Stock Code:2614

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2019 and 2018

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The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of Eastern Media International Corporation as of and for the year ended December 31, 2019 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Eastern Media International Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

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Independent Auditors' Report

To the Board of Directors of Eastern Media International Corporation:

Opinion

We have audited the consolidated financial statements of Eastern Media International Corporation and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2019 and 2018, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (" IFRSs"), International Accounting Standards (" IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee (" IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the Consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (" the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis of our opinion.

Emphasis of Matter

We draw attention to Note 3(a), the Group applies IFRS 16 "Lease" since January 1, 2019.The Group uses the practical expedients, which means it need not restate the information of the comparison period, and the opinion need not to revise as well.

Other Matter

We did not audit the financial statements of partial companies, which represented investments in other entities accounted for using the equity method of the Company. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for partial companies, is based solely on the reports of other auditors. The investments in partial companies accounted for using the equity method constituting 0.17% and 12.91% of total assets at December 31, 2019 and 2018, respectively, and the related share of profit of subsidiaries accounted for using the equity method constituting (4.55)% and 0.01% of total profit before tax for the years then ended.

Eastern Media International Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2019 and 2018, on which we have issued an unqualified opinion with other matters paragraph.

Key Audit Matters

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

1. Revenue recognition

   The accounting principles on the recognition of revenue and the related sales returns and allowances are discussed in Note 4(s) of the notes to consolidated financial statements. The description of revenue recognition are discussed in Note 6(z) of the notes to consolidated financial statements.

   Description of key audit matter:

   The operating income in warehousing and media of the Group amounted to $2,423,812, constituting 77.45% of its consolidated operating income. The impact of revenue recognition on financial report is significant. Therefore, warehousing revenue and media revenue recognition is one of the key matters in our audit.

   How the matter was addressed in our audit:

   In response to the risk mentioned above, we planned to perform the following audit procedures: understanding the sales and collection cycle, and sampling to test the effectiveness of manual control and internal control. Additionally, we would perform test of detail on revenue; as well as perform sales cut off test on the periods before and after the balance sheet date by inspecting relevant documents of sales transactions to determine whether sales have been appropriately recognized.

2. Right-of-use assets impairment

   The accounting principles on right-of-use assets are discussed in Note 4(o), and Note 4(q) for non-financial asset impairment of the notes to consolidated financial statements. The description of right-of-use assets impairment are discussed in Note 6(m) of the notes to consolidated financial statements.

   Description of key audit matter:

   The right-of-use assets of the Group constituted 45.37% of its consolidated assets. The assets mentioned above is likely to be influenced by the government policies and economic environments, which may result in the recoverability of the assets valued with discounted cash flow to be highly uncertain. Therefore, right-of-use assets impairment is one of the key matters in our audit.

How the matter was addressed in our audit:

In response to the risk mentioned above, we have performed the following audit procedures: evaluating the consistency of discounted cash flow and the future operating plans; verifying the assumptions made by the management according to (i) external information, (ii) understanding of the Group, and (iii) relative business information; evaluating the ratios such as the growth rate, discount rate, gross profit rate, etc. to determine whether they were adopted properly.

3. The investments accounted of using equity method impairment

Please refer to Note 4(m) for the accounting policy related to the investments in associates, and Note 4(q) for non-financial asset impairment, and Note 6(h) for description of the investments accounted of using equity method.

Description of key audit matter:

The investments accounted of using equity method of the Group amounted to $2,459,062, constituting 16.50% of its consolidated assets. The evaluation of the impairment on December 31 is significant to the consolidated financial statements. There are risks that the assumption of the financial performance and cash flows related to the Group' s subsidiaries and associates which Management uses remains a highly uncertainty. This risk may affect the recoverability of the asset mentioned above. Therefore, the evaluation of the investments accounted of using equity method impairment is one of the key matters in our audit.

How the matter was addressed in our audit:

In response to the risk mentioned above, we planned to perform the following audit procedures: obtaining the information on which the management relied to make assumptions and evaluations for the report made by external expert; engaging evaluation experts to assess the appropriateness of the evaluation methods and assumptions used by them, including the discount rate and the forecast of future cash flows; comparing the forecasted and historical data, past forecasts and actual conditions; evaluating the reasonableness of past management's estimates.

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

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

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

Those charged with governance (including the Audit Committee to Superrisors) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Shih-Chin Chih and Chung-Che Chen.

KPMG

Taipei, Taiwan (Republic of China)
April 29, 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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 1,829,578	13	3,617,401	22
1110	Current financial assets at fair value through profit or loss (Note 6(b))	242,539	2	730,107	4
1151	Notes receivable (Notes 6(d), (z) and 7)	63,781	-	125,791	1
1170	Accounts receivable, net (Notes 6(d) and (z))	329,927	2	574,265	3
1180	Accounts receivable due from related parties, net (Notes 6(d), (z) and 7)	21,799	-	19,261	-
1200	Other receivables, net (Notes 6(e) and 7)	164,114	1	212,803	1
1210	Other receivables due from related parties, net (Notes 6(e) and 7)	2,807	-	1,193	-
130X	Inventories (Note 6(f))	274,144	2	1,561,520	9
1400	Current biological assets, net	8,381	-	-	-
1410	Prepayments (Note 7)	75,618	-	182,546	1
1476	Other current financial assets (Notes 6(a) and 8)	194,919	2	262,070	2
1479	Other current assets, others	354	-	17,304	-
1481	Current asset recognized as right to recover products from customers (Notes 6(k) and (z))	-	-	182,274	1
1482	Current assets recognized from costs to fulfil contracts with customers (Note 6(z))	-	-	7,000	-
1460	Non-current assets classified as held for sale, net (Note 6(g))	615	-	-	-
		3,208,576	22	7,493,535	44
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	13,123	-	37,829	-
1550	Investments accounted for using equity method, net (Note 6(h))	2,459,062	16	2,161,354	13
1600	Property, plant and equipment (Notes 6(i), (l) and 8)	1,439,296	10	2,436,902	15
1780	Intangible assets (Notes 6(i), (k) and (n))	490,834	3	3,949,728	24
1755	Right-of-use assets (Note 6(m))	6,762,163	45	-	-
1840	Deferred tax assets (Note 6(w))	214,855	2	103,567	1
1920	Guarantee deposits paid (Notes 7 and 8)	281,990	2	346,227	2
1975	Non-current net defined benefit asset (Note 6(v))	-	-	13,955	-
1980	Other non-current financial assets(Note 8)	750	-	20,404	-
1990	Other non-current assets, others	35,138	-	127,835	1
		11,697,211	78	9,197,801	56
	Total assets	$ 14,905,787	100	16,691,336	100

	Liabilities and Equity	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Notes 6(k), (o) and 8)	$ 58,000	1	307,079	2
2110	Short-term notes and bills payable (Notes 6(p) and 8)	20,000	-	-	-
2130	Current contract liabilities (Notes 6(z) and 7)	24,913	-	159,811	1
2150	Notes payable (Note 7)	44,806	-	273,674	2
2170	Accounts payable (Notes 6(k), (q) and 7)	207,335	1	2,034,836	12
2200	Other payables (Notes 6(k), (af) and 7)	761,581	6	2,153,829	13
2230	Current tax liabilities	22,061	-	144,363	1
2250	Current provisions (Note 6(t))	-	-	102,741	1
2310	Advance receipts (Note 7)	14,534	-	1,569	-
2320	Long-term liabilities, current portion (Notes 6(k), (r) and 8)	67,789	-	24,000	-
2365	Current refund liabilities (Notes 6(k) and (z))	-	-	264,210	1
2399	Other current liabilities, others (Note 7)	28,997	-	33,855	-
2280	Current lease liabilities (Note 6(s))	954,147	7	-	-
		2,204,163	15	5,499,967	33
	Non-Current liabilities:				
2540	Long-term borrowings (Notes 6(k), (r) and 8)	338,000	2	2,830,253	17
2570	Deferred tax liabilities (Note 6(w))	-	-	228	-
2610	Long-term notes and accounts payable (Note 7)	-	-	895	-
2580	Non-current lease liabilities (Note 6(s))	5,874,708	40	-	-
2640	Non-current net defined benefit liability (Note 6(v))	31,549	-	50,050	-
2645	Guarantee deposits received (Note 7)	7,188	-	96,707	1
		6,251,445	42	2,978,133	18
	Total liabilities	8,455,608	57	8,478,100	51
	Equity attributable to owners of parent (Note 6(x)):				
3100	Capital stock	5,567,899	37	5,567,899	33
3200	Capital surplus	20,769	-	5,165	-
3300	Retained earnings	1,000,273	7	1,182,831	7
3400	Other equity interest	(227,801)	(2)	(183,222)	(1)
3500	Treasury shares	-	-	(11)	-
	Total equity attributable to owners of parent:	6,361,140	42	6,572,662	39
36XX	Non-controlling interests (Note 6(j))	89,039	1	1,640,574	10
	Total equity	6,450,179	43	8,213,236	49
	Total liabilities and equity	$ 14,905,787	100	16,691,336	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars , except earnings per share)

		2019 Amount	2019 %	2018 Amount	2018 %
4000	**Operating revenue (Notes 6(z) and 7)**	$ 3,129,360	100	18,617,973	100
5000	**Operating costs (Notes 6(f), (v) and 7)**	2,186,703	70	13,034,773	70
	Gross profit from operations	942,657	30	5,583,200	30
6000	**Operating expenses (Notes 6(u), (v) and 7)**	952,470	31	5,140,842	28
6450	**Expected credit loss (gain) (Notes 6(d))**	13,414	-	47,914	-
	Total operating expenses	965,884	31	5,188,756	28
	Net operating loss	(23,227)	(1)	394,444	2
	Non-operating income and expenses (Notes 6(ab) and 7):				
7010	Other income	52,013	2	97,912	1
7020	Other gains and losses, net (Notes 6(k), (m) and (n))	360,224	12	2,253,672	11
7050	Finance costs, net	(146,078)	(5)	(63,403)	-
7060	Share of profit of associates and joint ventures accounted for using equity method (Note 6(h))	117,788	4	106	-
7900	**Profit from continuing operations before tax**	360,720	12	2,682,731	14
7950	Less: Tax expenses (Note 6(w))	(184,005)	(6)	388,058	2
8100	**Loss from discontinued operations, net of tax (Note 12)**	(168,130)	(6)	(785,541)	(4)
	Profit	376,595	12	1,509,132	8
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Losses on remeasurements of defined benefit plans	(4,764)	-	(14,377)	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	263	-	(20,852)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(809)	-	3,820	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		(5,310)	-	(31,409)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(48,900)	(2)	(52,785)	(1)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(6,689)	-	(3,739)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	47,887	-
	Components of other comprehensive income that will be reclassified to profit or loss	(55,589)	(2)	(104,411)	(1)
8300	**Other comprehensive income, net of tax**	(60,899)	(2)	(135,820)	(1)
	Total comprehensive income	**$ 315,696**	**10**	**1,373,312**	**7**
	Profit attributable to:				
8610	Owners of parent	$ 390,531	12	1,070,989	6
8620	Non-controlling interests	(13,936)	-	438,143	2
		$ 376,595	**12**	**1,509,132**	**8**
	Comprehensive income attributable to:				
	Owners of parent	$ 329,653	11	912,603	5
	Non-controlling interests	(13,957)	(1)	460,709	2
		$ 315,696	10	1,373,312	7
	Earnings per share (Note 6 (y))				
9750	Basic earnings per share				
	Basic earnings per share from continuing operations	$	1.00		3.01
	Basic loss per share from discontinued operations		(0.30)		(1.27)
	Total basic earnings per share	$	**0.70**		**1.74**
9850	Diluted earnings per share				
	Diluted earnings per share from continuing operations	$	1.00		3.00
	Diluted loss per share from discontinued operations		(0.30)		(1.27)
	Total diluted earnings per share	$	**0.70**		**1.73**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Share capital		Retained earnings			Total other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated 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	Total equity
Balance at January 1, 2018	$ 6,959,874	5,165	30,632	-	95,706	(39,310)	-	(11)	7,052,056	1,203,634	8,255,690
Effects of retrospective application	-	-	-	-	16,650	-	(16,672)	-	(22)	(65)	(87)
Equity at beginning of period after adjustments	6,959,874	5,165	30,632	-	112,356	(39,310)	(16,672)	(11)	7,052,034	1,203,569	8,255,603
Profit (loss) for the year ended December 31, 2018	-	-	-	-	1,070,989	-	-	-	1,070,989	438,143	1,509,132
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	(8,173)	(129,278)	(20,935)	-	(158,386)	22,566	(135,820)
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	1,062,816	(129,278)	(20,935)	-	912,603	460,709	1,373,312
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	9,571	-	(9,571)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	39,310	(39,310)	-	-	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(22,973)	-	22,973	-	-	(599)	(599)
Capital reduction	(1,391,975)	-	-	-	-	-	-	-	(1,391,975)	-	(1,391,975)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	279,104	279,104
Cash dividends contributed by subsidiaries	-	-	-	-	-	-	-	-	-	(302,209)	(302,209)
Balance at December 31, 2018	5,567,899	5,165	40,203	39,310	1,103,318	(168,588)	(14,634)	(11)	6,572,662	1,640,574	8,213,236
Profit (loss) for the year ended December 31, 2019	-	-	-	-	390,531	-	-	-	390,531	(13,936)	376,595
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	(5,561)	(55,542)	225	-	(60,878)	(21)	(60,899)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	384,970	(55,542)	225	-	329,653	(13,957)	315,696
Appropriation and distribution of retained earnings:											
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)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(10,738)	-	10,738	-	-	-	-
Loss of control of subsidiary	-	-	-	-	-	-	-	11	11	33	44
Changes in equity interests in subsidiaries	-	15,604	-	-	-	-	-	-	15,604	26,849	42,453
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(1,562,865)	(1,562,865)
Cash dividends contributed by subsidiaries	-	-	-	-	-	-	-	-	-	(1,595)	(1,595)
Balance at December 31, 2019	$ 5,567,899	20,769	147,303	183,222	669,748	(224,130)	(3,671)	-	6,361,140	89,039	6,450,179

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		2019	2018
Cash flows from operating activities:			
Profit from continuing operations before tax	$	360,720	2,682,731
Loss from discontinued operations before tax		(168,130)	(785,202)
Profit before tax		192,590	1,897,529
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		832,343	290,357
Amortization expense		15,560	156,220
Net gain on financial assets or liabilities at fair value through profit or loss		(178,287)	(6,378)
Interest expense		148,608	63,403
Interest income		(24,021)	(66,637)
Dividend income		(4,186)	(31,561)
Share of profit of associates and joint ventures accounted for using equity method		(117,788)	(106)
Loss (gain) on disposal of property, plan and equipment		1,398	(1,058)
(Gain) loss on disposal of intangible assets		(12,510)	5,225
Loss (gain) on disposal of investments		18,264	(2,244,346)
Provision (reversal of provision) for onerous contract		(5,010)	(114,464)
Expected credit loss		32,421	47,914
Impairment loss on non-financial assets		17,163	11,832
Gain from lease modification		(91,502)	-
Total adjustments to reconcile profit (loss)		632,453	(1,889,599)
Changes in operating assets and liabilities:			
Changes in operating assets, net:			
Decrease (increase) in current financial assets at fair value through profit or loss		665,855	(95,699)
Decrease (increase) in notes receivable		27,834	(100,069)
Increase in accounts receivable		(75,444)	(107,714)
Decrease in accounts receivable due from related parties		(10,463)	(12,381)
Decrease in other receivable		18,218	25,211
Increase in inventories		(7,515)	(313,082)
Decrease in prepayments		4,468	71,557
Decrease (increase) in other current assets		5,698	(12,336)
Increase in current assets recognized as right to recover products from customers		-	(39,197)
Increase in assets recognized from costs to fulfil contracts with customers		-	(7,000)
Increase in other operating assets		(62,481)	(4,360)
Total changes in operating assets, net		566,170	(595,070)
Changes in operating liabilities, net:			
(Decrease) increase in contract liabilities		(14,681)	14,998
Increase (decrease) in notes payable		5,684	(23,679)
Increase in accounts payable		76,759	595,324
(Decrease) increase in other payable		(160,881)	489,242
Increase in current provisions		-	49,154
Increase (decrease) in receipts in advance		32,056	(30,229)
(Decrease) increase in other current liabilities		(3,276)	61,649
Decrease in non-current net defined benefit liability		(27,464)	(34,087)
Decrease in other operating liabilities		(894)	(4,098)
Total changes in operating liabilities, net		(92,697)	1,118,274
Net changes in operating assets and liabilities		473,473	523,204
Total adjustments		1,105,926	(1,366,395)
Cash inflow generated from operations		1,298,516	531,134
Income taxes paid		(1,738)	(437,462)
Net cash flows from (used in) operating activities		1,296,778	93,672

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (CONT'D)

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	181	207
Acquisition of investments accounted for using equity method	-	(2,142,872)
Proceeds from disposal of investments accounted for using equity method	-	(73,609)
Net cash flow from acquisition of subsidiaries	(325,860)	(757,220)
Proceeds from disposal of subsidiaries	(7,633)	2,370,200
Acquisition of property, plant and equipment	(205,308)	(245,305)
Proceeds from disposal of property, plant and equipment	2,716	6,144
Decrease in refundable deposits	(80,878)	212,293
Acquisition of intangible assets	(24,568)	(48,893)
Capital reduction of non-current financial assets at fair value through other comprehensive income	24,799	-
Loss of control of subsidiary	(1,271,295)	-
Decrease in other financial assets	155,583	254,041
Increase in non-current assets	(8,246)	-
Increase in prepayments for business facilities	-	(82,488)
Interest received	24,067	67,177
Dividends received	228,281	31,561
Net cash flows (used in) from investing activities	(1,488,161)	(408,764)
Cash flows from (used in) financing activities:		
Increase in short-term loans	-	407,079
Decrease in short-term loans	(2,633)	(494,879)
Increase in short-term notes and bills payable	20,000	-
Increase in long-term debt	320,395	2,862,442
Decrease in long-term debt	(631,886)	(2,053,289)
Increase in guarantee deposits received	2,843	1,698
Decrease in other payables to related parties	-	(69,989)
Capital reduction	-	(1,391,975)
Payment of lease liabilities	(654,294)	-
Issuance of cash dividends by subsidiaries	(558,385)	(302,209)
Interest paid	(148,468)	(62,215)
Change in non-controlling interests	58,500	279,104
Net cash flows used in financing activities	(1,593,928)	(824,233)
Effect of exchange rate changes on cash and cash equivalents	(1,897)	(2,993)
Net decrease in cash and cash equivalents	(1,787,208)	(1,142,318)
Cash and cash equivalents at beginning of period	3,617,401	4,759,719
Cash and cash equivalents at end of period	$ **1,830,193**	**3,617,401**
Cash and cash equivalents reported in the statement of financial position	$ 1,829,578	3,617,401
Assets classified as held for sale, net	615	-
Cash and cash equivalents at end of period	$ **1,830,193**	**3,617,401**

See accompanying notes to consolidated financial statements.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Eastern Media International Corporation (the "Company") was established on May 14, 1975. In order to enhance the operating performance and expand the business scope, the Company merged with Grain Union Transport Ltd. on May 15, 1989. The Company' s shares listed on the Taiwan Stock Exchange, classified in the shipping category, on September 25, 1995. In recent years, as the proportion of revenue from shipping has declined and the proportion of revenue from trade has increased to more than 50% of overall revenue, the Company's shares have changed classification to the retail sales category, as approved by the Taiwan Stock Exchange on July 1, 2014. Lease contracts of the shipping operation were all suspended advancely in June, 2019, and therefore been disclosured such as the discontinued operation, please refer to Note 12.

The main businesses of the Company and its subsidiaries (the "Group") are as follows:

(a) Loading and unloading of grains and coal into and out of silos.

(b) Silo storage of imported grains, such as corn, sorghum, and feed ingredients.

(c) Importing cement, coal, mineral sand, and sand.

(d) Engaging in construction of residential and office buildings for sale or rent.

(e) Selling products related to computers, communication, or other consumer electronics.

(f) Selling pet food and supplies.

(g) Providing pet beauty service.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on April 29, 2020.

(3) New standards, amendments and interpretations adopted:

(a) 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, 2019.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019

(Continued)

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

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 signification changes are as follows:

(i) IFRS 16"Leases"

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings on January 1, 2019. The details of the changes in accounting policies are disclosed below,

1) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4(o).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

2) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

- Leases classified as operating leases under IAS 17

  At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at either:

  — their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Group applied this approach to its largest property leases; or

(Continued)

— an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other lease.

In addition, the Group used the following practical expedients when applying IFRS 16 to leases.

— Applied a single discount rate to a portfolio of leases with similar characteristics.

— Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.

— Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.

— Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

— Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3) As a lessor

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Group accounted for its leases in accordance with IFRS 16 from the date of initial application.

Under IFRS 16, the Group is required to assess the classification of a sub-lease by reference to the right-of-use asset, not the underlying asset. On transition, the Group reassessed the classification of a sub-lease contract previously classified as an operating lease under IAS 17. The Group concluded that the sub-lease is a finance lease under IFRS 16.

4) Impacts on financial statements

On transition to IFRS 16, the Group recognized additional $4,371,900 of right-of-use assets and $4,469,649 thousands of lease liabilities, the difference was due to a provision for onerous contracts by recognizing a deduction from right-of-use assets with $97,749. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 3.00%.

The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed as follows:

(Continued)

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Group's consolidated financial statements	$	4,465,869
Recognition exemption for:		
short-term leases (including leases of low-value assets)		(85,737)
Loss control of subsidiary		(464,493)
Extension and termination options reasonably certain to be exercised		1,483,797
	$	5,399,436
Discounted using the incremental borrowing rate at January 1, 2019	$	4,469,649
Finance lease liabilities recognized as at December 31, 2018		-
Lease liabilities recognized at January 1, 2019	$	4,469,649

(b) The impact of IFRS endorsed 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, 2020 in accordance with Rule No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
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
AAmendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

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

(c) 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 yet to be endorsed by the FSC:

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

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

(Continued)

(4) Summary of significant accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (hereinafter referred to as "IFRS endorsed by the FSC").

(b) Basis of preparation

(i) Basis of preparation

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) Biological assets are measured at fair value less costs to sell;

4) The defined benefit liabilities (assets) are measured at the plan assets less the present value of the defined benefit obligation, limited as explained in Note 4(u),

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (NTD), which is the Company' s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles for preparing consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

(Continued)

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

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

(ii) List of subsidiaries in the consolidated financial statements:

			Shareholding ratio		
Investor	Subsidiary	Nature of business	December 31, 2019	December 31, 2018	Notes
The Company	Far Eastern Silo & Shipping (Panama) S.A.(FESS-Panama)	Shipping and leasing service, holding company	100.00 %	100.00 %	Note A
The Company	Far Eastern Silo & Shipping International (Bermuda) Ltd.(FESS-Bermuda)	Investing activities	100.00 %	100.00 %	Note A
The Company	Eastern Investment Co., Ltd. (EIC)	Investing activities	97.90 %	97.90 %	Note A
The Company	Grand Richness Trading (Hong Kong) Co. (Grand Richness (Hong Kong))	Investing activities	100.00 %	100.00 %	Note A
The Company	Eastern International Lease Finance Co., Ltd. (EILF)	Leasing	53.77 %	53.77 %	Note A
The Company	Tung Kai Lease Finance Co., Ltd. (TKLF)	Leasing	53.76 %	53.76 %	Note A
The Company	Eastern Home Shopping & Leisure Co., Ltd. (EHS)	Department stores, supermarkets, online stores	- %	6.51 %	(Note 3)
The Company	ET New Media (ETtoday) Holdings Co., Ltd. (ET New Media)	Advertising	89.20 %	93.90 %	Note A (Note 8)
The Company	EHR Hotels & Resorts Group Yilan (EHR)	Leisure site management, catering business	60.40 %	60.40 %	Note A (Note 5)
The Company	Mohist Web Technology Co., Ltd. (MWT)	Application Service	51.00 %	51.00 %	Note A
The Company	Eastern New Retail Department (EIM) Co., Ltd. (ET New Retail Department)	Agency service	- %	100.00 %	(Note 2)

(Continued)

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor	Subsidiary	Nature of business	Shareholding ratio December 31, 2019	Shareholding ratio December 31, 2018	Notes
EIC	Eastern International Lease Finance Co., Ltd. (EILF)	Leasing	10.00 %	10.00 %	Note B
EIC	Tung Kai Lease Finance Co., Ltd. (TKLF)	Leasing	10.00 %	10.00 %	Note B
EIC	EHR Hotels & Resorts Group Yilan (EHR)	Leisure site management, catering business	13.20 %	13.20 %	Note B (Note 5)
EIC	ET New Media (ETtoday) Holdings Co., Ltd. (ET New Media)	Advertising	1.05 %	1.10 %	Note B (Note 8)
EIC	Eastern Home Shopping & Leisure Co., Ltd. (EHS)	Department stores, supermarkets, online stores	- %	19.36 %	(Note 3)
EILF	Tung Kai Lease Finance Co., Ltd. (TKLF)	Leasing	36.00 %	36.00 %	Note B
EILF	EHR Hotels & Resorts Group Yilan (EHR)	Leisure site management, catering business	13.20 %	13.20 %	Note B (Note 5)
TKLF	Eastern International Lease Finance Co., Ltd. (EILF)	Leasing	36.00 %	36.00 %	Note B
TKLF	EHR Hotels & Resorts Group Yilan (EHR)	Leisure site management, catering business	13.20 %	13.20 %	Note B (Note 5)
ET New Media	Show Off Co., Ltd. (Show Off)	Video advertising service	100.00 %	100.00 %	Note C (Note11)
ET New Media	ET Pet Co., Ltd (ET Pet)	Pet food and supplies and providing pet beauty service	92.50 %	- %	Note C (Note 13)
ET New Media	Dung sen shin guang yun Co., Ltd. (Dung sen shin guang yun)	Audiovisual and singing, information leisure	100.00 %	- %	Note C (Note 14)
ET New Media	Dung sen dian jing yun Co., Ltd. (Dung sen dian jing yun)	Amusement park information leisure	100.00 %	- %	Note C (Note 15)
ET New Media	Dung sen shin wen yun Co., Ltd. (Dung sen shin wen yun)	Video advertrsing service	100.00 %	- %	Note C (Note 16)
ET Pet	Oscar Pet Co., Ltd. (Oscar)	Pet food and supplies and providing pet beauty service	80.00 %	- %	Note C (Note 17)
ET Pet	Pet Kingdom Co., Ltd. (Pet Kingdom)	Pet food and supplies and providing pet beauty service	80.00 %	- %	Note C (Note 17)
ET Pet	Kaou Sin Trading Co., Ltd. (Kaou Sin)	Pet food and supplies and providing pet beauty service	80.00 %	- %	Note C (Note 17)
FESS-Panama	Grand Eastern Home Shopping Corporation (GEHS-Cayman)	Investing activities	- %	- %	Note C (Note 1)
FESS-Panama	Grand Scene Media Corporation (GSMC-Cayman)	Investing activities	100.00 %	100.00 %	Note C
FESS-Panama	Eastern Enterprise Development (Shanghai) Ltd. (EED (Shanghai))	Transporting and packing service	- %	- %	(Note 6)
FESS-Panama	Eastern Communication (Hong Kong) Ltd. (Eastern Communication Hong Kong)	Investing activities	100.00 %	100.00 %	Note C

(Continued)

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor	Subsidiary	Nature of business	Shareholding ratio December 31, 2019	Shareholding ratio December 31, 2018	Notes
FESS-Bermuda	Xiang Fu Trading (Shanghai) Ltd. (Xiang Fu (Shanghai))	Cosmetics, jewelry, and household sundries wholesaling and support services	8.77 %	8.77 %	Note C
Grand Richness (Hong Kong)	Ding Kai Trading (Shanghai) Ltd. (Ding Kai (Shanghai))	Food and grocery, home appliance wholesale and retail trade	- %	- %	(Note 10)
Grand Richness (Hong Kong)	Sheng Hang Trading (Shanghai) Ltd. (Sheng Hang (Shanghai))	Food and grocery, home appliance wholesale and retail trade	- %	100.00 %	(Note 12)
EHS	Yongliang Commercial and Trading Co., Ltd. (Yongliang)	Department stores, supermarkets, online stores	- %	100.00 %	(Note 3)
EHS	Dongsen D'Amour SPA	Software design services, advertising Cosmetics, spat	- %	70.00 %	(Note 3)
EHS	Assuran Co., Ltd (Assuran)	Cleaning supplies	- %	60.00 %	(Note 3)
EHS	Strawberry Cosmetics Holdings Limited	Skin care, perfume, cosmetics retail	- %	76.00 %	(Note 3, 9)
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 %	Note C
Xiang Fu (Shanghai)	Shanghai Rich Industry Ltd. (Shanghai Rich)	Producing and broadcasting TV programs, wholesale and retail groceries business	100.00 %	100.00 %	Note C
GSMC-Cayman	Sen Want Trading (Hong Kong) Ltd. (Sen Want (Hong Kong))	Investing activities, trading	100.00 %	100.00 %	Note C
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 %	Note C
Sen Want (Hong Kong)	Eastern Enterprise Custom Broker Ltd. (Eastern En)	Transport consulting service	- %	100.00 %	Note C (Note 7)
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 4, 7)
Sen Want (Hong Kong)	Eastern Enterprise Shanghai Logistics Ltd.	Container transport, domestic road freight agent	100.00 %	100.00 %	Note C
Strawberry Cosmetics Holdings Limited	Strawberry Cosmetics (Services) Limited	General service industry	- %	100.00 %	(Note 3, 9)
Strawberry Cosmetics Holdings Limited	Strawberry Cosmetics (Australasia) Limited	Skin care, perfume, cosmetics retail	- %	100.00 %	(Note 3, 9)

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EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor	Subsidiary	Nature of business	Shareholding ratio December 31, 2019	Shareholding ratio December 31, 2018	Notes
Strawberry Cosmetics Holdings Limited	Strawberry Cosmetics (China) Limited	Skin care, perfume, cosmetics retail	- %	100.00 %	(Note 3, 9)
Strawberry Cosmetics Holdings Limited	Strawberry Cosmetics (Multinational) Limited	Skin care, perfume, cosmetics retail	- %	100.00 %	(Note 3, 9)
Strawberry Cosmetics Holdings Limited	Strawberry Cosmetics (Brands) Limited	Skin care, perfume, cosmetics retail	- %	100.00 %	(Note 3, 9)
Strawberry Cosmetics Holdings Limited	Strawberry Cosmetics (International) Limited	Skin care, perfume, cosmetics retail	- %	100.00 %	(Note 3, 9)
Strawberry Cosmetics Holdings Limited	Strawberry Cosmetics (Japan) Limited	Skin care, perfume, cosmetics retail	- %	100.00 %	(Note 3, 9)
Strawberry Cosmetics Holdings Limited	Strawberry Cosmetics (Greater China) Limited	Skin care, perfume, cosmetics retail	- %	100.00 %	(Note 3, 9)
Strawberry Cosmetics Holdings Limited	Strawberry Cosmetics (East Asia) Limited	Skin care, perfume, cosmetics retail	- %	100.00 %	(Note 3, 9)
Strawberry Cosmetics Holdings Limited	Strawberry Cosmetics (USA) Limited	Skin care, perfume, cosmetics retail	- %	100.00 %	(Note 3, 9)
Strawberry Cosmetics Holdings Limited	Strawberry Limited	Skin care, perfume, cosmetics retail	- %	100.00 %	(Note 3, 9)
Strawberry Cosmetics Holdings Limited	Strawberry Cosmetics (Internet Services) Limited	Advisory service industry	- %	100.00 %	(Note 3, 9)

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: GEHS Cayman has finished liquidation on April 12, 2018.

Note 2: 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.

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EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 3: The merger of Sen Sen Home Shopping Co., Ltd. (U life) and Eastern Home Shopping & Leisure (EHS) had been approved by the shareholders, with EHS as the surviving company and U life as the dissolved entity. The merger date was set on April 1, 2017. According to the contractual agreement, the Group has control over EHS and subsidiaries, making them its subsidiary and sub-subsidiary, respectively. Therefore, the new directors and supervisors of EHS had been elected on April 27, 2017, with the approval of the shareholders, resulting in the Group to obtain more than half of the board seats, including that of the chairman. In addition, EHS re-elected directors and supervisors in advance on December 27, 2018. The Group has not obtained more than half of the seats. The contract agreement signed with other stockholders who had voting rights was cancelled due to the re-election. As the new directors and supervisors takes over the office on January 1, 2019, the Group will not acquire enough control over EHS and it will not be a subsidiary of the Group.

Note 4: Eastern Food (Shanghai) was renamed Eastern Biotechnology (Shanghai) on April 8, 2018 by the permission of the Shanghai Municipal Government.

Note 5: EHR decided to reduce its capital to make up for the losses of $554,088 on May 11, 2018. The registration of share transfer was completed on July 9,2018.

Note 6: The Group disposed all of its shares in EED(Shanghai) on September 29, 2017 after obtaining the approval from the board of directors. The disposal was classified as non-current assets held for sale on September 30, 2017, and the registration of share transfer was completed in the second quarter of 2018.

Note 7: 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 6(g).

Note 8: 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 9: EHS acquired Strawberry Cosmetics Holdings Limited as its subsidiary on January 15, 2018, and completed the legal procedure in May, 2018. However, Strawberry Cosmetics Holdings Limited disposed its subsidiaries - Payco Limited and Strawberry Cosmetics(Internet Services China) Limited on May 21 and June 7, 2018, respectively.

Note 10: Ding Kai Trading (Shanghai) has finished liquidation on September 21, 2018.

Note 11: Show Off was established on August 21, 2018.

Note 12: Sheng Hang Trading (Shanghai) has finished liquidation on February 21, 2019.

Note 13: 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 on June 9, 2019, 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 14: Dung sen shin guang yun was established on January 22, 2019.

Note 15: Dung sen dian jing yun was established on January 19, 2019.

Note 16: Dung sen shin wen yun was established on August 22, 2019.

Note 17: 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.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for those differences relating to fair value through other comprehensive income equity investment, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future. Exchange differences arising thereon form part of the net investment in the foreign operation and are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(Continued)

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL：

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL：

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(Continued)

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes :

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management' s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group' s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ' principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers :

- contingent events that would change the amount or timing of cash flows；
- terms that may adjust the contractual coupon rate, including variable rate features；
- prepayment and extension features；and
- terms that limit the Group' s claim to cash flows from specified assets (e.g. non-recourse features).

6) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivable, other receivable, guarantee deposits paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL：

- debt securities that are determined to have low credit risk at the reporting date；and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB or higher per Standard & Poor' s, Baa3 or higher per Moody' s or twA or higher per Taiwan Ratings.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

(Continued)

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probabilityweighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ' credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data :

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 90 days past due ;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(Continued)

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss

3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Program to be broadcast

The program to be broadcast is a video to be broadcast, a program to be broadcast, and a program to be produced. The videos to be broadcast and the programs to be broadcast are recognized at the original cost, and measured at the lower of unamortized cost and net realizable value. The programs to be produced are recognized on the base of actual input cost, and measured at the lower of cost and net realizable value.

(i) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories and capitalized borrowing costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(Continued)

(j) Biological assets

Biological assets shall be measured at fair value, except when the fair value of the biological assets determined by the market cannot be obtained and the alternative estimate of fair value is unreliable, then the cost is measured by the accumulated depreciation. The cost of raising the cost and other related costs are capitalized in the current period, and the impairment test is carried out regularly every year, and the impairment loss is recognized for objective evidence of impairment.

(k) Investment subsidiary

Goodwill is measured at the consideration transferred less the amounts of the identifiable assets acquired and liabilities assumed (generally at fair value) at the acquisition date. If the amount of net assets acquired and liabilities assumed exceeds the acquisition price, the Group reassesses whether it has correctly identified all of the assets acquired and liabilities assumed, and recognizes a gain for the excess.

All transaction costs relating to a business combination are recognized immediately as expenses when incurred, except for the issuance of debt or equity instruments.

The Group shall measure any non-controlling interests in the acquiree either at fair value or at the non-controlling interest' s proportionate share of the acquiree' s identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other non-controlling interests are evaluated by their fair value or by another basis permitted by the IFRSs endorsed by the FSC.

(l) Non-current assets held for sale & Discontinued operations

(i) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group are re-measured in accordance with the Group' s accounting policies. Thereafter, generally the assets or disposal group are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies.

Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment; are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(Continued)

(ii) Discontinued operations

A discontinued operation is a component of the Group's business that either has been disposed, or is classifies as held for sale, and

1) represents a separate major line of business or geographic area of operations;

2) is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or

3) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

(m) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of investment includes transaction costs. The carrying amount of investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group' s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group' s share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) (or retained earnings)when the equity method is discontinued.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(n) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	1～55 years
Machinery and equipment	2～10 years
Transportation equipment	3～20 years
Leasehold improvements	1～20 years
Miscellaneous equipment	1～20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(o) Leased assets

Applicable from January 1, 2019

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the customer has the right to direct the use of the asset throughout the period of use only if either:

- the customer has the right to direct how and for what purpose the asset is used throughout the period of use;

- the relevant decisions about how and for what purpose the asset is used are predetermined and:

  — the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

  — the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

— there is a change of its assessment on whether it will exercise an extension or termination option; or

— there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

For sale-and-leaseback transactions, the Group applies the requirements for determining when a performance obligation is satisfied in IFRS15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS15 to be accounted for as a sale of the asset, the Group derecognizes the transferred asset, then measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Group recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. For leaseback transaction, the Group applies the lessee accounting policy. If the transfer of an asset does not satisfy the requirement of IFRS15 to be accounted for as a sale of the asset, the Group continues to recognize the transferred asset and recognizes the financial liability equal to the transfer proceeds.

(iii) As a leasor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(Continued)

Applicable before January 1, 2019

(iv) Lessor

Lease income from an operating lease is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

(v) Lessee

Leases in which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the lease asset is measured at an amount equal to the lower of its fair value or the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Minimum lease payments made under finance leases are apportioned between the finance cost and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Other leases are accounted for as operating leases, and the lease assets are not recognized in the Group's consolidated balance sheets.

Payments made under an operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Contingent rent is recognized as expense in the periods in which it is incurred.

(p) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, are recognized in profit or loss as incurred.

(Continued)

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

Trademark rights	10 years
Computer software	1～10 years
Copyright	3 years
Patents	2～17 years
Brand Value	15 years
Client rights and Supplier contract	5.6～12 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(q) Impairment of non financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

(r) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Onerous contracts

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 cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

The Group signed an irrevocable ship leasing contract in accordance with the provisions of Accounting Research and Development Foundation Interpretation (102) No. 051. As a consequence, if the benefit becomes less than the unavoidable costs, the difference shall be accrued as loss contingency. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfill it. According to the regulations on impairment of assets, if the irrevocable ship leasing contract is under a finance lease, the Company first assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased, and if that is the case, the Company shall recognize the contingent liabilities of onerous contracts. When the expected revenue from an irrevocable contract is less than the unavoidable cost, the difference is recognized in profit or loss based on the quoted market price in an active market. The Company cannot claim the difference if the profit or loss cannot be estimated due to the wide fluctuation in future leasing rates. In addition, the Company should recognize the entire contingent loss in five years even if the future cash flow cannot be estimated due to the longer leasing period. However, if the lease cannot be based on observable market data, the Company shall recognize the difference as loss in the current year (e.g., within two years) using the most recent leasing rates in the market.

(s) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group is involved in TV shopping channels and E-commerce portal services, and sales of pet, food, supplies, aquatic animals and electronic tickets. Revenue can be reliably measured when the income is transferred, and future economic benefits are likely to be recognized as income when flowing into the company.

The Group grants its customers the right to return the product within 10 days. Therefore, the Group reduces revenue by the amount of expected returns and recognizes a refund liability and a right to the returned goods. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. At each reporting date, the Group reassesses the estimated amount of expected returns.

2) Rending of services

The Group is involved in ship transportation, loading and unloading, warehousing, providing pet beauty service, ticket system construction and integration services, and recognizes relevant revenue during the financial reporting period of providing labor services. The fixed price contract is based on the proportion of the actual service provided as a percentage of the total service as of the reporting date, which is determined by the fact that the amount of labor performed has accounted for the total amount of labor performed.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

3) Advertisement revenue

Advertising revenue is deducted from the agency commission and is recognized at the completion of the broadcast.

4) Program authorization revenue

The program authorization revenue is recognized on an accrual basis based on the substance of the contract, or is recognized when the relevant program is delivered.

5) Installment sales interest income

The Group engages in installment sales, wherein the amount exceeds the cash sales price, resulting in the difference to be recognized as unrealized interest income deducted to installment notes and accounts receivable, which interest is accounted for annually using the interest method over the installment period. The installment sales are transferred to the owner after the price has been fully paid.

6) Receivables transfer

The Group also operates the business of accounts receivable financing. Transfers of receivables should be considered as collateral for loans except for those conforming to all the following conditions as purchase of receivables.

a) A transfer of financial assets or a portion of a financial asset in which the transferor surrenders control over those financial assets is regarded as a sale to the extent that consideration other than beneficial interests in the transferred assets is received in exchange.

b) The rights to accounts receivable are derecognized after deducting the estimated charges or losses in a commercial dispute when all of the following conditions are met.

i) The rights to accounts receivable have been isolated from the transferor as they are put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership.

ii) Each transferee has the right to pledge or exchange the rights to the accounts receivable, and no condition prevents the transferee (or holder) from taking advantage of its right to pledge or exchange and provides more than a trivial benefit to the transferor.

iii) The transferor does not maintain effective control over the rights to the accounts receivable claims through either:

1. An agreement that both entitles and obligates the transferor to repurchase or redeem them before their maturity, or

2. The ability to unilaterally cause the holder to return specific rights to the accounts receivable.

(t) Contract costs

Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

(i) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(ii) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(iii) the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(u) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(Continued)

(v) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses that are related to business combinations or recognized directly in equity or other comprehensive income all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(w) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest' s proportionate share of the acquiree' s identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the Group' s net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

(x) Earnings per share

The Group discloses the Company' s basic and diluted earnings (loss) per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(y) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

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

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Lease term

The Group determines the lease term as the non-cancellable period of the lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably not to exercise that option. In assessing whether a lessee is reasonably to exercise the options, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee. The Group reassesses whether it is reasonably certain to exercise an extension option or not to exercise the option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. If there is a change in the lease term, the Group recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Please refer to Note 6(m) and 6(s).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Impairment of property, plant and equipment, and intangible 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 6(d) for further description of the key assumptions used to determine the recoverable amount.

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(f) for further description of the valuation of inventories.

(c) Impairment of property, plant and equipment, and intangible 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 6(l) and Note 6(m) for further description of the key assumptions used to determine the recoverable amount.

(d) Impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amount of relevant CGUs. Refer to Note 6(n) for further description of the impairment of goodwill.

(e) Measurement of defined benefit obligations

Accrued pension liabilities and resulting pension expenses under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, future salary increase rate, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability. Refer to Note 6(v) for further description of the actuarial assumptions and sensitivity analysis.

(f) Revenue recognition

The Group records a refund liability using the expected value or the most likely amount for estimated future returns and other allowances in the same period the related revenue is recorded. Refund liability for estimated sales returns and other allowances is generally made and adjusted based on historical experience, market and economic conditions, and any other known factors that would significantly affect the allowance. The adequacy of estimations is reviewed periodically. The fierce market competition and evolution of technology could result in significant adjustments to the estimation made.

The Group's accounting policies include measuring financial and nonfinancial assets and liabilities at fair value through profit or loss.

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to the following notes for assumptions used in measuring fair value:

(a) Note 6(l), Property, plant and equipment.

(b) Note 6(ac), Financial instruments.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand	$ 9,575	5,149
Cash in banks	1,027,996	3,004,364
Cash and cash equivalents	792,007	607,888
Cash and cash equivalents in the consolidated statement of cash flows	$ 1,829,578	3,617,401

The deposit accounts of $109,666 and $254,199, which did not meet the definition of cash and cash equivalents, were classified as other financial assets – current for the years ended December 31, 2019 and 2018, respectively.

Please refer to Note 6(ac) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities.

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

	December 31, 2019	December 31, 2018
Financial assets designated as at fair value through profit or loss		
Non-derivative financial assets		
Stocks listed on domestic markets	$ 242,539	730,107

(i) Please refer to Note 6(ac) for the remeasurement of fair value.

(ii) No Financial assets were pledged as collateral on December 31, 2019 and 2018, respectively.

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

	December 31, 2019	December 31, 2018
Equity investments at fair value through other comprehensive income		
Unlisted common shares domestic Company	$ 13,123	37,829

(i) Equity investments at fair value through other comprehensive income

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

The Group recognized the dividends of $1,057 and $910, related to equity investments at fair value through other comprehensive income held on December 31, 2019 and 2018, respectively.

In 2018, the Group has sold its shares held in Company Skyasia Media Inc., Eastern Direct Co., Ltd and Eastern Tenmax Direct selling CO., LTD. at price $207 as a concern of intenfisying organization and enhancing operating efficiency. The Group realized a loss of $22,973, which is already included in other comprehensive income. The loss has been transferred to retained earnings.

In 2019, the Group received the cash return of $24,799 from Want Want Broadband Co., Ltd., which has rendered the capital reduction through a cash return to its shareholders. The above transaction had been approved during the interim shareholders' meeting on January 21, 2019. The Group has also sold its shares held in Want Want Broadband Co., Ltd. at fair value of $181. The Group realized a loss of $10,738, which was recognized in other comprehensive income, then later on, reclassified to retained earnings.

(ii) For credit risk and market risk; please refer to Note 6(ac).

(iii) No Financial assets were pledged as collateral on December 31, 2019 and 2018, respectively.

(d) Note and trade receivables

	December 31, 2019	December 31, 2018
Notes receivable	$ 4,264	1,278
Installment notes receivable	62,065	138,634
Accounts receivable	380,995	677,631
Less: Allowance for doubtful accounts	(29,563)	(84,105)
Unrealized interest revenue	(2,254)	(14,121)
	$ 415,507	719,317

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

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

	December 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 14,317	-%	-
More than 90 days past due	432	100%	432
	$ 14,749		432

(Continued)

	December 31, 2018		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 304,686	1.65%	5,024
1 to 30 days past due	38,152	6.07%	2,317
31 to 60 days past due	18,226	17.54%	3,196
61 to 90 days past due	692	54.76%	379
More than 90 days past due	26,765	98.50%	26,364
	$ 388,521		37,280

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

	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 90 days past due	2,371	100%	2,371
	$ 291,509		4,539

	December 31, 2018		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 179,951	0.16%	289
1 to 30 days past due	1,998	4.81%	96
31 to 60 days past due	464	21.25%	98
61 to 90 days past due	83	48.62%	40
More than 90 days past due	977	100%	977
	$ 183,473		1,500

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

	December 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ -	-%	-

(Continued)

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	December 31, 2018		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 34,774	-%	-

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

	December 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision (Note)
Current	$ 107,467	0%~2.22%	756
1 to 30 days past due	3,099	0%~60.52%	1,068
31 to 60 days past due	2,365	0%~85.83%	1,076
61 to 90 days past due	418	2.13%~100%	418
More than 90 days past due	1,209	100%	1,209
	$ 114,558		4,527

	December 31, 2018		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision (Note)
Current	$ 140,584	0%~5.85%	90
1 to 30 days past due	3,612	0%~42.38%	51
31 to 60 days past due	429	0%~59.94%	30
61 to 90 days past due	1,015	1.67%~80%	32
More than 90 days past due	21,491	72.59%~100%	15,599
	$ 167,131		15,802

Note: As of December 31, 2019 and 2018, the receivables amounted to $24,254 and $29,523 were unrecoverable due to the financial difficulty of the customers. Therefore, the Group had recognized the allowance for doubtful accounts for all of its receivables.

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

	For the years ended December 31	
	2019	2018
Balance on January 1	$ 84,105	69,844
Impairment losses recognized	13,414	36,053
Amounts written off	(14,222)	(22,007)
Recognized as overdue receivables	(16,490)	(11)
Loss of control of subsidiary	(37,388)	-
Foreign exchange gains	144	226
Balance on December 31	$ 29,563	84,105

No Financial assets were pledged as collateral on December 31, 2019 and 2018, respectively.

(Continued)

(e) Other receivables

	December 31, 2019	December 31, 2018
Other accounts receivable—loans to associates	$ 130,000	130,000
Other accounts receivable—others	65,903	95,857
Less: Loss allowance	(28,982)	(11,861)
	$ 166,921	213,996

As of December 31, 2019 and 2018, the aging analysis of other receivables, which were past due but not impaired, was as follows:

	December 31, 2019	December 31, 2018
Past due less than 360 days	$ 1,779	17
Past due more than 360 days	447	3,716
	$ 2,226	3,733

(i) The overdue receivables amounted to $335,271 and $323,298 on December 31, 2019 and 2018, respectively. Therefore, the Group had recognized the allowance for doubtful accounts for all of its overdue receivables.

(ii) For credit risk and market risk; please refer to Note 6(ac) and Note 6(ad).

(f) Inventories

	December 31, 2019	December 31, 2018
Goods held for sale	$ 248,074	1,493,708
Spare programs	-	14,346
Raw materials and others (including fuel)	26,070	53,466
	$ 274,144	1,561,520

(i) The inventory market price recovery gain was $7,675 and $6,326 for the years ended December 31, 2019 and 2018, respectively.

(ii) No inventories were pledged as collateral on December 31, 2019 and 2018, respectively.

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

(i) 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 Eastern Biotechnology (Shanghai), with the total asset amounting to $615 as of December 31, 2019, has been completed on January 20, 2020.

(ii) No non-current assets held for sale (or discontinued operations) were pledged as collateral on December 31, 2019 and 2018, respectively.

(iii) For the registration of share transfer; please refer to Note 6(k).

(h) Investments accounted for using equity method

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

	December 31, 2019	December 31, 2018
Natural beauty bio-technology limited	$ 2,032,949	2,110,636
EHK E&S Co., Ltd.	26,081	44,516
Jiangsu Sen Fu Da Media Technology Co., Ltd.	5,965	6,202
Eastern Home Shopping & Leisure Co., Ltd.	394,067	-
	$ 2,459,062	2,161,354

(ii) Affiliates which are material to the Group consisted of the followings:

Name of Affiliates	Nature of Relationship with the Group	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights December 31, 2019	Proportion of shareholding and voting rights December 31, 2018
Natural beauty bio-technology limited.	Sale beauty and cosmetic products and provide beauty service	Taiwan and China	30.00 %	30.00 %
Eastern Home Shopping & Leisure Co., Ltd.	Sale plenty of merchandise, material and equipment wholesale and retail.	Taiwan, Hong Kong and China	25.87 %	- %

1) Natural Beauty Bio-technology Limited

For the business development, the subsidiary-FESS Panama acquired 600,630,280 shares of Natural Beauty Bio-technology Limited; which were 30% of its shares, from Efficient Markets Investment Ltd. on October 3, 2018. The acquisition price was $2,126,804 (USD 69,674) which the dividends amounted $32,951 of Natural Beauty Bio-technology Limited were also included.

Natural Beauty Bio-technology Limited was one of the listing companies in Hong Kong Exchanges and Clearing Limited. As for December 31, 2019 and 2018, the fair value of Natural Beauty Bio-technology Limited as follows:

	December 31, 2019	December 31, 2018
Fair value	$ 1,572,049	2,048,912

EASTERN MEDIA INTERNATIONAL CORPORATION AND SUBSIDIARIES
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The following consolidated financial information of significant affiliates had been adjusted according to individually prepared IFRS financial statements of these affiliates:

	December 31, 2019	December 31, 2018
Current assets	$ 1,340,581	1,363,746
Non-current assets	1,669,566	1,298,661
Liabilities	(760,291)	(498,443)
Net assets	$ 2,249,856	2,163,964
Net assets attributable to investee	$ 2,249,856	2,163,964

	For the year ended December 31, 2019	For the year ended from Oct. to Dec., 2018
Operating revenue	$ 1,729,186	448,518
Net income	58,619	44,742
Other comprehensive income	77,653	12,738
Total comprehensive income	$ 136,272	57,480
Comprehensive income (loss) attributable to investee	$ 136,272	57,480
Share of net assets attributable to the Group on January 1	$ 647,333	632,396
Comprehensive income (loss) attributable to the Group	40,882	11,861
Effect of exchange rate fluctuations	(13,258)	3,076
Share of net assets attributable to the Group on December 31	674,957	647,333
Add: goodwill	330,603	338,708
Trademark	298,787	306,112
Property, plant and equipment	507,490	564,202
Other intangible assets in useful life(ie. Membership and patent etc.)	231,875	262,344
Effect of exchange rate fluctuations	48	2,889
Less: adjustment for inventories	(10,811)	(10,952)
Book value of net assets attributable to the Group on December 31	$ 2,032,949	2,110,636

(Continued)

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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 6(k).

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

	December 31, 2019
Current assets	$ 3,941,679
Non-current assets	6,014,078
Liabilities	(8,163,538)
Net assets	$ 1,792,219
Non-controlling interests, attributable to investee	$ 268,866
Net assets attributable to investee	$ 1,523,353

	2019
Operating revenue	$ 20,460,741
Net income	$ 594,820
Other comprehensive income	(19,039)
Total comprehensive income	$ 575,781
Comprehensive loss, attributable to non-controlling interests	$ (31,247)
Comprehensive income attributable to investee	$ 607,028

	2019
Share of net assets attributable to the Group on January 1	$ 461,134
Comprehensive income attributable to the Group	157,017
Transfer from treasury stock	11
Dividends received from associates	(224,095)
Share of net assets attributable to the Group on December 31	$ 394,067

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

		December 31, 2019	December 31, 2018
Carrying amount of individually insignificant associates' equity	$	32,046	50,718

		For the years ended December 31	
		2019	2018
Attributable to the Group:			
Loss from continuing operations	$	(16,395)	(4,527)
Other comprehensive loss		(2,277)	(86)
Comprehensive loss	$	(18,672)	(4,613)

On August 31, 2018, the Group obtained significant influence over EHK E&S Co., Ltd. by acquiring 30% of its shares at the price $49,019(KRW1,800,000).

(iv) The Group sold all of its 21.32% shares in EBC to Promos International Investment Co., Ltd. (Promos) on November 14, 2017. However, The difference of the estimated consideration amounted to $150,437, which was recognized in other current liabilities. If the expectation differs from the previous estimates, the changes will be accounted for as changes in accounting estimates. On May4, 2018, these two companies signed up an transaction agreement about share transfer of EBC, ensuring the difference of the estimated consideration amounted to $73,609, and recognized the gain on disposal of investments amounting to $76,828; the information please refer to Note 6(ab).

(v) No Investments accounted for using equity method were pledged as collateral on December 31, 2019 and 2018, respectively.

(i) Acquire a subsidiary

(i) The consolidated subsidiary – EHS obtained control over Strawberry Cosmetics Holdings Limited (Strawberry) by acquiring 76% of its shares on May 11, 2018. The company mainly has three modes of selling goods: direct sales, wholesale sales and cooperative e-commerce platform sales. Purchase products uniformly and sell them in different countries through various channels. The Group expects to enhance its international procurement capabilities, and competitiveness of overall merchandise, and expand its revenue and operations in overseas regions.

In the seven months to December 31, 2018, Strawberry contributed revenue of $2,078,554 and profit after tax of $39,020 to the Group results. If the acquisition had occurred on January 1, 2018, management estimates that consolidated revenue would have been $3,339,142 and consolidated profit after income tax would have been $80,604, respectively. In determining these amounts, the management has assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2018.

The following table summarizes the types of consideration transferred, the recognized amounts of assets acquired, liabilities assumed and goodwill at the acquisition date:

1)

Cash	$	**1,052,022**

The Group has sought legal advice from local lawyers for Strawberry's tariff and commodity Tax in China. After considering the legal opinions of local lawyers and the management evaluation, the management of Strawberry believed that there was no potential significant financial impact on Strawberry. The Group has already reserved the amount $89,310 (recognized in other payables) in the investment purchase price for this case in preparation for the future losses of this lawsuit. The case has completed the negotiation in January, 2019, and the reserved amount was remitted in February, 2019.

2) Recognizable assets and assumed liabilities acquired on the acquisition date

Cash and cash equivalent	$	202,657
Accounts receivable		116,233
Inventories		1,019,238
Prepayments		11,970
Property, plant and equipment		17,011
Intangible assets		256,299
Other non-current assets		187,174
Accounts payable		(118,583)
Other payables		(101,786)
Current refund liabilities		(4,549)
Long-term loans		(443,547)
Fair value of identifiable net assets	$	**1,142,117**

3) Goodwill

Consideration transferred	$	1,052,022
Non-controlling interest in the acquiree (proportionate share of the fair value of the identifiable net assets)		274,108
Less: Fair value of identifiable net assets		(1,142,117)
	$	**184,013**

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

4) The Group had lost its control on EHS and so had its subsidiaries on January 1, 2019; please refer to Note 6(k).

(ii) 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.

(iii) The consolidated subsidiary – ET New Media has decided to established 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.

(iv) The consolidated subsidiary – ET New Media has decided to established 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.

(v) The consolidated subsidiary – ET New Media has decided to established Dung sen shin wen yun Co., Ltd. on June 10, 2019 after obtaining the approval from the board of directors. Dung sen wen yun Co., Ltd. has completed the registration on August 22, 2019 with the capital of $5,000 which was 100% held by ET New Media.

(vi) 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.

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

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

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

1) The consideration of the above acquisition transfer was solely paid in cash amounting to $362,213.

2) The recognized amounts of assets acquired and liabilities assumed at the acquisition date are summarized below:

Cash and cash equivalent	$	36,353
Inventories		135,557
Other current assets		35,257
Property, plant and equipment		153,156
Right-of-use assets		307,083
Intangible assets		271,873
Other non-current assets		14,006
Current liabilities		(380,826)
Non-current liabilities		(280,268)
Fair value of identifiable net assets	$	292,191

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

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

3) Goodwill

Consideration transferred	$	362,213
Non-controlling interest in the acquiree (proportionate share of the fair value of the identifiable net assets)		58,438
Less: Fair value of identifiable net assets		(292,191)
	$	128,460

Goodwill arose from the profitability and the market share in pet market industries. The Group was expected to obtained the synergy by integrating these three companies in pet business..

(j) Material non-controlling interests of subsidiaries

Subsidiaries	Main operation place	Percentage of non-controlling interests December 31, 2019	Percentage of non-controlling interests December 31, 2018
Eastern Home Shopping & Leisure Co., Ltd.	Taiwan	- %	74.54 %

The following information of the aforementioned subsidiaries had been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information were the fair value adjustment 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.

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The financial information of Eastern Home Shopping & Leisure Co., Ltd. was as follows:

	December 31, 2018
Current assets	$ 3,398,543
Non-current assets	5,416,461
Current liabilities	(4,457,437)
Non- current liabilities	(2,275,126)
Net assets	$ 2,082,441
Non-controlling interests, attributable to investee's subsidiary	$ 299,827
Non-controlling interests, attributable to investee	$ 1,321,440
Net assets, attributable to parent	$ 461,174

	2018
Sales revenue	$ 16,802,241
Net income	$ 589,677
Other comprehensive income	19,414
Comprehensive income	$ 609,091
Profit, attributable to non-controlling interests	$ 437,162
Comprehensive income, attributable to non-controlling interests	$ 452,149
Net cash flows from operating activities	$ 1,291,680
Net cash flows from investing activities	(738,440)
Net cash flows from financing activities	(267,718)
Effect of exchange rate fluctuations	43,062
Net gain(loss) in cash and cash equivalents	$ 328,584

On January 1, 2019, the information about the loss of control of EHS; please refer to Note 6(k).

(k) Loss of control of subsidiaries

(i) The Group had sold all of its shares of EED (Shanghai) to a third party with a consideration of USD$100,786 (deducted related costs USD$55) during quarter 2 in 2018. The Group derecognized the assets, liabilities, and the related equity components of Eastern Entertainment, and recognized a gain on disposal of $2,058,624 (USD$70,064), and recorded it as net gains on disposal of investment.

(ii) The Group had liquidated its subsidiaries of GEHS and Ding Kai on April 12 and September 21, 2018, repectively and recognized a gain on liquidation of $108,653 and $0. In 2019, the Group recognized a loss on liquidation of $776 due to liquidation the assets of Ding Kai.

(iii) The Group had sold all of its shares of Strawberry Cosmetics (Internet Services China) Ltd. to a third party with a consideration on June 29, 2018. The Group recognized a gain on disposal of $241.

(iv) 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 6(h).

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

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

(v) The Group had lost the control over its liquidated subsidiary, Sheng Hang (Shanghai), on February 21, 2019, resulting in a loss on liquidation amounting to $18,291 to be recognized.

(vi) 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 6(n).

(vii) On June 21, 2019, the Group sold all of its shares in Eastern En to a third party, with a consideration of $10,795 (RMB$2,476), resulting in the Group to recognize a disposal loss amounting to $3,863.

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(l) Property, plant and equipment

(i) The cost, depreciation, and impairment loss of the property, plant and equipment of the Group as of December 31, 2019 and 2018, 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, 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)
Acquisition through business combinations (Note 6(i))	12,744	15,450	-	2,148	96,857	1,045	80,518	208,762
Additions	-	-	-	4,956	161,723	181	54,246	221,106
Transfers	-	-	-	(81)	91,929	(960)	(1,159)	89,729
Disposals	-	-	-	(1,258)	(9,136)	-	(8,885)	(19,279)
Effect of movements in exchange rates	-	-	-	-	-	-	10	10
Balance on December 31, 2019	$ 508,791	1,015,005	3,674	34,957	425,579	400	285,974	2,274,380
Balance on January 1, 2018	$ 1,152,909	1,684,021	327,478	35,731	352,745	134	427,251	3,980,269
Acquisition through business combinations	-	-	-	-	-	-	182,014	182,014
Additions	-	3,869	56,783	3,110	67,345	-	121,848	252,955
Transfers	-	-	-	1,385	18,605	-	(3,210)	16,780
Disposals	(1,380)	(1,873)	(38,116)	(8,603)	(271,547)	-	(17,756)	(339,275)
Effect of movements in exchange rates	-	-	-	-	-	-	509	509
Balance on December 31, 2018	$ 1,151,529	1,686,017	346,145	31,623	167,148	134	710,656	4,093,252
Depreciation and impairment loss:								
Balance on January 1, 2019	$ 5,740	741,116	280,764	21,250	64,824	-	542,656	1,656,350
Loss of control subsidiary	-	(221,583)	(277,090)	(981)	(45,496)	-	(453,675)	(998,825)
Acquisition through business combinations (Note 6(i))	-	5,058	-	1,405	13,022	-	36,121	55,606
Depreciation for the period	-	65,597	-	2,817	30,327	-	40,843	139,584
Transfers	-	-	-	(81)	(996)	-	(1,399)	(2,476)
Disposals	-	-	-	(482)	(8,870)	-	(5,813)	(15,165)
Effect of movements in exchange rates	-	-	-	-	-	-	10	10
Balance on December 31, 2019	$ 5,740	590,188	3,674	23,928	52,811	-	158,743	835,084
Balance on January 1, 2018	$ 5,740	659,340	307,834	26,213	221,289	-	315,943	1,536,359
Acquisition through business combinations	-	-	-	-	-	-	165,003	165,003
Depreciation for the period	-	83,447	11,047	2,255	115,083	-	78,525	290,357
Transfers	-	-	-	-	-	-	(1,161)	(1,161)
Disposals	-	(1,671)	(38,117)	(7,218)	(271,548)	-	(15,635)	(334,189)
Effect of movements in exchange rates	-	-	-	-	-	-	(19)	(19)
Balance on December 31, 2018	$ 5,740	741,116	280,764	21,250	64,824	-	542,656	1,656,350
Carrying amounts:								
Balance on December 31, 2019	$ 503,051	424,817	-	11,029	372,768	400	127,231	1,439,296
Balance on January 1, 2018	$ 1,147,169	1,024,681	19,644	9,518	131,456	134	111,308	2,443,910
Balance on December 31, 2018	$ 1,145,789	944,901	65,381	10,373	102,324	134	168,000	2,436,902

(ii) The Group signed a contract of purchasing land near the provincial road of Leo Exploitation Co., Ltd. and had paid \$4,635 constantly. On December 31, 2019, the amount \$134 of the lands which rights have not transferred to the Group.

(iii) The fair values of parts of the Group's land, and buildings on December 31, 2019 and 2018 are measured by the third-level input value of the expert report of the real estate appraiser. The evaluation is based on a comprehensive consideration of the comparative method, the cost method and the land development analysis method.

(iv) Please refer to Note 8 for the details of the property, plant and equipment pledged as collateral.

(m) Right-of-use assets

(i) The cost, depreciation, and impairment loss of the land, buildings, ships and media exhibition boards of the Group as of December 31, 2019 and 2018, were as follows:

	Land	Buildings	Ships	Outdoor advertising boards	Transportation equipment	Total
Cost:						
Balance on January 1, 2019	$ -	-	-	-	-	-
Effects of retrospective application	3,154,258	178,030	288,358	849,003	-	4,469,649
Balance at beginning of period after adjustments	3,154,258	178,030	288,358	849,003	-	4,469,649
Acquisition through business combination (Note 6(i))	-	348,717	-	-	1,839	350,556
Additions	954,943	366,984	-	1,604,658	-	2,926,585
Write-off	(30)	(11,498)	(290,205)	-	(1,839)	(303,572)
Effect of changes in foreign exchange rates	-	-	1,847	-	-	1,847
Balance on December 31, 2019	$ 4,109,171	882,233	-	2,453,661	-	7,445,065
Accumulated depreciation and impairment losses:						
Balance on January 1, 2019	$ -	-	-	-	-	-
Effects of retrospective application	-	-	97,749	-	-	97,749
Balance at beginning of period after adjustments	-	-	97,749	-	-	97,749
Acquisition through business combination (Note 6(i))	-	42,685	-	-	788	43,473
Depreciation for the year	220,259	89,773	50,524	332,115	88	692,759
Impairment loss	-	-	17,163	-	-	17,163
Write-off	-	(1,930)	(165,902)	-	(876)	(168,708)
Effect of changes in foreign exchange rates	-	-	466	-	-	466
Balance on December 31, 2019	$ 220,259	130,528	-	332,115	-	682,902
Carrying amount:						
Balance on December 31, 2019	$ 3,888,912	751,705	-	2,121,546	-	6,762,163

The Group leases offices, machinery and ships classified as property, plant and equipment under the finance lease for the year ended December 31, 2018, please refer to Note 6(u).

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(ii) In 2019, the shipping business was affected by the global market and economic condition, wherein the Group has assessed and recognized the impairment loss amounting to $17,163.

(iii) The recoverable amount of the ships was calculated using the discounted cash flow method, with the discount rate of 5%.

(iv) The Group estimated that the cost in shipping business would continue to increase; therefore, it decided to suspend its lease contracts in advance on May 31, 2019 by returning the ships on June 13, 2019. The Group returned all ships and wrote off the right-of-use assets and the lease liabilities amounting to $124,303 and $215,717, respectively, with a gain on lease modification amounting to $91,414 and a compensation payment of $179,999. For related information, please refer to Note 6(s) and 6(ab).

(v) In 2019, the Company suspended its lease contracts of transportation equipment in advance and sold its prior purchase right of $473, resulting from a gain on lease modification amounting to $485.

(n) Intangible assets

(i) The cost, depreciation, and impairment loss of the Intangible assets of the Group as of December 31, 2019 and 2018, were as follows:

	Goodwill	Trademark	Client rights	Brand values	Supplier contracts	Computer software	Other intangible assets	Total
Cost:								
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 (Note 6(i))	128,460	207,659	69,909	-	-	8,695	9,238	423,961
Acquisition through business combinations (Note 6(i))	-	-	-	-	-	2,765	-	2,765
Transfers	-	(926)	-	-	-	(612)	(4,063)	(5,601)
Loss of control of subsidiary	(3,443,558)	-	(1,396,843)	(189,733)	(51,768)	(208,248)	-	(5,290,150)
Disposals	-	(694)	-	-	-	-	-	(694)
Balance on December 31, 2019	$ 160,379	233,229	69,909	-	-	42,053	13,008	518,578
Balance on January 1, 2018	$ 3,291,575	4,165	1,334,010	-	51,768	230,753	1,384	4,913,655
Additions (Note 6(i))	184,013	23,025	62,833	189,733	-	19,419	6,449	485,472
Acquisition through business combinations (Note 6(i))	-	-	-	-	-	3,733	-	3,733
Disposals	-	-	-	-	-	(11,610)	-	(11,610)
Effect of movement in exchange rates	(111)	-	-	-	-	(2,842)	-	(2,953)
Balance on December 31, 2018	$ 3,475,477	27,190	1,396,843	189,733	51,768	239,453	7,833	5,388,297
Depreciation and impairment loss:								
Balance on January 1, 2019	$ -	761	1,172,708	6,145	43,485	213,657	1,813	1,438,569
Amortization for the year	-	2,944	4,254	-	-	6,026	2,336	15,560
Acquisition through business combinations (Note 6(i))	-	-	-	-	-	1,825	-	1,825
Transfers	-	(926)	-	-	-	(66)	(547)	(1,539)
Disposals	-	(694)	-	-	-	-	-	(694)
Loss of control of subsidiary	-	-	(1,172,708)	(6,145)	(43,485)	(203,639)	-	(1,425,977)
Balance on December 31, 2019	$ -	2,085	4,254	-	-	17,803	3,602	27,744

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	Goodwill	Trademark	Client rights	Brand values	Supplier contracts	Computer software	Other intangible assets	Total
Balance on January 1, 2018	$ -	205	1,056,091	-	39,344	184,249	1,327	1,281,216
Amortization for the year	-	556	116,617	6,145	4,141	28,275	486	156,220
Impairment loss	-	-	-	-	-	11,832	-	11,832
Disposals	-	-	-	-	-	(6,385)	-	(6,385)
Effect of movement in exchange rates	-	-	-	-	-	(4,314)	-	(4,314)
Balance on December 31, 2018	$ -	761	1,172,708	6,145	43,485	213,657	1,813	1,438,569
Carrying amounts:								
Balance on December 31, 2019	$ 160,379	231,144	65,655	-	-	24,250	9,406	490,834
Balance on December 31, 2018	$ 3,475,477	26,429	224,135	183,588	8,283	25,796	6,020	3,949,728

Among 2019, the reduce of intangible assets was due to the loss of control of subsidiary. The information please refer to Note 6(k). Additionally, the deferred gain on disposal of intangible assets, amounting $12,510, from ET New Retail Department was realized; the details please refer to Note 6(k).

(ii) The allocation of goodwill was as follows:

	December 31, 2019	December 31, 2018
Retail business	$ 128,460	3,443,558
E-ticket business	31,919	31,919
	$ 160,379	3,475,477

In 2019, the Group acquired goodwill from the merger of subsidiaries – Oscar Pet Co., Ltd. , Pet Kingdom Co., Ltd. , and Kaou Sin Trading Co., Ltd. to an amount of $128,460. In 2018, the Group acquired goodwill from the merger of subsidiaries – Strawberry to an amount of $184,013. The details please refer to Note 6(i).

(iii) Client rights, brand values and Supplier contracts

The Group measured the fair value of the net assets at acquisition date and evaluated the fair value and durability of intangible assets which were met the standard and significant.

1) The Group obtained control over Strawberry on May 15, 2018, and evaluated the retail business of Strawberry and its subsidiaries. According to the analysis, the Group recognizd and listed $62,833 and $189,733 of client rights and brand values respectively.

2) The Group obtained control over Oscar Pet Co., Ltd. , Pet Kingdom Co., Ltd. , and Kaou Sin Trading Co., Ltd. on October 1, 2019, and evaluated trademark and client rights of these three subsidiaries amounted to $201,024 and $69,909, respectively

3) The identifiable intangible assets with determined durability would amortize since the acquisition year. The details please refer to Note 6(i).

(iv) The impairment evaluation of goodwill

Goodwill had been allocated to the acquirer' s identifiable cash-generating units. The recoverable amount was based on its value in use, determined by pre-tax cash flow forecasts of five-year financial budgets approved by the management.

The recoverable amount measured by gross profit ratio, growth rate and discount rate exceeded the carrying amount, thus, impairment loss did not occur.

The discount rate the management adopted was a pre-tax measure reflecting specific risks of the relative operating divisions.

The management believed that any reasonable changes to key assumptions used for determining recoverable amount of each cash-generating unit would not cause its carrying amount greater than the recoverable amount. The recoverable amount determined under aforesaid the key assumptions comparing with the carrying amount of the assets used for operation and the goodwill on the valuation date, ended up with no impairment loss should be recognized for the years ended December 31, 2019 and 2018, respectively.

(o) Short-term loans

	December 31, 2019	December 31, 2018
Secured bank loans	$ 58,000	307,079
Unused credit line	$ 617,215	279,933
Interest rate	1.97%~3.2%	4.55%

(i) Among 2019, the reduce of short-term loans was due to the loss of control of subsidiary. The information please refer to Note 6(k).

(ii) Please refer to Note 8 for the details of the related assets pledged as collateral.

(p) Short term notes and bills

	December 31, 2019
Secured bank loans	$ 20,000
Unused credit line	$ 10,000
Interest rate	1.878%

Please refer to Note 8 for the details of the related assets pledged as collateral.

(q) Accounts payable

	December 31, 2019	December 31, 2018
Supplier payment	$ 207,335	2,034,836

Among 2019, the reduce of shortterm loans was due to the loss of control of subsidiary. The information please refer to Note 6(k).

(r) Long-term loans

	December 31, 2019	December 31, 2018
Secured bank loans	$ 150,000	-
Other secured loans	261,778	2,862,442
Less: Current portion	(67,789)	(24,000)
Fees	(5,989)	(8,189)
Total	$ 338,000	2,830,253
Duration year	109~112	111~115
Interest rate	2.21%~3.2%	2.15%~4%
Unused long-term credit lines	$ 734,000	537,558

(i) Among 2019, the reduce of shortterm loans was due to the loss of control of subsidiary. The information please refer to Note 6(k).

(ii) The Group acquired the long-term loan to the amount of $443,547 from the merger of its subsidiary-Strawberry Cosmetics Holding Limited on May 11, 2018, and had repaid the loan mentioned above in quarter 2 in 2018.

(iii) Please refer to Note 8 for details of the related assets pledged as collateral.

(s) Lease liabilities

The Group amounts recognized in lease liabilities was as follows:

	December 31, 2019
Current	$ 954,147
Non-current	$ 5,874,708

For the maturity analysis, please refer to Note 6(ac).

The amount of lease liability increased was $2,926,585 and the interest rate was at 3% in 2019. he ending dates of the lease duration were from January 2021 to December 2038. However, during 2019, the group terminated some lease contracts in consideration of its operating conditions, so the lease liability was reduced by $226,366; the details please refer to Note 6(m) and Note 6(ab).

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The amounts recognized in profit or loss were as follows:

	For the years ended December 31 2019
Interest on lease liabilities	$ 140,155
Variable lease payments not included in the measurement of lease liabilities	$ 30,012
Expenses relating to short-term leases	$ 103,296
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 933

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

	For the years ended December 31 2019
Total cash outflow for leases	$ 928,690

(i) Real estate leases

As of December 31, 2019 the Group leased land and buildings for its warehousing operations, office space and retail stores. The leases of office space typically ran for a period of 10 years, and of retail stores for 3 to 5 years. Some leases included an option to renew the lease for an additional period of the same duration after the end of the contract term.

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

(ii) Other leases

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

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

(t) Provisions

	Onerous contract
Balance on January 1, 2019	$ 102,741
Effects of IFRS 16 retrospective application- recognized as right-of-use assets deduction	(97,749)
Balance on January 1, 2019 after adjustments	4,992
Provisions reversed during the year	(5,010)
Foreign exchange gain/loss	18
Balance on December 31, 2019	$ -
Balance on January 1, 2018	$ 217,205
Provisions reversed during the year	(112,289)
Foreign exchange gain/loss	(2,175)
Balance on December 31, 2018	$ 102,741

	December 31, 2019	December 31, 2018
Current	$ -	102,741
Non-current	-	-
	$ -	102,741

(i) 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 in 2019 and 2018. However, ships contracts had expired on April 28 and May 2, all provisions reversed.

(ii) 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. The provision is measured at the present value of the lower of the expected cost of terminating the contract or the expected net cost of continuing with the contract. However, the daily rental for all kinds of shipping fluctuates drastically and rapidly, and the rational amount of loss could not be easily calculated. In order to make the appropriate disclosure by following the regulations, the Group should consult the available information from the market and estimate the amount equivalent to the unavoidable cost which is higher than the expected receivable economic value for the years ended December 31, 2018. The Group recognizes the amount as loss for the period. Therefore, according to the report Time Charter Rate of Panamax provided by Dr. Chou of National Taiwan Ocean University Department of Shipping and Transportation, the Group estimates the freight rate for the next five year period and probable operating loss using a discount rate of 6%.

(u) Operating lease

The Group engages in the business of renting out ships, silos, and outdoor media layouts and the related non-cancellable rental payables of operating leases are as follows:

	December 31, 2018
Less than one year	$ 944,469
Between one and five years	2,137,392
Over five years	1,384,008
	$ 4,465,869

The Group leased a number of ships, silos, warehouses, outdoor media layouts, offices, and pieces of equipment under operating leases and had an option to renew the leases. The period of the leases is typically 1 to 10 years. Lease payments are increased every year to reflect market rentals. Some leases provide for additional rent payments based on changes in a local price index.

For the year ended December 31, 2018, the amount of $1,294,737, was recognized as expense in profit or loss in respect of operating leases.

Leases for warehouses and factories were signed along with the lease of land and buildings. Since land ownership has not transferred yet, rent paid to the landlord is regularly adjusted to reflect market rentals, and the Group does not participate in the residual value of the land and buildings, it was determined that substantially all the risks and rewards of the land and buildings are with the landlord. Therefore, the Group recognized the lease as an operating lease.

(v) Employee benefits

(i) Defined benefit plans

The Group determined the movement in the present value of the defined benefit obligations and fair value of plan assets as follows:

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	$ 147,710	178,114
Fair value of plan asset	(116,161)	(142,019)
Recognized liabilities for defined benefit obligations	$ 31,549	36,095

1) Composition of plan assets

The Group set aside pension funds in accordance with the regulations of the Council of Labor Affairs, and the pension funds are managed by the Pension Supervisory Committee. The annual earnings cannot be lower than the earnings attainable from two-year time deposits with the interest rates offered by local banks in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund.

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The Group' s Bank of Taiwan labor pension reserve account balance amounted to $116,161 at the end of the reporting period. The information used to calculate pension fund assets includes the asset allocation and yield of funds. Please refer to the information published on the website of the Council of Labor Affairs and the Labor Pension Supervisory Committee.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Group were as follows:

	For the years ended December 31	
	2019	**2018**
Defined benefit obligations at January 1	$ 178,114	165,911
Current service cost and interest	2,980	5,257
Remeasurements of the net defined benefit liability (asset):		
—Actuarial (losses) gains due to experience adjustments	8,162	12,634
Actuarial loss (gain) arising from:		
—demographic assumptions	-	4,669
—financial assumptions	-	534
Loss control of its subsidiary	(31,848)	-
Benefits paid by the plan	(13,898)	(10,891)
The effects of business combinations	4,200	-
Defined benefit obligations at December 31	$ 147,710	178,114

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	For the years ended December 31	
	2019	**2018**
Fair value of plan assets at January 1	$ 142,019	107,870
Interest revenue	751	1,293
Remeasurements of the net defined liability (asset):		
—Return on plan assets (excluding interest for the period)	3,398	3,460
Contributions made from employer	29,694	40,287
Loss control of its subsidiary	(45,803)	-
Benefits paid by the plan	(13,898)	(10,891)
Fair value of plan assets at December 31	$ 116,161	142,019

(Continued)

4) Expenses recognized in profit and loss

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

	For the years ended December 31	
	2019	2018
Service cost of the period	$ 1,839	1,909
Net interest on net defined benefit liability	1,141	3,348
Curtailment or settlement losses	(751)	(1,293)
	$ 2,229	3,964
Operating cost	$ 1,437	1,489
General and administrative expense	792	2,475
	$ 2,229	3,964

5) Actuarial valuations

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2019	December 31, 2018
Discount rate	0.62%	0.78%～1.38%
Future salary increase	1.00%	1.00%～2.00%

The expected contribution to be made by the Group to the defined benefit plans for the one-year period after the reporting date of the year 2019 is $3,204.

The weighted-average lifetime of the defined benefits plans is 5 years.

6) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions, including employee turnover rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

The sensitivity analysis of the Company's accrued pension liabilities as of December 31, 2019 and 2018, was as follows:

	Impact on present value of defined benefit obligations	
	Increase	Decrease
December 31, 2019		
Discount of 0.50%	$ (2,039)	5,771
Future salary change of 0.50%	5,700	(2,042)

(Continued)

	Impact on present value of defined benefit obligations	
	Increase	**Decrease**
December 31, 2018		
Discount of 0.50%	(5,674)	8,066
Future salary change of 0.50%	7,950	(5,640)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There was no change in the method and assumptions used in the preparation of the sensitivity analysis for 2019 and 2018.

(ii) Defined contribution plans

The Group contributed 6% of the employees' monthly wages to the Labor Pension personal accounts at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Group contributed a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

For the years ended December 31, 2019 and 2018, the Group contributed $40,255 and $114,712, respectively, under the pension plan to the Bureau of Labor Insurance.

(w) Income taxes from discontinued operations

(i) The components of income tax in the years 2019 and 2018 were as follows:

	For the years ended December 31	
	2019	**2018**
Current income tax expense		
Current period	$ 5,918	371,887
Undistributed earnings additional tax	9,517	5,425
Adjustment for prior periods	(7,833)	(8,544)
	7,602	368,768
Deferred tax expense		
Origination and reversal of temporary differences	(191,607)	49,410
Adjustment in tax rate	-	(30,120)
	(191,607)	19,290
Income tax expense from continuing operations	$ (184,005)	388,058

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The reconciliation of income tax and profit before tax was as follows:

	For the years ended December 31	
	2019	2018
Profit before tax	$ 360,720	2,682,731
Income tax at domestic statutory tax rate	$ 72,144	536,546
Differences of income tax rate in foreign countries	(11,259)	(192,407)
Adjustment in tax rate	-	(30,120)
Investment gain or loss from domestic investment accounted for using equity method	23,558	21
Other adjustments in accordance with tax laws	(138,321)	(75,876)
Prior years' adjustment	(7,833)	(8,544)
Undistributed earnings additional tax	9,517	5,425
Deferred income taxes	(131,811)	153,013
Total	$ (184,005)	388,058

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2019	December 31, 2018
Tax effect of deductible Temporary Differences	$ 7,111	24,585
The carryforward of unused tax losses	1,847,550	2,150,991
	$ 1,854,661	2,175,576

As of December 31, 2019, the information of the Group's unutilized business unused tax losses for which no deferred tax assets were recognized are as follows:

Year of Occurrence	Remaining Creditable Amount	Year of Expiration
2010	$ 270,820	2020
2011	1,858,622	2021
2012	1,593,246	2022
2013	1,742,471	2023
2014	1,656,881	2024
2015	1,402,452	2025
2016	296,756	2026
2017	392,893	2027
2018	638,913	2028
2019	425,076	2029
	$ 10,278,130	

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2019 and 2018, were as follows:

		2019	2018
Deferred Tax Assets:			
Balance, January 1	$	103,567	170,744
Adjustment in tax rate		-	30,120
Loss control of its subsidiary		(82,721)	-
Acquisition from the combination		2,402	-
Recognized in profit or loss		191,607	(49,410)
Recognized in other comprehensive income		-	(47,887)
Balance, December 31	$	214,855	103,567
Deferred Tax Liabilities:			
Balance, January 1	$	228	-
Loss control of its subsidiary		(228)	-
Recognized in profit or loss		-	228
Balance, December 31	$	-	228

In 2019, previously unrecognized tax losses of $199,919 were recognized as deferred tax assets, as management determined that it was probable that there would be sufficient taxable gains in the future.

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

(x) Capital and other equity

(i) Ordinary shares

As of December 31, 2019 and 2018, the total value of nominal ordinary shares amounted to $15,000,000 with a par value of $10 (dollars) per share. The total number of shares was 556,790 thousand.

In order to improve the financial structure, the Group reduced and refunded the capital of $1,391,975 and cancelled the shares of 139,197 thousand which the capital reduction ratio is 20% after obtaining the approval from the shareholders on May 17, 2018. The relevant statutory and registration process have been completed. The base date for capital reduction was on June 7, 2018 and the cash reduction and refund of the share issuance date is July 27, 2018.

(Continued)

(ii) Capital surplus

The balances of capital surplus as of December 31, 2019 and 2018, were as follows:

	December 31, 2019	December 31, 2018
Stock options—fair value differences of associates and joint ventures under equity method	$ 5,165	5,165
Stock options-changes in ownership interests in subsidiaries	15,604	-
	$ 20,769	5,165

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

Among 2019, the Company invested its subsidiary without in accordance with the shareholding ratio, leading the movement of shareholding ratio and increasing the capital surplus- changes in ownership interests in subsidiaries by $15,604.

(iii) Retained earnings

1) Legal reserve

According to the amendment of the R.O.C. Company Act in January 2012, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

By choosing to apply exemptions granted under IFRS 1 First-time Adoption of International Financial Reporting Standards during the Company's first-time adoption of the International Financial Reporting Standards (IFRSs) endorsed by the Financial Supervisory Commission, unrealized revaluation gains recognized under shareholders' equity and cumulative translation adjustments (gains) shall be reclassified as investment property at the adoption date. In accordance with Ruling No. 1010012865 issued by the Financial Supervisory Commission on April 6 2012, an increase in retained earnings due to the first-time adoption of IFRSs shall be reclassified as a special earnings reserve during earnings distribution, and when the relevant asset is used, disposed of, or reclassified, this special earnings reserve shall be reversed as distributable earnings proportionately.

(Continued)

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special earnings reserve resulting from the first-time adoption of IFRSs and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes in other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

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

The Company appropriated its 2018 and 2017 earnings, which was resolved by the shareholder's meeting on May 29, 2019 and May 17, 2018, respectively, as follows:

	Earnings distributions		Dividend per share	
	2018	2017	2018	2017
Legal reserve	$ 107,100	9,571	-	-
Special reserve	143,912	39,310	-	-
Cash dividends	556,790	-	1	-

On April 29, 2020, the company' s shareholders' meeting would pass the earnings distributions for 2019

	Earnings distributions	Dividend per share
Legal reserve	$ 37,423	-
Special reserve	44,580	-
Cash dividends	556,790	1

On June 29, 2020, the company's shareholders' meeting passed the earnings distributions for 2019. Related information would be available at the Market Observation Post System website.

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4) In 2019, as disposing financial assets at fair value through other comprehensive income, the loss on disposal amounted $10,738 was transferred from other equity to retained earnings.

5) In 2018, as the subsidiary disposed financial assets at fair value through other comprehensive income, the loss on disposal amounted $22,973 was transferred from other equity to retained earnings.

(iv) Treasury shares

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

(v) 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, 2019	$	(168,588)	(14,634)	(183,222)
Exchange differences on foreign operation		(48,900)	-	(48,900)
Change in other comprehensive income (loss) of associates accounted for using equity method		(6,642)	2	(6,640)
Unrealized losses from financial assets measured at fair value through other comprehensive income		-	223	223
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	10,738	10,738
Balance at December 31, 2019	$	(224,130)	(3,671)	(227,801)
Balance on January 1, 2018	$	(39,310)	-	(39,310)
Effects of retrospective application		-	(16,672)	(16,672)
Balance at January 1, 2018 after adjustments		(39,310)	(16,672)	(55,982)
Exchange differences on foreign operation		(125,539)	-	(125,539)
Change in other comprehensive income (loss) of associates accounted for using equity method		(3,739)	-	(3,739)
Unrealized losses from financial assets measured at fair value through other comprehensive income		-	(20,953)	(20,953)
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	22,973	22,973
Balance at December 31, 2018	$	(168,588)	(14,652)	(183,240)

(y) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the year 2019 and 2018 are as follows:

	2019		
	Net of tax	The weighted average number of ordinary shares outstanding	Earnings per share
Basic earnings per share			
Profit from continuing operations of the Company for the year	$ 558,661	556,790	1.00
Loss from discontinued operations of the Company for the year	(168,130)	556,790	(0.30)
Profit attributable to ordinary shareholders of the Company	$ **390,531**	**556,790**	**0.70**
Diluted earnings per share			
Profit from continuing operations of the Company for the year	$ 558,661	556,790	
Effect of dilutive potential ordinary shares:			
Employee stock bonus	-	1,370	
Profit from continuing operations of the Company for the year	$ 558,661	558,160	1.00
Loss from discontinued operations of the Company for the year	(168,130)	558,160	(0.30)
Profit attributable to ordinary shareholders of the Company (Weighted average number of ordinary shares (diluted) at 31 December)	$ **390,531**	**558,160**	**0.70**

	2018		
	Net of tax	The weighted average number of ordinary shares outstanding	Earnings per share
Basic earnings per share			
Profit from continuing operations of the Company for the year	$ 1,856,530	617,045	3.01
Less: effect of treasury shares	-	(4)	-
	1,856,530	617,041	3.01
Loss from discontinued operations of the Company for the year	(785,541)	617,041	(1.27)
Profit attributable to ordinary shareholders of the Company	$ **1,070,989**	**617,041**	**1.74**
Diluted earnings per share			
Profit from continuing operations of the Company for the year	$ 1,856,530	617,041	
Effect of dilutive potential ordinary shares:			
Employee stock bonus	-	3,269	
Profit from continuing operations of the Company for the year	$ 1,856,530	620,310	3.00
Loss from discontinued operations of the Company for the year	(785,541)	620,310	(1.27)
Profit attributable to ordinary shareholders of the Company (Weighted average number of ordinary shares (diluted) at 31 December)	$ **1,070,989**	**620,310**	**1.73**

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(z) Revenue from contracts with customers from continuing operations

(i) Details of revenue

	For the year ended December 31, 2019				
	Warehousing	Trading	Media	Others	Total
Main services:					
Sales revenue	$ -	530,922	-	66,647	597,569
Media revenue	-	-	1,053,615	-	1,053,615
Loading and storage revenue	1,280,228	-	-	-	1,280,228
Others revenue	-	53,496	89,969	54,483	197,948
	$ 1,280,228	584,418	1,143,584	121,130	3,129,360

	For the year ended December 31, 2018				
	Warehousing	Trading	Media	Others	Total
Main services:					
Sales revenue	$ -	16,567,083	26,755	50,682	16,644,520
Media revenue	-	-	660,411	-	660,411
Loading and storage revenue	997,474	-	-	-	997,474
Others revenue	-	197,765	50,609	67,194	315,568
	$ 997,474	16,764,848	737,775	117,876	18,617,973

The Group grants its customers the right to return the product within 10 days. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level and recognizes refund liabilities and assets recognized as right to recover products from customers.

(ii) Contract balances

	December 31, 2019	December 31, 2018	January 1, 2018
Notes receivable	$ 4,264	1,278	1,649
Notes receivable—discounted	-	-	2,422
Installment notes receivable	62,065	152,433	50,464
Accounts receivable	380,995	663,832	420,706
Less: Allowance for doubtful accounts	(29,563)	(84,105)	(69,844)
Unrealized interest revenue	(2,254)	(14,121)	(1,076)
Total	$ 415,507	719,317	404,321
Contract liability – Commodity Gift Certificates and Special Offer Points	$ -	136,973	123,164
Contract liability – advertising services	16,729	10,357	3,511
Contract liability – others	8,184	12,481	18,138
Total	$ 24,913	159,811	144,813

(Continued)

(iii) Costs to fulfil a contract

	December 31, 2019	December 31, 2018
Costs to fulfil a contract -current	$ -	7,000

The Group singed up a contract about stage drama with Quantum Entertainment Production Co., Ltd. and paid all relative costs. The Group recognized an asset from the costs incurred to fulfil a contract while those were expected to be recovered and related directly to a contract or to an anticipated contract that the Group can specifically identify. The costs to fulfil a contract would amortize while revenue of sales of tickets was recognized. In 2019 and 2018, there were $7,000 and 0, respectively, amortization expenses and no impairment losses.

1) Please refer to Note 6(d) 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.

(aa) Remuneration of employee

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

For the year ended December 31, 2019 and 2018, the Company estimated its employee remuneration amounting to $7,025 and $41,736, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, multiplied by the percentage of remuneration to employees. These remunerations were expensed under operating costs or expenses during 2017. 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, 2018 and 2017, the Company estimated its employee remuneration amounting to $41,736 and $9,148, 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 2018 and 2017. For further information, please refer to Market Observation Post System.

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

(i) Other income

The details of other revenue were as follows:

	For the years ended December 31	
	2019	2018
Interest income	$ 22,456	49,618
Dividend income	4,186	31,561
Rental income	25,371	16,733
	$ 52,013	97,912

(ii) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31	
	2019	2018
(Loss) gain on disposal of property, plant and equipment	$ (1,398)	1,058
(Loss) gain on disposal of investments assets	(18,264)	2,244,346
Gain (loss) on disposal of intangible assets	12,510	(5,225)
Net gains (losses) on evaluation of financial assets at fair value through profit or loss	178,287	6,378
Foreign exchange (loss) gains	(14,187)	42,246
Impairment loss on non-financial assets	-	(11,832)
Expected credit loss	(19,007)	-
Gain from Lease modification	561	-
Income from counter-party default	95,238	-
Other income (loss)	126,484	(23,299)
	$ 360,224	2,253,672

Please refer to Note 9 for the details of counter-party default.

(iii) Finance costs

The Group's finance costs were as follows:

	For the years ended December 31	
	2019	2018
Interest expenses – lease liabilities	$ 137,625	-
Interest expenses – bank loans	6,173	56,010
Finance expense	2,280	7,393
	$ 146,078	63,403

(Continued)

(ac) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

a) The carrying amount of financial assets recognized in the consolidated balance sheet; and

b) The amount of liabilities as a result from the Group providing financial guarantees to its customers was $490,000 and $1,287,300.

2) Concentration of credit risk

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

For credit risk exposure of notes and trade receivables, please refer to note 6(d).

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 4(g).

The loss allowance provision were determined as follows:

	For the years ended December 31	
	2019	**2018**
Other receivables		
Balance at January 1	$ 11,861	-
Amounts written off	(1,859)	-
Impairment losses recognized	19,007	11,861
Foreign exchange loss	(27)	-
Balance at December 31	$ 28,982	11,861

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	1-3 years	3-5 years	More than 5 years
December 31, 2019						
Non-derivative financial liabilities						
Bank loan	$ 463,789	492,961	136,326	260,129	96,506	-
Short-term notes and bills payable	20,000	20,000	20,000	-	-	-
Payables	1,013,722	1,013,722	1,013,722	-	-	-
Guarantee deposits received	7,188	7,188	-	7,188	-	-
Lease liabilities	6,828,855	8,231,502	1,145,703	2,164,558	1,037,028	3,884,213
	$ 8,333,554	9,765,373	2,315,751	2,431,875	1,133,534	3,884,213
December 31, 2018						
Non-derivative financial liabilities						
Secured loans	$ 3,161,332	3,645,344	107,697	362,626	918,506	2,256,515
Payables	4,462,339	4,462,339	4,462,339	-	-	-
Guarantee deposits received	96,707	96,707	-	96,707	-	-
	$ 7,720,378	8,204,390	4,570,036	459,333	918,506	2,256,515

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

(iii) Exchange rate risk

1) Exposure to exchange rate risk

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

	December 31, 2019			December 31, 2018		
	Foreign Currency	Exchange Rate	TWD	Foreign Currency	Exchange Rate	TWD
Financial assets						
USD:TWD	$ 4,073	29.980	122,102	3,470	30.715	106,590
USD:HKD	4,443	7.789	132,384	8,680	7.833	266,574
EUR:TWD	1,496	33.590	50,265	190	35.20	6,689
CNY:TWD	745	4.305	3,209	304	4.475	1,362
CNY:HKD	1,842	1.1847	7,918	4,449	0.876	19,909
AUD:HKD	-	-	-	606	5.525	13,124
EUR:HKD	117	8.7269	3,933	-	-	-
NZD:HKD	-	-	-	239	5.259	4,930
JPY:HKD	-	-	-	20,809	0.035	2,872

(Continued)

	December 31, 2019			December 31, 2018		
	Foreign Currency	Exchange Rate	TWD	Foreign Currency	Exchange Rate	TWD
Financial assets						
SGD:HKD	-	-	-	193	5.7135	4,324
KRW:HKD	-	-	-	685,895	0.0071	19,206
USD:CNY	42	6.964	1,258	42	6.863	1,285
HKD:USD	-	-	-	5,625	0.128	22,064
MYR:HKD	-	-	-	155	1.82	1,106
Financial liabilities						
USD:TWD	-	-	-	3,000	30.715	92,145
USD:HKD	-	-	-	10,003	7.833	307,229

2) Sensitivity analysis

The Group's exposure to exchange rate risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans, accounts payable, and other payables that are denominated in foreign currency. If the TWD, when compared with USD, had appreciated or depreciated 1% (with other factors remaining constant on the reporting date), profit would have increased or decreased by $3,211 and $707 for the years ended December 31, 2019 and 2018, 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 years 2019 and 2018, foreign exchange (loss) gain (including discontinued operations, realized and unrealized) amounted to $(14,172) and $49,639, respectively.

(iv) Interest rate analysis

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

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

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

If the interest rate had increased or decreased by 1%, the Group's net income would have increased or decreased by $4,318 and $3,649 for the years ended December 31, 2019 and 2018, respectively, assuming all other variable factors remained constant. This is mainly due to the Group's variable-rate deposit and borrowing.

(v) Other market price risk

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

	For the years ended December 31			
	2019		2018	
Price of securities at reporting date	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 3%	$ 394	7,276	1,135	21,903
Decreasing 3%	$ (394)	(7,276)	(1,135)	(21,903)

(vi) 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:

		Fair Value			
December 31, 2019	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 242,539	242,539	-	-	242,539
Financial assets at fair value through other comprehensive income	13,123	598	-	12,525	13,123

		Fair Value			
December 31, 2018	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 730,107	730,107	-	-	730,107
Financial assets at fair value through other comprehensive income	37,829	516	-	37,313	37,829

(Continued)

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:

a) Financial assets measured at amortized cost

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

b) Financial assets measured at amortized cost and financial liabilities measured at amortized cost

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

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

4) Transfers between Level 1 and Level 2

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2019 and 2018.

(Continued)

5) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income	
	Equity investments without an active market	
	2019	2018
Opening balance, January 1	$ 37,313	59,016
Total gains and losses recognized:		
In other comprehensive income	181	(21,478)
Disposal	(181)	(207)
Capital reduction and return of shares	(24,799)	-
Acquisition from the combination	10	-
Others	1	-
Effect of exchange rate fluctuations	-	(18)
Ending Balance, December 31	$ 12,525	37,313

For the year ended December 31, 2019 and 2018, total gains and losses that were included in unrealized gains and losses from financial assets at fair value through other comprehensive income were as follows:

	2019	2018
Total gains and losses recognized:		
In other comprehensive income, and presented in "unrealized gains and losses from financial assets at fair value through other comprehensive income"	$ -	(10,919)

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

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Market comparable companies	·Price to book ratio multiple (1.07 and 1.05 for the year ended December 31,2019 and 2018, respectively) ·Discount for lack of marketability (20%)	·The higher the multiple, the higher the fair value ·The higher the discount, the lower the fair value

(Continued)

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Net Asset Value Method	·Net Asset Value	Not applicable

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

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

	Inputs	Rate increasing or decreasing	Other comprehensive income: Favourable	Other comprehensive income: Unfavourable
December 31, 2019				
Financial assets at fair value through other comprehensive income				
Financial assets at fair value through other comprehensive income equity investments without an active market	Price to book ratio multiple	1%	81	(81)
Financial assets at fair value through other comprehensive income equity investments without an active market	Discount for lack of marketability	1%	81	(81)
December 31, 2018				
Financial assets at fair value through other comprehensive income				
Financial assets at fair value through other comprehensive income equity investments without an active market	Price to book ratio multiple	1%	81	(81)
Financial assets at fair value through other comprehensive income equity investments without an active market	Discount for lack of marketability	1%	81	(81)

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.

(Continued)

(ad) Financial risk management

(i) Overview

The Group is exposed to the following risks due to usage of financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note describes the Group's information concerning risk exposure and the Group's targets, policies and procedures to measure and manage the risks. For more quantitative information about the financial instruments, please refer to related notes to the financial statements.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has deputized the management of core business departments to develop and monitor the Group's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty of a financial instrument fails to meet its contractual obligations, which arises principally from the Group's receivables from customers and financial instruments.

1) Accounts receivable and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. For the year ended December 31, 2019, 10% of the Group's revenue was not concentrated with a single customer; therefore, there was no significant concentration of credit risk.

The Risk Management Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed periodically. The Group would not trade with clients who cannot meet the basic credit rating requirement through regular review.

(Continued)

The Group monitored customer credit risk, customers are grouped according to their credit characteristics. Trade and other receivables relate mainly to the Group's wholesale customers. Customers that are graded as "high risk" are placed on a restricted customer list and monitored by the Risk Management Committee, and future sales are made on a prepayment basis.

The Group established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk.

The Group has set up an allowance for doubtful accounts to reflect the estimate of incurred losses with respect to trade receivables. The collectible status of the allowance for doubtful accounts is divided into five stages: normal, noticeable, recoverable, recoverable with difficulty, and uncollectible. The Group recognizes the balance of the accounts receivable as impairment loss.

2) Investment

The credit risk exposure of the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the General Manager's office. The Group only deals with financial institutions, corporations and organizations with a credit rating of investment grade or higher; therefore, there are no significant doubts regarding default on the above financial instruments, and as a result, there is no significant credit risk.

3) Guarantee

The Group's policy is to provide financial guarantees only to subsidiaries, related-parties and enterprises within the same industry level. According to the government policy of provision to be included in and Prohibitory Provisions of Standard Form Contract for all the gift certificates, the issuer of the gift certificates has to perform its obligation with being guaranteed by either the financial institutions or mutual peers guarantee with sufficient performance guarantee. As of December 31, 2018, due to the above-mentioned policy, the Group issued the same quota amount of gift certificates with Shopnet Homeshopping Co., Ltd. within the mutual guarantees scheme. In addition, there were no further guarantees provided by the Group.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As of December 31, 2019 and 2018, the Group had unused bank credit lines for short-term borrowings amounting to $1,361,215 and $817,491, respectively. According to the Group's evaluation, the working funds of the Group are sufficient to meet its entire contractual obligations and non-hedging forward exchange contracts; therefore, management does not expect any significant issue regarding liquidity risk. The Company revised the plan for real estate and investments, which is expected to improve liquidity risk. Equity investments recorded as financial assets carried at cost do not have reliable market prices and are expected to have liquidity risk.

(Continued)

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollar (TWD), US Dollar (USD), and Chinese Yuan (CNY). The currencies used in these transactions are the TWD, EUR, and USD.

Interest is denominated in the same currency as borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, and the main currency is the New Taiwan Dollar.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Group's interest rate risk is managed by maintaining an appropriate combination of fixed and floating interest rates. The Group periodically evaluates the hedging activities and makes the interest rate and risk preference consistent, so that the hedging strategies are most cost effective.

3) Other market price risk

The Group is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Group does not actively trade in these investments since the management of the Group monitors and manages the equity investments by holding different investment portfolios. The Group's management will adjust the investment portfolios of stocks and bonds based on the market price. The significant components of the investment portfolios are individually managed.

(ae) Capital management

The Group meets its objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return to shareholders, to safeguard the interests of related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group uses the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, other equity interest, and non-controlling interests plus net debt.

As at December 31, 2019, the Group's capital management strategy is consistent with the prior year as at December 31, 2018, ensure financing at a reasonable cost. The Group's debt-to-equity ratios at the balance sheet dates were as follows:

	December 31, 2019	December 31, 2018
Total liabilities	$ 8,455,608	8,478,100
Less: cash and cash equivalents	(1,829,578)	(3,617,401)
Net debt	6,626,030	4,860,699
Total Equity	6,450,179	8,213,236
Total capital	$ 13,076,209	13,073,935
Debt-to-equity ratio	50.67%	37.18%

As of December 31, 2019, the Group's debt to equity ratio had increased due to apply IFRS16 the increase of lease liability.

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

The Group' s investing activities which did not affect the current cash flow in the years ended December 31, 2019 and 2018, were as follows:

	December 31, 2019	December 31, 2018
Acquisition of property, plant and equipment	$ 221,106	252,955
Add: other payables January 1	7,650	-
Less: other payables December 31	(23,448)	(7,650)
Cash paid	$ 205,308	245,305

The Group' s financing activities which did not affect the current cash flow in the years ended December 31, 2019 and 2018, were as follows:

			Non-cash changes			
	January 1, 2019	Cash flows	Acquisition	Loss of control	Amortization of financing use commitment fees	December 31, 2019
Long-term borrowings	$ 2,854,253	(311,491)	51,269	(2,190,442)	2,200	405,789
Short-term borrowings	307,079	(2,633)	60,633	(307,079)	-	58,000
Short-term notes and bills payable	-	20,000	-	-	-	20,000
Total	**$ 3,161,332**	**(294,124)**	**111,902**	**(2,497,521)**	**2,200**	**483,789**

(Continued)

	January 1, 2018	Cash flows	Non-cash changes: Acquisition	Non-cash changes: Foreign exchange movement	Non-cash changes: Fair value changes	December 31, 2018
Long-term borrowings	$ 1,601,553	809,153	443,547	-	-	2,854,253
Short-term borrowings	396,191	(87,800)	-	(1,312)	-	307,079
Total	$ 1,997,744	721,353	443,547	(1,312)	-	3,161,332

(7) **Related-party transactions:**

(a) Names and relationship with related parties

Name of related party	Relationship with the Group
Eastern Home Shopping & Leisure Co., Ltd.	An associate (Note 1)
Dongsen D'Amour SPA	An associate (Note 1)
EHK E&S Co., Ltd.	An associate (Note 3)
Natural Beauty Bio-technology Co., Ltd.	An associate (Note 4)
Natural Beauty Bio-technology Limited	An associate (Note 4)
Strawberry Cosmetics Holding 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
Dingfeng communication Co., ltd	Key management personnel
Yuanfu International Co., Ltd.	Key management personnel
Mori International Co., Ltd.	Key management personnel
Liu Yuan Huan Co., Ltd.	Other related parties (Note 7)
Taiwan Gift Card Co. Ltd.	Other related parties
Bai Hang Co. Ltd.	Other related parties
Lion'sKingdom Culture Development Co., Ltd.	Other related parties (Note 5)
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
Dongsen Health Technology Co., Ltd.	Other related parties
Dongsen Health Biomedical Co., Ltd.	Other related parties
Eastern Realty Co., Ltd.	Other related parties
Baoxing Marketing Management Consultant Co., Ltd.	Other related parties (Note 6)
Jinxin Trading Co., Ltd.	Other related parties (Note 7)
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 8)

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Name of related party	Relationship with the Group
Quantum Entertainment Production Co., Ltd.	Other related parties
Dongsen Fashion Media Co., Ltd.	Other related parties (Note 7)
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 Communication and Communication Industry Association	Other related parties
Dongsen Social Welfare Charity Fund	Other related parties
Dongsen Culture Foundation	Other related parties
Eastern Enterprise Development (Shanghai) Ltd.	Other related parties
Fangcheng Su	Other related parties (Note 9)
Taiwan Huangjue Trading Co., Ltd.	Other related parties (Note 9)
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 6(k).

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 August, 2018, due to the acquisition of 30% in EHK E&S Co., Ltd., it became an associate of the Group.

Note 4: Since October, 2018, as the subsidiary FESS Panama acquired 30% of Natural Beauty Biotechnology Limited, it became an associate of the Group.

Note 5: Since June, 2018, due to the capital reduction of subsidiary – EHR, it was not a related party.

Note 6: Since June, 2018, it was not related party.

Note 7: Since January, 2019, it was not a related party.

Note 8: Since December, 2019, Eastern Tenmax Direct Selling Co., Ltd. was renamed as Eastern E-Commerce Co., Ltd.

Note 9: 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.

(Continued)

(b) Significant transactions with related parties

(i) Sale of goods and services

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

	For the years ended December 31	
	2019	2018
Associates	$ 30,520	3,014
Key management personnel	2,158	30,018
Other related parties	18,094	15,241
	$ 50,772	48,273

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

2) The amounts of interest revenue arising from the leasing between the Group and related parties were as follows:

	For the years ended December 31	
	2019	2018
Other related parties	$ -	3,711

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

(ii) Purchase of goods

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

	For the years ended December 31	
	2019	2018
Associates	$ 2,723	1,835
Other related parties	10,018	281,607
	$ 12,741	283,442

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

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

	For the years ended December 31	
	2019	2018
Associates	$ 4,480	-
Key management personnel	63	-
Other related parties	111,034	73,482
	$ 115,577	73,482

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

(Continued)

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(iii) Receivables

Accounts	Related parties	December 31, 2019	December 31, 2018
Notes receivable	Liu Yuan Huan	$ -	45,801
Accounts receivable	Associates	1,184	825
Accounts receivable	Eastern Home Shopping & Leisure Co., Ltd.	16,842	-
Accounts receivable	Key Management	191	6,918
Accounts receivable	Other related parties	3,329	718
Accounts receivable	Quantum Entertainment	253	10,800
Other receivable	Key Management	82	1,095
Other receivable	Other related parties	233	98
Other receivable	Associates	831	-
Other receivable	Eastern Home Shopping & Leisure Co., Ltd.	1,661	-
		$ 24,606	66,255

The above expected credit losses by the Group in 2019 and 2018 was $0 and $13,293, respectively.

(iv) Payables

Accounts	Related parties	December 31, 2019	December 31, 2018
Notes payable	Yuanfu International	$ -	97,447
Notes payable	Dingfeng	-	163,616
Notes payable	Key Management personnel	-	4,781
Accounts payable	Associates	563	2,076
Accounts payable	Other related parties	7,904	20,644
Other payable	Dingfeng	-	42,422
Other payable	Key Management personnel	73	1,034
Other payable	Other related parties	194	3,562
Other payable	Associates	3,707	-
Receipts under custody	Associates	98	-
Receipts under custody	Other related parties	-	140
		$ 12,539	335,722

(v) Contract liabilities

Accounts	Related parties	December 31, 2019	December 31, 2018
Contract liabilities	Other related parties	$ 173	-
Contract liabilities	Associates	14	-
Contract liabilities	Key Management personnel	-	5
		$ 187	5

(vi) Refundable deposits and guarantee deposits

Accounts	Related parties	December 31, 2019	December 31, 2018
Refundable deposits	Dingfeng	$ -	55,075
Guarantee deposits	Other related parties	$ -	1,700

(vii) Loans to Related Parties

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 December 31, 2019 was $0. The interest received by the Group in 2019 was $411.

(viii) Borrowings from related parties

	December 31, 2019	December 31, 2018
Fangcheng Su	$ 80,000	-
EHS	100,000	-
	$ 180,000	-

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 December 31, 2019 and 2018, the Group's interest payable amounted to $555 and $0, respectively. For the years 2019 and 2018, interest expense to the related party amounted to $1,408 and $6,247, respectively.

(ix) Endorsement / Guarantee provided

For the years ended December 31, 2019 and 2018, the remuneration paid to related parties providing guarantees on the loans taken out by the Group amounted to $45 and $195 respectively.

(x) Leases

1) The Group rents out part of its office space and equipment to fulfill related parties' business requirements. Rental revenues for 2019 and 2018 amounted to $1,849 and $380, respectively.

2) The Group rents part of its office space and equipment from related parties to fulfill its business requirements. Rental expense for 2018 amounted to $909. The outstanding balance for 2018 was $0. The Group applied IFRS 16, with a date of initial application on January 1, 2019. Because the Group applied on the remission of short-term lease contract, the rental expense for 2019 was amounted to $603 . The outstanding balance for 2019 amounted to $0.

(xi) Other

1) Channel and transmission services fees

	For the years ended December 31	
	2019	2018
Yuanfu International	$ -	769,511
Dingfeng Communication	-	578,968
Key Management personnel	-	26,811
	$ -	1,375,290

2) For the years ended December 31, 2019 and 2018, the Group paid operating fees to associates, key management (juridical person director), and other related parties to fulfill its business requirements amounting to $14,868 and $6,537, respectively

3) In order to follow its operating plan, the Group donated $5,000 and $13,050 to related parties in related industries in 2019 and 2018, respectively.

4) For the years ended December 31, 2019 and 2018, the Group received non-operating revenue from related parties amounting to $5,061 and $46, respectively.

5) For the years ended December 31, 2019 and 2018, the Group obtained assets from associates amounting to $180 and $7,478, respectively, which had already been paid.

6) For the years ended December 31, 2019 and 2018, the Group obtained intangible assets from associates amounting to $1,137 and $0, respectively,

7) For the years ended December 31, 2019 and 2018, the Group sold assets to associates amounted to $44 and $0 and the gains on sales of assets were $15 and $0, respectively, which had already been received.

8) In August, 2018, the Group obtained 30% of EHK E&S Co., Ltd. at the amount of $49,019 (KRW1,800,000), and it had been paid.

(Continued)

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9) In October, 2018, the Group obtained 30% of Natural Beauty Bio-technology Limited at the amount of $2,126,804, and it had been paid.

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

11) In June, 2019, the Group sold 100% of Eastern En to EED (Shanghai) at the amount $10,795 (RMB2,476), and it had been received.

(c) Key management personnel compensation

	For the years ended December 31	
	2019	2018
Short-term employee benefits	$ 87,951	113,081

(8) Pledged assets:

As of December 31, 2019 and 2018, the pledged assets were as follows:

Assets	Purpose of pledge	December 31, 2019	December 31, 2018
Property, plant and equipment	Short-term and long-term loans	$ 906,227	2,070,525
Other financial assets—current- demand deposits	Interest from reserve account	72,491	83
〃	Letter of credit	4,967	1,588
〃	Security for issuance of travel vouchers at travel fair	7,795	5,663
Other financial assets—current- trust account.	Voucher trust	-	337
〃	Credit card contract	-	200
Refundable deposit — time deposit	Bid bonds, performance bonds and security deposits	234,757	174,191
Other financial assets—non current reserve account	Deposit in long-term loan	750	11,800
Investments accounted for using equity method for subsidiary's stocks (Note)	Long-term loan	83,229	1,233,818
		$ 1,310,216	3,498,205

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

(9) Significant commitments and contingencies:

(a) Major commitments were as follows:

(i) Unused standby letters of credit

	December 31, 2019	December 31, 2018
Unused standby letters of credit	$ 49,965	7,963

(Continued)

(ii) 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 December 31, 2019, the unused the e-voucher guaranteed by the bank was $$7,795.

(b) Contingent liabilities were as follows

(i) 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.

(ii) The leader of subsidiary- Mohist and plaintiff Liao Yucheng jointly invested in the establishment of Jia tian shia shiou shian shr ya 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.

(iii) The Company and its subsidiary, FESS Panama, jointly chartered and returned the ship to South Korea's Sammok Shipping .,Co.Ltd (hereinafter referred to as Sammok) at Kaohsiung Port in accordance with the contract signed on August 10, 2018. Sammok believed that the ship still has many defects due to its usual operation and negligence of maintenance; hence, submitted an arbitration to the London Maritime Arbitration Association. The Company also filed a statement of defense to the arbitral tribunal in July 2019. Currently, the arbitration process is still in progress and the results have yet to be determined.

(Continued)

(iv) The Company established a legal affair department and hired external counselors to handle its legal affairs. As of December 31, 2019 and 2018, all unsettled lawsuits had no impact on its financial and business operation.

(c) Unrecognized contractual commitments:

The Group's unrecognized contractual commitments are as follows:

	December 31, 2019	December 31, 2018
Total contract price	$ 91,136	100,507
Payout amount	$ 27,781	91,814

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:

(a) In order to expand its China's news, media, video and audio entertainment , advertising, cross-strait public welfare and other markets, the subsidiary, Dung sen shin wen yun, decided to establish Shanghai Wosi Communication Development Co., Ltd. in Shanghai, China for US $145. However, the Company has yet to be established.

(b) The Board approved a resolution on December 19, 2019 for the Company to acquire the premises located on the 5th floor of No. 368, Section 1, Fuxing South Road, Da an District, Taipei City, including the two-story parking space on its ground floor, at the amount of $97,180. The transfer of property rights was completed and all payments were made on February 13, 2020.

(c) The Group participated the bidding for the ground rights of "Linkou International Media Film Park Investment Base B" hosted by the New Taipei City Government. The Group acquired the property in the bidding with a premium price of $328,968, with Permit No.10824465061, which has been approved by the New Taipei City Government Economic Development Bureau on December 25, 2019. For the investment requirements, the Group approved the establishment of Donglin Assets Co., Ltd. with an initial investment of $100,000 on January 2, 2020, resulting in an increase in its capital by $500,000 on March 10, 2020. The Group 's shareholding ratio was reduced from 100% to 55% due to its investment of additional shares which was not proportion to its existing ownership ratio. Donglin Assets Co., Ltd. obtained the right of real estate in New Taipei City from the New Taipei City Government's Economic Development Bureau and State-owned Property Administration's North District Administration on March 16, 2020.

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(12) Other:

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

	For the years ended December 31					
	2019			2018		
By funtion Categorized by nature	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	574,649	364,127	938,776	542,960	2,192,713	2,735,673
Health and labor insurance	48,338	30,916	79,254	41,831	139,442	181,273
Pension	24,464	18,020	42,484	20,976	97,700	118,676
Remuneration of directors	-	29,179	29,179	-	40,739	40,739
Others	29,341	22,842	52,183	34,276	91,324	125,600
Depreciation	648,819	183,524	832,343	112,302	178,055	290,357
Amortization	6,205	9,355	15,560	16,046	140,174	156,220

Note: Some of the remuneration received by human support is not excluded from the above employee welfare expenses.

(b) The two subsidiaries, ET New Media and Junming Group Co., Ltd. (hereinafter referred to as Junming Group), were two joining and cooperating companies in the development of new media businesses such as short video audio and video content. However, Junming Group failed to perform the agreement accordingly. Based on the agreement between the two parties, Junming Group was required to pay a liquidated damage amounting to \$95,238, with an interest of \$1,381, which was recognized as other gains and losses under other income. As of December 31, 2019, all payments had been received.

(c) 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. However, as of December 31, 2018, the segment continued as a going concern or had been classified as held-for-sale; therefore, the comparative statement of comprehensive income has been restated to show the discontinued operation separately from continuing operations.

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

	For the years ended December 31	
	2019	2018
Results from operating activities:		
Operating revenue	$ 149,717	686,692
Operating costs	(192,302)	(1,410,778)
Operating income	(42,585)	(724,086)
Operating Expenses	(29,697)	(71,359)
Operating loss	(72,282)	(795,445)
Non-operating income and expenses		
Other income	1,565	17,019
Other gains and losses	(94,883)	(6,776)
Finance costs	(2,530)	-
Total non-operating income and expenses	(95,848)	10,243
Operating income before tax	(168,130)	(785,202)
Income tax expense	-	339
Operating income, net of tax	$ (168,130)	(785,541)
Cash flows from (used in) discontinued operation:		
Net cash from operating activities	$ (154,547)	(914,850)
Net cash from investing activities	1,565	17,020
Net cash from financing activities	-	-
Net cash inflow (outflow)	$ (152,982)	(897,830)

(Continued)

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(13) Other disclosures:

(a) Information on significánt 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 year ended December 31, 2019.

(i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	Eastern New Retail Department Co., Ltd	Other receivables related party	Yes	50,000	-	-	-	2	-	Operation requirements	-		-	318,057 (Note 2)	3,816,684 (Note 2)
0	〃	ET New Media	〃	Yes	400,000	300,000	200,000	3	2	-	〃	-		-	2,544,456 (Note 2)	3,816,684 (Note 2)
0	〃	Eastern Hotels & Resorts	〃	Yes	670,000	670,000	647,000	3	2	-	〃	-		-	2,544,456 (Note 2)	3,816,684 (Note 2)
0	〃	Mohist Web Technology Co., Ltd. (MWT)	〃	Yes	100,000	50,000	37,500	3	2	-	〃	-		-	2,544,456 (Note 2)	3,816,684 (Note 2)
0	〃	ET Pet	〃	Yes	100,000	100,000	100,000	3	2	-	〃	-		-	2,544,456 (Note 2)	3,816,684 (Note 2)
1	EIC	ET New Media	〃	Yes	270,000	270,000	270,000	3	2	-	〃	-		-	324,446 (Note 3)	486,669 (Note 3)
2	TKLF	ET New Media		Yes	190,000	190,000	140,000	3	2	-	〃	-		-	267,195 (Note 4)	400,793 (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	33,399 (Note 4)	400,793 (Note 4)
2	〃	Sunflower leisure	〃	No	30,000	30,000	30,000	8	2	-	〃	-	〃	30,810	33,399 (Note 4)	400,793 (Note 4)
2	〃	Wanji Technology	〃	No	20,000	-	-	8	2	-	〃	-		-	33,399 (Note 4)	400,793 (Note 4)
2	〃	Lido International Consultant	〃	No	20,000	20,000	20,000	8	2	-	〃	-	Tucheng land mortgage	54,946	33,399	400,793 (Note 4)
3	EILF	Eastern New Retail Department Co., Ltd	Other receivables related party	Yes	20,000	-	-	-	2	-	〃	-		-	30,861 (Note 5)	370,330 (Note 5)
3	〃	ET New Media	〃	Yes	120,000	120,000	70,000	3	2	-	〃	-		-	246,886	370,330 (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	30,861 (Note 5)	370,330 (Note 5)
3	〃	Wanji Technology	〃	No	20,000	-	-	8	2	-	〃	-		-	30,861 (Note 5)	370,330 (Note 5)
3	〃	Sunflower leisure	〃	No	30,000	30,000	30,000	8	2	-	〃	-	Alishan House's share	30,810	30,861 (Note 5)	370,330 (Note 5)
3	〃	Lido International Consultant	〃	No	20,000	20,000	20,000	8	2	-	〃	-	〃	20,400	30,861 (Note 6)	370,330 (Note 6)

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

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

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

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

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

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

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

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	ET New Media	2	25,444,562 (Note 2)	150,000	150,000	150,000	-	2.36 %	25,444,562 (Note 2)	Y	N	N
0	The Company	Eastern Hotels & Resorts	2	25,444,562 (Note 2)	800,000	800,000	50,000	83,229	12.58 %	25,444,562 (Note 2)	Y	N	N
0	The Company	ET Pet	2	25,444,562 (Note 2)	300,000	200,000	190,000	-	3.14 %	25,444,562 (Note 2)	Y	N	N
1	ET New Media	ET Pet	2	9,633,822 (Note 3)	400,000	400,000	100,000	-	(381.42)%	9,633,822 (Note 3)	N	N	N -

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

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

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

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

(iii) Securities held as of December 31, 2019 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	China Development Financial Holdings	-	Financial assets at fair value through profit or loss	1	-	- %	-	- %	
〃	Taiwan Cement Co., Ltd.T	-	〃	5,550,000	242,535	0.10 %	242,535	0.19 %	
〃	Phoenix New Media Co., Ltd	-	〃	2,000	4	- %	4	- %	
〃	Kaohsiung Harbor Stevedoring Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	750,000	7,500	15.00 %	7,500	15.00 %	
〃	Leo Exploitation Co., Ltd.	-	〃	165,663	-	11.43 %	-	11.43 %	
EIC	Western Pacific International	-	〃	480,000	5,015	12.00 %	5,015	12.00 %	
MWT	Sunny Bank	-	〃	58,432	598	- %	598	- %	
Oscar	COTA Commercial Bank, Ltd.	-	〃	1,000	10	- %	10	- %	

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(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price (Note 1)	Cost (Note 1)	Gain (loss) on disposal	Shares	Amount
The Company	Taiwan Cement Co., Ltd.T	Financial assets at fair value through profit or loss	-	-	9,850,000	350,660	10,702,000	426,574	15,002,000	534,699	534,699	-	5,550,000	242,535
The Company	Formasa Petrochemical Co., Ltd.	Financial assets at fair value through profit or loss	-	-	1,750,000	176,750	3,000,000	291,147	4,750,000	467,897	467,897	-	-	-
ET Pet	Oscar	Investments accounted for using equity method	-	-	-	-	4,873,200	317,437	-	-	-	-	4,873,200	321,333

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

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
EMI	ET New Media	Subsidiary	201.384	Not Applicable	-		1.384	-
EMI	Eastern Holtels & Resorts	Subsidiary	647.964	Not Applicable	-		964	-
EMI	ET Pet	Subsidiary	100.329	Not Applicable	-		329	-
EIC	ET New Media	Subsidiary	270.666	Not Applicable	-		666	-
TKLF	ET New Media	Subsidiary	140.184	Not Applicable	-		184	-

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	EMI	ET New Media	1	Other receivables due from related parties	201,384	Refer to market price	1.35%
0	EMI	Eastern Holtels & Resorts	1	Other receivables due from related parties	647,964	Refer to market price	4.35%
0	EMI	ET Pet	1	Other receivables due from related parties	100,329	Refer to market price	0.67%
1	EIC	ET New Media	3	Other receivables due from related parties	270,666	Refer to market price	1.82%
2	TKLF	ET New Media	3	Other receivables due from related parties	140,184	Refer to market price	0.94%

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

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(b) Information on investees:

For the year ended December 31, 2019, the information on investees is as follows:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2019			Highest Percentage of wnership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2019	December 31, 2018	Shares	Percentage of Ownership	Carrying value				
The Company	FESS-Bermuda	Bermuda	Holding company	43,391	43,391	1,000,000	100.00 %	14,327	100.00 %	(116,187)	(116,187)	Subsidiary
The Company	FESS-Panama	Panama	Shipping and leasing service	2,245,038	2,098,350	71,700	100.00 %	2,070,867	100.00 %	(143,348)	(143,348)	Subsidiary
The Company	Grand Richness Hong Kong	Hong Kong	Holding compan	672,603	672,603	16,214,616	100.00 %	32,363	100.00 %	8,338	8,338	Subsidiary
The Company	EIC	Taipei	Investing	500,525	500,525	67,641,445	97.90 %	794,080	97.90 %	98,065	106,617	Subsidiary
The Company	EILF	Taipei	Leasing	391,195	391,195	40,690,330	53.77 %	331,876	53.77 %	(10,745)	(20,396)	Subsidiary
The Company	TKLF	Taipei	Leasing	391,613	391,613	40,847,294	53.76 %	359,138	53.76 %	(3,579)	(13,618)	Subsidiary
The Company	MWT	Taipei	Application Service	35,400	35,400	510,000	51.00 %	41,046	51.00 %	8,671	4,422	Subsidiary
The Company	EHS	Taipei	Department stores, supermarkets, online stores	81,978	81,978	6,637,500	6.51 %	99,211	6.51 %	622,251	40,525	Associate
The Company	ET New Media	Taipei	Advertising, online newspaper, Produce a broadcast program,pet food	535,225	281,697	53,522,508	89.20 %	(112,059)	93.90 %	(330,733)	(306,191)	Subsidiary
The Company	EHR	Taipei	Hotel, recreation service	208,931	208,931	20,893,085	60.40 %	83,229	60.40 %	(95,128)	(57,457)	Subsidiary
The Company	ET New Retail Department	Taipei	Agency service	-	300,000	-	- %	-	100.00 %	(3,977)	8,870	Associate
The Company	EHK E&S Co., Ltd	Korea	Foreign broadcast channel use	49,019	49,019	36,000	30.00 %	26,081	30.00 %	(54,650)	(16,395)	Associate
EIC	ET New Media	Taipei	Advertising, online newspaper, Produce a broadcast program,pet food	6,275	3,303	627,492	1.05 %	(1,314)	1.10 %	(330,733)	Exempt from disclosure	Subsidiary
EIC	EHS	Taipei	Department stores, supermarkets, online stores	243,794	243,794	19,726,660	19.36 %	294,856	19.36 %	622,251	〃	Associate
EIC	TKLF	Taipei	Leasing	77,115	77,115	7,597,500	10.00 %	66,799	10.00 %	(3,579)	〃	Subsidiary
EIC	EILF	Taipei	Leasing	74,464	74,464	7,567,500	10.00 %	61,722	10.00 %	(10,745)	〃	Subsidiary
EIC	EHR	Taipei	Hotel, recreation service	45,660	45,660	4,566,038	13.20 %	18,189	13.20 %	(95,128)	〃	Subsidiary
TKLF	EILF	Taipei	Leasing	269,766	269,766	27,243,000	36.00 %	222,198	36.00 %	(10,745)	〃	Subsidiary
TKLF	EHR	Taipei	Hotel, recreation service	45,660	45,660	4,566,038	13.20 %	18,189	13.20 %	(95,128)	〃	Subsidiary
EILF	TKLF	Taipei	Leasing	278,342	278,342	27,351,000	36.00 %	240,476	36.00 %	(3,579)	〃	Subsidiary
EILF	EHR	Taipei	Hotel, recreation service	45,660	45,660	4,566,038	13.20 %	18,189	13.20 %	(95,128)	〃	Subsidiary
FESS-Panama	GSMC-Cayman	Cayman Islands	Holding company	137,363	137,363	450,000	100.00 %	88,095	100.00 %	(10,643)	〃	Subsidiary
FESS-Panama	Eastern Communication Hong Kong	Hong Kong	Holding company	305	305	28,569,840	100.00 %	50,617	100.00 %	138,665	〃	Subsidiary
FESS-Panama	NATURAL BEAUTY	Cayman Islands	Investing company	2,060,871	2,060,871	600,630,280	30.00 %	2,032,949	30.00 %	58,619	〃	Associate
GSMC-Cayman	Sen Want (Hong Kong)	Hong Kong	Investing company	125,153	125,153	3,198,000	100.00 %	85,046	100.00 %	(10,249)	〃	Subsidiary
ET New Media	Show off	Taipei	Video advertising service	100,000	100,000	10,000,000	100.00 %	3,453	100.00 %	(62,906)	〃	Subsidiary
ET New Media	Dung sen shin guang yun	Taipei	Audiovisual and Singing Information Leisure	100	-	10,000	100.00 %	527	100.00 %	427	〃	Subsidiary
ET New Media	Dung sen dian jing yun	Taipei	Amusement park information leisure	100	-	10,000	100.00 %	(31)	100.00 %	(131)	〃	Subsidiary
ET New Media	Dung sen shin wen yun	Taipei	Video advertising service	5,000	-	500,000	100.00 %	4,987	100.00 %	(13)	〃	Subsidiary
ET New Media	ET Pet	Taipei	Pet food and supplies, Retailing Pet Beauty Service	185,000	-	18,500,000	92.50 %	135,094	100.00 %	(53,953)	〃	Subsidiary
ET Pet	Oscar	Taipei	Pet food and supplies, Retailing Pet Beauty Service	317,437	-	4,873,200	80.00 %	321,333	80.00 %	33,037	〃	Subsidiary
ET Pet	Pet Kingdom	Taipei	Pet food and supplies, Retailing Pet Beauty Service	36,836	-	3,440,000	80.00 %	39,350	80.00 %	3,166	〃	Subsidiary
ET Pet	Kaou Sin	Taipei	Pet food and supplies, Retailing Pet Beauty Service	7,941	-	80,000	80.00 %	9,660	80.00 %	7,200	〃	Subsidiary

(c) Information on investment in Mainland China:

(i) Information on investment in Mainland China:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2018	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2019	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Accumu-lated remittance of earnings in current period
					Outflow	Inflow							
EED (Shanghai)	Transporting and packing service	-	Note 2	980,346	-	-	980,346	-	-%	-%	-	-	-
Ding Kai (Shanghai)	Wholesale, retail	-	Note 3	368,079	-	-	368,079	-	-%	84.97%	-	-	-
Sheng Hang (Shanghai)	Wholesale, retail	-	Note 4	183,901	-	-	183,901	-	-%	100.00%	-	-	-
Xiang Fu (Shanghai)	Wholesale, retail	1,079,560	Note 5	1,079,560	-	-	1,079,560	27,521	100.00%	100.00%	27,521	5,857	-
Nanjing Yun Fu	Wholesale, retail	44,723	Note 6	85,480	-	-	85,480	(6,001)	100.00%	100.00%	(6,001)	10,077	-
Jiangsu Sen Fu Da	Producing TV programs, wholesale	43,049	Note 7	14,637	-	-	14,637	-	34.00%	34.00%	-	5,965	-
Shanghai Rich	Producing TV programs, wholesale	43,049	Note 8	45,533	-	-	45,533	19,738	100.00%	100.00%	19,738	(580,395)	-
Eastern En	Transport consulting service	-	Note 10	-	-	-	-	90	100.00%	100.00%	90	-	-

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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, 2018	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2019	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Accumu-lated remittance of earnings in current period
					Outflow	Inflow							
Eastern Enterprise Shanghai Logistics	Container transport, domestic road freight agent	8,567	Note 9	-	-	-	-	(987)	100.00%	100.00%	(987)	8,899	-
Eastern Biotechnology	Sale of edible agricultural products and packaged foods	10,762	Note 9	-	-	-	-	(199)	100.00%	100.00%	(199)	615	-
Shanghai Natural Beauty Fuli Cosmetics Company Limited	Sales of beauty care products and the provision of beauty and body	430,142	Note 5	-	-	-	-	33,415	30.00%	30.00%	10,025	140,485	-
Shanghi Natural Beauty Bio-Med Company Limited	Sales of health care products	92,644	Note 5	-	-	-	-	(2,057)	30.00%	30.00%	(617)	31,580	-
Shanghai Natural Beauty Bio-Technology Company Limited	Produces of beauty care products	1,043,811	Note 5	-	-	-	-	(66,839)	30.00%	30.00%	(20,051)	399,491	-

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 the investment was approved by the Investment Commission, MOEA, with approval No. 094026346 in November 2005, and disposal of all shares on April 23, 2018, please refer to Note 6(k).

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

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

Note 5: The Group indirectly invested through FESS-Panama.

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

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

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

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

Note 10: The Group indirectly invested through Sen Want (Hong Kong), and disposed all of its shares in Eastern En on June 21, 2019.

Note 11: The amount in the table is translated by the spot rate on the financial reporting date and the average rate throughout the year.

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	2,757,536	4,042,257	3,870,107

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

(iii) Significant transactions:

For the Group's significant direct or indirect transactions (eliminated when compiling the consolidated financial statements) with investee companies in Mainland China for the year ended December 31, 2019, please refer to " Information on significant transactions" above.

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(14) Segment information:

(a) General Information

The Group's reportable segments are warehousing, trading, construction, media, and tourism. The warehousing segment operates a cargo storage business; the trading segment operates a retail business; the media segment operates a channel agency and advertising business; the tourism segment operates a hotel and catering business.

(b) Reportable segment profit or loss, segment assets, segment liabilities, and their measurement and reconciliation

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, excluding any extraordinary activity and foreign exchange gain or losses, because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

Except for the recognition and measurement of pension cost, which is on a cash basis, there was no material inconsistency between the accounting policies of the operating segments and the accounting policies described in Note 4. The intercompany transaction price was the same as that with other customers, and the price was based on the market value.

The department information reported below does not include the amount of any discontinued operation. Please refer to Note 12 for details of discontinued operation.

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

	For the year ended December 31, 2019						
	Warehousing	Trading	Media	Tourism	Others	Reconciliation and elimination	Total
Revenue							
Revenue from external customers	$ 1,280,228	584,418	1,143,584	-	121,130	-	3,129,360
Interest revenue	-	1,791	3,101	91	17,473	-	22,456
Total revenue	$ 1,280,228	586,209	1,146,685	91	138,603	-	3,151,816
Interest expense	$ 92,169	9,474	39,341	3,791	1,303	-	146,078
Depreciation and amortization	236,906	69,666	408,829	64,325	15,245	-	794,971
Share of profit of associates and joint ventures accounted for using equity method	-	145,015	-	-	(27,227)	-	117,788
Other material non-cash items							
Reportable segment profit or loss	$ 530,063	90,933	(282,025)	(93,033)	114,782	-	360,720

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	For the year ended December 31, 2018						
	Warehousing	Trading	Media	Tourism	Others	Reconciliation and elimination	Total
Revenue							
Revenue from external customers	$ 997,474	16,764,848	737,775	-	117,876	-	18,617,973
Interest revenue	-	2,799	1,218	9	45,592	-	49,618
Total revenue	$ 997,474	16,767,647	738,993	9	163,468	-	18,667,591
Interest expense	$ -	48,638	111	14,067	587	-	63,403
Depreciation and amortization	93,666	234,123	29,589	66,598	21,725	-	445,701
Share of profit of associates and joint ventures accounted for using equity method	-	-	(4,527)	-	4,633	-	106
Other material non-cash items							
Impairment of assets	-	-	-	-	11,832	-	11,832
Reportable segment profit or loss	$ 272,528	917,279	(215,356)	(161,121)	1,869,401	-	2,682,731

Information on the Group's reportable segment assets and liabilities were not provided to the chief operating decision maker, so the related information is not disclosed.

(c) Information about products and services

Information on the Group's reportable segments (excluding discontinued operation amount) is classified by different products and services, and the relevant information is disclosed in the revenue from external customers. Therefore, the Group would not make any additional disclosure regarding the revenue from external customers by products and services.

(d) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Region	For the years ended December 31 2019	2018
External revenue:		
Taiwan	$ 3,128,958	16,530,011
China	402	166,559
Australia	-	530,400
Hong Kong	-	201,990
Japan	-	169,317
New Zealand	-	166,629
The United States of America	-	236,948
Other countries	-	616,119
	$ 3,129,360	18,617,973
Non-current assets		
Taiwan	$ 8,666,434	6,490,587
Other countries	-	23,878
Total	$ 8,666,434	6,514,465

(Continued)

Non-current assets include property, plant and equipment, investment property, intangible assets, and other non-current assets, excluding financial instruments, deferred tax assets and pension fund assets.

(e) Information about major customers

The Group does not concentrate on a single customer; therefore, there is no need to disclose any information.