

Pou Chen Corporation

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Pou Chen Corporation

Opinion

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

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2020. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

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

Impairment Assessment on Goodwill - Investments Accounted for Using Equity Method

As described in Notes 4, 5, and 16 (Table 6) to the financial statements, any excess of investment cost over the fair value of the investee's net identifiable assets is recognized as goodwill. Management shall perform impairment test on goodwill on a regular basis in accordance with IAS 36.

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 assessment of goodwill of investments accounted for using the equity method as a key audit matter of the financial statements for the year ended December 31, 2020.

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

Other Matter

Certain investments accounted for using the equity method in the Company's financial statements for the years ended December 31, 2020 and 2019 were based on financial statements audited by other independent auditors. Our opinion, insofar as it relates to the Company's investments in certain corporation, is based solely on the report of other auditors. As of December 31, 2020 and 2019, the carrying amounts of the investments were \$75,850,094 thousand and \$50,159,779 thousand which constituted 41.48% and 31.03% of the Company's total assets, respectively. For the years ended December 31, 2020 and 2019, the profit of the associate which the Company recognized amounted to \$6,452,341 thousand and \$5,788,953 thousand which constituted 103.63% and 46.70% of the income before income tax, respectively.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 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 financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

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

POU CHEN CORPORATION

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

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 365,489	-	\$ 153,716	-
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	120,828	-	1,636	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 9)	5,759,113	3	5,918,837	4
Financial assets at amortized cost - current (Notes 4 and 10)	134,438	-	177,366	-
Notes receivable (Notes 4 and 11)	19	-	462	-
Accounts receivable (Notes 4 and 11)	1,880	-	2,153	-
Accounts receivable from related parties (Notes 4, 11 and 30)	1,698,354	1	1,622,531	1
Other receivables (Notes 4, 11 and 30)	54,112	-	275,971	-
Inventories (Notes 4 and 12)	69,731	-	59,226	-
Other current assets (Notes 4 and 13)	30,297	-	36,807	-
Total current assets	<u>8,234,261</u>	<u>4</u>	<u>8,248,705</u>	<u>5</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	63,791	-	52,984	-
Financial assets at amortized cost - non-current (Notes 4 and 10)	113,364	-	111,500	-
Investments accounted for using the equity method (Notes 4 and 14)	166,240,256	91	144,982,393	90
Property, plant and equipment (Notes 4 and 15)	5,035,178	3	5,220,137	3
Right-of-use asset (Notes 4 and 16)	118,371	-	49,480	-
Investment properties (Notes 4 and 17)	1,884,398	1	1,935,772	1
Intangible assets (Notes 4 and 18)	1,083,212	1	929,272	1
Deferred tax assets (Notes 4 and 26)	47,626	-	86,419	-
Other non-current assets (Notes 4 and 13)	30,734	-	44,458	-
Total non-current assets	<u>174,616,930</u>	<u>96</u>	<u>153,412,415</u>	<u>95</u>
TOTAL	<u>\$ 182,851,191</u>	<u>100</u>	<u>\$ 161,661,120</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	\$ 9,377,291	5	\$ 19,909,700	12
Short-term bills payable (Note 19)	2,099,687	1	-	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	704	-	26,739	-
Financial liabilities for hedging - current (Notes 4 and 8)	278	-	-	-
Notes payable (Notes 4 and 20)	6,173	-	10,024	-
Accounts payable (Notes 4 and 20)	624,913	-	1,051,378	1
Accounts payable to related parties (Notes 4, 20 and 30)	28,196	-	22,812	-
Other payables (Note 21)	1,687,351	1	1,947,502	1
Current tax liabilities (Notes 4 and 26)	1,368,814	1	9,370	-
Lease liabilities - current (Notes 4 and 16)	31,050	-	31,359	-
Current portion of long-term borrowings (Note 19)	2,513,796	2	263,796	-
Other current liabilities	170,294	-	173,942	-
Total current liabilities	<u>17,908,547</u>	<u>10</u>	<u>23,446,622</u>	<u>14</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 19)	29,495,510	16	19,319,306	12
Deferred tax liabilities (Notes 4 and 26)	646,685	1	711,547	1
Lease liabilities - non-current (Notes 4 and 16)	91,071	-	23,491	-
Net defined benefit liabilities (Notes 4 and 22)	567,040	-	704,713	-
Other non-current liabilities (Note 14)	32,879	-	46,502	-
Total non-current liabilities	<u>30,833,185</u>	<u>17</u>	<u>20,805,559</u>	<u>13</u>
Total liabilities	<u>48,741,732</u>	<u>27</u>	<u>44,252,181</u>	<u>27</u>
EQUITY (Notes 4 and 23)				
Share capital				
Ordinary shares	<u>29,467,872</u>	<u>16</u>	<u>29,467,872</u>	<u>18</u>
Capital surplus	<u>4,389,862</u>	<u>2</u>	<u>4,592,397</u>	<u>3</u>
Retained earnings				
Legal reserve	16,064,775	9	14,881,914	9
Special reserve	-	-	22,293,369	14
Unappropriated earnings	<u>56,743,003</u>	<u>31</u>	<u>34,488,820</u>	<u>22</u>
Total retained earnings	<u>72,807,778</u>	<u>40</u>	<u>71,664,103</u>	<u>45</u>
Other equity	<u>27,443,947</u>	<u>15</u>	<u>11,684,567</u>	<u>7</u>
Total equity	<u>134,109,459</u>	<u>73</u>	<u>117,408,939</u>	<u>73</u>
TOTAL	<u>\$ 182,851,191</u>	<u>100</u>	<u>\$ 161,661,120</u>	<u>100</u>

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

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

POU CHEN CORPORATION

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, 24 and 30)	\$ 8,219,523	100	\$ 11,399,477	100
OPERATING COSTS (Notes 25 and 30)	<u>4,294,515</u>	<u>52</u>	<u>6,655,923</u>	<u>58</u>
GROSS PROFIT	<u>3,925,008</u>	<u>48</u>	<u>4,743,554</u>	<u>42</u>
OPERATING EXPENSES (Notes 22 and 25)				
Selling and marketing expenses	30,108	-	64,217	1
General and administrative expenses	1,984,045	24	2,525,205	22
Research and development expenses	<u>1,435,939</u>	<u>18</u>	<u>1,613,603</u>	<u>14</u>
Total operating expenses	<u>3,450,092</u>	<u>42</u>	<u>4,203,025</u>	<u>37</u>
INCOME FROM OPERATIONS	<u>474,916</u>	<u>6</u>	<u>540,529</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 25)	15,610	-	30,923	-
Other income (Notes 25 and 30)	566,630	7	565,980	5
Other gains and (losses) (Note 25)	(808,773)	(10)	(69,475)	(1)
Finance costs (Note 25)	(396,194)	(5)	(373,715)	(3)
Share of the profit of subsidiaries and associates (Notes 4 and 14)	<u>6,374,111</u>	<u>78</u>	<u>11,700,954</u>	<u>103</u>
Total non-operating income and expenses	<u>5,751,384</u>	<u>70</u>	<u>11,854,667</u>	<u>104</u>
INCOME BEFORE INCOME TAX	6,226,300	76	12,395,196	109
INCOME TAX EXPENSE (Notes 4 and 26)	<u>1,386,116</u>	<u>17</u>	<u>566,587</u>	<u>5</u>
NET INCOME FOR THE YEAR	<u>4,840,184</u>	<u>59</u>	<u>11,828,609</u>	<u>104</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 22)	94,922	1	103,567	1
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(148,916)	(2)	905,317	8
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(473,503)	(6)	2,137,241	18

(Continued)

POU CHEN CORPORATION

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:				
Gain on hedging instruments	\$ 1,195	-	\$ -	-
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	<u>16,273,815</u>	<u>198</u>	<u>28,933,948</u>	<u>254</u>
Other comprehensive income for the year, net of income tax	<u>15,747,513</u>	<u>191</u>	<u>32,080,073</u>	<u>281</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 20,587,697</u>	<u>250</u>	<u>\$ 43,908,682</u>	<u>385</u>
EARNINGS PER SHARE (Note 27)				
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 financial statements.

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

(Concluded)

POU CHEN CORPORATION

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

	Retained Earnings					Other Equity				Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	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	
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
Appropriation of 2018 earnings (Note 23)										
Legal reserve	-	-	1,070,864	-	(1,070,864)	-	-	-	-	-
Special reserve	-	-	-	8,376,139	(8,376,139)	-	-	-	-	-
Cash dividends	-	-	-	-	(4,420,181)	-	-	-	-	(4,420,181)
	-	-	1,070,864	8,376,139	(13,867,184)	-	-	-	-	(4,420,181)
Net income for the year ended December 31, 2019	-	-	-	-	11,828,609	-	-	-	-	11,828,609
Other comprehensive (loss) income for the year ended December 31, 2019	-	-	-	-	(50,739)	(2,186,025)	20,396,280	-	13,920,557	32,080,073
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	11,777,870	(2,186,025)	20,396,280	-	13,920,557	43,908,682
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 4 and 23)	-	(3,539)	-	-	-	-	-	-	-	(3,539)
Share of changes in equities of subsidiaries (Notes 4 and 23)	-	-	-	-	(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 23)	-	-	-	-	(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 23)	-	(4,156)	-	-	-	-	140,890	-	-	136,734
BALANCE AT DECEMBER 31, 2019	29,467,872	4,592,397	14,881,914	22,293,369	34,488,820	(2,498,149)	13,759,473	-	423,243	117,408,939
Appropriation of 2019 earnings (Note 23)										
Legal reserve	-	-	1,182,861	-	(1,182,861)	-	-	-	-	-
Special reserve	-	-	-	(22,293,369)	22,293,369	-	-	-	-	-
Cash dividends	-	-	-	-	(3,683,484)	-	-	-	-	(3,683,484)
	-	-	1,182,861	(22,293,369)	17,427,024	-	-	-	-	(3,683,484)
Net income for the year ended December 31, 2020	-	-	-	-	4,840,184	-	-	-	-	4,840,184
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
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
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 4 and 23)	-	(230,093)	-	-	-	-	-	-	-	(230,093)
Share of changes in equities of subsidiaries (Notes 4 and 23)	-	-	-	-	(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 23)	-	-	-	-	152,062	-	(152,062)	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method (Notes 4 and 23)	-	335	-	-	-	-	-	-	-	335
Unclaimed dividends by shareholders	-	27,223	-	-	-	-	-	-	-	27,223
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

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

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

POU CHEN CORPORATION

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 6,226,300	\$ 12,395,196
Adjustments for:		
Depreciation expenses	374,060	360,481
Amortization expenses	40,925	27,227
Expected credit (gain) loss recognized on accounts receivable	(48,234)	48,534
Net gain on fair value changes of financial instruments at FVTPL	(217,870)	(169,942)
Finance costs	396,194	373,715
Interest income	(15,610)	(30,923)
Dividend income	(327,788)	(327,542)
Share of the profit of subsidiaries and associates	(6,374,111)	(11,700,954)
Net loss on disposal of property, plant and equipment	1,215	788
Gain on lease modifications	(28)	(10)
Unrealized loss on foreign currency exchange	4,028	3,229
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	108,693	164,294
Notes receivable	443	388
Accounts receivable	273	(1,026)
Accounts receivable from related parties	(58,469)	341,812
Other receivables	51,790	21,826
Inventories	(10,505)	(7,134)
Other current assets	6,515	17,611
Other operating assets	15,147	(16,888)
Financial liability held for trading	(36,049)	-
Notes payable	(3,851)	2,346
Notes payable to related parties	-	(74)
Accounts payable	(426,465)	(172,833)
Accounts payable to related parties	5,384	(60,064)
Other payables	(253,112)	195,672
Other current liabilities	(3,648)	(3,184)
Net defined benefit liabilities	(53,532)	4,642
Cash (used in) generated from operations	(598,305)	1,467,187
Interest paid	(398,218)	(387,467)
Income tax paid	(41,959)	(803,914)
Net cash (used in) generated from operating activities	<u>(1,038,482)</u>	<u>275,806</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at amortized cost	(755,653)	(295,493)
Proceeds from sale of financial assets at amortized cost	795,816	692,670
Acquisition of associates and joint ventures	(170,204)	(4,080,000)
Proceeds from return of capital of associates under equity method	-	50,000
Acquisition of property, plant and equipment	(124,135)	(401,353)
Proceeds from disposal of property, plant and equipment	36,053	40,707

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POU CHEN CORPORATION

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

	2020	2019
Decrease (increase) in refundable deposits	\$ 805	\$ (990)
Loans to related parties	175,000	14,000
Payments for intangible assets	(196,118)	(448,076)
Proceeds from disposal of intangible asset	1,253	-
Payments for investment properties	(240)	-
Increase in prepayments for equipment	(4,453)	(3,289)
Interest received	16,079	32,491
Dividends received	<u>1,184,001</u>	<u>781,270</u>
Net cash generated from (used in) investing activities	<u>958,204</u>	<u>(3,618,063)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of) proceeds from short-term borrowings	(10,533,973)	5,255,700
Proceeds from short-term bills payable	2,100,000	-
Proceeds from long-term borrowings	66,640,000	19,890,000
Repayments of long-term borrowings	(54,213,796)	(17,406,898)
Repayments of principal portion of lease liabilities	(30,468)	(17,394)
Cash dividends	(3,683,484)	(4,420,181)
(Decrease) increase in guarantee deposits	(13,451)	116
Other financing activities	<u>27,223</u>	<u>-</u>
Net cash generated from financing activities	<u>292,051</u>	<u>3,301,343</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	211,773	(40,914)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>153,716</u>	<u>194,630</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 365,489</u>	<u>\$ 153,716</u>

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

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

(Concluded)

POU CHEN CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

1. GENERAL INFORMATION

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

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

The financial statements are presented in New Taiwan dollars, the functional currency of the Company.

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

- a. Initial application of the amendments to 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 IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies:

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

The Company 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 Company 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 Company 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 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

New IFRSs	Effective Date Announced by IASB
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:

- 1) 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.
- 2) 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.
- 3) 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.
- 4) 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 financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
“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 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 Company 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 Company 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 Company 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 Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence 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 Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated.

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

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

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

3) Annual Improvements to IFRS Standards 2018-2020

Several standards, including IFRS 9 “Financial Instruments”, were amended in the annual improvements. IFRS 9 requires the comparison of 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%. 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company 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 Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company 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 impacts, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within twelve months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

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

d. Foreign currencies

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

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

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

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

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

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

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

e. Inventories

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

f. Investment in subsidiaries

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

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

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

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

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

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

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

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

g. Investments in an associate

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

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

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

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

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

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

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

h. Property, plant and equipment

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

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

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

i. Investment properties

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

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

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

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

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

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

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it.
- The ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The ability to measure reliably the expenditures attributable to the intangible asset during its development.

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

3) Derecognition of intangible assets

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

k. Impairment of tangible and intangible assets

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value. Any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 29: Financial Instruments.

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

3) Financial liabilities

a) Subsequent measurement

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

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading. Such financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 29.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

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

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

m. Revenue recognition

1) Sale of goods

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

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

2) Rendering of services

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

3) Dividend and interest income

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

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

n. Leasing

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

1) The Company as lessor

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

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

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

2) The Company as lessee

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

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

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

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

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets, is recognized in other comprehensive income in the period in which they

occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

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

3) Other long-term employee benefits

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

4) Termination benefits

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

p. Taxation

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

1) Current tax

The Company which established in the ROC according to the Income Tax Law in the ROC, an additional tax of unappropriated earnings is provided 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 financial statements and the corresponding tax bases used in the computation of taxable profit.

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

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, management is required to make judgments, 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 Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are 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.

Investments Accounted for Using Equity Method

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	\$ 465	\$ 637
Checking accounts and demand deposits	<u>365,024</u>	<u>153,079</u>
	<u>\$ 365,489</u>	<u>\$ 153,716</u>

7. FINANCIAL INSTRUMENTS AT FVTPL - CURRENT

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Financial assets mandatorily classified as at FVTPL</u>		
Derivative financial assets (not under hedge accounting)		
Exchange rate swap contracts (a)	\$ <u>120,828</u>	\$ <u>1,636</u>
<u>Financial liabilities at FVTPL - current</u>		
Derivative financial liabilities (not under hedge accounting)		
Exchange rate swap contracts (a)	\$ 704	\$ 19,692
Cross-currency swap contracts (b)	<u>-</u>	<u>7,047</u>
	<u>\$ 704</u>	<u>\$ 26,739</u>

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

December 31, 2020

Notional Amount (In Thousands)	Maturity Date	Rate
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
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

December 31, 2019

Notional Amount (In Thousands)	Maturity Date	Rate
US\$ 14,000	2020.01	US\$:NT\$ 30.0970
US\$ 55,000	2020.02	US\$:NT\$ 30.0610
US\$ 19,000	2020.02	US\$:NT\$ 30.0610
US\$ 60,000	2020.02	US\$:NT\$ 30.0730
US\$ 43,000	2020.03	US\$:NT\$ 29.9660

(Continued)

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

(Concluded)

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

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

December 31, 2019

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

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

8. 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 Company entered into cross-currency swap contracts to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated borrowings. The aforementioned cross-currency swap contracts share the same features with relative financial liabilities, therefore the managements of the Company 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

Notional Amount (In Thousands)	Maturity Date	Exchange Rate	Interest %
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>
<u>Current</u>		
Domestic investments		
Listed shares	<u>\$ 5,759,113</u>	<u>\$ 5,918,837</u>
<u>Non-current</u>		
Domestic investments		
Unlisted shares	<u>\$ 63,791</u>	<u>\$ 52,984</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 Company'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 maturity of more than 3 months	\$ -	\$ 177,366
Restricted deposits of repatriated offshore funds	<u>134,438</u>	<u>-</u>
	<u>\$ 134,438</u>	<u>\$ 177,366</u>
Foreign investments		
Structured products	<u>\$ 113,364</u>	<u>\$ 111,500</u>
Current	\$ 134,438	\$ 177,366
Non-current	<u>113,364</u>	<u>111,500</u>
	<u>\$ 247,802</u>	<u>\$ 288,866</u>

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>		
At amortized cost		
Notes receivable - operating	<u>\$ 19</u>	<u>\$ 462</u>

(Continued)

	December 31	
	2020	2019
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Accounts receivable	\$ 1,700,234	\$ 1,642,038
Less: Allowance for doubtful accounts	<u>-</u>	<u>(17,354)</u>
	<u>\$ 1,700,234</u>	<u>\$ 1,624,684</u>
<u>Other receivables (including related parties)</u>		
Tax refund receivables	\$ 16,006	\$ 38,786
Others	38,106	268,365
Less: Allowance for doubtful accounts	<u>-</u>	<u>(31,180)</u>
	<u>\$ 54,112</u>	<u>\$ 275,971</u> (Concluded)

a. Notes receivable

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

b. Accounts receivable

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

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

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

December 31, 2020

	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 1,065,374	\$ 495,198	\$ 139,662	\$ 1,700,234
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 1,065,374</u>	<u>\$ 495,198</u>	<u>\$ 139,662</u>	<u>\$ 1,700,234</u>

December 31, 2019

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

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

	December 31	
	2020	2019
Balance at January 1	\$ 17,354	\$ -
Add: Impairment losses recognized on receivable	-	17,354
Less: Impairment losses reversal	<u>(17,354)</u>	<u>-</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 17,354</u>

12. INVENTORIES

	December 31	
	2020	2019
Raw materials	\$ 62,607	\$ 48,022
Supplies	348	196
Work in progress	554	814
Finished goods	4,868	7,470
Merchandise	569	2,724
Goods in transit	<u>785</u>	<u>-</u>
	<u>\$ 69,731</u>	<u>\$ 59,226</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was \$4,294,515 thousand and \$6,655,923 thousand, respectively.

The cost of goods sold included inventory write-downs for the years ended December 31, 2020 and 2019 was \$342 thousand and \$7,313 thousand, respectively.

13. OTHER ASSETS

	December 31	
	2020	2019
<u>Current</u>		
Prepayments	\$ 22,331	\$ 21,168
Supplies inventory	2,852	5,507
Temporary payments	945	3,408
Value-added tax retained	<u>4,169</u>	<u>6,724</u>
	<u>\$ 30,297</u>	<u>\$ 36,807</u>

(Continued)

	December 31	
	2020	2019
<u>Non-current</u>		
Prepayments	\$ 12,528	\$ 27,675
Prepayments for equipment	5,518	3,289
Refundable deposits	3,819	4,625
Others	<u>8,869</u>	<u>8,869</u>
	<u>\$ 30,734</u>	<u>\$ 44,458</u> (Concluded)

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2020	2019
Investments in subsidiaries	\$ 89,816,230	\$ 93,993,902
Investments in associates	<u>76,424,026</u>	<u>50,988,491</u>
	<u>\$ 166,240,256</u>	<u>\$ 144,982,393</u>

a. Investments in subsidiaries

	December 31	
	2020	2019
Unlisted companies	<u>\$ 89,816,230</u>	<u>\$ 93,993,902</u>

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

Name of Subsidiary	December 31	
	2020	2019
Wealthplus Holdings Limited	100.00%	100.00%
Win Fortune Investments Limited	100.00%	100.00%
Windsor Entertainment Co., Ltd.	100.00%	100.00%
Pou Shine Investments Co., Ltd.	100.00%	100.00%
Pan Asia Insurance Services Co., Ltd.	100.00%	100.00%
Pro Arch International Development Enterprise Inc.	100.00%	100.00%
Barits Development Corporation	99.49%	99.49%
Pou Yuen Technology Co., Ltd.	97.82%	97.82%
Pou Yii Development Co., Ltd.	15.00%	15.00%
Wang Yi Construction Co., Ltd.	7.82%	7.82%

- 1) For the information of subsidiaries' nature of business, business location and registered country, please refer to Table 6 (Information on investees).
- 2) The Company holds less than 50% interest in Pou Yii and Wang Yi, but the Company and its subsidiaries hold more than 50% interest in Pou Yii and Wang Yi; therefore, the Company has control over Pou Yii and Wang Yi. Furthermore, the carrying amount of investment in Wang Yi is negative for the year ended December 31, 2020 and 2019. Therefore, the Company recognized \$15,261 thousand and \$15,433 thousand, respectively, in "other non-current liabilities".

- 3) The investments in subsidiaries accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2020 and 2019 was based on the subsidiaries' financial statements audited by their auditors for the same years.

b. Investments in associates

	December 31	
	2020	2019
Material associates		
Ruen Chen Investment Holding Co., Ltd.	\$ 75,039,348	\$ 49,612,043
Associates that are not individually material	<u>1,384,678</u>	<u>1,376,448</u>
	<u>\$ 76,424,026</u>	<u>\$ 50,988,491</u>

1) Material associates

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

- a) For the information of material associate's nature of business, business location and registered country, please refer to Table 6 (Information on investees).
- b) The summarized financial information below represents amounts shown in the material associates' financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

Ruen Chen Investment Holding Co., Ltd.

	December 31	
	2020	2019
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 Company	20.00%	20.00%
Equity attributable to the Company	\$ 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>

	For the Year Ended December 31	
	2020	2019
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

Name of Associate	Proportion of Ownership and Voting Rights	
	December 31	
	2020	2019
Elitegroup Computer Systems Co., Ltd.	12.57%	12.57%
Techview International Technology Inc.	30.00%	30.00%

- a) For the information of associates' nature of business, business location and registered country, please refer to Table 6 (Information on investees).
- b) The summarized financial information below represents amounts shown in the associates that are not individually material which financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

	For the Year Ended December 31	
	2020	2019
The Company's share of:		
Net income	\$ 7,804	\$ 5,755
Other comprehensive income (loss)	<u>212</u>	<u>(17,313)</u>
Total comprehensive income (loss)	<u>\$ 8,016</u>	<u>\$ (11,558)</u>

- c) The Company holds less than 20% interest of Elitegroup Computer Systems Co., Ltd. but the Company has the power to appoint two out of the nine directors of Elitegroup Computer Systems Co., Ltd.; therefore, the Company is able to exercise significant influence over Elitegroup Computer Systems Co., Ltd.
- d) Fair values (Level 1) of investments in associates that are not individually material with available published price quotation are summarized as follows:

	December 31	
	2020	2019
Elitegroup Computer Systems Co., Ltd.	<u>\$ 1,818,237</u>	<u>\$ 959,917</u>

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2019	\$ 1,666,669	\$ 4,924,347	\$ 837,430	\$ 165,067	\$ 369,223	\$ 130,223	\$ 95,167	\$ 8,188,126
Additions	-	5,034	46,049	16,422	29,176	12,858	108,713	218,252
Disposals	-	(84,392)	(87,672)	(12,662)	(29,005)	(2,420)	-	(216,151)
Transfers from prepayments for equipment	-	-	1,866	1,590	-	323	-	3,779
Reclassified	-	37,803	11,010	-	16,051	16,769	(85,724)	(4,091)
Urban renewal	(5,943)	-	-	-	-	-	-	(5,943)
Balance at December 31, 2019	<u>\$ 1,660,726</u>	<u>\$ 4,882,792</u>	<u>\$ 808,683</u>	<u>\$ 170,417</u>	<u>\$ 385,445</u>	<u>\$ 157,753</u>	<u>\$ 118,156</u>	<u>\$ 8,183,972</u>
Accumulated depreciation								
Balance at January 1, 2019	\$ -	\$ 1,945,195	\$ 411,158	\$ 124,861	\$ 289,039	\$ 76,726	\$ -	\$ 2,846,979
Disposals	-	(79,267)	(44,801)	(9,404)	(28,561)	(2,130)	-	(164,163)
Depreciation expenses	-	121,344	93,997	13,567	36,224	15,887	-	281,019
Reclassified	-	(422)	13	-	247	162	-	-
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 1,986,850</u>	<u>\$ 460,367</u>	<u>\$ 129,024</u>	<u>\$ 296,949</u>	<u>\$ 90,645</u>	<u>\$ -</u>	<u>\$ 2,963,835</u>
Carrying amounts at December 31, 2019	<u>\$ 1,660,726</u>	<u>\$ 2,895,942</u>	<u>\$ 348,316</u>	<u>\$ 41,393</u>	<u>\$ 88,496</u>	<u>\$ 67,108</u>	<u>\$ 118,156</u>	<u>\$ 5,220,137</u>
Cost								
Balance at January 1, 2020	\$ 1,660,726	\$ 4,882,792	\$ 808,683	\$ 170,417	\$ 385,445	\$ 157,753	\$ 118,156	\$ 8,183,972
Additions	-	9,259	48,253	6,840	23,807	14,653	15,899	118,711
Disposals	-	(2,270)	(13,711)	(15,565)	(13,669)	(1,775)	-	(46,990)
Transfers from prepayments for equipment	-	-	654	1,570	-	-	-	2,224
Reclassified	-	110,894	2,110	-	-	-	(113,004)	-
Transfers to investment property	-	-	-	-	-	-	(2,776)	(2,776)
Urban renewal	(5,942)	-	-	-	-	-	-	(5,942)
Balance at December 31, 2020	<u>\$ 1,654,784</u>	<u>\$ 5,000,675</u>	<u>\$ 845,989</u>	<u>\$ 163,262</u>	<u>\$ 395,583</u>	<u>\$ 170,631</u>	<u>\$ 18,275</u>	<u>\$ 8,249,199</u>
Accumulated depreciation								
Balance at January 1, 2020	\$ -	\$ 1,986,850	\$ 460,367	\$ 129,024	\$ 296,949	\$ 90,645	\$ -	\$ 2,963,835
Disposals	-	(652)	(11,476)	(13,724)	(13,427)	(1,328)	-	(40,607)
Depreciation expenses	-	129,706	91,736	12,478	37,724	19,149	-	290,793
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 2,115,904</u>	<u>\$ 540,627</u>	<u>\$ 127,778</u>	<u>\$ 321,246</u>	<u>\$ 108,466</u>	<u>\$ -</u>	<u>\$ 3,214,021</u>
Carrying amounts at December 31, 2020	<u>\$ 1,654,784</u>	<u>\$ 2,884,771</u>	<u>\$ 305,362</u>	<u>\$ 35,484</u>	<u>\$ 74,337</u>	<u>\$ 62,165</u>	<u>\$ 18,275</u>	<u>\$ 5,035,178</u>

- Except for depreciation expenses recognized the Company had neither significant disposal nor impairment of properties in 2020 and 2019.
- The Company participated in urban renewal with the land located in Songshan District, Taipei City. The carrying amount of old building was reduced by the compensation for rights transformation plan, rent and removal, which was recorded as a reduction of the initial carrying amount of urban renewal land.
- The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of the asset:

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

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

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	2020	2019
<u>Carrying amounts</u>		
Land	\$ 99,746	\$ 9,496
Buildings	13,251	34,397
Transportation equipment	-	11
Other equipment	<u>5,374</u>	<u>5,576</u>
	<u>\$ 118,371</u>	<u>\$ 49,480</u>
	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	<u>\$ 100,128</u>	<u>\$ 27,945</u>
Depreciation charge for right-of-use assets		
Land	\$ 9,044	\$ 6,023
Buildings	18,999	19,016
Transportation equipment	11	68
Other equipment	<u>823</u>	<u>439</u>
	<u>\$ 28,877</u>	<u>\$ 25,546</u>

b. Lease liabilities

	<u>December 31</u>	
	2020	2019
<u>Carrying amounts</u>		
Current	\$ 31,050	\$ 31,359
Non-current	<u>91,071</u>	<u>23,491</u>
	<u>\$ 122,121</u>	<u>\$ 54,850</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	2020	2019
Land	1.228%-1.34%	1.34%
Buildings	1.34%	1.34%
Transportation equipment	1.34%	1.34%
Other equipment	1.34%	1.34%

c. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	\$ 301	\$ 853
Expenses relating to low-value asset leases	\$ -	\$ -
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ -	\$ -
Total cash outflow for leases	<u>\$ 31,673</u>	<u>\$ 19,046</u>

The Company has elected to exempt from recognizing right-of-use assets and lease liabilities for the leases which qualify as short-term leases and low-value asset leases.

17. INVESTMENT PROPERTIES

	2020	2019
<u>Cost</u>		
Balance at January 1	\$ 2,662,890	\$ 2,660,423
Additions	240	-
Reclassified	2,776	4,091
Urban renewal	-	(1,624)
Balance at December 31	<u>\$ 2,665,906</u>	<u>\$ 2,662,890</u>
<u>Accumulated depreciation</u>		
Balance at January 1	\$ 727,118	\$ 674,826
Depreciation expenses	54,390	53,916
Urban renewal	-	(1,624)
Balance at December 31	<u>\$ 781,508</u>	<u>\$ 727,118</u>
Carrying amounts at December 31	<u>\$ 1,884,398</u>	<u>\$ 1,935,772</u>

- a. Except for depreciation expenses recognized, the Company had neither significant disposal nor impairment of properties in 2020 and 2019.
- b. The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2020 and 2019 was as follows:

	December 31	
	2020	2019
Year 1	\$ 123,670	\$ 120,071
Year 2	119,574	51,750
Year 3	118,052	11,595
Year 4	112,669	10,531
Year 5	112,012	5,148
Year 6 onwards	<u>63,505</u>	<u>33,185</u>
	<u>\$ 649,482</u>	<u>\$ 232,280</u>

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

<u>Items</u>	<u>Estimated Useful Life</u>
Buildings	
Main buildings	50-55 years
Elevators	15 years

- d. The management of the Company used the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The fair value as appraised was as follows:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Investment property	<u>\$ 3,318,727</u>	<u>\$ 3,240,903</u>

18. INTANGIBLE ASSETS

	<u>2020</u>	<u>2019</u>
<u>Cost</u>		
Balance at January 1	\$ 956,499	\$ -
Acquisitions	196,118	956,499
Disposal	<u>(1,379)</u>	<u>-</u>
Balance at December 31	<u>\$ 1,151,238</u>	<u>\$ 956,499</u>
<u>Accumulated amortization and impairment</u>		
Balance at January 1	\$ 27,227	\$ -
Amortization expenses	40,925	27,227
Disposal	<u>(126)</u>	<u>-</u>
Balance at December 31	<u>\$ 68,026</u>	<u>\$ 27,227</u>
Carrying amounts at December 31	<u>\$ 1,083,212</u>	<u>\$ 929,272</u>

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

<u>Items</u>	<u>Estimated Useful Life</u>
Computer software	10-20 years

19. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2020	2019
<u>Unsecured borrowings</u>		
Credit borrowings	\$ <u>9,377,291</u>	\$ <u>19,909,700</u>

The range of effective interest rate on bank borrowings was 0.55%-0.78% and 0.67%-2.28% per annum as of December 31, 2020 and 2019, respectively.

b. Short-term bills payables

	Annual Interest Rate (%)	Amount
<u>December 31, 2020</u>		
Commercial papers	0.24-0.29	\$ 2,100,000
Less: Unamortized discount on bills payable		<u>(313)</u>
		<u>\$ 2,099,687</u>

c. Long-term borrowings

	<u>December 31</u>	
	2020	2019
<u>Unsecured borrowings</u>		
Bank loans	\$ 32,009,306	\$ 19,583,102
Less: Current portion	<u>(2,513,796)</u>	<u>(263,796)</u>
	<u>\$ 29,495,510</u>	<u>\$ 19,319,306</u>

Range of maturity dates and interest rates:

	<u>December 31</u>	
	2020	2019
<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>	0.68%-1.60%	0.91%-1.60%

20. NOTES PAYABLE AND ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Notes payable (including related parties)</u>		
Operating	\$ 865	\$ 3,061
Non-operating	<u>5,308</u>	<u>6,963</u>
	<u>\$ 6,173</u>	<u>\$ 10,024</u>
Accounts payable (including related parties)	<u>\$ 653,109</u>	<u>\$ 1,074,190</u>

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

21. OTHER PAYABLES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Payables for salaries	\$ 393,407	\$ 293,130
Payables for purchase of property, plant and equipment	27,446	32,869
Compensation due to directors and supervisors	51,035	101,600
Employee compensation payables	646,013	772,290
Interest payables	33,768	35,383
Payables for annual leave	112,750	118,209
Others	<u>422,932</u>	<u>594,021</u>
	<u>\$ 1,687,351</u>	<u>\$ 1,947,502</u>

22. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

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

Defined Benefit Plan

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

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

	December 31	
	2020	2019
Present value of defined benefit obligation	\$ 1,296,010	\$ 1,520,908
Fair value of plan assets	<u>(728,970)</u>	<u>(816,195)</u>
Net defined benefit liability	<u>\$ 567,040</u>	<u>\$ 704,713</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2019	<u>\$ 1,496,483</u>	<u>\$ (825,707)</u>	<u>\$ 670,776</u>
Service cost	10,549	-	10,549
Past service cost	4,497	-	4,497
Net interest expense (income)	<u>16,218</u>	<u>(9,626)</u>	<u>6,592</u>
Recognized in profit or loss	<u>31,264</u>	<u>(9,626)</u>	<u>21,638</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(29,259)	(29,259)
Actuarial loss arising from changes in demographic assumptions	3,873	-	3,873
Actuarial loss arising from changes in financial assumptions	64,992	-	64,992
Actuarial loss arising from experience adjustments	<u>(10,311)</u>	<u>-</u>	<u>(10,311)</u>
Recognized in other comprehensive income (loss)	<u>58,554</u>	<u>(29,259)</u>	<u>29,295</u>
Contributions from the employer	-	(17,452)	(17,452)
Benefits paid	(65,849)	65,849	-
Others	<u>456</u>	<u>-</u>	<u>456</u>
Balance at December 31, 2019	<u>\$ 1,520,908</u>	<u>\$ (816,195)</u>	<u>\$ 704,713</u>
Balance at January 1, 2020	<u>\$ 1,520,908</u>	<u>\$ (816,195)</u>	<u>\$ 704,713</u>
Service cost	9,534	-	9,534
Past service cost	9,018	-	9,018
Net interest expense (income)	<u>11,073</u>	<u>(5,853)</u>	<u>5,220</u>
Recognized in profit or loss	<u>29,625</u>	<u>(5,853)</u>	<u>23,772</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(27,698)	(27,698)
Actuarial loss arising from changes in demographic assumptions	1,186	-	1,186
Actuarial loss arising from changes in financial assumptions	36,946	-	36,946
Actuarial loss arising from experience adjustments	<u>(94,575)</u>	<u>-</u>	<u>(94,575)</u>
Recognized in other comprehensive income (loss)	<u>(56,443)</u>	<u>(27,698)</u>	<u>(84,141)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Contributions from the employer	\$ -	\$ (77,673)	\$ (77,673)
Benefits paid	(198,449)	198,449	-
Others	<u>369</u>	<u>-</u>	<u>369</u>
Balance at December 31, 2020	<u>\$ 1,296,010</u>	<u>\$ (728,970)</u>	<u>\$ 567,040</u> (Concluded)

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

	For the Year Ended December 31	
	2020	2019
Operating costs	\$ 51	\$ 63
Selling and marketing expenses	15	13
General and administrative expenses	13,858	11,778
Research and development expenses	<u>9,848</u>	<u>9,784</u>
	<u>\$ 23,772</u>	<u>\$ 21,638</u>

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

- a. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- b. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- c. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2020	2019
Discount rate	0.50%	0.750%
Expected rate of salary increase	2.00%	2.00%

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(s)		
0.25% increase	<u>\$ (37,049)</u>	<u>\$ (43,680)</u>
0.25% decrease	<u>\$ 38,592</u>	<u>\$ 45,520</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 37,362</u>	<u>\$ 44,177</u>
0.25% decrease	<u>\$ (36,066)</u>	<u>\$ (42,620)</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.

	December 31	
	2020	2019
The expected contributions to the plan for the next year	<u>\$ 13,305</u>	<u>\$ 17,526</u>
The average duration of the defined benefit obligation	11.6 years	11.7 years

23. EQUITY

a. Share capital

	December 31	
	2020	2019
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

	December 31	
	2020	2019
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*</u>		
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

(Continued)

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>May only be used to offset a deficit</u>		
Recognized from share of changes in net assets of associates	\$ 132,299	\$ 131,964
Other	<u>27,223</u>	<u>-</u>
	<u>\$ 4,389,862</u>	<u>\$ 4,592,397</u> (Concluded)

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

c. Retained earnings and dividend policy

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

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

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

For information about the accrual basis of the employees' compensation and remuneration of directors and supervisors and the actual appropriations, refer to Note 25 (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 approved in the shareholders' meetings on June 20, 2020 and June 13, 2019, respectively, were as follows:

	Appropriation of Earnings	
	For Year 2019	For Year 2018
Legal reserve	<u>\$ 1,182,861</u>	<u>\$ 1,070,864</u>
Special reserve	<u>\$ (22,293,369)</u>	<u>\$ 8,376,139</u>
Cash dividends	<u>\$ 3,683,484</u>	<u>\$ 4,420,181</u>
Dividends per share (NT\$)	\$ 1.25	\$ 1.5

d. Other equity item

1) Exchange differences on translation foreign operations

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ (2,498,149)	\$ (312,124)
Exchange differences arising on translation of foreign subsidiaries and associates	<u>(2,993,220)</u>	<u>(2,186,025)</u>
Balance at December 31	<u>\$ (5,491,369)</u>	<u>\$ (2,498,149)</u>

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 13,759,473	\$ (8,483,931)
Unrealized (loss) gain from equity instruments	(148,916)	905,316
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	(152,062)	1,706,234
Share from associates and joint ventures accounted for using equity method	<u>10,846,586</u>	<u>19,631,854</u>
Balance at December 31	<u>\$ 24,305,081</u>	<u>\$ 13,759,473</u>

3) Cash flow hedge

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ -	\$ -
Gains on changes in fair value of cash flow hedge	<u>1,195</u>	<u>-</u>
Balance at December 31	<u>\$ 1,195</u>	<u>\$ -</u>

4) Others

	<u>For the Year Ended December 31</u>	
	2020	2019
Balance at January 1	\$ 423,243	\$ (13,497,314)
Share from associates and join ventures accounted for using the 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>

24. REVENUE

	<u>For the Year Ended December 31</u>	
	2020	2019
Revenue from the products	\$ 5,126,472	\$ 8,304,034
Revenue from the rendering of services	<u>3,093,051</u>	<u>3,095,443</u>
	<u>\$ 8,219,523</u>	<u>\$ 11,399,477</u>

25. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consisted of the following:

a. Interest income

	<u>For the Year Ended December 31</u>	
	2020	2019
Interest income		
Cash in bank	4,886	12,349
Repurchase agreements collateralized by bonds	2,118	4,959
Financial assets at amortized cost	7,322	11,419
Others	<u>1,284</u>	<u>2,196</u>
	<u>\$ 15,610</u>	<u>\$ 30,923</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	2020	2019
Rental income (Note 30)		
Rental income from operating lease		
Investment properties	\$ 121,869	\$ 118,324
Others	<u>18,914</u>	<u>22,058</u>
	<u>140,783</u>	<u>140,382</u>
Dividends income	<u>327,788</u>	<u>327,542</u>
Others	<u>98,059</u>	<u>98,056</u>
	<u>\$ 566,630</u>	<u>\$ 565,980</u>

c. Other gains and losses

	<u>For the Year Ended December 31</u>	
	2020	2019
Net loss on disposal of property, plant and equipment	\$ (1,215)	\$ (788)
Net foreign exchange (loss) gain	(966,662)	(182,435)
Net gain arising on financial assets designated as at FVTPL	183,552	174,020
Net (loss) gain arising on financial liabilities designated as at FVTPL	34,318	(4,078)
Others	<u>(58,766)</u>	<u>(56,194)</u>
	<u>\$ (808,773)</u>	<u>\$ (69,475)</u>

d. Finance costs

	<u>For the Year Ended December 31</u>	
	2020	2019
Interest on bank borrowings	\$ 393,008	\$ 372,380
Interest on short-term bills payable	2,247	499
Lease liability	904	800
Other interest expense	<u>35</u>	<u>36</u>
	<u>\$ 396,194</u>	<u>\$ 373,715</u>

e. Depreciation and amortization

	<u>For the Year Ended December 31</u>	
	2020	2019
Property, plant and equipment	\$ 290,793	\$ 281,019
Investment properties	54,390	53,916
Right-of-use assets	28,877	25,546
Intangible assets	<u>40,925</u>	<u>27,227</u>
	<u>\$ 414,985</u>	<u>\$ 387,708</u>
 An analysis of depreciation by function		
Operating costs	\$ 4,470	\$ 5,336
Operating expenses	315,200	301,229
Non-operating expenses	<u>54,390</u>	<u>53,916</u>
	<u>\$ 374,060</u>	<u>\$ 360,481</u>
 An analysis of amortization by function		
Operating expenses	<u>\$ 40,925</u>	<u>\$ 27,227</u>

f. Direct expenses with investment properties

	For the Year Ended December 31	
	2020	2019
Direct operating expenses from investment properties that generate rental income	\$ 69,541	\$ 69,776
Direct operating expenses from investment properties that did not generate rental income	<u>65</u>	<u>65</u>
	<u>\$ 69,606</u>	<u>\$ 69,841</u>

g. Employee benefits expense

	2020			2019		
	Operating Cost	Operating Expenses	Total	Operating Cost	Operating Expenses	Total
Salary						
Termination benefits	\$ -	\$ 17,302	\$ 17,302	\$ -	\$ 7,070	\$ 7,070
Remuneration of directors and supervisors	-	55,880	55,880	-	106,445	106,445
Others	<u>11,542</u>	<u>2,018,230</u>	<u>2,029,772</u>	<u>15,926</u>	<u>2,376,359</u>	<u>2,392,285</u>
	<u>11,542</u>	<u>2,091,412</u>	<u>2,102,954</u>	<u>15,926</u>	<u>2,489,874</u>	<u>2,505,800</u>
Labor and health insurance	<u>1,346</u>	<u>220,834</u>	<u>222,180</u>	<u>1,388</u>	<u>225,954</u>	<u>227,342</u>
Post-employment benefit						
Defined contribution plans	635	114,457	115,092	663	112,782	113,445
Defined benefit plans	<u>50</u>	<u>23,722</u>	<u>23,772</u>	<u>63</u>	<u>21,575</u>	<u>21,638</u>
	<u>685</u>	<u>138,179</u>	<u>138,864</u>	<u>726</u>	<u>134,357</u>	<u>135,083</u>
Other employee benefits	<u>416</u>	<u>47,627</u>	<u>48,043</u>	<u>506</u>	<u>68,387</u>	<u>68,893</u>
Total employee benefits expense	<u>\$ 13,989</u>	<u>\$ 2,498,052</u>	<u>\$ 2,512,041</u>	<u>\$ 18,546</u>	<u>\$ 2,918,572</u>	<u>\$ 2,937,118</u>

As of December 31, 2020 and 2019, there were 3,219 and 3,327 employees, respectively, in the Company. Among the Company's directors, there were five who were not employees. The Company accounts for employee benefits expense based on the number of employees.

As of December 31, 2020 and 2019, the average employee benefits and average salaries and wages were \$764 thousand, \$852 thousand, \$637 thousand and \$722 thousand, respectively. The average salaries and wages decrease 11.8%. Distribution of employees' compensation by way of cash.

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 more than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. Distribution of employees' compensation by way of cash dividend or stock dividend should be approved by the Company's board of directors. The employees' compensation shall distribute to employees who meet certain conditions. 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

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

Amount

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

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

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

Information on the employees' compensation and remuneration 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.

26. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Current tax		
In respect of the current year	\$ -	\$ 85,095
Tax on undistributed profit	1,370,055	-
Adjustments for prior years' income tax	5,351	10,293
Foreign tax sparing	6	-
Repatriation offshore funds	<u>25,992</u>	<u>-</u>
	<u>1,401,404</u>	<u>95,388</u>
Deferred tax		
In respect of the current period	<u>(15,288)</u>	<u>471,199</u>
Income tax expense recognized in profit or loss	<u>\$ 1,386,116</u>	<u>\$ 566,587</u>

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

	For the Year Ended December 31	
	2020	2019
Income before income tax	<u>\$ 6,226,300</u>	<u>\$ 12,395,196</u>
Income tax expense calculated at the statutory rate	\$ 1,245,260	\$ 2,479,040
Tax effect of adjusting items		
Tax-exempt income	(65,558)	(65,508)
Investment income recognized under equity method	(1,274,822)	(1,715,191)
Others	105,830	(142,047)
Tax on undistributed profit	1,370,055	-
Adjustments for prior years' income tax	<u>5,351</u>	<u>10,293</u>
Income tax expense recognized in profit or loss	<u>\$ 1,386,116</u>	<u>\$ 566,587</u>

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 income tax 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 Company only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

As the appropriation of earnings for 2021 is still uncertain, the potential income tax consequences of 2020 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
<u>Deferred tax</u>		
In respect of the current year	<u>\$ (10,781)</u>	<u>\$ (132,862)</u>
Total income tax recognized in other comprehensive income	<u>\$ (10,781)</u>	<u>\$ (132,862)</u>

c. Deferred tax assets and liabilities

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Deferred tax assets</u>		
Temporary differences		
Payables for annual leave	\$ 22,550	\$ 23,642
Defined benefit obligations	44,501	44,501
Others	<u>(19,425)</u>	<u>18,276</u>
	<u>\$ 47,626</u>	<u>\$ 86,419</u>
<u>Deferred tax liabilities</u>		
Temporary differences		
Land value increment tax	\$ 86,547	\$ 86,547
Unappropriated earnings of subsidiaries	<u>560,138</u>	<u>625,000</u>
	<u>\$ 646,685</u>	<u>\$ 711,547</u>

d. Income tax assessments

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

27. 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 computation of basic earnings per share	2,946,787	2,946,787
Effect of potentially dilutive ordinary shares:		
Bonus to employees	<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.

28. CAPITAL MANAGEMENT

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

29. FINANCIAL INSTRUMENTS

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

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

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

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1, 2 and 3 based on the degree to which the fair value is observable:

1) The fair value hierarchy is as follows:

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ <u> -</u>	\$ <u> 120,828</u>	\$ <u> -</u>	\$ <u> 120,828</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 5,759,113	\$ -	\$ -	\$ 5,759,113
Domestic unlisted shares	<u> -</u>	<u> -</u>	<u> 63,791</u>	<u> 63,791</u>
	<u>\$ 5,759,113</u>	<u>\$ -</u>	<u>\$ 63,791</u>	<u>\$ 5,822,904</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ -	\$ 704	\$ -	\$ 704
Derivative financial liabilities for hedging	<u> -</u>	<u> -</u>	<u> 278</u>	<u> 278</u>
	<u>\$ -</u>	<u>\$ 704</u>	<u>\$ 278</u>	<u>\$ 982</u>

December 31, 2019

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

- 2) There were no transfers between Levels 1 and 2 for the years ended December 31, 2020 and 2019.
- 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 all counterparties.
- 5) Valuation techniques and assumptions applied for Level 3 fair value measurement is as follows:

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

c. Categories of financial instruments

	December 31	
	2020	2019
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily at FVTPL	\$ 120,828	\$ 1,636
Financial assets at amortized cost (Note 1)	2,371,475	2,348,324
Financial assets at FVTOCI	5,822,904	5,971,821
		(Continued)

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Financial liabilities</u>		
FVTPL		
Held for trading	\$ 704	\$ 26,739
Derivative financial liabilities for hedging	278	-
Financial liability at amortized cost (Note 2)	45,850,535	42,555,588 (Concluded)

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

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

d. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

The Company's revenues and part of payments are denominated in foreign currency, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing currency forward and other derivative instruments.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and the carrying amount of the derivatives exposing to foreign currency risk at the end of the reporting period are set out in Note 33.

Sensitivity analysis

The Company was mainly exposed to the USD and RMB.

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

	For the Year Ended December 31	
	2020	2019
USD	\$ (56,466)	\$ (61,735)
RMB	(87)	(56)

b) Interest rate risk

The Company was exposed to interest rate risk because it borrowed funds at floating interest rates. The risk is managed by the Company by maintaining an appropriate position of fixed and floating rate borrowings, and entering interest rate swap contracts and forward interest rate contracts.

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

	December 31	
	2020	2019
Cash flow interest rate risk		
Financial liabilities	\$ 30,561,322	\$ 30,102,802

Sensitivity analysis

The sensitivity analyses below were based on the Company's floating rate liabilities. The analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole period. If 1% increase in interest rate would cause the Company to increase its cash-out by \$305,613 thousand and \$301,028 thousand during the years ended December 31, 2020 and 2019, respectively.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% lower, the other comprehensive income for the year ended December 31, 2020 would have decreased by \$57,591 thousand as a result of the changes in fair value of financial assets at FVTOCI.

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

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

2) Credit risk

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

3) Liquidity risk

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

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

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

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing Lease liability	\$ 465,675 3,636	\$ 774,623 9,601	\$ 1,123,953 19,095	\$ - 46,436	\$ - 49,466
Floating interest rate liabilities	4,553,449	2,162,016	990,347	22,845,184	10,326
Fixed interest rate liabilities	-	-	6,285,275	6,640,000	-
	<u>\$ 5,022,760</u>	<u>\$ 2,946,240</u>	<u>\$ 8,418,670</u>	<u>\$ 29,531,620</u>	<u>\$ 59,792</u>

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing Lease liability	\$ 663,028 10,343	\$ 767,769 4,352	\$ 1,631,990 17,375	\$ - 21,725	\$ - 1,917
Floating interest rate liabilities	12,443,449	6,469,700	1,010,347	10,155,184	24,122
Fixed interest rate liabilities	-	250,000	-	9,140,000	-
	<u>\$ 13,116,820</u>	<u>\$ 7,491,821</u>	<u>\$ 2,659,712</u>	<u>\$ 19,316,909</u>	<u>\$ 26,039</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 Company's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Exchange rate swap contracts	\$ -	\$ 704	\$ -	\$ -	\$ -
Cross-currency swap contracts	-	-	278	-	-
	<u>\$ -</u>	<u>\$ 704</u>	<u>\$ 278</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2019

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

30. TRANSACTIONS WITH RELATED PARTIES

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

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

<u>Names of the Related Parties</u>	<u>Relationships</u>
Yue Yuen Industrial (Holdings) Limited	Subsidiaries
Barits Development Corporation	Subsidiaries
Pan Asia Insurance Services Co., Ltd.	Subsidiaries
Pou Yii Development Co., Ltd.	Subsidiaries
Pou Shine Investments Co., Ltd.	Subsidiaries
Pou Chin Development Co., Ltd.	Subsidiaries
Song Ming Investments Co., Ltd.	Subsidiaries
Wang Yi Construction Co., Ltd.	Subsidiaries
Windsor Entertainment Co., Ltd.	Subsidiaries
Pro Arch International Development Enterprise Inc.	Subsidiaries

(Continued)

<u>Names of the Related Parties</u>	<u>Relationships</u>
Chang Yang Material Corporation	Associates
High Shine Investments Ltd.	Associates
San Fang Chemical Industry Co., Ltd.	Associates
Nan Pao Resins Chemical Co., Ltd.	Associates
Platinum Long John Co., Ltd.	Associates
Sheachang Enterprise Corporation	Other related parties
Evermore Chemical Industry Co., Ltd.	Other related parties
	(Concluded)

b. Operating revenue

Account Items	Related Parties Categories	<u>For the Year Ended December 31</u>	
		2020	2019
Sales and service revenue	Yue Yuen	\$ 8,136,210	\$ 11,290,744
	Subsidiaries	9,886	5,450
	Associates	<u>19,595</u>	<u>31,362</u>
		<u>\$ 8,165,691</u>	<u>\$ 11,327,556</u>

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

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

- 1) For products developed by the Company and sold by Yue Yuen, 0.5% of net sales invoice amounts.
- 2) For materials, machines and other goods purchased, inspected and arranged for shipment through the Company from Taiwan suppliers, 1% of supplier's invoice amounts.
- 3) For materials, machines and other goods purchased from Taiwan or overseas directly by Yue Yuen through sourcing services provided by the Company, 0.5% of the supplier's invoice amounts.

c. Purchases

Account Items	Related Parties Categories	<u>For the Year Ended December 31</u>	
		2020	2019
Purchases	Subsidiaries	\$ 3,273	\$ 1,099
	Associates	172,037	230,042
	Other related parties	<u>-</u>	<u>99</u>
		<u>\$ 175,310</u>	<u>\$ 231,240</u>

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

d. Rental income

Account Items	Related Parties Categories	For the Year Ended December 31	
		2020	2019
Rent income	Windsor	\$ 105,594	\$ 105,577
	Yue Yuen	14,017	14,153
	Subsidiaries	1,090	810
	Associates	180	180
	Other related parties	<u>23</u>	<u>3,107</u>
		<u>\$ 120,904</u>	<u>\$ 123,827</u>

e. Receivables from related parties

Account Items	Related Parties Categories	For the Year Ended December 31	
		2020	2019
Notes receivable and accounts receivable	Yue Yuen	\$ 1,694,739	\$ 1,603,882
	Subsidiaries	2,223	931
	Associates	<u>1,392</u>	<u>17,718</u>
		<u>\$ 1,698,354</u>	<u>\$ 1,622,531</u>

f. Payables to related parties

Account Items	Related Parties Categories	For the Year Ended December 31	
		2020	2019
Notes payable and accounts payable	Subsidiaries	\$ 3,396	\$ 449
	Associates	<u>24,800</u>	<u>22,363</u>
		<u>\$ 28,196</u>	<u>\$ 22,812</u>

g. Loans to related parties

Account Items	Related Parties Categories	For the Year Ended December 31	
		2020	2019
Other receivables	Pou Yii	<u>\$ -</u>	<u>\$ 175,000</u>

h. Endorsement guarantee

Please refer to Table 2 (Financing provided to others) of Note 34 in the financial statement.

i. Compensation of key management personnel

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

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	<u>\$ 105,326</u>	<u>\$ 162,443</u>

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

31. SIGNIFICANT COMMITMENTS AND UNRECOGNIZED LIABILITIES

- a. Because of the Company's investment in Nan Shan Life Insurance Co., Ltd. is made 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 Commercial Bank, and the trust period is ten years.
- b. The Company entered into project agreements with the Institute for Information Industry ("III"). According to the project agreements, the Company has to provide promissory notes and bank guarantees to III as guarantees for the projects.

32. 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.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

Unit: In Thousands of Foreign Currencies and New Taiwan Dollars			
<u>December 31, 2020</u>			
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 49,609	28.480	\$ 1,412,864
RMB	396	4.377	1,732
Non-monetary items			
USD	8,963	28.480	255,266
RMB	25,900	4.377	113,364
<u>Financial liabilities</u>			
Monetary items			
USD	9,955	28.480	283,519
JPY	4,284	0.276	1,184
Non-monetary items			
USD	25	28.480	704

December 31, 2019

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

34. 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 (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 9) Trading in derivative instruments (Note 29)
- 10) Information on investees (Table 6)

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 7)
- 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

The name of major shareholders, number of shares, and percentage of ownership of shareholders with ownership of 5% or greater (Table 8).

POU CHEN CORPORATION

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)	Aggregate Financing Limit (Notes 3)	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	

Note 1: The Company is coded as follows:

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

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

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

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

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

POU CHEN CORPORATION

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 Holding Ltd.	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	

Note 1: The Company is coded as follows:

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

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

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

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

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

POU CHEN CORPORATION

MARKETABLE SECURITIES HELD

DECEMBER 31, 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. Taiwan Paiho Limited Zhiyuan Venture Capital Co., Ltd. New Loulan Corporation., Ltd.		Financial assets at FVTOCI - current	191,730,486	\$ 5,713,568	1.41	\$ 5,713,568	
			"	615,473	45,545	0.21	45,545	
			Financial assets at FVTOCI - non-current	6,000,000	62,993	10.71	62,993	
			"	100,000	798	4.00	798	
			Financial assets at amortized cost - non-current	-	113,364	-	113,364	
	<u>Structured products</u> CIB Callable Structured Deposit							

POU CHEN CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 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 Both Pou Chien Enterprise Co., Ltd. and Yue Dean Technology Corporation are the directors of the company	Sale	\$ (8,136,210)	(99)	D/A 45 days	-	-	\$ 1,694,739	99	
	San Fang Chemical Industry Co., Ltd.		Purchase	100,882	2	D/A 45 days	-	-	(11,467)	(1)	

POU CHEN CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$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	\$ 1,694,739	5	\$ -	-	\$ 1,134,046	\$ -

POU CHEN CORPORATION

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\$ 2,116,862,508)	\$ (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	322,280	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	Real estate rental and sale	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	15,330,000	15,230,000	3,900,600,000	20.00	75,039,348	31,927,790	6,385,558	Note	

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

POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 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-produced 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)	-		
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)	-		

(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 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 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)	-	
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)	-	

(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							
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)	-	
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)	-	

(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							
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)	-		

(Continued)

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

Note 1: Methods of investments have following types:

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

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

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

Note 3: Financial assets at FVTOCI

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

(Concluded)

TABLE 8**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 (including 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.

POU CHEN CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

Item	Exhibit
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash and cash equivalents	1
Statement of financial assets at fair value through profit or loss - current	Note 7
Statement of financial assets at fair value through other comprehensive income - current	2
Statement of financial assets at amortized cost	Note 10
Statement of notes receivable	3
Statement of accounts receivable	4
Statement of other receivables	Note 11
Statement of inventories	5
Statement of other current assets	Note 13
Statement of changes in financial assets at fair value through other comprehensive income - non-current	6
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Statement of changes in property, plant and equipment	Note 15
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Major Accounting Items in Profit or Loss	
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Statement of administrative expenses	20
Statement of research and development expenses	21
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Statement of employee benefits, depreciation and amortization	22

POU CHEN CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand and petty cash		\$ 465
Checking accounts and demand deposits		<u>365,024</u>
		<u>\$ 365,489</u>

POU CHEN CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Investees	Balance at January 1, 2020		Additions		Decrease		Balance at December 31, 2020			Collateral
	Shares	Amount (Note 1)	Shares	Amount	Shares	Amount	Shares	%	Amount	
Mega Financial Holding Company Ltd.	191,730,486	\$ 5,866,953	-	\$ -	-	\$ 153,385	191,730,486	1.41	\$ 5,713,568	None
Taiwan Paiho Limited	615,473	<u>51,884</u>	-	<u>-</u>	-	<u>6,339</u>	615,473	0.21	<u>45,545</u>	"
		<u>\$ 5,918,837</u>		<u>\$ -</u>		<u>\$ 159,724</u>			<u>\$ 5,759,113</u>	

POU CHEN CORPORATION

STATEMENT OF NOTES RECEIVABLE

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Description	Carrying Amount
Notes receivable - unrelated parties		
Operating activities:		
Cheng Feng Enterprises Co., Ltd.	Purchase	\$ 6
Yin Li Co., Ltd.	"	<u>13</u>
		<u>\$ 19</u>

POU CHEN CORPORATION**STATEMENT OF ACCOUNTS RECEIVABLE****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Item	Description	Carrying Amount
Accounts receivable - unrelated parties		
Champion Glory Trading Limited	Purchase	\$ 1,456
Yin Li Co., Ltd.	"	253
Hon-Sen Enterprise Co., Ltd.	"	97
Other (Note)	"	<u>74</u>
		<u>\$ 1,880</u>
Accounts receivable - related parties		
Yue Yuen Industrial (Holdings) Limited	Purchase	\$ 1,694,739
Other (Note)	"	<u>3,615</u>
		<u>\$ 1,698,354</u>

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

POU CHEN CORPORATION**STATEMENT OF INVENTORIES****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	
		Cost	Net Realizable Value (Note)
Raw material		\$ 66,618	\$ 62,607
Materials		348	348
Work in process		3,588	554
Finished goods		4,954	4,868
Merchandises		2,791	1,354
Less: Allowance for impairment losses		<u>(8,568)</u>	<u>-</u>
		<u>\$ 69,731</u>	<u>\$ 69,731</u>

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

POU CHEN CORPORATION

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2020		Additions		Decrease		Balance, December 31, 2020			Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	
Zhiyuan Venture Capital Co., Ltd.	6,000,000	\$ 52,183	-	\$ 10,810	-	\$ -	6,000,000	10.71	\$ 62,993	None
New Loulan Corporation., Ltd.	100,000	<u>801</u>	-	<u>-</u>	-	<u>3</u>	100,000	4.00	<u>798</u>	"
		<u>\$ 52,984</u>		<u>\$ 10,810</u>		<u>\$ 3</u>			<u>\$ 63,791</u>	

POU CHEN CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2020		Additions		Decrease		Balance, December 31, 2020			Market Value or Net Assets Value		
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit Price (Dollar)	Total	Collateral
Wealthplus Holding Ltd. (Note 1)	9,222,000	\$ 78,651,165	-	\$ -	-	\$ 4,265,321	9,222,000	100.00	\$ 74,385,844		\$ 74,357,479	None
Win Fortune Investment Limited (Note 1)	100,000	2,096,472	-	-	-	136,079	100,000	100.00	1,960,393		1,934,736	"
Windsor Entertainment Co., Ltd. (Note 1)	5,000,000	64,495	10,000,000	60,798	-	-	15,000,000	100.00	125,293		118,420	"
Pou Shine Investment Co., Ltd. (Note 1)	133,094,460	3,718,884	-	235,567	-	200,000	133,094,460	100.00	3,754,451		3,741,314	"
Pan Asia Insurance Services Co., Ltd. (Note 1)	-	11,420	-	6,289	-	978	-	100.00	16,731		16,731	"
Barits Development Corp. (Note 1)	251,662,040	8,678,209	6,110	474,831	-	289,418	251,668,150	99.49	8,863,622		8,789,885	"
Pou Yuen Technology Co., Ltd. (Note 1)	28,437,147	355,481	-	-	-	33,201	28,437,147	97.82	322,280		673,828	"
Pro Arch International Development Enterprise Inc. (Note 1)	20,000,000	242,163	-	-	-	25,975	20,000,000	100.00	216,188		215,979	"
Pou Yii Development Co., Ltd. (Note 1)	7,875,000	175,613	-	4,276	-	8,461	7,875,000	15.00	171,428		171,428	"
Wang Yi Construction Co., Ltd. (Note 2)	601,755	-	-	-	-	-	601,755	7.82	-		6,674	"
Techview International Technology Inc.	75	-	-	-	-	-	75	30.00	-		-	"
Ruen Chen Investment Holding Co., Ltd. (Note 1)	3,531,800,000	49,612,043	368,800,000	25,427,305	-	-	3,900,600,000	20.00	75,039,348		75,039,348	"
Elitegroup Computer Systems Co., Ltd. (Note 1)	70,066,949	2,702,882	-	8,230	-	-	70,066,949	12.57	2,711,112	\$ 25.95	1,818,237	"
Less: Accumulated impairment of investment for using equity method		(1,326,434)		-		-			(1,326,434)		-	
		<u>\$ 144,982,393</u>		<u>\$ 26,217,296</u>		<u>\$ 4,959,433</u>			<u>\$ 166,240,256</u>		<u>\$ 166,884,059</u>	

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

Note 2: The carrying amount of investment in Wang Yi is negative for the year ended December 31, 2020. Therefore, the Company recognized \$15,261 thousand in "other non-current liabilities" and referred to Exhibit 16 for the information.

POU CHEN CORPORATION

STATEMENT OF CHANGES IN RIGHT-OF-USE
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

	Land	Buildings	Transportation Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2020	\$ 15,519	\$ 52,930	\$ 79	\$ 6,015	\$ 74,543
Additions	99,294	213	-	621	100,128
Disposals	(4,803)	-	(79)	-	(4,882)
Others	-	(5,075)	-	-	(5,075)
Balance at December 31, 2020	<u>\$ 110,010</u>	<u>\$ 48,068</u>	<u>\$ -</u>	<u>\$ 6,636</u>	<u>\$ 164,714</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2020	\$ 6,023	\$ 18,533	\$ 68	\$ 439	\$ 25,063
Depreciation expenses	9,044	18,999	11	823	28,877
Disposals	(4,803)	-	(79)	-	(4,882)
Other	-	(2,715)	-	-	(2,715)
Balance at December 31, 2020	<u>\$ 10,264</u>	<u>\$ 34,817</u>	<u>\$ -</u>	<u>\$ 1,262</u>	<u>\$ 46,343</u>
Carrying amounts at December 31, 2020	<u>\$ 99,746</u>	<u>\$ 13,251</u>	<u>\$ -</u>	<u>\$ 5,374</u>	<u>\$ 118,371</u>

POU CHEN CORPORATION

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2020

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

Creditor	Description	Balance, December 31, 2020	Period	Rate (%)	Financing Facilities	Collateral
Bank loans						
ANZ Banking Group Limited	Credit borrowings	\$ 262,016	2020.02.09-2021.03.09	Note	US\$ 100,000,000	None
Bank of China	"	1,400,000	2020.12.30-2021.02.25	"	US\$ 100,000,000	"
Banco Bilbao Vizcaya Argentaria, SA.	"	1,405,275	2020.12.28-2021.02.28	"	US\$ 50,000,000	"
Crédit Agricole Corporate and Investment Bank	"	580,000	2020.04.24-2021.04.23	"	US\$ 50,000,000	"
MUFG Bank, Ltd.	"	1,450,000	2020.10.23-2021.01.22	"	US\$ 50,000,000	"
Mizuho Bank, Ltd.	"	1,480,000	2020.08.19-2021.05.19	"	2,000,000	"
Standard Chartered Bank (Taiwan) Ltd.	"	1,800,000	2020.04.20-2021.04.20	"	US\$ 60,000,000	"
Taishin International Bank Co., Ltd.	"	<u>1,000,000</u>	2020.12.15-2021.01.15	"	1,000,000	"
		<u>\$ 9,377,291</u>				

Note: The range of effective interest rate on bank borrowings was 0.55%-0.78%.

POU CHEN CORPORATION

STATEMENT OF COMMERCIAL PAPERS

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Creditor	Period	Rate (%)	Face Value	Amount	Book Value
				Unamortized Discounts on Bills Payable	
Union Bank of Taiwan	2020.12.16-2021.01.15	0.24	\$ 1,600,000	\$ (215)	\$ 1,599,785
Mega Bills Finance Co., Ltd.	2020.12.24-2021.01.22	0.29	<u>500,000</u>	<u>(98)</u>	<u>499,902</u>
			<u>\$ 2,100,000</u>	<u>\$ (313)</u>	<u>\$ 2,099,687</u>

POU CHEN CORPORATION**STATEMENT OF NOTES PAYABLE****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Item	Description	Carrying Amount
Notes payable - unrelated parties		
Operating activities:		
Yi Tzung Precision Machinery Corporation	Purchase	\$ 686
Others (Note)	"	<u>179</u>
		<u>865</u>
Non-operating activities:		
Lu, Ming-Ji	Rents	318
Li, Sha	"	381
Others (Note)	"	<u>4,609</u>
		<u>5,308</u>
		<u>\$ 6,173</u>

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

POU CHEN CORPORATION**STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Item	Description	Carrying Amount
Accounts payable - unrelated parties		
Taiwan Paiho Limited	Purchase	\$ 31,442
Others (Note)	"	<u>593,471</u>
		<u>\$ 624,913</u>
Accounts payable - related parties		
San Fang Chemical Industry Co., Ltd.	Purchase	\$ 11,467
Nan Pao Resins Chemical Co., Ltd.	"	8,530
Chang Yang Material Corp.	"	4,803
Others (Note)	"	<u>3,396</u>
		<u>\$ 28,196</u>

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

POU CHEN CORPORATION

STATEMENT OF OTHER CURRENT LIABILITIES

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Description	Carrying Amount
Temporary credits		\$ 1,858
Receipts under custody		11,582
Advance receipts		156,314
Others		<u>540</u>
		<u>\$ 170,294</u>

POU CHEN CORPORATION

STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Creditor	Description	Amount	Period	Annual Rate (%)	Collateral
Long-term bank loans					
Yuanta Commercial Bank	Long-term borrowings	\$ 3,000,000	2019.12.10-2022.12.09	Note	None
Bank of Taiwan	"	4,000,000	2019.09.16-2025.05.13	"	"
BNP Paribas	"	2,000,000	2020.12.24-2022.08.14	"	"
Banco Bilbao Vizcaya Argentaria, S.A.	"	6,880,000	2019.09.20-2022.09.20	"	"
Chang Hwa Commercial Bank Ltd.	"	1,000,000	2019.12.20-2024.12.20	"	"
DBS Bank (Taiwan) Ltd.	"	1,500,000	2020.11.30-2022.03.31	"	"
Hua Nan Commercial Bank, Ltd.	"	1,000,000	2019.09.09-2022.09.09	"	"
O-Bank	"	1,129,306	2016.08.03-2026.07.15	"	"
MUFG Bank, Ltd.	"	3,500,000	2018.04.16-2022.12.02	"	"
Mizuho Bank, Ltd.	"	3,500,000	2018.09.27-2023.09.27	"	"
Bank SinoPac	"	1,500,000	2020.12.30-2022.02.28	"	"
Taishin International Bank Co., Ltd.	"	1,000,000	2020.12.04-2022.12.04	"	"
Taipei Fubon Commercial Bank Co., Ltd.	"	<u>2,000,000</u>	2020.11.13-2023.05.07	"	"
		32,009,306			
Less: Current portion recognized in current liabilities		<u>(2,513,796)</u>			
		<u>\$ 29,495,510</u>			

Note: The range of effective interest rate on long-term borrowings was 0.68%-1.60%.

POU CHEN CORPORATION**STATEMENT OF CHANGES IN LEASE LIABILITY****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Item	Description	Period	Discount Rate (%)	Amount	Note
Land	Parking lot	2013.04.01-2030.08.31	1.228-1.34	\$ 99,804	None
Buildings	Rental of office	2018.07.01-2021.09.30	1.34	16,522	"
Other equipment	Rental of communication equipment	2019.06.01-2027.05.31	"	<u>5,795</u>	"
				<u>\$ 122,121</u>	

POU CHEN CORPORATION**STATEMENT OF OTHER NON-CURRENT LIABILITIES****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Item	Description	Carrying Amount
Guarantee deposits		\$ 17,618
Others	Credit balance of investments accounted for using equity method	<u>15,261</u>
		<u>\$ 32,879</u>

POU CHEN CORPORATION**STATEMENT OF NET OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Description	Carrying Amount
Sales revenue		
Shoes material trade		\$ 5,138,037
Less: Sales return		(11,265)
Sales discounts and allowances		<u>(300)</u>
		<u>5,126,472</u>
Service revenue		
Technical service revenue		1,397,379
Others		<u>1,695,672</u>
		<u>3,093,051</u>
		<u>\$ 8,219,523</u>

POU CHEN CORPORATION**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw material	
Balance at January 1, 2020	\$ 52,209
Add: Raw material purchased	188,451
Less: Raw material at December 31, 2020	(66,618)
Raw material sold	(3,913)
Sample transfer to operating expenses	(4,863)
Disposal	(343)
Other requisition	(50)
Consumption of raw material for the year	<u>164,873</u>
Indirect raw material	
Balance at January 1, 2020	209
Supplies inventory at January 1, 2020	5,507
Add: Material purchased for the year	2,760
Less: Indirect raw material at December 31, 2020	(348)
Supplies inventory at December 31, 2020	(2,852)
Materials sold	(146)
Sample transfer to operating expenses	(3,339)
Consumption of indirect raw material for the year	<u>1,791</u>
Direct labor	11,639
Manufacturing expenses	<u>15,297</u>
Manufacturing cost	193,600
Add: Work in progress at January 1, 2020	1,813
Operating expenses transfer to work in progress	2,107
Less: Work in progress at December 31, 2020	<u>(3,588)</u>
Costs of finished goods for the year	193,932
Add: Finished goods at January 1, 2020	10,390
Less: Finished goods at December 31, 2020	(4,954)
Sample transfer to operating expenses	<u>(10,769)</u>
Costs of finished goods for the year	<u>188,599</u>
Merchandise at January 1, 2020	2,831
Merchandise purchased	4,103,221
Less: Merchandise at December 31, 2020	(2,791)
Disposal	<u>(4,655)</u>
Cost of goods sold	<u>4,098,606</u>
Deduction of production costs for the year	
Revenue of sold scrap	(402)
Compensation income	<u>(3,554)</u>
	<u>(3,956)</u>
Others operating cost	
Raw material sold	4,059
Losses on inventory valuation loss and obsolescence	342
Losses on inventory scrap	4,964
Others	<u>1,901</u>
	<u>11,266</u>
Operating costs	<u>\$ 4,294,515</u>

POU CHEN CORPORATION

**STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Salary and wages		\$ 2,234
Freight		19,302
Entertainment expenses		474
Other expenses		<u>8,098</u>
		<u>\$ 30,108</u>

POU CHEN CORPORATION

**STATEMENT OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Salary and wages		\$ 1,250,146
Insurance		153,727
Depreciation expenses		168,852
Other expenses		<u>411,320</u>
		<u>\$ 1,984,045</u>

POU CHEN CORPORATION

**STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Salary and wages		\$ 839,032
Insurance		106,744
Depreciation expenses		146,349
Other expenses		<u>343,814</u>
		<u>\$ 1,435,939</u>

POU CHEN CORPORATION

STATEMENT OF EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION BY FUNCTION

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2020			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Employee benefits expense				
Salaries and wages expense	\$ 11,542	\$ 2,035,532	\$ -	\$ 2,047,074
Labor/health insurance	\$ 1,346	\$ 220,834	\$ -	\$ 222,180
Pension expense	\$ 685	\$ 138,179	\$ -	\$ 138,864
Directors' remuneration	\$ -	\$ 55,880	\$ -	\$ 55,880
Others	\$ 416	\$ 47,627	\$ -	\$ 48,043
Depreciation				
Property, plant and equipment	\$ 4,470	\$ 286,323	\$ -	\$ 290,793
Right-of-use assets	-	28,877	-	28,877
Investment property	-	-	54,390	54,390
	\$ 4,470	\$ 315,200	\$ 54,390	\$ 374,060
Amortization expense	\$ -	\$ 40,925	\$ -	\$ 40,925
	For the Year Ended December 31, 2019			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Employee benefits expense				
Salaries and wages expense	\$ 15,926	\$ 2,383,429	\$ -	\$ 2,399,355
Labor/health insurance	\$ 1,388	\$ 225,954	\$ -	\$ 227,342
Pension expense	\$ 726	\$ 134,357	\$ -	\$ 135,083
Directors' remuneration	\$ -	\$ 106,445	\$ -	\$ 106,445
Others	\$ 506	\$ 68,387	\$ -	\$ 68,893
Depreciation				
Property, plant and equipment	\$ 5,336	\$ 275,683	\$ -	\$ 281,019
Right-of-use assets	-	25,546	-	25,546
Investment property	-	-	53,916	53,916
	\$ 5,336	\$ 301,229	\$ 53,916	\$ 360,348
Amortization expense	\$ -	\$ 27,227	\$ -	\$ 27,227

(Continued)

Note 1: As of December 31, 2020 and 2019, the number of employees was 3,219 and 3,327, respectively. Among them, there were five directors who did not serve concurrently as employees for both years.

Note 2: As of December 31, 2020 and 2019, the average employee benefits were \$764 thousand, \$852 thousand, respectively; the average salaries and wages amounted to \$637 thousand and \$722 thousand, respectively. The average salaries and wages decreased by 11.8%.

Note 3: The Company's compensation policies:

- a. The Company's directors and employees are entitled to the compensation and benefits program according to the Company's Articles of Incorporation, and the Compensation Committee is established to evaluate and supervise the program.
- b. The total compensation paid to the directors and executive officers is decided based on the performance evaluation method of board of directors and their work performances. In addition to the consideration of the Company's operating performance, the Company also considers the average salary in industry, the scope of rights and responsibilities within the Company, the contribution of business objectives and the future risks. It is reviewed by the Compensation Committee then submitted to the board of directors for approval.
- c. Based on the principle of attracting and retaining talented person, the compensation is aimed to measure average salary in the industry, consider the performance of enterprise and future development, and inspect the compensation system regularly to adjust the salary. In order to implement the compensation policy, which shall be effectively corresponding to the performance, besides paying reasonable and competitive salary in consideration of current year's profit, the Group will distribute the salary based on the group target achievement, individual contribution and performance to distribute bonuses.

(Concluded)