

**EASTERN MEDIA INTERNATIONAL
CORPORATION AND SUBSIDIARIES
Consolidated Financial Statements**

**with Independent Auditors' Review Report
For the three months Ended March 31, 2020 and 2019**

Address : 8F., No. 368, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City 106, Taiwan
Telephone : 886-2-2755-7565

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Eastern Media International Corporation:

Foreword

We have reviewed the Consolidated Balance Sheet of Eastern Media International Corporation and its subsidiaries as of March 31, 2020 and 2019, the Consolidated Statement of Comprehensive Income as of January 1 to March 31, 2020 and 2019 as well as the Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the Notes to the Consolidated Financial Statements (including important accounting policies summary). The preparation of consolidated financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" issued by the Financial Supervisory Commission, which became effective, is the responsibility of management; our responsibility is to come to a conclusion for these consolidated financial statements based on our review.

Scope

Except as stated in the section of the basis for qualified conclusion, we conducted our review in accordance with Statements on Auditing Standards No. 65, "The Auditor's Consideration of the Internal Audit Function in an Audit of Financial Statements". A review of the consolidated financial statements consists of inquiries (primarily of persons responsible for financial and accounting matters), analytical procedures and other review procedures. A review is substantially less in scope than an audit, and consequently, we may not be able to discern all significant matters that could be identified in an audit and express an opinion on those matters.

Basis for qualified conclusion

As discussed in Note IV (II) to the consolidated financial statements, the data and information of part of the immaterial subsidiaries included in the consolidated financial statements mentioned above were based on the unaudited financial statements of these investees for the same period. Total assets as of March 31, 2020 and 2019 were \$942,407 and \$471,910, respectively, representing 6.39% and 4.03% of the consolidated total assets; total liabilities were \$29,295 and \$37,507, respectively, representing 0.37% and 0.74% of the total consolidated liabilities; the consolidated income for the years ended March 31, 2020 and 2019 was \$32,165 and \$11,470, respectively, representing 63.51% and 18.77% of the total consolidated income.

In addition to the above, as discussed in Note VI (VIII) to the consolidated financial statements, the Company and its subsidiaries' investments under the equity method amounted to \$2,040,569 and \$2,157,637 for the year ended March 31, 2020 and 2019, respectively, and their respective shares of (\$27,674) and (\$9,932) in the gains and losses of affiliates and joint ventures under the equity method for the year ended March 31, 2020 and 2019, respectively, were based on the unaudited financial statements of these investees for the same periods.

Qualified Conclusion

Based on our review, except that the the unaudited financial statements of these investees mentioned in the section of the basis for qualified conclusion may result in adjustments in the consolidated financial reports, we are not aware of any material modifications that should be made to

the consolidated financial statements referred to above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS No. 34 “Interim Financial Reporting” issued by the Financial Supervisory Commission, which may affect the presentation of the consolidated financial position of Eastern Media International Corporation and its subsidiaries as of March 31, 2020 and 2019, and the consolidated financial results and consolidated cash flows from January 1 to March 31, 2020 and 2019.

KPMG

Taipei Taiwan (Republic of Chian)
April 29, 2020

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors’ audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ audit report and consolidated financial statements, the Chinese version shall prevail.

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	March 31, 2020(Reviewed)		December 31, 2019(Audited)		March 31, 2019(Reviewed)		March 31, 2020(Reviewed)		December 31, 2019(Audited)		March 31, 2019(Reviewed)		
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
Current assets:													
1100 Cash and cash equivalents (Note VI (I))	\$ 1,523,391	10	\$ 1,829,578	12	\$ 1,483,603	13	2100 Short-term borrowings (Note VI (XI), (XV) and VIII)	\$10,000	-	\$58,000	1	\$ -	-
1110 Current financial assets at fair value through profit or loss (Note VI (II))	278,623	2	242,539	2	820,454	7	2110 Short-term notes and bills payable (Note VI (XVI) and VIII)	19,929	-	20,000	-	-	-
1151 Notes receivable (Note VI (IV) and (XXIV))	45,139	-	63,781	-	130,730	1	2130 Current contract liabilities (Note VI (XXIV) and VII)	23,535	-	24,913	-	18,722	-
1170 Accounts receivable, net (Note VI (IV) and (XXIV))	224,175	2	329,927	2	163,481	2	2150 Notes payable	33,763	-	44,806	-	4,055	-
1180 Accounts receivable due from related parties, net (Note VI (IV), (XXIV) and VII)	9,958	-	21,799	-	24,199	-	2170 Accounts payable (Note VII)	147,293	1	207,335	1	50,253	-
1200 Other receivables, net (Note VI (V))	186,275	1	164,114	1	178,287	2	2200 Other payables (Note VI (II), (XXX) and VII)	680,627	5	761,581	6	478,889	4
1210 Other receivables due from related parties, net (Note VI (V) and VII)	1,970	-	2,807	-	47,028	-	2230 Current tax liabilities	26,250	-	22,061	-	11,581	-
130X Inventories (Note VI (VI))	272,326	2	274,144	2	126,414	1	2250 Current provisions (Note VI (XIX))	-	-	-	-	7,630	-
1400 Current biological assets, net	7,396	-	8,381	-	-	-	2310 Advance receipts	6,892	-	14,534	-	25,871	-
1410 Prepayments	64,311	1	75,618	1	58,180	-	2320 Long-term liabilities, current portion (Note VI (XI), (XVII) and VIII)	92,745	1	67,789	-	-	-
1476 Other current financial assets (Note VI (I) and VIII)	174,186	1	194,919	2	256,084	2	2399 Other current liabilities, others (Note VII)	26,306	-	28,997	-	29,817	-
1479 Other current assets, others	452	-	354	-	630	-	2280 Current lease liabilities (Note VI (XVIII))	909,348	6	954,147	7	638,598	6
1460 Non-current assets classified as held for sale, net (Note VI (VII) and (X))	-	-	615	-	12,719	-	2260 Liabilities directly related to non-current assets held for sale (or disposal groups) (Note VI (VII))	-	-	-	-	646	-
	<u>2,788,202</u>	<u>19</u>	<u>3,208,576</u>	<u>22</u>	<u>3,301,809</u>	<u>28</u>		<u>1,976,688</u>	<u>13</u>	<u>2,204,163</u>	<u>15</u>	<u>1,266,062</u>	<u>10</u>
Non-current assets:							Non-current liabilities:						
1517 Non-current financial assets at fair value through other comprehensive income (Note VI (III))	13,109	-	13,123	-	13,073	-	2540 Long-term borrowings (Note VI (XI), (XVII) and VIII)	295,318	2	338,000	2	42,361	-
1550 Investments accounted for using equity method, net (Note VI (VIII))	2,500,074	17	2,459,062	16	2,646,251	23	2610 Long-term notes and accounts payable	-	-	-	-	915	-
1600 Property, plant and equipment (Note VI (XII) and VIII)	1,504,808	10	1,439,296	10	1,194,059	10	2580 Non-current lease liabilities (Note VI (XVIII))	5,659,139	39	5,874,708	40	3,704,517	32
1780 Intangible assets (Note VI (XIII))	486,106	3	490,834	3	81,664	1	2640 Non-current net defined benefit liability	27,854	-	31,549	-	25,639	-
1755 Right of use assets (Note VI (IX), (XI) and (XIV))	6,455,292	44	6,762,163	45	4,242,737	36	2645 Guarantee deposits received	7,118	-	7,188	-	4,034	-
1840 Deferred tax assets	264,673	2	214,855	2	20,968	-		<u>5,989,429</u>	<u>41</u>	<u>6,251,445</u>	<u>42</u>	<u>3,777,466</u>	<u>32</u>
1920 Guarantee deposits paid (Note VIII and IX)	483,034	3	281,990	2	180,485	2	Total liabilities	<u>7,966,117</u>	<u>54</u>	<u>8,455,608</u>	<u>57</u>	<u>5,043,528</u>	<u>42</u>
1980 Other non-current financial assets (Note VIII)	750	-	750	-	750	-	Equity attributable to owners of parent (Note VI (XXII))						
1990 Other non-current assets, others (Note IX)	240,889	2	35,138	-	14,815	-	3100 Capital stock	5,567,899	38	5,567,899	37	5,567,899	49
	<u>11,948,735</u>	<u>81</u>	<u>11,697,211</u>	<u>78</u>	<u>8,394,802</u>	<u>72</u>	3200 Capital surplus	20,769	-	20,769	-	5,165	-
Total assets	<u>\$14,736,937</u>	<u>100</u>	<u>\$14,905,787</u>	<u>100</u>	<u>\$ 11,696,611</u>	<u>100</u>	3300 Retained earnings	1,055,142	7	1,000,273	7	1,243,203	11
							3400 Other equity interest	(221,198)	(1)	(227,801)	(2)	(177,075)	(2)
							Total equity attributable to owners of parent	<u>6,422,612</u>	<u>44</u>	<u>6,361,140</u>	<u>42</u>	<u>6,639,192</u>	<u>58</u>
							Non-controlling interests ((Note VI (X))	<u>348,208</u>	<u>2</u>	<u>89,039</u>	<u>1</u>	<u>13,891</u>	<u>-</u>
							Total equity	<u>6,770,820</u>	<u>46</u>	<u>6,450,179</u>	<u>43</u>	<u>6,653,083</u>	<u>58</u>
							Total liabilities and equity	<u>\$14,736,937</u>	<u>100</u>	<u>\$14,905,787</u>	<u>100</u>	<u>\$11,696,611</u>	<u>100</u>

(See accompanying notes to consolidated financial statements.)

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings (Losses) Per Share)
(Reviewed, Not Audited)

		For the three months ended March 31			
		2020		2019	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Note VI (XXIV) and VII)	\$ 1,065,053	100	\$ 587,870	100
5000	Operating costs (Note VI (VI), (XX) and VII)	<u>731,996</u>	<u>69</u>	<u>415,355</u>	<u>71</u>
	Gross profit from operations	<u>333,057</u>	<u>31</u>	<u>172,515</u>	<u>29</u>
6000	Operating expenses (Note VI (XX) and VII)	348,610	33	170,696	29
6450	Expected credit loss (gain) (Note VI (IV))	<u>42</u>	<u>-</u>	<u>(767)</u>	<u>-</u>
	Net operating gain (loss)	<u>(15,595)</u>	<u>(2)</u>	<u>2,586</u>	<u>-</u>
	Non-operating income and expenses (Note VI (XXVI) and VII):				
7010	Other income	13,668	2	16,956	3
7020	Other gains and losses, net (Note VI (X) and (XIV))	21,131	2	140,271	24
7050	Finance costs, net	<u>(55,741)</u>	<u>(5)</u>	<u>(36,905)</u>	<u>(6)</u>
7060	Share of profit of associates and joint ventures accounted for using equity method (Note VI (VIII))	<u>35,581</u>	<u>3</u>	<u>17,280</u>	<u>3</u>
7900	Profit from continuing operations before tax	<u>(956)</u>	<u>-</u>	<u>140,188</u>	<u>24</u>
7950	Less: tax income (Note VI (XXI))	<u>(44,967)</u>	<u>(4)</u>	<u>(499)</u>	<u>-</u>
	Income from Continuing Operation	44,011	4	140,687	24
8100	Loss from discontinued operations, net of tax (Note XII)	<u>-</u>	<u>-</u>	<u>(85,752)</u>	<u>(15)</u>
	Net profit	<u>44,011</u>	<u>4</u>	<u>54,935</u>	<u>9</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	<u>(14)</u>	<u>-</u>	<u>43</u>	<u>-</u>
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	<u>(1)</u>	<u>-</u>	<u>4</u>	<u>-</u>
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total number of items not reclassified to profit or loss	<u>(15)</u>	<u>-</u>	<u>47</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	1,179	-	6,822	1
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	5,466	1	<u>(697)</u>	<u>-</u>
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>6,645</u>	<u>1</u>	<u>6,125</u>	<u>1</u>
8300	Other comprehensive income, net of tax	<u>6,630</u>	<u>1</u>	<u>6,172</u>	<u>1</u>
	Total comprehensive income	<u>\$ 50,641</u>	<u>5</u>	<u>\$ 61,107</u>	<u>10</u>

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Cotn'd)
(In Thousands of New Taiwan Dollars, Except Earnings (Losses) Per Share)
(Reviewed, Not Audited)

		For the three months ended March 31			
		2020		2019	
		Amount	%	Amount	%
Profit attributable to:					
8610	Owners of parent	\$ 54,869	5	\$ 60,372	10
8620	Non-controlling interests	(10,858)	(1)	(5,437)	(1)
		<u>\$ 44,011</u>	<u>4</u>	<u>\$ 54,935</u>	<u>9</u>
Comprehensive income attributable to:					
	Owners of parent	\$ 61,472	6	\$ 66,519	11
	Non-controlling interests	(10,831)	(1)	(5,412)	(1)
		<u>\$ 50,641</u>	<u>5</u>	<u>\$ 61,107</u>	<u>10</u>
Earnings per share (Unit: NT\$)(Note VI (XXIII))					
9750	Basic earnings per share				
	Basic earnings per share from continuing operations	<u>\$ 0.10</u>		<u>\$ 0.26</u>	
	Basic loss per share from discontinued operations	<u>\$ -</u>		<u>(\$ 0.15)</u>	
	Total basic earnings per share	<u>\$ 0.10</u>		<u>\$ 0.11</u>	
9850	Diluted earnings per share (Unit: NT\$)(Note VI (XXIII))				
	Diluted earnings per share from continuing operations	<u>\$ 0.10</u>		<u>\$ 0.26</u>	
	Diluted loss per share from discontinued operations	<u>\$ -</u>		<u>(\$ 0.15)</u>	
	Total diluted earnings per share	<u>\$ 0.10</u>		<u>\$ 0.11</u>	

(See accompanying notes to consolidated financial statements.)

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity attributable to owners of parent													
						Total other equity interest						Total equity attributable to owners of parent	Non-controlling interests	Total equity
						Share capital	Retained earnings				Exchange differences on translation of foreign financial statements			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings									
Balance at January 1, 2019	<u>\$ 5,567,899</u>	<u>\$ 5,165</u>	<u>\$ 40,203</u>	<u>\$ 39,310</u>	<u>\$ 1,103,318</u>	<u>(\$ 168,588)</u>	<u>(\$ 14,634)</u>	<u>(\$ 11)</u>	<u>\$ 6,572,662</u>	<u>\$ 1,640,574</u>	<u>\$ 8,213,236</u>			
Profit (loss) for the year ended March 31, 2019	-	-	-	-	60,372	-	-	-	60,372	(5,437)	54,935			
Other comprehensive income for the year ended March 31, 2019	-	-	-	-	-	6,121	26	-	6,147	25	6,172			
Total comprehensive income for the year ended March 31, 2019	-	-	-	-	60,372	6,121	26	-	66,519	(5,412)	61,107			
Others - loss of control	-	-	-	-	-	-	-	11	11	33	44			
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(1,621,304)	(1,621,304)			
Balance on March 31, 2019	<u>\$ 5,567,899</u>	<u>\$ 5,165</u>	<u>\$ 40,203</u>	<u>\$ 39,310</u>	<u>\$ 1,163,690</u>	<u>(\$ 162,467)</u>	<u>(\$ 14,608)</u>	<u>\$ -</u>	<u>\$ 6,639,192</u>	<u>\$ 13,891</u>	<u>\$ 6,653,083</u>			
Balance at January 1, 2020	<u>\$ 5,567,899</u>	<u>\$ 20,769</u>	<u>\$ 147,303</u>	<u>\$ 183,222</u>	<u>\$ 669,748</u>	<u>(\$ 224,130)</u>	<u>(\$ 3,671)</u>	<u>\$ -</u>	<u>\$ 6,361,140</u>	<u>\$ 89,039</u>	<u>\$ 6,450,179</u>			
Profit (loss) for the year ended March 31, 2020	-	-	-	-	54,869	-	-	-	54,869	(10,858)	44,011			
Other comprehensive income for the year ended March 31, 2020	-	-	-	-	-	6,611	(8)	-	6,603	27	6,630			
Total comprehensive income for the year ended March 31, 2020	-	-	-	-	54,869	6,611	(8)	-	61,472	(10,831)	50,641			
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	270,000	270,000			
Balance on March 31, 2020	<u>\$ 5,567,899</u>	<u>\$ 20,769</u>	<u>\$ 147,303</u>	<u>\$ 183,222</u>	<u>\$ 724,617</u>	<u>(\$ 217,519)</u>	<u>(\$ 3,679)</u>	<u>\$ -</u>	<u>\$ 6,422,612</u>	<u>\$ 348,208</u>	<u>\$ 6,770,820</u>			

(See accompanying notes to consolidated financial statements.)

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(Expressed in Thousands of New Taiwan Dollars)
 (Reviewed, Not Audited)

	For the three months ended March 31	
	2020	2019
Cash flows from operating activities:		
Profit (loss) from continuing operations before tax	(\$ 956)	\$ 140,188
Loss from discontinued operations before tax	-	(85,752)
Profit (loss) before tax	(956)	54,436
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	300,704	183,851
Amortization expense	10,450	2,373
Net gain on financial assets or liabilities at fair value through profit or loss	12,131	(92,357)
Interest expense	55,741	38,844
Interest income	(4,675)	(11,428)
Share of profit of associates and joint ventures accounted for using equity method	(35,581)	(17,280)
Loss on disposal of property, plan and equipment	108	1,003
Gain on disposal of intangible assets	-	(12,510)
Gain on disposal of investments	(82)	(4,666)
Provisions for liabilities	-	2,620
Expected credit loss (Reversal interest)	42	(767)
Impairment loss on non-financial assets	-	17,051
Total adjustments to reconcile profit (loss)	<u>338,838</u>	<u>106,734</u>
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
Decrease (increase) in current financial assets at fair value through profit or loss	(32,075)	2,010
Decrease (increase) in notes receivable	18,529	(4,918)
Decrease in accounts receivable	117,564	39,177
Decrease (increase) in other receivable	99	(40,073)
Decrease in inventories	1,071	8,211
Decrease in biological assets	985	-
Decrease in prepayments	12,158	20,163
Increase in other current assets	(98)	-
Decrease in other operating assets	<u>20,733</u>	<u>17,152</u>
Total changes in operating assets, net	<u>138,966</u>	<u>41,722</u>
Changes in operating liabilities, net:		
Decrease in contract liabilities	(1,378)	(25,376)
Decrease in notes payable	(11,079)	(225)
Decrease in accounts payable	(60,040)	(5,494)
Decrease in other payable	(84,924)	(264,642)
Increase (decrease) in receipts in advance	(7,718)	43,549
Decrease in other current liabilities	(2,691)	-
Decrease in non-current net defined benefit liability	(3,695)	(19,889)
Decrease in other operating liabilities	(171,525)	(272,077)
Net changes in operating assets and liabilities	(32,559)	(230,355)
Total adjustments	<u>306,279</u>	<u>(123,621)</u>
Cash outflow generated from operations	305,323	(69,185)
Income taxes paid	(2,153)	(1,165)
Net cash flows from (used in) operating activities (outflow)	<u>303,170</u>	<u>(70,350)</u>

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Cotn'd)

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<u>Jan 1 to Mar 31 2020</u>	<u>Jan 1 to Mar 31 2019</u>
Cash flows from (used in) investing activities:		
Proceeds from disposal of subsidiaries	\$ 778	(\$ 7,888)
Acquisition of property, plant and equipment	(122,806)	(19,463)
Proceeds from disposal of property, plant and equipment	30	1,826
Decrease (increase) in refundable deposits	(201,044)	8,635
Increase in other receivables	(20,000)	-
Acquisition of intangible assets	(7,041)	(2,544)
Capital reduction of non-current financial assets at fair value through other comprehensive income	-	24,798
Loss of control of subsidiary	-	(1,271,295)
Decrease in other financial assets	-	11,050
Increase (decrease) in non-current assets	(205,751)	11,878
Interest received	4,786	11,489
Net cash flows (used in) from investing activities	<u>(551,048)</u>	<u>(1,231,514)</u>
Cash flows from (used in) financing activities:		
Short-term loans repayment	(48,000)	-
Decrease in long-term debt	(18,276)	(621,450)
Payment of lease liabilities	(209,411)	(167,060)
Decrease in guarantee deposits received	(70)	(221)
Interest paid	(54,960)	(41,184)
Change in non-controlling interests	270,000	-
Net cash flows used in financing activities	<u>(60,717)</u>	<u>(829,915)</u>
Effect of exchange rate changes on cash and cash equivalents	2,408	6,815
Net decrease in cash and cash equivalents	(306,187)	(2,124,964)
Cash and cash equivalents at beginning of period	1,829,578	3,617,401
Cash and cash equivalents at end of period	<u>\$ 1,523,391</u>	<u>\$ 1,492,437</u>
Cash and cash equivalents reported in the statement of financial position	\$ 1,523,391	\$ 1,483,603
Assets classified as held for sale, net	-	8,834
Cash and cash equivalents at end of period	<u>\$ 1,523,391</u>	<u>\$ 1,492,437</u>

(See accompanying notes to consolidated financial statements.)

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

Nntes To Consolidated Financial Statements
For The Three Months Ended MARCH 31, 2020 AND 2019
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)
(Reviewed, Not Audited)

I. Company history

Eastern Media International Corporation (the “Company”) was established on May 14, 1975. In order to enhance the operating performance and expand the business scope, the Company merged with Grain Union Transport Ltd. on May 15, 1989. The Company’s shares listed on the Taiwan Stock Exchange, classified in the shipping category, on September 25, 1995. In recent years, as the proportion of revenue from shipping has declined and the proportion of revenue from trade has increased to more than 50% of overall revenue, the Company’s shares have changed classification to the retail sales category, as approved by the Taiwan Stock Exchange on July 1, 2014.

The Company's business development is mainly based on diversification. In addition to land development, grain trading and consumer product development and sales, the Company has diversified into new businesses such as cross-strait trade platform and multimedia shopping through its investment in subsidiaries since 2009.

The main businesses of the Company and its subsidiaries (the “Group”) include forwarding, loading and unloading cargo onto/from ships, the handling and operation of wharf and transit shed facilities, selling pet food and supplies, providing pet beauty service, video advertising services and the production of related shows. Lease contracts of the shipping operations were all terminated advancely in June, 2019 and were disclosed as the discontinued operations. Please refer to Note XII for details.

II. Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on May 14, 2020.

III. New standards, amendments and interpretations adopted:

(I) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020.

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate	January 1, 2020

Benchmark Reform”
 Amendments to IAS 1 and IAS 8 “Definition of Material” January 1, 2020

The Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements.

(II) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have not yet to be endorsed by the FSC:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Effective date to be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

IV. Summary of significant accounting policies:

(I) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Regulations”) and International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. The consolidated financial statements do not include all of the information required to be disclosed in a full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), and Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”), as endorsed by the FSC.

Except as described below, the significant accounting policies used in this consolidated financial statement are the same as those used in the 2019 consolidated financial statements; see Note IV to the 2019 consolidated financial statement for related information.

(II) Basis of consolidation

1. List of subsidiaries in the consolidated financial statements:

Investor	Subsidiary	Nature of business	Shareholding ratio			Notes
			March 31, 2020	December 31, 2019	March 31, 2019	
The Company	Far Eastern Silo & Shipping (Panama) S.A.(FESS-Panama)	Shipping and leasing service, holding company	100.00%	100.00%	100.00%	Note A
The Company	Far Eastern Silo & Shipping International (Bermuda) Ltd.(FESS-Bermuda)	Investing activities	100.00%	100.00%	100.00%	Note A (Note 5)
The Company	Eastern Investment Co., Ltd. (EIC)	Investing activities	97.90%	97.90%	97.90%	Note A

Investor	Subsidiary	Nature of business	Shareholding ratio			Notes
			March 31, 2020	December 31, 2019	March 31, 2019	
The Company	Grand Richness Trading (Hong Kong) Co. (Grand Richness (Hong Kong))	Investing activities	100.00%	100.00%	100.00%	Note A (Note 5)
The Company	Eastern International Lease Finance Co., Ltd. (EILF)	Leasing	53.77%	53.77%	53.77%	Note A
The Company	Tung Kai Lease Finance Co., Ltd. (TKLF)	Leasing	53.76%	53.76%	53.76%	Note A
The Company	Eastern Home Shopping & Leisure Co., Ltd. (EHS)	Department stores, supermarkets, online stores	- %	- %	- %	Note 2
The Company	ET New Media (ETtoday) Holdings Co., Ltd. (ET New Media)	Advertising	89.20%	89.20%	93.90%	Note A (Note 4)
The Company	EHR Hotels & Resorts Group (EHR)	Leisure site management, catering business	60.40%	60.40%	60.40%	Note A
The Company	Mohist Web Technology Co., Ltd. (MWT)	Application Service	51.00%	51.00%	51.00%	Note A (Note 5)
The Company	Eastern New Retail Department Co., Ltd. (ET New Retail Department)	Agency service	- %	- %	- %	Note 1
The Company	Tunglin Asset Management Co. (Tunglin Asset Management Co.)	Real estate leasing	55.00%	- %	- %	Note A (Note 5 and 12)
EIC	Eastern International Lease Finance Co., Ltd. (EILF)	Leasing	10.00%	10.00%	10.00%	Note B
EIC	Tung Kai Lease Finance Co., Ltd. (TKLF)	Leasing	10.00%	10.00%	10.00%	Note B
EIC	EHR Hotels & Resorts Group (EHR)	Leisure site management, catering business	13.20%	13.20%	13.20%	Note B
EIC	ET New Media (ETtoday) Holdings Co., Ltd. (ET New Media)	Advertising	1.05%	1.05%	1.10%	Note B (Note 4)
EIC	Eastern Home Shopping & Leisure Co., Ltd. (EHS)	Department stores, supermarkets, online stores	- %	- %	- %	Note 2
EILF	Tung Kai Lease Finance Co., Ltd. (TKLF)	Leasing	36.00%	36.00%	36.00%	Note B
EILF	EHR Hotels & Resorts Group (EHR)	Leisure site management, catering business	13.20%	13.20%	13.20%	Note B
TKLF	Eastern International Lease Finance Co., Ltd. (EILF)	Leasing	36.00%	36.00%	36.00%	Note B
TKLF	EHR Hotels & Resorts Group (EHR)	Leisure site management, catering business	13.20%	13.20%	13.20%	Note B
ET New Media	Show Off Co., Ltd. (Show Off)	Video advertising service	100.00%	100.00%	100.00%	Note C (Note 5)
ET New Media	ET Pet Co., Ltd (ET Pet)	Pet food and supplies and providing pet beauty service	92.50%	92.50%	100.00%	Note C (Note 7)
ET New Media	Dung sen shin guangyun Co., Ltd. (Dung sen shin guang yun)	Audiovisual and singing, information leisure	100.00%	100.00%	100.00%	Note C (Note 5 and 8)
ET New Media	Dung sen dianjingyun Co., Ltd. (Dung sen dian jing yun)	Amusement park information leisure	100.00%	100.00%	100.00%	Note C (Note 5 and 9)
ET New Media	Dung sen shin wen yun Co., Ltd. (Dung sen shin wen yun)	Video advertising service	100.00%	100.00%	- %	Note C (Note 5 and 10)
ET Pet	Oscar Pet Co., Ltd. (Oscar)	Pet food and supplies and providing pet beauty service	80.00%	80.00%	- %	Note C (Note 11)
ET Pet	Pet Kingdom Co., Ltd. (Pet Kingdom)	Pet food and supplies and providing pet beauty service	80.00%	80.00%	- %	Note C (Note 11)
ET Pet	Kaou Sin Trading Co., Ltd. (Kaou Sin)	Pet food and supplies and providing pet beauty service	80.00%	80.00%	- %	Note C (Note 11)
FESS-Panama	Grand Scene Media Corporation (GSMC-Cayman)	Investing activities	100.00%	100.00%	100.00%	Note C (Note 5)
FESS-Panama	Eastern Communication (Hong Kong) Ltd. (Eastern	Investing activities	100.00%	100.00%	100.00%	Note C (Note 5)

Investor	Subsidiary	Nature of business	Shareholding ratio			Notes
			March 31, 2020	December 31, 2019	March 31, 2019	
FESS-Bermuda	Communication Hong Kong Xiang Fu Trading (Shanghai) Ltd. (Xiang Fu (Shanghai))	Cosmetics, jewelry, and household sundries wholesaling and support services	8.77%	8.77%	8.77%	Note C (Note 5)
Grand Richness (Hong Kong)	Sheng Hang Trading (Shanghai) Ltd. (Sheng Hang (Shanghai))	Food and grocery, home appliance wholesale and retail trade	- %	- %	- %	Note 6
EHS	Yongliang Commercial and Trading Co., Ltd. (Yongliang)	Department stores, supermarkets, online stores	- %	- %	- %	Note 2
EHS	DongsenD'Amour SPA	Software design services, advertising Cosmetics, spat	- %	- %	- %	Note 2
EHS	Assuran Co., Ltd (Assuran)	Cleaning supplies	- %	- %	- %	Note 2
EHS	Strawberry Cosmetics Holdings Limited	Skin care, perfume, cosmetics retail	- %	- %	- %	Note 2
Eastern Communication (Hong Kong)	Xiang Fu Trading (Shanghai) Ltd. (Xiang Fu (Shanghai))	Cosmetics, jewelry, and household sundries wholesaling and support services	91.23%	91.23%	91.23%	Note C (Note 5)
Xiang Fu (Shanghai)	Shanghai Rich Industry Ltd. (Shanghai Rich)	Producing and broadcasting TV programs, wholesale and retail groceries business	100.00%	100.00%	100.00%	Note C (Note 5)
GSMC-Cayman	Sen Want Trading (Hong Kong) Ltd. (Sen Want (Hong Kong))	Investing activities, trading	100.00%	100.00%	100.00%	Note C (Note 5)
Sen Want (Hong Kong)	Nanjing Yun Fu Trading Ltd. (Nanjing Yun Fu)	Paper products, clothing, shoes & hats, entertainment products, toys import and export Support services and management consultancy	100.00%	100.00%	100.00%	Note C (Note 5)
Sen Want (Hong Kong)	Eastern Enterprise Custom Broker Ltd. (Eastern En)	Transport consulting service	- %	- %	100.00%	Note C (Note 3 and 5)
Sen Want (Hong Kong)	Eastern Biotechnology (Shanghai) (Eastern Food (Shanghai)) Ltd. (Eastern Biotechnology (Shanghai))	Selling agricultural products, packaged food	- %	100.00%	100.00%	Note C (Note 3 and 5)
Sen Want (Hong Kong)	Eastern Enterprise Shanghai Logistics Ltd.	Container transport, domestic road freight agent	100.00%	100.00%	100.00%	Note C (Note 5)
Strawberry Cosmetics Holdings Limited	Strawberry Cosmetics (Services) Limited	General service industry	- %	- %	- %	Note 2
Strawberry Cosmetics Holdings Limited	Strawberry Cosmetics (Australasia) Limited	Skin care, perfume, cosmetics retail	- %	- %	- %	Note 2
Strawberry Cosmetics	Strawberry Cosmetics (China) Limited	Skin care, perfume, cosmetics retail	- %	- %	- %	Note 2

Investor	Subsidiary	Nature of business	Shareholding ratio			Notes
			March 31, 2020	December 31, 2019	March 31, 2019	
Holdings Limited						
Strawberry Cosmetics Holdings Limited	Strawberry Cosmetics (Multinational) Limited	Skin care, perfume, cosmetics retail	- %	- %	- %	Note 2
Strawberry Cosmetics Holdings Limited	Strawberry Cosmetics (Brands) Limited	Skin care, perfume, cosmetics retail	- %	- %	- %	Note 2
Strawberry Cosmetics Holdings Limited	Strawberry Cosmetics (International) Limited	Skin care, perfume, cosmetics retail	- %	- %	- %	Note 2
Strawberry Cosmetics Holdings Limited	Strawberry Cosmetics (Japan) Limited	Skin care, perfume, cosmetics retail	- %	- %	- %	Note 2
Strawberry Cosmetics Holdings Limited	Strawberry Cosmetics (Greater China) Limited	Skin care, perfume, cosmetics retail	- %	- %	- %	Note 2
Strawberry Cosmetics Holdings Limited	Strawberry Cosmetics (East Asia) Limited	Skin care, perfume, cosmetics retail	- %	- %	- %	Note 2
Strawberry Cosmetics Holdings Limited	Strawberry Cosmetics (USA) Limited	Skin care, perfume, cosmetics retail	- %	- %	- %	Note 2
Strawberry Cosmetics Holdings Limited	Strawberry Limited	Skin care, perfume, cosmetics retail	- %	- %	- %	Note 2
Strawberry Cosmetics Holdings Limited	Strawberry Cosmetics (Internet Services) Limited	Advisory service industry	- %	- %	- %	Note 2

Note A: The investee company is directly held over 50% by the Company.

Note B: The investee company is directly held over 50% by the Group.

Note C: The investee company is directly held over 50% by the Company's subsidiaries.

Note 1: The Company had sold all of its shares of EIM to EHS and the registration of share transfer was completed on March 29, 2019, which made the Company lose the control of EIM. EIM was renamed ET New Retail Department in April in the same year by the permission of the New Taipei City Government.

- Note 2: The merger of Sen Sen Home Shopping Co., Ltd. (U life) and Eastern Home Shopping & Leisure (EHS) had been approved by the shareholders, with EHS as the surviving company and U life as the dissolved entity. The merger date was set on April 1, 2017. According to the contractual agreement, the Group has control over EHS and subsidiaries, making them its subsidiary and sub subsidiary, respectively. Therefore, the new directors and supervisors of EHS had been elected on April 27, 2017, with the approval of the shareholders, resulting in the Group to obtain more than half of the board seats, including that of the chairman. In addition, EHS re elected directors and supervisors in advance on December 27, 2018. The Group has not obtained more than half of the seats. The contract agreement signed with other stockholders who had voting rights was cancelled due to the re election. As the new directors and supervisors takes over the office on January 1, 2019, the Group will not acquire enough control over EHS and it will not be a subsidiary of the Group.
- Note 3: Sen Want (Hong Kong) disposed all of its shares of Eastern En and Eastern Biotechnology (Shanghai), with the completion of their share transfer registration procedures on June 21, 2019 and January 20, 2020, respectively. For details of non-current assets classified as held for sale, please refer to Note VI (VII).
- Note 4: Dung sen shin wen yun was renamed as ET New Media on February 11, 2019 with the permission of the Taipei City Government. On July 5, 2019, its board of directors approved a capital increase, wherein the Company and EIC each invested at an amount unproportionate to their previous shareholding ratio, resulting in a decrease in their shareholding percentage in ET New Media. All registration procedure had been completed on September 10, 2019.
- Note 5: As an immaterial subsidiary, the financial statements have not been reviewed.
- Note 6: Sheng Hang Trading (Shanghai) has finished liquidation on February 21, 2019.
- Note 7: On January 18, 2019, ET Pet was established and fully owned by ET New Media. On June 9, 2019, its board of directors approved a capital increase, wherein ET New Media invested at an amount unproportionate to its previous shareholding ratio, resulting in a decrease its shareholding percentage in ET Pet. All registration procedure had been completed on September 5, 2019.
- Note 8: Dung sen shin guang yun was established on January 22, 2019.
- Note 9: Dung sen dian jing yun was established on January 19, 2019.
- Note 10: Dung sen shin wen yun was established on August 22, 2019.
- Note 11: ET Pet decided to acquire 80% shares of Oscar, Pet Kingdom and Kaou Sin on September 11, 2019, with the payments being made on September 12, 2019. The registrations of share transfer of these three companies were completed on October 1, 2019.
- Note 12: On January 2, 2020, the Company's Board of Directors resolved to invest \$100,000 thousand in Tunglin Asset Management Co., with a 100% shareholding, which was registered on February 24, 2020; on March 10, 2020, the Company invested \$230,000 thousand in Tunglin Asset Management Co. without increasing its capital in proportion to its shareholding, thereby reducing its shareholding to 55%. All registration procedure had been completed on April 5, 2020.

2. Subsidiaries excluded from the consolidated financial statements: None.

(III) Income taxes

The Group measures and discloses its income tax expense for the interim period in accordance with paragraph B12 of IAS 34, "Interim Financial Reporting".

Income tax expense is measured by multiplying net income before income taxes in the interim reporting period by management's best estimate of the expected effective tax rate for the full year, and is recognized in full as current income tax expense.

Income tax expense, which is recognized directly in equity or other comprehensive income, is measured as the temporary difference between the carrying amount of the related assets and liabilities for financial reporting purposes and their tax bases at the applicable tax rates that are expected to be applied when the related assets and liabilities are realized or settled.

(IV) Employee benefits

The pension for the interim period are determined based on the actuarially determined pension cost ratio as of the end of the previous reporting period and adjusted for significant market fluctuations, and significant curtailments, settlements or other significant one-time events.

V. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the consolidated financial statements, the significant accounting assumptions and judgments, and major sources of estimation uncertainty made by management in the adoption of the Group's accounting policies are consistent with Note V to the consolidated financial statements for 2019.

VI. Explanation of significant accounts:

Except as described below, the explanation of significant accounts in this consolidated financial report has not differed materially from the 2019 Consolidated Financial Statements; see Note VI of the 2019 Consolidated Financial Statements for related information.

(I) Cash and cash equivalents

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Cash on hand	\$ 9,673	\$ 9,575	\$ 4,909
Cash in banks	1,407,789	1,027,996	1,164,819
Cash and cash equivalents	<u>105,929</u>	<u>792,007</u>	<u>313,875</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 1,523,391</u>	<u>\$ 1,829,578</u>	<u>\$ 1,483,603</u>

The deposit accounts of \$94,233, \$109,666, and \$250,000 which did not meet the definition of cash and cash equivalents, were classified as other financial assets – current for March 31, 2020, December 31, 2019, and March 31, 2019, respectively.

Please refer to Note VI (XXVII) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities.

(II) Financial assets at fair value through profit or loss

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Financial assets designated as at fair value through profit or loss:			
Non-derivative financial assets			
Stocks listed on domestic markets	<u>\$ 278,623</u>	<u>\$ 242,539</u>	<u>\$ 820,454</u>

1. Please refer to Note VI (XXVII) for the remeasurement of fair value.
2. As of March 31, 2020, the amount of \$16,140 outstanding (recorded as other payables) for the acquisition of financial assets at fair value through profit or loss had been paid in full by the Group as of the audit date.
3. No Financial assets were pledged as collateral on March 31, 2020, December 31, 2019, and March 31, 2019, respectively.

(III) Financial assets at fair value through other comprehensive income

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Equity investments at fair value through other comprehensive income			
Unlisted common shares domestic Company	<u>\$ 13,109</u>	<u>\$ 13,123</u>	<u>\$ 13,073</u>

1. Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for longterm for strategic purposes.

The Group did not dispose of strategic investments from January 1 to March 31

2020 and 2019 and the accumulated gains and losses during these periods have not been transferred in equity.

In 2019, the Group received the cash return of \$24,798 from Want Want Broadband Co., Ltd., which has rendered the capital reduction through a cash return to its shareholders. The above transaction had been approved during the interim shareholders' meeting on January 21, 2019. The Group has also sold its shares held in Want Want Broadband Co., Ltd. at fair value of \$181. The Group realized a loss of \$10,738, which was recognized in other comprehensive income, then later on, reclassified to retained earnings.

2. For credit risk and market risk; please refer to Note VI (XXVII).
3. No Financial assets mentioned above were pledged as collateral

(IV) Notes receivable (including related parties)

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Notes receivable	\$ 4,746	\$ 4,264	\$ 7,166
Installment notes receivable	42,049	62,065	148,560
Accounts receivable	263,373	380,995	202,134
Less: Allowance for doubtful accounts	(29,605)	(29,563)	(28,232)
Unrealized interest revenue	(1,291)	(2,254)	(11,218)
	<u>\$ 279,272</u>	<u>\$ 415,507</u>	<u>\$ 318,410</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

The loss allowance provision in trading segment was determined as follows:

	<u>March 31, 2020</u>		
	<u>Gross carrying amount</u>	<u>Weighted average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 15,893	-%	\$ -
More than 91 days past due	427	100.00%	427
	<u>\$ 16,320</u>		<u>\$ 427</u>
	<u>December 31, 2019</u>		

	Gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 14,317	-%	\$ -
More than 91 days past due	<u>432</u>	100.00%	<u>432</u>
	<u>\$ 14,749</u>		<u>\$ 432</u>

March 31, 2019

	Gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	<u>\$ 1,013</u>	-%	<u>\$ -</u>

The loss allowance provision in media segment was determined as follows:

March 31, 2020

	Gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 175,250	0.21 %	\$ 365
1 to 30 days past due	8,424	10.93 %	921
31 to 60 days past due	2,713	27.99 %	759
61 to 90 days past due	1,500	64.88 %	973
More than 91 days past due	<u>3,524</u>	100.00 %	<u>3,524</u>
	<u>\$ 191,411</u>		<u>\$ 6,542</u>

December 31, 2019

	Gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 276,345	0.21 %	\$ 589
1 to 30 days past due	11,419	10.09 %	1,153
31 to 60 days past due	1,269	28.24 %	358
61 to 90 days past due	105	64.79 %	68
More than 91 days past due	<u>2,371</u>	100.00 %	<u>2,371</u>
	<u>\$ 291,509</u>		<u>\$ 4,539</u>

March 31, 2019

	Gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 151,577	0.19 %	\$ 294
1 to 30 days past due	4,536	6.71 %	304
31 to 60 days past due	2,487	25.36 %	631
61 to 90 days past due	326	60.70 %	198
More than 91 days past due	<u>1,167</u>	100.00 %	<u>1,167</u>
	<u>\$ 160,093</u>		<u>\$ 2,594</u>

The loss allowance provision in shipping segment was determined as follows:

March 31, 2019

Gross carrying	Weighted	Loss allowance
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	<u>amount</u>	<u>average loss rate</u>	<u>provision</u>
Current	<u>\$ 10,139</u>	-%	<u>\$ -</u>

The loss allowance provision in other segments was determined as follows:

	March 31, 2020		
	Gross carrying amount	Weighted average loss rate	Loss allowance provision (Note)
Current	\$ 65,197	0.00~ 1.98%	\$ 391
1 to 30 days past due	2,505	0.00~58.78%	544
31 to 60 days past due	8,389	0.00~83.80%	1,568
61 to 90 days past due	139	2.00~100.00%	139
More than 91 days past due	<u>662</u>	100.00%	<u>662</u>
	<u>\$ 76,892</u>		<u>\$ 3,304</u>
	December 31, 2019		
	Gross carrying amount	Weighted average loss rate	Loss allowance provision (Note)
Current	\$ 107,467	0.00~ 2.22%	\$ 756
1 to 30 days past due	3,099	0.00~60.52%	1,068
31 to 60 days past due	2,365	0.00~85.83%	1,076
61 to 90 days past due	418	2.13~100.00%	418
More than 91 days past due	<u>1,209</u>	100.00%	<u>1,209</u>
	<u>\$ 114,558</u>		<u>\$ 4,527</u>
	March 31, 2019		
	Gross carrying amount	Weighted average loss rate	Loss allowance provision (Note)
Current	\$ 143,590	0~5.63 %	\$ 436
1 to 30 days past due	2,553	0~43.22 %	196
31 to 60 days past due	2,219	0~64.77 %	88
61 to 91 days past due	177	100.00 %	177
More than 91 days past due	<u>7,648</u>	100.00 %	<u>7,648</u>
	<u>\$ 156,187</u>		<u>\$ 8,545</u>

Note: As of March 31, 2020, December 31, 2019, and March 31, 2019, the receivables amounted to \$24,254, \$24,254, and \$19,210 were unrecoverable due to the financial difficulty of the customers. Therefore, the Group had recognized the allowance for doubtful accounts for all of its receivables.

The movement in the allowance for notes and trade receivable was as follows:

	Three Months Ended March 31	
	2020	2019
Balance on January 1	\$ 29,563	\$ 84,105
Impairment losses recognized	42	558
Reversal of impairment losses	-	(1,325)
Amounts written off as irrecoverable during the financial year	-	(7,545)
Recognized as overdue receivables	-	(10,315)
Loss of control of subsidiary	-	(37,388)
Foreign exchange gains	-	142
Balance on March 31	<u>\$ 29,605</u>	<u>\$ 28,232</u>

No Financial assets mentioned above were pledged as collateral.

(V) Other receivables(including related parties)

	March 31, 2020	December 31, 2019	March 31, 2019
Other accounts receivable—loans to associates	\$ 150,000	\$ 130,000	\$ 175,000
Other accounts receivable—others	39,942	65,903	78,734
Less: Loss allowance	(1,697)	(28,982)	(28,419)
	<u>\$ 188,245</u>	<u>\$ 166,921</u>	<u>\$ 225,315</u>

As of March 31, 2020, December 31, 2019, and March 31, 2019, the aging analysis of other receivables, which were past due but not impaired, was as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Past due less than 365 days	\$ 1,609	\$ 1,779	\$ 120
Past due more than 365 days	143	447	1,722
	<u>\$ 1,752</u>	<u>\$ 2,226</u>	<u>\$ 1,842</u>

1. The overdue receivables amounted to \$334,271, \$335,271 and \$333,613 on March 31, 2020, December 31, 2019, and March 31, 2019, respectively. Therefore, the Group had recognized the allowance for doubtful accounts for all of its overdue receivables.
2. For credit risk and market risk; please refer to Note VI (XXVII).

(VI) Inventories

	March 31, 2020	December 31, 2019	March 31, 2019
Goods held for sale	\$ 244,108	\$ 248,074	\$ 46,544
Raw materials and others (including fuel)	28,218	26,070	79,870
	<u>\$ 272,326</u>	<u>\$ 274,144</u>	<u>\$ 126,414</u>

1. The inventory market price recovery gain was \$0 and \$4,584 for the years ended March 31, 2020 and 2019, respectively.
2. No inventories were pledged as collateral on March 31, 2020, December 31, 2019, and March 31, 2019, respectively.

(VII) Non-current assets held for sale (or discontinued operations)

1. Within a year's time, the Group expected to dispose all of its shares in its fully owned subsidiaries, Eastern Biotechnology (Shanghai) and Eastern En, wherein the disposal is to be recognized as non-current assets held for sale (or discontinued operation). The

disposal of Eastern En has been completed on June 21, 2019; and the disposal of Eastern Biotechnology (Shanghai) has been completed on January 20, 2020.

2. No non-current assets held for sale (or discontinued operations) were pledged as collateral.
3. For the registration of share transfer; please refer to Note VI (X).

(VIII) Investments accounted for using equity method

1. The Group's financial information for investments accounted for using the equity method at the reporting date was as follows:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Natural Beauty bio-technology Limited	\$ 2,009,759	\$ 2,032,949	\$ 2,109,284
Eastern Home Shopping & Leisure Co., Ltd.	459,505	394,067	488,614
EHK E&S Co., Ltd.	24,914	26,081	42,010
Jiangsu Sen Fu Da Media Technology Co., Ltd.	<u>5,896</u>	<u>5,965</u>	<u>6,343</u>
	<u>\$ 2,500,074</u>	<u>\$ 2,459,062</u>	<u>\$ 2,646,251</u>

2. Affiliates which are material to the Group consisted of the followings:

<u>Name of Affiliates</u>	<u>Nature of Relationship with the Group</u>	<u>Main operating location/ Registered Country of the Company</u>	<u>Proportion of shareholding and voting rights</u>		
			<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Natural Beauty Bio-technology limited	Sale beauty and cosmetic products and provide beauty service	Taiwan and China	30.00%	30.00%	30.00%
Eastern Home Shopping & Leisure Co., Ltd.	Sale plenty of merchandise, material and equipment wholesale and retail.	Taiwan, Hong Kong, China	25.87%	25.87%	25.87%

(1) Natural Beauty Bio-technology Limited

Natural Beauty Bio-technology Limited was one of the listing companies in Hong Kong Exchanges and Clearing Limited. As for March 31, 2020, December 31, 2019, and March 31, 2019, the fair value of Natural Beauty Bio-technology Limited as follows:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Fair value	<u>\$ 1,521,812</u>	<u>\$ 1,572,049</u>	<u>\$ 1,766,430</u>

The following consolidated financial information of significant affiliates had been adjusted according to individually prepared IFRS financial statements of these affiliates:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Current assets	\$ 1,227,522	\$ 1,340,581	\$ 1,310,647
Non-current assets	1,593,963	1,669,566	1,538,839
Liabilities	(652,262)	(760,291)	(685,379)
Net assets	<u>\$ 2,169,223</u>	<u>\$ 2,249,856</u>	<u>\$ 2,164,107</u>
Net assets attributable to investee	<u>\$ 2,169,223</u>	<u>\$ 2,249,856</u>	<u>\$ 2,164,107</u>

	<u>Three Months Ended March 31</u>	
	<u>2020</u>	<u>2019</u>
Operating revenue	\$ 183,954	\$ 257,800
Net income	(\$ 58,918)	\$ 2,137
Other comprehensive income	(49,647)	4,723
Total comprehensive income	<u>(\$ 108,565)</u>	<u>\$ 6,860</u>
Comprehensive income (loss) attributable to investee	<u>(\$ 108,565)</u>	<u>\$ 6,860</u>
Share of net assets attributable to the Group on January 1	\$ 674,957	\$ 647,333
Comprehensive income (loss) attributable to the Group	(32,570)	(338)
Effect of exchange rate fluctuations	8,380	2,237
Share of net assets attributable to the Group on March 31	650,767	649,232
Add: Goodwill	333,305	339,866
Trademark	301,228	307,158
Property, plant and equipment	507,697	566,576
Other intangible assets in useful life (ie. Membership and patent etc.)	227,673	257,361
Effect of exchange rate changes	(11)	205
Less: adjustment for inventories	(10,900)	(11,114)
Book value of net assets attributable to the Group on March 31	<u>\$ 2,009,759</u>	<u>\$ 2,109,284</u>

(2) Eastern Home Shopping & Leisure Co., Ltd.

On December 27, 2018, EHS reelected the Board of Supervisors. The merger company did not hold more than half of the seats. The contract agreement with the original voting rights holder also terminated due to the election. As the loss of control over the subsidiary, EHS would become an associate instead of the subsidiary of the merger company since the new direct came in on January 1, 2019. The detail information please refer to Note VI (X).

The following consolidated financial information of significant affiliates had been adjusted according to individually prepared IFRS financial statements of these affiliates:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Current assets	\$ 3,865,704	\$ 3,941,679	\$ 3,433,726
Non-current assets	6,451,198	6,014,078	5,759,744
Liabilities	(8,269,873)	(8,163,538)	(7,012,175)
Net assets	<u>\$ 2,047,029</u>	<u>\$ 1,792,219</u>	<u>\$ 2,181,295</u>
Non-controlling interests, attributable to investee	<u>\$ 270,714</u>	<u>\$ 268,866</u>	<u>\$ 292,450</u>
Net assets attributable to investee	<u>\$ 1,766,315</u>	<u>\$ 1,523,353</u>	<u>\$ 1,888,845</u>

	<u>Three Months Ended March 31</u>	
	<u>2020</u>	<u>2019</u>
Operating revenue	<u>\$ 5,354,123</u>	<u>\$ 4,933,934</u>
Net income	\$ 243,645	\$ 97,204
Other comprehensive income	9,474	1,336
Total comprehensive income	<u>\$ 253,119</u>	<u>\$ 98,540</u>
Comprehensive loss, attributable to non-controlling interests	<u>\$ 157</u>	<u>(\$ 7,690)</u>
Comprehensive income attributable to investee	<u>\$ 252,962</u>	<u>\$ 106,230</u>
Share of net assets attributable to the Group on January 1	\$ 394,067	\$ 461,134
Comprehensive income attributable to the Group	65,438	27,480
Share of net assets attributable to the Group on March 31	<u>\$ 459,505</u>	<u>\$ 488,614</u>

3. The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Carrying amount of individually insignificant associates' equity	<u>\$ 30,810</u>	<u>\$ 32,046</u>	<u>\$ 48,353</u>

	Three Months Ended March 31	
	2020	2019
Attributable to the Group:		
Loss from continuing operations	\$ -	(\$ 1,978)
Other comprehensive loss	(1,236)	(387)
Comprehensive loss	<u>(\$ 1,236)</u>	<u>(\$ 2,365)</u>

4.No Investments accounted for using equity method were pledged as collateral on March 31, 2020, December 31, 2019, and March 31, 2019, respectively.

5.Unreviewed investments under the equity method

The equity method investments and the Group's share of profit or loss and other comprehensive income are calculated based on unreviewed financial reports, except for the financial information of Eastern Home Shopping& Leisure Co., Ltd., which has been audited.

(IX) Acquire a subsidiary

1. The consolidated subsidiary – ET New Media has established and fully acquired ET Pet at the amount of \$50,000 on December 28, 2018 after obtaining the approval from the board of directors, with the registration procedure having been completed on January 18, 2019. On June 9, 2019, ET Pet decided to issue common stock for cash, wherein ET New Media invested the amount of \$135,000, which is unproportionate to its previous shareholding ratio, resulting its shareholding percentage to decrease to 92.5%. All registration procedure had been completed on September 5, 2019.
2. The consolidated subsidiary – ET New Media has decided to established Dung sen shin guangyun Co., Ltd. on December 28, 2018 after obtaining the approval from the board of directors. Dung sen shin guangyun Co., Ltd. has completed the registration on January 22, 2019 with the capital of \$100 which was 100% held by ET New Media.
3. The consolidated subsidiary – ET New Media has decided to established Dung sendianjingyun Co., Ltd. on December 28, 2018 after obtaining the approval from the board of directors. Dung sendianjingyun Co., Ltd. has completed the registration on January 19, 2019 with the capital of \$100 which was 100% held by ET New Media.
4. The consolidated subsidiary – ET New Media has decided to established Dung sen shin wen yun Co., Ltd. on June 10, 2019 after obtaining the approval from the board of directors. Dung sen wen yun Co., Ltd. has completed the registration on August 22, 2019 with the capital of \$5,000 which was 100% held by ET New Media.
5. On July 5, 2019, ET New Media decided to issue common stock for cash, wherein the Company and EIC invested the amounts of \$253,528 and \$2,972, respectively, which were unproportionate to their previous shareholding ratio, resulting in their

shareholding percentage to decrease to 89.20% and 1.05%, respectively. All registration procedures had been completed on September 10 ,2019.

6. In order to enhance its market share and competitiveness in the pet industry, the consolidated subsidiary, ET Pet, obtained control over Oscar, Pet Kingdom, and Kaou Sin, by acquiring 80% of their shares on October 1, 2019.

From the acquisition date to December 31, 2019, Oscar, Pet Kingdom, and Kaou Sin contributed the operating revenue and profit after tax amounting to \$259,770 and \$15,480, respectively, to the Group. If the acquisition had occurred on January 1, 2019, the management estimated that the contributing operating revenue and profit after tax would have been up to \$984,932 and \$43,404, respectively. In determining these amounts, the management has assumed that the fair value of adjustment factors which arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2019.

The following are the information on business acquisition, which includes the consideration transferred, the assets acquired and liabilities assumed, and the goodwill recognized at the acquisition date:

- (1) The consideration of the above acquisition transfer was solely paid in cash amounting to \$362,213.
- (2) The recognized amounts of assets acquired and liabilities assumed at the acquisition date are summarized below:

Cash and cash equivalent	\$	36,353
Inventories		135,557
Other current assets		35,257
Property, plant and equipment		153,156
Right-of-use assets		307,083
Intangible assets		271,873
Other non-current assets		14,006
Current liabilities	(80,826)
Non-current liabilities	(<u>280,268</u>)
Fair value of identifiable net assets	<u>\$</u>	<u>292,191</u>

The fair value of identifiable intangible assets, including patent and client rights, was based on the purchase price allocation report, which still awaits for the final assessment.

The Group would keep inspecting the information mentioned above during the measuring period. If there is information discovered within one year from the acquisition date about facts and circumstances that existed at the acquisition date which leads to an adjustment to the above provision amounts, or any additional provisions as at the acquisition date, then the acquisition accounting will be revised.

- (3) Goodwill:
- | | | |
|---|----|---------|
| Consolidated transferred | \$ | 362,213 |
| Non-controlling interest in the acquiree (proportionate share of the fair value of the identifiable net assets) | | 58,438 |

Less: Fair value of identifiable net assets	(<u>292,191</u>)
Goodwill	<u>\$ 128,460</u>

The goodwill was attributable mainly to the profitability of the various selling modes in different foreign countries and expected to integrate E-commerce business of the Group.

7. On January 2, 2020, the Company's Board of Directors resolved to invest \$100,000 in Tunplin Asset Management Co., with a 100% shareholding, which was registered on February 24, 2020; on March 10, 2020, the Company invested \$230,000 in Tunplin Asset Management Co. without increasing its capital in proportion to its shareholding, thereby reducing its shareholding to 55%.

(X) Material non-controlling interests of subsidiaries:

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non-controlling interests</u>		
		<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Tunplin Asset Management Co.	Taiwan	45.00%	-%	-%

The following information of the aforementioned subsidiaries had been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information were the fair value adjustment and accounting policies adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intragroup transactions were not eliminated in this information.

The consolidated financial information of Tunplin Asset Management Co.

	March 31, 2020
Current assets	\$ 200,674
Non-current assets	400,105
Current liabilities	(1,020)
Non-current liabilities	-
Net assets	<u>\$ 599,759</u>
	Three Months Ended
	March 31, 2020
Sales revenue	<u>\$ -</u>
Net loss for the period	(\$ 241)
Other comprehensive income	-
Total comprehensive income	<u>(\$ 241)</u>
Net cash flows from operating activities	(\$ 9,356)
Net cash flows from investing activities	(400,000)
Net cash flows from financing activities	600,000
Net gain(loss) in cash and cash equivalents	<u>\$ 190,644</u>

(XI) Loss of control of subsidiaries

1. In 2019, the Group recognized a loss on liquidation of \$776 due to liquidation the assets of Ding Kai.
2. On December 27, 2018, EHS reelected the Board of Supervisors. The merger

company did not hold more than half of the seats. The contract agreement with the original voting rights holder also terminated due to the election. As the loss of control over the subsidiary, EHS would become an associate instead of the subsidiary of the merger company since the new direct came in on January 1, 2019. However, the merger was accounted as joint control, using carrying amount method in accordance with the International Financial Reporting Standard No.3. While losing control of EHS, it was derecognized in accordance with the standard as well. The details please refer to Note VI (VIII).

The carrying amount of assets and liabilities of EHS on January 1, 2019, was as follow:

Cash and cash equivalent	\$ 1,271,295
Inventories	1,427,075
Accounts receivable and other accounts receivable	408,221
Other current assets	291,952
Property, plant and equipment	1,319,847
Intangible assets	3,869,576
Other non-current assets	227,038
Long-term and short-term loans	(2,497,521)
Accounts payable and other accounts payable	(3,621,404)
Other current liabilities	(520,954)
Other non-current liabilities	(<u>92,684</u>)
Carrying amount of net assets	<u>\$ 2,082,441</u>

3. The Group had lost the control over its liquidated subsidiary, Sheng Hang (Shanghai), on February 21, 2019, resulting in a loss on liquidation amounting to \$18,291 to be recognized.
4. On March 29, 2019, the Group sold all of its shares in ET New Retail Department to EHS, with a consideration of \$997, resulting in a gain on disposal amounting to \$4,666. In addition, the unrealized gain from the consolidated entities' transactions was realized due to the disposal of the Group's subsidiary. For related information, please refer to Note VI (XIV).
5. The Consolidated Company resolved in February and March 2019 to dispose of the entire equity interests in the subsidiaries, EED (Shanghai) and Eastern Biotechnology (Shanghai); the disposal of EED (Shanghai) has been completed on June 21, 2019 and the disposal of Eastern Biotechnology (Shanghai) has been completed on January 20, 2020, and these companies lost control over them due to the disposal. The disposition price was \$10,795 (RMB2,476 thousand) and \$778 (RMB200 thousand), with a loss of \$3,863 and a gain of \$82, respectively.

(XII) Property, plant and equipment

1. The cost, depreciation, and impairment loss of the property, plant and equipment of the Group were as follows:

	Land	Buildings	Machinery and equipment	Transportation equipment	Leasehold improvements	Construction in progress	Other equipment	Total
Cost or deemed cost:								
Balance on January 1, 2020	\$ 508,791	\$ 1,015,005	\$ 3,674	\$ 34,957	\$ 425,579	\$ 400	\$ 285,974	\$ 2,274,380
Additions	87,950	9,472	-	500	6,992	-	5,490	110,404
Transfers	-	-	-	(1)	(266)	-	267	-
Disposals	-	-	(310)	-	-	(356)	(666)	-
Balance on March 31, 2020	\$ 596,741	\$ 1,024,477	\$ 3,674	\$ 35,147	\$ 432,570	\$ 134	\$ 291,375	\$ 2,384,118
Balance on January 1, 2019	\$ 1,151,529	\$ 1,686,017	\$ 346,145	\$ 31,623	\$ 167,148	\$ 134	\$ 710,656	\$ 4,093,252
Loss of control subsidiary	(655,482)	(686,462)	(342,471)	(2,431)	(82,942)	-	(549,064)	(2,318,852)
Additions	-	-	-	131	12,138	-	7,194	19,463
Transfers	-	-	-	-	90,969	(1,508)	-	89,461
Disposals	-	-	(81)	-	-	(6,692)	(6,773)	-
Effect of movements in exchange rates	-	-	-	-	-	-	92	92
Balance on March 31, 2019	\$ 496,047	\$ 999,555	\$ 3,674	\$ 29,242	\$ 187,313	\$ 134	\$ 160,678	\$ 1,876,643
Depreciation and impairment loss:								
Balance on January 1, 2020	\$ 5,740	\$ 590,188	\$ 3,674	\$ 23,928	\$ 52,811	\$ -	\$ 158,743	\$ 835,084
Depreciation for the period	-	16,274	-	910	14,364	-	13,206	44,754
Disposals	-	-	(310)	-	-	(218)	(528)	-
Balance on March 31, 2020	\$ 5,740	\$ 606,462	\$ 3,674	\$ 24,528	\$ 67,175	\$ -	\$ 171,731	\$ 879,310
Balance on January 1, 2019	\$ 5,740	\$ 741,116	\$ 280,764	\$ 21,250	\$ 64,824	\$ -	\$ 542,656	\$ 1,656,350
Loss of control subsidiary	(221,583)	(277,090)	(981)	(45,496)	(453,345)	(998,495)	-	-
Depreciation for the period	-	16,442	-	639	5,312	-	8,952	31,345
Transfers	-	-	-	(996)	(1,728)	(2,724)	-	-
Disposals	-	-	(81)	-	(3,862)	(3,943)	-	-
Effect of movements in exchange rates	-	-	-	-	-	-	51	51
Balance on March 31, 2019	\$ 5,740	\$ 535,975	\$ 3,674	\$ 20,827	\$ 23,644	\$ -	\$ 92,724	\$ 682,584
Carrying amounts:								
January 1, 2020	\$ 503,051	\$ 424,817	\$ -	\$ 11,029	\$ 372,768	\$ 400	\$ 127,231	\$ 1,439,296
March 31, 2020	\$ 591,001	\$ 418,015	\$ -	\$ 10,619	\$ 365,395	\$ 134	\$ 119,644	\$ 1,504,808
January 1, 2019	\$ 1,145,789	\$ 944,901	\$ 65,381	\$ 10,373	\$ 102,324	\$ 134	\$ 168,000	\$ 2,436,902
March 31, 2019	\$ 490,307	\$ 463,580	\$ -	\$ 8,415	\$ 163,669	\$ 134	\$ 67,954	\$ 1,194,059

The decrease in the Group's property, plant and equipment from January 1 to March 31, 2019 due to the loss of control over the subsidiaries is described in Note VI (XI).

2. The Group signed a contract of purchasing land near the provincial road of Leo Exploitation Co., Ltd. and had paid \$4,635 constantly. On December 31, 2020, the amount \$134 of the lands which rights have not transferred to the Group.
3. Please refer to Note VIII for the details of the property, plant and equipment pledged as collateral.

(XIII) Right of use assets

- The cost, depreciation, and impairment loss of the land, buildings, ships and media exhibition boards of the Group as March 31, 2020 and 2019, were as follows:

	Land and its equipment	Buildings	Transportation equipment	Ships	Outdoor advertising boards	Total
Cost:						
Balance on January 1, 2020	\$ 4,109,171	\$ 882,233	\$ -	\$ -	\$ 2,453,661	\$ 7,445,065
Additions	-	4,679	1,492	-	28,863	35,034
Write off	(2,218)	(180)	-	-	(83,557)	(85,955)
Balance on March 31, 2020	\$ 4,106,953	\$ 886,732	\$ 1,492	\$ -	\$ 2,398,967	\$ 7,394,144
Balance on January 1, 2019	\$ 3,154,258	\$ 178,030	\$ -	\$ 288,358	\$ 849,003	\$ 4,469,649
Additions	-	-	-	-	39,752	39,752
Effect of changes in foreign exchange rates	-	-	-	811	-	811
Balance on March 31, 2019	\$ 3,154,258	\$ 178,030	\$ -	\$ 289,169	\$ 888,755	\$ 4,510,212
Accumulated depreciation and impairment losses:						
Balance on January 1, 2020	\$ 220,259	\$ 130,528	\$ -	\$ -	\$ 332,115	\$ 682,902
Depreciation for the year	51,231	46,137	68	-	158,514	255,950
Balance on March 31, 2020	\$ 271,490	\$ 176,665	\$ 68	\$ -	\$ 490,629	\$ 938,852
Balance on January 1, 2019	\$ -	\$ -	\$ -	\$ 97,749	\$ -	\$ 97,749
Depreciation for the year	55,029	10,098	-	30,116	57,263	152,506
Impairment loss	-	-	-	17,051	-	17,051
Effect of changes in foreign exchange rates	-	-	-	169	-	169
Balance on March 31, 2019	\$ 55,029	\$ 10,098	\$ -	\$ 145,085	\$ 57,263	\$ 267,475
Carrying amount:						
January 1, 2020	\$ 3,888,912	\$ 751,705	\$ -	\$ -	\$ 2,121,546	\$ 6,762,163
March 31, 2020	\$ 3,835,463	\$ 710,067	\$ 1,424	\$ -	\$ 1,908,338	\$ 6,455,292
January 1, 2019	\$ 3,154,258	\$ 178,030	\$ -	\$ 190,609	\$ 849,003	\$ 4,371,900
March 31, 2019	\$ 3,099,229	\$ 167,932	\$ -	\$ 144,084	\$ 831,492	\$ 4,242,737

- From January 1 to March 31, 2019, the shipping business was affected by the global market and economic condition, wherein the Group has assessed and recognized the impairment loss amounting to \$17,051.
- The recoverable amount of the ships was calculated using the discounted cash flow method, with the discount rate of 5%.
- During the period from January 1 to March 31, 2020, right-of-use assets and lease liabilities were reduced by \$85,955 due to land acquisition by the government and rent reductions negotiated as a result of the novel coronavirus pneumonia outbreak.

(XIV) Intangible assets

The cost, depreciation, and impairment loss of the Intangible assets of the Group were as follows:

	Goodwill	Trademark	Client rights	Brand values	Supplier contracts	Computer software	Other intangible assets	Total
Cost:								
Balance on January 1, 2020	\$ 160,379	\$ 233,229	\$ 69,909	\$ -	\$ -	\$ 42,053	\$ 13,008	\$ 518,578
Additions	-	58	-	-	-	3,996	1,668	5,722
Balance on March 31, 2020	\$ 169,139	\$ 233,287	\$ 69,909	\$ -	\$ -	\$ 46,049	\$ 14,676	\$ 524,300
Balance on January 1, 2019	\$ 3,475,477	\$ 27,190	\$ 1,396,843	\$ 189,733	\$ 51,768	\$ 239,453	\$ 7,833	\$ 5,388,297
Additions	-	103	-	-	-	1,518	923	2,544
Transfers	-	-	-	-	-	(546)	(4,064)	(4,610)
Loss of control of subsidiary	(3,443,558)	-	(1,396,843)	(189,733)	(51,768)	(208,248)	-	(5,290,150)
Balance on March 31, 2019	\$ 31,919	\$ 27,293	\$ -	\$ -	\$ -	\$ 32,177	\$ 4,692	\$ 96,081
Depreciation and impairment loss:								
Balance on January 1, 2020	\$ -	\$ 2,085	\$ 4,254	\$ -	\$ -	\$ 17,803	\$ 3,602	\$ 27,744
Amortization for the year	-	2,138	4,953	-	-	2,296	1,063	10,450
Balance on March 31, 2020	\$ -	\$ 4,223	\$ 9,207	\$ -	\$ -	\$ 20,099	\$ 4,665	\$ 38,194
Balance on January 1, 2019	\$ -	\$ 761	\$ 1,172,708	\$ 6,145	\$ 43,485	\$ 213,657	\$ 1,813	\$ 1,438,569
Amortization for the year	-	555	-	-	-	1,309	509	2,373
Transfers	-	-	-	-	-	-	(548)	(548)
Loss of control of subsidiary	-	-	(1,172,708)	(6,145)	(43,485)	(203,639)	-	(1,425,977)
Balance on March 31, 2019	\$ -	\$ 1,316	\$ -	\$ -	\$ -	\$ 11,327	\$ 1,774	\$ 14,417
Carrying amounts:								
January 1, 2020	\$ 160,379	\$ 231,144	\$ 65,655	\$ -	\$ -	\$ 24,250	\$ 9,406	\$ 490,834
Balance on March 31, 2020	\$ 160,379	\$ 229,064	\$ 60,702	\$ -	\$ -	\$ 25,950	\$ 10,011	\$ 486,106
Balance on March 31, 2019	\$ 31,919	\$ 25,977	\$ -	\$ -	\$ -	\$ 20,850	\$ 2,918	\$ 81,664

Among January 1 to March 31, 2019, the reduce of intangible assets was due to the loss of control of subsidiary. The information please refer to Note VI (XI). Additionally, the deferred gain on disposal of intangible assets, amounting \$12,510, from ET New Retail Department was realized; the details please refer to Note VI (XI).

(XV)Short-term loans:

	March 31, 2020	December 31, 2019	March 31, 2019
Secured bank loans	\$ 10,000	\$ 58,000	\$ -
Unused credit line	\$ 867,034	\$ 617,215	\$ 300,000
Interest rate	1.97%~2.5%	1.97%~3.2%	-%

1. Among January 1 to March 31, 2019, the reduce of short-term loans was due to the loss of control of subsidiary. The information please refer to Note VI (XI).
2. Please refer to Note VIII for the details of the related assets pledged as collateral.

(XVI)Short-term notes and bills:

	March 31, 2020	December 31, 2019
Guaranteed commercial paper payable		
Par value	\$ 20,000	\$ 20,000
Discount amount	(71)	-
Carrying amount	\$ 19,929	\$ 20,000

Unused credit line	<u>\$ 10,000</u>	<u>\$ 10,000</u>
Interest rate	<u>1.868%</u>	<u>1.878%</u>

Please refer to Note VIII for the details of the related assets pledged as collateral.

(XVII) Long-term loans:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Secured bank loans	\$ 142,500	\$ 150,000	\$ -
Other secured loans	251,002	261,778	50,000
Less: Current portion	(92,745)	(67,789)	-
Fees	(5,439)	(5,989)	(7,639)
Total	<u>\$ 295,318</u>	<u>\$ 338,000</u>	<u>\$ 42,361</u>
Duration year	<u>109~112</u>	<u>109~112</u>	<u>111</u>
Interest rate	<u>2.09%~3.05%</u>	<u>2.21%~3.2%</u>	<u>3%</u>
Unused long-term credit lines	<u>\$ 726,000</u>	<u>\$ 734,000</u>	<u>\$ 750,000</u>

1. Among January 1 to March 31, 2019, the reduce of shortterm loans was due to the loss of control of subsidiary. The information please refer to Note VI (XI).
2. Please refer to Note VIII for details of the related assets pledged as collateral.

(XVIII) Lease liabilities

The Group amounts recognized in lease liabilities was as follows:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Current	<u>\$ 909,348</u>	<u>\$ 954,147</u>	<u>\$ 6,38,598</u>
Non-current	<u>\$ 5,659,139</u>	<u>\$ 5,874,708</u>	<u>\$ 3,704,517</u>

For the maturity analysis, please refer to Note VI (XXVII).

The amount of lease liability increased was \$35,034 and \$39,752 and the interest rate was at 3% among January 1 to March 31, 2020 and 2019. The ending dates of the lease duration were from January 2021 to December 2038. However, for details of lease contract amendment from January 1, 2020 to March 31, 2020, please refer to Note VI (XIII).

The amounts recognized in profit or loss were as follows:

	<u>Three Months Ended March 31</u>	
	<u>2020</u>	<u>2019</u>
Interest on lease liabilities	<u>\$ 49,936</u>	<u>\$ 32,904</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 2,620</u>	<u>\$ -</u>
Expenses relating to short-term leases	<u>\$ 2,877</u>	<u>\$ 72,269</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 353</u>	<u>\$ 221</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	<u>Three Months Ended March 31</u>	
	<u>2020</u>	<u>2019</u>
Total cash flow for leases	<u>\$ 265,197</u>	<u>\$ 272,454</u>

1. Real estate leases

As of March 31, 2019, the Group leased land and buildings for its warehousing operations, office space and retail stores. The leases of office space typically ran for a period of 20 years, and of retail stores for 3 to 5 years. Some leases included an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases of office buildings contained extension options exercisable by the Group up to one year before the end of the non cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which lease is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

2. Other leases

The Group leased outdoor advertising boards with lease terms of three to four years. In some cases, the Group had options to extend lease terms at the end of the contract term.

The Group also leases IT equipment and machinery with contract terms of one to three years. These leases are short-term or leases of low value items. The Group had elected not to recognize right of use assets and lease liabilities for these leases.

(XIX) Provisions

	<u>Onerous contract</u>
Balance on January 1, 2019	\$ 102,741
Effects of IFRS 16 retrospective application- recognized as right-of-use assets deduction	(<u>97,749</u>)
Balance on January 1, 2019 after adjustments	4,992
Current liabilities provision	2,620
Foreign exchange gain/loss	<u>18</u>
Balance on March 31, 2019	<u>\$ 7,630</u>
	<u>March 31, 2019</u>
Current	\$ 7,630
Non-current	<u>-</u>
	<u>\$ 7,630</u>

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract among January 1 to March 31, 2019. However, ships contracts had expired on April 28 and May 2, 2019, all provisions reversed. Please refer to Note VI (XX) for details of related information.

(XX) Employee benefits

1. Defined benefit plans

The Group used actuarially determined pension costs as of December 31, 2019 and 2018 to measure and disclose pension costs for the interim period as there were no significant market fluctuations, and significant curtailments, settlements or other significant one-time events subsequent to the prior year's reporting date.

The details of the expenses reported by the Group were as follows:

	<u>Three Months Ended March 31</u>	
	<u>2020</u>	<u>2019</u>
Operating cost	\$ 277	\$ 325
General and administrative expense	146	1,896
	<u>\$ 423</u>	<u>\$ 2,221</u>

2. Defined contribution plans

The Group's pension expenses under the defined contribution plans are as follows:

	<u>Three Months Ended March 31</u>	
	<u>2020</u>	<u>2019</u>
Operating cost	\$ 6,190	\$ 5,506
General and administrative expense	6,467	3,674
	<u>\$ 12,657</u>	<u>\$ 9,180</u>

(XXI) Income taxes from continuing operations

	<u>Three Months Ended March 31</u>	
	<u>2020</u>	<u>2019</u>
Current income tax expense		
Current period	(\$ 45,284)	\$ 810
Adjustment for prior periods	317	(1,309)
Income taxes from continuing operations	<u>(\$ 44,967)</u>	<u>(\$ 499)</u>

Among January 1 to March 31, 2020, previously unrecognized tax losses of \$49,980 were recognized as deferred tax assets, as management determined that it was probable that there would be sufficient taxable gains in the future.

The Company's tax returns for the years through 2018 were examined and approved by the tax authority.

(XXII) Capital and other equity

Except as described below, there were no material changes in capital and other equity of the Group from January 1 to March 31, 2020 and 2019, as described in Note VI (XXIV) of the 2019 Consolidated Financial Statements.

1. Retained earnings

The dividend policy of the Company takes into consideration the expenditures for its business expansion, investment, and improvement of its financial structure. Dividend distributions should not be less than 15% of distributable earnings. The Company distributes dividends of at least 10% of the aggregated dividends, if the distributions include cash dividends. The policy requires that all after tax earnings shall first offset any deficit, and 10% of the balance shall be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the amount of issued share capital. Aside from the aforesaid legal reserve, the Company may, under its articles of incorporation or as required by the government, appropriate a special reserve. The board of directors can propose the distribution of the remaining balance of the earnings and request for approval from

the shareholders.

The Company appropriated its 2019 and 2018 earnings, which was proposed by the board of directors on April 29, 2020 and resolved by the shareholder's meeting on May 29, 2019, respectively, as follows:

	2019		2018	
	Amount	Dividend per share (NT\$)	Amount	Dividend per share(NT\$)
Legal reserve	\$ 37,423		\$ 107,100	
Special reserve	44,580		143,912	
Cash dividends	556,790	\$ 1	556,790	\$ 1

As of May 14, 2020, the aforementioned 2019 earnings distribution proposal has not yet been approved by the shareholders' meeting. Please visit the Market Observation Post System for more information.

2. Treasury shares

Eastern Home Shopping & Leisure (EHS) became a subsidiary of the Company on April 1, 2017. It acquired a total of 5 thousand shares, with a price of \$9.53 per share, of the Company. As of December 31, 2018, the shares held by EHS were reduced to 4 thousand, with a price of \$13.30 per share, after the capital reduction. On January 1, 2019, the Company loss control over EHS, resulting in the Company to recognize the amount of \$11 as treasury shares.

3. Other equity(net of tax)

	Foreign currency translation differences for foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2020	(\$ 224,130)	(\$ 3,671)	(\$ 227,801)
Exchange differences on foreign operation	1,179	-	1,179
Change in other comprehensive income (loss) of associates accounted for using equity method	5,432	(1)	5,431
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(7)	(7)
Balance on March 31, 2020	(\$ 217,519)	(\$ 3,679)	(\$ 221,198)
Balance on January 1, 2019	(\$ 168,588)	(\$ 14,634)	(\$ 183,222)
Exchange differences on foreign operation	6,822	-	6,822
Change in other comprehensive income (loss) of associates accounted for using equity method	(701)	4	(697)
Unrealized losses from financial assets measured at fair value through other comprehensive	-	22	22

	Foreign currency translation differences for <u>foreign operations</u>	Unrealized gains (losses) from financial assets measured at fair value through other <u>comprehensive income</u>	<u>Total</u>
income			
Balance on March 31, 2019	<u>(\$ 162,467)</u>	<u>(\$ 14,608)</u>	<u>(\$ 177,075)</u>

Sales revenue	\$ -	\$ 396,833	\$ -	\$ 6,098	\$ 402,931
Media revenue	-	-	272,663	-	272,663
Loading and storage revenue	316,645	-	-	-	316,645
Others revenue	-	50,344	12,365	10,105	72,814
	<u>\$ 316,645</u>	<u>\$ 447,177</u>	<u>\$ 285,028</u>	<u>\$ 16,203</u>	<u>\$ 1,065,053</u>

Three Months Ended March 31, 2019

	Warehousing	Trading	Media	Others	Total
Main services:					
Sales revenue	\$ -	\$ 49,215	\$ -	\$ 20,830	\$ 70,045
Media revenue	-	-	201,439	-	201,439
Loading and storage revenue	294,832	-	-	-	294,832
Others revenue	-	3,894	6,635	11,025	21,554
	<u>\$ 294,832</u>	<u>\$ 53,109</u>	<u>\$ 208,074</u>	<u>\$ 31,855</u>	<u>\$ 587,870</u>

2. Contract balances

	March 31, 2020	December 31, 2019	March 31, 2019
Notes receivable	\$ 4,746	\$ 4,264	\$ 7,166
Installment notes receivable	42,049	62,065	148,560
Accounts receivable	263,373	380,995	202,134
Less: Allowance for doubtful accounts	(29,605)	(29,563)	(28,232)
Unrealized interest revenue	(1,291)	(2,254)	(11,218)
Total	<u>\$ 279,272</u>	<u>\$ 415,507</u>	<u>\$ 318,410</u>
Contract liability – advertising services	\$ 14,975	\$ 16,729	\$ 8,395
Contract liability – others	8,560	8,184	10,327
Total	<u>\$ 23,535</u>	<u>\$ 24,913</u>	<u>\$ 18,722</u>

- (1) Please refer to Note VI (IV) for the details of accounts receivable and its impairment.
- (2) The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no significant changes.

(XXV) Remuneration of employee

The Company's Articles of Incorporation requires that earning shall first be offset against any deficit. Then, 3.5% of the net profit before tax will be distributed as employee remuneration.

From January 1 to March 31, 2020 and 2019, the Company estimated its employee remuneration amounting to \$189 and \$815, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, multiplied by the percentage of remuneration to employees. These remunerations were expensed under operating costs or expenses during 2019. The

differences between the actual distributed amounts, as determined by the board of directors, and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year. The numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares, one day before the date of the meeting of Board of Directors.

For the year ended December 31, 2019 and 2018, the Company estimated its employee remuneration amounting to \$7,025 and \$41,736, respectively. The amounts of employees' and directors' remuneration, as stated in the consolidated financial statements, were identical to the actual distributions amounts for the year 2019 and 2018. For further information, please refer to Market Observation Post System.

(XXVI) Non-operating income and expenses from continuing operations

1. Other income

The details of other revenue were as follows:

	Three Months Ended March 31	
	2020	2019
Interest income	\$ 4,675	\$ 10,752
Rental income	6,726	6,204
Other income	<u>2,267</u>	<u>-</u>
	<u>\$ 13,668</u>	<u>\$ 16,956</u>

2. Other gains and losses

The details of other gains and losses were as follows:

	Three Months Ended March 31	
	2020	2019
Loss on disposal of property, plant, and equipment	(\$ 108)	(\$ 1,003)
Gain on disposal of investments assets	82	4,666
Net gains (losses) on evaluation of financial assets at fair value through profit or loss	(12,131)	92,357
Foreign exchange (losses) gains	(2,105)	6,513
Gain on disposal of intangible assets	-	12,510
Other income (losses)	<u>35,393</u>	<u>25,228</u>
	<u>(\$ 21,131)</u>	<u>\$ 140,271</u>

3. Finance costs

The Group's finance costs were as follows:

Three Months Ended March 31

	<u>2020</u>	<u>2019</u>
Interest expenses – lease liabilities	\$ 49,936	\$ 30,965
Interest expenses – bank loans	5,168	5,379
Finance expense	<u>637</u>	<u>561</u>
	<u>\$ 55,741</u>	<u>\$ 36,905</u>

(XXVII) Financial instruments

1. Credit risk

(1) Credit risk exposure

As at reporting date, the Group's exposure to credit risk and the maximum exposure were mainly from:

- The carrying amount of financial assets recognized in the consolidated balance sheet; and
- The amount of liabilities as a result from the Group providing financial guarantees to its customers was \$562,500 and \$490,000 and \$50,000.

(2) Concentration of credit risk

The Group caters to a large group of customers; therefore, there is no concentration of regional credit risk.

For credit risk exposure of notes and trade receivables, please refer to Note VI (IV).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Regarding how the financial instruments are considered to have low credit risk, please refer to Consolidated Financial Statements 2019 Note 4 (g)).

The loss allowance provision was determined as follows:

	Three Months Ended March 31	
	2020	2019
<u>Other receivables</u>		
Balance at January 1	\$ 28,982	\$ 11,861
Amounts written off	(27,285)	(1,149)
Impairment losses recognized	-	17,285
Foreign exchange loss	-	422
Balance at March 31	<u>\$ 1,697</u>	<u>\$ 28,419</u>

2. Liquidity risk

The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1-3 years	3-5 years	More than 5 years
March 31, 2020						
Non-derivative financial liabilities						
Bank loan	\$ 398,063	\$ 423,401	\$ 112,412	\$ 228,643	\$ 82,346	\$ -
Short-term notes and bills payable	19,929	20,000	20,000	-	-	-
Payables	861,683	861,683	861,683	-	-	-

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>More than 5 years</u>
Guarantee deposits received	7,118	7,118	-	7,118	-	-
Lease liabilities	<u>6,568,487</u>	<u>7,922,839</u>	<u>1,094,493</u>	<u>2,092,883</u>	<u>928,206</u>	<u>3,807,257</u>
	<u>\$ 7,855,280</u>	<u>\$ 9,235,041</u>	<u>\$ 2,088,588</u>	<u>\$ 2,328,644</u>	<u>\$ 1,010,552</u>	<u>\$ 3,807,257</u>
December 31, 2019						
Non-derivative financial liabilities						
Bank loan	\$ 463,789	\$ 492,961	\$ 136,326	\$ 260,129	\$ 96,506	\$ -
Short-term notes and bills payable						
	20,000	20,000	20,000			
Payables	1,013,722	1,013,722	1,013,722	-	-	-
Guarantee deposits received	7,188	7,188	-	7,188	-	-
Lease liabilities	<u>6,828,855</u>	<u>8,231,502</u>	<u>1,145,703</u>	<u>2,164,558</u>	<u>1,037,028</u>	<u>3,884,213</u>
	<u>\$ 8,333,554</u>	<u>\$ 9,765,373</u>	<u>\$ 2,315,751</u>	<u>\$ 2,431,875</u>	<u>\$ 1,133,534</u>	<u>\$ 3,884,213</u>
March 31, 2019						
Non-derivative financial liabilities						
Bank loan	\$ 42,361	\$ 55,250	\$ 1,500	\$ 3,000	\$ 50,750	\$ -
Payables	533,197	533,197	533,197	-	-	-
Guarantee deposits received	4,034	4,034	-	4,034	-	-
Lease liabilities	<u>4,343,115</u>	<u>4,821,462</u>	<u>760,042</u>	<u>903,116</u>	<u>600,177</u>	<u>2,558,127</u>
	<u>\$ 4,922,707</u>	<u>\$ 5,413,943</u>	<u>\$ 1,294,739</u>	<u>\$ 910,150</u>	<u>\$ 650,927</u>	<u>\$ 2,558,127</u>

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or in significantly different amounts.

3. Exchange rate risk

(1) Exposure to exchange rate risk

The Group's financial assets and liabilities exposed to exchange rate risk were as follows:

	<u>March 31, 2020</u>			<u>December 31, 2019</u>			<u>March 31, 2019</u>		
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>TWD</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>TWD</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>TWD</u>
<u>Financial assets</u>									
USD:TWD	\$ 5,091	30.225	\$ 153,862	\$ 4,073	29.98	\$ 122,102	\$ 3,768	30.820	\$ 116,126
USD:HKD	5,617	7.754	168,744	4,443	7.789	132,384	4,387	7.850	134,413
CNY:TWD	740	4.255	3,150	745	4.305	3,209	636	4.577	2,909
USD:CNY	42	7.103	1,244	42	6.964	1,258	42	6.734	1,251

EUR:TWD	1,496	33.24	49,741	1,496	33.59	50,265	-	-	-
CNY:HKD	2,020	1.092	8,578	1,842	1.1847	7,918	-	-	-
EUR:HKD	117	8.527	3,892	117	8.7269	3,933	-	-	-

(2) Sensitivity analysis

The Group's exposure to exchange rate risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans, accounts payable, and other payables that are denominated in foreign currency. If the TWD, when compared with USD, had appreciated or depreciated 1% (with other factors remaining constant on the reporting date), profit would have increased or decreased by \$3,892 and \$2,547 for the years ended March 31, 2020 and 2019, respectively. The analysis is performed on the same basis for both periods.

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange are summarized as a single amount. From January 1 to March 31, 2020 and 2019, foreign exchange (loss) gain (including discontinued operations, realized and unrealized) amounted to \$(2,105) and \$6,528, respectively.

4. Interest rate analysis

The interest risk exposure of the Group's financial assets and liabilities is described in the note on market risk management.

The following sensitivity analysis is based on the exposure to interest rate risk of the derivative and non-derivative financial instruments on the reporting date.

For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities on the reporting date have been outstanding for the whole year. The Group's internal management reported the increases/decreases in interest rates, and changes in interest rates of one basis point are considered by management to be reasonably possible.

If the interest rate had increased or decreased by 1%, the Group's net income would have increased or decreased by \$7,915 and \$3,382 for the years ended March 31, 2020 and 2019, respectively, assuming all other variable factors remained constant. This is mainly due to the Group's variable rate deposit and borrowing.

5. Other market price risk

For the years ended December 31, 2019 and 2018, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	Three Months Ended March 31, 2020		Three Months Ended March 31, 2019	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Price of securities at reporting date				

Increasing 3%	<u>\$ 393</u>	<u>\$ 8,359</u>	<u>\$ 392</u>	<u>\$ 24,614</u>
Decreasing 3%	<u>(\$ 393)</u>	<u>(\$ 8,359)</u>	<u>(\$ 392)</u>	<u>(\$ 24,614)</u>

6. Fair value of financial instruments

(1) Fair value hierarchy

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

<u>March 31, 2020</u>	<u>Book Value</u>	<u>Fair Value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 278,623	\$ 278,623	\$ -	\$ -	\$ 278,623
Financial assets at fair value through other comprehensive income	13,109	584	-	12,525	13,109
Financial assets measured at amortised cost					
Cash and cash equivalents	1,523,391	-	-	-	-
Notes and accounts receivable (including related parties)	279,272	-	-	-	-
Other receivables (including related parties)	188,245	-	-	-	-
Other financial assets - current	174,186	-	-	-	-
Refundable deposits	483,034	-	-	-	-
Other financial assets - non-current	750	-	-	-	-
Financial liabilities measured at amortised cost					
Short-term loans	10,000	-	-	-	-
Short-term notes payable	19,929	-	-	-	-
Notes and accounts payable	181,056	-	-	-	-
Other payables	680,627	-	-	-	-
Long-term loans (including bank loans with maturities of less than one year)	388,063	-	-	-	-

Lease liabilities (current and non-current)	6,568,487	-	-	-	-
Deposits received	7,118	-	-	-	-
		Fair Value			
December 31, 2019	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 242,539	\$ 242,539	\$ -	\$ -	\$ 242,539
Financial assets at fair value through other comprehensive income	13,123	598	-	12,525	13,123

<u>December 31, 2019</u>	<u>Book Value</u>	<u>Fair Value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at amortised cost					
Cash and cash equivalents	\$ 1,829,578	\$ -	\$ -	\$ -	\$ -
Notes and accounts receivable (including related parties)	415,507	-	-	-	-
Other receivables (including related parties)	166,921	-	-	-	-
Other financial assets - current	194,919	-	-	-	-
Refundable deposits	281,990	-	-	-	-
Other financial assets - non-current	750	-	-	-	-
Financial liabilities measured at amortised cost					
Short-term loans	58,000	-	-	-	-
Short-term notes payable	20,000	-	-	-	-
Notes and accounts payable	252,141	-	-	-	-
Other payables	761,581	-	-	-	-
Long-term loans (including bank loans with maturities of less than one year)	405,789	-	-	-	-
Lease liabilities (current and non-current)	6,828,855	-	-	-	-
Deposits received	7,188	-	-	-	-
		<u>Fair Value</u>			
<u>March 31, 2019</u>	<u>Book Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 820,454	\$ 820,454	\$ -	\$ -	\$ 820,454
Financial assets at fair value through other comprehensive income	13,073	558	-	12,515	13,073
Financial assets measured at amortised cost					
Cash and cash equivalents	1,483,603	-	-	-	-
Notes and accounts receivable (including related parties)	318,410	-	-	-	-
Other receivables (including related parties)	225,315	-	-	-	-
Other financial assets - current	256,084	-	-	-	-

Refundable deposits	180,485	-	-	-	-
Other financial assets - non-current	750	-	-	-	-

<u>March 31, 2019</u>	<u>Book Value</u>	<u>Fair Value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial liabilities measured at amortised cost					
Notes and accounts payable	\$ 54,308	\$ -	\$ -	\$ -	\$ -
Other payables	478,889	-	-	-	-
Long-term loans (including bank loans with maturities of less than one year)	42,361	-	-	-	-
Long-term notes and accounts payable	915	-	-	-	-
Lease liabilities (current and non-current)	4,343,115	-	-	-	-
Deposits received	4,034	-	-	-	-

(2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

(2.1) Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

(2.2) Financial assets measured at amortized cost and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

(3) Valuation techniques for financial instruments measured at fair value

(3.1) Non-derivative financial instruments

If there is a quoted market price in an active market for a financial instrument, the fair value is based on the quoted market price in an active market. The fair value of listed (over-the-counter) equity instruments and debt instruments with quoted prices in active markets are based on quoted market prices on major exchanges and over-the-counter (OTC) central government bond marketplaces, which are judged to be popular securities.

A financial instrument is publicly quoted in an active market if quoted prices are readily and consistently available from exchanges, brokers,

underwriters, industry associations, pricing services authorities, or regulatory authorities, and if those prices represent prices that are representative of actual and regularly occurring fair market activity. If the above conditions are not met, the market is considered inactive. In general, large bid-ask spreads, significant increases in bid-ask spreads, or low trading volume are indicators of an inactive market.

The fair values of the Group's financial assets and liabilities, such as shares, funds and bonds of listed companies, with standard terms and conditions and traded in active markets, are determined by reference to quoted market prices, respectively.

Except for the above-mentioned financial instruments for which there is an active market, the fair values of other financial instruments are based on valuation techniques or quoted prices with reference to counterparties.

(3.2) Derivative financial instruments

Derivative financial instruments are valued based on widely accepted valuation models, such as discounted and option pricing models. Structured interest rate derivative financial instruments are valued using an appropriate option pricing model (e.g., Black-Scholes model) or other valuation techniques, such as Monte Carlo simulation.

(4) Transfers between Level 1 and Level 2

There was no transfer between Level 1 and Level 2 from January 1 to March 31, 2020 and 2019.

(5) Reconciliation of Level 3 fair values

	<u>Fair value through other comprehensive income</u>	
	<u>Equity investments without an active market</u>	
	<u>Three Months Ended March 31</u>	
	<u>2020</u>	<u>2019</u>
Opening balance, January 1	\$ 12,525	\$ 37,313
Capital reduction and return of shares	-	(24,798)
Ending Balance, March 31	<u>\$ 12,525</u>	<u>\$ 12,515</u>

From January 1 to March 31, 2020 and 2019, total gains and losses that were included in unrealized gains and losses from financial assets at fair value through other comprehensive income were as follows:

	<u>Three Months Ended March 31</u>	
	<u>2020</u>	<u>2019</u>
Total gains and losses recognized:		
In other comprehensive income, and presented in	(\$ 14)	\$ 43

“unrealized gains and losses from financial assets at fair value through other comprehensive income”

(6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “Financial assets at fair value through other comprehensive income”.

Most of the Group’s fair values are classified within level 3 with a single significant unobservable input value and only investments in equity instruments that have no active market have multiple significant unobservable input values. Investments in equity instruments that are not actively traded in a market are not correlated with each other because their significant unobservable inputs are independent of each other.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Market comparable companies	·Price to book ratio multiple (0.87, 1.07 and 1.05 for March 31, 2020, December 31, 2019 and March 31, 2019, respectively) ·Discount for lack of marketability (20%)	·The higher the multiple, the higher the fair value ·The higher the discount, the lower the fair value
Financial assets at fair value through other comprehensive income equity investments without an active market	Net Asset Value Method	·Net Asset Value	Not applicable

(7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

	Inputs	Rate increasing or decreasing	Other comprehensive income	
			Favourable	Unfavourable
March 31, 2020				
Financial assets at fair value through other comprehensive income				
Financial assets at fair value through other comprehensive income equity investments without an active market	Price to book ratio multiple	1%	\$ 67	(\$ 67)
Financial assets at fair value through other	Discount for lack	1%	67	(67)

comprehensive income equity investments without an active market of marketability

December 31, 2019

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income equity investments without an active market Price to book ratio multiple

1% \$ 81 (\$ 81)

Financial assets at fair value through other comprehensive income equity investments without an active market Discount for lack of marketability

1% 81 (81)

	Inputs	Rate increasing or decreasing	Other comprehensive income	
			Favourable	Unfavourable
March 31, 2019				
Financial assets at fair value through other comprehensive income				
Financial assets at fair value through other comprehensive income equity investments without an active market	Price to book ratio multiple	1%	\$ 82	(\$ 82)
Financial assets at fair value through other comprehensive income equity investments without an active market	Discount for lack of marketability	1%	82	(82)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(XXVIII) Financial risk management

There have been no material changes in the Group's financial risk management objectives and policies from those disclosed in Note VI (XXX) of the 2019 Consolidated Financial Statements.

(XXIX) Capital management

The Group's objectives, policies, and procedures for capital management are consistent with those disclosed in the 2019 Consolidated Financial Statements, and there have been no material changes in the aggregate quantitative information of items managed as capital management from those disclosed in the 2019 Consolidated Financial Statements. Please refer to Note VI (XXXI) of the 2019 Consolidated Financial Statements for further information.

(XXX) Investing and financing activities not affecting current cash flow

The Group's investing activities which did not affect the current cash flow in the years ended March 31, 2020 and 2019, were as follows:

	Three Months Ended March 31	
	2020	2019
Acquisition of property, plant and equipment	\$ 110,404	\$ 19,463
Add: other payables January 1	23,448	7,650
Less: other payables March 31	(11,046)	(7,650)
Cash paid	<u>\$ 122,806</u>	<u>\$ 19,463</u>

The Group's financing activities which did not affect the current cash flow in the years ended March 31, 2020 and 2019, were as follows:

	January 1, 2020	Cash flows	Loss of control	Non-cash changes		March 31, 2020
				Amortization of financing use commitment fees		
Long-term borrowings	\$ 405,789	(\$ 18,276)	\$ -	\$ 550		\$ 388,063
Short-term borrowings	58,000	(48,000)	-	-		10,000
Short-term notes and bills payable	<u>20,000</u>	(92)	-	<u>21</u>		<u>19,929</u>

Total \$ 483,789 (\$ 66,368) \$ - \$ 571 \$ 417,992

	January 1, 2019	Cash flows	Non-cash changes		March 31, 2019
			Loss of control	Foreign exchange movement	
Long-term borrowings	\$ 2,854,253	(\$ 621,450)	(\$ 2,190,442)	\$ -	\$ 42,361
Short-term borrowings	307,079	-	(307,079)	-	-
Total	<u>\$ 3,161,332</u>	<u>(\$ 621,450)</u>	<u>(\$ 2,497,521)</u>	<u>\$ -</u>	<u>\$ 42,361</u>

VII. Related party transactions:

(I) Names and relationship with related parties

Name of related party	Relationship with the Group
Eastern Home Shopping & Leisure Co., Ltd.	An associate (Note I)
DongsenD'Amour SPA	An associate (Note I)
Natural Beauty Bio-technology Co., Ltd.	An associate
Strawberry Cosmetics Holding Limited	An associate (Note I)
Eastern New Retail Department (EIM) Co., Ltd.	An associate (Note II)
Dongsen Personal Insurance Agent Co., Ltd.	Key management personnel
Mori International Co., Ltd.	Key management personnel
Taiwan Gift Card Co. Ltd.	Other related parties
Enlighten Innovative Transformation Co., Ltd	Other related parties
DongsenNon-life Insurance agent Co. Ltd.	Other related parties
Dongsen Health Life Co., Ltd.	Other related parties
Dongsen Health Biomedical Co., Ltd.	Other related parties
Eastern Realty Co., Ltd.	Other related parties
Jinxin Trading Co., Ltd.	Other related parties (Note III)
Good pay Web Financial Technology Co., Ltd.	Other related parties
Eastern E-Commerce Co., Ltd. (Eastern Tenmax Direct Selling Co., Ltd.)	Other related parties (Note IV)
Quantum Entertainment Production Co., Ltd.	Other related parties
Dongsen Fashion Media Co., Ltd.	Other related parties (Note III)
Chinese Non-Store Retailer Association	Other related parties
Xing Kai Media Co., Ltd.	Other related parties
FocusmediaDayear Taiwan Co., Ltd.	Other related parties
Taiwan Information and Communication Association	Other related parties
Dongsen Culture Foundation	Other related parties
Chunghwa New Media Industry Frvrlpment Association (Chunghwa New Media)	Other related parties
Eastern Enterprise Development (Shanghai) Ltd.	Other related parties
Fangcheng Su	Other related parties (Note V)
Taiwan Huangjue Trading Co., Ltd.	Other related parties (Note V)
All Directors, Supervisors and the Group	Key management personnel general manager and vice personnel general

Note 1: Since January 1, 2019, due to loss of control of the subsidiary, EHS will become an associate instead of the subsidiary of the merger company. Please refer to Note VI (XI).

Note 2: Since April 2019, Eastern Integrated Marketing Co., Ltd. was renamed as Eastern New Retail Department Co., Ltd. Due to disposal of Eastern New Retail Department Co., Ltd., it became an associate as from March 2019.

Note 3: Since January 2019, it was not a related party.

Note 4: Since December 2019, Eastern Tenmax Direct Selling Co., Ltd. was renamed as Eastern E-Commerce Co., Ltd.

Note 5: Since from October 2019, ET Pet obtained control over Oscar Pet Co., Ltd., Pet Kingdom Co., Ltd. and Kaou Sin Trading Co., Ltd. by acquiring 80% of its shares, these parties became other related parties of the Group.

(II) Significant transactions with related parties

1. Operating income

The amounts of significant sales transactions between the Group and related parties were as follows:

	Three Months Ended March 31	
	2020	2019
Associates	\$ 9,074	\$ 8,072
Key management personnel	600	470
Other related parties	6,092	1,139
	<u>\$ 15,766</u>	<u>\$ 9,681</u>

The above revenues consist of program production revenue and project planning service revenue.

Transaction terms for the above are the same as those for ordinary transactions.

2. Purchase of goods

(1) The amounts of significant purchase transactions between the Group and related parties were as follows:

	Three Months Ended March 31	
	2020	2019
Associates	\$ 1,566	\$ -
Other related parties	12,223	-
	<u>\$ 13,789</u>	<u>\$ -</u>

(2) The costs of the Group entrusted related parties to produce programs were as follows:

	Three Months Ended March 31	
	2020	2019
Associates	\$ 88	\$ 1,066
Key management personnel	57	20
Other related parties	8,390	8,527
	<u>\$ 8,535</u>	<u>\$ 9,613</u>

Transaction terms for the above are the same as those for ordinary transactions.

3. Receivables

Accounts	Related parties	March 31, 2020	December 31, 2019	March 31, 2019
Accounts receivable	Associates	\$ 440	\$ 1,184	\$ 1,090
Accounts receivable	EHS	7,501	16,842	12,536
Accounts receivable	Key Management	132	191	773
Accounts receivable	Other related parties	1,637	3,329	1,186
Accounts	Quantum	248	253	8,614

receivable	Entertainment			
Other receivable	Associates	79	831	541
Other receivable	EHS	1,592	1,661	1,151
Other receivable	Key Management	-	82	220
Other receivable	Other related parties	<u>299</u>	<u>233</u>	<u>1</u>
		<u>\$ 11,928</u>	<u>\$ 24,606</u>	<u>\$ 26,112</u>

4. Payables

<u>Accounts</u>	<u>Related parties</u>	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Accounts payable	Associates	\$ 935	\$ 563	\$ -
Accounts payable	Other related parties	2,001	7,904	521
Other payable	Key Management personnel	30	73	342
Other payable	Other related parties	4,793	194	2,112
Other payable	Associates	231	3,707	1,107
Receipts under custody	Associates	503	98	413
Receipts under custody	Other related parties	<u>1,209</u>	<u>-</u>	<u>2,163</u>
		<u>\$ 9,702</u>	<u>\$ 12,539</u>	<u>\$ 6,658</u>

5. Contract liabilities

<u>Accounts</u>	<u>Related parties</u>	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Contract liabilities	Associates	\$ 182	\$ 14	\$ 14
Contract liabilities	Other related parties	<u>76</u>	<u>173</u>	<u>-</u>
		<u>\$ 258</u>	<u>\$ 187</u>	<u>\$ 14</u>

6. Loans to Related Parties

The Group's actual drawdown on the funds loaned to Eastern New Retail Department Co., Ltd. as of March 31, 2019 was \$45,000 (recorded as other receivables).

The interest charged by the Group to related parties is based on the average interest rate charged by financial institutions on the Group's short-term borrowings. Interest receivables of the Group as of March 31, 2020, December 31, 2019 and March 31, 2019

was \$0, \$0, and \$115, respectively. The interest received by the Group from January 1 to March 31, 2020 and 2019, was \$0 and \$115, respectively.

7. Borrowings from related parties

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
EHS	\$ 180,000	\$ 100,000	\$ -
Fangcheng Su	<u>80,000</u>	<u>80,000</u>	<u>-</u>
	<u>\$ 260,000</u>	<u>\$ 180,000</u>	<u>\$ -</u>

Interest which results from the unsecured borrowings by the Group from related parties would be calculated based on the average rates in the current year obtained from financial institutions. As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group's interest payable amounted to \$287, \$555, and \$0, respectively. For the years ended March 31, 2020 and 2019, interest expense to the related party amounted to \$2,086 and \$0, respectively.

8. Endorsement / Guarantee provided

For the years ended March 31, 2020 and 2019, the remuneration paid to related parties providing guarantees on the loans taken out by the Group amounted to \$25 and \$9 respectively.

9. Leases

- (1) The Group rents out part of its office space and equipment to fulfill related parties' business requirements. Rental revenues from January 1 to March 31, 2020 and 2019, amounted to \$85 and \$551, respectively.
- (2) The Group applied IFRS 16, with a date of initial application on January 1, 2019. Because the Group applied on the remission of short-term lease contract, the rental expense from January 1 to March 31, 2020 and 2019, was amounted to \$112 and \$278. The outstanding balance as of March 31, 2020 and 2019, amounted to \$0.

10. Other

- (1) For the years ended March 31, 2020 and 2019, the Group paid operating fees to associates, key management (juridical person director), and other related parties to fulfill its business requirements amounting to \$6,224 and \$7,200, respectively.
- (2) In order to follow its operating plan, the Group donated \$3,000 and \$2,000 to related parties in related industries from January 1 to March 31, 2020 and 2019, respectively.
- (3) For the years ended March 31, 2020 and 2019, the Group received non-operating revenue from related parties amounting to \$220 and \$507, respectively.
- (4) For the years ended March 31, 2020 and 2019, the Group obtained assets from associates amounting to \$0 and \$105, respectively, which had already been paid.
- (5) For the years ended March 31, 2020 and 2019, the Group sold assets to associates

amounted to \$0 and \$44 and the gains on sales of assets were \$0 and \$15, respectively, which had already been received.

(6) In March, 2019, the Group sold 100% of Eastern New Retail Department to EHS at the amount of \$997, and it had been received.

(7) In January, 2020, the Group sold 100% of Eastern Biotechnology (Shanghai) to EHS at the amount \$778 (RMB177 thousands), and it had been received.

(III) Key management personnel compensation

	Three Months Ended March 31	
	2020	2019
Short-term employee benefits	<u>\$ 12,802</u>	<u>\$ 12,370</u>

VIII. Pledged assets:

As of March 31, 2020, December 31, 2019 and March 31, 2019, the pledged assets were as follows:

Assets	Purpose of pledge	March 31, 2020	December 31, 2019	March 31, 2019
Property, plant and equipment	Short-term and long-term loans	\$ 890,314	\$ 906,227	\$ 933,861
Other financial assets— current- demand deposits	Interest from reserve account	69,673	72,491	83
"	Letter of credit	4,915	4,967	-
"	Security for issuance of travel vouchers at travel fair	5,365	7,795	5,801
"	Credit card contract	-	-	200
Refundable deposit — time deposit	Bid bonds, performance bonds and security deposits	435,940	234,757	156,254
Other financial assets— non-current reserve account	Deposit in long-term loan	750	750	750
Investments accounted for using equity method for subsidiary's stocks (Note)	Long-term loan	<u>69,232</u>	<u>83,229</u>	<u>126,145</u>
		<u>\$ 1,476,189</u>	<u>\$ 1,310,216</u>	<u>\$ 1,223,094</u>

Note: The investments accounted for using equity method for subsidiary's stocks have been written off in the preparation of consolidated financial statement.

IX. Significant commitments and contingencies:

(I) Major commitments were as follows:

1. Unused standby letters of credit:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Unused standby letters of credit	<u>\$ 49,445</u>	<u>\$ 49,965</u>	<u>\$ -</u>

2. The subsidiary Mohist had signed a contract with Sunny Bank Co., Ltd., and the bank provided guarantee with sufficient performance guarantee according to the contract. As of March 31, 2020, the unused the e voucher guaranteed by the bank was \$5,365.
3. In March 2020, the Group's subsidiary—Tunglin Asset Management Co. entered into a contract with the Economic Development Department of the New Taipei City Government and the North Branch of the National Property Administration, Ministry of Finance for the granting of land rights for the "Investment Project of Linkou International Media Park". The duration of the land rights is 50 years from the date of registration of the land rights and was completed on April 13, 2020. During the term of the lease, Tunglin Asset Management Co. shall pay annual rent to the North Branch of the National Property Administration, Ministry of Finance at a certain percentage of the published land premium.

In addition, Tunglin Asset Management Co. entered into an investment contract with the Economic Development Department of the New Taipei City Government in March 2020, the main provisions of which are as follows.

- (1) Development and operation period: 50 years from the date of registration of the land rights.
- (2) Development royalties: The total amount of \$200,000 has been paid in full as of March 31, 2020 (recorded under other non-current - other).
- (3) Operating royalties: The actual operating royalties payable by each base are calculated by multiplying the actual net operating revenues of each base by the ratio of operating royalties to net operating revenues as stated in the contract from the commencement of operations.
- (4) Performance bonds: As of March 31, 2020, performance bonds of \$200,000 have been paid under the contract (recorded as refundable deposits).

(II) Contingent liabilities were as follows:

1. On October 27, 2008, the Securities and Futures Investors Protection Center (the SFIPC) filed a lawsuit to the Taipei District Court against the ex chairman and the general manager of the Company, together with all the previous directors and supervisors, alleging the offense of gaining an illegal benefit for Chia Hsin and Synthetic Fiber Co., Ltd. as well as for the family members of the ex chairman. The prosecution is based on the alleged ill gotten assets from the Company by means of false commodity transactions and capital increment in the name of Eastern

International Lease Finance Co., Ltd. and Tung Kai Lease Finance Co., Ltd. (both are subsidiaries of the Company). The SFIPC also demanded the compensation of \$41,038. The Taipei District Court ruled that the Company violated the Commercial Company Act. However, both the ex chairman and the general manager were acquitted, and not only did the Company did not bear any losses from the said transaction above, but on the contrary, it gained a profit amounting to \$6,894, plus an additional 5% interest arising from the delayed payment amounting to \$6,884 with a total amount around \$13,000. In other words, the transaction did not do any damage to the Company and its shareholders. As a result, the appeal filed against the Company was denied by the Taipei District Court on December 5, 2012. However, the SFIPC was not satisfied with the decision made by the court. Therefore, it filed another appeal, this time with the Taiwan High Court, demanding compensation amounting to \$22,664. The appeal was denied on December 3, 2013. Nevertheless, the SFIPC filed an appeal once more with the Taiwan High Court on December 24, 2013. The case was transferred from the Supreme Court to the High Court on April 23, 2015, for further investigation. On May 10, 2017, the Taiwan High Court ruled against SFIPC. Therefore, SFIPC filed an appeal to the Supreme Court on June 6, 2017. The case returned to the High Court for a second trial.

2. The leader of subsidiary Mohist and plaintiff Liao Yucheng jointly invested in the establishment of Jia Tian Shia Leisure Business Co., Ltd. in 1999 and jointly developed patents. However, the plaintiff claimed that he did not know while registering the patents, the leader of Mohist was the only inventor and patentee. Therefore, on October 3, 2018, the plaintiff filed a lawsuit against the subsidiary Mohist, requesting confirmation of the patents and request compensation for damages of \$2,000. On January 25, 2019, the Intellectual Property Court sentenced that the subsidiary—Mohist should pay \$200 in compensation. (recognized in other gains and losses) As the group refused to accept the sentence, and filed a second appeal to the Intellectual Property Court on March 5, 2019. The appeal was denied the Intellectual Property Court on December 19, 2019, conviction affirmed by the Intellectual Property Court.
3. The Company and its subsidiary, FESS Panama, jointly chartered and returned the ship to South Korea's Sammok Shipping Co., Ltd. (hereinafter referred to as Sammok) at Kaohsiung Port in accordance with the contract signed on August 10, 2018. Sammok believed that the ship still has many defects due to its usual operation and negligence of maintenance; hence, submitted an arbitration to the London Maritime Arbitration Association. The Company also filed a statement of defense to the arbitral tribunal in July 2019. Currently, the arbitration process is still in progress and the results have yet to be determined.

4. The Company established a legal affair department and hired external counselors to handle its legal affairs. As of March 31, 2020, December 31, 2019 and March 31, 2019, all unsettled lawsuits had no impact on its financial and business operation.

(III) Unrecognized contractual commitments:

The Group's unrecognized contractual commitments are as follows:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Total contract price	\$ 91,136	\$ 91,136	\$ -
Payout amount	\$ 27,781	\$ 27,781	\$ -

X. Losses Due to Major Disasters: None.

XI. Subsequent Events: None.

XII. Other:

- (I) A summary of current period employee benefits, depreciation, and amortization, by function, is as follows:

By function	Three Months Ended March 31, 2020			Three Months Ended March 31, 2019		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
By nature						
Employee benefits						
Salary	\$ 121,728	\$ 146,410	\$ 268,138	\$ 142,041	\$ 86,799	\$ 228,840
Health and labor insurance	13,176	12,917	26,093	15,910	7,784	23,694
Pension	6,467	6,613	13,080	5,831	5,570	11,401
Remuneration of directors	9,869	17,792	27,661	6,938	4,537	11,475
Depreciation expense	224,107	76,597	300,704	152,083	31,768	183,851
Amortization expense	2,909	7,541	10,450	1,300	1,073	2,373

(II) Discontinued operation

The shipping segment from the Group terminated all leases of shipping equipment in advance in June 2019. As of the reporting date, the shipping segment has no actual operation, and the Group has no intention to continue its operations; hence, the Group classified the segment as discontinued operation.

Profit and loss, and cash flows from (used in) discontinued operations are summarized as follows:

	<u>Three Months Ended</u> <u>March 31, 2019</u>
Results from operating activities:	
Operating revenue	\$ 101,206
Operating costs	(160,382)
Operating income	(59,176)

	Three Months Ended
	March 31, 2019
Operating Expenses	(<u>8,508</u>)
Operating loss	(<u>67,684</u>)
Non-operating income and expenses	
Other income	676
Other gains and losses	(16,805)
Finance costs	(<u>1,939</u>)
Total non-operating income and expenses	(<u>18,068</u>)
Operating income before tax	(85,752)
Income tax expense	-
Operating income, net of tax	(<u>\$ 85,752</u>)
Cash flows from (used in) discontinued operation:	
Net cash from operating activities	(\$ 64,995)
Net cash from investing activities	676
Net cash from financing activities	<u>-</u>
Net cash inflow (outflow)	(<u>\$ 64,319</u>)

(III) Seasonality of operation:

The Group's operations are not affected by seasonal fluctuations.

XIII. Other disclosures:

(I) Information on significant transactions:

The following is the information on significant transactions required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers for the Group from January 1 to March 31, 2020.

1. Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	ET New Media	Other receivables — related party	Yes	\$ 300,000	\$ 300,000	\$ 300,000	3	2	\$ -	Operation requirements	\$ -		\$ -	2,569,045 (Note 2)	3,853,567 (Note 2)
0	"	Eastern Hotels & Resorts	"	Yes	670,000	670,000	656,000	3	2	-	"	-		-	2,569,045 (Note 2)	3,853,567 (Note 2)
0	"	Mohist Web Technology Co., Ltd. (MWT)	"	Yes	50,000	50,000	18,500	3	2	-	"	-		-	2,569,045 (Note 2)	3,853,567 (Note 2)
0	"	ET Pet	"	Yes	100,000	100,000	100,000	3	2	-	"	-		-	2,569,045 (Note 2)	3,853,567 (Note 2)
1	EIC	ET New Media	"	Yes	270,000	270,000	270,000	3	2	-	"	-		-	342,057 (Note 3)	513,086 (Note 3)
1	EIC	Oscar	"	Yes	40,000	40,000	20,000	3	2	-	"	-		-	342,057 (Note 3)	513,086 (Note 3)
2	TKLF	ET New Media	"	Yes	190,000	150,000	50,000	3	2	-	"	-		-	267,053 (Note 4)	400,580 (Note 4)
2	TKLF	Cheng Kuang Resource Exploration Co., Ltd.	Other receivables	No	15,000	15,000	15,000	8	2	-	"	-	Alishan House's share	15,820	33,381 (Note 4)	400,580 (Note 4)
2	"	Sunflower leisure	"	No	30,000	30,000	30,000	8	2	-	"	-	"	30,810	33,381 (Note 4)	400,580 (Note 4)
2	"	Lido International Consultant	"	No	20,000	20,000	20,000	8	2	-	"	-	Tucheng land mortgage	65,000	33,381 (Note 4)	400,580 (Note 4)
3	EILF	ET New Media	Other receivables — related party	Yes	150,000	150,000	50,000	3	2	-	"	-		-	246,249 (Note 5)	369,373 (Note 5)
3	"	Cheng Kuang Resource Exploration Co., Ltd.	Other receivables	No	15,000	15,000	15,000	8	2	-	"	-	Alishan House's share	15,400	30,781 (Note 5)	369,373 (Note 5)
3	"	Sunflower leisure	"	No	30,000	30,000	30,000	8	2	-	"	-	Alishan House's share	30,810	30,781 (Note 5)	369,373 (Note 5)
3	"	Lido International Consultant	"	No	20,000	20,000	20,000	8	2	-	"	-	"	20,400	30,781 (Note 5)	369,373 (Note 5)
3	"	Racing International Management & Consultant	"	No	20,000	20,000	20,000	8	2	-	"	-	Alishan House's share, Shiding land mortgage	49,820	30,781 (Note 5)	369,373 (Note 5)

Note 1: Lending of capital has the following two types:

- (1) Those with business dealings.
- (2) The necessity for short-term financing.

Note 2: The Company's total amount available for lending shall not exceed 60% of its net worth. For subsidiaries where the Company holds more than 50% of the shares, the individual amount available for lending shall not exceed 40% of its net worth in the most recent financial statements. For subsidiaries where the Company holds less than 50% of the shares, the individual amount available for lending shall not exceed 5% of its net worth in the most recent financial statements.

Note 3: For EIC, the aggregate amount available for lending shall not exceed 60% of its net worth in the most recent financial statements. The individual amount available for lending to its parent company, subsidiaries or to its parent company's subsidiary company shall not exceed 40% of its net worth in the most recent financial statements.

Note 4: For TKLF, the aggregate amount available for lending shall not exceed 60% of its net worth in the most recent financial statements. The individual amount available for lending to its parent company or to its parent company's subsidiary company shall not exceed 40% of its net worth in the most recent financial statements. The individual amount available for lending to other companies' short-term financing facility, if necessary, shall not exceed 5% of its net worth in the most recent financial statements.

Note 5: For EILF, the aggregate amount available for lending shall not exceed 60% of its net worth in the most recent financial statements. The individual amount available for lending to its parent company or to its parent company's subsidiary company shall not exceed 40% of its net worth in the most recent financial statements. The individual amount available

for lending to other companies' short-term financing facility, if necessary, shall not exceed 5% of its net worth in the most recent financial statements.

Note 6: The aforementioned inter company transactions have been eliminated in the consolidated financial statements.

2. Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 1)										
0	The Company	ET New Media	2	\$ 25,690,449 (Note 2)	\$ 150,000	\$ 150,000	\$ 142,500	\$ -	2.34%	\$ 25,690,449 (Note 2)	Y	N	N
0	The Company	Eastern Hotels & Resorts	2	25,690,449 (Note 2)	800,000	800,000	50,000	69,232	12.46%	25,690,449 (Note 2)	Y	N	N
0	The Company	ET Pet	2	25,690,449 (Note 2)	200,000	200,000	190,000	-	3.11%	25,690,449 (Note 2)	Y	N	N
1	ET New Media	ET Pet	2	8,391,739 (Note 3)	400,000	400,000	180,000	-	(148.52%)	8,391,739 (Note 3)	N	N	N

Note 1: The relationship between the one providing endorsements/guarantees and the one receiving endorsements/guarantees is classified into seven types:

- (1) The inter company business transaction
- (2) Companies in which the Company directly and indirectly holds more than 50% of the voting rights.
- (3) Companies that directly and indirectly hold more than 50% of the voting shares of the Company.
- (4) The Company holds, directly or indirectly, 90% or more of the voting shares of the Company.
- (5) Company that is mutually protected under contractual requirements based on the needs of the contractor.
- (6) Company that is endorsed by its shareholders in accordance with its shareholding ratio because of the joint investment relationship.
- (7) Performance guarantees for pre sale contracts under the Consumer Protection Act.

Note 2: The Company's aggregate amount allows endorsement or guarantee that does not exceed 400% of its net worth in the most recent financial statements. The individual amount allows endorsement or guarantee to subsidiaries where the Group holds more than 50% of the shares that does not exceed 400% of its net worth in the most recent financial statements.

Note 3: For ET New Media, the aggregate amount allows an endorsement or guarantee that does not exceed 300% of its net worth in the most recent financial statements. The individual amount allows endorsement or guarantee to subsidiaries where the Group holds more than 50% of the shares that does not exceed 300% of its net worth in the most recent financial statements.

3. Securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures):

Unit: Shares/Foreign currency thousands

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	China Development Financial Holdings	-	Financial assets at fair value through profit or loss	1	\$ -	- %	\$ -	
"	Taiwan Semiconductor Manufacturing	-	"	100,000	27,400	- %	27,400	
"	Taiwan Cement Co., Ltd.T	-	"	5,150,000	203,424	0.10 %	203,424	
"	Phoenix New Media Co., Ltd	-	"	2,000	4	- %	4	
"	Kaohsiung Harbor Stevedoring Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	750,000	7,500	15.00 %	7,500	
"	Leo Exploitation Co., Ltd.	-	"	165,663	-	11.43 %	-	
EIC	Western Pacific International	-	Non-current financial assets at fair value through other comprehensive income	480,000	5,015	12.00 %	5,015	
EILF	Taiwan Cement Co., Ltd.T	-	Financial assets at fair value through profit or loss	1,210,000	47,795	- %	47,795	
MWT	Sunny Bank	-	Non-current financial assets at fair value through other comprehensive income	58,432	584	- %	584	

Oscar	COTA Commercial Bank, Ltd.		"	1,000	10	-%	10
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4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Name of company	Category and name of security	Account name	Name of counter party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount (Note 1)
The Company	Tunglin Asset Management Co.	Investments accounted for using equity method	-	-	-	\$ -	33,000,000	\$330,000	-	\$ -	\$ -	\$ -	33,000,000	\$ 329,867

Note 1: Including exchange differences on financial assets designated at fair value, investments accounted for using equity method, and translation.

5. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
6. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
7. Related party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
8. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Counter party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
EMI	ET New Media	Subsidiary	\$ 301,529	Not Applicable	\$ -	-	\$ 1,529	\$ -
EMI	Eastern Holtels& Resorts	Subsidiary	656,974	Not Applicable	-	-	974	-
EMI	ET Pet	Subsidiary	100,296	Not Applicable	-	-	296	-
EIC	ET New Media	Subsidiary	270,449	Not Applicable	-	-	449	-

9. Trading in derivative instruments: None.

10. Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	EMI	ET New Media	1	Other receivables due from related parties	\$ 301,529	Refer to market price	2.05%
0	EMI	Eastern Holtels& Resorts	1	Other receivables due from related parties	656,974	Refer to market price	4.46%
0	EMI	ET Pet	1	Other receivables due from related parties	100,296	Refer to market price	0.68%
1	EIC	ET New Media	3	Other receivables due from related parties	270,449	Refer to market price	1.84%

Note 1: For the inter-company business relationship and transaction condition in the "Number" column, the labeling method is as follows:

1. Parent company - 0.
2. Subsidiaries - in sequence from 1.

Note 2: Relationship is classified into three types:

1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to parent company

(II) Information on investees:

From January 1 to March 31, 2020, the information on investees is as follows:

Unit: Shares/Foreign currency thousands

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2019			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying value			

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2019			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying value			
The Company	FESS-Bermuda	Bermuda	Holding company	\$ 43,391	\$ 43,391	1,000,000	100.00%	\$ 14,299	(\$ 135)	(\$ 135)	Subsidiary
The Company	FESS-Panama	Panama	Shipping and leasing service	2,245,038	2,045,038	71,700	100.00%	2,046,061	(29,695)	(29,695)	Subsidiary
The Company	Grand Richness Hong Kong	Hong Kong	Holding company	672,603	672,603	16,214,616	100.00%	68,487	35,491	35,491	Subsidiary
The Company	EIC	Taiwan	Investing	500,525	500,525	67,641,445	97.90%	837,186	42,397	41,507	Subsidiary
The Company	EILF	Taiwan	Planning and design and leasing of cable TV broadcasting system	391,195	391,195	40,690,330	53.77%	331,019	(1,593)	(857)	Subsidiary
The Company	TKLF	Taiwan	Planning and design and leasing of cable TV broadcasting system	391,613	391,613	40,847,294	53.76%	358,948	(354)	(190)	Subsidiary
The Company	MWT	Taiwan	Application Service	35,400	35,400	510,000	51.00%	41,657	1,212	618	Subsidiary
The Company	EHS	Taiwan	Department stores, supermarkets, online stores	81,978	81,978	6,637,500	6.51%	115,686	244,526	15,925	Associate
The Company	ET New Media	Taiwan	Advertising, online newspaper, Produce a broadcast program, pet food	535,225	535,225	53,522,508	89.20%	(240,246)	(143,700)	(128,187)	Subsidiary

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2019			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying value			
The Company	EHR	Taiwan	Management & consultancy services, leisure site management, catering business, sports training business, catering business	\$ 208,931	\$ 208,931	20,893,086	60.40%	\$ 69,232	(\$ 23,174)	(\$ 13,997)	Subsidiary
The Company	Tunglin Asset Management Co.	Taiwan	Real estate leasing	330,000	-	33,000,000	55.00%	329,867	(241)	(133)	Subsidiary
The Company	EHK E&S Co., Ltd.	Korea	Use and operation of foreign broadcasting channels, broadcasting of informational advertising on broadcasting channels, sales of products through broadcasting advertisements, and purchase of broadcasting contents.	49,019	49,019	36,000	30.00%	24,914	-	-	Associate
EIC	ET New Media	Taiwan	Advertising, online newspaper, Produce a broadcast program, pet food	6,275	6,275	627,492	1.05%	(2,817)	(143,700)	Exempt from disclosure	Sub-subsiary
EIC	EHS	Taiwan	Department stores, supermarkets, online stores	243,794	243,794	19,726,660	19.36%	343,819	244,526	"	Associate
EIC	TKLF	Taiwan	Planning and design and leasing of cable TV broadcasting system	77,115	77,115	7,597,500	10.00%	66,763	(354)	"	Sub-subsiary
EIC	EILF	Taiwan	Planning and design and leasing of cable TV broadcasting system	74,464	74,464	7,567,500	10.00%	61,562	(1,593)	"	Sub-subsiary
EIC	EHR	Taiwan	Management & consultancy services, leisure site management, catering business, sports training business, catering business	45,660	45,660	4,566,038	13.20%	15,130	(23,174)	"	Sub-subsiary
TKLF	EILF	Taiwan	Planning and design and leasing of cable TV broadcasting system	269,766	269,766	27,243,000	36.00%	221,624	(1,593)	"	Sub-subsiary
TKLF	EHR	Taiwan	Management & consultancy services, leisure site management, catering business, sports training business, catering business	45,660	45,660	4,566,038	13.20%	15,130	(23,174)	"	Sub-subsiary
EILF	TKLF	Taiwan	Planning and design and leasing of cable TV broadcasting system	278,342	278,342	27,351,000	36.00%	240,348	(354)	"	Sub-subsiary
EILF	EHR	Taiwan	Management & consultancy services, leisure site management, catering business, sports training business, catering business	45,660	45,660	4,566,038	13.20%	15,130	(23,174)	"	Sub-subsiary
FESS-Panama	GSMC-Cayman	Cayman Islands	Holding company	137,363	137,363	450,000	100.00%	88,581	(232)	"	Sub-subsiary
FESS-Panama	Eastern Communicati on Hong Kong	Hong Kong	Holding company	305	305	28,569,840	100.00%	50,837	(297)	"	Sub-subsiary
FESS-Panama	NATURAL BEAUTY	Cayman Islands	Investing activities	2,060,871	2,060,871	600,630,280	30.00%	2,009,759	(58,918)	"	Associate
GSMC-Cayman	Sen Want (Hong Kong)	Hong Kong	Investing activities	125,153	125,153	3,198,000	100.00%	85,513	(226)	"	Sub-subsiary
ET New Media	Show off	Taiwan	Video advertising service	100,000	100,000	10,000,000	100.00%	3,396	(57)	"	Sub-subsiary
ET New Media	Dung sen shin guangyun	Taiwan	Audiovisual and Singing Information Leisure	100	100	10,000	100.00%	664	137	"	Sub-subsiary
ET New Media	Dung sen dian jing yun	Taiwan	Amusement park information leisure	100	100	10,000	100.00%	(32)	(1)	"	Sub-subsiary
ET New Media	Dung sen shin wen yun	Taiwan	Amusement park information leisure	5,000	5,000	500,000	100.00%	4,987	-	"	Sub-subsiary
ET New Media	ET Pet	Taiwan	Pet food and supplies and providing pet beauty service	185,000	185,000	18,500,000	92.50%	124,180	(11,798)	"	Sub-subsiary
ET Pet	Oscar	Taiwan	Pet food and supplies and providing pet beauty service	317,437	317,437	4,873,200	80.00%	328,785	14,632	"	Sub-subsiary
ET Pet	Pet Kingdom	Taiwan	Pet food and supplies and providing pet beauty service	36,836	36,836	3,440,000	80.00%	39,849	624	"	Sub-subsiary
ET Pet	Kaou Sin	Taiwan	Pet food and supplies and providing pet beauty service	7,941	7,941	80,000	80.00%	10,920	1,574	"	Sub-subsiary

(III) Information on investment in Mainland China:

1. Information on investment in Mainland China:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
EED (Shanghai)	Transporting and packing service	\$ -	Note 2	\$ 988,358	-	-	\$ 988,358	\$ -	-%	\$ -	\$ -	-
Ding Kai (Shanghai)	Wholesale and retail of clothing, garments and accessories, household electrical equipment and supplies, clocks, watches and spectacles, jewelry and precious metals, etc.	-	Note 3	371,087	-	-	371,087	-	-%	-	-	-
Sheng Hang (Shanghai)	Wholesale and retail of clothing, garments and accessories, household electrical equipment and supplies, clocks, watches and spectacles, jewelry and precious metals, food goods, medicines, cosmetics and cleaning products, etc.	-	Note 4	181,770	-	-	181,770	-	-%	-	-	-
Xiang Fu (Shanghai)	Wholesale and retail of clothing, garments and accessories, household electrical equipment and supplies, clocks, watches and spectacles, jewelry and precious metals, food goods, medicines, cosmetics and cleaning products, etc.	1,067,039	Note 5	1,067,039	-	-	1,067,039	(275)	100.00%	(275)	5,519	-
Nanjing Yun Fu	Wholesale trading	44,205	Note 6	84,488	-	-	84,488	9	100.00%	9	9,969	-
Jiangsu Sen Fu Da	Research and development of film and television technology; research and development and sales of toys, clothing; planning and implementation of cultural and artistic exchange activities.	42,550	Note 7	14,467	-	-	14,467	-	34.00%	-	5,896	-
Shanghai Rich	Producing TV programs, wholesale	42,550	Note 8	45,005	-	-	45,005	(9)	100.00%	(9)	(502,508)	-
Eastern En	Transport consulting service	-	Note 11	-	-	-	-	-	-%	-	-	-
Eastern Enterprise Shanghai Logistics	Container transport, domestic road freight agent	8,467	Note 9	-	-	-	(50)	100.00%	(50)	(50)	8,747	-
Eastern Biotechnology	Selling agricultural products, packaged food	-	Note 10	-	-	-	-	-	-%	-	-	-
Shanghi Natural Beauty Fuli Cosmetics Company Limited	Production and sale of beauty care products and provision of beauty and body care services	425,153	Note 5	-	-	-	-	2,449	30.00%	735	139,442	-
Shanghi Natural Beauty Bio-Med Company Limited	Sales of health care products	91,570	Note 5	-	-	-	(468)	30.00%	(140)	(140)	31,075	-
Shanghi Natural Beauty Bio-technology Company Limited	Produces of beauty care products	1,031,705	Note 5	-	-	-	-	2,305	30.00%	692	395,161	-

Note 1: The investment gain (loss) was recognized based on the investees' audited financial statements.

Note 2: The Group indirectly made the investment through FESS Panama, and disposal of all shares on April 23, 2018.

Note 3: The Group indirectly made the investment through Grand Richness Hong Kong, and the investment completed cancellation of registration on September 21, 2018.

Note 4: The Group indirectly made the investment through Grand Richness Hong Kong, and the investment completed cancellation of registration on February 21, 2019.

Note 5: The Group indirectly invested through FESS Panama.

Note 6: The Group indirectly invested through FESS Panama, and the investment was handling capital reduction and returning shares of RMB9,467 on February 1, 2018, the amount of the share is remitted back to the Sen Want (Hong Kong).

Note 7: The Group indirectly invested through Nangjing Ji Cheng on August 30, 2012.

Note 8: The Group indirectly invested through Xiang Fu (Shanghai) on March 16, 2015.

Note 9: The Group indirectly invested through Sen Want (Hong Kong) in January, 2018.

Note 10: The Group indirectly invested through Sen Want (Hong Kong), and disposed all of its shares in Eastern En on January 20, 2020.

Note 11: The Group indirectly invested through Sen Want (Hong Kong), and disposed all of its shares in Eastern En on June 21, 2019.

Note 12: The amount in the table is translated by the spot rate on the financial reporting date and the average rate throughout the year.

2. Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of March 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	\$ 2,752,214	\$ 4,075,291	\$ 4,062,492

Note: The upper limit on investment was the greater of 60% of the individual or consolidated total net worth.

3. Significant transactions with investee companies in Mainland China:

For the Group's significant direct or indirect transactions (eliminated when compiling the consolidated financial statements) with investee companies in Mainland China for the year ended March 31, 2020, please refer to "Information on significant transactions" above.

(IV) Information on principal shareholders:

Name	Shares	
	Number of shareholding	Percentage of shareholding
E-Happy Travel Co., Ltd.	55,056,860	9.88 %
Jinxin Trading Co., Ltd.	53,621,300	9.63 %
Sen Feng International Co., Ltd.	51,564,628	9.26 %

XIV. Segment information:

The Group's operating segment information and reconciliation are as follows:

	<u>Warehousing</u>	<u>Trading</u>	<u>Media</u>	<u>Tourism</u>	<u>Others</u>	<u>Total</u>
Three Months Ended March 31, 2020						
Revenue:						
Revenue from external customers	\$ <u>316,645</u>	\$ <u>447,177</u>	\$ <u>285,028</u>	\$ <u>-</u>	\$ <u>16,203</u>	\$ <u>1,065,053</u>
Reportable segment profit or loss	\$ <u>149,417</u>	\$ <u>85,727</u>	(\$ <u>133,444</u>)	(\$ <u>23,389</u>)	(\$ <u>79,267</u>)	(\$ <u>956</u>)
Three Months Ended March 31, 2019						
Revenue:						
Revenue from external customers	\$ <u>294,832</u>	\$ <u>53,109</u>	\$ <u>208,074</u>	\$ <u>-</u>	\$ <u>31,855</u>	\$ <u>587,870</u>
Reportable segment profit or loss	\$ <u>138,021</u>	\$ <u>21,413</u>	(\$ <u>120,485</u>)	(\$ <u>24,670</u>)	\$ <u>125,909</u>	\$ <u>140,188</u>