

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

With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2020 and 2019

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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' Review Report

To the Board of Directors of Eastern Media International Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Eastern Media International Corporation and its subsidiaries as of September 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2020 and 2019, and changes in equity and cash flows for the nine months ended September 30, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note IV(II), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$357,139 thousand and \$323,565 thousand, constituting 2.26% and 2.95% of consolidated total assets as of September 30, 2020 and 2019, respectively, total liabilities amounting to \$60,767 thousand and \$47,631 thousand, constituting 0.66% and 0.98% of consolidated total liabilities as of September 30, 2020 and 2019, respectively, and total comprehensive income amounting to \$(2,073) thousand, \$4,958 thousand, \$32,462 thousand and \$(18,962) thousand, constituting (1.02)%, (29.43)%, 10.90% and (119.51)% of consolidated total comprehensive income for the three months and the nine months ended September 30, 2020 and 2019, respectively.

Furthermore, as stated in Note VI(VIII) the other equity accounted investments of Eastern Media International Corporation and its subsidiaries in its investee companies of \$1,948,725 thousand and \$2,120,547 thousand as of September 30, 2020 and 2019, respectively, and its equity in net loss on these investee companies of \$(10,917) thousand, \$(36,254) thousand, \$(48,121) thousand and \$(40,984) thousand for the three months and the nine months ended September 30, 2020 and 2019, respectively, were recognized solely on the financial statement prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Eastern Media International Corporation and its subsidiaries as of September 30, 2020 and 2019, and its consolidated cash flows for the nine months ended September 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditors’ report are Shin-Chin Chih and Chung-Che Chen

KPMG

Taipei, Taiwan (Republic of China)

November 5, 2020

Notes to Readers

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

(Expressed in Thousands of New Taiwan Dollars)

	September 30,2020 (Reviewed)		December 31,2019 (Audited)		September 30,2019 (Reviewed)		
	Amount	%	Amount	%	Amount	%	
Assets							
Current assets:							
1100	Cash and cash equivalents (Note VI(I))	\$ 1,420,657	9	\$ 1,829,578	13	\$ 1,033,753	9
1110	Current financial assets at fair value through profit or loss (Note VI(II))	357,640	2	242,539	2	583,577	5
1151	Notes receivable (Notes VI(IV) and (XXVI))	44,989	-	63,781	-	54,529	1
1160	Notes receivable due from related parties, net (Notes VI(IV), (XXVI) and VII)	41,091	-	-	-	-	-
1170	Accounts receivable, net (Notes VI(IV) and (XXVI))	309,940	2	329,927	2	271,305	3
1180	Accounts receivable due from related parties, net (Notes VI(IV), (XXVI) and VII)	17,825	-	21,799	-	19,667	-
1200	Other receivables, net (Notes VI(V))	204,301	1	164,114	1	147,453	1
1210	Other receivables due from related parties, net (Notes VI(V) and VII)	6,357	-	2,807	-	1,189	-
130X	Inventories (Note VI(VI))	323,642	2	274,144	2	94,189	1
1400	Current biological assets, net	8,769	-	8,381	-	-	-
1410	Prepayments(Note VII)	79,771	1	75,618	-	93,977	1
1476	Other current financial assets (Notes VI(I) and VIII)	72,467	1	194,919	2	208,142	2
1479	Other current assets, others	896	-	354	-	222	-
1460	Non-current assets classified as held for sale, net (Notes VI(VII)and (XI))	-	-	615	-	621	-
		<u>2,888,345</u>	<u>18</u>	<u>3,208,576</u>	<u>22</u>	<u>2,508,624</u>	<u>23</u>
Non-current assets:							
1517	Non-current financial assets at fair value through other comprehensive income (Note VI(III))	13,117	-	13,123	-	13,099	-
1550	Investments accounted for using equity method, net (Note VI(VIII))	2,405,677	15	2,459,062	16	2,474,821	23
1600	Property, plant and equipment (Notes VI(XII) and VIII)	1,603,527	11	1,439,296	10	1,211,650	11
1780	Intangible assets (Notes VI(IX), (XI), and (XIV))	469,651	3	490,834	3	83,888	1
1755	Right of use assets (Note VI(XIII))	7,326,193	46	6,762,163	45	4,032,486	37
1840	Deferred tax assets (Note VI(XXIII))	364,524	2	214,855	2	20,907	-
1920	Guarantee deposits paid (Notes VIII)	599,136	4	281,990	2	265,251	2
1960	Prepayments for investment (Notes VI(IX))	-	-	-	-	326,955	3
1980	Other non-current financial assets (Note VIII)	2,205	-	750	-	-	-
1990	Other non-current assets, others (Note IX)	123,691	1	35,138	-	38,333	-
		<u>12,934,721</u>	<u>82</u>	<u>11,697,211</u>	<u>78</u>	<u>8,467,390</u>	<u>77</u>
	Total assets	<u>\$15,823,066</u>	<u>100</u>	<u>\$14,905,787</u>	<u>100</u>	<u>\$10,976,014</u>	<u>100</u>

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets (Cotn'd)

(Expressed in Thousands of New Taiwan Dollars)

	September 30,2020 (Reviewed)		December 31,2019 (Audited)		September 30,2019 (Reviewed)		
	Amount	%	Amount	%	Amount	%	
Liabilities and Equity							
Current liabilities:							
2100	Short-term borrowings (Notes VI(XI), (XV), (XXXII) and VIII)	\$ 129,145	1	\$ 58,000	1	\$ 20,000	-
2110	Short-term notes and bills payable (Notes VI(XVI) and VIII)	-	-	20,000	-	-	-
2130	Current contract liabilities (Notes VI(XXVI) and VII)	49,823	-	24,913	-	29,401	-
2150	Notes payable (Note VI(XVII) and(XXXII))	126,558	1	44,806	-	8,046	-
2170	Accounts payable (Note VII)	207,610	1	207,335	1	69,019	1
2200	Other payables (Notes VI(XXXII) and VII)	547,662	3	761,581	6	407,619	4
2230	Current tax liabilities	12,662	-	22,061	-	11,510	-
2310	Advance receipts	12,981	-	14,534	-	1,730	-
2320	Long-term liabilities, current portion (Notes VI(XI), (XVIII), (XIX), (XXXII) and VIII)	184,281	1	67,789	-	4,800	-
2399	Other current liabilities, others (Note VII)	29,960	-	28,997	-	25,935	-
2280	Current lease liabilities (Note VI(XX))	<u>1,090,101</u>	<u>7</u>	<u>954,147</u>	<u>7</u>	<u>511,143</u>	<u>5</u>
		<u>2,390,783</u>	<u>14</u>	<u>2,204,163</u>	<u>15</u>	<u>1,089,203</u>	<u>10</u>
Non-current liabilities:							
2540	Long-term borrowings (including current portion of long-term borrowings) (Notes VI(XI), (XVIII), (XXXII) and VIII)	439,599	3	338,000	2	198,661	2
2570	Deferred tax liabilities	44	-	-	-	-	-
2610	Long-term notes and accounts payable (Notes VI(XIX))	50,859	-	-	-	870	-
2580	Non-current lease liabilities (Note VI(XX))	6,311,768	41	5,874,708	40	3,563,153	32
2640	Non-current net defined benefit liability	27,103	-	31,549	-	25,166	-
2645	Guarantee deposits received	<u>4,251</u>	<u>-</u>	<u>7,188</u>	<u>-</u>	<u>7,049</u>	<u>-</u>
		<u>6,833,624</u>	<u>44</u>	<u>6,251,445</u>	<u>42</u>	<u>3,749,899</u>	<u>34</u>
	Total liabilities	<u>9,224,407</u>	<u>58</u>	<u>8,455,608</u>	<u>57</u>	<u>4,884,102</u>	<u>44</u>
Equity attributable to owners of parent (Note VI(XXIV))							
3100	Capital stock	5,567,899	36	5,567,899	37	5,567,899	51
3200	Capital surplus	20,769	-	20,769	-	20,763	-
3300	Retained earnings	809,274	5	1,000,273	7	650,765	6
3400	Other equity interest	<u>(272,901)</u>	<u>(2)</u>	<u>(227,801)</u>	<u>(2)</u>	<u>(176,186)</u>	<u>(1)</u>
	Total equity attributable to owners of parent	<u>6,125,041</u>	<u>39</u>	<u>6,361,140</u>	<u>42</u>	<u>6,063,241</u>	<u>56</u>
36XX	Non-controlling interests ((Note VI(X))	<u>473,618</u>	<u>3</u>	<u>89,039</u>	<u>1</u>	<u>28,671</u>	<u>-</u>
	Total equity	<u>6,598,659</u>	<u>42</u>	<u>6,450,179</u>	<u>43</u>	<u>6,091,912</u>	<u>56</u>
	Total liabilities and equity	<u>\$15,823,066</u>	<u>100</u>	<u>\$14,905,787</u>	<u>100</u>	<u>\$10,976,014</u>	<u>100</u>

(Please see accompanying notes to the consolidated financial statements)

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

	For the three months ended September 30				For the nine months ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Notes VI(XXVI) and VII)							
5000	Operating costs (Notes VI(VI), (XXI), (XXII) and VII)							
	<u>824,011</u>	<u>64</u>	<u>491,730</u>	<u>68</u>	<u>2,286,899</u>	<u>66</u>	<u>1,325,530</u>	<u>68</u>
	<u>454,115</u>	<u>36</u>	<u>235,020</u>	<u>32</u>	<u>1,111,599</u>	<u>34</u>	<u>618,591</u>	<u>32</u>
	Gross profit from operations							
6000	Operating expenses (Notes VI(XXII) and VII)							
6450	Expected credit loss (gain) (Note VI(IV))							
	<u>109,620</u>	<u>9</u>	<u>29,972</u>	<u>4</u>	<u>48,674</u>	<u>1</u>	<u>(26,409)</u>	<u>(1)</u>
	Net operating gain (loss)							
	Non-operating income and expenses (Notes VI(XXVIII) and VII):							
7100	3,424	-	4,480	1	12,035	1	16,026	1
7010	21,346	2	9,557	1	219,503	6	22,925	1
7020	4,241	-	(2,018)	-	(113,644)	(3)	206,633	11
7050	(56,557)	(4)	(32,198)	(4)	(167,262)	(5)	(96,117)	(5)
7060	91,617	7	5,285	-	205,591	6	46,153	2
7900	173,691	14	15,078	2	204,897	6	169,211	9
7950	(45,561)	(4)	1,194	-	(138,193)	(4)	3,116	-
	<u>219,252</u>	<u>18</u>	<u>13,884</u>	<u>2</u>	<u>343,090</u>	<u>10</u>	<u>166,095</u>	<u>9</u>
8100	-	-	(7,638)	(1)	-	-	(157,357)	(8)
	<u>219,252</u>	<u>18</u>	<u>6,246</u>	<u>1</u>	<u>343,090</u>	<u>10</u>	<u>8,738</u>	<u>1</u>
8300	Other comprehensive income:							
8310	Components of other comprehensive income that will not be reclassified to profit or loss							
8316	7	-	12	-	(5)	-	67	-
8320	(1)	-	1,865	-	4	-	1,867	-
8349	-	-	-	-	-	-	-	-
	<u>6</u>	<u>-</u>	<u>1,877</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>1,934</u>	<u>-</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss							
8361	3,592	-	(1,920)	-	3,011	-	25,472	1
8370	(19,975)	(2)	(23,049)	(3)	(48,183)	(1)	(20,278)	(1)
8399	-	-	-	-	-	-	-	-
	<u>(16,383)</u>	<u>(2)</u>	<u>(24,969)</u>	<u>(3)</u>	<u>(45,172)</u>	<u>(1)</u>	<u>5,194</u>	<u>-</u>
8300	<u>(16,377)</u>	<u>(2)</u>	<u>(23,092)</u>	<u>(3)</u>	<u>(45,173)</u>	<u>(1)</u>	<u>7,128</u>	<u>-</u>
	<u>\$ 202,875</u>	<u>16</u>	<u>\$ (16,846)</u>	<u>(2)</u>	<u>\$ 297,917</u>	<u>9</u>	<u>\$ (15,866)</u>	<u>1</u>

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Cotr'd)
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)
(Reviewed, Not Audited)

	For the three months ended September 30				For the nine months ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
Profit attributable to:								
8610 Owners of parent	\$ 221,356	18	\$ 11,824	2	\$ 365,791	11	\$ 24,724	2
8620 Non-controlling interests	(2,104)	-	(5,578)	(1)	(22,701)	(1)	(15,896)	(1)
	<u>\$ 219,252</u>	<u>18</u>	<u>\$ 6,246</u>	<u>1</u>	<u>\$ 343,090</u>	<u>10</u>	<u>\$ 8,738</u>	<u>1</u>
Comprehensive income attributable to:								
Owners of parent	\$ 205,027	16	\$ (11,291)	(1)	\$ 320,691	10	\$ 31,760	2
Non-controlling interests	(2,152)	-	(5,555)	(1)	(22,774)	(1)	(15,894)	(1)
	<u>\$ 202,875</u>	<u>16</u>	<u>\$ (16,846)</u>	<u>(2)</u>	<u>\$ 297,917</u>	<u>9</u>	<u>\$ 15,866</u>	<u>1</u>
Earnings per share (Unit: NT\$) (Note VI(XXV))								
9750 Basic earnings per share								
Basic earnings per share from continuing operations	\$ 0.40		\$ 0.03		\$ 0.66		\$ 0.32	
Basic loss per share from discontinued operations	-		(0.01)		-		(0.28)	
Total basic earnings per share	<u>\$ 0.40</u>		<u>\$ (0.02)</u>		<u>\$ 0.66</u>		<u>\$ 0.04</u>	
9850 Diluted earnings per share								
Diluted earnings per share from continuing operations	\$ 0.40		\$ 0.03		\$ 0.66		\$ 0.32	
Diluted loss per share from discontinued operations	-		(0.01)		-		(0.28)	
Total diluted earnings per share	<u>\$ 0.40</u>		<u>\$ 0.02</u>		<u>\$ 0.66</u>		<u>\$ 0.04</u>	

(Please read the attached notes to the consolidated financial reports))

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 equity
	Equity attributable to owners of parent					Total other equity interest					
	Share capital	Retained earnings				Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	
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 nine months ended September 30, 2019	-	-	-	-	24,724	-	-	-	24,724	(15,986)	8,738
Other comprehensive income, for the nine months ended September 30, 2019	-	-	-	-	-	5,164	1,872	-	7,036	92	7,128
Total comprehensive income for the nine months ended September 30, 2019	-	-	-	-	24,724	5,164	1,872	-	31,760	(15,894)	15,866
Legal reserve appropriated	-	-	107,100	-	(107,100)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	143,912	(143,912)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(556,790)	-	-	-	(556,790)	-	(556,790)
Others - loss of control	-	-	-	-	-	-	-	11	11	33	44
Changes in equity interests in subsidiaries	-	15,598	-	-	-	-	-	-	15,598	26,856	42,454
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(1,621,303)	(1,621,303)
Cash dividends contributed by subsidiaries	-	-	-	-	-	-	-	-	-	(1,595)	(1,595)
Balance at September 30, 2019	<u>\$ 5,567,899</u>	<u>\$ 20,763</u>	<u>\$ 147,303</u>	<u>\$ 183,222</u>	<u>\$ 320,240</u>	<u>\$ (163,424)</u>	<u>\$ (12,762)</u>	<u>\$ -</u>	<u>\$ 6,063,241</u>	<u>\$ 28,671</u>	<u>\$ 6,091,912</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 nine months ended September 30, 2020	-	-	-	-	365,791	-	-	-	365,791	(22,701)	343,090
Other comprehensive income, for the nine months ended September 30, 2020	-	-	-	-	-	(45,102)	2	-	(45,100)	(73)	(45,173)
Total comprehensive income for the nine months ended September 30, 2020	-	-	-	-	365,791	(45,102)	2	-	320,691	(22,774)	297,917
Legal reserve appropriated	-	-	37,423	-	(37,423)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	44,579	(44,579)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(556,790)	-	-	-	(556,790)	-	(556,790)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	413,265	413,265
Cash dividends contributed by subsidiaries	-	-	-	-	-	-	-	-	-	(5,912)	(5,912)
Balance at September 30, 2020	<u>\$ 5,567,899</u>	<u>\$ 20,769</u>	<u>\$ 184,726</u>	<u>\$ 227,801</u>	<u>\$ 396,747</u>	<u>\$ (269,232)</u>	<u>\$ (3,669)</u>	<u>\$ -</u>	<u>\$ 6,125,041</u>	<u>\$ 473,618</u>	<u>\$ 6,598,659</u>

(Please read the attached notes to the consolidated financial reports)

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(Expressed in Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the nine months ended September 30	
	2020	2019
Cash flows (used in) from operating activities:		
Profit from continuing operations before tax	\$ 204,897	\$ 169,211
Loss from discontinued operations before tax	-	(157,357)
Profit before tax	<u>204,897</u>	<u>11,854</u>
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	917,160	538,178
Amortization expense	25,385	8,005
Net gain on financial assets or liabilities at fair value through profit or loss	(27,262)	(147,072)
Interest expense	167,262	98,658
Interest income	(12,035)	(17,445)
Dividend income	(4,765)	(4,186)
Share of profit of associates and joint ventures accounted for using equity method	(205,591)	(46,153)
Loss on disposal of property, plant and equipment	3,372	1,469
Gain on disposal of intangible assets	-	(12,510)
Loss on disposal of investments	4,818	18,381
Reversal of provision for onerous contract	-	(5,010)
Expected credit loss	2,311	18,144
Impairment loss on non-financial assets	150,403	17,242
Rent reductions listed as other income	(174,520)	-
Amounts from modification of lease contracts	(477)	(91,849)
Total adjustments to reconcile profit	<u>846,061</u>	<u>375,852</u>
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
(Increase) decrease in current financial assets at fair value through profit or loss	(87,839)	293,602
(Increase) decrease in notes receivable	(22,251)	23,793
Decrease (increase) in accounts receivable	22,080	(17,031)
(Increase) decrease in other receivable	(17,762)	30,555
(Increase) decrease in inventories	(50,401)	44,713
Increase in biological assets	(387)	-
Increase in prepayments	(3,012)	(19,540)
Increase in other current assets	(542)	-
Decrease (Increase) in other operating assets	122,165	(27,968)
Total changes in operating assets, net	<u>(37,949)</u>	<u>328,124</u>
Changes in operating liabilities, net:		
Increase (decrease) in contract liabilities	24,910	(14,799)
Increase in notes payable	629	3,766
Increase in accounts payable	277	11,929
Decrease in other payable	(262,579)	(418,402)
(Decrease) increase in receipts in advance	(1,700)	19,550
Increase in other current liabilities	963	-
Decrease in non-current net defined benefit liability	(4,446)	(24,481)
Decrease in other operating liabilities	(241,946)	(422,437)
Net changes in operating assets and liabilities	<u>(279,895)</u>	<u>(94,313)</u>
Total adjustments	<u>566,166</u>	<u>281,539</u>
Cash inflow generated from operations	771,063	293,393
Income taxes (paid) refunded	(22,360)	2,076
Net cash inflow from operating activities	<u>748,703</u>	<u>295,469</u>

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(Expressed in Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the nine months ended September 30	
	2020	2019
Cash flows from (used in) investing activities:		
Proceeds from disposed of investments accounted for using equity method	\$ 24,473	\$ -
Increase in prepayments for investments	-	(326,955)
Net cash flow from acquisition of subsidiaries	16,235	-
Proceeds from disposal of subsidiaries	750	(7,657)
Acquisition of property, plant and equipment	(307,409)	(79,881)
Proceeds from disposal of property, plant and equipment	1,208	1,814
Increase in refundable deposits	(317,446)	(76,131)
Increase in other receivables	(20,000)	-
Acquisition of intangible assets	(12,159)	(9,238)
Capital reduction of non-current financial assets at fair value through other comprehensive income	-	24,798
Loss of control of subsidiary	-	(1,271,295)
(Increase) decrease in other financial assets	(1,455)	105,321
Increase in other non-current assets	(88,553)	(11,641)
Interest received	11,792	17,758
Dividends received	190,222	201,917
Net cash flows used in from investing activities	(502,342)	(1,431,190)
Cash flows from (used in) financing activities:		
Increase in short-term loans	529,145	20,000
Decrease in short-term loans	(458,000)	-
Decrease in short-term notes payable	(20,000)	-
Increase in long-term debt	236,500	160,000
Decrease in long-term debt	(69,378)	(622,000)
Increase in notes payable	80,007	-
(Decrease) increase in guarantee deposits received	(2,937)	2,804
Increase in other payables	130,000	-
Decrease in other payables	(80,000)	-
Payment of lease liabilities	(760,636)	(422,538)
Increase in long-term notes payable	100,178	-
Issuance cash dividends	(562,062)	(558,385)
Interest paid	(177,098)	(99,010)
Change in non-controlling interests	405,000	58,500
Net cash flows used in financing activities	(649,281)	(1,460,629)
Effect of exchange rate changes on cash and cash equivalents	(6,001)	13,323
Net decrease in cash and cash equivalents	(408,921)	(2,583,027)
Cash and cash equivalents at beginning of period	1,829,578	3,617,401
Cash and cash equivalents at end of period	\$ 1,420,657	\$ 1,034,374
Cash and cash equivalents reported in the statement of financial position	\$ 1,420,657	\$ 1,033,753
Assets classified as held for sale, net	-	621
Cash and cash equivalents at end of period	\$ 1,420,657	\$ 1,034,374

(Please read the attached notes to the consolidated financial reports)

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

Notes To Consolidated Financial Statements

For The Six Months Ended September 30, 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 to promote the private port silo business, and its warehouse officially opened in 1980 with the completion of its silo. 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. In addition, the Group terminated all of the lease contracts of its shipping operations in advance in June 2019. 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 November 5, 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 Benchmark Reform”	January 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020
Amendment to IFRS 16, “Covid-19-Related Rent Concessions”	June 1, 2020

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of significant changes are explained as follows:

1. Amendment to IFRS 16, “Covid-19-Related Rent Concessions”

As a practical expedient, a lessee may elect not to assess whether a rent concession that meets certain conditions is a lease modification, rather any changes in lease liability are recognized in profit or loss. The amendments have been endorsed by the FSC in July 2020, earlier application from January 1, 2020 is permitted. Related accounting policy is explained in Note IV(III).

The Group has elected to apply the practical expedient for all rent concessions that meet the criteria beginning January 1, 2020, with early adoption. No adjustment was made upon the initial application of the amendments. The amounts recognized in profit or loss for the three and nine months ended September 30, 2020 were \$7,405 and \$174,520, respectively.

(II) The impact of IFRS issued by FSC but not yet effective

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, 2021:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	January 1, 2021

The Group assesses that the adoption of the abovementioned amendments would not have any material impact on its consolidated financial statements.

(III) 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, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment — Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts — Cost of Fulfilling a Contract”	January 1, 2022
Annual improvement to IFRS standards 2018-2020	January 1, 2022
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”	January 1, 2021

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

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2019. For the related information, please refer to Note IV of the consolidated financial statements for the year ended December 31, 2019.

(II) Basis of consolidation

1. List of subsidiaries in the consolidated financial statements:

Name of Investing Company	Subsidiary name	Nature of business	Shareholding ratio			Explanation
			September 30,2020	December 31,2019	September 30,2019	
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
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%	89.20%	Note A (Note 4)
The Company	EHR Hotels & Resorts Group Yilan (EHR)	Leisure site management, catering business	60.40%	60.40%	60.40%	Note A
The Company	Mohist Web Technology Co., Ltd. (MWT)	Application services	51.00%	51.00%	51.00%	Note A (Note 5)
The Company	Eastern New Retail Department (EIM) 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 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 Yilan (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)

Name of Investing Company	Subsidiary name	Nature of business	Shareholding ratio			Explanation
			September 30,2020	December 31,2019	September 30,2019	
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 Yilan (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 Yilan (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 and Note 15)
ET New Media	ET Pet Co., Ltd (ET Pet)	Pet food and supplies and providing pet beauty service	92.50%	92.50%	92.50%	Note C (Note 7)
ET New Media	Dung sen shin guang yun Co., Ltd. (Dung sen shin guang yun)	Audiovisual and singing, information leisure	100.00%	100.00%	100.00%	Note C (Note 5 and Note 8)
ET New Media	Dung sen dian jing yun Co., Ltd. (Dung sen dian jing yun)	Amusement park information leisure	100.00%	100.00%	100.00%	Note C (Note 5 and Note 9)
ET New Media	Dung sen shin wen yun Co., Ltd. (Dung sen shin wen yun)	Video advertising service	100.00%	100.00%	100.00%	Note C (Note 5 and Note 10)
ET New Media	Dung sen min diau yun Co., Ltd. (Dung sen min diau yun)	Consulting management, market research and opinion poll	100.00%	- %	- %	Note C (Note 5 and Note 14)
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 Communication Hong Kong)	Investing activities	100.00%	100.00%	100.00%	Note C (Note 5)
FESS-Bermuda	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)	Wholesale business of various commodities, materials and equipment	- %	- %	- %	Note 2
EHS	Dongsen D'Amour SPA (Dongsen D'Amour)	Clothing industry, clothing, shoes, hats and apparel wholesale	- %	- %	- %	Note 2
EHS	Assuran Co., Ltd (Assuran)	Cleaning supplies	- %	- %	- %	Note 2
EHS	Strawberry Cosmetics Holdings Limited (Strawberry Holdings)	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)

Name of Investing Company	Subsidiary name	Nature of business	Shareholding ratio			Explanation
			September 30,2020	December 31,2019	September 30,2019	
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	- %	- %	- %	Note C (Note 3 and Note 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 Note 5)
Sen Want (Hong Kong)	Eastern Enterprise Shanghai Logistics Ltd.	Container transport, domestic road freight agent	- %	100.00%	100.00%	Note C (Note 5 and Note 13)
Strawberry Holdings	Strawberry Cosmetics (Services) Limited	General service industry	- %	- %	- %	Note 2
Strawberry Holdings	Strawberry Cosmetics (Australasia) Limited	Skin care, perfume, cosmetics retail	- %	- %	- %	Note 2
Strawberry Holdings	Strawberry Cosmetics (China) Limited	Skin care, perfume, cosmetics retail	- %	- %	- %	Note 2
Strawberry Holdings	Strawberry Cosmetics (Multinational) Limited	Skin care, perfume, cosmetics retail	- %	- %	- %	Note 2
Strawberry Holdings	Strawberry Cosmetics (Brands) Limited	Skin care, perfume, cosmetics retail	- %	- %	- %	Note 2
Strawberry Holdings	Strawberry Cosmetics (International) Limited	Skin care, perfume, cosmetics retail	- %	- %	- %	Note 2
Strawberry Holdings	Strawberry Cosmetics (Japan) Limited	Skin care, perfume, cosmetics retail	- %	- %	- %	Note 2
Strawberry Holdings	Strawberry Cosmetics (Greater China) Limited	Skin care, perfume, cosmetics retail	- %	- %	- %	Note 2
Strawberry Holdings	Strawberry Cosmetics (East Asia) Limited	Skin care, perfume, cosmetics retail	- %	- %	- %	Note 2
Strawberry Holdings	Strawberry Cosmetics (USA) Limited	Skin care, perfume, cosmetics retail	- %	- %	- %	Note 2
Strawberry Holdings	Strawberry Limited	Skin care, perfume, cosmetics retail	- %	- %	- %	Note 2
Strawberry Holdings	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 reelected directors and supervisors in advance on December 27, 2018. The Group did not obtain more than half of the seats. The contract agreement signed with other stockholders who had voting rights was cancelled due to the reelection. As the new directors and supervisors took over the office on January 1, 2019, the Group would not acquire enough control over EHS and it would 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 in Tunglin Asset Management Co., with a 100% shareholding, which was registered on February 24, 2020. It participated in the cash capital increase on March 10 and June 23 of the same year. The former did not increase the capital in proportion to the shareholding ratio, with an investment amount of \$ 230,000, thereby reducing its shareholding to 55%. All registration procedures had been completed on April 6, 2020. The latter transaction increased its capital by \$ 165,000, and all registration procedures had been completed on July 27, 2020.
- Note 13: Eastern Enterprise Shanghai Logistics Ltd. has finished liquidation on July 20, 2020.
- Note 14: Dung sen min diau yun was established on September 24, 2020.
- Note 15: Show Off was dissolved on July 30, 2020. The procedure of liquidation has not been finished by the reporting date.

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

(III) Leases

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

1. the rent concessions occurring as a direct consequence of the covid-19 pandemic;
2. the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
3. any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and
4. there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(IV) Government subsidies

The Group recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(V) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on

the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(VI) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

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 IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and 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.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2019. For the related information, please refer to Note V of the consolidated financial statements for the year ended December 31, 2019.

The accounting policies involved significant judgments and the information that have significant effect on the amounts recognized in the consolidated financial statements are as follows:

- (I) The Group is the single largest shareholder of an investee with less than 50% of the voting rights of it and concludes that the Group does not control but has significant influence over it.

It is stated in Note VI(VIII) that the Group is the single largest shareholder of EHS with 25.87% of the voting rights of the investee. Considering the size of the Group’s holding of voting rights relative to the size and dispersion of holdings of the other shareholders and the voting patterns at previous shareholders’ meetings, which indicate that other shareholders are not passive, the Group is not able to appoint more than half of the members of EHS’s governing body. Therefore, the Group cannot direct the relevant activities of EHS and does not control EHS. Management of the Group considered the Group as exercising significant influence over EHS and; therefore, classified it as an associate of the Group.

It is stated in Note VI(VIII) that the Group is the single largest shareholder of Natural Beauty with 30% of the voting rights of the investee. After considering Natural Beauty is a listed company in Hong Kong, the independent executive directors and non-executive directors have the right to execute their own duty. Furthermore, the board of Natural Beauty directs the relevant activities, and none shareholder is able to appoint enough board members to direct the board’s decision. Therefore, the Group cannot direct the relevant activities of Natural Beauty and does not control Natural Beauty. Management of the Group considered the Group as exercising significant influence over Natural Beauty and; therefore, classified it as an associate of the Group.

The Coronavirus outbreak may have a significant impact on the following accounting estimates, which depend on the future forecasts:

- (I) Impairment assessment of real estate, plant and equipment, intangible assets and right-of-use assets

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years. Refer to note VI (XIII) for further description of the key assumptions used to determine the recoverable amount.

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; please refer to Note VI of the consolidated financial statements for the year ended December 31, 2019.

(I) Cash and cash equivalents

	September 30, 2020	December 31, 2019	September 30, 2019
Cash on hand	\$ 11,694	9,575	7,383
Cash in banks	1,279,004	1,027,996	881,535
Cash equivalents	<u>129,959</u>	<u>792,007</u>	<u>144,835</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 1,420,657</u>	<u>1,829,578</u>	<u>1,033,753</u>

Bank time deposits whose original maturity date exceeds three months are classified as other current financial assets. The deposit accounts of \$12,299, \$109,666, and \$160,679 which did not meet the definition of cash and cash equivalents, were classified as other current financial assets for September 30, 2020, December 31, 2019, and September 30, 2019, respectively.

Please refer to Note VI(XXIX) 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

	September 30 2020	December 31, 2019	September 30, 2019
Financial assets designated as at fair value through profit or loss:			
Non-derivative financial assets			
Stocks listed on domestic markets	<u>\$ 357,640</u>	<u>\$ 242,539</u>	<u>\$ 583,577</u>

1. Please refer to Note VI(XXVIII) for the remeasurement of fair value.
2. No financial assets were pledged as collateral on September 30, 2020, December 31, 2019, and September 30, 2019, respectively.

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Equity investments at fair value through other comprehensive income:			
Unlisted common shares domestic Company	<u>\$ 13,117</u>	<u>\$ 13,123</u>	<u>\$ 13,099</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 long-term for strategic purposes.

Because the Group has designated the above as investments in equity instruments measured at fair value through other comprehensive income. For the three months and the nine months ended September 30, 2020 and 2019, the dividends from equity instruments measured at fair value through other comprehensive income were \$11, \$1,057, \$598 and \$1,057, respectively.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of September 30, 2020 and 2019.

In 2019, the Group received the cash return of \$24,798 from Want Want Broadband Co., Ltd., which has rendered the capital reduction through 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 at the time of disposal 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(XXIX).

3. No financial assets mentioned above were pledged as collateral.

(IV) Notes and accounts receivable (including related parties)

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Notes receivable	\$ 4,787	\$ 4,264	\$ 1,318
Installment notes receivable	84,998	62,065	70,081
Accounts receivable	358,773	380,995	298,944
Less: Allowance for doubtful accounts	(31,557)	(29,563)	(21,357)
Unrealized interest revenue	(3,156)	(2,254)	(3,485)
	<u>\$ 413,845</u>	<u>\$ 415,507</u>	<u>\$ 345,501</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, accounts receivable 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 warehousing segment was determined as follows:

		September 30, 2020		
		Gross carrying amount	Weighted average loss rate	Loss allowance provision
Current		<u>\$ 22,127</u>	-%	<u>\$ -</u>
		December 31, 2019		
		Gross carrying amount	Weighted average loss rate	Loss allowance provision
Current		<u>\$ 13,712</u>	-%	<u>\$ -</u>
		September 30, 2019		
		Gross carrying amount	Weighted average loss rate	Loss allowance provision
Current		<u>\$ 6,479</u>	-%	<u>\$ -</u>

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

		September 30, 2020		
		Gross carrying amount	Weighted average loss rate	Loss allowance provision
Current		\$ 10,680	-%	\$ -
More than 91 days past due		427	100.00 %	427
		<u>\$ 11,107</u>		<u>\$ 427</u>
		December 31, 2019		
		Gross carrying amount	Weighted average loss rate	Loss allowance provision
Current		\$ 14,317	-%	\$ -
More than 91 days past due		432	100.00 %	432
		<u>\$ 14,749</u>		<u>\$ 432</u>
		September 30, 2019		
		Gross carrying amount	Weighted average loss rate	Loss allowance provision
Current		\$ 6,002	-%	\$ -
More than 91 days past due		6,074	100.00 %	6,074
		<u>\$ 12,076</u>		<u>\$ 6,074</u>

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

	September 30, 2020		
	Gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 243,680	0.25 %	\$ 615
1 to 30 days past due	7,258	12.28 %	892
31 to 60 days past due	558	33.69 %	188
61 to 90 days past due	2,398	78.62 %	1,885
More than 91 days past due	1,695	100.00 %	1,695
	<u>\$ 255,589</u>		<u>\$ 5,275</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	2,371	100.00 %	2,371
	<u>\$ 291,509</u>		<u>\$ 4,539</u>

	September 30, 2019		
	Gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 208,256	0.21 %	\$ 442
1 to 30 days past due	7,852	9.83 %	772
31 to 60 days past due	2,082	27.43 %	571
61 to 90 days past due	680	63.00 %	429
More than 91 days past due	3,031	100.00 %	3,031
	<u>\$ 221,901</u>		<u>\$ 5,245</u>

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

	September 30, 2020		
	Gross carrying amount	Weighted average loss rate	Loss allowance provision (Note)
Current	\$ 129,745	0%~1.47 %	\$ 941
1 to 30 days past due	1,685	0%~42.42 %	715
31 to 60 days past due	20	0%~66.58 %	13
61 to 90 days past due	134	1.79%~100.00%	127
More than 91 days past due	741	100.00 %	741
	<u>\$ 132,325</u>		<u>\$ 2,537</u>

	December 31, 2019		
	Gross carrying amount	Weighted average loss rate	Loss allowance provision (Note)
Current	\$ 93,755	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>\$ 100,846</u>		<u>\$ 4,527</u>

	September 30, 2019		
	Gross carrying amount	Weighted average loss rate	Loss allowance provision (Note)
Current	\$ 111,058	0%~6.23%	\$ 795
1 to 30 days past due	678	0%~44.09%	299
31 to 60 days past due	381	0%~68.03%	259
61 to 90 days past due	213	2.27%~100.00%	213
More than 91 days past due	<u>797</u>	100.00%	<u>797</u>
	<u>\$ 113,127</u>		<u>\$ 2,363</u>

Note: As of September 30, 2020, December 31, 2019, and September 30, 2019, the receivables amounted to \$24,254, \$24,254, and \$13,275 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 accounts receivable was as follows:

	For the nine months ended September 30	
	2020	2019
Balance on January 1	\$ 29,563	\$ 84,105
Recognition (reversal) of impairment losses	2,311	(863)
Amounts written off	(317)	(7,830)
Recognized as overdue receivables	-	(16,490)
Loss of control of subsidiary	-	(37,388)
Foreign exchange losses	-	(177)
Balance on September 30	<u>\$ 31,557</u>	<u>\$ 21,357</u>

No financial assets mentioned above were pledged as collateral.

(V) Other receivables and other notes receivable (including related parties)

	September 30, 2020	December 31, 2019	September 30, 2019
Other accounts receivable—loans to associates	\$ 150,000	\$ 130,000	\$ 130,000
Other accounts receivable—others	62,355	65,903	48,701
Less: Loss allowance	<u>(1,697)</u>	<u>(28,982)</u>	<u>(30,059)</u>
	<u>\$ 210,658</u>	<u>\$ 166,921</u>	<u>\$ 148,642</u>

As of September 30, 2020, December 31, 2019, and September 30, 2019, the aging analysis of other receivables, which were past due but not impaired, was as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Past due less than 365 days	\$ 15	\$ 1,779	\$ 520
Past due more than 365 days	125	477	3,374
	<u>\$ 140</u>	<u>\$ 2,226</u>	<u>\$ 3,894</u>

1. The overdue receivables amounted to \$334,271, \$335,271, and \$336,883 on September 30, 2020, December 31, 2019, and September 30, 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(XXIX).

(VI) Inventories

	September 30, 2020	December 31, 2019	September 30, 2019
Goods held for sale	\$ 288,539	\$ 248,074	\$ 67,642
Spare programs	5,934	-	-
Raw materials and others (including fuel)	29,169	26,070	26,547
	<u>\$ 323,642</u>	<u>\$ 274,144</u>	<u>\$ 94,189</u>

1. For the three months and nine months ended September 30, 2020 and 2019, due to fluctuations in international oil prices and the increase in the net realizable value of inventories, the Group recognized inventory recovery gain was \$437, \$0, \$188, and \$8,684, respectively.
2. No inventories were pledged as collateral on September 30, 2020, December 31, 2019, and September 30, 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(XI).

(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:

	September 30, 2020	December 31, 2019	September 30, 2019
Natural Beauty bio-technology Limited (Natural Beauty)	\$ 1,942,810	\$ 2,032,949	\$ 2,081,463
EHK E&S Co., Ltd.	-	26,081	33,056
Jiangsu Sen Fu Da Media Technology Co., Ltd.	5,915	5,965	6,028
Eastern Home Shopping & Leisure Co., Ltd (EHS)	456,952	394,067	354,274
	<u>\$ 2,405,677</u>	<u>\$ 2,459,062</u>	<u>\$ 2,474,821</u>

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

Affiliate Name	Within the Group Nature of Relationship	Main operating location	Proportion of shareholding and voting rights		
			September 30, 2020	December 31, 2019	September 30, 2019
Natural Beauty	Sales of beauty and cosmetic products and providing beauty service	Taiwan and China	30.00%	30.00%	30.00%
EHS	Wholesale and retail of various commodities, materials and equipment	Taiwan, Hong Kong and China	25.87%	25.87%	25.87%

(1) Natural Beauty Bio-Technology Limited

Natural Beauty Bio-Technology Limited (“Natural Beauty”) was one of the listing companies in Hong Kong Exchanges and Clearing Limited (“Hong Kong Exchange”). Its fair value is as follows:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Fair value	<u>\$ 1,465,604</u>	<u>\$ 1,572,049</u>	<u>\$ 1,687,889</u>

The Audit Committee of Natural Beauty received a letter from its CPA requesting it to hire an independent forensic accounting firm to investigate some items such as sales revenue and account receivables collection in the 2019 financial statements. Due to the wide-ranging content of the investigation, Natural Beauty applied for a temporary suspension of trading on the Hong Kong Exchange starting at 9 am on March 25, 2020. As of the date of the review of this report, the trading suspension was still in effect. The fair value of Natural Beauty on June 30, 2020 is calculated based on the suspension price on March 25, 2020.

Moreover, the forensic report of the forensic accounting firm was sent to the Audit Committee of Natural Beauty for confirmation on July 6, 2020. The Audit Committee believed that the forensic accountant had completed all the work required by the CPA and stated that there was no irregularity in the accounting of Natural Beauty. However, the CPA was not completely satisfied with the conclusion of the forensic accountant and requested further investigation. However, after the Natural Beauty Audit Committee and the Board of Directors reviewed the investigation report of the forensic accountants, they found its conclusions to be quite complete and there is no need for further investigation. The response to the CPA opinion was announced on July 27, 2020. The appointment of the CPA was to be terminated on July 31, 2020. As of the date of review of the report, Natural Beauty had completed the appointment of a successor CPA.

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Current assets	\$ 1,434,951	\$ 1,340,581	\$ 1,269,207
Non-current assets	1,621,911	1,669,566	1,464,676
Liabilities	(897,654)	(760,291)	(612,028)
Net assets	<u>\$ 2,159,208</u>	<u>\$ 2,249,856</u>	<u>\$ 2,121,855</u>
Net assets attributable	<u>\$ 2,159,208</u>	<u>\$ 2,249,856</u>	<u>\$ 2,121,855</u>

to investee

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Operating revenue	<u>\$ 366,101</u>	<u>\$ 334,504</u>	<u>\$ 901,620</u>	<u>\$ 1,143,802</u>
Net Income	\$ (3,790)	\$ (30,030)	\$ (61,856)	8,540
Other comprehensive income (loss)	<u>76,089</u>	<u>(60,673)</u>	<u>46,372</u>	<u>(70,992)</u>
Total comprehensive income (loss)	<u>\$ 72,299</u>	<u>\$ (90,703)</u>	<u>\$ (15,484)</u>	<u>\$ (62,452)</u>
Comprehensive income (loss) attributable to investee	<u>\$ 72,299</u>	<u>\$ (90,703)</u>	<u>\$ (15,484)</u>	<u>\$ (62,452)</u>
Share of net assets attributable to the Group of beginning balance	\$ 659,662	\$ 666,952	\$ 674,957	\$ 647,333
Comprehensive income (loss) attributable to the Group	21,690	(27,211)	(4,645)	(18,736)
Effect of exchange rate fluctuations	<u>(33,590)</u>	<u>(3,185)</u>	<u>(22,550)</u>	<u>7,959</u>
Subtotal	647,762	636,556	647,762	636,556
Add: Goodwill	320,899	342,292	320,899	342,292
Trademark	290,016	309,351	290,016	309,351
Property, plant and equipment	481,212	558,031	481,212	558,031
Other intangible assets in useful life (e.g., memberships and patents, etc.)	207,458	246,335	207,458	246,335
Effect of exchange rate fluctuations	5,957	92	5,957	92
Less: adjustment for inventories	<u>(10,494)</u>	<u>(11,194)</u>	<u>(10,494)</u>	<u>(11,194)</u>
Book value of net assets attributable to the Group on September 30	<u>\$ 1,942,810</u>	<u>\$ 2,081,463</u>	<u>\$ 1,942,810</u>	<u>\$ 2,081,463</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(XI).

The following consolidated financial information of significant affiliates had

been adjusted according to individually prepared IFRS financial statements of these affiliates:

	September 30, 2020	December 31, 2019	September 30, 2019
Current assets	\$ 4,265,611	\$ 3,941,679	\$ 3,595,569
Non-current assets	6,455,581	6,014,078	5,984,896
Liabilities	<u>(8,688,069)</u>	<u>(8,163,538)</u>	<u>(7,931,792)</u>
Net assets	<u>\$ 2,033,123</u>	<u>\$ 1,792,219</u>	<u>\$ 1,648,673</u>
Non-controlling interests, attributable to investee	<u>\$ 266,676</u>	<u>\$ 268,866</u>	<u>\$ 279,152</u>
Net assets attributable to investee	<u>\$ 1,766,447</u>	<u>\$ 1,523,353</u>	<u>\$ 1,369,521</u>

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Operating revenue	<u>\$ 5,862,702</u>	<u>\$ 5,050,532</u>	<u>\$ 16,831,076</u>	<u>\$ 14,784,349</u>
Net Income	\$ 402,451	\$ 111,423	\$ 986,530	\$ 320,873
Other comprehensive income	<u>(12,772)</u>	<u>(4,320)</u>	<u>(20,068)</u>	<u>9,422</u>
Total comprehensive income	<u>\$ 389,679</u>	<u>\$ 107,103</u>	<u>\$ 966,462</u>	<u>\$ 330,295</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 5,853</u>	<u>\$ (9,785)</u>	<u>\$ 2,820</u>	<u>\$ (20,984)</u>
Comprehensive income attributable to investee	<u>\$ 383,826</u>	<u>\$ 116,888</u>	<u>\$ 963,642</u>	<u>\$ 351,279</u>
Share of net assets attributable to the Group of beginning balance	\$ 410,390	\$ 376,761	\$ 394,067	\$ 461,134
Comprehensive income attributable to the Group	99,290	30,241	249,279	90,871
Dividends received from associates	<u>(52,728)</u>	<u>(52,728)</u>	<u>(186,394)</u>	<u>(197,731)</u>
Share of net assets attributable to the Group on September 30	<u>\$ 456,952</u>	<u>\$ 354,274</u>	<u>\$ 456,952</u>	<u>\$ 354,274</u>

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

	September 30, 2020	December 31, 2019	September 30, 2019
Carrying amount of individually insignificant associates' equity	<u>\$ 5,915</u>	<u>32,046</u>	<u>\$ 39,084</u>

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Attributable to the Group:				
Profit (loss) from continuing operations	\$ -	\$ (4,556)	\$ 182	\$ (9,286)
Other comprehensive loss	(213)	(1,294)	(1,839)	(2,347)
Total comprehensive loss	<u>\$ (213)</u>	<u>\$ (5,850)</u>	<u>\$ (1,657)</u>	<u>\$ (11,633)</u>

4. The liquidation of Group affiliate EHK E&S Co., Ltd. was completed on June 18, 2020, and all remaining invested funds of \$24,473 were recovered as of June 30, 2020, incurring an investment loss of \$3,806. The investment loss of this disposal includes the amount previously recognized in other comprehensive income that may be reclassified to profit or loss.
5. No investments accounted for using equity method were pledged as collateral on September 30, 2020, December 31, 2019, and September 30, 2019, respectively.
6. The unreviewed financial statements of investments for using equity method Except for EHS as of September 30, 2020 and 2019, investments were accounted for by the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(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 establish Dung sen shin guang yun Co., Ltd. on December 28, 2018 after obtaining the approval from the board of directors. Dung sen shin guang yun 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 establish Dung sen dian jing yun Co., Ltd. on December 28, 2018 after obtaining the approval from the board of directors. Dung sen dian jing yun 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 establish Dung sen shin wen yun Co., Ltd. on June 10, 2019 after obtaining the approval from the board of directors. Dung sen shin 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, decided to obtain control over Oscar, Pet Kingdom,

and Kaou Sin, by acquiring 80% of their shares after obtaining the approval from the board of directors on September 11, 2019. ET Pet prepaid 90% of the investment amounting \$326,955 by the contract on September 12, 2019. The Group got the stocks proportional to the prepayments and completed the registration procedures as well were pledged as collateral for this transaction. On October 1, 2019, the Group paid the rest of the investment and obtained a control over these companies.

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 be 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 \$345,978 (including the adjustment of the investment amount of \$16,235).
- (2) The recognized amounts of assets acquired and liabilities assumed at the acquisition date are summarized below:

Cash and cash equivalents	\$ 36,353
Inventories	135,557
Other current assets	35,257
Property, plant and equipment	153,156
Right of use assets	307,083
Intangible assets	313,198
Other non-current assets	14,006
Current liabilities	(380,826)
Non-current liabilities	(280,268)
Fair value of identifiable net assets	<u><u>\$ 333,516</u></u>

- (3) Goodwill

Goodwill recognized as a result of acquisitions is as follows:

Consolidated transferred	\$ 345,978
Non-controlling interest in the acquiree (proportionate share of the fair value of the identifiable net assets)	66,703
Less: Fair value of identifiable net assets	<u>(333,516)</u>
Goodwill	<u><u>\$ 79,165</u></u>

Goodwill is mainly derived from the many years of profitability and market share that has been cultivated in the pet market by the Oscar Pet merchandising system. Through the combination of these companies with the Group, it is anticipated that the pet business will be integrated to produce merger synergies.

The related information please refer to Note VI(XIV).

7. On January 2, 2020, the Company's Board of Directors resolved to invest \$100,000 in Tunglin Asset Management Co., with a 100% shareholding, which was registered on February 24, 2020. It participated in the cash capital increase on March 10 and June 23 of the same year. The former did not increase the capital in proportion to the shareholding ratio, with an investment amount of \$230,000, thereby reducing its shareholding to 55%. All registration procedures had been completed on April 6, 2020. The latter transaction increased its capital by \$165,000, and all registration procedures had been completed on July 27, 2020.
8. The consolidated subsidiary – ET New Media has decided to establish Dung sen min diau yun Co., Ltd. on June 10, 2019 after obtaining the approval from the board of directors. Dung sen min diau yun Co., Ltd. has completed the registration on September 24, 2020 with the capital of \$1,000 which was 100% held by ET New Media.

(X) Material non-controlling interests of subsidiaries

Non-controlling interests of subsidiaries material to the Group are as follows:

Subsidiary name	Main operating location	Percentage of non-controlling interests		
		September 30, 2020	December 31, 2019	September 30, 2019
Tunglin 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 this 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 financial information of Tunglin Asset Management Co. was as follows:

		September 30, 2020
Current assets		\$ 355,437
Non-current assets		1,476,678
Current liabilities		(34,843)
Non-current liabilities		(895,889)
Net assets		\$ 901,383
	For the three months ended	For the nine months ended
	September 30, 2020	September 30, 2020
Operating revenue	\$ -	\$ -
Net loss	\$ 2,331	\$ 1,383
Other comprehensive income	-	-
Total comprehensive income	\$ 2,331	\$ 1,383
Net cash flows from operating activities		\$ (110,864)
Net cash flows from investing activities		(233,531)
Net cash flows from financing activities		690,462
Net increase in cash and cash equivalents		\$ 346,067

(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 follows:

Cash and cash equivalents	\$ 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 noncurrent liabilities	(92,684)
Carrying amount of net assets	<u><u>\$ 2,082,441</u></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 \$19,167 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 Group resolved in February and March 2019 to dispose of the entire equity interests in the subsidiaries, Eastern En and Eastern Biotechnology (Shanghai); 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, and these companies lost control over them due to the disposal. The disposition price was \$11,100 (CNY \$2,476, fully received on August 15, 2019) and \$750 (CNY \$200, fully received on June 30, 2020), respectively. The gains or losses on disposal of the investment were amounted to \$3,880 and \$82, respectively.
6. The Group had lost the control over its liquidated subsidiary, Eastern Enterprise Shanghai Logistics Ltd., on July 20, 2020, resulting in a loss on liquidation amounting to \$1,094.

(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	87,951	9,472	-	5,790	46,284	138,710	44,535	332,742
Transfers	-	-	-	-	(1)	(266)	267	-
Disposals	-	-	-	(852)	(5,079)	-	(1,814)	(7,745)
Balance on September 30, 2020	<u>\$ 596,742</u>	<u>\$ 1,024,477</u>	<u>\$ 3,674</u>	<u>\$ 39,895</u>	<u>\$ 466,783</u>	<u>\$ 138,844</u>	<u>\$ 328,962</u>	<u>\$ 2,599,377</u>
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 of subsidiary	(655,482)	(686,462)	(342,471)	(2,431)	(82,942)	-	(549,412)	(2,319,200)
Additions	-	-	-	3,111	76,814	-	24,143	104,068
Transfers	-	-	-	(81)	90,969	-	(1,160)	89,728
Disposals	-	-	-	-	(296)	-	(8,323)	(8,619)
Effect of movements in exchange rates	-	-	-	-	-	-	64	64
Balance on September 30, 2019	<u>\$ 496,047</u>	<u>\$ 999,555</u>	<u>\$ 3,674</u>	<u>\$ 32,222</u>	<u>\$ 251,693</u>	<u>\$ 134</u>	<u>\$ 175,968</u>	<u>\$ 1,959,293</u>
Depreciation and impairment loss:								
Balance on January 1, 2020	\$ 5,740	\$ 590,188	\$ 3,674	\$ 23,928	\$ 52,811	\$ -	\$ 158,743	\$ 835,084
Depreciation	-	48,523	-	3,022	43,978	-	41,408	136,931
Disposals	-	-	-	(637)	(1,904)	-	(624)	(3,165)
Balance on September 30, 2020	<u>\$ 5,740</u>	<u>\$ 638,711</u>	<u>\$ 3,674</u>	<u>\$ 26,313</u>	<u>\$ 94,885</u>	<u>\$ -</u>	<u>\$ 199,527</u>	<u>\$ 968,850</u>
Balance on January 1, 2019	\$ 5,740	\$ 741,116	\$ 208,764	\$ 21,250	\$ 64,824	\$ -	\$ 542,656	\$ 1,656,350
Loss of control of subsidiary	-	(221,583)	(277,090)	(981)	(45,496)	-	(453,675)	(998,825)
Depreciation	-	49,128	-	1,944	18,363	-	28,455	97,890
Transfers	-	-	-	(81)	(996)	-	(1,398)	(2,475)
Disposals	-	-	-	-	(31)	-	(5,305)	(5,336)
Effect of movements in exchange rates	-	-	-	-	-	-	39	39
Balance on September 30, 2019	<u>\$ 5,740</u>	<u>\$ 568,661</u>	<u>\$ 3,674</u>	<u>\$ 22,132</u>	<u>\$ 36,664</u>	<u>\$ -</u>	<u>\$ 110,772</u>	<u>\$ 747,643</u>
Carrying amounts:								
January 1, 2020	<u>\$ 503,051</u>	<u>\$ 424,817</u>	<u>\$ -</u>	<u>\$ 11,029</u>	<u>\$ 372,768</u>	<u>\$ 400</u>	<u>\$ 127,231</u>	<u>\$ 1,439,296</u>
September 30, 2020	<u>\$ 591,002</u>	<u>\$ 385,766</u>	<u>\$ -</u>	<u>\$ 13,582</u>	<u>\$ 371,898</u>	<u>\$ 138,844</u>	<u>\$ 129,435</u>	<u>\$ 1,630,527</u>
January 1, 2019	<u>\$ 1,145,789</u>	<u>\$ 944,901</u>	<u>\$ 65,381</u>	<u>\$ 10,373</u>	<u>\$ 102,324</u>	<u>\$ 134</u>	<u>\$ 168,000</u>	<u>\$ 2,436,902</u>
September 30, 2019	<u>\$ 490,307</u>	<u>\$ 430,894</u>	<u>\$ -</u>	<u>\$ 10,090</u>	<u>\$ 215,029</u>	<u>\$ 134</u>	<u>\$ 65,196</u>	<u>\$ 1,211,650</u>

2. For the nine months ended September 30, 2019, the decrease in the Group's property, plant and equipment due to the loss of control over the subsidiaries is described in Note VI(XI).
3. In 2011, the Group signed a contract of purchasing land near the provincial road of Leo Exploitation Co., Ltd. and had paid \$4,635 constantly. As of June 30, 2020, the amount of land ownership that has not been transferred to the Group is \$134 (unfinished projects are listed under construction in progress).
4. In March 2020, the Group signed a land rights contract with the Economic Development Bureau of the New Taipei City Government and the North District Office of the State-Owned Property Department of the Ministry of Finance in the form of land lease rights; and it has completed the establishment of land rights as of April 13, 2020. It is expected to be used for the construction of Eastern Media Group headquarters. The cost invested in the planning and construction is recognized under property, plant and equipment. In addition, please refer to Note VI(XIII) for the details of the lease of land rights.

5. Please refer to Note VIII for the details of the property, plant and equipment pledged as collateral.

(XIII) Right-of-use assets

1. The cost, depreciation, and impairment loss of the land, buildings, ships and media exhibition boards of the Group were as follows:

	Land	Buildings	Ships	Outdoor advertising boards	Transportation equipment	Total
Right of use asset costs:						
Balance on January 1, 2020	\$ 4,109,171	\$ 882,233	\$ -	\$ 2,453,661	\$ -	\$ 7,445,065
Additions	1,126,492	186,513	-	210,618	2,439	1,526,062
Write off - lease modification	(2,218)	(22,118)	-	-	(15)	(24,351)
Write off - lease ending	-	(8,938)	-	-	-	(8,938)
Balance on September 30, 2020	<u>\$ 5,233,445</u>	<u>\$ 1,037,690</u>	<u>\$ -</u>	<u>\$ 2,664,279</u>	<u>\$ 2,424</u>	<u>\$ 8,937,838</u>
Balance on January 1, 2019	\$ 3,154,258	\$ 178,030	\$ 288,358	\$ 849,003	\$ -	\$ 4,469,649
Additions	1,876	178,898	-	64,241	-	245,015
Write off - lease modification	(749)	(3,979)	(291,543)	-	-	(296,271)
Effect of changes in foreign exchange rates	-	-	3,185	-	-	3,185
Balance on September 30, 2019	<u>\$ 3,155,385</u>	<u>\$ 352,949</u>	<u>\$ -</u>	<u>\$ 913,244</u>	<u>\$ -</u>	<u>\$ 4,421,578</u>
Accumulated depreciation and impairment losses:						
Balance on January 1, 2020	\$ 220,259	\$ 130,528	\$ -	\$ 332,115	\$ -	\$ 682,902
Depreciation	164,208	142,421	-	483,856	297	790,782
Impairment losses	-	-	-	150,403	-	150,403
Write off - lease modification	-	(3,504)	-	-	-	(3,504)
Write off - lease ending	-	(8,938)	-	-	-	(8,938)
Balance on September 30, 2020	<u>\$ 384,467</u>	<u>\$ 260,507</u>	<u>\$ -</u>	<u>\$ 966,374</u>	<u>\$ 297</u>	<u>\$ 1,611,645</u>
Balance on January 1, 2019	\$ -	\$ -	\$ 97,749	\$ -	\$ -	\$ 97,749
Depreciation	165,078	86,493	50,758	137,959	-	440,288
Impairment losses	-	-	17,242	-	-	17,242
Write off - lease modification	-	(438)	(166,666)	-	-	(167,104)
Effect of changes in foreign exchange rates	-	-	917	-	-	917
Balance on September 30, 2019	<u>\$ 165,078</u>	<u>\$ 86,055</u>	<u>\$ -</u>	<u>\$ 137,959</u>	<u>\$ -</u>	<u>\$ 389,092</u>
Carrying amounts:						
January 1, 2020	<u>\$ 3,888,912</u>	<u>\$ 751,705</u>	<u>\$ -</u>	<u>\$ 2,121,546</u>	<u>\$ -</u>	<u>\$ 6,762,163</u>
September 30, 2020	<u>\$ 4,848,978</u>	<u>\$ 777,183</u>	<u>\$ -</u>	<u>\$ 1,697,905</u>	<u>\$ 2,127</u>	<u>\$ 7,326,193</u>
January 1, 2019	<u>\$ 3,154,258</u>	<u>\$ 178,030</u>	<u>\$ 190,609</u>	<u>\$ 849,003</u>	<u>\$ -</u>	<u>\$ 4,371,900</u>
September 30, 2019	<u>\$ 2,990,307</u>	<u>\$ 266,894</u>	<u>\$ -</u>	<u>\$ 775,285</u>	<u>\$ -</u>	<u>\$ 4,032,486</u>

2. The Group estimated that the costs associated with ship operations would continue to increase, and on May 31, 2019, decided to terminate the lease early. The return of the ship was completed on June 13, 2019, and the right-of-use assets of \$124,877 and lease liabilities of \$216,712 were excluded. The Group recognized \$91,835 in lease modification benefits and paid compensation of \$180,829. For related information, please refer to Note VI(XX) and Note XII(II).
3. In March 2020, Group subsidiary Tunplin Asset Management Co. cooperated with the Economic Development Bureau of the New Taipei City Government and the North District Office of the State-owned Property Administration on the “Linkou International Media Park Investment Promotion Project” and signed a contract to establish land usage rights. The duration of the land usage rights is 50 years from the date of registration of the land usage, and the land usage was set up on April 13, 2020. During the duration of

the contract, Tunghin Asset Management Co. shall pay rent to the North Branch of the State-owned Property Administration of the Ministry of Finance each year at a certain rate of the announced land price.

Tunghin Asset Management Co. also signed an investment contract with the Economic Development Bureau of New Taipei City Government in March 2020. The main contents of the contract are as follows:

- (1) Development and operation period: 50 years from the date of establishment and registration of land usage rights.
 - (2) Development royalties: The total amount is \$200,000, and as of September 30, 2020, it has been paid in full (under the right-of-use assets account).
 - (3) Operating royalties: Starting from the date of operation, the actual net operating income of each base for the year is multiplied by the percentage of operating royalties contained in the contract to the net operating income to calculate the actual operating royalties payable by each base.
 - (4) Performance bond: As of September 30, 2020, the performance bond has been paid according to the contract amounting to \$200,000 (under the guarantee deposits paid account).
4. The land rights obtained by Tunghin Asset Management are expected to be used to build the headquarters of the Eastern Media Group, and the depreciation expenses of the right-of-use assets and the interest expenses of lease liabilities during the planning and construction period will be capitalized. Details are as follows:

	For the three months ended September 30, 2020	For the nine months ended September 30, 2020
Right-of-use assets depreciation expense	<u>\$ 5,636</u>	<u>\$ 10,553</u>
Interest expense on lease liability	<u>\$ 6,146</u>	<u>\$ 11,504</u>

The above accounts are listed under property, plant and equipment. Please refer to Note VI(XII) for details.

5. Impairment losses

- (1) For the three months and the nine months ended September 30, 2019, right-of-use assets were affected by the market and by the political and economic environment of the shipping industry. After assessment, impairment losses were recognized of \$40 and \$17,242 respectively. Please refer to Note XII(II).
- (2) The recoverable amount of the ships was calculated using the discounted cash flows method with the discount rate of 5%.
- (3) The media segment was affected by the Covid-19 pandemic, which caused a decline in advertising business. The Group expects that the future cash inflow generated by outdoor advertising boards will decrease, causing its recoverable amount to be less than the book value of the right-of-use assets. Therefore, for the three months and the nine months ended September 30, 2020, the impairment losses recognized were \$0 and \$150,403, respectively. The impairment loss has been included in the other gains and losses net of the consolidated comprehensive income statement; please refer to Note VI(XXVIII).

The recoverable amount of outdoor advertising boards is calculated based on the value in use, and the value in use in turn is calculated based on the pre-tax cash flow forecast of the financial forecast for the remaining lease period of the outdoor advertising boards. The discount rate used to estimate the value in use is 6.7266%. The discount rate is a pre-tax rate measured on the basis of the estimated industry

weighted average cost of capital, and the risk premium is adjusted to reflect the increased risk of general investment in equity and the specific systemic risk of cash-generating units.

The cash flow estimation is based on the financial budget of the remaining lease period of the outdoor advertising boards estimated by the management. The estimation of EBITDA during the financial budget period is based on past experience, actual operating results and future lease expiry dates. Considering the nature of the outdoor media business, the management believes that the aforementioned forecast period is reasonable. The relevant operating income is estimated based on past experience and actual operating conditions, taking into account the market environment and the growth of the industry market. It also estimates operating costs and expenses based on past experience and changes in various costs and expenses, and calculates the recoverable amount using the pre-tax discount rate. The values of these key assumptions represent the management's assessment of the future trend of the outdoor media space operation business, while taking external and internal information (historical information) into account.

(XIV) Intangible assets

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

	<u>Goodwill</u>	<u>Trademark</u>	<u>Client rights</u>	<u>Brand value</u>	<u>Supplier contracts</u>	<u>Computer software</u>	<u>Other intangible assets</u>	<u>Total</u>
Cost:								
Balance on January 1, 2020	\$ 160,379	\$ 233,229	\$ 69,909	\$ -	\$ -	\$ 42,053	\$ 13,008	\$ 518,578
Additions	-	326	-	-	-	6,566	5,280	12,172
Acquisition through business combinations	(33,060)	38,065	3,260	-	-	-	-	8,265
Transfers	(16,235)	-	-	-	-	-	-	(16,235)
Balance on September 30, 2020	<u>\$ 111,084</u>	<u>\$ 271,620</u>	<u>\$ 73,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,619</u>	<u>\$ 18,288</u>	<u>\$ 522,780</u>
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	-	5,527	-	-	-	2,328	2,546	10,401
Transfers	-	(926)	-	-	-	(612)	(4,065)	(5,603)
Disposals	-	(695)	-	-	-	-	-	(695)
Loss of control of subsidiary	(3,443,558)	-	(1,396,843)	(189,733)	(51,768)	(208,248)	-	(5,290,150)
Balance on September 30, 2019	<u>\$ 31,919</u>	<u>\$ 31,096</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,921</u>	<u>\$ 6,314</u>	<u>\$ 102,250</u>
Amortization and impairment loss:								
Balance on January 1, 2020	\$ -	\$ 2,085	\$ 4,254	\$ -	\$ -	\$ 17,803	\$ 3,602	\$ 27,744
Amortization for the period	-	11,611	3,063	-	-	7,284	3,427	25,385
Balance on September 30, 2020	<u>\$ -</u>	<u>\$ 13,696</u>	<u>\$ 7,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,087</u>	<u>\$ 7,029</u>	<u>\$ 53,129</u>
Balance on January 1, 2019	\$ -	\$ 761	\$ 1,172,708	\$ 6,145	\$ 43,485	\$ 213,657	\$ 1,813	\$ 1,438,569
Amortization for the period	-	2,233	-	-	-	4,170	1,602	8,005
Transfers	-	(926)	-	-	-	(65)	(549)	(1,540)
Disposals	-	(695)	-	-	-	-	-	(695)
Loss of control of subsidiary	-	-	(1,172,708)	(6,145)	(43,485)	(203,639)	-	(1,425,977)
Balance on September 30, 2019	<u>\$ -</u>	<u>\$ 1,373</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,123</u>	<u>\$ 2,866</u>	<u>\$ 18,362</u>
Carrying amounts:								
January 1, 2020	<u>\$ 160,379</u>	<u>\$ 231,144</u>	<u>\$ 65,655</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,250</u>	<u>\$ 9,406</u>	<u>\$ 490,834</u>
September 30, 2020	<u>\$ 111,084</u>	<u>\$ 257,924</u>	<u>\$ 65,852</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,532</u>	<u>\$ 11,259</u>	<u>\$ 469,651</u>
January 1, 2019	<u>\$ 3,475,477</u>	<u>\$ 26,429</u>	<u>\$ 224,135</u>	<u>\$ 183,588</u>	<u>\$ 8,283</u>	<u>\$ 25,796</u>	<u>\$ 6,020</u>	<u>\$ 3,949,728</u>
September 30, 2019	<u>\$ 31,919</u>	<u>\$ 29,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,798</u>	<u>\$ 3,448</u>	<u>\$ 83,888</u>

1. For the three months and the nine months ended September 30, 2019, for details of loss of control of subsidiaries, the information please refer to Note VI(XI) and for details of transfers of goodwill please refer to Note VI(IX). In addition, the sale of intangible assets from ET New Retail Department to the Group in previous years saw its related disposal of intangible assets gains of \$12,510 fully recognized in 2019. Please refer to Note VI(XI).
2. The consolidated subsidiary, ET Pet, obtained control over Oscar, Pet Kingdom, and Kaou Sin, by acquiring 80% of their shares on October 1, 2019. According to the difference between the purchase price and identifiable net assets in the acquisition contract, it generated goodwill at an amount of \$79,165. The related information please to Note VI(IX).

(XV) Short-term loans

Details of short-term loans of the Group were as follows:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Unsecured bank loans	\$ 109,145	\$ -	\$ -
Secured bank loans	20,000	58,000	20,000
Total	<u>\$ 129,145</u>	<u>\$ 58,000</u>	<u>\$ 20,000</u>
Unused credit line	<u>\$ 908,216</u>	<u>\$ 617,215</u>	<u>\$ 617,399</u>
Interest rate	<u>1.4%~2.0%</u>	<u>1.97%~3.2%</u>	<u>2.15%</u>

1. For the nine months ended September 30, 2019, the reduction 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

Details of short-term notes and bills of the Group were as follows:

	<u>December 31, 2019</u>
Guarantees to pay commercial promissory notes	<u>\$ 20,000</u>
Unused credit line	<u>\$ 10,000</u>
Interest rate	<u>1.878%</u>

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

(XVII) Notes payable

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Generated from operation	\$ 46,551	\$ 44,806	\$ 8,046
Non-generated from operation			
Financing	80,007	-	-
	<u>\$ 126,558</u>	<u>\$ 44,806</u>	<u>\$ 8,046</u>

Notes payable which were not generated from operation were 12 periods of repayment checks issued to the leasing company. Since there were demands for short-term working capital of the Group, the Group signed a loan contract with leasing company in September 2020. The interest rate was 3.04% in the contract. The loaning duration was lasting for one year. Among the duration, the first 11 periods amortized 70% of the principal, and the 12 period repaid the remaining 30% of the principal.

(XVIII) Long-term loans

Details, conditions, and terms of long-term loan of the Group were as follows:

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Unsecured loans	\$ 144,000	\$ 150,000	\$ -
Secured bank loans	434,900	261,778	210,000
Less: Current portion	(134,962)	(67,789)	(4,800)
Fees	(4,339)	(5,989)	(6,539)
Total	<u>\$ 439,599</u>	<u>\$ 338,000</u>	<u>\$ 198,661</u>
Duration year	<u>110~112</u>	<u>109~112</u>	<u>111~112</u>
Interest rate	<u>2.01%~3.05%</u>	<u>2.21%~3.2%</u>	<u>2.35%~3%</u>
Unused credit line	<u>\$ 629,500</u>	<u>\$ 734,000</u>	<u>\$ 770,000</u>

1. For the nine months ended September 30, 2019, reduction 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.

(XIX) Long term notes and accounts payable

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Generated from operation	\$ 100,178	\$ -	\$ 870
Less: Current portion	(49,319)	-	-
	<u>\$ 50,859</u>	<u>\$ -</u>	<u>\$ 870</u>

Long term notes payable were 24 periods of repayment checks. Since there were demands for working capital of the Group, the Group signed an installment purchase contract in September 2020.

(XX) Lease liabilities

Book value of the Group's lease liabilities were as follows:

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Current	<u>\$ 1,090,101</u>	<u>\$ 954,147</u>	<u>\$ 511,143</u>
Non-current	<u>\$ 6,311,768</u>	<u>\$ 5,874,708</u>	<u>\$ 3,563,153</u>

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

Lease amounts recognized as profit or loss were as follows:

	<u>For the three months</u> <u>ended September 30</u>		<u>For the nine months</u> <u>ended September 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Interest on lease liabilities	<u>\$ 55,671</u>	<u>\$ 30,925</u>	<u>\$ 159,633</u>	<u>\$ 95,394</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 13,094</u>	<u>\$ 12,316</u>	<u>\$ 15,500</u>	<u>\$ 12,316</u>
Expenses relating to short term leases	<u>\$ 18,479</u>	<u>\$ 2,560</u>	<u>\$ 24,421</u>	<u>\$ 101,376</u>

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Expenses relating to leases of low value assets, excluding short term leases of low value assets	<u>\$ 432</u>	<u>\$ 233</u>	<u>\$ 1,099</u>	<u>\$ 592</u>
Covid-19 related rent concessions recognized as other income	<u>\$ (7,405)</u>	<u>\$ -</u>	<u>\$ (174,520)</u>	<u>\$ -</u>

Lease amounts recognized in the Statements of Cash Flows were as follows:

	For the nine months ended September 30	
	2020	2019
Total cash outflow for leases	<u>\$ 961,289</u>	<u>\$ 632,216</u>

For the nine months ended September 30, 2020 and 2019, newly added lease liabilities amounted to \$1,526,062 and \$245,015 respectively, and the interest rate was 3%. Lease period ending dates extend from December 2020 to April 2070. However, for the nine months ended September 30, 2020 and 2019, the group negotiated modifications to its contracts in consideration of its operating conditions, thereby reducing lease liabilities by \$21,324 and \$221,016 respectively. The information on modifications of the Group's lease contracts, please refer to Notes VI(XIII), (XXVIII) and Note XII(II).

1. Leases of land, equipment, and buildings

As of September 30, 2020, the Group leased land and buildings for its warehousing operations, office space and retail stores, and the land rights of the group headquarters. The leases of office space typically run for a period of 20 years, retail stores for 3 to 10 years, and land usage rights for 50 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 leases outdoor advertising boards and transportation equipment with lease terms of three to five years. In some cases, the Group has 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 has elected not to recognize right of use assets and lease liabilities for these leases.

(XXI) Provisions

	<u>Onerous contract</u>
Balance on January 1, 2019	\$ 4,992
Provision reversal during the period	(5,010)
Foreign exchange gain/loss	18
Balance on September 30, 2019	<u>\$ -</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 for the nine months ended September 30, 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.

(XXII) 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 reporting date.

The expenses recognized in profit and loss for the Group were as follows:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Operating cost	\$ 273	\$ 374	\$ 819	\$ 1,063
Operating expense	155	183	455	609
	<u>\$ 428</u>	<u>\$ 557</u>	<u>\$ 1,274</u>	<u>\$ 1,672</u>

2. Defined contribution plans

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

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Operating cost	\$ 6,379	\$ 5,619	\$ 18,778	\$ 16,814
Operating expense	6,206	4,509	19,431	13,439
	<u>\$ 12,585</u>	<u>\$ 10,128</u>	<u>\$ 38,209</u>	<u>\$ 30,253</u>

(XXIII) Income taxes from continuing operations

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current income tax expense				
Current period	\$ (45,829)	\$ 1,450	\$ (138,772)	\$ 2,767
Undistributed earnings additional tax	86	(452)	86	6,958
Adjustment for prior periods	182	196	493	(6,609)
Income taxes from continuing operations	<u>\$ (45,561)</u>	<u>\$ 1,194</u>	<u>\$ (138,193)</u>	<u>\$ 3,116</u>

For the three months and the nine months ended September 30, 2020, previously unrecognized tax losses of \$49,980 and \$149,940 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.

(XXIV)Capital and other equity

Except for the following disclosure, there were no significant changes in capital and other equity of the Group for the nine months ended September 30, 2020 and 2019. For the related information, please refer to Note VI(XXIV) of the consolidated financial statements for the year ended December 31, 2019.

1. Retained earnings

The Company held a shareholders meeting on June 29, 2020 to pass a resolution to amend the Company's Articles of Incorporation to state that if profit distribution is to be paid in cash, it may be approved by the Board of Directors and reported to the Shareholders in its meeting.

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. If there is still surplus, and the undistributed surplus at the beginning of the same period (including adjustment of the amount of undistributed surplus), its distribution shall be the approved by the board of directors.

The Company's earnings distribution proposals for 2019 and 2018 were resolved by the regular shareholders' meeting on June 29, 2020 and 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	44,579	-	143,912	-
Cash dividends	556,790	1	556,790	1

For the profit distribution proposals in 2019 and 2018 mentioned above, please refer to the Market Observation Post System for relevant information.

2. Treasury shares

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 lost 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	3,011	-	3,011
Change in other comprehensive income (loss) of associates accounted for using equity method	(48,113)	4	(48,109)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(2)	(2)
Balance on September 30, 2020	<u>\$ (269,232)</u>	<u>\$ (3,669)</u>	<u>\$ (272,901)</u>
Balance on January 1, 2019	\$ (168,588)	\$ (14,634)	\$ (183,222)
Exchange differences on foreign operation	25,472	-	25,472
Change in other comprehensive income (loss) of associates accounted for using equity method	(20,308)	1,867	(18,441)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	5	5
Balance on September 30, 2019	<u>\$ (163,424)</u>	<u>\$ (12,762)</u>	<u>\$ (176,186)</u>

(XXV) Earnings per share

The basic earnings per share and diluted earnings per shares were calculated as follows:

	For the three months ended September 30, 2020		
	Net of tax	The weighted average number of ordinary shares outstanding (thousand shares)	Earnings per share (NT\$)
Basic earnings per share			
Profit attributable to ordinary shareholders of the Company	<u>\$ 221,356</u>	556,790	<u>\$ 0.40</u>
Diluted earnings per share			
Profit from continuing operations of the Company for the period	\$ 221,356	556,790	
Effect of dilutive potential ordinary shares: Employee stock bonus	<u>-</u>	<u>503</u>	
Profit attributable to ordinary shareholders of the Company (Weighted average number of ordinary shares(diluted) at 30 September)	<u>\$ 221,356</u>	557,293	<u>\$ 0.40</u>

For the three months ended September 30, 2019			
	Net of tax	The weighted average number of ordinary shares outstanding (thousand shares)	Earnings per share (NT\$)
Basic earnings per share			
Profit from continuing operations of the Company for the period	\$ 19,462	556,790	\$ 0.03
Loss from discontinued operations of the Company for the period	<u>(7,638)</u>	556,790	<u>(0.01)</u>
Profit attributable to ordinary shareholders of the Company	<u>\$ 11,824</u>	556,790	<u>\$ 0.02</u>
Diluted earnings per share			
Profit from continuing operations of the Company for the period	\$ 19,462	556,790	
Effect of dilutive potential ordinary shares: Employee stock bonus	<u>-</u>	<u>38</u>	
Profit from continuing operations of the Company for the period	\$ 19,462	556,828	\$ 0.03
Loss from discontinued operations of the Company for the period	<u>(7,638)</u>	556,828	<u>(0.01)</u>
Profit attributable to ordinary shareholders of the Company (Weighted average number of ordinary shares(diluted) at 30 September)	<u>\$ 11,824</u>	556,828	<u>\$ 0.02</u>

For the nine months ended September 30, 2020			
	Net of tax	The weighted average number of ordinary shares outstanding (thousand shares)	Earnings per share (NT\$)
Basic earnings per share			
Profit attributable to ordinary shareholders of the Company	<u>\$ 365,791</u>	556,790	<u>\$ 0.66</u>
Diluted earnings per share			
Profit from continuing operations of the Company for the period	\$ 365,791	556,790	
Effect of dilutive potential ordinary shares: Employee stock bonus	<u>-</u>	<u>739</u>	
Profit attributable to ordinary shareholders of the Company (Weighted average number of ordinary shares(diluted) at 30 September)	<u>\$ 365,791</u>	557, 529	<u>\$ 0.66</u>

	For the nine months ended September 30, 2020		
	Net of tax	The weighted average number of ordinary shares outstanding (thousand shares)	Earnings per share (NT\$)
Basic earnings per share			
Profit from continuing operations of the Company for the period	\$ 182,081	556,790	\$ 0.32
Loss from discontinued operations of the Company for the period	<u>(157,357)</u>	556,790	<u>(0.28)</u>
Profit attributable to ordinary shareholders of the Company	<u>\$ 24,724</u>	556,790	<u>\$ 0.04</u>
Diluted earnings per share			
Profit from continuing operations of the Company for the period	\$ 182,081	556,790	
Effect of dilutive potential ordinary shares:			
Employee stock bonus	<u>-</u>	<u>1,084</u>	
Profit from continuing operations of the Company for the period	\$ 182,081	558,874	\$ 0.32
Loss from discontinued operations of the Company for the period	<u>(157,357)</u>	558,874	<u>(0.28)</u>
Profit attributable to ordinary shareholders of the Company (Weighted average number of ordinary shares(diluted) at 30 September)	<u>\$ 24,724</u>	558,874	<u>\$ 0.04</u>

(XXVI) Revenue from contracts with customers from continuing operations

1. Details of revenue

	For the three months ended September 30, 2020				
	Warehousing	Trading	Media	Others	Total
Main services:					
Sales revenue	\$ -	\$ 420,594	\$ 7,719	\$ 31,406	\$ 459,719
Media revenue	-	-	362,468	-	362,468
Loading and storage revenue	390,206	-	-	-	390,206
Others revenue	<u>-</u>	<u>38,811</u>	<u>17,158</u>	<u>9,764</u>	<u>65,733</u>
	<u>\$ 390,206</u>	<u>\$ 459,405</u>	<u>\$ 387,345</u>	<u>\$ 41,170</u>	<u>\$ 1,278,126</u>
	For the three months ended September 30, 2019				
	Warehousing	Trading	Media	Others	Total
Main services:					
Sales revenue	\$ -	\$ 76,582	\$ -	\$ 14,372	\$ 90,954
Media revenue	-	-	251,259	-	251,259
Loading and storage revenue	336,048	-	-	-	336,048
Others revenue	<u>-</u>	<u>7,913</u>	<u>24,309</u>	<u>16,267</u>	<u>48,489</u>
	<u>\$ 336,048</u>	<u>\$ 84,495</u>	<u>\$ 275,568</u>	<u>\$ 30,639</u>	<u>\$ 726,750</u>

For the nine months ended September 30, 2020					
	Warehousing	Trading	Media	Others	Total
Main services:					
Sales revenue	\$ -	\$1,201,489	\$ 16,980	\$ 46,843	\$ 1,265,312
Media revenue	-	-	891,018	-	891,018
Loading and storage revenue	1,035,680	-	-	-	1,035,680
Others revenue	-	138,815	39,187	28,486	206,488
	<u>\$1,035,680</u>	<u>\$1,340,304</u>	<u>\$ 947,185</u>	<u>\$ 75,329</u>	<u>\$3,398,498</u>

For the nine months ended September 30, 2019					
	Warehousing	Trading	Media	Others	Total
Main services:					
Sales revenue	\$ -	\$ 178,246	\$ -	\$ 48,030	\$ 226,276
Media revenue	-	-	665,729	-	665,729
Loading and storage revenue	932,067	-	-	-	932,067
Others revenue	-	16,130	64,674	39,245	120,049
	<u>\$ 932,067</u>	<u>\$ 194,376</u>	<u>\$ 730,403</u>	<u>\$ 87,275</u>	<u>\$1,944,121</u>

2. Contract balances

	September 30, 2020	December 31, 2019	September 30, 2019
Notes receivable	\$ 4,787	\$ 4,264	\$ 1,318
Installment notes receivable	84,998	62,065	70,081
Accounts receivable	358,773	380,995	298,944
Less: Allowance for doubtful accounts	(31,557)	(29,563)	(21,357)
Unrealized interest revenue	(3,156)	(2,254)	(3,485)
Total	<u>\$ 413,845</u>	<u>\$ 415,507</u>	<u>\$ 345,501</u>
Contract liability-advertising services	\$ 26,757	\$ 16,729	\$ 8,375
Contract liability-others	23,066	8,184	21,026
Total	<u>\$ 49,823</u>	<u>\$ 24,913</u>	<u>\$ 29,401</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.

(XXVII) Remuneration of employees

If the Company makes a profit during the year (referring to profit before tax minus the profit before the distribution of employee compensation), then after deducting any accumulated loss, 3.5% of the balance shall be allocated as employee compensation and the amount allocated shall be used as the current year's expense. Employees' remuneration is based on stocks or cash, subject to a special resolution of the board of directors and reporting to the regular shareholders meeting.

The company's employee compensation for the three months and the nine months ended September 30, 2020 and 2019 are respectively \$6,215, \$430, \$7,826, and \$915. 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 those periods. 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 the Market Observation Post System.

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

1. Interest income

The details of interest income of the Group were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Interest income	<u>\$ 3,424</u>	<u>\$ 4,480</u>	<u>\$ 12,035</u>	<u>\$ 16,026</u>

2. Other income

The details of other revenue of the Group were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Dividend income	\$ 3,653	\$ 3,140	\$ 4,765	\$ 4,186
Rental income	6,832	6,417	20,490	18,739
Others revenue	10,861	-	194,248	-
	<u>\$ 21,346</u>	<u>\$ 9,557</u>	<u>\$ 219,503</u>	<u>\$ 22,925</u>

Note: Other income includes rent reductions of the Group due to the Covid-19 pandemic. For the three months and the nine months ended September 30, 2020, the amounts are \$7,405 and \$174,520 respectively. Please refer to Note VI(XX) for details.

3. Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Gain (loss) on disposal of property, plant, and equipment	\$ 23	\$ (821)	\$ (3,372)	\$ (1,469)
Impairment loss on Right-of-use assets	-	-	(150,403)	-
Loss on disposal of investments	(1,094)	(939)	(4,818)	(18,381)
Net gain (loss) on evaluation of financial assets at fair value through profit or loss	8,220	(1,741)	27,262	147,072
Foreign exchange gain (loss)	1,776	(2,623)	(2,645)	(4,090)
Gain on disposal of intangible assets	-	-	-	12,510
Expected credit loss	-	(1,697)	-	(19,007)
Lease modification benefits	307	-	477	13
Other (loss) income	(4,991)	5,803	19,855	89,985
	<u>\$ 4,241</u>	<u>\$ (2,018)</u>	<u>\$ (113,644)</u>	<u>\$ 206,633</u>

4. Finance costs

The Group's finance costs were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Interest expenses – lease liabilities	\$ 49,525	\$ 30,919	\$ 148,129	\$ 92,853
Interest expenses – bank loans	6,358	715	17,169	1,579
Finance expense	674	564	1,964	1,685
	<u>\$ 56,557</u>	<u>\$ 32,198</u>	<u>\$ 167,262</u>	<u>\$ 96,117</u>

(XXIX) Financial instruments

1. Credit risk

(1) Credit risk exposure

As of September 30, 2020, December 31, 2019 and September 30, 2019, the maximum credit exposure for the Group originates from possible non-fulfillment of obligations by counterparties and from financial losses arising from financial guarantees provided by the Company, 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 \$843,145, \$490,000, and \$230,000.

(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 accounts receivable, 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 Note IV(VII) the consolidated financial statements for the year ended December 31, 2019.)

The loss allowance provision for the nine months ended September 30, 2020 and 2019 were determined as follows:

	<u>For the nine months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
<u>Other receivables</u>		
Balance on January 1	\$ 28,982	\$ 11,861
Amounts written off	(27,285)	(1,500)
Impairment losses recognized	-	19,007
Foreign exchange gain	-	691
Balance on September 30	<u>\$ 1,697</u>	<u>\$ 30,059</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.

	<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>
September 30, 2020						
Non derivative financial liabilities						
Bank loans	\$ 703,706	\$ 733,843	\$ 277,871	\$ 455,972	\$ -	\$ -
Payables	982,008	986,772	935,088	51,684	-	-
Guarantee deposits received	4,251	4,251	-	4,251	-	-
Lease liabilities	7,401,869	9,411,908	1,293,826	2,118,623	822,411	5,177,048
	<u>\$ 9,091,834</u>	<u>\$ 11,136,774</u>	<u>\$ 2,506,785</u>	<u>\$ 2,630,530</u>	<u>\$ 822,411</u>	<u>\$ 5,177,048</u>
December 31, 2019						
Non-derivative financial liabilities						
Bank loans	\$ 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	6,828,855	8,231,502	1,145,703	2,164,558	1,037,028	3,884,213
	<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>

	<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>
September 30, 2019						
Non-derivative financial liabilities						
Bank loans	\$ 223,461	\$ 246,915	\$ 30,458	\$ 62,226	\$ 154,231	\$ -
Payables	484,684	484,684	484,684	-	-	-
Guarantee deposits received	7,049	7,049	-	7,049	-	-
Lease liabilities	<u>4,074,296</u>	<u>4,887,558</u>	<u>626,406</u>	<u>1,213,452</u>	<u>626,021</u>	<u>2,421,679</u>
	<u>\$ 4,789,490</u>	<u>\$ 5,626,206</u>	<u>\$ 1,141,548</u>	<u>\$ 1,282,727</u>	<u>\$ 780,252</u>	<u>\$ 2,421,679</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>September 30, 2020</u>			<u>December 31, 2019</u>			<u>September 30, 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	\$ 1,465	29.10	\$ 42,635	\$ 4,073	29.98	\$ 122,102	\$ 1,390	31.04	\$ 43,141
USD:HKD	5,564	7.752	160,905	4,443	7.789	132,384	4,443	7.842	137,093
EUR:TWD	2,885	34.15	98,515	1,496	33.59	50,265	1,348	33.950	45,751
CNY:TWD	201	4.269	857	745	4.305	3,209	730	4.350	3,177
CNY:HKD	4,021	1.137	17,131	1,842	1.1847	7,918	1,837	1.099	7,974
USD:CNY	42	6.817	1,248	42	6.964	1,258	42	7.136	1,189
EUR:HKD	117	9.097	3,997	117	8.7269	3,933	117	8.58	3,975

(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 each major foreign currency, had appreciated or depreciated 1% (with other factors remaining constant on the reporting date), net profit before tax would have respectively increased or decreased by \$(544), \$760, \$3,253 and \$2,423 for the three months and the nine months ended September 30, 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. For the three months and the nine months ended September 30, 2020 and 2019, foreign currency exchange gains (losses) (including discontinued operations, realized and unrealized) amounted to \$1,776, \$(2,636), \$(2,645), and \$(4,108), 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% and assuming all other variable factors remained constant, the Group's net profit after tax would have respectively increased or decreased by \$(4,316), \$(1,526), \$3,370, and \$5,201 for the three months and the nine months ended September 30, 2020 and 2019. This is mainly due to the Group's variable rate deposit and borrowing.

5. Other market price risk

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:

Price of securities at reporting date	For the nine months ended September 30, 2020		For the nine months ended September 30, 2019	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 3%	\$ 394	\$ 10,729	\$ 393	\$ 17,507
Decreasing 3%	\$ (394)	\$ (10,729)	\$ (393)	\$ (17,507)

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:

September 30, 2020	Book Value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 357,640	\$ 357,640	\$ -	\$ -	\$ 357,640
Financial assets at fair value through other comprehensive income	13,117	592	-	12,525	13,117
Financial assets measured at amortised cost					
Cash and cash equivalents	1,420,657	-	-	-	-
Notes and accounts receivable (including related parties)	413,845	-	-	-	-
Other receivables (including related parties)	210,658	-	-	-	-
Other current financial assets	72,467	-	-	-	-
Guarantee deposits paid	599,136	-	-	-	-
Other non-current financial assets	2,205	-	-	-	-
Financial liabilities measured at amortised cost					
Short-term borrowings	129,145	-	-	-	-
Notes and accounts payable	334,168	-	-	-	-
Other payables	547,662	-	-	-	-

September 30, 2020	Book Value	Fair value			
		Level 1	Level 2	Level 3	Total
Long-term borrowings (including current portion of long-term borrowings)	\$ 574,561	\$ -	\$ -	\$ -	\$ -
Lease liabilities (current and non-current)	7,401,869	-	-	-	-
Long-term notes and accounts payable (including current portion of long-term notes and accounts payable)	100,178	-	-	-	-
Guarantee deposits received	4,251	-	-	-	-

December 31, 2019	Book Value	Fair 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
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 current financial assets	194,919	-	-	-	-
Guarantee deposits paid	281,990	-	-	-	-
Other non-current financial assets	750	-	-	-	-
Financial liabilities measured at amortised cost					
Short-term borrowings	58,000	-	-	-	-
Short term borrowings bills payable	20,000	-	-	-	-
Notes and accounts payable	252,141	-	-	-	-
Other payables	761,581	-	-	-	-
Long-term borrowings (including current portion of long-term borrowings)	405,789	-	-	-	-
Lease liabilities (current and non-current)	6,828,855	-	-	-	-
Guarantee deposits received	7,188	-	-	-	-

September 30, 2019	Book Value	Fair 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	\$ 583,577	\$ 583,577	\$ -	\$ -	\$ 583,577
Financial assets at fair value through other comprehensive income	13,099	584	-	12,515	13,099
Financial assets measured at amortised cost					
Cash and cash equivalents	1,033,753	-	-	-	-
Notes and accounts receivable (including related parties)	345,501	-	-	-	-
Other receivables (including related parties)	148,642	-	-	-	-
Other current financial assets	208,142	-	-	-	-
Guarantee deposits paid	265,251	-	-	-	-

September 30, 2019	Book Value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortised cost					
Notes and accounts payable	\$ 77,065	\$ -	\$ -	\$ -	\$ -
Other payables	407,619	-	-	-	-
Long-term borrowings (including current portion of long-term borrowings)	203,461	-	-	-	-
Long-term notes and accounts payable	870	-	-	-	-
Lease liabilities (current and non-current)	4,074,296	-	-	-	-
Guarantee deposits received	7,049	-	-	-	-

(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 amortised 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 price are available, estimates shall be used. The estimates and assumptions used in the evaluation method shall be the discounted value of cash flows to estimate the fair value.

(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 for the nine months ended September 30, 2020 and 2019.

(5) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income	
	Equity investments without an active market	
	For the nine months ended September 30	
	2020	2019
Opening balance, January 1	\$ 12,525	\$ 37,313
Capital reduction and return of shares	-	(24,798)
Ending balance, September 30	<u>\$ 12,525</u>	<u>\$ 12,515</u>

(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 are "Financial assets at fair value through other comprehensive income."

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Interrelationship 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	<ul style="list-style-type: none"> Price to book ratio multiple (1.15, 1.07 and 1.04 as of September 30, 2020, December 31, 2019 and September 30, 2019, respectively) Discount for lack of marketability (20%) 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Net Asset Value 	<ul style="list-style-type: none"> Not applicable

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

The Group's fair value measurement of financial instruments is reasonable, but using different evaluation models or evaluation parameters may result in different evaluation results. 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:

	<u>Inputs</u>	<u>Rate increasing or decreasing</u>	<u>Other comprehensive income</u>	
			<u>Favourable</u>	<u>Unfavourable</u>
September 30, 2020				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Price to book ratio multiple	1%	\$ 90	\$ (90)
Equity investments without an active market	Discount for lack of marketability	1%	90	(90)
December 31, 2019				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Price to book ratio multiple	1%	\$ 81	\$ (81)
Equity investments without an active market	Discount for lack of marketability	1%	81	(81)
September 30, 2019				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Price to book ratio multiple	1%	\$ 79	\$ (79)
Equity investments without an active market	Discount for lack of marketability	1%	79	(79)

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.

(XXX) Financial risk management

There were no significant changes in the Group's financial risk management objectives and policies as disclosed in Note VI(XXX) of the consolidated financial statements for the year ended December 31, 2019.

(XXXI) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2019. Also, management believes that there

were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2019. Please refer to Note VI(XXXI) of the consolidated financial statements for the year ended December 31, 2019 for further details.

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

The Group's investing activities which did not affect the current cash flow for the nine months ended September 30, 2020 and 2019, were as follows:

	For the nine months ended September 30	
	2020	2019
Acquisition of property, plant and equipment	\$ 332,742	\$ 104,068
Add: other payables January 1	23,448	7,650
Less: Interest and depreciation capitalization	(22,057)	-
Notes payable September 30	(1,084)	-
Other payables September 30	(25,640)	(31,837)
Cash paid in this period	<u>\$ 307,409</u>	<u>\$ 79,881</u>
Acquisition of intangible assets	\$ 12,172	\$ 10,401
Less: Other payables September 30	(13)	(1,163)
Cash paid in this period	<u>\$ 12,159</u>	<u>\$ 9,238</u>

The Group's financing activities which did not affect the current cash flow for the nine months ended September 30, 2020 and 2019, were as follows:

	January 1, 2020	Cash flows	Non cash changes		September 30, 2020
			Loss of control	Amortization of financing use commitment fees	
Long-term borrowings	<u>\$ 405,789</u>	<u>\$ 167,122</u>	<u>\$ -</u>	<u>\$ 1,650</u>	<u>\$ 574,561</u>

	January 1, 2019	Cash flows	Non cash changes		September 30, 2019
			Loss of control	Exchange rate changes	
Long-term borrowings	\$ 2,854,253	\$ (462,000)	\$(2,190,442)	\$ 1,650	\$ 203,461
Short-term loans	307,079	20,000	(307,079)	-	20,000
Total	<u>\$ 3,161,332</u>	<u>\$ (442,000)</u>	<u>\$(2,497,521)</u>	<u>\$ 1,650</u>	<u>\$ 223,461</u>

VII. Related party transactions

(I) Names and relationship with related parties

The followings are entities that have had transactions with related party during the period covered in the consolidated financial statements:

Name of related party	Relationship with the Group
Eastern Home Shopping & Leisure Co., Ltd. (EHS)	An associate (Note 1)
Dongsen D'Amour SPA	An associate (Note 1)
Natural Beauty Bio-Technology Co., Ltd. (Natural Beauty)	An associate
Strawberry Cosmetics Holdings Limited	An associate (Note 1)
Eastern New Retail Department (EIM) Co., Ltd.	An associate (Note 2)
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
Dongsen Non-life Insurance Agent Co. Ltd.	Other related parties
Dongsen Health Life Co., Ltd.	Other related parties

Name of related party	Relationship with the Group
Dongsen Health Biomedical Co., Ltd.	Other related parties
Eastern Realty Co., Ltd.	Other related parties
Jinxin Trading Co., Ltd.	Other related parties (Note 3)
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 4)
Quantum Entertainment Production Co., Ltd.	Other related parties
Dongsen Fashion Media Co., Ltd.	Other related parties (Note 3)
Chinese Non Store Retailer Association	Other related parties
Xing Kai Media Co., Ltd.	Other related parties
Focusmedia Dayear Taiwan Co., Ltd.	Other related parties
Taiwan Information and Communication Association	Other related parties
Dongsen Culture Foundation	Other related parties
Chungwa New Media Industry Development Association	Other related parties
Eastern Enterprise Development (Shanghai) Ltd.	Other related parties
Fangcheng Su	Other related parties (Note 5)
Taiwan Huangjue Trading Co., Ltd.	Other related parties (Note 5)
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. Sales of goods and services

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

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Associates	\$ 10,142	\$ 6,123	\$ 30,959	\$ 23,021
Key management personnel	456	590	1,515	1,558
Other related parties	9,752	1,589	16,123	3,383
	<u>\$ 20,350</u>	<u>\$ 8,302</u>	<u>\$ 48,597</u>	<u>\$ 27,962</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:

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Associates	\$ 3,943	\$ 705	\$ 9,394	\$ 837
Other related parties	11,439	224	37,304	365
	\$ 15,382	\$ 929	\$ 46,698	\$ 1,202

- (2) The amount of programs production and other between the Group and related parties were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Associates	\$ 256	\$ 1,171	\$ 389	\$ 3,587
Key management personnel	11	10	35	46
Other related parties	17,631	41,744	32,049	57,693
	\$ 17,898	\$ 42,925	\$ 32,473	\$ 61,326

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

3. Receivables

Accounts	Related parties	September 30, 2020	December 31, 2019	September 30, 2019
Notes receivable	Focusmedia Dayear Taiwan Co., Ltd.	\$ 41,091	\$ -	\$ -
Accounts receivable	Associates	545	1,184	6,163
Accounts receivable	EHS	8,488	16,842	12,140
Accounts receivable	Key management personnel	159	191	207
Accounts receivable	Other related parties	3,497	3,582	1,157
Accounts receivable	Focusmedia Dayear Taiwan Co., Ltd.	5,136	-	-
Other receivables	Key management personnel	-	82	-
Other receivables	Other related parties	506	233	415
Other receivables	Associates	-	46	590
Other receivables	EHS	3,258	1,661	-
Other receivables	Natural Beauty	2,593	785	184
		\$ 65,273	\$ 24,606	\$ 20,856

The Group took installment sale with Focusmedia Dayear Taiwan Co., Ltd., and collecting installment notes receivable at an annual interest rate of 4.5% plus interest.

4. Payables

<u>Accounts</u>	<u>Related parties</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Accounts payable	Associates	\$ 2,776	\$ 563	\$ 1,040
Accounts payable	Other related parties	10,853	7,904	2,465
Other payables	Key management personnel	141	73	280
Other payables	Other related parties	5,137	194	36
Other payables	Associates	7,183	3,707	872
Receipts under custody	Associates	-	98	762
		<u>\$ 26,090</u>	<u>\$ 12,539</u>	<u>\$ 5,455</u>

5. Prepayments and contract liabilities

Details of unearned revenue / prepayments from related parties to the Group were as follows:

<u>Accounts</u>	<u>Related parties</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Prepayments	Other related parties	\$ 237	\$ -	\$ -
Prepayments	Quantum Entertainment Production Co., Ltd.	-	-	36,724
Prepayments	Associates	3	-	-
		<u>\$ 240</u>	<u>\$ -</u>	<u>\$ 36,724</u>
Contract liabilities	Other related parties	\$ -	\$ 173	\$ -
Contract liabilities	Associates	71	14	15
		<u>\$ 71</u>	<u>\$ 187</u>	<u>\$ 15</u>

6. Loans to Related Parties

The actual usage amount the Group loaned to Eastern New Retail Department (EIM) Co., Ltd. as of September 30, 2020, December 31, 2019 and September 30, 2019 was all \$0.

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 September 30, 2020, December 31, 2019 and September 30, 2019 were all \$0. In addition, the interest received by the Group was \$0, \$0, \$0 and \$411 for the three months and the nine months ended September 30, 2020 and 2019, respectively.

7. Borrowings from related parties

The amount of borrowing from related parties by the Group were as follows:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Fangcheng Su	\$ -	\$ 80,000	\$ -
EHS	<u>50,000</u>	<u>100,000</u>	<u>-</u>
	<u>\$ 50,000</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 September 30, 2020, December 31, 2019 and September 30, 2019, the Group's interest payables were amounted to \$0, \$555 and \$0, respectively. In addition, the interest expenses paid to the related party for the three months and the nine months ended September 30, 2020 and 2019 were \$2,129, \$0, \$6,810 and \$0, respectively.

8. Endorsement / Guarantee provided

For the three months and the nine months ended September 30, 2020 and 2019, the remuneration paid to related parties for providing guarantees on the loans taken out by the Group was amounted to \$100, \$6, \$186 and \$21, respectively.

9. Leases

- (1) The Group rents out part of its office space and equipment to fulfill related parties' business requirements. The rental revenues for the three months and the nine months ended September 30, 2020 and 2019 were amounted to \$94, \$467, \$273 and \$1,514, respectively.
- (2) As the Group applied on the remission of short-term lease contract of IFRS 16, the rental expenses for the three months and the nine months ended September 30, 2020 and 2019 were amounted to \$392, \$108, \$511 and \$494, respectively.

10. Other

- (1) For the three months and the nine months ended September 30, 2020 and 2019, the Group paid operating fees to associates, key management (juridical person director), and other related parties to fulfill its business requirements were amounted to \$5,739, \$320, \$13,696 and \$13,085, respectively.
- (2) In order to follow its operating plan, the Group donated \$0, \$0, \$3,000 and \$2,000 to related parties in related industries for the three months and the nine months ended September 30, 2020 and 2019, respectively.
- (3) For the three months and the nine months ended September 30, 2020 and 2019, the Group received non-operating revenue from related parties amounted to \$718, \$278, \$2,722 and \$4,919, respectively.
- (4) For the three months and the nine months ended September 30, 2020 and 2019, the Group paid non-operating expenses to related parties amounted to \$0, \$37, \$340 and \$472, respectively.
- (5) For the three months and the nine months ended September 30, 2020 and 2019, the Group obtained assets from other related parties amounted to \$2,075, \$0, \$2,075 and \$0, respectively. As of September 30, 2020, December 31, 2019 and September 30, 2019, the Group's other payables were amounted to \$2,179, \$0 and \$0, respectively.

- (6) For the three months and the nine months ended September 30, 2020 and 2019, the Group obtained assets from associates amounted to \$273, \$0, \$597 and \$190, respectively. As of September 30, 2020, December 31, 2019 and September 30, 2019, the Group's other payables were amounted to \$286, \$0 and \$0, respectively.
- (7) For the three months and the nine months ended September 30, 2020 and 2019, the Group sold assets to associates were amounted to \$0, \$0, \$0 and \$44 and the gains on disposal assets were \$0, \$0, \$0 and \$15, which had already been received.
- (8) In March 2019, the Group sold 100% of Eastern New Retail Department to EHS at the amount of \$997 and recognized gain on disposal of \$4,666. The transaction price has been fully recovered.
- (9) In June 2019, the Group sold 100% of Eastern Enterprise Custom Broker Ltd. to Eastern Enterprise Development (Shanghai) Ltd. at the amount of \$11,100 (CNY \$2,476). The transaction price was fully recovered on August 15, 2019.
- (10) In January 2020, the Group sold the shares of Eastern Biotechnology (Shanghai) to EHS at the amount of \$750 (CNY \$200) and recognized gain on disposal of \$82, the transaction price has been fully received.

(III) Key management personnel compensation

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Short-term employee benefits	<u>\$ 16,170</u>	<u>\$ 20,187</u>	<u>\$ 49,450</u>	<u>\$ 44,936</u>

VIII. Pledged assets

Pledged assets of the Group were as follows:

Assets	Purpose of pledge	September 30, 2020	December 31, 2019	September 30, 2019
Property, plant and equipment	Short-term and long-term loans	\$ 955,784	\$ 906,227	\$ 901,292
Other current financial assets-demand deposits	Interest from reserve account	38,100	72,491	36,834
"	Letter of credit	14,194	4,967	5,020
"	Security for issuance of travel vouchers at travel fair	7,874	7,795	5,609
Guarantee deposits paid	Bid bonds, performance bonds and security deposits	549,152	234,757	235,368
Other non-current financial assets—reserve account	Deposit in long-term loan	2,205	750	-
Investments accounted for using equity method for subsidiary's stocks (Note)	Long-term loan	41,671	83,229	95,948
		<u>\$ 1,608,980</u>	<u>\$ 1,310,216</u>	<u>\$ 1,280,071</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:

	September 30, 2020	December 31, 2019	September 30, 2019
Unused standby letters of credit	<u>\$ 98,694</u>	<u>\$ 49,965</u>	<u>\$ 50,501</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 September 30, 2020, the unused e-voucher guaranteed by the bank was \$7,874.

(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. The matter is still under trial in the High Court.
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 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 September 30, 2020, December 31, 2019 and September 30, 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:

	September 30 2020	December 31, 2019	September 30, 2019
Total contract price	<u>\$ 775,191</u>	<u>\$ 91,136</u>	<u>\$ 91,136</u>
Payout amount	<u>\$ 230,999</u>	<u>\$ 27,781</u>	<u>\$ 27,781</u>

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	For the three months ended September 30					
	2020			2019		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
By nature						
Employee benefits						
Salary	\$ 111,549	\$ 146,041	\$ 257,590	\$ 136,405	\$ 100,090	\$ 236,495
Health and labor insurance	12,698	12,158	24,856	12,822	7,915	20,737
Pension	6,652	6,361	13,013	5,993	4,692	10,685
Others	9,208	17,567	26,775	5,969	5,459	11,428
Depreciation expense	226,617	82,684	309,301	127,890	42,605	170,495
Amortization expense	3,318	1,397	4,715	1,570	1,154	2,724

By function	For the nine months ended September 30					
	2020			2019		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
By nature						
Employee benefits						
Salary	\$ 359,729	\$ 456,695	\$ 816,424	\$ 426,461	\$ 258,768	\$ 685,229
Health and labor insurance	38,202	37,862	76,064	38,995	23,088	62,083
Pension	19,597	19,886	39,483	17,877	14,047	31,924
Others	28,920	51,645	80,565	19,657	14,101	33,758
Depreciation expense	680,664	236,496	917,160	426,795	111,383	538,178
Amortization expense	9,254	16,131	25,385	4,347	3,658	8,005

(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:

	For the three months ended September 30, 2019	For the nine months ended September 30, 2019
Results from operating activities:		
Operating revenue	\$ 347	\$ 150,408
Operating costs	<u>2,462</u>	<u>193,673</u>
Operating loss	(2,115)	(43,265)
Operating expenses	<u>5,770</u>	<u>13,425</u>
Operating loss	<u>(7,885)</u>	<u>(56,690)</u>
Non-operating income and expenses		
Interest income	19	1,419
Other gains and losses	234	(99,545)
Finance costs	<u>(6)</u>	<u>(2,541)</u>
Total non-operating income and expenses	<u>247</u>	<u>(100,667)</u>
Operating income before tax	(7,638)	(157,357)
Income tax expense	<u>-</u>	<u>-</u>
Operating income, net of tax	<u><u>\$ (7,638)</u></u>	<u><u>\$ (157,357)</u></u>
Cash flows from (used in) discontinued operation:		
Net cash from operating activities		\$ (143,085)
Net cash from investing activities		1,419
Net cash from financing activities		<u>-</u>
Net cash outflow		<u><u>\$ (141,666)</u></u>

(III) Seasonality of operation:

The Group's operations were 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 for the nine months ended September 30, 2020.

1. Please refer to Table 1 for the loans to other parties.
2. Please refer to Table 2 for the guarantees and endorsements for other parties.
3. Please refer to Table 3 for the securities held as of September 30, 2020 (excluding investment in subsidiaries, associates and joint ventures).
4. Please refer to Table 4 for the individual securities acquired or disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital.

5. Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital: None.
 6. Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital: None.
 7. Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: None.
 8. Please refer to Table 5 for the receivables from related parties of at least \$100 million or 20% of the paid-in capital.
 9. Trading in derivative instruments: None.
 10. Please refer to Table 6 for the business relationships and significant intercompany transactions.
- (II) Information on investees
Please refer to Table 7 for the information on investees for the nine months ended September 30, 2020.
- (III) Information on investment in Mainland China
1. Please refer to Table 8 for the relevant information such as the name and main business items of the investee company in Mainland China.
 2. Please refer to Table 8 for the limitation on investment in Mainland China
 3. Please refer to Table 8 for the significant transactions with investee companies in Mainland China.
- (IV) Major shareholders
Please refer to Table 9 for the major shareholders for the nine months ended September 30, 2020.

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>
For the three months ended September 30, 2020						
Revenue:						
Revenue from external customers	<u>\$ 390,206</u>	<u>\$ 459,405</u>	<u>\$ 387,345</u>	<u>\$ -</u>	<u>\$ 41,170</u>	<u>\$ 1,278,126</u>
Reportable segment profit or loss before tax	<u>\$ 183,147</u>	<u>\$ 99,098</u>	<u>\$ (54,261)</u>	<u>\$ (22,683)</u>	<u>\$ (31,610)</u>	<u>\$ 173,691</u>
For the three months ended September 30, 2019						
Revenue:						
Revenue from external customers	<u>\$ 336,048</u>	<u>\$ 84,495</u>	<u>\$ 275,568</u>	<u>\$ -</u>	<u>\$ 30,639</u>	<u>\$ 726,750</u>
Reportable segment profit or loss before tax	<u>\$ 151,282</u>	<u>\$ (17,986)</u>	<u>\$ (46,486)</u>	<u>\$ (26,788)</u>	<u>\$ (44,944)</u>	<u>\$ 15,078</u>
For the nine months ended September 30, 2020						
Revenue:						
Revenue from external customers	<u>\$ 1,035,680</u>	<u>\$ 1,340,304</u>	<u>\$ 947,185</u>	<u>\$ -</u>	<u>\$ 75,329</u>	<u>\$ 3,398,498</u>
Reportable segment profit or loss before tax	<u>\$ 478,286</u>	<u>\$ 240,854</u>	<u>\$ (304,260)</u>	<u>\$ (69,701)</u>	<u>\$ (140,282)</u>	<u>\$ 204,897</u>
For the nine months ended September 30, 2019						
Revenue:						
Revenue from external customers	<u>\$ 932,067</u>	<u>\$ 194,376</u>	<u>\$ 730,403</u>	<u>\$ -</u>	<u>\$ 87,275</u>	<u>\$ 1,944,121</u>
Reportable segment profit or loss before tax	<u>\$ 417,397</u>	<u>\$ (8,052)</u>	<u>\$ (263,139)</u>	<u>\$ (75,711)</u>	<u>\$ 98,716</u>	<u>\$ 169,211</u>

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

Loans to other parties

For the nine months ended September 30, 2020

(Expressed in Thousands of New Taiwan Dollars, Except for the Noted Items)

Table 1

No.	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 (Note 1)	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 parties	Yes	\$ 300,000	\$ 300,000	\$ 200,000	3	2	-	Operation requirements	-		\$ -	\$2,450,016 (Note 2)	\$3,675,024 (Note 2)	
0	"	EHR	"	Yes	670,000	670,000	570,000	3	2	-	"	-	-	-	2,450,016 (Note 2)	3,675,024 (Note 2)	
0	"	Mohist	"	Yes	50,000	50,000	13,500	4	2	-	"	-	-	-	2,450,016 (Note 2)	3,675,024 (Note 2)	
0	"	ET Pet	"	Yes	100,000	100,000	60,000	3	2	-	"	-	-	-	2,450,016 (Note 2)	3,675,024 (Note 2)	
1	EIC	ET New Media	"	Yes	270,000	270,000	270,000	3	2	-	"	-	-	-	357,094 (Note 3)	535,641 (Note 3)	
1	"	Oscar	"	Yes	40,000	40,000	-	3	2	-	"	-	-	-	357,094 (Note 3)	535,641 (Note 3)	
2	TKLF	ET New Media	"	Yes	190,000	150,000	150,000	3	2	-	"	-	-	-	267,308 (Note 4)	400,962 (Note 4)	
2	"	Cheng Kuang Resource Exploration Co., Ltd.	Other receivables	No	15,000	15,000	15,000	8	2	-	"	-	-	Alishan House's share	15,820	33,413 (Note 4)	400,962 (Note 4)
2	"	Sunflower leisure	"	No	30,000	30,000	30,000	8	2	-	"	-	-	Alishan House's share	30,810	33,413 (Note 4)	400,962 (Note 4)
2	"	Lido International Consultant	"	No	20,000	20,000	20,000	8	2	-	"	-	-	Tucheng land mortgage	65,000	33,413 (Note 4)	400,962 (Note 4)
3	EILF	ET New Media	Other receivables - related parties	Yes	150,000	150,000	150,000	3	2	-	"	-	-	-	246,428 (Note 5)	369,642 (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	30,803 (Note 5)	369,642 (Note 5)
3	"	Lido International Managerment	"	No	20,000	20,000	20,000	8	2	-	"	-	-	Alishan House's share, Shiding land mortgage	49,820	30,803 (Note 5)	369,642 (Note 5)
3	"	Sunflower leisure	"	No	30,000	30,000	30,000	8	2	-	"	-	-	Alishan House's share	30,810	30,803 (Note 5)	369,642 (Note 5)
3	"	Lido International Consultant	"	No	20,000	20,000	20,000	8	2	-	"	-	-	"	20,400	30,803 (Note 5)	369,642 (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 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 intercompany transactions have been eliminated in the consolidated financial statements.

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

Guarantees and endorsements for other parties

For the nine months ended September 30, 2020

(Expressed in Thousands of New Taiwan Dollars, Except for the Noted Items)

Table 2

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	\$ 24,500,163 (Note 2)	\$ 150,000	\$ 150,000	\$ 127,500	\$ -	2.45%	\$ 24,500,163 (Note 2)	Y	N	N
0	The Company	EHR	2	24,500,163 (Note 2)	800,000	800,000	150,000	41,671	13.06%	24,500,163 (Note 2)	Y	N	N
0	The Company	Tunglin Asset Management Co.	2	24,500,163 (Note 2)	3,950,000	3,950,000	-	-	64.49%	24,500,163 (Note 2)	Y	N	N
0	The Company	Kaou Sin Trading	2	24,500,163 (Note 2)	5,000	5,000	5,000	-	0.08%	24,500,163 (Note 2)	Y	N	N
0	The Company	Pet Kingdom	2	24,500,163 (Note 2)	15,000	15,000	11,500	-	0.24%	24,500,163 (Note 2)	Y	N	N
0	The Company	Oscar	2	24,500,163 (Note 2)	120,000	120,000	120,000	-	1.96%	24,500,163 (Note 2)	Y	N	N
0	The Company	ET Pet	2	24,500,163 (Note 2)	430,000	430,000	379,145	-	7.02%	24,500,163 (Note 2)	Y	N	N
1	ET New Media	ET Pet	2	7,927,834 (Note 3)	400,000	400,000	50,000	-	(86.55%)	7,927,834 (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 intercompany 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 total assets 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 total assets in the most recent financial statements.

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

Securities held

For the nine months ended September 30, 2020

(Expressed in Thousands of New Taiwan Dollars, Except for the Noted Items)

Table 3

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units	Carrying value	Percentage of ownership	Fair value	
The Company	China Development Financial Holdings	-	Financial assets at fair value through profit or loss	1	\$ -	- %	\$ -	
"	Phoenix New Media Co., Ltd	-	"	2,000	2	- %	2	
"	Taiwan Semiconductor Manufacturing Co., Ltd.	-	"	305,000	132,065	- %	132,065	
"	Taiwan Cement Co., Ltd.	-	"	2,120,000	87,768	0.04 %	87,768	
"	TATUNG CO.	-	"	1,200,000	20,160	0.05 %	20,160	
"	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 %	-	
EILF	Formosa Plastics	-	Financial assets at fair value through profit or loss	570,000	44,802	0.01 %	44,802	
"	Taiwan Semiconductor Manufacturing	-	"	45,000	19,485	- %	19,485	
TKLF	Taiwan Cement Co., Ltd.	-	"	609,009	25,213	0.01 %	25,213	
"	Taiwan Semiconductor Manufacturing Co., Ltd.	-	"	65,000	28,145	- %	28,145	
EIC	Western Pacific International	-	Non-current financial assets at fair value through other comprehensive income	480,000	5,015	12.00 %	5,015	
Mohist	Sunny Bank	-	"	60,769	592	- %	592	
Oscar	COTA Commercial Bank, Ltd.	-	"	1,000	10	- %	10	

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

Individual securities acquired or disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital

For the nine months ended September 30, 2020

(Expressed in Thousands of New Taiwan Dollars, Except for the Noted Items)

Table 4

Name of the company	Category and name of security	Account name	Name of counter party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending balance	
					Shares/ Units	Amount (Note 1)	Shares/ Units	Amount	Shares/ Units	Price (Note 1)	Cost (Note 1)	Gain (loss) on disposal	Shares/ Units	Amount (Note 1)
The Company	Taiwan Cement Co., Ltd.	Financial assets at fair value through profit or loss	-	-	5,550,000	\$ 242,535	7,270,000	\$ 302,636	10,700,000	\$ 461,274	\$ 461,274	\$ -	2,120,000	\$ 87,768
The Company	Tunglin Asset Management Co.	Investments accounted for using equity method	Tunglin Asset Management Co.	Subsidiary	-	-	49,500,000	495,000	-	-	-	-	49,500,000	495,760

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

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

Receivables from related parties of at least \$100 million or 20% of the paid-in capital

For the nine months ended September 30, 2020

(Expressed in Thousands of New Taiwan Dollars, Except for the Noted Items)

Table 5

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		
The Company	ET New Media	Subsidiary	\$ 204,994	Not applicable	\$ -	-	\$ 395	\$ -
The Company	EHR	Subsidiary	570,808	Not applicable	-	-	808	-
EIC	ET New Media	Subsidiary	270,481	Not applicable	-	-	481	-
EILF	ET New Media	Subsidiary	150,358	Not applicable	-	-	358	-

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

Business relationships and significant intercompany transactions

For the nine months ended September 30, 2020

(Expressed in Thousands of New Taiwan Dollars, Except for the Noted Items)

Table 6

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	The Company	ET New Media	1	Other receivables - related parties	\$ 204,994	Refer to contract terms or market price	1.30%
0	The Company	EHR	1	Other receivables - related parties	570,808	Refer to contract terms or market price	3.61%
1	EIC	ET New Media	3	Other receivables - related parties	270,481	Refer to contract terms or market price	1.71%
2	EILF	ET New Media	3	Other receivables - related parties	150,358	Refer to contract terms or market price	0.95%

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 subsidiary

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

Information on investees

For the nine months ended September 30, 2020

(Expressed in Thousands of New Taiwan Dollars, Except for the Noted Items)

Table 7

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2020	December 31, 2019	Shares/Units	Percentage of ownership	Carrying value			
The Company	FESS-Bermuda	Bermuda	Holding company	\$ 43,391	\$ 43,391	1,000,000	100.00%	\$ 13,455	(\$ 472)	(\$ 472)	Subsidiary
The Company	FESS-Panama	Panama	Shipping and leasing service	2,245,038	2,245,038	71,700	100.00%	1,962,725	(67,379)	(67,379)	Subsidiary
The Company	Grand Richness (Hong Kong)	Hong Kong	Holding company	672,603	672,603	16,214,616	100.00%	64,821	34,045	34,045	Subsidiary
The Company	EIC	Taiwan	General investing	500,525	500,525	67,641,445	97.90%	873,988	172,651	169,025	Subsidiary
The Company	EILF	Taiwan	Planning and design and leasing of cable TV broadcasting system	391,195	391,195	40,690,330	53.77%	331,260	(1,146)	(616)	Subsidiary
The Company	TKLF	Taiwan	Planning and design and leasing of cable TV broadcasting system	391,613	391,613	40,847,294	53.76%	359,289	282	152	Subsidiary
The Company	Mohist	Taiwan	Application Service	35,400	35,400	510,000	51.00%	39,296	3,575	1,823	Subsidiary
The Company	EHS	Taiwan	Department stores, supermarkets, online stores	81,978	81,978	6,637,500	6.51%	115,043	980,781	63,875	Associates
The Company	ET New Media	Taiwan	Advertising, online newspaper, Produce a broadcast program, pet food	535,225	535,225	53,522,508	89.20%	(412,248)	(336,519)	(300,189)	Subsidiary
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%	41,671	(68,804)	(41,557)	Subsidiary
The Company	Tunglin Asset Management Co.	Taiwan	Real estate leasing	495,000	-	49,500,000	55.00%	495,760	1,383	760	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	-	-%	-	607	182	Associates
EIC	ET New Media	Taiwan	Advertising, online newspaper, Produce a broadcast program, pet food	6,275	6,275	627,492	1.05%	(4,833)	(336,159)	Exempt from disclosure	Subsidiary
EIC	EHS	Taiwan	Department stores, supermarkets, online stores	243,794	243,794	19,726,660	19.36%	341,909	980,781	"	Associates
EIC	TKLF	Taiwan	Planning and design and leasing of cable TV broadcasting system	77,115	77,115	7,597,500	10.00%	66,827	282	"	Subsidiary
EIC	EILF	Taiwan	Planning and design and leasing of cable TV broadcasting system	74,464	74,464	7,567,500	10.00%	61,607	(1,146)	"	Subsidiary
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%	9,107	(68,804)	"	Subsidiary

(continued)

(to be continued)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending balance			Net income (losses) of investee	Share of profits/ losses of investee	Note
				September 30, 2020	December 31, 2019	Shares/Units	Percentage of ownership	Carrying value			
TKLF	EILF	Taiwan	Planning and design and leasing of cable TV broadcasting system	\$ 269,766	\$ 269,766	27,243,000	36.00%	\$ 221,785	(\$ 1,146)	Exempt from disclosure	Subsidiary
TKLF	HER	Taiwan	Management & consultancy services, leisure site management, catering business, sports training business, catering business	45,660	45,660	4,566,038	13.20%	9,107	(68,804)	"	Subsidiary
EILF	TKLF	Taiwan	Planning and design and leasing of cable TV broadcasting system	278,342	278,342	27,351,000	36.00%	240,577	282	"	Subsidiary
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%	9,107	(68,804)	"	Subsidiary
FESS-Panama	GSMC-Cayman	Cayman Islands	Holding company	137,363	137,363	450,000	100.00%	85,885	(1,075)	"	Subsidiary
FESS-Panama	Eastern Communication (Hong Kong)	Hong Kong	Holding company	305	305	28,569,840	100.00%	48,556	(900)	"	Subsidiary
FESS-Panama	Natural Beauty	Cayman Islands	Investing activities	2,060,871	2,060,871	600,630,280	30.00%	1,942,810	(61,856)	"	Associates
GSMC-cayman	Sen Want (Hong Kong)	Hong Kong	Investing activities	125,153	125,153	3,198,000	100.00%	83,003	(995)	"	Subsidiary
ET New Media	Show off	Taiwan	Video advertising service	100,000	100,000	10,000,000	100.00%	4,734	1,282	"	Subsidiary
ET New Media	Dung sen shin guang yun	Taiwan	Audiovisual and singing, information leisure	100	100	10,000	100.00%	2,246	1,719	"	Subsidiary
ET New Media	Dung sen dian jing yun	Taiwan	Amusement park information leisure	100	100	10,000	100.00%	(41)	(10)	"	Subsidiary
ET New Media	Dung sen shin wen yun	Taiwan	Amusement park information leisure	5,000	5,000	500,000	100.00%	4,547	(440)	"	Subsidiary
ET New Media	Dung sen min diau yun	Taiwan	Consulting management, market research and opinion poll	1,000	-	100,000	100.00%	1,000	-	"	Subsidiary
ET New Media	ET Pet	Taiwan	Pet food and supplies and providing pet beauty service	185,000	185,000	18,500,000	92.50%	100,051	(37,884)	"	Subsidiary
ET Pet	Oscar	Taiwan	Pet food and supplies and providing pet beauty service	301,202	317,437	4,873,200	80.00%	329,979	33,101	"	Subsidiary
ET Pet	Pet Kingdom	Taiwan	Pet food and supplies and providing pet beauty service	36,836	36,836	3,440,000	80.00%	44,344	6,243	"	Subsidiary
ET Pet	Kaou Sin	Taiwan	Pet food and supplies and providing pet beauty service	7,941	7,941	80,000	80.00%	9,292	2,739	"	Subsidiary

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
Information on investment in Mainland China
For the nine months ended September 30, 2020
(Expressed in Thousands of New Taiwan Dollars, Except for the Noted Items)
Table 8

1. Relevant information such as the name and main business items of the investee company 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 September 30, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book Value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Eastern Enterprise Development (Shanghai) Ltd	Operating international circulation logistics business, third-party logistics business and container management business	\$ -	Note 2	\$ 951,570	-	-	\$ 951,570	\$ -	-%	\$ -	\$ -	\$ -
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	357,275	-	-	357,275	-	-%	-	-	-
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	182,360	-	-	182,360	-	-%	-	-	-
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.	1,070,514	Note 5	1,070,514	-	-	1,070,514	(831)	100.00%	(831)	4,976	-
Nanjing Yun Fu	Wholesale trading	44,349	Note 6	84,763	-	-	84,763	(172)	100.00%	(172)	9,820	\$ -
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	42,688	Note 7	-	-	-	-	-	34.00%	-	5,915	-
Shanghai Rich	Producing TV programs, wholesale	554,949	Note 8	-	-	-	-	(138)	100.00%	(138)	(554,949)	-
Eastern Enterprise Shanghai Logistics	Container transport, domestic road freight agent	-	Note 9	-	-	-	-	(290)	-%	(290)	-	-
Shanghai Natural Beauty Fuli Cosmetics Company Limited	Production and sale of beauty care products and provision of beauty and body care services	426,538	Note 5	-	-	-	-	16,056	30.00%	4,817	143,996	-

(continued)

(to be continued)

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 September 30, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book Value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Shanghai Natural Beauty Bio-Med Company Limited	Sales of health care products	\$ 91,868	Note 5	\$ -	-	-	\$ -	(\$ 1,845)	30.00%	(\$ 554)	\$ 30,760	-
Shanghai Natural Beauty Fuli Cosmetics Company Limited	Production and sale of beauty care products and provision of beauty and body care services	426,538	Note 5	-	-	-	-	16,056	30.00%	4,817	143,996	\$ -

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 was complete 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 CNY \$9,467 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 Nanjing 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. In addition, Eastern Enterprise Shanghai Logistics Ltd. has finished liquidation on July 20, 2020.

Note 10: 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 June 30, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	\$ 2,646,482	\$ 3,923,605	\$ 3,959,195

Note: The upper limit on investment was the greater than 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 nine months ended September 30, 2020, please refer to "Information on significant transactions" above.

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

Major shareholders

For the nine months ended September 30, 2020

(Expressed in Units)

Table 9

Shareholders name	Shareholding	Shares	Percentage
E-Happy Travel Co., Ltd.		55,056,860	9.88 %
Jinxin Trading Co., Ltd.		53,621,300	9.63%
Mori International Co., Ltd.		51,564,628	9.26 %