Pou Chen Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2018 and 2017 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2018 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

POU CHEN CORPORATION

By

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March 25, 2019

勤業眾信

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Pou Chen Corporation

Opinion

We have audited the accompanying consolidated financial statements of Pou Chen Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The following are the key audit matters of the consolidated financial statements of the Group as of and for the year ended December 31, 2018.

Write-down of Inventory

As of December 31, 2018, the carrying amount of finished goods for retail included in the inventories was $29,936,498 thousand. For the related disclosures, refer to Notes 4, 5 and 14 to the consolidated financial statements.

The determination of net realizable value required an evaluation on the condition and quality of product market sales and assessment of obsolete and slow-moving inventory; the evaluation involved significant judgments and estimations made by management. Therefore, we considered write-down of inventory as a key audit matter of the 2017 consolidated financial statements.

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

Impairment of Goodwill

As of December 31, 2018, goodwill allocated to the manufacture and sale of footwear of the Group amounted to $5,635,957 thousand and $2,420,956 thousand, respectively. For related disclosures, refer to Notes 4, 5 and 22 to the consolidated financial statements.

Management evaluated the impairment of the assets above based on their recoverable amount. The recoverable amount is determined according to the forecast of the trading performance and future cash flows and the discount rate. The test of impairment involved significant judgments and estimations made by management. As a result, we considered the impairment of goodwill as a key audit matter.

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

Other Matter

The Group’s investments in Ruen Chen Investment Holding Co., Ltd. were accounted for by the equity method based on its financial statements which were audited by other auditors. Our opinion, insofar as it relates to the Group’s investments in Ruen Chen Investment Holding Co., Ltd., is based solely on the report of other auditors. As of December 31, 2018 and 2017, the carrying amounts of the investment were $8,403,275 thousand and $16,659,984 thousand which constituted 2.76% and 5.52% of the Group’s consolidated total assets, respectively. For the years ended December 31, 2018 and 2017, the profit of the associate were $4,491,495 thousand and $3,775,090 thousand which constituted 22.17% and 15.21% of the income which the Group recognized before income tax, respectively.

We have also audited the parent company only financial statements of Pou Chen Corporation as of and for the years ended December 31, 2018 and 2017 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 25, 2019

<u>Notice to Readers</u>

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

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

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018		2017	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 32,252,001	11	$ 34,108,353	11
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	845,690	-	1,096,915	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	15,065,002	5	-	-
Available-for-sale financial assets - current (Notes 4 and 10)	-	-	14,590,513	5
Held-to-maturity financial assets - current (Notes 4 and 11)	-	-	1,359,820	1
Financial assets measured at cost - current (Notes 4 and 9)	2,660,995	1	-	-
Debt investments with no active market - current (Notes 4 and 12)	-	-	372,848	-
Notes receivable (Notes 4 and 13)	1,295	-	54,953	-
Notes receivable from related parties (Notes 4, 13 and 40)	-	-	64	-
Accounts receivable (Notes 4 and 13)	38,938,365	13	36,805,201	12
Accounts receivable from related parties (Notes 4, 13 and 40)	56,405	-	61,539	-
Other receivables (Notes 4 and 13)	5,133,235	2	3,665,966	1
Inventories - manufacturing and retailing (Notes 4 and 14)	54,571,450	18	47,776,580	16
Inventories - construction (Notes 4 and 14)	4,780,007	1	4,777,895	2
Prepayments for leases (Note 4)	151,206	-	138,455	-
Non-current assets held for sale (Notes 4 and 15)	-	-	23,659	-
Other current assets (Notes 4 and 16)	9,928,307	3	9,834,604	3
Total current assets	164,383,958	54	154,667,365	51
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	776,688	-	582,701	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	768,212	-	-	-
Available-for-sale financial assets - non-current (Notes 4 and 10)	-	-	1,146,061	-
Held-to-maturity financial assets - non-current (Notes 4 and 11)	-	-	4,286,504	1
Financial assets at amortized cost - non-current (Notes 4, 9 and 41)	343,595	-	-	-
Financial assets measured at cost - non-current (Notes 4 and 17)	-	-	495,121	-
Debt investments with no active market - non-current (Notes 4, 12 and 41)	-	-	40,029	-
Investments accounted for using equity method (Notes 4 and 19)	31,228,219	10	40,826,193	14
Property, plant and equipment (Notes 4 and 20)	79,162,641	26	71,517,038	24
Investment properties (Notes 4 and 21)	2,312,021	1	2,247,431	1
Goodwill (Notes 4 and 22)	8,866,746	3	8,691,600	3
Other intangible assets (Notes 4 and 23)	3,187,467	1	3,703,027	1
Deferred tax assets (Notes 4 and 31)	1,951,026	1	1,418,577	1
Long-term prepayments for leases (Note 4)	6,455,195	2	5,575,528	2
Other non-current assets (Notes 4 and 16)	4,826,645	2	6,707,255	2
Total non-current assets	139,878,455	46	147,237,065	49
TOTAL	$ 304,262,413	100	$ 301,904,430	100

	2018		2017	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term borrowings (Note 24)	$ 37,560,974	12	$ 33,448,199	11
Short-term bills payable (Note 24)	2,869,225	1	2,966,334	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	719,322	-	232,577	-
Notes payable (Notes 4 and 25)	9,332	-	51,547	-
Notes payable to related parties (Notes 4, 25 and 40)	74	-	11,250	-
Accounts payable (Notes 4 and 25)	13,581,756	5	12,730,775	4
Accounts payable to related parties (Notes 4, 25 and 40)	1,520,085	1	1,126,538	-
Other payables (Note 26)	25,243,368	8	26,027,401	9
Current tax liabilities (Notes 4 and 31)	2,478,784	1	2,497,360	1
Current portion of long-term borrowings (Note 24)	4,194,398	1	750,000	-
Other current liabilities	5,125,762	2	4,619,043	2
Total current liabilities	93,303,080	31	84,461,024	28
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 24)	53,695,306	18	54,461,632	18
Deferred tax liabilities (Notes 4 and 31)	1,353,400	-	1,121,029	1
Long-term payables (Note 26)	151,483	-	151,364	-
Net defined benefit liabilities (Notes 4 and 27)	3,493,669	1	3,284,204	1
Other non-current liabilities	67,769	-	45,231	-
Total non-current liabilities	58,761,627	19	59,063,460	20
Total liabilities	152,064,707	50	143,524,484	48
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 28)				
Share capital				
Ordinary shares	29,467,872	10	29,467,872	10
Capital surplus	4,600,092	1	4,615,341	1
Retained earnings				
Legal reserve	13,811,050	4	12,518,889	4
Special reserve	13,917,230	5	13,636,368	5
Unappropriated earnings	38,360,517	13	37,294,138	12
Total retained earnings	66,088,797	22	63,449,395	21
Other equity	(22,293,369)	(7)	(13,917,230)	(5)
Total equity attributable to owners of the Company	77,863,392	26	83,615,378	27
NON-CONTROLLING INTERESTS	74,334,314	24	74,764,568	25
Total equity	152,197,706	50	158,379,946	52
TOTAL	$ 304,262,413	100	$ 301,904,430	100

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

(With Deloitte & Touche audit report dated March 25, 2019)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 29 and 40)	$ 293,316,089	100	$ 278,631,872	100
OPERATING COSTS (Notes 27, 30 and 40)	217,844,794	74	205,563,548	74
GROSS PROFIT	75,471,295	26	73,068,324	26
OPERATING EXPENSES (Notes 27 and 30)				
Selling and marketing expenses	35,045,995	12	30,051,746	11
General and administrative expenses	20,385,218	7	19,517,193	7
Research and development expenses	6,230,618	2	6,431,287	2
Total operating expenses	61,661,831	21	56,000,226	20
INCOME FROM OPERATIONS	13,809,464	5	17,068,098	6
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 30)	3,637,248	1	4,131,649	2
Other gains and losses (Note 30)	(170,459)	-	(179,369)	-
Net gain on derecognition of financial assets at amortized cost	5,477	-	-	-
Finance costs (Note 30)	(2,781,382)	(1)	(1,986,075)	(1)
Share of the profit of associates and joint ventures (Notes 4 and 19)	5,760,035	2	5,783,201	2
Total non-operating income and expenses	6,450,919	2	7,749,406	3
INCOME BEFORE INCOME TAX	20,260,383	7	24,817,504	9
INCOME TAX EXPENSE (Notes 4 and 31)	(3,888,517)	(1)	(3,086,914)	(1)
NET INCOME FOR THE YEAR	16,371,866	6	21,730,590	8
OTHER COMPREHENSIVE (LOSS) INCOME (Note 3)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 27)	38,359	-	(494,241)	-
Unrealized gain on investments in equity instruments designed at fair value through other comprehensive income	199,697	-	-	-
Share of the other comprehensive loss of associates and joint ventures	(504,544)	-	(40,298)	-

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	$ 2,581,218	1	$ (3,497,789)	(1)
Unrealized gain on available-for-sale financial assets	-	-	1,033,280	-
Share of the other comprehensive (loss) income of associates and joint ventures	(25,647,596)	(9)	3,718,571	1
Other comprehensive (loss) income for the year, net of income tax	(23,332,866)	(8)	719,523	-
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	$ (6,961,000)	(2)	$ 22,450,113	8
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 10,708,646	4	$ 12,921,606	5
Non-controlling interests	5,663,220	2	8,808,984	3
	$ 16,371,866	6	$ 21,730,590	8
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ (13,545,977)	(4)	$ 12,255,237	4
Non-controlling interests	6,584,977	2	10,194,876	4
	$ (6,961,000)	(2)	$ 22,450,113	8
EARNINGS PER SHARE (Note 32)				
Basic	$ 3.63		$ 4.38	
Diluted	$ 3.62		$ 4.37	

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

(With Deloitte & Touche audit report dated March 25, 2019) (Concluded)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
			Retained Earnings			Other Equity						
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized (Loss) Gain on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Others	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2017	$ 29,467,872	$ 4,540,163	$ 11,213,184	$ 11,905,595	$ 32,214,698	$ 3,109,173	$ (16,745,893)	$ -	$ 352	$ 75,705,144	$ 87,305,560	$ 163,010,704
Appropriation of 2016 earnings (Note 28)												
Legal reserve	-	-	1,305,705	-	(1,305,705)	-	-	-	-	-	-	-
Special reserve	-	-	-	1,730,773	(1,730,773)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(4,420,181)	-	-	-	-	(4,420,181)	-	(4,420,181)
	-	-	1,305,705	1,730,773	(7,456,659)	-	-	-	-	(4,420,181)	-	(4,420,181)
Net income for the year ended December 31, 2017	-	-	-	-	12,921,606	-	-	-	-	12,921,606	8,808,984	21,730,590
Other comprehensive (loss) income for the year ended December 31, 2017	-	-	-	-	(385,507)	(4,899,702)	4,618,754	-	86	(666,369)	1,385,892	719,523
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	12,536,099	(4,899,702)	4,618,754	-	86	12,255,237	10,194,876	22,450,113
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 4 and 28)	-	(47,650)	-	-	-	-	-	-	-	(47,650)	-	(47,650)
Share of changes in equities of subsidiaries (Notes 4 and 28)	-	(7,579)	-	-	-	-	-	-	-	(7,579)	-	(7,579)
Change in capital surplus from investments in associates and joint ventures accounted for using the equity method (Notes 4 and 28)	-	130,407	-	-	-	-	-	-	-	130,407	-	130,407
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(22,735,868)	(22,735,868)
Change in equity for the year ended December 31, 2017	-	75,178	1,305,705	1,730,773	5,079,440	(4,899,702)	4,618,754	-	86	7,910,234	(12,540,992)	(4,630,758)
BALANCE AT DECEMBER 31, 2017	29,467,872	4,615,341	12,518,889	13,636,368	37,294,138	(1,790,529)	(12,127,139)	-	438	83,615,378	74,764,568	158,379,946
Effect of retrospective application	-	-	-	-	292,111	-	12,127,139	1,860,011	(506,875)	13,772,386	-	13,772,386
BALANCE AT JANUARY 1, 2018 AS RESTATED	29,467,872	4,615,341	12,518,889	13,636,368	37,586,249	(1,790,529)	-	1,860,011	(506,437)	97,387,764	74,764,568	172,152,332
Appropriation of 2017 earnings (Note 28)												
Legal reserve	-	-	1,292,161	-	(1,292,161)	-	-	-	-	-	-	-
Special reserve	-	-	-	280,862	(280,862)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(5,893,574)	-	-	-	-	(5,893,574)	-	(5,893,574)
	-	-	1,292,161	280,862	(7,466,597)	-	-	-	-	(5,893,574)	-	(5,893,574)
Net income for the year ended December 31, 2018	-	-	-	-	10,708,646	-	-	-	-	10,708,646	5,663,220	16,371,866
Other comprehensive (loss) income for the year ended December 31, 2018	-	-	-	-	(64,539)	1,478,405	-	(12,677,612)	(12,990,877)	(24,254,623)	921,757	(23,332,866)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	10,644,107	1,478,405	-	(12,677,612)	(12,990,877)	(13,545,977)	6,584,977	(6,961,000)
Share of changes in equities of subsidiaries (Notes 4 and 28)	-	(15,653)	-	-	(69,572)	-	-	-	-	(85,225)	-	(85,225)
Change in capital surplus from investments in associates and joint ventures accounted for using the equity method (Notes 4 and 28)	-	404	-	-	(2,333,670)	-	-	2,333,670	-	404	-	404
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(7,015,231)	(7,015,231)
Change in equity for the year ended December 31, 2018	-	(15,249)	1,292,161	280,862	774,268	1,478,405	-	(10,343,942)	(12,990,877)	(19,524,372)	(430,254)	(19,954,626)
BALANCE AT DECEMBER 31, 2018	$ 29,467,872	$ 4,600,092	$ 13,811,050	$ 13,917,230	$ 38,360,517	$ (312,124)	$ -	$ (8,483,931)	$ (13,497,314)	$ 77,863,392	$ 74,334,314	$ 152,197,706

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

(With Deloitte & Touche audit report dated March 25, 2019)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax for the year	$ 20,260,383	$ 24,817,504
Adjustments for:		
Depreciation expenses	9,849,129	8,895,832
Amortization expenses	700,342	689,903
Expected credit loss on accounts receivable/impairment reversed on accounts receivable	66,060	(141,115)
Net loss (gain) on fair value change of financial instruments at fair value through profit or loss	3,425	(956,473)
Finance costs	2,781,382	1,986,075
Net gain on derecognition of financial assets at amortized cost	(5,477)	-
Interest income	(615,620)	(605,978)
Dividends income	(898,686)	(856,941)
Compensation cost of employee share options	130,489	142,912
Share of profit of associates and joint ventures	(5,760,035)	(5,783,201)
Net loss on disposal of property, plant and equipment	524,208	821,180
Net gain on disposal of investment properties	-	(14,199)
Net gain on disposal of investments	-	(37,984)
Net gain on disposal of subsidiaries, associates and joint ventures	(153,872)	(480,603)
Recognized of impairment loss	-	161,865
Reversal of impairment loss	(116)	-
Gain from bargain purchase - acquisition of subsidiaries	(13,280)	(2,320)
Changes in operating assets and liabilities		
Financial instruments held for trading	-	615,937
Financial assets mandatorily at fair value through profit or loss	1,435,134	-
Notes receivable	53,658	(32,210)
Notes receivable from related parties	64	(47)
Accounts receivable	(2,199,224)	1,409,593
Accounts receivable from related parties	5,134	(7,383)
Other receivables	(1,565,090)	648,793
Inventories	(6,796,982)	(6,949,322)
Other current assets	(93,703)	(524,836)
Other operating assets	(178,814)	(153,730)
Notes payable	(42,215)	32,021
Notes payable to related parties	(11,176)	(15,559)
Accounts payable	850,981	(458,653)
Accounts payable to related parties	393,547	(323,479)
Other payables	(2,096,272)	605,563
Other current liabilities	506,719	(74,884)
Net defined benefit liabilities	247,824	(1,020,828)
Other operating liabilities	119	(7,966)
Cash generated from operations	17,378,036	22,379,467
Interest paid	(2,627,719)	(1,878,472)
Income tax paid	(4,207,115)	(3,692,347)
Net cash generated from operating activities	10,543,202	16,808,648

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets design at fair value through profit or loss	$ -	$ (595,200)
Proceeds on sale of financial assets design at fair value through profit or loss	-	11,654
Proceeds from return of capital of financial assets at fair value through other comprehensive income	48,408	-
Purchases of financial assets at amortized cost	(5,040,644)	-
Proceeds from sale of financial assets at amortized cost	8,044,692	-
Acquisition of debt investments with no active market	-	(687,838)
Proceeds on sale of debt investments with no active market	-	1,104,090
Acquisition of held-to-maturity financial assets	-	(672,677)
Proceeds on held-to-maturity financial assets	-	1,007,080
Acquisition of financial assets measured at cost	-	(4,085)
Proceed on sale of financial assets measured at cost	-	99,891
Acquisition of associates and joint ventures	(70,000)	(115,283)
Proceeds from disposal of associates and joint ventures	819,904	1,825,208
Net cash outflow on acquisition of subsidiaries	(74,380)	52,647
Net cash outflow (inflow) on disposal of subsidiaries	417,829	175,411
Acquisition of property, plant and equipment	(14,389,558)	(15,107,635)
Proceeds from disposal of property, plant and equipment	1,001,490	531,478
Increase in refundable deposits	(86,196)	(173,888)
Acquisition of intangible assets	(43,314)	(22)
Acquisition of investment properties	(2,192)	(978)
Proceeds from disposal of investment properties	-	86,103
Increase in other non-current assets	(236,267)	-
Increase in prepayments for equipment	-	(2,140,235)
Acquisition of long-term prepayments for leases	(566,128)	(15,469)
Proceeds from disposal of long-term prepayments for leases	77,836	25,542
Interest received	722,961	618,857
Dividends received	2,559,368	3,307,163
Cash dividends from reduction of capital surplus from associates	108,705	-
Net cash used in investing activities	(6,707,486)	(10,668,186)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	4,112,775	9,417,079
Proceeds from short-term bills payable	-	422,000
Repayments of short-term bills payable	(98,000)	-
Proceeds from long-term borrowings	2,642,419	5,156,200
Increase in guarantee deposits	22,538	5,913
Cash dividend	(5,893,574)	(4,420,181)
Change in non-controlling interests	(7,015,231)	(22,735,868)
Net cash used in financing activities	(6,229,073)	(12,154,857)

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	$ 537,005	$ 4,443,590
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,856,352)	(1,570,805)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	34,108,353	35,679,158
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 32,252,001	$ 34,108,353

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

(With Deloitte & Touche audit report dated March 25, 2019) (Concluded)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 25, 2019.

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

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

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

   1) Annual Improvements to IFRSs 2014-2016 Cycle

      Several standards, including IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures," were amended in this annual improvement.

      The amendment to IFRS 12 clarified that when an entity's interest in a subsidiary, a joint venture or an associate is classified as held for sale or is included in a disposal group that is classified as held for sale, the entity is not required to disclose summarized financial information of that subsidiary, joint venture or associate in accordance with IFRS 12. The Group applied the aforementioned amendment retrospectively.

2) IFRS 9 "Financial Instruments" and related amendments

IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement", with consequential amendments to IFRS 7 "Financial Instruments: Disclosures" and other standards. IFRS 9 sets out the requirements for the classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as at January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following tables show the original measurement categories and carrying amounts under IAS 39 and the new measurement categories and carrying amounts under IFRS 9 for each class of the Group's financial assets as at January 1, 2018.

Financial Assets	Measurement Category - IAS 39	Measurement Category - IFRS 9	Carrying Amount - IAS 39	Carrying Amount - IFRS 9	Remark
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 34,108,353	$ 34,108,353	
Derivatives	Held-for-trading	Mandatorily at fair value through profit or loss (FVTPL)	84,093	84,093	
Structured deposits	Designated as at FVTPL	Mandatorily at FVTPL	882,574	882,574	a)
	Held-to-maturity	Amortized cost	962,298	962,298	b)
Equity securities	Available-for-sale	Mandatorily at FVTPL	577,878	577,878	c)
	Available-for-sale	Fair value through other comprehensive income (FVTOCI) - equity instruments	15,398,303	15,501,254	d)
Mutual funds	Held-for-trading	Mandatorily at FVTPL	712,949	712,949	
	Available-for-sale	Mandatorily at FVTPL	255,514	316,698	d)
Debt securities	Held-to-maturity	Amortized cost	4,684,026	4,684,026	e)
Time deposits with original maturities of more than 3 months	Loans and receivables	Amortized cost	372,848	372,848	
Notes receivable, accounts receivable and other receivables	Loans and receivables	Amortized cost	40,587,723	40,587,723	f)
Refundable deposits	Loans and receivables	Amortized cost	531,329	531,329	f)
Financial assets pledged as collateral or for security	Loans and receivables	Amortized cost	40,029	40,029	f)

Financial Assets	Carrying Amount as of January 1, 2018 (IAS 39)	Reclassifications	Remeasurements	Carrying Amount as of January 1, 2018 (IFRS 9)	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
FVTPL	$ 1,679,616	$ -	$ -	$ 1,679,616	$ -	$ -	
Add: Reclassification from available-for-sale (IAS 39)	-	577,878	-	577,878	51,203	(51,203)	c)
Remeasurement of financial assets measured at cost (IAS 39)	-	255,514	61,184	316,698	61,184	-	c)
	1,679,616	833,392	61,184	2,574,192	112,387	(51,203)	

(Continued)

Financial Assets	Carrying Amount as of January 1, 2018 (IAS 39)	Reclassifi-cations	Remeasure-ments	Carrying Amount as of January 1, 2018 (IFRS 9)	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
FVTOCI - equity instruments	$ -	$ -	$ -	$ -	$ -	$ -	d)
Add: Reclassification from available-for-sale (IAS 39)	-	15,158,696	-	15,158,696	-	-	d)
Remeasurement of financial assets measured at cost (IAS 39)	-	239,607	102,951	342,558	461,599	(358,648)	d)
	-	15,398,303	102,951	15,501,254	461,599	(358,648)	
Amortized cost	-	-	-	-	-	-	
Add: Reclassification from held-to-maturity (IAS 39)	-	5,646,324	-	5,646,324	-	-	e)
Add: Reclassification from loans and receivables (IAS 39)	-	75,640,282	-	75,640,282	-	-	f)
	-	81,286,606	-	81,286,606	-	-	
	$ 1,679,616	$ 97,518,301	$ 164,135	$ 99,362,052	$ 573,986	$ (409,851)	
Investments accounted for using equity method	$ 40,826,193	$ -	$ 13,608,251	$ 54,434,444	$ (281,875)	$ 13,890,126	g)

(Concluded)

Remarks:

a) Structured deposits were designated as at FVTPL under IAS 39 because these investments were part of hybrid instruments. All of these investments have been classified as mandatorily measured at FVTPL under IFRS 9 since the structured deposits contain host contracts that are assets within the scope of IFRS 9.

b) Structured deposits previously classified as held-to-maturity financial assets and measured at amortized cost under IAS 39 have been measured at amortized cost with an assessment of expected credit losses under IFRS 9 because, the contractual cash flows were solely payments of principal and interest on the principal outstanding and these investments were held within a business model whose objective is to collect contractual cash flows on the basis of the facts and circumstances that existed as at January 1, 2018.

c) Equity security investments classified as available-for-sale under IAS 39 (recorded under “financial assets measured at cost - non-current”) were elected to be classified as at FVTPL under IFRS 9. As a result, the related other equity - unrealized gain or loss on available-for-sale financial assets of $51,203 thousand was reclassified to retained earnings.

   Investments in unlisted shares previously measured at cost under IAS 39 were measured at FVTPL under IFRS 9 and remeasured at fair value. Consequently, an increase of $61,184 thousand was recognized in both financial assets at FVTPL and retained earnings on January 1, 2018.

d) Equity security investments classified as available-for-sale under IAS 39 (recognized as "financial assets measured at cost - non-current") were not held for trading; thus, the Group elected to designate those investments as at FVTOCI under IFRS 9. As a result, the related other equity - unrealized gain or loss on available-for-sale financial assets of $3,413,223 thousand was reclassified to other equity - unrealized gain or loss on financial assets at FVTOCI.

   Investments in unlisted shares previously measured at cost under IAS 39 have been designated as at FVTOCI under IFRS 9 and were remeasured at fair value. Consequently, an increase of $102,951 thousand was recognized in both financial assets at FVTOCI and other equity - unrealized gain or loss on financial assets at FVTOCI on January 1, 2018.

   For certain investments classified as measured at cost under IAS 39, there was an impairment loss which the Group recognized and accumulated in retained earnings. Since those investments were designated as at FVTOCI under IFRS 9 and no impairment assessment is required, an adjustment was made that resulted in a decrease of $461,599 thousand in other equity - unrealized gain or loss on financial assets at FVTOCI and an increase of $461,599 thousand in retained earnings on January 1, 2018.

e) Investments previously classified as held-to-maturity financial assets and debt investments with no active market measured at amortized cost under IAS 39 were classified as at amortized cost under IFRS 9 because the contractual cash flows are solely payments of principal and interest on the principal outstanding and these investments were held within a business model whose objective is to collect contractual cash flows on the basis of the facts and circumstances that existed as at January 1, 2018.

f) Notes receivable, accounts receivable, other receivables, refundable deposits and financial assets pledged as collateral or for security that were previously classified as loans and receivables under IAS 39 are classified as at amortized cost with an assessment of expected credit losses under IFRS 9.

g) As a result of the retrospective application of IFRS 9 by associates accounted for using the equity method, there was an increase in investments accounted for using the equity method of $13,608,251 thousand, an increase in other equity - unrealized gain or loss on financial assets at FVTOCI of $29,430,488 thousand, a decrease in other equity - unrealized gain or loss on available-for-sale financial assets of $15,540,362 thousand and a decrease in retained earnings of $281,875 thousand on January 1, 2018.

Classification and measurement of financial liabilities

On the basis of the facts and circumstances that existed as at January 1, 2018, the Group has performed an assessment of the classification of recognized financial liabilities and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amounts under IAS 39 and the new measurement categories and carrying amounts under IFRS 9 for each class of the Group's financial liabilities as at January 1, 2018.

Financial Liabilities	Measurement Category		Carrying Amount	
	IAS 39	IFRS 9	IAS 39	IFRS 9
Derivatives	Held-for-trading	Mandatorily at FVTPL	$ 232,577	$ 232,577

3) IFRS 15 “Revenue from Contracts with Customers” and related amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers and supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations. Refer to Note 4 for the related accounting policies.

4) Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”

The amendments clarify that the difference between the carrying amount of a debt instrument measured at fair value and its tax base gives rise to a temporary difference, even though there are unrealized losses on that asset, irrespective of whether the Group expects to recover the carrying amount of the debt instrument by sale or by holding it and collecting contractual cash flows.

In addition, in determining whether to recognize a deferred tax asset, the Group should assess a deductible temporary difference in combination with all of its other deductible temporary differences, unless the tax law restricts the utilization of losses as a deduction against income of a specific type, in which case, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. The amendments also stipulate that, when determining whether to recognize a deferred tax asset, the estimate of probable future taxable profit may include some of the Group’s assets for more than their carrying amount if there is sufficient evidence that it is probable that the Group will achieve the higher amount and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

When the amendments are applied retrospectively starting from January 1, 2018, the application will not have a significant impact on the accounting of the Group in assessing deferred tax assets.

5) Amendments to IAS 40 “Transfers of Investment Property”

The amendments clarify that the Group should transfer to, or from, investment property when, and only when, the property meets, or ceases to meet, the definition of investment property and there is evidence of a change in use. In isolation, a change in management’s intentions for the use of a property does not provide evidence of a change in use. The amendments also clarify that evidence of a change in use is not limited to those illustrated in IAS 40.

There is no significant impact of the amendments that reflect the conditions that exist as of January 1, 2018.

6) IFRIC 22 “Foreign Currency Transactions and Advance Consideration”

IAS 21 stipulated that a foreign currency transaction shall be recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. IFRIC 22 further explains that the date of the transaction is the date on which an entity recognizes a non-monetary asset or non-monetary liability from payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine the date of the transaction for each payment or receipt of advance consideration.

The Group applied IFRIC 22 prospectively to all assets, expenses and income recognized on or after January 1, 2018 within the scope of the interpretation.

b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC for application starting from 2019

New, Revised or Amended Standards or Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
IFRS 16 "Leases"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 3)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019

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

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17, IFRIC 4 and a number of related interpretations.

Definition of a lease

Upon initial application of IFRS 16, the Group will reassess whether a contract is a lease in accordance with the definition of a lease under IFRS 16. Part of contracts, which are currently identified as containing a lease under IAS 17 and IFRIC 4, will not meet the definition of a lease under IFRS 16 and will be accounted for in accordance with other standards because the customers do not have the right to direct the use of the identified assets.

The Group as lessee

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

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

Lease liabilities will be recognized on January 1, 2019 for leases currently classified as operating leases with the application of IAS 17. Lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. Except for the following practical expedients which are to be applied, the Group will apply IAS 36 to all right-of-use assets.

The Group expects to apply the following practical expedients:

a) The Group will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

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

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

d) The Group will use hindsight, such as in determining lease terms, to measure lease liabilities.

For leases currently classified as finance leases under IAS 17, the carrying amount of right-of-use assets and lease liabilities on January 1, 2019 will be determined as at the carrying amount of the leased assets and finance lease payables as of December 31, 2018.

<u>The Group as lessor</u>

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

<u>Anticipated impact on assets, liabilities and equity</u>

	Carrying Amount as of December 31, 2018	**Adjustments Arising from Initial Application**	**Adjusted Carrying Amount as of January 1, 2019**
Prepayments for leases - current	$ 151,206	$ (151,206)	$ -
Prepayments for leases - non-current	6,455,195	(6,455,195)	-
Other current assets	9,928,307	(441,261)	9,487,046
Right-of-use assets	-	16,734,279	16,734,279
Other non-current assets	4,826,645	(148,169)	4,678,476
Total effect on assets	$ 21,361,353	$ 9,538,448	$ 30,899,801
Lease liabilities - current	$ -	$ 3,099,447	$ 3,099,447
Lease liabilities - non-current	-	6,439,001	6,439,001
Total effect on liabilities	$ -	$ 9,538,448	$ 9,538,448

2) IFRIC 23 “Uncertainty over Income Tax Treatments”

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

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

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

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

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

4) Annual Improvements to IFRSs 2015-2017 Cycle

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

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

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

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

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

New, Revised or Amended Standards or Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

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

Note 2: The Group shall apply these amendments to business combinations for which the acquisition date falls on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

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

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

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

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

2) Amendments to IFRS 3 "Definition of a Business"

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

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

d. Basis of consolidation

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

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

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

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

See Note 18 and Table 9 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

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

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

f. Foreign currencies

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

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

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

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

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries, associates and joint ventures in other countries or currencies used are different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income, and attributed to the owners of the Company and non-controlling interests as appropriate.

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

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

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

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

h. Investments in associates and joint ventures

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

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

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

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

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

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

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and the joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

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

i. Property, plant and equipment

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

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

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

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use.

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

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

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

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

k. Goodwill

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

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

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

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

l. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

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

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

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

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

b) The intention to complete the intangible asset and use or sell it;

c) The ability to use or sell the intangible asset;

d) How the intangible asset will generate probable future economic benefits;

e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

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

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

3) Intangible assets acquired in a business combination

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

4) Derecognition of intangible assets

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

m. Assets related to contract costs

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

n. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

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

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

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

o. Non-current assets held for sale

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

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

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

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

p. Financial instruments

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

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

<u>Financial assets</u>

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

1) Measurement category

<u>2018</u>

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

a) Financial assets at FVTPL

A financial asset is 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.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 39.

b) Financial assets at amortized cost

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

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable at amortized cost, investments in debt instruments, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined by 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 a financial asset, except for:

- 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

- Financial assets that 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.

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

c) Investments in debt instruments at FVTOCI

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

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

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

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

d) Investments in equity instruments at FVTOCI

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

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

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

2017

Financial assets are classified into the following categories: financial assets at FVTPL, held-to-maturity financial assets, available-for-sale financial assets, and loans and receivables.

a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 39.

b) Held-to-maturity financial assets

Commercial paper and foreign corporate bonds, which are above specific credit ratings and the Group has positive intent and ability to hold to maturity, are classified as held-to-maturity financial assets.

Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method less any impairment.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at FVTPL.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as "financial assets measured at cost". If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in profit or loss or other comprehensive income on financial assets.

d) Loans and receivables

Loans and receivables (including accounts receivable, cash and cash equivalent, debt investments with no active market) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

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

2) Impairment of financial assets

2018

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

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

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

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

2017

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets measured at amortized cost, such as trade receivables are assessed for impairment on a collective basis even if they were assessed not to be impaired individually.

For a financial asset at amortized cost, the amount of the impairment loss recognized is the difference between such an asset's carrying amount and the present value of its estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, the impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are measured at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible accounts receivable that are written off against the allowance account.

3) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

Equity instruments

Equity instruments issued by a Group entity are recognized at the proceeds received, net of direct issue costs.

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

Financial liabilities

1) Subsequent measurement

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

   a) Financial liabilities at FVTPL

      Financial liabilities are classified as at FVTPL when such a financial liability is held for trading. Such financial liabilities are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 39.

   b) Financial guarantee contracts

      2018

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

      2017

      Financial guarantee contracts issued by the Group and not designated as at FVTPL, are subsequently measured at the higher of the best estimate of the obligation under the contract and the amount initially recognized less cumulative amortization recognized.

2) Derecognition of financial liabilities

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

Derivative financial instruments

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

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Before 2017, derivatives embedded in non-derivative host contracts were treated as separate derivatives when they met the definition of a derivative; their risks and characteristics were not closely related to those of the host contracts; and the contracts were not measured at FVTPL. From 2018, derivatives embedded in hybrid contracts, which contain financial asset hosts within the scope of IFRS 9, are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

q. Levies

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

r. Revenue recognition

2018

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

The Group’s revenue from the sale of goods comes from footwear sales. Sales of products are recognized as revenue when the goods are delivered to the customer’s specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. For sales of merchandise through the Group’s own retail outlets, revenue is recognized when the customer purchases the goods at the retail outlet.

2017

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale based on the seller’s reliable estimate future returns and based on past experience and other relevant factors.

1) Sale of goods

   Sales of goods are recognized when goods are delivered and legal ownership has passed.

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 Group 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 Group 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 applicable effective interest rate applicable.

s. Construction contracts

Revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

When contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the surplus is shown as “amounts due from customers for contract work”. For contracts where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as the “amounts due to customers for contract work”.

t. Leasing

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

1) The Group as lessor

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

2) The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Lease incentives received under operating leases are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis.

u. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Termination benefits

A liability for a termination benefit is recognized when the Group can no longer withdraw the offer of the termination benefit.

v. Share-based payment arrangements

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

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

w. Taxation

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

1) Current tax

According to the Income Tax Law in the Republic of China (ROC), an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Write-down of inventory

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

b. Impairment of goodwill and intangible assets

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2018	2017
Cash on hand	$ 38,782	$ 32,791
Checking accounts and demand deposits	25,647,371	26,736,680
Cash equivalent (investments with original maturities of less than three months)		
Time deposits	6,083,301	6,737,778
Repurchase agreements collateralized by bonds	482,547	601,104
	$ 32,252,001	$ 34,108,353

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2018	2017
Financial assets at FVTPL		
Financial assets designated as at FVTPL		
Structured deposit (a)	$ -	$ 882,574
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Interest rate swap contracts (b)	-	29,705
Forward exchange contracts (c)	-	47,108
Exchange rate option contracts (d)	-	7,280
Non-derivative financial assets		
Mutual funds	-	712,949
	-	797,042
Financial assets mandatorily at FVTPL		
Hybrid financial assets		
Structured deposits (a)	593,107	-
Derivative financial assets (not under hedge accounting)		
Interest rate swap contracts (b)	20,838	-
Foreign exchange forward contracts (c)	249,528	-
Exchange rate option contracts (d)	5,451	-
Non-derivative financial assets		
Mutual funds	753,454	-
	1,622,378	-
	$ 1,622,378	$ 1,679,616
Current	$ 845,690	$ 1,096,915
Non-current	776,688	582,701
	$ 1,622,378	$ 1,679,616

(Continued)

	December 31	
	2018	2017
Financial liabilities at FVTPL		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Interest rate swap contracts (b)	$ -	$ 3,109
Forward exchange contracts (c)	37,018	-
Exchange rate option contracts (d)	636,778	-
Exchange rate swap contracts (e)	30,751	197,154
Cross-currency swap contracts (f)	14,775	32,314
	$ 719,322	$ 232,577
Current	$ 719,322	$ 232,577

(Concluded)

a. Structured deposits

1) Wealthplus entered into a 5-year, USD structured time deposit contract with a bank in January 2013. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The contract was designated as at FVTPL under IAS 39. But under IFRS 9, the entire contract is assessed and classified mandatorily as at FVTPL since it contained a host that is an asset within the scope of IFRS 9. The structured time deposit was classified as “financial assets at FVTPL - current”, which was due in March 2018.

2) Yue Yuen entered into a 5-year, USD structured time deposit contract with a bank in October 2017. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The contract was designated as at FVTPL under IAS 39. But under IFRS 9, the entire contract is assessed and classified mandatorily as at FVTPL since it contained a host that is an asset within the scope of IFRS 9. As of December 31, 2018 and 2017, the structured time deposit was classified as “financial assets at FVTPL - non-current”.

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

December 31, 2018

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

December 31, 2017

Notional Amount (In Thousands)		Maturity Date	Pay Rate (Fixed Rate %)	Received Rate (Floating Rate %)
$	125,000	2018.06	1.340	0.65833
	225,000	2018.06	1.310	0.65833
	150,000	2018.06	1.310	0.65833
	125,000	2018.06	1.290	0.65833
	125,000	2018.06	1.278	0.65833
	75,000	2018.06	1.265	0.65833
	125,000	2018.06	1.280	0.65833
	50,000	2018.06	1.260	0.65833
US$	50,000	2021.03	Note	Note

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

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

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

December 31, 2018

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

December 31, 2017

Notional Amount (In Thousands)		Forward Exchange Rates
US$	144,800	Sell US$/buy IDR at 13,680 to 13,925

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

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

December 31, 2018

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

December 31, 2017

Notional Amount (In Thousands)		Type	Buy/Sell	Maturity Date	Exchange Rate
US$	44,000	Put	Sell	2018.01-2018.11	US$:RMB6.9000
US$	44,000	Put	Sell	2018.01-2018.11	US$:RMB6.9000

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

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

December 31, 2018

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

December 31, 2017

Notional Amount (In Thousands)		Maturity Date	Exchange Rate	
US$	10,000	2018.01	US$:NT$	30.0725
US$	25,000	2018.01	US$:NT$	30.0720
US$	31,000	2018.01	US$:NT$	30.0720
US$	30,300	2018.01	US$:NT$	30.0720
US$	35,000	2018.01	US$:NT$	30.0720
US$	26,800	2018.01	US$:NT$	30.0720
US$	40,000	2018.01	US$:NT$	30.0730
US$	35,000	2018.01	US$:NT$	30.0720
US$	32,300	2018.01	US$:NT$	30.0720
US$	32,200	2018.01	US$:NT$	30.0720
US$	32,000	2018.01	US$:NT$	30.0720
US$	30,000	2018.01	US$:NT$	30.0740
US$	20,600	2018.01	US$:NT$	30.0740
US$	7,300	2018.01	US$:NT$	30.0740
US$	23,400	2018.01	US$:NT$	30.0740
US$	41,000	2018.01	US$:NT$	30.0740
US$	48,000	2018.01	US$:NT$	29.9500
US$	6,000	2018.01	US$:NT$	29.9500
US$	30,000	2018.01	US$:NT$	29.9500
US$	2,000	2018.01	US$:NT$	29.9500
US$	23,500	2018.01	US$:NT$	29.9290
US$	72,900	2018.01	US$:NT$	29.8690
US$	21,300	2018.02	US$:NT$	29.8730
US$	34,000	2018.02	US$:NT$	29.9090
US$	26,000	2018.02	US$:NT$	29.8870
US$	38,400	2018.02	US$:NT$	29.8290

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

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

December 31, 2018

Notional Amount (In Thousands)		Maturity Date	Exchange Rate		Interest %
US$	15,000	2019.07	US$:RMB	6.820	3.50
US$	15,000	2019.09	US$:RMB	6.860	3.20
US$	20,000	2019.12	US$:NT$	30.800	0.50

December 31, 2017

Notional Amount (In Thousands)		Maturity Date	Exchange Rate		Interest %
US$	20,000	2018.02	US$:NT$	31.020	0.75
US$	10,000	2018.02	US$:NT$	30.165	0.42
US$	10,000	2018.03	US$:NT$	30.010	0.40

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

8. FINANCIAL ASSETS AT FVTOCI - 2018

	December 31, 2018
Domestic investments	
Listed shares	$ 15,536,802
Unlisted shares	78,912
Foreign investments	
Unlisted shares	217,500
	$ 15,833,214
Current	$ 15,065,002
Non-current	768,212
	$ 15,833,214

These investments in equity instruments are not held for trading. Instead, they are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as available-for-sale (included in financial assets measured at cost - non-current) under IAS 39. Refer to Notes 3, 10 and 17 for information relating to their reclassification and comparative information for 2017.

9. FINANCIAL ASSETS AT AMORTIZED COST - 2018

	December 31, 2018
Domestic investments	
Bonds (a)	$ 318,201
Time deposits with original maturities of more than three months (b)	804,673
Foreign investments	
Bonds (a)	1,725,192
Structured products (a)	156,524
	$ 3,004,590
Current	$ 2,660,995
Non-current	343,595
	$ 3,004,590

a. The bonds and structured products were classified as held-to-maturity financial assets under IAS 39. Refer to Notes 3 and 11 for reclassification and comparative information for 2017.

b. The time deposits with original maturities of more than three months were classified as debt investments with no active market under IAS 39. Refer to Notes 3 and 12 for reclassification and comparative information for 2017.

c. Refer to Note 41 for information relating to investments in financial assets at amortized cost pledged as security.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

	December 31, 2017
Domestic investments	
Listed shares	$ 15,158,696
Foreign investments	
Listed shares	577,878
	$ 15,736,574
Current	$ 14,590,513
Non-current	1,146,061
	$ 15,736,574

11. HELD-TO-MATURITY FINANCIAL ASSETS - 2017

	December 31, 2017
Domestic investments	
Bonds	$ 737,359
Foreign investments	
Bonds	1,477,320
Commercial paper	2,469,347
Structured product	962,298
	$ 5,646,324
Current	$ 1,359,820
Non-current	4,286,504
	$ 5,646,324

12. DEBT INVESTMENTS WITH NO ACTIVE MARKET - 2017

	December 31, 2017
Time deposits with original maturity more than three months	$ 372,848
Others	40,029
	$ 412,877
Current	$ 372,848
Non-current	40,029
	$ 412,877

Refer to Note 41 for information relating to debt investments with no active market pledged as security.

13. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2018	2017
Notes receivable (including related parties)		
Notes receivable - operating	$ 756	$ 2,162
Notes receivable - non-operating	539	52,855
Less: Allowance for impairment loss	-	-
	$ 1,295	$ 55,017
Accounts receivable (including related parties)		
At amortized cost		
Gross carrying amount	$ 39,569,289	$ 37,418,873
Less: Allowance for impairment loss	(574,519)	(552,133)
	$ 38,994,770	$ 36,866,740
Other receivables		
Tax refund receivables	$ 1,820,099	$ 1,742,347
Others	3,313,995	1,924,478
Less: Allowance for impairment loss	(859)	(859)
	$ 5,133,235	$ 3,665,966

a. Notes receivable

The notes receivable balances at December 31, 2018 and 2017 were not past due.

b. Accounts receivable

2018

In determining the recoverability of accounts receivable, the Group considered any change in the credit quality of the accounts receivable since the date credit was initially granted to the end of the reporting period. Allowance for impairment loss was recognized based on the expected loss rate of individual customers by reference to the past default record of the debtor and an analysis of the debtor's current financial position.

The Group 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 Group 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.

For some accounts receivable balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss because there was no significant change in the credit quality and the amounts.

1) The aging of receivables based on the invoice date was as follows:

	December 31, 2018
Up to 30 days	$ 24,499,833
31-90 days	14,037,125
More than 90 days	1,032,331
	$ 39,569,289

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

	For the Year Ended December 31, 2018
Balance at January 1, 2018 per IAS 39	$ 552,133
Adjustment on initial application of IFRS 9	-
Balance at January 1, 2018 per IFRS 9	552,133
Add: Impairment losses recognized on receivables	66,060
Less: Amount written off	(39,438)
Foreign exchange gains and losses	(4,236)
Balance at December 31, 2018	$ 574,519

2017

The Group applied the same credit policy in 2018 and 2017. An allowance for doubtful accounts was recognized based on past due amounts at the end of the reporting period and past default experience.

For some accounts receivable balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss because there was no significant change in the credit quality and the amounts.

1) The aging analysis tables of the accounts receivable as at December 31, 2017 was as follows:

December 31, 2017

	Not Past Due and Not Impaired	Not Past Due but Impaired	Past Due but Not Impaired	Past Due and Impaired	Total
Up to 30 days	$ 23,312,993	$ -	$ -	$ -	$ 23,312,993
31-90 days	12,768,797	-	738,227	1,369	13,508,393
More than 90 days	-	-	46,723	550,764	597,487
	$ 36,081,790	$ -	$ 784,950	$ 552,133	$ 37,418,873

The above aging schedule was based on the invoice date.

2) Movements of the allowance for accounts receivable were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2017	$ 739,218	$ -	$ 739,218
Less: Reversal of impairment losses	(141,115)	-	(141,115)
Less: Amounts written off	(3,270)	-	(3,270)
Effects of exchange rate changes	(42,700)	-	(42,700)
Balance at December 31, 2017	$ 552,133	$ -	$ 552,133

14. INVENTORIES

	December 31	
	2018	2017
Inventories - manufacturing and retailing	$ 54,571,450	$ 47,776,580
Inventories - construction	4,780,007	4,777,895
	$ 59,351,457	$ 52,554,475

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

	December 31	
	2018	2017
Raw materials	$ 8,563,302	$ 7,647,272
Work in progress	5,726,047	5,068,405
Finished goods and merchandise	40,282,101	35,060,903
	$ 54,571,450	$ 47,776,580

1) The cost of manufacturing and retailing inventories recognized as cost of goods sold for the years ended December 31, 2018 and 2017 was $217,844,794 thousand and $205,563,548 thousand, respectively.

2) The cost of manufacturing and retail inventories recognized as cost of goods sold for the year ended December 31, 2017 included inventory write-downs which amounted to $146,861 thousand.

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

	December 31 2018	December 31 2017
Land and buildings held for development	$ 4,613,808	$ 4,612,454
Land and buildings held for sale	55,307	54,549
Land held for construction site	110,892	110,892
	$ 4,780,007	$ 4,777,895

15. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

	December 31 2018	December 31 2017
Assets associated with non-current assets held for sale		
Property, plant and equipment	$ -	$ 23,659

Yue Yuen resolved to dispose of the assets of its subsidiaries in 2017 and reclassified the assets as "non-current assets held for sale". The carrying amount of the assets was $23,659 thousand (US$795 thousand) as of December 31, 2017. This transaction was completed in March 2018.

16. OTHER ASSETS

	December 31 2018	December 31 2017
Prepayments	$ 8,805,134	$ 8,144,841
Refundable deposits	617,525	531,329
Defined benefit assets (Note 27)	43,754	43,754
Prepayments for equipment	3,463,271	5,616,393
Others	1,825,268	2,205,542
	$ 14,754,952	$ 16,541,859
Current	$ 9,928,307	$ 9,834,604
Non-current	4,826,645	6,707,255
	$ 14,754,952	$ 16,541,859

17. FINANCIAL ASSETS MEASURED AT COST - 2017

	December 31, 2017
Domestic investments	
Unlisted shares	$ 73,167
Foreign investments	
Unlisted shares	166,440
Mutual funds	255,514
	421,954
	$ 495,121
Classified according to financial asset measurement categories	
Available-for-sale financial assets	$ 495,121

The management believed that the fair value of the above investments held by the Group cannot be reliably measured due to the significant range of reasonable fair value estimates; therefore, they were measured at cost less impairment at the end of reporting period.

18. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership December 31 2018	2017
Wealthplus Holdings Limited ("Wealthplus")	British Virgin Islands	Investing in footwear, electronic and peripheral products	100.00%	100.00%
Win Fortune Investments Limited	British Virgin Islands	Investing activities	100.00%	100.00%
Windsor Entertainment Co., Ltd.	ROC	Entertainment and resort operations	100.00%	100.00%
Pou Shine Investments Co., Ltd.	ROC	Investing activities	100.00%	100.00%
Pan Asia Insurance Services Co., Ltd.	ROC	Agency of property and casualty insurance	100.00%	100.00%
Pro Arch International Development Enterprise Inc.	ROC	Design and manufacture of footwear products	100.00%	100.00%
Pou Yuen Technology Co., Ltd.	ROC	Rental of real estate	99.81%	99.81%
Barits Development Corporation	ROC	Import and export of shoe related materials and investing activities	99.62%	99.62%

The information of major subsidiaries of Wealthplus is as follows:

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership December 31 2018	2017
Yue Yuen Industrial (Holdings) Limited	Bermuda	Manufacturing and sale of athletic and casual footwear and sports apparel	49.90%	48.94%
Pou Sheng International (Holdings) Limited	Bermuda	Retailing of sporting goods and brand licensing business	31.11%	30.55%
Crown Master Investments Limited	British Virgin Islands	Investment holding	100.00%	100.00%
Tetor Ventures Ltd.	British Virgin Islands	Investment holding	100.00%	100.00%
Star Eagle Consultants Limited	British Virgin Islands	Agency of property and casualty insurance	100.00%	100.00%
Pou Yu Biotechnology Co., Ltd.	ROC	Manufacturing of medical appliance and sale of related equipment	-	69.44%

Win Fortune Investments Limited ("Win Fortune") invested in Yue Yuen (as at December 31, 2018 the ownership percentage was 1.07%). Investing is its primary operation activities.

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

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership December 31 2018	2017
Vantage Capital Investments Ltd.	British Virgin Islands	Investment holdings	100.00%	100.00%

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

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership December 31 2018	2017
Song Ming Investments Co., Ltd.	ROC	Investing activities	100.00%	100.00%
Pou Chin Development Co., Ltd.	ROC	Agency of land demarcation	100.00%	100.00%
Yu Hong Development Co., Ltd.	ROC	Development of real estate	100.00%	100.00%
Wang Yi Construction Co., Ltd.	ROC	Construction	89.75%	89.75%
Pou Yii Development Co., Ltd.	ROC	Rental and sale of real estate	75.00%	75.00%

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

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests 2018	2017
Yue Yuen Industrial (Holdings) Limited	49.03%	50.01%
Pou Sheng International (Holdings) Limited	37.67%	37.59%

Refer to Table 9 “Information on Investees” of Note 45 for business location and business item of the material associates.

Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Year Ended December 31 2018	2017	Accumulated Non-controlling Interests December 31 2018	2017
Yue Yuen Industrial (Holdings) Limited	$ 4,633,943	$ 7,902,157	$ 61,418,948	$ 63,128,345
Pou Sheng International (Holdings) Limited	927,030	665,178	11,618,440	10,921,682

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

	December 31 2018	2017
Current assets	$ 135,430,505	$ 130,449,506
Non-current assets	118,358,281	114,198,106
Current liabilities	(70,731,816)	(64,831,535)
Non-current liabilities	(44,772,518)	(41,830,150)
Equity	$ 138,284,452	$ 137,985,927
Equity attributable to:		
Owners of the Company	$ 64,218,019	$ 63,473,013
Non-controlling interests of Yue Yuen	61,418,948	63,128,345
Non-controlling interests of Yue Yuen’s subsidiaries	12,647,485	11,384,569
	$ 138,284,452	$ 137,985,927

	For the Year Ended December 31 2018	2017
Operating revenue	$ 292,461,856	$ 277,409,708
Net income	$ 10,266,203	$ 16,773,963
Other comprehensive loss	(2,617,916)	2,157,269
Total comprehensive income	$ 7,648,287	$ 18,931,232
Net income attributable to:		
Owners of the Company	$ 4,609,984	$ 7,954,806
Non-controlling interests of Yue Yuen	4,633,943	7,902,157
Non-controlling interests of Yue Yuen’s subsidiaries	1,022,276	917,000
	$ 10,266,203	$ 16,773,963

(Continued)

	For the Year Ended December 31	
	2018	2017
Total comprehensive income attributable to:		
Owners of the Company	$ 3,573,116	$ 8,714,106
Non-controlling interests of Yue Yuen	3,613,041	8,662,047
Non-controlling interests of Yue Yuen's subsidiaries	462,140	1,555,079
	$ 7,648,287	$ 18,931,232
Net cash (outflow) inflow from:		
Operating activities	$ 16,252,251	$ 14,489,857
Investing activities	(9,519,664)	(12,632,179)
Financing activities	(11,038,742)	(2,745,020)
Net cash outflow	$ (4,306,155)	$ (887,342)
Dividends paid to:		
Non-controlling interests of Yue Yuen	$ 4,637,959	$ 15,542,155
Non-controlling interests of Yue Yuen's subsidiaries	$ 163,896	$ 238,146

(Concluded)

19. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2018	2017
Investments in associates	$ 23,580,599	$ 33,380,099
Investments in joint ventures	7,647,620	7,446,094
	$ 31,228,219	$ 40,826,193

a. Investments in associates

	December 31	
	2018	2017
Material associate		
Ruen Chen Investment Holding Co., Ltd.	$ 8,403,275	$ 16,659,984
Associates that are not individually material	15,177,324	16,720,115
	$ 23,580,599	$ 33,380,099

1) Material associate

	Proportion of Ownership and Voting Rights (%)	
	December 31	
Name of Associate	2018	2017
Ruen Chen Investment Holding Co., Ltd.	20	20

a) Refer to Table 9 "Information on Investees" of Note 45 for business location and business item of the material associates.

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

Ruen Chen Investment Holding Co., Ltd.

	December 31	
	2018	**2017**
Assets	$ 4,362,687,326	$ 4,035,948,083
Liabilities	(4,309,426,713)	(3,936,746,594)
Non-controlling interests	(10,947,677)	(15,605,007)
Owners of Ruen Chen Investment Holding Co., Ltd.	$ 42,312,936	$ 83,596,482
Proportion of the Group	20%	20%
Equity attributable to the Group	$ 8,462,587	$ 16,719,296
Other adjustments	(59,312)	(59,312)
Carrying amount	$ 8,403,275	$ 16,659,984

	For the Year Ended December 31	
	2018	**2017**
Operating revenue	$ 636,836,934	$ 674,451,923
Net income	$ 24,301,356	$ 20,864,196
Other comprehensive (loss) income	(150,286,690)	20,744,687
Total comprehensive (loss) income	$(125,985,334)	$ 41,608,883

2) Associates that are not individually material

	Proportion of Ownership and Voting Rights (%)	
	December 31	
Name of Associate	**2018**	**2017**
Eagle Nice (International) Holdings Limited	38.42	38.42
Evermore Chemical Industry Co., Ltd.	-	29.05
San Fang Chemical Industry Co., Ltd.	44.72	44.72
Elitegroup Computer Systems Co., Ltd.	19.50	19.50
Ace Top Group Limited	-	40.00
Bigfoot Limited	48.76	48.76
Enthroned Group Limited	48.76	48.76
Full Pearl International Ltd.	40.04	40.04
Haicheng Information Technology Co., Ltd.	50.00	50.00
Just Lucky Investments Limited	38.30	38.30
Natural Options Limited	38.30	38.30
Oftenrich Holdings Limited	45.00	45.00
Original Designs Developments Limited	-	49.47
Pine Wood Industries Limited	37.00	37.00

(Continued)

Name of Associate	Proportion of Ownership and Voting Rights (%) December 31 2018	2017
Pou Ming Paper Products Manufacturing Co., Ltd.	20.00	20.00
Prosperlink Limited	38.00	38.00
Prosperous Industrial (Holdings) Ltd.	22.50	30.00
Rise Bloom International Limited	38.00	38.00
Silver Island Trading Ltd.	50.00	50.00
Supplyline Logistics Ltd.	49.00	49.00
Tien Pou International Ltd.	40.00	40.00
Venture Well Holdings Ltd.	31.55	31.55
Zhuhai Poulik Properties Management Co., Ltd.	-	40.00
Nan Pao Resins Chemical Co., Ltd.	17.59	19.52
Techview International Technology Inc.	50.00	50.00

(Concluded)

a) Refer to Table 9 "Information on Investees" of Note 45 for business location and business item of the associates that are not individually material.

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

c) The Group did not participate in the issuance of ordinary shares for cash of Nan Pao Resins Chemical Co., Ltd. ("Nan Pao"). Consequently, the proportion of ownership and voting rights of the Group decreased from 19.52% to 17.59%. The Group has the power to appoint one out of the eight directors of Nan Pao; therefore, the Group is still able to exercise significant influence over Nan Pao.

d) The Group participated in the acquisition of Evermore Chemical Industry Co., Ltd. ("Evermore") proposed by Aica Kogyo Co., Ltd. in November 2017. This transaction was completed in January 2018, and the Group disposed of 20,786 thousand shares which amounted to $415,720 thousand. After the transaction, the proportion of ownership and voting rights of the Group decreased from 29.05% to 8.13%, and the Group lost significant influence over Evermore.

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

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

For the year ended December 31, 2018, the gain recognized from the disposal was $126,049 thousand.

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

	For the Year Ended December 31	
	2018	2017
The Group's share of:		
Net income	$ 455,631	$ 1,373,246
Other comprehensive (loss) income	(207,395)	215,417
Total comprehensive income	$ (248,236)	$ 1,588,663

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

	December 31	
Name of Associate	2018	2017
Eagle Nice (International) Holdings Limited	$ 2,108,301	$ 2,509,314
Prosperous Industrial (Holdings) Ltd.	$ 1,106,858	$ -
Evermore Chemical Industry Co., Ltd.	$ -	$ 552,391
San Fang Chemical Industry Co., Ltd.	$ 4,252,760	$ 5,995,225
Elitegroup Computer Systems Co., Ltd.	$ 1,342,510	$ 2,157,800
Nan Pao Resins Chemical Co., Ltd.	$ 2,385,590	$ -

b. Investments in joint ventures

	December 31	
	2018	2017
Joint ventures that are not individually material	$ 7,634,204	$ 7,432,475
Long-term receivable		
Joint ventures that are not individually material	13,416	13,619
	$ 7,647,620	$ 7,446,094

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

	Proportion of Ownership and Voting Rights (%)	
	December 31	
Name of Joint Ventures	2018	2017
Beijing Baojing Kangtai Trading Co., Ltd.	50.00	50.00
Best Focus Holdings Ltd.	50.00	50.00
Blessland Enterprises Limited	50.00	50.00
Cohen Enterprises Inc.	50.00	50.00
Great Skill Industrial Limited	50.00	50.00
Hangzhou Baohong Sports Goods Company Limited	50.00	50.00
Hua Jian Industrial Holding Co., Limited	50.00	50.00
Jilin Lingpao Sports Goods Company Limited	-	50.00
Jilin Xinfangwei Sports Goods Company Limited	50.00	50.00

(Continued)

Name of Joint Ventures	Proportion of Ownership and Voting Rights (%) December 31 2018	2017
Jumbo Power Enterprises Limited	50.00	50.00
Ka Yuen Rubber Factory Limited	50.00	50.00
Top Units Developments Limited	49.00	49.00
Twinways Investments Limited	50.00	50.00
Willpower Industries Limited	44.84	44.84
Zhong Ao Multiplex Management Limited	46.82	46.82

(Concluded)

a) Refer to Table 9 “Information on Investees” of Note 45 for business location and business item of the joint ventures that are not individually material.

b) The summarized financial information below represents amounts shown in the financial statements of joint ventures that are not individually material which were prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes:

	For the Year Ended December 31 2018	2017
The Group’s share of:		
Net income	$ 812,909	$ 634,866
Other comprehensive (loss) income	(188,036)	194,420
Total comprehensive income	$ 624,873	$ 829,286

20. 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, 2017	$ 2,375,731	$ 75,524,027	$ 44,150,158	$ 1,302,918	$ 7,294,225	$ 199,458	$ 4,010,087	$ 134,856,604
Additions	-	4,144,361	6,429,475	134,731	1,152,797	7,996	3,420,971	15,290,331
Acquisitions through business combinations	-	209,387	32,420	2,410	289,410	-	44,535	578,162
Disposal	-	(2,134,700)	(3,423,400)	(112,356)	(793,730)	(7,075)	(7,470)	(6,478,731)
Disposal of subsidiaries	-	(485,261)	(135,378)	(7,797)	(4,586)	-	(146,032)	(779,054)
Reclassification - other	(92,666)	2,109,486	24,167	-	107,198	4,400	(3,008,193)	(855,608)
Reclassified as non-current assets held for sale	-	(65,769)	-	-	-	-	-	(65,769)
Effects of exchange rate changes	-	(4,912,554)	(3,291,357)	(70,769)	(475,697)	(13)	(286,636)	(9,037,026)
Balance at December 31, 2017	$ 2,283,065	$ 74,388,977	$ 43,786,085	$ 1,249,137	$ 7,569,617	$ 204,766	$ 4,027,262	$ 133,508,909
Accumulated depreciation and impairment								
Balance at January 1, 2017	$ (5,241)	$ (30,295,994)	$ (26,981,330)	$ (898,146)	$ (4,991,476)	$ (162,514)	$ (57,097)	$ (63,391,798)
Depreciation expenses	-	(4,160,013)	(3,776,408)	(106,899)	(810,308)	(11,467)	-	(8,865,095)
Acquisitions through business combinations	-	-	-	(301)	(198)	-	-	(499)
Reversal of impairment losses	-	116	-	-	-	-	-	116
Disposal	-	1,543,466	2,750,711	100,733	724,553	6,610	-	5,126,073
Disposal of subsidiaries	-	303,759	72,405	3,989	3,107	-	-	383,260
Reclassification - other	-	161,650	-	-	(7,886)	(7)	57,097	210,854
Reclassified as non-current assets held for sale	-	42,110	-	-	-	-	-	42,110
Effects of exchange rate changes	-	1,984,036	2,122,257	50,550	346,227	38	-	4,503,108
Balance at December 31, 2017	$ (5,241)	$ (30,420,870)	$ (25,812,365)	$ (850,074)	$ (4,735,981)	$ (167,340)	$ -	$ (61,991,871)
Carrying amounts at December 31, 2017	$ 2,277,824	$ 43,968,107	$ 17,973,720	$ 399,063	$ 2,833,636	$ 37,426	$ 4,027,262	$ 71,517,038

(Continued)

	Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2018	$ 2,283,065	$ 74,388,977	$ 43,786,085	$ 1,249,137	$ 7,569,617	$ 204,766	$ 4,027,262	$ 133,508,909
Additions	997	7,509,063	7,261,906	161,301	771,227	42,351	1,973,525	17,720,370
Acquisitions through business combinations	-	-	856	-	-	316	-	1,172
Disposal	-	(3,018,374)	(3,772,316)	(126,425)	(682,849)	(15,974)	-	(7,615,938)
Disposal of subsidiaries	-	(5,239)	(26,988)	(822)	(1,980)	-	-	(35,029)
Reclassification - other	(38,228)	2,951,166	70,613	985	6,695	7,035	(3,533,051)	(534,785)
Effects of exchange rate changes	-	1,783,118	1,368,395	29,315	169,281	(3)	109,066	3,459,172
Urban renewal	(3,962)	(23,547)	-	-	-	-	-	(27,509)
Balance at December 31, 2018	$ 2,241,872	$ 83,585,164	$ 48,688,551	$ 1,313,491	$ 7,831,991	$ 238,491	$ 2,576,802	$ 146,476,362
Accumulated depreciation and impairment								
Balance at January 1, 2018	$ (5,241)	$ (30,420,870)	$ (25,812,365)	$ (850,074)	$ (4,735,981)	$ (167,340)	$ -	$ (61,991,871)
Depreciation expenses	-	(4,606,578)	(4,346,554)	(117,948)	(737,812)	(14,949)	-	(9,823,841)
Acquisitions through business combinations	-	-	(855)	-	-	(117)	-	(972)
Reversal of impairment losses	-	116	-	-	-	-	-	116
Disposal	-	2,275,111	3,095,594	111,053	593,105	15,351	-	6,090,214
Disposal of subsidiaries	-	1,157	5,209	305	487	-	-	7,158
Reclassification - other	-	182,914	-	-	-	-	-	182,914
Effects of exchange rate changes	-	(755,275)	(885,330)	(21,106)	(125,943)	(12)	-	(1,787,666)
Urban renewal	-	10,227	-	-	-	-	-	10,227
Balance at December 31, 2018	$ (5,241)	$ (33,313,198)	$ (27,944,301)	$ (877,770)	$ (5,006,144)	$ (167,067)	$ -	$ (67,313,721)
Carrying amounts at December 31, 2018	$ 2,236,631	$ 50,271,966	$ 20,744,250	$ 435,721	$ 2,825,847	$ 71,424	$ 2,576,802	$ 79,162,641

(Concluded)

a. The Group participated in urban renewal with the land located in Songshan District, Taipei City. The carrying amount of old building $13,320 thousand was reduced by the compensation for rights transformation plan, rent and removal 17,282 thousand, which was recorded as a reduction of the initial carrying amount of urban renewal land.

b. 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

c. The Group 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.

21. INVESTMENT PROPERTIES

	2018	2017
Cost		
Balance at January 1	$ 2,792,801	$ 2,886,324
Additions	2,192	978
Acquisitions through business combinations	249,966	-
Disposal	-	(95,008)
Reclassification	35,588	114,615
Effects of exchange rate changes	42,939	(114,108)
Balance at December 31	$ 3,123,486	$ 2,792,801
Accumulated depreciation and impairment		
Balance at January 1	$ (545,370)	$ (576,877)
Depreciation expenses	(25,288)	(30,737)
Acquisitions through business combinations	(221,983)	-
Disposal	-	23,104
Reclassification	(1,490)	(1,349)
Effects of exchange rate changes	(17,334)	40,489
Balance at December 31	$ (811,465)	$ (545,370)
Carrying amounts at December 31	$ 2,312,021	$ 2,247,431

a. The investment properties are depreciated by the straight-line method over 30-55 years.

b. The fair values of the Group’s investment properties as of December 31, 2018 and 2017 were $3,690,038 thousand and $3,594,750 thousand, respectively.

22. GOODWILL

	2018	2017
Cost		
Balance at January 1	$ 8,914,622	$ 9,171,837
Acquisitions through business combinations	-	339,974
Effects of exchange rate changes	182,302	(597,189)
Balance at December 31	$ 9,096,924	$ 8,914,622
Accumulated impairment		
Balance at January 1	$ (223,022)	$ (68,177)
Recognized impairment losses	-	(161,981)
Effects of exchange rate changes	(7,156)	7,136
Balance at December 31	$ (230,178)	$ (223,022)
Carrying amounts at December 31	$ 8,866,746	$ 8,691,600

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

	December 31 2018	December 31 2017
Goodwill		
Manufacturing and marking of footwear materials	$ 5,635,957	$ 5,460,722
Manufacturing and marking of sports apparel	10,627	10,297
Retailing business - retail and distribution of sportswear products	2,420,956	2,454,932
Retailing business - retail and distribution of apparel	343,271	332,598
Others	455,935	433,051
	$ 8,866,746	$ 8,691,600

The Group has evaluated the recoverable amount of these cash-generating units for the years ended December 31, 2018 and 2017, and the recoverable amount of these cash-generating units was determined based on the value in use. The value in use was calculated based on used cash flow forecasts of the financial budgets approved by the management covering a five-year period. The growth rates were based on the forecasts of the relevant industries.

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

	December 31			
	2018		2017	
	Discount Rate	Growth Rate	Discount Rate	Growth Rate
Manufacturing and marking of footwear materials	13%-22%	2%	15%-22%	2%
Manufacturing and marking of sports apparel	13%-22%	1%	15%-22%	1%
Retailing business - retail and distribution of sportswear products	13%-22%	3%	15%-22%	3%
Retailing business - retail and distribution of apparel	13%-22%	4%	15%-22%	4%

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

23. OTHER INTANGIBLE ASSETS

	Patents	Trademarks	Customer Relationships	Brand Names	Licensing Agreements	Non-compete Agreements	Total
Cost							
Balance at January 1, 2017	$ 708	$ 134	$ 247,583	$ 2,166,716	$ 464,142	$ 2,062,452	$ 4,941,735
Additions	-	22	-	-	-	-	22
Acquisitions through business combinations	-	1,389,738	68,323	-	-	-	1,458,061
Disposal	-	-	-	-	-	(133,950)	(133,950)
Effects of exchange rate changes	(16)	(26,108)	(6,640)	(45,096)	(9,231)	(47,640)	(134,731)
Balance at December 31, 2017	$ 692	$ 1,363,786	$ 309,266	$ 2,121,620	$ 454,911	$ 1,880,862	$ 6,131,137

(Continued)

	Patents	Trademarks	Customer Relationships	Brand Names	Licensing Agreements	Non-compete Agreements	Total
Accumulated amortization and impairment							
Balance at January 1, 2017	$ (207)	$ (32)	$ (200,143)	$ (276,124)	$ (197,209)	$ (1,417,581)	$ (2,091,296)
Disposal	-	-	-	-	-	133,950	133,950
Amortization expenses	(501)	(104)	(31,421)	(313,903)	(45,397)	(120,125)	(511,451)
Effects of exchange rate changes	16	3	4,078	452	3,455	32,683	40,687
Balance at December 31, 2017	$ (692)	$ (133)	$ (227,486)	$ (589,575)	$ (239,151)	$ (1,371,073)	$ (2,428,110)
Carrying amounts at December 31, 2017	$ -	$ 1,363,653	$ 81,780	$ 1,532,045	$ 215,760	$ 509,789	$ 3,703,027
Cost							
Balance at January 1, 2018	$ 692	$ 1,363,786	$ 309,266	$ 2,121,620	$ 454,911	$ 1,880,862	$ 6,131,137
Additions	-	12,854	30,460	-	-	-	43,314
Disposal	(714)	(135)	-	-	-	(1,229,061)	(1,229,910)
Reclassification	-	-	-	-	31	(31)	-
Effects of exchange rate changes	22	38,127	(1,216)	(31,618)	(6,319)	15,022	14,018
Balance at December 31, 2018	$ -	$ 1,414,632	$ 338,510	$ 2,090,002	$ 448,623	$ 666,792	$ 4,958,559
Accumulated amortization and impairment							
Balance at January 1, 2018	$ (692)	$ (133)	$ (227,486)	$ (589,575)	$ (239,151)	$ (1,371,073)	$ (2,428,110)
Disposal	714	135	-	-	-	1,229,061	1,229,910
Amortization expenses	-	(2)	(23,035)	(383,511)	(45,973)	(121,773)	(574,294)
Effects of exchange rate changes	(22)	(4)	2,989	14,993	4,082	(20,636)	1,402
Balance at December 31, 2018	$ -	$ (4)	$ (247,532)	$ (958,093)	$ (281,042)	$ (284,421)	$ (1,771,092)
Carrying amounts at December 31, 2018	$ -	$ 1,414,628	$ 90,978	$ 1,131,909	$ 167,581	$ 382,371	$ 3,187,467

(Concluded)

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

Items	Estimated Useful Life
Patents	15-20 years
Trademarks	10 years
Customer relationships	8 years
Brand names	5 years
Licensing agreements	10 years
Non-compete agreements	5-20 years

24. BORROWINGS

a. Short-term borrowings

	December 31 2018	December 31 2017
Unsecured borrowings		
Credit borrowings	$ 37,560,974	$ 33,448,199

The range of effective interest rate on bank borrowings was 0.6%-6.7% and 0.67%-15.88% per annum as of December 31, 2018 and 2017, respectively.

b. Short-term bills payable

December 31, 2018

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

December 31, 2017

	Annual Interest Rate (%)	Amount
Commercial papers	0.50-0.75	$ 2,968,000
Less: Unamortized discount on bills payable		(1,666)
		$ 2,966,334

c. Long-term borrowings

	December 31	
	2018	2017
Unsecured borrowings		
Bank loans	$ 58,181,619	$ 55,539,200
Less: Long-term expenses for syndicated loan	(291,915)	(327,568)
Less: Current portion	(4,194,398)	(750,000)
	$ 53,695,306	$ 54,461,632

Maturity date and range of annual interest rate:

	December 31	
	2018	2017
Maturity date		
Long-term borrowings	2020.01.15-2026.07.15	2019.03.27-2022.08.18
Current portion of long-term borrowings	2019.03.27-2019.12.03	2018.09.27
Range of interest rate	1.01%-3.75%	1.09%-2.79%

25. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2018	2017
Notes payable (included related parties)		
Operating	$ 5,986	$ 57,529
Non-operating	3,420	5,268
	$ 9,406	$ 62,797
Accounts payable (included related parties)	$ 15,101,841	$ 13,857,313

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

26. OTHER PAYABLES

	December 31	
	2018	2017
Payables for salaries	$ 11,946,991	$ 12,685,110
Payables for purchase of property, plant and equipment	3,143,362	1,965,672
Compensation due to directors and supervisors	174,347	186,995
Employee compensation payables	756,902	698,669
Interest payables	259,573	125,024
Payables for acquisition of subsidiary and business	8,293	8,035
Payables for annual leave	1,000,389	1,512,948
Others	8,104,994	8,996,312
	$ 25,394,851	$ 26,178,765
Current	$ 25,243,368	$ 26,027,401
Non-current	151,483	151,364
	$ 25,394,851	$ 26,178,765

27. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

The net amounts in respect of the defined benefit liability were $2,547,595 thousand and $2,531,624 thousand as of December 31, 2018 and 2017, respectively. Movements in the net defined benefit liability were as follows:

	December 31	
Present Value of Defined Benefit Obligation	**2018**	**2017**
Balance at January 1	$ 2,531,624	$ 2,021,623
Current service cost	256,689	255,507
Past service gain	(57,826)	(10,925)
Net interest expense	185,537	164,363
Others	7,213	(34,293)
Recognized in profit or loss	391,613	374,652
Remeasurement		
Actuarial loss arising from changes in demographic assumptions	-	99,696
Actuarial loss arising from changes in financial assumptions	(417,816)	278,940
Actuarial loss arising from experience adjustments	265,101	1,220
Effect of exchange rate changes of remeasurement	(5,590)	3,839
Recognized in other comprehensive (loss) gain	(158,305)	383,695
Benefits paid	(131,480)	(150,203)
Effect of exchange rate changes on foreign plans	(85,857)	(98,143)
Balance at December 31	$ 2,547,595	$ 2,531,624

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	
	2018	**2017**
Discount rate	8.50%-9.25%	7.00%-8.75%
Expected rate of salary increase	5.00%-8.00%	5.00%-10.00%

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

	December 31	
	2018	**2017**
Discount rate		
0.25% increase	$ (61,257)	$ (68,457)
0.25% decrease	$ 68,981	$ 79,336
Expected rate of salary increase		
0.25% increase	$ 74,528	$ 84,144
0.25% decrease	$ (66,961)	$ (73,463)

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

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

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

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

	December 31, 2018
Present value of defined benefit obligation	$ 732,737
Fair value of plan assets	(457,439)
Net defined benefit liability	$ 275,298

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

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2018	$ 785,872	$ (137,253)	$ 648,619
Current service cost	4,552	-	4,552
Past service cost	9,949	-	9,949
Net interest expense	8,924	(1,628)	7,296
Recognized in profit or loss	23,425	(1,628)	21,797
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(891)	(891)
Actuarial loss arising from changes in demographic assumptions	12,286	-	12,286
Actuarial loss arising from changes in financial assumptions	41,066	-	41,066
Actuarial loss arising from experience adjustments	(8,846)	-	(8,846)
Recognized in other comprehensive income	44,506	(891)	43,615
Contributions from the employer	-	(401,464)	(401,464)
Benefits paid	(85,412)	77,362	(8,050)
Others	(35,654)	6,435	(29,219)
Balance at December 31, 2018	$ 732,737	$ (457,439)	$ 275,298

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

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

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

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

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

	December 31, 2018
Discount rate	1.00%
Expected rate of salary increase	2.00%

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

	December 31, 2018
Discount rate	
0.25% increase	$ (18,602)
0.25% decrease	$ 19,326
Expected rate of salary increase	
0.25% increase	$ 18,783
0.25% decrease	$ (18,180)

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, 2018
The expected contributions to the plan for the next year	$ 11,150
The average duration of the defined benefit obligation	10.5 years

d. Defined benefit plans - domestic subsidiaries

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

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

	December 31	
	2018	**2017**
Defined benefit liability	$ 670,776	$ 752,580
Less: Defined benefit assets (Note 14)	(43,754)	(43,754)
	$ 627,022	$ 708,826

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

	December 31	
	2018	**2017**
Present value of defined benefit obligation	$ 1,501,789	$ 1,517,664
Fair value of plan assets	(874,767)	(808,838)
Net defined benefit liability	$ 627,022	$ 708,826

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

	Present Value of Defined Benefit Obligation	**Fair Value of Plan Assets**	**Net Defined Benefit Liability**
Balance at January 1, 2017	$ 2,107,020	$ (361,606)	$ 1,745,414
Current service cost	22,501	-	22,501
Net interest expense	22,955	(5,947)	17,008
Recognized in profit or loss	45,456	(5,947)	39,509

(Continued)

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liability
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ 763	$ 763
Actuarial loss arising from changes in demographic assumptions	199,141	-	199,141
Actuarial loss arising from changes in financial assumptions	(25,637)	-	(25,637)
Actuarial loss arising from experience adjustments	32,195	-	32,195
Recognized in other comprehensive income	205,699	763	206,462
Contributions from the employer	-	(548,267)	(548,267)
Benefits paid	(106,219)	106,219	-
Others	(734,292)	-	(734,292)
Balance at December 31, 2017	$ 1,517,664	$ (808,838)	$ 708,826
Balance at January 1, 2018	$ 1,517,664	$ (808,838)	$ 708,826
Current service cost	13,522	-	13,522
Past service cost	39,247	-	39,247
Net interest expense	18,246	(9,900)	8,346
Recognized in profit or loss	71,015	(9,900)	61,115
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(18,460)	(18,460)
Actuarial loss arising from changes in demographic assumptions	24,509	-	24,509
Actuarial loss arising from changes in financial assumptions	21,681	-	21,681
Actuarial loss arising from experience adjustments	9,422	-	9,422
Recognized in other comprehensive income	55,612	(18,460)	37,152
Contributions from the employer	-	(169,644)	(169,644)
Benefits paid	(132,075)	132,075	-
Others	(10,427)	-	(10,427)
Balance at December 31, 2018	$ 1,501,789	$ (874,767)	$ 627,022

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

	For the Year Ended December 31	
	2018	2017
Operating costs	$ 77	$ 210
Selling and marketing expenses	34	22
General and administrative expenses	35,170	28,407
Research and development expenses	25,834	10,870
	$ 61,115	$ 39,509

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

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

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

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

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

	December 31	
	2018	**2017**
Discount rate	1.125%	1.25%
Expected rate of salary increase	2.00%	2.00%

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

	December 31	
	2018	**2017**
Discount rate		
0.25% increase	$ (43,852)	$ (44,769)
0.25% decrease	$ 45,747	$ 46,740
Expected rate of salary increase		
0.25% increase	$ 44,549	$ 45,574
0.25% decrease	$ (42,928)	$ (43,880)

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	
	2018	**2017**
The expected contributions to the plan for the next year	$ 169,580	$ 169,807
The average duration of the defined benefit obligation	11.9 years	12.1 years

28. EQUITY

a. Share capital

	December 31 2018	December 31 2017
Number of shares authorized (in thousands)	4,500,000	4,500,000
Shares authorized	$ 45,000,000	$ 45,000,000
Number of shares issued and fully paid (in thousands)	2,946,787	2,946,787
Shares issued	$ 29,467,872	$ 29,467,872

b. Capital surplus

	December 31 2018	December 31 2017
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
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	343,269	343,269
May be used to offset a deficit only (2)		
Recognized from share of changes in equities of subsidiaries	-	15,653
May not be used for any purpose		
Recognized from share of changes in net assets of associates and joint ventures	136,120	135,716
	$ 4,600,092	$ 4,615,341

1) 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).

2) Such capital surplus is recognized from share of changes in equities of subsidiaries that resulted from equity transactions, or from share of changes in capital surplus of subsidiaries accounted by using equity method when there was no actual disposal or acquisition of subsidiaries.

c. Retained earnings and dividend policy

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

1) For paying taxes.

2) For offsetting deficits.

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

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

For information about the accrual basis of the employees' compensation and remuneration of directors and supervisors and the actual appropriations, refer to Note 30 (g).

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

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

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

The appropriations of earnings for 2017 and 2016 had been approved in the shareholders' meetings on June 15, 2018 and June 15, 2017, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For Year 2017	**For Year 2016**	**For Year 2017**	**For Year 2016**
Legal reserve	$ 1,292,161	$ 1,305,705	$ -	$ -
Special reserve	280,862	1,730,773	-	-
Cash dividends	5,893,574	4,420,181	2.00	1.50

The appropriations of earnings for 2018 are subject to the resolution of the shareholders' meeting to be held on June 13, 2019.

d. Other equity item

1) Exchange differences on translation foreign operations

	For the Year Ended December 31	
	2018	**2017**
Balance at January 1	$ (1,790,529)	$ 3,109,173
Exchange differences arising on translation of foreign operations	1,491,478	(4,849,928)
Share of exchange differences of associates and joint ventures accounted for using equity method	(13,073)	(49,774)
Balance at December 31	$ (312,124)	$ (1,790,529)

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

	For the Year Ended December 31	
	2018	**2017**
Balance at January 1	$ (12,127,139)	$ (16,745,893)
Adjustment on initial application of IFRS 9	12,127,139	-
Unrealized gain on available-for-sale financial assets	-	850,495
Unrealized gain on available-for-sale financial assets of associates and joint ventures accounted for using equity method	-	3,768,259
Balance at December 31	$ -	$ (12,127,139)

3) Unrealized gain or loss on financial assets at FVTOCI

	2018
Balance at January 1	$ -
Adjustment on initial application of IFRS 9	1,860,011
Balance at January 1 per IFRS 9	1,860,011
Unrealized gain from equity instruments	546,188
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	2,333,670
Share of loss from associates and joint ventures accounted for using equity method	(13,223,800)
Balance at December 31	$ (8,483,931)

4) Others

	2018	**2017**
Balance at January 1	$ 438	$ 352
Adjustment on initial application of IFRS 9	(506,875)	-
Balance at January 1 per IFRS 9	(506,437)	352
Share of loss from associates and joint ventures accounted for using equity method	(12,990,877)	86
Balance at December 31	$ (13,497,314)	$ 438

e. Non-controlling interests

	For the Year Ended December 31	
	2018	2017
Balance at January 1	$ 74,764,568	$ 87,305,560
Share of non-controlling interests		
Net income	5,663,220	8,808,984
Exchange differences arising on translation of foreign operations	1,089,740	1,352,139
Unrealized gain on available-for-sale financial assets	-	182,785
Unrealized loss on financial assets at FVTOCI	(206,221)	-
Actuarial loss arising from defined benefit plans	38,238	(149,032)
Change in non-controlling interests	(7,015,231)	(22,735,868)
Balance at December 31	$ 74,334,314	$ 74,764,568

29. REVENUE

	For the Year Ended December 31	
	2018	2017
Sales revenue	$ 292,645,966	$ 278,000,934
Revenue from entertainment and resort	530,752	521,025
Others	139,371	109,913
	$ 293,316,089	$ 278,631,872

30. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consisted of the following:

a. Other income

	For the Year Ended December 31	
	2018	2017
Rental income		
Rental income from operating lease		
Investment properties	$ 69,057	$ 35,123
Others	486,302	355,531
	555,359	390,654
Interest income		
Cash in bank	404,418	332,663
Repurchase agreements collateralized by bonds	16,415	20,490
Financial assets at amortized cost	174,171	-
Held-to-maturity financial assets	-	230,613
Debt investments with no active market	-	18,073
Others	20,616	4,139
	615,620	605,978
Dividend income	898,686	856,941
Others	1,567,583	2,278,076
	$ 3,637,248	$ 4,131,649

b. Other gains and losses

	For the Year Ended December 31	
	2018	2017
Net loss on disposal of property, plant and equipment	$ (524,208)	$ (821,180)
Net gain on disposal of investment properties	-	14,199
Net foreign exchange gain (loss)	442,678	(529,593)
Net gain on disposal of subsidiaries, associates and joint ventures	153,872	480,603
Net gain on disposal of financial assets measured at cost	-	37,984
Net gain arising on financial assets at FVTPL	1,030,962	880,482
Net (loss) gain arising on financial liabilities at FVTPL	(1,034,387)	75,991
Reversal (recognized) of impairment loss	116	(161,865)
Others	(239,492)	(155,990)
	$ (170,459)	$ (179,369)

c. Finance costs

	For the Year Ended December 31	
	2018	2017
Interest on bank borrowings	$ 2,707,054	$ 1,927,332
Interest on short-term bills payable	23,621	22,977
Other interest expense	50,707	35,766
	$ 2,781,382	$ 1,986,075

d. Depreciation and amortization

	For the Year Ended December 31	
	2018	2017
Property, plant and equipment	$ 9,823,841	$ 8,865,095
Investment properties	25,288	30,737
Other intangible assets	574,294	511,451
Long-term prepaid expenses	1,442	1,345
Prepayments for lease	124,028	177,107
Other prepaid expense	578	-
	$ 10,549,471	$ 9,585,735
An analysis of depreciation by function		
Operating costs	$ 5,754,014	$ 5,322,933
Operating expenses	4,084,043	3,562,564
Non-operating expenses	11,072	10,335
	$ 9,849,129	$ 8,895,832
An analysis of amortization by function		
Operating costs	$ 1,552	$ 1,185
Operating expenses	698,790	688,718
	$ 700,342	$ 689,903

e. Direct operating expenses from investment properties

	For the Year Ended December 31	
	2018	2017
Direct operating expenses from investment properties that generated rental income	$ 43,505	$ 46,612

f. Employee benefits expense

	For the Year Ended December 31	
	2018	2017
Short-term benefits	$ 63,015,936	$ 61,121,877
Post-employment benefits		
Defined contribution plans	6,669,087	6,865,330
Defined benefit plans	474,525	414,161
	7,143,612	7,279,491
Share-based payments		
Equity-settled	130,489	142,912
Termination benefits	25,368	19,244
	$ 70,315,405	$ 68,563,524
An analysis of employee benefits expense by function		
Operating costs	$ 45,678,738	$ 46,298,127
Operating expenses	24,636,667	22,265,397
	$ 70,315,405	$ 68,563,524

As of December 31, 2018 and 2017, there were 352,256 and 364,988 employees, respectively, in the Group. The Group accounts for employee benefits expense based on the number of employees.

g. Employees’ compensation and remuneration of directors and supervisors

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

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

Accrual rate

	For the Year Ended December 31	
	2018	2017
Employees’ compensation	1.8%	1.8%
Remuneration of directors and supervisors	0.9%	0.9%

Amount

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

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

There was no difference between the actual amounts of employees’ compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2017 and 2016.

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

31. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2018	2017
Current tax		
In respect of the current period	$ 3,593,851	$ 2,489,271
Adjustments for prior periods	87,794	50,026
Income tax expense of unappropriated earnings	506,950	522,087
	4,188,595	3,061,384
Deferred tax		
In respect of the current period	(299,986)	25,530
Change of tax rate	(92)	-
	(300,078)	25,530
Income tax expense recognized in profit or loss	$ 3,888,517	$ 3,086,914

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

	For the Year Ended December 31	
	2018	2017
Income before income tax	$ 20,260,383	$ 24,817,504
Income tax expense calculated at the statutory rate	$ 4,052,077	$ 4,218,975
Tax effect of adjusting items		
Tax-exempt income	(155,741)	(185,728)
Investment income recognized under equity method	(979,206)	(983,144)
Others	376,735	(535,302)
Income tax on unappropriated earnings	506,950	522,087
Change of tax rate	(92)	-
Current tax	3,800,723	3,036,888
Adjustments for prior years' income tax	87,794	50,026
Income tax expense recognized in profit or loss	$ 3,888,517	$ 3,086,914

In 2017, the applicable corporate income tax rate used by the group entities in the ROC is 17%. However, the Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%.

As the status of 2019 appropriations of earnings is uncertain, the potential income tax consequences of 2018 unappropriated earnings are not reliably determinable.

b. Deferred tax assets and liabilities

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

	December 31	
	2018	2017
Deferred tax assets		
Temporary differences		
Others	$ 1,951,026	$ 1,418,577
Deferred tax liabilities		
Temporary differences		
Land value increment tax	$ 86,547	$ 86,547
Others	1,266,853	1,034,482
	$ 1,353,400	$ 1,121,029

c. Income tax assessments

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

32. EARNINGS PER SHARE

The basic earnings per share and diluted earnings per share for the years ended December 31, 2018 and 2017 were as follows:

	For the Year Ended December 31	
	2018	2017
Net income (in thousand dollars)		
Earnings used in the computation of earnings per share	$ 10,708,646	$ 12,921,606
Weighted average number of shares outstanding (in thousand shares)		
Weighted average number of Ordinary shares in the computation of basic earnings per share	2,946,787	2,946,787
Effect of potentially dilutive Ordinary shares:		
Bonus to employee	8,085	7,888
Weighted average number of Ordinary shares used in the computation of diluted earnings per share	2,954,872	2,954,675
Earnings per share (in dollars)		
Basic earnings per share	$3.63	$4.38
Diluted earnings per share	$3.62	$4.37

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 be 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.

33. SHARE-BASED PAYMENT ARRANGEMENTS

a. Information about Pou Chen's employee share options

As of November 6, 2007, the Company has issued employee share options which expired on November 5, 2017. The Company did not grant any options for the year ended December 31, 2018. Information about outstanding share options for the year ended December 31, 2017 is as follows:

	For the Year Ended December 31, 2017	
Employee Share Options	Number of Shares Purchasable (In Thousands)	Weighted-average Exercise Price (NT$)
Balance at January 1	145,791	$ 17.40
Options expired	(145,791)	16.80
Balance at December 31	-	
Exercisable options at December 31	-	

b. Information about Yue Yuen's employee share options

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

Information about the granted Yue Yuen's employee share options during the years ended December 31, 2018 and 2017 was as follows:

	Number of Shares (In Thousands)	
	2018	**2017**
Balance at January 1	1,053	1,120
Options granted	1,417	18
Options cancelled	(99)	(67)
Options exercised	(984)	(18)
Balance at December 31	1,387	1,053

Yue Yuen adopted the Black-Scholes option pricing model and the estimated fair value of the share options amounted to $94,449 thousand (HK$24,088 thousand) on the grant date, and the factors were as follows:

	Granted on June 1, 2018	**Granted on October 2, 2018**	**Granted on November 21, 2018**
Grant date share price	HK$24.25	HK$21.75	HK23.25
Risk free rates	1.72%	2.27%	1.86%-1.98%
Expected volatility	34.44%	34.01%	35.27%-41.96%
Vesting period	1.99 years	2.66 years	0.96-1.96 years
Expected dividend yield	4.52%	5.09%	5.09%

Yue Yuen recognized $42,764 thousand and $53,476 thousand compensation cost for the years ended December 31, 2018 and 2017, respectively.

c. Information about Pou Sheng's employee share options

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

   a) Without prior approval from Pou Sheng's shareholders, the number of shares that may be granted under the following limits:

      i. The total number of shares in respect of which options may be granted under the Pou Sheng Scheme is not permitted to exceed 10% of the shares of Pou Sheng in issue at any point in time;

ii. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any twelve-month period is not permitted to exceed 1% of the shares of Pou Sheng in issue at any point in time; and

iii. Options in excess of 0.1% of Pou Sheng's share capital or with a value in excess of HK$5 million (US$0.6 million) may not be granted to substantial shareholders or independent non-executive directors.

b) Exercise price:

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

i. The closing price of Pou Sheng's shares on the date of grant;

ii. The average closing price of Pou Sheng's shares for the five business days immediately preceding the date of grant; and

iii. The nominal value of Pou Sheng's share.

c) Pou Sheng was granted 11,663 thousand share options on November 14, 2016. The exercise price of these options is HK$2.494. Information about exercise duration and exercise proportion of the Pou Sheng Scheme was as follows:

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

Information about the Pou Sheng Scheme for the years ended December 31, 2018 and 2017 was as follows:

	For the Year Ended December 31			
	2018		2017	
Employee Share Options	**Number of Shares Purchasable (In Thousands)**	**Weighted-average Exercise Price (HK$)**	**Number of Shares Purchasable (In Thousands)**	**Weighted-average Exercise Price (HK$)**
Balance at January 1	53,749	$ 1.64	54,549	$ 1.63
Options cancelled	(18,747)	1.62	-	-
Options exercised	(6,758)	1.23	(800)	1.28
Balance at December 31	28,244	1.75	53,749	1.64
Exercisable options at December 31	18,914	1.38	43,252	1.43

Information about outstanding employee share options as of December 31, 2018 and 2017, was as follows:

	December 31	
	2018	2017
Range of exercise price (HK$)	$1.05-$2.494	$1.05-$2.494
Weighted-average remaining contractual life (years)	1.52	1.48

Pou Sheng recognized $9,635 thousand and $13,555 thousand in compensation costs for the years ended December 31, 2018 and 2017, respectively.

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

Information about the granted employee share options during the years ended December 31, 2018 and 2017 was as follows:

	Number of Shares (In Thousands)	
	2018	2017
Balance at January 1	41,079	45,130
Options granted	20,179	11,326
Options cancelled	(3,876)	(10,443)
Options exercised	(13,539)	(4,934)
Balance at December 31	43,843	41,079

Pou Sheng adopted the Black-Scholes option pricing model and the estimated fair value of the share options amounted to $69,053 thousand (HK$17,611 thousand) and $43,390 thousand (HK$11,357 thousand) on the grant date, respectively, and the factors were as follows:

	Granted on August 11, 2018	Granted on November 14, 2017	Granted on July 3, 2017	Granted on March 25, 2017
Grant date share price	HK$1.5	HK$1.17	HK$1.48	HK$1.87
Risk free rates	1.49-1.81%	0.832-1.257%	0.85%	0.62-1.14%
Expected volatility	56-62%	54-57%	58%	48-59%
Vesting period	0.89-2.58 years	0.29-3 years	3 years	1-3 years
Expected dividend yield	1.0%	2.0%	3.0%	2.0%

Pou Sheng recognized $56,186 thousand and $42,913 thousand compensation cost for the years ended December 31, 2018 and 2017, respectively.

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

1) TCHC share option scheme was adopted on November 7, 2012. In 2017, TCHC made a repurchase of its own shares and TCHC therefore became an indirect non-wholly owned subsidiary of the Company. The TCHC share option scheme was amended on October 9, 2017 and the amendment will not affect the validity of any of the previously granted TCHC. The validity period of the TCHC share option scheme is ten years from October 9, 2017.

TCHC was granted 249 thousand share options on November 30, 2017. The exercise price of these options is US$24.18. Information about exercise duration and exercise proportion of the TCHC share option scheme was as follows:

Exercise Period	Proportion of Exercise Quantity
2017.11.30-2027.11.30	44%
2018.09.02-2027.11.30	4%
2018.11.30-2027.11.30	21%
2019.09.02-2027.11.30	4%
2019.11.30-2027.11.30	21%
2020.11.30-2027.11.30	3%
2021.11.30-2027.11.30	3%

Information about the TCHC share option scheme for the years ended December 31, 2018 and 2017 were as follows:

	For the Year Ended December 31			
	2018		2017	
Employee Share Options	**Number of Shares Purchasable (In Thousands)**	**Weighted-average Exercise Price (US$)**	**Number of Shares Purchasable (In Thousands)**	**Weighted-average Exercise Price (US$)**
Balance at January 1	817	$ 20.01	669	$ 19.59
Options granted	-	-	249	24.18
Options cancelled	-	-	(101)	27.50
Balance at December 31	817	20.01	817	20.01
Exercisable options at December 31	733	19.63	676	19.14

TCHC adopted the binomial option pricing model, and the estimated fair value of the share options amounted to $71,275 thousand (US$2,395 thousand) on the grant date, and the factors were as follows:

	Granted on November 30, 2017
Exercise price	US$24.18
Grant date share price	US$24.18
Risk free rates	1.92-2.14%
Expected volatility	40.0-40.6%
Expected life of share options	5.31-6.30 years
Expected dividend yield	-

Information about outstanding employee share options as of December 31, 2018 and 2017 were as follows:

	December 31	
	2018	2017
Range of exercise price (US$)	$13.92-$27.33	$13.92-$27.33
Weighted-average remaining contractual life (years)	5.57	5.87

TCHC recognized compensation costs of $21,904 thousand and $32,968 thousand for the years ended December 31, 2018 and 2017, respectively.

34. BUSINESS COMBINATIONS

a. The Group acquired subsidiaries from independent third parties for the year ended December 31, 2018. The assets and liabilities on the date of acquisition were as follows:

1) Considerations transferred

Cash and cash equivalents	$ 84,549

2) Assets acquired and liabilities assumed at the date of acquisition

Assets	
Cash and cash equivalents	$ 10,169
Receivables and other receivables	13
Other current assets	1,575
Property, plant and equipment	200
Investment properties	27,983
Long-term prepayments	60,535
Liabilities	
Payables and other payables	(230)
Other current liabilities	(482)
Guarantee deposits	(1,998)
	$ 97,765

3) Bargain purchase arising from the acquisition

Fair value of identifiable net assets acquired	$ 97,765
Less: Consideration paid in cash	(84,549)
Add: Exchange rate adjustment	64
Gain from bargain purchase - acquisition of subsidiaries	$ 13,280

4) Net cash outflow on acquisition of subsidiaries

Consideration paid in cash	$ (84,549)
Less: Cash and cash equivalent balances acquired	10,169
	$ (74,380)

b. The Group acquired sports marketing and agency businesses from independent third parties during the year ended December 31, 2017 which were as follows:

1) Considerations transferred

Cash and cash equivalents	$ 482,619

2) Assets acquired and liabilities assumed at the date of acquisition

Assets	
Cash and cash equivalents	$ 535,266
Debt investments with no active market	3,660
Receivables and other receivables	2,457,346
Inventories	2,872,634
Other current assets	1,964
Property, plant and equipment	577,663
Intangible assets	1,458,061
Deferred tax assets	399,506
Liabilities	
Bank borrowings	(1,766,368)
Payables and other payables	(3,124,803)
Deferred tax liabilities	(506,432)
	$ 2,908,497

3) Goodwill recognized on acquisition

Consideration transferred	$ 482,619
Fair value of the ownership	2,520,354
Plus: Non-controlling interests	243,178
Less: Fair value of identifiable net assets acquired	(2,908,497)
Goodwill recognized on acquisition	$ 337,654

Goodwill on acquisition was $339,974 thousand (US$11,176 thousand) and the amount of gain from bargain purchase of $2,320 thousand (US$78 thousand) was recorded under “other income”.

4) Net cash outflow on acquisition of subsidiaries

Consideration paid in cash	$ (482,619)
Less: Cash and cash equivalent balances acquired	535,266
	$ 52,647

35. DISPOSAL OF SUBSIDIARIES

a. The Group disposed of subsidiaries during the year ended December 31, 2018, the assets and liabilities on the date of disposal were as follows:

Assets	
Cash and cash equivalents	$ 220,745
Receivables and other receivables	116,954
Inventories	303,107
Property, plant and equipment	29,059
Liabilities	
Payables and other payables	(148,584)
Tax payable	(13,280)
	$ 508,001

1) Gain on disposal of subsidiaries

Consideration received in cash and cash equivalents	$ 650,355
Net value of net assets disposed of	(508,001)
The reclassification of other comprehensive income in respect of the subsidiary	7,525
Gain on disposal	$ 149,879

2) Net cash outflow on disposal of subsidiaries

Consideration received in cash and cash equivalents	$ 650,355
Less: Accounts receivable of disposal consideration	(11,781)
Less: Cash and cash equivalents balance disposed of	(220,745)
	$ 417,829

b. The Group disposed of subsidiaries during the year ended December 31, 2017, the assets and liabilities on the date of disposal were as follows:

Assets	
Cash and cash equivalents	$ 378,970
Receivables and other receivables	1,257,716
Inventories	690,102
Property, plant and equipment	413,685
Other current assets	80,563
Liabilities	
Payables and other payables	(1,480,235)
Tax payable	(8,452)
	$ 1,332,349

1) Gain on disposal of subsidiaries

Consideration received in cash and cash equivalents	$ 554,381
Consideration received in investments accounted for using equity method	418,991
Net value of net assets disposed of	(1,332,349)
Non-controlling interests	564,916
The reclassification of other comprehensive income in respect of the subsidiary	20,821
Gain on disposal	$ 226,760

2) Net cash outflow on disposal of subsidiaries

Consideration received in cash and cash equivalents	$ 554,381
Less: Cash and cash equivalents balance disposed of	(378,970)
	$ 175,411

36. NON-CASH TRANSACTIONS

For the year ended December 31, 2017, the Group entered into non-cash investing activities which refer to the investments accounted for using equity method received as consideration in the disposal of subsidiaries, refer to Note 35.

37. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

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

	December 31	
	2018	**2017**
Not later than 1 year	$ 4,385,309	$ 3,551,136
Later than 1 year and not later than 5 years	5,950,601	5,329,370
Later than 5 years	1,380,670	1,503,177
	$ 11,716,580	$ 10,383,683

b. The Group as lessor

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

	December 31	
	2018	**2017**
Not later than 1 year	$ 723,851	$ 610,953
Later than 1 year and not later than 5 years	1,945,311	1,377,040
Later than 5 years	1,408,283	1,197,959
	$ 4,077,445	$ 3,185,952

38. CAPITAL MANAGEMENT

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

39. FINANCIAL INSTRUMENTS

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

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

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

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

1) The fair value hierarchy is as follows:

December 31, 2018

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

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 84,093	$ -	$ 84,093
Mutual funds	712,949	-	-	712,949
Structured deposits	-	882,574	-	882,574
	$ 712,949	$ 966,667	$ -	$ 1,679,616

(Continued)

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Investments in equity instruments				
Domestic listed shares	$ 15,158,696	$ -	$ -	$ 15,158,696
Foreign listed shares	577,878	-	-	577,878
	$ 15,736,574	$ -	$ -	$ 15,736,574
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 232,577	$ -	$ 232,577

(Concluded)

2) There were no transfers between Levels 1 and 2 in the current and prior periods.

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

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

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

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

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

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

c. Categories of financial instruments

	December 31	
	2018	2017
Financial assets		
Financial assets at FVTPL		
Held for trading	$ -	$ 797,042
Designated as at FVTPL	-	882,574
Mandatorily at FVTPL	1,622,378	-
Held-to-maturity financial assets	-	5,646,324
Loans and receivables (Note 1)	-	75,640,282
Available-for-sale financial assets	-	15,736,574
Financial assets at amortized cost (Note 2)	80,003,416	-
Financial assets measured at cost	-	495,121
Financial assets at FVTOCI	15,833,214	-
Financial liabilities		
Financial liabilities at FVTPL		
Held for trading	719,322	232,577
Financial liabilities at amortized cost (Note 3)	138,882,358	131,758,859

Note 1: The balance included loans and receivables at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, notes receivable, accounts receivable, other receivables and refundable deposits.

Note 2: 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 3: The balances included financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, accounts payable, other payables, long-term borrowings, long-term payables and guarantee deposits.

d. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and the carrying amount of the derivatives exposing to foreign currency risk at the end of the reporting period are set out in Note 44.

Sensitivity analysis

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

The following table details the Group'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 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	
	2018	**2017**
USD	$ (37,185)	$ (35,484)
RMB	(450,895)	(491,021)
HKD	(7,816)	(21,361)
VND	107,270	35,467
IDR	4,211	(10,114)

b) Interest rate risk

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

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

	December 31	
	2018	**2017**
Cash flow interest rate risk		
Financial liabilities	$ 91,761,856	$ 90,141,770

Sensitivity analysis

The sensitivity analyses below were based on the Group's floating rate liabilities. The analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole period. If 1% increase in interest rate would cause the Group to increase its cash-out by $917,619 thousand and $901,418 thousand during the years ended December 31, 2018 and 2017, respectively.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% lower, income before income tax for the year ended December 31, 2018 would have decreased by $7,534 thousand as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income for the year ended December 31, 2018 would have decreased by $155,368 thousand as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had been 1% lower, income before income tax for the year ended December 31, 2017 would have decreased by $7,129 thousand as a result of the changes in fair value of held-for-trading investments, and the other comprehensive income for the year ended December 31, 2017 would have decreased by $157,366 thousand as a result of the changes in fair value of available-for-sale shares.

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

2) Credit risk

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2018 and 2017, the Group had available unutilized short-term bank borrowing facilities set out in (c) below.

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

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

December 31, 2018

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

December 31, 2017

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 19,064,360	$ 10,054,654	$ 10,847,409	$ 109,723	$ 56,548
Floating interest rate liabilities	26,032,804	7,476,734	3,672,356	52,959,876	-
Fixed interest rate liabilities	-	-	750,000	4,750,000	-
Financial guarantee contracts	29,183,858	-	-	-	-
	$ 74,281,022	$ 17,531,388	$ 15,269,765	$ 57,819,599	$ 56,548

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

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

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

December 31, 2018

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

December 31, 2017

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Interest rate swap contracts	$ -	$ -	$ 3,109	$ -	$ -
Cross-currency swap contracts	-	5,797	26,517	-	-
Exchange rate swap contracts	173,367	23,787	-	-	-
	$ 173,367	$ 29,584	$ 29,626	$ -	$ -

c) Financing facilities

	December 31	
	2018	2017
Unsecured bank facility:		
Amount used	$ 98,781,541	$ 92,153,212
Amount unused	34,414,573	25,390,742
	$ 133,196,114	$ 117,543,954

40. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and categories

Name	Related Party Categories
Oftenrich Holdings Limited	Associates
Bigfoot Limited	Associates
San Fang Chemical Industry Co., Ltd.	Associates
Ka Yuen Rubber Factory Limited	Joint ventures
Twinways Investments Limited	Joint ventures

b. Operating revenue

		For the Year Ended December 31	
Account Items	Related Party Categories	2018	2017
Sales	Associates	$ 96,795	$ 124,285
	Joint ventures	534,024	627,761
		$ 630,819	$ 752,046

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

c. Purchases

	For the Year Ended December 31	
Related Party Categories	2018	2017
Associates	$ 2,016,751	$ 1,763,094
Joint ventures	4,418,534	3,977,330
	$ 6,435,285	$ 5,740,424

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

d. Receivables from related parties

		December 31	
Account Items	Related Party Categories	2018	2017
Notes receivable, accounts receivable	Associates	$ 19,298	$ 15,537
	Joint ventures	37,107	46,066
		$ 56,405	$ 61,603

No bad debt expense had been recognized for the years ended December 31, 2018 and 2017 for the amounts owed by related parties.

e. Payables to related parties

Account Items	Related Party Categories	December 31 2018	December 31 2017
Notes payable, accounts payable	Associates	$ 443,060	$ 161,310
	Joint ventures	1,077,099	976,478
		$ 1,520,159	$ 1,137,788

f. Financing provided

Refer to Table 1 “Financing provided to others” of Note 45 in the consolidated financial statements.

g. Endorsements/guarantees provided

Refer to Table 2 “Endorsements/guarantees provided” of Note 45 in the consolidated financial statements.

h. Compensation of key management personnel

	For the Year Ended December 31 2018	For the Year Ended December 31 2017
Short-term employee benefits	$ 227,406	$ 237,354

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

41. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31 2018	December 31 2017
Financial assets at amoritzed cost	$ 42,252	$ -
Debt investments with no active market	-	40,029
	$ 42,252	$ 40,029

42. SIGNIFICANT COMMITMENTS AND UNRECOGNIZED LIABILITIES

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

Unit: In Thousands of Foreign Currencies

Currencies	December 31 2018	December 31 2017
USD	$ 2,502	$ 3,010
EUR	53	238
IDR	23,515,196	24,445,723

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

c. Because of the Company's investment in Nan Shan Life Insurance Co., Ltd. through Ruen Chen Investment Holding Co., Ltd., the Company received a request by the FSC to provide 490,000 thousand Ordinary shares of Ruen Chen in the custody of the trust department of First Bank, and the trust period is ten years.

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

43. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

On March 22, 2019, the subsidiary of the Group, Great Pacific Investments Limited, resolved to dispose its joint venture, Hua Jian Industrial Holding Co., Limited, with the amount of RMB418,000 thousand (equivalent to approximately NT$1,925,726 thousand).

44. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

Unit: In Thousands of Foreign Currencies and New Taiwan Dollars)

December 31, 2018

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

(Continued)

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

(Concluded)

December 31, 2017

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 99,006	29.760	$ 2,946,437
NTD	214,838	1	214,838
RMB	2,317,249	4.565	10,578,243
HKD	129,622	3.807	493,471
VND	257,052,942	0.00119	305,893
IDR	201,580,269	0.00223	449,524
Non-monetary items			
NTD	1,155,003	1	1,155,003
RMB	983,016	4.565	4,487,467
HKD	75,930	3.807	289,065
Financial liabilities			
Monetary items			
USD	75,161	29.760	2,236,801
NTD	719,784	1	719,784
RMB	163,661	4.565	747,111
HKD	17,198	3.807	65,472
EUR	58	35.570	2,070
VND	848,164,706	0.00119	1,009,316
IDR	109,631,390	0.00223	244,478
Non-monetary items			
USD	7,711	29.760	229,468

For the years ended December 31, 2018 and 2017, net foreign exchange gains (losses) were $442,678 thousand and $(529,593) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the functional currencies of the Group entities.

45. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (Table 3)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (Table 4)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (Table 5)

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

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

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

9) Trading in derivative instruments (Note 39)

10) Intercompany relationships and significant intercompany transactions (Table 8)

11) Information on investees (Table 9)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 10)

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

46. SEGMENT INFORMATION

a. Information about reportable segments

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

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

b. Segment revenues and results

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

For the year ended December 31, 2018

	Manufacturing of Shoes	Retailing of Sporting Goods and Brand Licensing Business	Others	Total
Revenues from external customers	$ 177,557,453	$ 114,950,866	$ 807,770	$ 293,316,089
Segment income	$ 24,704,246	$ 8,936,286	$ 554,150	$ 34,194,682
Administrative cost, remuneration of directors and supervisors				(20,385,218)
Rental income				555,359
Interest income				615,620
Dividend income				898,686
Other income				1,567,583
Net loss on disposal of property, plant and equipment				(524,208)
Net foreign exchange loss				442,678
Net gain on disposal of subsidiaries, associates and joint ventures				153,872
Net gain arising on financial assets designated as at FVTPL				1,030,962
Net loss arising on financial liabilities designated as at FVTPL				(1,034,387)
Reversal of impairment loss				116
Other loss				(239,492)
Net gain on derecognition of financial assets at amortized cost				5,477
Finance costs				(2,781,382)
Share of the profit of associates and joint ventures				5,760,035
Income before income tax				$ 20,260,383

For the year ended December 31, 2017

	Manufacturing of Shoes	Retailing of Sporting Goods and Brand Licensing Business	Others	Total
Revenues from external customers	$ 185,597,169	$ 92,101,627	$ 933,076	$ 278,631,872
Segment income	$ 28,808,329	$ 7,205,780	$ 571,182	$ 36,585,291
Administrative cost, remuneration of directors and supervisors				(19,517,193)
Rental income				390,654
Interest income				605,978
Dividend income				856,941
Other income				2,278,076
Net loss on disposal of property, plant and equipment				(821,180)
Net foreign exchange loss				(529,593)
Net gain on disposal of subsidiaries, associates and joint ventures				480,603
Net gain on disposal of financial assets measured at cost				37,984
Net gain on disposal of investment property				14,199
Net gain arising on financial assets designated as at FVTPL				880,482
Net gain arising on financial liabilities designated as at FVTPL				75,991
Impairment loss				(161,865)
Other loss				(155,990)
Finance costs				(1,986,075)
Share of the profit of associates and joint ventures				5,783,201
Income before income tax				$ 24,817,504

1) Sales between segments were made at market price.

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

c. Geographical information

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

	Revenues from External Customers For the Year Ended December 31	
	2018	2017
Asia	$ 157,758,024	$ 141,139,345
USA	77,037,598	78,435,723
Europe	53,485,999	53,276,125
Others	5,034,468	5,780,679
	$ 293,316,089	$ 278,631,872

d. Information about major customers

Revenue recognized from the manufacture of shoes in 2018 and 2017, amounted to $177,557,453 thousand and $185,597,169 thousand, respectively. Except as detailed in the following table, no other single customer contributed 10% or more to the Group's revenue for both 2018 and 2017.

	For the Year Ended December 31			
	2018		2017	
	Amount	% of Total	Amount	% of Total
Customer A	$ 53,570,643	18	$ 50,675,853	18
Customer B	48,301,291	16	50,804,185	18
	$ 101,871,934	34	$ 101,480,038	36

TABLE 1

POU CHEN CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3 and 4)	Aggregate Financing Limit (Notes 3 and 4)	Note
													Item	Value			
0	Pou Chen Corporation	Pou Yii Development Co., Ltd.	Loan receivable	Yes	$ 205,000	$ 205,000	$ 189,000	1.20	2	$ -	Operating capital	$ -	-	$ -	$ 7,786,339	$ 23,359,018	
1	Dong Guan Yue Yuan Footwear Products Company Limited	Pou Sheng (China) Investment Co., Ltd.	Accounts receivable from related parties	Yes	595,121 (RMB 127,000,000)	-	-	-	2	-	〃	-	〃	-	126,714,610	126,714,610	
2	Dong Guan Yu Yuen Mold Co., Ltd.	Pou Sheng (China) Investment Co., Ltd.	〃	〃	126,522 (RMB 27,000,000)	-	-	-	2	-	〃	-	〃	-	126,714,610	126,714,610	
3	Dong Guan Yu Xiang Shoes Material Co., Ltd.	Pou Sheng (China) Investment Co., Ltd.	〃	〃	328,020 (RMB 70,000,000)	-	-	-	2	-	〃	-	〃	-	126,714,610	126,714,610	
4	Dong Guan Yusheng Shoe Industry Co., Ltd.	Pou Sheng (China) Investment Co., Ltd.	〃	〃	904,398 (RMB 193,000,000)	-	-	-	2	-	〃	-	〃	-	126,714,610	126,714,610	
5	Dong Guan Xingtai Consulting Co. Ltd.	Pou Sheng (China) Investment Co., Ltd.	〃	〃	19,213 (RMB 4,100,000)	-	-	-	2	-	〃	-	〃	-	126,714,610	126,714,610	
6	Great Pacific Investments Limited	Sure Elite Investments Limited	〃	〃	116,717 (US$ 3,800,000)	116,717 (US$ 3,800,000)	116,717 (US$ 3,800,000)	3.00	2	-	〃	-	〃	-	126,714,610	126,714,610	
		Solar Link International Inc.	〃	〃	539,003 (US$ 17,550,000)	274,899 (US$ 8,950,000)	274,899 (US$ 8,950,000)	1.70	2	-	〃	-	〃	-	126,714,610	126,714,610	
		Orisol Asia Limited	〃	〃	1,010,176 (US$ 32,800,000)	348,615 (US$ 11,350,000)	348,615 (US$ 11,350,000)	3.00	2	-	〃	-	〃	-	126,714,610	126,714,610	
		Pro Kingtex Industrial Company Limited	〃	〃	1,075,385 (US$ 35,000,000)	215,005 (US$ 7,000,000)	215,005 (US$ 7,000,000)	Note 5	2	-	〃	-	〃	-	8,364,862	8,364,862	
		Pt. Glostar Indonesia	〃	〃	6,811,030 (US$ 221,000,000)	3,747,230 (US$ 122,000,000)	3,747,230 (US$ 122,000,000)	1.30-1.50	2	-	〃	-	〃	-	126,714,610	126,714,610	
		Pt. Pou Yuen Indonesia	〃	〃	7,863,823 (US$ 257,000,000)	5,497,984 (US$ 179,000,000)	4,146,525 (US$ 135,000,000)	1.30-1.50	2	-	〃	-	〃	-	126,714,610	126,714,610	
7	Orisol Asia Limited	Artesol Limited	〃	〃	8,759 (US$ 300,000)	-	-	-	2	-	〃	-	〃	-	117,331	117,331	
		Orisol Taiwan Ltd.	〃	〃	66,414 (US$ 2,200,000)	-	-	-	2	-	〃	-	〃	-	117,331	117,331	
		Orisol Vietnam Co., Ltd	〃	〃	15,478 (US$ 500,000)	15,358 (US$ 500,000)	15,358 (US$ 500,000)	2.00	2	-	〃	-	〃	-	126,714,610	126,714,610	
8	Precious Full Investment Limited	Powerknit Vietnam Company Limited	〃	〃	1,423,930 (US$ 46,000,000)	1,412,890 (US$ 46,000,000)	1,412,890 (US$ 46,000,000)	1.30	2	-	〃	-	〃	-	126,714,610	126,714,610	
		Pou Li Vietnam Company Limited	〃	〃	1,750,050 (US$ 57,000,000)	798,590 (US$ 26,000,000)	798,590 (US$ 26,000,000)	1.30-3.00	2	-	〃	-	〃	-	126,714,610	126,714,610	
		Pou Phong Vietnam Company Limited	〃	〃	1,577,505 (US$ 51,000,000)	1,412,890 (US$ 46,000,000)	1,412,890 (US$ 46,000,000)	1.30-3.00	2	-	〃	-	〃	-	126,714,610	126,714,610	
		Yue De Vietnam Company Limited	〃	〃	2,140,855 (US$ 70,000,000)	1,075,025 (US$ 35,000,000)	1,075,025 (US$ 35,000,000)	2.00	2	-	〃	-	〃	-	126,714,610	126,714,610	
		Pou Hung Vietnam Company Limited	〃	〃	4,911,360 (US$ 162,000,000)	2,948,640 (US$ 96,000,000)	2,948,640 (US$ 96,000,000)	1.30-2.00	2	-	〃	-	〃	-	126,714,610	126,714,610	
9	Pou Yuen Industrial (Holdings) Ltd.	Pt. Pou Chen Indonesia	〃	〃	1,939,465 (US$ 63,000,000)	921,450 (US$ 30,000,000)	921,450 (US$ 30,000,000)	1.50	2	-	〃	-	〃	-	10,065,951	10,065,951	
		Pou Chen Vietnam Enterprise Ltd.	〃	〃	1,825,500 (US$ 60,000,000)	1,228,600 (US$ 40,000,000)	921,450 (US$ 30,000,000)	1.30-3.00	2	-	〃	-	〃	-	126,714,610	126,714,610	
		Pt. Nikomas Gemilang	〃	〃	2,773,575 (US$ 90,000,000)	921,450 (US$ 30,000,000)	307,150 (US$ 10,000,000)	1.30-1.50	2	-	〃	-	〃	-	126,714,610	126,714,610	
		Pouyuen Vietnam Company Ltd.	〃	〃	9,498,100 (US$ 310,000,000)	5,221,550 (US$ 170,000,000)	5,221,550 (US$ 170,000,000)	1.30-3.00	2	-	〃	-	〃	-	126,714,610	126,714,610	
		Pou Sung Vietnam Company Ltd.	〃	〃	7,691,550 (US$ 280,000,000)	4,607,250 (US$ 150,000,000)	3,685,800 (US$ 120,000,000)	1.30-2.00	2	-	〃	-	〃	-	126,714,610	126,714,610	
10	Yue Yuen Industrial (Holdings) Ltd.	Texas Clothing Holding Corp.	〃	〃	1,401,360 (US$ 48,000,000)	-	-	-	2	-	〃	-	〃	-	50,685,844	50,685,844	

(Continued)

No. (Note 1)	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3 and 4)	Aggregate Financing Limit (Notes 3 and 4)	Note
													Item	Value			
11	Dong Guan Pou Chen Footwear Company Limited	Pou Sheng (China) Investment Co., Ltd.	〃	〃	$ 1,312,080 (RMB 280,000,000)	$ -	$ -	-	2	$ -	〃	$ -	〃	$ -	$ 126,714,610	$ 126,714,610	
12	Key International Co., Ltd.	Prime Asia (S.E. Asia) Leather Corporation	〃	〃	410,837 (US$ 13,400,000)	165,861 (US$ 5,400,000)	-	-	2	-	〃	-	〃	-	126,714,610	126,714,610	
		Prime Asia Leather Corp.	〃	〃	2,678,748 (US$ 87,500,000)	1,075,025 (US$ 35,000,000)	1,075,025 (US$ 35,000,000)	-	2	-	〃	-	〃	-	126,714,610	126,714,610	
		Cohen Enterprises Inc.	〃	〃	137,070 (US$ 4,500,000)	-	-	-	2	-	〃	-	〃	-	9,131,803	9,131,803	
		Pou Chien Enterprise Co., Ltd.	〃	〃	1,500,000	-	-	-	2	-	〃	-	〃	-	126,714,610	126,714,610	
13	Faith Year Investments Limited	Pro Kingtex Vietnam Company Limited	〃	〃	389,350 (US$ 13,000,000)	-	-	-	2	-	〃	-	〃	-	126,714,610	126,714,610	
14	Prime Asia (S.E. Asia) Leather Corporation	Prime Asia (Vietnam) Co., Ltd	〃	〃	547,904 (US$ 17,700,000)	543,656 (US$ 17,700,000)	543,656 (US$ 17,700,000)	1.50	2	-	〃	-	〃	-	126,714,610	126,714,610	
15	Top Galaxy Group Limited	Yue Yuen (Anfu) Footwear Co., Ltd	〃	〃	46,433 (US$ 1,500,000)	46,073 (US$ 1,500,000)	46,073 (US$ 1,500,000)	3.01	2	-	〃	-	〃	-	126,714,610	126,714,610	
16	Pou Sheng (China) Investment Co., Ltd.	Qingdao Pou-Sheng International Sport Products Co., Ltd.	Loan receivable	〃	1,616,670 (RMB 345,000,000)	1,542,840 (RMB 345,000,000)	997,833 (RMB 223,129,073)	4.35	2	-	〃	-	〃	-	1,546,895	1,546,895	
17	Wealthplus Holdings Limited	Treasure Chain International Limited	Accounts receivable from related parties	〃	4,498,858 (RMB 974,000,000)	3,863,808 (RMB 864,000,000)	3,863,808 (RMB 864,000,000)	4.35	2	-	〃	-	〃	-	45,024,571	45,024,571	
18	Dong Guan Baoqiao Electronic Technology Co., Ltd.	Kunshan Yuanying Electronics Technology Co., Ltd.	〃	〃	3,671 (RMB 820,960)	3,671 (RMB 820,960)	3,671 (RMB 820,960)	4.35	2	-	〃	-	〃	-	86,311,454	86,311,454	
19	Bao Hong (Yangzhou) Shoes Co., Ltd.	Pou Sheng (China) Investment Co., Ltd.	〃	〃	299,624 (RMB 67,000,000)	299,624 (RMB 67,000,000)	299,624 (RMB 67,000,000)	Note 6	2	-	〃	-	〃	-	126,714,610	126,714,610	
20	Shanggao Yisen Industry Co. Ltd	Yu Xing (Jishui) Footwear Co., Ltd.	〃	〃	371,757 (RMB 83,130,000)	371,757 (RMB 83,130,000)	371,757 (RMB 83,130,000)	3.33	2	-	〃	-	〃	-	126,714,610	126,714,610	

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

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

1) Business relationship: Each of the financing amount shall not exceed 10% of the Company's net worth.
2) The need for short-term financing: Each of the financing amount shall not exceed 30% of the Company's net worth.
3) Among foreign companies which the Company holds 100% voting rights directly and indirectly, when financing is necessary, the amount is not limited by the above information. However, the limit amount of financing to others during one year shall not exceed the borrowers' net worth.

Note 4: Foreign companies on which Yue Yuen Industrial (Holdings) Limited holds 100% voting rights directly and indirectly: The financing amount shall not exceed 100% of total equity of Yue Yuen's consolidated financial statement.
Great Pacific Investments Limited for joint ventures or join operation: The financing amount shall not exceed 40% of total equity of lender's financial statement.
Pou Yuen Industrial (Holdings) Ltd. for subsidiaries held less than 100%: The financing amount shall not exceed 40% of total equity of lender's financial statement.
Yue Yuen Industrial (Holdings) Limited for subsidiaries held less than 100%: The financing amount shall not exceed 40% of total equity of lender's financial statement.
Pou Sheng International (Holdings) Limited for subsidiaries held less than 100%: The financing amount shall not exceed 40% of total equity of lender's financial statement.
Wealthplus Holdings Limited for subsidiaries: Each of the financing amoun shall not exceed 30% of total equity of lender's financial statement.
Orisal Asia Limited for subsidiaries held less than 100%: The financing amount shall not exceed 40% of total equity of lender's financial statement.

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

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

(Concluded)

POU CHEN CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2018
(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	$ 77,863,392	$ 61,418,344	$ 23,942,343	$ -	$ -	31	$ 155,726,784	Y	N	N	
		Barits Development Corp.	b	77,863,392	8,651,700	7,942,900	4,076,300	-	10	155,726,784	Y	N	N	
		Pou Shine Investment Co., Ltd.	b	77,863,392	1,500,000	1,500,000	578,500	-	2	155,726,784	Y	N	N	
		Pou Yuen Technology Co., Ltd.	b	77,863,392	300,000	300,000	49,500	-	-	155,726,784	Y	N	N	
		Pro Arch International Development Enterprise Inc.	b	77,863,392	80,030	60,238	60,238	-	-	155,726,784	Y	N	N	
		Pou Yii Development Co., Ltd.	b	77,863,392	700,000	600,000	-	-	1	155,726,784	Y	N	N	
		Yue Hong Realty Development Co., Ltd.	b	77,863,392	550,000	550,000	490,000	-	1	155,726,784	Y	N	N	
1	Yue Yuen Industrial (Holdings) Limited	Prime Asia (S. E.Asia) Leather Corporation	b	77,863,392	29,760 (US$ 1,000,000)	-	-	-	-	155,726,784	N	N	N	
		Oftenrich Holdings Ltd.	f	77,863,392	78,651 (US$ 2,700,000)	-	-	-	-	155,726,784	N	N	N	
		Orisol Asia Limited	b	77,863,392	90,000	90,000	-	-	-	155,726,784	N	N	N	
		Tien Pou International Ltd.	f	77,863,392	210,494 (US$ 6,800,000)	86,002 (US$ 2,800,000)	61,430 (US$ 2,000,000)	-	-	155,726,784	N	N	N	
		Great Spring Management Ltd.	f	77,863,392	136,202 (US$ 4,400,000)	135,146 (US$ 4,400,000)	57,760 (US$ 1,880,527)	-	-	155,726,784	N	N	N	
		Universal Ocean Co., Ltd.	f	77,863,392	136,202 (US$ 4,400,000)	135,146 (US$ 4,400,000)	12,286 (US$ 400,000)	-	-	155,726,784	N	N	N	
		Cohen Enterprises Inc.	f	77,863,392	851,263 (US$ 27,500,000)	844,663 (US$ 27,500,000)	494,627 (US$ 16,103,775)	-	1	155,726,784	N	N	N	
		Pou Chien Enterprise Co., Ltd.	b	77,863,392	2,000,000	2,000,000	1,300,000	-	3	155,726,784	N	N	N	
		Haggar Direct Inc.	b	77,863,392	30,955 (US$ 1,000,000)	30,715 (US$ 1,000,000)	-	-	-	155,726,784	N	N	N	
		Texas Clothing Holding Corp.	b	77,863,392	30,955 (US$ 1,000,000)	30,715 (US$ 1,000,000)	-	-	-	155,726,784	N	N	N	
		Pt Ka Yuen Indonesia	f	77,863,392	30,955 (US$ 1,000,000)	30,715 (US$ 1,000,000)	-	-	-	155,726,784	N	N	N	
		Orisol Asia Ltd.	b	77,863,392	91,380 (US$ 3,000,000)	-	-	-	-	155,726,784	N	N	N	
		Prosperous Enterprises Ltd. & Starite International Ltd. & Prosperous Enterprises (Taiwan) Ltd.	f	77,863,392	121,578 (US$ 4,164,353)	-	-	-	-	155,726,784	N	N	N	
		Pine Wood Industries Ltd.	f	77,863,392	171,800 (US$ 5,550,000)	113,646 (US$ 3,700,000)	53,231 (US$ 1,733,070)	-	-	155,726,784	N	N	N	
		Ka Yuen Rubber Factory Ltd.	f	77,863,392	245,318 (US$ 7,925,000)	243,416 (US$ 7,925,000)	-	-	-	155,726,784	N	N	N	
		Pt Kmk Globals Sports	b	77,863,392	278,595 (US$ 9,000,000)	276,435 (US$ 9,000,000)	-	-	-	155,726,784	N	N	N	
		Pt Pou Yuen Indonesia	b	77,863,392	464,325 (US$ 15,000,000)	460,725 (US$ 15,000,000)	-	-	1	155,726,784	N	N	N	
		Vietnam Tiong Liong Industrial Co., Ltd.	f	77,863,392	27,484 (US$ 943,500)	17,047 (US$ 555,000)	-	-	-	155,726,784	N	N	N	
		Pt. Selalu Cinta Indonesia	b	77,863,392	1,392,975 (US$ 45,000,000)	1,382,175 (US$ 45,000,000)	1,232,900 (US$ 40,140,000)	-	2	155,726,784	N	N	N	

(Continued)

No. (Note 1)	Endorsement/ Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 4)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 4)	Note
		Name	Relationship (Note 2)											
		Prime Asia Leather Corporation	b	$ 77,863,392	$ 2,631,175 (US$ 85,000,000)	$ 2,610,775 (US$ 85,000,000)	$ 350,151 (US$ 11,400,000)	$ -	3	$ 155,726,784	N	N	N	
		Haggar Clothing Co.	b	77,863,392	4,643,250 (US$ 150,000,000)	4,607,250 (US$ 150,000,000)	2,898,236 (US$ 94,358,970)	-	6	155,726,784	N	N	N	
		Pou Phong Vietnam Company Ltd.	b	77,863,392	154,775 (US$ 5,000,000)	153,575 (US$ 5,000,000)	-	-	-	155,726,784	N	N	N	
		Powerknit Vietnam Company Ltd.	b	77,863,392	154,775 (US$ 5,000,000)	153,575 (US$ 5,000,000)	-	-	-	155,726,784	N	N	N	
		Henan YYSPORTS Sport Products Co., Ltd.	b	77,863,392	43,871 (RMB 9,362,235)	41,868 (RMB 9,362,235)	-	-	-	155,726,784	N	N	Y	
		Guizhou Pou-Sheng Sport Products Co., Ltd.	b	77,863,392	46,796 (RMB 9,986,384)	44,659 (RMB 9,986,384)	-	-	-	155,726,784	N	N	Y	
		Shanghai DZJ Sports Industries Dev. CO., LTD	b	77,863,392	58,495 (RMB 12,482,980)	55,824 (RMB 12,482,980)	-	-	-	155,726,784	N	N	Y	
		Jiangxi Bao Yuan Trade Co., Ltd.	b	77,863,392	67,270 (RMB 14,355,427)	64,197 (RMB 14,355,427)	-	-	-	155,726,784	N	N	Y	
		Hefei Pouxun Sporting Goods Co., Ltd.	b	77,863,392	140,389 (RMB 29,959,152)	133,977 (RMB 29,959,152)	-	-	-	155,726,784	N	N	Y	
		Qingdao Pou-Sheng International Sport Products Co., Ltd.	b	77,863,392	143,196 (RMB 30,558,335)	136,657 (RMB 30,558,335)	-	-	-	155,726,784	N	N	Y	
		Zhejiang Shengdao Sporting-Goods Co., Ltd.	b	77,863,392	321,724 (RMB 68,656,390)	307,031 (RMB 68,656,390)	-	-	-	155,726,784	N	N	Y	
		Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	b	77,863,392	520,607 (RMB 111,098,522)	496,832 (RMB 111,098,522)	-	-	1	155,726,784	N	N	Y	
		Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	b	77,863,392	982,720 (RMB 209,714,064)	937,842 (RMB 209,714,064)	-	-	1	155,726,784	N	N	Y	
		Shaanxi Pousheng Trading Co., Ltd.	b	77,863,392	1,283,969 (RMB 274,001,411)	1,225,333 (RMB 274,001,411)	-	-	2	155,726,784	N	N	Y	
2	Pou Sheng International (Holdings) Limited	Qingdao Pou-Sheng International Sport Products Co., Ltd.	b	77,863,392	567,213 (RMB 121,434,000)	543,053 (RMB 121,434,000)	-	-	1	155,726,784	N	N	Y	
		Hefei Pouxun Sporting Goods Co., Ltd.	b	77,863,392	312,061 (RMB 67,694,000)	302,728 (RMB 67,694,000)	-	-	-	155,726,784	N	N	Y	
		Henan YYSPORTS Sport Products Co., Ltd.	b	77,863,392	221,665 (RMB 47,480,000)	212,331 (RMB 47,480,000)	-	-	-	155,726,784	N	N	Y	
		Yue Cheng (Kun Shan) Sports Co., Ltd.	b	77,863,392	224,928 (RMB 48,000,000)	214,656 (RMB 48,000,000)	-	-	-	155,726,784	N	N	Y	
		Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	b	77,863,392	13,128,103 (RMB2,105,542,000) (US$ 111,000,000)	12,825,350 (RMB2,105,542,000) (US$ 111,000,000)	3,134,806 (RMB 700,985,058)	-	16	155,726,784	N	N	Y	
		Shaanxi Pousheng Trading Co., Ltd.	b	77,863,392	7,412,421 (RMB1,248,062,000) (US$ 51,000,000)	7,147,800 (RMB1,248,062,000) (US$ 51,000,000)	839,394 (RMB 187,700,000)	-	9	155,726,784	N	N	Y	
		Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	b	77,863,392	5,060,953 (RMB 351,899,000) (US$ 111,000,000)	4,983,058 (RMB 351,899,000) (US$ 111,000,000)	149,365 (RMB 33,400,000)	-	6	155,726,784	N	N	Y	
		Zhejiang Shengdao Sporting-Goods Co., Ltd.	b	77,863,392	2,839,701 (RMB 213,404,000) (US$ 60,000,000)	2,797,243 (RMB 213,404,000) (US$ 60,000,000)	699,197 (RMB 156,350,000)	-	4	155,726,784	N	N	Y	
		Taiwan Taisong Trading Co., Ltd.	b	77,863,392	40,000	40,000	-	-	-	155,726,784	N	N	N	
		Pou Yuen Trading Corporation	b	77,863,392	45,000	45,000	-	-	-	155,726,784	N	N	N	
		Guizhou Pou-Sheng Sport Products Co., Ltd.	b	77,863,392	131,696 (RMB 28,500,000)	127,452 (RMB 28,500,000)	-	-	-	155,726,784	N	N	Y	

(Continued)

No. (Note 1)	Endorsement/ Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 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)											
		Jiangxi Bao Yuan Trade Co., Ltd.	b	$ 77,863,392	$ 167,202 (RMB 36,000,000)	$ 160,992 (RMB 36,000,000)	$ -	$ -	-	$ 155,726,784	N	N	Y	
		Kun Shan Pou-Chi Sports Co., Ltd.	b	77,863,392	566,364 (RMB 121,000,000)	541,112 (RMB 121,000,000)	-	-	1	155,726,784	N	N	Y	
		Kun Shan Yysports E-Commerce Co., Ltd.	b	77,863,392	360,564 (RMB 79,000,000)	353,288 (RMB 79,000,000)	-	-	-	155,726,784	N	N	Y	
		Guangzhou Pou-Yuen Trading Co., Ltd.	b	77,863,392	1,578,705 (US$ 51,000,000)	1,566,465 (US$ 51,000,000)	-	-	2	155,726,784	N	N	Y	
		Pou Sheng (China) Investment Co., Ltd.	b	77,863,392	3,821,205 (RMB 500,000,000) (US$ 51,000,000)	3,802,465 (RMB 500,000,000) (US$ 51,000,000)	-	-	5	155,726,784	N	N	Y	
		Nanning Pou-Kung Sport Products Co., Ltd.	b	77,863,392	8,944 (RMB 2,000,000)	8,944 (RMB 2,000,000)	-	-	-	155,726,784	N	N	Y	
		Yue-Shen (Taicang) Footwear Co., Ltd.	b	77,863,392	35,950 (RMB 8,039,000)	35,950 (RMB 8,039,000)	-	-	-	155,726,784	N	N	Y	
		Taicang Yue-Shen Sporting Goods Co., Ltd.	b	77,863,392	80,720 (RMB 18,050,000)	80,720 (RMB 18,050,000)	-	-	-	155,726,784	N	N	Y	
3	Pou Sheng (China) Investment Co., Ltd.	Kun Shan Pou-Chi Sports Co., Ltd.	b	77,863,392	937 (RMB 200,000)	-	-	-	-	155,726,784	N	N	Y	
		Henan Yysports Sport Products Co., Ltd.	b	77,863,392	97,122 (RMB 21,000,000)	93,912 (RMB 21,000,000)	53,686 (RMB 12,004,870)	-	-	155,726,784	N	N	Y	
		Guizhou Pou-Sheng Sport Products Co., Ltd.	b	77,863,392	128,640 (RMB 28,000,000)	125,216 (RMB 28,000,000)	44,731 (RMB 10,002,376)	-	-	155,726,784	N	N	Y	
		Shanghai DZJ Sports Industries Dev. CO., Ltd.	b	77,863,392	93,720 (RMB 20,000,000)	89,440 (RMB 20,000,000)	-	-	-	155,726,784	N	N	Y	
		Jiangxi Bao Yuan Trade Co., Ltd.	b	77,863,392	133,151 (RMB 28,500,000)	122,086 (RMB 27,300,000)	90,974 (RMB 20,342,964)	-	-	155,726,784	N	N	Y	
		Yue Cheng (Kun Shan) Sports Co., Ltd.	b	77,863,392	172,927 (RMB 30,000,000)	134,160 (RMB 30,000,000)	-	-	-	155,726,784	N	N	Y	
		Taicang Yue-Shen Sporting Goods Co., Ltd.	b	77,863,392	223,235 (RMB 45,000,000)	201,240 (RMB 45,000,000)	-	-	-	155,726,784	N	N	Y	
		Qingdao Pou-Sheng International Sport Products Co., Ltd.	b	77,863,392	316,631 (RMB 68,460,000)	306,153 (RMB 68,460,000)	181,729 (RMB 40,637,166)	-	-	155,726,784	N	N	Y	
		Hefei Pouxun Sporting Goods Co., Ltd.	b	77,863,392	296,859 (RMB 61,500,000)	275,028 (RMB 61,500,000)	167,721 (RMB 37,504,785)	-	-	155,726,784	N	N	Y	
		Zhejiang Shengdao Sporting-Goods Co., Ltd.	b	77,863,392	558,013 (RMB 119,200,000)	518,752 (RMB 116,000,000)	253,704 (RMB 56,731,576)	-	1	155,726,784	N	N	Y	
		Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	b	77,863,392	858,811 (RMB 183,500,000)	820,612 (RMB 183,500,000)	697,501 (RMB 155,970,553)	-	1	155,726,784	N	N	Y	
		Shaanxi Pousheng Trading Co., Ltd.	b	77,863,392	2,173,548 (RMB 463,200,000)	2,071,430 (RMB 463,200,000)	1,087,457 (RMB 243,170,601)	-	3	155,726,784	N	N	Y	
		Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	b	77,863,392	1,885,957 (RMB 390,500,000)	1,746,316 (RMB 390,500,000)	1,061,831 (RMB 237,439,960)	-	2	155,726,784	N	N	Y	

Note 1: The Company is coded as follows:

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

(Continued)

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

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

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

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

(Concluded)

TABLE 3

POU CHEN CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2018
(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, 2018				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Pou Chen Corporation	Ordinary shares							
	Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	191,730,486	$ 4,975,406	1.41	$ 4,975,406	
	Taiwan Paiho Limited		〃	615,473	30,343	0.21	30,343	
	Zhiyuan Venture Capital Co., Ltd.		Financial assets at FVTOCI - non-current	6,000,000	59,952	10.71	59,952	
	New Loulan Corporation., Ltd.		〃	100,000	804	4.00	804	
Wealthplus Holdings Limited	Fund							
	Cid Greater China Venture Capital Fund II, L.P.		Financial assets mandatorily at FVTPL - current	-	95,263 (US$ 3,101,507)	-	95,263	
	Ordinary shares							
	Golden Brands Developments Ltd.		Financial assets at FVTOCI - non-current	17,086,572	71,297 (US$ 2,321,245)	5.38	71,297	
	Great Team Backend Foundry, Inc.		〃	4,000,000	146,203 (US$ 4,760,000)	6.87	146,203	
	Bonds							
	China Construction Bank		Financial assets at amortized cost - current	-	1,228,600 (US$ 40,000,000)	-	1,228,600	
	Goldman Sachs Bank		〃	-	80,659 (US$ 2,626,062)	-	80,659	
	Morgan Stanley Bank Formosa Bond		〃	-	223,884 (US$ 7,289,084)	-	223,884	
	Bank of America		〃	-	153,444 (US$ 4,995,752)	-	153,444	
	Societe Generale Taiwan Formosa Bond		Financial assets at amortized cost - non-current	-	94,317 (US$ 3,070,717)	-	94,317	
	Structured product							
	CIB Redeemable Structured Product		〃	-	156,524 (US$ 5,096,000)	-	156,524	
Win Fortune Investments Limited	Fund							
	Prodigy Strategic Investment Fund Xxii Segregated Portfolio		Financial assets mandatorily at FVTPL - non-current	41,660	162,743 (US$ 5,298,480)	-	162,743	
Pou Shine Investments Co., Ltd.	Ordinary shares							
	Taiwan Paiho Limited		Financial assets at FVTOCI - current	775,170	38,216	0.26	38,216	
	Mega Financial Holding Company Ltd.		〃	125,123,044	3,246,943	0.92	3,246,943	
Pou Yuen Technology Co., Ltd.	Ordinary shares							
	Mega Financial Holding Company Ltd.		〃	17,039,372	442,172	0.13	442,172	
Barits Development Corporation	Ordinary shares							
	Mega Financial Holding Company Ltd.		〃	133,720,943	3,470,058	0.98	3,470,058	
	Global Brands Manufacture Ltd.		〃	34,448,000	434,044	6.68	434,044	
	Shey Yu Co., Ltd.		Financial assets at FVTOCI - non-current	32,000	320	1.07	320	
	Environment In Assistant Engineering Corp.		〃	20,000	-	1.00	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Song Ming Investments Co., Ltd.	<u>Fund</u>							
	Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	3,222,441	$ 40,049	-	$ 40,049	
	<u>Ordinary shares</u>							
	Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	49,416,125	1,282,348	0.36	1,282,348	
Pro Arch International Development Enterprise Inc.	<u>Fund</u>							
	Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	444,936	5,530	-	5,530	
Pou Chin Development Co., Ltd.	<u>Fund</u>							
	Cathay Taiwan Money Market Fund		〃	418,551	5,202	-	5,202	
Wang Yi Construction Co., Ltd.	<u>Fund</u>							
	Cathay Taiwan Money Market Fund		〃	422,128	5,246	-	5,246	
Windsor Entertainment Co., Ltd.	<u>Funds</u>							
	Mega Diamond Money Market Fund		〃	3,308,539	41,429	-	41,429	
	Jih Sun Money Market Fund		〃	686,973	10,163	-	10,163	
	Prudential Financial Money Market Fund		〃	1,090,135	17,217	-	17,217	
	<u>Ordinary shares</u>							
	Taichung International Entertainment Corporation		Financial assets at FVTOCI - non-current	3	7,860	0.09	7,860	
Pou Yii Development Co., Ltd.	<u>Ordinary shares</u>							
	Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	40,069,450	1,039,802	0.30	1,039,802	
Yue Yuen Industrial (Holdings) Limited	<u>Fund</u>							
	Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	29,690,182	370,612 (US$ 12,066,154)	-	370,612	
	<u>Ordinary shares</u>							
	Evermore Chemical Industry Co., Ltd.		Financial assets at FVTOCI - current	8,081,281	124,591 (US$ 4,056,360)	8.13	124,591	
	Taiwan Paiho Limited		Financial assets at FVTOCI - non-current	9,528,228	471,799 (US$ 15,360,552)	3.20	471,799	
	Keg Big Dome Sports Co., Ltd.		〃	-	9,977 (US$ 324,835)	11.76	9,977	
	<u>Bonds</u>							
	Haitong International Finance 2014 Ltd.		Financial assets at amortized cost - current	-	18,513 (US$ 602,728)	-	18,513	
	Greenland Global Investment Ltd.		〃	-	18,466 (US$ 601,191)	-	18,466	
	Citic Securities Finance Mtn Co., Ltd.		〃	-	18,484 (US$ 601,782)	-	18,484	
	Bank of China (Hong Kong)		Financial assets at amortized cost - non-current	-	37,768 (US$ 1,229,617)	-	37,768	
	The Bank of East Asia Limited		〃	-	19,127 (US$ 622,725)	-	19,127	
	Beijing State-Owned Assets Management Co., Ltd.		〃	-	18,444 (US$ 600,497)	-	18,444	
	Boom Up Investments Ltd.		〃	-	18,583 (US$ 605,020)	-	18,583	
	China Overseas Finance (Cayman) II Ltd.		〃	-	19,160 (US$ 623,785)	-	19,160	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
	Cnooc Finance 2015 Australia Pty. Ltd.		〃	-	$ 18,363 (US$ 597,844)	-	$ 18,363	
	Fita International Ltd.		〃	-	19,031 (US$ 619,611)	-	19,031	
	Huarong Finance II Co., Ltd.		〃	-	18,663 (US$ 607,621)	-	18,663	
	Sinochem Group Co., Ltd.		〃	-	18,832 (US$ 613,132)	-	18,832	
	Standard Chartered (Hong Kong)		〃	-	19,055 (US$ 620,371)	-	19,055	
	Structured product							
	JP Morgan Credit Linked Note		Financial assets mandatorily at FVTPL - non-current	-	593,107 (US$ 19,310,000)	-	593,107	

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

POU CHEN CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Company Name	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Wealthplus Holding Ltd.	Sun Art Retail Group Ltd.	Financial assets mandatorily at FVTPL - current	-	None	9,184,500	$ 288,813 (US$ 9,704,750)	-	$ -	9,184,500	$ 368,939 (US$ 12,303,891)	$ 288,813 (US$ 9,704,750)	$ 80,126 (US$ 2,599,141)	-	$ -
Yue Yuen Industrial (Holdings) Limited	Cathay Taiwan Money Market Fund	Financial assets at FVTPL - current	〃	〃	31,799,918	393,086 (US$ 13,208,532)	33,401,818	416,999 (US$ 13,535,201) (Note 1)	35,511,554	440,126 (US$ 14,699,245)	439,473 (US$ 14,677,579)	653 (US$ 21,666)	29,690,182	370,612 (US$ 12,066,154)
	Evermore Chemical Industry Co., Ltd.	Financial assets at FVTOCI - non-current	〃	〃	-	-	8,081,281	124,591 (US$ 4,056,360) (Note 3)	-	-	-	-	8,081,281	124,591 (US$ 4,056,360)
	〃	Investments accounted for using equity method	〃	〃	28,867,281	439,458 (US$ 14,766,732)	-	(11,193) (US$ (590,005)) (Note 2)	28,867,281	554,314 (US$ 18,478,857)	428,265 (US$ 14,176,727)	126,049 (US$ 4,302,130)	-	-
	Original Designs Developments Limited	〃	〃	〃	23,500	247,860 (US$ 8,328,636)	-	27,817 (US$ 655,151) (Note 2)	23,500	336,330 (US$ 10,949,952)	275,677 (US$ 8,983,787)	60,653 (US$ 1,966,165)	-	-

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

Note 2: Include investment income recognized under equity method and exchange differences on translating foreign operations.

Note 3: Include transfer due to the loss of influence and valuation adjustments for fair value.

TABLE 5

POU CHEN CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Yue Yuen Industrial (Holdings) Limited	Public construction such as factories and dormitories	2018.01-2018.12	$ 6,368,256 (US$ 207,333,761)	Accumulated payment as of December 31, 2018 $ 5,904,378 (US$ 192,231,098)	-	None	-	-	-	-	Market price	Plant expansion	

TABLE 6

POU CHEN CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(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 50.97% indirectly at December 31, 2018	Sale	$ (11,840,120)	(98)	D/A 45 days			$ 1,961,548	99	
	Platinum Long John Co., Ltd.	The Company in which Yue Yuen Industrial (Holdings) Limited holds 48.67% indirectly at December 31, 2018	Purchase	267,823	3	D/A 45 days			(21,004)	(2)	
	San Fang Chemical Industry Co., Ltd.	Pou Chien Chemical Co., Ltd. and Yue Dean Technology Corporation are the Company's directors.	〃	155,862	2	D/A 45 days			(45,556)	(3)	
	Chang Yang Material Corporation	The Company in which Yue Yuen Industrial (Holdings) Limited holds 100% indirectly at December 31, 2018	〃	115,668	1	D/A 45 days			(2,471)	-	
Yue Yuen Industrial (Holdings) Limited	Pou Chen Corporation	The parent company	Purchase	11,840,120 (US$ 392,312,700)	7	D/A 45 days			(1,961,548) (US$ (63,862,868))	(13)	
	Ka Yuen Rubber Factory Limited	Investee accounted for by the equity method	〃	1,655,790 (US$ 54,851,000)	1	D/A 45 days			(462,015) (US$ (15,042,000))	(3)	
	Twinways Investments Limited	〃	〃	1,263,283 (US$ 41,892,000)	1	D/A 45 days			(323,552) (US$ (10,534,000))	(2)	
	San Fang Chemical Industry Co., Ltd.	〃	〃	582,331 (US$ 19,098,000)	-	D/A 45 days			(193,259) (US$ (6,292,000))	1	
	Eastlion Industrial Ltd.	〃	〃	737,649 (US$ 24,186,000)	-	D/A 45 days			(142,241) (US$ (4,631,000))	1	
	Great Skill Industrial Limited	〃	〃	316,870 (US$ 10,426,000)	-	D/A 45 days			(102,834) (US$ (3,348,000))	1	

POU CHEN CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2018
(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 50.97% indirectly at December 31, 2018	$ 1,961,548	7	$ -	-	$ 1,877,604	$ -

POU CHEN CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	a	Operating revenue	$ 11,840,120	D/A 45 days	4
		〃	a	Purchase	980	〃	-
		〃	a	Accounts receivable	1,953,411	〃	1
		〃	a	Accounts payable	3,500	〃	-
1	Barits Development Corporation	Yue Yuen Industrial (Holdings) Limited	c	Operating revenue	67,911	〃	-
		〃	c	Accounts receivable	15,601	〃	-

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

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

Note 2: Nature of relationship is as follows:

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

Note 3: The percentage calculation is based on the consolidated total operating revenue or total assets. For balance sheet items, each item’s period-end balance is shown as a percentage to consolidated total assets as of December 31, 2018. For profit or loss items, cumulative amounts are shown as a percentage to the consolidated total operating revenue for the year ended December 31, 2018.

POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2018
(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, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2018	December 31, 2017	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	$ 75,550,960 (US$ 2,459,741,486)	$ 4,733,448 (US$ 157,074,980)	$ 4,733,448 (US$ 157,074,980)	
	Win Fortune Investments Limited	British Virgin Islands	Investing activities	3,230 (US$ 100,000)	3,230 (US$ 100,000)	100,000	100.00	2,059,924 (US$ 67,065,739)	104,198 (US$ 3,448,399)	104,198 (US$ 3,448,399)	
	Windsor Hotel Co., Ltd.	No. 610, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan (ROC)	Entertainment and resort operations	450,000	450,000	10,000,000	100.00	102,868	12,145	12,145	
	Pou Shine Investment Co., Ltd.	No. 2, Fugong Rd., Fuxing Township, Changhua County 506, Taiwan (ROC)	Investing activities	1,124,667	1,124,667	133,094,460	100.00	2,982,038	185,180	185,180	
	Pan Asia Insurance Services Co., Ltd.	8F., No. 3, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (ROC)	Agency of property and casualty insurance	5,000	5,000	-	100.00	17,508	7,067	7,067	
	Barits Development Corp.	No. 2, Fugong Rd., Fuxing Township, Changhua County 506, Taiwan (ROC)	Import and export of shoe-related materials and investing activities	2,117,088	2,117,088	251,662,040	99.49	7,373,614	236,668	235,462	
	Pou Yuen Technology Co., Ltd.	No. 4, Fugong Rd., Fuxing Township, Changhua County 506, Taiwan (ROC)	Rental of real estate	966,449	966,449	28,437,147	97.82	295,986	39,115	38,264	
	Pro Arch International Development Enterprise Inc.	No. 8, Gongyequ 11th Rd., Xitun Dist., Taichung City 407, Taiwan (ROC)	Design and manufacture of footwear products	2,643,184	2,643,184	20,000,000	100.00	250,676	12,579	12,579	
	Pou Yii Development Co., Ltd.	1F., No. 71, Dadun 4th St., Nantun Dist., Taichung City 408, Taiwan (ROC)	Rental and sale of real estate	40,320	40,320	7,875,000	15.00	145,641	54,636	8,195	The Company and its associate hold 90.00%
	Wang Yi Construction Co., Ltd.	Rm. 1, 6F., No. 600, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan (ROC)	Construction	7,700	7,700	601,755	7.82	-	(9,001)	5,011	The Company and its associate hold 97.57%
	Elitegroup Computer Systems Co., Ltd.	No. 239, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Manufacturing of electronic components	3,364,570	3,434,638	70,066,949	12.57	1,384,079	20,412	2,566	The Company and its associate hold 19.50% and serve as director
	Techview International Technology Inc.	8F., No. 3, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (ROC)	Development and sales of TFT-LCD display	380,115	380,115	75	30.00	-	224	-	The Company and its associate hold 50.00%
	Ruen Chen Investment Holding Co., Ltd.	Rm. 1, 13F., No. 308, Sec. 2, Bade Rd., Da'an Dist., Taipei City 106, Taiwan (ROC)	Investment holding	11,150,000	11,080,000	2,961,000,000	20.00	8,403,275	22,457,476	4,491,495	(Note 1)
Wealthplus Holdings Limited	Yue Yuen Industrial (Holdings) Ltd.	22nd Floor, C-Bons International Center,. 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong	Manufacturing and sale of athletic and casual footwear and sports apparel	24,199,976 (US$ 747,132,133)	24,199,976 (US$ 747,132,133)	806,836,663	49.90	63,459,718 (US$ 2,066,082,311)	9,258,196 (US$ 307,116,000)	4,513,184 (US$ 149,712,156)	The subsidiary in which the Company holds 50.97% indirectly at December 31, 2018 (Note 2)
	Silver Island Trading Ltd.	British Virgin Islands	Sale of electronic components	129,720 (US$ 4,000,000)	129,720 (US$ 4,000,000)	4,000,000	50.00	75,729 (US$ 2,465,527)	55,059 (US$ 1,784,693)	76,064 (US$ 2,465,527)	
	Venture Well Holdings Ltd.	British Virgin Islands	Sale of electronic components	332,638 (US$ 10,257,121)	332,638 (US$ 10,257,121)	10,121,521	31.55	160,685 (US$ 5,231,470)	5,228 (US$ 168,125)	1,650 (US$ 53,052)	
Win Fortune Investments Limited	Yue Yuen Industrial (Holdings) Ltd.	22nd Floor, C-Bons International Center,. 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong	Manufacturing and sale of athletic and casual footwear and sports apparel	404,026 (US$ 12,769,118)	404,026 (US$ 12,769,118)	17,307,172	1.07	1,361,951 (US$ 44,341,552)	9,258,196 (US$ 307,116,000)	96,801 (US$ 3,211,100)	The subsidiary in which the Company holds 50.97% indirectly at December 31, 2018 (Note 2)
Pou Shine Investments Co., Ltd.	Barits Development Corporation	No. 2, Fugong Rd., Fuxing Township, Changhua County 506, Taiwan (ROC)	Import and export of shoe-related materials and investing activities	2,583	2,583	323,370	0.13	9,434	236,668	303	Subsidiary
	Elitegroup Computer Systems Co., Ltd.	No. 239, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Manufacturing of electronic components	373,347	384,804	11,457,179	2.06	226,325	20,412	419	The Company and its associate hold 19.50% and serve as director
	Techview International Technology Inc.	8F., No. 3, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (ROC)	Development and sales of TFT-LCD display	34,296	34,296	12	4.80	-	224	-	The Company and its associate hold 50.00%

(Continued)

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

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount December 31, 2018	Original Investment Amount December 31, 2017	As of December 31, 2018 Shares	As of December 31, 2018 %	As of December 31, 2018 Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
Barits Development Corporation	Song Ming Investments Co., Ltd.	No. 2, Fugong Rd., Fuxing Township, Changhua County 506, Taiwan (ROC)	Investing activities	$ 1,218,879	$ 1,218,879	120,486,400	100.00	$ 2,095,304	$ 115,746	$ 115,746	
	Wang Yi Construction Co., Ltd.	Rm. 1, 6F., No. 600, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan (ROC)	Construction	89,712	89,712	6,910,750	89.75	83,737	(9,001)	(8,078)	The Company and its associate hold 97.57%
	Pou Chin Development Co., Ltd.	10F., No. 600, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan (ROC)	Agency of land demarcation	200,000	200,000	20,000,000	100.00	200,123	(793)	(793)	
	Yu Hong Development Co., Ltd.	13F., No. 600, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan (ROC)	Development of real estate	240,000	10,000	24,000,000	100.00	176,164	(8,178)	(8,178)	
	Elitegroup Computer Systems Co., Ltd.	No. 239, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Manufacturing of electronic components	348,159	372,268	24,109,451	4.32	476,246	20,412	883	The Company and its associate hold 19.50% and serve as director
	Techview International Technology Inc.	8F., No. 3, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (ROC)	Development and sales of TFT-LCD display	128,610	128,610	19	7.60	-	224	-	The Company and its associate hold 50.00%
Wang Yi Construction Co., Ltd.	Elitegroup Computer Systems Co., Ltd.	No. 239, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Manufacturing of electronic components	30,838	31,762	924,148	0.17	18,256	20,412	34	The Company and its associate hold 19.50% and serve as director
Song Ming Investments Co., Ltd.	Pou Yii Development Co., Ltd.	1F., No. 71, Dadun 4th St., Nantun Dist., Taichung City 408, Taiwan (ROC)	Rental and sale of real estate	262,500	262,500	39,375,000	75.00	728,204	54,636	40,977	The Company and its associate hold 90.00%
	Pou Yuen Technology Co., Ltd.	No. 4, Fugong Rd., Fuxing Township, Changhua County 506, Taiwan (ROC)	Rental of real estate	21,240	21,240	578,170	1.99	12,507	39,115	778	Subsidiary
	Elitegroup Computer Systems Co., Ltd.	No. 239, Sec. 2, Tiding Blvd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Manufacturing of electronic components	21,725	23,873	2,147,558	0.38	42,424	20,412	79	The Company and its associate hold 19.50% and serve as director
Pou Yuen Technology Co., Ltd.	Vantage Capital Investments Limited	British Virgin Islands	Investment holding	215,342 (US$ 6,523,222)	215,342 (US$ 6,523,222)	14,539,767	100.00	24,468 (US$ 796,604)	(2,336) (US$ (77,590))	(2,336) (US$ (77,590))	
	Techview International Technology Inc.	8F., No. 3, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (ROC)	Development and sales of TFT-LCD display	128,597	128,597	19	7.60	-	224	-	The Company and its associate hold 50.00%
Yue Yuen Industrial (Holdings) Limited	Ace Top Group Limited	British Virgin Islands	Investment holding	-	15,865 (US$ 505,702)	-	-	-	-	-	
	Eagle Nice (International) Holdings Limited	British Cayman Islands	Manufacturing of wearing apparel and clothing accessories	1,325,223 (US$ 40,864,107)	1,325,223 (US$ 40,864,107)	192,000,000	38.42	2,225,485 (US$ 72,455,953)	629,044 (US$ 20,710,557)	241,678 (US$ 7,956,996)	
	Full Pearl International Ltd.	British Virgin Islands	Sale of women's shoes	381,878 (US$ 12,226,424)	381,878 (US$ 12,226,424)	1,319	40.04	437,835 (US$ 14,254,758)	23,759 (US$ 794,825)	9,513 (US$ 318,248)	
	Oftenrich Holdings Limited	Bermuda	Manufacturing and sale of footwear	1,339,783 (US$ 42,210,159)	1,339,783 (US$ 42,210,159)	5,400	45.00	2,309,826 (US$ 75,201,878)	298,175 (US$ 9,733,236)	134,179 (US$ 4,379,956)	
	Pine Wood Industries Limited	British Virgin Islands	Manufacturing and sale of fabric	92,393 (US$ 2,849,000)	92,393 (US$ 2,849,000)	2,849,000	37.00	188,830 (US$ 6,147,806)	6,947 (US$ 277,957)	2,571 (US$ 102,844)	
	Prosperous Industrial (Holdings) Ltd.	British Cayman Islands	Manufacturing and sale of gym bags	583,740 (US$ 18,000,000)	583,740 (US$ 18,000,000)	252,000,000	22.50	1,252,500 (US$ 40,778,113)	(446,986) (US$ (14,399,413))	(100,994) (US$ (3,239,868))	
	Supplyline Logistics Ltd.	Hong Kong	Logistics service provider	250,496 (US$ 7,813,063)	244,603 (US$ 7,617,946)	4,612	49.00	-	(16,532) (US$ (559,758))	-	
	San Fang Chemical Industry Co., Ltd.	ROC	Manufacturing and sale of synthetic leather	2,696,757 (US$ 83,192,794)	2,696,757 (US$ 83,192,794)	177,908,075	44.72	4,316,937 (US$ 140,548,163)	287,463 (US$ 9,574,396)	128,554 (US$ 4,281,670	
	Evermore Chemical Industry Co., Ltd.	ROC	Manufacturing and sale of chemical materials	-	386,133 (US$ 12,264,331)	-	-	-	(2,361) (US$ (80,568))	(686) (US$ (23,405))	
	Zhuhai Poulik Properties Management Co., Ltd.	British Virgin Islands	Property management	-	49,734 (US$ 1,646,526)	-	-	-	-	-	
	Tien Pou International Ltd.	British Virgin Islands	Investment holding	369,662 (US$ 11,740,355)	369,662 (US$ 11,740,355)	11,600,000	40.00	79,477 (US$ 2,587,574)	(317,715) (US$ (10,562,603))	(127,086) (US$ (4,225,041))	
	Nan Pao Resins Chemical Co., Ltd.	ROC	Manufacturing and sale of chemical materials	539,797 (US$ 16,873,924)	539,797 (US$ 16,873,924)	21,205,248	17.59	1,682,363 (US$ 54,773,348)	801,928 (US$ 26,515,550)	140,748 (US$ 4,664,085)	
	Bigfoot Limited	British Virgin Islands	Fabric trade/dyeing, finishing and processing of fabric/footwear material fitting	138,837 (US$ 4,281,139)	138,837 (US$ 4,281,139)	3,964,188	48.76	136,986 (US$ 4,459,920)	(155,830) (US$ (5,037,979))	(75,983) (US$ (2,456,518))	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2018	December 31, 2017	Shares	%	Carrying Amount			
Yue Yuen Industrial (Holdings) Limited	Enthroned Group Limited	British Virgin Islands	Investment holding	$ 158 (US$ 4,876)	$ 158 (US$ 4,876)	4,876	48.76	$ 150 (US$ 4,876)	$ -	$ -	
	Just Lucky Investments Limited	British Virgin Islands	Property management	26,207 (US$ 808,130)	26,207 (US$ 808,130)	808,130	38.30	61,390 (US$ 1,998,691)	(13,279) (US$ (444,191))	(5,086) (US$ (170,125))	
	Natural Options Limited	British Virgin Islands	Manufacturing of foam	11,144 (US$ 343,638)	11,144 (US$ 343,638)	340,870	38.30	6,805 (US$ 221,553)	167 (US$ 5,300)	64 (US$ 2,030)	
	Original Designs Developments Limited	British Virgin Islands	Manufacturing of shoe last	-	40,156 (US$ 1,238,242)	-	-	-	39,446 (US$ 1,346,291)	19,514 (US$ 666,010)	
	Rise Bloom International Limited	Hong Kong	Investment holding	24,312 (US$ 760,000)	24,312 (US$ 760,000)	760,000	38.00	46,474 (US$ 1,513,059)	(71) (US$ (6,178))	(27) (US$ (2,348))	
	Prosperlink Limited	Samoa	Investment holding	17,432 (US$ 570,000)	17,432 (US$ 570,000)	570,000	38.00	23,301 (US$ 758,637)	2,402 (US$ 80,397)	913 (US$ 30,551)	
	Pou Ming Paper Products Manufacturing Co., Ltd.	British Virgin Islands	Manufacturing of paper products	66,937 (US$ 2,163,800)	66,937 (US$ 2,163,800)	1,000,000	20.00	25,222 (US$ 821,168)	31,034 (US$ 1,019,274)	6,207 (US$ 203,855)	
	Best Focus Holdings Ltd.	British Virgin Islands	Manufacturing and sale of shoe box	162,150 (US$ 5,000,000)	162,150 (US$ 5,000,000)	5,000,000	50.00	5,910 (US$ 192,424)	1,240 (US$ 41,034)	620 (US$ 20,517)	
	Great Skill Industrial Limited	British Virgin Islands	Manufacturing and sale of plastic shoe material injection crepe	68,882 (US$ 2,130,000)	68,882 (US$ 2,130,000)	2,130,000	50.00	98,541 (US$ 3,208,230)	36,971 (US$ 1,226,482)	18,485 (US$ 613,241)	
	Hua Jian Industrial Holding Co., Limited	British Virgin Islands	Manufacturing and sale of women's shoes	771,201 (US$ 23,780,485)	771,201 (US$ 23,780,485)	1	50.00	1,468,814 (US$ 47,820,725)	(335,319) (US$ (11,264,824))	(167,660) (US$ (5,632,412))	
	Jumbo Power Enterprises Limited	British Virgin Islands	Manufacturing and sale of footwear	259,742 (US$ 8,000,000)	259,742 (US$ 8,000,000)	50	50.00	538,827 (US$ 17,542,789)	18,772 (US$ 532,664)	9,386 (US$ 266,332)	
	Ka Yuen Rubber Factory Limited	British Virgin Islands	Manufacturing and sale of rubber sole	564,782 (US$ 17,500,000)	564,782 (US$ 17,500,000)	17,500,000	50.00	733,645 (US$ 23,885,570)	383,043 (US$ 12,701,226)	191,522 (US$ 6,350,613)	
	Willpower Industries Limited	British Virgin Islands	Manufacturing and sale of paper products	221,001 (US$ 6,950,000)	221,001 (US$ 6,950,000)	6,950,000	44.84	803,420 (US$ 26,157,262)	144,353 (US$ 4,758,292)	64,728 (US$ 2,133,618)	
	Blessland Enterprises Limited	British Virgin Islands	Manufacturing and sale of insole	39,852 (US$ 1,232,414)	39,852 (US$ 1,232,414)	1,175,000	50.00	36,968 (US$ 1,203,596)	3,849 (US$ 125,931)	1,924 (US$ 62,966)	
	Cohen Enterprises Inc.	British Virgin Islands	Manufacturing and sale of footwear leather products	623,276 (US$ 20,215,015)	623,276 (US$ 20,215,015)	20,000,000	50.00	539,966 (US$ 17,579,860)	(19,290) (US$ (612,703))	(9,644) (US$ (306,351))	
	Twinways Investments Limited	British Virgin Islands	Manufacturing and sale of footwear accessory injection crepe	551,432 (US$ 17,500,000)	551,432 (US$ 17,500,000)	17,500,000	50.00	1,315,862 (US$ 42,841,005)	513,675 (US$ 17,044,514)	256,837 (US$ 8,522,257)	
	Top Units Developments Ltd.	British Virgin Islands	Manufacturing of footwear accessories	418,997 (US$ 14,079,196)	418,997 (US$ 14,079,196)	5,390,000	49.00	517,955 (US$ 16,863,246)	354,202 (US$ 11,744,389)	173,559 (US$ 5,754,751)	

(Concluded)

TABLE 10

POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, US Dollars and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2018	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
					Outward	Inward							
Great Team Backend Foundry, Inc.	Processing and manufacturing of transistors	$ 328,100 (US$ 10,000,000)	b	$ -	$ -	$ -	$ -	$ 14,546 (RMB 3,225,813)	6.89	$ -	$ 146,203 (RMB 32,693,068)	$ -	(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	-	-	-	-	6,798 (RMB 1,429,922)	31.77	2,087 (RMB 438,644) b, 1)	243,741 (RMB 54,503,853)	-	
Dongguan Yuming Electronic Technology Co., Ltd.	Production and marketing of over 17 inches color-image monitor, motherboards and other products	475,745 (US$ 14,500,000)	b	-	-	-	-	2,198 (RMB 486,869)	100.00	2,198.0 (RMB 486,869) b, 1)	71,297 (RMB 15,942,987)	-	
Dongguan Gaocheng Precision Injection Molding Technology Co., Ltd.	Mould, plastic case for mobile phones	395,526 (US$ 12,055,034)	b	-	-	-	-	196 (RMB 40,472)	100.00	196 (RMB 40,472) b, 2)	51,721 (RMB 11,565,424)	-	
Haicheng (Shanghai) Information Technology Co., Ltd.	Sales and production of desktop computers, notebook computers, CRT monitors, PDA handheld computers, etc.	393,720 (US$ 12,000,000)	b	-	-	-	-	-	50.00	- b, 2)	-	-	
Yue Cheng (Kun Shan) Sports Co., Ltd.	Operating sporting goods and equipment, spare parts production and marketing business	435,402 (US$ 14,200,000)	b	-	-	-	-	255,882 (RMB 56,124,784)	31.77	80,265 (RMB 17,606,522) b, 1)	846,278 (RMB 189,239,322)	-	
Zhongshan Bao Ji Clothing Co., Ltd.	Production and marketing of sportswear	82,025 (US$ 2,500,000)	b	-	-	-	-	(33,995) (RMB (7,382,337))	48.55	(16,260) (RMB (3,531,317)) b, 1)	5,836 (RMB 1,304,905)	-	
Dongguan Baoqiao Electronic Technology Co., Ltd.	Production and marketing of other optical appliances and instruments	147,645 (US$ 4,500,000)	b	-	-	-	-	19,617 (RMB 4,338,812)	100.00	19,617 (RMB 4,338,812) b, 2)	127,639 (RMB 28,541,904)	-	
Long Chuan Pou Yuan Shoe Co., Ltd.	Production of sports shoes, casual shoes, leather shoes and other footwear	262,480 (US$ 8,000,000)	b	-	-	-	-	-	50.97	- b, 1)	-	-	
Poushun Paper Products Manufacturing Co., Ltd.	Production and sale of shoe inner boxes, cartons	68,901 (US$ 2,100,000)	b	-	-	-	-	(631) (RMB (138,454))	10.19	(61) (RMB (13,353)) b, 1)	10,018 (RMB 2,240,144)	-	
Beijing Advazone Electronic Limited Company	Development and production of computer software	512,019 (US$ 16,100,000)	b	-	-	-	-	(14) (RMB (3,085))	31.91	(4) (RMB (958)) b, 2)	34,651 (RMB 7,748,438)	-	

(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, 2018	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2018	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
					Outward	Inward							
Pouhong Footwear Industrial Ltd.	Production and operation of leisure shoes, sports shoes	$ 49,215 (US$ 1,500,000)	b	$ -	$ -	$ -	$ -	$ 12,041 (RMB 2,637,792)	50.97	$ 6,061 (RMB 1,327,842) b, 1)	$ 40,292 (RMB 9,009,898)	$ -	
Shanggao Yisen Industry Co., Ltd.	Production and sale of finished shoes, semi-finished products, components and moulds	660,404 (US$ 20,390,000)	b	-	-	-	-	131,729 (RMB 29,067,787)	50.97	66,486 (RMB 14,671,546) b, 1)	772,687 (RMB 172,783,291)	-	
Bao Hong (Yangzhou) Shoes Co., Ltd.	Production of needles, woven garments, footwear and sales of self-produce products	1,841,686 (US$ 61,291,800)	b	-	-	-	-	(104,568) (RMB (22,930,419))	50.97	(52,597) (RMB (11,534,593)) b, 1)	586,591 (RMB 131,169,675)	-	
Dong Guan Yu Yuen Mold Co., Ltd.	Production and sale of molds for non-metallic products	62,011 (US 1,890,000)	b	-	-	-	-	3,080 (RMB 673,335)	50.97	1,549 (RMB 338,516) b, 1)	41,456 (RMB 9,270,228)	-	
Zhong Shan Glory Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	951,490 (US$ 29,000,000)	b	-	-	-	-	737,747 (RMB 162,290,697)	22.94	166,610 (RMB 36,655,019) b, 2)	583,234 (RMB 130,418,970)	-	
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	-	-	-	-	634 (RMB 138,729)	22.94	144 (RMB 31,409) b, 2)	10,089 (RMB 2,256,020)	-	
Yin Hwa Precision Lasts Company Limited	Production of plastic shoe lasts	47,575 (US$ 1,450,000)	b	-	-	-	-	6,372 (RMB 1,381,958)	-	1,576 (RMB 341,896) b, 1)	-	-	
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	-	-	-	-	614,634 (RMB 134,957,738)	20.29	122,604 (RMB 26,923,251) b, 1)	596,329 (RMB 133,347,179)	-	
ShangGao Yisen Ka Yuen Industry Co., Ltd.	Production and sale of footwear products	77,432 (US$ 2,360,000)	b	-	-	-	-	17,623 (RMB 3,862,448)	25.49	4,430 (RMB 971,053) b, 1)	25,229 (RMB 5,641,546)	-	
Bao Sheng Dao Ji (BeiJing) Trading Company Ltd.	Retail business of sports goods and accessories	1,988,061 (US$ 65,000,000)	b	-	-	-	-	(1,177) (RMB (258,082))	31.77	(144) (RMB (31,447)) b, 1)	1,063,808 (RMB 237,882,032)	-	
Qingdao Pou-Sheng International Sport Products Co., Ltd.	Sales of sports and leisure shoes and accessories	94,800 (RMB 20,000,000)	b	-	-	-	-	274,216 (RMB 60,200,335	22.87	61,988 (RMB 13,609,531) b, 1)	167,692 (RMB 37,498,188)	-	
Guizhou Pou-Sheng Sport Products Co., Ltd.	Sales of sports and leisure shoes and accessories	322,886 (US$ 10,000,000)	b	-	-	-	-	4,841 (RMB 1,152,859)	31.77	1,492 (RMB 355,857) b, 1)	65,283 (RMB 14,598,213)	-	
Nanning Pou-Kung Sport Products Co., Ltd.	Retail business of sports goods and accessories	42,653 (US$ 1,300,000)	b	-	-	-	-	(22,153) (RMB (48,975,440))	31.77	(6,985) (RMB (1,544,179)) b, 1)	(1,636) (RMB (365,801))	-	
Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	Retail business of sports goods and accessories	946,050 (US$ 30,000,000)	b	-	-	-	-	609,627 (RMB 132,747,995)	31.77	191,383 (RMB 41,676,850) b, 1)	1,202,746 (RMB 268,950,292)	-	

(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, 2018	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2018	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
					Outward	Inward							
Diodite (China) Sports Good Co., Ltd.	Retail and wholesale business of sporting goods and accessories	$ 639,800 (US$ 20,000,000)	b	$ -	$ -	$ -	$ -	$ 2,143 (RMB 469,969)	31.77	$ 672 (RMB 147,460) b, 1)	$ 44,908 (RMB 10,042,073)	$ -	
Taicang YYSPORTS Business Trading Co., Ltd.	Retail business of sports goods and accessories series products	164,050 (US$ 5,000,000)	b	-	-	-	-	9,766 (RMB 2,113,894)	31.77	3,055 (RMB 661,241) b, 1)	131,666 (RMB 29,442,380)	-	
Yangzhou Baoyi Shoes Manufacturing Co., Ltd.	Vulcanized shoes, sports shoes, leisure shoes and other footwear manufacturing, marketing	729,906 (US$ 22,456,800)	b	-	-	-	-	77,507 (RMB 17,316,165)	25.49	19,620 (RMB 4,383,165) b, 1)	259,312 (RMB 57,985,622)	-	
Dalian YYSPORTS Sport Industrial Development Co., Ltd.	Development and sale of sports goods, clothing, shoes and hats, fitness equipment and related products	928,000 (RMB 200,000,000)	b	-	-	-	-	(1,614) (RMB (353,855))	31.77	(482) (RMB (105,622)) b, 1)	461,818 (RMB 103,268,707)	-	
YYSPORTS (Chengdu) Business Trading Co., Ltd.	Retail business of sports goods and accessories	689,194 (US$ 22,400,000)	b	-	-	-	-	(72,721) (RMB (15,998,053))	31.77	(22,853) (RMB (5,027,794)) b, 1)	166,755 (RMB 37,288,791)	-	
Fujian Baomin Sporting Goods Co., Ltd.	Retail business of sports goods and accessories	147,645 (US$ 4,500,000)	b	-	-	-	-	(5,733) (RMB (1,226,643))	28.60	(1,615) (RMB (345,578)) b, 1)	70,333 (RMB 15,727,407)	-	
Guangzhou Pou-Yuen Trading Co., Ltd.	Retail business of sports goods and accessories	710,251 (US$ 23,310,000)	b	-	-	-	-	(7,920) (RMB (1,884,937))	31.77	(2,570) (RMB (609,990)) b, 1)	258,074 (RMB 57,708,759)	-	
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	-	-	-	-	(357,698) (RMB (76,780,847))	31.77	(111,849) (RMB (24,008,441)) b, 1)	515,163 (RMB 115,197,351)	-	
Shend Dao (Yang Zhou) Sporting Goods Dev Co., Ltd.	Shopping mall management and property management	2,111,340 (US$ 66,000,000)	b	-	-	-	-	125,342 (RMB 27,102,395)	31.77	39,266 (RMB 8,490,846) b, 1)	679,609 (RMB 151,969,823)	-	
Zhong Shan Pou Feng Mold Limited	Production and operation mould	85,306 (US$ 2,600,000)	b	-	-	-	-	1,248 (RMB 275,568)	50.97	629 (RMB 138,861) b, 1)	43,095 (RMB 9,636,631)	-	
Fanchang Yuxiang Enterprise Development Co., Ltd.	Production and sale of garments, shoes and related products, semi-finished products and bags, etc.	383,800 (US$ 12,000,000)	b	-	-	-	-	18 (RMB 3,894)	50.97	9 (RMB 1,953) b, 1)	4 (RMB 874)	-	
Dong Guan Pou Yuan Paper Products Ltd.	Production and sales of packaging and decoration prints	56,436 (US$ 1,750,000)	b	-	-	-	-	(2,931) (RMB (621,477))	50.97	(1,468) (RMB (311,150)) b, 1)	15,064 (RMB 3,368,484)	-	
Zhong Shan O Li Su Shoe Making Machine Ltd.	Manufacturing shoes and boots or repairing machinery	157,134 (US$ 5,100,000)	b	-	-	-	-	(21,805) (RMB (4,771,439))	50.97	(10,964) (RMB (2,399,428)) b, 2)	36,635 (RMB 8,191,986)	-	

(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, 2018	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2018	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
					Outward	Inward							
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	$ -	$ -	$ -	$ -	$ 994,457 (RMB 215,672,986)	31.77	$ 311,373 (RMB 67,531,713) b, 1)	$ 2,092,256 (RMB 467,856,866)	$ -	
Taicang Yue-Shen Sporting Goods Co., Ltd.	Engaged in the production and sales of shoe products, semi-finished products, moulds and related sports goods.	393,720 (US$ 12,000,000)	b	-	-	-	-	(9,734) (RMB (2,101,491))	31.77	(3,043) (RMB (656,963)) b, 1)	511,708 (RMB 114,424,964)	-	
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	-	-	-	-	-	15.89	- b, 1)	4,261 (RMB 952,720)	-	
Yangzhou Yijian Software Tech Co., Ltd.	Integration of software and hardware sales service systems (excluding IC design)	35,803 (US$ 1,170,000)	b	-	-	-	-	1,318 (RMB 290,872)	50.97	665 (RMB 146,652) b, 1)	2,800 (RMB 626,009)	-	
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	-	-	-	-	(8,860) (RMB (1,820,845))	50.97	(4,376) (RMB (898,360)) b, 1)	195,533 (RMB 43,723,791)	-	
Yang Xin Pou Jia Shoes Manufacturing Co., Ltd.	Production and sale of shoes uppers, footwear and garments	1,391,195 (US$ 45,500,000)	b	-	-	-	-	154,447 (RMB 33,958,928)	50.97	78,053 (RMB 17,162,369) b, 1)	771,087 (RMB 172,425,475)	-	
Bou Jin (Yangzhou) Garments Co., Ltd.	Production and sale of sportswear, casual wear, etc.	698,853 (US$ 21,300,000)	b	-	-	-	-	(98,100) (RMB (21,184,347))	20.39	(19,674) (RMB (4,248,686)) b, 1)	18,953 (RMB 4,238,122)	-	
Jiangxi Province Yutai Shoe Co., Ltd.	Production and sale of footwear products and semi-finished products	468,425 (US$ 15,000,000)	b	-	-	-	-	7,093 (RMB 1,555,571)	50.97	3,676 (RMB 806,115) b, 1)	(69,295) (RMB (15,495,283))	-	
Dongguan Yu Xiang Shoes Material Co., Ltd.	Production and sale of footwear products	295,820 (US$ 9,500,000)	b	-	-	-	-	22,687 (RMB 5,290,949)	50.97	11,650 (RMB 2,713,728) b, 1)	213,745 (RMB 47,796,191)	-	
Fan-Chang Yue-Shen Sporting Goods Co., Ltd.	Production and sale of garments, shoes and related products, semi-finished products and bags, etc.	128,600 (US$ 4,000,000)	b	-	-	-	-	336 (RMB 72,546)	31.77	105 (RMB 22,675) b, 1)	-	-	
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	-	-	-	-	(87) (RMB (18,933))	22.94	(20) (RMB (4,281)) b, 2)	13,582 (RMB 3,037,025)	-	
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	-	-	-	-	2,808 (RMB 627,870)	19.37	542 (RMB 121,198) b, 1)	16,453 (RMB 3,679,015)	-	

(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, 2018	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2018	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
					Outward	Inward							
Dong Guan Yue Tai Shoe Material Company Limited	Production and sale of footwear products	$ 70,153 (US$ 2,202,580)	b	$ -	$ -	$ -	$ -	$ (4,638) (RMB (1,020,717))	25.49	$ (1,169) (RMB (257,375)) b, 1)	$ 16,174 (RMB 3,616,676)	$ -	
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	-	-	-	-	189,733 (RMB 41,518,580)	50.97	95,518 (RMB 20,903,160) b, 1)	980,456 (RMB 219,243,364)	-	
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	-	-	-	-	-	50.97	- b, 1)	36,735 (RMB 8,214,426)	-	
Beijing Baojing Kang Tai Trading Co., Ltd.	Wholesale and retail of sporting goods, sporting instruments and clothing, shoes and hats	261,797 (US$ 8,940,000)	b	-	-	-	-	(8,088) (RMB (1,817,004))	15.89	(1,258) (RMB (282,719)) b, 1)	54,073 (RMB 12,091,509)	-	
Kunshan Xin Dong Sports Co., Ltd.	Wholesale, import, export and packaging of sports goods, sports instruments, clothing, shoes, caps	29,101 (US$ 999,000)	b	-	-	-	-	69 (RMB 15,102)	31.77	22 (RMB 4,738) b, 1)	7,352 (RMB 1,644,084)	-	
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	-	-	-	-	207,086 (RMB 45,615,302)	31.77	65,050 (RMB 14,329,555) b, 1)	220,809 (RMB 49,375,927)	-	
Yangzhou Baoyuan Shoes Co., Ltd.	Production and sale of sports shoes, sportswear, leisure shoes and sports goods	145,650 (US$ 5,000,000)	b	-	-	-	-	-	31.77	- b, 1)	-	-	
Dongguan Yuancheng Shoes Material Co., Ltd.	Production and sale of footwear products	89,382 (US$ 2,750,000)	b	-	-	-	-	(633) (RMB (138,439))	25.49	(159) (RMB (34,741)) b, 1)	22,617 (RMB 5,057,470)	-	
Dongguan De Chang Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US$ 350,000)	b	-	-	-	-	7,836 (RMB 1,721,524)	50.97	3,945 (RMB 866,641) b, 1)	15,917 (RMB 3,559,253)	-	
Zhong Shan Bao Song Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US$ 350,000)	b	-	-	-	-	10,101 (RMB 2,187,578)	50.97	5,066 (RMB 1,097,099) b, 1)	13,624 (RMB 3,046,620)	-	
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	-	-	-	-	(59,654) (RMB (13,199,352))	50.97	(30,072) (RMB (6,654,243)) b, 1)	33,531 (RMB 7,498,013)	-	
Dong Guan YuZhan Shoes Co., Ltd.	Prepare sports shoes, leisure shoes, leather shoes, children's shoes, semi-finished shoes and shoes material items	557,490 (US$ 19,100,000)	b	-	-	-	-	-	50.97	- b, 1)	-	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018	Remittance of Funds Outward	Remittance of Funds Inward	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2018	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
Jiangxi Uniscien Consulting Co., Ltd.	Business management consultation, marketing planning and other services	$ 10,442 (US$ 350,000)	b	$ -	$ -	$ -	$ -	$ 4,409 (RMB 967,418)	50.97	$ 2,218 (RMB 486,717) b, 1)	$ 13,644 (RMB 3,050,920)	$ -	
Pei Xian Bao Yi Shoes Manufacturing Co., Ltd.	Production and sale of finished and semi-finished sports shoes and leisure shoes	287,250 (US$ 10,000,000)	b	-	-	-	-	(148) (RMB (31,932))	-	(37) (RMB (7,992)) b, 1)	-	-	
Yu Xing (Jishui) Footwear Co., Ltd.	Production and sale of sports shoes	183,840 (US$ 6,400,000)	b	-	-	-	-	2,641 (RMB 579,239)	50.97	1,405 (RMB 308,135) b, 1)	(105,584) (RMB (23,609,977))	-	
Dongguan Xingtai Consulting Co., Ltd.	Business management consultation, marketing planning and other services	41,945 (US$ 1,400,000)	b	-	-	-	-	8,396 (RMB 1,839,495)	50.97	4,222 (RMB 925,119) b, 1)	30,345 (RMB 6,785,617)	-	
Yang Xin Zhang Yuan Shoe Co., Ltd.	Production and sale of footwear products	61,029 (US$ 2,100,000)	b	-	-	-	-	(1,782) (RMB (390,764))	25.49	(448) (RMB (98,298)) b, 1)	7,607 (RMB 1,700,933)	-	
YangXin Pou Jia Yuen Shoes Manufacturing Co., Ltd.	Production and sale of rubber soles	72,990 (US$ 2,500,000)	b	-	-	-	-	10,854 (RMB 2,378,916)	25.49	2,728 (RMB 597,985 b, 1)	20,272 (RMB 4,533,146)	-	
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	-	-	-	-	(60,556) (RMB (13,686,065))	31.77	(19,151) (RMB (4,327,863)) b, 1)	1,209,177 (RMB 270,388,471)	-	
Yichun Yisen Industry Co., Ltd.	Production and sale of footwear and mold products	410,130 (US$ 14,000,000)	b	-	-	-	-	49,981 (RMB 10,995,777)	50.97	25,116 (RMB 5,525,930 b, 1)	328,743 (RMB 73,511,465)	-	
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	-	-	-	-	(307,971) (RMB (66,803,022))	50.97	(153,976) (RMB (33,399,516)) b, 1)	(5,597) (RMB (1,251,538))	-	
Dong Guan Yurui Electronic Technology Co., Ltd.	Processing and manufacturing of electronic products such as computer peripheral equipment	87,120 (US$ 3,000,000)	b	-	-	-	-	-	50.97	- b, 1)	-	-	
Zhang Shan Shi Bi Fu Material Co., Ltd.	Production and operation of knitted fabrics and carbon fiber shoes, especially for shoes, sports shoes, etc.	43,290 (US$ 1,395,100)	b	-	-	-	-	3,494 (RMB 784,822)	24.85	871 (RMB 195,515 b, 1)	11,213 (RMB 2,507,485)	-	
Dong Guan Pou Chen Footwear Company Limited	Production and sale of footwear products, semi-finished footwear products and accessories, moulding tools and engaged in the wholesale and import and export business of footwear products	850,131 (RMB 177,000,000)	b	-	-	-	-	217,372 (RMB 46,515,795)	50.97	108,916 (RMB 23,305,276 b, 1)	855,560 (RMB 191,314,948)	-	

(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, 2018	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2018	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
					Outward	Inward							
Dongguan Yusheng Shoe Industry Co., Ltd.	Production and sale of finished shoes, semi-finished shoes and mold products and engaged in research and development of shoes, finished shoes, mold products	$ 883,824 (RMB 184,000,000)	b	$ -	$ -	$ -	$ -	$ 61,518 (RMB 13,507,462)	50.97	$ 30,986 (RMB 6,804,113 b, 1)	$ 850,736 (RMB 190,236,230)	$ -	
Dong Guan Yue Yuan Footwear Products Company Limited	Production and sale of footwear products, semi-finished footwear products, mold products and engaged in wholesale and import and export business of footwear products	860,086 (RMB 179,000,000)	b	-	-	-	-	19,975 (RMB 4,435,938)	50.97	10,070 (RMB 2,236,390 b, 1)	295,430 (RMB 66,062,225)	-	
Dong Guan Yue Lei Plastic Company Limited	Prepare for research and development of shoe materials and composite materials	37,960 (RMB 7,800,000)	b	-	-	-	-	-	50.97	- b, 1)	-	-	
Jilin Xinfangwei Sports Goods Company Limited	Sports goods sales	196,160 (RMB 40,000,000)	b	-	-	-	-	-	15.89	- 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	-	-	-	-	36,740 (RMB 8,023,504)	25.49	9,247 (RMB 2,019,446) b, 1)	37,887 (RMB 8,472,100)	-	
Dong Guan Jia Yuan Shoe Materials Products Company Limited	Prepare shoe material	108,805 (RMB 21,600,000)	b	-	-	-	-	974 (RMB 221,686)	50.97	491 (RMB 111,767) b, 1)	51,461 (RMB 11,507,358)	-	
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	-	-	-	-	521 (RMB 117,179)	10.19	53 (RMB 11,861) b, 1)	4,491 (RMB 1,004,299)	-	
Kun Shan YYSPORTS E-Commerce Co., Ltd.	Network technology development, technical consultation, technical services and retail and wholesale of sports goods, sports equipment	89,367 (US$ 3,000,000)	b	-	-	-	-	(31,176) (RMB (7,026,931))	31.77	(9,818) (RMB (2,212,998)) b, 1)	(4,092) (RMB (915,044))	-	
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	-	-	-	-	(1,814) (RMB (392,259))	6.78	(122) (RMB (26,346)) b, 1)	4,474 (RMB 1,000,403)	-	
Kun Shan Taisong Trading Co., Ltd.	Wholesale and retail of clothing, footwear, glasses and watches	790,110 (US$ 26,500,000)	b	-	-	-	-	(215,726) (RMB (47,247,116))	31.77	(67,654) (RMB (14,818,116)) b, 1)	(102,497) (RMB (22,919,818))	-	
Dong Guan Artesol Trading Co., Ltd.	Wholesale of adhesives, glue rubber, shoe materials and their supporting products, etc.	9,138 (US$ 300,000)	b	-	-	-	-	226 (RMB 49,109)	-	113 (RMB 24,550) b, 1)	-	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018	Remittance of Funds: Outward	Remittance of Funds: Inward	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2018	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
Shanghai Pou-Lo Sport Culture Co., Ltd.	Management consultants, wholesale of sports goods and equipment wholesale, other sports services and other art performance assistant services	$ 16,093 (US$ 500,000)	b	$ -	$ -	$ -	$ -	$ (641) (RMB (140,524))	31.77	$ (185) (RMB (40,565)) b, 1)	$ (3,020) (RMB (675,388))	$ -	
Kun Shan Pou-Han Sport Culture Development Co., Ltd.	Management consultants, wholesale of sports goods and equipment wholesale, other sports services and other art performance assistant services	48,278 (US$ 1,500,000)	b	-	-	-	-	4,495 (RMB 988,580)	31.77	1,414 (RMB 311,054) b, 1)	14,529 (RMB 3,248,906)	-	
Yisen (YiFeng) Mould Co., Ltd.	Production and sale of mould products	479,284 (US$ 14,850,000)	b	-	-	-	-	(16,124) (RMB (3,487,312))	50.97	(8,094) (RMB (1,750,556)) b, 1)	198,249 (RMB 44,331,214)	-	
Zhu Hai Yu Yuan Industrial Co., Ltd.	Processing, production and sale of footwear products	1,408 (RMB 300,000)	b	-	-	-	-	4,365 (RMB 966,993)	50.97	2,226 (RMB 493,049) b, 1)	36,620 (RMB 8,188,677)	-	
Yang Xin Pou Shou Sporting Goods Co., Ltd.	Processing, production and sale of footwear products	236,574 (US$ 7,800,000)	b	-	-	-	-	(43,873) (RMB (9,454,613))	50.97	(21,962) (RMB (4,732,727)) b, 1)	88,858 (RMB 19,869,925)	-	
Zhang Yuan (Yi Feng)Shoe Materials Co., Ltd.	Production, sales and development of shoe materials and composite materials	14,222 (US$ 470,000)	b	-	-	-	-	590 (RMB 132,973)	-	150 (RMB 33,825) b, 1)	-	-	
Changsha YYSPORTS Sport Products Co., Ltd.	Sales of sports goods and equipments	22,825 (RMB 5,000,000)	b	-	-	-	-	21,371 (RMB 4,756,287)	31.77	6,736 (RMB 1,499,202) b, 1)	3,034 (RMB 678,469)	-	
Henan YYSPORTS Sport Products Co., Ltd.	Retail business of sports goods and accessories	9,130 (RMB 2,000,000)	b	-	-	-	-	130,641 (RMB 28,466,560)	31.77	40,979 (RMB 8,929,569) b, 1)	92,038 (RMB 20,581,054)	-	
Shenyang Pou-Yi Trading Co., Ltd.	Retail business of sports goods and accessories	182,600 (RMB 40,000,000)	b	-	-	-	-	(26,766) (RMB (5,770,473))	31.77	(8,332) (RMB (1,796,126)) b, 1)	12,819 (RMB 2,866,454)	-	
Zhejiang shengdao Sporting-goods Co., Ltd.	Retail business of sports goods and accessories	228,250 (RMB 50,000,000)	b	-	-	-	-	349,598 (RMB 76,692,526)	31.77	109,728 (RMB 24,072,645) b, 1)	284,764 (RMB 63,677,001)	-	
Mudanjiang YYSPORTS Sport Technology Co., Ltd.	Sports service, research and development of sports fitness equipment and retail business of sports goods	4,565 (RMB 1,000,000)	b	-	-	-	-	4,476 (RMB 987,195)	31.77	1,409 (RMB 310,722) b, 1)	2,554 (RMB 571,065)	-	
Widevision Investment (Shenzhen) Co., Ltd.	Business management consulting, economic information consulting and market management planning	13,833 (RMB 3,000,000)	b	-	-	-	-	1,190 (RMB 274,961)	100.00	1,779 (RMB 401,841) b, 1)	9,506 (RMB 2,125,575)	-	

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2018	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
$ -	$ 20,898,020 (US$ 680,384,824)	$ 91,318,624

Note 1: Methods of investments have following types:

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

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

a. If it is in the preparation stage, there is no investment gains and losses, it should be noted.
b. The amount of investment gain (loss) was recognized in following bases:

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

Note 3: Financial assets at FVTOCI

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

(Concluded)

POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, US Dollars and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2018	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
					Outward	Inward							
Kunshan Yuanying Electronics Technology Co., Ltd.	Manufacturing and sale of alloy	$ 85,936 (US$ 2,620,000)	b	$ -	$ -	$ -	$ -	$ (5,189) (RMB(1,137,909))	100.00	$ (5,189) (RMB(1,137,909)) b, 2)	$ 79,218 (RMB 17,714,240)	$ -	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2018	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
$ -	$ 177,226 (US$ 5,770,000)	$ 377,300

Note 1: Methods of investments have following types:

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

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

a. If it is in the preparation stage, there is no investment gains and losses, it should be noted.
b. The amount of investment gain (loss) was recognized on following bases:

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

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