Pou Chen Corporation

Financial Statements for the Years Ended December 31, 2019 and 2018 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Pou Chen Corporation

Opinion

We have audited the accompanying financial statements of Pou Chen Corporation (the "Company"), which comprise the balance sheets as of December 31, 2019 and 2018, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion based on our audits and the report of other auditors.

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2019. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. Below is the key audit matter of the financial statements for the year ended December 31, 2019.

Impairment Assessment on Goodwill - Investments Accounted for Using Equity Method

As described in Notes 4, 5, 13 and Table 7 to the financial statements, any excess of investment cost over the fair value of the investee's net identifiable assets is recognized as goodwill. Management performs impairment test of goodwill in accordance with IAS 36.

Management evaluates impairment of an asset by estimating the recoverable amount of such an asset based on forecast sales, estimated future cash flows, and discount rate. Impairment test involves the management's critical estimations and judgments. Therefore, we considered impairment assessment of goodwill of investments accounted for using equity method as a key audit matter for the year ended December 31, 2019.

For this key audit matter, we evaluated the reasonableness of the significant assumptions, the basis of the evaluation model, the rationality of the basic information, and the amount of impairment.

Other Matter

Certain investments accounted for using the equity method in the Company's standalone financial statements for the year ended December 31, 2019 and 2018 were based on financial statements audited by other independent auditors. Our opinion, insofar as it relates to the Company's investments in certain corporation, is based solely on the report of other auditors. As of December 31, 2019 and 2018, the carrying amounts of the investments were $50,159,779 thousand and $8,403,275 thousand which constituted 31.03% and 7.32% of the Company's total assets, respectively. For the years ended December 31, 2019 and 2018, the profit of the associate which the Company recognized were $5,788,953 thousand and $4,491,495 thousand which constituted 46.70% and 38.69% of the income before income tax, respectively.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 31, 2020

Notice to Readers

The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ report and the accompanying 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’ report and financial statements shall prevail.

POU CHEN CORPORATION

BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 153,716	-	$ 194,630	-
Financial assets at fair value through income - current (Notes 4 and 7)	1,636	-	-	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	5,918,837	4	5,005,749	4
Financial assets at amortized cost - current (Notes 4 and 9)	177,366	-	689,271	1
Notes receivable (Notes 4 and 10)	462	-	1,180	-
Accounts receivable (Notes 4 and 10)	2,153	-	1,127	-
Accounts receivable from related parties (Notes 4, 10 and 29)	1,622,531	1	1,981,697	2
Other receivables (Notes 4, 10 and 29)	275,971	-	344,215	-
Inventories (Notes 4 and 11)	59,226	-	52,092	-
Other current assets (Notes 4 and 12)	36,807	-	57,190	-
Total current assets	8,248,705	5	8,327,151	7
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	52,984	-	60,756	-
Financial assets at amortized cost - non-current (Notes 4 and 9)	111,500	-	-	-
Investments accounted for using equity method (Notes 4 and 13)	144,982,393	90	98,566,569	86
Property, plant and equipment (Notes 4 and 14)	5,220,137	3	5,341,147	5
Right-of-use asset (Notes 4 and 15)	49,480	-	-	-
Investment properties (Notes 4 and 16)	1,935,772	1	1,985,597	2
Intangible Assets (Notes 4 and 17)	929,272	1	-	-
Deferred tax assets (Notes 4 and 25)	86,419	-	4,532	-
Other non-current assets (Notes 4 and 12)	44,458	-	535,493	-
Total non-current assets	153,412,415	95	106,494,094	93
TOTAL	$ 161,661,120	100	$ 114,821,245	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	$ 19,909,700	12	$ 14,654,000	13
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	26,739	-	30,751	-
Notes payable (Notes 4 and 19)	10,024	-	7,678	-
Notes payable to related parties (Notes 4, 19 and 29)	-	-	74	-
Accounts payable (Notes 4 and 19)	1,051,378	1	1,224,211	1
Accounts payable to related parties (Notes 4, 19 and 29)	22,812	-	82,876	-
Other payables (Note 20)	1,947,502	1	1,954,626	2
Current tax liabilities (Notes 4 and 25)	9,370	-	717,895	-
Lease liabilities - current (Notes 4 and 15)	31,359	-	-	-
Current portion of long-term borrowings (Note 18)	263,796	-	4,194,398	4
Other current liabilities	173,942	-	177,126	-
Total current liabilities	23,446,622	14	23,043,635	20
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	19,319,306	12	12,905,602	11
Deferred tax liabilities (Notes 4 and 25)	711,547	1	291,324	-
Lease liabilities - non-current (Notes 4 and 15)	23,491	-	-	-
Net defined benefit liabilities (Notes 4 and 21)	704,713	-	670,776	1
Other non-current liabilities (Note 13)	46,502	-	46,516	-
Total non-current liabilities	20,805,559	13	13,914,218	12
Total liabilities	44,252,181	27	36,957,853	32
EQUITY (Notes 4 and 22)				
Share capital				
Ordinary shares	29,467,872	18	29,467,872	26
Capital surplus	4,592,397	3	4,600,092	4
Retained earnings				
Legal reserve	14,881,914	9	13,811,050	12
Special reserve	22,293,369	14	13,917,230	12
Unappropriated earnings	34,488,820	22	38,360,517	33
Total retained earnings	71,664,103	45	66,088,797	57
Other equity	11,684,567	7	(22,293,369)	(19)
Total equity	117,408,939	73	77,863,392	68
TOTAL	$ 161,661,120	100	$ 114,821,245	100

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

(With Deloitte & Touche audit report dated March 31, 2020)

POU CHEN CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 23 and 29)	$ 11,399,477	100	$ 12,062,778	100
OPERATING COSTS (Notes 24 and 29)	6,655,923	58	7,452,651	62
GROSS PROFIT	4,743,554	42	4,610,127	38
OPERATING EXPENSES (Notes 21 and 24)				
Selling and marketing expenses	64,217	1	67,731	-
General and administrative expenses	2,525,205	22	2,286,232	19
Research and development expenses	1,613,603	14	1,778,265	15
Total operating expenses	4,203,025	37	4,132,228	34
INCOME FROM OPERATIONS	540,529	5	477,899	4
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 24 and 29)	596,903	5	589,671	5
Other gains and losses (Note 24)	(69,475)	(1)	1,026,890	8
Net loss on derecognition of financial assets at amortized cost	-	-	(224)	-
Finance costs (Note 24)	(373,715)	(3)	(319,999)	(3)
Share of the profit of subsidiaries and associates (Notes 4 and 13)	11,700,954	103	9,835,610	82
Total non-operating income and expenses	11,854,667	104	11,131,948	92
INCOME BEFORE INCOME TAX	12,395,196	109	11,609,847	96
INCOME TAX EXPENSE (Notes 4 and 25)	(566,587)	(5)	(901,201)	(7)
NET INCOME FOR THE YEAR	11,828,609	104	10,708,646	89
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 21)	103,567	1	(37,152)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	905,317	8	316,990	2
Share of the other comprehensive income (loss) of subsidiaries and associates	2,137,241	18	(378,343)	(3)

(Continued)

POU CHEN CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income (loss) of subsidiaries and associates	$ 28,933,948	254	$ (24,156,118)	(200)
Other comprehensive loss for the year, net of income tax	32,080,073	281	(24,254,623)	(201)
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 43,908,682	385	$ (13,545,977)	(112)
EARNINGS PER SHARE (Note 26)				
Basic	$ 4.01		$ 3.63	
Diluted	$ 4.01		$ 3.62	

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

(With Deloitte & Touche audit report dated March 31, 2020) (Concluded)

POU CHEN CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

						Other Equity				
			Retained Earnings							
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Loss on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Others	Total Equity
BALANCE AT JANUARY 1, 2018	$ 29,467,872	$ 4,615,341	$ 12,518,889	$ 13,636,368	$ 37,294,138	$ (1,790,529)	$ (12,127,139)	$ -	$ 438	$ 83,615,378
Effect of retrospective application	-	-	-	-	292,111	-	12,127,139	1,860,011	(506,875)	13,772,386
BALANCE AT JANUARY 1, 2018 AS RESTATED	29,467,872	4,615,341	12,518,889	13,636,368	37,586,249	(1,790,529)	-	1,860,011	(506,437)	97,387,764
Appropriation of 2017 earnings (Note 22)										
Legal reserve	-	-	1,292,161	-	(1,292,161)	-	-	-	-	-
Special reserve	-	-	-	280,862	(280,862)	-	-	-	-	-
Cash dividends	-	-	-	-	(5,893,574)	-	-	-	-	(5,893,574)
	-	-	1,292,161	280,862	(7,466,597)	-	-	-	-	(5,893,574)
Net income for the year ended December 31, 2018	-	-	-	-	10,708,646	-	-	-	-	10,708,646
Other comprehensive (loss) income for the year ended December 31, 2018	-	-	-	-	(64,539)	1,478,405	-	(12,677,612)	(12,990,877)	(24,254,623)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	10,644,107	1,478,405	-	(12,677,612)	(12,990,877)	(13,545,977)
Change in capital surplus from investments in associates accounted for using the equity method (Notes 4 and 22)	-	404	-	-	(2,333,670)	-	-	2,333,670	-	404
Share of changes in equities of subsidiaries (Notes 4 and 22)	-	(15,653)	-	-	(69,572)	-	-	-	-	(85,225)
Change in equity for the year ended December 31, 2018	-	(15,249)	1,292,161	280,862	774,268	1,478,405	-	(10,343,942)	(12,990,877)	(19,524,372)
BALANCE AT DECEMBER 31, 2018	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
Appropriation of 2018 earnings (Note 22)										
Legal reserve	-	-	1,070,864	-	(1,070,864)	-	-	-	-	-
Special reserve	-	-	-	8,376,139	(8,376,139)	-	-	-	-	-
Cash dividends	-	-	-	-	(4,420,181)	-	-	-	-	(4,420,181)
	-	-	1,070,864	8,376,139	(13,867,184)	-	-	-	-	(4,420,181)
Net income for the year ended December 31, 2019	-	-	-	-	11,828,609	-	-	-	-	11,828,609
Other comprehensive (loss) income for the year ended December 31, 2019	-	-	-	-	(50,739)	(2,186,025)	-	20,396,280	13,920,557	32,080,073
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	11,777,870	(2,186,025)	-	20,396,280	13,920,557	43,908,682
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 4 and 22)	-	(3,539)	-	-	-	-	-	-	-	(3,539)
Share of changes in equities of subsidiaries (Notes 4 and 22)	-	-	-	-	(76,149)	-	-	-	-	(76,149)
Change in capital surplus from investments in associates accounted for using the equity method (Notes 4 and 22)	-	(4,156)	-	-	(1,706,234)	-	-	1,847,124	-	136,734
BALANCE AT DECEMBER 31, 2019	$ 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

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

(With Deloitte & Touche audit report dated March 31, 2020)

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 12,395,196	$ 11,609,847
Adjustments for:		
Depreciation expenses	360,481	298,587
Amortization expenses	27,227	-
Expected credit loss recognized on accounts receivable	48,534	-
Net gain on fair value change of financial instruments at FVTPL	(169,942)	(574,565)
Finance costs	373,715	319,999
Net loss on derecognition of financial assets at amortized cost	-	224
Interest income	(30,923)	(30,808)
Dividends income	(327,542)	(291,438)
Share of the profit of subsidiaries and associates	(11,700,954)	(9,835,610)
Net loss on disposal of property, plant and equipment	788	30,723
Gain on lease modification	(10)	-
Unrealized loss on foreign currency exchange	3,229	6,013
Changes in operating assets and liabilities		
Financial assets mandatorily at fair value through profit or loss	164,294	399,256
Notes receivable	388	53,743
Notes receivable from related parties	-	64
Accounts receivable	(1,026)	47,339
Accounts receivable from related parties	341,812	(535,950)
Other receivables	21,826	98,966
Inventories	(7,134)	(13,218)
Other current assets	17,611	74,933
Other operating assets	(16,888)	9,299
Notes payable	2,346	(40,172)
Notes payable to related parties	(74)	(11,137)
Accounts payable	(172,833)	100,967
Accounts payable to related parties	(60,064)	38,448
Other payables	195,672	(453,168)
Other current liabilities	(3,184)	105,665
Net defined benefit liabilities	4,642	(118,956)
Cash generated from operations	1,467,187	1,289,051
Interest paid	(387,467)	(302,729)
Income tax paid	(803,914)	(1,024,131)
Net cash generated from (used in) operating activities	275,806	(37,809)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(295,493)	(692,670)
Proceeds from financial assets at amortized cost	692,670	279,488
Acquisition of associates under equity method	(4,080,000)	(70,000)
Proceeds from return of capital of associates under equity method	50,000	-
Acquisition of property, plant and equipment	(401,353)	(794,936)
Proceeds from disposal of property, plant and equipment	40,707	99,197

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POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
(Increase) decrease in refundable deposits	$ (990)	$ 5,507
Loans to related parties	14,000	(189,000)
Acquired intangible asset	(448,076)	-
Increase in other current liabilities	-	(236,267)
Increase in prepayments for equipment	(3,289)	(3,667)
Increase in other prepayments	-	-
Interest received	32,491	34,691
Dividends received	781,270	932,160
Cash dividends from reduction of capital surplus from associates	-	70,067
Net cash used in investing activities	(3,618,063)	(565,430)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	5,255,700	5,378,800
Proceeds from long-term borrowings	19,890,000	3,500,000
Repayments of long-term borrowings	(17,406,898)	(3,400,000)
Repayment of principal portion of lease liabilities	(17,394)	-
Cash dividend	(4,420,181)	(5,893,574)
Increase in guarantee deposits	116	13,059
Net cash generated from (used in) financing activities	3,301,343	(401,715)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(40,914)	(1,004,954)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	194,630	1,199,584
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 153,716	$ 194,630

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

(With Deloitte & Touche audit report dated March 31, 2020) (Concluded)

1. GENERAL INFORMATION

Pou Chen Corporation (the “Company”) has main business activities which include the manufacturing 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 invested 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 financial statements are presented in New Taiwan dollars, the functional currency of the Company.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on March 31, 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 Company’s accounting policies:

1) IFRS 16 “Leases”

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

<u>Definition of a lease</u>

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

The Company as lessee

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

The Company elects to apply IFRS 16 retrospectively. Comparative information is not restated.

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

The Company also applies the following practical expedients:

a) The Company applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

b) The Company accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

c) The Company excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.

d) The Company uses hindsight, such as in determining lease terms, to measure lease liabilities.

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

The lessee’s weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 was 1.34%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 59,027
Less: Recognition exemption for short-term leases	(3,966)
Less: Recognition exemption for leases of low-value assets	(4,888)
Undiscounted amounts on January 1, 2019	$ 50,173
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 49,233
Less: Prepaid rents on January 1, 2019	(2,773)
Lease liabilities recognized on January 1, 2019	$ 46,460

The Company as lessor

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

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

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Other current assets	$ 57,190	$ (2,773)	$ 54,417
Right-of-use assets	-	49,233	49,233
Total effect on assets	$ 57,190	$ 46,460	$ 103,650
Lease liabilities - current	$ -	$ 16,366	$ 16,366
Lease liabilities - non-current	-	30,094	30,094
Total effect on liabilities	$ -	$ 46,460	$ 46,460

2) IFRIC 23 “Uncertainty over Income Tax Treatments”

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

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

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

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

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

4) Annual Improvements to IFRSs 2015-2017 Cycle

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

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

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

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

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2020

New, Revised or Amended Standards or Interpretations (the “New IFRSs”)	**Effective Date Announced by IASB**
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

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

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

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

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

The amendments clarify that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process applied to the input that together significantly contribute to the ability to create outputs. The amendments narrow the definitions of outputs by focusing on goods and services provided to customers, and the reference to an ability to reduce costs is removed. Moreover, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not an acquired set of activities and assets is a business.

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

The amendments deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark (such as the London Interbank Offered Rate or LIBOR) with an alternative interest rate, and provide temporary exceptions to all hedging relationships that are directly affected by the interest rate benchmark reform. The Company would apply those hedge accounting requirements assuming that the interest rate benchmark 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. The amendments also require additional disclosures about the extent to which the entity’s hedging relationships are affected by the amendments.

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

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. The concept of “obscuring” material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from “could influence” to “could reasonably be expected to influence”.

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

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

New IFRSs	**Effective Date Announced by IASB (Note)**
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

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

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

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

Conversely, when the Company sells or contributes assets that do not constitute a business to an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence over an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate, i.e., the Company’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 Company 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 Company will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Company 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 Company’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 Company’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’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

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liability which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing its parent company only financial statements, the Company used the equity method to account for its investment in subsidiaries and associates. The amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements are the same with the amounts attributable to the owner of the Company in its financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company's financial statement, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investments.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting the parent company only financial statements, the assets and liabilities of the Company's foreign subsidiaries (in other countries or currencies used are different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

On the disposal of a foreign subsidiary and the Company loss of control over the subsidiary, all of the exchange differences accumulated in equity are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, supplies, finished goods, work-in-process and merchandise, are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Investment in subsidiaries

Subsidiaries are the entities controlled by the Company. Investments in subsidiaries are accounted for by the equity method.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company’s share of the change in other equity of the subsidiary.

Changes in the Company’s ownership interests in subsidiaries that do not result in the Company’s loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company’s share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in subsidiary accounted for by the equity method and long-term interests that, in substance, form part of the Company’s net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company’s share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee’s financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements.

g. Investments in an associate

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments in associates are accounted for by the equity method.

Under the equity method, the investment in associates are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associates. The Company also recognizes the changes in the Company's share of equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Company's share of equity of associates. If the Company's ownership interest is reduced due to the additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that the associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associates equals or exceeds its interest in that associates (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from investment and the carrying amount is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

h. Property, plant and equipment

Property, plant and equipment are stated at cost, less recognized accumulated depreciation and accumulated impairment loss.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

For a transfer of a property from the classification of investment properties to property, plant and equipment, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of owner-occupation.

For a transfer of a property from the classification of property, plant and equipment to investment properties, the deemed cost of the property for subsequent accounting is its carrying amount at the end of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.

- The intention to complete the intangible asset and use or sell it.

- The ability to use or sell the intangible asset.

- How the intangible asset will generate probable future economic benefits.

- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

- The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible assets are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value. Any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28: Financial Instruments.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable at amortized cost, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized costs (including accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables and lease receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines the situations that internal or external information show that the debtor is unlikely to pay its creditors indicate that a financial asset is in default (without taking into account any collateral held by the Company):

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. The cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the financial liabilities at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading. Such financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 28.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange rate swap contracts and cross-currency swap contracts.

The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

m. Revenue recognition

1) Sale of goods

The Company identifies a contract with a customer, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

The Company's revenue from the sale of goods comes from footwear sales. Sales of products are recognized as revenue when the goods are delivered to the customer because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

2) Rendering of services

Service income is recognized when services are provided. Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

3) Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

n. Leasing

<u>2019</u>

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

1) The Company as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

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

2) The Company as lessee

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

Right-of-use assets are initially measured at cost. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets. Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

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

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

2018

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

1) The Company as lessor

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

2) The Company as lessee

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

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets, is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

4) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Company recognizes any related restructuring costs.

p. Taxation

Income tax expense represents the sum of the current tax liabilities and deferred tax liabilities.

1) Current tax

The Company which established in the ROC according to the Income Tax Law in the ROC, an additional tax of unappropriated earnings is provided in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by the management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Investments Accounted for Using Equity Method

The Company immediately recognizes impairment losses on its net investment accounted for using equity method when there is any indication that the investment may be impaired and the carrying amounts may not be recoverable. The Company’s management evaluates the impairment based on the estimated future cash flow expected to be generated by the investment. The Company also takes into consideration the market conditions and industry development to evaluate the appropriateness of the relevant assumptions.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2019	**2018**
Cash on hand	$ 637	$ 1,202
Checking accounts and demand deposits	153,079	193,428
	$ 153,716	$ 194,630

7. FINANCIAL INSTRUMENTS AT FVTPL - CURRENT

	December 31 2019	2018
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Exchange rate swap contracts (a)	$ 1,636	$ -
Financial liabilities at FVTPL - current		
Derivative financial liabilities (not under hedge accounting)		
Exchange rate swap contracts (a)	$ 19,692	$ 30,751
Cross-currency swap contracts (b)	7,047	-
	$ 26,739	$ 30,751

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

December 31, 2019

Notional Amount (In Thousands)	Maturity Date	Rate
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$ 43,000	2020.03	US$:NT$ 29.9660
US$ 36,000	2020.02	US$:NT$ 30.0070
US$ 21,000	2020.02	US$:NT$ 30.0070
US$ 22,300	2020.03	US$:NT$ 29.9640
US$ 5,900	2020.02	US$:NT$ 30.0070
US$ 36,000	2020.02	US$:NT$ 30.0060

December 31, 2018

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

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

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

December 31, 2019

Notional Amount (In Thousands)	Maturity Date	Rate	Interest %
US$ 15,000	2020.12	US$:NT$ 30.4750	0.635

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

8. FINANCIAL ASSETS AT FVTOCI

	December 31	
	2019	2018
Current		
Domestic investments		
Listed shares	$ 5,918,837	$ 5,005,749
Non-current		
Domestic investments		
Unlisted shares	$ 52,984	$ 60,756

These investments in equity instruments are not held for trading. Instead, they are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2019	2018
Current		
Domestic investments		
Time deposits with original maturity of more than 3 months	$ 177,366	$ 689,271
Foreign investments		
Structured products	$ 111,500	$ -
Current	$ 177,366	$ 689,271
Non-current	111,500	-
	$ 288,866	$ 689,271

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2019	2018
Notes receivable (including related parties)		
At amortized cost		
Notes receivable - operating	$ 462	$ 681
Notes receivable - non-operating	-	499
	$ 462	$ 1,180
Accounts receivable (including related parties)		
At amortized cost		
Accounts receivable	$ 1,642,038	$ 1,982,824
Less: Allowance for doubtful accounts	(17,354)	-
	$ 1,624,684	$ 1,982,824
Other receivables (including related parties)		
Tax refund receivables	$ 38,786	$ 49,232
Others	268,365	294,983
Less: Allowance for doubtful accounts	(31,180)	-
	$ 275,971	$ 344,215

a. Notes receivable

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

b. Accounts receivable

The Company 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 Company'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 Company's different customer base.

The Company writes off an account receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of the relevant receivable's recovery. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2019

	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	$ 940,771	$ 601,577	$ 99,690	$ 1,642,038
Loss allowance (lifetime ECLs)	-	-	(17,354)	(17,354)
Amortized cost	$ 940,771	$ 601,577	$ 82,336	$ 1,624,684

December 31, 2018

	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	$ 1,043,793	$ 893,589	$ 45,442	$ 1,982,824
Loss allowance (lifetime ECLs)	-	-	-	-
Amortized cost	$ 1,043,793	$ 893,589	$ 45,442	$ 1,982,824

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

	December 31	
	2019	2018
Balance at January 1	$ -	$ -
Add: Impairment losses recognized on receivable	17,354	-
Balance at March 31	$ 17,354	$ -

11. INVENTORIES

	December 31	
	2019	2018
Raw materials	$ 48,022	$ 25,254
Supplies	196	147
Work in progress	814	1,753
Finished goods	7,470	18,027
Merchandise	2,724	6,911
	$ 59,226	$ 52,092

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 was $6,655,923 thousand and $7,452,651 thousand, respectively.

The cost of goods sold included inventory write-downs for the years ended December 31, 2019 and 2018 was $7,313 thousand and $81 thousand, respectively.

12. OTHER ASSETS

	December 31	
	2019	2018
Current		
Prepayments	$ 21,168	$ 41,196
Supplies inventory	5,507	1,145
Temporary payments	3,408	3,601
Value-added tax retained	6,724	11,248
	$ 36,807	$ 57,190
Non-current		
Prepayments	$ 27,675	$ 519,210
Prepayments for equipment	3,289	3,779
Refundable deposits	4,625	3,635
Others	8,869	8,869
	$ 44,458	$ 535,493

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2019	2018
Investments in subsidiaries	$ 93,993,902	$ 88,779,215
Investments in associates	50,988,491	9,787,354
	$ 144,982,393	$ 98,566,569

a. Investments in subsidiaries

	December 31	
	2019	2018
Unlisted companies	$ 93,993,902	$ 88,779,215

At the end of the reporting period, the proportion of ownership and voting rights in subsidiary held by the Company were as follows:

	December 31	
Name of Subsidiary	2019	2018
Wealthplus Holdings Limited	100.00%	100.00%
Win Fortune Investments Limited	100.00%	100.00%
Windsor Entertainment Co., Ltd.	100.00%	100.00%
Pou Shine Investments Co., Ltd.	100.00%	100.00%
Pan Asia Insurance Services Co., Ltd.	100.00%	100.00%
Pro Arch International Development Enterprise Inc.	100.00%	100.00%
Barits Development Corporation	99.49%	99.49%
Pou Yuen Technology Co., Ltd.	97.82%	97.82%
Pou Yii Development Co., Ltd.	15.00%	15.00%
Wang Yi Construction Co., Ltd.	7.82%	7.82%

1) For the information of subsidiaries' nature of business, business location and registered country, please refer to Table 7 (Information on investees).

2) The Company holds less than 50% interest in Pou Yii and Wang Yi, but the Company and its subsidiaries hold more than 50% interest in Pou Yii and Wang Yi; therefore, the Company has control over Pou Yii and Wang Yi. Furthermore, the carrying amount of investment in Wang Yi is negative for the year ended December 31, 2019 and 2018. Therefore, the Company recognized $15,433 thousand and $15,563 thousand, respectively, in "other non-current liabilities".

3) The investments in subsidiaries accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2019 and 2018 was based on the subsidiaries' financial statements audited by the auditors for the same years.

b. Investments in associates

	December 31	
	2019	**2018**
Material associates		
Ruen Chen Investment Holding Co., Ltd.	$ 49,612,043	$ 8,403,275
Associates that are not individually material	1,376,448	1,384,079
	$ 50,988,491	$ 9,787,354

1) Material associates

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

a) For the information of subsidiaries' nature of business, business location and registered country, please refer to Table 7 (Information on investees).

b) The summarized financial information below represents amounts shown in the material associates' financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

Ruen Chen Investment Holding Co., Ltd.

	December 31	
	2019	**2018**
Assets	$ 4,846,936,411	$ 4,362,687,326
Liabilities	(4,562,716,753)	(4,309,426,713)
Non-controlling interests	(35,862,882)	(10,947,677)
Owners of Ruen Chen Investment Holding Co., Ltd.	$ 248,356,776	$ 42,312,936
Proportion of the Company	20.00%	20.00%
Equity attributable to the Company	$ 49,671,355	$ 8,462,587
Other adjustments	(59,312)	(59,312)
Carrying amount	$ 49,612,043	$ 8,403,275

	For the Year Ended December 31	
	2019	2018
Operating revenue	$ 622,318,319	$ 636,836,934
Net income	$ 32,004,407	$ 24,301,356
Other comprehensive income (loss)	173,096,475	(150,286,690)
Total comprehensive income (loss)	$ 205,100,882	$(125,985,334)

2) Associates that are not individually material

Name of Associate	Proportion of Ownership and Voting Rights December 31 2019	2018
Elite Company Computer Systems Co., Ltd.	12.57%	12.57%
Techview International Technology Inc.	30.00%	30.00%

a) For the information of subsidiaries' nature of business, business location and registered country, please refer to Table 7 (Information on investees).

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

	For the Year Ended December 31	
	2019	2018
The Company's share of:		
Net income	$ 5,755	$ 2,566
Other comprehensive loss	(17,313)	(8,909)
Total comprehensive loss	$ (11,558)	$ (6,343)

c) The Company holds less than 20% interest of Elite Company Computer Systems Co., Ltd. but the Company has the power to appoint two out of the nine directors of Elite Company Computer Systems Co., Ltd.; therefore, the Company is able to exercise significant influence over Elite Company Computer Systems Co., Ltd.

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

	December 31	
	2019	2018
Elite Company Computer Systems Co., Ltd.	$ 959,917	$ 865,327

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2018	$ 1,677,136	$ 3,983,516	$ 758,645	$ 174,940	$ 344,805	$ 95,157	$ 636,838	$ 7,671,037
Additions	997	13,484	129,758	12,866	46,693	33,275	596,457	833,530
Disposals	-	(122,946)	(121,586)	(23,724)	(28,970)	(5,244)	-	(302,470)
Transfers from prepayments for equipment	-	-	6,325	985	6,695	7,035	-	21,040
Reclassified	(7,502)	1,073,840	64,288	-	-	-	(1,138,128)	(7,502)
Urban renewal	(3,962)	(23,547)	-	-	-	-	-	(27,509)
Balance at December 31, 2018	$ 1,666,669	$ 4,924,347	$ 837,430	$ 165,067	$ 369,223	$ 130,223	$ 95,167	$ 8,188,126
Accumulated depreciation								
Balance at January 1, 2018	$ -	$ 1,945,122	$ 366,529	$ 136,744	$ 289,993	$ 72,753	$ -	$ 2,811,141
Disposals	-	(97,156)	(45,001)	(23,158)	(28,551)	(4,828)	-	(198,694)
Depreciation expenses	-	107,456	89,630	11,275	27,597	8,801	-	244,759
Urban renewal	-	(10,227)	-	-	-	-	-	(10,227)
Balance at December 31, 2018	$ -	$ 1,945,195	$ 411,158	$ 124,861	$ 289,039	$ 76,726	$ -	$ 2,846,979
Carrying amounts at December 31, 2018	$ 1,666,669	$ 2,979,152	$ 426,272	$ 40,206	$ 80,184	$ 53,497	$ 95,167	$ 5,341,147
Cost								
Balance at January 1, 2019	$ 1,666,669	$ 4,924,347	$ 837,430	$ 165,067	$ 369,223	$ 130,223	$ 95,167	$ 8,188,126
Additions	-	5,034	46,049	16,422	29,176	12,858	108,713	218,252
Disposals	-	(84,392)	(87,672)	(12,662)	(29,005)	(2,420)	-	(216,151)
Transfers from prepayments for equipment	-	-	1,866	1,590	-	323	-	3,779
Reclassified	-	37,803	11,010	-	16,051	16,769	(85,724)	(4,091)
Urban renewal	(5,943)	-	-	-	-	-	-	(5,943)
Balance at December 31, 2019	$ 1,660,726	$ 4,882,792	$ 808,683	$ 170,417	$ 385,445	$ 157,753	$ 118,156	$ 8,183,972
Accumulated depreciation								
Balance at January 1, 2019	$ -	$ 1,945,195	$ 411,158	$ 124,861	$ 289,039	$ 76,726	$ -	$ 2,846,979
Disposals	-	(79,267)	(44,801)	(9,404)	(28,561)	(2,130)	-	(164,163)
Depreciation expenses	-	121,344	93,997	13,567	36,224	15,887	-	281,019
Reclassified	-	(422)	13	-	247	162	-	-
Balance at December 31, 2019	$ -	$ 1,986,850	$ 460,367	$ 129,024	$ 296,949	$ 90,645	$ -	$ 2,963,835
Carrying amounts at December 31, 2019	$ 1,660,726	$ 2,895,942	$ 348,316	$ 41,393	$ 88,496	$ 67,108	$ 118,156	$ 5,220,137

a. Except for depreciation expenses recognized the Company had neither significant disposal nor impairment of properties in 2019 and 2018.

b. The Company participated in urban renewal with the land located in Songshan District, Taipei City. The carrying amount of old building was reduced by the compensation for rights transformation plan, rent and removal, which was recorded as a reduction of the initial carrying amount of urban renewal land.

c. The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of the asset:

Items	Estimated Useful Life
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

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Land	$ 9,496
Buildings	34,397
Transportation equipment	11
Other equipment	5,576
	$ 49,480

	For the Year Ended December 31, 2019
Additions to right-of-use assets	$ 27,945
Depreciation charge for right-of-use assets	
Land	$ 6,023
Buildings	19,016
Transportation equipment	68
Other equipment	439
	$ 25,546

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 31,359
Non-current	23,491
	$ 54,850

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Land	1.34%
Buildings	1.34%
Transportation equipment	1.34%
Other equipment	1.34%

c. Other lease information

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 853
Expenses relating to low-value asset leases	$ -
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ -
Total cash outflow for leases	$ 19,046

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

2018

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

	December 31, 2018
Not later than 1 year	$ 26,998
Later than 1 year and not later than 5 years	32,029
	$ 59,027

16. INVESTMENT PROPERTIES

	2019	2018
Cost		
Balance at January 1	$ 2,660,423	$ 2,660,423
Reclassified	4,091	-
Urban renewal	(1,624)	-
Balance at December 31	$ 2,662,890	$ 2,660,423

(Continued)

	2019	2018
Accumulated depreciation and impairment		
Balance at January 1	$ 674,826	$ 620,998
Depreciation expenses	53,916	53,828
Urban renewal	(1,624)	-
Balance at December 31	$ 727,118	$ 674,826
Carrying amounts at December 31	$ 1,935,772	$ 1,985,597

(Concluded)

a. Except for depreciation expenses recognized, the Company had neither significant disposal nor impairment of properties in 2019 and 2018.

b. The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2019 was as follows:

	December 31, 2019
Year 1	$ 120,071
Year 2	51,750
Year 3	11,595
Year 4	10,531
Year 5	5,148
Year 6 onwards	33,185
	$ 232,280

The future minimum lease payments of non-cancellable operating lease commitments as of December 31, 2018 are as follows:

	December 31, 2018
Not later than 1 year	$ 137,881
Later than 1 year and not later than 5 years	190,859
	$ 328,740

c. The above items of investment properties are depreciated on a straight-line method over the estimated useful life of the asset:

Items	Estimated Useful Life
Buildings	
Main buildings	50-55 years
Elevators	15 years

d. The fair value valuation was performed by independent qualified professional valuers. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The fair value as appraised was as follows:

	December 31	
	2019	**2018**
Investment property	$ 3,240,903	$ 3,135,054

17. OTHER INTANGIBLE ASSETS

	2019
Cost	
Balance at January 1	$ -
Acquisitions	956,499
Balance at December 31	$ 956,499
Accumulated amortization and impairment	
Balance at January 1	$ -
amortization expenses	27,227
Balance at December 31	$ 27,227
Carrying amounts at December 31	$ 929,272

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Software	10-20 years

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2019	**2018**
Unsecured borrowings		
Credit borrowings	$ 19,909,700	$ 14,654,000

The range of effective interest rate on bank borrowings was 0.67%-2.28% and 0.60%-0.90% per annum as of December 31, 2019 and 2018, respectively.

b. Long-term borrowings

	December 31	
	2019	2018
Unsecured borrowings		
Bank loans	$ 19,583,102	$ 17,100,000
Less: Current portion	(263,796)	(4,194,398)
	$ 19,319,306	$ 12,905,602

Range of maturity dates and interest rates:

	December 31	
	2019	2018
Maturity date		
Long-term borrowings	2021.01.15-2026.07.15	2020.01.15-2026.07.15
Current portion of long-term borrowings	2020.01.15-2020.10.15	2019.03.27-2019.12.03
Range of interest rate	0.91%-1.60%	1.01%-1.60%

19. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2019	2018
Notes payable (including related parties)		
Operating	$ 3,061	$ 4,333
Non-operating	6,963	3,419
	$ 10,024	$ 7,752
Accounts payable (including related parties)	$ 1,074,190	$ 1,307,087

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

20. OTHER PAYABLES

	December 31	
	2019	2018
Payables for salaries	$ 293,130	$ 248,824
Payables for purchase of property, plant and equipment	32,869	221,913
Compensation due to directors and supervisors	101,600	107,388
Employee compensation payables	772,290	737,859
Interest payables	35,383	49,134
Payables for annual leave	118,209	114,565
Others	594,021	474,943
	$ 1,947,502	$ 1,954,626

21. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Based on the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Defined Benefit Plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plan were as follows:

	December 31	
	2019	2018
Present value of defined benefit obligation	$ 1,520,908	$ 1,496,483
Fair value of plan assets	(816,195)	(825,707)
Net defined benefit liability	$ 704,713	$ 670,776

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2018	$ 1,512,580	$ (760,000)	$ 752,580
Service cost	13,265	-	13,265
Past service cost	39,247	-	39,247
Net interest expense (income)	18,246	(9,900)	8,346
Recognized in profit or loss	70,758	(9,900)	60,858
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(18,460)	(18,460)
Actuarial loss arising from changes in demographic assumptions	24,509	-	24,509

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Actuarial loss arising from changes in financial assumptions	$ 21,681	$ -	$ 21,681
Actuarial loss arising from experience adjustments	9,422	-	9,422
Recognized in other comprehensive income (loss)	55,612	(18,460)	37,152
Contributions from the employer	-	(169,387)	(169,387)
Benefits paid	(132,040)	132,040	-
Others	(10,427)	-	(10,427)
Balance at December 31, 2018	$ 1,496,483	$ (825,707)	$ 670,776
Balance at January 1, 2019	$ 1,496,483	$ (825,707)	$ 670,776
Service cost	10,549	-	10,549
Past service cost	4,497	-	4,497
Net interest expense (income)	16,218	(9,626)	6,592
Recognized in profit or loss	31,264	(9,626)	21,638
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(29,259)	(29,259)
Actuarial loss arising from changes in demographic assumptions	3,873	-	3,873
Actuarial loss arising from changes in financial assumptions	64,992	-	64,992
Actuarial loss arising from experience adjustments	(10,311)	-	(10,311)
Recognized in other comprehensive income (loss)	58,554	(29,259)	29,295
Contributions from the employer	-	(17,452)	(17,452)
Benefits paid	(65,849)	65,849	-
Others	456	-	456
Balance at December 31, 2019	$ 1,520,908	$ (816,195)	$ 704,713

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2019	2018
Operating costs	$ 63	$ 77
Selling and marketing expenses	13	34
General and administrative expenses	11,778	34,949
Research and development expenses	9,784	25,798
	$ 21,638	$ 60,858

Through the defined benefit plan under the Labor Standards Law, the Company is exposed to the following risks:

a. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

b. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

c. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2019	**2018**
Discount rate	0.750%	1.125%
Expected rate of salary increase	2.00%	2.00%

If the significant actuarial assumption will cause possible reasonable changes to occur, and other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2019	**2018**
Discount rate(s)		
0.25% increase	$ (43,680)	$ (43,852)
0.25% decrease	$ 45,520	$ 45,747
Expected rate(s) of salary increase		
0.25% increase	$ 44,177	$ 44,549
0.25% decrease	$ (42,620)	$ (42,928)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2019	**2018**
The expected contributions to the plan for the next year	$ 17,526	$169,580
The average duration of the defined benefit obligation	11.7 years	11.9 years

22. EQUITY

a. Share capital

	December 31	
	2019	2018
Number of shares authorized (in thousands)	4,500,000	4,500,000
Shares authorized	$ 45,000,000	$ 45,000,000
Number of shares issued and fully paid (in thousands)	2,946,787	2,946,787
Shares issued	$ 29,467,872	$ 29,467,872

b. Capital surplus

	December 31	
	2019	2018
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Recognized from issuance of ordinary shares	$ 848,603	$ 848,603
Recognized from conversion of bonds	1,447,492	1,447,492
Recognized from treasury share transactions	1,824,608	1,824,608
Recognized from the excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	339,730	343,269
May not be used for any purpose		
Recognized from share of changes in net assets of associates	131,964	136,120
	$ 4,592,397	$ 4,600,092

* 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 profits in the following order:

1) For paying taxes.

2) For offsetting deficits.

3) For legal reserve at 10% of the remaining profits, and for special reserve to be appropriated and distributed according to regulations or upon request by the FSC.

4) The total of any remaining profits after the appropriations mentioned above plus any accumulated unappropriated earnings from prior years may be partially retained and then distributed the remainder as proposed according to share ownership proportion.

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

For information about the accrual basis of the employees’ compensation and remuneration of directors and supervisors and the actual appropriations, refer to Note 24 (g).

In accordance with the Articles, profits may be distributed after taking into consideration the future development plan, financial condition, business and operational status, and so on. The distribution of profits shall be proposed by the board of directors, and submitted to the shareholders’ meeting for approval. The ratio of distribution shall be not less than 30% of the net income for each fiscal year, and a portion for cash dividend shall be not less than 30% of total distribution. If there are material changes in the operating environment, the Company can adjust the ratio and amounts of distribution of profits.

Appropriation of earnings to 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.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs” should be appropriated to or reverse from a special reserve by the Company.

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

	Appropriation of Earnings	
	For Year 2018	**For Year 2017**
Legal reserve	$ 1,070,864	$ 1,292,161
Special reserve	8,376,139	280,862
Cash dividends	4,420,181	5,893,574
Dividends per share(NT$)	1.5	2.0

d. Other equity item

1) Exchange differences on translation foreign operations

	For the Year Ended December 31	
	2019	**2018**
Balance at January 1	$ (312,124)	$ (1,790,529)
Exchange differences arising on translation of foreign subsidiaries and associates	(2,186,025)	1,478,405
Balance at December 31	$ (2,498,149)	$ (312,124)

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ (8,483,931)	$ -
Adjustment on initial application of IFRS 9	-	1,860,011
Balance at January 1 per IFRS 9	(8,483,931)	1,860,011
Unrealized gain from equity instruments	905,316	316,991
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	1,847,124	2,333,670
Share from associates and joint ventures accounted for using equity method	19,490,964	(12,994,603)
Balance at December 31	$ 13,759,473	$ (8,483,931)

3) Others

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ (13,497,314)	$ 438
Adjustment on initial application of IFRS 9	-	(506,875)
Balance at January 1 per IFRS 9	(13,497,314)	(506,437)
Share from associates and join ventures accounted for using the equity method	13,920,557	(12,990,877)
Balance at December 31	$ 423,243	$ (13,497,314)

23. REVENUE

	For the Year Ended December 31	
	2019	2018
Revenue from the products	$ 8,304,034	$ 9,261,693
Revenue from the rendering of services	3,095,443	2,801,085
	$ 11,399,477	$ 12,062,778

24. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consisted of the following:

a. Other income

	For the Year Ended December 31	
	2019	2018
Rental income (Note 29)		
Rental income from operating lease		
Investment properties	$ 118,324	$ 119,064
Others	22,058	24,899
	140,382	143,963

(Continued)

	For the Year Ended December 31	
	2019	2018
Interest income		
Cash in bank	$ 12,349	$ 14,775
Repurchase agreements collateralized by bonds	4,959	5,285
Financial assets at amortized cost	11,419	9,874
Others	2,196	874
	30,923	30,808
Dividends income	327,542	291,438
Others	98,056	123,462
	$ 596,903	$ 589,671

(Concluded)

b. Other gains and losses

	For the Year Ended December 31	
	2019	2018
Net loss on disposal of property, plant and equipment	$ (788)	$ (30,723)
Net foreign exchange (loss) gain	(182,435)	550,020
Net gain arising on financial assets designated as at FVTPL	174,020	436,180
Net (loss) gain arising on financial liabilities designated as at FVTPL	(4,078)	138,385
Others	(56,194)	(66,972)
	$ (69,475)	$ 1,026,890

c. Finance costs

	For the Year Ended December 31	
	2019	2018
Interest on bank borrowings	$ 372,380	$ 317,782
Interest on short-term bills payable	499	2,183
Lease liability	800	-
Other interest expense	36	34
	$ 373,715	$ 319,999

d. Depreciation and amortization

	For the Year Ended December 31	
	2019	2018
Property, plant and equipment	$ 281,019	$ 244,759
Investment properties	53,916	53,828
Right-of-use assets	25,546	-
Other intangible assets	27,227	-
	$ 387,708	$ 298,587

(Continued)

	For the Year Ended December 31	
	2019	2018
An analysis of depreciation by function		
Operating costs	$ 5,336	$ 7,409
Operating expenses	301,229	237,350
Non-operating expenses	53,916	53,828
	$ 360,481	$ 298,587
An analysis of amortization by function		
Operating expenses	$ 27,227	$ -

(Concluded)

e. Direct expenses with investment properties

	For the Year Ended December 31	
	2019	2018
Direct operating expenses from investment properties that generate rental income	$ 69,776	$ 70,664
Direct operating expenses from investment properties that did not generate rental income	65	65
	$ 69,841	$ 70,729

f. Employee benefits expense

	2019			2018		
	Operating Cost	Operating Expenses	Total	Operating Cost	Operating Expenses	Total
Salary						
Termination benefits	$ -	$ 7,070	$ 7,070	$ -	$ 23,436	$ 23,436
Remuneration of directors and supervisors	-	106,445	106,445	-	113,124	113,124
Others	15,926	2,376,359	2,392,285	17,968	2,336,999	2,354,967
	15,926	2,489,874	2,505,800	17,968	2,473,559	2,491,527
Labor and health insurance	1,388	225,954	227,342	1,419	225,968	227,387
Post-employment benefit						
Defined contribution plans	663	112,782	113,445	725	115,088	115,813
Defined benefit plans	63	21,575	21,638	77	60,781	60,858
	726	134,357	135,083	802	175,869	176,671
Other employee benefits	506	68,387	68,893	502	75,501	76,003
Total employee benefits expense	$ 18,546	$ 2,918,572	$ 2,937,118	$ 20,691	$ 2,950,897	$ 2,971,588

As of December 31, 2019 and 2018, there were 3,327 and 3,617 employees, respectively, in the Company. Among the Company's directors, there were five who were not employees. The Company accounts for employee benefits expense based on the number of employees.

As of December 31, 2019 and 2018, the average employee benefits and average salaries and wages were $852 thousand, $791 thousand, $722 thousand and $658 thousand, respectively. The average salaries and wages increase 8%.

g. Employees' compensation and remuneration of directors and supervisors

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 and supervisors 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:

Accrual rate

	For the Year Ended December 31	
	2019	**2018**
Employees' compensation	1.6%	1.8%
Remuneration of directors and supervisors	0.8%	0.9%

Amount

	For the Year Ended December 31			
	2019		**2018**	
	Cash	**Shares**	**Cash**	**Shares**
Employees' compensation	$ 203,200	$ -	$ 214,776	$ -
Remuneration of directors and supervisors	101,600	-	107,388	-

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

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

Information on the employees' compensation and remuneration of directors and supervisors 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.

25. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2019	**2018**
Current tax		
In respect of the current year	$ 85,095	$ 144,686
Adjustments for prior years' income tax	10,293	84,369
Income tax expense of unappropriated earnings	-	506,950
	95,388	736,005

(Continued)

	For the Year Ended December 31	
	2019	2018
Deferred tax		
In respect of the current period	$ 471,199	$ 159,010
Change of tax rate	-	6,186
	471,199	165,196
Income tax expense recognized in profit or loss	$ 566,587	$ 901,201

(Concluded)

A reconciliation of accounting profit and income tax expense recognized in profit or loss was as follows:

	For the Year Ended December 31	
	2019	2018
Income before income tax	$ 12,395,196	$ 11,609,847
Income tax expense calculated at the statutory rate	$ 2,479,040	$ 2,321,969
Tax effect of adjusting items		
Tax-exempt income	(65,508)	(58,288)
Investment income recognized under equity method	(1,715,191)	(1,967,122)
Others	(142,047)	7,137
Income tax on unappropriated earnings	-	506,950
Change of tax rate	-	6,186
Adjustments for prior years' income tax	10,293	84,369
Income tax expense recognized in profit or loss	$ 566,587	$ 901,201

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%.

As the status of 2020 appropriations of earnings is uncertain, the potential income tax consequences of 2019 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2019	2018
Deferred tax		
In respect of the current year	$ (132,862)	$ -
Total income tax recognized in other comprehensive income	$ (132,862)	$ -

c. Deferred tax assets and liabilities

The details of deferred tax assets and liabilities were as follows:

	December 31	
	2019	2018
Deferred tax assets		
Temporary differences		
Payables for annual leave	$ 23,642	$ -
Defined benefit obligations	44,501	-
Others	18,276	4,532
	$ 86,419	$ 4,532
Deferred tax liabilities		
Temporary differences		
Land value increment tax	$ 86,547	$ 86,547
Unappropriated earnings of subsidiaries	625,000	-
Valuation Gain on Financial Investments	-	35,062
Defined benefit obligations	-	169,715
	$ 711,547	$ 291,324

d. Income tax assessments

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

26. EARNINGS PER SHARE

The basic earnings per share and diluted earnings per share for the years ended December 31, 2019 and 2018 were as follows:

	For the Year Ended December 31	
	2019	2018
Net income (in thousand dollars)		
Earnings used in the computation of earnings per share	$ 11,828,609	$ 10,708,646
Weighted average number of shares outstanding (in thousand shares)		
Weighted average number of ordinary shares in computation of basic earnings per share	2,946,787	2,946,787
Effect of potentially dilutive ordinary shares:		
Bonus to employees	6,430	8,085
Weighted average number of ordinary shares used in the computation of diluted earnings per share	2,953,217	2,954,872
Earnings per share (in dollars)		
Basic earnings per share	$4.01	$3.63
Diluted earnings per share	$4.01	$3.62

Since the Company offered to settle the bonuses paid to employees by cash or shares, the Company assumed the entire amount of the bonus 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.

27. CAPITAL MANAGEMENT

The Company's capital management policy is to ensure the Company 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.

28. FINANCIAL INSTRUMENTS

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

The management considers the carrying amounts of financial assets and financial liabilities recognized in the financial statements as approximate fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

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:

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 1,636	$ -	$ 1,636
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	$ 5,918,837	$ -	$ -	$ 5,918,837
Domestic unlisted shares	-	-	52,984	52,984
	$ 5,918,837	$ -	$ 52,984	$ 5,971,821
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 26,739	$ -	$ 26,739

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	$ 5,005,749	$ -	$ -	$ 5,005,749
Domestic unlisted shares	-	-	60,756	60,756
	$ 5,005,749	$ -	$ 60,756	$ 5,066,505
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 30,751	$ -	$ 30,751

2) There were no transfers between Levels 1 and 2 for the years ended December 31, 2019 and 2018.

3) There was no reconciliation of Level 3 fair value measurements of financial assets except for changes in fair value recognized in other comprehensive income.

4) The fair value of Level 2 financial assets and financial liabilities is determined as follows:

   a) The fair value of financial instruments with standard terms and conditions and traded in active liquid markets is determined with reference to the quoted market prices.

   b) The future cash flows of derivatives are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

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

c. Categories of financial instruments

	December 31	
	2019	2018
Financial assets		
Financial assets at FVTPL		
Mandatorily at FVTPL	$ 1,636	$ -
Financial assets at amortized cost (Note 1)	2,348,324	3,215,755
Financial assets at FVTOCI	5,971,821	5,066,505
Financial liabilities		
FVTPL		
Held for trading	26,739	30,751
Financial liability at amortized cost (Note 2)	42,555,588	35,054,418

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 measured at amortized cost, which comprise short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings and guarantee deposits.

d. Financial risk management objectives and policies

The Company's major financial instruments included equity investments, receivables, payables and borrowings. The Company's treasury function monitors and manages the financial risks relating to the operations of the Company 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 Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company 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 Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts and other derivate instruments.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and the carrying amount of the derivatives exposing to foreign currency risk at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Company was mainly exposed to the USD and RMB.

The following table details the Company's sensitivity to 5% 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 strengthened (weakened) 5% against the relevant currency. For a 5% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	For the Year Ended December 31	
	2019	**2018**
USD	$ (61,735)	$ (99,553)
RMB	(56)	(188)

b) Interest rate risk

The Company was exposed to interest rate risk because it borrowed funds at floating interest rates. The risk is managed by the Company 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 Company’s financial liabilities with exposure to interest rates at the end of the reporting periods were as follows.

	December 31	
	2019	**2018**
Cash flow interest rate risk		
Financial liabilities	$ 30,102,802	$ 20,984,000

Sensitivity analysis

The sensitivity analyses below were based on the Company’s floating rate liabilities. The analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole period. If 1% increase in interest rate would cause the Company to increase its cash-out by $301,028 thousand and $209,840 thousand during the years ended December 31, 2019 and 2018, respectively.

c) Other price risk

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

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% lower, the other comprehensive income for the year ended December 31, 2019 would have decreased by $59,188 thousand as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had been 1% lower, the other comprehensive income for the year ended December 31, 2018 would have decreased by $50,057 thousand as a result of the changes in fair value of financial assets at FVTOCI.

The Company’s sensitivity to investments in equity securities has not changed significantly from the prior year.

2) Credit risk

Financial instruments are evaluated for credit risk which represents the potential loss that would be incurred by the Company if the counter-parties or third-parties breached the contracts. The risk includes centralization of credit risk, components, contracts figure, and its accounts receivable. Besides, the Company requires significant clients to provide guarantees issued by upper-medium rating grade bank to reduce credit risk of the Company effectively.

3) Liquidity risk

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

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

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

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

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 663,028	$ 767,769	$ 1,631,990	$ -	$ -
Lease liability	10,343	4,352	17,375	21,725	1,917
Floating interest rate liabilities	12,443,449	6,469,700	1,010,347	10,155,184	24,122
Fixed interest rate liabilities	-	250,000	-	9,140,000	-
	$ 13,116,820	$ 7,491,821	$ 2,659,712	$ 19,316,909	$ 26,039

December 31, 2018

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 753,032	$ 941,399	$ 1,605,987	$ -	$ -
Floating interest rate liabilities	5,044,000	5,195,000	2,339,398	8,405,602	-
Fixed interest rate liabilities	-	1,125,000	5,145,000	4,500,000	-
	$ 5,797,032	$ 7,261,399	$ 9,090,385	$ 12,905,602	$ -

The amounts included above for floating interest rate instruments for non-derivative financial liabilities was 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 detailed the Company'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.

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Exchange rate swap contracts	$ 1,442	$ 18,250	$ -	$ -	$ -
Cross-currency swap contracts	-	-	7,047	-	-
	$ 1,442	$ 18,250	$ 7,047	$ -	$ -

December 31, 2018

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Exchange rate swap contracts	$ -	$ 30,751	$ -	$ -	$ -

c) Financing facilities

	December 31	
	2019	2018
Unsecured bank facility and reviewed annually:		
Amount used	$ 39,516,490	$ 31,794,352
Amount unused	23,402,010	20,677,321
	$ 62,918,500	$ 52,471,673

29. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties are disclosed below.

a. The names and the relationships of the related parties with whom the Company has significant transactions

Names of the Related Parties	Relationships
Yue Yuen Industrial (Holdings) Limited	Subsidiaries
Barits Development Corporation	Subsidiaries
Pan Asia Insurance Services Co., Ltd.	Subsidiaries
Pou Yii Development Co., Ltd.	Subsidiaries
Pou Shine Investments Co., Ltd.	Subsidiaries
Pou Chin Development Co., Ltd.	Subsidiaries

(Continued)

Names of the Related Parties	Relationships
Song Ming Investments Co., Ltd.	Subsidiaries
Wang Yi Construction Co., Ltd.	Subsidiaries
Windsor Entertainment Co., Ltd.	Subsidiaries
Pro Arch International Development Enterprise Inc.	Subsidiaries
Chang Yang Material Corporation	Associates
High Shine Investments Ltd.	Associates
San Fang Chemical Industry Co., Ltd.	Associates
Nan Pao Resins Chemical Co., Ltd.	Associates
Platinum Long John Co., Ltd.	Associates
Sheachang Enterprise Corporation	Other related parties
Evermore Chemical Industry Co., Ltd.	Other related parties

(Concluded)

b. Operating revenue

		For the Year Ended December 31	
Account Items	**Related Parties Categories**	**2019**	**2018**
Sales and service revenue	Yue Yuen	$ 11,290,744	$ 11,840,120
	Subsidiaries	5,450	1,731
	Associates	31,362	87,025
		$ 11,327,556	$ 11,928,876

Sales to related parties have prices and receivable terms that have no significant differences with non-related parties.

The Company entered into a technical service agreement with Yue Yuen. According to the agreement, the service fees that the Company will receive from Yue Yuen are determined by:

1) For products developed by the Company and sold by Yue Yuen, 0.5% of net sales invoice amounts.

2) For materials, machines and other goods purchased, inspected and arranged for shipment through the Company from Taiwan suppliers, 1% of supplier’s invoice amounts.

3) For materials, machines and other goods purchased from Taiwan or overseas directly by Yue Yuen through sourcing services provided by the Company, 0.5% of the supplier’s invoice amounts.

c. Purchases

		For the Year Ended December 31	
Account Items	**Related Parties Categories**	**2019**	**2018**
Purchases	Subsidiaries	$ 1,099	$ 980
	Associates	230,042	596,043
	Other related parties	99	705
		$ 231,240	$ 597,728

Purchases from related parties have prices and payment terms that have no significant differences with non-related parties.

d. Rental income

Account Items	Related Parties Categories	For the Year Ended December 31 2019	2018
Rent income	Windsor	$ 105,577	$ 106,907
	Yue Yuen	14,153	14,313
	Subsidiaries	810	807
	Associates	180	1,275
	Other related parties	3,107	4,658
		$ 123,827	$ 127,960

e. Receivables from related parties

Account Items	Related Parties Categories	For the Year Ended December 31 2019	2018
Notes receivable and accounts receivable	Yue Yuen	$ 1,603,882	$ 1,961,548
	Subsidiaries	931	1,752
	Associates	17,718	18,397
		$ 1,622,531	$ 1,981,697

f. Payables to related parties

Account Items	Related Parties Categories	For the Year Ended December 31 2019	2018
Notes payable and accounts payable	Subsidiaries	$ 449	$ 3,500
	Associates	22,363	79,339
	Other related parties	-	111
		$ 22,812	$ 82,950

g. Loans to related parties

Account Items	Related Parties Categories	For the Year Ended December 31 2019	2018
Other receivables	Subsidiaries	$ 175,000	$ 189,000

h. Endorsement guarantee

Please refer to Table 2 (Financing provided to others) of Note 33 in the financial statement.

i. Compensation of key management personnel

The amounts of the remuneration of directors and other members of key management personnel were as follows:

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits	$ 162,443	$ 159,925

The remuneration of directors and key management personnel was determined by the remuneration committee based on the performance of individuals and market trends.

30. SIGNIFICANT COMMITMENTS AND UNRECOGNIZED LIABILITIES

a. The Company invests in Nan Shan Life Insurance Co., Ltd. through Ruen Chen Investment Holding Co., Ltd. According to a request by the FSC, the Company provided 61,295 thousand ordinary shares of Yue Yuen in the custody of the trust department of Mega Bank for the period from June 27, 2011 to June 27, 2021. The Company will not dispose of or make encumbrance to the shares of Wealthplus equal to the share value of Yue Yuen during the trust period. The Company terminated the placement 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 the FSC for the release of the shares from the custody of Mega Bank, and was authorized by the FSC on October 21, 2019.

b. 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 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.

c. 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 guarantees for the projects.

31. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

Since the outbreak of the 2019 Novel Coronavirus epidemic (“Epidemic”) in late January of 2020, the production bases of Yue Yuen and the majority of Pou Sheng’s retail stores have temporarily suspended the operations. In addition, as part of the raw material supplies for Yue Yuen's production lines outside China are sourced from suppliers located in China and the status of resumption of production amongst those upstream shoe materials suppliers in China varies, there was a shortage of certain raw materials that affected to a certain extent Yue Yuen's production capacity outside China.

As of the date the financial statements were authorized for issue, the factories of Yue Yuen and the retail stores of Pou Sheng have largely resumed operations. The management expects the Epidemic to have a negative impact on Yue Yuen’s and Pou Sheng’s revenue and results for the first half of 2020.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the functional currencies of the Company 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:

Unit: In Thousands of Foreign Currencies and New Taiwan Dollars

December 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 56,605	29.980	$ 1,697,022
RMB	526	4.305	2,264
Non-monetary items			
RMB	67,100	4.305	288,866
Financial liabilities			
Monetary items			
USD	15,421	29.980	462,329
Non-monetary items			
USD	892	29.980	26,739

December 31, 2018

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 65,196	30.715	$ 2,002,497
RMB	838	4.472	3,747
Non-monetary items			
RMB	64,685	4.472	289,271
Financial liabilities			
Monetary items			
USD	383	30.715	11,753
Non-monetary items			
USD	1,001	30.715	30,751

32. 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 NT$300 million or 20% of the paid-in capital (Table 4)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 5)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 6)

9) Trading in derivative instruments (Note 28)

10) Information on investees (Table 7)

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 8)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party: (None).

TABLE 1

POU CHEN CORPORATION

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3 and 4)	Aggregate Financing Limit (Notes 3 and 4)	Note
													Item	Value			
0	Pou Chen Corporation	Pou Yii Development Co., Ltd.	Loan receivable	Yes	$ 205,000	$ 205,000	$ 175,000	1.20	2	$ -	Operating capital	$ -	-	$ -	$ 11,740,894	$ 46,963,576	

Note 1: The Company is coded as follows:

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

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

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

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

a. The maximum amount permitted to a single borrower is listed based on the types of financing reasons as follows:

1) Business relationship: Each of the financing amount shall not exceed the amount of our business relationship. Business relationship means the higher amount of the purchases from or sales to both sides in the current year or in the future year and shall not exceed 10% of the Company’s net worth.
2) The need for short-term financing: Each of the financing amount shall not exceed 10% of the Company’s net worth.

b. The total maximum amount permitted to a single borrower is listed based on the types of financing reasons as follow:

1) Business relationship: Each of the financing amount shall not exceed 10% of the Company’s net worth.
2) The need for short-term financing: Each of the financing amount shall not exceed 40% of the Company’s net worth.
3) Among foreign companies which the Company holds 100% voting rights directly and indirectly, when financing is necessary, the amount is not limited by the above information. However, the limit amount of financing to others during one year shall not exceed the borrowers’ net worth.

TABLE 2

POU CHEN CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorsement/ Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 4)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 4)	Note
		Name	Relationship (Note 2)											
0	Pou Chen Corporation	Wealthplus Holding Ltd.	b	$ 117,408,939	$ 26,532,300	$ 26,532,300	$ 100,770	$ -	22	$ 234,817,878	Y	N	N	
		Barits Development Corp.	b	117,408,939	9,083,400	8,898,800	4,223,000	-	8	234,817,878	Y	N	N	
		Pou Shine Investment Co., Ltd.	b	117,408,939	1,500,000	1,300,000	727,000	-	1	234,817,878	Y	N	N	
		Pou Yuen Technology Co., Ltd.	b	117,408,939	300,000	300,000	42,800	-	-	234,817,878	Y	N	N	
		Pro Arch International Development Enterprise Inc.	b	117,408,939	108,414	106,579	106,579	-	-	234,817,878	Y	N	N	
		Pou Yii Development Co., Ltd.	b	117,408,939	600,000	600,000	-	-	1	234,817,878	Y	N	N	
		Yue Hong Realty Development Co., Ltd.	b	117,408,939	550,000	550,000	498,500	-	-	234,817,878	Y	N	N	

Note 1: The Company is coded as follows:

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

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

a. Business relationship.
b. A company in which the Company directly and indirectly holds more than 50% of the voting shares.
c. A company that directly and indirectly holds more than 50% of the voting shares in the Company.
d. A company in which the Company directly and indirectly holds more than 90% of the voting shares.
e. A company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
f. A company where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
g. A company where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

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

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

POU CHEN CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
	Ordinary shares							
Pou Chen Corporation	Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	191,730,486	$ 5,866,953	1.41	$ 5,866,953	
	Taiwan Paiho Limited		〃	615,473	51,884	0.21	51,884	
	Zhiyuan Venture Capital Co., Ltd.		Financial assets at FVTOCI - non-current	6,000,000	52,183	10.71	52,183	
	New Loulan Corporation., Ltd.		〃	100,000	801	4.00	801	
	Structured products							
	CIB Callable Structured Deposit		Financial assets at amortized cost - non-current	-	111,500	-	111,500	

TABLE 4

POU CHEN CORPORATION

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Pou Chen Corporation	Ruen Chen Investment Holding Co., Ltd.	Investments accounted for using equity method	-	Related parties	2,961,000,000	$ 8,403,275	570,800,000	$ 41,208,768 (Note)	-	$ -	$ -	$ -	3,531,800,000	$ 49,612,043

Note: Include acquisition, profit/loss of investments accounted for using equity method and other comprehensive income/loss.

TABLE 5

POU CHEN CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	The subsidiary in which the Company holds 51.11% indirectly at December 31, 2019	Sale	$ (11,290,744)	(99)	D/A 45 days			$ 1,603,882	99	
	San Fang Chemical Industry Co., Ltd.	Pou Chien Chemical Co., Ltd. and Yue Dean Technology Corporation are the Company's directors.	Purchase	129,085	2	D/A 45 days			(9,826)	(1)	

POU CHEN CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	The subsidiary in which the Company holds 51.11% indirectly at December 31, 2019	$ 1,603,882	6	$ -	-	$ 1,492,075	$ -

TABLE 7

POU CHEN CORPORATION

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Shares	%	Carrying Amount			
Pou Chen Corporation	Wealthplus Holding Ltd.	British Virgin Islands	Investing in footwear, electronic and peripheral products	$ 295,429	$ 295,429	9,222,000	100.00	$ 78,651,165	$ 5,233,646	$ 5,249,729	
				US$ 9,222,000	US$ 9,222,000			US$ 2,623,454,479	US$ 169,477,857	US$ 169,998,174	
	Win Fortune Investments Limited	British Virgin Islands	Investing activities	3,230	3,230	100,000	100.00	2,096,472	91,961	92,306	
				US$ 100,000	US$ 100,000			US$ 69,929,024	US$ 2,961,873	US$ 2,973,034	
	Windsor Hotel Co., Ltd.	No. 610, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan (ROC)	Entertainment and resort operations	400,000	450,000	5,000,000	100.00	64,495	8,900	13,105	
	Pou Shine Investment Co., Ltd.	No. 2, Fugong Rd., Fuxing Township, Changhua County 506, Taiwan (ROC)	Investing activities	1,124,667	1,124,667	133,094,460	100.00	3,718,884	222,256	222,256	
	Pan Asia Insurance Services Co., Ltd.	8F., No. 3, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (ROC)	Agency of property and casualty insurance	5,000	5,000	-	100.00	11,420	1,269	1,269	
	Barits Development Corp.	No. 2, Fugong Rd., Fuxing Township, Changhua County 506, Taiwan (ROC)	Import and export of shoe-related materials and investing activities	2,117,088	2,117,088	251,662,040	99.49	8,678,209	321,220	319,591	
	Pou Yuen Technology Co., Ltd.	No. 4, Fugong Rd., Fuxing Township, Changhua County 506, Taiwan (ROC)	Rental of real estate	966,449	966,449	28,437,147	97.82	355,481	34,955	17,999	
	Pro Arch International Development Enterprise Inc.	No. 8, Gongyequ 11th Rd., Xitun Dist., Taichung City 407, Taiwan (ROC)	Design and manufacture of footwear products	2,643,184	2,643,184	20,000,000	100.00	242,163	2,502	2,808	
	Pou Yii Development Co., Ltd.	1F., No. 71, Dadun 4th St., Nantun Dist., Taichung City 408, Taiwan (ROC)	Real estate rental and sale	40,320	40,320	7,875,000	15.00	175,613	62,670	9,401	The Company and its associate hold 90.00%
	Wang Yi Construction Co., Ltd.	Rm. 1, 6F., No. 600, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan (ROC)	Construction	7,700	7,700	601,755	7.82	-	(4,038)	144	The Company and its associate hold 97.57%
	Elitegroup Computer Systems Co., Ltd.	No. 239, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Manufacturing of electronic components	3,364,570	3,364,570	70,066,949	12.57	1,376,448	45,779	5,755	The Company and its associate hold 19.50% and serve as director
	Techview International Technology Inc.	8F., No. 3, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (ROC)	Development and sales of TFT-LCD display	380,115	380,115	75	30.00	-	60,710	-	The Company and its associate hold 50.00%
	Ruen Chen Investment Holding Co., Ltd.	Rm. 1, 13F., No. 308, Sec. 2, Bade Rd., Da'an Dist., Taipei City 106, Taiwan (ROC)	Investment holding	15,230,000	11,150,000	3,531,800,000	20.00	49,612,043	28,832,872	5,766,591	Note

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.

POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, US Dollars and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outward	Inward							
Great Team Backend Foundry, Inc.	Processing and manufacturing of transistors	$ 328,100 (US$ 10,000,000)	b	$ -	$ -	$ -	$ -	$ 22,372 (RMB 4,894,845)	6.87	$ -	$ 136,709 (RMB 31,755,819)	$ -	(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	-	-	-	-	18,736 (RMB 4,286,462)	31.79	5,947 (RMB 1,360,646) b, 1)	240,653 (RMB 55,900,831)	-	
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	-	-	-	-	715 (RMB 175,892)	100.00	715 (RMB 175,892) b, 1)	304,266 (RMB 70,677,295)	-	
Dongguan Gaocheng Precision Injection Molding Technology Co., Ltd.	Mould, plastic case for mobile phones	395,526 (US$ 12,055,034)	b	-	-	-	-	(6) (RMB (1,420))	100.00	(6) (RMB (1,420)) b, 2)	49,812 (RMB 11,570,704)	-	
Haicheng (Shanghai) Information Technology Co., Ltd.	Sales and production of desktop computers, notebook computers, CRT monitors, PDA handheld computers, etc.	393,720 (US$ 12,000,000)	b	-	-	-	-	-	-	- b, 2)	-	-	
Yue Cheng (Kun Shan) Sports Co., Ltd.	Operating sporting goods and equipment, spare parts production and marketing business	435,402 (US$ 14,200,000)	b	-	-	-	-	238,304 (RMB 53,579,389)	31.79	75,664 (RMB 17,012,302) b, 1)	888,504 (RMB 206,388,818)	-	
Zhongshan Bao Ji Clothing Co., Ltd.	Production and marketing of sportswear	82,025 (US$ 2,500,000)	b	-	-	-	-	497 (RMB 109,436)	48.68	242 (RMB 53,171) b, 1)	5,981 (RMB 1,389,278)	-	
Dongguan Baoqiao Electronic Technology Co., Ltd.	Production and marketing of other optical appliances and instruments	147,645 (US$ 4,500,000)	b	-	-	-	-	24,731 (RMB 5,522,283)	100.00	24,731 (RMB 5,522,283) b, 2)	146,646 (RMB 34,064,187)	-	
Poushun Paper Products Manufacturing Co., Ltd.	Production and sale of shoe inner boxes, cartons	68,901 (US$ 2,100,000)	b	-	-	-	-	(43,108) (RMB (9,963,995))	10.22	(4,402) (RMB (1,017,554)) b, 1)	5,288 (RMB 1,228,419)	-	
Beijing Advazone Electronic Limited Company	Development and production of computer software	512,019 (US$ 16,100,000)	b	-	-	-	-	(522) (RMB (117,969))	32.00	(167) (RMB (37,695)) b, 2)	33,289 (RMB 7,732,542)	-	
Pouhong Footwear Industrial Ltd.	Production and operation of leisure shoes, sports shoes	49,215 (US$ 1,500,000)	b	-	-	-	-	7,669 (RMB 1,708,306)	51.11	3,914 (RMB 871,828) b, 1)	42,653 (RMB 9,907,761)	-	
Shanggao Yisen Industry Co., Ltd.	Production and sale of finished shoes, semi-finished products, components and moulds	660,404 (US$ 20,390,000)	b	-	-	-	-	120,396 (RMB 26,369,703)	51.11	61,435 (RMB 13,455,841) b, 1)	803,896 (RMB 186,735,433)	-	
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	-	-	-	-	(91,028) (RMB(20,310,318))	51.11	(46,455) (RMB(10,365,277)) b, 1)	521,548 (RMB 121,149,357)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outward	Inward							
Dong Guan Yu Yuen Mold Co., Ltd.	Production and sale of molds for non-metallic products	$ 62,011 (US 1,890,000)	b	$ -	$ -	$ -	$ -	$ 3,626 (RMB 818,992)	51.11	$ 1,851 (RMB 418,044) b, 1)	$ 41,820 (RMB 9,714,278)	$ -	
Zhong Shan Glory Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	951,490 (US$ 29,000,000)	b	-	-	-	-	(552,956) (RMB(124,872,199))	23.00	(127,048) (RMB(28,691,141)) b, 1)	535,432 (RMB 123,087,803)	-	
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	-	-	-	-	621 (RMB 138,850)	23.00	143 (RMB 31,892) b, 2)	9,878 (RMB 2,294,623)	-	
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	-	-	-	-	337,612 (RMB 77,343,039)	20.34	68,612 (RMB 15,718,304) b, 1)	610,390 (RMB 141,786,287)	-	
ShangGao Yisen Ka Yuen Industry Co., Ltd.	Production and sale of footwear products	77,432 (US$ 2,360,000)	b	-	-	-	-	6,288 (RMB 1,516,412)	25.56	1,608 (RMB 387,712) b, 1)	26,022 (RMB 6,044,634)	-	
Bao Sheng Dao Ji (BeiJing) Trading Company Ltd.	Retail business of sports goods and accessories	1,988,061 (US$ 65,000,000)	b	-	-	-	-	88,926 (RMB 19,670,621)	31.79	28,231 (RMB 6,244,777) b, 1)	1,072,206 (RMB 249,060,596)	-	
Qingdao Pou-Sheng International Sport Products Co., Ltd.	Sales of sports and leisure shoes and accessories	94,800 (RMB 20,000,000)	b	-	-	-	-	357,005 (RMB 79,402,156)	22.89	81,597 (RMB 18,148,333) b, 1)	190,193 (RMB 44,179,629)	-	
Guizhou Pou-Sheng Sport Products Co., Ltd.	Sales of sports and leisure shoes and accessories	322,886 (US$ 10,000,000)	b	-	-	-	-	25,619 (RMB 5,692,530)	31.79	8,131 (RMB 1,806,752) b, 1)	128,349 (RMB 29,813,965)	-	
Nanning Pou-Kung Sport Products Co., Ltd.	Retail business of sports goods and accessories	42,653 (US$ 1,300,000)	b	-	-	-	-	23,317 (RMB 5,368,074)	31.79	7,399 (RMB 1,703,453) b, 1)	5,763 (RMB 1,338,647)	-	
Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	Retail business of sports goods and accessories	1,567,250 (US$ 50,000,000)	b	-	-	-	-	1,244,918 (RMB 281,469,321)	31.79	395,217 (RMB 89,358,262) b, 1)	1,720,197 (RMB 399,581,126)	-	
Diodite (China) Sports Good Co., Ltd.	Retail and wholesale business of sporting goods and accessories	639,800 (US$ 20,000,000)	b	-	-	-	-	2,516 (RMB 563,345)	31.79	799 (RMB 178,835) b, 1)	44,029 (RMB 10,227,482)	-	
Taicang YYSPORTS Business Trading Co., Ltd.	Retail business of sports goods and accessories series products	164,050 (US$ 5,000,000)	b	-	-	-	-	7,328 (RMB 1,717,295)	31.79	2,329 (RMB 545,785) b, 1)	129,179 (RMB 30,006,843)	-	
Yangzhou Baoyi Shoes Manufacturing Co., Ltd.	Vulcanized shoes, sports shoes, leisure shoes and other footwear manufacturing, marketing	729,906 (US$ 22,456,800)	b	-	-	-	-	230,287 (RMB 51,869,662)	25.56	58,794 (RMB 13,242,755) b, 1)	289,338 (RMB 67,209,682)	-	
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	-	-	-	-	(249) (RMB (55,789))	31.79	(74) (RMB (16,610)) b, 1)	444,775 (RMB 103,315,982)	-	
YYSPORTS (Chengdu) Business Trading Co., Ltd.	Retail business of sports goods and accessories	689,194 (US$ 22,400,000)	b	-	-	-	-	(19,017) (RMB (4,237,568))	31.79	(6,038) (RMB (1,345,390)) b, 1)	154,830 (RMB 35,965,142)	-	
Fujian Baomin Sporting Goods Co., Ltd.	Retail business of sports goods and accessories	147,645 (US$ 4,500,000)	b	-	-	-	-	300 (RMB 67,017)	28.61	86 (RMB 19,146) b, 1)	67,813 (RMB 15,752,079)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds: Outward	Remittance of Funds: Inward	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
Guangzhou Pou-Yuen Trading Co., Ltd.	Retail business of sports goods and accessories	$ 710,251 (US$ 23,310,000)	b	$ -	$ -	$ -	$ -	$ (32,353) (RMB (7,235,226))	31.79	$ (10,274) (RMB (2,297,674)) b, 1)	$ 238,762 (RMB 55,461,453)	$ -	
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	-	-	-	-	15,557 (RMB 3,393,991)	31.79	4,937 (RMB 1,077,082) b, 1)	400,441 (RMB 93,017,546)	-	
Shend Dao (Yang Zhou) Sporting Goods Dev Co., Ltd.	Shopping mall management and property management	2,111,340 (US$ 66,000,000)	b	-	-	-	-	35,287 (RMB 7,871,611)	31.79	11,200 (RMB 2,498,489) b, 1)	665,185 (RMB 154,514,572)	-	
Zhong Shan Pou Feng Mold Limited	Production and operation mould	85,306 (US$ 2,600,000)	b	-	-	-	-	1,022 (RMB 225,346)	51.11	521 (RMB 114,949) b, 1)	-	-	
Dong Guan Pou Yuan Paper Products Ltd.	Production and sales of packaging and decoration prints	56,436 (US$ 1,750,000)	b	-	-	-	-	220 (RMB 48,375)	51.11	112 (RMB 24,678) b, 1)	-	-	
Zhong Shan O Li Su Shoe Making Machine Ltd.	Manufacturing shoes and boots or repairing machinery	157,134 (US$ 5,100,000)	b	-	-	-	-	(63,869) (RMB(14,615,827))	51.11	(32,615) (RMB (7,463,595)) b, 2)	3,204 (RMB 744,338)	-	
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	-	-	-	-	1,228,720 (RMB 274,124,000)	31.79	390,054 (RMB 87,020,781) b, 1)	2,388,705 (RMB 554,867,657)	-	
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	-	-	-	-	9,943 (RMB 2,296,943)	31.79	3,156 (RMB 729,188) b, 1)	496,053 (RMB 115,227,196)	-	
Hangzhou Pou-Hung Sport Products Co., Ltd.	Design, development, production and processing of sports goods, sports instruments, sportswear, sports shoes and accessories	67,308 (RMB 14,200,000)	b	-	-	-	-	-	15.90	- b, 1)	-	-	
Yangzhou Yijian Software Tech Co., Ltd.	Integration of software and hardware sales service systems (excluding IC design)	35,803 (US$ 1,170,000)	b	-	-	-	-	22,602 (RMB 4,962,264)	51.11	11,536 (RMB 2,532,734) b, 1)	13,621 (RMB 3,163,941)	-	
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	-	-	-	-	(84,440) (RMB(18,663,174))	51.11	(43,077) (RMB (9,521,013)) b, 1)	147,684 (RMB 34,305,140)	-	
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	-	-	-	-	10,689 (RMB 2,390,155)	51.11	5,530 (RMB 1,236,651) b, 1)	749,590 (RMB 174,120,687)	-	
Bou Jin (Yangzhou) Garments Co., Ltd.	Production and sale of sportswear, casual wear, etc.	695,572 (US$ 21,200,000)	b	-	-	-	-	(12,705) (RMB (2,602,581))	20.44	(2,585) (RMB (529,378)) b, 1)	33,695 (RMB 7,826,988)	-	
Jiangxi Province Yutai Shoe Co., Ltd.	Production and sale of footwear products and semi-finished products	918,125 (US$ 30,000,000)	b	-	-	-	-	103,243 (RMB 23,297,439)	51.11	52,727 (RMB 11,898,222) b, 1)	(15,629) (RMB (3,630,523))	-	
Dongguan Yu Xiang Shoes Material Co., Ltd.	Production and sale of footwear products	295,820 (US$ 9,500,000)	b	-	-	-	-	101,452 (RMB 22,871,846)	51.11	51,808 (RMB 11,679,965) b, 1)	256,652 (RMB 59,617,274)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outward	Inward							
Chen Zhou Glory Shoes Ind., Ltd.	Production and sale of sports shoes, leisure shoes and leather shoes and semi-finished products	$ 59,610 (US$ 2,000,000)	b	$ -	$ -	$ -	$ -	$ (58,578) (RMB(13,190,194))	23.00	$ (13,461) (RMB (3,031,105)) b, 1)	$ 48 (RMB 11,224)	$ -	
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	-	-	-	-	9,998 (RMB 2,246,675)	19.42	1,940 (RMB 435,965) b, 1)	17,947 (RMB 4,168,807)	-	
Dong Guan Yue Tai Shoe Material Company Limited	Production and sale of footwear products	70,153 (US$ 2,202,580)	b	-	-	-	-	145 (RMB 31,839)	25.56	37 (RMB 8,120) b, 1)	-	-	
Yue Yuen (Anfu) Footwear Co., Ltd.	Production and marketing of finished shoes, semi-finished products and components and modules	1,763,350 (US$ 60,000,000)	b	-	-	-	-	208,967 (RMB 46,535,864)	51.11	106,648 (RMB 23,750,082) b, 1)	1,048,827 (RMB 243,630,043)	-	
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)	35,460 (RMB 8,236,989)	-	
Beijing Baojing Kang Tai Trading Co., Ltd.	Wholesale and retail of sporting goods, sporting instruments and clothing, shoes and hats	261,797 (US$ 8,940,000)	b	-	-	-	-	-	15.90	- b, 1)	-	-	
Kun Shan Pou-chi Sports Co., Ltd.	Wholesale, commission agency, import and export business of sports goods, sports equipment, clothing, shoes, caps and packaging and related design, technical consultation and service	399,539 (US$ 13,500,000)	b	-	-	-	-	341,045 (RMB 76,505,895)	31.79	108,253 (RMB 24,284,678) b, 1)	317,398 (RMB 73,727,652)	-	
Dongguan Yuancheng Shoes Material Co., Ltd.	Production and sale of footwear products	92,486 (US$ 2,850,000)	b	-	-	-	-	(456) (RMB (103,845))	25.56	(116) (RMB (26,499)) b, 1)	22,497 (RMB 5,225,898)	-	
Dongguan De Chang Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US$ 350,000)	b	-	-	-	-	11,262 (RMB 2,507,168)	51.11	5,747 (RMB 1,279,370) b, 1)	20,881 (RMB 4,850,443)	-	
Zhong Shan Bao Song Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US$ 350,000)	b	-	-	-	-	13,273 (RMB 2,939,411)	51.11	6,773 (RMB 1,499,988) b, 1)	19,619 (RMB 4,557,321)	-	
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	-	-	-	-	(18,620) (RMB (4,162,176))	51.11	(9,503) (RMB (2,124,203)) b, 1)	23,210 (RMB 5,391,320)	-	
Jiangxi Uniscien Consulting Co., Ltd.	Business management consultation, marketing planning and other services	10,442 (US$ 350,000)	b	-	-	-	-	4,306 (RMB 959,703)	51.11	2,198 (RMB 489,780) b, 1)	15,282 (RMB 3,549,804)	-	
Yu Xing (Jishui) Footwear Co., Ltd.	Production and sale of sports shoes	183,840 (US$ 6,400,000)	b	-	-	-	-	124,255 (RMB 28,038,178)	51.11	63,456 (RMB 14,318,782) b, 1)	(40,228) (RMB (9,344,514))	-	
Dongguan Xingtai Consulting Co., Ltd.	Business management consultation, marketing planning and other services	41,945 (US$ 1,400,000)	b	-	-	-	-	9,814 (RMB 2,189,847)	51.11	5,009 (RMB 1,117,582) b, 1)	34,111 (RMB 7,923,486)	-	
Yang Xin Zhang Yuan Shoe Co., Ltd.	Production and sale of footwear products	61,029 (US$ 2,100,000)	b	-	-	-	-	(1,624) (RMB 363,251))	25.56	(414) (RMB (92,712)) b, 1)	6,943 (RMB 1,612,757)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outward	Inward							
YangXin Pou Jia Yuen Shoes Manufacturing Co., Ltd.	Production and sale of rubber soles	$ 72,990 (US$ 2,500,000)	b	$ -	$ -	$ -	$ -	$ (8,033) (RMB (1,712,622))	25.56	$ (2,047) (RMB (436,360)) b, 1)	$ 17,684 (RMB 4,107,848)	$ -	
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	-	-	-	-	175,478 (RMB 38,586,024)	31.79	55,635 (RMB 12,233,801) b, 1)	1,217,562 (RMB 282,825,184)	-	
Yichun Yisen Industry Co., Ltd.	Production and sale of footwear and mold products	410,130 (US$ 14,000,000)	b	-	-	-	-	38,717 (RMB 8,685,843)	51.11	19,793 (RMB 4,440,133) b, 1)	336,447 (RMB 78,152,714)	-	
Zhong Xiang Yue-Shen Sporting Goods Co., Ltd.	Production, processing of shoes, semi-finished products, moulds and related sporting goods, sales of self-produce products	94,380 (US$ 3,250,000)	b	-	-	-	-	(1,145) (RMB (251,030))	51.11	(584) (RMB (127,998)) b, 1)	(5,955) (RMB (1,383,277))	-	
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	-	-	-	-	23 (RMB 5,248)	24.92	6 (RMB 1,348) b, 1)	10,831 (RMB 2,515,856)	-	
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	-	-	-	-	167,322 (RMB 37,163,574)	51.11	85,389 (RMB 18,965,793) b, 1)	907,644 (RMB 210,834,738)	-	
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	-	-	-	-	36,204 (RMB 8,037,498)	51.11	18,489 (RMB 4,104,726) b, 1)	838,901 (RMB 194,866,719)	-	
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	-	-	-	-	11,917 (RMB 2,798,125)	51.11	6,099 (RMB 1,431,780) b, 1)	291,336 (RMB 67,673,801)	-	
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	-	-	-	-	7,663 (RMB 1,591,606)	25.56	1,949 (RMB 404,769) b, 1)	38,324 (RMB 8,902,181)	-	
Dong Guan Jia Yuan Shoe Materials Products Company Limited	Prepare shoe material	108,805 (RMB 21,600,000)	b	-	-	-	-	5,528 (RMB 1,230,481)	51.11	2,821 (RMB 628,020) b, 1)	52,383 (RMB 12,167,864)	-	
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	-	-	-	-	902 (RMB 207,949)	10.22	92 (RMB 21,248) b, 1)	4,428 (RMB 1,028,509)	-	
Kun Shan YYSPORTS 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	-	-	-	-	27,706 (RMB 6,195,509)	31.79	8,809 (RMB 1,969,801) b, 1)	5,714 (RMB 1,327,335)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outward	Inward							
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	$ -	$ -	$ -	$ -	$ (8,698) (RMB (1,942,157))	6.80	$ (591) (RMB (131,857)) b, 1)	$ 3,751 (RMB 871,287)	$ -	
Kun Shan Taisong Trading Co., Ltd.	Wholesale and retail of clothing, footwear, glasses and watches	790,110 (US$ 26,500,000)	b	-	-	-	-	(68,528) (RMB(15,310,432))	31.79	(21,750) (RMB (4,859,359)) b, 1)	(119,685) (RMB(27,801,433))	-	
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	-	-	-	-	14,757 (RMB 3,386,562)	26.08	4,603 (RMB 1,056,179) b, 1)	1,415 (RMB 328,789)	-	
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	-	-	-	-	(2,004) (RMB (448,062))	26.08	(704) (RMB (157,378)) b, 1)	10,978 (RMB 2,550,173)	-	
Yisen (YiFeng) Mould Co., Ltd.	Production and sale of mould products	479,284 (US$ 14,850,000)	b	-	-	-	-	(29,274) (RMB (6,598,251))	51.11	(14,945) (RMB (3,368,487)) b, 1)	176,852 (RMB 41,080,613)	-	
Zhu Hai Yu Yuan Industrial Co., Ltd.	Processing, production and sale of footwear products	1,408 (RMB 300,000)	b	-	-	-	-	(47,639) (RMB(10,959,136))	51.11	(24,324) (RMB (5,595,640)) b, 1)	11,236 (RMB 2,609,955)	-	
Yang Xin Pou Shou Sporting Goods Co., Ltd.	Processing, production and sale of footwear products	236,574 (US$ 7,800,000)	b	-	-	-	-	(2,837) (RMB (634,447))	51.11	(1,468) (RMB (328,365)) b, 1)	84,379 (RMB 19,600,236)	-	
Changsha YYSPORTS Sport Products Co., Ltd.	Sales of sports goods and equipments	22,825 (RMB 5,000,000)	b	-	-	-	-	15,613 (RMB 3,498,016)	31.79	4,955 (RMB 1,110,165) b, 1)	7,720 (RMB 1,793,220)	-	
Henan YYSPORTS Sport Products Co., Ltd.	Retail business of sports goods and accessories	9,130 (RMB 2,000,000)	b	-	-	-	-	134,514 (RMB 29,857,428)	31.79	42,690 (RMB 9,475,912) b, 1)	136,781 (RMB 31,772,528)	-	
Shenyang Pou-Yi Trading Co., Ltd.	Retail business of sports goods and accessories	182,600 (RMB 40,000,000)	b	-	-	-	-	(7,140) (RMB (1,646,915))	31.79	(2,264) (RMB (522,351)) b, 1)	10,092 (RMB 2,344,304)	-	
Zhejiang Shengdao Sporting-goods Co., Ltd.	Retail business of sports goods and accessories	228,250 (RMB 50,000,000)	b	-	-	-	-	557,548 (RMB 124,511,272)	31.79	176,985 (RMB 39,524,678) b, 1)	445,227 (RMB 103,420,970)	-	
Mudanjiang YYSPORTS 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	-	-	-	-	5,025 (RMB 1,101,031)	31.79	1,595 (RMB 349,438) b, 1)	3,967 (RMB 921,442)	-	
Widevision Investment (Shenzhen) Co., Ltd.	Business management consulting, economic information consulting and market management planning	13,833 (RMB 3,000,000)	b	-	-	-	-	649 (RMB 160,893)	100.00	649 (RMB 160,893) b, 1)	9,843 (RMB 2,286,468)	-	
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	-	-	-	-	(16,441) (RMB (3,771,329))	31.79	(3,804) (RMB (872,926)) b, 1)	(3,826) (RMB (888,815))	-	
Kuo Yuen Tannery	Production, processing, sales, research and development of shoe materials, import and export goods or technic	88,634 (RMB 20,000,000)	b	-	-	-	-	1,599 (RMB 357,471)	25.56	514 (RMB 126,911) b, 1)	22,401 (RMB 5,203,370)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outward	Inward							
Akenz (ShangHai)Trading Co., Ltd.	Management consultants, wholesale of sports goods and equipment wholesale, other sports services and other art performance assistant services	$ 86,100 (RMB 20,000,000)	b	$ -	$ -	$ -	$ -	$ (14,304) (RMB (3,304,956))	31.79	$ (1,137) (RMB (262,661)) b, 1)	$ 22,848 (RMB 5,307,355)	$ -	
Yangzhou Yuhong Garment Co., Ltd.	Engaged in the processing and production of apparel, apparel accessories, and apparel accessories, and selling our own products	305,196 (US$ 10,180,000)	b	-	-	-	-	(3,467) (US$ (801,136))	51.11	(443) (RMB (102,365)) b, 1)	65,039 (RMB 15,107,673)	-	
Yifeng Kun Ching Foam Ltd.	Production, sales, processing of plastic foam and foam daily products	8,994 (US$ 300,000)	b	-	-	-	-	1,690 (US$ 390,391)	19.42	82 (RMB 18,954) b, 1)	3,064 (RMB 711,714)	-	
Zhongshan Hwa Ching Foam Co., Ltd.	Production of foam products	29,980 (US$ 1,000,000)	b	-	-	-	-	17,084 (US$ 3,947,279)	17.58	751 (RMB 173,483) b, 1)	16,048 (RMB 3,727,663)	-	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
$ -	$ 20,463,160 (US$ 682,560,358)	$ 113,921,416

Note 1: Methods of investments have following types:

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

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

a. If it is in the preparation stage, there is no investment gains and losses, it should be noted.

b. The amount of investment gain (loss) was recognized in following bases:

1) Based on the financial statements audited by an ROC CPA firm cooperating with an international CPA firm.
2) Based on the financial statements audited by the auditor of parent company.

Note 3: Financial assets at FVTOCI

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

(Concluded)

POU CHEN CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

EXHIBIT 1

POU CHEN CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand and petty cash		$ 637
Checking accounts and demand deposits		153,079
		$ 153,716

EXHIBIT 2

POU CHEN CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Investees	Balance at January 1, 2019 Shares	Balance at January 1, 2019 Amount (Note 1)	Additions Shares	Additions Amount	Decrease Shares	Decrease Amount	Balance at December 31, 2019 Shares	Balance at December 31, 2019 %	Balance at December 31, 2019 Amount	Collateral
Mega Financial Holding Company Ltd.	191,730,486	$ 4,975,406	-	$ 891,547	-	$ -	191,730,486	1.41	$ 5,866,953	None
Taiwan Paiho Limited	615,473	30,343	-	21,541	-	-	615,473	0.21	51,884	〃
		$ 5,005,749		$ 913,088		$ -			$ 5,918,837	

EXHIBIT 3

POU CHEN CORPORATION

STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Description	Carrying Amount
Notes receivable - unrelated parties		
Operating activities:		
Hon-Sen Enterprise Co., Ltd.	Purchase	$ 97
Yin Li Co., Ltd.	〃	365
		$ 462

EXHIBIT 4

POU CHEN CORPORATION

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Description	Carrying Amount
Accounts receivable - unrelated parties		
TEAM TECH INDUSTRIAL LTD.	Purchase	$ 1,067
Yin Li Co., Ltd.	〃	623
DA ARNG TRADING CO., LTD.	〃	186
Du Wei Enterprise Co., Ltd.	〃	178
Other (Note)	〃	99
		$ 2,153
Accounts receivable - related parties		
Yue Yuen Purchasing & Supply Co., Ltd.	Purchase	$ 1,603,882
Other (Note)	〃	36,003
Allowance for losses	〃	(17,354)
		$ 1,622,531

Note: The amount of each item in others does not exceed 5% of the account balance.

EXHIBIT 5

POU CHEN CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

		Amount	
Item	**Description**	**Cost**	**Net Realizable Value (Note)**
Raw material		$ 52,209	$ 48,022
Materials		209	196
Work in process		1,813	814
Finished goods		10,390	7,470
Merchandises		2,831	2,724
Less: Allowance for impairment losses		(8,226)	-
		$ 59,226	$ 59,226

Note: The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

EXHIBIT 6

POU CHEN CORPORATION

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2019		Additions		Decrease		Balance, December 31, 2019			
Investees	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**%**	**Amount**	**Collateral**
Zhiyuan Venture Capital Co., Ltd.	6,000,000	$ 59,952	-	$ -	-	$ 7,769	6,000,000	10.71	$ 52,183	None
New Loulan Corporation., Ltd.	100,000	804	-	-	-	3	100,000	4.00	801	〃
		$ 60,756		$ -		$ 7,772			$ 52,984	

POU CHEN CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2019		Additions		Decrease		Balance, December 31, 2019			Market Value or Net Assets Value		
Investees	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit Price (Dollar)	Total	Collateral
Wealthplus Holding Ltd. (Note 1)	9,222,000	$ 75,550,960	-	$ 3,100,205	-	$ -	9,222,000	100.00	$ 78,651,165		$ 78,638,952	None
Win Fortune Investment Limited (Note 1)	100,000	2,059,924	-	36,548	-	-	100,000	100.00	2,096,472		2,071,161	〃
Windsor Hotel Co., Ltd (Note 1)	10,000,000	102,868	-	11,627	5,000,000	50,000	5,000,000	100.00	64,495		60,290	〃
Pou Shine Investment Co., Ltd. (Note 1)	133,094,460	2,982,038	-	903,846	-	167,000	133,094,460	100.00	3,718,884		3,705,747	〃
Pan Asia Insurance Services Co., Ltd. (Note 1)	-	17,508	-	979	-	7,067	-	100.00	11,420		11,420	〃
Barits Development Corp. (Note 1)	251,662,040	7,373,614	-	1,531,091	-	226,496	251,662,040	99.49	8,678,209		8,604,698	〃
Pou Yuen Technology Co., Ltd. (Note 1)	28,437,147	295,986	-	93,961	-	34,466	28,437,147	97.82	355,481		690,834	〃
Pro Arch International Development Enterprise Inc. (Note 1)	20,000,000	250,676	-	2,809	-	11,322	20,000,000	100.00	242,163		241,857	〃
Pou Yii Development Co., Ltd. (Note 1)	7,875,000	145,641	-	37,349	-	7,377	7,875,000	15.00	175,613		175,613	〃
Wang Yi Construction Co., Ltd. (Note 2)	601,755	-	-	-	-	-	601,755	7.82	-		6,962	〃
Techview International Technology Inc.	75	-	-	-	-	-	75	30.00	-		-	〃
Ruen Chen Investment Holding Co., Ltd. (Note 1)	2,961,000,000	8,403,275	570,800,000	41,208,768	-	-	3,531,800,000	20.00	49,612,043		49,671,355	〃
Elitegroup Computer Systems Co., Ltd. (Note 1)	70,066,949	2,710,513	-	-	-	7,631	70,066,949	12.57	2,702,882	$ 13.70	959,917	〃
Less: Accumulated impairment of investment for using equity method		(1,326,434)		-		-			(1,326,434)		-	
		$ 98,566,569		$ 46,927,183		$ 511,359			$ 144,982,393		$ 144,838,806	

Note 1: Included distribution of current profit and investment gain or loss using the equity method.

Note 2: The carrying amount of investment in Wang Yi is negative for the year ended December 31, 2019. Therefore, the Company recognized $15,433 thousand in “other non-current liabilities” and referred to Exhibit 15 for the information.

EXHIBIT 8

POU CHEN CORPORATION

STATEMENT OF CHANGES IN RIGHT-OF-USE
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

	Land	Buildings	Transportation Equipment	Other Equipment	Total
Cost					
Balance at January 1, 2019	$ 14,030	$ 35,087	$ 116	$ -	$ 49,233
Additions	1,492	20,438	-	6,015	27,945
Disposals	-	(2,595)	-	-	(2,595)
Others	(3)	-	(37)	-	(40)
Balance at December 31, 2019	$ 15,519	$ 52,930	$ 79	$ 6,015	$ 74,543
Accumulated depreciation					
Balance at January 1, 2019	$ -	$ -	$ -	$ -	$ -
Disposals	-	(483)	-	-	(483)
Depreciation expenses	6,023	19,016	68	439	25,546
Balance at December 31, 2019	$ 6,023	$ 18,533	$ 68	$ 439	$ 25,063
Carrying amounts at December 31, 2019	$ 9,496	$ 34,397	$ 11	$ 5,576	$ 49,480

EXHIBIT 9

POU CHEN CORPORATION

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Creditor	Description	Balance, December 31, 2019	Period	Rate (%)	Financing Facilities	Collateral
Bank loans						
ANZ Banking Group Limited	Credit borrowings	$ 449,700	2019.02.09-2020.03.09	Note	US$ 100,000,000	None
Bank of America, National Association	〃	1,400,000	2019.03.19-2020.03.19	〃	US$ 50,000,000	〃
Bank of China	〃	3,000,000	2019.12.24-2020.01.30	〃	US$ 100,000,000	〃
Bank of Taiwan	〃	500,000	2019.12.24-2020.02.24	〃	500,000	〃
Crédit Agricole Corporate and Investment Bank	〃	3,690,000	2019.07.31-2020.04.15	〃	US$ 120,000,000	〃
E. Sun Bank	〃	500,000	2019.12.30-2020.01.15	〃	500,000	〃
HSBC Bank	〃	750,000	2019.12.30-2020.01.15	〃	US$ 30,000,000	〃
Hua Nan Commercial Bank	〃	240,000	2019.12.30-2020.03.30	〃	400,000	〃
MUFG Bank	〃	1,520,000	2019.11.25-2020.02.25	〃	US$ 50,000,000	〃
Mizuho Bank	〃	1,000,000	2019.09.09-2020.05.15	〃	1,000,000	〃
Standard Chartered Bank	〃	1,800,000	2019.12.06-2020.01.06	〃	US$ 60,000,000	〃
Sumitomo Mitsui Banking Corporation	〃	4,060,000	2019.08.05-2020.02.05	〃	US$ 200,000,000	〃
Taishin International Bank	〃	1,000,000	2019.12.20-2020.01.20	〃	1,000,000	〃
		$ 19,909,700				

Note: The range of effective interest rate on bank borrowings was 0.67%-2.28%.

EXHIBIT 10

POU CHEN CORPORATION

STATEMENT OF NOTES PAYABLE
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Description	Carrying Amount
Notes payable - unrelated parties		
Operating activities:		
Yi Tzung Precision Machinery Corporation	Purchase	$ 2,525
Others (Note)	〃	536
		3,061
Non-operating activities:		
Others (Note)	Rents	6,963
		$ 10,024

Note: The amount of each item in others does not exceed 5% of the account balance.

EXHIBIT 11

POU CHEN CORPORATION

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Description	Carrying Amount
Accounts payable - unrelated parties		
C.T.M. Co., Ltd.	Purchase	$ 93,331
Li Cheng Enterprise Co., Ltd.	〃	66,705
Others (Note)	〃	891,342
		$ 1,051,378
Accounts payable - related parties		
San Fang Chemical Industry Co., Ltd.	Purchase	$ 9,826
Nan Pao Resins Chemical Co., Ltd.	〃	9,096
Chang Yang Material Corp.	〃	3,441
Others (Note)	〃	449
		$ 22,812

Note: The amount of each item in others does not exceed 5% of the account balance.

EXHIBIT 12

POU CHEN CORPORATION

STATEMENT OF OTHER CURRENT LIABILITIES
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Description	Carrying Amount
Temporary credits		$ 3,535
Receipts under custody		13,645
Advance receipts		156,314
Others		448
		$ 173,942

EXHIBIT 13

POU CHEN CORPORATION

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Creditor	Description	Amount	Period	Annual Rate (%)	Collateral
Long-term bank loans					
Yuanta Commercial Bank	Long-term borrowings	$ 2,800,000	2019.12.20-2022.12.09	Note	None
Bank of Taiwan	〃	2,000,000	2019.09.16-2024.09.16	〃	〃
Banco Bilbao Vizcaya Argentaria, S.A.	〃	3,140,000	2019.09.20-2022.09.20	〃	〃
Chang Hwa Commercial Bank	〃	1,000,000	2019.12.20-2024.12.20	〃	〃
Hua Nan Commercial Bank	〃	1,000,000	2019.09.09-2022.09.09	〃	〃
O-Bank	〃	1,393,102	2016.08.03-2026.07.15	〃	〃
MUFG Bank	〃	3,750,000	2015.03.27-2021.09.27	〃	〃
Mizuho Bank	〃	3,500,000	2015.03.27-2023.09.27	〃	〃
Taishin International Bank	〃	1,000,000	2019.12.05-2021.12.05	〃	〃
		19,583,102			
Less: Current portion recognized in current liabilities		(263,796)			
		$ 19,319,306			

Note: The range of effective interest rate on bank borrowings was 0.91%-1.60%

EXHIBIT 14

POU CHEN CORPORATION

STATEMENT OF CHANGES IN LEASE LIABILITY
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Description	Period	Discount Rate (%)	Amount	Note
Land	Parking lot	2013.04.01-2023.01.31	1.34	$ 7,000	None
Buildings	Rental of office	2018.08.01-2022.07.31	1.34	41,977	〃
Transportation equipment	Rental of mobile	2017.02.01-2020.03.31	1.34	12	〃
Other equipment	Rental of communication equipment	2019.06.01-2027.05.31	1.34	5,861	〃
				$ 54,850	

EXHIBIT 15

POU CHEN CORPORATION

STATEMENT OF OTHER NON-CURRENT LIABILITIES
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Description	Carrying Amount
Guarantee deposits		$ 31,069
Others	Credit balance of investments accounted for using equity method	15,433
		$ 46,502

EXHIBIT 16

POU CHEN CORPORATION

STATEMENT OF NET OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Description	Carrying Amount
Sales revenue		
Shoes material trade		$ 8,311,083
Less: Sales return		(7,049)
		8,304,034
Service revenue		
Technical service revenue		817,135
Other		2,278,308
		3,095,443
		$ 11,399,477

EXHIBIT 17

POU CHEN CORPORATION

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw material	
Balance at January 1, 2019	$ 25,928
Add: Raw material purchased	197,659
Less: Raw material at December 31, 2019	(52,209)
Raw material sold	(12,911)
Sample transfer to operating expenses	(2,091)
Consumption of raw material for the year	156,376
Indirect raw material	
Balance at January 1, 2019	157
Supplies inventory at January 1, 2019	1,145
Add: Material purchased for the year	2,627
Less: Indirect raw material at December 31, 2019	(209)
Supplies inventory at December 31, 2019	(5,507)
Materials sold	(8)
Sample transfer to operating expenses	3,962
Consumption of indirect raw material for the year	2,167
Direct labor	14,980
Manufacturing expenses	16,716
Manufacturing cost	190,239
Add: Work in progress at January 1, 2019	1,842
Less: Work in progress at December 31, 2019	(1,813)
Transfer to operating expenses	(155)
Costs of finished goods for the year	190,113
Add: Finished goods at January 1, 2019	18,078
Less: Finished goods at December 31, 2019	(10,390)
Sample transfer to operating expenses	(622)
Costs of finished goods for the year	197,179
Merchandise at January 1, 2019	7,000
Merchandise purchased	6,439,199
Less: Merchandise l at December 31, 2019	(2,831)
Sample transfer to operating expenses	(74)
Scrap of merchandise	(4,503)
Others	(87)
Cost of goods sold	6,438,704
Deduction of production costs for the year	
Revenue of sold scarp	(613)
Losses on scrap of inventory (compensation income)	(4,082)
	(4,695)
Others operating cost	
Raw material sold	12,919
Losses on inventory valuation loss and obsolescence	7,313
Losses on inventory scrap	4,503
	24,735
Operating costs	$ 6,655,923

EXHIBIT 18

POU CHEN CORPORATION

STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Salary and wages		$ 2,424
Freight		47,130
Entertainment expenses		3,010
Other expenses		11,653
		$ 64,217

EXHIBIT 20

POU CHEN CORPORATION

STATEMENT OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Salary and wages		$ 1,576,368
Insurance		158,420
Depreciation expenses		158,295
Other expenses		632,122
		$ 2,525,205

EXHIBIT 21

POU CHEN CORPORATION

STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Salary and wages		$ 911,082
Insurance		107,255
Depreciation expenses		142,934
Other expenses		452,332
		$ 1,613,603