

# **Pou Chen Corporation and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2020 and 2019 and  
Independent Auditors' Report**

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2020 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

POU CHEN CORPORATION

By

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March 24, 2021

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Pou Chen Corporation

### **Opinion**

We have audited the accompanying consolidated financial statements of Pou Chen Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **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 Consolidated Financial Statements section of our report. We are independent of the Group 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 Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

#### Write-downs of Inventory

As of December 31, 2020, the carrying amount of finished goods related to the retail segment included in the inventories was \$25,709,721 thousand. For the related disclosures, refer to Notes 4, 5 and 12 to the consolidated financial statements.

The determination of net realizable value required an evaluation of on the sales condition and quality of product and assessment of obsolete and slow-moving inventory; the evaluation involved significant judgments and estimations made by management. Therefore, we considered write-down of inventory as a key audit matter of the consolidated financial statements for the year ended December 31, 2020.

We obtained the inventory valuation sheets prepared by management, selected samples of estimated selling prices and traced them to the recent sales records to assess the rationale of the net realizable value determined by management. In addition, we selected samples from the inventory aging report prepared by management to verify the correctness of its classification and the reasonableness of the amount of inventory write-downs.

#### Impairment of Goodwill

As of December 31, 2020, goodwill allocated to the manufacture and sale of footwear of the Group amounted to \$5,223,090 thousand. For the related disclosures, refer to Notes 4, 5 and 20 to the consolidated financial statements.

Management evaluated the impairment of the abovementioned assets based on their recoverable amounts. The recoverable amounts are determined according to the forecast of the trading performance and future cash flows and the discount rate. The test of impairment involved significant judgments and estimations made by management. As a result, we considered the impairment of goodwill as a key audit matter of the consolidated financial statements for the year ended December 31, 2020.

Our audit procedures in response to this key audit matter included evaluation of the reasonableness of the significant assumptions, evaluation model, and basic information of the impairment test used by management and recalculation of the impairment.

#### **Other Matter**

The Group's investments in Ruen Chen Investment Holding Co., Ltd. and Nan Shan Life Insurance Co., Ltd were accounted for by using the equity method based on the financial statements which were audited by other auditors. Our opinion, insofar as it relates to the Group's investments in Ruen Chen Investment Holding Co., Ltd., and Nan Shan Life Insurance Co., Ltd., is based solely on the report of other auditors. As of December 31, 2020 and 2019, the carrying amounts of the investment in Ruen Chen Investment Holding Co., Ltd. were \$75,039,348 thousand and \$49,612,043 thousand which constituted 20.34% and 13.67% of the Group's consolidated total assets, respectively. For the years ended December 31, 2020 and 2019, the profit of the associate was \$6,385,558 thousand and \$5,766,591 thousand which constituted 107.12% and 26.79% of the income which the Group recognized before income tax, respectively. As of December 31, 2020 and 2019, the carrying amounts of the investment in Nan Shan Life Insurance Co., Ltd. were \$812,298 thousand and \$548,783 thousand which constituted 0.22% and 0.15% of the Group's consolidated total assets, respectively. For the years ended December 31, 2020 and 2019, the profit of the associate was \$66,911 thousand and \$22,406 thousand which constituted 1.12% and 0.10% of the income which the Group recognized before income tax, respectively.

We have also audited the parent company only financial statements of Pou Chen Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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 Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group 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 consolidated financial statements for the year ended December 31, 2020 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 audits resulting in this independent auditors' report are Wen-Yea, Shyu and Kenny Hong.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 24, 2021

Notice to Readers

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

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

**POU CHEN CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)**

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 32,108,725	9	\$ 37,049,955	10
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	3,769,286	1	692,874	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 9)	16,685,548	5	17,736,334	5
Financial assets at amortized cost - current (Notes 4 and 10)	7,492,930	2	1,656,038	1
Notes receivable (Notes 4 and 11)	39	-	509	-
Accounts receivable (Notes 4, 11 and 35)	31,916,866	9	34,261,246	10
Other receivables (Notes 4 and 11)	5,312,322	1	5,115,656	1
Inventories - manufacturing and retailing (Notes 4 and 12)	45,214,271	12	54,713,419	15
Inventories - construction (Notes 4 and 12)	3,716,256	1	3,909,013	1
Non-current assets held for sale (Notes 4 and 13)	630,861	-	1,342,804	-
Other current assets (Notes 4 and 14)	8,648,792	2	9,159,841	3
Total current assets	<u>155,495,896</u>	<u>42</u>	<u>165,637,689</u>	<u>46</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	997,231	-	1,353,545	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	1,050,168	-	1,222,245	-
Financial assets at amortized cost - non-current (Notes 4, 10 and 36)	3,472,325	1	5,918,089	2
Investments accounted for using the equity method (Notes 4 and 16)	97,988,994	27	72,310,784	20
Property, plant and equipment (Notes 4 and 17)	69,983,286	19	77,861,266	21
Right-of-use assets (Notes 4 and 18)	20,535,496	6	18,983,090	5
Investment properties (Notes 4 and 19)	2,827,040	1	2,841,851	1
Goodwill (Notes 4 and 20)	7,957,895	2	8,279,832	2
Other intangible assets (Notes 4 and 21)	1,874,808	-	2,149,303	1
Deferred tax assets (Notes 4 and 29)	2,757,568	1	2,167,426	1
Other non-current assets (Notes 4 and 14)	3,973,852	1	4,331,210	1
Total non-current assets	<u>213,418,663</u>	<u>58</u>	<u>197,418,641</u>	<u>54</u>
<b>TOTAL</b>	<u>\$ 368,914,559</u>	<u>100</u>	<u>\$ 363,056,330</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 22)	\$ 23,732,375	6	\$ 42,247,828	12
Short-term bills payable (Note 22)	3,360,748	1	2,547,678	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	131,348	-	47,741	-
Financial liabilities for hedging - current (Notes 4 and 8)	278	-	-	-
Notes payable (Notes 4, 23 and 35)	7,402	-	11,199	-
Accounts payable (Notes 4, 23 and 35)	16,628,923	4	14,866,337	4
Other payables (Note 24)	21,217,044	6	25,295,496	7
Current tax liabilities (Note 4)	3,051,860	1	2,093,845	-
Lease liabilities - current (Notes 4 and 18)	4,640,954	1	3,908,023	1
Current portion of long-term borrowings (Note 22)	5,888,875	2	263,796	-
Other current liabilities	6,748,629	2	6,951,737	2
Total current liabilities	<u>85,408,436</u>	<u>23</u>	<u>98,233,680</u>	<u>27</u>
<b>NON-CURRENT LIABILITIES</b>				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	714,819	-	308,366	-
Long-term borrowings (Note 22)	66,328,779	18	60,290,054	17
Deferred tax liabilities (Notes 4 and 29)	1,461,216	-	1,627,302	1
Lease liabilities - non-current (Notes 4 and 18)	9,494,536	3	8,255,154	2
Long-term payables (Note 24)	148,032	-	152,831	-
Net defined benefit liabilities (Notes 4 and 25)	4,055,076	1	4,251,602	1
Other non-current liabilities	60,463	-	68,314	-
Total non-current liabilities	<u>82,262,921</u>	<u>22</u>	<u>74,953,623</u>	<u>21</u>
Total liabilities	<u>167,671,357</u>	<u>45</u>	<u>173,187,303</u>	<u>48</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 26)</b>				
Share capital				
Ordinary shares	29,467,872	8	29,467,872	8
Capital surplus	4,389,862	1	4,592,397	1
Retained earnings				
Legal reserve	16,064,775	4	14,881,914	4
Special reserve	-	-	22,293,369	6
Unappropriated earnings	56,743,003	16	34,488,820	10
Total retained earnings	72,807,778	20	71,664,103	20
Other equity	27,443,947	8	11,684,567	3
Total equity attributable to owners of the Company	134,109,459	37	117,408,939	32
<b>NON-CONTROLLING INTERESTS</b>	<u>67,133,743</u>	<u>18</u>	<u>72,460,088</u>	<u>20</u>
Total equity	<u>201,243,202</u>	<u>55</u>	<u>189,869,027</u>	<u>52</u>
<b>TOTAL</b>	<u>\$ 368,914,559</u>	<u>100</u>	<u>\$ 363,056,330</u>	<u>100</u>

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

(With Deloitte & Touche audit report dated March 24, 2021)

## POU CHEN CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 27 and 35)	\$ 249,954,311	100	\$ 313,156,585	100
OPERATING COSTS (Notes 25, 28 and 35)	<u>195,203,206</u>	<u>78</u>	<u>233,641,231</u>	<u>74</u>
GROSS PROFIT	<u>54,751,105</u>	<u>22</u>	<u>79,515,354</u>	<u>26</u>
OPERATING EXPENSES (Notes 25 and 28)				
Selling and marketing expenses	31,835,128	13	37,835,986	12
General and administrative expenses	19,459,894	8	21,284,611	7
Research and development expenses	<u>5,567,161</u>	<u>2</u>	<u>6,444,297</u>	<u>2</u>
Total operating expenses	<u>56,862,183</u>	<u>23</u>	<u>65,564,894</u>	<u>21</u>
(LOSS) INCOME FROM OPERATIONS	<u>(2,111,078)</u>	<u>(1)</u>	<u>13,950,460</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 28)	639,635	-	784,118	-
Other income (Note 28)	3,435,429	2	3,289,297	1
Other gains and (losses) (Note 28)	(1,496,270)	-	(671,207)	-
Net gain (loss) on derecognition of financial assets at amortized cost	3,214	-	(3,260)	-
Finance costs (Note 28)	(2,407,297)	(1)	(3,241,955)	(1)
Share of the profit of associates and joint ventures (Notes 4 and 16)	<u>7,897,693</u>	<u>3</u>	<u>7,414,525</u>	<u>2</u>
Total non-operating income and expenses	<u>8,072,404</u>	<u>4</u>	<u>7,571,518</u>	<u>2</u>
INCOME BEFORE INCOME TAX	5,961,326	3	21,521,978	7
INCOME TAX EXPENSE (Notes 4 and 29)	<u>2,041,909</u>	<u>1</u>	<u>3,519,204</u>	<u>1</u>
NET INCOME FOR THE YEAR	<u>3,919,417</u>	<u>2</u>	<u>18,002,774</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 25)	(290,488)	-	(132,669)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(313,926)	(1)	3,129,649	1
Share of the other comprehensive (loss) income of associates and joint ventures	(174,988)	-	173,895	-

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# POU CHEN CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	\$ (4,726,138)	(2)	\$ (4,440,733)	(2)
Gain on hedging instruments	1,195	-	-	-
Share of the other comprehensive income of associates and joint ventures	<u>19,266,213</u>	<u>8</u>	<u>31,091,295</u>	<u>10</u>
Other comprehensive income for the year, net of income tax	<u>13,761,868</u>	<u>5</u>	<u>29,821,437</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 17,681,285</u>	<u>7</u>	<u>\$ 47,824,211</u>	<u>15</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 4,840,184	2	\$ 11,828,609	4
Non-controlling interests	<u>(920,767)</u>	<u>-</u>	<u>6,174,165</u>	<u>2</u>
	<u>\$ 3,919,417</u>	<u>2</u>	<u>\$ 18,002,774</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 20,587,697	8	\$ 43,908,682	14
Non-controlling interests	<u>(2,906,412)</u>	<u>(1)</u>	<u>3,915,529</u>	<u>1</u>
	<u>\$ 17,681,285</u>	<u>7</u>	<u>\$ 47,824,211</u>	<u>15</u>
EARNINGS PER SHARE (Note 30)				
Basic	<u>\$ 1.64</u>		<u>\$ 4.01</u>	
Diluted	<u>\$ 1.64</u>		<u>\$ 4.01</u>	

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

(With Deloitte & Touche audit report dated March 24, 2021)

(Concluded)

**POU CHEN CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company						Other Equity				Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain on Hedging Instruments	Others	Total		
			Legal Reserve	Special Reserve								
BALANCE AT JANUARY 1, 2019	\$ 29,467,872	\$ 4,600,092	\$ 13,811,050	\$ 13,917,230	\$ 38,360,517	\$ (312,124)	\$ (8,483,931)	\$ -	\$ (13,497,314)	\$ 77,863,392	\$ 74,334,314	\$ 152,197,706
Appropriation of 2018 earnings (Note 26)	-	-	1,070,864	-	(1,070,864)	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	(8,376,139)	-	-	-	-	-	-	-
Special reserve	-	-	-	8,376,139	(8,376,139)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(4,420,181)	-	-	-	-	(4,420,181)	-	(4,420,181)
	-	-	1,070,864	8,376,139	(13,867,184)	-	-	-	-	(4,420,181)	-	(4,420,181)
Net income for the year ended December 31, 2019	-	-	-	-	11,828,609	-	-	-	-	11,828,609	6,174,165	18,002,774
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	(2,258,636)	29,821,437
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	3,915,529	47,824,211
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 4 and 26)	-	(3,539)	-	-	-	-	-	-	-	(3,539)	-	(3,539)
Share of changes in equities of subsidiaries (Notes 4 and 26)	-	-	-	-	(76,149)	-	-	-	-	(76,149)	-	(76,149)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by subsidiaries and associates (Notes 4 and 26)	-	-	-	-	(1,706,234)	-	1,706,234	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method (Notes 4 and 26)	-	(4,156)	-	-	-	-	140,890	-	-	136,734	-	136,734
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(5,789,755)	(5,789,755)
Changes in equity for the year ended December 31, 2019	-	(7,695)	1,070,864	8,376,139	(3,871,697)	(2,186,025)	22,243,404	-	13,920,557	39,545,547	(1,874,226)	37,671,321
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	72,460,088	189,869,027
Appropriation of 2019 earnings (Note 26)	-	-	1,182,861	-	(1,182,861)	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	22,293,369	-	-	-	-	-	-	-
Special reserve	-	-	-	(22,293,369)	(3,683,484)	-	-	-	-	(3,683,484)	-	(3,683,484)
Cash dividends	-	-	-	-	17,427,024	-	-	-	-	(3,683,484)	-	(3,683,484)
	-	-	1,182,861	(22,293,369)	17,427,024	-	-	-	-	(3,683,484)	-	(3,683,484)
Net income for the year ended December 31, 2020	-	-	-	-	4,840,184	-	-	-	-	4,840,184	(920,767)	3,919,417
Other comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	(163,929)	(2,993,220)	10,697,670	1,195	8,205,797	15,747,513	(1,985,645)	13,761,868
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	4,676,255	(2,993,220)	10,697,670	1,195	8,205,797	20,587,697	(2,906,412)	17,681,285
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 4 and 26)	-	(230,093)	-	-	-	-	-	-	-	(230,093)	-	(230,093)
Share of changes in equities of subsidiaries (Notes 4 and 26)	-	-	-	-	(1,158)	-	-	-	-	(1,158)	-	(1,158)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by subsidiaries and associates (Notes 4 and 26)	-	-	-	-	152,062	-	(152,062)	-	-	-	(523)	(523)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method (Notes 4 and 26)	-	335	-	-	-	-	-	-	-	335	-	335
Unclaimed dividends by shareholders	-	27,223	-	-	-	-	-	-	-	27,223	-	27,223
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,419,410)	(2,419,410)
Changes in equity for the year ended December 31, 2020	-	(202,535)	1,182,861	(22,293,369)	22,254,183	(2,993,220)	10,545,608	1,195	8,205,797	16,700,520	(5,326,345)	11,374,175
BALANCE AT DECEMBER 31, 2020	\$ 29,467,872	\$ 4,389,862	\$ 16,064,775	\$ -	\$ 56,743,003	\$ (5,491,369)	\$ 24,305,081	\$ 1,195	\$ 8,629,040	\$ 134,109,459	\$ 67,133,743	\$ 201,243,202

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

(With Deloitte & Touche audit report dated March 24, 2021)

# POU CHEN CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax for the year	\$ 5,961,326	\$ 21,521,978
Adjustments for:		
Depreciation expenses	16,127,403	15,226,379
Amortization expenses	483,716	502,692
Expected credit loss on accounts receivable	13,745	121,027
Net loss (gain) on fair value change of financial instruments at fair value through profit or loss	675,985	(478,172)
Finance costs	2,407,297	3,241,955
Net (gain) loss on derecognition of financial assets at amortized cost	(3,214)	3,260
Interest income	(639,635)	(784,118)
Dividend income	(1,006,050)	(988,097)
Compensation cost of employee share options	11,992	154,948
Share of profit of associates and joint ventures	(7,897,693)	(7,414,525)
Net loss on disposal of property, plant and equipment	482,997	562,142
Net gain recognized on disposal of the land use right	(153,880)	-
Net gain on disposal of subsidiaries, associates and joint ventures	(535,107)	(579,794)
Impairment loss	457,134	308,296
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(2,906,023)	45,280
Notes receivable	470	456
Accounts receivable	2,335,215	2,065,311
Other receivables	(171,338)	(48,756)
Inventories	9,479,131	(4,257,541)
Other current assets	511,049	(754,160)
Other operating assets	87,904	(8,860)
Notes payable	(3,797)	1,793
Accounts payable	1,762,586	87,304
Other payables	(3,094,485)	1,674,763
Other current liabilities	689,126	138,821
Net defined benefit liabilities	(487,014)	625,264
Other operating liabilities	(4,799)	1,348
Cash generated from operations	24,584,041	30,968,994
Interest paid	(2,398,509)	(3,123,008)
Income tax paid	(1,827,678)	(3,336,520)
Net cash generated from operating activities	<u>20,357,854</u>	<u>24,509,466</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets at fair value through profit or loss	804,350	-
Proceeds from return of capital of financial assets at fair value through other comprehensive income	56,289	-
Purchases of financial assets at amortized cost	(13,542,939)	(10,489,138)

(Continued)

# POU CHEN CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Proceeds from sale of financial assets at amortized cost	\$ 9,877,178	\$ 5,618,887
Acquisition of associates and joint ventures	(963,016)	(4,459,840)
Proceeds from disposal of associates and joint ventures	134,951	91,908
Net cash inflow on disposal of subsidiaries	-	3,020,293
Proceeds from return of capital of associates under equity method	-	94,602
Proceeds from disposal of non-current assets held for sale	103,752	1,134,653
Acquisition of property, plant and equipment	(7,910,008)	(12,414,288)
Proceeds from disposal of property, plant and equipment	1,236,517	499,593
Increase in refundable deposits	(37,465)	(162,939)
Decrease in other receivables	37,781	-
Payments for intangible assets	(196,661)	(490,078)
Payments for right-of-use assets	(93,057)	(97,866)
Payments for investment properties	(240)	(1,079)
Interest received	703,010	691,998
Dividends received	2,138,774	2,013,687
Proceeds from disposal of right-of-use assets	<u>173,073</u>	<u>1,835</u>
Net cash used in investing activities	<u>(7,477,711)</u>	<u>(14,947,772)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	-	5,752,895
Repayments of short-term borrowings	(18,515,453)	-
Proceeds from short-term bills payable	813,000	-
Repayments of short-term bills payable	-	(321,500)
Proceeds from long-term borrowings	11,586,565	4,897,632
Increase in guarantee deposits	-	545
Decrease in guarantee deposits	(7,851)	-
Repayments of principal portion of lease liabilities	(4,610,366)	(3,980,391)
Cash dividends	(3,683,484)	(4,420,181)
Change in non-controlling interests	(2,419,933)	(4,897,130)
Unclaimed dividends by shareholders	<u>27,223</u>	<u>-</u>
Net cash used in financing activities	<u>(16,810,299)</u>	<u>(2,968,130)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>(1,011,074)</u>	<u>(1,795,610)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(4,941,230)</b>	<b>4,797,954</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>37,049,955</u>	<u>32,252,001</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 32,108,725</u>	<u>\$ 37,049,955</u>

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

(With Deloitte & Touche audit report dated March 24, 2021)

(Concluded)

# **POU CHEN CORPORATION AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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

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

The consolidated financial statements were approved by the Company’s board of directors on March 24, 2021.

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

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

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

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

The Group applies the amendments to IFRS 3 to transactions that occur on or after January 1, 2020. The amendments 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 that together significantly contribute to the ability to create outputs. To determine whether an acquired process is substantive, different criteria apply, depending on whether there are outputs at the acquisition date. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not an acquired set of activities and assets is a business

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

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

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

The Group adopted the amendments starting from January 1, 2020. The threshold of materiality that could influence users has been changed to “could reasonably be expected to influence”. Accordingly, disclosures in the consolidated financial statements do not include immaterial information that may obscure material information.

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendment to IFRS 16 “Covid-19 - Related Rent Concessions”	June 1, 2020

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”

“Interest Rate Benchmark Reform - Phase 2” primarily amends IFRS 9, IFRS 7 and IFRS 16 to provide practical relief from the impact of the interest rate benchmark reform.

Changes in the basis for determining contractual cash flows as a result of interest rate benchmark reform

The changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

Hedging accounting

The amendments provide the following temporary exceptions to hedging relationships that are subject to the reform:

- The changes to the hedging relationship that are needed to reflect changes required by the reform are treated as a continuation of the existing hedging relationship, and do not result in the discontinuation of hedge accounting or the designation of a new hedging relationship.
- If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.
- After a cash flow hedging relationship is amended, the amount accumulated in the gain/(loss) on hedging instruments of cash flow hedge is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

- d) An entity should allocate the hedged items of a group hedge that is subject to the reform to subgroups based on whether the hedged items have been changed to reference an alternative benchmark rate, and should designate the hedged benchmark rate separately.

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

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

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

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

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

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

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

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

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

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

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

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

3) Annual Improvements to IFRS Standards 2018-2020

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

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

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

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

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

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

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

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

7) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

8) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets. Historical cost is generally based on the fair value of the consideration given in exchange for 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.

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 Group 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.

The Group engages in the construction business, which has an operating cycle of over one year; the normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment.

See Note 15 and Table 9 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

f. Foreign currencies

In preparing the financial statements of each individual Group entity, transactions in currencies other than the Group'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 consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries, associates and joint ventures 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, and attributed to the owners of the Company and non-controlling interests as appropriate.

On the disposal of a foreign operation (i.e. a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group 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.

g. 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 group 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.

Investments in real estate, and land and buildings for development are measured initially at cost or related development costs. Cost includes borrowing costs capitalized before the assets are ready for development.

h. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as joint venture.

The Group uses the equity method to account for its investments in associates and joint ventures.

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

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate and joint venture 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 Group'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 Group subscribes for additional new shares of an associate and joint venture, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the share of equity of associates and joint ventures. If the Group's ownership interest is reduced due to the additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that the associate and joint venture 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 using equity method is insufficient, the shortage is debited to retained earnings.

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

The entire carrying amount of an 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 not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Group accounts for all amounts previously recognized in other comprehensive

income in relation to that associate and the joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When a Group entity transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate and joint venture that are not related to the Group.

i. 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.

j. 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.

k. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

## 1. 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 over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

### 2) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is 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:

- a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b) The intention to complete the intangible asset and use or sell it;
- c) The ability to use or sell the intangible asset;
- d) How the intangible asset will generate probable future economic benefits;
- e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) 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) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment loss.

### 4) Derecognition of intangible assets

Gains or losses from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

#### m. Assets related to contract costs

When a sales contract is obtained, the commission paid to employees who made the sale of the properties and the sale service fees paid to agents under exclusive sale agreements are recognized as assets (incremental costs of obtaining a contract) to the extent that the costs are expected to be recovered and are recognized in profit or loss when the property is transferred to the customers. However, the Group elects not to capitalize the incremental costs of obtaining a contract if the amortization period of the assets that the Group would otherwise have recognized is expected to be one year or less.

#### n. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the asset, cash-generating unit or assets related to contract costs 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, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

o. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When a sale plan would result in loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether the Group will retain a non-controlling interest in that subsidiary after the sale.

When the Group is committed to a sale plan involving the disposal of an investment, or a portion of an investment, in an associate or a joint venture, only the investment or the portion of the investment that will be disposed of is classified as held for sale when the classification criteria are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. If the Group ceases to have significant influence nor joint control over the investment after the disposal takes place, the Group accounts for any retained interest that has not been classified as held for sale in accordance with the accounting policies for financial instruments.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

p. Financial instruments

Financial assets and financial liabilities are recognized when a Group entity 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 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.

Financial assets

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

1) Measurement category

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

a) 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 gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 34.

b) 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, investments in debt instruments, 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.

c) Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i. The financial asset is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets; 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.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

d) Investments in equity instruments at FVTOCI

On initial recognition, the Group 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, they will be transferred to retained earnings.

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

2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivables, and contract assets.

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable and lease receivables. For all other financial instruments, the Group 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 Group 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 a 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 Group 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 Group):

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

### 3) Derecognition of financial assets

The Group 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.

### Equity instruments

Debt and equity instruments issued by the Group 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 Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

### Financial liabilities

#### 1) Subsequent measurement

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

##### a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such a financial liability is held for trading. Such financial liabilities 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 34.

##### b) Financial guarantee contracts

Financial guarantee contracts issued by the Group and not designated as at FVTPL, are subsequently measured at the higher of the amount of the loss allowance reflecting expected credit losses or the amount initially recognized less cumulative amortization recognized.

#### 2) 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.

## Derivative financial instruments

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

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. 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, which contain financial asset hosts 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 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.

### q. Levies

A levy imposed by a government is accrued as other liability when the transaction or activity that triggers the payment of the levy occurs. If the obligating event occurs over a period of time, the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold, the liability is recognized when that minimum threshold is reached.

### r. Revenue recognition

#### 1) Sale of goods

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

The Group'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's specific location 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. For sales of merchandise through the Group's own retail outlets, revenue is recognized when the customer purchases the goods at the retail outlet.

#### 2) 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.

s. Leases

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

1) The Group as lessor

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

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

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

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

2) The Group as lessee

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

Right-of-use assets are initially measured at cost. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated 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 Group uses the lessee's incremental borrowing rate.

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

t. 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 (excluding interest), 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 Group'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 when the Group can no longer withdraw the offer of the termination benefit.

u. Share-based payment arrangements

The fair value at the grant date of the employee share options the Group granted to employee is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vesting immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options.

v. Taxation

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

1) Current tax

According to the Income Tax Law in the Republic of China (ROC), an additional tax of unappropriated earnings is provided for as income tax 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 consolidated 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, unused loss carryforward and unused tax credits 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 and associates, and interests in joint ventures, except where the Group 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 Group 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 tax and deferred tax 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 tax and deferred tax 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 Group's accounting policies, management is required to make judgments, estimations 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 Group considers the economic implications of the COVID-19 when making its critical accounting 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 revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

a. Write-down of inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and the historical experience of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

b. Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and intangible assets have been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
Cash on hand	\$ 19,148	\$ 20,011
Checking accounts and demand deposits	20,517,486	24,675,936
Cash equivalent (investments with original maturities of less than three months)		
Time deposits	<u>11,572,091</u>	<u>12,354,008</u>
	<u>\$ 32,108,725</u>	<u>\$ 37,049,955</u>

## 7. FINANCIAL INSTRUMENTS AT FVTPL

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
<u>Financial assets at FVTPL</u>		
Financial assets mandatorily at FVTPL		
Hybrid financial assets		
Structured deposits (a)	\$ 578,315	\$ 598,281
Derivative financial assets (not under hedge accounting)		
Interest rate swap contracts (b)	-	11,350
Foreign exchange forward contracts (c)	76,483	169,394
Exchange rate option contracts (d)	3,276,190	6,191
Exchange rate swap contracts (e)	180,774	1,636

(Continued)

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Non-derivative financial assets		
Mutual funds	\$ 654,755	\$ 890,362
Contingent consideration (Note 32)	<u>-</u>	<u>369,205</u>
	<u>\$ 4,766,517</u>	<u>\$ 2,046,419</u>
Current	\$ 3,769,286	\$ 692,874
Non-current	<u>997,231</u>	<u>1,353,545</u>
	<u>\$ 4,766,517</u>	<u>\$ 2,046,419</u>
 <u>Financial liabilities at FVTPL</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Interest rate swap contracts (b)	\$ 717,051	\$ 308,366
Forward exchange contracts (c)	117,458	-
Exchange rate option contracts (d)	10,954	2,383
Exchange rate swap contracts (e)	704	19,692
Cross-currency swap contracts (f)	<u>-</u>	<u>25,666</u>
	<u>\$ 846,167</u>	<u>\$ 356,107</u>
Current	\$ 131,348	\$ 47,741
Non-current	<u>714,819</u>	<u>308,366</u>
	<u>\$ 846,167</u>	<u>\$ 356,107</u>

(Concluded)

a. Structured deposits

Yue Yuen entered into a 5-year, USD structured time deposit contract with a bank in October 2017. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The contract was designated as at FVTPL under IAS 39. But under IFRS 9, the entire contract was assessed and mandatorily classified as at FVTPL since it contained a host that is an asset within the scope of IFRS 9. As of December 31, 2020 and 2019, the structured time deposit was classified as “financial assets at FVTPL - non-current”.

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

December 31, 2020

Notional Amount (In Thousands)	Maturity Date	Pay Rate (Fixed Rate %)	Received Rate (Floating Rate %)
US\$ 50,000	2021.03	Note	Note
US\$ 100,000	2023.07	3.335	0.91363
US\$ 150,000	2023.07	3.340	0.91438
US\$ 100,000	2022.08	2.600	0.98863

(Continued)

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Pay Rate (Fixed Rate %)</b>	<b>Received Rate (Floating Rate %)</b>
US\$ 50,000	2022.08	1.930	0.23863
US\$ 50,000	2022.08	1.930	0.23863
US\$ 50,000	2023.03	0.720	0.23863
US\$ 50,000	2023.03	0.710	0.23863
US\$ 50,000	2023.03	0.648	0.23863
US\$ 50,000	2023.03	0.548	0.23863
US\$ 50,000	2023.03	0.515	0.23863
US\$ 50,000	2023.03	0.485	0.23863

(Concluded)

December 31, 2019

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

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

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

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

December 31, 2020

<b>Notional Amount (In Thousands)</b>	<b>Forward Exchange Rates</b>
US\$ 148,320	Sell US\$/buy IDR at 14,835 to 17,145
US\$ 81,768	Sell NT\$/buy US\$ at 26.756 to 29.440

December 31, 2019

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

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

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

December 31, 2020

<b>Notional Amount (In Thousands)</b>	<b>Type</b>	<b>Buy/Sell</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>
US\$ 35,000	Put	Sell	2020.12-2021.03	US\$:RMB6.8000
US\$ 80,000	Put	Sell	2020.12-2021.12	US\$:RMB7.0500
US\$ 5,000	Call	Sell	2021.09	US\$:RMB6.5000
US\$ 5,000	Call	Sell	2021.09	US\$:RMB6.5000
US\$ 92,000	Put	Sell	2021.01-2022.11	US\$:RMB7.0000
US\$ 28,000	Call	Sell	2021.06-2021.12	US\$:HK\$7.7490
US\$ 30,000	Call	Sell	2021.02-2022.02	US\$:HK\$7.7490
US\$ 30,000	Call	Sell	2021.03-2022.03	US\$:HK\$7.7475
US\$ 18,000	Call	Sell	2021.05-2022.05	US\$:HK\$7.7335
US\$ 12,000	Call	Sell	2021.05-2022.05	US\$:HK\$7.7335
US\$ 89,000	Put	Sell	2021.03-2021.08	US\$:IDR15,600

December 31, 2019

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

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

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

December 31, 2020

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>
US\$ 5,800	2021.03	US\$:NT\$28.2830
US\$ 19,000	2021.03	US\$:NT\$28.1035
US\$ 38,000	2021.03	US\$:NT\$28.0970
US\$ 15,000	2021.03	US\$:NT\$28.0970
US\$ 60,000	2021.03	US\$:NT\$28.0960
US\$ 72,600	2021.03	US\$:NT\$28.0860
US\$ 31,900	2021.03	US\$:NT\$28.0860
US\$ 43,000	2021.03	US\$:NT\$28.0860
US\$ 21,000	2021.03	US\$:NT\$28.0860
US\$ 36,000	2021.03	US\$:NT\$28.0860

(Continued)

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>
US\$ 2,000	2021.03	US\$:NT\$28.1040
US\$ 16,600	2021.03	US\$:NT\$28.0970
US\$ 20,000	2021.03	US\$:NT\$28.0970
US\$ 9,000	2021.03	US\$:NT\$28.0960
US\$ 20,400	2021.03	US\$:NT\$28.0960
US\$ 55,000	2021.03	US\$:NT\$28.0960
RMB 42,860	2021.03	RMB:NT\$4.2233
RMB 80,100	2021.03	US\$:RMB6.8395
RMB 100,000	2021.03	US\$:RMB6.8393
RMB 119,900	2021.03	US\$:RMB6.8395
RMB 57,509	2021.03	US\$:RMB6.6290
RMB 34,930	2021.06	US\$:RMB6.5928

(Concluded)

December 31, 2019

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

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

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

December 31, 2019

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

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

## 8. DERIVATIVE FINANCIAL LIABILITY FOR HEDGING - CURRENT

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Financial liability - current</u>		
Fair value hedge - cross currency swap contracts	\$ <u>278</u>	\$ <u>-</u>

The Group entered into cross-currency swap contracts to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated borrowings. As the critical terms of the cross-currency swap contracts and their corresponding hedged items are the same, the managements of the Group believes that they could be used as highly effective hedging instruments. At the end of the reporting period, outstanding cross-currency swap contracts were as follows:

December 31, 2020

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Exchange Rate</b>	<b>Interest %</b>
US\$9,200	2021.12	US\$:NT\$28.300	0.450

## 9. FINANCIAL ASSETS AT FVTOCI

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Domestic investments		
Listed shares	\$ 17,540,298	\$ 18,682,365
Unlisted shares	85,946	70,805
Foreign investments		
Unlisted shares	<u>109,472</u>	<u>205,409</u>
	<u>\$ 17,735,716</u>	<u>\$ 18,958,579</u>
Current	\$ 16,685,548	\$ 17,736,334
Non-current	<u>1,050,168</u>	<u>1,222,245</u>
	<u>\$ 17,735,716</u>	<u>\$ 18,958,579</u>

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 Group's strategy of holding these investments for long-term purposes.

## 10. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Domestic investments		
Time deposits with original maturities of more than three months	\$ 7,043,368	\$ 663,276
Restricted deposits of repatriated offshore funds	134,438	-
Structured product	113,364	696,110
Repurchase agreements collateralized by bonds with original maturities of more than three months	344,488	-
Foreign investments		
Bonds	1,459,241	4,367,841
Structured products	<u>1,870,356</u>	<u>1,846,900</u>
	<u>\$ 10,965,255</u>	<u>\$ 7,574,127</u>
Current	\$ 7,492,930	\$ 1,656,038
Non-current	<u>3,472,325</u>	<u>5,918,089</u>
	<u>\$ 10,965,255</u>	<u>\$ 7,574,127</u>

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

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Notes receivable (including related parties)</u>		
Notes receivable - operating	<u>\$ 39</u>	<u>\$ 509</u>
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 32,110,269	\$ 34,569,042
Less: Allowance for impairment loss	<u>(193,403)</u>	<u>(307,796)</u>
	<u>\$ 31,916,866</u>	<u>\$ 34,261,246</u>
<u>Other receivables</u>		
Tax refund receivables	\$ 1,469,645	\$ 1,618,777
Others	3,843,536	3,528,918
Less: Allowance for impairment loss	<u>(859)</u>	<u>(32,039)</u>
	<u>\$ 5,312,322</u>	<u>\$ 5,115,656</u>

### a. Notes receivable

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

b. Accounts receivable

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

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

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

December 31, 2020

	<b>Less than 30 Days</b>	<b>31 to 90 Days</b>	<b>Over 91 Days</b>	<b>Total</b>
Gross carrying amount	\$ 19,707,475	\$ 11,850,286	\$ 552,508	\$ 32,110,269
Loss allowance (lifetime ECLs)	<u>-</u>	<u>(11,135)</u>	<u>(182,268)</u>	<u>(193,403)</u>
Amortized cost	<u>\$ 19,707,475</u>	<u>\$ 11,839,151</u>	<u>\$ 370,240</u>	<u>\$ 31,916,866</u>

December 31, 2019

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

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

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 307,796	\$ 574,519
Add: Impairment losses recognized on receivables	9,188	68,062
Less: Amount written off	(118,391)	(224,550)
Less: Subsidiary disposed	-	(97,777)
Foreign exchange gains and losses	<u>(5,190)</u>	<u>(12,458)</u>
Balance at December 31	<u>\$ 193,403</u>	<u>\$ 307,796</u>

## 12. INVENTORIES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Inventories - manufacturing and retailing	\$ 45,214,271	\$ 54,713,419
Inventories - construction	<u>3,716,256</u>	<u>3,909,013</u>
	<u>\$ 48,930,527</u>	<u>\$ 58,622,432</u>

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Raw materials	\$ 6,288,650	\$ 7,301,125
Work in progress	4,674,720	5,369,483
Finished goods and merchandise	<u>34,250,901</u>	<u>42,042,811</u>
	<u>\$ 45,214,271</u>	<u>\$ 54,713,419</u>

The cost of manufacturing and retailing inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was \$195,203,206 thousand and \$233,641,231 thousand, respectively.

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Land and buildings held for development	\$ 3,563,870	\$ 3,742,807
Land and buildings held for sale	41,494	55,314
Land held for construction site	<u>110,892</u>	<u>110,892</u>
	<u>\$ 3,716,256</u>	<u>\$ 3,909,013</u>

## 13. NON-CURRENT ASSETS HELD FOR SALE

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Assets associated with non-current assets held for sale</u>		
Investments accounted for using equity method	<u>\$ 630,861</u>	<u>\$ 1,342,804</u>

- a. Yue Yuen resolved to dispose of its joint ventures during in 2019 and reclassified the assets as “non-current assets held for sale”. The carrying amount of the assets was \$541,433 thousand (US\$19,011 thousand) and \$1,217,278 thousand (US\$40,603 thousand) as of December 31, 2020 and 2019, respectively.
- b. Pou Sheng resolved to dispose of its joint ventures in 2019 and reclassified the assets as “non-current assets held for sale”. The carrying amount of the assets was \$89,428 thousand (RMB20,412 thousand) and \$125,526 thousand (RMB29,160 thousand) as of December 31, 2020 and 2019, respectively.

## 14. OTHER ASSETS

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Prepayments	\$ 6,936,892	\$ 7,298,459
Refundable deposits	817,929	780,464
Defined benefit assets (Note 25)	43,754	43,754
Prepayments for equipment	2,922,753	3,187,694
Others	<u>1,901,316</u>	<u>2,180,680</u>
	<u>\$ 12,622,644</u>	<u>\$ 13,491,051</u>
Current	\$ 8,648,792	\$ 9,159,841
Non-current	<u>3,973,852</u>	<u>4,331,210</u>
	<u>\$ 12,622,644</u>	<u>\$ 13,491,051</u>

## 15. SUBSIDIARIES

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

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

The information of major subsidiaries of Wealthplus is as follows:

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

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

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

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

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

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

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

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

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

Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2020	2019	2020	2019
	Yue Yuen Industrial (Holdings) Limited	\$ (1,465,332)	\$ 4,544,881	\$ 53,341,738
Pou Sheng International (Holdings) Limited	481,950	1,407,876	13,675,299	12,167,173

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Current assets	\$ 120,609,716	\$ 134,660,339
Non-current assets	120,200,012	127,150,345
Current liabilities	(66,491,381)	(73,624,773)
Non-current liabilities	<u>(51,359,235)</u>	<u>(53,680,531)</u>
Equity	<u>\$ 122,959,112</u>	<u>\$ 134,505,380</u>
Equity attributable to:		
Owners of the Company	\$ 56,103,415	\$ 62,334,857
Non-controlling interests of Yue Yuen	53,341,738	59,284,190
Non-controlling interests of Yue Yuen's subsidiaries	<u>13,513,959</u>	<u>12,886,333</u>
	<u>\$ 122,959,112</u>	<u>\$ 134,505,380</u>
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Operating revenue	<u>\$ 249,276,778</u>	<u>\$ 312,346,215</u>
Net (loss) income	\$ (2,459,579)	\$ 10,878,199
Other comprehensive income (loss)	<u>2,176,192</u>	<u>(456,667)</u>
Total comprehensive (loss) income	<u>\$ (283,387)</u>	<u>\$ 10,421,532</u>
Net (loss) income attributable to:		
Owners of the Company	\$ (1,527,731)	\$ 4,711,498
Non-controlling interests of Yue Yuen	(1,465,331)	4,544,881
Non-controlling interests of Yue Yuen's subsidiaries	<u>533,483</u>	<u>1,621,820</u>
	<u>\$ (2,459,579)</u>	<u>\$ 10,878,199</u>
Total comprehensive (loss) income attributable to:		
Owners of the Company	\$ (881,045)	\$ 4,578,978
Non-controlling interests of Yue Yuen	(846,975)	4,417,837
Non-controlling interests of Yue Yuen's subsidiaries	<u>1,444,633</u>	<u>1,424,717</u>
	<u>\$ (283,387)</u>	<u>\$ 10,421,532</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 15,641,001	\$ 21,088,068
Investing activities	(5,917,239)	(6,547,304)
Financing activities	<u>(13,588,078)</u>	<u>(10,151,867)</u>
Net cash (outflow) inflow	<u>\$ (3,864,316)</u>	<u>\$ 4,388,897</u>
Dividends paid to:		
Non-controlling interests of Yue Yuen	<u>\$ 2,122,838</u>	<u>\$ 4,692,974</u>
Non-controlling interests of Yue Yuen's subsidiaries	<u>\$ 14,766</u>	<u>\$ 275,298</u>

## 16. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Investments in associates	\$ 89,961,240	\$ 64,849,487
Investments in joint ventures	<u>8,027,754</u>	<u>7,461,297</u>
	<u>\$ 97,988,994</u>	<u>\$ 72,310,784</u>

### a. Investments in associates

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Material associate		
Ruen Chen Investment Holding Co., Ltd.	\$ 75,039,348	\$ 49,612,043
Associates that are not individually material	<u>14,921,892</u>	<u>15,237,444</u>
	<u>\$ 89,961,240</u>	<u>\$ 64,849,487</u>

### 1) Material associate

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

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

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Assets	\$ 5,160,470,282	\$ 4,846,936,411
Liabilities	(4,734,749,393)	(4,562,716,753)
Non-controlling interests	<u>(50,227,590)</u>	<u>(35,862,882)</u>
Owners of Ruen Chen Investment Holding Co., Ltd.	<u>\$ 375,493,299</u>	<u>\$ 248,356,776</u>
Proportion of the Group	20.00%	20.00%

(Continued)

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Equity attributable to the Group	\$ 75,098,660	\$ 49,671,355
Other adjustments	<u>(59,312)</u>	<u>(59,312)</u>
Carrying amount	<u>\$ 75,039,348</u>	<u>\$ 49,612,043</u> (Concluded)
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Operating revenue	<u>\$ 579,075,147</u>	<u>\$ 622,318,319</u>
Net income	\$ 35,695,200	\$ 32,004,407
Other comprehensive income	<u>104,899,215</u>	<u>173,096,475</u>
Total comprehensive income	<u>\$ 140,594,415</u>	<u>\$ 205,100,882</u>

2) Associates that are not individually material

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

- a) Refer to Table 9 “Information on Investees” of Note 40 for business location and business item of the associates that are not individually material.
- b) The Group holds less than 20% interest of Elitegroup Computer Systems Co., Ltd. but the Group has the power to appoint two out of the nine directors of Elitegroup Computer Systems Co., Ltd.; therefore, the Group is able to exercise significant influence over Elitegroup Computer Systems Co., Ltd.

- c) The Group holds less than 20% interest of Nan Pao Resins Chemical Co., Ltd. (“Nan Pao”) but the Group has the power to appoint one out of the eight directors of Nan Pao.; therefore, the Group is able to exercise significant influence over Nan Pao.
- d) The Group participated in the issuance of ordinary shares for cash of Nan Shan Life Insurance Company, Ltd., and purchasing 23,740 thousand shares with \$16 per share, with the amount of \$379,840 thousand. The proportion of ownership and voting rights of the Group is 0.18%, but the Group exercises significant influence over Ruen Chen Investment Holding Co., Ltd., which is the parent company of Nan Shan Life Insurance Company, Ltd., therefore, Nan Shan Life Insurance Company, Ltd. is classified to associate of the Group.
- e) The summarized financial information below represents amounts shown in the financial statements of associates that are not individually material which were prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
The Group’s share of:		
Net income	\$ 880,666	\$ 875,282
Other comprehensive income	<u>453,001</u>	<u>17,991</u>
Total comprehensive income	<u>\$ 1,333,667</u>	<u>\$ 893,273</u>

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

<b>Name of Associate</b>	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Eagle Nice (International) Holdings Limited	<u>\$ 2,764,925</u>	<u>\$ 2,245,787</u>
Prosperous Industrial (Holdings) Ltd.	<u>\$ 324,105</u>	<u>\$ 353,905</u>
San Fang Chemical Industry Co., Ltd.	<u>\$ 4,084,434</u>	<u>\$ 4,211,869</u>
Elitegroup Computer Systems Co., Ltd.	<u>\$ 2,820,902</u>	<u>\$ 1,489,262</u>
Nan Pao Resins Chemical Co., Ltd.	<u>\$ 3,353,018</u>	<u>\$ 3,194,684</u>

b. Investments in joint ventures

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Joint ventures that are not individually material	<u>\$ 8,027,754</u>	<u>\$ 7,461,297</u>

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

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

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

	For the Year Ended December 31	
	2020	2019
The Group’s share of:		
Net income	\$ 631,470	\$ 772,652
Other comprehensive income (loss)	<u>250,769</u>	<u>(62,125)</u>
Total comprehensive income	<u>\$ 882,239</u>	<u>\$ 710,527</u>

## 17. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Balance at January 1, 2019	\$ 2,241,872	\$ 83,585,164	\$ 48,688,551	\$ 1,313,491	\$ 7,831,991	\$ 238,491	\$ 2,576,802	\$ 146,476,362
Additions	-	4,361,634	4,541,889	102,923	1,231,959	17,113	2,017,362	12,272,880
Disposal	-	(2,092,932)	(2,077,623)	(111,306)	(460,496)	(10,176)	-	(4,752,533)
Disposal of subsidiaries	-	(313,519)	-	-	(443,972)	-	(21,028)	(778,519)
Reclassification - other	309,113	1,414,117	12,877	1,590	16,051	17,092	(1,507,373)	263,467
Effects of exchange rate changes	-	(1,959,708)	(1,143,740)	(28,544)	(179,126)	(8)	(58,615)	(3,369,741)
Urban renewal	(5,943)	-	-	-	-	-	-	(5,943)
Balance at December 31, 2019	<u>\$ 2,545,042</u>	<u>\$ 84,994,756</u>	<u>\$ 50,021,954</u>	<u>\$ 1,278,154</u>	<u>\$ 7,996,407</u>	<u>\$ 262,512</u>	<u>\$ 3,007,148</u>	<u>\$ 150,105,973</u>
Accumulated depreciation and impairment								
Balance at January 1, 2019	\$ (5,241)	\$ (33,313,198)	\$ (27,944,301)	\$ (877,770)	\$ (5,006,144)	\$ (167,067)	\$ -	\$ (67,313,721)
Depreciation expenses	-	(5,061,591)	(4,780,721)	(113,301)	(909,933)	(22,612)	-	(10,888,158)
Disposal	-	1,509,732	1,674,504	92,113	410,624	9,768	-	3,696,741
Disposal of subsidiaries	-	154,058	-	-	188,099	-	-	342,157
Reclassification - other	-	17,324	(13)	-	(248)	(163)	-	16,900
Effects of exchange rate changes	-	937,503	800,112	21,807	141,942	10	-	1,901,374
Balance at December 31, 2019	<u>\$ (5,241)</u>	<u>\$ (35,756,172)</u>	<u>\$ (30,250,419)</u>	<u>\$ (877,151)</u>	<u>\$ (5,175,660)</u>	<u>\$ (180,064)</u>	<u>\$ -</u>	<u>\$ (72,244,707)</u>
Carrying amounts at December 31, 2019	<u>\$ 2,539,801</u>	<u>\$ 49,238,584</u>	<u>\$ 19,771,535</u>	<u>\$ 401,003</u>	<u>\$ 2,820,747</u>	<u>\$ 82,448</u>	<u>\$ 3,007,148</u>	<u>\$ 77,861,266</u>

(Continued)

	Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
<b>Cost</b>								
Balance at January 1, 2020	\$ 2,545,042	\$ 84,994,756	\$ 50,021,954	\$ 1,278,154	\$ 7,996,407	\$ 262,512	\$ 3,007,148	\$ 150,105,973
Additions	-	2,353,461	2,151,105	52,498	701,887	23,596	2,021,798	7,304,345
Disposal	-	(2,055,508)	(3,824,669)	(115,462)	(353,602)	(8,788)	-	(6,358,029)
Reclassification - other	196,926	3,010,559	2,764	1,570	-	20	(3,083,528)	128,311
Effects of exchange rate changes	-	(3,190,932)	(2,440,751)	(48,199)	(248,938)	(16)	(144,546)	(6,073,382)
Urban renewal	(5,943)	-	-	-	-	-	-	(5,943)
Balance at December 31, 2020	<u>\$ 2,736,025</u>	<u>\$ 85,112,336</u>	<u>\$ 45,910,403</u>	<u>\$ 1,168,561</u>	<u>\$ 8,095,754</u>	<u>\$ 277,324</u>	<u>\$ 1,800,872</u>	<u>\$ 145,101,275</u>
<b>Accumulated depreciation and impairment</b>								
Balance at January 1, 2020	\$ (5,241)	\$ (35,756,172)	\$ (30,250,419)	\$ (877,151)	\$ (5,175,660)	\$ (180,064)	\$ -	\$ (72,244,707)
Depreciation expenses	-	(5,158,722)	(4,625,719)	(108,850)	(916,834)	(25,582)	-	(10,835,707)
Disposal	-	1,454,926	2,812,177	103,026	265,653	8,675	-	4,644,457
Reclassification - other	-	28,959	-	-	-	-	-	28,959
Effects of exchange rate changes	-	1,420,504	1,638,555	35,973	193,961	16	-	3,289,009
Balance at December 31, 2020	<u>\$ (5,241)</u>	<u>\$ (38,010,505)</u>	<u>\$ (30,425,406)</u>	<u>\$ (847,002)</u>	<u>\$ (5,632,880)</u>	<u>\$ (196,955)</u>	<u>\$ -</u>	<u>\$ (75,117,989)</u>
Carrying amounts at December 31, 2020	<u>\$ 2,730,784</u>	<u>\$ 47,101,831</u>	<u>\$ 15,484,997</u>	<u>\$ 321,559</u>	<u>\$ 2,462,874</u>	<u>\$ 80,369</u>	<u>\$ 1,800,872</u>	<u>\$ 69,983,286</u>

(Concluded)

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

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

- The Group has a land 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.

## 18. LEASE ARRANGEMENTS

- Right-of-use assets

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Carrying amounts</u>		
Land	\$ 6,661,570	\$ 6,667,555
Buildings	13,854,609	12,298,223
Machinery	6,452	5,182
Transportation equipment	7,491	6,554
Other equipment	<u>5,374</u>	<u>5,576</u>
	<u>\$ 20,535,496</u>	<u>\$ 18,983,090</u>

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Additions to right-of-use assets	<u>\$ 7,413,092</u>	<u>\$ 7,678,670</u>
Depreciation charge for right-of-use assets		
Land	\$ 149,065	\$ 151,654
Buildings	5,102,733	4,149,894
Machinery	7,381	5,387
Transportation equipment	4,878	4,341
Other equipment	<u>823</u>	<u>438</u>
	<u>\$ 5,264,880</u>	<u>\$ 4,311,714</u>

b. Lease liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Carrying amounts</u>		
Current	\$ 4,640,954	\$ 3,908,023
Non-current	<u>9,494,536</u>	<u>8,255,154</u>
	<u>\$ 14,135,490</u>	<u>\$ 12,163,177</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Land	1.23%-5.00%	1.34%-5.00%
Buildings	1.34%-5.50%	1.34%-5.50%
Machinery	0.90%-3.07%	3.07%
Transportation equipment	1.25%-4.50%	1.34%-4.50%
Other equipment	1.34%	1.34%

c. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Expenses relating to short-term leases	<u>\$ 770,401</u>	<u>\$ 1,409,800</u>
Expenses relating to low-value asset leases	<u>\$ 2,243</u>	<u>\$ 2,533</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 5,656,669</u>	<u>\$ 8,409,159</u>
Total cash outflow for leases	<u>\$ 11,647,833</u>	<u>\$ 14,281,468</u>

## 19. INVESTMENT PROPERTIES

	<b>2020</b>	<b>2019</b>
<u>Cost</u>		
Balance at January 1	\$ 3,665,277	\$ 3,123,486
Additions	32,240	1,079
Reclassification	29,582	579,051
Effects of exchange rate changes	<u>(77,183)</u>	<u>(38,339)</u>
Balance at December 31	<u>\$ 3,649,916</u>	<u>\$ 3,665,277</u>
<u>Accumulated depreciation and impairment</u>		
Balance at January 1	\$ (823,426)	\$ (811,465)
Depreciation expenses	(26,816)	(26,507)
Reclassification	(10,709)	(4,072)
Effects of exchange rate changes	<u>38,075</u>	<u>18,618</u>
Balance at December 31	<u>\$ (822,876)</u>	<u>\$ (823,426)</u>
Carrying amounts at December 31	<u>\$ 2,827,040</u>	<u>\$ 2,841,851</u>

- a. The investment properties are depreciated by the straight-line method over 30-55 years.
- b. The fair values of the Group's investment properties as of December 31, 2020 and 2019 were \$4,845,589 thousand and \$5,198,009 thousand, respectively.

The maturity analysis of lease payments receivable under operating leases of investment properties at December 31, 2020 and 2019 was as follows:

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
Year 1	\$ 421,164	\$ 779,076
Year 2	383,197	539,687
Year 3	344,116	469,378
Year 4	277,423	337,465
Year 5	265,438	267,834
Year 6 onwards	<u>697,267</u>	<u>692,323</u>
	<u>\$ 2,388,605</u>	<u>\$ 3,085,763</u>

## 20. GOODWILL

	2020	2019
<u>Cost</u>		
Balance at January 1	\$ 8,507,409	\$ 9,096,924
Disposal of subsidiaries	-	(347,127)
Effects of exchange rate changes	<u>(287,242)</u>	<u>(242,388)</u>
Balance at December 31	<u>\$ 8,220,167</u>	<u>\$ 8,507,409</u>
<u>Accumulated impairment</u>		
Balance at January 1	\$ (227,577)	\$ (230,178)
Recognized impairment losses	(46,511)	(3,020)
Effects of exchange rate changes	<u>11,816</u>	<u>5,621</u>
Balance at December 31	<u>\$ (262,272)</u>	<u>\$ (227,577)</u>
Carrying amounts at December 31	<u>\$ 7,957,895</u>	<u>\$ 8,279,832</u>

The carrying value of goodwill allocated to four cash-generating units was as follows:

	<u>December 31</u>	
	2020	2019
<u>Goodwill</u>		
Manufacturing and marketing of footwear materials	\$ 5,223,090	\$ 5,498,182
Manufacturing and marketing of sports apparel	9,854	10,373
Retailing business - retail and distribution of sportswear products	2,322,572	2,332,954
Others	<u>402,379</u>	<u>438,323</u>
	<u>\$ 7,957,895</u>	<u>\$ 8,279,832</u>

The Group has evaluated the recoverable amount of these cash-generating units for the years ended December 31, 2020 and 2019, and the recoverable amount of these cash-generating units was determined based on the value in use. The value in use was calculated based on used cash flow forecasts of the financial budgets approved by the management covering a five-year period. The growth rates were based on the forecasts of the relevant industries.

The discount rates and growth rates used in the value calculations for these cash-generating units were as follows:

	<u>December 31</u>			
	2020		2019	
	Discount Rate	Growth Rate	Discount Rate	Growth Rate
Manufacturing and marketing of footwear materials	13%-17%	2%	13%-17%	2%
Manufacturing and marketing of sports apparel	13%-17%	1%	13%-17%	1%
Retailing business - retail and distribution of sportswear products	13%-17%	3%	13%-17%	3%

Other key assumptions for calculating the evaluated value in use included a sales budget, gross margins and other related cash inflow and outflow patterns. The evaluated amount was based on these cash-generating units' historical performance and the management's expectation of the market development.

## 21. OTHER INTANGIBLE ASSETS

	Patents	Trademarks	Computer Software	Customer Relationships	Brand Names	Licensing Agreements	Non-competes Agreements	Total
<u>Cost</u>								
Balance at January 1, 2019	\$ -	\$ 1,414,632	\$ -	\$ 338,510	\$ 2,090,002	\$ 448,623	\$ 666,792	\$ 4,958,559
Additions	-	-	448,436	-	-	-	41,642	490,078
Disposal	-	(1,430,996)	-	(328,911)	-	-	-	(1,759,907)
Reclassification	-	-	508,423	-	-	-	-	508,423
Effects of exchange rate changes	-	16,386	-	(9,599)	(78,044)	(15,652)	(25,909)	(112,818)
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ 956,859</u>	<u>\$ -</u>	<u>\$ 2,011,958</u>	<u>\$ 432,971</u>	<u>\$ 682,525</u>	<u>\$ 4,084,335</u>
<u>Accumulated amortization and impairment</u>								
Balance at January 1, 2019	\$ -	\$ (4)	\$ -	\$ (247,532)	\$ (958,093)	\$ (281,042)	\$ (284,421)	\$ (1,771,092)
Disposal	-	-	-	260,523	-	-	-	260,523
Amortization expenses	-	(18)	(27,233)	(16,080)	(377,260)	(45,318)	(34,932)	(500,841)
Effects of exchange rate changes	-	-	-	3,089	49,841	11,540	11,908	76,378
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ (22)</u>	<u>\$ (27,233)</u>	<u>\$ -</u>	<u>\$ (1,285,512)</u>	<u>\$ (314,820)</u>	<u>\$ (307,445)</u>	<u>\$ (1,935,032)</u>
Carrying amounts at December 31, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 929,626</u>	<u>\$ -</u>	<u>\$ 726,446</u>	<u>\$ 118,151</u>	<u>\$ 375,080</u>	<u>\$ 2,149,303</u>
<u>Cost</u>								
Balance at January 1, 2020	\$ -	\$ 22	\$ 956,859	\$ -	\$ 2,011,958	\$ 432,971	\$ 682,525	\$ 4,084,335
Additions	68	37	196,556	-	-	-	-	196,661
Disposal	-	(22)	-	-	-	-	-	(22)
Effects of exchange rate changes	-	-	(5)	-	35,099	7,529	11,874	54,497
Balance at December 31, 2020	<u>\$ 68</u>	<u>\$ 37</u>	<u>\$ 1,153,410</u>	<u>\$ -</u>	<u>\$ 2,047,057</u>	<u>\$ 440,500</u>	<u>\$ 694,399</u>	<u>\$ 4,335,471</u>
<u>Accumulated amortization and impairment</u>								
Balance at January 1, 2020	\$ -	\$ (22)	\$ (27,233)	\$ -	\$ (1,285,512)	\$ (314,820)	\$ (307,445)	\$ (1,935,032)
Disposal	-	22	-	-	-	-	-	22
Amortization expenses	(9)	(4)	(41,439)	-	(360,882)	(43,449)	(36,123)	(481,906)
Effects of exchange rate changes	-	-	-	-	(31,078)	(6,503)	(6,166)	(43,747)
Balance at December 31, 2020	<u>\$ (9)</u>	<u>\$ (4)</u>	<u>\$ (68,672)</u>	<u>\$ -</u>	<u>\$ (1,677,472)</u>	<u>\$ (364,772)</u>	<u>\$ (349,734)</u>	<u>\$ (2,460,663)</u>
Carrying amounts at December 31, 2020	<u>\$ 59</u>	<u>\$ 33</u>	<u>\$ 1,084,738</u>	<u>\$ -</u>	<u>\$ 369,585</u>	<u>\$ 75,728</u>	<u>\$ 344,665</u>	<u>\$ 1,874,808</u>

The above items of other intangible assets are amortized on a straight-line basis over the estimated useful life of the asset:

<u>Items</u>	<u>Estimated Useful Life</u>
Patents	15-20 years
Trademarks	10 years
Computer software	3-20 years
Customer relationships	8 years
Brand names	5 years
Licensing agreements	10 years
Non-competes agreements	5-20 years

## 22. BORROWINGS

### a. Short-term borrowings

	<u>December 31</u>	
	2020	2019
<u>Unsecured borrowings</u>		
Credit borrowings	\$ <u>23,732,375</u>	\$ <u>42,247,828</u>

The range of effective interest rate on bank borrowings was 0.55%-5.00% and 0.66%-5.00% per annum as of December 31, 2020 and 2019, respectively.

### b. Short-term bills payable

#### December 31, 2020

	<b>Annual Interest Rate (%)</b>	<b>Amount</b>
Commercial papers	0.24-0.70	\$ 3,361,500
Less: Unamortized discount on bills payable		<u>(752)</u>
		<u>\$ 3,360,748</u>

#### December 31, 2019

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

### c. Long-term borrowings

	<u>December 31</u>	
	2020	2019
<u>Unsecured borrowings</u>		
Bank loans	\$ 72,344,609	\$ 60,758,044
Less: Long-term expenses for syndicated loan	(126,955)	(204,194)
Less: Current portion	<u>(5,888,875)</u>	<u>(263,796)</u>
	<u>\$ 66,328,779</u>	<u>\$ 60,290,054</u>

Maturity date and range of annual interest rate:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Maturity date</u>		
Long-term borrowings	2022.01.15- 2026.07.15	2021.01.15- 2026.07.15
Current portion of long-term borrowings	2021.01.15- 2021.10.15	2020.01.15- 2020.10.15
<u>Range of interest rate</u>	0.23%-2.50%	0.91%-2.65%

### 23. NOTES PAYABLE AND ACCOUNTS PAYABLE

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Notes payable (including related parties)</u>		
Operating	\$ 2,095	\$ 4,236
Non-operating	<u>5,307</u>	<u>6,963</u>
	<u>\$ 7,402</u>	<u>\$ 11,199</u>
Accounts payable (including related parties)	<u>\$ 16,628,923</u>	<u>\$ 14,866,337</u>

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

### 24. OTHER PAYABLES

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Payables for salaries	\$ 10,538,005	\$ 12,205,156
Payables for purchase of property, plant and equipment	1,855,773	2,726,377
Compensation due to directors and supervisors	114,033	168,575
Employee compensation payables	647,883	777,250
Interest payables	126,610	239,973
Payables for annual leave	1,069,886	1,165,164
Others	<u>7,012,886</u>	<u>8,165,832</u>
	<u>\$ 21,365,076</u>	<u>\$ 25,448,327</u>
Current	\$ 21,217,044	\$ 25,295,496
Non-current	<u>148,032</u>	<u>152,831</u>
	<u>\$ 21,365,076</u>	<u>\$ 25,448,327</u>

## 25. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Group 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.

### b. Defined benefit plans - Yue Yuen and its subsidiaries - Indonesia

The net amounts in respect of the defined benefit liability were \$3,220,119 thousand and \$3,220,931 thousand as of December 31, 2020 and 2019, respectively. Movements in the net defined benefit liability were as follows:

Present Value of Defined Benefit Obligation	December 31	
	2020	2019
Balance at January 1	\$ 3,220,931	\$ 2,547,595
Current service cost	333,313	227,807
Past service (gain) loss	(450,031)	14,846
Net interest expense	246,675	232,044
Others	(7,512)	11,661
Recognized in profit or loss	122,445	486,358
Remeasurement		
Actuarial loss arising from changes in demographic assumptions	62,428	7,975
Actuarial loss arising from changes in financial assumptions	239,488	198,048
Actuarial loss arising from experience adjustments	204,743	60,650
Effect of exchange rate changes of remeasurement	3,702	23,804
Recognized in other comprehensive income	510,361	290,477
Benefits paid	(388,451)	(175,070)
Effect of exchange rate changes on foreign plans	(245,167)	71,571
Balance at December 31	\$ 3,220,119	\$ 3,220,931

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	
	2020	2019
Discount rate	7.10%-7.80%	8.00%-8.25%
Expected rate of salary increase	5.00%-8.00%	6.00%-8.00%

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rate		
0.25% increase	<u>\$ (89,290)</u>	<u>\$ (90,484)</u>
0.25% decrease	<u>\$ 105,830</u>	<u>\$ 107,525</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 111,193</u>	<u>\$ 113,621</u>
0.25% decrease	<u>\$ (97,135)</u>	<u>\$ (97,000)</u>

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.

c. Defined benefit plans - Yue Yuen and its subsidiaries in the ROC

The defined benefit plan adopted by domestic subsidiaries of Yue Yuen in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated based on the years of service and average monthly salaries of the 6 months before retirement. The Group 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 Group 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 Group 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 Group has no right to influence the investment policy and strategy.

The net amounts included in the consolidated balance sheets in respect of the Group's defined benefit liability and fair value of plan assets were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Present value of defined benefit obligation	\$ 608,646	\$ 787,994
Fair value of plan assets	<u>(348,738)</u>	<u>(483,488)</u>
Net defined benefit liability	<u>\$ 259,908</u>	<u>\$ 304,506</u>

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

	<b>Present Value of Defined Benefit Obligation</b>	<b>Fair Value of Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Balance at January 1, 2019	<u>\$ 732,737</u>	<u>\$ (457,439)</u>	<u>\$ 275,298</u>
Current service cost	11,096	-	11,096
Net interest expense (income)	8,353	(5,060)	3,293
Others	<u>(29,051)</u>	<u>-</u>	<u>(29,051)</u>
Recognized in profit or loss	<u>(9,602)</u>	<u>(5,060)</u>	<u>(14,662)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(14,870)	(14,870)
Actuarial loss arising from changes in demographic assumptions	600	-	600
Actuarial loss arising from changes in financial assumptions	34,927	-	34,927
Actuarial loss arising from experience adjustments	<u>5,756</u>	<u>-</u>	<u>5,756</u>
Recognized in other comprehensive income (loss)	<u>41,283</u>	<u>(14,870)</u>	<u>26,413</u>
Contributions from the employer	-	(8,048)	(8,048)
Benefits paid	(54,993)	54,993	-
Others	<u>78,569</u>	<u>(53,064)</u>	<u>25,505</u>
Balance at December 31, 2019	<u>\$ 787,994</u>	<u>\$ (483,488)</u>	<u>\$ 304,506</u>
Balance at January 1, 2020	<u>\$ 787,994</u>	<u>\$ (483,488)</u>	<u>\$ 304,506</u>
Current service cost	2,482	-	2,482
Past service cost	7,535	-	7,535
Net interest expense (income)	6,383	(3,960)	2,423
Others	<u>(8,215)</u>	<u>-</u>	<u>(8,215)</u>
Recognized in profit or loss	<u>8,185</u>	<u>(3,960)</u>	<u>4,225</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(17,003)	(17,003)
Actuarial loss arising from changes in demographic assumptions	114	-	114
Actuarial loss arising from changes in financial assumptions	16,575	-	16,575
Actuarial loss arising from experience adjustments	(30,502)	-	(30,502)
Effect of exchange rate changes of remeasurement	<u>142</u>	<u>-</u>	<u>142</u>
Recognized in other comprehensive income (loss)	<u>(13,671)</u>	<u>(17,003)</u>	<u>(30,674)</u>
Contributions from the employer	-	(5,467)	(5,467)
Benefits paid	(148,779)	148,779	-
Others	<u>(25,083)</u>	<u>12,401</u>	<u>(12,682)</u>
Balance at December 31, 2020	<u>\$ 608,646</u>	<u>\$ (348,738)</u>	<u>\$ 259,908</u>

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

- 1) 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.
- 2) 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.
- 3) 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:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rate	0.50%	0.75%
Expected rate of salary increase	2.00%-3.25%	2.00%-3.25%

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rate		
0.25% increase	<u>\$ (17,759)</u>	<u>\$ (21,369)</u>
0.25% decrease	<u>\$ 18,439</u>	<u>\$ 22,195</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 17,818</u>	<u>\$ 21,522</u>
0.25% decrease	<u>\$ (17,257)</u>	<u>\$ (20,851)</u>

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.

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
The expected contributions to the plan for the next year	<u>\$ 24,066</u>	<u>\$ 23,235</u>
The average duration of the defined benefit obligation	10-13.9 years	10.3-12.3 years

d. Defined benefit plans - domestic subsidiaries

The defined benefit plan adopted by the Group (excluding Yue Yuen and its subsidiaries) in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated based on the years of service and average monthly salaries of the 6 months before retirement. The Group 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 Group 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 Group 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; the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans under the Labor Standards Law (excluding Yue Yuen and its subsidiaries) were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Defined benefit liability	\$ 575,049	\$ 726,165
Less: Defined benefit assets (Note 14)	<u>(43,754)</u>	<u>(43,754)</u>
	<u>\$ 531,295</u>	<u>\$ 682,411</u>

The net amounts included in the consolidated balance sheets in respect of the Group's defined benefit liability and fair value of plan assets were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Present value of defined benefit obligation	\$ 1,324,789	\$ 1,549,362
Fair value of plan assets	<u>(793,494)</u>	<u>(866,951)</u>
Net defined benefit liability	<u>\$ 531,295</u>	<u>\$ 682,411</u>

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

	<b>Present Value of Defined Benefit Obligation</b>	<b>Fair Value of Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Balance at January 1, 2019	\$ 1,501,789	\$ (874,767)	\$ 627,022
Current service cost	10,808	-	10,808
Past service cost	25,571	-	25,571
Net interest expense (income)	<u>16,268</u>	<u>(9,644)</u>	<u>6,624</u>
Recognized in profit or loss	<u>52,647</u>	<u>(9,644)</u>	<u>43,003</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(29,309)	(29,309)
Actuarial loss arising from changes in demographic assumptions	3,878	-	3,878

(Continued)

	<b>Present Value of Defined Benefit Obligation</b>	<b>Fair Value of Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Actuarial loss arising from changes in financial assumptions	\$ 65,174	\$ -	\$ 65,174
Actuarial loss arising from experience adjustments	<u>(10,084)</u>	<u>-</u>	<u>(10,084)</u>
Recognized in other comprehensive income (loss)	<u>58,968</u>	<u>(29,309)</u>	<u>29,659</u>
Contributions from the employer	-	(17,746)	(17,746)
Benefits paid	(64,515)	64,515	-
Others	<u>473</u>	<u>-</u>	<u>473</u>
Balance at December 31, 2019	<u>\$ 1,549,362</u>	<u>\$ (866,951)</u>	<u>\$ 682,411</u>
Balance at January 1, 2020	<u>\$ 1,549,362</u>	<u>\$ (866,951)</u>	<u>\$ 682,411</u>
Current service cost	9,887	-	9,887
Past service cost	9,018	-	9,018
Net interest expense (income)	<u>11,249</u>	<u>(5,869)</u>	<u>5,380</u>
Recognized in profit or loss	<u>30,154</u>	<u>(5,869)</u>	<u>24,285</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(27,812)	(27,812)
Actuarial loss arising from changes in demographic assumptions	1,203	-	1,203
Actuarial loss arising from changes in financial assumptions	37,444	-	37,444
Actuarial loss arising from experience adjustments	<u>(95,294)</u>	<u>-</u>	<u>(95,294)</u>
Recognized in other comprehensive income (loss)	<u>(56,647)</u>	<u>(27,812)</u>	<u>(84,459)</u>
Contributions from the employer	-	(91,311)	(91,311)
Benefits paid	(198,449)	198,449	-
Others	<u>369</u>	<u>-</u>	<u>369</u>
Balance at December 31, 2020	<u>\$ 1,324,789</u>	<u>\$ (793,494)</u>	<u>\$ 531,295</u>

(Concluded)

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Operating costs	\$ 51	\$ 63
Selling and marketing expenses	15	13
General and administrative expenses	13,976	32,989
Research and development expenses	<u>10,243</u>	<u>9,938</u>
	<u>\$ 24,285</u>	<u>\$ 43,003</u>

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

- 1) 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.
- 2) 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.
- 3) 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:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rate	0.50%	0.750%
Expected rate of salary increase	2.00%	2.00%

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rate		
0.25% increase	<u>\$ (37,547)</u>	<u>\$ (44,212)</u>
0.25% decrease	<u>\$ 39,108</u>	<u>\$ 46,072</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 37,861</u>	<u>\$ 44,712</u>
0.25% decrease	<u>\$ (36,550)</u>	<u>\$ (43,139)</u>

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.

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
The expected contributions to the plan for the next year	<u>\$ 13,346</u>	<u>\$ 17,774</u>
The average duration of the defined benefit obligation	8.1-11.6 years	8.9-11.7 years

## 26. EQUITY

### a. Share capital

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

### b. Capital surplus

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
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	109,637	339,730
<u>May only be used to offset a deficit</u>		
Recognized from share of changes in net assets of associates and joint ventures	132,299	131,964
Others	<u>27,223</u>	<u>-</u>
	<u>\$ 4,389,862</u>	<u>\$ 4,592,397</u>

\* 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 Company, 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 28 (h).

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 2019 and 2018 had been approved in the shareholders' meetings on June 19, 2020 and June 13, 2019, respectively, were as follows:

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

d. Other equity item

1) Exchange differences on translation foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ (2,498,149)	\$ (312,124)
Exchange differences arising on translation of foreign operations	(2,992,022)	(2,157,188)
Share of exchange differences of associates and joint ventures accounted for using equity method	<u>(1,198)</u>	<u>(28,837)</u>
Balance at December 31	<u>\$ (5,491,369)</u>	<u>\$ (2,498,149)</u>

2) Unrealized gain or loss on financial assets at FVTOCI

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 13,759,473	\$ (8,483,931)
Unrealized (loss) gain from equity instruments	(290,513)	2,947,208
Cumulative unrealized (loss) gain of equity instruments transferred to retained earnings due to disposal	(152,062)	1,706,234
Share of gain from associates and joint ventures accounted for using equity method	<u>10,988,183</u>	<u>17,589,962</u>
Balance at December 31	<u>\$ 24,305,081</u>	<u>\$ 13,759,473</u>

3) Cash flow hedges

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ -	\$ -
Gain on changes in the fair value of hedging instruments	<u>1,195</u>	<u>-</u>
Balance at December 31	<u>\$ 1,195</u>	<u>\$ -</u>

4) Others

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 423,243	\$ (13,497,314)
Share of loss from associates and joint ventures accounted for using equity method	<u>8,205,797</u>	<u>13,920,557</u>
Balance at December 31	<u>\$ 8,629,040</u>	<u>\$ 423,243</u>

e. Non-controlling interests

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 72,460,088	\$ 74,334,314
Share of non-controlling interests		
Net (loss) income	(920,767)	6,174,165
Exchange differences arising on translation of foreign operations	(1,734,116)	(2,283,545)
Unrealized (loss) gain on financial assets at FVTOCI	(61,057)	140,500
Accumulated loss from disposal of equity instruments shifted to retained earnings	(523)	-
Others	160	99
Actuarial loss arising from defined benefit plans	(190,632)	(115,690)
Change in non-controlling interests	<u>(2,419,410)</u>	<u>(5,789,755)</u>
Balance at December 31	<u>\$ 67,133,743</u>	<u>\$ 72,460,088</u>

## 27. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Sales revenue	\$ 249,327,893	\$ 312,418,165
Revenue from entertainment and resort	406,700	527,994
Others	<u>219,718</u>	<u>210,426</u>
	<b><u>\$ 249,954,311</u></b>	<b><u>\$ 313,156,585</u></b>

## 28. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consisted of the following:

### a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Interest income		
Cash in bank	\$ 351,206	\$ 477,064
Repurchase agreements collateralized by bonds	12,795	16,984
Financial assets at FVTPL	347	14,439
Financial assets at amortized cost	270,778	249,711
Others	<u>4,509</u>	<u>25,920</u>
	<b><u>\$ 639,635</u></b>	<b><u>\$ 784,118</u></b>

### b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Rental income from operating lease	\$ 521,812	\$ 571,010
Dividend income	1,006,050	988,097
Others	<u>1,907,567</u>	<u>1,730,190</u>
	<b><u>\$ 3,435,429</u></b>	<b><u>\$ 3,289,297</u></b>

### c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Net loss on disposal of property, plant and equipment	\$ (482,997)	\$ (562,142)
Net foreign exchange loss	(422,597)	(702,081)
Net gain on disposal of subsidiaries, associates and joint ventures	535,107	579,794
Net (loss) gain on financial assets at FVTPL	(675,985)	478,172
Recognized of impairment loss	(457,134)	(308,296)
Gain from disposal of land right use	153,880	-
Others	<u>(146,544)</u>	<u>(156,654)</u>
	<b><u>\$ (1,496,270)</u></b>	<b><u>\$ (671,207)</u></b>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Interest on bank borrowings	\$ 1,773,009	\$ 2,685,982
Interest on short-term bills payable	17,140	18,857
Lease liability	608,021	479,585
Other interest expense	<u>9,127</u>	<u>57,531</u>
	<u>\$ 2,407,297</u>	<u>\$ 3,241,955</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Property, plant and equipment	\$ 10,835,707	\$ 10,888,158
Right for use assets	5,264,880	4,311,714
Investment properties	26,816	26,507
Other intangible assets	481,906	500,841
Other prepaid expense	<u>1,810</u>	<u>1,851</u>
	<u>\$ 16,611,119</u>	<u>\$ 15,729,071</u>
An analysis of depreciation by function		
Operating costs	\$ 6,373,409	\$ 6,452,752
Operating expenses	9,748,516	8,769,178
Non-operating expenses	<u>5,478</u>	<u>4,449</u>
	<u>\$ 16,127,403</u>	<u>\$ 15,226,379</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 483,716</u>	<u>\$ 502,692</u>

f. Direct operating expenses from investment properties

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Direct operating expenses from investment properties that generated rental income	<u>\$ 48,201</u>	<u>\$ 46,394</u>

g. Employee benefits expense

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Short-term benefits	\$ 58,012,833	\$ 69,330,299
Post-employment benefits		
Defined contribution plans	9,193,003	7,774,972
Defined benefit plans	<u>150,955</u>	<u>514,699</u>
	9,343,958	8,289,671
Share-based payments		
Equity-settled	11,992	154,948
Termination benefits	<u>18,526</u>	<u>8,115</u>
	<u>\$ 67,387,309</u>	<u>\$ 77,783,033</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 43,876,590	\$ 51,288,221
Operating expenses	<u>23,510,719</u>	<u>26,494,812</u>
	<u>\$ 67,387,309</u>	<u>\$ 77,783,033</u>

As of December 31, 2020 and 2019, there were 302,067 and 351,591 employees, respectively, in the Group. The Group accounts for employee benefits expense based on the number of employees.

h. 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, 2020 and 2019 which were approved by the Company's board of directors on March 24, 2021 and March 31, 2020, respectively, were as follows:

Accrual rate

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Employees' compensation	1.6%	1.6%
Remuneration of directors and supervisors	0.8%	0.8%

Amount

	<b><u>For the Year Ended December 31</u></b>			
	<b><u>2020</u></b>		<b><u>2019</u></b>	
	<b>Cash</b>	<b>Shares</b>	<b>Cash</b>	<b>Shares</b>
Employees' compensation	\$ 102,070	\$ -	\$ 203,200	\$ -
Remuneration of directors	51,035	-	101,600	-

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

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

Information on the employees' compensation and remuneration to of directors and supervisors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 29. INCOME TAXES

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

The major components of tax expense were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Current tax		
In respect of the current year	\$ 1,440,733	\$ 3,344,868
Income tax expense of unappropriated earnings	1,370,055	-
Adjustments for prior year	6,889	-
Foreign taxes paid	6	-
Repatriation of offshore funds	<u>25,992</u>	<u>-</u>
	<u>2,843,675</u>	<u>3,344,868</u>
Deferred tax		
In respect of the current year	(802,347)	169,211
Adjustments for prior year	<u>581</u>	<u>5,125</u>
	<u>(801,766)</u>	<u>174,336</u>
Income tax expense recognized in profit or loss	<u>\$ 2,041,909</u>	<u>\$ 3,519,204</u>

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

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

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Income before income tax	<u>\$ 5,961,326</u>	<u>\$ 21,521,978</u>
Income tax expense calculated at the statutory rate	\$ 1,192,265	\$ 4,304,395
Tax effect of adjusting items		
Tax-exempt income	(193,783)	(193,395)
Investment income recognized under equity method	(1,579,539)	(1,482,905)
Others	1,245,441	885,984
Income tax on unappropriated earnings	1,370,055	-
Adjustments for prior years' income tax	<u>7,470</u>	<u>5,125</u>
Income tax expense recognized in profit or loss	<u>\$ 2,041,909</u>	<u>\$ 3,519,204</u>

As the status of 2021 appropriations of earnings is uncertain, the potential income tax consequences of 2020 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Deferred tax</u>		
In respect of the current year	<u>\$ (10,762)</u>	<u>\$ (132,935)</u>
Total income tax recognized in other comprehensive income	<u>\$ (10,762)</u>	<u>\$ (132,935)</u>

c. Deferred tax assets and liabilities

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Deferred tax assets</u>		
Temporary differences		
Others	<u>\$ 2,757,568</u>	<u>\$ 2,167,426</u>
<u>Deferred tax liabilities</u>		
Temporary differences		
Land value increment tax	\$ 86,547	\$ 86,547
Others	<u>1,374,669</u>	<u>1,540,755</u>
	<u>\$ 1,461,216</u>	<u>\$ 1,627,302</u>

d. Income tax assessments

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

### 30. EARNINGS PER SHARE

The basic earnings per share and diluted earnings per share for the years ended December 31, 2020 and 2019 were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Net income (in thousand dollars)</u>		
Earnings used in the computation of earnings per share	<u>\$ 4,840,184</u>	<u>\$ 11,828,609</u>
<u>Weighted average number of shares outstanding (in thousand shares)</u>		
Weighted average number of Ordinary shares in the computation of basic earnings per share	2,946,787	2,946,787
Effect of potentially dilutive Ordinary shares:		
Bonus to employee	<u>5,143</u>	<u>6,430</u>
Weighted average number of Ordinary shares used in the computation of diluted earnings per share	<u>2,951,930</u>	<u>2,953,217</u>
<u>Earnings per share (in dollars)</u>		
Basic earnings per share	<u>\$1.64</u>	<u>\$4.01</u>
Diluted earnings per share	<u>\$1.64</u>	<u>\$4.01</u>

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.

### 31. SHARE-BASED PAYMENT ARRANGEMENTS

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

On January 28, 2014 and amended on March 23, 2016 and September 28, 2018, the board of directors of Yue Yuen adopted a share award scheme. Under the share award scheme, a trustee which is independent of Yue Yuen purchased Yue Yuen shares from the secondary market, and the shares will vest to the selected participants through a trust agreement. The awarded shares shall not exceed 2% of the issued share capital of Yue Yuen as at the date of grant (January 28, 2014) during the valid period (from January 28, 2014 to January 28, 2024). The maximum number of shares which may be awarded to all participants under the scheme shall not exceed 1% of the issued share capital of Yue Yuen.

Information about the granted Yue Yuen's employee share options during the years ended December 31, 2020 and 2019 was as follows:

	<b>Number of Shares (In Thousands)</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	1,312	1,387
Options granted	16	60
Options cancelled	(200)	(60)
Options exercised	<u>(88)</u>	<u>(75)</u>
Balance at December 31	<u>1,040</u>	<u>1,312</u>

Information about the employee share options on the grant date during the years ended December 31, 2020 and 2019, was as follows:

	<b>Granted on October 15 2020</b>	<b>Granted on November 21, 2018</b>
Grant date share price	HK\$ 13.38	HK\$ 23.10
Number of shares (in thousand shares)	16	60

Yue Yuen recognized \$20,688 thousand and \$38,657 thousand compensation cost for the years ended December 31, 2020 and 2019, respectively.

b. Information about Pou Sheng's employee share options

1) Pou Sheng's share option scheme (the "Pou Sheng Scheme") was adopted on May 14, 2008 and amended on May 7, 2012, and will be expire on May 13, 2018. Under the Pou Sheng Scheme, the board of directors of Pou Sheng may grant options to eligible persons, including directors and employees of Pou Sheng and its subsidiaries, to subscribe for shares in Pou Sheng. The details of the plan under the scheme were as follows:

- a) Without prior approval from Pou Sheng's shareholders, the number of shares that may be granted under the following limits:
  - i. The total number of shares in respect of which options may be granted under the Pou Sheng Scheme is not permitted to exceed 10% of the shares of Pou Sheng in issue at any point in time;
  - ii. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any twelve-month period is not permitted to exceed 1% of the shares of Pou Sheng in issue at any point in time; and
  - iii. Options in excess of 0.1% of Pou Sheng's share capital or with a value in excess of HK\$5 million (US\$0.6 million) may not be granted to substantial shareholders or independent non-executive directors.

b) Exercise price:

The exercise price is to be determined by the directors of Pou Sheng and will not be less than the highest of:

- i. The closing price of Pou Sheng's shares on the date of grant;
  - ii. The average closing price of Pou Sheng's shares for the five business days immediately preceding the date of grant; and
  - iii. The nominal value of Pou Sheng's share.
- c) Pou Sheng was granted 11,663 thousand share options on November 14, 2016. The exercise price of these options is HK\$2.494. Information about exercise duration and exercise proportion of the Pou Sheng Scheme was as follows:

<u>Exercise Period</u>	<u>Proportion of Exercise Quantity</u>
2018.9.1-2019.9.1	10%
2018.9.1-2020.9.1	10%
2019.9.1-2021.9.1	10%
2020.9.1-2022.9.1	20%
2021.9.1-2023.9.1	50%

Information about the Pou Sheng Scheme for the years ended December 31, 2020 and 2019 was as follows:

	<u>For the Year Ended December 31</u>			
	<u>2020</u>		<u>2019</u>	
<b>Employee Share Options</b>	<b>Number of Shares Purchasable (In Thousands)</b>	<b>Weighted-average Exercise Price (HK\$)</b>	<b>Number of Shares Purchasable (In Thousands)</b>	<b>Weighted-average Exercise Price (HK\$)</b>
Balance at January 1	10,872	\$ 2.44	28,244	\$ 1.75
Options cancelled	(9,331)	2.49	(6,206)	1.47
Options exercised	<u>(375)</u>	1.05	<u>(11,166)</u>	1.23
Balance at December 31	<u>1,166</u>	2.49	<u>10,872</u>	2.44
Exercisable options at December 31	<u>1,166</u>	2.49	<u>2,708</u>	2.29

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Range of exercise price (HK\$)	\$2.494	\$1.05-\$2.494
Weighted-average remaining contractual life (years)	0.67	2.80

Pou Sheng recognized \$(21,217) thousand and \$8,103 thousand in compensation (gains) costs for the years ended December 31, 2020 and 2019, respectively.

- 2) On May 9, 2014, the board of directors of Pou Sheng adopted a share award scheme. Under the share award scheme, a trustee which is independent of Pou Sheng purchased Pou Sheng shares from the secondary market, and the shares will vest to the selected participants through a trust agreement. The awarded shares shall not exceed 2% of the issued share capital of Pou Sheng as at the date of grant (May 9, 2014) during the valid period (from May 9, 2014 to May 9, 2024). The maximum number of shares which may be awarded to all participants under the scheme shall not exceed 1% of the issued share capital of Pou Sheng.

Information about the granted employee share options during the years ended December 31, 2020 and 2019 was as follows:

	<b>Number of Shares (In Thousands)</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	42,743	43,843
Options granted	1,500	14,576
Options cancelled	(10,638)	(2,389)
Options exercised	<u>(14,008)</u>	<u>(13,287)</u>
Balance at December 31	<u>19,597</u>	<u>42,743</u>

Information about the employee share options on the grant date during the years ended December 31, 2020 and 2019, was as follows:

	<b>Granted on March 31, 2020</b>	<b>Granted on November 15, 2019</b>	<b>Granted on March 23, 2019</b>
Grant date share price	HK\$ 1.83	HK\$ 2.82	HK\$ 1.67
Number of shares (in thousand shares)	1,500	750	13,826

Pou Sheng recognized \$12,521 thousand and \$80,569 thousand compensation cost for the years ended December 31, 2020 and 2019, respectively.

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

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

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

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

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

### 32. DISPOSAL OF SUBSIDIARIES

The Group disposed of subsidiaries during the year ended December 31, 2019, the assets and liabilities on the date of disposal were as follows:

#### Assets

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

#### Liabilities

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

#### a. Consideration received

Cash and cash equivalents	\$ 3,603,376
Proceeds of disposal receivable	496,960
Restricted deposit (classified as "other current assets")	66,779
Contingent consideration	<u>354,364</u>

Total consideration received \$ 4,521,479

#### b. Gain on disposal of subsidiaries

Consideration received in cash and cash equivalents	\$ 4,521,479
Net value of net assets disposed of	(3,952,449)
The reclassification of other comprehensive income in respect of the subsidiary	<u>11,803</u>
Gain on disposal	<u>\$ 580,833</u>

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

Consideration received in cash and cash equivalents	\$ 3,293,901
Less: Cash and cash equivalents balance disposed of	<u>(273,608)</u>
	<u>\$ 3,020,293</u>

### 33. CAPITAL MANAGEMENT

The Group's capital management policy is to ensure the Group has sufficient financial resources and operating plans to balance the working capital, capital expenditure, research and development expenditure, repayment of debt and dividends paid to shareholders within twelve months.

### 34. FINANCIAL INSTRUMENTS

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

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, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 3,533,447	\$ -	\$ 3,533,447
Structured deposits	-	578,315	-	578,315
Mutual funds	<u>308,477</u>	<u>-</u>	<u>346,278</u>	<u>654,755</u>
	<u>\$ 308,477</u>	<u>\$ 4,111,762</u>	<u>\$ 346,278</u>	<u>\$ 4,766,517</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 17,540,298	\$ -	\$ -	\$ 17,540,298
Domestic unlisted shares	-	-	85,946	85,946
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>109,472</u>	<u>109,472</u>
	<u>\$ 17,540,298</u>	<u>\$ -</u>	<u>\$ 195,418</u>	<u>\$ 17,735,716</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 846,167</u>	<u>\$ -</u>	<u>\$ 846,167</u>
Hedging financial liabilities				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 278</u>	<u>\$ -</u>	<u>\$ 278</u>

December 31, 2019

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

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

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

c. Categories of financial instruments

	<u>December 31</u>	
	2020	2019
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily at FVTPL	\$ 4,766,517	\$ 2,046,419
Financial assets at amortized cost (Note 1)	81,121,136	84,781,957
Financial assets at FVTOCI	17,735,716	18,958,579
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	846,167	356,107
Financial liabilities at amortized cost (Note 2)	137,361,229	145,732,121

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

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

d. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

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

Sensitivity analysis

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

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
USD	\$ (14,234)	\$ (14,967)
RMB	(73,628)	(103,447)
HKD	(2,548)	(2,182)
VND	9,837	9,497
IDR	777	283

b) Interest rate risk

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

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

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
Cash flow interest rate risk		
Financial liabilities	\$ 74,683,708	\$ 97,853,535

Sensitivity analysis

The sensitivity analyses below were based on the Group'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 Group to increase its cash-out by \$746,837 thousand and \$978,535 thousand during the years ended December 31, 2020 and 2019, respectively.

c) Other price risk

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

Sensitivity analysis

The sensitivity 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, income before income tax for the year ended December 31, 2020 and 2019 would have decreased by \$6,548 thousand and \$8,904 thousand as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income for the year ended December 31, 2020 and 2019 would have decreased by \$175,457 thousand and \$187,013 thousand as a result of the changes in fair value of financial assets at FVTOCI.

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Group had available unutilized short-term bank borrowing facilities set out in (c) below.

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

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

##### December 31, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 20,541,374	\$ 8,340,735	\$ 8,987,195	\$ 125,286	\$ 55,862
Lease liability	479,193	1,367,099	3,333,770	8,427,992	2,298,476
Floating interest rate liabilities	11,189,164	2,675,644	1,496,801	59,311,773	10,326
Fixed interest rate liabilities	3,765,284	2,315,452	12,279,432	7,487,964	-
Financial guarantee contracts	<u>82,617,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 118,592,588</u>	<u>\$ 14,698,931</u>	<u>\$ 26,097,198</u>	<u>\$ 75,353,015</u>	<u>\$ 2,364,664</u>

##### December 31, 2019

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

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

December 31, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Interest rate swap contracts	\$ -	\$ 77,580	\$ 228,751	\$ 410,720	\$ -
Forward exchange contracts	-	14,035	103,423	-	-
Exchange rate swap contracts	-	704	-	-	-
Exchange rate option contracts	-	-	-	10,954	-
Cross-currency swap contracts	-	-	278	-	-
	<u>\$ -</u>	<u>\$ 92,319</u>	<u>\$ 332,452</u>	<u>\$ 421,674</u>	<u>\$ -</u>

December 31, 2019

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Interest rate swap contracts	\$ -	\$ 13,431	\$ 49,017	\$ 245,918	\$ -
Cross-currency swap contracts	-	-	25,666	-	-
Exchange rate swap contracts	1,442	18,250	-	-	-
Exchange rate option contracts	-	-	-	2,383	-
	<u>\$ 1,442</u>	<u>\$ 31,681</u>	<u>\$ 74,683</u>	<u>\$ 248,301</u>	<u>\$ -</u>

**35. TRANSACTIONS WITH RELATED PARTIES**

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

## a. Related party name and categories

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

b. Operating revenue

Account Items	Related Party Categories	For the Year Ended December 31	
		2020	2019
Sales	Associates	\$ 78,337	\$ 112,838
	Joint ventures	11,615,072	488,416
	Other related parties	<u>600,663</u>	<u>2,696,855</u>
		<u>\$ 12,294,072</u>	<u>\$ 3,298,109</u>

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

c. Purchases

Related Party Categories	For the Year Ended December 31	
	2020	2019
Associates	\$ 2,668,884	\$ 3,086,632
Joint ventures	<u>5,338,452</u>	<u>4,746,539</u>
	<u>\$ 8,007,336</u>	<u>\$ 7,833,171</u>

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

d. Receivables from related parties

Account Items	Related Party Categories	December 31	
		2020	2019
Notes receivable, accounts receivable	Associates	\$ 17,306	\$ 14,135
	Joint ventures	1,880,054	32,065
	Other related parties	<u>-</u>	<u>541,131</u>
		<u>\$ 1,897,360</u>	<u>\$ 587,331</u>

No bad debt expense had been recognized for the years ended December 31, 2020 and 2019 for the amounts owed by related parties.

e. Payables to related parties

Account Items	Related Party Categories	December 31	
		2020	2019
Notes payable, accounts payable	Associates	\$ 584,579	\$ 732,041
	Joint ventures	<u>970,266</u>	<u>1,021,262</u>
		<u>\$ 1,554,845</u>	<u>\$ 1,753,303</u>

f. Financing provided

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

- g. Endorsements/guarantees provided

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

- h. Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Short-term employee benefits	\$ <u>147,571</u>	\$ <u>234,917</u>

The remuneration of directors and key management personnel was determined by the remuneration committee having regard to the performance of individuals and market trends.

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

The following assets were provided as collateral for issuing gift coupons:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Financial assets at amortized cost	\$ <u>51,465</u>	\$ <u>52,085</u>

### 37. SIGNIFICANT COMMITMENTS AND UNRECOGNIZED LIABILITIES

- a. Outstanding letters of credit of the Group at the end of reporting period were as follows:

**Unit: In Thousands of Foreign Currencies**

<b>Currencies</b>	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
USD	\$ 1,596	\$ 1,381
EUR	59	117
IDR	2,883,836	13,350,662
VND	5,185,381	4,069,302

- b. The Company invests in Nan Shan Life Insurance Co., Ltd. through Ruen Chen Investment Holding Co., Ltd. According to a request made by the FSC, the Company provided 61,295 thousand ordinary shares of Yue Yuen in the custody of the trust department of Mega Bank 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 FSC for the release of the shares from the custody of Mega Bank, and was authorized by the FSC on October 21, 2019.
- c. Because of the Company’s investment in Nan Shan Life Insurance Co., Ltd. through Ruen Chen Investment Holding Co., Ltd., the Company received a request 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.

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

### 38. OTHERS

Since the outbreak of the COVID-19 pandemic in late January of 2020, branded customers have decreased or cancelled their orders, which affected the production and shipment of Yue Yuen. In addition, the retail stores of Pou Sheng in China suspended the operations starting from the Lunar New Year to the middle of March. As the epidemic condition in China has gradually eased, Pou Sheng’s sales performance has begun to recover since the second quarter of 2020. With the adjustment of capacity allocation and the recovery of global retail activities, Yue Yuen’s capacity utilization has gradually returned to normal since the fourth quarter of 2020.

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

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

December 31, 2020

	<b>Foreign Currencies (In Thousand)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousand)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 61,707	28.480	\$ 1,757,417
NTD	2,818,743	1	2,818,743
RMB	1,779,911	4.377	7,790,673
HKD	75,794	3.673	278,393
VND	666,736,937	0.00111	740,078
IDR	90,939,409	0.00203	184,607
Non-monetary items			
USD	8,963	28.480	255,266
NTD	868,555	1	868,555
RMB	983,650	4.377	4,305,436
<u>Financial liabilities</u>			
Monetary items			
USD	11,813	28.480	336,435
NTD	1,546,164	1	1,546,164
RMB	106,539	4.377	466,322
HKD	6,996	3.673	25,695
VND	1,650,485,585	0.00111	1,832,039
IDR	129,766,503	0.00203	263,426

December 31, 2019

	<b>Foreign Currencies (In Thousand)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousand)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 65,391	29.980	\$ 1,960,416
NTD	762,838	1	762,838
RMB	2,567,830	4.289	11,013,427
HKD	71,815	3.849	276,417
VND	291,538,462	0.00117	341,100
IDR	118,682,569	0.00218	258,728
Non-monetary items			
NTD	956,032	1	956,032
RMB	689,212	4.289	2,956,029
<u>Financial liabilities</u>			
Monetary items			
USD	15,594	29.980	467,470
NTD	1,191,000	1	1,191,000
RMB	162,092	4.289	695,216
HKD	14,404	3.849	55,442
VND	1,241,281,196	0.00117	1,452,299
IDR	132,834,404	0.00218	289,579

For the years ended December 31, 2020 and 2019, net foreign exchange losses were \$422,597 thousand and \$702,081 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the functional currencies of the Group entities.

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

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least 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 (Table 5)
- 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 6)

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)
  - 9) Trading in derivative instruments (Note 34)
  - 10) Intercompany relationships and significant intercompany transactions (Table 8)
  - 11) Information on investees (Table 9)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 10)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party: (None).
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of shareholders, the number of shares owned, and percentage of ownership of each shareholder (Table 11).

#### 41. SEGMENT INFORMATION

- a. Information about reportable segments

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

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

- b. Segment revenues and results

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

For the year ended December 31, 2020

	<b>Manufacturing of Shoes</b>	<b>Retailing of Sporting Goods and Brand Licensing Business</b>	<b>Others</b>	<b>Total</b>
Revenues from external customers	<u>\$ 139,875,281</u>	<u>\$ 109,360,824</u>	<u>\$ 718,206</u>	<u>\$ 249,954,311</u>
Segment income	<u>\$ 12,171,448</u>	<u>\$ 4,703,732</u>	<u>\$ 473,636</u>	\$ 17,348,816
Administrative cost, remuneration of directors and supervisors				(19,459,894)
Rental income				521,812
Interest income				639,635
Dividend income				1,006,050

(Continued)

	<b>Manufacturing of Shoes</b>	<b>Retailing of Sporting Goods and Brand Licensing Business</b>	<b>Others</b>	<b>Total</b>
Other income				\$ 1,907,567
Net loss on disposal of property, plant and equipment				(482,997)
Gain from disposal of land use right				153,880
Net foreign exchange loss				(422,597)
Net gain on disposal of subsidiaries and associates				535,107
Net loss arising on financial assets designated as at FVTPL				(675,985)
Impairment loss				(457,134)
Other loss				(146,544)
Net gain on derecognition of financial assets at amortized cost				3,214
Finance costs				(2,407,297)
Share of the profit of associates and joint ventures				<u>7,897,693</u>
Income before income tax				<u>\$ 5,961,326</u> (Concluded)

For the year ended December 31, 2019

	<b>Manufacturing of Shoes</b>	<b>Retailing of Sporting Goods and Brand Licensing Business</b>	<b>Others</b>	<b>Total</b>
Revenues from external customers	<u>\$ 185,444,582</u>	<u>\$ 126,866,572</u>	<u>\$ 845,431</u>	<u>\$ 313,156,585</u>
Segment income	<u>\$ 23,812,316</u>	<u>\$ 10,864,360</u>	<u>\$ 558,395</u>	\$ 35,235,071
Administrative cost, remuneration of directors and supervisors				(21,284,611)
Rental income				571,010
Interest income				784,118
Dividend income				988,097
Other income				1,730,190
Net loss on disposal of property, plant and equipment				(562,142)
Net foreign exchange loss				(702,081)
Net gain on disposal of subsidiaries and associates				579,794
Net gain arising on financial assets designated as at FVTPL				478,172
Impairment loss				(308,296)
Other loss				(156,654)
Net loss on derecognition of financial assets at amortized cost				(3,260)
Finance costs				(3,241,955)
Share of the profit of associates and joint ventures				<u>7,414,525</u>
Income before income tax				<u>\$ 21,521,978</u>

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

c. Geographical information

The Group's revenues from continuing operations from external customers by location of operations were detailed below.

	<b>Revenues from External Customers</b>	
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Asia	\$ 161,234,039	\$ 181,064,185
USA	41,510,485	62,514,668
Europe	36,873,665	52,930,246
Others	<u>10,336,122</u>	<u>16,647,486</u>
	<u>\$ 249,954,311</u>	<u>\$ 313,156,585</u>

d. Information about major customers

Revenue recognized from the manufacture of shoes in 2020 and 2019, amounted to \$139,875,281 thousand and \$185,444,582 thousand, respectively. Except as detailed in the following table, no other single customer contributed 10% or more to the Group's revenue for both 2020 and 2019.

	<b>For the Year Ended December 31</b>			
	<b>2020</b>		<b>2019</b>	
	<b>Amount</b>	<b>% of Total</b>	<b>Amount</b>	<b>% of Total</b>
Customer A	\$ 46,584,589	19	\$ 59,641,551	19
Customer B	<u>43,269,724</u>	<u>17</u>	<u>53,153,895</u>	<u>17</u>
	<u>\$ 89,854,313</u>	<u>36</u>	<u>\$ 112,795,446</u>	<u>36</u>

## POU CHEN CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3 and 4)	Aggregate Financing Limit (Notes 3 and 4)	Note
													Item	Value			
0	Pou Chen Corporation	Pou Yii Development Co., Ltd.	Loan receivable	Yes	\$ 205,000	\$ -	\$ -	-	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 13,410,946	\$ 53,643,784	
1	Dong Guan Baoqiao Electronic Technology Co., Ltd.	Kunshan Yuanying Electronics Technology Co., Ltd.	Accounts receivable from related parties	Yes	24,789 (RMB 3,100,000)	11,380 (RMB 2,600,000)	11,380 (RMB 2,600,000)	4.35	2	-	Operating capital	-	-	-	134,109,459	134,109,459	
2	Great Pacific Investments Limited	Sure Elite Investments Limited	Accounts receivable from related parties	Yes	3,623 (US\$ 120,000)	-	-	-	2	-	Operating capital	-	-	-	43,936,865	43,936,865	
		PT. Pou Yuen Indonesia	Accounts receivable from related parties	Yes	907,500 (US\$ 30,000,000)	-	-	-	2	-	Operating capital	-	-	-	43,936,865	43,936,865	
		Pro Kingtex Industrial Company Limited	Accounts receivable from related parties	Yes	212,039 (US\$ 7,100,000)	102,528 (US\$ 3,600,000)	102,528 (US\$ 3,600,000)	1.25-3.00	2	-	Operating capital	-	-	-	17,574,746	17,574,746	
		Solar Link International Inc.	Accounts receivable from related parties	Yes	260,150 (US\$ 8,600,000)	227,840 (US\$ 8,000,000)	227,840 (US\$ 8,000,000)	3.00	2	-	Operating capital	-	-	-	43,936,865	43,936,865	
3	Orisol Asia Limited	Orisol Vietnam Co., Ltd.	Accounts receivable from related parties	Yes	15,125 (US\$ 500,000)	14,240 (US\$ 500,000)	14,240 (US\$ 500,000)	2.00	2	-	Operating capital	-	-	-	466,903	466,903	
4	Precious Full Investment Limited	Pou Li Vietnam Company Limited	Accounts receivable from related parties	Yes	786,500 (US\$ 26,000,000)	-	-	-	2	-	Operating capital	-	-	-	12,270,152	12,270,152	
		Pou Hung Vietnam Company Limited	Accounts receivable from related parties	Yes	1,089,000 (US\$ 36,000,000)	-	-	-	2	-	Operating capital	-	-	-	12,270,152	12,270,152	
		Pou Phong Vietnam Company Limited	Accounts receivable from related parties	Yes	1,391,500 (US\$ 46,000,000)	-	-	-	2	-	Operating capital	-	-	-	12,270,152	12,270,152	
		Powerknit Vietnam Company Limited	Accounts receivable from related parties	Yes	1,391,500 (US\$ 46,000,000)	-	-	-	2	-	Operating capital	-	-	-	12,270,152	12,270,152	
		Yue De Vietnam Company Limited	Accounts receivable from related parties	Yes	1,452,000 (US\$ 48,000,000)	-	-	-	2	-	Operating capital	-	-	-	12,270,152	12,270,152	
5	Pou Yuen Industrial (Holdings) Ltd.	Pou Chen Vietnam Enterprise Ltd.	Accounts receivable from related parties	Yes	605,000 (US\$ 20,000,000)	341,760 (US\$ 12,000,000)	341,760 (US\$ 12,000,000)	3.00	2	-	Operating capital	-	-	-	25,587,595	25,587,595	
		Pouyuen Vietnam Company Limited	Accounts receivable from related parties	Yes	3,161,330 (US\$ 104,600,000)	555,360 (US\$ 19,500,000)	555,360 (US\$ 19,500,000)	1.30-3.00	2	-	Operating capital	-	-	-	25,587,595	25,587,595	
		Pou Sung Vietnam Company Limited	Accounts receivable from related parties	Yes	8,698,480 (US\$ 291,000,000)	4,158,080 (US\$ 146,000,000)	4,158,080 (US\$ 146,000,000)	1.30-2.70	2	-	Operating capital	-	-	-	25,587,595	25,587,595	
6	Prime Asia (S.E. Asia) Leather Corporation	Prime Asia (Vietnam) Co., Ltd	Accounts receivable from related parties	Yes	535,425 (US\$ 17,700,000)	504,096 (US\$ 17,700,000)	504,096 (US\$ 17,700,000)	1.50	2	-	Operating capital	-	-	-	1,611,878	1,611,878	
7	Yue Yuen Industrial (Holdings) Limited	Prime Asia Leather Corporation	Accounts receivable from related parties	Yes	968,000 (US\$ 32,000,000)	-	-	-	2	-	Operating capital	-	-	-	44,381,569	44,381,569	
		Prime Asia (Vietnam) Co., Ltd.	Accounts receivable from related parties	Yes	773,433 (US\$ 26,000,000)	541,120 (US\$ 19,000,000)	541,120 (US\$ 19,000,000)	1.30-2.60	2	-	Operating capital	-	-	-	44,381,569	44,381,569	
		Pou Li Vietnam Company Limited	Accounts receivable from related parties	Yes	1,317,930 (US\$ 44,000,000)	626,560 (US\$ 22,000,000)	626,560 (US\$ 22,000,000)	1.00-2.50	2	-	Operating capital	-	-	-	44,381,569	44,381,569	
		PT. Shoenary Javansia Inc.	Accounts receivable from related parties	Yes	792,275 (US\$ 27,500,000)	783,200 (US\$ 27,500,000)	783,200 (US\$ 27,500,000)	1.75	2	-	Operating capital	-	-	-	44,381,569	44,381,569	
		Powerknit Vietnam Company Limited	Accounts receivable from related parties	Yes	2,485,380 (US\$ 84,000,000)	825,920 (US\$ 29,000,000)	825,920 (US\$ 29,000,000)	1.00	2	-	Operating capital	-	-	-	44,381,569	44,381,569	
		PT. Selalu Cinta Indonesia	Accounts receivable from related parties	Yes	974,355 (US\$ 33,450,000)	952,656 (US\$ 33,450,000)	952,656 (US\$ 33,450,000)	1.25-1.75	2	-	Operating capital	-	-	-	44,381,569	44,381,569	
		Pou Phong Vietnam Company Limited	Accounts receivable from related parties	Yes	1,431,210 (US\$ 48,000,000)	954,080 (US\$ 33,500,000)	954,080 (US\$ 33,500,000)	1.25-1.30	2	-	Operating capital	-	-	-	44,381,569	44,381,569	
		Pou Hung Vietnam Company Limited	Accounts receivable from related parties	Yes	2,593,220 (US\$ 86,000,000)	1,025,280 (US\$ 36,000,000)	1,025,280 (US\$ 36,000,000)	2.50	2	-	Operating capital	-	-	-	44,381,569	44,381,569	
		Yue De Vietnam Company Limited	Accounts receivable from related parties	Yes	1,600,020 (US\$ 54,000,000)	1,267,360 (US\$ 44,500,000)	1,267,360 (US\$ 44,500,000)	1.25	2	-	Operating capital	-	-	-	44,381,569	44,381,569	
		PT. Pou Chen Indonesia	Accounts receivable from related parties	Yes	3,294,400 (US\$ 111,000,000)	1,765,760 (US\$ 62,000,000)	1,765,760 (US\$ 62,000,000)	1.00-1.30	2	-	Operating capital	-	-	-	44,381,569	44,381,569	
		Pouyuen Vietnam Company Limited	Accounts receivable from related parties	Yes	4,908,860 (US\$ 166,000,000)	1,965,120 (US\$ 69,000,000)	1,965,120 (US\$ 69,000,000)	1.00-2.50	2	-	Operating capital	-	-	-	44,381,569	44,381,569	
		PT. Nikomas Gemilang	Accounts receivable from related parties	Yes	5,929,700 (US\$ 198,000,000)	2,363,840 (US\$ 83,000,000)	2,363,840 (US\$ 83,000,000)	1.30-3.00	2	-	Operating capital	-	-	-	44,381,569	44,381,569	
		PT. Glostar Indonesia	Accounts receivable from related parties	Yes	6,559,850 (US\$ 220,000,000)	3,446,080 (US\$ 121,000,000)	3,446,080 (US\$ 121,000,000)	1.00-3.00	2	-	Operating capital	-	-	-	44,381,569	44,381,569	
		PT. Pou Yuen Indonesia	Accounts receivable from related parties	Yes	7,385,430 (US\$ 250,000,000)	3,616,960 (US\$ 127,000,000)	3,616,960 (US\$ 127,000,000)	1.00-3.00	2	-	Operating capital	-	-	-	44,381,569	44,381,569	
8	Top Galaxy Group Limited	Yue Yuen (Anfu) Footwear Co., Ltd	Accounts receivable from related parties	Yes	363,000 (US\$ 12,000,000)	341,760 (US\$ 12,000,000)	341,760 (US\$ 12,000,000)	2.92	2	-	Operating capital	-	-	-	3,764,002	3,764,002	
9	Pou Hing Industrial Co., Ltd.	Great Pacific Investments Ltd	Accounts receivable from related parties	Yes	675,450 (US\$ 22,500,000)	-	-	-	2	-	Operating capital	-	-	-	78,261,650	78,261,650	
10	Idea (Macao Commercial Offshore) Limited	Tech Mastery Vietnam Company Limited	Accounts receivable from related parties	Yes	570,380 (US\$ 19,000,000)	142,400 (US\$ 5,000,000)	142,400 (US\$ 5,000,000)	1.30	2	-	Operating capital	-	-	-	598,159	598,159	
11	Shanggao Yisen Industry Co., Ltd	Yu Xing (Jishui) Footwear Co., Ltd.	Accounts receivable from related parties	Yes	364,026 (RMB 83,130,000)	363,860 (RMB 83,130,000)	-	3.33	2	-	Operating capital	-	-	-	1,608,506	1,608,506	
		Dong Guan Pou Chen Footwear Company Limited	Accounts receivable from related parties	Yes	175,080 (RMB 40,000,000)	175,080 (RMB 40,000,000)	175,080 (RMB 40,000,000)	3.00	2	-	Operating capital	-	-	-	1,608,506	1,608,506	

(Continued)

No. (Note 1)	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3 and 4)	Aggregate Financing Limit (Notes 3 and 4)	Note
													Item	Value			
12	Dong Guan Yue Yuan Footwear Products Company Limited	Yang Xin Pou Shou Sporting Goods Co., Ltd.	Accounts receivable from related parties	Yes	\$ 153,265 (RMB 35,000,000)	\$ 153,195 (RMB 35,000,000)	\$ -	3.33	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 579,550	\$ 579,550	
		Yang Xin Pou Jia Shoes Manufacturing Co., Ltd.	Accounts receivable from related parties	Yes	175,160 (RMB 40,000,000)	175,080 (RMB 40,000,000)	-	3.33	2	-	Operating capital	-	-	-	579,550	579,550	
13	Pou Chien Technology Co., Ltd.	Yue Dean Technology Corporation	Accounts receivable from related parties	Yes	200,000	-	-	-	2	-	Operating capital	-	-	-	475,330	475,330	
14	Pou Chien Enterprise Co., Ltd.	Yue Yuen Industrial (Holdings) Limited	Accounts receivable from related parties	Yes	797,440 (US\$ 28,000,000)	797,440 (US\$ 28,000,000)	393,024 (US\$ 13,800,000)	0.50	2	-	Operating capital	-	-	-	1,988,511	1,988,511	
		I-Tech. Sporting Enterprise Ltd.	Accounts receivable from related parties	Yes	860,000	800,000	800,000	0.94	2	-	Operating capital	-	-	-	1,988,511	1,988,511	
15	Dong Guan Jia Yuan Shoe Materials Products Company Limited	Yang Xin Pou Jia Yuen Shoes Manufacturing Co., Ltd.	Accounts receivable from related parties	Yes	30,268 (RMB 7,000,000)	-	-	-	2	-	Operating capital	-	-	-	41,682	41,682	
16	Dongguan Yusheng Shoe Industry Co., Ltd.	Dongguan Xingtai Consulting Co., Ltd	Accounts receivable from related parties	Yes	215,400 (RMB 50,000,000)	-	-	-	2	-	Operating capital	-	-	-	1,669,232	1,669,232	
		Yu Xing (Jishui) Footwear Co., Ltd.	Accounts receivable from related parties	Yes	30,653 (RMB 7,000,000)	30,639 (RMB 7,000,000)	-	3.05	2	-	Operating capital	-	-	-	1,669,232	1,669,232	
		Shanggao Yisen Industry Co., Ltd	Accounts receivable from related parties	Yes	109,475 (RMB 25,000,000)	109,425 (RMB 25,000,000)	-	3.05	2	-	Operating capital	-	-	-	1,669,232	1,669,232	
		Yang Xin Pou Jia Shoes Manufacturing Co., Ltd.	Accounts receivable from related parties	Yes	131,370 (RMB 30,000,000)	131,310 (RMB 30,000,000)	-	3.33	2	-	Operating capital	-	-	-	1,669,232	1,669,232	
		Dongguan Yu Xiang Shoes Material Co., Ltd.	Accounts receivable from related parties	Yes	608,681 (RMB 139,000,000)	608,403 (RMB 139,000,000)	-	3.05	2	-	Operating capital	-	-	-	1,699,232	1,699,232	
17	Dongguan De Chang Zi Xun Co., Ltd.	Dong Guan Yue Yuan Footwear Products Company Limited	Accounts receivable from related parties	Yes	17,516 (RMB 4,000,000)	17,508 (RMB 4,000,000)	-	3.05	2	-	Operating capital	-	-	-	41,539	41,539	
18	Dongguan Xingtai Consulting Co., Ltd	Dong Guan Yue Yuan Footwear Products Company Limited	Accounts receivable from related parties	Yes	30,653 (RMB 7,000,000)	30,639 (RMB 7,000,000)	-	3.05	2	-	Operating capital	-	-	-	68,184	68,184	
19	Bao Hong (Yangzhou) Shoes Co., Ltd.	Shanggao Yisen Industry Co., Ltd	Accounts receivable from related parties	Yes	262,740 (RMB 60,000,000)	262,620 (RMB 60,000,000)	-	3.33	2	-	Operating capital	-	-	-	1,037,509	1,037,509	
		Dong Guan Pou Chen Footwear Company Limited	Accounts receivable from related parties	Yes	262,740 (RMB 60,000,000)	262,620 (RMB 60,000,000)	262,620 (RMB 60,000,000)	3.00	2	-	Operating capital	-	-	-	1,037,509	1,037,509	
20	Yue Yuen (Anfu) Footwear Co., Ltd	Dong Guan Pou Chen Footwear Company Limited	Accounts receivable from related parties	Yes	218,950 (RMB 50,000,000)	218,850 (RMB 50,000,000)	218,850 (RMB 50,000,000)	3.00	2	-	Operating capital	-	-	-	2,086,419	2,086,419	
21	Rui Jin Pou Yuen Footwear Development Co., Ltd.	Yu Xing (Jishui) Footwear Co., Ltd.	Accounts receivable from related parties	Yes	26,262 (RMB 6,000,000)	26,262 (RMB 6,000,000)	26,262 (RMB 6,000,000)	3.33	2	-	Operating capital	-	-	-	293,785	293,785	
		Dong Guan Pou Chen Footwear Company Limited	Accounts receivable from related parties	Yes	43,790 (RMB 10,000,000)	43,770 (RMB 10,000,000)	43,770 (RMB 10,000,000)	3.00	2	-	Operating capital	-	-	-	293,785	293,785	
22	Yiyang Yujing Shoes Industrial Co., Ltd.	Dong Guan Pou Chen Footwear Company Limited	Accounts receivable from related parties	Yes	33,703 (RMB 7,700,000)	33,703 (RMB 7,700,000)	-	3.00	2	-	Operating capital	-	-	-	69,256	69,256	
		Yisen (YiFeng) Mould Co., Ltd.	Accounts receivable from related parties	Yes	30,653 (RMB 7,000,000)	30,639 (RMB 7,000,000)	30,639 (RMB 7,000,000)	3.33	2	-	Operating capital	-	-	-	69,256	69,256	
23	Yichun Yisen Industry Co., Ltd.	Dong Guan Pou Chen Footwear Company Limited	Accounts receivable from related parties	Yes	131,310 (RMB 30,000,000)	131,310 (RMB 30,000,000)	131,310 (RMB 30,000,000)	3.00	2	-	Operating capital	-	-	-	669,291	669,291	
24	Jiangxi Uniscien Consulting Co., Ltd	Dong Guan Pou Chen Footwear Company Limited	Accounts receivable from related parties	Yes	21,885 (RMB 5,000,000)	21,885 (RMB 5,000,000)	21,885 (RMB 5,000,000)	3.00	2	-	Operating capital	-	-	-	30,439	30,439	
25	Orisol Asia Limited	Orisol Do Brasil Industria E Comercio De Maquinas Ltda	Accounts receivable from related parties	Yes	127,896 (US\$ 4,400,000)	125,312 (US\$ 4,400,000)	45,568 (US\$ 1,600,000)	1.00	2	-	Operating capital	-	-	-	142,515	142,515	
26	Wealthplus Holdings Limited	Treasure Chain International Limited	Accounts receivable from related parties	Yes	2,606,604 (RMB 603,000,000)	-	-	-	2	-	Operating capital	-	-	-	43,357,779	43,357,779	
		Allied Charm Holdings Limited	Accounts receivable from related parties	Yes	4,227 (US\$ 140,000)	-	-	-	2	-	Operating capital	-	-	-	144,525,929	144,525,929	
		Pou Yii Development Co., Ltd.	Accounts receivable from related parties	Yes	120,000	120,000	120,000	0.55	2	-	Operating capital	-	-	-	43,357,779	43,357,779	
		Yue Hong Realty Development Co., Ltd.	Accounts receivable from related parties	Yes	400,000	400,000	400,000	0.55	2	-	Operating capital	-	-	-	43,357,779	43,357,779	
		Pou Shine Investments Co., Ltd.	Accounts receivable from related parties	Yes	500,000	500,000	500,000	0.55	2	-	Operating capital	-	-	-	43,357,779	43,357,779	
		Barits Development Corp	Accounts receivable from related parties	Yes	1,300,000	1,300,000	1,300,000	0.80	2	-	Operating capital	-	-	-	43,357,779	43,357,779	
27	Pou Sheng (China) Investment Co., Ltd.	Qingdao Pou-Sheng International Sport Products Co., Ltd.	Loan receivable	Yes	1,482,576 (RMB 338,565,000)	1,481,899 (RMB 338,565,000)	31,514 (RMB 7,200,000)	4.35	2	-	Operating capital	-	-	-	1,507,495	1,507,495	
28	Yue Cheng (Kun Shan) Sports Co., Ltd.	Kounshan Baowei Information Technology Co., Ltd.	Loan receivable	Yes	1,156,056 (RMB 264,000,000)	1,155,528 (RMB 264,000,000)	1,155,528 (RMB 264,000,000)	4.35	2	-	Operating capital	-	-	-	1,169,671	1,169,671	

Note 1: The Company is coded as follows:

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

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

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

(Continued)

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

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

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

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

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

Note 4: Dongguan Baoqiao Electronic Technology Co., Ltd. for subsidiaries in which Pou Chen holds 100% voting rights directly and indirectly: The financing amount and each of the financing amount shall not exceed 100% of total equity of Pou Chen's consolidated financial statement. When Yue Yuen Industrial (Holdings) Limited engages in fund lending, the financing amount shall not exceed 40% of total equity in the Yue Yuen's consolidated financial statements. Foreign companies on which Yue Yuen Industrial (Holdings) Limited holds 100% voting rights directly and indirectly: The financing amount shall not exceed 100% of total equity of Yue Yuen's consolidated financial statement. If the lender or the borrower is registered in Taiwan, the financing amount shall not exceed 40% of total equity of lender's financial statement. Great Pacific Investments Limited for joint ventures or join operation: The financing amount shall not exceed 40% of total equity of lender's financial statement. For subsidiaries in which Wealthplus Holdings Limited holds 100% voting rights directly and indirectly: The financing amount shall not exceed 100% of total equity of Wealthplus Holdings Limited financial statements. Each of the financing amount shall not exceed 30% of total equity of lender's financial statement. For subsidiaries in which Pou Sheng International (Holdings) Limited holds not 100% voting rights directly. The financing amount shall not exceed 40% of total equity of lender's financial statement.

(Concluded)

## POU CHEN CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorsement/ Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 4)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 4)	Note
		Name	Relationship (Note 2)											
0	Pou Chen Corporation	Wealthplus Holdings Limited	b	\$ 134,109,459	\$ 27,468,300	\$ 24,635,200	\$ 105,060	\$ -	18	\$ 268,218,918	Y	N	N	
		Pro Arch International Development Enterprise Inc.	b	134,109,459	104,744	84,557	84,557	-	-	268,218,918	Y	N	N	
		Pou Yii Development Co., Ltd.	b	134,109,459	300,000	300,000	51,000	-	-	268,218,918	Y	N	N	
		Pou Yuen Technology Co., Ltd.	b	134,109,459	300,000	300,000	32,100	-	-	268,218,918	Y	N	N	
		Yue Hong Realty Development Co., Ltd.	b	134,109,459	550,000	550,000	106,500	-	-	268,218,918	Y	N	N	
		Pou Shine Investments Co., Ltd.	b	134,109,459	1,700,000	1,700,000	217,500	-	1	268,218,918	Y	N	N	
		Barits Development Corp.	b	134,109,459	8,915,000	8,408,800	2,114,500	-	6	268,218,918	Y	N	N	
1	Yue Yuen Industrial (Holdings) Limited	Orisol Taiwan Limited	b	66,572,353	90,000	90,000	-	-	-	166,430,883	N	N	N	
		Pou Chien Enterprise Co., Ltd.	b	66,572,353	1,300,000	1,300,000	1,300,000	-	1	166,430,883	N	N	N	
		Yue Dean Technology Corporation	b	66,572,353	3,600,000	1,900,000	985,000	-	2	166,430,883	N	N	N	
		PT. Selalu Cinta Indonesia	b	66,572,353	3,846,488	2,136,000	739,212	-	2	166,430,883	N	N	N	
		PT. Shoenary Javanesia Inc.	b	66,572,353	(US\$ 129,000,000)	(US\$ 75,000,000)	(US\$ 25,955,493)	-	1	166,430,883	N	N	N	
		PT. Ka Yuen Indonesia	f	66,572,353	(US\$ 51,585,000)	(US\$ 42,675,000)	(US\$ 11,483,787)	-	-	166,430,883	N	N	N	
		Pine Wood Industries Ltd.	f	66,572,353	(US\$ 1,000,000)	(US\$ 1,000,000)	-	-	-	166,430,883	N	N	N	
		Pou Li Vietnam Company Ltd.	b	66,572,353	(US\$ 4,070,000)	(US\$ 1,850,000)	-	-	-	166,430,883	N	N	N	
		PT. KMK Global Sports	b	66,572,353	(US\$ 6,000,000)	(US\$ 6,000,000)	-	-	-	166,430,883	N	N	N	
		PT. Pou Yuen Indonesia	b	66,572,353	(US\$ 272,250)	(US\$ 256,320)	251,194	-	-	166,430,883	N	N	N	
		Cohen Enterprises Inc.	f	66,572,353	(US\$ 9,000,000)	(US\$ 9,000,000)	(US\$ 8,820,000)	-	-	166,430,883	N	N	N	
		Prime Asia Leather Corporation	b	66,572,353	(US\$ 453,750)	-	-	-	-	166,430,883	N	N	N	
		Pou Hung Vietnam Company Ltd.	b	66,572,353	(US\$ 15,000,000)	996,800	223,568	-	1	166,430,883	N	N	N	
		Pou Phong Vietnam Company Ltd.	b	66,572,353	(US\$ 45,000,000)	(US\$ 35,000,000)	(US\$ 7,850,000)	-	3	166,430,883	N	N	N	
		Powerknit Vietnam Company Ltd.	b	66,572,353	(US\$ 6,460,300)	(US\$ 3,132,800)	290,000	-	-	166,430,883	N	N	N	
		Chang Yang Material Corp.	f	66,572,353	(US\$ 220,000,000)	(US\$ 110,000,000)	136,811	-	-	166,430,883	N	N	N	
		Innovative Track Limited	f	66,572,353	(US\$ 331,600)	(US\$ 313,280)	(US\$ 4,803,757)	-	-	166,430,883	N	N	N	
		Offenrich Holdings Limited	f	66,572,353	(US\$ 11,000,000)	(US\$ 11,000,000)	-	-	-	166,430,883	N	N	N	
		Yue De Vietnam Company Limited.	b	66,572,353	(US\$ 12,000,000)	(US\$ 7,000,000)	-	-	-	166,430,883	N	N	N	
		Pou Sung Vietnam Co., Ltd.	b	66,572,353	(US\$ 361,460)	(US\$ 199,360)	-	-	-	166,430,883	N	N	N	
		Henan YYSPTS Sport Products Co., Ltd.	b	66,572,353	(US\$ 12,000,000)	-	-	-	-	166,430,883	N	N	Y	
		Guizhou Pou-Sheng Sport Products Co., Ltd.	b	66,572,353	(RMB 9,362,235)	-	-	-	-	166,430,883	N	N	Y	
		Shanghai DZJ Sports Industries Dev. Co., Ltd.	b	66,572,353	(RMB 43,181)	-	-	-	-	166,430,883	N	N	Y	
		Jiangxi Bao Yuan Trade Co., Ltd.	b	66,572,353	(RMB 9,986,384)	-	-	-	-	166,430,883	N	N	Y	
		Hefei Pouxun Sporting Goods Co., Ltd.	b	66,572,353	(RMB 53,976)	-	-	-	-	166,430,883	N	N	Y	
		Qingdao Pou-Sheng International Sport Products Co., Ltd.	b	66,572,353	(RMB 12,482,980)	-	-	-	-	166,430,883	N	N	Y	
		Zhejiang Shengdao Sporting-Goods Co., Ltd.	b	66,572,353	(RMB 62,073)	-	-	-	-	166,430,883	N	N	Y	
		Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	b	66,572,353	(RMB 14,355,427)	-	-	-	-	166,430,883	N	N	Y	
		Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	b	66,572,353	(RMB 129,543)	-	-	-	-	166,430,883	N	N	Y	
		Shaanxi Pousheng Trading Co., Ltd.	b	66,572,353	(RMB 29,959,152)	-	-	-	-	166,430,883	N	N	Y	
			b	66,572,353	(RMB 132,134)	-	-	-	-	166,430,883	N	N	Y	
			b	66,572,353	(RMB 30,558,335)	-	-	-	-	166,430,883	N	N	Y	
			b	66,572,353	(RMB 296,870)	-	-	-	-	166,430,883	N	N	Y	
			b	66,572,353	(RMB 68,656,390)	-	-	-	-	166,430,883	N	N	Y	
			b	66,572,353	(RMB 480,390)	-	-	-	-	166,430,883	N	N	Y	
			b	66,572,353	(RMB 111,098,522)	-	-	-	-	166,430,883	N	N	Y	
			b	66,572,353	(RMB 906,804)	-	-	-	-	166,430,883	N	N	Y	
			b	66,572,353	(RMB 209,714,064)	-	-	-	-	166,430,883	N	N	Y	
			b	66,572,353	(RMB 1,184,781)	-	-	-	-	166,430,883	N	N	Y	
			b	66,572,353	(RMB 274,001,411)	-	-	-	-	166,430,883	N	N	Y	

(Continued)

No. (Note 1)	Endorsement/ Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 4)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 4)	Note
		Name	Relationship (Note 2)											
2	Pou Sheng International (Holdings) Limited	Qingdao Pou-Sheng International Sport Products Co., Ltd.	b	\$ 68,020,340	\$ 2,092,751 (RMB 481,085,028)	\$ 1,071,096 (RMB 244,710,028)	\$ 177,869 (RMB 40,637,166)	\$ -	3	\$ 136,040,679	N	N	Y	
		Hefei Pouxun Sporting Goods Co., Ltd.	b	68,020,340	1,689,160 (RMB 387,178,914)	1,121,295 (RMB 256,178,914)	164,158 (RMB 37,504,785)	-	3	136,040,679	N	N	Y	
		Henan YYSPO RTS Sport Products Co., Ltd.	b	68,020,340	796,802 (RMB 182,878,868)	485,864 (RMB 111,003,868)	52,545 (RMB 12,004,870)	-	1	136,040,679	N	N	Y	
		Yue Cheng (Kun Shan) Sports Co., Ltd.	b	68,020,340	1,601,501 (RMB 365,723,077)	1,600,770 (RMB 365,723,077)	-	-	5	136,040,679	N	N	Y	
		Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	b	68,020,340	29,305,517 (RMB 5,686,569,298)	17,616,823 (RMB 3,042,344,298)	3,051,126 (RMB 697,081,921)	-	52	136,040,679	N	N	Y	
		Shaanxi Pousheng Trading Co., Ltd.	b	68,020,340	19,784,303 (RMB 4,097,362,257)	9,039,742 (RMB 1,635,837,257)	978,760 (RMB 233,614,491)	-	27	136,040,679	N	N	Y	
		Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	b	68,020,340	10,189,533 (RMB 1,288,961,202)	8,147,475 (RMB 878,911,202)	1,164,153 (RMB 265,970,553)	-	24	136,040,679	N	N	Y	
		Zhejiang Shengdao Sporting-Goods Co., Ltd.	b	68,020,340	7,435,767 (RMB 642,905,543)	6,172,875 (RMB 427,780,543)	248,314 (RMB 56,731,576)	-	18	136,040,679	N	N	Y	
		Taiwan Taisong Trading Co., Ltd.	b	68,020,340	130,000	90,000	500	-	-	136,040,679	N	N	N	
		PCG Bros Sports Management Co., Ltd.	b	68,020,340	100,000	100,000	100,000	-	-	136,040,679	N	N	N	
		Pou Yuen Trading Corporation	b	68,020,340	432,000	366,000	105,000	-	1	136,040,679	N	N	N	
		Hainan Bao Xun E-Commerce Co., Ltd.	b	68,020,340	5,807,841 (RMB 1,326,900,000)	5,807,841 (RMB 1,326,900,000)	-	-	17	136,040,679	N	N	Y	
		Fujian Pou Sheng Sporting Goods Co., Ltd.	b	68,020,340	464,186 (RMB 106,026,578)	438,911 (RMB 100,276,578)	-	-	1	136,040,679	N	N	Y	
		Guizhou Pou-Sheng Sport Products Co., Ltd.	b	68,020,340	600,543 (RMB 137,954,117)	306,189 (RMB 69,954,117)	43,780 (RMB 10,002,376)	-	1	136,040,679	N	N	Y	
		Jiangxi Bao Yuan Trade Co., Ltd.	b	68,020,340	788,396 (RMB 181,106,570)	431,055 (RMB 98,481,570)	89,041 (RMB 20,342,964)	-	1	136,040,679	N	N	Y	
		Kun Shan Taisong Trading Co., Ltd.	b	68,020,340	218,950 (RMB 50,000,000)	218,850 (RMB 50,000,000)	-	-	1	136,040,679	N	N	Y	
		Kun Shan Pou-Chi Sports Co., Ltd.	b	68,020,340	1,576,211 (RMB 363,175,000)	575,302 (RMB 131,437,500)	-	-	2	136,040,679	N	N	Y	
		Kun Shan YYSPO RTS E-Commerce Co., Ltd.	b	68,020,340	3,012,366 (RMB 689,250,000)	2,285,341 (RMB 522,125,000)	-	-	7	136,040,679	N	N	Y	
		Guangzhou Pou-Yuen Trading Co., Ltd.	b	68,020,340	1,996,500 (US\$ 66,000,000)	1,879,680 (US\$ 66,000,000)	-	-	6	136,040,679	N	N	Y	
		Shenzhen Pou-Yuen Sport Products Co., Ltd.	b	68,020,340	236,660 (RMB 54,304,649)	147,088 (RMB 33,604,649)	-	-	-	136,040,679	N	N	Y	
		Pou Sheng (China) Investment Co., Ltd.	b	68,020,340	6,594,450 (RMB 66,000,000)	6,475,530 (RMB 66,000,000)	-	-	19	136,040,679	N	N	Y	
		Nanning Pou-Kung Sport Products Co., Ltd.	b	68,020,340	351,709 (US\$ 1,050,000,000)	158,752 (US\$ 1,050,000,000)	-	-	-	136,040,679	N	N	Y	
		Yue-Shen (Taicang) Footwear Co., Ltd.	b	68,020,340	80,894,671 (RMB 80,894,671)	36,269,671 (RMB 36,269,671)	-	-	1	136,040,679	N	N	Y	
Taicang Yue-Shen Sporting Goods Co., Ltd.	b	68,020,340	212,045 (RMB 48,425,876)	185,698 (RMB 42,425,876)	-	-	9	136,040,679	N	N	Y			
				3,397,218 (RMB 319,920,000)	3,220,881 (RMB 306,420,000)	-	-							
				68,020,340 (US\$ 66,000,000)	66,000,000 (US\$ 66,000,000)	66,000,000 (US\$ 66,000,000)	80,000,000 (RMB 80,000,000)							
3	Pou Sheng (China) Investment Co., Ltd.	Henan YYSPO RTS Sport Products Co., Ltd.	b	7,540,918	91,134 (RMB 21,000,000)	26,262 (RMB 6,000,000)	-	-	1	15,081,837	N	N	Y	
		Guizhou Pou-Sheng Sport Products Co., Ltd.	b	7,540,918	121,732 (RMB 28,000,000)	52,524 (RMB 12,000,000)	-	-	1	15,081,837	N	N	Y	
		Shanghai DJJ Sports Industries Dev. Co., Ltd.	b	7,540,918	86,480 (RMB 20,000,000)	-	-	-	-	15,081,837	N	N	Y	
		Jiangxi Bao Yuan Trade Co., Ltd.	b	7,540,918	128,451 (RMB 29,680,000)	9,104 (RMB 2,080,000)	-	-	-	15,081,837	N	N	Y	
		Taicang Yue-Shen Sporting Goods Co., Ltd.	b	7,540,918	43,625 (RMB 10,000,000)	30,639 (RMB 7,000,000)	-	-	1	15,081,837	N	N	Y	
		Qingdao Pou-Sheng International Sport Products Co., Ltd.	b	7,540,918	520,828 (RMB 120,200,000)	86,184 (RMB 19,690,000)	-	-	2	15,081,837	N	N	Y	
		Hefei Pouxun Sporting Goods Co., Ltd.	b	7,540,918	548,611 (RMB 126,650,000)	77,693 (RMB 17,750,000)	-	-	2	15,081,837	N	N	Y	
		Zhejiang Shengdao Sporting-Goods Co., Ltd.	b	7,540,918	519,409 (RMB 120,060,000)	21,491 (RMB 4,910,000)	-	-	1	15,081,837	N	N	Y	
		Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	b	7,540,918	791,567 (RMB 183,000,000)	21,885 (RMB 5,000,000)	-	-	1	15,081,837	N	N	Y	
		Shaanxi Pousheng Trading Co., Ltd.	b	7,540,918	2,466,810 (RMB 570,200,000)	100,672 (RMB 23,000,000)	-	-	3	15,081,837	N	N	Y	
		Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	b	7,540,918	3,099,705 (RMB 712,970,000)	1,338,793 (RMB 305,870,000)	350,160 (RMB 80,000,000)	-	36	15,081,837	N	N	Y	

(Continued)

Note 1: The Company is coded as follows:

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

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

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

Note 3: According to the Company’s procedures for the Management of Endorsements and Guarantees, the aggregate amount of endorsements/guarantees provided by the Company shall not exceed 200% of its net worth. Meanwhile, the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed 100% of the Company’s net worth. The aggregate amount of endorsements/guarantees provided by Yue Yuen Industrial (Holdings) Limited shall not exceed 150% of its net worth. Meanwhile, the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed 60% of the Company’s net worth. The aggregate amount of endorsements/guarantees provided by the Pou Sheng International (Holdings) Limited shall not exceed 400% of its net worth. Meanwhile, the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed 200% of the Company’s net worth. The aggregate amount of endorsements/guarantees provided by Pou Sheng (China) Investment Co., Ltd shall not exceed 400% of its net worth. Meanwhile, the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed 200% of the Company’s net worth.

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

(Concluded)

## POU CHEN CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2020

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Pou Chen Corporation	<u>Ordinary shares</u>							
	Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	191,730,486	\$ 5,713,568	1.41	\$ 5,713,568	
	Taiwan Paiho Limited		Financial assets at FVTOCI - current	615,473	45,545	0.21	45,545	
	Zhiyuan Venture Capital Co., Ltd.		Financial assets at FVTOCI - non-current	6,000,000	62,993	10.71	62,993	
Pou Chen Corporation	<u>Structured product</u>							
	New Loulan Corporation., Ltd.		Financial assets at FVTOCI - non-current	100,000	798	4.00	798	
	CIB Callable Structured Deposit		Financial assets at amortized cost - non-current	-	113,364	-	113,364	
Wealthplus Holdings Limited	<u>Fund</u>							
	CID Greater China Venture Capital Fund II, L.P.		Financial assets mandatorily at FVTPL - current	-	36,023 (US\$ 1,264,866)	-	36,023 (US\$ 1,264,866)	
Wealthplus Holdings Limited	<u>Ordinary shares</u>							
	Golden Brands Developments Ltd.		Financial assets at FVTOCI - non-current	17,086,572	67,977 (US\$ 2,386,833)	5.88	67,977 (US\$ 2,386,833)	
Wealthplus Holdings Limited	Great Team Backend Foundry, Inc.		Financial assets at FVTOCI - non-current	1,624,353	41,495 (US\$ 1,456,985)	5.69	41,495 (US\$ 1,456,985)	
Wealthplus Holdings Limited	<u>Bonds</u>							
	First Abu Dhabi Bank		Financial assets at amortized cost - current	-	22,101 (US\$ 776,022)	-	22,101 (US\$ 776,022)	
Wealthplus Holdings Limited	Natwest Markets PL		Financial assets at amortized cost - non-current	-	438,022 (US\$ 15,380,000)	-	438,022 (US\$ 15,380,000)	
	Societe Generale Perpetual Bond (EUR)		Financial assets at amortized cost - non-current	-	106,435 (US\$ 3,737,187)	-	106,435 (US\$ 3,737,187)	
Wealthplus Holdings Limited	Swedbank Perpetual Bond		Financial assets at amortized cost - non-current	-	146,380 (US\$ 5,139,753)	-	146,380 (US\$ 5,139,753)	
	BNP Paribas Perpetual Bond		Financial assets at amortized cost - non-current	-	180,026 (US\$ 6,321,124)	-	180,026 (US\$ 6,321,124)	
Wealthplus Holdings Limited	Societe Generale Perpetual Bond (USD)		Financial assets at amortized cost - non-current	-	120,147 (US\$ 4,218,637)	-	120,147 (US\$ 4,218,637)	
	UBS Perpetual Bond		Financial assets at amortized cost - non-current	-	133,464 (US\$ 4,686,242)	-	133,464 (US\$ 4,686,242)	
Wealthplus Holdings Limited	HSBC Holdings Perpetual Bond		Financial assets at amortized cost - non-current	-	59,573 (US\$ 2,091,756)	-	59,573 (US\$ 2,091,756)	
	ING Groep Perpetual Bond		Financial assets at amortized cost - non-current	-	253,093 (US\$ 8,886,684)	-	253,093 (US\$ 8,886,684)	
Wealthplus Holdings Limited	<u>Bills</u>							
	Deutsche Bank-Anleihe		Financial assets at amortized cost - non-current	-	1,870,356 (US\$ 65,672,600)	-	1,870,356 (US\$ 65,672,600)	
Win Fortune Investments Limited	<u>Fund</u>							
Win Fortune Investments Limited	Prodigy Strategic Investment Fund XXII Segregated Portfolio		Financial assets mandatorily at FVTPL - non-current	36,100	108,662 (US\$ 3,815,362)	-	108,662 (US\$ 3,815,362)	
Pou Shine Investments Co., Ltd.	<u>Ordinary shares</u>							
	Taiwan Paiho Limited		Financial assets at FVTOCI - current	775,170	57,363	0.26	57,363	
Pou Shine Investments Co., Ltd.	Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	125,123,044	3,728,667	0.92	3,728,667	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Pou Yuen Technology Co., Ltd.	<u>Ordinary shares</u> Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	17,039,372	\$ 507,773	0.13	\$ 507,773	
Barits Development Corporation	<u>Ordinary shares</u> Mega Financial Holding Company Ltd. Shey Yu Co., Ltd. Environment In Assistant Engineering Corp.		Financial assets at FVTOCI - current Financial assets at FVTOCI - non-current Financial assets at FVTOCI - non-current	133,720,943 32,000 20,000	3,984,884 320 -	0.98 1.07 1.00	3,984,884 320 -	
Song Ming Investments Co., Ltd.	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	5,468,170	68,539	-	68,539	
	<u>Ordinary shares</u> Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	49,416,125	1,472,601	0.36	1,472,601	
Pro Arch International Development Enterprise Inc.	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	446,248	5,593	-	5,593	
Pou Chin Development Co., Ltd.	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	1,289,955	16,169	-	16,169	
Wang Yi Construction Co., Ltd.	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	201,087	2,520	-	2,520	
Windsor Entertainment Co., Ltd.	<u>Fund</u> Mega Diamond Money Market Fund		Financial assets mandatorily at FVTPL - current	752,142	9,515	-	9,515	
	<u>Ordinary shares</u> Taichung International Entertainment Corporation		Financial assets at FVTOCI - non-current	3	8,040	0.09	8,040	
Pou Yii Development Co., Ltd.	<u>Ordinary shares</u> Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	40,069,450	1,194,070	0.29	1,194,070	
Pan Asia Insurance Services Co., Ltd.	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	478,966	6,003	-	6,003	
Yue Yuen Industrial (Holdings) Limited	<u>Fund</u> Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	34,085,272	91,476	-	91,476	
	BPEA Asia Private Equity		Financial assets mandatorily at FVTPL - non-current	-	(US\$ 3,211,930) 310,255	-	(US\$ 3,211,930) 310,255	
	<u>Ordinary shares</u> Evermore Chemical Industry Co., Ltd.		Financial assets at FVTOCI - non-current	8,081,281	140,070	8.13	140,070	
	Taiwan Paiho Limited		Financial assets at FVTOCI - non-current	9,528,228	(US\$ 4,918,179) 714,680	3.20	(US\$ 4,918,179) 714,680	
	Keg Big Dome Sports Co., Ltd.		Financial assets at FVTOCI - non-current	-	(US\$ 25,094,113) 13,795	11.76	(US\$ 25,094,113) 13,795	
	<u>Structured product</u> JP Morgan Credit Linked Note		Financial assets mandatorily at FVTPL - non-current	-	(US\$ 484,377) 578,315	-	(US\$ 484,377) 578,315	
					(US\$ 20,306,000)		(US\$ 20,306,000)	

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

(Concluded)

## POU CHEN CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Company Name	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Yue Yuen Industrial (Holdings) Limited	Cathay Taiwan Money Market Fund	Financial assets measured at fair value through profit and loss - current	-	None	32,355,291	\$ 404,431 (US\$ 13,490,029)	128,095,974	\$ 1,624,698 (US\$ 56,845,071) (Note 1)	153,251,118	\$ 1,937,653 (US\$ 67,123,170)	\$ 1,937,653 (US\$ 67,123,170)	\$ -	7,200,147	\$ 91,476 (US\$ 3,211,930)
	Prime Glorious Limited	Investments accounted for using equity method	-	None	-	-	11,662,000	337,227 (US\$ 11,840,849) (Note 2)	-	-	-	-	11,662,000	337,227 (US\$ 11,840,819)
	Hua Jian Industrial Holding Co., Limited	Non-current assets held for sale	-	None	-	1,133,304 (US\$ 37,802,000)	-	-	-	1,121,511 (US\$ 36,525,000)	650,796 (US\$ 20,860,000) (Note 2)	470,715 (US\$ 15,665,000)	-	482,508 (US\$ 16,942,000)
Barits Development Corporation	Global Brands Manufacture Ltd.	Financial assets measured at fair value through other comprehensive income - current	-	None	34,448,000	590,783	-	213,567 (Note 1)	34,448,000	804,350	804,350	-	-	-

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

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

**POU CHEN CORPORATION AND SUBSIDIARIES**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Yue Yuen Industrial (Holdings) Limited	Public construction such as factories and dormitories	2020.01-2020.12	\$ 3,049,152 (US\$ 107,062,913)	Accumulated payment as of December 31, 2020 \$ 2,316,359 (US\$ 81,332,839)	-	None	-	-	-	-	Market price	Plant expansion	

## POU CHEN CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	The subsidiary in which the Company holds 51.11% indirectly at December 31, 2020	Sale	\$ (8,136,210)	(99)	D/A 45 days	-	-	\$ 1,747,626	100	
	San Fang Chemical Industry Co., Ltd.	Both Pou Chien Enterprise Co., Ltd. and Yue Dean Technology Corporation are the directors of the company	Purchase	100,882	2	D/A 45 days	-	-	(11,467)	(1)	
Yue Yuen Industrial (Holdings) Limited	Cohen Enterprises Inc.	Investee accounted for by the equity method	Sale	(202,005) (US\$ (6,830,000))	-	D/A 45 days	-	-	1,111 (US\$ 39,000)	-	
	Pou Chen Corporation	The parent company	Purchase	8,136,210 (US\$ 275,418,306)	6	D/A 45 days	-	-	(1,747,626) (US\$ (61,363,274))	(10)	
	Ka Yuen Rubber Factory Limited	Investee accounted for by the equity method	Purchase	1,217,089 (US\$ 41,270,000)	1	D/A 45 days	-	-	(249,399) (US\$ (8,757,000))	(1)	
	Twinways Investments Limited	Investee accounted for by the equity method	Purchase	1,042,220 (US\$ 35,359,000)	1	D/A 45 days	-	-	(292,461) (US\$ (10,269,000))	(2)	
	Cohen Enterprises Inc.	Investee accounted for by the equity method	Purchase	352,429 (US\$ 11,913,000)	-	D/A 45 days	-	-	(41,666) (US\$ (1,463,000))	-	
	Top Units Developments Ltd.	Investee accounted for by the equity method	Purchase	493,541 (US\$ 16,744,000)	-	D/A 45 days	-	-	(135,650) (US\$ (4,763,000))	(1)	
	San Fang Chemical Industry Co., Ltd.	Investee accounted for by the equity method	Purchase	1,510,056 (US\$ 51,237,000)	1	D/A 45 days	-	-	(251,478) (US\$ (8,830,000))	(1)	
	Eastlion Industrial Ltd.	Investee accounted for by the equity method	Purchase	910,207 (US\$ 30,818,000)	1	D/A 45 days	-	-	(227,584) (US\$ (7,991,000))	(1)	
	Great Skill Industrial Limited	Investee accounted for by the equity method	Purchase	453,479 (US\$ 15,300,000)	-	D/A 45 days	-	-	(79,687) (US\$ (2,798,000))	-	
Pou Sheng International (Holdings) Limited	Kounshan Baowei Information Technology Co., Ltd.	Investee accounted for by the equity method	Sale	(11,307,846) (US\$(383,021,000))	5	D/A 60 days	-	-	1,867,491 (US\$ 65,572,000)	11	
	Kounshan Baowei Information Technology Co., Ltd.	Investee accounted for by the equity method	Purchase	1,672,370 (US\$ 56,718,000)	1	D/A 60 days	-	-	(119,474) (US\$ (4,195,000))	(1)	
	Vipshop Holdings Limited	Other related parties	Sale	(599,920) (US\$ (19,988,000))	-	D/A 60 days	-	-	-	-	

**POU CHEN CORPORATION AND SUBSIDIARIES**

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

**DECEMBER 31, 2020**

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

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	The subsidiary in which the Company holds 51.11% indirectly at December 31, 2020	\$ 1,747,626	5	\$ -	-	\$ 1,134,046	\$ -
Pou Sheng International (Holdings) Limited	Kounshan Baowei Information Technology Co., Ltd.	Investee accounted for by the equity method	1,867,491	12	-	-	277,858	-

**POU CHEN CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	a	Operating revenue	\$ 8,136,210	D/A 45 days	3
		Yue Yuen Industrial (Holdings) Limited	a	Accounts receivable	1,747,626	D/A 45 days	-

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

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

Note 2: Nature of relationship is as follows:

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

Note 3: The percentage calculation is based on the consolidated total operating revenue or total assets. For balance sheet items, each item's period-end balance is shown as a percentage to consolidated total assets as of December 31, 2020. For profit or loss items, cumulative amounts are shown as a percentage to the consolidated total operating revenue for the nine months ended December 31, 2020.

## POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	%	Carrying Amount			
Pou Chen Corporation	Wealthplus Holding Ltd.	British Virgin Islands	Investing in footwear, electronic and peripheral products	\$ 295,429 (US\$ 9,222,000)	\$ 295,429 (US\$ 9,222,000)	9,222,000	100.00	\$ 74,385,844 (US\$ 2,611,862,508)	\$ (528,630) (US\$ (15,862,995))	\$ (513,004) (US\$ (15,334,087))	
	Win Fortune Investments Limited	British Virgin Islands	Investing activities	3,230 (US\$ 100,000)	3,230 (US\$ 100,000)	100,000	100.00	1,960,393 (US\$ 68,834,037)	(43,673) (US\$ (1,467,720))	(43,337) (US\$ (1,456,375))	
	Windsor Entertainment Co., Ltd.	ROC	Entertainment and resort operations	500,000	400,000	15,000,000	100.00	125,293	(42,301)	(39,634)	
	Pou Shine Investments Co., Ltd.	ROC	Investing activities	1,124,667	1,124,667	133,094,460	100.00	3,754,451	245,097	245,097	
	Pan Asia Insurance Services Co., Ltd.	ROC	Agency of property and casualty insurance	5,000	5,000	-	100.00	16,731	6,219	6,219	
	Barits Development Corp.	ROC	Import and export of shoe-related materials and investing activities	2,117,292	2,117,088	251,668,150	99.49	8,863,622	335,511	334,031	
	Pou Yuen Technology Co., Ltd.	ROC	Rental of real estate	966,449	966,449	28,437,147	97.82	322,281	22,763	6,073	
	Pro Arch International Development Enterprise Inc.	ROC	Design and manufacture of footwear products	2,643,184	2,643,184	20,000,000	100.00	216,188	(23,856)	(23,953)	
	Pou Yii Development Co., Ltd.	ROC	Rental and sale of real estate	40,320	40,320	7,875,000	15.00	171,428	60,563	9,084	The Company and its associate hold 90.00%
	Wang Yi Construction Co., Ltd.	ROC	Construction	7,700	7,700	601,755	7.82	-	(3,696)	171	The Company and its associate hold 97.57%
	Elitegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	3,364,570	3,364,570	70,066,949	12.57	1,384,678	62,084	7,804	The Company and its associate hold 19.50% and serve as director
	Techview International Technology Inc.	ROC	Development and sales of TFT-LCD display	380,115	380,115	75	30.00	-	39,915	-	The Company and its associate hold 50.00%
	Ruen Chen Investment Holding Co., Ltd.	ROC	Investment holding	15,300,000	15,230,000	3,900,600,000	20.00	75,039,348	31,927,790	6,385,558	(Note)
Wealthplus Holdings Limited	Yue Yuen Industrial (Holdings) Ltd.	Hong Kong	Manufacturing and sale of athletic and casual footwear and sports apparel	24,199,976 (US\$ 747,132,133)	24,199,976 (US\$ 747,132,133)	806,836,663	50.04	55,472,638 (US\$ 1,947,775,214)	(2,791,063) (US\$ (90,791,000))	(1,495,650) (US\$ (48,875,581))	The subsidiary in which the Company holds 51.11% indirectly at December 31, 2020
	Silver Island Trading Ltd.	British Virgin Islands	Sale of electronic components	-	129,720 (US\$ 4,000,000)	-	-	-	-	-	
	Venture Well Holdings Ltd.	British Virgin Islands	Sale of electronic components	230,305 (US\$ 7,101,621)	230,305 (US\$ 7,101,621)	6,966,030	31.55	71,223 (US\$ 2,500,824)	12,097 (US\$ 414,441)	3,818 (US\$ 130,777)	
Win Fortune Investments Limited	Yue Yuen Industrial (Holdings) Ltd.	Hong Kong	Manufacturing and sale of athletic and casual footwear and sports apparel	404,026 (US\$ 12,769,118)	404,026 (US\$ 12,769,118)	17,307,172	1.07	1,190,502 (US\$ 41,801,330)	(2,791,063) (US\$ (90,791,000))	(32,080) (US\$ (1,048,355))	The subsidiary in which the Company holds 51.11% indirectly at December 31, 2020
Pou Shine Investments Co., Ltd.	Barits Development Corporation	ROC	Import and export of shoe-related materials and investing activities	2,583	2,583	323,370	0.13	11,347	335,511	429	Subsidiary
	Elitegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	373,347	373,347	11,457,179	2.06	226,423	62,084	1,276	The Company and its associate hold 19.50% and serve as director
	Techview International Technology Inc.	ROC	Development and sales of TFT-LCD display	34,296	34,296	12	4.80	-	39,915	-	The Company and its associate hold 50.00%
	Nan Shan Life Insurance Company, Ltd.	ROC	Sale of life insurance	189,920	189,920	12,821,208	0.09	406,149	36,051,175	33,455	The Company and its associate hold 18.09%
Barits Development Corporation	Song Ming Investments Co., Ltd.	ROC	Investing activities	1,218,879	1,218,879	120,486,400	100.00	2,441,744	130,909	130,909	
	Wang Yi Construction Co., Ltd.	ROC	Construction	89,712	89,712	6,910,750	89.75	76,642	(3,696)	(3,317)	The Company and its associate hold 97.57%
	Pou Chin Development Co., Ltd.	ROC	Agency of land demarcation	200,000	200,000	20,000,000	100.00	199,350	(119)	(119)	
	Yue Hong Realty Development Co., Ltd.	ROC	Development of real estate	240,000	240,000	24,000,000	100.00	158,539	(8,492)	(8,492)	
	Elitegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	348,159	348,159	24,109,451	4.32	476,452	62,084	2,686	The Company and its associate hold 19.50% and serve as director
	Techview International Technology Inc.	ROC	Development and sales of TFT-LCD display	128,610	128,610	19	7.60	-	39,915	-	The Company and its associate hold 50.00%
	Nan Shan Life Insurance Company, Ltd.	ROC	Sale of life insurance	189,920	189,920	12,821,208	0.09	406,149	36,051,175	33,455	The Company and its associate hold 18.09%

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	%	Carrying Amount			
Wang Yi Construction Co., Ltd.	Elitegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	\$ 30,838	\$ 30,838	924,148	0.17	\$ 18,264	\$ 62,084	\$ 103	The Company and its associate hold 19.50% and serve as director
Song Ming Investments Co., Ltd.	Pou Yii Development Co., Ltd.	ROC	Rental and sale of real estate	262,500	262,500	39,375,000	75.00	857,138	60,563	45,422	The Company and its associate hold 90.00%
	Pou Yuen Technology Co., Ltd.	ROC	Rental of real estate	21,240	21,240	578,170	1.99	13,700	22,763	453	Subsidiary
	Elitegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	21,725	21,725	2,147,558	0.38	42,443	62,084	239	The Company and its associate hold 19.50% and serve as director
Pou Yuen Technology Co., Ltd.	Pearl Dove International Limited	British Virgin Islands	Investment holding	77,796 (US\$ 2,573,883)	-	25,901	100.00	21,450 (US\$ 753,158)	(2,313) (US\$ (94,295))	(2,313) (US\$ (78,615))	
	Vantage Capital Investments Limited	British Virgin Islands	Investment holding	-	215,342 (US\$ 6,523,222)	-	-	-	(513) (US\$ (17,045))	(513) (US\$ (17,045))	
	Techview International Technology Inc.	ROC	Development and sales of TFT-LCD display	128,597	128,597	19	7.60	-	39,915	-	The Company and its associate hold 50.00%
Yue Yuen Industrial (Holdings) Limited	Eagle Nice (International) Holdings Limited	British Cayman Islands	Manufacturing of wearing apparel and clothing accessories	1,297,712 (US\$ 40,015,775)	1,297,712 (US\$ 40,015,775)	192,000,000	36.09	2,260,375 (US\$ 79,367,115)	1,134,774 (US\$ 38,626,689)	409,540 (US\$ 13,940,372)	
	Full Pearl International Ltd.	British Virgin Islands	Sale of women's shoes	381,878 (US\$ 12,226,424)	381,878 (US\$ 12,226,424)	1,319	40.04	397,721 (US\$ 13,964,935)	(7,274) (US\$ (237,825))	(2,912) (US\$ (95,225))	
	Oftenrich Holdings Limited	Bermuda	Manufacturing and sale of footwear	1,339,783 (US\$ 42,210,159)	1,339,783 (US\$ 42,210,159)	5,400	45.00	2,319,732 (US\$ 81,451,277)	94,719 (US\$ 3,350,340)	42,623 (US\$ 1,507,653)	
	Pine Wood Industries Limited	British Virgin Islands	Manufacturing and sale of fabric	92,393 (US\$ 2,849,000)	92,393 (US\$ 2,849,000)	2,849,000	37.00	201,735 (US\$ 7,083,408)	12,637 (US\$ 416,657)	4,676 (US\$ 154,163)	
	Prosperous Industrial (Holdings) Ltd.	British Cayman Islands	Manufacturing and sale of gym bags	583,740 (US\$ 18,000,000)	583,740 (US\$ 18,000,000)	252,000,000	22.50	492,483 (US\$ 17,292,229)	14,344 (US\$ 1,017,582)	7,232 (US\$ 228,956)	
	Supplyline Logistics Ltd.	Hong Kong	Logistics service provider	262,297 (US\$ 8,206,672)	256,576 (US\$ 8,010,938)	4,612	49.00	- (US\$ (738,122))	(21,761) (US\$ (738,122))	-	
	San Fang Chemical Industry Co., Ltd.	ROC	Manufacturing and sale of synthetic leather	2,696,757 (US\$ 83,192,794)	2,696,757 (US\$ 83,192,794)	177,908,075	44.72	4,347,904 (US\$ 152,665,184)	257,972 (US\$ 8,816,997)	115,365 (US\$ 3,942,961)	
	Nan Pao Resins Chemical Co., Ltd.	ROC	Manufacturing and sale of chemical materials	539,797 (US\$ 16,873,924)	539,797 (US\$ 16,873,924)	21,205,248	17.59	1,684,829 (US\$ 59,158,308)	1,291,229 (US\$ 43,912,714)	227,127 (US\$ 7,724,246)	
	Just Lucky Investments Limited	British Virgin Islands	Property management	26,207 (US\$ 808,130)	26,207 (US\$ 808,130)	808,130	38.30	55,023 (US\$ 1,931,989)	10,041 (US\$ 340,491)	3,846 (US\$ 130,408)	
	Natural Options Limited	British Virgin Islands	Manufacturing of foam	11,144 (US\$ 343,638)	11,144 (US\$ 343,638)	340,870	38.30	6,479 (US\$ 227,487)	228 USD 7,918	88 (US\$ 3,033)	
	Rise Bloom International Limited	Hong Kong	Investment holding	24,312 (US\$ 760,000)	24,312 (US\$ 760,000)	760,000	38.00	44,280 (US\$ 1,554,784)	(697) (US\$ (22,193))	(265) (US\$ (8,433))	
	Prosperlink Limited	Samoa	Investment holding	17,432 (US\$ 570,000)	17,432 (US\$ 570,000)	570,000	38.00	17,777 (US\$ 624,190)	1,206 (US\$ 41,002)	458 (US\$ 15,581)	
	Pou Ming Paper Products Manufacturing Co., Ltd.	British Virgin Islands	Manufacturing of paper products	66,937 (US\$ 2,163,800)	66,937 (US\$ 2,163,800)	1,000,000	20.00	9,801 (US\$ 344,149)	16,214 (US\$ 557,625)	3,243 (US\$ 111,525)	
	Brandblack Inc.	USA	Investment holding	68,762 (US\$ 2,275,000)	-	1,135,796	31.25	51,973 (US\$ 1,824,886)	(42,207) (US\$ (1,440,364))	(13,190) (US\$ (450,114))	
	Best Focus Holdings Ltd.	British Virgin Islands	Manufacturing and sale of shoe box	-	162,150 (US\$ 5,000,000)	-	-	-	(11,410) (US\$ (397,210))	(5,705) (US\$ (198,604))	
	Great Skill Industrial Limited	British Virgin Islands	Manufacturing and sale of plastic shoe material injection crepe	68,882 (US\$ 2,130,000)	68,882 (US\$ 2,130,000)	2,130,000	50.00	92,746 (US\$ 3,256,524)	346 (US\$ 15,574)	174 (US\$ 7,787)	
	Jumbo Power Enterprises Limited	British Virgin Islands	Manufacturing and sale of footwear	259,742 (US\$ 8,000,000)	259,742 (US\$ 8,000,000)	50	50.00	501,374 (US\$ 171,604,422)	160,343 (US\$ 5,412,330)	80,171 (US\$ 2,706,165)	
	Ka Yuen Rubber Factory Limited	British Virgin Islands	Manufacturing and sale of rubber sole	564,782 (US\$ 17,500,000)	564,782 (US\$ 17,500,000)	17,500,000	50.00	672,679 (US\$ 23,619,331)	77,276 (US\$ 2,647,030)	38,639 (US\$ 1,323,515)	
	Willpower Industries Limited	British Virgin Islands	Manufacturing and sale of paper products	221,001 (US\$ 6,950,000)	221,001 (US\$ 6,950,000)	6,950,000	44.84	1,301,026 (US\$ 36,201,760)	397,085 (US\$ 13,524,505)	178,053 (US\$ 6,064,388)	
	Prime Glorious Limited	British Virgin Islands	Investment holding	352,484 (US\$ 11,662,000)	-	11,662,000	49.00	337,227 (US\$ 11,840,819)	9,788 (US\$ 364,937)	4,796 (US\$ 178,819)	
	Blessland Enterprises Limited	British Virgin Islands	Manufacturing and sale of insole	-	39,852 (US\$ 1,232,414)	-	-	-	-	-	
	Cohen Enterprises Inc.	British Virgin Islands	Manufacturing and sale of footwear leather products	623,276 (US\$ 20,215,015)	623,276 (US\$ 20,215,015)	20,000,000	50.00	527,256 (US\$ 18,513,200)	(6,143) (US\$ (197,920))	(3,072) (US\$ (98,960))	
Twinways Investments Limited	British Virgin Islands	Manufacturing and sale of footwear accessory injection crepe	551,432 (US\$ 17,500,000)	551,432 (US\$ 17,500,000)	17,500,000	50.00	1,064,515 (US\$ 37,383,414)	200,198 (US\$ 6,827,206)	100,099 (US\$ 3,413,603)		
Top Units Developments Ltd.	British Virgin Islands	Manufacturing of footwear accessories	418,997 (US\$ 14,079,196)	418,997 (US\$ 14,079,196)	5,390,000	49.00	663,645 (US\$ 23,302,157)	255,911 (US\$ 8,670,461)	125,397 (US\$ 4,248,526)		

(Concluded)

## POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
Great Team Backend Foundry, Inc.	Processing and manufacturing of transistors	\$ 2,642,140 (US\$ 88,116,600)	b	\$ -	\$ -	\$ -	\$ -	\$ -	2.01	\$ -	\$ 129,869 (RMB 29,670,733)	\$ -	(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	-	-	-	18,800 (RMB 4,459,629)	31.79	5,976 (RMB 1,417,716) b, 1)	250,883 (RMB 57,318,547)	-	-	
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	-	-	-	3,682 (RMB 859,226)	100.00	3,682 (RMB 859,226) b, 1)	313,115 (RMB 71,536,521)	-	-	
Dongguan Gaocheng Precision Injection Molding Technology Co., Ltd.	Mould, plastic case for mobile phones	395,526 (US\$ 12,055,034)	b	-	-	-	664 (RMB 154,385)	100.00	664 (RMB 154,385) b, 2)	51,321 (RMB 11,725,089)	-	-	
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	-	-	-	199,406 (RMB 46,545,641)	31.79	63,391 (RMB 14,796,859) b, 1)	968,141 (RMB 221,188,199)	-	-	
Zhongshan Bao Ji Clothing Co., Ltd.	Production and marketing of sportswear	82,025 (US\$ 2,500,000)	b	-	-	-	19 (RMB 4,438)	48.68	9 (RMB 2,160) b, 1)	6,090 (RMB 1,391,438)	-	-	
Dongguan Baoqiao Electronic Technology Co., Ltd.	Production and marketing of other optical appliances and instruments	147,645 (US\$ 4,500,000)	b	-	-	-	41,724 (RMB 9,733,445)	100.00	41,724 (RMB 9,733,445) b, 2)	191,702 (RMB 43,797,633)	-	-	
Poushun Paper Products Manufacturing Co., Ltd.	Production and sale of shoe inner boxes, cartons	68,901 (US\$ 2,100,000)	b	-	-	-	(4,219) (RMB (958,988))	10.22	(431) (RMB (98,009)) b, 1)	4,948 (RMB 1,130,410)	-	-	
Beijing Advazone Electronic Limited Company	Development and production of computer software	512,019 (US\$ 16,100,000)	b	-	-	-	1,237 (RMB 291,597)	32.00	396 (RMB 93,311) b, 2)	34,254 (RMB 7,825,853)	-	-	
Pouhong Footwear Industrial Ltd.	Production and operation of leisure shoes, sports shoes	49,215 (US\$ 1,500,000)	b	-	-	-	(812) (RMB (172,047))	51.11	(415) (RMB (87,933)) b, 1)	42,981 (RMB 9,819,828)	-	-	
Shanggao Yisen Industry Co., Ltd.	Production and sale of finished shoes, semi-finished products, components and moulds	945,204 (US\$ 30,390,000)	b	-	-	-	119,110 (RMB 28,150,780)	51.11	60,877 (RMB 14,387,864) b, 1)	885,083 (RMB 202,212,314)	-	-	
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	-	-	-	(67,679) (RMB (15,805,456))	51.11	(34,591) (RMB (8,078,169)) b, 1)	494,913 (RMB 113,071,188)	-	-	
Dong Guan Yu Yuen Mold Co., Ltd.	Production and sale of molds for non-metallic products	62,011 (US\$ 1,890,000)	b	-	-	-	(6,457) (RMB (1,504,064))	51.11	(3,300) (RMB (768,727)) b, 1)	39,155 (RMB 8,945,551)	-	-	
Zhong Shan Glory Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	951,490 (US\$ 29,000,000)	b	-	-	-	(65,864) (RMB (15,508,752))	23.00	(15,149) (RMB (3,567,013)) b, 2)	456,862 (RMB 104,377,998)	-	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
Zhong Shan Lu Mei Da Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	\$ 39,372 (US\$ 1,200,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 359 (RMB 84,349)	23.00	\$ 83 (RMB 19,400) b, 2)	\$ 10,132 (RMB 2,314,757)	\$ -	
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	-	-	-	-	91,624 (RMB 21,422,686)	20.34	18,636 (RMB 4,357,374) b, 1)	622,342 (RMB 142,184,621)	-	
ShangGao Yisen Ka Yuen Industry Co., Ltd.	Production and sale of footwear products	77,432 (US\$ 2,360,000)	b	-	-	-	-	57,401 (RMB 13,379,684)	25.56	14,672 (RMB 3,419,847) b, 1)	41,426 (RMB 9,464,481)	-	
Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	Retail business of sports goods and accessories	1,988,061 (US\$ 65,000,000)	b	-	-	-	-	(350,012) (RMB (82,068,886))	31.79	(111,269) (RMB (26,089,699)) b, 1)	974,827 (RMB 222,715,879)	-	
Qingdao Pou-Sheng International Sport Products Co., Ltd.	Sales of sports and leisure shoes and accessories	94,800 (RMB 20,000,000)	b	-	-	-	-	291,153 (RMB 68,224,305)	22.89	66,645 (RMB 15,616,543) b, 1)	261,487 (RMB 59,741,094)	-	
Guizhou Pou-Sheng Sport Products Co., Ltd.	Sales of sports and leisure shoes and accessories	322,886 (US\$ 10,000,000)	b	-	-	-	-	63,376 (RMB 14,869,025)	31.79	20,147 (RMB 4,726,863) b, 1)	150,739 (RMB 34,438,891)	-	
Nanning Pou-Kung Sport Products Co., Ltd.	Retail business of sports goods and accessories	42,653 (US\$ 1,300,000)	b	-	-	-	-	(19,673) (RMB (4,691,589))	31.79	(6,254) (RMB (1,491,456)) b, 1)	(669) (RMB (152,809))	-	
Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	Retail business of sports goods and accessories	1,567,250 (US\$ 50,000,000)	b	-	-	-	-	1,026,527 (RMB 240,665,937)	31.79	326,333 (RMB 76,507,701) b, 1)	2,123,157 (RMB 485,071,175)	-	
Diodite (China) Sports Good Co., Ltd.	Retail and wholesale business of sporting goods and accessories	639,800 (US\$ 20,000,000)	b	-	-	-	-	1,629 (RMB 380,366)	31.79	518 (RMB 120,918) b, 1)	45,295 (RMB 10,348,400)	-	
Taicang YYSPO RTS Business Trading Co., Ltd.	Retail business of sports goods and accessories series products	164,050 (US\$ 5,000,000)	b	-	-	-	-	11,312 (RMB 2,635,915)	31.79	3,596 (RMB 837,957) b, 1)	135,008 (RMB 30,844,801)	-	
Yangzhou Baoyi Shoes Manufacturing Co., Ltd.	Vulcanized shoes, sports shoes, leisure shoes and other footwear manufacturing, marketing	729,906 (US\$ 22,456,800)	b	-	-	-	-	125,872 (RMB 29,561,261)	25.56	32,173 (RMB 7,555,858) b, 1)	255,336 (RMB 58,335,832)	-	
Dalian YYSPO RTS Sport Industrial Development Co., Ltd.	Development and sale of sports goods, clothing, shoes and hats, fitness equipment and related products	928,000 (RMB 200,000,000)	b	-	-	-	-	16,320 (RMB 3,747,006)	31.79	5,188 (RMB 1,191,173) b, 1)	457,428 (RMB 104,507,155)	-	
YYSPO RTS (Chengdu) Business Trading Co., Ltd.	Retail business of sports goods and accessories	689,194 (US\$ 22,400,000)	b	-	-	-	-	(33,035) (RMB (7,621,833))	31.79	(10,502) (RMB (2,422,981)) b, 1)	146,814 (RMB 33,542,161)	-	
Fujian Baomin Sporting Goods Co., Ltd.	Retail business of sports goods and accessories	147,645 (US\$ 4,500,000)	b	-	-	-	-	292 (RMB 68,110)	28.61	83 (RMB 19,486) b, 1)	69,032 (RMB 15,771,566)	-	
Guangzhou Pou-Yuen Trading Co., Ltd.	Retail business of sports goods and accessories	710,251 (US\$ 23,310,000)	b	-	-	-	-	27,599 (RMB 6,480,128)	31.79	8,774 (RMB 2,060,033) b, 1)	251,772 (RMB 57,521,485)	-	
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	-	-	-	-	235,639 (RMB 54,620,508)	31.79	74,910 (RMB 17,363,859) b, 1)	483,139 (RMB 110,381,406)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
Shend Dao (Yang Zhou) Sporting Goods Dev Co., Ltd.	Shopping mall management and property management	\$ 2,111,340 (US\$ 66,000,000)	b	\$ -	\$ -	\$ -	\$ 29,710 (RMB 6,907,155)	31.79	\$ 9,445 (RMB 2,195,785) b, 1)	\$ 685,921 (RMB 156,710,357)	\$ -		
Zhong Shan O Li Su Shoe Making Machine Ltd.	Manufacturing shoes and boots or repairing machinery	181,314 (US\$ 5,900,000)	b	-	-	-	(8,954) (RMB (2,084,922))	51.11	(4,576) (RMB (1,065,604)) b, 2)	11,052 (RMB 2,525,111)	-		
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	-	-	-	392,573 (RMB 92,816,860)	31.79	124,799 (RMB 29,506,480) b, 1)	2,535,022 (RMB 579,168,902)	-		
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	-	-	-	(43,808) (RMB (10,265,628))	31.79	(13,926) (RMB (3,263,443)) b, 1)	490,065 (RMB 111,963,753)	-		
Hangzhou Pou-Hung Sport Products Co., Ltd.	Design, development, production and processing of sports goods, sports instruments, sportswear, sports shoes and accessories	67,308 (RMB 14,200,000)	b	-	-	-	-	15.90	- b, 1)	-	-		
Yangzhou Yijian Software Tech Co., Ltd.	Integration of software and hardware sales service systems (excluding IC design)	35,803 (US\$ 1,170,000)	b	-	-	-	30 (RMB 6,952)	51.11	15 (RMB 3,553) b, 1)	8 (RMB 1,816)	-		
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	-	-	-	(32,210) (RMB (7,671,755))	51.11	(16,463) (RMB (3,921,034)) b, 1)	132,991 (RMB 30,384,106)	-		
Yang Xin Pou Jia Shoes Manufacturing Co., Ltd.	Production and sale of shoes uppers, footwear and garments	1,676,476 (US\$ 55,517,000)	b	-	-	-	(265,372) (RMB (61,973,923))	51.11	(135,632) (RMB (31,674,872)) b, 1)	774,489 (RMB 176,945,064)	-		
Jiangxi Province Yutai Shoe Co., Ltd.	Production and sale of footwear products and semi-finished products	918,125 (US\$ 30,000,000)	b	-	-	-	172,702 (RMB 39,640,127)	51.11	88,268 (RMB 20,260,069) b, 1)	72,788 (RMB 16,629,546)	-		
Dongguan Yu Xiang Shoes Material Co., Ltd.	Production and sale of footwear products	295,820 (US\$ 9,500,000)	b	-	-	-	43,600 (RMB 10,103,380)	51.11	22,284 (RMB 5,163,838) b, 1)	283,547 (RMB 64,781,112)	-		
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	-	-	-	(172) (RMB (39,680))	23.00	(40) (RMB (9,126)) b, 2)	9 (RMB 2,097)	-		
Jiang Xi Hwa Ching Foam Ltd.	Manufacturing and sale of plastic foam, plastic packaging materials and other plastic products	63,600 (US\$ 2,000,000)	b	-	-	-	1,289 (RMB 307,362)	19.42	250 (RMB 59,690) b, 1)	15,989 (RMB 3,653,010)	-		
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	-	-	-	113,406 (RMB 26,715,640)	51.11	57,962 (RMB 13,654,364) b, 1)	1,126,134 (RMB 257,284,407)	-		
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)	36,053 (RMB 8,236,989)	-		

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
Kun Shan Pou-chi Sports Co., Ltd.	Wholesale, commission agency, import and export business of sports goods, sports equipment, clothing, shoes, caps and packaging and related design, technical consultation and service	\$ 399,539 (US\$ 13,500,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 483,852 (RMB 112,580,180)	31.79	\$ 153,817 (RMB 35,789,239) b, 1)	\$ 479,355 (RMB 109,516,892)	\$ -	
Dongguan De Chang Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US\$ 350,000)	b	-	-	-	-	5,540 (RMB 1,309,504)	51.11	2,832 (RMB 669,287) b, 1)	24,160 (RMB 5,519,730)	-	
Zhong Shan Bao Song Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US\$ 350,000)	b	-	-	-	-	3,932 (RMB 925,237)	51.11	2,010 (RMB 472,889) b, 1)	22,973 (RMB 5,248,660)	-	
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	-	-	-	-	79,900 (RMB 18,287,686)	51.11	40,837 (RMB 9,346,836) b, 1)	64,509 (RMB 14,738,156)	-	
Jiangxi Uniscien Consulting Co., Ltd.	Business management consultation, marketing planning and other services	10,442 (US\$ 350,000)	b	-	-	-	-	2,763 (RMB 647,428)	51.11	1,412 (RMB 330,900) b, 1)	16,986 (RMB 3,880,704)	-	
Yu Xing (Jishui) Footwear Co., Ltd.	Production and sale of sports shoes	183,840 (US\$ 6,400,000)	b	-	-	-	-	-	51.11	- b, 1)	43,499 (RMB 9,938,048)	-	
Dongguan Xingtai Consulting Co., Ltd.	Business management consultation, marketing planning and other services	41,945 (US\$ 1,400,000)	b	-	-	-	-	3,816 (RMB 893,857)	51.11	1,950 (RMB 456,850) b, 1)	36,681 (RMB 8,380,337)	-	
Yang Xin Zhang Yuan Shoe Co., Ltd.	Production and sale of footwear products	61,029 (US\$ 2,100,000)	b	-	-	-	-	(1,536) (RMB (358,757))	25.56	(393) (RMB (91,698)) b, 1)	6,658 (RMB 1,521,059)	-	
YangXin Pou Jia Ka Yuen Shoes Manufacturing Co., Ltd.	Production and sale of rubber soles	72,990 (US\$ 2,500,000)	b	-	-	-	-	(18,107) (RMB (4,228,612))	25.56	(4,628) (RMB (1,080,833)) b, 1)	(13,249) (RMB (3,027,015))	-	
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	-	-	-	-	44,757 (RMB 10,453,111)	31.79	14,228 (RMB 3,323,044) b, 1)	1,219,025 (RMB 278,507,079)	-	
Yichun Yisen Industry Co., Ltd.	Production and sale of footwear and mold products	410,130 (US\$ 14,000,000)	b	-	-	-	-	30,919 (RMB 7,351,334)	51.11	15,803 (RMB 3,757,267) b, 1)	358,520 (RMB 81,909,981)	-	
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	-	-	-	-	12,583 (RMB 2,893,112)	51.11	6,431 (RMB 1,478,670) b, 1)	418 (RMB 95,392)	-	
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	-	-	-	-	(8,607) (RMB (2,005,114))	24.92	(2,145) (RMB (499,674)) b, 1)	8,825 (RMB 2,016,182)	-	
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	-	-	-	-	(28,937) (RMB (6,173,975))	51.11	(14,790) (RMB (3,155,519)) b, 1)	758,009 (RMB 173,179,969)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
Dongguan Yusheng Shoe Industry Co., Ltd.	Production and sale of finished shoes, semi-finished shoes and mold products and engaged in research and development of shoes, finished shoes, mold products	\$ 1,469,176 (RMB 319,970,250)	b	\$ -	\$ -	\$ -	\$ -	\$ (67,131) (RMB (15,677,562))	51.11	\$ (34,311) (RMB (8,012,802)) b, 1)	\$ 817,860 (RMB 186,853,917)	\$ -	
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	-	-	-	-	(52,490) (RMB (12,110,438))	51.11	(26,828) (RMB (6,189,645)) b, 1)	269,116 (RMB 61,484,156)	-	
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	-	-	-	-	(7,505) (RMB (1,752,600))	25.56	(1,918) (RMB (447,965)) b, 1)	37,004 (RMB 8,454,216)	-	
Dong Guan Jia Yuan Shoe Materials Products Company Limited	Prepare shoe material	108,805 (RMB 21,600,000)	b	-	-	-	-	(91,096) (RMB (21,121,375))	51.11	(46,559) (RMB (10,795,135)) b, 1)	6,008 (RMB 1,372,729)	-	
Dong Guan Yue Guan Paper Products Co., Ltd.	Production and sale of cartons and engaged in research and development of cartons	48,693 (RMB 10,000,000)	b	-	-	-	-	(1,208) (RMB (276,179))	10.22	(123) (RMB (28,225)) b, 1)	4,362 (RMB 996,636)	-	
Kun Shan YYSPO RTS E-Commerce Co., Ltd.	Network technology development, technical consultation, technical services and retail and wholesale of sports goods, sports equipment	89,367 (US\$ 3,000,000)	b	-	-	-	-	279,198 (RMB 64,907,792)	31.79	88,757 (RMB 20,634,187) b, 1)	94,943 (RMB 21,691,299)	-	
Hunan Huaqing Foam Products Co., Ltd.	Processing and production of plastic foam, foam daily products, shoe products and composite products	76,819 (US\$ 2,500,000)	b	-	-	-	-	(4,118) (RMB (959,275))	6.80	(280) (RMB (65,231)) b, 1)	3,528 (RMB 806,056)	-	
Kun Shan Taisong Trading Co., Ltd.	Wholesale and retail of clothing, footwear, glasses and watches	790,110 (US\$ 26,500,000)	b	-	-	-	-	(61,284) (RMB (14,302,412))	31.79	(19,482) (RMB (4,546,737)) b, 1)	(141,588) (RMB (32,348,169))	-	
Shanghai Pou-Lo Sport Culture Co., Ltd.	Management consultants, wholesale of sports goods and equipment, other sports services and other art performance assistant services	16,093 (US\$ 500,000)	b	-	-	-	-	(115) (RMB (28,339))	26.08	(30) (RMB (7,391)) b, 1)	1,407 (RMB 321,398)	-	
Kun Shan Pou-Han Sport Culture Development Co., Ltd.	Management consultants, wholesale of sports goods and equipment, other sports services and other art performance assistant services	48,278 (US\$ 1,500,000)	b	-	-	-	-	(5,518) (RMB (1,331,397))	26.08	(1,439) (RMB (347,228)) b, 1)	9,642 (RMB 2,202,945)	-	
Yisen (YiFeng) Mould Co., Ltd.	Production and sale of mould products	479,284 (US\$ 14,850,000)	b	-	-	-	-	(39,349) (RMB (9,166,304))	51.11	(20,111) (RMB (4,684,898)) b, 1)	159,304 (RMB 36,395,715)	-	
Zhu Hai Yu Yuan Industrial Co., Ltd.	Processing, production and sale of footwear products	1,408 (RMB 300,000)	b	-	-	-	-	(4,544) (RMB (1,055,902))	51.11	(2,323) (RMB (539,672)) b, 1)	9,062 (RMB 2,070,283)	-	
Yang Xin Pou Shou Sporting Goods Co., Ltd.	Processing, production and sale of footwear products	236,574 (US\$ 7,800,000)	b	-	-	-	-	(54,944) (RMB (13,303,610))	51.11	(28,082) (RMB (6,799,475)) b, 1)	56,029 (RMB 12,800,761)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
Changsha YYSPO RTS Sport Products Co., Ltd.	Sales of sports goods and equipment	\$ 22,825 (RMB 5,000,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 44,245 (RMB 10,359,668)	31.79	\$ 14,066 (RMB 3,293,338) b, 1)	\$ 21,959 (RMB 5,016,919)	\$ -	
Henan YYSPO RTS Sport Products Co., Ltd.	Retail business of sports goods and accessories	9,130 (RMB 2,000,000)	b	-	-	-	-	93,232 (RMB 21,858,785)	31.79	29,638 (RMB 6,948,908) b, 1)	169,914 (RMB 38,819,709)	-	
Shenyang Pou-Yi Trading Co., Ltd.	Retail business of sports goods and accessories	182,600 (RMB 40,000,000)	b	-	-	-	-	(38,024) (RMB (8,891,607))	31.79	(12,088) (RMB (2,826,642)) b, 1)	(2,111) (RMB (482,338))	-	
Zhejiang shengdao Sporting-goods Co., Ltd.	Retail business of sports goods and accessories	228,250 (RMB 50,000,000)	b	-	-	-	-	449,433 (RMB 104,966,304)	31.79	142,875 (RMB 33,368,788) b, 1)	598,321 (RMB 136,696,500)	-	
Mudanjiang YYSPO RTS 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	-	-	-	-	(5,275) (RMB (1,231,078))	31.79	(1,677) (RMB (391,360)) b, 1)	2,320 (RMB 530,082)	-	
Widevision Investment (Shenzhen) Co., Ltd.	Business management consulting, economic information consulting and market management planning	13,833 (RMB 3,000,000)	b	-	-	-	-	9,113 (RMB 2,143,532)	100.00	9,113 (RMB 2,143,532) b, 1)	19,390 (RMB 4,430,000)	-	
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	-	-	-	-	(24,351) (RMB (5,685,438))	31.79	(7,741) (RMB (1,807,401)) b, 1)	(11,790) (RMB (2,693,681))	-	
Kuo Yuen Tannery	Production, processing, sales, research and development of shoe materials, import and export goods or technic	176,844 (RMB 41,047,490)	b	-	-	-	-	(70,263) (RMB (16,651,507))	25.56	(17,959) (RMB (4,256,125)) b, 1)	27,020 (RMB 6,173,143)	-	
Akenz (Shanghai) Trading Co., Ltd.	Management consultants, wholesale of sports goods and equipment, other sports services and other art performance assistant services	134,914 (RMB 31,300,000)	b	-	-	-	-	(45,809) (RMB (10,697,830))	28.29	(13,751) (RMB (3,211,293)) b, 1)	21,604 (RMB 4,935,817)	-	
Yangzhou Yuhong Garment Co., Ltd.	Engaged in the processing and production of apparel, apparel accessories, and selling self-produced products	588,725 (US\$ 19,749,000)	b	-	-	-	-	(40,718) (US\$ (9,450,214))	51.11	(20,811) (RMB (4,830,004)) b, 1)	350,694 (RMB 80,121,961)	-	
Yifeng Kun Ching Foam Ltd.	Production, sales, processing of plastic foam and foam daily products	8,994 (US\$ 300,000)	b	-	-	-	-	784 (US\$ 184,339)	19.42	152 (RMB 35,799) b, 1)	3,272 (RMB 747,513)	-	
Zhongshan Hwa Ching Foam Co., Ltd.	Production of foam products	29,980 (US\$ 1,000,000)	b	-	-	-	-	19,475 (US\$ 4,565,300)	19.58	3,813 (RMB 893,886) b, 1)	16,086 (RMB 3,675,028)	-	
Hubei PouShou Sports Goods Trading Company Limited	Management consultants, wholesale of sports goods, sports equipment, clothing, shoes, caps and accessories and advertising design agency	4,191 (RMB 1,000,000)	b	-	-	-	-	(3,943) (RMB (910,729))	31.79	(922) (RMB (212,786)) b, 1)	124 (RMB 28,379)	-	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
\$ -	\$ 20,700,489 (US\$ 717,770,089)	\$ 120,745,921

(Continued)

Note 1: Methods of investments have following types:

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

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

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

Note 3: Financial assets at FVTOCI

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

(Concluded)

## POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
Kunshan Yuanying Electronics Technology Co., Ltd.	Manufacturing and sale of alloy	\$ 85,936 (US\$ 2,620,000)	b	\$ -	\$ -	\$ -	\$ -	\$ (5,626) (RMB (1,314,052))	100.00	\$ (5,626) (RMB (1,314,052)) b, 2)	\$ 65,947 (RMB 15,066,784)	\$ -	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
\$ -	\$ 164,330 (US\$ 5,770,000)	\$ 413,294

Note 1: Methods of investments have following types:

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

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

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

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

**POU CHEN CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2020**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
PC Brothers Corporation	213,280,710	7.24
Chuan Mou Investments Co., Limited	163,425,022	5.55

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