)
Finance costs	1,855,674	2,474,453
Net (gain) loss on derecognition of financial assets at amortized cost	(3,214)	3,260
Interest income	(496,103)	(570,419)
Dividend income	(1,006,223)	(986,786)
Compensation cost of employee share options	6,272	121,842
Share of profit of associates and joint ventures	(7,506,681)	(7,921,929)
Net loss on disposal of property, plant and equipment	270,554	342,672
Net gain on disposal of subsidiaries, associates and joint ventures	(533,530)	(594,518)
Impairment loss	266,892	48,293
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(100,684)	(130,679)
Notes receivable	397	166
Accounts receivable	9,105,402	3,075,611
Other receivables	(1,210,372)	(1,418,902)
Inventories	9,378,395	(4,691,738)
Other current assets	602,295	(3,182,630)
Other operating assets	14,171	(52,394)
Notes payable	(1,070)	5,095
Accounts payable	(112,322)	2,111,829
Other payables	(3,778,935)	164,446
Other current liabilities	117,111	1,041,548
Net defined benefit liabilities	(308,642)	310,301
Other operating liabilities	(2,815)	1,039
Cash generated from operations	23,079,036	20,334,602
Interest paid	(1,839,736)	(2,403,232)
Income tax paid	(1,489,224)	(2,882,695)
Net cash generated from operating activities	19,750,076	15,048,675

(Continued)

# POU CHEN CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2020	2019
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from return of capital of financial assets at fair value through other comprehensive income	\$ 28,666	\$ -
Purchases of financial assets at amortized cost	(9,071,913)	(9,953,762)
Proceeds from sale of financial assets at amortized cost	4,481,657	4,670,407
Acquisition of associates and joint ventures	(963,016)	(4,459,840)
Proceeds from disposal of associates and joint ventures	76,653	89,240
Net cash inflow on disposal of subsidiaries	-	3,075,084
Proceeds from disposal of non-current assets held for sale	78,462	-
Acquisition of property, plant and equipment	(6,431,812)	(9,321,777)
Proceeds from disposal of property, plant and equipment	915,758	319,895
Increase in refundable deposits	(27,119)	(120,823)
Decrease in other receivables	37,781	-
Payments for intangible assets	(146,261)	(399,206)
Payments for right-of-use assets	(65,061)	(39,136)
Increase in prepayments for equipment	(66,162)	-
Interest received	566,355	494,634
Dividends received	1,824,638	1,836,057
Proceeds from disposal of right-of-use assets	-	1,835
Net cash used in investing activities	<u>(8,761,374)</u>	<u>(13,807,392)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	-	5,224,716
Repayments of short-term borrowings	(12,101,068)	-
Repayments of short-term bills payable	(122,500)	(145,000)
Proceeds from long-term borrowings	9,932,603	5,198,274
Increase in guarantee deposits	-	784
Decrease in guarantee deposits	(10,213)	-
Repayments of principal portion of lease liabilities	(3,338,922)	(2,143,394)
Cash dividends	(3,683,484)	(4,420,181)
Changes in non-controlling interests	(2,166,325)	(3,872,148)
Unclaimed dividends by shareholders	27,223	-
Net cash used in financing activities	<u>(11,462,686)</u>	<u>(156,949)</u>

(Continued)

	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	\$ <u>(835,424)</u>	\$ <u>19,387</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,309,408)	1,103,721
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>37,049,955</u>	<u>32,252,001</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 35,740,547</u>	<u>\$ 33,355,722</u>

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

(With Deloitte & Touche review report dated November 13, 2020)

(Concluded)

# **POU CHEN CORPORATION AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)**

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### **1. GENERAL INFORMATION**

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

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

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

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

The consolidated financial statements were reported to the board of directors on November 13, 2020.

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

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

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

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

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

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

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

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

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

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
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, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts-Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

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

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

2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

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

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

3) Annual Improvements to IFRS Standards 2018-2020

Several standards, including IFRS 9 “Financial Instruments”, were amended in the annual improvements. IFRS 9 requires to compare the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10 per cent. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

4) Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 “Levies” to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

5) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Group will restate its comparative information when it initially applies the aforementioned amendments.

6) Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”

The amendments specify that when assessing whether a contract is onerous, the “cost of fulfilling a contract” includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

The Group will recognize the cumulative effect of the initial application of the aforementioned amendments in the retained earnings at the date of the initial application.

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. Statement of compliance

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

b. Basis of consolidation

The basis of consolidation has been followed in these consolidated financial statements as was applied in the preparation of the consolidated financial statements for the year ended December 31, 2019.

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

c. Other significant accounting policies

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

1) Retirement benefits

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

2) Taxation

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

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

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

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2020	December 31, 2019	September 30, 2019
Cash on hand	\$ 18,201	\$ 20,011	\$ 33,059
Checking accounts and demand deposits	24,645,214	24,675,936	26,398,092
Cash equivalents (investments with original maturities of less than three months)			
Time deposits	9,964,454	12,354,008	6,427,838
Repurchase agreements collateralized by bonds	<u>1,112,678</u>	<u>-</u>	<u>496,733</u>
	<u>\$ 35,740,547</u>	<u>\$ 37,049,955</u>	<u>\$ 33,355,722</u>

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

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Financial assets mandatorily as at FVTPL</u>			
Hybrid financial assets			
Structured deposits (a)	\$ 584,386	\$ 598,281	\$ 613,785
Derivative financial assets (not under hedge accounting)			
Interest rate swap contracts (b)	-	11,350	12,549
Forward exchange contracts (c)	127,501	169,394	58,976
Exchange rate option contracts (d)	1,690	6,191	15,397
Exchange rate swap contracts (e)	29,364	1,636	16,264
Cross-currency swap contracts (f)	-	-	9,096
Non-derivative financial assets			
Mutual funds	1,027,993	890,362	942,830
Contingent considerations (g)	<u>395,386</u>	<u>369,205</u>	<u>369,936</u>
	<u>\$ 2,166,320</u>	<u>\$ 2,046,419</u>	<u>\$ 2,038,833</u>
Current	\$ 762,211	\$ 692,874	\$ 789,200
Non-current	<u>1,404,109</u>	<u>1,353,545</u>	<u>1,249,633</u>
	<u>\$ 2,166,320</u>	<u>\$ 2,046,419</u>	<u>\$ 2,038,833</u>
<u>Financial liabilities held for trading</u>			
Derivative financial liabilities (not under hedge accounting)			
Interest rate swap contracts (b)	\$ 802,151	\$ 308,366	\$ 386,497
Forward exchange contracts (c)	46,950	-	1,894
Exchange rate option contracts (d)	11,996	2,383	75,840
Exchange rate swap contracts (e)	42,437	19,692	4
Cross-currency swap contracts (f)	<u>22,800</u>	<u>25,666</u>	<u>-</u>
	<u>\$ 926,334</u>	<u>\$ 356,107</u>	<u>\$ 464,235</u>
Current	\$ 128,533	\$ 47,741	\$ 77,738
Non-current	<u>797,801</u>	<u>308,366</u>	<u>386,497</u>
	<u>\$ 926,334</u>	<u>\$ 356,107</u>	<u>\$ 464,235</u>

### a. Structured deposits

Yue Yuen entered into a 5-year, USD structured time deposit contract with a bank in October 2017. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract is assessed and classified mandatorily as at FVTPL since it contained a host that is an asset within the scope of IFRS 9. As of September 30, 2020, December 31, 2019 and September 30, 2019, the structured time deposit was classified as “financial assets at FVTPL - non-current”.

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

September 30, 2020

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Pay Rate (Fixed Rate %)</b>	<b>Received Rate (Floating Rate %)</b>
US\$ 50,000	2021.03	Note	Note
US\$ 100,000	2022.08	2.600	0.97738
US\$ 50,000	2022.08	1.930	0.22738
US\$ 50,000	2022.08	1.930	0.22738
US\$ 50,000	2023.03	0.720	0.22738
US\$ 50,000	2023.03	0.710	0.22738
US\$ 50,000	2023.03	0.648	0.22738
US\$ 50,000	2023.03	0.548	0.22738
US\$ 50,000	2023.03	0.515	0.22738
US\$ 50,000	2023.03	0.485	0.22738
US\$ 100,000	2023.07	3.335	0.95250
US\$ 150,000	2023.07	3.340	0.96063

December 31, 2019

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Pay Rate (Fixed Rate %)</b>	<b>Received Rate (Floating Rate %)</b>
US\$ 50,000	2021.03	Note	Note
US\$ 100,000	2023.07	3.335	2.60425
US\$ 150,000	2023.07	3.340	2.62713
US\$ 100,000	2022.08	2.600	2.65250
US\$ 50,000	2022.08	1.930	1.90250
US\$ 50,000	2022.08	1.930	1.90250

September 30, 2019

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

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

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

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

September 30, 2020

**Notional Amount  
(In Thousands)**

US\$ 50,270  
US\$ 44,247  
IDR 160,099,500

**Forward Exchange Rates**

Sell US\$/Buy IDR at 14,860 to 17,145  
Sell NT\$/Buy US\$ at 29.286 to 29.44  
Sell IDR/Buy US\$ at 14,820

December 31, 2019

**Notional Amount  
(In Thousands)**

US\$ 132,700

**Forward Exchange Rates**

Sell US\$/Buy IDR at 14,610 to 14,700

September 30, 2019

**Notional Amount  
(In Thousands)**

US\$ 72,700  
US\$ 16,777  
US\$ 16,000

**Forward Exchange Rates**

Sell US\$/Buy IDR at 14,700  
Sell RMB/Buy US\$ at 7.0348 to 7.1455  
Sell NT\$/Buy US\$ at 31

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

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

September 30, 2020

<b>Notional Amount (In Thousands)</b>	<b>Type</b>	<b>Buy/Sell</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>
US\$ 38,000	Put	Sell	2020.11-2022.05	US\$:RMB8.6600
US\$ 38,000	Put	Sell	2020.11-2022.05	US\$:RMB8.7000
US\$ 16,000	Call	Sell	2020.11-2022.05	US\$:HK\$7.7335
US\$ 24,000	Call	Sell	2020.11-2022.05	US\$:HK\$7.7335
US\$ 38,000	Call	Sell	2020.12-2021.12	US\$:HK\$7.7490
US\$ 30,000	Call	Sell	2021.02-2022.02	US\$:HK\$7.7490
US\$ 30,000	Call	Sell	2021.03-2022.03	US\$:HK\$7.7475
US\$ 10,000	Call	Sell	2021.09	US\$:RMB6.5000

December 31, 2019

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

September 30, 2019

Notional Amount (In Thousands)	Type	Buy/Sell	Maturity Date	Exchange Rate
US\$ 10,000	Put	Sell	2019.10-2019.11	US\$:RMB6.5500
US\$ 10,000	Put	Sell	2019.10-2019.11	US\$:RMB6.5500
US\$ 5,000	Put	Sell	2019.11	US\$:RMB6.5500
US\$ 28,000	Call	Sell	2019.10-2020.04	US\$:HK\$7.7475
US\$ 28,000	Call	Sell	2019.10-2020.04	US\$:HK\$7.7475
US\$ 28,000	Call	Sell	2019.10-2020.04	US\$:HK\$7.7475
US\$ 18,000	Put	Sell	2019.10-2020.06	US\$: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
US\$ 76,000	Call	Sell	2019.10-2021.04	US\$:HK\$7.7500
US\$ 114,000	Call	Sell	2019.10-2021.04	US\$:HK\$7.7500
US\$ 60,000	Put	Sell	2020.06-2021.05	US\$:RMB8.0000

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

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

September 30, 2020

Notional Amount (In Thousands)	Maturity Date	Exchange Rate
US\$ 2,000	2020.12	US\$:NT\$28.9250
US\$ 19,000	2020.12	US\$:NT\$28.9610
US\$ 16,600	2020.12	US\$:NT\$29.1025
US\$ 20,000	2020.12	US\$:NT\$29.1025
US\$ 38,000	2020.12	US\$:NT\$29.1028
US\$ 15,000	2020.12	US\$:NT\$29.1028
US\$ 60,000	2020.12	US\$:NT\$29.1728
US\$ 9,000	2020.12	US\$:NT\$29.1728
US\$ 20,400	2020.12	US\$:NT\$29.1728
US\$ 55,000	2020.12	US\$:NT\$29.1728
US\$ 72,600	2020.12	US\$:NT\$29.0610
US\$ 31,900	2020.12	US\$:NT\$29.0614

(Continued)

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>
US\$ 43,000	2020.12	US\$:NT\$29.0616
US\$ 21,000	2020.12	US\$:NT\$29.0615
US\$ 36,000	2020.12	US\$:NT\$29.0616
RMB 42,860	2021.03	RMB:NT\$4.2233
RMB 80,100	2020.12	US\$:RMB7.1445
RMB 20,400	2020.12	US\$:RMB7.1430
RMB 57,509	2020.11	US\$:RMB6.9573
RMB 80,100	2021.03	US\$:RMB6.8395
RMB 100,000	2021.03	US\$:RMB6.8393
RMB 119,900	2021.03	US\$:RMB6.8395

(Concluded)

December 31, 2019

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>
US\$ 14,000	2020.01	US\$:NT\$30.0970
US\$ 55,000	2020.02	US\$:NT\$30.0610
US\$ 19,000	2020.02	US\$:NT\$30.0610
US\$ 60,000	2020.02	US\$:NT\$30.0730
US\$ 36,000	2020.02	US\$:NT\$30.0070
US\$ 21,000	2020.02	US\$:NT\$30.0070
US\$ 5,900	2020.02	US\$:NT\$30.0070
US\$ 36,000	2020.02	US\$:NT\$30.0060
US\$ 43,000	2020.03	US\$:NT\$29.9660
US\$ 22,300	2020.03	US\$:NT\$29.9640

September 30, 2019

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

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

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

September 30, 2020

Notional Amount (In Thousands)	Maturity Date	Exchange Rate	Interest %
US\$ 15,000	2020.12	US\$:NT\$ 30.475	0.635

December 31, 2019

Notional Amount (In Thousands)	Maturity Date	Exchange Rate	Interest %
US\$ 28,157	2020.09	US\$:RMB 7.103	0.885
US\$ 15,000	2020.12	US\$:NT\$ 30.475	0.635

September 30, 2019

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

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

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

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

	September 30, 2020	December 31, 2019	September 30, 2019
Domestic investments			
Listed shares	\$ 17,043,528	\$ 18,682,365	\$ 17,553,537
Unlisted shares	93,540	70,805	73,693
Foreign investments			
Unlisted shares	<u>126,547</u>	<u>205,409</u>	<u>212,267</u>
	<u>\$ 17,263,615</u>	<u>\$ 18,958,579</u>	<u>\$ 17,839,497</u>
Current	\$ 16,261,743	\$ 17,736,334	\$ 16,816,430
Non-current	<u>1,001,872</u>	<u>1,222,245</u>	<u>1,023,067</u>
	<u>\$ 17,263,615</u>	<u>\$ 18,958,579</u>	<u>\$ 17,839,497</u>

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2020	December 31, 2019	September 30, 2019
Domestic investments			
Time deposits with original maturities of more than three months	\$ 8,354,125	\$ 663,276	\$ 730,443
Restricted deposits of repatriated offshore funds	185,188	-	-
Structured products	-	696,110	605,280
Foreign investments			
Bonds	1,589,063	4,367,841	4,847,868
Commercial paper	1,831,548	1,846,900	1,864,262
Structured products	<u>110,567</u>	<u>-</u>	<u>112,665</u>
	<u>\$ 12,070,491</u>	<u>\$ 7,574,127</u>	<u>\$ 8,160,518</u>
Current	\$ 8,640,635	\$ 1,656,038	\$ 1,985,667
Non-current	<u>3,429,856</u>	<u>5,918,089</u>	<u>6,174,851</u>
	<u>\$ 12,070,491</u>	<u>\$ 7,574,127</u>	<u>\$ 8,160,518</u>

The Group was approved by the National Taxation Bureau of the Central Area, Ministry of Finance to repatriate \$324,901 thousand (US\$10,870 thousand) in accordance with the “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act” in April 2020. The Group also submitted investment plans to the Ministry of Economic Affairs for approval. Based on the regulations, the funds can only be used in the approved investment plans.

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

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Notes receivable</u>			
Notes receivable - operating	\$ 112	\$ 509	\$ 304
Notes receivable - non-operating	<u>-</u>	<u>-</u>	<u>825</u>
	<u>\$ 112</u>	<u>\$ 509</u>	<u>\$ 1,129</u>
<u>Accounts receivable (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 25,339,480	\$ 34,569,042	\$ 34,756,103
Less: Allowance for impairment loss	<u>(210,417)</u>	<u>(307,796)</u>	<u>(515,073)</u>
	<u>\$ 25,129,063</u>	<u>\$ 34,261,246</u>	<u>\$ 34,241,030</u>

(Continued)

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Other receivables</u>			
Tax refund receivables	\$ 1,514,878	\$ 1,618,777	\$ 1,786,936
Others	4,885,086	3,528,918	4,612,346
Less: Allowance for impairment loss	<u>(1,189)</u>	<u>(32,039)</u>	<u>(68,619)</u>
	<u>\$ 6,398,775</u>	<u>\$ 5,115,656</u>	<u>\$ 6,330,663</u> (Concluded)

a. Notes receivable

The notes receivable balances at September 30, 2020, December 31, 2019 and September 30, 2019 were not past due.

b. Accounts receivable

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

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

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

September 30, 2020

	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 16,180,668	\$ 8,278,135	\$ 880,677	\$ 25,339,480
Loss allowance (lifetime ECLs)	<u>-</u>	<u>(16,762)</u>	<u>(193,655)</u>	<u>(210,417)</u>
Amortized cost	<u>\$ 16,180,668</u>	<u>\$ 8,261,373</u>	<u>\$ 687,022</u>	<u>\$ 25,129,063</u>

December 31, 2019

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

September 30, 2019

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

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 307,796	\$ 574,519
Add: Impairment losses recognized on receivable	26,781	83,447
Less: Net remeasurement of loss allowance	(118,815)	(31,040)
Less: Disposal of subsidiaries	-	(97,777)
Foreign exchange gains and losses	<u>(5,345)</u>	<u>(14,076)</u>
Balance at September 30	<u>\$ 210,417</u>	<u>\$ 515,073</u>

## 11. INVENTORIES

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Inventories - manufacturing and retail	\$ 45,317,789	\$ 54,713,419	\$ 55,147,616
Inventories - construction	<u>3,926,248</u>	<u>3,909,013</u>	<u>4,768,171</u>
	<u>\$ 49,244,037</u>	<u>\$ 58,622,432</u>	<u>\$ 59,915,787</u>

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

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Raw materials	\$ 6,542,361	\$ 7,301,125	\$ 7,892,847
Work in progress	5,008,380	5,369,483	5,643,300
Finished goods and merchandise	<u>33,767,048</u>	<u>42,042,811</u>	<u>41,611,469</u>
	<u>\$ 45,317,789</u>	<u>\$ 54,713,419</u>	<u>\$ 55,147,616</u>

The cost of manufacturing and retail inventories recognized as cost of goods sold for the three months ended September 30, 2020 and 2019 and the nine months ended September 30, 2020 and 2019 was \$46,467,486 thousand, \$57,582,594 thousand, \$143,974,736 thousand and \$174,782,284 thousand, respectively.

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

	September 30, 2020	December 31, 2019	September 30, 2019
Land and buildings held for development	\$ 3,762,824	\$ 3,742,807	\$ 4,601,965
Land and buildings held for sale	52,532	55,314	55,314
Land held for construction sites	<u>110,892</u>	<u>110,892</u>	<u>110,892</u>
	<u>\$ 3,926,248</u>	<u>\$ 3,909,013</u>	<u>\$ 4,768,171</u>

## 12. NON-CURRENT ASSETS HELD FOR SALE

	September 30, 2020	December 31, 2019	September 30, 2019
Assets associated with non-current assets held for sale			

Investments accounted for using equity method	<u>\$ 678,321</u>	<u>\$ 1,342,804</u>	<u>\$ 149,458</u>
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- a. Yue Yuen resolved to dispose of its associates and joint ventures during in 2019 and reclassified the remaining assets as “non-current assets held for sale”. The carrying amounts of the assets were \$553,220 thousand (US\$19,011 thousand), \$1,217,278 thousand (US\$40,603 thousand), and \$22,753 thousand (US\$733 thousand) as of September 30, 2020, December 31, 2019, and September 30, 2019, respectively.
- b. Pou Sheng resolved to dispose of its joint ventures in 2019 and reclassified the remaining assets as “non-current assets held for sale”. The carrying amounts of the assets were \$125,101 thousand (RMB29,160 thousand), \$125,526 thousand (RMB29,160 thousand) and \$126,705 thousand (RMB29,160 thousand) as of September 30, 2020, December 31, 2019 and September 30, 2019, respectively.

## 13. OTHER ASSETS

	September 30, 2020	December 31, 2019	September 30, 2019
Prepayments	\$ 6,813,956	\$ 7,298,459	\$ 9,554,405
Prepayments for equipment	3,253,856	3,187,694	3,182,283
Refundable deposits	807,583	780,464	738,348
Defined benefit assets	43,754	43,754	43,754
Others	<u>2,006,739</u>	<u>2,180,680</u>	<u>2,631,624</u>
	<u>\$ 12,925,888</u>	<u>\$ 13,491,051</u>	<u>\$ 16,150,414</u>
Current	\$ 8,557,546	\$ 9,159,841	\$ 11,798,224
Non-current	<u>4,368,342</u>	<u>4,331,210</u>	<u>4,352,190</u>
	<u>\$ 12,925,888</u>	<u>\$ 13,491,051</u>	<u>\$ 16,150,414</u>

## 14. SUBSIDIARIES

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

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership (%)		
			September 30, 2020	December 31, 2019	September 30, 2019
Wealthplus Holdings Limited (“Wealthplus”)	British Virgin Islands	Investing in footwear, electronics and peripheral products	100.00	100.00	100.00
Win Fortune Investments Limited	British Virgin Islands	Investing activities	100.00	100.00	100.00
Windsor Entertainment Co., Ltd.	ROC	Entertainment and resort operations	100.00	100.00	100.00
Pou Shine Investments Co., Ltd.	ROC	Investing activities	100.00	100.00	100.00
Pan Asia Insurance Services Co., Ltd.	ROC	Agency of property and casualty insurance	100.00	100.00	100.00
Pro Arch International Development Enterprise Inc.	ROC	Design and manufacture of footwear products	100.00	100.00	100.00
Pou Yuen Technology Co., Ltd.	ROC	Rental of real estate	99.81	99.81	99.81
Barits Development Corporation	ROC	Import and export of shoe related materials and investing activities	99.62	99.62	99.62

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

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership (%)		
			September 30, 2020	December 31, 2019	September 30, 2019
Yue Yuen Industrial (Holdings) Limited	Bermuda	Manufacture and sale of athletic and casual footwear and sports apparel	50.04	50.04	50.04
Pou Sheng International (Holdings) Limited	Bermuda	Retail of sporting goods and brand licensing business	31.12	31.12	31.12
Crown Master Investments Limited	British Virgin Islands	Investment holding	-	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
Allied Charm Holdings Limited	British Virgin Islands	Investment holding	100.00	100.00	100.00

Win Fortune Investments Limited (“Win Fortune”) invested in Yue Yuen (as at September 30, 2020, December 31, 2019 and September 30, 2019, the ownership percentage was 1.07%, 1.07% and 1.07%). Investing is its primary operation activity.

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

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership (%)		
			September 30, 2020	December 31, 2019	September 30, 2019
Vantage Capital Investments Ltd.	British Virgin Islands	Investment holdings	-	100.00	100.00
Pearl Dove International Limited	British Virgin Islands	Investment holdings	100.00	100.00	100.00

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

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership (%)		
			September 30, 2020	December 31, 2019	September 30, 2019
Song Ming Investments Co., Ltd.	ROC	Investing activities	100.00	100.00	100.00
Pou Chin Development Co., Ltd.	ROC	Agency of land demarcation	100.00	100.00	100.00
Yu Hong Development Co., Ltd.	ROC	Development of real estate	100.00	100.00	100.00
Wang Yi Construction Co., Ltd.	ROC	Construction	89.75	89.75	89.75
Pou Yui Development Co., Ltd.	ROC	Rental and sale of real estate	75.00	75.00	75.00

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

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests (%)		
	September 30, 2020	December 31, 2019	September 30, 2019
Yue Yuen Industrial (Holdings) Limited	48.89	48.89	48.89
Pou Sheng International (Holdings) Limited	37.81	37.80	37.80

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

Name of Subsidiary	(Loss) Profit Allocated to Non-controlling Interests				Accumulated Non-controlling Interests		
	For the Three Months Ended September 30		For the Nine Months Ended September 30		September 30, 2020	December 31, 2019	September 30, 2019
	2020	2019	2020	2019			
Yue Yuen Industrial (Holdings) Limited	\$ (249,827)	\$ 967,193	\$ (2,258,169)	\$ 3,501,001	\$ 53,174,287	\$ 59,284,190	\$ 60,055,833
Pou Sheng International (Holdings) Limited	265,904	296,278	283,775	1,033,411	13,193,998	12,167,173	11,887,109

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

	September 30, 2020	December 31, 2019	September 30, 2019
Current assets	\$ 116,000,385	\$ 134,660,339	\$ 133,767,789
Non-current assets	121,482,769	127,150,345	128,853,773
Current liabilities	(65,136,246)	(73,624,773)	(72,312,869)
Non-current liabilities	<u>(50,007,938)</u>	<u>(53,680,531)</u>	<u>(53,626,988)</u>
Equity	<u>\$ 122,338,970</u>	<u>\$ 134,505,380</u>	<u>\$ 136,681,705</u>
Equity attributable to:			
Owners of the Company	\$ 55,935,212	\$ 62,334,857	\$ 63,158,454
Non-controlling interests of Yue Yuen	53,174,287	59,284,190	60,055,833
Non-controlling interests of Yue Yuen’s subsidiaries	<u>13,229,471</u>	<u>12,886,333</u>	<u>13,467,418</u>
	<u>\$ 122,338,970</u>	<u>\$ 134,505,380</u>	<u>\$ 136,681,705</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Operating revenue	<u>\$ 58,930,363</u>	<u>\$ 76,398,240</u>	<u>\$ 181,485,920</u>	<u>\$ 233,521,816</u>
Net (loss) income	\$ (277,560)	\$ 2,321,781	\$ (4,383,095)	\$ 8,356,800
Other comprehensive income (loss)	<u>1,651,379</u>	<u>(1,634,941)</u>	<u>542,729</u>	<u>(1,333,875)</u>
Total comprehensive income (loss)	<u>\$ 1,373,819</u>	<u>\$ 686,840</u>	<u>\$ (3,840,366)</u>	<u>\$ 7,022,925</u>

(Continued)

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Net (loss) income attributable to:				
Owners of the Company	\$ (261,272)	\$ 1,013,761	\$ (2,356,892)	\$ 3,617,773
Non-controlling interests of Yue Yuen	(249,827)	967,193	(2,258,169)	3,501,001
Non-controlling interests of Yue Yuen's subsidiaries	<u>233,539</u>	<u>340,827</u>	<u>231,966</u>	<u>1,238,026</u>
	<u>\$ (277,560)</u>	<u>\$ 2,321,781</u>	<u>\$ (4,383,095)</u>	<u>\$ 8,356,800</u>
Total comprehensive income (loss) attributable to:				
Owners of the Company	\$ 327,023	\$ 454,151	\$ (2,234,593)	\$ 3,218,646
Non-controlling interests of Yue Yuen	312,697	430,135	(2,141,228)	3,118,128
Non-controlling interests of Yue Yuen's subsidiaries	<u>734,099</u>	<u>(197,446)</u>	<u>535,455</u>	<u>686,151</u>
	<u>\$ 1,373,819</u>	<u>\$ 686,840</u>	<u>\$ (3,840,366)</u>	<u>\$ 7,022,925</u>
Net cash inflow (outflow) from:				
Operating activities			\$ 15,993,845	\$ 14,820,023
Investing activities			(5,432,840)	(4,502,681)
Financing activities			<u>(10,354,327)</u>	<u>(9,547,725)</u>
Net cash inflow			<u>\$ 206,678</u>	<u>\$ 769,617</u>
Dividends paid to:				
Non-controlling interests of Yue Yuen			<u>\$ 2,122,838</u>	<u>\$ 3,471,152</u>
Non-controlling interests of Yue Yuen's subsidiaries			<u>\$ 8,959</u>	<u>\$ 263,653</u>
				(Concluded)

## 15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Investments in associates	\$ 77,294,642	\$ 64,849,487	\$ 66,557,857
Investments in joint ventures	<u>7,931,633</u>	<u>7,461,297</u>	<u>7,456,646</u>
	<u>\$ 85,226,275</u>	<u>\$ 72,310,784</u>	<u>\$ 74,014,503</u>

a. Investments in associates

	September 30, 2020	December 31, 2019	September 30, 2019
Material associate			
Ruen Chen Investment Holding Co., Ltd.	\$ 62,335,882	\$ 49,612,043	\$ 50,533,983
Associates that are not individually material	<u>14,958,760</u>	<u>15,237,444</u>	<u>16,023,874</u>
	<u>\$ 77,294,642</u>	<u>\$ 64,849,487</u>	<u>\$ 66,557,857</u>

1) Material associate

Name of Associate	Proportion of Ownership and Voting Rights		
	September 30, 2020	December 31, 2019	September 30, 2019
Ruen Chen Investment Holding Co., Ltd.	20%	20%	20%
a) As of May 15, 2019, the Company's board of directors resolved to subscribe the issuance of ordinary shares for cash of Ruen Chen Investment Holding Co., Ltd., and purchasing 408,000 thousand share issued ordinary shares with \$10 per share (with the amount of \$4,080,000 thousand) as of June 6, 2019 and July 25, 2019			
b) Refer to Table 9 "Information on Investees" of Note 40 for business location and business item of the material associates.			
c) The summarized financial information below represents amounts shown in the material associate's financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.			

Ruen Chen Investment Holding Co., Ltd.

Name of Associate	September 30, 2020	December 31, 2019	September 30, 2019
Assets	\$ 5,028,487,859	\$ 4,846,936,411	\$ 4,842,272,303
Liabilities	(4,673,588,786)	(4,562,716,753)	(4,552,797,229)
Non-controlling interests	<u>(42,923,104)</u>	<u>(35,862,882)</u>	<u>(36,508,598)</u>
Owners of Ruen Chen Investment Holding Co., Ltd.	<u>\$ 311,975,969</u>	<u>\$ 248,356,776</u>	<u>\$ 252,966,476</u>
Proportion of the Group's interest	20%	20%	20%
Equity attributable to the Group	\$ 62,395,194	\$ 49,671,355	\$ 50,593,295
Other adjustments	<u>(59,312)</u>	<u>(59,312)</u>	<u>(59,312)</u>
Carrying amounts	<u>\$ 62,335,882</u>	<u>\$ 49,612,043</u>	<u>\$ 50,533,983</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Operating revenue	<u>\$ 148,436,811</u>	<u>\$ 154,403,280</u>	<u>\$ 445,128,726</u>	<u>\$ 494,228,878</u>
Net income	\$ 14,369,994	\$ 16,033,126	\$ 36,025,322	\$ 37,321,020
Other comprehensive income	<u>12,496,883</u>	<u>37,482,266</u>	<u>34,658,398</u>	<u>172,917,177</u>
Total comprehensive income	<u>\$ 26,866,877</u>	<u>\$ 53,515,392</u>	<u>\$ 70,683,720</u>	<u>\$ 210,238,197</u>

2) Associates that are not individually material

Name of Associate	Proportion of Ownership and Voting Rights (%)		
	September 30, 2020	December 31, 2019	September 30, 2019
Eagle Nice (International) Holdings Limited	36.09	36.09	36.09
San Fang Chemical Industry Co., Ltd.	44.72	44.72	44.72
Elitegroup Computer Systems Co., Ltd.	19.50	19.50	19.50
Bigfoot Limited	-	-	48.76
Brandblack Inc.	31.25	-	-
Enthroned Group Limited	-	-	48.76
Full Pearl International Ltd.	40.04	40.04	40.04
Haicheng Information Technology Co., Ltd.	-	50.00	50.00
Just Lucky Investments Limited	38.30	38.30	38.30
Natural Options Limited	38.30	38.30	38.30
Oftenrich Holdings Limited	45.00	45.00	45.00
Pine Wood Industries Limited	37.00	37.00	37.00
Pou Ming Paper Products Manufacturing Co., Ltd.	20.00	20.00	20.00
Prosperlink Limited	38.00	38.00	38.00
Prosperous Industrial (Holdings) Ltd.	22.50	22.50	22.50
Rise Bloom International Limited	38.00	38.00	38.00
Silver Island Trading Ltd.	-	50.00	50.00
Supplyline Logistics Ltd.	49.00	49.00	49.00
Venture Well Holdings Ltd.	31.55	31.55	31.55
Nan Pao Resins Chemical Co., Ltd.	17.59	17.59	17.59
Nan Shan Life Insurance Company, Ltd.	0.18	0.18	0.18
Techview International Technology Inc.	50.00	50.00	50.00

- a) Refer to Table 9 “Information on Investees” of Note 40 for business location and business item of the material associates.
- b) The Group holds less than 20% interest of Elitegroup Computer Systems Co., Ltd. but the Group has the power to appoint two out of the nine directors of Elitegroup Computer Systems Co., Ltd.; therefore, the Group is able to exercise significant influence over Elitegroup Computer Systems Co., Ltd.
- c) The Group holds less than 20% interest of Nan Pao Resins Chemical Co., Ltd. but the Group has the power to appoint one out of the eight directors of Nan Pao; therefore, the Group is able to exercise significant influence over Nan Pao.

- d) The Group participated in the issuance of ordinary shares for cash of Nan Shan Life Insurance Company, Ltd., and purchasing 23,740 thousand shares with \$16 per share, with the amount of \$379,840 thousand. The proportion of ownership and voting rights of the Group is 0.18%, but the Group exercises significant influence over Ruen Chen Investment Holding Co., Ltd., which is the parent company of Nan Shan Life Insurance Company, Ltd., therefore, Nan Shan Life Insurance Company, Ltd. is classified to associate of the Group.
- e) The summarized financial information below represents amounts shown in the financial statements of associates that are not individually material which were prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
The Group's share of:				
Net income	\$ 477,792	\$ 396,705	\$ 645,264	\$ 662,695
Other comprehensive income	<u>169,536</u>	<u>38,820</u>	<u>82,769</u>	<u>26,636</u>
Total comprehensive income	<u>\$ 647,328</u>	<u>\$ 435,525</u>	<u>\$ 728,033</u>	<u>\$ 689,331</u>

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

<b>Name of Associate</b>	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Eagle Nice (International) Holdings Limited	<u>\$ 2,451,116</u>	<u>\$ 2,245,787</u>	<u>\$ 1,657,402</u>
Prosperous Industrial (Holdings) Ltd.	<u>\$ 293,323</u>	<u>\$ 353,905</u>	<u>\$ 1,676,409</u>
San Fang Chemical Industry Co., Ltd.	<u>\$ 3,645,773</u>	<u>\$ 4,211,869</u>	<u>\$ 4,107,572</u>
Elitegroup Computer Systems Co., Ltd.	<u>\$ 1,451,215</u>	<u>\$ 1,489,262</u>	<u>\$ 1,369,687</u>
Nan Pao Resins Chemical Co., Ltd.	<u>\$ 2,673,319</u>	<u>\$ 3,194,684</u>	<u>\$ 3,454,686</u>

b. Investments in joint ventures

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Joint ventures that are not individually material	<u>\$ 7,931,633</u>	<u>\$ 7,461,297</u>	<u>\$ 7,456,646</u>

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

Name of Joint Venture	Proportion of Ownership and Voting Rights (%)		
	September 30, 2020	December 31, 2019	September 30, 2019
Best Focus Holdings Ltd.	50.00	50.00	50.00
Blessland Enterprises Limited	-	50.00	50.00
Cohen Enterprises Inc.	50.00	50.00	50.00
Great Skill Industrial Limited	50.00	50.00	50.00
Hangzhou Baohong Sports Goods Company Limited	50.00	50.00	50.00
Hua Jian Industrial Holding Co., Limited	-	-	50.00
Jilin Xinfangwei Sports Goods Company Limited	50.00	50.00	50.00
Jumbo Power Enterprises Limited	50.00	50.00	50.00
Ka Yuen Rubber Factory Limited	50.00	50.00	50.00
Kounshan Baowei Information Technology Co., Ltd.	55.00	55.00	-
Prime Glorious Limited	49.00	-	-
Top Units Developments Limited	49.00	49.00	49.00
Twinways Investments Limited	50.00	50.00	50.00
Willpower Industries Limited	44.84	44.84	44.84
Zhong Ao Multiplex Management Limited	46.82	46.82	46.82

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
The Group's share of:				
Net income	\$ 288,593	\$ 269,552	\$ 414,886	\$ 538,591
Other comprehensive income (loss)	<u>148,605</u>	<u>(162,349)</u>	<u>97,927</u>	<u>(157,632)</u>
Total comprehensive income	<u>\$ 437,198</u>	<u>\$ 107,203</u>	<u>\$ 512,813</u>	<u>\$ 380,959</u>

## 16. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2020	December 31, 2019	September 30, 2019
Land	\$ 2,534,083	\$ 2,539,801	\$ 2,230,980
Buildings and improvements	46,452,491	49,238,584	50,392,790
Machinery and equipment	16,892,658	19,771,535	20,735,807
Transportation equipment	345,758	401,003	421,373
Office equipment	2,434,708	2,820,747	2,868,112
Other equipment	81,646	82,448	84,207
Construction in progress	<u>3,504,031</u>	<u>3,007,148</u>	<u>2,999,090</u>
	<u>\$ 72,245,375</u>	<u>\$ 77,861,266</u>	<u>\$ 79,732,359</u>

- a. Except for depreciation expenses recognized, the Group had no significant disposal nor impairment of property, plant and equipment during the three months ended September 30, 2020 and 2019 and the nine months ended September 30, 2020 and 2019.
- b. The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life as follows:

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

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

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Carrying amounts</u>			
Land	\$ 6,411,359	\$ 6,667,555	\$ 6,896,027
Buildings	11,868,972	12,298,223	11,162,205
Machinery	6,548	5,182	6,765
Transportation equipment	4,539	6,554	7,940
Other equipment	<u>5,583</u>	<u>5,576</u>	<u>5,764</u>
	<u>\$ 18,297,001</u>	<u>\$ 18,983,090</u>	<u>\$ 18,078,701</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Additions to right-of-use assets			\$ 3,761,881	\$ 5,482,381
Depreciation charge for right-of-use assets				
Land	\$ 36,446	\$ 38,042	\$ 110,138	\$ 114,156
Buildings	1,293,012	1,146,372	3,736,374	2,980,755
Machinery	1,986	1,503	5,745	4,013
Transportation equipment	1,157	1,129	3,738	3,191
Other equipment	209	188	614	250
	<u>\$ 1,332,810</u>	<u>\$ 1,187,234</u>	<u>\$ 3,856,609</u>	<u>\$ 3,102,365</u>

b. Lease liabilities

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Carrying amounts</u>			
Current	\$ 3,535,531	\$ 3,908,023	\$ 3,837,269
Non-current	<u>8,535,414</u>	<u>8,255,154</u>	<u>7,177,138</u>
	<u>\$ 12,070,945</u>	<u>\$ 12,163,177</u>	<u>\$ 11,014,407</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Land	1.23%-5.00%	1.34%-5.00%	1.34%-5.00%
Buildings	1.34%-5.00%	1.34%-5.50%	1.34%-5.16%
Machinery	2.45%-3.07%	3.07%	3.07%
Transportation equipment	1.34%-4.50%	1.34%-4.50%	1.34%-4.50%
Other equipment	1.25%-1.34%	1.34%	1.34%

c. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Expenses relating to short-term leases	\$ 231,005	\$ 383,277	\$ 618,063	\$ 1,084,047
Expenses relating to low-value asset leases	\$ 386	\$ 1,420	\$ 1,309	\$ 2,953
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 1,349,853</u>	<u>\$ 1,878,545</u>	<u>\$ 3,723,532</u>	<u>\$ 6,318,658</u>
Total cash outflow for leases			<u>\$ (8,087,045)</u>	<u>\$ (9,549,052)</u>

## 18. INVESTMENT PROPERTIES

	September 30, 2020	December 31, 2019	September 30, 2019
Investment properties	<u>\$ 2,837,752</u>	<u>\$ 2,841,851</u>	<u>\$ 2,302,377</u>

- a. Except for depreciation expenses recognized, the Group had neither significant disposal nor impairment of investment properties during the three months ended September 30, 2020 and 2019 and the nine months ended September 30, 2020 and 2019.
- b. The investment properties are depreciated using the straight-line method over 30-55 years.
- c. The fair values of the Group's investment properties as of December 31, 2019 and 2018 were \$5,198,009 thousand and \$3,690,038 thousand, respectively. The Group's management evaluated the fair value of investment properties which did not change significantly during the nine months ended September 30, 2020 and 2019.

## 19. GOODWILL

The Group tested the goodwill as of December 31, 2019 and 2018, and the Group's management evaluated that goodwill as of September 30, 2020 and 2019, and the Group concluded that the goodwill did not changed significantly and was not impaired.

## 20. OTHER INTANGIBLE ASSETS

	September 30, 2020	December 31, 2019	September 30, 2019
Computer software	\$ 1,049,459	\$ 929,626	\$ 845,422
Brand names	452,359	726,446	824,888
Non-compete agreements	346,581	375,080	387,845
Licensing agreements	85,147	118,151	130,089
Others	<u>95</u>	<u>-</u>	<u>2,731</u>
	<u>\$ 1,933,641</u>	<u>\$ 2,149,303</u>	<u>\$ 2,190,975</u>

- a. Other intangible assets of the Group decreased by \$1,506,783 thousand due to disposal of subsidiaries in the nine months ended September 30, 2019.
- b. Except for the decrease of other intangible assets due to disposal of subsidiaries and amortization recognized, the Group had neither significant disposal nor impairment of other intangible assets during the three months ended September 30, 2020 and 2019 and the nine months ended September 30, 2020 and 2019.

- 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>
Computer software	3-20 years
Brand names	5 years
Non-compete agreements	5-20 years
Licensing agreements	10 years
Others	10-15 years

## 21. BORROWINGS

- a. Short-term borrowings

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
<u>Unsecured borrowings</u>			
Credit borrowings	<u>\$ 30,146,760</u>	<u>\$ 42,247,828</u>	<u>\$ 41,719,649</u>

The ranges of effective interest rate on bank borrowings were 0.65%-4.35%, 0.66%-5.00% and 0.66%-4.95% per annum as of September 30, 2020, December 31, 2019 and September 30, 2019, respectively.

- b. Short-term bills payable

### September 30, 2020

	<b>Annual Interest Rate</b>	<b>Amount</b>
Commercial papers	0.50-0.71	\$ 2,426,000
Less: Unamortized discount on bills payable		<u>(2,726)</u>
		<u>\$ 2,423,274</u>

### December 31, 2019

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

September 30, 2019

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

c. Long-term borrowings

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
<u>Unsecured borrowings</u>			
Bank loans	\$ 70,690,647	\$ 60,758,044	\$ 61,058,686
Less: Long-term expenses of syndicated loans	(144,802)	(204,194)	(230,410)
Less: Current portion	<u>(5,684,968)</u>	<u>(263,796)</u>	<u>(2,263,796)</u>
	<u>\$ 64,860,877</u>	<u>\$ 60,290,054</u>	<u>\$ 58,564,480</u>

Maturity dates and ranges of annual interest rates:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
<u>Maturity date</u>			
Long-term borrowings	2021.10.15- 2026.07.15	2021.01.15- 2026.07.15	2020.10.15- 2026.07.15
Current portion of long-term borrowings	2020.10.15- 2021.09.27	2020.01.15- 2020.10.15	2019.10.15- 2020.09.29
<u>Ranges of interest rate</u>	0.78%-2.50%	0.91%-2.65%	1.04%-2.96%

## 22. NOTES PAYABLE AND ACCOUNTS PAYABLE

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
<u>Notes payable</u>			
Operating	\$ 1,900	\$ 4,236	\$ 2,541
Non-operating	<u>8,229</u>	<u>6,963</u>	<u>11,960</u>
	<u>\$ 10,129</u>	<u>\$ 11,199</u>	<u>\$ 14,501</u>
Accounts payable (included related parties)	<u>\$ 14,754,015</u>	<u>\$ 14,866,337</u>	<u>\$ 16,919,253</u>

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

## 23. OTHER PAYABLES

	September 30, 2020	December 31, 2019	September 30, 2019
Payables for salaries	\$ 9,306,255	\$ 12,205,156	\$ 10,793,926
Payables for purchase of property, plant and equipment	1,864,602	2,726,377	2,746,889
Payables for annual leave	1,017,313	1,165,164	1,082,953
Employee compensation payables	635,771	777,250	807,800
Interest payables	156,968	239,973	249,001
Compensation due to directors	92,200	168,575	162,459
Payables for dividends	59	-	1,253,907
Others	<u>7,648,629</u>	<u>8,165,832</u>	<u>8,341,222</u>
	<u>\$ 20,721,797</u>	<u>\$ 25,448,327</u>	<u>\$ 25,438,157</u>
Current	\$ 20,571,781	\$ 25,295,496	\$ 25,285,635
Non-current	<u>150,016</u>	<u>152,831</u>	<u>152,522</u>
	<u>\$ 20,721,797</u>	<u>\$ 25,448,327</u>	<u>\$ 25,438,157</u>

## 24. RETIREMENT BENEFIT PLANS

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Operating costs	\$ 65,967	\$ 63,923	\$ 195,123	\$ 160,583
Selling and marketing expenses	508	459	1,453	1,290
General and administrative expenses	67,095	73,803	(66,040)	222,237
Research and development expenses	<u>1,179</u>	<u>1,697</u>	<u>4,083</u>	<u>5,208</u>
	<u>\$ 134,749</u>	<u>\$ 139,882</u>	<u>\$ 134,619</u>	<u>\$ 389,318</u>

## 25. EQUITY

### a. Share capital

	September 30, 2020	December 31, 2019	September 30, 2019
Number of shares authorized (in thousands)	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>
Amount of shares authorized	<u>\$ 45,000,000</u>	<u>\$ 45,000,000</u>	<u>\$ 45,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>2,946,787</u>	<u>2,946,787</u>	<u>2,946,787</u>
Amount of shares issued	<u>\$ 29,467,872</u>	<u>\$ 29,467,872</u>	<u>\$ 29,467,872</u>

b. Capital surplus

	September 30, 2020	December 31, 2019	September 30, 2019
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	109,637	339,730	339,730
May not be used for any purpose			
Recognized from the share of changes in net assets of associates and joint ventures	132,299	131,964	129,984
Others	<u>27,223</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,389,862</u>	<u>\$ 4,592,397</u>	<u>\$ 4,590,417</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.

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

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

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

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

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

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

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For Year 2019</b>	<b>For Year 2018</b>	<b>For Year 2019</b>	<b>For Year 2018</b>
Legal reserve	\$ 1,182,861	\$ 1,070,864	\$ -	\$ -
Special reserve	(22,293,369)	8,376,139	-	-
Cash dividends	3,683,484	4,420,181	1.25	1.50

d. Other equity item

1) Exchange differences on translation of the financial statements of foreign operations

	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ (2,498,149)	\$ (312,124)
Exchange differences on translation of the financial statements of foreign operations	(1,994,001)	316,906
Share of exchange differences of associates and joint ventures accounted for using the equity method	<u>(7,023)</u>	<u>(12,032)</u>
Balance at September 30	<u>\$ (4,499,173)</u>	<u>\$ (7,250)</u>

2) Unrealized gain or loss on financial assets at FVTOCI

	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 13,759,473	\$ (8,483,931)
Unrealized (loss) gain from equity instruments	(1,557,845)	1,854,935
Cumulative unrealized (loss) gain on equity instruments transferred to retained earnings due to disposal	(6,754)	1,524,255
Share of gain from associates and joint ventures accounted for using the equity method	<u>6,462,439</u>	<u>21,108,261</u>
Balance at September 30	<u>\$ 18,657,313</u>	<u>\$ 16,003,520</u>

3) Others

	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 423,243	\$ (13,497,314)
Share of (loss) gain from associates and joint ventures accounted for using the equity method	<u>(222,477)</u>	<u>10,204,173</u>
Balance at September 30	<u>\$ 200,766</u>	<u>\$ (3,293,141)</u>

e. Non-controlling interests

	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 72,460,088	\$ 74,334,314
Share of non-controlling interests		
Net (loss) income	(2,019,045)	4,746,648
Exchange differences on translation of the financial statements of foreign operations	(1,433,423)	(240,339)
Unrealized (loss) gain on financial assets at FVTOCI	(100,811)	96,550
Remeasurement of defined benefit plans	(70,235)	-
Others	(4)	26
Changes in non-controlling interests	<u>(2,166,325)</u>	<u>(5,126,055)</u>
Balance at September 30	<u>\$ 66,670,245</u>	<u>\$ 73,811,144</u>

## 26. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Sales revenue	\$ 58,943,108	\$ 76,413,223	\$ 181,522,898	\$ 233,577,023
Revenue from entertainment and resorts	123,422	130,053	292,588	389,755
Others	<u>46,434</u>	<u>81,088</u>	<u>156,123</u>	<u>159,966</u>
	<u>\$ 59,112,964</u>	<u>\$ 76,624,364</u>	<u>\$ 181,971,609</u>	<u>\$ 234,126,744</u>

## 27. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consist of the following:

### a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Interest income				
Cash in bank	\$ 78,475	\$ 94,580	\$ 272,239	\$ 360,244
Financial assets at amortized cost	64,863	85,408	207,804	174,035
Repurchase agreements collateralized by bonds	3,657	4,102	10,992	15,092
Others	<u>314</u>	<u>7,476</u>	<u>5,068</u>	<u>21,048</u>
	<u>\$ 147,309</u>	<u>\$ 191,566</u>	<u>\$ 496,103</u>	<u>\$ 570,419</u>

### b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Rental income	\$ 164,638	\$ 83,955	\$ 475,022	\$ 364,032
Dividend income	1,002,606	985,914	1,006,223	986,786
Others	<u>298,063</u>	<u>422,785</u>	<u>1,065,902</u>	<u>1,185,816</u>
	<u>\$ 1,465,307</u>	<u>\$ 1,492,654</u>	<u>\$ 2,547,147</u>	<u>\$ 2,536,634</u>

c. Other gains and losses

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Net loss on disposal of property, plant and equipment	\$ (106,204)	\$ (99,448)	\$ (270,554)	\$ (342,672)
Net foreign exchange gain (loss)	128,310	(583,125)	(134,654)	(543,668)
Net gain (loss) on disposal of subsidiaries, associates and joint ventures	1,561	(12,353)	533,530	594,518
Net (loss) gain on financial assets at FVTPL	(22,589)	60,657	(551,010)	186,499
Reversal (recognized) of impairment loss	2,163	499	(266,892)	(48,293)
Others	<u>(46,427)</u>	<u>(22,454)</u>	<u>(106,251)</u>	<u>(121,040)</u>
	<u>\$ (43,186)</u>	<u>\$ (656,224)</u>	<u>\$ (795,831)</u>	<u>\$ (274,656)</u>

d. Finance costs

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Interest on bank borrowings	\$ 404,733	\$ 644,361	\$ 1,433,076	\$ 2,078,071
Lease liabilities	132,437	122,240	399,503	336,690
Interest on short-term bills payable	4,700	5,183	13,603	14,223
Other interest expense	<u>19</u>	<u>14,373</u>	<u>9,492</u>	<u>45,469</u>
	<u>\$ 541,889</u>	<u>\$ 786,157</u>	<u>\$ 1,855,674</u>	<u>\$ 2,474,453</u>

e. Depreciation and amortization

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Property, plant and equipment	\$ 2,807,439	\$ 2,779,165	\$ 8,249,432	\$ 8,093,411
Investment properties	6,814	6,668	20,090	19,951
Right-of-use assets	1,332,810	1,187,234	3,856,609	3,102,365
Other intangible assets	120,102	123,438	355,133	378,450
Other prepaid expenses	<u>449</u>	<u>97</u>	<u>1,322</u>	<u>1,066</u>
	<u>\$ 4,267,614</u>	<u>\$ 4,096,602</u>	<u>\$ 12,482,586</u>	<u>\$ 11,595,243</u>

(Continued)

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
An analysis of depreciation by function				
Operating costs	\$ 1,682,690	\$ 1,725,512	\$ 4,928,214	\$ 4,919,897
Operating expenses	2,462,905	2,246,455	7,193,905	6,292,499
Non-operating expenses	<u>1,468</u>	<u>1,100</u>	<u>4,012</u>	<u>3,331</u>
	<u>\$ 4,147,063</u>	<u>\$ 3,973,067</u>	<u>\$ 12,126,131</u>	<u>\$ 11,215,727</u>

An analysis of amortization by function				
Operating expenses	<u>\$ 120,551</u>	<u>\$ 123,535</u>	<u>\$ 356,455</u>	<u>\$ 379,516</u>
				(Concluded)

f. Direct operating expenses from investment properties

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Generate rental income	<u>\$ 12,091</u>	<u>\$ 11,321</u>	<u>\$ 35,798</u>	<u>\$ 33,978</u>

g. Employee benefits expense

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Short-term benefits	\$ 13,300,108	\$ 17,320,545	\$ 44,040,578	\$ 52,252,171
Post-employment benefits				
Defined contribution plans	2,012,200	1,891,600	7,599,844	5,712,322
Defined benefit plans	<u>134,749</u>	<u>139,882</u>	<u>134,619</u>	<u>389,318</u>
	2,146,949	2,031,482	7,734,463	6,101,640
Share-based payments				
Equity-settled	17,464	30,854	6,272	121,842
Termination benefits	<u>2,879</u>	<u>4,969</u>	<u>12,505</u>	<u>7,070</u>
	<u>\$ 15,467,400</u>	<u>\$ 19,387,850</u>	<u>\$ 51,793,818</u>	<u>\$ 58,482,723</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 10,046,888	\$ 13,056,752	\$ 33,469,297	\$ 38,545,183
Operating expenses	<u>5,420,512</u>	<u>6,331,098</u>	<u>18,324,521</u>	<u>19,937,540</u>
	<u>\$ 15,467,400</u>	<u>\$ 19,387,850</u>	<u>\$ 51,793,818</u>	<u>\$ 58,482,723</u>

As of September 30, 2020 and 2019, there were 301,869 and 351,887 employees, respectively, in the Group. The Group accounts for employee benefits expense based on the number of employees.

h. Employee's compensation and remuneration of directors

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

The employees' compensation and remuneration of directors for the nine months ended September 30, 2020 and 2019 were as follows:

Accrual rate

	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Employees' compensation	1.6%	1.8%
Remuneration of directors	0.8%	0.9%

Amount

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Employees' compensation	\$ 54,688	\$ 91,961	\$ 87,789	\$ 221,931
Remuneration of directors	\$ 27,344	\$ 45,979	\$ 43,894	\$ 110,964

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

The employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2018, which were approved by the Company's board of directors on March 31, 2020 and March 25, 2019, respectively, were as follows:

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors approved/paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

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

## 28. INCOME TAXES

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

The major components of tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Current tax				
In respect of the current period	\$ 460,325	\$ 450,962	\$ 994,669	\$ 1,991,377
Income tax expense of unappropriated earnings	(520)	-	1,369,126	-
Adjustments for prior year's income tax	-	10,001	6,889	10,294
Repatriation of offshore funds	-	-	25,992	-
	<u>459,805</u>	<u>460,963</u>	<u>2,396,676</u>	<u>2,001,671</u>
Deferred tax				
In respect of the current period	(348,399)	761,120	(926,182)	516,444
Adjustments for prior year's income tax	-	-	581	-
	<u>(348,399)</u>	<u>761,120</u>	<u>(925,601)</u>	<u>516,444</u>
Income tax expense recognized in profit or loss	<u>\$ 111,406</u>	<u>\$ 1,222,083</u>	<u>\$ 1,471,075</u>	<u>\$ 2,518,115</u>

In July 2019, the President of the ROC announced of “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act”. Within two years from the enforcement of this Act, profit-seeking enterprises may assess tax under this Act by the approval of the tax authority. Instead of assessing tax in accordance with the legal tax rate of 20%, the tax rate of the fund repatriated for the first year from the enforcement of this Act is 8% and the tax rate of the fund repatriated for the second year from the date following the last day of the first year from the enforcement of this Act is 10%. If profit-seeking enterprises complete the plan of substantive investment, an application for a 50% refund of the tax paid under this Act should be submitted to the tax authority-in-charge.

In April 2020, the Ministry of Finance approved the repatriation of \$324,901 thousand (US\$10,870 thousand). In May 2020, the company paid \$25,992 thousand at the tax rate of 8%.

### b. Income tax assessments

The income tax returns of the Company through 2018 have been assessed by the tax authorities.

## 29. EARNINGS PER SHARE

The basic earnings per share and diluted earnings per share for the three months ended September 30, 2020 and 2019 and the nine months ended September 30, 2020 and 2019 were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
<u>Net income (in thousand dollars)</u>				
Earnings used in the computation of earnings per share	<u>\$ 3,342,494</u>	<u>\$ 4,389,942</u>	<u>\$ 4,002,200</u>	<u>\$ 11,342,232</u>
<u>Weighted average number of shares outstanding (in thousand shares)</u>				
Weighted average number of common shares used in the computation of basic earnings per share	2,946,787	2,946,787	2,946,787	2,946,787
Effect of potentially dilutive common shares:				
Employees' compensation	<u>2,162</u>	<u>2,314</u>	<u>5,320</u>	<u>6,829</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>2,948,949</u>	<u>2,949,101</u>	<u>2,952,107</u>	<u>2,953,616</u>
<u>Earnings per share (in dollars)</u>				
Basic earnings per share	<u>\$ 1.14</u>	<u>\$ 1.49</u>	<u>\$ 1.36</u>	<u>\$ 3.85</u>
Diluted earnings per share	<u>\$ 1.14</u>	<u>\$ 1.48</u>	<u>\$ 1.36</u>	<u>\$ 3.84</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 nine months ended September 30, 2020 and 2019 was as follows:

	For the Nine Months Ended September 30	
	2020	2019
	Number of Shares (In Thousands)	Number of Shares (In Thousands)
Balance at January 1	1,312	1,387
Options cancelled	(120)	(60)
Options exercised	<u>(52)</u>	<u>-</u>
Balance at September 30	<u>1,140</u>	<u>1,327</u>

Yue Yuen recognized \$17,527 thousand and \$25,092 thousand in compensation costs for the nine months ended September 30, 2020 and 2019, respectively.

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

##### 1) Information about outstanding share options during the nine months ended September 30, 2020 and 2019 was as follows:

	For the Nine Months Ended September 30			
	2020		2019	
Employee Share Options	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	10,872	\$ 2.44	28,244	\$ 1.75
Options cancelled	(9,331)	2.49	(6,206)	1.47
Options exercised	<u>(375)</u>	1.05	<u>(11,166)</u>	1.23
Balance at September 30	<u>1,166</u>	2.49	<u>10,872</u>	2.44
Exercisable options at September 30	<u>1,166</u>	2.49	<u>2,708</u>	2.29

Information about outstanding employee share options as of September 30, 2020, December 31, 2019 and September 30, 2019 was as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Range of exercise price (HK\$)	\$2.494	\$1.05-\$2.494	\$1.05-\$2.494
Weighted-average remaining contractual life (years)	0.92	2.80	3.05

Pou Sheng recognized \$(21,188) thousand and \$6,365 thousand in compensation costs for the nine months ended September 30, 2020 and 2019, respectively.

- 2) Information about the granted employee share options during the nine months ended September 30, 2020 and 2019 was as follows:

	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
	<b>Number of Shares (In Thousands)</b>	<b>Number of Shares (In Thousands)</b>
Balance at January 1	42,743	43,843
Options granted	1,500	13,826
Options cancelled	(9,943)	(2,354)
Options exercised	<u>(11,808)</u>	<u>(12,987)</u>
Balance at September 30	<u>22,492</u>	<u>42,328</u>

Pou Sheng recognized \$9,933 thousand and \$62,766 thousand in compensation costs for the nine months ended September 30, 2020 and 2019, respectively.

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

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

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

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

From January 1 to May 31, 2019, TCHC recognized the above share award plan as expense of \$27,619 thousand.

### 31. DISPOSAL OF SUBSIDIARIES

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

#### Assets

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

#### Liabilities

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

#### a. Consideration received

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

#### b. Gain on disposal of subsidiaries

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

#### c. Net cash outflow on disposal of subsidiaries

Consideration received in cash and cash equivalents	\$ 3,348,692
Less: Cash and cash equivalents balance disposed of	<u>(273,608)</u>
	<u>\$ 3,075,084</u>

### 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:

September 30, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 158,555	\$ -	\$ 158,555
Structured deposits	-	584,386	-	584,386
Mutual funds	678,344	-	349,649	1,027,993
Contingent consideration	-	-	395,386	395,386
	<u>\$ 678,344</u>	<u>\$ 742,941</u>	<u>\$ 745,035</u>	<u>\$ 2,166,320</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 17,043,528	\$ -	\$ -	\$ 17,043,528
Domestic unlisted shares	-	-	93,540	93,540
Foreign unlisted shares	-	-	126,547	126,547
	<u>\$ 17,043,528</u>	<u>\$ -</u>	<u>\$ 220,087</u>	<u>\$ 17,263,615</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 926,334</u>	<u>\$ -</u>	<u>\$ 926,334</u>

December 31, 2019

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

September 30, 2019

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

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

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

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

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

c. Categories of financial instruments

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily at FVTPL	\$ 2,166,320	\$ 2,046,419	\$ 2,038,833
Financial assets at amortized cost (Note 1)	80,146,571	84,781,957	82,827,410
Financial assets at FVTOCI	17,263,615	18,958,579	17,839,497
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Held for trading	926,334	356,107	464,235
Financial liabilities at amortized cost (Note 2)	138,648,509	145,732,121	158,714,054

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

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

d. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

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

#### Sensitivity analysis

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

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
USD	\$ (12,842)	\$ (15,260)
RMB	(70,130)	(96,227)
HKD	(1,217)	(25,267)
VND	2,921	216,218
IDR	(992)	(65,713)

#### b) Interest rate risk

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

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

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Cash flow interest rate risk			
Financial liabilities	\$ 88,247,507	\$ 97,853,535	\$ 93,508,534

#### 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 \$661,856 thousand and \$701,314 thousand during the nine months ended September 30, 2020 and 2019, respectively.

#### c) Other price risk

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

### Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period. If equity prices had declined by 1%, income before income tax for the nine months ended September 30, 2020 and 2019 would have decreased by \$10,280 thousand and \$9,428 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income for the nine months ended September 30, 2020 and 2019 would have decreased by \$170,625 thousand and \$175,725 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

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

#### 2) Credit risk

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

#### 3) Liquidity risk

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

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

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

#### September 30, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 17,843,655	\$ 9,506,517	\$ 8,003,590	\$ 121,854	\$ 57,014
Lease liabilities	227,257	202,357	3,536,779	7,550,454	1,898,258
Floating interest rate liabilities	10,173,977	15,058,305	4,464,734	58,536,717	13,775
Fixed interest rate liabilities	-	22,378	5,208,248	10,680,419	-
Financial guarantee contracts	<u>75,717,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 103,962,666</u>	<u>\$ 24,789,557</u>	<u>\$ 21,213,351</u>	<u>\$ 76,889,444</u>	<u>\$ 1,969,047</u>

## December 31, 2019

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 19,358,328	\$ 10,015,585	\$ 10,832,018	\$ 114,233	\$ 62,601
Lease liability	154,496	889,905	3,294,083	7,817,606	1,311,513
Floating interest rate liabilities	23,978,227	12,484,457	6,053,969	55,312,759	24,122
Fixed interest rate liabilities	-	255,217	15,620	10,488,201	-
Financial guarantee contracts	<u>64,041,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 107,532,944</u>	<u>\$ 23,645,164</u>	<u>\$ 20,195,690</u>	<u>\$ 73,732,799</u>	<u>\$ 1,398,236</u>

## September 30, 2019

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

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

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

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

## September 30, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Interest rate swap contracts	\$ -	\$ 78,163	\$ 235,739	\$ 488,249	\$ -
Cross-currency swap contracts	-	22,800	-	-	-
Forward exchange contracts	-	-	46,950	-	-
Exchange rate swap contracts	-	38,719	3,717	-	-
Exchange rate option contracts	<u>-</u>	<u>-</u>	<u>994</u>	<u>11,002</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 139,682</u>	<u>\$ 287,400</u>	<u>\$ 499,251</u>	<u>\$ -</u>

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

September 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	\$ -	\$ -	\$ -	\$ 386,497	\$ -
Forward exchange contracts	1,894	-	-	-	-
Exchange rate swap contracts	-	4	-	-	-
Exchange rate option contracts	-	64,514	7,373	3,953	-
	<u>\$ 1,894</u>	<u>\$ 64,518</u>	<u>\$ 7,373</u>	<u>\$ 390,450</u>	<u>\$ -</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

<u>Name</u>	<u>Related Party Category</u>
Oftenrich Holdings Limited	Associate
San Fang Chemical Industry Co., Ltd.	Associate
Ka Yuen Rubber Factory Limited	Joint venture
Twinways Investments Limited	Joint venture
Kounshan Baowei Information Technology Co., Ltd.	Joint venture
Vipshop Holdings Limited	Other related parties

b. Operating revenue

Account	Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2020	2019	2020	2019
Sales	Associates	\$ 26,977	\$ 20,070	\$ 49,045	\$ 85,414
	Joint ventures	3,491,373	116,764	8,939,681	355,532
	Others	<u>184</u>	<u>153</u>	<u>600,480</u>	<u>733</u>
		<u>\$ 3,518,534</u>	<u>\$ 136,987</u>	<u>\$ 9,589,206</u>	<u>\$ 441,679</u>

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

c. Purchases

Account	Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2020	2019	2020	2019
Purchases	Associates	\$ 660,247	\$ 827,424	\$ 1,873,036	\$ 2,336,575
	Joint ventures	<u>1,253,468</u>	<u>1,223,899</u>	<u>3,826,101</u>	<u>3,642,504</u>
		<u>\$ 1,913,715</u>	<u>\$ 2,051,323</u>	<u>\$ 5,699,137</u>	<u>\$ 5,979,079</u>

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

d. Receivables from related parties

Amount Item	Related Party Category	September 30, 2020	December 31, 2019	September 30, 2019
Notes receivable and accounts receivable	Associates	\$ 28,173	\$ 14,135	\$ 13,929
	Joint ventures	2,107,418	32,065	47,072
	Other related parties	<u>-</u>	<u>541,131</u>	<u>-</u>
		<u>\$ 2,135,591</u>	<u>\$ 587,331</u>	<u>\$ 61,001</u>

No bad debt expense was recognized for the nine months ended September 30, 2020 and 2019 for the amounts owed by related parties.

e. Payables to related parties

Amount Item	Related Party Category	September 30, 2020	December 31, 2019	September 30, 2019
Notes payable and accounts payable	Associates	\$ 515,025	\$ 732,041	\$ 792,435
	Joint ventures	<u>1,059,886</u>	<u>1,021,262</u>	<u>1,168,467</u>
		<u>\$ 1,574,911</u>	<u>\$ 1,753,303</u>	<u>\$ 1,960,902</u>

f. Financing provided

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

- g. Endorsements/guarantees provided

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

- h. Compensation of key management personnel

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Short-term employee benefits	<u>\$ 16,823</u>	<u>\$ 84,021</u>	<u>\$ 93,698</u>	<u>\$ 213,891</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:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Financial assets at amortized cost	<u>\$ 41,370</u>	<u>\$ 52,085</u>	<u>\$ 38,580</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)

<b>Foreign Currencies</b>	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
USD	\$ 1,309	\$ 1,381	\$ 1,540
EUR	60	117	3
IDR	6,693,823	13,350,662	13,851,450
VND	5,185,381	4,069,302	4,069,302

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

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

### 38. OTHERS

During the first three quarters of 2020, the Group faced headwinds caused by the COVID-19 pandemic. Due to lockdowns and other social distancing measures imposed by the governments in the China and Southeast Asian countries upon the outbreak of the pandemic, temporary factory shutdowns of the Group hindered the operating efficiencies and led to temporary supply chain disruptions. In reaction to the challenging operating environment, the Group further adjusted its capacity allocations to strengthen its flexibility to cater to changing customer demand and closed its manufacturing facilities in Hubei, China during the first three quarters of 2020. In addition, the Group temporarily adjusted its manufacturing capacity in Southeast Asia in response to ongoing uncertainty. The adjustments led to a surge in expenses including severance costs of approximately 3,138,377 thousand. For the business of retail of sporting goods and brand licensing business, the Group temporarily suspended the operations of majority of its retail stores in the China from late January to mid-March of 2020 in an effort to contain the spread of the pandemic, leading to reduction in revenue and gross profit.

To mitigate the impact of pandemic, the Group will impose strict cost control measures and focus on its cash flow management. It will continue to adopt a prudent approach to capital expenditure projects.

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

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

September 30, 2020

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 55,887	29.100	\$ 1,626,312
NTD	1,564,169	1	1,564,169
RMB	1,772,379	4.269	7,566,286
HKD	38,766	3.754	145,528
VND	1,031,513,274	0.00113	1,165,610
IDR	121,779,293	0.00198	241,123
Non-monetary items			
NTD	791,869	1	791,869
RMB	791,658	4.269	3,379,590
			(Continued)

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 11,730	29.100	\$ 341,351
NTD	357,156	1	357,156
RMB	129,565	4.269	553,116
HKD	6,378	3.754	23,942
VND	1,323,567,257	0.00113	1,495,631
IDR	72,176,767	0.00198	142,910
			(Concluded)

December 31, 2019

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 65,391	29.980	\$ 1,960,416
NTD	762,838	1	762,838
RMB	2,567,830	4.289	11,013,427
HKD	71,815	3.849	276,417
VND	291,538,462	0.00117	341,100
IDR	118,682,569	0.00218	258,728
Non-monetary items			
NTD	956,032	1	956,032
RMB	689,212	4.289	2,956,029

Financial liabilities

Monetary items			
USD	15,594	29.980	467,470
NTD	1,191,000	1	1,191,000
RMB	162,092	4.289	695,216
HKD	14,404	3.849	55,442
VND	1,241,281,196	0.00117	1,452,299
IDR	132,834,404	0.00218	289,579

September 30, 2019

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 92,555	31.040	\$ 2,872,912
NTD	477,489	1	477,489
RMB	2,436,376	4.350	10,598,234
HKD	665,725	3.958	2,634,942
VND	234,366,393	0.00122	285,927
IDR	347,884,305	0.00223	775,782
Non-monetary items			
NTD	747,006	1	747,006
RMB	702,626	4.350	3,056,421
<u>Financial liabilities</u>			
Monetary items			
USD	43,308	31.040	1,344,292
NTD	1,206,030	1	1,206,030
RMB	198,530	4.350	863,602
HKD	34,100	3.958	134,968
VND	1,217,177,049	0.00122	1,484,956
IDR	62,177,578	0.00223	138,656

For the three months ended September 30, 2020 and 2019 and the nine months ended September 30, 2020 and 2019, net foreign exchange gains (losses) were \$128,310 thousand, \$(583,125) thousand, \$(134,654) thousand and \$(543,668) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the functional currencies of the Group's entities.

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

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital (Table 5)
- 6) Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital (Table 6)
- 7) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital (Table 7)

- 8) Trading in derivative instruments (Note 7)
  - 9) Intercompany relationships and significant intercompany transactions (Table 8)
  - 10) Information on investees (Table 9)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 10)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party: (None).
- c. Information of major shareholders : List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 11)

#### 41. SEGMENT INFORMATION

- a. Information about reportable segments

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

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

- b. Segment revenue and results

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

For the nine months ended September 30, 2020

	<b>Manufacturing of Shoes</b>	<b>Retail of Sporting Goods and Brand Licensing Business</b>	<b>Others</b>	<b>Total</b>
Revenue from external customers	<u>\$ 103,432,487</u>	<u>\$ 78,029,294</u>	<u>\$ 509,828</u>	<u>\$ 181,971,609</u>
Segment income	<u>\$ 7,705,984</u>	<u>\$ 3,880,648</u>	<u>\$ 332,804</u>	<u>\$ 11,919,436</u>
Administrative costs and remuneration of directors				(16,366,846)
				(Continued)

	<b>Manufacturing of Shoes</b>	<b>Retail of Sporting Goods and Brand Licensing Business</b>	<b>Others</b>	<b>Total</b>
Rental income				\$ 475,022
Interest income				496,103
Dividend income				1,006,223
Other income				1,065,902
Net loss on disposal of property, plant and equipment				(270,554)
Net foreign exchange loss				(134,654)
Net gain on disposal of subsidiaries and associates				533,530
Net loss on financial assets at FVTPL				(551,010)
Impairment loss				(266,892)
Other loss				(106,251)
Net gain on derecognition of financial assets at amortized cost				3,214
Finance costs				(1,855,674)
Share of profit of associates and joint ventures				<u>7,506,681</u>
Income before income tax				<u>\$ 3,454,230</u> (Concluded)

For the nine months ended September 30, 2019

	<b>Manufacturing of Shoes</b>	<b>Retail of Sporting Goods and Brand Licensing Business</b>	<b>Others</b>	<b>Total</b>
Revenue from external customers	<u>\$ 137,793,964</u>	<u>\$ 95,697,566</u>	<u>\$ 635,214</u>	<u>\$ 234,126,744</u>
Segment income	<u>\$ 17,338,202</u>	<u>\$ 8,611,318</u>	<u>\$ 438,898</u>	<u>\$ 26,388,418</u>
Administrative costs and remuneration of directors				(16,058,036)
Rental income				364,032
Interest income				570,419
Dividend income				986,786
Other income				1,185,816
Net loss on disposal of property, plant and equipment				(342,672)
Net foreign exchange loss				(543,668)
Net gain on disposal of subsidiaries and associates				594,518
Net gain on financial assets at FVTPL				186,499
Impairment loss				(48,293)
Other loss				(121,040)
Net loss on derecognition of financial assets at amortized cost				(3,260)
				(Continued)

	<b>Manufacturing of Shoes</b>	<b>Retail of Sporting Goods and Brand Licensing Business</b>	<b>Others</b>	<b>Total</b>
Finance costs				\$ (2,474,453)
Share of profit of associates and joint ventures				<u>7,921,929</u>
Income before income tax				<u>\$ 18,606,995</u> (Concluded)

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

POU CHEN CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3 and 4)	Aggregate Financing Limit (Notes 3 and 4)	Note
													Item	Value			
0	Pou Chen Corporation	Pou Yii Development Co., Ltd.	Loan receivable	Yes	\$ 205,000	\$ -	\$ -	-	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 12,012,969	\$ 48,051,878	
1	Dong Guan Baoqiao Electronic Technology Co., Ltd.	Kunshan Yuanying Electronics Technology Co., Ltd.	Accounts receivable from related parties	Yes	24,584 (RMB 3,100,000)	11,099 (RMB 2,600,000)	11,099 (RMB 2,600,000)	4.35	2	-	Operating capital	-	-	-	120,129,694	120,129,694	
2	Great Pacific Investments Limited	Sure Elite Investments Limited	Accounts receivable from related parties	Yes	3,623 (US\$ 120,000)	-	-	-	2	-	Operating capital	-	-	-	44,893,356	44,893,356	
		PT. Pou Yuen Indonesia	Accounts receivable from related parties	Yes	907,500 (US\$ 30,000,000)	-	-	-	2	-	Operating capital	-	-	-	44,893,356	44,893,356	
		Pro Kingtex Industrial Company Limited	Accounts receivable from related parties	Yes	212,039 (US\$ 7,100,000)	104,760 (US\$ 3,600,000)	104,760 (US\$ 3,600,000)	1.25-3.00	2	-	Operating capital	-	-	-	17,957,342	17,957,342	
		Solar Link International Inc.	Accounts receivable from related parties	Yes	260,150 (US\$ 8,600,000)	232,800 (US\$ 8,000,000)	232,800 (US\$ 8,000,000)	3.00	2	-	Operating capital	-	-	-	44,893,356	44,893,356	
3	Orisol Asia Limited	Orisol Vietnam Co., Ltd.	Accounts receivable from related parties	Yes	15,125 (US\$ 500,000)	14,550 (US\$ 500,000)	14,550 (US\$ 500,000)	2.00	2	-	Operating capital	-	-	-	477,068	477,068	
4	Precious Full Investment Limited	Pou Li Vietnam Company Limited	Accounts receivable from related parties	Yes	786,500 (US\$ 26,000,000)	-	-	-	2	-	Operating capital	-	-	-	12,537,269	12,537,269	
		Pou Hung Vietnam Company Limited	Accounts receivable from related parties	Yes	1,089,000 (US\$ 36,000,000)	-	-	-	2	-	Operating capital	-	-	-	12,537,269	12,537,269	
		Pou Phong Vietnam Company Limited	Accounts receivable from related parties	Yes	1,391,500 (US\$ 46,000,000)	-	-	-	2	-	Operating capital	-	-	-	12,537,269	12,537,269	
		Powerknit Vietnam Company Limited	Accounts receivable from related parties	Yes	1,391,500 (US\$ 46,000,000)	-	-	-	2	-	Operating capital	-	-	-	12,537,269	12,537,269	
		Yue De Vietnam Company Limited	Accounts receivable from related parties	Yes	1,452,000 (US\$ 48,000,000)	-	-	-	2	-	Operating capital	-	-	-	12,537,269	12,537,269	
5	Pou Yuen Industrial (Holdings) Ltd.	Pou Chen Vietnam Enterprise Ltd.	Accounts receivable from related parties	Yes	605,000 (US\$ 20,000,000)	349,200 (US\$ 12,000,000)	349,200 (US\$ 12,000,000)	3.00	2	-	Operating capital	-	-	-	26,144,628	26,144,628	
		Pouyuen Vietnam Company Limited	Accounts receivable from related parties	Yes	3,161,330 (US\$ 104,600,000)	937,020 (US\$ 32,200,000)	937,020 (US\$ 32,200,000)	1.30-3.00	2	-	Operating capital	-	-	-	26,144,628	26,144,628	
		Pou Sung Vietnam Company Limited	Accounts receivable from related parties	Yes	7,815,600 (US\$ 260,000,000)	5,092,500 (US\$ 175,000,000)	5,092,500 (US\$ 175,000,000)	1.30-2.70	2	-	Operating capital	-	-	-	26,144,628	26,144,628	
6	Prime Asia (S.E. Asia) Leather Corporation	Prime Asia (Vietnam) Co., Ltd	Accounts receivable from related parties	Yes	535,425 (US\$ 17,700,000)	515,070 (US\$ 17,700,000)	515,070 (US\$ 17,700,000)	1.50	2	-	Operating capital	-	-	-	1,646,968	1,646,968	
7	Yue Yuen Industrial (Holdings) Limited	Prime Asia Leather Corporation	Accounts receivable from related parties	Yes	968,000 (US\$ 32,000,000)	17,460 (US\$ 600,000)	17,460 (US\$ 600,000)	2.50	2	-	Operating capital	-	-	-	43,901,599	43,901,599	
		PT. Selalu Cinta Indonesia	Accounts receivable from related parties	Yes	385,190 (US\$ 13,000,000)	378,300 (US\$ 13,000,000)	378,300 (US\$ 13,000,000)	1.25	2	-	Operating capital	-	-	-	43,901,599	43,901,599	
		Prime Asia (Vietnam) Co., Ltd.	Accounts receivable from related parties	Yes	631,033 (US\$ 21,000,000)	611,100 (US\$ 21,000,000)	611,100 (US\$ 21,000,000)	1.30-2.60	2	-	Operating capital	-	-	-	43,901,599	43,901,599	
		Pou Li Vietnam Company Limited	Accounts receivable from related parties	Yes	1,317,930 (US\$ 44,000,000)	931,200 (US\$ 32,000,000)	931,200 (US\$ 32,000,000)	1.00-2.50	2	-	Operating capital	-	-	-	43,901,599	43,901,599	
		Pou Phong Vietnam Company Limited	Accounts receivable from related parties	Yes	1,431,210 (US\$ 48,000,000)	1,396,800 (US\$ 48,000,000)	1,396,800 (US\$ 48,000,000)	1.25-1.30	2	-	Operating capital	-	-	-	43,901,599	43,901,599	
		Yue De Vietnam Company Limited	Accounts receivable from related parties	Yes	1,600,020 (US\$ 54,000,000)	1,571,400 (US\$ 54,000,000)	1,571,400 (US\$ 54,000,000)	1.25	2	-	Operating capital	-	-	-	43,901,599	43,901,599	
		Powerknit Vietnam Company Limited	Accounts receivable from related parties	Yes	1,621,080 (US\$ 54,000,000)	1,571,400 (US\$ 54,000,000)	1,571,400 (US\$ 54,000,000)	1.25-1.30	2	-	Operating capital	-	-	-	43,901,599	43,901,599	
		PT. Pou Chen Indonesia	Accounts receivable from related parties	Yes	2,142,000 (US\$ 71,000,000)	2,066,100 (US\$ 71,000,000)	2,066,100 (US\$ 71,000,000)	1.30-2.70	2	-	Operating capital	-	-	-	43,901,599	43,901,599	
		Pou Hung Vietnam Company Limited	Accounts receivable from related parties	Yes	2,593,220 (US\$ 86,000,000)	2,153,400 (US\$ 74,000,000)	2,153,400 (US\$ 74,000,000)	2.50	2	-	Operating capital	-	-	-	43,901,599	43,901,599	
		Pouyuen Vietnam Company Limited	Accounts receivable from related parties	Yes	3,295,500 (US\$ 110,000,000)	2,764,500 (US\$ 95,000,000)	2,764,500 (US\$ 95,000,000)	1.25-2.50	2	-	Operating capital	-	-	-	43,901,599	43,901,599	
		PT. Nikomas Gemilang	Accounts receivable from related parties	Yes	5,929,700 (US\$ 198,000,000)	2,910,000 (US\$ 100,000,000)	2,910,000 (US\$ 100,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	43,901,599	43,901,599	
		PT. Glostar Indonesia	Accounts receivable from related parties	Yes	6,559,850 (US\$ 220,000,000)	3,783,000 (US\$ 130,000,000)	3,783,000 (US\$ 130,000,000)	1.00-3.00	2	-	Operating capital	-	-	-	43,901,599	43,901,599	
		PT. Pou Yuen Indonesia	Accounts receivable from related parties	Yes	5,438,890 (US\$ 182,000,000)	3,841,200 (US\$ 132,000,000)	3,841,200 (US\$ 132,000,000)	1.25-3.00	2	-	Operating capital	-	-	-	43,901,599	43,901,599	
8	Top Galaxy Group Limited	Yue Yuen (Anfu) Footwear Co., Ltd	Accounts receivable from related parties	Yes	363,000 (US\$ 12,000,000)	349,200 (US\$ 12,000,000)	349,200 (US\$ 12,000,000)	2.92	2	-	Operating capital	-	-	-	3,845,943	3,845,943	
9	Pou Hing Industrial Co., Ltd.	Great Pacific Investments Ltd	Accounts receivable from related parties	Yes	675,450 (US\$ 22,500,000)	-	-	-	2	-	Operating capital	-	-	-	79,965,380	79,965,380	
10	Idea (Macao Commercial Offshore) Limited	Tech Mastery Vietnam Company Limited	Accounts receivable from related parties	Yes	570,380 (US\$ 19,000,000)	552,900 (US\$ 19,000,000)	552,900 (US\$ 19,000,000)	1.30	2	-	Operating capital	-	-	-	611,181	611,181	
11	Shanggao Yisen Industry Co., Ltd	Yu Xing (Jishui) Footwear Co., Ltd.	Accounts receivable from related parties	Yes	359,454 (RMB 83,130,000)	354,882 (RMB 83,130,000)	-	3.33	2	-	Operating capital	-	-	-	1,568,817	1,568,817	

(Continued)

No. (Note 1)	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3 and 4)	Aggregate Financing Limit (Notes 3 and 4)	Note
													Item	Value			
12	Dong Guan Yue Yuan Footwear Products Company Limited	Yang Xin Pou Shou Sporting Goods Co., Ltd. Yang Xin Pou Jia Shoes Manufacturing Co., Ltd.	Accounts receivable from related parties	Yes	\$ 151,340 (RMB 35,000,000)	\$ 149,415 (RMB 35,000,000)	\$ -	3.33	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 565,250	\$ 565,250	
			Accounts receivable from related parties	Yes	172,960 (RMB 40,000,000)	170,760 (RMB 40,000,000)	170,760 (RMB 40,000,000)	3.33	2	-	Operating capital	-	-	-	565,250	565,250	
13	Pou Chien Technology Co., Ltd.	Yue Dean Technology Corporation	Accounts receivable from related parties	Yes	200,000	200,000	105,856	1.00	2	-	Operating capital	-	-	-	475,330	475,330	
14	Dong Guan Jia Yuan Shoe Materials Products Company Limited	Yang Xin Pou Jia Yuen Shoes Manufacturing Co., Ltd.	Accounts receivable from related parties	Yes	30,268 (RMB 7,000,000)	29,883 (RMB 7,000,000)	29,883 (RMB 7,000,000)	3.05	2	-	Operating capital	-	-	-	40,653	40,653	
15	Dongguan Yusheng Shoe Industry Co., Ltd.	Dongguan Xingtai Consulting Co., Ltd	Accounts receivable from related parties	Yes	215,400 (RMB 50,000,000)	-	-	-	2	-	Operating capital	-	-	-	1,628,045	1,628,045	
		Yu Xing (Jishui) Footwear Co., Ltd.	Accounts receivable from related parties	Yes	30,100 (RMB 7,000,000)	29,883 (RMB 7,000,000)	29,883 (RMB 7,000,000)	3.05	2	-	Operating capital	-	-	-	1,628,045	1,628,045	
		Shanggao Yisen Industry Co., Ltd	Accounts receivable from related parties	Yes	107,500 (RMB 25,000,000)	106,725 (RMB 25,000,000)	106,725 (RMB 25,000,000)	3.05	2	-	Operating capital	-	-	-	1,628,045	1,628,045	
		Yang Xin Pou Jia Shoes Manufacturing Co., Ltd.	Accounts receivable from related parties	Yes	129,720 (RMB 30,000,000)	128,070 (RMB 30,000,000)	128,070 (RMB 30,000,000)	3.33	2	-	Operating capital	-	-	-	1,628,045	1,628,045	
		Dongguan Prime Asia Leather Co., Ltd	Accounts receivable from related parties	Yes	598,444 (RMB 139,000,000)	593,391 (RMB 139,000,000)	132,339 (RMB 31,000,000)	3.05	2	-	Operating capital	-	-	-	1,628,045	1,628,045	
16	Dongguan De Chang Zi Xun Co., Ltd.	Dong Guan Yue Yuan Footwear Products Company Limited	Accounts receivable from related parties	Yes	17,200 (RMB 4,000,000)	17,076 (RMB 4,000,000)	17,076 (RMB 4,000,000)	3.05	2	-	Operating capital	-	-	-	40,514	40,514	
17	Dongguan Xingtai Consulting Co., Ltd	Dong Guan Yue Yuan Footwear Products Company Limited	Accounts receivable from related parties	Yes	30,100 (RMB 7,000,000)	29,883 (RMB 7,000,000)	29,883 (RMB 7,000,000)	3.05	2	-	Operating capital	-	-	-	66,502	66,502	
18	Bao Hong (Yangzhou) Shoes Co., Ltd.	Shanggao Yisen Industry Co., Ltd	Accounts receivable from related parties	Yes	258,000 (RMB 60,000,000)	256,140 (RMB 60,000,000)	256,140 (RMB 60,000,000)	3.33	2	-	Operating capital	-	-	-	1,011,909	1,011,909	
19	Orisol Asia Limited	Orisol Do Brasil Industria E Comercio De Maquinas Ltda	Accounts receivable from related parties	Yes	48,152 (US\$ 1,600,000)	46,560 (US\$ 1,600,000)	43,650 (US\$ 1,500,000)	1.00	2	-	Operating capital	-	-	-	142,515	142,515	
20	Wealthplus Holdings Limited	Treasure Chain International Limited	Accounts receivable from related parties	Yes	2,606,604 (RMB 603,000,000)	-	-	-	2	-	Operating capital	-	-	-	44,301,663	44,301,663	
		Allied Charm Holdings Limited	Accounts receivable from related parties	Yes	4,227 (US\$ 140,000)	-	-	-	2	-	Operating capital	-	-	-	147,672,209	147,672,209	
		Barits Development Corp	Accounts receivable from related parties	Yes	1,300,000	1,300,000	1,300,000	0.80	2	-	Operating capital	-	-	-	44,301,663	44,301,663	
21	Pou Sheng (China) Investment Co., Ltd.	Qingdao Pou-Sheng International Sport Products Co., Ltd.	Loan receivable	Yes	1,463,955 (RMB 338,565,000)	1,445,334 (RMB 338,565,000)	353,526 (RMB 82,812,384)	4.35	2	-	Operating capital	-	-	-	1,470,298	1,470,298	
22	Yue Cheng (Kun Shan) Sports Co., Ltd.	Kounshan Baowei Information Technology Co., Ltd.	Loan receivable	Yes	1,135,200 (RMB 264,000,000)	1,127,016 (RMB 264,000,000)	1,127,016 (RMB 264,000,000)	4.35	2	-	Operating capital	-	-	-	1,140,810	1,140,810	

Note 1: The Company is coded as follows:

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

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

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

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

- The maximum amount permitted to a single borrower is listed based on the types of financing reasons as follows:
  - Business relationship: Each of the financing amount shall not exceed the amount of our business relationship. Business relationship means higher amount of the purchases from or sales to both sides in the current year or in the future year and shall not exceed 10% of the Company’s net worth.
  - The need for short-term financing: Each of the financing amount shall not exceed 10% of the Company’s net worth.
- The total maximum amount permitted to a single borrower is listed based on the types of financing reasons as follows:
  - Business relationship: Each of the financing amount shall not exceed 10% of the Company’s net worth.
  - The need for short-term financing: Each of the financing amount shall not exceed 40% of the Company’s net worth.
  - 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: When Yue Yuen Industrial (Holdings) Limited engages in fund lending, the financing amount shall not exceed 40% of total equity in the Yue Yuen’s consolidated financial statements.  
 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. If the lender or the borrower is registered in Taiwan, the financing amount shall not exceed 40% of total equity of lender’s 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.  
 For subsidiaries in which Wealthplus Holdings Limited holds 100% voting rights directly and indirectly: The financing amount shall not exceed 100% of total equity of Wealthplus Holdings Limited financial statements Each of the financing amount shall not exceed 30% of total equity of lender’s financial statement.  
 For subsidiaries in which Pou Sheng International (Holdings) Limited holds not 100% voting rights directly. The financing amount shall not exceed 40% of total equity of lender’s financial statement.

(Concluded)

## POU CHEN CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorsement/ Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 4)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 4)	Note
		Name	Relationship (Note 2)											
0	Pou Chen Corporation	Pro Arch International Development Enterprise Inc.	b	\$ 120,129,694	\$ 104,744	\$ 90,062	\$ 90,062	\$ -	-	\$ 240,259,388	Y	N	N	
		Pou Yuen Technology Co., Ltd.	b	120,129,694	300,000	300,000	5,200	-	-	240,259,388	Y	N	N	
		Pou Yii Development Co., Ltd.	b	120,129,694	300,000	300,000	170,000	-	-	240,259,388	Y	N	N	
		Yue Hong Realty Development Co., Ltd.	b	120,129,694	550,000	550,000	506,500	-	-	240,259,388	Y	N	N	
		Pou Shine Investment Co., Ltd.	b	120,129,694	1,700,000	1,700,000	517,500	-	1	240,259,388	Y	N	N	
		Barits Development Corp.	b	120,129,694	8,915,000	8,446,000	2,895,000	-	7	240,259,388				
		Wealthplus Holding Ltd.	b	120,129,694	27,468,300	26,044,500	102,450	-	22	240,259,388	Y	N	N	
1	Yue Yuen Industrial (Holdings) Limited	Orisol Asia Limited	b	65,852,398	90,000	90,000	-	-	-	164,630,995	N	N	N	
		Pou Chien Enterprise Co., Ltd.	b	65,852,398	1,300,000	1,300,000	1,300,000	-	1	164,630,995	N	N	N	
		Yue Dean Technology Corporation	b	65,852,398	3,600,000	1,900,000	1,367,000	-	2	164,630,995	N	N	N	
		Chang Yang Material Corp.	b	65,852,398	7,500	7,500	1,931	-	-	164,630,995	N	N	N	
		PT. Ka Yuen Indonesia	f	65,852,398	30,250	29,100	4,365	-	-	164,630,995	N	N	N	
		Pine Wood Industries Ltd.	f	65,852,398	(US\$ 1,000,000)	(US\$ 1,000,000)	(US\$ 150,000)	-	-	164,630,995	N	N	N	
		Pou Li Vietnam Company Ltd.	b	65,852,398	(US\$ 4,070,000)	(US\$ 1,850,000)	-	-	-	164,630,995	N	N	N	
		Pou Phong Vietnam Company Ltd.	b	65,852,398	(US\$ 6,000,000)	(US\$ 6,000,000)	-	-	-	164,630,995	N	N	N	
		Powerknit Vietnam Company Ltd.	b	65,852,398	(US\$ 12,000,000)	(US\$ 7,000,000)	-	-	-	164,630,995	N	N	N	
		Yue De Vietnam Company Limited	b	65,852,398	(US\$ 12,000,000)	(US\$ 7,000,000)	-	-	-	164,630,995	N	N	N	
		PT. Kmk Global Sports	b	65,852,398	(US\$ 9,000,000)	(US\$ 9,000,000)	(US\$ 172,358)	-	-	164,630,995	N	N	N	
		Oftenrich Holdings Limited	b	65,852,398	(US\$ 9,000,000)	(US\$ 9,000,000)	(US\$ 8,820,000)	-	-	164,630,995	N	N	N	
		Pou Hung Vietnam Company Ltd.	b	65,852,398	(US\$ 9,450,000)	(US\$ 9,450,000)	(US\$ 6,750,000)	-	-	164,630,995	N	N	N	
		Pou Sung Vietnam Co., Ltd.	b	65,852,398	(US\$ 11,000,000)	(US\$ 11,000,000)	(US\$ 6,975,477)	-	-	164,630,995	N	N	N	
		Cohen Enterprises Inc.	f	65,852,398	(US\$ 13,000,000)	(US\$ 13,000,000)	-	-	-	164,630,995	N	N	N	
		PT. Shoenary Javanesia Inc.	b	65,852,398	(US\$ 45,000,000)	(US\$ 35,000,000)	(US\$ 12,250,000)	-	1	164,630,995	N	N	N	
		PT. Selalu Cinta Indonesia	b	65,852,398	(US\$ 51,585,000)	(US\$ 42,675,000)	(US\$ 28,808,013)	-	2	164,630,995	N	N	N	
		Prime Asia Leather Corporation	b	65,852,398	(US\$ 106,500,000)	(US\$ 79,500,000)	(US\$ 39,225,000)	-	3	164,630,995	N	N	N	
		PT. Pou Yuen Indonesia	b	65,852,398	(US\$ 3,327,500)	(US\$ 3,201,000)	461,000	-	-	164,630,995	N	N	N	
		Henan YYSports Sport Products Co., Ltd.	b	65,852,398	(US\$ 110,000,000)	(US\$ 110,000,000)	-	-	-	164,630,995	N	N	N	
		Guizhou Pou-Sheng Sport Products Co., Ltd.	b	65,852,398	(US\$ 15,000,000)	(US\$ 15,000,000)	-	-	-	164,630,995	N	N	N	
		Shanghai DZJ Sports Industries Dev. Co., Ltd.	b	65,852,398	(RMB 9,362,235)	(RMB 9,362,235)	-	-	-	164,630,995	N	N	Y	
		Jiangxi Bao Yuan Trade Co., Ltd.	b	65,852,398	(RMB 43,181)	(RMB 43,181)	-	-	-	164,630,995	N	N	Y	
		Hefei Pouxun Sporting Goods Co., Ltd.	b	65,852,398	(RMB 9,986,384)	(RMB 9,986,384)	-	-	-	164,630,995	N	N	Y	
		Qingdao Pou-Sheng International Sport Products Co., Ltd.	b	65,852,398	(RMB 53,976)	(RMB 53,976)	-	-	-	164,630,995	N	N	Y	
		Zhejiang Shengdao Sporting-Goods Co., Ltd.	b	65,852,398	(RMB 12,482,980)	(RMB 12,482,980)	-	-	-	164,630,995	N	N	Y	
		Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	b	65,852,398	(RMB 62,073)	(RMB 62,073)	-	-	-	164,630,995	N	N	Y	
		Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	b	65,852,398	(RMB 14,355,427)	(RMB 14,355,427)	-	-	-	164,630,995	N	N	Y	
		Shaanxi Pousheng Trading Co., Ltd.	b	65,852,398	(RMB 129,543)	(RMB 129,543)	-	-	-	164,630,995	N	N	Y	
					(RMB 29,959,152)	(RMB 29,959,152)	-	-	-	164,630,995	N	N	Y	
					(RMB 132,134)	(RMB 132,134)	-	-	-	164,630,995	N	N	Y	
					(RMB 30,558,335)	(RMB 30,558,335)	-	-	-	164,630,995	N	N	Y	
					(RMB 296,870)	(RMB 296,870)	-	-	-	164,630,995	N	N	Y	
					(RMB 68,656,390)	(RMB 68,656,390)	-	-	-	164,630,995	N	N	Y	
					(RMB 480,390)	(RMB 480,390)	-	-	-	164,630,995	N	N	Y	
					(RMB 111,098,522)	(RMB 111,098,522)	-	-	-	164,630,995	N	N	Y	
					(RMB 906,804)	(RMB 906,804)	-	-	-	164,630,995	N	N	Y	
					(RMB 209,714,064)	(RMB 209,714,064)	-	-	-	164,630,995	N	N	Y	
					(RMB 1,184,781)	(RMB 1,184,781)	-	-	-	164,630,995	N	N	Y	
					(RMB 274,001,411)	(RMB 274,001,411)	-	-	-	164,630,995	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)											
2	Pou Sheng International (Holdings) Limited	Taiwan Taisong Trading Co., Ltd.	b	\$ 65,051,534	\$ 80,000	\$ 40,000	\$ -	\$ -	-	\$ 130,103,069	N	N	N	
		PCG Bros Sports Management Co., Ltd.	b	65,051,534	100,000	100,000	80,000	-	-	130,103,069	N	N	N	
		Pou Yuen Trading Corporation	b	65,051,534	332,000	266,000	-	-	1	130,103,069	N	N	N	
		Yue-Shen (Taicang) Footwear Co., Ltd.	b	65,051,534	124,989	123,911	-	-	-	130,103,069	N	N	Y	
		Nanning Pou-Kung Sport Products Co., Ltd.	b	65,051,534	(RMB 29,025,876)	(RMB 29,025,876)	-	-	-	130,103,069	N	N	Y	
		Shenzhen Pou-Yuen Sport Products Co., Ltd.	b	65,051,534	(RMB 57,694,671)	(RMB 35,569,671)	-	-	-	130,103,069	N	N	Y	
		Guizhou Pou-Sheng Sport Products Co., Ltd.	b	65,051,534	(RMB 158,502)	(RMB 116,137)	-	-	-	130,103,069	N	N	Y	
		Henan YYSports Sport Products Co., Ltd.	b	65,051,534	(RMB 36,904,649)	(RMB 27,204,649)	-	-	1	130,103,069	N	N	Y	
		Jiangxi Bao Yuan Trade Co., Ltd.	b	65,051,534	(RMB 425,479)	(RMB 298,634)	-	-	1	130,103,069	N	N	Y	
		Fujian Pou Sheng Sporting Goods Co., Ltd.	b	65,051,534	(RMB 98,954,117)	(RMB 69,954,117)	-	-	1	130,103,069	N	N	Y	
		Qingdao Pou-Sheng International Sport Products Co., Ltd.	b	65,051,534	(RMB 550,296)	(RMB 403,437)	-	-	1	130,103,069	N	N	Y	
		Hefei Pouxun Sporting Goods Co., Ltd.	b	65,051,534	(RMB 127,878,868)	(RMB 94,503,868)	-	-	1	130,103,069	N	N	Y	
		Zhejiang Shengdao Sporting-Goods Co., Ltd.	b	65,051,534	(RMB 599,814)	(RMB 426,822)	-	-	1	130,103,069	N	N	Y	
		Taicang Yue-Shen Sporting Goods Co., Ltd.	b	65,051,534	(RMB 139,606,570)	(RMB 99,981,570)	-	-	1	130,103,069	N	N	Y	
		Shaanxi Pousheng Trading Co., Ltd.	b	65,051,534	(RMB 290,776)	(RMB 282,935)	-	-	3	130,103,069	N	N	Y	
		Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	b	65,051,534	(RMB 68,026,578)	(RMB 66,276,578)	-	-	3	130,103,069	N	N	Y	
		Pou Sheng (China) Investment Co., Ltd.	b	65,051,534	(RMB 1,570,667)	(RMB 1,062,597)	-	-	19	130,103,069	N	N	Y	
		Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	b	65,051,534	(RMB 365,285,028)	(RMB 248,910,028)	-	-	3	130,103,069	N	N	Y	
		Kun Shan Taisong Trading Co., Ltd.	b	65,051,534	(RMB 1,292,048)	(RMB 1,050,084)	-	-	19	130,103,069	N	N	Y	
		Kun Shan Pou-Chi Sports Co., Ltd.	b	65,051,534	(RMB 300,978,914)	(RMB 245,978,914)	-	-	19	130,103,069	N	N	Y	
		Kun Shan Yysports E-Commerce Co., Ltd.	b	65,051,534	(RMB 6,893,299)	(RMB 6,220,296)	-	-	9	130,103,069	N	N	Y	
		Yue Cheng (Kun Shan) Sports Co., Ltd.	b	65,051,534	(RMB 525,905,543)	(RMB 427,780,543)	-	-	9	130,103,069	N	N	Y	
		Guangzhou Pou-Yuen Trading Co., Ltd.	b	65,051,534	(US\$ 151,000,000)	(US\$ 151,000,000)	-	-	29	130,103,069	N	N	Y	
			b	65,051,534	(RMB 2,990,180)	(RMB 2,897,860)	-	-	26	130,103,069	N	N	Y	
			b	65,051,534	(RMB 232,420,000)	(RMB 228,920,000)	-	-	20	130,103,069	N	N	Y	
			b	65,051,534	(US\$ 66,000,000)	(US\$ 66,000,000)	-	-	56	130,103,069	N	N	Y	
			b	65,051,534	(RMB 17,742,596)	(RMB 9,549,677)	-	-	1	130,103,069	N	N	Y	
			b	65,051,534	(RMB 3,662,912,257)	(RMB 1,787,087,257)	-	-	2	130,103,069	N	N	Y	
			b	65,051,534	(US\$ 66,000,000)	(US\$ 66,000,000)	-	-	2	130,103,069	N	N	Y	
			b	65,051,534	(RMB 9,434,777)	(RMB 8,417,893)	-	-	5	130,103,069	N	N	Y	
			b	65,051,534	(RMB 1,133,711,202)	(RMB 942,561,202)	-	-	6	130,103,069	N	N	Y	
			b	65,051,534	(US\$ 151,000,000)	(US\$ 151,000,000)	-	-	6	130,103,069	N	N	Y	
			b	65,051,534	(RMB 6,506,450)	(RMB 6,403,050)	-	-	6	130,103,069	N	N	Y	
			b	65,051,534	(RMB 1,050,000,000)	(RMB 1,050,000,000)	-	-	6	130,103,069	N	N	Y	
			b	65,051,534	(US\$ 66,000,000)	(US\$ 66,000,000)	-	-	6	130,103,069	N	N	Y	
			b	65,051,534	(RMB 27,172,184)	(RMB 18,180,600)	-	-	6	130,103,069	N	N	Y	
			b	65,051,534	(RMB 5,252,369,298)	(RMB 3,229,444,298)	-	-	6	130,103,069	N	N	Y	
			b	65,051,534	(US\$ 151,000,000)	(US\$ 151,000,000)	-	-	6	130,103,069	N	N	Y	
			b	65,051,534	(RMB 216,200)	(RMB 213,450)	-	-	6	130,103,069	N	N	Y	
			b	65,051,534	(RMB 50,000,000)	(RMB 50,000,000)	-	-	6	130,103,069	N	N	Y	
			b	65,051,534	(RMB 1,001,139)	(RMB 495,578)	-	-	6	130,103,069	N	N	Y	
			b	65,051,534	(RMB 232,175,000)	(RMB 116,087,500)	-	-	6	130,103,069	N	N	Y	
			b	65,051,534	(RMB 868,631)	(RMB 578,984)	-	-	6	130,103,069	N	N	Y	
			b	65,051,534	(RMB 201,250,000)	(RMB 135,625,000)	-	-	6	130,103,069	N	N	Y	
			b	65,051,534	(RMB 1,581,387)	(RMB 1,561,272)	-	-	6	130,103,069	N	N	Y	
			b	65,051,534	(RMB 365,723,077)	(RMB 365,723,077)	-	-	6	130,103,069	N	N	Y	
			b	65,051,534	(US\$ 1,996,500)	(US\$ 1,920,600)	-	-	6	130,103,069	N	N	Y	
			b	65,051,534	(US\$ 66,000,000)	(US\$ 66,000,000)	-	-	6	130,103,069	N	N	Y	
3	Pou Sheng (China) Investment Co., Ltd.	Taicang Yue-Shen Sporting Goods Co., Ltd.	b	7,351,491	43,240	29,883	-	-	1	14,702,982	N	N	Y	
		Henan Yysports Sport Products Co., Ltd.	b	7,351,491	(RMB 10,000,000)	(RMB 7,000,000)	-	-	1	14,702,982	N	N	Y	
		Guizhou Pou-Sheng Sport Products Co., Ltd.	b	7,351,491	(RMB 90,804)	(RMB 25,614)	-	-	1	14,702,982	N	N	Y	
		Shanghai DJJ Sports Industries Dev. Co., Ltd.	b	7,351,491	(RMB 21,000,000)	(RMB 6,000,000)	-	-	1	14,702,982	N	N	Y	
		Jiangxi Bao Yuan Trade Co., Ltd.	b	7,351,491	(RMB 121,072)	(RMB 51,228)	-	-	-	14,702,982	N	N	Y	
		Hefei Pouxun Sporting Goods Co., Ltd.	b	7,351,491	(RMB 28,000,000)	(RMB 12,000,000)	-	-	-	14,702,982	N	N	Y	
		Qingdao Pou-Sheng International Sport Products Co., Ltd.	b	7,351,491	(RMB 86,480)	(RMB -)	-	-	-	14,702,982	N	N	Y	
		Zhejiang Shengdao Sporting-Goods Co., Ltd.	b	7,351,491	(RMB 20,000,000)	(RMB 8,880)	-	-	2	14,702,982	N	N	Y	
		Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	b	7,351,491	(RMB 29,680,000)	(RMB 2,080,000)	-	-	2	14,702,982	N	N	Y	
		Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	b	7,351,491	(RMB 547,388)	(RMB 75,775)	-	-	2	14,702,982	N	N	Y	
		Shaanxi Pousheng Trading Co., Ltd.	b	7,351,491	(RMB 126,650,000)	(RMB 17,750,000)	-	-	2	14,702,982	N	N	Y	
			b	7,351,491	(RMB 519,740)	(RMB 84,057)	-	-	1	14,702,982	N	N	Y	
			b	7,351,491	(RMB 120,200,000)	(RMB 19,690,000)	-	-	1	14,702,982	N	N	Y	
			b	7,351,491	(RMB 519,022)	(RMB 20,960)	-	-	1	14,702,982	N	N	Y	
			b	7,351,491	(RMB 120,060,000)	(RMB 4,910,000)	-	-	1	14,702,982	N	N	Y	
			b	7,351,491	(RMB 791,292)	(RMB 21,345)	-	-	36	14,702,982	N	N	Y	
			b	7,351,491	(RMB 183,000,000)	(RMB 5,000,000)	-	-	3	14,702,982	N	N	Y	
			b	7,351,491	(RMB 3,082,676)	(RMB 1,305,760)	-	-	3	14,702,982	N	N	Y	
			b	7,351,491	(RMB 712,970,000)	(RMB 305,870,000)	-	-	3	14,702,982	N	N	Y	
			b	7,351,491	(RMB 2,465,544)	(RMB 98,188)	-	-	3	14,702,982	N	N	Y	
			b	7,351,491	(RMB 570,200,000)	(RMB 23,000,000)	-	-	3	14,702,982	N	N	Y	

(Continued)

Note 1: The Company is coded as follows:

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

Note 2: 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. The aggregate amount of endorsements/guarantees provided by the Yue Yuen Industrial (Holdings) Limited shall not exceed 150% of its net worth. Meanwhile, the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed 60% of the Company’s net worth. The aggregate amount of endorsements/guarantees provided by the Pou Sheng International (Holdings) Limited shall not exceed 400% of its net worth. Meanwhile, the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed 200% of the Company’s net worth. The aggregate amount of endorsements/guarantees provided by the Pou Sheng (China) Investment Co., Ltd shall not exceed 400% of its net worth. Meanwhile, the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed 200% of the Company’s net worth.

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

(Concluded)

TABLE 3

## POU CHEN CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2020

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2020				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Pou Chen Corporation	<u>Ordinary shares</u>							
	Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	191,730,486	\$ 5,330,108	1.41	\$ 5,330,108	
	Taiwan Paiho Limited		Financial assets at FVTOCI - current	615,473	41,606	0.21	41,606	
	Zhiyuan Venture Capital Co., Ltd.		Financial assets at FVTOCI - non-current	6,000,000	74,401	10.71	74,401	
	New Loulan Corporation., Ltd.		Financial assets at FVTOCI - non-current	100,000	798	4.00	798	
	<u>Structured product</u>							
	CIB Callable Structured Deposit		Financial assets at amortized cost - non-current	-	110,567	-	110,567	
Wealthplus Holdings Limited	<u>Fund</u>							
	Cid Greater China Venture Capital Fund II, L.P.		Financial assets mandatorily at FVTPL - current	-	68,440 (US\$ 2,351,892)	-	68,440 (US\$ 2,351,892)	
	<u>Ordinary shares</u>							
	Golden Brands Developments Ltd.		Financial assets at FVTOCI - non-current	17,086,572	67,695 (US\$ 2,326,286)	5.88	67,695 (US\$ 2,326,286)	
	Great Team Backend Foundry, Inc.		Financial assets at FVTOCI - non-current	2,705,678	58,852 (US\$ 2,022,409)	6.69	58,852 (US\$ 2,022,409)	
	<u>Bonds</u>							
	CIB Bond		Financial assets at amortized cost - current	-	85,994 (US\$ 2,955,112)	-	85,994 (US\$ 2,955,112)	
	First Abu Dhabi Bank		Financial assets at amortized cost - current	-	21,714 (US\$ 746,192)	-	21,714 (US\$ 746,192)	
	Natwest Markets PL		Financial assets at amortized cost - non-current	-	428,934 (US\$ 14,740,000)	-	428,934 (US\$ 14,740,000)	
	Societe Generale Perpetual Bond (EUR)		Financial assets at amortized cost - non-current	-	104,408 (US\$ 3,587,892)	-	104,408 (US\$ 3,587,892)	
	Swedbank Perpetual Bond		Financial assets at amortized cost - non-current	-	149,646 (US\$ 5,142,465)	-	149,646 (US\$ 5,142,465)	
	BNP Paribas Perpetual Bond		Financial assets at amortized cost - non-current	-	184,181 (US\$ 6,329,259)	-	184,181 (US\$ 6,329,259)	
	Societe Generale Perpetual Bond (USD)		Financial assets at amortized cost - non-current	-	122,917 (US\$ 4,223,944)	-	122,917 (US\$ 4,223,944)	
	UBS Perpetual Bond		Financial assets at amortized cost - non-current	-	136,494 (US\$ 4,690,524)	-	136,494 (US\$ 4,690,524)	
	HSBC Holdings Perpetual Bond		Financial assets at amortized cost - non-current	-	60,931 (US\$ 2,093,835)	-	60,931 (US\$ 2,093,835)	
	ING Groep Perpetual Bond		Financial assets at amortized cost - non-current	-	258,860 (US\$ 8,895,539)	-	258,860 (US\$ 8,895,539)	
	<u>Bills</u>							
	Deutsche Bank-Anleihe		Financial assets at amortized cost - non-current	-	1,831,548 (US\$ 62,939,800)	-	1,831,548 (US\$ 62,939,800)	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2020				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Win Fortune Investments Limited	<u>Fund</u> Prodigy Strategic Investment Fund Xxii Segregated Portfolio		Financial assets mandatorily at FVTPL - non-current	38,500	143,128 (US\$ 4,918,471)	-	143,128 (US\$ 4,918,471)	
Pou Shine Investments Co., Ltd.	<u>Ordinary shares</u> Taiwan Paiho Limited Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current Financial assets at FVTOCI - current	775,170 125,123,044	52,401 3,478,420	0.26 0.92	52,401 3,478,420	
Pou Yuen Technology Co., Ltd.	<u>Ordinary shares</u> Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	17,039,372	473,695	0.13	473,695	
Barits Development Corporation	<u>Ordinary shares</u> Mega Financial Holding Company Ltd. Global Brands Manufacture Ltd. Shey Yu Co., Ltd. Environment In Assistant Engineering Corp.		Financial assets at FVTOCI - current Financial assets at FVTOCI - current Financial assets at FVTOCI - non-current Financial assets at FVTOCI - non-current	133,720,943 34,448,000 32,000 20,000	3,717,442 699,294 320 -	0.98 6.68 1.07 1.00	3,717,442 699,294 320 -	
Song Ming Investments Co., Ltd.	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	5,468,170	68,490	-	68,490	
	<u>Ordinary shares</u> Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	49,416,125	1,373,768	0.36	1,373,768	
Pro Arch International Development Enterprise Inc.	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	446,248	5,589	-	5,589	
Pou Chin Development Co., Ltd.	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	1,377,740	17,256	-	17,256	
Wang Yi Construction Co., Ltd.	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	201,087	2,519	-	2,519	
Windsor Entertainment Co., Ltd.	<u>Fund</u> Mega Diamond Money Market Fund		Financial assets mandatorily at FVTPL - current	752,142	9,506	-	9,506	
	<u>Ordinary shares</u> Taichung International Entertainment Corporation		Financial assets at FVTOCI - non-current	3	7,950	0.09	7,950	
Pou Yii Development Co., Ltd.	<u>Ordinary shares</u> Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	40,069,450	1,113,931	0.30	1,113,931	
Pan Asia Insurance Services Co., Ltd.	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	239,567	3,000	-	3,000	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2020				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Yue Yuen Industrial (Holdings) Limited	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	34,085,272	428,856 (US\$ 14,737,328)	-	428,856 (US\$ 14,737,328)	
	BPEA Asia Private Equity		Financial assets mandatorily at FVTPL - non-current	-	281,209 (US\$ 9,663,557)	-	281,209 (US\$ 9,663,557)	
	<u>Ordinary shares</u> Evermore Chemical Industry Co., Ltd.		Financial assets at FVTOCI - non-current	8,081,281	134,757 (US\$ 4,630,833)	8.13	134,757 (US\$ 4,630,833)	
	Taiwan Paiho Limited		Financial assets at FVTOCI - non-current	9,528,228	647,028 (US\$ 22,234,616)	3.20	647,028 (US\$ 22,234,616)	
	Keg Big Dome Sports Co., Ltd.		Financial assets at FVTOCI - non-current	-	10,071 (US\$ 346,093)	11.76	10,071 (US\$ 346,093)	
	<u>Bonds</u> China Overseas Finance (Cayman) II Ltd.		Financial assets at amortized cost - current	-	17,500 (US\$ 601,396)	-	17,500 (US\$ 601,396)	
	Sinochem Group Co., Ltd.		Financial assets at amortized cost - current	-	17,484 (US\$ 600,814)	-	17,484 (US\$ 600,814)	
	<u>Structured product</u> JP Morgan Credit Linked Note		Financial assets mandatorily at FVTPL - non-current	-	584,386 (US\$ 20,082,000)	-	584,386 (US\$ 20,082,000)	

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

(Concluded)

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 NINE MONTHS ENDED SEPTEMBER 30, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Company Name	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Yue Yuen Industrial (Holdings) Limited	Cathay Taiwan Money Market Fund	Financial assets measured at fair value through profit and loss - current	-	None	32,355,291	\$ 404,431 (US\$ 13,490,029 )	21,404,521	\$ 271,487 (US\$ 9,559,145) (Note 1)	19,674,540	\$ 247,062 (US\$ 8,311,846 )	\$ 247,062 (US\$ 8,311,846 )	\$ -	34,085,272	\$ 428,856 (US\$ 14,737,328)
	Prime Glorious Limited	Investments accounted for using equity method	-	None	-	-	11,662,000	326,859 (US\$ 11,232,258) (Note 2)	-	-	-	-	11,662,000	326,859 (US\$ 11,232,258)
	Hua Jian Industrial Holding Co., Limited	Non-current assets held for sale	-	None	-	1,133,304 (US\$ 37,802,000 )	-	-	-	1,111,007 (US\$ 36,525,000 )	640,292 (US\$ 20,860,000 )	470,715 (US\$ 15,665,000)	-	493,012 (US\$ 16,942,000)

Note 1: Include acquisition and valuation adjustments for fair value.

Note 2: Include acquisition, investment profit (loss) for using equity method and share of other comprehensive income (loss).

**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 NINE MONTHS ENDED SEPTEMBER 30, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Yue Yuen Industrial (Holdings) Limited	Public construction such as factories and dormitories	2020.01-2020.09	\$ 1,940,385 (US\$ 66,679,906)	Accumulated payment as of September 30, 2020 \$ 1,372,526 (US\$ 47,165,826)	-	None	-	-	-	-	Market price	Plant expansion	

TABLE 6

## POU CHEN CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	The subsidiary in which the Company holds 51.11% indirectly at September 30, 2020	Sale	\$ (5,970,252)	(99)	D/A 45 days	-	-	\$ 1,337,424	100	
Yue Yuen Industrial (Holdings) Limited	Cohen Enterprises Inc.	Investee accounted for by the equity method	Sale	(147,762)	-	D/A 45 days	-	-	15,743	-	
	Pou Chen Corporation	The parent company	Purchase	(US\$ (4,943,000))	6	D/A 45 days	-	-	(US\$ 541,000)	(9)	
				5,970,252					(1,337,424)		
				(US\$ 200,070,163)					(US\$ (45,959,588))		
	Ka Yuen Rubber Factory Limited	Investee accounted for by the equity method	Purchase	860,984	1	D/A 45 days	-	-	(341,343)	(2)	
				(US\$ 28,882,000)					(US\$ (11,730,000))		
	Twinways Investments Limited	Investee accounted for by the equity method	Purchase	722,622	1	D/A 45 days	-	-	(279,069)	(2)	
				(US\$ 24,241,000)					(US\$ (9,590,000))		
	Cohen Enterprises Inc.	Investee accounted for by the equity method	Purchase	273,607	-	D/A 45 days	-	-	(63,933)	-	
				(US\$ 9,171,000)					(US\$ (2,197,000))		
Pou Sheng International (Holdings) Limited	Top Units Developments Ltd.	Investee accounted for by the equity method	Purchase	336,243	-	D/A 45 days	-	-	(83,692)	(1)	
				(US\$ 11,272,000)					(US\$ (2,876,000))		
	San Fang Chemical Industry Co., Ltd.	Investee accounted for by the equity method	Purchase	1,040,490	1	D/A 45 days	-	-	(253,868)	(2)	
				(US\$ 34,902,000)					(US\$ (8,724,000))		
	Eastlion Industrial Ltd.	Investee accounted for by the equity method	Purchase	670,063	1	D/A 45 days	-	-	(199,044)	(1)	
				(US\$ 22,464,000)					(US\$ (6,840,000))		
	Great Skill Industrial Limited	Investee accounted for by the equity method	Purchase	386,990	-	D/A 45 days	-	-	(83,313)	(1)	
				(US\$ 12,987,000)					(US\$ (2,863,000))		
	Kounshan Baowei Information Technology Co., Ltd.	Investee accounted for by the equity method	Sale	(8,722,919)	5	D/A 60 days	-	-	2,087,139	14	
				(US\$(293,098,000))					(US\$ 71,723,000)		
Pou Sheng International (Holdings) Limited	Kounshan Baowei Information Technology Co., Ltd.	Investee accounted for by the equity method	Purchase	1,139,247	1	D/A 60 days	-	-	(194,708)	(1)	
				(US\$ 38,172,000)					(US\$ (6,691,000))		
	Vipshop Holdings Limited	Other related parties	Sale	(599,920)	-	D/A 60 days	-	-	-	-	
				(US\$ (19,988,000))							

**TABLE 7**

**POU CHEN CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
SEPTEMBER 30, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	The subsidiary in which the Company holds 51.11% indirectly at September 30, 2020	\$ 1,337,424	5	\$ -	-	\$ 574,086	\$ -
Pou Sheng International (Holdings) Limited	Kounshan Baowei Information Technology Co., Ltd.	Investee accounted for by the equity method	2,087,139	11	-	-	938,285	-

POU CHEN CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	a	Operating revenue	\$ 5,970,252	D/A 45 days	3
		Yue Yuen Industrial (Holdings) Limited	a	Accounts receivable	1,337,424	D/A 45 days	-

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

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

Note 2: Nature of relationship is as follows:

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

Note 3: The percentage calculation is based on the consolidated total operating revenue or total assets. For balance sheet items, each item’s period-end balance is shown as a percentage to consolidated total assets as of September 30, 2020. For profit or loss items, cumulative amounts are shown as a percentage to the consolidated total operating revenue for the nine months ended September 30, 2020.

TABLE 9

## POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2020	December 31, 2019	Shares	%	Carrying Amount			
Pou Chen Corporation	Wealthplus Holding Ltd.	British Virgin Islands	Investing in footwear, electronic and peripheral products	\$ 295,429 (US\$ 9,222,000)	\$ 295,429 (US\$ 9,222,000)	9,222,000	100.00	\$ 74,228,840 (US\$ 2,550,819,236)	\$ (1,717,881) (US\$ (57,234,010))	\$ (1,706,120) (US\$ (56,839,555))	
	Win Fortune Investments Limited	British Virgin Islands	Investing activities	3,230 (US\$ 100,000)	3,230 (US\$ 100,000)	100,000	100.00	1,996,539 (US\$ 68,609,599)	(38,075) (US\$ (1,272,989))	(37,823) (US\$ (1,264,528))	
	Windsor Hotel Co., Ltd.	ROC	Entertainment and resort operations	500,000	400,000	15,000,000	100.00	135,120	(31,971)	(29,824)	
	Pou Shine Investment Co., Ltd.	ROC	Investing activities	1,124,667	1,124,667	133,094,460	100.00	3,432,604	246,050	246,050	
	Pan Asia Insurance Services Co., Ltd.	ROC	Agency of property and casualty insurance	5,000	5,000	-	100.00	16,300	5,858	5,858	
	Barits Development Corp.	ROC	Import and export of shoe-related materials and investing activities	2,117,292	2,117,088	251,668,150	99.49	8,286,507	355,552	353,798	
	Pou Yuen Technology Co., Ltd.	ROC	Rental of real estate	966,449	966,449	28,437,147	97.82	298,864	31,402	18,572	
	Pro Arch International	ROC	Design and manufacture of footwear products	2,643,184	2,643,184	20,000,000	100.00	219,297	(20,561)	(20,614)	
	Development Enterprise Inc.										
	Pou Yii Development Co., Ltd.	ROC	Rental and sale of real estate	40,320	40,320	7,875,000	15.00	159,549	61,509	9,226	The Company and its associate hold 90.00%
	Wang Yi Construction Co., Ltd.	ROC	Construction	7,700	7,700	601,755	7.82	-	(2,387)	159	The Company and its associate hold 97.57%
	Elitegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	3,364,570	3,364,570	70,066,949	12.57	1,387,691	119,455	15,016	The Company and its associate hold 19.50% and serve as director
	Techview International Technology Inc.	ROC	Development and sales of TFT-LCD display	380,115	380,115	75	30.00	-	(326)	-	The Company and its associate hold 50.00%
	Ruen Chen Investment Holding Co., Ltd.	ROC	Investment holding	15,300,000	15,230,000	3,900,600,000	20.00	62,335,882	32,232,657	6,446,531	(Note)
Wealthplus Holdings Limited	Yue Yuen Industrial (Holdings) Ltd.	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	55,319,884 (US\$ 1,901,026,947)	(4,609,535) (US\$ (154,051,000))	(2,307,399) (US\$ 77,114,261))	The subsidiary in which the Company holds 51.11% indirectly at September 30, 2020
	Silver Island Trading Ltd.	British Virgin Islands	Sale of electronic components	-	129,720 (US\$ 4,000,000)	-	-	-	-	-	
	Venture Well Holdings Ltd.	British Virgin Islands	Sale of electronic components	230,305 (US\$ 7,101,621)	230,305 (US\$ 7,101,621)	10,121,521	31.55	69,422 (US\$ 2,385,633)	6,732 (US\$ 227,795)	2,125 (US\$ 71,881)	
Win Fortune Investments Limited	Yue Yuen Industrial (Holdings) Ltd.	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	1,187,238 (US\$ 40,798,571)	(4,609,535) (US\$ (154,051,000))	(49,493) (US\$ (1,654,080))	The subsidiary in which the Company holds 51.11% indirectly at September 30, 2020
Pou Shine Investments Co., Ltd.	Barits Development Corporation	ROC	Import and export of shoe-related materials and investing activities	2,583	2,583	323,370	0.13	10,606	355,552	455	Subsidiary
	Elitegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	373,347	373,347	11,457,179	2.06	226,916	119,455	2,455	The Company and its associate hold 19.50% and serve as director
	Techview International Technology Inc.	ROC	Development and sales of TFT-LCD display	34,296	34,296	12	4.80	-	(326)	-	The Company and its associate hold 50.00%
	Nan Shan Life Insurance Company, Ltd.	ROC	Sale of life insurance	189,920	189,920	12,821,208	0.09	340,234	36,292,843	33,680	The Company and its associate hold 18.09%
Barits Development Corporation	Song Ming Investments Co., Ltd.	ROC	Investing activities	1,218,879	1,218,879	120,486,400	100.00	2,282,196	131,156	131,156	
	Wang Yi Construction Co., Ltd.	ROC	Construction	89,712	89,712	6,910,750	89.75	77,767	(2,387)	(2,143)	The Company and its associate hold 97.57%
	Pou Chin Development Co., Ltd.	ROC	Agency of land demarcation	200,000	200,000	20,000,000	100.00	198,818	(650)	(650)	
	Yu Hong Development Co., Ltd.	ROC	Development of real estate	240,000	240,000	24,000,000	100.00	160,327	(6,703)	(6,703)	
	Elitegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	348,159	348,159	24,109,451	4.32	477,489	119,455	5,167	The Company and its associate hold 19.50% and serve as director
	Techview International Technology Inc.	ROC	Development and sales of TFT-LCD display	128,610	128,610	19	7.60	-	(326)	-	The Company and its associate hold 50.00%
	Nan Shan Life Insurance Company, Ltd.	ROC	Sale of life insurance	189,920	189,920	12,821,208	0.09	340,234	36,292,843	33,680	The Company and its associate hold 18.09%

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2020	December 31, 2019	Shares	%	Carrying Amount			
Wang Yi Construction Co., Ltd.	Elitegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	\$ 30,838	\$ 30,838	924,148	0.17	\$ 18,303	\$ 119,455	\$ 198	The Company and its associate hold 19.50% and serve as director
Song Ming Investments Co., Ltd.	Pou Yii Development Co., Ltd.	ROC	Rental and sale of real estate	262,500	262,500	39,375,000	75.00	797,744	61,509	46,132	The Company and its associate hold 90.00%
	Pou Yuen Technology Co., Ltd.	ROC	Rental of real estate	21,240	21,240	578,170	1.99	13,142	31,402	625	Subsidiary
	Elitegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	21,725	21,725	2,147,558	0.38	42,535	119,455	460	The Company and its associate hold 19.50% and serve as director
Pou Yuen Technology Co., Ltd.	Pearl Dove International Limited	British Virgin Islands	Investment holding	77,796 (US\$ 2,573,883)	-	25,901	100.00	19,480 (US\$ 669,411)	(2,115) (US\$ (71,140))	(1,648) (US\$ (55,460))	The Company and its associate hold 50.00%
	Vantage Capital Investments Limited	British Virgin Islands	Investment holding	-	215,342 (US\$ 6,523,222)	-	-	-	(513) (US\$ (17,045))	(513) (US\$ (17,045))	
	Techview International Technology Inc.	ROC	Development and sales of TFT-LCD display	128,597	128,597	19	7.60	-	(326)	-	
Yue Yuen Industrial (Holdings) Limited	Eagle Nice (International) Holdings Limited	British Cayman Islands	Manufacturing of wearing apparel and clothing accessories	1,297,712 (US\$ 40,015,775)	1,297,712 (US\$ 40,015,775)	192,000,000	36.09	2,384,897 (US\$ 81,955,213)	936,058 (US\$ 31,713,857)	337,823 (US\$ 11,445,531)	
	Full Pearl International Ltd.	British Virgin Islands	Sale of women's shoes	381,878 (US\$ 12,226,424)	381,878 (US\$ 12,226,424)	1,319	40.04	393,280 (US\$ 13,514,786)	(16,787) (US\$ (568,764))	(6,721) (US\$ (227,733))	
	Oftenrich Holdings Limited	Bermuda	Manufacturing and sale of footwear	1,339,783 (US\$ 42,210,159)	1,339,783 (US\$ 42,210,159)	5,400	45.00	2,313,332 (US\$ 79,495,927)	(30,189) (US\$ (994,882))	(13,585) (US\$ (447,697))	
	Pine Wood Industries Limited	British Virgin Islands	Manufacturing and sale of fabric	92,393 (US\$ 2,849,000)	92,393 (US\$ 2,849,000)	2,849,000	37.00	206,162 (US\$ 7,084,592)	12,729 (US\$ 419,857)	4,710 (US\$ 155,347)	
	Prosperous Industrial (Holdings) Ltd.	British Cayman Islands	Manufacturing and sale of gym bags	583,740 (US\$ 18,000,000)	583,740 (US\$ 18,000,000)	252,000,000	22.50	670,467 (US\$ 23,040,118)	55,111 (US\$ 2,435,769)	16,405 (US\$ 548,048)	
	Supplyline Logistics Ltd.	Hong Kong	Logistics service provider	260,908 (US\$ 8,157,910)	256,576 (US\$ 8,010,938)	4,612	49.00	- (US\$ (501,262))	(14,952) (US\$ (501,262))	- (US\$ (501,262))	
	San Fang Chemical Industry Co., Ltd.	ROC	Manufacturing and sale of synthetic leather	2,696,757 (US\$ 83,192,794)	2,696,757 (US\$ 83,192,794)	177,908,075	44.72	4,291,509 (US\$ 147,474,540)	138,239 (US\$ 4,651,778)	61,820 (US\$ 2,080,275)	
	Nan Pao Resins Chemical Co., Ltd.	ROC	Manufacturing and sale of chemical materials	539,797 (US\$ 16,873,924)	539,797 (US\$ 16,873,924)	21,205,248	17.59	1,604,968 (US\$ 55,153,547)	881,895 (US\$ 29,673,014)	155,125 (US\$ 5,219,483)	
	Just Lucky Investments Limited	British Virgin Islands	Property management	26,207 (US\$ 808,130)	26,207 (US\$ 808,130)	808,130	38.30	55,354 (US\$ 1,902,210)	7,806 (US\$ 262,740)	2,990 (US\$ 100,630)	
	Natural Options Limited	British Virgin Islands	Manufacturing of foam	11,144 (US\$ 343,638)	11,144 (US\$ 343,638)	340,870	38.30	6,529 (US\$ 224,372)	(6) (US\$ (215))	(2) (US\$ (82))	
	Rise Bloom International Limited	Hong Kong	Investment holding	24,312 (US\$ 760,000)	24,312 (US\$ 760,000)	760,000	38.00	45,333 (US\$ 1,557,837)	(466) (US\$ (14,159))	(177) (US\$ (5,380))	
	Prosperlink Limited	Samoa	Investment holding	17,432 (US\$ 570,000)	17,432 (US\$ 570,000)	570,000	38.00	18,105 (US\$ 622,146)	1,051 (US\$ 35,623)	399 (US\$ 13,536)	
	Pou Ming Paper Products Manufacturing Co., Ltd.	British Virgin Islands	Manufacturing of paper products	66,937 (US\$ 2,163,800)	66,937 (US\$ 2,163,800)	1,000,000	20.00	6,800 (US\$ 233,682)	4,320 (US\$ 143,861)	864 (US\$ 28,772)	
	Brandblack Inc.	USA	Investment holding	68,762 (US\$ 2,275,000)	-	1,135,796	31.25	59,201 (US\$ 2,034,407)	(22,934) (US\$ (769,898))	(7,167) (US\$ (240,593))	
	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	65,432 (US\$ 2,248,523)	190 (US\$ 6,312)	95 (US\$ 3,156)	
	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	94,189 (US\$ 3,236,741)	(791) (US\$ (23,992))	(395) (US\$ (11,996))	
	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	476,217 (US\$ 16,364,842)	130,325 (US\$ 4,368,096)	65,162 (US\$ 2,184,048)	
	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	674,808 (US\$ 23,189,269)	52,551 (US\$ 1,786,906)	26,276 (US\$ 893,453)	
	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	986,857 (US\$ 33,912,605)	250,332 (US\$ 8,419,342)	112,249 (US\$ 3,775,233)	
	Prime Glorious Limited	British Virgin Islands	Investment holding	352,484 (US\$ 11,662,000)	-	11,662,000	49.00	326,859 (US\$ 11,232,258)	(28,091) (US\$ (952,780))	(13,765) (US\$ (466,862))	
	Blessland Enterprises Limited	British Virgin Islands	Manufacturing and sale of insole	-	39,852 (US\$ 1,232,414)	-	-	-	-	-	
	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	537,479 (US\$ 18,470,070)	(4,167) (US\$ (129,167))	(2,083) (US\$ (64,583))	
	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	1,045,999 (US\$ 35,944,990)	126,535 (US\$ 4,264,661)	63,267 (US\$ 2,132,331)	
	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	647,403 (US\$ 22,247,548)	195,832 (US\$ 6,580,479)	95,958 (US\$ 3,224,435)	

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

(Concluded)

TABLE 10

## POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020  
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2020	Accumulated Repatriation of Investment Income as of September 30, 2020	Note
					Outward	Inward							
Great Team Backend Foundry, Inc.	Processing and manufacturing of transistors	\$ 2,642,140 (US\$ 88,116,600)	b	\$ -	\$ -	\$ -	\$ -	\$ -	4.35	\$ -	\$ 58,852 (RMB 13,785,922)	\$ -	(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	-	-	-	-	19,585 (RMB 4,640,214)	31.79	6,226 (RMB 1,475,124) b, 1)	244,938 (RMB 57,375,955)	-	
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	-	-	-	-	2,585 (RMB 606,953)	100.00	2,585 (RMB 606,953) b, 1)	304,312 (RMB 71,284,248)	-	
Dongguan Gaocheng Precision Injection Molding Technology Co., Ltd.	Mould, plastic case for mobile phones	395,526 (US\$ 12,055,034)	b	-	-	-	-	447 (RMB 104,656)	100.00	447 (RMB 104,656) b, 2)	49,842 (RMB 11,675,360)	-	
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	-	-	-	-	89,327 (RMB 21,228,456)	31.79	28,397 (RMB 6,748,526) b, 1)	909,894 (RMB 213,139,866)	-	
Zhongshan Bao Ji Clothing Co., Ltd.	Production and marketing of sportswear	82,025 (US\$ 2,500,000)	b	-	-	-	-	19 (RMB 4,438)	48.68	9 (RMB 2,160) b, 1)	5,940 (RMB 1,391,438)	-	
Dongguan Baoqiao Electronic Technology Co., Ltd.	Production and marketing of other optical appliances and instruments	147,645 (US\$ 4,500,000)	b	-	-	-	-	28,386 (RMB 6,665,927)	100.00	28,386 (RMB 6,665,927) b, 2)	173,877 (RMB 40,730,114)	-	
Poushun Paper Products Manufacturing Co., Ltd.	Production and sale of shoe inner boxes, cartons	68,901 (US\$ 2,100,000)	b	-	-	-	-	(6,207) (RMB (1,416,158))	10.22	(634) (RMB (144,731)) b, 1)	4,626 (RMB 1,083,687)	-	
Beijing Advazone Electronic Limited Company	Development and production of computer software	512,019 (US\$ 16,100,000)	b	-	-	-	-	1,773 (RMB 414,850)	32.00	567 (RMB 132,752) b, 2)	33,577 (RMB 7,865,294)	-	
Pouhong Footwear Industrial Ltd.	Production and operation of leisure shoes, sports shoes	49,215 (US\$ 1,500,000)	b	-	-	-	-	2,608 (RMB 614,604)	51.11	1,333 (RMB 314,124) b, 1)	43,637 (RMB 10,221,885)	-	
Shanggao Yisen Industry Co., Ltd.	Production and sale of finished shoes, semi-finished products, components and moulds	660,404 (US\$ 20,390,000)	b	-	-	-	-	134,557 (RMB 31,703,377)	51.11	68,772 (RMB 16,203,596) b, 1)	870,996 (RMB 204,028,046)	-	
Bao Hong (Yangzhou) Shoes Co., Ltd.	Production of needles, woven garments, footwear and sales of self-produce products	2,591,184 (US\$ 86,291,730)	b	-	-	-	-	(50,659) (RMB (11,891,011))	51.11	(25,892) (RMB (6,077,496)) b, 1)	491,242 (RMB 115,071,861)	-	
Dong Guan Yu Yuen Mold Co., Ltd.	Production and sale of molds for non-metallic products	62,011 (US\$ 1,890,000)	b	-	-	-	-	(5,301) (RMB (1,238,294))	51.11	(2,709) (RMB (632,892)) b, 1)	38,768 (RMB 9,081,386)	-	
Zhong Shan Glory Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	951,490 (US\$ 29,000,000)	b	-	-	-	-	(83,270) (RMB (19,511,857))	23.00	(19,152) (RMB (4,487,727)) b, 2)	441,659 (RMB 103,457,284)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2020	Accumulated Repatriation of Investment Income as of September 30, 2020	Note
					Outward	Inward							
Zhong Shan Lu Mei Da Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	\$ 39,372 (US\$ 1,200,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 356 (RMB 83,716)	23.00	\$ 82 (RMB 19,255) b, 2)	\$ 9,881 (RMB 2,314,611)	\$ -	
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	-	-	-	-	71,860 (RMB 16,877,224)	20.34	14,616 (RMB 3,432,827) b, 1)	603,039 (RMB 141,260,074)	-	
ShangGao Yisen Ka Yuen Industry Co., Ltd.	Production and sale of footwear products	77,432 (US\$ 2,360,000)	b	-	-	-	-	30,907 (RMB 7,286,237)	25.56	7,900 (RMB 1,862,362) b, 1)	33,755 (RMB 7,906,996)	-	
Bao Sheng Dao Ji (BeiJing) Trading Company Ltd.	Retail business of sports goods and accessories	1,988,061 (US\$ 65,000,000)	b	-	-	-	-	(496,648) (RMB (115,793,952))	31.79	(157,885) (RMB (36,810,897)) b, 1)	905,005 (RMB 211,994,681)	-	
Qingdao Pou-Sheng International Sport Products Co., Ltd.	Sales of sports and leisure shoes and accessories	94,800 (RMB 20,000,000)	b	-	-	-	-	212,801 (RMB 50,204,033)	22.89	48,710 (RMB 11,491,703) b, 1)	237,426 (RMB 55,616,254)	-	
Guizhou Pou-Sheng Sport Products Co., Ltd.	Sales of sports and leisure shoes and accessories	322,886 (US\$ 10,000,000)	b	-	-	-	-	44,393 (RMB 10,503,013)	31.79	14,112 (RMB 3,338,908) b, 1)	144,514 (RMB 33,851,875)	-	
Nanning Pou-Kung Sport Products Co., Ltd.	Retail business of sports goods and accessories	42,653 (US\$ 1,300,000)	b	-	-	-	-	(29,143) (RMB (6,869,539))	31.79	(9,265) (RMB (2,183,826)) b, 1)	(3,608) (RMB (845,179))	-	
Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	Retail business of sports goods and accessories	1,567,250 (US\$ 50,000,000)	b	-	-	-	-	831,333 (RMB 195,773,175)	31.79	264,281 (RMB 62,236,292) b, 1)	2,009,844 (RMB 470,799,766)	-	
Diodite (China) Sports Good Co., Ltd.	Retail and wholesale business of sporting goods and accessories	639,800 (US\$ 20,000,000)	b	-	-	-	-	1,066 (RMB 250,853)	31.79	339 (RMB 79,746) b, 1)	44,002 (RMB 10,307,228)	-	
Taicang YYSports Business Trading Co., Ltd.	Retail business of sports goods and accessories series products	164,050 (US\$ 5,000,000)	b	-	-	-	-	6,821 (RMB 1,602,983)	31.79	2,168 (RMB 509,588) b, 1)	130,275 (RMB 30,516,431)	-	
Yangzhou Baoyi Shoes Manufacturing Co., Ltd.	Vulcanized shoes, sports shoes, leisure shoes and other footwear manufacturing, marketing	729,906 (US\$ 22,456,800)	b	-	-	-	-	107,355 (RMB 25,302,542)	25.56	27,440 (RMB 6,467,330) b, 1)	244,389 (RMB 57,247,304)	-	
Dalian YYSports 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	-	-	-	-	(8,249) (RMB (1,903,753))	31.79	(2,622) (RMB (605,203)) b, 1)	438,472 (RMB 102,710,779)	-	
YYSports (Chengdu) Business Trading Co., Ltd.	Retail business of sports goods and accessories	689,194 (US\$ 22,400,000)	b	-	-	-	-	(18,385) (RMB (4,252,346))	31.79	(5,845) (RMB (1,351,821)) b, 1)	147,764 (RMB 34,613,321)	-	
Fujian Baomin Sporting Goods Co., Ltd.	Retail business of sports goods and accessories	147,645 (US\$ 4,500,000)	b	-	-	-	-	216 (RMB 50,651)	28.61	62 (RMB 14,491) b, 1)	67,307 (RMB 15,766,570)	-	
Guangzhou Pou-Yuen Trading Co., Ltd.	Retail business of sports goods and accessories	710,251 (US\$ 23,310,000)	b	-	-	-	-	16,797 (RMB 3,995,610)	31.79	5,340 (RMB 1,270,205) b, 1)	242,187 (RMB 56,731,658)	-	
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	-	-	-	-	87,224 (RMB 20,486,288)	31.79	27,728 (RMB 6,512,591) b, 1)	424,894 (RMB 99,530,137)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2020	Accumulated Repatriation of Investment Income as of September 30, 2020	Note
					Outward	Inward							
Shend Dao (Yang Zhou) Sporting Goods Dev Co., Ltd.	Shopping mall management and property management	\$ 2,111,340 (US\$ 66,000,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 22,782 (RMB 5,313,808)	31.79	\$ 7,242 (RMB 1,689,260) b, 1)	\$ 666,834 (RMB 156,203,832)	\$ -	
Zhong Shan O Li Su Shoe Making Machine Ltd.	Manufacturing shoes and boots or repairing machinery	181,314 (US\$ 5,900,000)	b	-	-	-	-	(4,870) (RMB (1,145,726))	51.11	(2,489) (RMB (585,580)) b, 2)	12,829 (RMB 3,005,135)	-	
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	-	-	-	-	199,946 (RMB 48,514,432)	31.79	63,563 (RMB 15,422,738) b, 1)	2,414,073 (RMB 565,489,207)	-	
Taicang Yue-Shen Sporting Goods Co., Ltd.	Engaged in the production and sales of shoe products, semi-finished products, moulds and related sports goods.	393,720 (US\$ 12,000,000)	b	-	-	-	-	(31,204) (RMB (7,367,009))	31.79	(9,920) (RMB (2,341,972)) b, 1)	481,907 (RMB 112,885,224)	-	
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	-	-	-	-	30 (RMB 6,952)	51.11	15 (RMB 3,553) b, 1)	-	-	
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	-	-	-	-	(77,110) (RMB (17,998,266))	51.11	(39,411) (RMB (9,198,914)) b, 1)	107,178 (RMB 25,106,226)	-	
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	-	-	-	-	(1,241,593) (RMB (293,722,617))	51.11	(634,578) (RMB (150,121,630)) b, 1)	102,452 (RMB 23,999,057)	-	
Jiangxi Province Yutai Shoe Co., Ltd.	Production and sale of footwear products and semi-finished products	918,125 (US\$ 30,000,000)	b	-	-	-	-	(17,920) (RMB (4,201,157))	51.11	(9,159) (RMB (2,147,211)) b, 1)	(24,665) (RMB (5,777,734))	-	
Dongguan Yu Xiang Shoes Material Co., Ltd.	Production and sale of footwear products	295,820 (US\$ 9,500,000)	b	-	-	-	-	24,876 (RMB 5,796,951)	51.11	12,714 (RMB 2,962,822) b, 1)	267,154 (RMB 62,580,096)	-	
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	-	-	-	-	(34) (RMB (8,038))	23.00	(8) (RMB (1,849)) b, 2)	40 (RMB 9,375)	-	
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	-	-	-	-	546 (RMB 136,334)	19.42	106 (RMB 26,476) b, 1)	15,453 (RMB 3,619,796)	-	
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	-	-	-	-	78,336 (RMB 18,649,738)	51.11	40,037 (RMB 9,531,881) b, 1)	1,080,748 (RMB 253,161,925)	-	
Dong Guan Bao Yu Shoes Co., Ltd.	Production and sale of sports shoes, leisure shoes, leather shoes, children's shoes, semi-finished footwear and footwear materials	66,780 (US\$ 2,100,000)	b	-	-	-	-	-	51.11	- b, 1)	35,164 (RMB 8,236,989)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2020	Accumulated Repatriation of Investment Income as of September 30, 2020	Note
					Outward	Inward							
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	\$ -	\$ -	\$ -	\$ -	\$ 234,501 (RMB 55,231,629)	31.79	\$ 74,548 (RMB 17,558,135) b, 1)	\$ 389,699 (RMB 91,285,787)	\$ -	
Dongguan De Chang Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US\$ 350,000)	b	-	-	-	-	8,313 (RMB 1,947,101)	51.11	4,249 (RMB 995,163) b, 1	24,955 (RMB 5,845,606)	-	
Zhong Shan Bao Song Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US\$ 350,000)	b	-	-	-	-	3,730 (RMB 878,760)	51.11	1,906 (RMB 449,134) b, 1)	22,305 (RMB 5,224,905)	-	
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	-	-	-	-	(18,441) (RMB (4,329,842))	51.11	(9,425) (RMB (2,212,982)) b, 1)	13,568 (RMB 3,178,337)	-	
Jiangxi Uniscien Consulting Co., Ltd.	Business management consultation, marketing planning and other services	10,442 (US\$ 350,000)	b	-	-	-	-	2,720 (RMB 637,407)	51.11	1,390 (RMB 325,779) b, 1)	16,545 (RMB 3,875,583)	-	
Yu Xing (Jishui) Footwear Co., Ltd.	Production and sale of sports shoes	183,840 (US\$ 6,400,000)	b	-	-	-	-	(4,480) (RMB (1,051,717))	51.11	(2,290) (RMB (537,533)) b, 1)	40,131 (RMB 9,400,515)	-	
Dongguan Xingtai Consulting Co., Ltd.	Business management consultation, marketing planning and other services	41,945 (US\$ 1,400,000)	b	-	-	-	-	3,862 (RMB 904,355)	51.11	1,974 (RMB 462,216) b, 1)	35,799 (RMB 8,385,702)	-	
Yang Xin Zhang Yuan Shoe Co., Ltd.	Production and sale of footwear products	61,029 (US\$ 2,100,000)	b	-	-	-	-	(1,158) (RMB (271,937))	25.56	(296) (RMB (69,507)) b, 1)	6,588 (RMB 1,543,250)	-	
YangXin Pou Jia Yuen Shoes Manufacturing Co., Ltd.	Production and sale of rubber soles	72,990 (US\$ 2,500,000)	b	-	-	-	-	(79,893) (RMB (18,884,032))	25.56	(20,421) (RMB (4,826,759)) b, 1)	(3,069) (RMB (718,910))	-	
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	-	-	-	-	(56,621) (RMB (12,862,829))	31.79	(18,000) (RMB (4,089,093)) b, 1)	1,157,306 (RMB 271,095,386)	-	
Yichun Yisen Industry Co., Ltd.	Production and sale of footwear and mold products	410,130 (US\$ 14,000,000)	b	-	-	-	-	45,038 (RMB 10,598,474)	51.11	23,019 (RMB 5,416,880) b, 1)	356,759 (RMB 83,569,594)	-	
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	-	-	-	-	(432) (RMB (100,145))	51.11	(221) (RMB (51,184)) b, 1	(6,124) (RMB (1,434,461))	-	
Zhang Shan Shi Bi Fu Material Co., Ltd.	Production and operation of knitted fabrics and carbon fiber shoes, especially for shoes, sports shoes, etc.	43,290 (US\$ 1,395,100)	b	-	-	-	-	(6,464) (RMB (1,512,262))	24.92	(1,611) (RMB (376,856)) b, 1)	9,131 (RMB 2,139,000)	-	
Dong Guan Pou Chen Footwear Company Limited	Production and sale of footwear products, semi-finished footwear products and accessories, moulding tools and engaged in the wholesale and import and export business of footwear products	1,223,925 (RMB 263,827,800)	b	-	-	-	-	(63,078) (RMB (14,025,977))	51.11	(32,239) (RMB (7,168,677)) b, 1)	722,173 (RMB 169,166,811)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2020	Accumulated Repatriation of Investment Income as of September 30, 2020	Note
					Outward	Inward							
Dongguan Yusheng Shoe Industry Co., Ltd.	Production and sale of finished shoes, semi-finished shoes and mold products and engaged in research and development of shoes, finished shoes, mold products	\$ 1,469,176 (RMB 319,970,250)	b	\$ -	\$ -	\$ -	\$ -	\$ (376,987) (RMB (88,686,868))	51.11	\$ (192,678) (RMB (45,327,858)) b, 1)	\$ 638,381 (RMB 149,538,861)	\$ -	
Dong Guan Yue Yuan Footwear Products Company Limited	Production and sale of footwear products, semi-finished footwear products, mold products and engaged in wholesale and import and export business of footwear products	1,026,777 (RMB 217,720,430)	b	-	-	-	-	(24,974) (RMB (5,782,008))	51.11	(12,764) (RMB (2,955,184)) b, 1)	276,284 (RMB 64,718,616)	-	
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	-	-	-	-	(34,217) (RMB (8,024,994))	25.56	(8,746) (RMB (2,051,188)) b, 1)	29,247 (RMB 6,850,992)	-	
Dong Guan Jia Yuan Shoe Materials Products Company Limited	Prepare shoe material	108,805 (RMB 21,600,000)	b	-	-	-	-	(23,037) (RMB (5,468,358))	51.11	(11,774) (RMB (2,794,878)) b, 1)	40,013 (RMB 9,372,986)	-	
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	-	-	-	-	(355) (RMB (79,950))	10.22	(36) (RMB (8,171)) b, 1)	4,340 (RMB 1,016,690)	-	
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	-	-	-	-	115,174 (RMB 27,183,811)	31.79	36,614 (RMB 8,641,733) b, 1)	39,214 (RMB 9,185,795)	-	
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	-	-	-	-	(3,320) (RMB (775,614))	6.80	(226) (RMB (52,742)) b, 1)	3,494 (RMB 818,545)	-	
Kun Shan Taisong Trading Co., Ltd.	Wholesale and retail of clothing, footwear, glasses and watches	790,110 (US\$ 26,500,000)	b	-	-	-	-	(46,733) (RMB (10,955,856))	31.79	(14,856) (RMB (3,482,867)) b, 1)	(133,553) (RMB (31,284,299))	-	
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	-	-	-	-	(132) (RMB (32,260))	26.08	(34) (RMB (8,413)) b, 1)	1,368 (RMB 320,375)	-	
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	-	-	-	-	(12,577) (RMB (2,954,747))	26.08	(3,280) (RMB (770,598)) b, 1)	7,597 (RMB 1,779,575)	-	
Yisen (YiFeng) Mould Co., Ltd.	Production and sale of mould products	479,284 (US\$ 14,850,000)	b	-	-	-	-	(24,754) (RMB (5,809,507))	51.11	(12,652) (RMB (2,969,239)) b, 1)	162,697 (RMB 38,111,373)	-	
Zhu Hai Yu Yuan Industrial Co., Ltd.	Processing, production and sale of footwear products	1,408 (RMB 300,000)	b	-	-	-	-	(1,603) (RMB (379,522))	51.11	(820) (RMB (193,974)) b, 1)	10,314 (RMB 2,415,981)	-	
Yang Xin Pou Shou Sporting Goods Co., Ltd.	Processing, production and sale of footwear products	236,574 (US\$ 7,800,000)	b	-	-	-	-	(120,654) (RMB (28,416,266))	51.11	(61,666) (RMB (14,523,553)) b, 1)	21,672 (RMB 5,076,682)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2020	Accumulated Repatriation of Investment Income as of September 30, 2020	Note
					Outward	Inward							
Changsha YYSPTS Sport Products Co., Ltd.	Sales of sports goods and equipments	\$ 22,825 (RMB 5,000,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 38,520 (RMB 9,042,915)	31.79	\$ 12,246 (RMB 2,874,743) b, 1)	\$ 22,998 (RMB 5,387,229)	\$ -	
Henan YYSPTS Sport Products Co., Ltd.	Retail business of sports goods and accessories	9,130 (RMB 2,000,000)	b	-	-	-	-	47,342 (RMB 11,304,582)	31.79	15,050 (RMB 3,593,727) b, 1)	151,398 (RMB 35,464,527)	-	
Shenyang Pou-Yi Trading Co., Ltd.	Retail business of sports goods and accessories	182,600 (RMB 40,000,000)	b	-	-	-	-	(36,661) (RMB (8,578,238))	31.79	(11,655) (RMB (2,727,022)) b, 1)	(1,634) (RMB (382,718))	-	
Zhejiang shengdao Sporting-goods Co., Ltd.	Retail business of sports goods and accessories	228,250 (RMB 50,000,000)	b	-	-	-	-	257,051 (RMB 60,720,138)	31.79	81,716 (RMB 19,302,932) b, 1)	523,510 (RMB 122,630,644)	-	
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	-	-	-	-	(2,853) (RMB (673,846))	31.79	(907) (RMB (214,216)) b, 1)	3,019 (RMB 707,226)	-	
Widevision Investment (Shenzhen) Co., Ltd.	Business management consulting, economic information consulting and market management planning	13,833 (RMB 3,000,000)	b	-	-	-	-	6,320 (RMB 1,501,146)	100.00	6,320 (RMB 1,501,146) b, 1)	16,169 (RMB 3,787,614)	-	
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	-	-	-	-	(20,575) (RMB (4,816,970))	31.79	(6,541) (RMB (1,531,315)) b, 1)	(10,321) (RMB (2,417,595))	-	
Kuo Yuen Tannery	Production, processing, sales, research and development of shoe materials, import and export goods or technic	176,844 (RMB 41,047,490)	b	-	-	-	-	(69,224) (RMB (16,412,538))	25.56	(17,694) (RMB (4,195,045)) b, 1)	26,614 (RMB 6,234,223)	-	
Akenz (ShangHai) Trading Co., Ltd.	Management consultants, wholesale of sports goods and equipment wholesale, other sports services and other art performance assistant services	108,652 (RMB 25,300,000)	b	-	-	-	-	(33,702) (RMB (7,913,198))	28.29	(10,220) (RMB (2,399,155)) b, 1)	17,007 (RMB 3,983,754)	-	
Yangzhou Yuhong Garment Co., Ltd.	Engaged in the processing and production of apparel, apparel accessories, and apparel accessories, and selling our own products	588,725 (US\$ 19,749,000)	b	-	-	-	-	(25,283) (US\$ (5,900,470))	51.11	(12,922) (RMB (3,015,730)) b, 1)	349,786 (RMB 81,936,236)	-	
Yifeng Kun Ching Foam Ltd.	Production, sales, processing of plastic foam and foam daily products	8,994 (US\$ 300,000)	b	-	-	-	-	669 (US\$ 158,033)	19.42	130 (RMB 30,690) b, 1)	3,169 (RMB 742,404)	-	
Zhongshan Hwa Ching Foam Co., Ltd.	Production of foam products	29,980 (US\$ 1,000,000)	b	-	-	-	-	18,145 (US\$ 4,259,459)	19.58	3,553 (RMB 834,002) b, 1)	15,433 (RMB 3,615,145)	-	
Hubei PouShou Sports Goods Trading Company Limited	Management consultants, wholesale of sports goods, sports equipment, clothing, shoes, caps and accessories and advertising design agency	4,191 (RMB 1,000,000)	b	-	-	-	-	(682) (RMB (160,792))	31.79	(145) (RMB (33,982)) b, 1)	1,139 (RMB 266,784)	-	

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2020	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
\$ -	\$ 20,887,110 (US\$ 717,770,089)	\$ 112,079,963

- Note 1: Methods of investments have following types:
- a. Direct investment in mainland China.
  - b. Indirect investment in the Company located in mainland China through a third place.
  - c. Other.
- Note 2: Investment profit or loss recognized in the current period:
- a. If it is in the preparation stage, there is no investment gains and losses, it should be noted.
  - b. The amount of investment gain (loss) was recognized in following bases:
    - 1) Based on the financial statements audited by an ROC CPA firm cooperating with an international CPA firm.
    - 2) Based on the financial statements audited by the auditor of parent company.
- Note 3: Financial assets at FVTOCI
- Note 4: The limitation of the amount is in accordance with the provisions of the “Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area” which was passed on August 29, 2008.

(Concluded)

TABLE 10-1

POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020  
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2020	Accumulated Repatriation of Investment Income as of September 30, 2020	Note
					Outward	Inward							
Kunshan Yuanying Electronics Technology Co., Ltd.	Manufacturing and sale of alloy	\$ 85,936 (US\$ 2,620,000)	b	\$ -	\$ -	\$ -	\$ -	\$ (4,271) (RMB (1,002,404))	100.00	\$ (4,271) (RMB (1,002,404)) b, 2)	\$ 65,651 (RMB 15,378,432)	\$ -	

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2020	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
\$ -	\$ 167,907 (US\$ 5,770,000)	\$ 396,448

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.

**TABLE 11**

**POU CHEN CORPORATION AND SUBSIDIARIES**

**INFORMATION OF MAJOR SHAREHOLDERS  
SEPTEMBER 30, 2020**

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

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