



寶成工業股份有限公司

POU CHEN CORPORATION

2023 ANNUAL REPORT

Printed on: April 15, 2024

Annual Report is available at: <http://www.pouchen.com/>
<http://mops.twse.com.tw/>

Notice to readers

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



1. Name, title, telephone number and e-mail address of spokesperson and acting spokesperson:

Name of spokesperson: Yu, Shu-Hui

Title of spokesperson: Deputy Senior Manager

Telephone number of spokesperson: (04) 24615678

E-mail address: ir@pouchen.com

Name of acting spokesperson: Chang, Yea-Fen

Title of acting spokesperson: Senior Manager

Telephone number: (04) 24615678

E-mail address: ir@pouchen.com

Name of acting spokesperson: Chou, Yin-Fen

Title of acting spokesperson: Deputy Senior Manager

Telephone number: (04) 24615678

E-mail address: ir@pouchen.com

2. Address and telephone number of the head office, branch and factory:

Head office: No.2, Fugong Rd., Fuxing Township, Changhua County, Taiwan

Telephone number: (04) 7695147

Fax: (04) 7680577

Head office: No. 600, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City, Taiwan

Telephone number: (04) 24615678

Fax: (04) 24606668

Global Supply Chain Management: No.2, Fugong Rd., Fuxing Township, Changhua County, Taiwan

Telephone number: (04) 7695101

PCN Business Unit: No.2, Fugong Rd., Fuxing Township, Changhua County, Taiwan

Telephone number: (04) 7695171

PCAG Business Unit: No.4, Fugong Rd., Fuxing Township, Changhua County, Taiwan

Telephone number: (04)7741339

PCMS Business Unit: No. 190, Sec. 4, Fugong 3rd Rd., Fuxing Township, Changhua County, Taiwan

Telephone number: (04) 7754111

3.Name, address, website and telephone number of the stock agency:

Name: Grand Fortune Securities Co., Limited

Address: 6F, No. 6, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City, Taiwan

Website: <http://www.gfortune.com.tw>

Telephone number: (02) 23711658

4.Name of certified public accountant ("CPA") who audited the most recent annual financial report and name, address, website and telephone number of the CPA Firm:

Name of CPA: Hong, Kuo-Tyan and Shyu, Wen-Yea

Name of CPA Firm: Deloitte & Touche

Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei City, Taiwan

Website: <http://www.deloitte.com.tw>

Telephone number: (02) 27259988

5.Name of the overseas stock exchange where the Company's overseas securities are transacted and access to the information regarding such overseas securities: N/A.

6.Website of the Company: <http://www.pouchen.com>



Table of Contents

I. LETTER TO SHAREHOLDERS.....	1
II. COMPANY PROFILE.....	7
III. CORPORATE GOVERNANCE REPORT	
3.1 Organization	12
3.2 Information of Directors, Presidents, Vice Presidents, Senior Managers, and Department Heads	14
3.3 The remuneration paid to Directors, Presidents and Vice Presidents for the Most Recent Fiscal Year ...	28
3.4 Implementation of Corporate Governance	35
3.5 Information Regarding the Company's Professional Fees for the Certified Public Accountant	93
3.6 Information Regarding the change of Certified Public Accountant	93
3.7 The Company's Chairman, Presidents, or any Officer in charge of Financial or Accounting Affairs has Served with Its Certified Public Accountant Firm or Its Affiliated Enterprises for the Most Recent Fiscal Year	94
3.8 Transfer of Equity Interests and/or Pledge of or Changes in Equity Interests by Directors, Officers or Major Shareholders with a Stake of More than 10 Percent for the Most Recent Fiscal Year and during the Current Fiscal Year up to the Publication date of this Annual Report	95
3.9 Relationship among the Top Ten Shareholders	97
3.10 The number of Shares and the Consolidated Shareholding Percentage of an Enterprise held by the Company, the Company's Directors and officers and the Enterprises Controlled by the Company Directly or Indirectly	98
IV. CAPITAL OVERVIEW	
4.1 Capital and Shares	99
4.2 Issuance of Corporate Bonds	115
4.3 Issuance of Preferred Shares	115
4.4 Issuance of Overseas Depository Receipts	115
4.5 Issuance of Employee Share Options	115
4.6 Issuance of New Restricted Employee Shares	115
4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions	115
4.8 Implementation of Capital Utilization Plan	115
V. OPERATIONAL HIGHLIGHTS	
5.1 Business Activities	116
5.2 Market And Sales Overview	122
5.3 Human Resources	127
5.4 Environmental Protection Expenditure	127
5.5 Employee Relations	127



5.6 Cyber Security Management	132
5.7 Material Contracts	135
VI. FINANCIAL INFORMATION	
6.1 Financial Summary for the Past Five Fiscal Years	136
6.2 Financial Analysis for the Past Five Fiscal Years	140
6.3 Audit Committee's Review Report on the Most Recent Fiscal Year	145
6.4 Financial Statements for the Most Recent Fiscal Year	147
6.5 Separate Financial Statements Audited by Independent Auditors for the Most Recent Fiscal Year	253
6.6 If the Company or Its Affiliates Have Experienced Financial Difficulties for the Most Recent Fiscal Year or during the Current Fiscal Year up to the Publication date of this Annual Report, the Annual Report Shall Explain How The Difficulties Affected the Company's Financial Situation	327
VII. REVIEW AND ANALYSIS OF FINANCIAL CONDITIONS, FINANCIAL PERFORMANCE AND RISK MANAGEMENT	
7.1 Financial Conditions	328
7.2 Financial Performance	329
7.3 Cash Flow	330
7.4 Impact of Significant Capital Expenditures on the Financial Operations of the Company for the Most Recent Fiscal Year	331
7.5 Investment Policy for the Most Recent Fiscal Year, Reasons for Profit (Loss), Improvement Plan And Investment Plan for the Coming Year	331
7.6 Analysis and Evaluation of Risk Factors	331
7.7 Other Material Items	336
VIII. SPECIAL DISCLOSURE	
8.1 Affiliated Enterprises	337
8.2 Any Private Placement of Securities for the Most Recent Fiscal Year and during the Current Fiscal Year up to the Publication date of this Annual Report	347
8.3 Summary of Shareholding or Disposal of Shares of the Company by Subsidiaries for the Most Recent Fiscal Year and during the Current Fiscal Year up to the Publication date of this Annual Report	347
8.4 Additional Information Required to be Disclosed	347
8.5 Other Disclosures	347



I. LETTER TO SHAREHOLDERS

1.1 Result of Operations

Looking back on 2023, factors such as liquidity risks among financial institutions in Europe and the United States, debt defaults in Mainland China's real estate market, and high fluctuations in international energy prices caused a slowdown in global economic growth. While some supply chain imbalances have been alleviated, high inflation and interest rates continued to affect financial sentiment around the world. Coupled with the trend of conservative consumption, this presented the industry with the challenge to reduce inventory levels.

In response to the ongoing turmoil of the global business environment, the Company relied on its agile management and made dynamic adjustments to stay resilient in terms of operating performance. For the year ended December 31, 2023, the Company reported its non-consolidated operating revenue was NT\$8.2 billion, and its consolidated operating revenue was NT\$246.6 billion, representing a decrease of 7.80% compared to NT\$267.5 billion in the previous year. The net income attributable to owners of the Company was NT\$10.6 billion, a decrease of 15.98% compared to NT\$12.6 billion in the previous year. (Refer to Schedule 1 and Schedule 1-1)

(1) Operating revenue

The Company's consolidated operating revenue was generated from its two core businesses, manufacturing of shoes, and retail of sporting goods, accounting for 64% and 36% of consolidated operating revenue in 2023, respectively. (Refer to Schedule 2)

In the manufacturing of shoes business, orders for high-end footwear products remained relatively resilient, driving further increases in average selling price. However, the volume of shoes shipped declined due to weak global consumer demand and a high comparison base, which resulted in a NT\$26.9 billion decrease in operating revenue in 2023 compared to the previous year.

As for the retail of sporting goods business, there was a moderately recovery of the sales environment and foot traffic at physical stores in its major operating market, as well as continued growth in online sales. Combined with the low comparison base in 2022, the retail of sporting goods business reported a NT\$6.0 billion increase in operating revenue in 2023 compared to the previous year.

(2) Income from operations

In 2023, the Company's consolidated gross profit was NT\$61.1 billion, representing a 5.41% decrease from NT\$64.6 billion in the previous year, primarily attributed to the decrease in consolidated operating revenue. Despite challenges faced in the manufacturing of shoes business, the adverse impact of reduced capacity utilization rate was effectively mitigated by ongoing cost-reduction and efficiency-improvement efforts, along with flexible capacity allocation. Additionally, the increase proportion of consolidated operating revenue from the retail of sporting goods business contributed to a consolidated gross profit margin of 24.78% in 2023, up by 0.63% from 24.15% in the previous year.

In addition, strict expense management measures led to a 5.77% decrease in consolidated operating expenses in 2023 compared with the previous year, resulting in an increase in the consolidated operating profit margin from 3.96% to 4.14% year-over-year. However, due to the decrease in operating revenue, the consolidated income from operations decreased by NT\$ 0.4 billion to NT\$ 10.2 billion compared to the previous year.

(3) Net income and Earnings per share

In 2023, the Company's core business profitability remained relatively stable. However, the net income attributable to owners of the Company decreased by NT\$2.0 billion in 2023 compared to the previous year, primarily due to a NT\$1.6 billion decrease in non-operating net income. The earnings per share for 2023 was NT\$3.61, representing a decrease of NT\$0.68 compared to NT\$4.29 in the previous year.



POU CHEN CORPORATION

Schedule 1: Consolidated Financial Statements

(In NT\$ thousands, except earnings per share)

Year Item		2023		2022		+(-)%
		Amount	Ratio	Amount	Ratio	
Operating revenue		246,633,714	100%	267,496,800	100%	(7.80%)
Gross profit		61,110,995	25%	64,606,092	24%	(5.41%)
Income from operations		10,215,593	4%	10,596,070	4%	(3.59%)
Income before income tax		19,466,681	8%	21,431,577	8%	(9.17%)
Net income for the year		15,973,481	6%	16,889,466	6%	(5.42%)
Net income attributable to	Owners of the Company	10,623,608	4%	12,644,855	5%	(15.98%)
	Non-controlling interests	5,349,873	2%	4,244,611	1%	26.04%
Earnings per share (Basic)		3.61		4.29		

Schedule 1-1: Separate Financial Statements

(In NT\$ thousands, except earnings per share)

Year Item		2023		2022		+(-)%
		Amount	Ratio	Amount	Ratio	
Operating revenue		8,238,380	100%	9,349,013	100%	(11.88%)
Gross profit		4,602,011	56%	5,067,926	54%	(9.19%)
Income from operations		550,962	7%	887,677	10%	(37.93%)
Income before income tax		11,536,264	140%	13,530,504	145%	(14.74%)
Net income for the year		10,623,608	129%	12,644,855	135%	(15.98%)
Earnings per share (Basic)		3.61		4.29		

Schedule 2: Consolidated Revenue

(In NT\$ thousands)

Year Primary Business		2023		2022	
		Amount	Ratio	Amount	Ratio
Manufacturing of shoes		157,726,049	64%	184,653,213	69%
Retail of sporting goods		87,972,900	36%	81,992,394	31%
Others		934,765	-	851,193	-
Total		246,633,714	100%	267,496,800	100%



1.2 Research and Development

In 2023, the Company's consolidated research and development expenses amounted to NT\$4.9 billion, with a primary focus on continuous independent development of critical shoemaking equipment, modular production lines, flexible production processes, and digital management systems as ways to improve and optimize production capabilities across all factories. The Company has also established dedicated development centers for its major brand customer. We work closely with these brand customers in the stages of product development up to the completion of the product prototyping. By integrating innovative elements and sustainable materials, we aim to produce high-quality footwear that meets market demands with greater agility and flexibility.

1.3 Corporate Sustainability

As a socially and environmentally responsible corporate citizen, the Company is committed to fulfilling its social responsibilities, promoting environmental friendliness, and respecting the rights and interests of stakeholders such as shareholders/investors, customers, employees, suppliers, and communities. The Company has formulated phased and ongoing sustainability goals and is actively implementing the following actions:

(1) Environmental Sustainability

To effectively manage environmental risks and maintain ecosystem balance, the Company continues to improve production processes and introduce pollution prevention and control facilities as ways to reduce environment impact. At the same time, we actively participate in global initiatives for carbon reduction and green energy development. Designating 2019 as the base year, we have adopted low-carbon production, expanded the use of green energy, and implemented energy-saving measures with the aim of achieving zero carbon emission growth by 2025. Furthermore, we have set a goal to reduce greenhouse gas emissions by 46.2% by 2030 compared to 2019. This target has been verified by the World Resources Institute (WRI) and aligns with the standards established by the Science-Based Target initiative (SBTi). These efforts also demonstrate our commitment to sustainability, enhances the Company's reputation in the international community and among our brand customers while ensuring sustainable use of energy resources.

(2) Occupational Safety and Health Management

The Company has established and implemented a top-down safety culture and risk prevention practices to ensure that factories continue to produce in a safe manner. In 2024, we will expand the coverage of our occupational safety and health partners and assessments. We will also continue to develop and optimize existing plans for occupational/fire accident prevention, safety and health infrastructures, risk maps, and behavioral safety observations. Meanwhile, we will initiate safety visits, key factory guidance programs, and the ten safety principles to strengthen autonomous management within each factory and promote cross-departmental safety collaboration. By engaging all employees in identifying and improving hazards, we aim to raise safety awareness, facilitate early detection of risks during routine operations, avoid unnecessary losses, and achieve overall safety performance goals.

(3) Compliance Management

The Company proactively identifies deficiencies in factory operations through routine inspection mechanisms coupled with annual audits, tracking improvement progress to reduce or eliminate the likelihood of major accidents. This is to ensure that all factories operate in accordance with the Group's code of conduct, local laws and regulations, customers' standards and international regulations, ultimately strengthening customer relationships. In 2024, the Company will continue to adhere to the spirit and principles of international human rights conventions such as the UN's "Universal Declaration of Human Rights", the "UN



Guiding Principles on Business and Human Rights”, and ILO’s “Declaration on Fundamental Principles and Rights at Work”. The aim is to create an environment that safeguards human rights and protects employees’ legal rights and interests, including freedom of association and collective bargaining.

(4) Harmonious working environment

Through training, interviews, grievance channels, and risk assessments, the Company highlights management opportunities, stays informed about employee concerns, aims to promptly respond and implements risk prevention measures to establish effective and positive communication. In 2024, the Company will continue to organize employee activities, participate in community services, and motivate employees to strengthen internal cohesion and organizational identity. Concurrently, the Company maintains positive interactions with labor unions to promote mutual prosperity. Furthermore, the Company conducts regular training on gender equity, women’s empowerment concepts, and local regulations to build a diversity, equity and inclusive workplace, fostering a positive organizational culture.

1.4 2024 Business Plan

(1) Operating Guidelines

The Company will actively uphold its core values of "Professionalism, Dedication, Innovation and Service", while focusing on its two core businesses, manufacturing of shoes and retail of sporting goods. We will implement an agile business strategy, strengthen operational efficiency, and continue to accumulate competitive advantages. The following initiatives will be sequentially undertaken:

■ Manufacturing of shoes

A. Emphasizing customer orientation and expanding value-added services

Considering the growing flexibility in procurement strategies among brand customers, we will persist in expanding investments in advanced technology and smart manufacturing. Our focus remains on developing a high value-added business model that encompasses innovative development, process optimization, flexible production, and diversified product offerings. We provide customized solutions and differentiated creative service to support brand customers in launching high-quality products that align with market demands, and build on top of a long-term, mutually beneficial partnerships, thereby positioning ourselves the preferred strategic partner.

B. Implementing a global strategy with flexible capacity allocation

In response to market dynamics, the Company has established diverse production bases. The factories in Indonesia, Vietnam, and Mainland China contributed 49%, 34%, and 12% of the total volume of shoes shipped in 2023, respectively, with other facilities in Cambodia, Bangladesh, and Myanmar making up 5%. In 2024, we will continue to enhance production flexibility by leveraging the advantages of these locations. Furthermore, we will advance our medium and long-term capacity allocation strategy, including preparations for a new facility in India, to drive growth and support the sustainable growth of our manufacturing business.

C. Applying digital technology to transition towards smart manufacturing

The Company will continue its long-term digital transformation strategy by integrating manufacturing management systems into the One Common Platform (“OCP”), enhancing the SAP enterprise resource planning system, and introducing real-time data applications and remote monitoring systems. We will prioritize applications and automation upgrades and focus on process re-engineering to achieve digital prototyping, production simulations, automation, optimized scheduling, and flexible



line change-overs. Moreover, we will leverage digital tools like Robotic Process Automation (“RPA”) and Distributed Resource Scheduler (“DRS”) to continuously improve production flexibility and meet the demands of efficient scheduling and order delivery.

D. Strengthening the resilient supply chain to adapt to the trend of shorter chains

To fully leverage the synergy of vertical integration, the Company has established a comprehensive supply chain system emphasizing local sourcing and rapid responsiveness to drive improvements in product quality and cost efficiency. We are dedicated to enhancing the transparency of our supply chain information, implementing precise management practices, and adhering to international sustainability standards. Through active engagement and training, we strive to continuously boost operational efficiency and build an agile, resilient, and efficient supply chain network.

■ **Retail of Sporting Goods**

A. Transforming physical stores to deliver a unique retail experience

Brick-and-mortar channels remain critical and irreplaceable sales touchpoints for consumers seeking in-person experiences with products and services. The Company will continue to advance its retail refinement strategy by upgrading store formats to enhance market competitiveness. In addition, by integrating social media, membership programs, and digital tools into our offline network, we aim to strengthen customer interactions and provide personalized experiences. These efforts are expected to improve sales conversion rates and in-season full-price sales, ultimately enhancing channel efficiency.

B. Strengthening digital operations for scalable sales growth

Given the significant shifts in consumer shopping behaviors, the Company has actively integrated digital channels into its sales network. In addition to selling products through third-party platforms such as Tmall, JD, and Vipshop, the Company is leveraging the "Pan-WeChat Ecosphere" to extend its reach beyond physical stores, potentially enhancing profitability. In 2024, we will continue to allocate more resources to digital development, particularly focusing on the "Pan-WeChat Ecosphere," as it diversifies our sales network along with potential benefits such as shorter sales cycle, more efficient inventory management, and increased scalability.

C. Driving operational growth with data-driven decision-making

The Company will continually expand its strategic cooperation with brand partners by integrating membership programs and introducing cross-platform shared products and services, thereby providing consumers with a more comprehensive and higher-quality experience. Furthermore, following the successful implementation of several SAP enterprise resource planning modules in the beginning of 2024, the Company will continue to integrate them with the business intelligence system and other digital tools to yield greater benefits, particularly in terms of real-time information, resource optimization, and member services. We will devise more forward-looking operating strategies and develop unique advantages to maintain competitiveness within the industry and support long-term operational growth.

(2) Prospects

Due to the cumulative impact of major central banks worldwide sharply raising interest rates, demand slowed in 2023, resulting in a slowdown in manufacturing activities. Although there are high expectations for product demand recovery in 2024 as inventory levels reduce and global inflationary pressures ease, the ongoing tightening of the financial environment may still constrain consumer confidence and investor



willingness. Overall, international institutions generally anticipate further slowdowns in economic growth, indicating that the global economy outlook remains challenging.

Despite the variables presence in the external business environment, the Company is optimistic about the long-term prospects of the sports industry due to the increasing emphasis on health and regular exercise. With regards to the manufacturing of shoes business, we will continue to invest in digital transformation and smart manufacturing, maintain an agile and diversified capacity allocation strategy, and strengthen the resilience of the supply chain system to provide brand customers with the best value-added and comprehensive solutions. As for the retail of sporting goods business, we will continue to focus on integrating physical stores with digital channels. Additionally, we will strengthen strategic cooperation with brand partners, optimize product/service quality and customer experiences, and utilize digital tools for decision-making as well as ongoing improvement of operational efficiency.

The Company will continue to cultivate a robust corporate governance culture and prioritize the expansion of its talent pool. Recognizing the increasing complexity of the business environment, the Company established a "Risk Management Steering Committee" in 2023, comprised of senior management members. This committee oversees enhancements to the risk management system and ensures the seamless integration of the sustainable development roadmap into daily decision-making and operational activities. Through continuous strengthening core competencies, adaptability, and management efficiency, we actively seize the critical elements for steady operational growth and endeavor to maximize corporate value for all stakeholders.

Chairman of the Board: Chan, Lu-Min



President:

Lu, Chin-Chu





II COMPANY PROFILE

2.1 Date of Establishment:

September 4, 1969.

2.2 Company History

- (1) The Company was founded on September 4, 1969. The Company's registered share capital was NT\$ 500,000 and had dozens of employees. Its primary business was manufacturing and export marketing of rubber shoes.
- (2) In June 1973, the Company increased its capital by cash to NT\$ 12,000,000, and started manufacturing rubber sandals. The turnover was NT\$ 105,530,000.
- (3) In 1975, the Company purchased approximately 53,000 square meters of land located in the Fu Hsin industrial park in Fu Hsin Hsian, Chang Hwa. The Company's turnover was NT\$ 240,770,000.
- (4) In June 1976, the Company increased its capital by cash to NT\$ 30,000,000, and started manufacturing rubber slip-on shoes. The turnover was NT\$ 424,200,000, a 76% increase compared to the previous fiscal year.
- (5) In May 1977, the Company increased its capital by cash to NT\$ 52,000,000, and began construction of a modern factory occupying approximately 16,000 square meters in the Fu Hsin industrial park in Fu Hsin Hsian. The Company started manufacturing riding boots, plastic foam boards, and rubber foam sponge boards. The turnover was NT\$ 498,660,000, an 18% increase compared to the previous fiscal year.
- (6) In February 1978, the Company increased its capital by cash to NT\$ 80,000,000, and started manufacturing sports shoes. The Company's turnover was NT\$ 677,260,000, a 36% increase compared to the previous fiscal year.
- (7) In 1979, the Company started to undertake the manufacturing of "adidas" sports shoes. The Company's turnover was NT\$ 815,430,000, a 20% increase compared to the previous fiscal year.
- (8) In February 1982, the Company increased its capital by NT\$ 68,100,000 based on the appreciation of assets after reappraisal, and increased its capital by NT\$ 11,900,000 with unappropriated retained earnings. The Company's capital was increased to NT\$ 160,000,000, and the turnover was NT\$ 1,214,110,000.
- (9) In October 1983, the Company adopted HP computer equipment in production management, inventories management, accounts payable management, and calculation of salaries. The Company's turnover was NT\$ 2,026,140,000, a 67% increase compared to the previous fiscal year.
- (10) On January 1, 1984, the Ministry of Economic Affairs approved the Company's merger with Pou Yun Industrial Co., Limited. The Company's share capital after the merger was NT\$ 170,000,000, and the turnover was NT\$ 2,362,690,000, a 17% increase compared to the previous fiscal year.
- (11) In December 1987, the Investment Commission of the Ministry of Economic Affairs approved PC Brothers Corporation's NT\$ 180,000,000 investment, and the Company's capital was accordingly increased to NT\$ 379,000,000. Although the New Taiwan Dollar sharply appreciated against the U.S Dollar in 1987, the Company's turnover reached NT\$ 3,860,500,000.
- (12) On May 15, 1989, the Investment Commission of the Ministry of Economic Affairs approved the Company's capital increase by cash in the amount of NT\$ 180,000,000; capital increase with unappropriated retained earnings in the amount of NT\$ 323,000,000; and capital increase with the Company's capital reserve in the amount of NT\$ 38,000,000. The Company's total capital accordingly reached NT\$ 920,000,000.
- (13) On January 19, 1990, the Company was formally listed for trade on the Taiwan Stock Exchange. On June 21, the Company increased its capital with unappropriated retained earnings in the amount of NT\$ 184,000,000, and increased its capital with employee bonus in the amount of NT\$ 2,000,000. The Company's paid-in capital after capital increase was NT\$ 1,106,000,000.



- (14) In 1994, for the purpose of the shoe business' vertical integration, the Company invested in Yue Yuen Industrial (Holdings) Limited through its 100% owned subsidiary Wealthplus Holdings Limited.
- (15) In July 1999, the Company increased its capital with unappropriated retained earnings in the amount of NT\$ 1,823,792,740 and increased its capital with the Company's capital reserve in the amount of NT\$ 607,930,910. The Company's paid-in capital after capital increase was NT\$ 8,511,032,800.
- (16) On December 28, 1999, the Company converted its convertible bond certificates into 5,318,715 shares of common shares. After the conversion, the Company's paid-in capital was NT\$ 8,564,219,950.
- (17) On April 25, 2000, the Company converted its convertible bond certificates into 19,340,789 shares of common shares. After the conversion, the Company's paid-in capital was NT\$ 8,757,627,840.
- (18) On August 22, 2000, the Company increased its capital with unappropriated retained earnings in the amount of NT\$ 2,627,288,350; increased its capital with employee bonus in the amount of NT\$ 31,067,220; and increased its capital with the Company's capital reserve in the amount of NT\$ 875,762,780. The Company's paid-in capital after capital increase was NT\$ 12,291,746,190.
- (19) On July 20, 2001, the Company increased its capital with its capital reserve in the amount of NT\$ 1,229,174,610. The Company's paid-in capital after capital increase was NT\$ 13,520,920,800.
- (20) On July 5, 2002, the Company increased its capital with unappropriated retained earnings in the amount of NT\$ 1,352,092,080; increased its capital with employee bonus in the amount of NT\$ 100,717,330, and increased its capital with the Company's capital reserve in the amount of NT\$ 1,352,092,080. The Company's paid-in capital after capital increase was NT\$ 16,325,822,290.
- (21) On July 4, 2003, the Company increased its capital with unappropriated retained earnings in the amount of NT\$ 2,448,873,340, and increased its capital with employee bonus in the amount of NT\$ 73,298,900. The Company's paid-in capital after capital increase was NT\$ 18,847,994,530.
- (22) In December 2003, the Company officially began manufacturing and marketing TFT LCD module and monitor.
- (23) On July 22, 2004, the Company increased its capital with unappropriated retained earnings in the amount of NT\$ 1,884,799,450, and increased its capital with employee bonus in the amount of NT\$ 164,539,880. In the same year, the Company converted its employee share options into common shares in the amount of NT\$ 39,400,000. The Company's paid-in capital after capital increase was NT\$ 20,936,733,860.
- (24) On July 22, 2005, the Company increased its capital with unappropriated retained earnings in the amount of NT\$ 2,049,657,390, and increased its capital with employee bonus in the amount of NT\$ 42,396,910. In the same year, the Company converted its employee share options into common shares in the amount of NT\$ 29,140,000. The Company's paid-in capital after capital increase was NT\$ 23,057,928,160.
- (25) On April 21, 2006, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT\$ 14,150,000. The Company's paid-in capital after capital increase was NT\$ 23,072,078,160.
- (26) On July 24, 2006, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT\$ 7,780,000. The Company's paid-in capital after capital increase was NT\$ 23,079,858,160.
- (27) On September 21, 2006, the Company increased its capital with unappropriated retained earnings in the amount of NT\$ 1,130,750,900, and increased its capital with employee bonus in the amount of NT\$ 139,514,300. The Company's paid-in capital after capital increase was NT\$ 24,350,123,360.



- (28) On October 20, 2006, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT\$ 30,440,000. The Company's paid-in capital after capital increase was NT\$ 24,380,563,360.
- (29) On January 23, 2007, the Ministry of Economic Affairs approved the Company's conversion of employee share options and convertible corporate bonds into common shares in the amount of NT\$ 24,410,000 and NT\$ 21,884,100 respectively. The Company's paid-in capital after capital increase was NT\$ 24,426,857,460.
- (30) On May 10, 2007, the Ministry of Economic Affairs approved the Company's conversion of employee share options and convertible corporate bonds into common shares in the amount of NT\$ 20,870,000 and NT\$ 4,731,690 respectively. The Company's paid-in capital after capital increase was NT\$ 24,452,459,150.
- (31) On July 25, 2007, the Ministry of Economic Affairs approved the Company's conversion of employee share options and convertible corporate bonds into common shares in the amount of NT\$ 19,300,000 and NT\$ 1,537,800 respectively. The Company's paid-in capital after capital increase was NT\$ 24,473,296,950.
- (32) On August 6, 2007, the Company increased its capital with unappropriated retained earnings in the amount of NT\$ 486,209,180, and increased its capital with employee bonus in the amount of NT\$ 151,505,170. The Company's paid-in capital after capital increase was NT\$ 25,111,011,300.
- (33) On October 19, 2007, the Ministry of Economic Affairs approved the Company's conversion of employee share options and convertible corporate bonds into common shares in the amount of NT\$ 2,730,000 and NT\$ 1,858,570 respectively. The Company's paid-in capital after capital increase was NT\$ 25,115,599,870.
- (34) On January 17, 2008, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT\$2,940,000. The Company's paid-in capital after capital increase was NT\$ 25,118,539,870.
- (35) On April 17, 2008, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT\$ 17,530,000. The Company's paid-in capital after capital increase was NT\$ 25,136,069,870.
- (36) On June 6, 2008, Pou Sheng International (Holdings) Limited, whose core business is Retail of Sporting Goods and Brand Licensing and is a subsidiary of the Company's subsidiary, Yue Yuen Industrial (Holdings) Limited, was spun-off for listing on the main board of Hong Kong Stock Exchange.
- (37) On July 31, 2008, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT\$ 9,220,000. The Company's paid-in capital after capital increase was NT\$ 25,145,289,870.
- (38) On August 21, 2008, the Company increased its capital with unappropriated retained earnings and employee bonus in an aggregate amount of NT\$ 2,744,315,080. The Company's paid-in capital after capital increase was NT\$ 27,889,604,950.
- (39) On October 23, 2008, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT\$ 9,650,000. The Company's paid-in capital after capital increase was NT\$ 27,899,254,950.
- (40) On January 16, 2009, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT\$ 800,000, and approved the cancellation of the Company's treasury shares in the amount of NT\$ 500,000,000. After the respective capital increase and reduction, the Company's paid-in capital was NT\$ 27,400,054,950.



- (41) On April 14, 2009, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT\$ 620,000, and approved the cancellation of the Company's treasury shares in the amount of NT\$ 275,000,000. After the respective capital increase and reduction, the Company's paid-in capital was NT\$ 27,125,674,950.
- (42) On May 19, 2009, the Ministry of Economic Affairs approved the cancellation of the Company's treasury shares in the amount of NT\$ 70,000,000. The Company's paid-in capital after capital reduction was NT\$ 27,055,674,950.
- (43) On August 19, 2009, the Company increased its capital with unappropriated retained earnings and employee bonus in an aggregate amount of NT\$ 1,372,182,330. The Company's paid-in capital after capital increase was NT\$ 28,427,857,280.
- (44) On January 22, 2010, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT\$ 2,990,000. The Company's paid-in capital after capital increase was NT\$ 28,430,847,280.
- (45) On March 24, 2010, the Company, by virtue of auction pursuant to the "Taiwan Stock Exchange Corporation Rules Governing Auction of Listed Securities by Consignment," sold 166,500,000 shares of Global Brands Manufacture Limited ("GBM"), which was collectively held by the Company and its subsidiaries Pou Shine Investments Co., Limited, Barits Development Corporation and Pou Yuen Technology Co., Limited. After the sale, the Company's consolidated shareholding of GBM decreased to 9.28% from 49.37%.
- (46) On April 20, 2010, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT\$ 250,000. The Company's paid-in capital after capital increase was NT\$ 28,431,097,280.
- (47) On August 11, 2010, the Company increased its capital with unappropriated retained earnings in the amount of NT\$ 559,961,940. The Company's paid-in capital after capital increase was NT\$ 28,991,059,220.
- (48) On October 21, 2010, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT\$ 6,500,000. The Company's paid-in capital after capital increase was NT\$ 28,997,559,220.
- (49) On April 18, 2011, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT\$ 3,060,000. The Company's paid-in capital after capital increase was NT\$ 29,000,619,220.
- (50) On July 15, 2011, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT\$ 3,740,000. The Company's paid-in capital after capital increase was NT\$ 29,004,359,220.
- (51) On October 26, 2011, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT\$ 82,030,000. The Company's paid-in capital after capital increase was NT\$ 29,086,389,220.
- (52) On January 18, 2012, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT\$ 155,080,000. The Company's paid-in capital after capital increase was NT\$ 29,241,469,220.
- (53) On May 1, 2012, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT\$ 161,370,000. The Company's paid-in capital after capital increase was NT\$ 29,402,839,220.



- (54) On July 17, 2012, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT\$ 13,820,000. The Company's paid-in capital after capital increase was NT\$ 29,416,659,220.
- (55) On October 26, 2012, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT\$ 15,190,000. The Company's paid-in capital after capital increase was NT\$ 29,431,849,220.
- (56) On April 22, 2013, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT\$ 5,951,820. The Company's paid-in capital after capital increase was NT\$ 29,437,801,040.
- (57) On July 29, 2013, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT\$ 3,571,090. The Company's paid-in capital after capital increase was NT\$ 29,441,372,130.
- (58) On October 21, 2015, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT\$ 26,500,000. The Company's paid-in capital after capital increase was NT\$ 29,467,872,130.

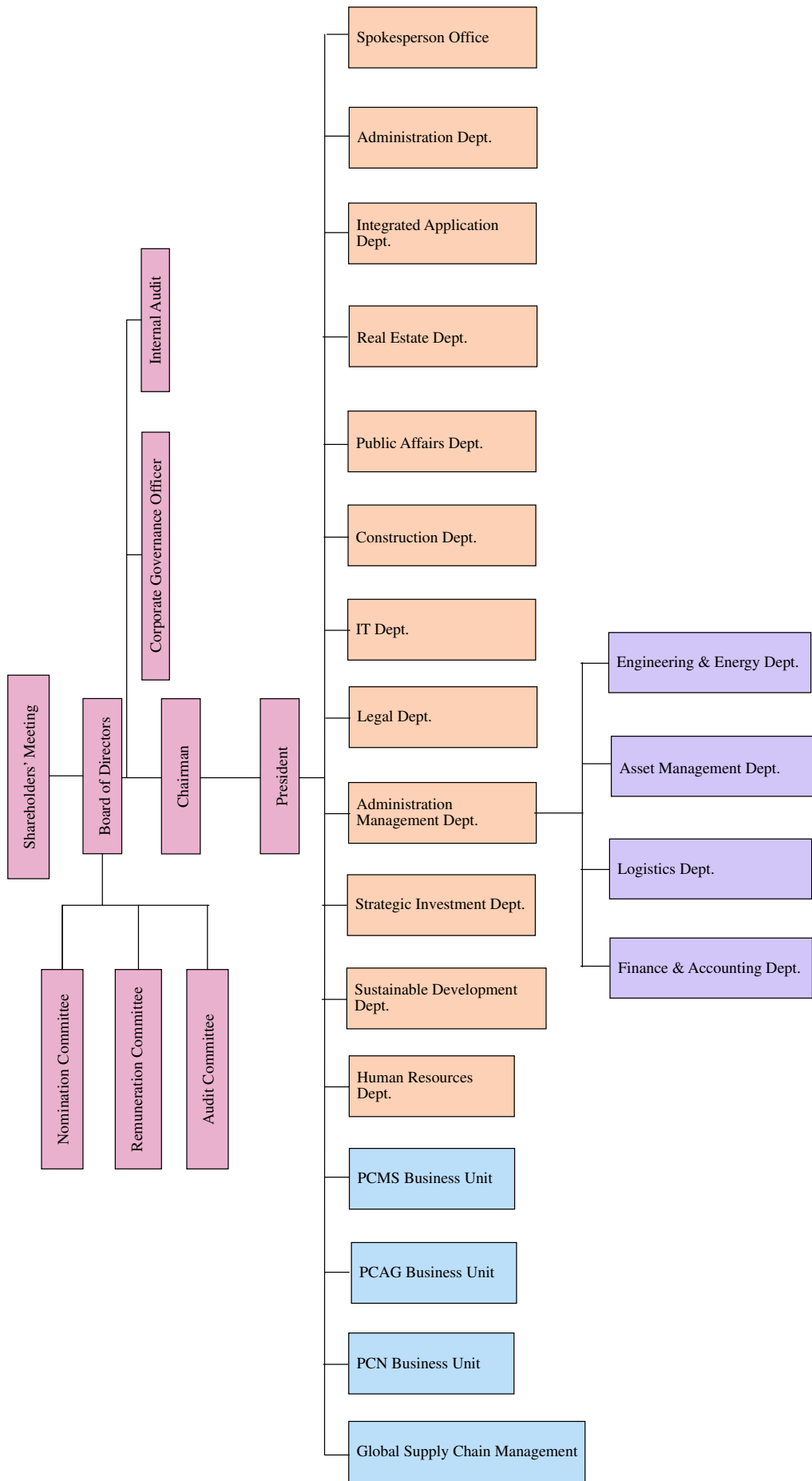


Date: April 15, 2024

III. CORPORATE GOVERNANCE REPORT

3.1 Organization

(1) Organization structure





(2) Business conducted by each major department

Name of department		Business conducted by the department
Global Supply Chain Management		Management of the Group's procurement operating procedures, integration of supply chain resources (items related to footwear raw materials, jigs, general equipment affairs, and engineering category, etc.), supplier management, and procurement contracting service; research, development, and sale of plastic raw materials and leather materials; the allocation of idle machines and disposal of wastes/scrap; and establishment of new business models for the group and development of innovative products..
PCN Business Unit		Research, development, manufacturing and sale of all kinds of footwear.
PCAG Business Unit		Research, development, manufacturing and sale of all kinds of footwear.
PCMS Business Unit		Research, development, manufacturing and sale of all kinds of footwear.
Human Resources Department		Enacting human resource management rules and policies, conducting human resource related affairs, recruiting and hiring management, planning and distribution of salaries and bonus, performance management, and education and training.
Sustainable Development Department		Responsible for enacting and promoting Sustainability-related policies.
Strategic Investment Department		Group strategic planning, budget and business management analysis, pre-investment assessment and post-investment management.
Administration Management Department	Finance and Accounting Department	Fund planning and dispatch, capital utilization and management, financing planning, risk management of assets and debts, establishment of accounting system, bookkeeping and tax management, preparation and analysis of financial statements, shareholder service management, and counseling and supervision of the accounting policies and the financial and accounting operating principles adopted by the Company investees.
	Logistics Department	Import and export, international trade affairs, logistics and customs affairs.
	Asset Management Department	Enacting asset management rules and policies, asset information management, equipment management and disposal arrangement.
	Engineering & Energy Department	Construction license maintenance and update.
Legal Department		Review contract document, legal consultation, regulatory compliance and legal risk control and management.
IT Department		Planning, development, promotion and maintenance of information system.
Construction Department		Contracting, managing, supervising and checking of the construction, reconstruction, extension, renovation, decoration and fixing of buildings.
Public Affairs Department		Planning and management of and consultation on public affairs.
Real Estate Department		Management of real estate affairs.
Integrated Application Department		Group resource integration enables the development of integrated applications in automation, digitization and intelligentization.
Administration Department		Land and building's management, factory management and maintenance, vehicle management and general affairs management.
Spokesperson Office		Coordinating external information reporting, disclosure, and communication on behalf of the Company.
Internal Audit		Review the effectiveness of the design and implementation of the internal risk management mechanism and control system, and provide timely improvement suggestions to ensure compliance with company policies and regulations.



3.2 Information of Directors, Presidents, Vice Presidents, Senior Managers, and Department Heads

(1) Directors

A. Information of Directors

Title	Nationality or registration area	Name	Gender	Date of appointment	Tenure (years)	Date of first appointment	Shareholding upon appointment		Current Shareholding		Spouse and minor Shareholding		Shareholding by nominee arrangement		Education and/or experiences	Positions held concurrently in the Company and other companies	Other manager, Director who is this person's spouse or relative(s) within the second degree of kinship			Where the Company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship (Note1)
							Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio			Title	Name	Relation	
Chairman	R.O.C.	Chuan Mou Investments Co., Limited	-	2022.06.15	3	2022.06.15	163,425,022	5.55%	163,425,022	5.55%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A	None
	R.O.C.	Representative: Chan, Lu-Min	Male 70-79	2022.06.15	3	1992.08.08	366,452	0.01%	366,452	0.01%	0	0.00%	0	0.00%	Director, Nan Shan Life Insurance Co., Limited; Executive Director, Yue Yuen Industrial (Holdings) Limited; President of the Administration Management Department of the Company; Statistics Department, National Chung Hsing University	Note 2	N/A	N/A	N/A	None
Director	R.O.C.	Tsai, Pei-Chun	Female 30-49	2022.06.15	3	2016.06.15	4,177,779	0.14%	4,177,779	0.14%	0	0.00%	0	0.00%	Director, Mega Financial Holding Co., Ltd.; Managing Director and Executive Director, Yue Yuen Industrial (Holdings) Limited; Non-executive Director, Pou Sheng International (Holdings) Limited; Economic and Finance Department, Wharton School of the University of Pennsylvania, USA	Note 3	Director	Tsai, Min-Chieh	Sisters	None
Director	R.O.C.	Tzong Ming Investments Co., Limited	-	2022.06.15	3	2013.06.14	6,340,933	0.22%	6,340,933	0.22%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A	None
	R.O.C.	Representative: Tsai, Min-Chieh	Female 30-49	2022.06.15	3	2013.06.14	3,471,485	0.12%	3,471,485	0.12%	0	0.00%	0	0.00%	Director, Nan Shan Life Insurance Co., Limited; Financial Analytics, Bloomberg News (USA); Economic and Finance Department, Wharton School of the University of Pennsylvania, USA	Note 4	Director	Tsai, Pei-Chun	Sisters	None



Title	Nationality or registration area	Name	Gender Age	Date of appointment	Tenure (years)	Date of first appointment	Shareholding upon appointment		Current Shareholding		Spouse and minor Shareholding		Shareholding by nominee arrangement		Education and/or experiences	Positions held concurrently in the Company and other companies	Other manager, Director who is this person's spouse or relative(s) within the second degree of kinship			Where the Company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship (Note 1)
							Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio			Title	Name	Relation	
Director	R.O.C.	Ever Green Investments Corporation	-	2022.06.15	3	2007.04.24	23,216,045	0.79%	23,216,045	0.79%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A	None
	R.O.C.	Representative: Lu, Chin-Chu	Male 70-79	2022.06.15	3	2011.03.07	1,070,470	0.04%	1,070,470	0.04%	73,300	0.002%	0	0.00%	Director, Nan Pao Resins Chemical Co., Limited; Director, Evermore Chemical Industry Co., Limited; Director, San Fang Chemical Industry Co., Limited; Chairman and Executive Director, Yue Yuen Industrial (Holdings) Limited; President of the Company; Master Degree in Business Administration, National Chung Hsing University	Note 5	N/A	N/A	N/A	None
	R.O.C.	Sheachang Enterprise Corporation	-	2022.06.15	3	2003.10.03	4,413,010	0.15%	4,413,010	0.15%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A	None
Director	R.O.C.	Representative: Wu, Pan-Tsu	Male 70-79	2022.06.15	3	2020.07.10	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Vice President, Corporate Banking Division, Taishin Bank; Vice President, Business Department, BNP Paribas; Vice President, Business Department, Chase Manhattan Bank; Chairman and Executive Director, Pou Sheng International (Holdings) Limited; President of Retail Department; Director, Nan Shan Life Insurance Co., Limited; Director, Elitegroup Computer Systems Co., Limited; Banking and Insurance Department, Tankang University	Note 6	N/A	N/A	N/A	None



POU CHEN CORPORATION

Title	Nationality or registration area	Name	Gender	Date of appointment	Tenure (years)	Date of first appointment	Shareholding upon appointment		Current Shareholding		Spouse and minor Shareholding		Shareholding by nominee arrangement		Education and/or experiences	Positions held concurrently in the Company and other companies	Other manager, Director who is this person's spouse or relative(s) within the second degree of kinship			Where the Company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship (Note 1)
							Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio			Title	Name	Relation	
Director	R.O.C.	Shun Tai Investments Co., Limited	-	2022.06.15	3	2022.06.15	24,367,867	0.83%	24,367,867	0.83%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A	None
	R.O.C.	Representative: Ho, Yue-Ming	Male 50-69	2022.06.15	3	2016.06.15	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Vice President, HTC Corporation; Vice President of the Company; Director, Elitegroup Computer Systems Co., Limited; Director, Nan Shan Life Insurance Co., Limited; Master of Laws, National Taiwan University	Note 7	N/A	N/A	N/A	None
	R.O.C.	Chen, Huan-Chung	Male 50-69	2022.06.15	3	2018.06.15	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Vice President, E.Sun Bills Finance Corporation; Supervisor of the Company; Partner, Wang Tong & Co., CPAs; Independent Non-executive Director, Pou Sheng International (Holdings) Limited; Industrial Management Department, National Taiwan University of Science and Technology	Note 8	N/A	N/A	N/A	None
Independent Director	R.O.C.	Hsu, Chu-Sheng	Male 50-69	2022.06.15	3	2022.06.15	0	0.00%	0	0.00%	0	0.00%	0	0.00%	General Manager, General Electric International Inc., Taiwan Branch (USA); President, IBM Taiwan Corporation; Adjunct professor, Leadership Program at National Taiwan University; Adjunct professor, Institute of Technology Management at National Tsing Hua University; Independent Director, inergy Technology Inc.; Independent Director, Alexander Marine Co., Ltd.; Independent Director, Fubon Bank (China); Master of Computer Science, Stevens Institute of Technology	Note 9	N/A	N/A	N/A	None



Title	Nationality or registration area	Name	Gender	Age	Date of appointment	Tenure (years)	Date of first appointment	Shareholding upon appointment		Current Shareholding		Spouse and minor Shareholding		Shareholding by nominee arrangement		Education and/or experiences	Positions held concurrently in the Company and other companies	Other manager, Director who is this person's spouse or relative(s) within the second degree of kinship			Where the Company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship (Note1)
								Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio			Title	Name	Relation	
Independent Director	R.O.C.	Chang, Shih-Chieh	Male	50-69	2022.06.15	3	2022.06.15	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Independent Director, Taiwan Life Insurance Co., Ltd.; Independent Director, TLG Insurance Co., Ltd.; Director, CTBC Business School; Independent Director, CTBC Life Insurance Co., Ltd.; Independent Director, CTBC Bank Co., Ltd.; Independent Director, CTBC Financial Holding Co., Ltd.; Independent Director, China Development Financial Holding Co., Ltd.; Independent Director, KGI Life Insurance Co., Ltd.; Member, Financial Supervisory Commission; Non-member director, Securities Investment Trust & Consulting Association of the R.O.C.; Member, Financial Ombudsman Institution; Director, Taiwan Insurance Institute; Director, Taiwan Insurance Guaranty Fund; Chairman, Insurance Anti-Fraud Institute; Member, Labor Funds Supervisory Committee, Ministry of Labor; Chairman, Pan-Asia Risk and Insurance Management Association; CEO, EMBA, College of Commerce, National Chengchi University; Professor, Department of Risk Management and Insurance, National Chengchi University; Consultant, Financial White Papers, Taiwan Financial Services	Note 10	N/A	N/A	N/A	None



Title	Nationality or registration area	Name	Gender	Age	Date of appointment	Tenure (years)	Date of first appointment	Shareholding upon appointment		Current Shareholding		Spouse and minor Shareholding		Shareholding by nominee arrangement		Education and/or experiences	Positions held concurrently in the Company and other companies	Other manager, Director who is this person's spouse or relative(s) within the second degree of kinship			Where the Company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship (Note1)
								Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio			Title	Name	Relation	
																Roundtable Co., Ltd.; Consultant, Securities Investment Trust & Consulting Association of The R.O.C.; Member, Financial Stability Board of Central Bank (R.O.C.); Chairman, Risk Management Society of Taiwan; Ph.D., Department of Statistics, University of Wisconsin-Madison, USA					



- Note 1: Where the Company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of applicable information on the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., number of independent director seats added, and more than half of directors are not employees or managers of a company): None.
- Note 2: President of the Administration Management Department of the Company; Chairman of Yu Hong Development Co., Limited, Pou Shine Investments Co., Limited, Pou Zhi Investments Co., Limited; Executive Director of Yue Yuen Industrial (Holdings) Limited; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Wealthplus Holdings Limited and its subsidiaries, Win Fortune Investments Limited, Footwear and Recreation Technology Research Institute, PC Brothers Corporation, Oftenrich Holdings Limited, Brilliant Ocean Limited, Pearl Dove International Limited, Golden Brands Developments Limited; Commissioner of the subsidiaries of Yue Yuen Industrial (Holdings) Limited.
- Note 3: Managing Director and Executive Director of Yue Yuen Industrial (Holdings) Limited; Non-executive Director of Pou Sheng International (Holdings) Limited; Director of Wealthplus Holdings Limited, Chih-Chun Co., Limited.
- Note 4: Chairman of PC Holdings Limited; Director of Chung Ming Investments Co., Limited, Tzong Ming Investments Co., Limited, Chih-Chun Co., Limited.
- Note 5: President of the Company; Chairman of Windsor Entertainment Co., Limited; Chairman and Executive Director of Yue Yuen Industrial (Holdings) Limited; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Wealthplus Holdings Limited and its subsidiaries, Win Fortune Investments Limited, San Fang Chemical Industry Co., Limited, Zhongao Multiplex Management Group Co., Limited; Representative of Yue Yuen Industrial Limited, Taiwan Branch; Commissioner of the subsidiaries of Yue Yuen Industrial (Holdings) Limited.
- Note 6: Director of PC Brothers Corporation, Red Magnet Developments Limited.
- Note 7: Vice President of the Company; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Wealthplus Holdings Limited, Ruen Chen Investment Holding Co., Limited, Nan Shan Life Insurance Co., Limited, Zhongao Multiplex Management Group Co., Limited, Ka Te Footwear Material (Shishi) Limited, Hua Jian Industrial Holding Co., Limited, Ka Te Footwear Material (HK) Limited.
- Note 8: Independent Non-executive Director of Pou Sheng International (Holdings) Limited and Partner of Wang Tong & Co., CPAs.
- Note 9: Independent Director of inergy Technology Inc., Alexander Marine Co., Ltd., Fubon Bank (China)
- Note 10: Independent Director of China Development Financial Holding Co., Ltd., KGI Life Insurance Co., Ltd.



B. Major shareholders of the institutional shareholders

April 2, 2024

Name of institutional shareholder	Major shareholders of the institutional shareholders	
	Shareholder	Ratio (%)
Chuan Mou Investments Co., Limited	Santarem Pte. Limited	49.83
	Shun Tai Investments Co., Limited	30.02
	Seawind Management Limited	7.97
	Ever Green Investments Corporation	6.71
	Yu Chi Investments Co., Limited	3.27
	Yu Jie Investments Co., Limited	2.20
Tzong Ming Investments Co., Limited	Taishin International Bank Trust Account by Huang, Shu-Man	66.55
	Chuan Mou Investments Co., Limited	33.45
Ever Green Investments Corporation	Santarem Pte. Limited	71.74
	Seawind Management Limited	28.26
Sheachang Enterprise Corporation	Taishin International Bank Trust Account by Huang, Shu-Man	56.07
	Tsai, Chi-Neng	16.22
	Tsai, Chi-Chien	15.32
	Tsai, Chi-Hu	7.83
	Tsai, Nai-Fung	3.50
	Lin, Li-Mei	0.89
	Hsieh, Shu-Chuan	0.17
Shun Tai Investments Co., Limited	Chuan Mou Investments Co., Limited	36.14
	Seawind Management Limited	45.83
	Goal Score Investments Limited	18.03



C. Major shareholders of the Company's major institutional shareholders

April 2, 2024

Name of institutional shareholder	Major shareholders of the institutional shareholder	
	Shareholder	Ratio (%)
Santarem Pte. Limited	Sitori Trading Limited	100.00
Seawind Management Limited	Prime Grill Investments Limited	100.00
Yu Chi Investments Co., Limited	Taishin International Bank Trust Account by Huang, Shu-Man	0.20
	Seawind Management Limited	0.80
	Goal Score Investments Limited	99.00
Yu Jie Investments Co., Limited	Seawind Management Limited	1.67
	Goal Score Investments Limited	98.33
Goal Score Investments Limited	Sitori Trading Limited	100.00



D. Professional Qualification of Directors and Independence of Independent Directors

Name	Requirements	Professional Qualification, Experience and Independence of Independent Directors(Note 1)	Number of other public companies in which the person holds a concurrent position as an independent director
Chuan Mou Investments Co., Limited Representative: Chan, Lu-Min	1. Mr. Chan has about 40 years of finance and accounting management experience. 2. Chairman of the Board of Directors, President of the Administration Management Department of the Company and Executive Director of Yue Yuen Industrial (Holdings) Limited. 3. Mr. Chan was Director of Nan Shan Life Insurance Co., Limited.	1. Mr. Chan has about 40 years of finance and accounting management experience. 2. Chairman of the Board of Directors, President of the Administration Management Department of the Company and Executive Director of Yue Yuen Industrial (Holdings) Limited. 3. Mr. Chan was Director of Nan Shan Life Insurance Co., Limited.	0
Tsai, Pei-Chun	1. Ms. Tsai has about 20 years of experience in the manufacturing of shoes and retailing of sporting goods and brand licensing. 2. Managing Director and Executive Director of Yue Yuen Industrial (Holdings) Limited and Non-executive Director of Pou Sheng International (Holdings) Limited. 3. Ms. Tsai was Director of Mega Financial Holding Company Limited.	1. Ms. Tsai has about 20 years of experience in the manufacturing of shoes and retailing of sporting goods and brand licensing. 2. Managing Director and Executive Director of Yue Yuen Industrial (Holdings) Limited and Non-executive Director of Pou Sheng International (Holdings) Limited. 3. Ms. Tsai was Director of Mega Financial Holding Company Limited.	0
Tzong Ming Investments Co., Limited Representative: Tsai, Min-Chieh	1. Ms. Tsai has about 10 years of financial experiences. 2. Ms. Tsai was Financial Analytics in Bloomberg News (USA) and Director of Nan Shan Life Insurance Co., Limited.	1. Ms. Tsai has about 10 years of financial experiences. 2. Ms. Tsai was Financial Analytics in Bloomberg News (USA) and Director of Nan Shan Life Insurance Co., Limited.	0
Ever Green Investments Corporation Representative: Lu, Chin-Chu	1. Mr. Lu has about 40 years of experience in the manufacturing of footwear and footwear materials production management. 2. President of the Company, Chairman and Executive Director of Yue Yuen Industrial (Holdings) Limited and Director of San Fang Chemical Industry Co., Limited. 3. Mr. Lu was Director of Nan Pao Resins Chemical Co., Limited and Evermore Chemical Industry Co., Limited.	1. Mr. Lu has about 40 years of experience in the manufacturing of footwear and footwear materials production management. 2. President of the Company, Chairman and Executive Director of Yue Yuen Industrial (Holdings) Limited and Director of San Fang Chemical Industry Co., Limited. 3. Mr. Lu was Director of Nan Pao Resins Chemical Co., Limited and Evermore Chemical Industry Co., Limited.	0
Sheachang Enterprise Corporation Representative: Wu, Pan-Tsu	1. Mr. Wu has about 40 years of financial experiences. 2. Mr. Wu was President of Retail Department of the Company, Chairman and Executive Director of Pou Sheng International (Holdings) Limited, Director of Nan Shan Life Insurance Co., Limited and Elitegroup Computer Systems Co., Limited.	1. Mr. Wu has about 40 years of financial experiences. 2. Mr. Wu was President of Retail Department of the Company, Chairman and Executive Director of Pou Sheng International (Holdings) Limited, Director of Nan Shan Life Insurance Co., Limited and Elitegroup Computer Systems Co., Limited.	0
Shun Tai Investments Co., Limited Representative: Ho, Yue-Ming	1. Mr. Ho has about 20 years of legal experience. 2. Vice President of Legal Department of the Company and Director of Nan Shan Life Insurance Co., Limited. 3. Mr. Ho was Vice President of HTC Corporation and Director of Elitegroup Computer Systems Co., Limited.	1. Mr. Ho has about 20 years of legal experience. 2. Vice President of Legal Department of the Company and Director of Nan Shan Life Insurance Co., Limited. 3. Mr. Ho was Vice President of HTC Corporation and Director of Elitegroup Computer Systems Co., Limited.	0
Chen, Huan-Chung	1. Mr. Chen owned a CPA and Securities Analyst License. 2. Independent Non-executive Director of Pou Sheng International (Holdings) Limited. 3. Mr. Chen was Vice President of E.Sun Bills Finance Corporation. He is Partner of Wang Tong & Co., CPAs, who has about 30 years experience of accounting, auditing, management of investment and financial analysis. 4. Mr. Chen, his spouse and relative within the second degree of kinship are not an employee of the company or any of its affiliates, not having a marital relationship, or a relative within the second degree of kinship to any other director of the company and also not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.	1. Mr. Chen owned a CPA and Securities Analyst License. 2. Independent Non-executive Director of Pou Sheng International (Holdings) Limited. 3. Mr. Chen was Vice President of E.Sun Bills Finance Corporation. He is Partner of Wang Tong & Co., CPAs, who has about 30 years experience of accounting, auditing, management of investment and financial analysis. 4. Mr. Chen, his spouse and relative within the second degree of kinship are not an employee of the company or any of its affiliates, not having a marital relationship, or a relative within the second degree of kinship to any other director of the company and also not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.	1
Hsu, Chu-Sheng	1. Adjunct professor of Leadership Program at National Taiwan University and Institute of Technology Management at National Tsing Hua University. 2. Independent Director of Inergy Technology Inc., Alexander Marine Co., Ltd. and Fubon Bank (China). 3. Mr. Hsu was General Manager of General Electric International Inc., Taiwan Branch (USA) and President of IBM Taiwan Corporation. He has about 30 years experience of business management, leadership of multinational corporation and organization change. 4. Mr. Hsu, his spouse and relative within the second degree of kinship are not an employee of the company or any of its affiliates, not having a marital relationship, or a relative within the second degree of kinship to any other director of the company and also not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.	1. Adjunct professor of Leadership Program at National Taiwan University and Institute of Technology Management at National Tsing Hua University. 2. Independent Director of Inergy Technology Inc., Alexander Marine Co., Ltd. and Fubon Bank (China). 3. Mr. Hsu was General Manager of General Electric International Inc., Taiwan Branch (USA) and President of IBM Taiwan Corporation. He has about 30 years experience of business management, leadership of multinational corporation and organization change. 4. Mr. Hsu, his spouse and relative within the second degree of kinship are not an employee of the company or any of its affiliates, not having a marital relationship, or a relative within the second degree of kinship to any other director of the company and also not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.	2
Chang, Shih-Chieh	1. Professor of Department of Risk Management and Insurance, National Chengchi University. 2. Independent Director of China Development Financial Holding Co., Ltd., KGI Life Insurance Co., Ltd. and Chairman of Risk Management Society of Taiwan. 3. Mr. Chang was Independent Director of CTBC Financial Holding Co., Ltd., Member of Financial Supervisory Commission, Chairman of Insurance Anti-Fraud Institute and Member, Labor Funds Supervisory Committee, Ministry of Labor. He has about 20 years experience of management of risk, financial and insurance. 4. Mr. Chang, his spouse and relative within the second degree of kinship are not an employee of the company or any of its affiliates, not having a marital relationship, or a relative within the second degree of kinship to any other director of the company and also not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.	1. Professor of Department of Risk Management and Insurance, National Chengchi University. 2. Independent Director of China Development Financial Holding Co., Ltd., KGI Life Insurance Co., Ltd. and Chairman of Risk Management Society of Taiwan. 3. Mr. Chang was Independent Director of CTBC Financial Holding Co., Ltd., Member of Financial Supervisory Commission, Chairman of Insurance Anti-Fraud Institute and Member, Labor Funds Supervisory Committee, Ministry of Labor. He has about 20 years experience of management of risk, financial and insurance. 4. Mr. Chang, his spouse and relative within the second degree of kinship are not an employee of the company or any of its affiliates, not having a marital relationship, or a relative within the second degree of kinship to any other director of the company and also not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.	2

(Note 1): The Directors and Independent Directors of the Company are not been a person of any conditions defined in Article 30 of the Company Law.



E. The Board of member's diversity policy and Independence

(A) Diversity policy of the Company's Board

Our diversity goal of Selection and composition of the Company's Board is to have at least one female director on the board, and the expertise of our board as a whole must include corporate strategy, accounting and tax financing, law, administration, and production management. The Company has elected nine directors (including three independent directors) at June, 2022, two of which are female directors. All members of the board have professional knowledge, skills, and competency in multiple disciplines including industry, accounting, technology, business management, and law. Our directors' practical experience and professionalism are diverse and complementary. Relevant implementation status is as follows:

Name	Gender	Age		Education	Industrial Experience	Academic Background	Specialty Fields
		30-49	Over 50				
Chan, Lu-Min	Male		V	Statistics Department, National Chung Hsing University	V		Finance and accounting, business management and corporate governance
Tsai, Pei-Chun	Female	V		Economic and Finance Department, Wharton School of the University of Pennsylvania, USA	V		Finance, strategic planning and enterprise development
Tsai, Min-Chieh	Female	V		Economic and Finance Department, Wharton School of the University of Pennsylvania, USA	V		Finance
Lu, Chin-Chu	Male		V	Master Degree in Business Administration, National Chung Hsing University	V		Production management and business management
Wu, Pan-Tsu	Male		V	Banking and Insurance Department, Tamkang University	V		Finance and insurance
Ho, Yue-Ming	Male		V	Master of Laws, National Taiwan University	V		Legal and administrative management
Chen, Huan-Chung	Male		V	Industrial Management Department, National Taiwan University of Science and Technology	V		Accounting, auditing, and Investment analysis.
Hsu, Chu-Sheng	Male		V	Master of Computer Science, Stevens Institute of Technology	V	V	Business management, leadership and organization change
Chang, Shih-Chieh	Male		V	Ph.D., Department of Statistics, University of Wisconsin-Madison, USA	V	V	Management of risk, financial and insurance

(B) Independence of the Company's Board: The 24th term Board of Directors of the Company comprises nine directors, three of whom are independent directors (33%) as required by law. Spousal or familial relationship within the second degree of kinship does not exist among more than half of the company's directors. The term of all independent directors does not exceed nine years.



POU CHEN CORPORATION

(2) Information of Presidents, Vice Presidents, Senior Managers, and Department Heads

Title	Nationality	Name	Gender	Date of appointment	Current Shareholding		Spouse and minor Shareholding		Shareholding by nominee arrangement		Main education and/or experiences	Positions held concurrently in other companies	Officer who is this person's spouse or relative(s) within the second degree of kinship			Where the Company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship (Note 1)
					Number of shares	Ratio (%)	Number of shares	Ratio (%)	Number of shares	Ratio (%)			Title	Name	Relation	
Chairman and President of the Administration Management Department	R.O.C.	Chan, Lu-Min	Male	1996.07.01	366,452	0.01%	0	0.00%	0	0.00%	Director, Nan Shan Life Insurance Co., Limited; Executive Director, Yue Yuen Industrial (Holdings) Limited; Statistics Department, National Chung Hsing University	Note 2	N/A	N/A	N/A	None
President	R.O.C.	Lu, Chin-Chu	Male	2006.07.27	1,070,470	0.04%	73,300	0.002%	0	0.00%	Director, Nan Pao Resins Chemical Co., Limited; Director, Evermore Chemical Industry Co., Limited; Director, San Fang Chemical Industry Co., Limited; Chairman and Executive Director, Yue Yuen Industrial (Holdings) Limited; Master Degree in Business Administration, National Chung Hsing University	Note 3	N/A	N/A	N/A	None
Vice President	U.S.A.	Liu, Hong-Chih	Male	2016.11.14	0	0.00%	0	0.00%	0	0.00%	Managing Director, China International Capital Corporation Limited; Executive Director, Yue Yuen Industrial (Holdings) Limited; Master of Business Administration Degree in Finance and Entrepreneurial Management, Wharton School of University of Pennsylvania, USA	Note 4	N/A	N/A	N/A	None
Vice President	R.O.C.	Chang, Chia-Li	Male	2018.05.15	48	0.00%	0	0.00%	0	0.00%	Director, Nan Pao Resins Chemical Co., Limited; Director, San Fang Chemical Industry Co., Limited; South Fields College, UK	Note 5	N/A	N/A	N/A	None
Vice President	R.O.C.	Ho, Yue-Ming	Male	2016.03.24	0	0.00%	0	0.00%	0	0.00%	Vice President, HTC Corporation; Director, Elitegroup Computer Systems Co., Limited; Director, Nan Shan Life Insurance Co., Limited; Master of Laws, National Taiwan University	Note 6	N/A	N/A	N/A	None
Vice President	R.O.C.	Hu, Chia-Ho	Male	2019.03.25	0	0.00%	0	0.00%	0	0.00%	Executive Director, Yue Yuen Industrial (Holdings) Limited; Master Degree of Science, University of Wisconsin, Madison, USA	Note 7	N/A	N/A	N/A	None
Vice President	R.O.C.	Chiu, Hui-Yao	Male	2019.03.25	0	0.00%	0	0.00%	0	0.00%	IT Director, RT-Mart; Master Degree in Computer Science and Engineering Department, National Chiao Tung University	N/A	N/A	N/A	N/A	None

April 2, 2024; Unit: shares



Title	Nationality	Name	Gender	Date of appointment	Current Shareholding		Spouse and minor Shareholding		Shareholding by nominee arrangement		Main education and/or experiences	Positions held concurrently in other companies	Officer who is this person's spouse or relative(s) within the second degree of kinship			Where the Company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship (Note 1)
					Number of shares	Ratio (%)	Number of shares	Ratio (%)	Number of shares	Ratio (%)			Title	Name	Relation	
Vice President	R.O.C.	Minston Chao	Male	2020.08.14	0	0.00%	0	0.00%	0	0.00%	Vice President of The Wyatt Company; PhD in Human Resource Management, National Sun Yat-sen University	N/A	N/A	N/A	N/A	None
Vice President	R.O.C.	Shih, Chih-Hung	Male	2020.11.13	0	0.00%	40,000	0.001%	0	0.00%	Director, Nan Pao Resins Chemical Co., Limited; Director, Elitegroup Computer Systems Co., Limited; Director, Evermore Chemical Industry Co., Limited; Executive Director and chief financial officer, Yue Yuen Industrial (Holdings) Limited; Accounting Department, Chung Yuan Christian University	Note 8	N/A	N/A	N/A	None
Vice President	R.O.C.	Lee, Qin-Xue	Male	2023.08.14	0	0.00%	0	0.00%	0	0.00%	Chief security officer, Foxconn Company of Foxconn Technology Group; 48th Annual graduate, Central Police University	N/A	N/A	N/A	N/A	None
Executive Senior Manager	R.O.C.	Liao, Yuang-Whang	Male	2022.08.12	0	0.00%	0	0.00%	0	0.00%	Director, San Fang Chemical Industry Co., Limited; Director, Nan Pao Resins Chemical Co., Limited; Investment director in private equity for Asia region, Citibank Hong Kong; Master of Philosophy, University of Cambridge	Note 9	N/A	N/A	N/A	None
Executive Senior Manager	R.O.C.	Yen, Chia-Wen	Female	2023.08.14	0	0.00%	0	0.00%	0	0.00%	Director, Elitegroup Computer Systems Co., Limited; Senior Manager of Legal Department, HTC Corporation; Master of Laws, National Chengchi University	Note 10	N/A	N/A	N/A	None
Financial Officer	R.O.C.	Chang, Yea-Fen	Female	2012.10.31	119,687	0.004%	0	0.00%	0	0.00%	Senior Manager of Finance Department of the Company; Master in Business Administration, Texas A&M University, USA	Note 11	N/A	N/A	N/A	None
Accounting Officer	R.O.C.	Wu, Hui-Chi	Female	2015.12.25	0	0.00%	5,000	0.00%	0	0.00%	Senior Manager of Accounting Department of the Company; Master in Accounting, Golden Gate University, USA	Note 12	N/A	N/A	N/A	None
Corporate Governance Officer	R.O.C.	Huang, Chao-Fen	Female	2022.08.12	0	0.00%	0	0.00%	0	0.00%	Manager, Capital Market Department of Taiwan International Securities Co., Ltd.; Accounting Department, Providence University	N/A	N/A	N/A	N/A	None



- Note 1: Where the Company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of applicable information on the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., number of independent director seats added, and more than half of directors are not employees or managers of a company): None.
- Note 2: Chairman of Yu Hong Development Co., Limited, Pou Shine Investments Co., Limited, Pou Zhi Investments Co., Limited; Executive Director of Yue Yuen Industrial (Holdings) Limited; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Wealthplus Holdings Limited and its subsidiaries, Win Fortune Investments Limited, Footwear and Recreation Technology Research Institute, PC Brothers Corporation, Oftenrich Holdings Limited, Brilliant Ocean Limited, Pearl Dove International Limited, Golden Brands Developments Limited; Commissioner of the subsidiaries of Yue Yuen Industrial (Holdings) Limited.
- Note 3: Chairman of Windsor Entertainment Co., Limited; Chairman and Executive Director of Yue Yuen Industrial (Holdings) Limited; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Wealthplus Holdings Limited and its subsidiaries, Win Fortune Investments Limited, San Fang Chemical Industry Co., Limited, Zhongao Multiplex Management Group Co., Limited; Representative of Yue Yuen Industrial Limited, Taiwan Branch; Commissioner of the subsidiaries of Yue Yuen Industrial (Holdings) Limited.
- Note 4: Executive Director of Yue Yuen Industrial (Holdings) Limited; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited.
- Note 5: Director and commissioner of the subsidiaries of Yue Yuen Industrial (Holdings) Limited.
- Note 6: Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Wealthplus Holdings Limited, Ruen Chen Investment Holding Co., Limited, Nan Shan Life Insurance Co., Limited, Zhongao Multiplex Management Group Co., Limited, Ka Te Footwear Material (Shishi) Limited, Hua Jian Industrial Holding Co., Limited, Ka Te Footwear Material (HK) Limited.
- Note 7: Executive Director of Pou Sheng International (Holdings) Limited; Executive Director of Eagle Nice (International) Holdings Limited; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Cruiser Ventures Limited, Explorer Enterprises Ltd., Future Motive Investments Ltd.
- Note 8: Executive Director and CFO of Yue Yuen Industrial (Holdings) Limited; Executive Director of Eagle Nice (International) Holdings Limited; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Evermore Chemical Industry Co., Limited, Yangzhou Baoyi Shoes Manufacturing Co., Ltd., Venture Well Holdings Limited, Hua Jian Industrial Holdings Co., Limited, Ka Yuen (Vietnam) Rubber Factory Ltd., Cruiser Ventures Ltd., Explorer Enterprises Ltd. ; Commissioner of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, PT. Recycle Center Indonesia.
- Note 9: Chairman of Dah Sheng Vietnam Co., Ltd., and Dah-Chen Shoe Materials Ltd.; Non-executive Director of Prosperous Industrial (Holdings) Limited; Director of San Fang Chemical Industry Co., Limited, the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Dongguan Yu Xiang Shoes Material Co., Ltd, Ka Te Footwear Material (Shishi) Limited, Yangzhou Baoyi Shoes Manufacturing Co., Ltd., Oftenrich Holdings Limited, Victorious Investments Ltd., Yu Chang Investments Limited, Geostar Investments



Limited, Sunny State Enterprises Limited, Richy Field Investments Limited, Easy Network Trading Limited, Trade Max Holdings Limited, Hsiang Fu Investment Ltd, Horizon City Investment Limited, Bonitos Holdings Limited, Glory Advantage Holdings Limited, DaySun Consultants Limited; Supervisor of Winchaise Co., Ltd.; Representative of Radiant Lion Limited, Taiwan Branch (British Virgin Islands); Commissioner of PT. Ka Yuen Indonesia, PT. DahSheng.

Note 10: Director of Venture Well Holdings Limited.

Note 11: Chairman of Pou Hui Investments Co., Limited; Director of Pou Yi Investments Co., Limited.

Note 12: Chairman of Pou Yuen Technology Co., Limited, Barits Development Corporation, Song Ming Investments Co., Limited, Pro Arch International Development Enterprise Inc., Lai Chia Investments Co., Limited, Pou Chien Enterprise Co., Limited ; Director of Windsor Entertainment Co., Limited, Global Biotech Inc., Pou Hui Investments Co., Limited, Wealthplus Holdings Limited and its subsidiaries, Win Fortune Investments Limited, Kunshan Yuanying Electronics Technology Co., Limited, Golden Brands Developments Limited, Pearl Dove International Limited; Supervisor of Pou Yui Development Co., Limited, Pou Chien Technology Co., Limited, I-Tech. Sporting Enterprise Limited.



3.3 The remuneration paid to Directors, Presidents and Vice Presidents for the Most Recent Fiscal Year

(1) Remuneration paid to Directors (including independent Directors)

Title	Name	Directors' Remuneration				Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 4)		Relevant Remuneration Received by Directors Who are Also Employees				Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 4)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary			
		Salary (A)	Pension (B) (Note 1)	Remuneration (C) (Note 2)		Allowance (D)		Salary, bonus and special fees etc. (E)	Pension (F) (Note 1)		Employee compensation (G) (Note 3)		The Company's consolidated financial statements				
				The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	Amount of cash	Amount of stock					
															Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Chairman	Chuan Mou Investments Co., Limited Representative: Chuan, Lu-Min																
Director	Tsai, Pei-Chun																
Director	Tzong Ming Investments Co., Limited Representative: Tsai, Min-Chieh																
Director	Ever Green Investments Corporation Representative: Lu, Chin-Chu	0	10,823	0	0	94,560	94,560	900	900	12,645	50,806	0	5,575	0	1.07	1.53	1,443
Director	Shuechang Enterprise Corporation Representative: Wu, Fan-Tsu																
Director	Shun Tai Investments Co., Limited Representative: Ho, Yue-Ming																
Independent Director	Chen, Huan-Chung																
Independent Director	Hsu, Chu-Sheng	4,320	5,514	0	0	0	0	120	120	0	0	0	0	0	0.04	0.05	-
Independent Director	Chang, Shih-Chieh																
1. Please describe the policy, system, standard and structures of remuneration payment for independent directors, and their association with the amount of remuneration payment according to their responsibilities, risks, and the time spent by independent directors, among other factors:																	
The remuneration structure for independent directors of the Company involves monthly fixed remuneration payment and attendance and transportation allowances. The amount is determined by not only referring to board performance evaluation results, but also by following Article 16-1 of the Company's Articles of Incorporation, which states that the Remuneration Committee shall review each director's level of participation in and value of contribution to the Company's operations, take into account the general standards adopted by the industry, and propose suggestions to the Board of Directors for resolution.																	
Except as disclosed above, remuneration received by directors in the latest year for on-balances sheet services (e.g. acting as a non-employee consultant) rendered to the Company: Director: Wu, Pan-Tsu: NT\$4,680 (thousands)																	

1. Please describe the policy, system, standard and structures of remuneration payment for independent directors, and their association with the amount of remuneration payment according to their responsibilities, risks, and the time spent by independent directors, among other factors:
The remuneration structure for independent directors of the Company involves monthly fixed remuneration payment and attendance and transportation allowances. The amount is determined by not only referring to board performance evaluation results, but also by following Article 16-1 of the Company's Articles of Incorporation, which states that the Remuneration Committee shall review each director's level of participation in and value of contribution to the Company's operations, take into account the general standards adopted by the industry, and propose suggestions to the Board of Directors for resolution.

2. Except as disclosed above, remuneration received by directors in the latest year for on-balance sheet services (e.g. acting as a non-employee consultant) rendered to the Company: Director, Wu, Pan-Tsu, NT\$4,680thousands..



Range of Remuneration	Name of Directors			
	Aggregate amount of the preceding four remuneration items (A+B+C+D)		Aggregate amount of the preceding seven remuneration items (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Under NT\$1,000,000	Chan, Lu-Min, Tsai, Min-Chieh, Lu, Chin-Chu, Wu, Pan-Tsu, Ho, Yue-Ming.	Chan, Lu-Min, Tsai, Min-Chieh, Lu, Chin-Chu, Wu, Pan-Tsu, Ho, Yue-Ming.	Tsai, Min-Chieh, Wu, Pan-Tsu	Tsai, Min-Chieh, Wu, Pan-Tsu
NT\$ 1,000,000 (included) ~ NT\$ 2,000,000 (excluded)	Sheachang Enterprise Corporation, Tsai, Pei-Chun, Chen, Huan-Chung, Hsu, Chu-Sheng, Chang, Shih-Chieh	Sheachang Enterprise Corporation, Hsu, Chu-Sheng, Chang, Shih-Chieh	Sheachang Enterprise Corporation, Tsai, Pei-Chun, Chen, Huan-Chung, Hsu, Chu-Sheng, Chang, Shih-Chieh	Sheachang Enterprise Corporation, Hsu, Chu-Sheng, Chang, Shih-Chieh
NT\$ 2,000,000 (included) ~ NT\$ 3,500,000 (excluded)	Tzong Ming Investments Co., Limited	Tzong Ming Investments Co., Limited, Chen, Huan-Chung	Tzong Ming Investments Co., Limited	Tzong Ming Investments Co., Limited, Chen, Huan-Chung
NT\$ 3,500,000 (included) ~ NT\$ 5,000,000 (excluded)			Ho, Yue-Ming	
NT\$ 5,000,000 (included) ~ NT\$ 10,000,000 (excluded)	Ever Green Investments Corporation	Ever Green Investments Corporation	Ever Green Investments Corporation, Chan, Lu-Min, Lu, Chin-Chu	Ever Green Investments Corporation, Ho, Yue-Ming
NT\$ 10,000,000 (included) ~ NT\$ 15,000,000 (excluded)	Shun Tai Investments Co., Limited	Shun Tai Investments Co., Limited, Tsai, Pei-Chun	Shun Tai Investments Co., Limited	Shun Tai Investments Co., Limited, Tsai, Pei-Chun
NT\$ 15,000,000 (included) ~ NT\$ 30,000,000 (excluded)				Chan, Lu-Min, Lu, Chin-Chu
NT\$ 30,000,000 (included) ~ NT\$ 50,000,000 (excluded)				
NT\$ 50,000,000 (included) ~ NT\$ 100,000,000 (excluded)	Chuan Mou Investments Co., Limited	Chuan Mou Investments Co., Limited	Chuan Mou Investments Co., Limited	Chuan Mou Investments Co., Limited
Over NT\$ 100,000,000 (included)				
Total	14 persons	14 persons	14 persons	14 persons

Note 1: The amount of pension was actually paid by the Company and Companies in the consolidated financial statements in 2023.

Note 2: Resolved by the Board of Directors on March 14, 2024.

Note 3: As of the date of publication of the annual report, the amount of employee remuneration distribution has not yet been determined, and the proposed amount for this year is tentatively estimated based on the actual distribution of last year.

Note 4: The calculation is based on the net income of the Company's 2023 separate financial statements. (NT\$ 10,623,608 thousand).



(2) Remuneration paid to Presidents and Vice Presidents

Title	Name	Salary (A)		Pension (B) (Note 1)		Bonuses and Allowances (C)		Employee Compensation (D) (Note 2)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 3)		Compensation paid to the President and Vice President from an Invested Company Other Than the Company's Subsidiary
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	Amount of cash	Amount of stock	The Company	Companies in the consolidated financial statements	
Chairman and President of the Administration Management Department	Chan, Lu-Min													
President	Lu, Chin-Chu													
Vice President	Liu, Hong-Chih													
Vice President	Tsai, Nai-Yung (Note 4)													
Vice President	Chang, Chia-Li													
Vice President	Ho, Yue-Ming	28,584	84,339	13,500	13,500	13,456	38,943	12,396	0	12,396	0	0.64	1.40	5,583
Vice President	Hu, Chia-Ho													
Vice President	Chiu, Hui-Yao													
Vice President	Minston Chao													
Vice President	Shih, Chih-Hung													
Vice President	Yang, Hsiao-Tung (Note 5)													
Vice President	Lee, Qin-Xue (Note 6)													

(In NT\$ thousands)



Range of Remuneration	Name of Presidents and Vice Presidents	
	The Company	Companies in the consolidated financial statements
Under NT\$1,000,000		
NT\$ 1,000,000 (included)~ NT\$ 2,000,000 (excluded)		
NT\$ 2,000,000 (included)~ NT\$ 3,500,000 (excluded)	Shih, Chih-Hung, Yang, Hsiao-Tung, Lee, Qin-Xue	Yang, Hsiao-Tung, Lee, Qin-Xue
NT\$ 3,500,000 (included)~ NT\$ 5,000,000 (excluded)	Ho, Yue-Ming, Liu, Hong-Chih Chang, Chia-Li, Hu, Chia-Ho	
NT\$ 5,000,000 (included)~ NT\$ 10,000,000 (excluded)	Lu, Chin-Chu, Chan, Lu-Min, Chiu, Hui-Yao, Minston Chao	Ho, Yue-Ming, Chiu, Hui-Yao, Minston Chao, Shih, Chih-Hung
NT\$ 10,000,000 (included)~ NT\$ 15,000,000 (excluded)		Chang, Chia-Li, Hu, Chia-Ho
NT\$ 15,000,000 (included)~ NT\$ 30,000,000 (excluded)	Tsai, Nai-Yung	Lu, Chin-Chu, Chan, Lu-Min, Liu, Hong-Chih, Tsai, Nai-Yung
NT\$ 30,000,000 (included)~ NT\$ 50,000,000 (excluded)		
NT\$ 50,000,000 (included)~ NT\$ 100,000,000 (excluded)		
Over NT\$ 100,000,000 (included)		
Total	12 persons	12 persons

Note 1: The amount of pension was actually paid by the Company and Companies in the consolidated financial statements in 2023.

Note 2: As of the date of publication of the annual report, the amount of employee remuneration distribution has not yet been determined, and the proposed amount for this year is tentatively estimated based on the actual distribution of last year.

Note 3: The calculation is based on the net income of the Company's 2023 separate financial statements. (NT\$ 10,623,608 thousand).

Note 4: Retired as an officer on June 30, 2023

Note 5: Resigned as an officer on June 19, 2023.

Note 6: Appointed as an officer on August 14, 2023.



(3) Distribution of employees' compensation paid to officers

(In NT\$ thousands)

	Title	Name	Amount of stock	Amount of cash (Note1)	Total	Ratio of Total Amount to Net Income (%) (Note 2)
Officers	Chairman and President of Administration Management Department	Chan, Lu-Min	0	13,472	13,472	0.13
	President	Lu, Chin-Chu				
	Vice President	Liu, Hong-Chih				
	Vice President	Chang, Chia-Li				
	Vice President	Ho, Yue-Ming				
	Vice President	Hu, Chia-Ho				
	Vice President	Chiu, Hui-Yao				
	Vice President	Minston Chao				
	Vice President	Shih, Chih-Hung				
	Vice President	Lee, Qin-Xue				
	Executive Senior Manager	Liao, Yuang-Whang				
	Executive Senior Manager	Yen, Chia-Wen				
	Financial Officer	Chang, Yea-Fen				
	Accounting Officer	Wu, Hui-Chi				
	Corporate Governance Officer	Huang, Chao-Fen				

Note 1: As of the date of publication of the annual report, the amount of employee remuneration distribution has not yet been determined, and the proposed amount for this year is tentatively estimated based on the actual distribution of last year.

Note 2: The calculation is based on the net income of the Company's 2023 separate financial statements. (NT\$ 10,623,608 thousand).



- (4) Compare the ratio of total remuneration that the Company and Companies in the consolidated financial statements paid to Directors, Presidents and Vice Presidents to the net income for the past two fiscal years with a discussion of the remuneration policy, standards and composition of remuneration payment, procedures to determine the remuneration, and the connection between the remuneration payment and the Company's performance and future risks.

Items Title	Ratio of Total Amount to Net Income (%)			
	2023		2022	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Directors	0.94%	1.05%	0.91%	1.01%
Presidents and Vice Presidents	0.64%	1.40%	0.63%	1.34%

The Company disburses remuneration to its Directors and Officers in accordance with Article 16-1 and 23 of the Articles of Incorporation (as noted in Note 1 and Note 2), with reference to the general standards adopted by the industry, the scope of authority, and the contributions to the Company's operational goals. The Company also takes into consideration the decision-making risks associated with the position, the potential for failing to meet operating goals, and the risk of non-compliance with policies and regulations when determining fair remuneration. Remuneration for Directors and officers reflects both the Company's overall operational performance and results from annual performance evaluations.

The director's remuneration structure of the Company comprises remuneration, director's remuneration based on annual profits, and attendance fees. Independent directors receive a fixed monthly remuneration and attendance fees but do not share in directors' remuneration distribution. The remuneration of individual directors is determined based on the decision-making risks they assume and performance evaluations. Distribution is then allocated according to the equity each director represents in the current term, along with the outcomes of performance evaluations. Performance evaluations criteria encompass supervising and supporting the Company's sustainable development goals, attendance at Board meeting and shareholders' meetings and director training.

The officer's remuneration structure of the Company comprises a fixed monthly salary, variable salaries (including performance bonuses, employees' compensation, year-end bonuses and other incentives), pensions calculated according to law, and employee benefits. The fixed monthly salary considers job content, responsibilities, decision-making risks, and industry market salary levels. Variable salaries are based on the Company's operational performance and the achievement of the officer's key performance indicators categorized by department, including revenue and profit targets, achievement rates of profit targets, increases in gross profit margin and profit margin, talent pool readiness, carbon reduction initiatives, financial operational performance, and compliance with actual effective interest rate control standards, among others.

The remuneration of directors and officers of the Company is not only referring to past operational performance but also factors in strategic performance goals and distribution standards, structures, and system. Future risk factors are also taken into account to avoid behaviors that may exceed the Company's risk threshold in pursuit of remuneration. In addition, the Company's remuneration committee regularly evaluates the remuneration policy and system for directors and officers, and submits the recommendations to the board of directors for resolution.

Note1: Article 16-1: The Company may pay compensation to Directors performing duties for the benefit of the Company regardless of the Company's profit performance. The board of Directors is authorized to



determine, according to the general standards adopted by the industry, Directors' compensation based on the level and value of contributions to the Company's operations.

Note 2: Article 23: The Company shall appropriate 1 to 5% of the profit of the fiscal year (profit shall mean the income before income tax less Employees' compensation and Directors' remuneration) for employees' compensation and may appropriate no higher than 3% of the same profit as Directors' remuneration. Such employees' compensation may be in the form of stock or cash by the resolution of the board of Directors. Employees eligible for such compensation may include those of the Company's subsidiaries meeting certain conditions.



3.4 Implementation of Corporate Governance

(1) Operations of the Board of Directors

Seven meetings of the Board of Directors were held in 2023. The attendance status of the Directors is as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance Rate (%)	Notes
Chairman	Chuan Mou Investments Co., Limited Representative: Chan, Lu-Min	7	0	100.00	
Director	Tsai, Pei-Chun	7	0	100.00	
Director	Tzong Ming Investments Co., Limited Representative: Tsai, Min-Chieh	6	1	85.71	
Director	Ever Green Investments Corporation Representative: Lu, Chin-Chu	7	0	100.00	
Director	Sheachang Enterprise Corporation Representative: Wu, Pan-Tsu	7	0	100.00	
Director	Shun Tai Investments Co., Limited Representative: Ho, Yue-Ming	7	0	100.00	
Independent Director	Chen, Huan-Chung	7	0	100.00	
Independent Director	Hsu, Chu-Sheng	7	0	100.00	
Independent Director	Chang, Shih-Chieh	7	0	100.00	

Other matters to be specified:

I. Where any of the following circumstances occurs with respect to the operation of the Board of Directors, meeting dates, sessions, contents of resolutions, opinions of all independent directors, and actions taken by the Company in response to opinions of independent directors shall be noted.



1. Matters prescribed under Article 14-3 of the Securities and Exchange Act:				
Meeting Dates	Sessions	Contents of resolutions	Opinions of all independent directors	Actions taken by the Company in response to opinions of independent directors
2023.03.16	5th meeting of the 24th Board of Directors	1. Discussed the independence assessment and competency of the Company's CPA. 2. Discussed the appointment and dismissal of accounting officer and deputy accounting officer. 3. Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.	None	N/A
2023.04.26	6th meeting of the 24th Board of Directors	Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.		
2023.05.15	7th meeting of the 24th Board of Directors	Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.		
2023.08.14	8th meeting of the 24th Board of Directors	Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.		
2023.11.14	10th meeting of the 24th Board of Directors	1. Acquire the right-of-use assets of real estate from the Company's related party. 2. Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.		
2023.12.21	11th meeting of the 24th Board of Directors	1. Discussed independence assessment and appointment of the Company's CPA and approved the CPA's remuneration. 2. Acquire the right-of-use assets of real estate from the Company's related party. 3. Discussed the line of credit for the Company to make and remove endorsement or guarantee for its subsidiaries.		
2. Except for the matters mentioned in the preceding paragraph, matters resolved by the Board of Directors, to which an independent director has a dissenting or qualified opinion that is on record or stated in a written statement : None.				



II. For any refusal of Directors due to conflict of interests in certain proposals, name of the Director, contents of resolutions, reasons for the refusal and participation in the voting shall be noted :

Meeting Dates	Contents of resolutions	Name of Directors	Reasons for the refusal	Participation in the voting shall be noted
2023.03.16 5th meeting of the 24th Board of Directors	Discussed the 2022 annual bonus for the officers of the Company.	Chan, Lu-Min, Lu, Chin-Chu, Ho, Yue-Ming	The Directors are stakeholders of this proposal.	Recused from discussion and voting of this proposal.
	Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.	Chan, Lu-Min, Lu, Chin-Chu, Tsai, Pei-Chun, Tsai, Min-Chieh, Ho, Yue-Ming		
2023.04.26 6th meeting of the 24th Board of Directors	Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.	Chan, Lu-Min, Lu, Chin-Chu, Tsai, Pei-Chun, Tsai, Min-Chieh, Ho, Yue-Ming		
2023.05.15 7th meeting of the 24th Board of Directors	Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.	Chan, Lu-Min, Lu, Chin-Chu, Tsai, Pei-Chun, Tsai, Min-Chieh, Ho, Yue-Ming		
2023.08.14 8th meeting of the 24th Board of Directors	Discussed the matters pertaining to the amount of the Company's 2022 distribution for directors' remuneration.	Chan, Lu-Min, Lu, Chin-Chu, Tsai, Pei-Chun, Tsai, Min-Chieh, Wu, Pan-Tsu, Ho, Yue-Ming		
	Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.	Chan, Lu-Min, Lu, Chin-Chu, Tsai, Pei-Chun, Tsai, Min-Chieh, Ho, Yue-Ming		
2023.09.27 9th meeting of the 24th Board of Directors	Discussed the 2022 Employees' Compensation for the Company's officers.	Chan, Lu-Min, Lu, Chin-Chu, Ho, Yue-Ming		
2023.11.14 10th meeting of the 24th Board of Directors	Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.	Chan, Lu-Min, Lu, Chin-Chu, Tsai, Pei-Chun, Tsai, Min-Chieh, Ho, Yue-Ming		
2023.12.21 11th meeting of the 24th Board of Directors	Discussed the line of credit for the Company to make and remove endorsement or guarantee for its subsidiaries.	Chan, Lu-Min, Lu, Chin-Chu, Tsai, Pei-Chun, Tsai, Min-Chieh (appointed Ms. Tsai, Pei-Chun as proxy to attend the meeting), Ho, Yue-Ming		



III. Listed and over-the-counter companies shall disclose the evaluation cycle and periods, scope, method, and content of evaluation and other information relevant to the self (peer) evaluation of board of directors:						
Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Content of Evaluation	Result	Remark
Implemented once every year	January 01, 2023 to December 31, 2023	The Board	Internal Assessment of the Board	Participation in the operation of the company; improvement of the quality of the board of directors' decision making; composition and structure of the board of directors; election and continuing education of the directors; and internal control.	Excellent	No suggested areas for improvement were identified, and the evaluation was submitted to the Board of Directors' meeting on December 21, 2023. The evaluation results will be used as a reference for the remuneration and nomination of individual directors.
		Individual Directors	Self-assessment by individual Board members	Alignment of the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationship and communication; director's professionalism and continuing education; and internal control.	All 9 directors were rated as Excellent	
		Remuneration Committee	Internal Assessment of the Remuneration Committee	Degree of participation in the company's operations; awareness of the duties of the committee; improvement in the quality of decision making by the committee; the composition of the committee and member appointment; and internal control.	Excellent	
		Audit Committee	Internal Assessment of the Audit Committee	Degree of participation in the company's operations; awareness of the duties of the committee; improvement in the quality of decision making by the committee; the composition of the committee and member appointment; and internal control.	Excellent	



Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Content of Evaluation	Result	Remark													
Evaluated by external experts at least once every three years	The Company appointed EY Business Advisory Services Inc.(EY) to conduct the external performance evaluation of the Board of Directors. The period of evaluation is September 2022 to August 2023 and the scopes are The Board, Individual Directors, Remuneration Committee and Audit Committee.		EY conducts evaluations through review of documents, self-evaluation questionnaires and individual interviews with directors.	EY identify key elements to evaluate board performance through 3 dimensions and 8 aspects, <table><tr><th>Dimensions</th><th>Aspect</th></tr><tr><td>Board Structure</td><td>Board structure and processes, Board composition and members</td></tr><tr><td>Members</td><td>Legal and organizational structure, roles and responsibilities, behavior and culture</td></tr><tr><td>Processes and Information</td><td>Director training and development, supervision of risk control, supervision of reporting/disclosure, and supervision of performance</td></tr></table>	Dimensions	Aspect	Board Structure	Board structure and processes, Board composition and members	Members	Legal and organizational structure, roles and responsibilities, behavior and culture	Processes and Information	Director training and development, supervision of risk control, supervision of reporting/disclosure, and supervision of performance	The overall performance level in terms of Board structure, members, processes, and information was rated as “Advanced”^(Note), submitted to the Board of Directors’ meeting on December 21, 2023. Below are EY’s recommendations, based on their Evaluation Report, along with the Company’s Planned Measures: <table><tr><th>Recommendation</th><th>The Company’s Planned Measure</th></tr><tr><td>Enhance independent directors’ comprehensive understanding of grassroots operations</td><td>The Company will assess arranging directors to visit overseas facilities, and schedule operational executives to report on performance, market trends, risks, and opportunities. This aims to enhance independent directors’ understanding of grassroots operations at the Company.</td></tr><tr><td>Introduce a director education and training system and establish a director succession mechanism</td><td>The Company keeps regular records of directors’ professional development activities, and from time to time provides diverse education courses related to the Company’s operations for directors to attend. Also, external experts or consultants are invited to the Company to conduct diverse directors’ training programs every year. The Company will establish a succession mechanism for new and existing directors, arrange for directors to transfer and hand over experience and documents from Board and functional committee meetings, and provide training plans for new directors to fully understand the Company’s operations, core decisions, and risk management.</td></tr></table>	Recommendation	The Company’s Planned Measure	Enhance independent directors’ comprehensive understanding of grassroots operations	The Company will assess arranging directors to visit overseas facilities, and schedule operational executives to report on performance, market trends, risks, and opportunities. This aims to enhance independent directors’ understanding of grassroots operations at the Company.	Introduce a director education and training system and establish a director succession mechanism	The Company keeps regular records of directors’ professional development activities, and from time to time provides diverse education courses related to the Company’s operations for directors to attend. Also, external experts or consultants are invited to the Company to conduct diverse directors’ training programs every year. The Company will establish a succession mechanism for new and existing directors, arrange for directors to transfer and hand over experience and documents from Board and functional committee meetings, and provide training plans for new directors to fully understand the Company’s operations, core decisions, and risk management.
					Dimensions	Aspect													
					Board Structure	Board structure and processes, Board composition and members													
					Members	Legal and organizational structure, roles and responsibilities, behavior and culture													
					Processes and Information	Director training and development, supervision of risk control, supervision of reporting/disclosure, and supervision of performance													
Recommendation	The Company’s Planned Measure																		
Enhance independent directors’ comprehensive understanding of grassroots operations	The Company will assess arranging directors to visit overseas facilities, and schedule operational executives to report on performance, market trends, risks, and opportunities. This aims to enhance independent directors’ understanding of grassroots operations at the Company.																		
Introduce a director education and training system and establish a director succession mechanism	The Company keeps regular records of directors’ professional development activities, and from time to time provides diverse education courses related to the Company’s operations for directors to attend. Also, external experts or consultants are invited to the Company to conduct diverse directors’ training programs every year. The Company will establish a succession mechanism for new and existing directors, arrange for directors to transfer and hand over experience and documents from Board and functional committee meetings, and provide training plans for new directors to fully understand the Company’s operations, core decisions, and risk management.																		



Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Content of Evaluation	Result	Remark
					Recommendation Establish a Sustainable Development Committee and a Risk Management Committee.	The Company's Planned Measure The Company has a dedicated Sustainable Development Department, which is directly assigned by the Board of Directors, and is well organized to deal with sustainability-related matters. The Department also reports quarterly to the Board on climate change issues, and annually on stakeholder communication, climate change, occupational safety and health management, and other environmental, social and governance sustainability issues, so as to effectively enhance the Company's performance in sustainable operations. In December 2023, the Company established a "Risk Management Guidance Committee" comprised of senior management and supervised by the Audit Committee and the Board, to enhance risk control and ensure the sound operation of the Company. In the future, the Company will evaluate the need for additional functional committees based on corporate governance and operational management requirements

(Note) EY evaluated the standard score as:

Basic: Compliance with the basic requirements of the competent authorities and relevant laws and regulations.

Advanced: Compliance with the basic requirements of the competent authorities and relevant laws and regulations, as well as a set of established and effective practices, or the initiative to improve the performance of this orientation

Outstanding: Not only does it exceed the basic requirements of the competent authorities and relevant laws and regulations, but the practice is equivalent to benchmarking.



IV. Goals to strengthen the functionality of the board of directors and assessment of implementation results in the current year and previous year:

1. Continue to reinforce the structure of the board of directors:

(1) To reinforce corporate governance and strengthen the functionality of the board of directors, the Company nominates and elects directors with the goal of achieving board diversity. Among them, two are female directors. All board members possess professional knowledge, skills, and background in industry, finance, technology, business management, and law, equipping them with the necessary competencies to perform their responsibilities.

(2) The Company established the Remuneration Committee in September 2011 to assist the board of directors in evaluating the performance of directors and managers and overseeing compensation policies, systems, standards and structures. It also provides suggestions on individual remunerations, with ongoing efforts to strengthen the Committee's independence.

(3) Starting from June 2016, the Company's Audit Committee has composed entirely of independent directors, supporting the board in supervising the operation and quality of the Company's accounting, auditing, and financial reporting processes. Additionally, it reviews the risks and reasonableness associated with fund loans, endorsements/guarantees, or the disposal of assets of material nature.

(4) The Nomination Committee was set up in November, 2021, with more than half of its members are Independent Directors of the Company, who assist the board of directors to strengthen management mechanisms and improve corporate governance.

2. Maximize the effectiveness of board functions:

(1) The Company purchases liability insurance for all directors so that directors are fully committed to performing their board duties to create maximum profit for the company and shareholders.

(2) As of December 31, 2023, the Company's three independent directors have not served three terms in a row. To implement supervision, these independent directors attended all board meetings in 2023, achieving a 100% attendance rate.

(3) Approval was obtained from the Board of Directors in April 2019 to appoint an accounting officer as corporate governance officer to be in charge of corporate governance, and the full-time corporate governance officer was appointed by the Board on August 12, 2022.

(4) The Company has established the Standard Operating Procedures for Handling Director Requests to assist director performance and improve board functionality.

(5) The Company has established the Regulations Governing Evaluation of Board Performance and evaluates board performance at least once a year. Further amendments were approved in 2023, mandating an external independent professional institution or a panel of external expert and scholars conduct an assessment at least once every three years, which can improve governance effectiveness through regular evaluation and recommendations. The Company appointed EY Business Advisory Services Inc.(EY) to conduct the external performance evaluation of the Board of Directors on August 30, 2023 and report to the Board of Directors on December 21, 2023.

(6) The Company established a "Risk Management Guidance Committee" in December 2023. The Boards is the Company's highest risk management supervision unit, and the Audit Committee is an independent and professional supervisor of the effective control of the risk management mechanism to continuously improve the effectiveness of corporate governance, reasonably ensure the achievement of the company's strategic goals, better manage and control risks in all aspects, and improve the company's operations.



(2) Operational status of the Audit Committee

The Audit Committee of the Company consists of three independent directors. The main function by the Audit Committee is to assist the Board of Directors in monitoring the Company's quality and integrity of accounting, auditing, financial reporting process and financial controls. Six meetings of the Audit Committee were held in 2023. The deliberations by the committee included Paragraph 6 of Audit Committee Charter. The attendance rates of Audit Committee members are as follows:

Title	Name	Professional Qualification, Experience	Attendance in person	Attendance Rate (%)	Notes
Convener	Chen, Huan-Chung	1. Mr. Chen owned a CPA and Securities Analyst License. 2. Independent Non-executive Director of Pou Sheng International (Holdings) Limited. 3. Mr. Chen was Vice President of E.Sun Bills Finance Corporation. He is Partner of Wang Tong & Co., CPAs, who has about 30 years experience of accounting, auditing, management of investment and financial analysis.	6	100.00	
Member	Hsu, Chu-Sheng	1. Adjunct professor of Leadership Program at National Taiwan University and Institute of Technology Management at National Tsing Hua University. 2. Independent Director of inergy Technology Inc., Alexander Marine Co., Ltd. and Fubon Bank (China). 3. Mr. Hsu was General Manager of General Electric International Inc., Taiwan Branch (USA) and President of IBM Taiwan Corporation. He has about 30 years experience of management, leadership of multinational corporation and organization change.	6	100.00	
Member	Chang, Shih-Chieh	1. Professor of Department of Risk Management and Insurance, National Chengchi University. 2. Independent Director of China Development Financial Holding Co., Ltd., KGI Life Insurance Co., Ltd. and Chairman of Risk Management Society of Taiwan. 3. Mr. Chang was Independent Director of CTBC Financial Holding Co., Ltd., Member of Financial Supervisory Commission, Chairman of Insurance Anti-Fraud Institute and Member, Labor Funds Supervisory Committee, Ministry of Labor. He has about 20 years experience of management of risk, financial services industry and insurance.	6	100.00	
Other matters to be specified:					
1. Where any of the following circumstances occurs with respect to the operation of the Audit Committee, meeting dates, sessions, contents of resolutions, resolutions adopted by the Audit Committee, and actions taken by the Company in response to the opinion of the Audit Committee shall be noted.					
(1) Matters prescribed under Article 14-5 of the Securities and Exchange Act:					



Meeting Dates	Sessions	Contents of resolutions	Do an independent director has a dissenting, qualified opinion or major suggestion	Resolutions adopted by the Audit Committee	Actions taken by the Company in response to the opinion of the Audit Committee
2023.03.16	4th meeting of the 3rd audit committee	1. Discussed the Company's 2022 Business and Financial Reports. 2. Discussed the Company's 2022 "Effectiveness Assessment of Internal Control System". 3. Discussed the independence assessment and competency of the Company's CPA. 4. Discussed the appointment and dismissal of accounting officer and deputy accounting officer. 5. Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries			
2023.04.26	5th meeting of the 3rd audit committee	1. Discussed the Company's 2022 profit distribution plan. 2. Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.			
2023.05.15	6th meeting of the 3rd audit committee	1. Discussed the Company's Financial Reports for the first quarter of 2023. 2. Discussed the amendments to the Company's "Non-assurance services pre-approval and concurrence policy provide by auditor's firm". 3. Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.	None	Approved all resolutions.	Submitted to the Board of Directors for approval based on Audit Committee's suggestion
2023.08.14	7th meeting of the 3rd audit committee	1. Discussed the Company's Financial Reports for the second quarter of 2023. 2. Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.			
2023.11.14	8th meeting of the 3rd audit committee	1. Discussed the Company's Financial Reports for the third quarter of 2023. 2. Acquire the right-of-use assets of real estate from the Company's related party. 3. Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.			



Meeting Dates	Sessions	Contents of resolutions	Do an independent director has a dissenting, qualified opinion or major suggestion	Resolutions adopted by the Audit Committee	Actions taken by the Company in response to the opinion of the Audit Committee
2023.12.21	9th meeting of the 3rd audit committee	1. Discussed the Company's Internal Audit Plan for 2024. 2. Discussed the amendments to the Company's "Risk management policy and procedure". 3. Discussed the operational status of risk management. 4. Discussed the independence assessment and appointment of the Company's CPA and approved the CPA's remuneration. 5. Acquire the right-of-use assets of real estate from the Company's related party. 6. Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.	None	Approved all resolutions.	Submitted to the Board of Directors for approval based on Audit Committee's suggestion

(2) Except for the matters in the preceding paragraph, matters not approved by the Audit Committee but approved by at least two thirds of all directors: None.

2. For any recusal of independent directors due to conflict of interests in certain proposals, names of independent directors, contents of resolutions, reasons for the recusal and participation in the voting shall be noted: None.

3. Descriptions of the communications between the independent directors, chief internal auditor, and certified public accountants (CPAs) (including significant matters, methods, and results of communication on the Company's finance and operations, etc.):

a. The Company's Audit Committee which is entirely composed of independent directors shall convene a meeting at least once a quarter, and may call a meeting as needed.

b. Communication between independent directors and chief internal auditor:

(a) The monthly audit report based on the audit plan shall be submitted to each independent director through email or in person by the end of the following month.

(b) The quarterly audit report shall be submitted to the Audit Committee periodically.

(c) Occasionally conduct communication and provide instruction and response by telephone, email, or in person.

(d) Immediately report to the independent directors any material matters.

c. Communication between CPAs and independent directors:

(a) Fully communicated and discussed between CPAs and Audit Committee.

(b) The Audit Committee and CPAs can employ different communication channels (e.g., telephone, email, and in person) to conduct discussions on the findings and results of financial statements for the current period.

(c) A meeting may be convened if communication of significant opinions is deemed necessary.

A diversity of effective communication channels are provided for the Company's independent directors, chief internal auditor, and CPAs. The communications between independent directors, chief internal auditor, and CPAs in 2023 are listed below:



Date	Communication Method	Party Communicated	Matters Communicated	Results
2023.03.15	Virtual Forum	CPAs	The audit report for 2022 financial statements, including: 1. The audit scope and method of the Group. 2. Significant accounting policies, significant accounting estimates, and significant events or transactions. 3. Significant risks and key audit matters.	After thorough communication and discussion, independent directors had no further comments on the audit report of the annual financial statements.
		Chief Internal Auditor	The Company's self-assessment report on the overall internal control system for 2022.	After thorough communication and discussion, independent directors had no further comments on the explanations by the chief internal auditor regarding the annual self-assessment results of the overall internal control system.
2023.03.16	Audit Committee Meeting	CPAs	The Company's CPAs explanation regarding audit quality indicators, independence, and suitability.	After thorough communication and discussion, the Audit Committee approved the assessment of the CPA's independence and suitability, and submitted it to the Board for resolution.
		Chief Internal Auditor	Explanation of effectiveness of the internal control system for 2022.	After thorough communication and discussion, the Audit Committee approved the assessment of the effectiveness of the internal control system for 2022, and submitted it to the Board for resolution.
2023.11.14	Forum	CPAs	1. Advocate and explain the responsibilities of the government unit. 2. Explanation of the quality management system of the accounting firm. 3. The audit plan for 2023 financial statements, including: A. The audit scope and method of the Group. B. Significant accounting policies, significant accounting estimates, and significant events or transactions. C. Significant risks and key audit matters. D. Audit schedule arrangement. 4. Explanation of the sustainability disclosure principles of the International Financial Reporting Standards.	After thorough communication and discussion, independent directors had no further comments on the statutory guidance and explanation of the audit plan for the annual financial statements provided by the CPAs.



Date	Communication Method	Party Communicated	Matters Communicated	Results	
2023.11.14	Forum	Chief Internal Auditor	1. Explanation of the execution status of audit matters for 2023. 2. Planning of anticipated audit matters and audit team resources for 2024.	After thorough communication and discussion, independent directors had no further comments on the annual execution status of audit matters and the next year's audit planning direction provided by the chief internal audit.	
2023.12.21	Audit Committee Meeting	Chief Internal Auditor	The internal audit plan for 2024.	After thorough communication and discussion, the Audit Committee approved the internal audit plan for 2024, and submitted it to the Board for resolution.	



(3) The Company's operational status of corporate governance and the discrepancy with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons

Evaluation Item	Operational status		Discrepancy with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	
I. Does the Company establish and disclose the Corporate Governance Best Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		No Discrepancy. The Company has enacted the "Corporate Governance Best Practice Principles" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", and disclosed such rules on the Company's website for established good corporate governance.
III. Shareholding structure and shareholders' rights i. Does the Company establish an internal operating procedure to deal with shareholders' suggestions, concerns, disputes and litigations, and implement based on the procedure?	V		No Discrepancy. i. To protect the shareholders' rights, the Company has enacted the "Corporate Governance Best Practice Principles" for compliance. The Company has also established the position of spokesperson and the contact for investor relations, responsible for handling shareholder matters. The legal department will assist in handling the shareholders' matters relating to legal issues.
ii. Does the Company possess the list of its major shareholders as well as the beneficial owners of those shares?	V		No Discrepancy. ii. The Company files changes of shareholding on the monthly basis of major shareholders (the shareholders holding more than 10% of the Company's total issued and outstanding shares) in compliance with relevant regulations. In addition, the list of its major shareholders as well as the beneficial owners of those shares is under control by paying attention to other important matters that may cause a change in the shares.
iii. Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	V		No Discrepancy. iii. The Company established Rules Governing Financial and Business Matters among Related Parties, risk control and management mechanism, also established relevant operating procedures provisions in the internal control system regarding the operational, business and financial dealings with specified companies and affiliates. The Company also assists and urges its subsidiaries to build a written internal control system, and enact "Operational Procedures for Making Endorsements and Guarantees", "Operating Procedures for Loaning of Company Funds", "Procedures for Acquisition and Disposal of Assets" and



Evaluation Item	Operational status		Discrepancy with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	
			other relevant management regulations according to their practical conditions for implementing the risk control and management mechanism with its subsidiaries. For preventing irregular transactions, business dealings with the affiliates will be deemed to be made with other independent third parties. The risk control and management mechanisms and firewall between the affiliates have been set up properly.
iv. Does the Company establish internal rules against insider trading on undisclosed information?	V		iv. The Company has enacted and compliance with "Procedures for Handling Material Inside Information" and "Management Procedures for the Prevention of Insider Trading". The Company educates its directors, officers, employees and other person(s) who may receive the Company's material inside information based on his/her identity, profession or controlling power from time to time about legal compliance, and that they shall perform their duties with the care of a good administrator and loyalty and in good faith in accordance with the material resolutions and shall sign the non-disclosure agreement.
III. Composition and Responsibilities of the Board of Directors i. Does the Board develop and implement a diversified policy for the composition of its members?	V		i. The Company has stipulated in the "Corporate Governance Best Practice Principles" and "Rules for Election of Directors" that the composition of the board shall be determined by taking diversity into consideration and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, but not limited to, gender, age, and educational background. Implementation of diversity policy of the Company's Board please refers to page 23.
ii. Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		ii. The Company has established Remuneration Committee, Audit Committee and Nomination Committee in accordance with law. In the future, the Company will establish other functional committees whenever corporate governance need or deemed necessary.



Evaluation Item	Operational status			Discrepancy with "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and the reasons
	Yes	No	Summaries	
iii. Has the company established and implemented methods for assessing the performance of the Board of Directors, conducted performance evaluation annually, presented the performance evaluation results to the Board of Directors, and used the results as reference for individual director remuneration and re-election nomination?	V		iii. The Company has enacted the "Procedures for Evaluating the Board of Directors' Performance". The evaluation cycle, scope of evaluation, method and content please refer to page 38-41.	No Discrepancy.
iv. Does the Company regularly evaluate the independence of CPAs?	V		iv. The Audit Committee annually evaluates the independence and competence of the Company's auditors. It requires the auditors to provide the Statement of Objectivity and Audit Quality Indicators (AQIs), and implements evaluations based on the independent assessment criteria with five main dimensions and 13 items of AQIs: 1. No direct or indirect significant financial stake in the Company. 2. No business relationship with the Company or its directors and officers that compromises independence. 3. Not serving as a director, officer of the Company or in any position significantly impacting audit work during the audit period. 4. No direct blood relation, direct marriage, or second degree of blood relation with the Company's directors or officers 5. Not accepting significant grants or gifts from the Company, its directors, officers or major shareholders. It is confirmed that the auditors have no other financial interests or business relationship with the Company apart from the audit fees and tax case handling fees, nor do the auditor's family members violate the independence principle. With reference to the AQIs, it is confirmed that the auditors and their firms are above the industry-wide average in terms of audit experience and training hours. In addition, digital audit tools will be continually introduced to improve audit quality. The evaluation results last	No Discrepancy.



Evaluation Item	Operational status		Discrepancy with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	
			year was approved by the Audit Committee on December 21, 2023, and the evaluation of the auditors' independence and competence was reported to and approved by the Board of Directors on the same date.
IV. Does the Company appoint a suitable number of designated personnel and supervisor to be in charge of corporate governance related affairs (including but not limited to furnishing information required for business execution by directors, assisting directors and with legal compliance, handling matters relating to board meetings and shareholders meetings according to laws, processing company registration and change of registration, and producing minutes of board meetings and shareholders' meetings)?	V		The Board appointed an accounting officer as a corporate governance officer on April 30, 2019 and appointed a full-time corporate governance officer on August 12, 2022. The newly appointed officer is qualified to serve as the corporate governance officer, who has many years of experience in financial accounting, stock affairs and auxiliary corporate governance. The corporate governance officer attended 18 hours of corporate governance courses during the year, the details of the course please refer to page 56. The duties of corporate governance personnel are as follows: 1. Furnishing information required for business execution by directors and assisting directors with legal compliance. 2. Handling matters relating to shareholders' meetings, board meetings and meetings of associated committees according to laws. 3. Assisting with the promotion and strengthening of corporate governance.
VI. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and properly respond to stakeholders' concerns on corporate social responsibilities?	V		The Company has set up a stakeholder section and publicly disclosed the contact email address (ir@pouchen.com) on the Company's website. There will be specified personnel responsible for responding to stakeholders' concerns, and further transferring to competent authority, according to the scope and nature of the issues. The Company has also publicly disclosed contact information for individual stakeholder (investors, customers, employees, suppliers and CSR related) to respond promptly and properly to stakeholders' concerns on material CSR issues.
VI. Does the Company appoint a professional stock agency for its Shareholders' meetings?	V		The Company has designated Grand Fortune Securities Co., Limited to act as the Company's stock agency to handle Shareholders' meetings, and to deal with Shareholders' affairs.



Evaluation Item	Operational status			Discrepancy with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons
	Yes	No	Summaries	
VII. Information disclosure i. Does the Company have a corporate website to disclose financial information and the status of corporate governance?	V		i. The Company has set up its website (http://www.pouchen.com) to disclose its financial, business and corporate governance information. Specified personnel are responsible for updating the content, and relevant information can also be found on the MOPS website.	No Discrepancy.
ii. Does the Company have other information disclosure channels (e.g. building an English version website, appointing designated people to handle information collection and disclosure, appointing spokespersons, webcasting investor conferences)?	V		ii. 1. In order to enhance information transparency and international visibility, the Company has set up both Chinese and English versions of its website and assigned dedicated personnel to collect company information and disclose major matters. 2. The Company has appointed one spokesperson and two acting spokespersons to oversee the collection and disclosure of the Company's information, particularly material information. 3. The Company participated in four investor conferences in 2023. All relevant information, including operational overviews and quarterly performance, was disclosed on the Company's website.	No Discrepancy.
iii. Does the company publicly disclose its annual financial report at the end of the accounting year within the prescribed time limit, and publicly disclose its Q1, Q2, and Q3 financial reports and monthly operation status ahead of the prescribed time limit?		V	The Company's annual financial report and quarterly financial report has been disclosed and filed within the prescribed time limit following board and committee approval.	In accordance with the time limit for announcements stipulated in Article 36 of the Securities and Exchange Act and the time required for audits by subsidiary's certified public accountant, it is not yet available to announce and submit the Company's annual financial report by the end of February.



Evaluation Item	Operational status	Discrepancy with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights and directors' training, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing liability insurance for directors): Yes, other important information to facilitate a better understanding of the company's implementation of ethical corporate management: i. Employee rights: The Company complies with the Labor Standard Act and the company's human resource rules and regulations to ensure the protection of employees' welfare and retirement systems. ii. Employee care: The Company builds a relationship of mutual trust with employees by adopting an effective welfare system and useful education and training programs. For example, the Employee Welfare Committee offers employee benefits (e.g., birthdays, wedding, funeral, child birth, injuries/illness, and emergency aid), educational activities (e.g., health promotion activities, talks, and short-term courses), and recreational activities and entertainment (e.g., travel subsidy, family day, social club activities, and recreation activities). The Company also provides shuttle buses for employees to commute and rent parking lots for employees to park their vehicles. The Company also cooperates with reputable medical institutions in Central Taiwan to provide emergency aid inside the plant, trauma treatment, medical counseling, health examination, and health-related lectures. Occasionally, The Company cares about the employees' health; doctors are hired to provide proper medical care to the company's employees. iii. Investor relations: The Company has set up the position of spokesperson and contact person for investor relations, serving as a two-way communication channel between the Company and its investors to enhance the transparency and symmetry of information disclosure. In addition to disclosing the Company's financial, business and corporate governance information on the Market Observation Post System (MOPS) website and the Company's website, we also attend investor conferences and have set up an investor relations mailbox to maintain good interaction and communication with investors. iv. Supplier relations: The Company's employees comply with code of ethical conduct. In addition to applying internal discipline in the workplace, the Company also asks its suppliers to sign a Supplier Integrity Agreement or provide an integrity declaration or system document, to focus on the stability and quality of the source of their supply, to conduct prudent evaluation before procurement, and to handle related matters by following the Company's operating regulations. Both parties will fulfill their duties and responsibilities as per agreement and work together to improve product quality. The Company is able to maintain a good stable relationship with its suppliers. v. Stakeholders' rights: The Company endeavors to build diverse communication channels, provide sufficient information to its customers, shareholders, and stakeholders, collect issues that are of concern to stakeholders, and examine whether stakeholders are notified of activities organized by the company. vi. Continuing education, training for Directors and officers:		



Evaluation Item	Operational status				Discrepancy with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons	
The advanced training by the Directors and officers in the most recent fiscal year is as follows:						
Title	Name	Date of training		Host by	Name of the course	Duration
		From	To			
Representative of juristic-person director (Chairman and President of Administration Management Department)	Chan, Lu-Min	2023.04.14	2023.04.14	Taiwan Academy of Banking and Finance	Corporate Governance Lecture	3
		2023.05.15	2023.05.15	Taiwan Corporate Governance Association	Sustainable Development Trends and Practices of Talents in Multinational Enterprises	3
Director	Tsai, Pei-Chun	2023.04.14	2023.04.14	Taiwan Academy of Banking and Finance	Corporate Governance Lecture	3
		2023.05.15	2023.05.15	Taiwan Corporate Governance Association	Sustainable Development Trends and Practices of Talents in Multinational Enterprises	3
Representative of juristic-person director	Tsai, Min-Chieh	2023.04.13	2023.04.13	Taiwan Academy of Banking and Finance	Corporate Governance Lecture	3
		2023.05.15	2023.05.15	Taiwan Corporate Governance Association	Sustainable Development Trends and Practices of Talents in Multinational Enterprises	3
Representative of juristic-person director (President)	Lu, Chin-Chu	2023.04.14	2023.04.14	Taiwan Academy of Banking and Finance	Corporate Governance Lecture	3
		2023.05.15	2023.05.15	Taiwan Corporate Governance Association	Sustainable Development Trends and Practices of Talents in Multinational Enterprises	3



Evaluation Item		Operational status			Discrepancy with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons	
Title	Name	Date of training		Host by	Name of the course	Duration
		From	To			
Representative of juristic-person director	Wu, Pan-Tsu	2023.05.15	2023.05.15	Taiwan Corporate Governance Association	Sustainable Development Trends and Practices of Talents in Multinational Enterprises	3
		2023.07.13	2023.07.13	Taiwan Stock Exchange Corporation	Advocacy of sustainable development action plans for listed companies	3
		2023.11.29	2023.11.29	Taiwan Corporate Governance Association	2023 Fubon Insurance Co., Ltd. ESG and Information Security Risk Management Seminar	3
Representative of juristic-person director (Vice President)	Ho, Yue-Ming	2023.02.16	2023.02.16	Taiwan Corporate Governance Association	Introduction and analysis the benchmark cases of TCFD	1
		2023.03.30	2023.03.30	Taiwan Corporate Governance Association	Climate governance, strategic and carbon reduction trends in the financial industry	1
		2023.04.27	2023.04.27	Taiwan Corporate Governance Association	Financial Crime Control Mechanism and Risk Management E-Course (Statutory)	1
		2023.08.10	2023.08.10	Taiwan Corporate Governance Association	How to improve communication with external stakeholders to deal with the challenges of IFRS 17 (1)	1.5
		2023.09.28	2023.09.28	Taiwan Corporate Governance Association	How to improve communication with external stakeholders to deal with the challenges of IFRS 17 (2)	1.5
		2023.10.18	2023.10.18	Corporate Operating and Sustainable Development Association	The recently case study of Disputes over the procedures of the board of directors and shareholders' meeting under the struggle for management rights	3
		2023.11.09	2023.11.09	Taiwan Insurance Institute	Anti-money laundering and countering terrorism financing of the securities and futures sector workshop	1



Evaluation Item	Operational status			Discrepancy with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons	
	Title	Name	Date of training		Duration
			From	To	
Representative of juristic-person director (Vice President)	Independent Director	Ho, Yue-Ming	2023.12.21	2023.12.21	1
			2023.03.21	2023.03.21	3
			2023.03.21	2023.03.21	3
Independent Director	Independent Director	Chen, Huan-Chung	2023.05.15	2023.05.15	3
			2023.09.04	2023.09.04	3
			2023.04.13	2023.04.13	3
Independent Director	Independent Director	Hsu, Chu-Sheng	2023.05.15	2023.05.15	3
			2023.05.15	2023.05.15	3
			2023.06.02	2023.06.02	3
Accounting Officer	Accounting Officer	Chang, Shih-Chieh	2023.10.16	2023.10.17	12
			2023.10.30	2023.10.31	12



Evaluation Item	Operational status				Discrepancy with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons					
Corporate governance officer	Title	Name Huang, Chao-Fen	Date of training		Host by	Name of the course	Duration			
			From	To						
			2023.05.15	2023.05.15				Taiwan Corporate Governance Association	Sustainable Development Trends and Practices of Talents in Multinational Enterprises	3
			2023.06.02	2023.06.02				National Association of Industry and Commerce	2023 Taishin Net Zero Power Summit	3
			2023.09.22	2023.09.22				Taiwan Corporate Governance Association	Sustainable governance training course-carbon sink, carbon credit and carbon trade	9
			2023.11.22	2023.11.22	Securities & Futures Institute	2023 Insider Equity Transaction Legal Compliance Publicity Briefing	3			

vii. Implementation of risk management policies and risk assessment standards: With the internationalization of the operational scale and in response to the impact and challenges of changes in the global economic environment, the Company focuses on corporate risk management, where we conduct risk assessments on governance, environmental and social issues to ensure sustainable development. On December 21, 2023, the Board of Directors approved the "Risk Management Policy and Procedure" by resolution. The Board of Directors is the Company's highest risk management supervision unit, where it works to ensure the effectiveness of the risk management mechanism and assume the ultimate responsibility for risk management. The Audit Committee reviews risk management policies, procedures and structures, and regularly reviews their applicability and implementation effectiveness. It also supervises the effectiveness of the risk management mechanism to ensure that company risks can be effectively identified, assessed, managed, responded to, and monitored. The Company has also established a Risk Management Guidance Committee, which is responsible for establishing and continuously improving the Company's risk management mechanism and framework, proposing risk management planning, implementing and supervising risk management matters. A risk management working group is set up under the Risk Management Guidance Committee to take charge of risk identification, analysis, evaluation and response of each affiliated unit, as well as risk control in daily management. When necessary, the working group will establish relevant crisis management mechanisms and regularly report risk management information to the Risk Management Guidance Committee to ensure effective implementation of risk management and control procedures of affiliated units. Through top-down supervision and management, and bottom-up accountability reporting, the Company encourages employees to identify risk factors, explore the root causes of problems, and propose contingency and solution strategies to ensure that various operational risks can be identified, managed and controlled within acceptable limits. These measures are able to prevent potential losses within the risk range, and in turn, achieve the optimal allocation of company resources. In 2023, the status of risk management operations for the year was reported to the Board of Directors in December.



Evaluation Item	Operational status	Discrepancy with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
viii. Customer relations policies and implementation status: The Company transacts with its customers by upholding the core values of "Professionalism, Dedication, Innovation, and Service." The Company understands customers' needs and provides affordable products and services that are of excellent quality. The Company has won customers' affirmation and hence maintained a strong relationship with its customers. ix. Liability insurance provided for directors: The Company has purchased liability insurance for all directors. x. Recusals of directors due to conflicts of interests: The Company has mandated in "Rules and Procedures of Board of Directors' Meetings" that all directors shall comply with the principles of recusal from the discussion and resolution of proposals in which directors have conflicts of interest. In addition, the Company has elected three independent directors who can propose professional, neutral advices on the company's business strategies. When discussing any proposal, the Board shall take into consideration the opinions of independent directors to effectively protect the interest of the Company. The Company has established the Guidelines to the Management of Related Party Transactions to ensure that related parties of the Company can avoid conflicts of interest.		
IX. Please describe improvements in terms of the results of the Corporate Governance Evaluation System in recent years and propose areas and measures to be given priority where improvement will be needed: According to the result of the 9th Corporate Governance Evaluation announced by Taiwan Stock Exchange of the most recent year, the Company was ranked within 6% to 20% of the listed companies. The Company implemented the strengthening plan according to the result of the Corporate Governance Evaluation in 2022: 1. Further amendments were approved on 2023, mandating an external independent professional institution or a panel of external expert and scholars conduct an assessment at least once every three years. The Company appointed EY Business Advisory Services Inc.(EY) to conduct the external performance evaluation of the Board of Directors at fourth quarter. 2. Disclosed ESG information according Statement of SASB in Sustainability report. 3. Disclosed the governance of climate risks and opportunities, strategies, risk management, indicators and targets information according TCFD structure. 4. Supervised risk management by Audit Committee and report to the Boards once a year.		



(4) Composition, duties and operational status of the Remuneration Committee

A. Information of the members of the Remuneration Committee

Title	Requirements Name	Professional Qualification and Experience	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Note
Independent Director Convener	Hsu, Chu-Sheng	1. Adjunct professor of Leadership Program at National Taiwan University and Institute of Technology Management at National Tsing Hua University. 2. Independent Director of Inergy Technology Inc., Alexander Marine Co., Ltd. and Fubon Bank (China). 3. Mr. Hsu was General Manager of General Electric International Inc., Taiwan Branch (USA) and President of IBM Taiwan Corporation. He has about 30 years experience of management, leadership of multinational corporation and organization change.	During the two years prior to their appointment and their service terms, the members of the Company's Remuneration Committee were not involved in any violations of the independence principle as required in Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange, nor were they involved in any of the circumstances specified in Article 30 of the Company Act.	2	
Independent Director Member	Chen, Huan-Chung	1. Mr. Chen owned a CPA and Securities Analyst License. 2. Independent Non-executive Director of Pou Sheng International (Holdings) Limited. 3. Mr. Chen was Vice President of E.Sun Bills Finance Corporation. He is Partner of Wang Tong & Co., CPAs, who has about 30 years experience of accounting, auditing, management of investment and financial analysis.		0	
Independent Director Member	Chang, Shih-Chieh	1. Professor of Department of Risk Management and Insurance, National Chengchi University. 2. Independent Director of China Development Financial Holding Co., Ltd., KGI Life Insurance Co., Ltd. and Chairman of Risk Management Society of Taiwan. 3. Mr. Chang was Independent Director of CTBC Financial Holding Co., Ltd., Member of Financial Supervisory Commission, Chairman of Insurance Anti-Fraud Institute and Member, Labor Funds Supervisory Committee, Ministry of Labor. He has about 20 years experience of management of risk, financial services industry and insurance.		2	



B. Operations of the Remuneration Committee

(A) There are three members in the Company's Remuneration Committee.

(B) The Board of Company has approved three members consist of the 5th Remuneration Committee after elected 24th Board of Directors on June 15, 2022. The term of the Committee is from June 15, 2022 to June 14, 2025. Four meetings of the Remuneration Committee were held in 2023. The attendance status is as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance Rate (%)	Notes
Convener	Hsu, Chu-Sheng	4	0	100.00	
Member	Chen, Huan-Chung	4	0	100.00	
Member	Chang, Shih-Chieh	4	0	100.00	

1. The Company's Remuneration Committee periodically reviews the performance assessment standards, the policies, systems, standards, and structures for the compensation of the Board of Directors and officers. In 2023, the Company's Remuneration Committee conducted such performance evaluation on August 14.					
2. Discussion and resolutions adopted by the Remuneration Committee in 2023:					
Meeting Dates	Sessions	Contents of resolutions	Resolutions adopted by the Remuneration Committee	Actions taken by the Company in response to the opinion of the Remuneration Committee	
2023.03.16 3rd meeting of the 5th Remuneration Committee		1. Reviewed the amount of the Company's 2022 distribution for directors' remuneration and employees' compensation. 2. Reviewed the 2022 annual bonus for the officers of the Company. 3. Reviewed the pension for the Company's officer.			
2023.08.14 4th meeting of the 5th Remuneration Committee		1. Discussed the Company's regulations governing remunerations of directors and officers. 2. Discussed matters pertaining to the amount of the Company's 2022 distribution for directors' remuneration. 3. Discussed matters pertaining to rewards for officers of the Company. 4. Discussed the remuneration for the Company's new officers.			
2023.09.27 5th meeting of the 5th Remuneration Committee		1. Discussed the 2022 Employees' Compensation for the Company's officers.			
2023.11.14 6th meeting of the 5th Remuneration Committee		1. Reviewed the 2023 adjustments to remunerations for the Company's officers.			
			Approved all resolutions	Submitted to the Board of Directors for approval based on Remuneration Committee's suggestion	



3. Other matters to be specified:

- I. If the Board of Directors rejects or amends the suggestions submitted by the Remuneration committee, there shall be elaborated with the meeting dates, sessions, contents of resolutions, resolution adopted by the Board of Directors and actions taken by the Company in response to the Remuneration Committee's opinions (if the Board of Directors approved a remuneration plan better than that suggested by the Remuneration Committee, the reasons and the difference shall be elaborated): N/A.
- II. If any member has expressed opposition or reservation with respect to the resolution of the Remuneration Committee and there was a written record or written statement, there shall be elaborated with the meeting dates, sessions, contents of resolutions, the opinions of all members of the Remuneration Committee and actions taken in response to the member's opinions: N/A

(5) Composition, duties and operational status of the Nomination Committee

- A. Clarify the qualification and duties of the Nomination Committee: The Board appointed three directors, including independent directors, to form the 2nd Nomination Committee on August 12, 2022. The term of the Committee is from August 12, 2022 to June 14, 2025. The convener, Chairman Chan, Lu-Min, possesses an expertise in financial accounting, business management, and corporate governance. Committee members, independent directors Chen, Huan-Chung and Hsu, Chu-Sheng, also possess specialized knowledge in "accounting, auditing, management of investment and financial analysis" and "management, leadership of multinational corporation and organization change," respectively. All members have years of experience serving as directors of TWSE/TPEX listed companies, and satisfy the professional requirements of the Committee. Operating under the "Nominating Committee Charter", the Committee faithfully performs the following duties and responsibilities, submitting recommendations to the Board of Directors for discussion.
- (1) To lay down the criteria required for the members of the Board, and to identify, evaluate and nominate candidates for directors accordingly.
- (2) To establish and develop the organizational structure of the Board and each committee, and to conduct performance evaluation, and assess the independence of independent directors.
- (3) To establish and periodically review the director development plan and director succession plan.

B. Two meetings of the Nomination Committee were held in 2023. The professional qualification and attendance status is as follows:

Title	Requirements Name	Professional Qualification and Experience	Attendance in person	Attendance by proxy	Attendance Rate (%)	Note
Convener	Chan, Lu-Min	1. Mr. Chan has about 40 years of finance and accounting management experience. 2. Chairman of the Board of Directors, President of the Administration Management Department of the Company and Executive Director of Yue Yuen Industrial (Holdings) Limited. 3. Mr. Chan was Director of Nan Shan Life Insurance Co., Limited.	2	0	100.00	
Member	Chen, Huan-Chung	1. Mr. Chen owned a CPA and Securities Analyst License. 2. Independent Non-executive Director of Pou Sheng International (Holdings) Limited. 3. Mr. Chen was Vice President of E. Sun Bills Finance Corporation. He is Partner of Wang Tong & Co., CPAs, who has about 30 years experience of accounting, auditing, management of investment and financial analysis.	2	0	100.00	
Member	Hsu, Chu-Sheng	1. Adjunct professor of Leadership Program at National Taiwan University and Institute of Technology Management at National Tsing Hua University. 2. Independent Director of inergy Technology Inc., Alexander Marine Co., Ltd. and Fubon Bank (China). 3. Mr. Hsu was General Manager of General Electric International Inc., Taiwan Branch (USA) and President of IBM Taiwan Corporation. He has about 30 years experience of management, leadership of multinational corporation and organization change.	2	0	100.00	



C. Discussion and resolutions adopted by the Nomination Committee in 2023:

Meeting Dates	Sessions	Contents of resolutions	Resolutions adopted by the Nomination Committee	Actions taken by the Company in response to the opinion of the Nomination Committee
2023.04.26	1st meeting of the 2nd Nomination Committee	1. Discussed the 2023 Company’s “Director development plan” .	Approved all resolutions.	Submitted to the Board of Directors for approval based on Nomination Committee’s suggestion
2023.12.21	2nd meeting of the 2nd Nomination Committee	1. Discussed the Company’s selection criteria of Directors.		
I. If the Board of Directors rejects or amends the suggestions submitted by the Nomination committee, there shall be elaborated with the meeting dates, sessions, contents of resolutions, resolution adopted by the Board of Directors and actions taken by the Company in response to the Nomination Committee’s opinions (if the Board of Directors approved a remuneration plan better than that suggested by the Nomination Committee, the reasons and the difference shall be elaborated): N/A.				
II. If any member has expressed opposition or reservation with respect to the resolution of the Nomination Committee and there was a written record or written statement, there shall be elaborated with the meeting dates, sessions, contents of resolutions, the opinions of all members of the Nomination Committee and actions taken in response to the member’s opinions: N/A				



(6) Performance of Sustainable Development, discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons.

Evaluation Item	Operational status			Discrepancy with the Practice Principles for TWSE/TPEx Listed Companies” and the reasons
	Yes	No	Summaries	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		I. The Company has established the CSR Team in 1997, renamed it the Sustainable Development Team in 2010, and formally reorganized it into the Sustainable Development Department in 2020. This Department is responsible for managing employee relations and compliance, environmental sustainability, and occupational safety and health. The Department is tasked with setting sustainability-related policies and management regulations to ensure compliance, as well as planning and promoting various sustainable actions. In addition, the Department provides assistance to the Company in improving sustainable development management through training, counseling, auditing, and other means. The Sustainable Development Department reports to executive management on the planning, progress, and effectiveness of sustainable development every six months. Additionally, the Department reports issues related to climate change and greenhouse gas management to the board of directors on a quarterly basis. Moreover, the Department submits implementation results of sustainable development initiatives and future work plans to the board of directors at least once a year. The Company's Board of Directors submitted the annual management policies, strategies and goals in December 2023, which mainly include (1) stakeholder communication and identification of major issues and management policies;(2) environmental risk assessment, identification of climate change risks and opportunities, greenhouse gas inventory (establishing an inventory team, training inventory capabilities, disclosing greenhouse gas emissions, gradually expanding the proportion of third-party verification, and setting a target to reduce scope 1 and scope 2 greenhouse gas emissions by 46.2% compared to 2019 by 2030). Meanwhile, we will also expand the use of green energy in major production bases around the world (including installing solar facilities on rooftops, participating in regional green electricity trading markets, and purchasing nationally certified renewable energy certificates); (3) compilation and response to social issues.	No Discrepancy.



Evaluation Item	Operational status			Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summaries	
			The board of directors reviews the current year's progress in implementation, the alignment of future plans with the management policy and strategic direction, as well as the rationality of target value setting. When necessary, the board of directors proposes a review and urges the management team to make timely adjustments as needed.	
II. Does the Company conduct risk assessment of environmental, social, and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policy or strategy?	V		II. The Company formulated the procedures for risk management in 2015, which was further revised into "Risk Management Policies and Procedures" in 2023 to improve and delineate the risk management organizational structure and responsibilities, risk management procedures, risk reporting and disclosure matters, etc., as well as paying attention to the development of risk management mechanisms of domestic and international enterprises. We review and improve our risk management mechanisms established, continuously improve the effectiveness of corporate governance, and reasonably ensure the achievement of the Company's strategic goals. Our risk assessment is mainly focused on the manufacturing of shoes business of the Company and its subsidiaries. The Company analyzes key risks related to environmental, social and corporate governance issues based on the principle of materiality and communication with internal and external stakeholders. Subsequently, it formulates relevant risk management strategies and response measures. The corresponding risk identification and control measures for 2023 are publicly disclosed in the sustainability report and on the Company's website.	No Discrepancy.
III. Environmental Issues i. Has the Company set an environmental management system designed to industry characteristics?	V		i. The Company has established environmental management guidelines based on ISO 14001 environmental management system and internal management standards for all factories to follow, and encourages factories to follow third-party assessments and verifications of ISO 14001:2015, Higg FEM, and other relevant standards to achieve environmental protection goal.	No Discrepancy.



Evaluation Item	Operational status		Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons
	Yes	No	
ii. Does the Company endeavor to utilize energy more efficiently and to use renewable materials with low environmental impact?	V		No Discrepancy.
			ii. 1. Given the increasing impact of global climate change on business operations and in response to the international trend of net-zero emissions that affects corporate energy transformation, the Company is actively promoting various measures to reduce energy consumption and improve energy efficiency, with specific actions as follows: (1)Expanding the use of green energy: rooftop solar power generation, green power procurement, Renewable Energy Certificate (REC), and use of renewable energy. (2)Improving energy efficiency: procurement of energy-saving equipment at source, earlier replacement of low-efficiency equipment, implementation of energy online monitoring system, and the establishment of energy control mechanism. (3)Promoting themed energy-saving projects led by headquarter, business divisions or factory units. (4)Establishing an energy-saving intelligent KM platform to share energy conservation and carbon reduction technologies, and fostering an energy efficient organizational culture. 2. When using raw materials, the Company always strictly complies with international product regulations and brand customers' materials specifications, Manufacturing Restricted Substance List (MRSL), and Zero Discharge of Hazardous Chemicals, (ZDHC). In addition, we also use materials that meet our brand customers' requirements for environmental sustainability. The Company mitigates its environmental impact through using environmentally friendly footwear materials, optimizing production process, reducing waste, and recycling and reusing waste.
iii. Has the Company assessed the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		No Discrepancy
			iii. In line with the climate actions specified in the 17 sustainable development goals of the United Nations, the Company takes actions to ensure a sustainable production model in response to the operational risks and impacts caused by climate anomalies. In accordance with the Group's "Adaptation Strategy to Climate Change" and with reference to the four core pillars of Task Force on Climate-Related Financial Disclosures (TCFD) since 2022, we disclose relevant information on climate change and the risks and opportunities it brings, and formulate relevant adjustment and mitigation strategies.



Evaluation Item	Operational status			Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons															
	Yes	No	Summaries																
iv. Did the Company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management?	V		iv. 1. Greenhouse Gas (GHG) Emissions: (1) Since 2016, the Company has conducted GHG emissions inventories for its manufacturing of shoes business in accordance with ISO 14064-1:2006 standards. In 2022, we began transitioning to the ISO 14064-1:2018 standards for GHG inventories and engaged SGS Taiwan to gradually conduct third-party verification. In 2023, a total of four legal entities, including the Company and its subsidiaries in Vietnam, completed third-party verification. The emissions verified under ISO 14064 accounted for 20.26% of the emissions from manufacturing of shoes business. (2) Greenhouse Gas Emissions in the past two years (The Regional Basis): Unit: 10,000 tons of CO₂^e <table border="1"> <thead> <tr> <th>Year</th><th>Category 1 (Scope 1)</th><th>Category 2 (Scope 2)</th><th>Total</th><th>Carbon Emission per Unit of Product kgCO₂^e/pair</th></tr> </thead> <tbody> <tr> <td>2023</td><td>4.48</td><td>58.54</td><td>63.02</td><td>1.11~4.06</td></tr> <tr> <td>2022</td><td>4.89</td><td>67.16</td><td>72.05</td><td>2.58~3.54</td></tr> </tbody> </table> Note: Category 1 and Category 2 GHG emissions are included in the calculation of carbon emissions per unit product, while other indirect GHG emissions are excluded. In 2023, the total GHG emissions for Category 1 (direct GHG emissions, Scope 1) and Category 2 (indirect GHG emissions from imported energy, Scope 2) were 630,200 tCO₂^e. Category 1 emissions accounted for 44,800 tCO₂^e (7.11%), while Category 2 emissions accounted for 585,400 tCO₂^e (92.89%). Furthermore, Category 3 (other indirect emissions, Scope 3), which include “indirect GHG emissions from transportation (business travel - air travel)” and “indirect GHG emissions from transportation (downstream transportation)” were 1,543.80 tCO₂^e and 17,141.84 tCO₂^e, respectively.	Year	Category 1 (Scope 1)	Category 2 (Scope 2)	Total	Carbon Emission per Unit of Product kgCO ₂ ^e /pair	2023	4.48	58.54	63.02	1.11~4.06	2022	4.89	67.16	72.05	2.58~3.54	No Discrepancy.
Year	Category 1 (Scope 1)	Category 2 (Scope 2)	Total	Carbon Emission per Unit of Product kgCO ₂ ^e /pair															
2023	4.48	58.54	63.02	1.11~4.06															
2022	4.89	67.16	72.05	2.58~3.54															



Evaluation Item	Operational status		Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons
	Yes	No	
			Summaries (3) Target: In response to the international carbon reduction trend, the Company set a 5-year target of achieving zero growth in carbon emissions by 2025 in 2020. In 2021, furthermore, we adopted the 1.5°C scenario under the methodology of Science-Based Target initiate (SBTi) and are committed to reducing absolute GHG emissions by 46.2% in terms of Scope 1 and Scope 2 emissions from manufacturing of shoes business by 2030, with 2019 as the baseline year. (4) Measures: More than 80% of GHG emissions generated by manufacturing of shoes business come from electricity consumption, so our carbon reduction efforts primarily target reducing GHG emissions from electricity by expanding green energy and improving energy efficiency, thereby reducing GHG emissions. (5) Achievement: ● In terms of expanding green energy usage, the Rooftop Solar System (RTS) has been installed at 5 factories by 2023, with a total annual solar energy consumption of 5,035.98 MWh, equivalent to reducing GHG emissions by 3,119.90 tCO₂^e. In the meantime, we purchased green power certificates totaling 163,934 MWh, offsetting 123,564.18 tCO₂^e of GHG emissions. We also purchased green power totaling 5,541.31 MWh, offsetting 3,638.03 tCO₂^e. ● The Company implements energy management mainly through source equipment procurement management, air compressor system leakage management, and energy conservation projects. In 2023, we saved a total of 5,805.43 MWh of energy, equivalent to reducing GHG emissions by 4,152.24 tCO₂^e.



Evaluation Item	Operational status		Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons																								
	Yes	No																									
			Summaries (6)Greenhouse Gas Emissions in the past two years(The Market Basis): Unit:10,000 tons of CO₂ <table border="1"> <thead> <tr> <th>Year</th><th>Category 1 (Scope 1)</th><th>Category 2 (Scope 2)</th><th>Total</th></tr> </thead> <tbody> <tr> <td>2023</td><td>4.48</td><td>45.72</td><td>50.20</td></tr> <tr> <td>2022</td><td>4.89</td><td>58.73</td><td>63.62</td></tr> </tbody> </table> 2. Water resource management: (1)The source of water supply for the Company's footwear production bases is mainly from the local municipal water supply, with a small amount coming from river and lake water. The factories will install clean water treatment facilities and reverse osmosis systems as needed. (2) Water consumption in the past two years: Unit: million liters <table border="1"> <thead> <tr> <th>Year</th><th>Water consumption</th><th>Unit product intensity (Liters/pair)</th><th>Water recycle</th></tr> </thead> <tbody> <tr> <td>2023</td><td>13,675.4</td><td>55</td><td>40.6%</td></tr> <tr> <td>2022</td><td>14,434.5</td><td>43.3</td><td>35.0%</td></tr> </tbody> </table> The total water consumption of the footwear production sites was approximately 13,675.4 million liters in 2023 and 14,434.5 million liters in 2022. Both the sourcing and consumption of water fell within the range approved by the local government and had no significant impact on local water sources. (3)The Company complies with local laws and regulations and actively explores opportunities to recycle and reuse treated water. Through regular inspections of pipes for leakages and the promotion of water-saving measures, the Company has effectively increased the amount of waste water recycled. In 2023, we achieved an average	Year	Category 1 (Scope 1)	Category 2 (Scope 2)	Total	2023	4.48	45.72	50.20	2022	4.89	58.73	63.62	Year	Water consumption	Unit product intensity (Liters/pair)	Water recycle	2023	13,675.4	55	40.6%	2022	14,434.5	43.3	35.0%
Year	Category 1 (Scope 1)	Category 2 (Scope 2)	Total																								
2023	4.48	45.72	50.20																								
2022	4.89	58.73	63.62																								
Year	Water consumption	Unit product intensity (Liters/pair)	Water recycle																								
2023	13,675.4	55	40.6%																								
2022	14,434.5	43.3	35.0%																								



Evaluation Item	Operational status		Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons																
	Yes	No																	
		Summaries recovery rate of 40.6% of our effluent discharge, making a substantial, improvement compared with 2022. 3. Waste management: (1) Total weight of waste in the past two years: <table border="1"> <thead> <tr> <th colspan="4">Unit: metric tons</th></tr> <tr> <th>Year</th><th>Hazardous waste</th><th>Non-hazardous waste</th><th>Total</th></tr> </thead> <tbody> <tr> <td>2023</td><td>5,347.0</td><td>57,088.3</td><td>62,435.3</td></tr> <tr> <td>2022</td><td>6,242.2</td><td>73,138.8</td><td>79,381.0</td></tr> </tbody> </table> The Company's footwear production sites disposed of approximately 62,435.3 metric tons of waste in 2023 and 79,381.0 metric tons in 2022. The intensity of hazardous waste was approximately 0.03kg/pair, while non-hazardous waste had an intensity of 0.32kg/pair. The Company's waste removal and disposal practices comply with relevant local government laws and regulations. (2) In waste management, our primary focuses in on legal removal and treatment to minimize any adverse environmental impact. For industrial wastes, we have set a target of zero burial and reduced incineration through the implementation of relevant action plans. Our long-term objective in waste management is to reuse and recycle manufacturing waste, striving for a circular economy and ultimately aiming for an environmentally sustainable vision of zero waste.	Unit: metric tons				Year	Hazardous waste	Non-hazardous waste	Total	2023	5,347.0	57,088.3	62,435.3	2022	6,242.2	73,138.8	79,381.0	
Unit: metric tons																			
Year	Hazardous waste	Non-hazardous waste	Total																
2023	5,347.0	57,088.3	62,435.3																
2022	6,242.2	73,138.8	79,381.0																
IV. Social Issues	V	i. In accordance with the Universal Declaration of Human Rights, the ILO Declaration of Fundamental Principles and Rights at work, the FLA Workplace Code of Conduct, and local labor laws and regulations, the Company has established the Group's Code of Conduct (COC), which dedicated to creating an environment that safeguards human rights and upholds the legitimate rights and interests of employees.	No Discrepancy.																



Evaluation Item	Operational status			Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons
	Yes	No	Summaries	
conventions?			1. The Company complies with local regulations on wages and working hours. The Company does not, by any means, employ labor that is forced, imprisoned, or bound by illegal contracts, and forbids any discriminatory measures as well as conducts in relation to the acceptance of bribes from intermediaries. The Company also respects employees' freedom of association and right to collective bargaining, and recognizes legal union organizations initiated by employees. In line with the spirit of human rights advocated by international organizations and to effectively ending forced labor, we have signed the Commitment to Responsible Recruitment jointly established by the Fair Labor Association and the American Apparel & Footwear Association (AAFA). This commitment is aimed at daily promotion and advocacy of human rights, which sets out that: (1) No workers pay for their job; (2) Workers control of their travel documents and have full freedom of movement; and (3) All workers are informed of the basic terms of their employment before leaving home. 2. The Company prioritizes the welfare of its employees and emphasizes human-centered management practices, including incentives and encouragement of positive behaviors. Harassment or abuse of employees in the workplace is strictly prohibited. The Company amended its Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace in 2017 and 2020, and further updated according to the Ministry of Labor's Template in response to the amendment of the Gender Equality in Employment Act in March, 2024. The Company conducts annual reviews of the regulations to ensure compliance with the recommendations from the competent authority. We have set up complaint channels and specified personnel responsible for maintaining employee relations, promptly addressing and responding to any violations found. 3. In 2023, employees filed 4,417 cases involving grievance consultation through grievance	

70



Evaluation Item	Operational status		Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	
iii. Does the Company provide a safe and healthy working environment, and conduct periodic safety and health education for its employees?	V		No Discrepancy.
		iii. In compliance with the requirements of governments, customers, NGOs and other stakeholders, the Company operates effectively and keeps improving all safety and hygiene management measures. We promote a culture of safety within the Company and allocate resources to enhance equipment safety and the working environment, ensuring employees' safety and health. 1. The Company is committed to providing a safe and friendly workplace environment for employees. Since 2022, we have been gradually promoting and implementing safety culture activities through basic engineering, environmental safety and health (ESH) partners, and a top-down system, encouraging comprehensive employee participation in identifying hazards and devising improvement measures. Such effort will enhance the safety awareness of all employees in identifying hazards, and establish proactive safety habits. 2. In addition to regular employee health check-ups and hierarchical management in accordance with regulations, the Company also provides health examination items for employees working in factories in Mainland China and Myanmar that are superior than local regulations. In addition, the Company plans annual routine health promotion activities and holds large-scale sports events for employees every year to promote workplace health. 3. In addition to designating full-time safety and health management personnel in accordance with local laws and regulations, the Company has developed a pre-job training system for factory operators and maintenance staff working with high-risk production machines. This system requires them to study designated course materials for training. As of 2023, 23 types of high-risk machines have been included in the designated machinery models of training courses. Currently, a total of 84,607 individuals have undergone training and passed the test, with a training completion rate of 100%.	



Evaluation Item	Operational status		Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	
			Summaries 4. In 2023, the ISO 45001 occupational safety and health management system was implemented in shoe production factories, with 80% of the total factories passing external verification. 5. In 2023, the Company experienced 86 occupational accidents, involving 86 employees, accounting for 0.039% of the total number of employees. In 2023, there were 21 fire incidents with no casualties, accounting for 0% of the total number of employees. The relevant improvement measures are as follows: (1) The Company has formulated and followed the "Procedures for Abnormal Accident Management," supplemented by the "Abnormal Incident Management System" to undertake systematic management, so as to ensure the effective implementation of accident notification and follow-ups. (2) Through systematic data analysis, we conduct an occupational disaster risk matrix assessment, listing high-risk machine types, and implementing procurement source safety control and machinery rectification projects to create a safe work environment for employees. (3) Since June 2020, the "Accident Investigation and Handling Mechanism" has been promoted, and discussion meetings have been duly held to rigorously implement accident investigation and report verification mechanism, identify the true cause, and delineate the division of authority and responsibility so that all parties involved can perform their duties. (4) The Company uses the internal mailbox and the ESH committee to promote and discuss meeting information simultaneously. Furthermore, by implementing software and hardware improvement measures through disaster indicator analysis, we verify the progress and effectiveness of improvement via monthly and quarterly meetings.



Evaluation Item	Operational status		Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	
iv. Has the Company established effective career development training programs for its employees?	V		No Discrepancy.

iv. 1. The training and development objectives are to carry on the Company's vision, operational goals and organizational needs, using systematic methods and tools to provide employees with comprehensive training to help employees continuously improve their professional and management skills, strengthen the corporate talent pool, enable employees to grow with the Company, become long-term partners in turn to create greater value for the company, achieve business goals, and facilitate devising future development plans. To strive for excellence, the Company's training program is introduced into the TTQS (Talent Quality-management System), and the effectiveness of training is self-checked by reference to international ISO standards. It was formally applied to the Ministry of Labor for evaluation, and was recognized with a silver medal in the Enterprise & Organization Edition.

2. The Company's annual training programs combines our mission, vision, business strategies and goals. We collect and understand the development focus and training requirements of each of our business department; continuously engage in innovation and introduce new technologies, concepts, and tools; encourage personal growth and organizational learning; offer diverse learning channels that encourage self-paced learning. Simultaneously, we also consider employees' personal development plans, the training system of each level of function, relevant laws and regulations, and other professional skills certification courses, and formulate the “Training Program Management Guidelines” to facilitate the operation. To solidify job skills at various levels and implement the vision of lifelong learning, the Company plans a series of training programs at different stages according to its business strategy and core values. The Company constantly provide training for employees, from their employment to their expected retirement, to help them acquire the skills they need in performing their tasks and strengthening their capabilities for continued employment. By arranging training programs for employees, the Company expects to reach an internal



Evaluation Item	Operational status			Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons
	Yes	No	Summaries	
			consensus among employees so that they can recognize the organization value and furthermore contribute to achieve the best business performance for the Company. (1) Course for New Employees: The Company provides training courses for new employees to accelerate their understanding and recognition of the Company. (2) Core Competency Course: A series training course focusing on the Company's core functions to establish a common language within the Company. (3) Management Course: Management courses for various management levels are planned according to the management functions and competencies. (4) Professional Course: Professional training courses for various functional attributes based on work contents and professional requirements. (5) Self-Development Course: A range of soft power courses such as language training courses and in-house lecturers are provided to encourage a diversified development of employees.	
v. Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and implement consumer protection and grievance policies?	V		v. The Company strictly complies with local government laws, customer demands, and company regulations. We practice supplier management by 1. Partnering suppliers are required to comply with the standards adopted by the customers (e.g., Restricted Substances List, RSL). 2. Partnering suppliers are required to abide by the Company's basic requirements (environmental management, fire safety, safety and health, human rights). The Company continues to invest in encouraging suppliers to practice circular economy management. Several of the Company's suppliers have passed various management system certifications, including Bluesign, Higg, ISO 14001, ISO 14064, ISO 45001, ISO 50001, ISO 9001, LWG, Oeko-Tex, PAS 2050, SA 8000 and ZDHC. Effective communication with stakeholders is maintained through the Stakeholder section and mailbox for suppliers, which are provided on the Company's website.	No Discrepancy.



Evaluation Item	Operational status		Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	
vi. Has the Company established supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V	vi. The Company regards integrity and compliance as the cornerstone of cooperation between the Company and suppliers. All suppliers must abide by local regulations and contractual commitments, and give priority over compliance with human rights, health and safety, and environmental protection. By using a supplier audit and selection mechanism, the Company selects potential suppliers to partner with, regularly evaluate the overall performance of its suppliers to provide guidance based on their performance, and track suppliers' improvement progress in order to improve the efficiency of the Company's supply chain. Stakeholders can understand the supplier management policies and related implementation results through the Company's website "Sustainability - Supply Chain Management".	No Discrepancy.
V. Does the Company refer to internationally reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the Company obtain third-party assurance or verification for the reports above?	V	V. The Company has been publishing the "Sustainability Report" since 2014. The "2023 Sustainability Report" follows GRI Universal Standards 2021 issued by the Global Reporting Initiative as the primary comprehensive disclosure framework. Additionally, it references the Task Force on Climate-Related Financial Disclosures (TCFD) and the industry guidelines of the Sustainability Accounting Standards Board (SASB). The report undergoes verification by the third-party verification unit of SGS Taiwan Ltd. at AA 1000AS v3 type II high assurance level. Subsequently, it will be uploaded to the Market Observation Post System (MOPS) website and the Company's website.	No Discrepancy.
VI. If the Company has enacted its sustainable development best practice principles according to the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe the operational status and discrepancy: The Company has enacted the “Sustainable Development Best Practice Principles” in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, implemented such rules accordingly, no discrepancy so far.			
VII. Other important information to facilitate better understanding of the Company's implementation of Sustainable Development: The Company has enacted the “Sustainable Development Best Practice Principles” and prepared the “Sustainability Report” to outline the status of our sustainable development initiatives. These documents are made available on the MOPS website and the Company's website.			



(7) Climate-related information by TWSE/TPEx Listed Companies

I. Implementation of Climate-related information

Item	Implementation
1. Describe the Board of Directors and management's oversight and governance of climate-related risks and opportunities.	Governance structure: • The Board of Directors, as the highest decision-making unit of the Company's risk management, collaborates with functional committees and senior management to establish a comprehensive risk management structure to ensure the effective operation of the risk management mechanism. • The Company has a Sustainable Development Department responsible for coordinating climate-related issues. The Department head reports directly to the Board of Directors on the progress of climate change and GHG-related work on a quarterly basis. The board of directors reviews implementation effectiveness and strategic goals periodically. • The Company has established a "Risk Management Guidance Committee" to supervise the affairs of the Risk Management Working Team. Oversight for climate-related matters falls under the purview of the Sustainable Development Department, which coordinates with senior management from relevant functional departments and units. They are responsible for assessing and analyzing climate-related risks and opportunities, as well as implementing strategies and actions related to climate change. • In 2021, the Board of Directors approved the Group's "Adaptation Strategy to Climate Change" on management of energy-related strategies arising from climate change and enhancing the response to climate change. The Company combines sustainable goals with business strategies, and incorporates climate change-related work, such as energy conservation and carbon reduction, ventilation and cooling, and disaster prevention, into key performance indicators. We regularly track and review the implementation progress, and undertake timely improvement measures. Both of which will be integrated into the department and personal performance appraisal basis to encourage the management to proactively achieve the Company's sustainability goals while pursuing operational growth.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the Company (short, medium, and long term).	• We identify climate-related risks and opportunities through cross-departmental discussions with reference to the SSP1-2.6 and SSP5-8.5 scenarios. According to the professional experience of each unit, we assess the time interval, occurrence probability and impact level of climate risks/opportunities, carry out risk identification and classification ranking, and assess the potential operational and financial impact on the Company. • Internally, within 3 years is defined as "short-term", 3-5 years as "medium-term", and above 5 years as "long-term". Follow TCFD guidelines, 8 climate risks and 8 derivative opportunities are identified.



Types	Climate Risk	Time of Impact	Potential Financial Impact	Financial Costs Impact (NT\$)	Climate Opportunity	Time of Impact	Potential Financial Impact	Response strategies
Transition risks	Enhanced disclosure requirements of carbon emissions (R1)	Short-term	Increase in inventory capability building and third-party verification costs	- Estimated subsequent Verification costs >NT\$ 7 million/year - Estimated carbon inventory system establishment costs >NT\$ 8.5 million	Participation in the carbon trading markets (O1)	Long-term	To increase regulatory adaptability to maintain smooth operations	- Establish an inventory team and train inventory capability - Establish a systematic data collection system - Expand the third-party verifications coverage year by year
	Carbon pricing mechanism (R2)	Medium-term	Impact on operating revenue due to international carbon tariffs/fees mechanism, limiting capacity allocation	-		Long-term	To acquire carbon credits for emission offsets and to create carbon credits revenue	- Make an implementation plan for carbon footprint inventory - Plan an internal carbon pricing mechanism
Transition risks	Compulsory requirements on the use of renewable resources (R3)	Short-term	Increase in capital expenditure of renewable energy installation, purchase green electricity (PPA) and renewable energy certificate (RECs)	Invested NT\$ 24 million in purchasing renewable resources in 2023 and it is expected to increase year by year.	Participation in the renewable energy market (O4)	Short-term	Early acquisition of renewable energy ensures operational stability, strengthens customer relationships, and secures orders	- Construct rooftop solar systems adapted to factory site - Participate in local green electricity trading markets where we operate - Purchase renewable energy certificates with nationally/internationally authentication
	Low carbon production (R4)	Short-term	Increase in capital expenditure - Production and equipment upgrade - Investments in low-carbon energy - Carbon reduction for wastes	Invested approximately NT\$ 1.64 billion in purchasing and replacing of energy-saving equipment in 2023.	Energy efficiency improvement (O7)	Short-term	Reduction of energy costs	- Increase the use of renewable energy - Use low-carbon and high-efficiency energy - Improve energy efficiency of equipment - Leakage control - Promote energy monitoring and management system - Effective use of resources and enhanced reuse of waste
					Participation in the renewable energy market (O4)	Short-term	Stable energy supply	
					Automated process development (O2)	Medium-term	Successful construction of automated production lines to enhance competitiveness	
	Impact on production (R5)	Short-term	- Power restriction policies - Carbon emissions cap policies - Order placement affected by customers' evaluations	-	Establishment of circular economy model for footwear industry (O5)	Long-term	Improvement of resources applications	
					Energy efficiency improvement (O7)	Short-term	Reduction of operating costs	
	Impact on corporate image (R6)	Short-term	- ESG assessments - Investors' willingness of investment - Impact on funding sources and revenue	-		-	-	- Establish a dedicated ESG unit - Improve transparency of ESG information through external questionnaires, sustainability reports, and other platforms



	Types	Climate Risk	Time of Impact	Potential Financial Impact	Financial Costs Impact (NT\$)	Climate Opportunity	Time of Impact	Potential Financial Impact	Response strategies
Physical risks	Extreme climate events (R7)	Short-term	Disruption of production base operations	Transportation disruption	Water shortage due to drought	Increase in capital expenditure and decrease in operating revenue	Short-term	Enhancing climate resilience to minimize operational disruptions and losses	- Enhance response measures to extreme weather at production bases - Install emergency power supply set - Pay attention to climate risk alerts so as to respond ahead of time - Enhance water treatment and water recycling measures
3. Describe the financial impact of extreme weather events and transformative actions.	Physical risks	Rising average temperature (R8)	Short-term	Increase in capital expenditure due to improved working environment	Increase in power costs and carbon emissions	Invested approximately NT\$ 4.7 million in purchasing and replacing ventilation equipment.	Medium-term	Reduction of energy costs	- Optimize ventilation designs for factory - Design of new factory based on climate-related information
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	3. Describe the financial impact of extreme weather events and transformative actions.	The physical risks identified by the Company are primarily extreme weather events and increased average temperature, with potential impacts including business interruption, transportation disruption, water shortage, and increased temperature in the operating environment. Financial impacts include impact on revenue and increase in capital expenditure for preparedness and improvement to the operating environment.	The transition risks identified by the Company are primarily enhanced carbon disclosure requirements, carbon pricing mechanism, compulsory use of renewable energy, low carbon production, impacts on production, and impacts on the Company's image. These risks may have financial impacts, including lower revenue, higher operating costs, and increased capital expenditure as result of the transition.	Climate risks assessment and management process: The Company invited related units to review the impact of various climate risks and opportunities under the SSP1-2.6 and SSP5-8.5 scenarios of the TCFD framework. Participants include the risk management units, the Spokesperson's Office (unified external communication channel), local administration centers (government communication channel), representatives of the Business Units (customer communication channel), Global Supply Chain Management, and the Sustainable Development Department. The identification process and results are as follows:	Identification of climate risks and opportunities: we collected background information on climate risk issues, considered transition risks (including policy/legal, market, technology, and reputation) and physical risks (including immediate and long-term risks), and then identified corresponding climate opportunities. Evaluation process: Representatives from various departments and external experts participated in a training and discussion session on "Climate-related Financial Disclosure", and questionnaires and internal meetings were conducted to assess the potential duration of impact, occurrence probability, potential financial impact, impact level, and other aspects of risk/opportunity factors. Materiality analysis: The Climate Risk Task Force discussed potential risks and opportunities, which were rated and sorted according to their probabilities and severities of impact. In 2022, we compiled a total of six transition risks, two physical risks, and eight opportunities. In 2023, the evaluation results of 2022 were used.	- Adopting more efficient transportation methods (O6) - Automated process development (O2) - Improvement of water use efficiency (O3) - Introduction of new technologies (O8)	Long-term	Enhancing climate resilience to minimize operational disruptions and losses	- Enhance response measures to extreme weather at production bases - Install emergency power supply set - Pay attention to climate risk alerts so as to respond ahead of time - Enhance water treatment and water recycling measures



	• Formulation of response strategies and management goals: We conducted a qualitative assessment of risk hedging costs for identified major climate risks and formulate adequate response strategies. Our strategies focus on improving emergency response capabilities, optimizing management systems, and enhancing physical equipment. Integration into the overall risk management system: • We conduct risk factor identifications once in three years, assessing the impact on operations and probabilities of risks to identify significant climate risks and opportunities, and adjusting response strategies accordingly. Climate risk issues have been incorporated into the Company's overall risk management process. The Climate Risk Management Task Force, coordinated by the Sustainable Development Department and composed of related department heads, is in charge of assessing and analyzing climate-related risks and opportunities and implementing climate-related strategies and action plans.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and major financial impacts used should be described.	• When assessing climate impacts, factors in different regions and different climate scenarios are considered, along with the use of climate risk assessment tools. • In 2023, for major production bases in Taiwan, Mainland China, Indonesia, and Vietnam, risk assessments based on the SSP1-2.6 and SSP5-8.5 scenarios were carried out for the mid-century (2050) end of the century (2100). Risk items for scenario analysis include sea level rise/flood risk, predicated changes in average temperature, predicated changes in daily high temperature, predicated changes in daily rainfall, among others. The evaluation results are as follows: In the SSP1-2.6 scenario: • By the mid-century (2050), the production bases in Tiền Giang Province and Ho Chi Minh City in Vietnam may face the risk of sea level rise/flooding. Potential financial impact: Operational interruptions at production bases. • By the end of the century (2100), the production bases in Tiền Giang and Ho Chi Minh City in Vietnam may face the risk of sea level rise/flooding; daily rainfall at all production bases in Vietnam and Indonesia may increase by 10 to 20%; daily high temperature in Dongguan, Mainland China, may increase by over 1.5°C. Potential financial impact: Operational interruptions at production bases and increased capital expenditures to improve the working environment for employees. In the SSP5-8.5 scenario: • By the mid-century (2050), the production bases in Tiền Giang Province and Ho Chi Minh City in Vietnam may face the risk of sea level rise/flooding; daily rainfall at all production bases in Vietnam, Indonesia, and Dongguan, Mainland China may increase by 10 to 20%; daily high temperature at all production bases may increase by over 1.5°C; for production bases in Taiwan and Mainland China, the average temperature may rise by more than 1.5°C. Potential financial impact: Operational interruptions at production bases and increased capital expenditures to improve the working environment for employees. • By the end of the century (2100), the production bases in Tiền Giang and Ho Chi Minh City in Vietnam may face the risk of sea level rise/flooding; daily rainfall at all production bases may increase by 20 to 30%; daily high temperature and average high temperature at all production bases may increase by more than 3 to 5°C. Potential financial impact: Operational interruptions at production bases and increased capital expenditures to improve the working environment for employees. • The assessment results will be taken into consideration for the flexible preparation of operating bases subsequently.
6. If there is a transition plan for managing	In response to the transition risk strategy, the Company has set the corresponding direction. The implementation of the transformation plan will be initiated once the specific details are clearly defined.

climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	
7. If internal carbon pricing is used as a planning tool, the bases for setting the price should be stated.	The Company has not yet to adopt an internal carbon pricing mechanism.
8. If climate-related targets have been set, the activities covered, the scopes of GHG emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used	Phased Missions and Targets of GHG and Energy Management: • Phase 1 (2016-2020): Reduce average energy consumption per footwear product by 8% in 2020, using 2016 as the baseline year. • Phase 2 (2021-2025): Achieve zero growth in carbon emissions for Scope 1 and Scope 2 emissions from footwear business by 2025, using 2019 as the baseline year. • Phase 3 (2026-2030): Reduce absolute GHG emissions by 46.2% in Scope 1 and Scope 2 emissions from footwear business by 2030, using 2019 as the baseline year. Quantity of Renewable Energy Certificates (REC): In 2023, the total RECs purchased reached 163,934 MWh, offsetting 123,564.18 tCO₂^e of GHG emissions. Achievement of reduction target: In terms of scope 1 and scope 2 GHG emissions from the footwear business, the market-based emissions in 2023 were 502,000 tCO₂^e, representing a decrease of 12.6% compared with 2019, the base year, which had emissions of approximately 574,600 tCO₂^e.



to achieve relevant targets, the source and quantity of carbon credits of RECs to be offset should be specified.										
9.Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan	9-1Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years									
	Basic Information of the Company				Minimum required disclosure under the Sustainable Development Roadmap for TWSE/TPEx Listed Companies.					
	■Capital of NT\$10 billion or more, iron and steel industry, or cement industry □Capital of NT\$ 5 billion or more but less than NT\$10 billion. □Capital of less than NT\$5 billion.				■Inventory for Parent Company only ■Assurance for Parent Company only □Inventory for all consolidated entities □Assurance for all consolidated entities					
	Scope	Operating revenue (In NT\$ thousands)	Scope 1 Direct Greenhouse Gas Emissions		Scope 2 Indirect Greenhouse Gas Emissions from imported energy		Assurance Body	Description of assurance status		
			Total Emissions(tCO ₂ ^e)	Intensity (tCO ₂ ^e /NT\$ 1 million)	Total Emissions(tCO ₂ ^e)	Intensity (tCO ₂ ^e /NT\$ 1 million)				
	(Pou Chen Corporation) Parent Company	2023	8,238	554.65	0.067	7,957.82	0.966	SGS	Verification is based on ISO 14064-1:2018 issued by the International Organization for Standardization (ISO). The third-party verification work was completed in February, and it is expected to obtain a reasonable assurance level certificate in May 2024.	
		2022	9,349	718.54	0.077	8,651.19	0.925	SGS	Verification is based on ISO 14064-1:2018 issued by the International Organization for Standardization (ISO). Obtain a reasonable assurance level certificate in April 2023.	
	Of the total greenhouse gas emissions disclosed by the Company, 8,512.47 metric tons of CO ₂ ^e (accounting for 1.35% of the total emissions) have been verified by an assurance institute in accordance with ISO 14064-1:2018 standards, and the opinion provides reasonable assurance.									



9-2Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan	The Company will complete the 2024 Greenhouse gas assurance of consolidated financial statements in 2025 according to the regulations. The Company will also specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets in 2025.



(8) Implementation of ethical corporate management, discrepancy with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons.

Evaluation Item	Operational status		Discrepancy with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons
	Yes	No	
I. Enacting ethical corporate management policies and plans i. Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment by the Board of Directors and Management to implement the policies?	V		No Discrepancy.
ii. Does the Company have mechanisms in place to assess the risk of unethical conduct and perform regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of operation? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		No Discrepancy.



Evaluation Item	Operational status		Discrepancy with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	
iii. Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies and also review regularly to revise the policies?	V		No Discrepancy.
II. Implementing ethical corporate management i. Does the company evaluate business partners' ethical records and include ethics related clauses in business contracts?	V		No Discrepancy.
ii. Does the Company establish a dedicated unit supervised by the Board, to be in charge of corporate integrity, report its integrity policy and unethical conduct prevention solutions as well as supervision implementation status to the Board of Directors on a regular basis?	V		No Discrepancy.



Evaluation Item	Operational status		Discrepancy with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	
iii. Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		No Discrepancy. iii. The Company's "Procedures for Ethical Corporate Management and Conduct Guidelines" and "Ethical Conduct Standards" have expressly provided the policies to prevent conflict of interests. In addition to proactive investigation, the Company also established complaint channel (HQ@pouchen.com) on the internal and external websites to deal with possible violation of laws or moral standards, and the disciplinary action will be made according to the severity and specifics of the incident.
iv. Has the Company implemented effective accounting and internal control systems for the purpose of maintaining business integrity? Does the internal audit unit establish applicable audit plans based on the results of unethical conduct risk assessment, and use the plans to audit unethical conduct prevention solutions or engage a CPA to carry out the audit?	V		No Discrepancy. iv. For realizing ethical corporate management, the company has established effective accounting system and internal control system. The internal auditor shall examine the implementation status regularly and prepare the audit report to submit to the Board of Directors.
v. Does the company regularly hold internal and external educational trainings on operational integrity?	V		No Discrepancy. v. For realizing the ethical corporate management policies, the Company's Legal Department holds integrity education and training, and through new employee training and recurrent training to promote the philosophy and standards on operational integrity.
III. Operational status of the Company's complaint mechanism i. Does the company establish specific complaint and reward procedures, set up conveniently	V		No Discrepancy. i. The Company's "Procedures for Ethical Corporate Management and Conduct Guidelines" has expressly provided the report and incentive system, and provided complaint channel and contact email address (HQ@pouchen.com) on the Company's internal and external



Evaluation Item	Operational status		Discrepancy with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and the reasons
	Yes	No	
accessible complaint channels, and designate responsible personnel to handle the complaint received?			
ii. Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?	V		No Discrepancy.
iii. Does the company provide proper whistleblower protection?	V		No Discrepancy.
IV. Enhancing information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and the MOPS website?	V		No Discrepancy.
V. If the Company has enacted its ethical corporate management best practice principles according to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", please describe the operational status and discrepancy: The Company has enacted and implemented the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Corporate Management and Conduct Guidelines", implemented such rules accordingly, and found no discrepancy so far. VI. Other important information to facilitate the understanding of the Company's implementation of ethical corporate management: 1. As a preliminary condition to perform the ethical corporate management, the Company complies with the "Company Act", the "Securities and Exchange Act", the "Business Entity Accounting Act", the "Political Donations Act", the "Anti-Corruption Act", the "Government Procurement Act", the "Act on Recusal of Public Servants Due to Conflict of Interest", relevant regulations governing TWSE listed companies or other related laws governing business acts. 2. The Company's "Management Procedures for the Operation of Board of Directors' Meeting" has provided the conflict of interest system for directors. For the proposal proposed in			



Evaluation Item	Operational status		Discrepancy with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons																
	Yes	No																	
			the Board of Directors' meeting, the director with personal interest or the juristic-person shareholder's interest therein, which may harm the Company's interest, may state his/her opinions and reply to enquiries, shall not participate in the discussion and resolution, shall recuse himself/herself from the discussion and resolution, and shall not vote on behalf of other director as his/her proxy. 3. The Company's "Procedures for Handling Material Inside Information" has expressly provided that its Directors, officers and employees shall not disclose the material inside information he/she knows to third parties, shall not make enquiries or collect undisclosed material inside information of the Company which is unrelated to his/her personal duties from the one who is informed of such material inside information, and shall not disclose to third parties the undisclosed material inside information he/she obtains other than during the course of performing his/her duties. 4. Information on insider trading prevention issued by the competent authority is provided (in print or by email) to directors and managers within two months of their appointment and at least once a year. Employees are required to attend online courses on ethical awareness; these courses cover case studies of insider trading and introduce what are insider trading, and the legal responsibilities and disciplinary actions associated with insider trading. 5. In order to implement the Company's corporate governance unit's awareness and compliance with the prohibition of insider trading, the Company conducted insider trading prevention briefing for all directors and other insiders in January, April, July and October of 2023. In addition, since 2022, Article 10 of the "Corporate Governance Code of Practice" has been added and implemented: the Company's insiders are prohibited from trading the Company's stock from the day they become aware of the Company's financial reports or related performance, including (but not limited to) during the 30-day closed period before the announcement of annual financial report and 15-day closed period before the announcement of quarterly financial reports. 6. The Company expanded awareness and online training on ethical management in 2023, the results are as follows: <table> <tr> <th>Item</th><th>Type of training</th><th>Content</th><th>Attendance</th></tr> <tr> <td>Group personnel training</td><td>Online and physical training</td><td>Prohibition of insider trading training</td><td>A total of 166 attendees</td></tr> <tr> <td>Group personnel training</td><td>Online training</td><td>Awareness on ethical management, code of ethical conduct, honest trading, protection of group interest, and prohibition of insider trading</td><td>A total of 662 attendees</td></tr> <tr> <td>Group personnel training</td><td>Online training</td><td>Awareness on the group code of conduct and core values</td><td>A total of 1,606 attendees</td></tr> </table>	Item	Type of training	Content	Attendance	Group personnel training	Online and physical training	Prohibition of insider trading training	A total of 166 attendees	Group personnel training	Online training	Awareness on ethical management, code of ethical conduct, honest trading, protection of group interest, and prohibition of insider trading	A total of 662 attendees	Group personnel training	Online training	Awareness on the group code of conduct and core values	A total of 1,606 attendees
Item	Type of training	Content	Attendance																
Group personnel training	Online and physical training	Prohibition of insider trading training	A total of 166 attendees																
Group personnel training	Online training	Awareness on ethical management, code of ethical conduct, honest trading, protection of group interest, and prohibition of insider trading	A total of 662 attendees																
Group personnel training	Online training	Awareness on the group code of conduct and core values	A total of 1,606 attendees																



- (9) If the Company has enacted corporate governance best practice principles and relevant rules, please disclose the method for inquiry:

The Company has enacted “Corporate Governance Best Practice Principles”, “Corporate Social Responsibility Best Practice Principles”, “Ethical Corporate Management Best Practice Principles”, “Ethical Conduct Standards” and relevant regulations, which can be found on the Company’s website, <http://www.pouchen.com>, or the MOPS website.

- (10) Other important information to facilitate the understanding of the Company’s implementation of corporate governance:

As the preliminary condition to perform ethical corporate management, the Company is in compliance with the “Company Act”, the “Securities and Exchange Act”, the “Business Entity Accounting Act”, relevant regulations governing TWSE/TPEX listed companies or other related laws governing business acts. In addition, the Company’s “Rules of Procedure for Board of Directors’ Meeting” and “Management procedures for the Operation of Board of Directors’ Meeting” have provided the conflict of interest system of directors. For the proposal proposed in the Board of Directors’ meeting, the director with personal interest or the corporate shareholder’s interest therein, which may harm the Company’s interest, may state his/her opinions and reply to enquiries, shall not participate in the discussion and resolution, shall recuse himself/herself from the discussion and resolution, and shall not vote on behalf of other director as his/her proxy.

The Company’s “Management Procedures for the Prevention of Insider Trading” and “Procedures for Handling Material inside Information” has expressly provided that its Directors, officers and employees shall not disclose the material inside information he/she knows to third parties, shall not make enquiries or collect undisclosed material inside information of the Company which is unrelated to his/her personal duties from the one who is informed of such material inside information, and shall not disclose to third parties the undisclosed material inside information he/she obtains other than during the course of performing his/her duties.



(11) Internal control system implementation status

POU CHEN CORPORATION
Statement of Internal Control System

Date: March 14, 2024

Based on the findings of its self-assessment, the Company states the following with regard to its internal control system during the year 2023:

- I. the Company acknowledges that it is the Company's board of directors' and officers' responsibility to establish, implement, and maintain an adequate internal control system. Our internal control system is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability, timeliness and transparency of our reporting, compliance with applicable rules, laws and regulations, and achievement of other goals.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its three stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes in environment and circumstances. Nevertheless, the Company's internal control system has self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (the "Regulations"). The criteria adopted by the Regulations identify five key components of the managerial control processes: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. Each of the five components has several items respectively; please refer to the Regulations for such items.
- IV. The Company has evaluated the effectiveness of the design and operation of its internal control system based on the aforementioned criteria.
- V. Based on the findings of the evaluation, the Company believes that on December 31, 2023, it has maintained an effective internal control system (including the supervision and management of its subsidiaries) in order to understand the extent that its operations have reached effectiveness and efficiency; the reliability, timeliness and transparency of the reports; compliance with applicable rules, laws and regulations; and to provide reasonable assurance over achieving the aforementioned goals.
- VI. This Statement will constitute a major part of the Company's 2023 Annual Report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liabilities under Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- VII. It is hereby declared that this Statement is adopted at the Board of Directors' meeting on March 14, 2024, with all nine attending directors approving the content of this Statement.

Pou Chen Corporation

Chairman of the Board: Chan, Lu-Min



President: Lu, Chin-Chu





- (12) The Company is required to hire an accountant to audit the Company's internal control system and disclose the audit report made by accountants: N/A.
- (13) For the Most Recent Fiscal Year and up to the Publication date of this Annual Report, facts about penalties imposed upon the Company and its internal personnel for their violation of the internal control system, major defects and the corrective actions taken: N/A.
- (14) Important resolutions of shareholders meeting and board meeting in the most recent year and during the current fiscal year up to the Publication date of this Annual Report:

A. Material resolutions of 2023 annual general shareholders' meeting and the implementation status thereof :

Date	The type of meeting	Material resolutions	Implementation status
2023.06.15	Annual general shareholders' meeting	Ratification: i. The 2022 Business Report, Financial Statements and profit distribution plan.	Distribute cash dividends at NT\$1.3 per share. The ex-dividend record date was July 18, 2023, and the cash dividends had been distributed on August 9, 2023.
		Discussion: i. The amendments to the Company's "Articles of Incorporation". ii. The amendments to the Company's "Rules and Procedures of Shareholders' Meetings".	i. It has been disclosed on the Company's website, and the Company is now operating in accordance with the amended "Articles of Incorporation". ii. It has been disclosed on the Company's website, and the Company is now operating in accordance with the amended "Rules and Procedures of Shareholders' Meetings".

B. Material Resolutions during the Board of Directors' Meetings in 2023 and up to the Publication date of this Annual Report:

Date	Term	Material resolutions
2023.03.16	5th meeting of the 24th Board of Directors	1. Approved the amount of the Company's 2022 distribution for directors' remuneration and employees' compensation. 2. Approved the 2022 annual bonus for the officers of the Company. 3. Approved the Company's 2022 Business and Financial Reports. 4. Approved the Company's 2022 "Effectiveness Assessment of Internal Control System" and "Statement of Internal Control System". 5. Approved independence assessment and competency of the Company's CPA. 6. Approved the appointment and dismissal of accounting officer and deputy accounting officer. 7. Approved the pension for the Company's officer. 8. Approved the amendments to the Company's "Articles of Incorporation". 9. Approved the amendments to the Company's "Rules and Procedures of Shareholders' Meetings". 10. Release the officer of the Company from non-competition restrictions. 11. Approved the application for increasing and renewing the line of credit for the Company to borrow funds from financial institutions. 12. Approved the line of credit for the Company to make endorsement or guarantee for its subsidiaries. 13. Relevant matters regarding convening the Company's 2023 annual general shareholders' meeting.



Date	Term	Material resolutions
2023.04.28	6th meeting of the 24th Board of Directors	1. Approved the Company's 2023 "Director development plan". 2. Approved the Company's 2022 profit distribution plan. 3. Approved the 2022 profit distribution of cash dividends. 4. Approved the amendments to the Company's "Rules and Procedures of Shareholders' Meetings". 5. Approved the application for increasing and renewing the line of credit for the Company to borrow funds from financial institutions. 6. Approved the line of credit for the Company to make endorsement or guarantee for its subsidiaries.
2023.05.15	7th meeting of the 24th Board of Directors	1. Approved the Company's Financial Reports for the first quarter of 2023. 2. Approved the amendments to the Company's "Non-assurance services pre-approval and concurrence policy provide by auditor's firm". 3. Release the officer of the Company from non-competition restrictions. 4. Approved the application for increasing and renewing the line of credit for the Company to borrow funds from financial institutions. 5. Approved the line of credit for the Company to make endorsement or guarantee for its subsidiaries.
2023.08.14	8th meeting of the 24th Board of Directors	1. Approved the Company's regulations governing remunerations of directors and officers. 2. Approved matters pertaining to the amount of the Company's 2022 distribution for directors' remuneration. 3. Approved matters pertaining to rewards for officers of the Company. 4. Approved the proposal to appoint new officers. 5. Approved the remuneration for the Company's new officers. 6. Approved the Company's Financial Reports for the second quarter of 2023. 7. Approved the application for renewing the line of credit for the Company to borrow funds from financial institutions. 8. Approved the line of credit for the Company to make endorsement or guarantee for its subsidiaries.
2023.09.27	9th meeting of the 24th Board of Directors	1. Approved the 2022 Employees' Compensation for the Company's officers.
2023.11.14	10th meeting of the 24th Board of Directors	1. Approved the 2023 adjustments to remunerations for the Company's officers. 2. Approved the Company's Financial Reports for the third quarter of 2023. 3. Approved to acquire the right-of-use assets of real estate from the Company's related party. 4. Approved the application for increasing and renewing the line of credit for the Company to borrow funds from financial institutions. 5. Approved the line of credit for the Company to make endorsement or guarantee for its subsidiaries.
2023.12.21	11th meeting of the 24th Board of Directors	1. Approved the Company's 2024 Business Plan. 2. Approved the Company's selection criteria of Directors. 3. Approved the Company's Internal Audit Plan for 2024. 4. Approved the amendments to the Company's "Risk management policy and procedure". 5. Approved the independence assessment and appointment of the Company's CPA and



Date	Term	Material resolutions
		approved the CPA's remuneration. 6. Approved to acquire the right-of-use assets of real estate from the Company's related party. 7. Approved the amendment of the Company's "Procedures for Evaluating the Board of Directors' Performance". 8. Approved the application for renewing the line of credit for the Company to borrow funds from financial institutions. 9. Approved the line of credit for the Company to make endorsement or guarantee for its subsidiaries. 10. Approved the Company's "Rules Governing Financial and Business Matters among Related Parties".
2024.01.30	12th meeting of the 24th Board of Directors	1. Approved the 2023 annual bonus for the officers of the Company.
2024.03.14	13th meeting of the 24th Board of Directors	1. Approved the amount of the Company's 2023 distribution for directors' remuneration and employees' compensation. 2. Approved the Company's 2023 Business and Financial Reports. 3. Approved the amendments to the Company's "Internal Control System" and "Internal Audit Systems." 4. Approved the Company's 2023 "Effectiveness Assessment of Internal Control System" and "Statement of Internal Control System". 5. Approved the application for renewing the line of credit for the Company to borrow funds from financial institutions. 6. Approved the line of credit for the Company to make endorsement or guarantee for its subsidiaries. 7. Relevant matters regarding convening the Company's 2024 annual general shareholders' meeting.
2024.04.15	14th meeting of the 24th Board of Directors	1. Approved the proposal to appoint new officers. 2. Approved the remuneration for the Company's new officers 3. Approved the Company's 2023 profit distribution plan. 4. Approved the 2023 profit distribution of cash dividends. 5. Release the director of the Company from non-competition restrictions. 6. Approved the amendment of the Company's "Rules Governing Financial and Business Matters among Related Parties". 7. Approved the application for renewing the line of credit for the Company to borrow funds from financial institutions. 8. Approved the line of credit for the Company to make endorsement or guarantee for its subsidiaries. 9. Approved amendments to the relevant matters regarding convening the Company's 2024 annual general shareholders' meeting.

- (15) In recent fiscal year and up to the Publication date of this Annual Report, major contents of the record or written statements made by any director dissenting to important resolutions adopted by the Board of Directors: N/A.
- (16) In recent fiscal year and up to the Publication date of this Annual Report, facts regarding resignation and dismissal of the Chairman, President, accounting officer, financial officer, chief internal auditor and the research and development department officer:



Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Accounting officer	Ho, Ming-Kun	2006.03.03	2023.03.31	Retirement

3.5 Information Regarding the Company's Professional Fees for the CPA

A. Information regarding the Company's professional fees for the CPA

(In NT\$ thousands)

Accounting firm	Name of the CPA	CPA's audit period	Audit fees	Non-Audit Fees	Sum	Note
Deloitte & Touche	Hong, Kuo-Tyan	Financial reports for the first, second, and third Quarters of 2023, as well as the annual financial report	10,740	1,470	12,210	None
	Shyu, Wen-Yea					

B. Please verify the contents of non-audit fees: Transfer Pricing, Master File fee and the audit fee of direct deduction method-value added business tax.

C. The facts of changing the CPA Firm and the CPA fee paid in the year of change decreased from the preceding year: N/A.

D. Decrease of CPA fee by more than 10% compared with that in the preceding year: N/A.

3.6 Information Regarding the change of Certified Public Accountant:

A. Previous CPA

Date of change	January 2024		
Reasons for change and remark	CPA Hung, Kuo-Tyan and CPA Shyu, Wen-Yea at Deloitte & Touche were changed to CPA Wu, Ker-Chang and CPA Shyu, Wen-Yea due to internal adjustments of the accounting firm.		
Termination initiated by client or accountant declined to accept the appointment	Parties	CPAs	Client
	Scenario		
	Termination initiated	V	
	CPA declined to accept (continue) the appointment		
Audit opinions other than unqualified opinions issued in the past two years and reasons	None		
Opinions different from those of issuer	Yes	Accounting principle or practice	
		Disclosure of financial statements	
		Audit scope or steps	
		Others	
	None	V	
	Explanation		
Other disclosures (Disclosures Specified in Items 1-4 to 1-7, Subparagraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies)	None		



B. Succeeding CPA

Name of accounting firm	Deloitte & Touche
Name of accountant	CPA Wu, Ker-Chang and CPA Shyu, Wen-Yea
Date of appointment	Approved by the Board of Directors in December 2023
Consultation given on accounting treatment or accounting principle adopted for any specific transactions and on possible opinion issued on financial report prior to appointment and results	N/A
Written opinions of succeeding CPA different from those of previous CPA	N/A

C. Reply of previous CPA to matters provided in Items 1 & 2-3, Subparagraph 6, Article 10 of the Regulation Governing Information to be published in Annual Reports of Public Companies: N/A.

3.7 The Company's Chairman, Presidents, or any Officer in charge of Financial or Accounting Affairs has served with Its Certified Public Accountant Firm or Its Affiliated Enterprises for the most recent fiscal year:
N/A



3.8 Transfer of Equity Interests and/or Pledge of or Changes in Equity Interests by Directors, Officers or Major Shareholders with a Stake of More than 10 Percent for the Most Recent Fiscal Year and during the Current Fiscal Year up to the Publication date of this Annual Report

Unit: shares

Title	Name	Year 2023		Until April 15 of the year 2024	
		Increase/Decrease of the shareholding	Increase/Decrease of the shares under pledge	Increase/Decrease of the shareholding	Increase/Decrease of the shares under pledge
Chairman of the Board	Chuan Mou Investments Co., Limited	0	0	0	0
	Representative: Chan, Lu-Min (President of the Administration Management Department)	0	0	0	0
Director	Tsai, Pei-Chun	0	0	0	0
Director	Tzong Ming Investments Co., Limited	0	0	0	0
	Representative: Tsai, Min-Chieh	0	0	0	0
Director	Ever Green Investments Corporation	0	0	0	0
	Representative: Lu, Chin-Chu (President)	0	0	0	0
Director	Sheachang Enterprise Corporation	0	0	0	0
	Representative: Wu, Pan-Tsu	0	0	0	0
Director	Shun Tai Investments Co., Limited	0	0	0	0
	Representative: Ho, Yue-Ming (Vice President)	0	0	0	0
Independent Director	Chen, Huan-Chung	0	0	0	0
Independent Director	Hsu, Chu-Sheng	0	0	0	0
Independent Director	Chang, Shih-Chieh	0	0	0	0
Vice President	Liu, Hong-Chih	0	0	0	0
Vice President	Tsai, Nai-Yung (Note 1)	0	0	-	-
Vice President	Chang, Chia-Li	0	0	0	0



Title	Name	Year 2023		Until April 15 of the year 2024	
		Increase/Decrease of the shareholding	Increase/Decrease of the shares under pledge	Increase/Decrease of the shareholding	Increase/Decrease of the shares under pledge
Vice President	Hu, Chia-Ho	0	0	0	0
Vice President	Chiu, Hui-Yao	0	0	0	0
Vice President	Minston Chao	0	0	0	0
Vice President	Shih, Chih-Hung	0	0	0	0
Vice President	Yang, Hsiao-Tung (Note 2)	0	0	-	-
Vice President	Lee, Qin-Xue (Note 3)	0	0	0	0
Executive Senior Manager	Liao, Yuang-Whang (Note 3)	0	0	0	0
Executive Senior Manager	Yen, Chia-Wen (Note 3)	0	0	0	0
Executive Senior Manager	Ho, Ming-Kun (Note 4)	0	0	-	-
Financial officer	Chang, Yea-Fen	0	0	0	0
Accounting officer	Wu, Hui-Chi	0	0	0	0
Corporate governance officer	Huang, Chao-Fen	0	0	0	0

Note 1: Retired as a director on June 30, 2023.

Note 2: Resigned as an officer on June 19, 2023.

Note 3: Appointed as an officer at the Board of Directors' meeting on August 14, 2023.

Note 4: Retired as an officer on March 31, 2023.



3.9 Relationship among the Top Ten Shareholders

April 2, 2024 (Unit: Shares)

Name	Shares held by him/her/itself		Shares held by the spouse or underage children		Shareholding by nominee arrangement		Name and relationship between the Company's top ten shareholders, or spouses or relatives within the second degree of kinship		Notes
	Number of shares	Ratio (%)	Number of shares	Ratio (%)	Number of shares	Ratio (%)	Name	Relations	
PC Holdings Limited	213,270,710	7.24	0	-	0	-	N/A	-	-
Chairman: Tsai, Min-Chieh	3,471,485	0.12	0	-	0	-	Huang, Shu-Man	Mother and daughter	-
Chuan Mou Investments Co., Limited	163,425,022	5.55	0	-	0	-	N/A	-	-
Chairman: Lee, A-Chuan	175,000	0.01	0	-	0	-	N/A	-	-
Red Magnet Developments Limited	135,594,174	4.60	0	-	0	-	N/A	-	-
Representative: Wu, Pan-Tsu	0	0.00	0	-	0	-	N/A	-	-
Taishin International Bank Trust Account by Huang, Shu-Man	101,951,385	3.46	0	-	0	-	N/A	-	-
Fubon Life Insurance Co., Limited	73,000,000	2.48	0	-	0	-	N/A	-	-
Chairman: Howard Lin	0	0.00	0	-	0	-	N/A	-	-
Capital Securities Corporation in custody for Unicorn Securities Company Limited	54,826,516	1.86	0	-	0	-	N/A	-	-
Sales department of Standard Chartered Bank (Taiwan) Limited in custody for Furstentum Liechtenstein bank	50,682,174	1.72	0	-	0	-	N/A	-	-
Bank of Taiwan in custody for Yuanta Taiwan High Dividend Low Volatility ETF	46,659,000	1.58	0	-	0	-	N/A	-	-
Huang, Shu-Man	42,827,420	1.45	0	-	0	-	Tsai, Min-Chieh	Mother and daughter	-
Chunghua Post Co., Ltd.	40,218,328	1.37	0	-	0	-	N/A	-	-



3.10 The number of Shares and the Consolidated Shareholding Percentage of an Enterprise held by the Company, the Company's Directors and officers and the Enterprises Controlled by the Company Directly or Indirectly

March 31, 2024 (Unit: Shares)

Affiliated Company	Ownership by the Company		Ownership by Directors, Officers or the enterprises controlled by the Company directly or indirectly		Total Ownership	
	Number of shares	Ratio (%)	Number of shares	Ratio (%)	Number of shares	Ratio (%)
Wealthplus Holdings Limited	9,222,000	100.00	0	-	9,222,000	100.00
Win Fortune Investments Limited	100,000	100.00	0	-	100,000	100.00
Windsor Entertainment Co., Limited	7,100,000	100.00	0	-	7,100,000	100.00
Pou Shine Investments Co., Limited	133,094,460	100.00	0	-	133,094,460	100.00
Pan Asia Insurance Services Co., Limited	Note	100.00	Note	-	Note	100.00
Barits Development Corporation	322,719,192	99.49	414,662	0.13	323,133,854	99.62
Pou Yuen Technology Co., Limited	30,456,252	97.82	619,220	1.99	31,075,472	99.81
Pro Arch International Development Enterprise Inc.	20,000,000	100.00	0	-	20,000,000	100.00
Pou Yii Development Co., Limited	7,875,000	15.00	39,375,000	75.00	47,250,000	90.00
Wang Yi Construction Co., Limited	367,305	7.82	4,218,250	89.75	4,585,555	97.57
Ruen Chen Investment Holding Co., Limited	6,237,400,000	20.00	0	-	6,237,400,000	20.00
Nan Shan Life Insurance Co., Ltd.	10,000	-	25,632,416	0.19	25,642,416	0.19

Note: the company is a limited company.



IV. CAPITAL OVERVIEW

4.1 Capital and Shares

(1) Share Capital

A. Sources of Share Capital

Unit: NT\$/Shares

Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
1992.05	10	150,000,000	1,500,000,000	133,116,000	1,331,160,000	—	—	—
1993.12	10	185,000,000	1,850,000,000	159,975,200	1,599,752,000	Note 1	—	—
1994.08	10	185,000,000	1,850,000,000	183,971,480	1,839,714,800	Note 2	—	—
1995.06	10	378,000,000	3,780,000,000	220,765,776	2,207,657,760	Note 3	—	—
1996.09	10	378,000,000	3,780,000,000	264,918,931	2,649,189,310	Note 4	—	—
1997.06	10	496,500,000 (including convertible corporate bonds of 50 million shares)	4,965,000,000 (including convertible corporate bonds of NT\$ 500 million)	357,640,556	3,576,405,560	Note 5	—	—
1998.02	10	496,500,000 (including convertible corporate bonds of 50 million shares)	4,965,000,000 (including convertible corporate bonds of NT\$ 500 million)	378,972,570	3,789,725,700	Note 6	—	—
1998.05.07	10	1,133,500,000 (including convertible corporate bonds of 200 million shares)	11,335,000,000 (including convertible corporate bonds of NT\$2 billion)	568,458,855	5,684,588,550	Note 7	—	—
1998.06.02	80	1,133,500,000 (including convertible corporate bonds of 200 million shares)	11,335,000,000 (including convertible corporate bonds of NT\$2 billion)	607,930,915	6,079,309,150	Note 8	—	—
1999.07.05	10	1,133,500,000 (including convertible corporate bonds of 200 million shares)	11,335,000,000 (including convertible corporate bonds of NT\$2 billion)	851,103,280	8,511,032,800	Note 9	—	—
2000.01.19	conversion price 67.05	1,133,500,000 (including convertible corporate bonds of 200 million shares)	11,335,000,000 (including convertible corporate bonds of NT\$2 billion)	856,421,995	8,564,219,950	Note 10	—	—
2000.05.12	conversion price 67.05	1,133,500,000 (including convertible corporate bonds of 200 million shares)	11,335,000,000 (including convertible corporate bonds of NT\$2 billion)	875,762,784	8,757,627,840	Note 11	—	—
2000.07.15	10	2,303,500,000 (including	23,035,000,000 (including	1,229,174,619	12,291,746,190	Note 12	—	—



Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		convertible corporate bonds of 200 million shares)	convertible corporate bonds of NT\$ 2 billion)					
2001.07.20	10	2,303,500,000 (including convertible corporate bonds of 200 million shares)	23,035,000,000 (including convertible corporate bonds of NT\$ 2 billion)	1,352,092,080	13,520,920,800	Note 13	—	—
2002.07.05	10	2,303,500,000 (including convertible corporate bonds of 200 million shares, employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	23,035,000,000 (including convertible corporate bonds of NT\$ 2 billion, employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$2.5 billion)	1,632,582,229	16,325,822,290	Note 14	—	—
2003.07.04	10	3,028,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	30,280,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	1,884,799,453	18,847,994,530	Note 15	—	—
2004.07.22	10	3,475,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	34,750,000,000 (including employee share options, preferred share option or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,089,733,386	20,897,333,860	Note 16	—	—
2004.10.20	10	3,475,000,000 (including employee share options, preferred share options or corporate bonds with options available for	34,750,000,000 (including employee share options, preferred share options or corporate bonds with options available for	2,093,362,386	20,933,623,860	Note 17	—	—



Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		subscription in the amount of 250 million shares)	subscription in the amount of NT\$ 2.5 billion)					
2005.01.24	10	3,475,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	34,750,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,093,673,386	20,936,733,860	Note 18	—	—
2005.04.19	10	3,475,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	34,750,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,094,816,386	20,948,163,860	Note 19	—	—
2005.07.21	10	3,475,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	34,750,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,095,583,386	20,955,833,860	Note 20	—	—
2005.07.22	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,304,788,816	23,047,888,160	Note 21	—	—
2005.10.28	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for	2,305,430,816	23,054,308,160	Note 22	—	—



Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		subscription in the amount of 250 million shares)	subscription in the amount of NT\$ 2.5 billion)					
2006.02.08	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,305,792,816	23,057,928,160	Note 23	—	—
2006.04.21	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share option or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,307,207,816	23,072,078,160	Note 24	—	—
2006.07.24	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,307,985,816	23,079,858,160	Note 25	—	—
2006.09.21	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,435,012,336	24,350,123,360	Note 26	—	—
2006.10.20	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for	2,438,056,336	24,380,563,360	Note 27	—	—



Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		subscription in the amount of 250 million shares)	subscription in the amount of NT\$ 2.5 billion)					
2007.01.23	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,442,685,746	24,426,857,460	Note 28	—	—
2007.05.10	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,445,245,915	24,452,459,150	Note 29	—	—
2007.07.25	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,447,329,695	24,473,296,950	Note 30	—	—
2007.08.06	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,511,101,130	25,111,011,300	Note 31	—	—
2007.10.19	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for	2,511,559,987	25,115,599,870	Note 32	—	—



Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		subscription in the amount of 250 million shares)	subscription in the amount of NT\$ 2.5 billion)					
2008.01.17	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,511,853,987	25,118,539,870	Note 33	—	—
2008.04.17	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,513,606,987	25,136,069,870	Note 34	—	—
2008.07.31	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,514,528,987	25,145,289,870	Note 35	—	—
2008.08.21	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,788,960,495	27,889,604,950	Note 36	—	—
2008.10.23	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for	2,789,925,495	27,899,254,950	Note 37	—	—



Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		subscription in the amount of 300 million shares)	subscription in the amount of NT\$ 3 billion)					
2009.01.16	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,740,005,495	27,400,054,950	Note 38	—	—
2009.04.14	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,712,567,495	27,125,674,950	Note 39	—	—
2009.05.19	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,705,567,495	27,055,674,950	Note 40	—	—
2009.08.19	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,842,785,728	28,427,857,280	Note 41	—	—
2010.01.22	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options	2,843,084,728	28,430,847,280	Note 42	—	—



Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		available for subscription in the amount of 300 million shares)	available for subscription in the amount of NT\$ 3 billion)					
2010.04.20	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,843,109,728	28,431,097,280	Note 43	—	—
2010.08.11	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,899,105,922	28,991,059,220	Note 44	—	—
2010.10.21	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,899,755,922	28,997,559,220	Note 45	—	—
2011.04.18	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,900,061,922	29,000,619,220	Note 46	—	—
2011.07.15	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds	45,000,000,000 (including employee share options, preferred share options or corporate bonds	2,900,435,922	29,004,359,220	Note 47	—	—



Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		with options available for subscription in the amount of 300 million shares)	with options available for subscription in the amount of NT\$ 3 billion)					
2011.10.26	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,908,638,922	29,086,389,220	Note 48	—	—
2012.01.18	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,924,146,922	29,241,469,220	Note 49	—	—
2012.05.01	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,940,283,922	29,402,839,220	Note 50	—	—
2012.07.17	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,941,665,922	29,416,659,220	Note 51	—	—
2012.10.26	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds	45,000,000,000 (including employee share options, preferred share options or corporate bonds	2,943,184,922	29,431,849,220	Note 52	—	—



Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		with options available for subscription in the amount of 300 million shares)	with options available for subscription in the amount of NT\$ 3 billion)					
2013.04.22	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,943,780,104	29,437,801,040	Note 53	—	—
2013.07.29	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,944,137,213	29,441,372,130	Note 54	—	—
2015.10.21	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,946,787,213	29,467,872,130	Note 55	—	—

Note 1: Approval for capital increase in the amount of NT\$ 268,592,000 based on earnings (including employee bonus NT\$2,360,000): The 03 August 1993 Taiwan-Finance-Securities Letter, No. 29888.

Note 2: Approval for capital increase in the amount of NT\$ 239,962,800 based on earnings: The 29 August 1994 Taiwan-Finance-Securities Letter, No. 32085.

Note 3: Approval for capital increase in the amount of NT\$ 367,942,960 based on earnings: The 29 June 1995 Taiwan-Finance-Securities Letter, No. 37682.

Note 4: Approval for capital increase in the amount of NT\$ 441,531,550 based on earnings: The 17 September 1996 Taiwan-Finance-Securities Letter, No. 56736.

Note 5: Approval for capital increase in the amount of NT\$ 927,216,250 based on earnings: The 24 May 1997 Taiwan-Finance-Securities Letter, No. 41551.

Note 6: Approval for capital increase in the amount of NT\$ 213,320,140 based on earnings: The 25 November 1997 Taiwan-Finance-Securities Letter, No. 81051.

Note 7: Approval for capital increase in the amount of NT\$ 1,894,862,850 based on earnings: 07 May 1998 Taiwan-Finance-Securities Letter, No. 38354.

Note 8: Approval for capital increase in the amount of NT\$ 394,720,600 based on earnings: 02 June 1998



- Taiwan-Finance-Securities Letter, No. 37461.
- Note 9: Approval for capital increase in the amount of NT\$ 1,823,792,740 based on earnings: The 05 July 1999 Taiwan-Finance-Securities Letter, No. 61108. ; capital increase in the amount of NT\$ 607,930,910 based on capital reserve.
- Note 10: Approval for the issuance of 5,318,715 (NT\$ 53,187,150) new shares based on convertible corporate bonds: The 19 January 2000 Economics-Business Letter, No. 08910076.
- Note 11: Approval for the issuance of 19,340,789 (NT\$ 193,407,890) new shares based on convertible corporate bonds: The 12 May 2000 Economics-Business Letter, No. 089114934.
- Note 12: Approval for capital increase in the amount of NT\$ 2,658,355,570 (including employee bonus NT\$ 31,067,220) based on earnings: The 15 July 2000 Taiwan-Finance-Securities Letter, No. 60739 ; capital increase in the amount of NT\$ 875,762,780 based on capital reserve.
- Note 13: Approval for capital increase in the amount of NT\$ 1,229,174,610 based on capital reserve: The 20 July 2001 Taiwan-Finance-Securities Letter, No. 147283.
- Note 14: Approval for capital increase in the amount of NT\$ 1,452,809,410 (including employee bonus NT\$ 100,717,330) based on earnings: The 05 July 2002 Taiwan-Finance-Securities Letter, No. 910137022 ; capital increase in the amount of NT\$1,352,092,080 based on capital reserve.
- Note 15: Approval for capital increase in the amount of NT\$ 2,522,172,240 (including employee bonus NT\$ 73,298,900) based on earnings: The 04 July 2003 Taiwan-Finance-Securities Letter, No. 0920129891.
- Note 16: Approval for capital increase in the amount of NT\$ 2,049,339,330 (including employee bonus NT\$ 164,539,880) based on earnings: The 22 July 2004 Financial-Supervisory-Securities Letter, No. 0930132871.
- Note 17: Approval for issuance of 3,629,000 (NT\$ 36,290,000) new shares based on employee share options: The 20 October 2004 Economic-Authorized-Business Letter, No. 0930119770.
- Note 18: Approval for issuance of 311,000 (NT\$ 3,110,000) new shares based on employee share options: The 24 January 2005 Economic-Authorized-Business Letter, No. 09401010910.
- Note 19: Approval for issuance of 1,143,000 (NT\$ 11,430,000) new shares based on employee share options: The 19 April 2005 Economic-Authorized-Business Letter, No. 09401066360.
- Note 20: Approval for issuance of 767,000 (NT\$7,670,000) new shares based on employee share options: The 21 July 2005 Economic-Authorized-Business Letter, No. 09401138550.
- Note 21: Approval for capital increase in the amount of NT\$ 2,092,054,300 (including employee bonus NT\$ 42,396,910) based on earnings: The 22 July 2005 Financial-Supervisory-Securities Letter, No. 0940129791.
- Note 22: Approval for issuance of 642,000 (NT\$ 6,420,000) new shares based on employee share options: The 28 October 2005 Economic-Authorized-Business Letter, No. 09401216290.
- Note 23: Approval for issuance of 362,000 (NT\$ 3,620,000) new shares based on employee share options: The 8 February 2006 Economic-Authorized-Business Letter, No. 09501022210.
- Note 24: Approval for issuance of 1,415,000 (NT\$ 14,150,000) new shares based on employee share options: The 21 April 2006 Economic-Authorized-Business Letter, No. 09501071090.
- Note 25: Approval for issuance of 778,000 (NT\$ 7,780,000) new shares based on employee share options: The 24 July 2006 Economic-Authorized-Business Letter, No. 09501156300.
- Note 26: Approval for capital increase in the amount of NT\$ 1,270,265,200 based on earnings: The 21 September 2006 Economic-Authorized-Business Letter, No. 09501211980.
- Note 27: Approval for issuance of 3,044,000 (NT\$ 30,440,000) new shares based on employee share options: The 20 October 2006 Economic-Authorized-Business Letter, No. 09501237370.
- Note 28: Approval for issuance of 2,441,000 (NT\$ 24,410,000) new shares based on employee share options and issuance of 2,188,410 (NT\$ 21,884,100) new shares based on convertible corporate bonds: The 23 January 2007 Economic-Authorized-Business Letter, No. 09601017360.
- Note 29: Approval for issuance of 2,087,000 (NT\$ 20,870,000) new shares based on employee share options and issuance of 473,169 (NT\$ 4,731,690) new shares based on convertible corporate bonds: The 10 May 2007 Economic-Authorized-Business Letter, No. 09601101980.
- Note 30: Approval for issuance of 1,930,000 (NT\$ 19,300,000) new shares based on employee share options and issuance of 153,780 (NT\$ 1,537,800) new shares based on convertible corporate bonds: The 25 July 2007 Economic-Authorized-Business Letter, No. 09601173570.
- Note 31: Approval for capital increase in the amount of NT\$ 637,714,350 (including employee bonus NT\$151,505,170) based on earnings: The 06 August 2007 Economic-Authorized-Business Letter, No. 09601187590.



- Note 32: Approval for issuance of 273,000 (NT\$ 2,730,000) new shares based on employee share options and issuance of 185,857 (NT\$ 1,858,570) new shares based on convertible corporate bonds: The 19 October 2007 Economic-Authorized-Business Letter, No. 09601257130.
- Note 33: Approval for issuance of 294,000 (NT\$ 2,940,000) new shares based on employee share options: The 17 January 2008 Economic-Authorized-Business Letter, No. 09701012630.
- Note 34: Approval for issuance of 1,753,000 (NT\$ 17,530,000) new shares based on employee share options: The 17 April 2008 Economic-Authorized-Business Letter, No. 09701092370.
- Note 35: Approval for issuance of 922,000 (NT\$ 9,220,000) new shares based on employee share options: The 31 July 2008 Economic-Authorized-Business Letter, No. 09701187370.
- Note 36: Approval for capital increase in the amount of NT\$2,744,315,080 (including employee bonus NT\$273,216,100) based on earnings: The 21 August 2008 Economic-Authorized-Business Letter, No. 09701210880.
- Note 37: Approval for issuance of 965,000 (NT\$ 9,650,000) new shares based on employee share options: The 23 October 2008 Economic-Authorized-Business Letter, No. 09701265620.
- Note 38: Approval for issuance of 80,000 (NT\$ 800,000) new shares based on employee share options and cancellation of 50,000,000 (NT\$ 500,000,000) treasury shares: The 16 January 2009 Economic-Authorized-Business Letter, No. 09801011170.
- Note 39: Approval for issuance of 62,000 (NT\$ 620,000) new shares based on employee share options and cancellation of 27,500,000 (NT\$ 275,000,000) treasury shares: The 14 April 2009 Economic-Authorized-Business Letter, No. 09801074100.
- Note 40: Approval for cancellation of 7,000,000 (NT\$ 70,000,000) treasury shares: The 19 May 2009 Economic-Authorized-Business Letter, No. 0981098500.
- Note 41: Approval for capital increase by the issuance of 137,218,233 (NT\$ 1,372,182,330) new shares based on undistributed earnings and employee bonus: The 19 August 2009 Economic-Authorized-Business Letter, No. 09801187410.
- Note 42: Approval for capital increase by the issuance of 299,000 (NT\$ 2,990,000) new shares based on employee bonus: The 22 January 2010 Economic-Authorized-Business Letter, No. 09901012630.
- Note 43: Approval for issuance of 25,000 (NT\$ 250,000) new shares based on employee share options: The 20 April 2010 Economic-Authorized-Business Letter, No. 09901078520.
- Note 44: Approval for capital increase by the issuance of 55,996,194 (NT\$ 559,961,940) new shares based on undistributed earnings: The 11 August 2010 Economic-Authorized-Business Letter, No. 09901177910.
- Note 45: Approval for issuance of 650,000 (NT\$ 6,500,000) new shares based on employee share options: The 21 October 2010 Economic-Authorized-Business Letter, No. 09901237790.
- Note 46: Approval for issuance of 306,000 (NT\$ 3,060,000) new shares based on employee share options: The 18 April 2011 Economic-Authorized-Business Letter, No. 10001075180.
- Note 47: Approval for issuance of 374,000 (NT\$ 3,740,000) new shares based on employee share options: The 15 July 2011 Economic-Authorized-Business Letter, No. 1000116580.
- Note 48: Approval for issuance of 8,203,000 (NT\$82,030,000) new shares based on employee share options: The 26 October 2011 Economic-Authorized-Business Letter, No. 10001246280.
- Note 49: Approval for issuance of 15,508,000 (NT\$ 155,080,000) new shares based on employee share options: The 18 January 2012 Economic-Authorized-Business Letter, No. 10101011620.
- Note 50: Approval for issuance of 16,137,000 (NT\$ 161,370,000) new shares based on employee share options: The 01 May 2012 Economic-Authorized-Business Letter, No. 10101077780.
- Note 51: Approval for issuance of 1,382,000 (NT\$ 13,820,000) new shares based on employee share options: The 17 July 2012 Economic-Authorized-Business Letter, No. 10101145420.
- Note 52: Approval for issuance of 1,519,000 (NT\$ 15,190,000) new shares based on employee share options: The 26 October 2012 Economic-Authorized-Business Letter, No. 10101214180.
- Note 53: Approval for issuance of 595,182 (NT\$5,951,820) new shares based on employee share options: The 22 April 2013 Economic-Authorized-Business Letter, No. 10201074260.
- Note 54: Approval for issuance of 357,109 (NT\$3,571,090) new shares based on employee share options: The 29 July 2013 Economic-Authorized-Business Letter, No. 10201144050.
- Note 55: Approval for issuance of 2,650,000 (NT\$26,500,000) new shares based on employee share options: The 21 October 2015 Economic-Authorized-Business Letter, No. 10401221220.



B. Type of Shares:

April 2, 2024; Unit: shares

Type of shares	Authorized Capital			Notes
	Issued and outstanding shares	Unissued shares	Total	
Common shares	2,946,787,213	1,553,212,787	4,500,000,000	TWSE listed shares

C. Information for Shelf Registration: N/A.

(2) Shareholder Structure:

April 2, 2024; Unit: persons; shares

Shareholder's structure Number	Governmental Agencies	Financial Institutions	Other Institutions	Foreign Institutions and Foreigners	Individuals	Total
Number of shareholders	9	44	258	800	87,278	88,389
Number of shares held	56,046,324	412,050,433	533,362,972	1,339,536,383	605,791,101	2,946,787,213
Ratio (%)	1.90%	13.98%	18.10%	45.46%	20.56%	100.00%

(3) Distribution profile of shareholding

April 2, 2024

Interval of number of shares (shares)	Number of Shareholders (persons)	Number of shares held (shares)	Ratio (%)
1 to 999	25,700	5,860,900	0.20%
1,000 to 5,000	43,931	96,378,350	3.27%
5,001 to 10,000	8,903	68,961,806	2.34%
10,001 to 15,000	2,971	37,546,783	1.27%
15,001 to 20,000	1,861	33,696,287	1.14%
20,001 to 30,000	1,642	41,521,454	1.41%
30,001 to 40,000	790	27,896,773	0.95%
40,001 to 50,000	510	23,736,340	0.81%
50,001 to 100,000	890	64,750,413	2.20%
100,001 to 200,000	474	67,023,957	2.27%
200,001 to 400,000	262	72,977,168	2.48%
400,001 to 600,000	96	46,682,518	1.58%
600,001 to 800,000	56	38,900,201	1.32%
800,001 to 1,000,000	34	30,246,653	1.03%
More than 1,000,001	269	2,290,607,610	77.73%
Total	88,389	2,946,787,213	100.00%



(4) List of major shareholders

April 2, 2024

Shares	Number of shares held (shares)	Ratio (%)
Name of major shareholders		
PC Holdings Limited	213,270,710	7.24
Chuan Mou Investments Co., Limited	163,425,022	5.55
Red Magnet Developments Limited	135,594,174	4.60
Taishin International Bank Trust Account by Huang, Shu-Man	101,951,385	3.46
Fubon Life Insurance Co., Limited	73,000,000	2.48
Capital Securities Corporation in custody for Unicorn Securities Company Limited	54,826,516	1.86
Sales department of Standard Chartered Bank (Taiwan) Limited in custody for Furstentum Liechtenstein bank	50,682,174	1.72
Bank of Taiwan in custody for Yuanta Taiwan High Dividend Low Volatility ETF	46,659,000	1.58
Huang, Shu-Man	42,827,420	1.45
Chunghwa Post Co., Ltd.	40,218,328	1.37



(5) Market price per share, net value, earnings, dividends and other relevant information for the last two fiscal years

Year Item			2022	2023	2024 (as of March 31)
Market price per share (dollars) (Note 1)	Highest price		33.50	34.95	36.60
	Lowest price		25.40	28.50	29.85
	Average price		30.51	31.35	32.51
Net value per share(dollars)	Before distribution		36.31	42.82	-
	After distribution		35.01	41.72	-
Earnings per share	Weighted average shares (thousand shares)		2,946,787	2,946,787	-
	Earnings per share (dollars)		4.29	3.61	-
Dividends per share (dollars)	Cash dividends		1.30	1.10	N/A
	Share dividends	Dividends from retained earnings	0	0	N/A
		Dividends from capital earnings	0	0	N/A
	Accumulated undistributed dividend		0	0	N/A
ROI analysis	Price-earnings ratio (Note 2)		7.11	8.68	N/A
	Price-dividend ratio (Note 3)		23.47	28.50	N/A
	Cash dividend yield (Note 4)		4.26%	3.51%	N/A

Note 1: List of the highest and lowest market price of common shares in a given year. The average market price is calculated based on closing price and transacted number of shares in a given year.

Note 2: Price-earnings (P/E) ratio = Average closing price per share in the year / EPS.

Note 3: Price-dividend (P/D) ratio = Average closing price per share in the year / Cash dividend per share.

Note 4: Cash dividend yield = Cash dividend per share / Average closing price per share in the year.

(6) The Company's dividend policy and implementation

A. Dividend policy:

Profits may be distributed after taking into consideration the future development plan, financial condition, business and operational status, and so on. The ratio of distribution shall be not less than 30% of the net income for each fiscal year, and a portion for cash dividend shall be not less than 30% of total distribution. If there are material changes in the operating environment, the Company can adjust the ratio and amounts of distribution of profits.

B. Distribution of dividends to be resolved at the Board of Directors' meeting:

The Board of Directors is authorized to decide the distribution of partial or full dividends in cash, and report the decision at the shareholders' meeting in accordance with Article 23-1 of the Company's "Articles of Incorporation".



The board of directors has resolved to distribute 2023 earnings in cash dividends of NT\$1.1 per share on April 15, 2024, and reported to the shareholders meeting on March 31, 2024.

- (7) The impact of the issuance of bonus shares proposed in the present shareholders' meeting upon the Company's business performance and earnings per share (EPS):

The Company has no plan for the free allotment of shares for this fiscal year. This item does not apply.

- (8) Employees' compensation, and Directors' remuneration

A. The percentage or scope of Employees' compensation, and Directors' remuneration as set forth under the Articles of Incorporation:

According to the Company's "Articles of Incorporation" Article 23, The Company shall appropriate 1% to 5% of the profit of the fiscal year (profit shall mean the income before income tax less Employees' compensation, and Directors' remuneration) for Employees' compensation and may appropriate no higher than 3% of the same profit as Directors' remuneration. Such Employees' compensation may be in the form of stock or cash by the resolution of the board of Directors. Employees eligible for such compensation may include those of the Company's subsidiaries meeting certain conditions.

In the presence of accumulated loss, the Company shall allocate an amount to recover such loss before appropriating any Employees' compensation and Directors' remuneration in accordance with the ratios prescribed by the preceding paragraph.

B. The basis of estimated Employees' compensation, and Directors' remuneration in this fiscal period, the calculation basis of the compensation for employees in the form of stock, and the accounting policy of addressing any discrepancy between the amount of actual allocation and the estimated amount:

The amount of Employees' compensation and Directors' remuneration is estimated based on past experiences and amount to be distributed will be estimated and recognized as expenses in current financial report. In the event of significant change to the distributed amount (i.e., the change of the amount reaches the threshold to restate a financial report under Article 6 of the "Securities and Exchange Act Enforcement Rules", which is the amount exceeding NT\$10,000,000 and reaching 1% of the net operating revenue) determined by the board of Directors after issuance of such financial report, the expenses recognized for that year (the year when the employee compensation is recognized as expenses) shall be adjusted accordingly. If the change does not meet the threshold of significant change, such change may be addressed as changes in accounting estimates, and be recognized in the following year. If the amount is also changed in the following year, such change shall be addressed as changes in accounting estimates on the date of the board of Directors' meeting, and be recognized in the following year.

C. Information of distribution of remuneration adopted by the board of Directors' meeting:

(A) The Company's board of Directors has resolved on March 14, 2024 to distribute the profit in 2023 (the profit refers to the amount of pre-tax profit before distribution of Employees' compensation, and Directors' remuneration) as employees' compensation and directors' remuneration; the addressing of the discrepancy between the resolved amount and the estimated amount recognized as expenses as follows:

(in NT\$ thousands)

	Employees' compensation	Remuneration for Directors	Status of addressing the discrepancy
Estimated amount in the year the remuneration is recognized as expenses (A)	189,119	94,560	No discrepancy
Amount resolved at the Board of Directors' Meeting (B)	189,119	94,560	
Discrepancy (B)-(A)	0	0	



(B) The amount of Employees' compensation distributed in the form of shares and its percentage among the aggregate amount of after-tax net income in the separated financial report and the amount of Employees' compensation: N/A.

D. The remuneration actually distributed to employees and directors in the preceding year (including number, amount and price of shares distributed); if there is discrepancy between the distributed remuneration and the remuneration proposed to be distributed, the amount and reason of the discrepancy and the status of addressing such discrepancy:

The Company's distribution of remuneration to the employees and directors with the profit in 2022 (the profit refers to the amount of pre-tax profit before distribution of Employees' compensation, and Directors' remuneration), and addressing of the discrepancy between the actually distributed amount and the estimated amount recognized as expenses as follows:

(in NT\$ thousands)			
	Employees' compensation	Remuneration for Directors	Status of addressing the discrepancy
Estimated amount in the year the remuneration is recognized as expenses (A)	221,811	110,906	No discrepancy
Amount actually distributed (B)	221,811	110,906	
Discrepancy (B)-(A)	0	0	

(9) Shares repurchased by the Company: N/A.

4.2 Issuance of Corporate Bonds: N/A.

4.3 Issuance of Preferred Shares: N/A.

4.4 Issuance of Overseas Depository Receipts: N/A.

4.5 Issuance of Employee Share Options: N/A.

4.6 Issuance of New Restricted Employee Shares: N/A.

4.7 Status of New Share Issuance in Connection with Mergers and Acquisitions: N/A.

4.8 Implementation of Capital Utilization Plan: Up to the publication date of this annual report, the Company has no issued or privately placed securities, so there has no pending capital utilization plan or completed capital utilization plan whose benefit has not yet materialized.



V. OPERATIONAL HIGHLIGHTS

5.1 Business Activities

(1) Scope of Business

A. Main Business

(A) Manufacturing of Shoes:

The Company is an original equipment manufacturer (OEM) and original design manufacturer (ODM) of footwear products, serving international brands such as Nike, adidas, Asics, New Balance, Salomon, and Timberland. The Company primarily focuses on athletic shoes and also engages in the manufacturing of footwear components.

(B) Retail of Sporting Goods:

The Company's retail business operates a comprehensive sales network across the Greater China region. Through the use of flexible strategies involving various store formats and diversified channels, the Company distributes a wide range of renowned sports and leisure branded footwear, apparel, and accessories, providing consumers with a diverse and enriching shopping experience.

(C) Other Businesses:

The Company is engaged in the real estate development and tourist hotel operation to create the best value for the Company.

B. Revenue by Business

(In NT\$ thousands)

Year	2023		2022	
	Revenue	Ratio	Revenue	Ratio
Primary business				
Manufacturing of shoes	157,726,049	64%	184,653,213	69%
Retail of sporting goods	87,972,900	36%	81,992,394	31%
Others	934,765	-	851,193	-
Total	246,633,714	100%	267,496,800	100%

C. Current Products and Services

The Company's current products include athletic shoes, casual shoes, outdoor shoes, sports sandals, and footwear components. The Company is also involved in retail of sporting goods, brand licensing, real estate development, and hotel operation.

D. New Product and Service for Development

The Company will cooperate with its customers to continue developing new footwear products and keep improving manufacturing efficiency. The future directions for research and development are as follows:

- (A) Refining modularized equipment and standardized interfaces for the development of automated equipment and processes enables integrated production solutions tailored to the diverse requirements of brand customers.



- (B) Continuing cooperation with academia in the research and development of 3D printers to create innovative designs and introduce simulation systems for virtual analysis, aiming to better meet brand customers' demands for customization.
- (C) Continuing active use of digital data collection, analysis, and management in production processes to move towards the goal of smart manufacturing for Industry 4.0.
- (D) Advancing with the global sustainability trend, the Company will continue to optimize energy use, environmental monitoring, and carbon emission management systems across its factories more rapidly, aiming to achieve net-zero emission.

(2) Industry Overview

A. Current Status and Developments of the Industry:

(A) Global Footwear Market

In terms of production, the development of the footwear industry has been comprehensively affected by various factors, including labor costs, land resources, industrial clusters, sustainability issues, and target markets. With the changing economic environment, the global production base of footwear industry has shifted from European countries to Asian regions. According to statistics published in "World Footwear Yearbook 2023," global footwear production in 2022 reached 23.9 billion pairs, up 7.6% from the previous year and had returned to pre-pandemic levels. 87.4% of the production was concentrated in Asia, which was 0.8 percentage point lower than the previous year. Mainland China remained to be the world's largest footwear producer, with its market share slightly increased to 54.6%, reversing the continuous decline seen in recent years. Mainland China ranked among the world's top ten footwear-producing nations alongside seven other Asian countries; among them, Vietnam's footwear output increased by 10.3%, surpassing all other countries in growth rate. In terms of consumption, Asia maintained the world's largest footwear demand, accounting for 53.2% of total consumption in 2022, although this share decreased by 2.9 percentage points from the previous year. North America and Europe's share of global footwear consumption increased to 15.9% and 14.9%, respectively. A detailed breakdown by country showed that Mainland China continued to lead with a share of 17.9%, whereas the United States saw a significant increase of 12.7% in consumption and surpassed India, a market with demographic dividend, to once again claim the position as the world's second largest footwear-consuming country.

(B) Global Athletic Footwear Market

According to statistics published in "Sporting Goods Intelligence," the global branded athletic market has experienced steady growth over an extended period. Despite disruptions from the 2020 pandemic and supply issues in Vietnam in the third quarter of 2021, sales performance started to recover across all regions in 2022. The market size has surpassed US\$94 billion, with the top five brands collectively holding a global market share of nearly 70%, indicating a high level of market concentration and highlighting the importance of brand awareness in consumers' purchasing behaviors. Therefore, major brands all place emphasis on strengthening their brand value and integrating market strategies, and continuously investing resources to foster consumer loyalty and brand affinity, which in turn raises purchase intention and decision-making. In terms of manufacturing, brand owners mostly outsource production to professional footwear manufacturers. Currently, global athletic footwear production is primarily concentrated in Asia, specifically Mainland China, Vietnam, and Indonesia. Taiwan used to be a major footwear



production base; however, as industries relocated to other countries, Taiwan has transitioned into a management hub and procurement center for raw materials required for overseas production, a development center equipped with R&D resources to drive industrial innovation, as well as an integrated platform providing total solutions for the industry value chain.

(C) Mainland China's Sporting Goods Market

The Company's primary target market for retail of sporting goods is Mainland China, where the growth of local per capita income, improvement of health awareness, and support of sports policies have all contributed to the sports industry's increased contribution to GDP, from 0.6% to 1.1%, over the past ten years, making it a key driving force for economic development. According to statistics jointly released by the National Bureau of Statistics of Mainland China and the General Administration of Sport of Mainland China, the total scale (total output) of Mainland China's sports industry reached RMB 3.3 trillion in 2022, whereas the added value was reported at RMB 1.3 trillion, up 5.9 and 6.9% from the previous year, respectively. The growth rate not only slowed due to a higher comparison base, but also the resurgence of the pandemic that disrupted recovery. In terms of industry structure, the "sports service industry" includes the sale of sports goods, education and training, venue management, fitness and recreation, and other fields. It is characterized by mass participation, high attention, and vast market size and accounted for 70.1% of the added value in 2022, representing an increase of 0.1 percentage point from the previous year. The share of added value from "manufacturing of sporting goods and related products" also increased by 0.2 percentage point to 28.2%. Meanwhile, the share of added value from "sports venue facility construction" dropped by 0.2 percentage point to 1.7%.

B. Relevance of upstream, midstream and downstream segments of the industry supply chain

(A) Manufacturing of shoes

Upstream: Textile/Leather/Plastics/Petroleum/Rubber

Midstream: Footwear Manufacturers

Downstream: Brand Companies

The footwear industry's upstream, midstream, and downstream sectors typically exhibit interdependence but operate independently. The upstream sector consists of material suppliers who produce various raw materials and footwear components used to manufacture different shoe models and parts. The midstream sector comprises footwear manufacturers responsible for product development and mass production. The downstream sector involves brand companies that commission footwear manufacturers to produce, and then sell through retailers to consumers. As most of footwear production costs stem from raw materials, the Company has long focused on vertically integrating upstream raw materials. Except for petroleum products, the Company produces almost all kinds of raw materials related to footwear manufacturing, including leather, molds, soles, adhesives, and cardboard boxes. These materials are not only supplied to the Company's own factories but also sold to other footwear manufacturers. This supply chain integration not only enables the Company to more precisely manage raw material supply, but also raises barriers for industry entry. In addition, the Company continues to improve its production skills, operating processes, and R&D capabilities. The Company has established dedicated development centers for its major customers. From product development to product prototyping, the Company works closely with its customers and provides integrated solutions for production, thereby turning itself into a long-term partner to numerous brands. With the two above-mentioned advantages, the Company, as a midstream professional manufacturer, has



established a relatively complete supply chain by fully and successfully integrating upstream, midstream and downstream companies and has achieved a solid leading position in the industry.

(B) Retail of sporting goods

Upstream: Brand Companies/Sporting Goods Manufacturers/Sporting Goods wholesalers

Midstream: Sporting Goods Retailers

Downstream: Consumers

Sporting goods retailers are considered the midstream players in the distribution industry. They establish comprehensive sales networks and diverse appropriate marketing strategies to effectively introduce products into the market and achieve sales targets. Brand companies, sporting goods manufacturers and wholesalers, which constitute the upstream of the industry, focus on the design, development, and manufacture of sporting goods for distribution channels. Through these convenient channels, consumers in the downstream can purchase desired products, assess product information, and enjoy service experiences. Such division of labor effectively enhances the operational efficiency of the sporting goods industry.

To adapt to changing the market environment, the Company leverages its strengths in retail operations and digital innovation to keep up with end-market trends and implement precision marketing strategies. As technology continues to advance, the Company is innovating its business models by deeply integrating online and offline resources to interact and communicate with consumers, aiming to create an omni-channel retail ecosphere. In addition, through the analysis of compiled big data, we gain further insights into consumer behavior and preferences, allowing us to develop flexible procurement strategies that prioritize consumer needs. By doing so, we aim to optimize product portfolios and service quality, conduct prudent inventory management and strive to improve operational efficiency.

C. Product Development Trends

(A) Digital transformation toward smart manufacturing

In the past, the footwear industry was considered labor-intensive due to the challenges of standardizing and automating working procedures, often relying heavily on manual operations. As labor costs continue to rise, digital applications emerge and product lifecycles shorten, automation and intelligence in the footwear industry bring opportunities for improving overall business value and accelerating its digital transformation.

Driven by customer demands for innovation in R&D, supply chain, and production processes, brand companies, footwear manufacturers, and footwear machine/material suppliers are all constantly exploring ways to transform and innovate the value chain. Through the integration of industry knowledge and key data supported by equipment and high-quality materials, artificial intelligence technologies, digital tools and dynamic interconnection systems are utilized to develop agile and flexible production models.

In a globally competitive business environment, smart manufacturing brings new development possibilities to the footwear industry. It reconstructs business operations and value process, accelerates product development process, optimizes collaboration within the supply chain, and promotes technological innovation and industrial upgrading. This integration of digital information across production and retail processes improves operational decision-making responsiveness, demonstrates business resilience, and solidifies competitive advantage in the new digital era.



(B) Product diversification

The main function of athletic shoes is to prevent sports injuries and improve sports performance. By incorporating advanced materials, manufacturing technology, and the latest sports technology, athletic shoes continue to innovate. Beyond offering diverse designs, they provide consumers a broader selection of functional features to aid in achieving breakthroughs in sports competitions. Apart from continuing to improve the performance of footwear products, sustainability has received much attention in recent years. For example, adidas' revolutionary running shoe "4DFWD 3" utilizes 3D printing technology and retains the inclined midsole design, featuring a new breathable double-layer surface material and classic outsole to improve propulsion force transfer.

Green initiatives and environmental protection have received much attention in recent years, and sports brands, too, have actively advocated sustainable commitments to net-zero emission and sought the best balance between shoe performance and environmental impact. For example, Nike's "Infinity RN 4" incorporates the Nike ReactX foam that took the company 5 years to develop, which reduces carbon footprint by at least 43%, whereas the surface material uses Nike Flyknit technology, which can reduce material waste by an average of 60%. Asics, on the other hand, has launched a special environment-friendly version of GEL-NIMBUS 25, which thoroughly implements the concept of sustainable ecosystem by using dye-free raw materials and natural renewable resources.

Through the synergy of functional materials, sustainable fashion and cross-border cooperation, athletic shoes can manifest in rich and diverse styles, adding value to the market. Consumer preferences continually evolve; making production innovation the key driver that will create more possibilities and opportunities for the athletic footwear market.

(C) Precision marketing that focuses on consumer demand

With the continuous segmentation of the consumer market and the rise of personalized consumption trends, retailers are encountering an increasingly diverse and complex business environment. To accurately understand consumer profiles, retail technologies such as data collection, computing analysis, digital marketing, and electronic payments have become essential. With integrated into innovative business models, these technologies can reshape the trading structure and economic value of services and products.

Technological advancements are accelerating the shift in consumer behavior from physical to online channels. Retailers are therefore adopting more aggressive strategies to expand their digital-channels, integrating products, services, technologies, and social media. They are striving to develop cross-channel sales networks, overcoming space and time limitations to build integrated shopping models-both online and offline. By interacting and communicating with consumers at every touch point, and providing consistent, enjoyable shopping experiences, retailers aim to improve consumer's interactions and satisfaction.

Data value, channel integration and innovative technologies are driving transformation in the retail industry, shifting from a product-centric sales model to a consumer-centric service approach. This transformation aims to improve the quality, creativity, and overall all experience of content, format and services, creating comprehensive and efficient shopping journeys that cater to diverse customer needs and segments. These efforts are gaining favor and recognition from consumers.



D. Competition

The Company is a professional manufacturer of athletic and casual/outdoor footwear for internationally renowned brand customers. To meet the stringent requirements of international customers regarding quality, cost, delivery, and service, the Company continues to invest in key technologies and advanced manufacturing processes to offer efficient and flexible manufacturing services. Emphasizing sustainable development, a diversified customer portfolio and production base, rich managerial experiences and a relatively complete supply chain, the Company maintains its leading position in the footwear industry by virtue of its core strengths in business management and technical aspects.

Meanwhile, the Company is committed to expanding its retail of sporting goods business in the Greater China region. With the booming growth of the sporting goods market in Greater China in recent years, its potential has attracted numerous market participants, leading to intensified competition due to evolving consumer preferences. After years of cultivating the sporting lifestyle sector in Greater China region, the Company has established a substantial physical network and continues to strengthen its operational capabilities in digital channels. This effort aims to provide an enriched product portfolio and featured sports services, all of which have created competitive niche for the Company to develop its retail of sporting goods business.

(3) Research and Development (R&D) Overview

A. R&D Expenses

The Company's R&D expenses in 2023 was NT\$4,910,311 thousand.

B. Technology and Product Innovation Achievements

The Company continued to refine its core footwear manufacturing equipment, modularized production lines, and flexible production processes to elevate the production capacities of its factories. In 2023, the Company achieved the following accomplishments:

- (A) Refined and modularize the development of automated equipment and processes, allowing for adjustment in production models based on different requirements.
- (B) Developed 3D printing technologies, introduced new materials, and developed customized production abilities to accommodate a wide variety of products in small volumes.
- (C) Implemented the digitalization of equipment and integrated factory-side data collection with production equipment maintenance operations, actively moving toward the goal of smart manufacturing for Industry 4.0.
- (D) Established a digital system for managing factory energy consumption and monitoring environmental factors, enabling effective control to achieve energy conservation and carbon reduction goals.

C. Future R&D Projects

The Company will continue to develop advanced processes, production technologies, and digital system to work with brand customers in rapidly and flexibly meeting market demand. The future directions for research and development are as follows:

- (A) Refining modularized equipment and standardized interfaces for the development of automated equipment and processes enables integrated production solutions tailored to the diverse requirements of brand customers.
- (B) Continuing cooperation with academia in the research and development of 3D printers to create innovative designs and introduce simulation systems for virtual analysis, aiming to better meet brand customers' demands for customization.



- (C) Continuing active use of digital data collection, analysis, and management in production processes to move towards the goal of smart manufacturing for Industry 4.0.
- (D) Advancing with the global sustainability trend, the Company will continue to optimize energy use, environmental monitoring, and carbon emission management systems across its factories more rapidly, aiming to achieve net-zero emission.

The future R&D expenses are estimated to account for 3% of the Company's annual operating revenue generated from manufacturing of shoes business.

(4) Short-term and Long-term Business Development Plans

A. Short-term Business Development Plans

- Manufacturing of Shoes
 - (A) Provide value-added and innovative services to foster deeper cooperation with brands.
 - (B) Leverage local production advantages to flexibly adjust production capacity allocation.
 - (C) Continue promoting digital transformation and establish a sustainable business model.
 - (D) Integrate supply system resources and optimize overall operational efficiency.
- Retail of Sporting Goods
 - (A) Constantly strengthen operational capabilities to enhance sales efficiency.
 - (B) Accelerate the development of online services to create seamless shopping experiences.

B. Long-term Business Development Plans

- Manufacturing of Shoes
 - (A) Maintain excellence in product quality, innovation services, and comprehensive solutions to strengthen the industry-leading position.
 - (B) Invest in talent development, innovative R&D, and smart manufacturing to generate sustainability value.
- Retail of Sporting Goods
 - (A) Establish an end-to-end sales-to-manufacturing chain operating model.
 - (B) Integrate distribution channels, membership programs and sports services to incorporate sports into daily life.

5.2 Market and Sales Overview

(1) Market Analysis

A. Sales of Products (Services) by Region

(In NT\$ thousands)

Geographical Information \ Year	2023		2022	
	Amount	Ratio	Amount	Ratio
Asia	149,173,023	60%	140,818,785	53%
America	43,873,966	18%	60,900,301	23%
Europe	40,095,239	16%	49,579,789	18%
Others	13,491,486	6%	16,197,925	6%
Total	246,633,714	100%	267,496,800	100%



B. Market Share

The Company is the world's largest manufacturer of branded athletic and casual/outdoor footwear. In 2023, the Company has produced and shipped a total of 218.3 million pairs of shoes. Indonesia, Vietnam and Mainland China accounted for 49%, 34% and 12% of total shoe shipments, respectively, whereas Cambodia, Bangladesh, and Myanmar accounted for 5%. The Company is also one of the leading retailers and distributors of sporting goods in the Greater China region, operating 3,523 directly-operated stores as of December 31, 2023, and continues to advance its digital channel development strategy, thereby accelerating the comprehensive linkage and integration of online and offline networks.

C. Market Forecast and Growth Potential

(A) Global Footwear and Sporting Goods Market

Footwear is a basic necessity. As the population and the economy grow, consumers become more willing and able to spend. Factors such as technological innovation, fashion, and culture also contribute to the expansion of the footwear market. According to research organization Statista, the global footwear market is expected to grow at an annual rate of 3.43% from 2024 to 2028, with sales value exceeding US\$472 billion market-wide in 2028. According to "Sporting Goods 2024" jointly released by the World Federation of the Sporting Goods Industry and McKinsey & Company, the global sporting goods market faced numerous challenges in 2023 and but still grew by 6% over the previous year. This growth rate, compared to the 2% reported in 2022, demonstrates the industry's resilience. However, recovery rates varied across regions. Latin America experienced significant growth of 22% in 2023, while Asia Pacific achieved an 11% growth. In contrast, North America reported a mere 2% growth in 2023. Looking ahead to 2024, we expect overall market sales and profits to remain stable or even improve. However, concerns persist regarding inflation, inventory levels, and demand fluctuations, and there may be performance discrepancies between the overall economy and individual market segments. Over the medium- to long-term, increasing health awareness and rising popularity of sports activities are expected to drive the global sporting goods market to expand to US\$512 billion by 2027, with a compound annual growth rate reaching 7% between 2023 and 2027.

(B) Mainland China's Sporting Goods Market

According to data published by the National Bureau of Statistics of Mainland China, retail sales of social consumer goods in Mainland China totaled RMB47.1 trillion in 2023, representing a 7.2% increase from the previous year as demand recovered after the removal of COVID-19 control measures. Of which, sales of sports and entertainment goods increased by 11.2% year-on-year, whereas sales of clothing, shoes, hats, and knitted textile goods increased by 12.9% year-on-year, making them the two categories that performed above the average. Since 2014, Mainland China has clearly stated on multiple times that the total size of its sports industry aims to exceed RMB 5 trillion by 2025. The government has announced a number of sports-promoting policies, including the Opinions of the State Council on Accelerating the Development of the Sports Industry and Promoting Sports Consumption in 2019, the 14th Five-Year Plan for Sports Development in 2021, the Work Plan on Sports to Stabilize the Economy and Boost Consumption in 2022, and the Outdoor Sports Industry Development Plan (2022-2025), Action plan to promote the construction and service improvement of outdoor sports facilities (2023-2025) in 2023. These policies indicated the directions for the high-quality development of the sports industry, accelerate the transformation from investment-driven to



consumption-led development, and provide strong support for the long-term development of Mainland China's sporting goods market.

D. Competitive Advantages, Favorable and Unfavorable Factors of Development Objectives and Countermeasures

(A) Competitive Advantages and Favorable Factors

(a) Continue to enhance the Company's core competitive advantages

The Company continues to make improvements in its five core competitive advantages of speed, flexibility, innovation, quality, and sustainability to provide the most valuable total solutions in the face of constantly changing external environment.

- i. Speed: By introducing automated equipment and making proper use of digital management system, the Company is able to monitor production in real time and increase efficiency to shorten product delivery time, and quickly respond to market demand.
- ii. Flexibility: The Company will continue to develop advanced technologies, modularize existing production lines, and adopt a more flexible and agile production model to cope with the fast-changing procurement strategies of its brand customers.
- iii. Innovation: The Company invests considerable resources into material development, process improvement and digital refinement each year to provide consumers with innovative and competitive products and services.
- iv. Quality: The Company is committed to providing customers with stable and consistently high quality through a comprehensive control strategy.
- v. Sustainability: Operating within the framework of corporate sustainability and in compliance with laws and regulations, the Company, actively pursues sustainable development, considers the interests of stakeholders, and systematically promotes a positive cycle of growth and prosperity.

(b) Expand manufacturing and retailing end-to-end services and provide customers with comprehensive solutions

The Company has established a leading market position as a professional manufacturer of athletic and casual/outdoor footwear, and it also operates retail of sporting goods business in Greater China region. Over the years, the Company has provided unique strategic value to various partners to satisfy their different demands. In the future, we will continue to utilize big data analysis at the retailing end, combine it with our competitive production advantages at the manufacturing end, to create comprehensive and customized solutions that can be expected to generate business synergies and increase the added value of our products and services, creating a win-win situation with our partners.

(B) Unfavorable Factors and Countermeasures

(a) The Impact of an Accelerated Industry Change

The sports industry is undergoing rapid changes. With the advent of the digital era, new technologies will be more widely used in product development and shoemaking, whereas consumers tend to favor products that quickly reflect fashion trends and their individual characters. Enterprises will have to change their business mindsets from the old product-centric and cost-driven approach to a customer-centric and value-driven approach, providing value-adding and customized products, services, and solutions.



Countermeasures: The Company will continue to collaborate with brand customers, industry, government, academia, and research institutes on the basis of its five core competitive advantages. The Company will continue to invest in R&D resources in four directions: design, equipment, material, and process, with the goal of achieving the most valuable diverse platform oriented toward smart manufacturing and innovative services.

(b) Fierce competition in Greater China's sporting goods market

Major sports brands, retailers and agents are actively competing for market share in the sporting goods market in the Greater China region. Imbalance in supply and demand can negatively impact sales and increase inventory risk.

Countermeasures: The Company will adopt a customer-oriented approach to promote the integrated development of physical stores and digital channels, thereby creating an omni-channel retail ecosphere. In addition, the Company will analyze market information, formulate better procurement strategies and utilize digitally refined management to improve the efficiency of business management.

(2) Purposes of Main Products and Production Process

A. Product Purpose

Athletic shoes, casual shoes, outdoor shoes and sports sandals manufactured by the Company are designated for various specialized sports activities or casual wear.

B. Production Process

Purchasing → Inspection → Storage → Requisition → Cutting → Sole Finishing → Preparation → Stitching → Warehousing → Lasting and Finishing → Packaging → Shipment

(3) Supply Situation for Main Raw Materials

The main materials required for footwear manufacturing are categorized into soles and uppers. The majority of sole materials, such as rubber and EVA foam, are manufactured by the Company, with a small proportion purchased from other suppliers. On the other hand, upper materials, including synthetic leather, fabric and natural leather, some are supplied by the Company's affiliates or purchased from domestic suppliers, while others are imported from overseas suppliers based on customer requests or other considerations, such as price and quality.

(4) Suppliers/Customers Who Accounted for 10% or More of Total Purchase (Sales) in one of the last two fiscal years and Analysis of Changes

A. Suppliers accounted for 10% or more of purchase for the last two fiscal years

(In NT\$ thousands)

Item No.	2022				2023			
	Name	Amount	Percentage of net purchase for the year	Relationship with the Company	Name	Amount	Percentage of net purchase for the year	Relationship with the Company
1	Supplier A	28,949,549	20	None	Supplier A	37,264,994	25	None
2	Supplier B	9,773,834	7	None	Supplier B	13,298,792	9	None
	Others	108,677,465	73		Others	99,179,951	66	
	Net purchase	147,400,848	100		Net purchase	149,743,737	100	

In 2022 and 2023, the top two suppliers accounted for 20%~30% of the Company's net purchase. Other suppliers, contributing less than 10% of net purchase each, collectively accounted for approximately 60~70% of the net purchase in total. This indicates that the Company maintains successful partnerships with key suppliers to ensure a stable source of supply and avoid concentration in procurement.



B. Customers accounted for 10% or more of sales for the last two fiscal years

(In NT\$ thousands)

Item No.	2022				2023			
	Name	Amount	Percentage of net sales for the year	Relationship with the Company	Name	Amount	Percentage of net sales for the year	Relationship with the Company
1	Customer A	65,648,198	25	None	Customer A	63,495,043	26	None
2	Customer B	40,988,517	15	None	Customer B	32,151,212	13	None
	Others	160,860,085	60		Others	150,987,459	61	
	Net sales	267,496,800	100		Net sales	246,633,714	100	

In 2022 and 2023, there were two customers accounting for 10% or more of the Company's sales. The percentage of net sales attributed to these two customers remained relatively stable. Other customers, contributing less than 10% of net sales each, collectively accounted for over 60% of the net sales in total. This indicates that the Company maintains cooperative relationships with its major customers and avoids sales concentration issues.

(5) Production in 2022 and 2023

(In NT\$ thousands; pairs)

Year Production Primary Business	2022			2023		
	Capacity	Volume	Amount	Capacity	Volume	Amount
Manufacturing of shoes	-	272,707,000	116,846,791	-	218,284,000	127,338,835

Note: Production volume measured in pairs of finished shoes

(6) Sales in 2022 and 2023

(In NT\$ thousands; pairs)

Year Sales Primary Business	2022				2023			
	Domestic sales		International sales		Domestic sales		International sales	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Manufacturing of shoes	2,257,000	2,058,711	270,450,000	182,594,502	2,363,000	2,122,216	215,921,000	155,603,833
Retail of sporting goods		731,003		81,261,391		742,361		87,230,539
Others		-		851,193		-		934,765
Total		2,789,714		264,707,086		2,864,577		243,769,137



5.3 Human Resources

The information for number of employees, average age of employees, average years of service and education levels in 2022, 2023 and up to the publication date of this annual report is as below:

Year		2022	2023	As of March 31, 2024
Number of Employees	Direct labor	211,003	179,387	185,179
	Indirect labor	81,101	68,902	71,140
	Sales and Marketing	22,248	20,401	19,602
	Total	314,352	268,690	275,921
Average age of employees		34.40	35.35	35.27
Average years of service		7.90	8.73	8.56
Education distribution percentage (%)	Ph.D.	0.01	0.01	0.01
	Master's degree	0.33	0.35	0.34
	Bachelor's degree	7.63	8.27	7.94
	High school diploma	42.09	45.07	45.84
	Below high school diploma	49.94	46.30	45.87

5.4 Environmental Protection Expenditure

Any losses suffered by the Company in the most recent fiscal year and up to the publication date of this annual report due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclose an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

In September 2023, the Company's Dong Nai factory in Vietnam failed to renew its environmental protection permit upon expiration. As a result, the Dong Nai People's Committee imposed an administrative penalty (Correspondence No. 2254/QD-XPHC) with a fine of VND 310 million (approximately US\$12,700). The Company paid the fine and submitted a renewal application in October 2023, subsequently obtaining the renewal permit in January 2024. The Company has implemented permit tracking systems, enhanced communication and cooperation between relevant departments, and adopted a series of practices including regular tracking, reporting, and early reminder to improve compliance supervision and risk audit across all factories.

5.5 Employee Relations

The Company places great value on employee relations, and demonstrates this through the following practices :

(1) Employee Benefits Measures

A. Employee Benefits Committee

The Company monthly appropriates 0.06% from its revenue and 0.5% from employee salary, as well as 40% from scrap sales as employee benefits funds. Employee benefits include childbirth and wedding cash gifts, bereavement payments, consolation payments for hospitalized employees, birthday cash gifts, Dragon Boat Festival cash gifts, Mid-Autumn Festival cash gifts, travel allowances, group insurance coverage, retirement condolences and other benefits.



B. Transportation

The Company provides commuter shuttle service and rents parking spaces for its employees.

C. Meals

The Company has cafeterias that provide lunch and dinner daily.

D. Club Activities

A variety of club activities are provided to enrich employees' leisure life and to enhance interaction and communication among them.

E. Vacation Time

Our leave policies are adopted in compliance with applicable laws and regulations, allowing employees to schedule their own leave as needed.

F. Other Benefits

(A) Celebrity presentations: The Company holds celebrity presentations from time to time and invites celebrities from various industries to share their ideas of success and personal philosophies.

(B) Office massage service: The Company offers massage services provided by blind masseurs, which helps employees relax physically and mentally while also supporting charitable events.

(C) Family day: The Company organizes activities suitable for families to participate in, promoting parent-child interaction and demonstrating care for employees, so that they can completely relax and enjoy quality time with their families after hard work.

(D) Health promotion activities: The Company organizes various health-related activities, including weight management programs, Chinese medicine consultations, cancer screenings, bone density screenings, and health seminars to enhance employees' health awareness and further strengthen workplace health.

(E) Healthy walking app (iWorkout): An integrated workout app facilitates the comprehensive collection of workout-related data, encouraging exercise as a habit and improving physical and mental well-being.

G. The Company offers kindergartens and health clinics at its overseas factories, which provides proper child care and medical services.

(2) Pension System

A. The Company adopted the "Employment Retirement Rules" for the purpose of providing care for employees after retirement, promoting employee relations and increasing work efficiency.

B. The Company is subject to the pension system under the "Labor Standards Act", categorized as defined benefit pension plans, and has established a Supervisory Committee of Labor Retirement Reserve in accordance with the "Labor Standards Act". The Company's asset value of its retirement benefit plan and present value of the obligation from defined benefit pension plans are calculated by certified actuaries. In 2023, the Company set aside accrued pension liabilities for 1.27% of total employee salaries, including 2% of the total employee salaries as the pension fund deposited monthly into the Company's designated account at Taiwan Bank. According to Article 56-2 of the "Labor Standards Act", the Company also calculated the pension fund deposited into the Company's designated account at Taiwan Bank to confirm the amount is sufficient to pay the retirement pension for employee who is qualified to retire in 2023.



- C. According to the “Labor Pension Act”, employees hired before June 30, 2005 and remained employed as of July 1, 2005 may choose to continue to be subject to the pension rules under the “Labor Standards Act”, or be subject to the pension system under the “Labor Pension Act” and retain their seniority accrued prior to the applicability of the “Labor Pension Act”. Employees hired after July 1, 2005 shall be solely subject to the pension system under the “Labor Pension Act”.
- (3) Employee Learning and Training Programs
- A. Training program is designed to align with the Company’s vision, operational goals, and organization needs by using systematic methods and tools to continuously improve employees’ professional and management skills, strengthen the corporate talent pool, and enable employees to grow with the Company as long-term partners. This approach aims to create greater value for the Company, achieve business goals, and facilitate devising future development plans. To strive for excellence, the Company’s training program is introduced into the TTQS (Talent Quality-management System), and the effectiveness of training is self-checked by reference to international ISO standards. It was formally applied to the Ministry of Labor for evaluation, and was recognized with a silver medal in the Enterprise & Organization Edition.
- B. The Company’s annual training programs combines our mission, vision, business strategies and goals. We collect and understand the development focus and training requirements of each of our business department; continuously engage in innovation and introduce new technologies, concepts, and tools; encourage personal growth and organizational learning; offer diverse learning channels that encourage self-paced learning. Simultaneously, we also consider employees’ personal development plans, the training system of each level of function, relevant laws and regulations, and other professional skills certification courses, and formulate the “Training Program Management Guidelines” to facilitate the operation. Training Programs:
- To deepen the facilitation on working skills for employees at each position and to realize the vision of lifelong learning, the Company plans various series of training courses for different stages according to its business strategy and core values. The Company constantly provides training for employees, from their employment to their expected retirement, to help them acquire the skills they need in performing their tasks and strengthening their capabilities for continued employment. By arranging training courses for employees, the Company expects to reach an internal consensus among employees so that they can recognize the organization value and furthermore contribute to achieve the best business performance for the Company.
- (A) Course for New Employees: The Company provides training courses for new employees to accelerate their understanding and recognition of the Company.
- (B) Core Competency Course: A series training course focusing on the Company's core functions to establish a common language within the Company.
- (C) Management Course: Management courses for various management levels are planned according to the management functions and competencies.
- (D) Professional Course: Professional training courses for various functional attributes based on work contents and professional requirements.
- (E) Self-Development Course: A range of soft power courses such as language training courses and in-house lecturers are provided to encourage a diversified development of employees.
- (4) The status of the agreement between labor and Company and the status of various employee rights and interests protection measures
- A. The Company's "work rules" clearly stipulate employee attendance, salary, welfare matters, performance



management, rewards and punishments, termination of labor-employment relationship, occupational accident compensation and pensions, and safety and health policies, among others. These rules are approved for implementation by the labor-management meeting. Relevant regulations are disclosed on the Company's internal website, accessible to employees at any time. In addition, the Company regularly holds labor-management meetings and participates in labor union employee representative meetings to fully communicate with labor representatives.

B. The Company is currently in the process of evaluation with the labor union and has not yet signed a collective bargaining agreement.

(5) A summary of certifications received by personnel who are involved in the financial transparency of the Company are as follows:

A. Taiwan Certified Public Accountant: 7 persons at the Accounting Department.

B. USA Certified Public Accountant: 1 person at the Accounting Department.

C. Taiwan Certified Internal Auditor: 3 persons at the Accounting Department and 1 person at the Internal Audit Department.

D. Certified Information Systems Auditor: 1 person at the Accounting Department.

E. BS7799/ISO 27001 Lead Auditor: 1 person at the Accounting Department and 2 persons at the Internal Audit Department.

F. Project Management Professional (PMP): 5 persons at the Accounting Department.

G. Jacksoft Certified CAATs Practitioner (JCCP): 8 persons at the Accounting Department and 3 persons at the Internal Audit Department.

H. Certified Management Accountant (CMA): 1 person at the Accounting Department.

I. General Competency Exam for corporate governance held by the Securities and Futures Institute: 1 person at the Accounting Department and 2 persons at the Internal Audit Department.

J. International Certified CAATs Practitioner (ICCP): 5 persons at the Accounting Department and 1 person at the Internal Audit Department.

K. General Competency Exam for Internal Control held by the Securities and Futures Institute: 2 persons at the Accounting Department and 1 person at the Internal Audit Department.

(6) Code of Conduct and Ethics Policy

A. The Company's Code of Conduct is adopted in compliance with local laws and regulations across all business areas, and it adheres to the guidelines of the International Labor Organization (ILO), Fair Labor Association (FLA), international brand customers, and other leading companies as core standards for all employees participating in the Company's business. The Code of Conduct has also been promoted and published on the Company's internal and external websites.

B. The Company's "Work Rules" outline the corporate culture, strong commitment to ethical behavior, and the rights and obligations of employees. The "Work Rules", along with other human resources policies, are available on the Company's intranet for employees' access from time to time.

C. Each employee of the Company shall sign a "Statement of Commitment to the Employee Ethical Conduct" and a "Non-Disclosure Agreement", and shall strictly comply with the rules governing conflicts of interest, fair dealing, protection and proper use of company assets, confidentiality and regulatory compliance, etc.

D. For the purpose of promoting legitimate use of personal data and avoid infringement of personality rights, the Company puts into practice "Matters to be informed on regarding personal data collection" and respects the rights of employees. The Company may only use the information collected after adequately informing the employees concerned of the purpose of collection, processing and use of personal information, and obtaining their written consent.



(7) Precautionary Measures for Workplace Health and Safety

The Company remains devoted to strengthening various safety management practices. It focused on the following aspects in 2023:

- A. Promote safety culture: The Company aimed for comprehensive participation and adopted a top-down approach with a focus on infrastructure, partnership system, and capacity building. It developed technical solutions for a number of issues including the life cycle of high-risk machines, BBS, high-risk operation instructions, risk maps, and risk assessments, guiding cross-departmental collaboration to expand the scope of safety management and to promote safety culture within the organizations.
- B. Professional capacity building: A safety culture e-school has been established to deliver online courses in multiple languages for more efficient training of new employees. Employees ranging from on-site production workers, electricians, mechanics, infrared scanning and inspection personnel, environmental safety and health personnel, firefighters to managerial personnel (factory/building manager and above) are required to complete these courses to enhance factory safety management and to prevent risks in routine operations.
- C. Machine safety management: Management practices have been developed and implemented for the entire life cycle of high-risk machines. These practices encompass safe installation and operation, procurement source review, on-site safety inspection, safe production, alteration management, machine relocation, and regular safety inspections to ensure safety in the installation and usage of machinery.
- D. Construction operations management: Management practices for contractors' construction activities have been extended to cover the Company's construction activities, using uniform standards such as site entry control, hazard notification, special hazardous operation control, on-site supervision, and violation penalties. A third-party work site safety consultant has been engaged to enhance the safety of new construction projects since 2020.
- E. Abnormal event management: Investigation and management procedures for occupational hazards and fire disasters have been standardized to ensure that accident reporting and follow-up tracking are duly implemented. The use of accident tree and fault tree has also been standardized so that the root cause and management opportunities can be accurately identified to avoid recurrence, with precautions taken in advance.
- F. Complete fire prevention facilities: The Company has established fire prevention design regulations. All new constructions, additions, and changes of use of the factory must be designed in accordance with the Company's regulations, and there is a unified management mechanism for construction, acceptance, and maintenance. The Company has also conducts audits on the construction quality and maintenance works from time to time. For solar power facilities, the Company developed a set of safety management system this year to ensure safe usage.
- G. Enhancing the ability of firefighting teams: The Company has a total of 12 firefighting teams at its production bases. The Company has established standardized protocol for daily duty and physical training and periodically verifies them. The Company also conducts joint drills with on-site emergency response team members according to the emergency response plan to strengthen emergency response capabilities.
- H. ESH partnership system: On-site personnel have been trained to become ESH partners to assist in making timely improvements and proposals for near misses. A total of 4,902 partners have been deployed this year.



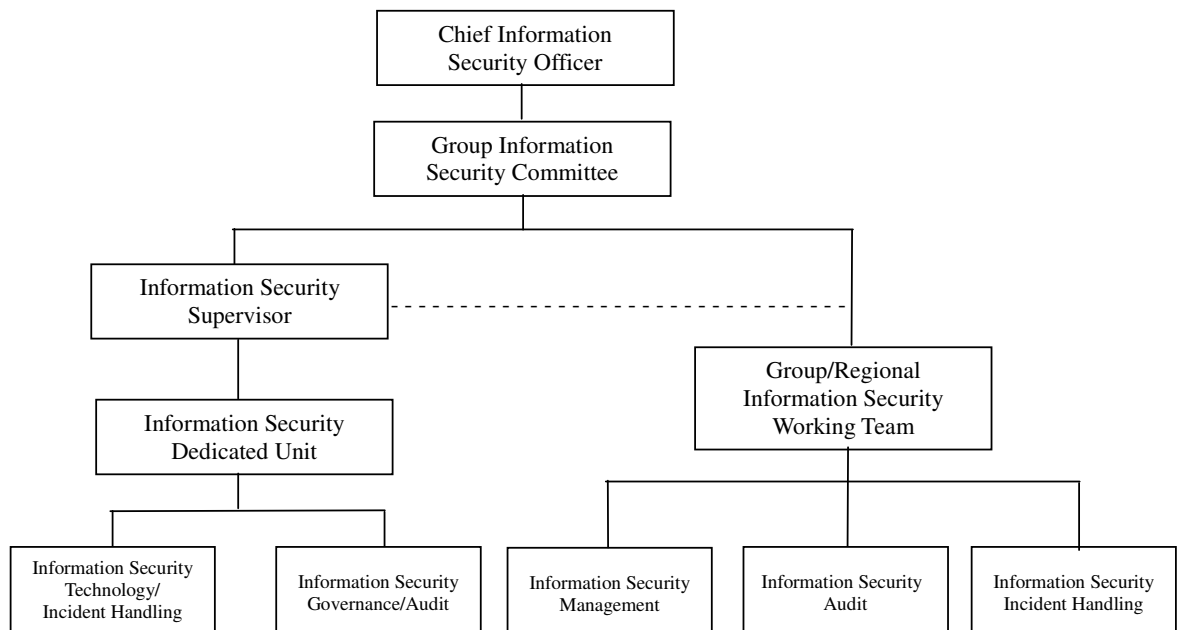
- (8) List any losses suffered by the Company in the most recent fiscal year and up to the publication date of this annual report due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: none.

5.6 Cyber Security Management

- (1) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management:

A. Cyber security management strategy and framework

The Company has appointed the head of Information Department as the chief information security officer, convening senior management to establish the Group Information Security Committee to provide support, supervision, and decision-making for the cyber security management system. Since 2022, the Company has established an information security supervisor and dedicated unit, and formed an Information Security Working Team comprised of dedicated personnel and personnel assigned from various units within the Information Department, responsible for overseeing governance, technology, incident handling, and audits. We also conduct regular information security audits and continuously enhance employee awareness of information security, ensuring the proper functioning of our information security management system and keeping it up-to-date with current practices.



B. Cyber security policy

(A) Cyber security policy and objectives

The Company has adopted and introduced an Information Security Management System (ISMS) since 2013, in accordance with the international standard ISO 27001, developing appropriate and compliant information security system documentation and control measures. The purpose of the Company's cyber security policy is to protect the continuous operational environment of information assets and systems managed and utilized by the Company's computer information from internal and external intentional or accidental threats. This aims to ensure that relevant personnel, activities, and transactions comply, and to achieve the following objectives through the joint efforts of all employees:

- (a) Ensure the continuous operation of business activities and the stable use of information services provided.



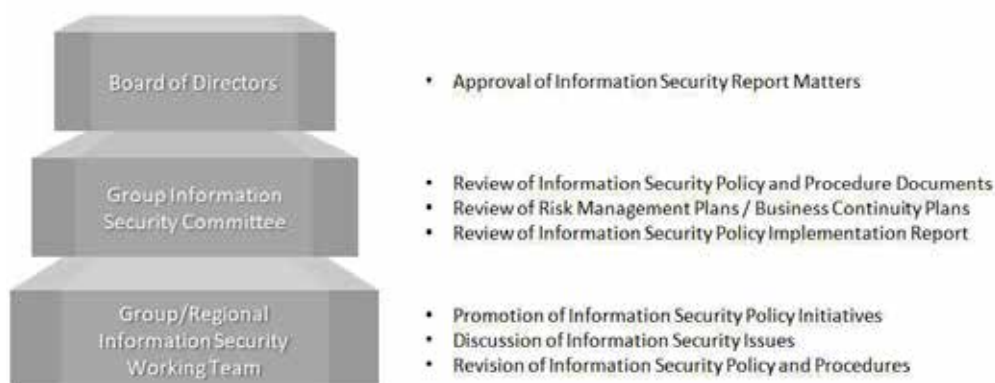
(b) Ensure the confidentiality, integrity, and availability of information assets, as well as the privacy of personal data.

- Confidentiality: Protecting operational and production-related information from unauthorized access.
- Integrity: Ensuring the completeness and accuracy of information to facilitate managerial decision-making.
- Availability: Building digital resilience to support operational stability.

(c) Establish a business continuity planning for information management and operations. Conduct regular reviews and continuous improvement of the cyber security management system. Align with government cyber security management policies, laws, technologies, as well as stakeholders' needs and expectations, while addressing internal and external issues and the Company's operational status. Ensure the feasibility and effectiveness of cyber security operational practices.

(B) Review and Implementation of Cyber Security Policy

The Company conducts annual reviews of its cyber security policy, collecting and assessing changes in internal and external organizational dynamics, technological advancements, business conditions, regulatory frameworks, and the environmental factors. When necessary, timely revisions are made, and continuous improvement is achieved through the PDCA (Plan-Do-Check-Act) cycle and standardization processes, ensuring the ability to maintain effective operations and provide relevant services:



C. Specific Management Plan

In 2023, the Company reviewed its cyber security policy and specific management plan. Building on the existing cyber security foundation, the Company initiated and implemented optimization projects aligned with cyber security requirements, aimed at enhancing cyber security protection capabilities.

(A) Policy and Management:

The Company conducts annual reviews to assess whether the information security system complies with changes in the operating environment and regulatory requirements, making timely adjustments as necessary. Through continuous cycles of improvement using the PDCA approach and standardization operations, the Company aims to achieve sound and effective process control.

(a) Regular review of cyber security system

Adhering to the "Cyber Security Control Guidelines for TWSE/TPEX Listed Companies" issued by the Taiwan Stock Exchange and Taipei Exchange, and referencing the cloud security standard ISO 27017 and the cyber security framework NIST, the Company conducts regular reviews to revise and enhance the regulatory compliance of its cyber security management system.

(b) Asset identification and risk management

The Company identifies and acknowledges its core information protection targets, conducts inventories and classification assessments of information systems, evaluates critical systems, classifies relevant assets of critical systems, and prioritize risk assessment and mitigation measures for targeted protection.



(c) Outsourced Information Security

Regarding the management of outsourced information security, there is a focus on establishing and implementing cyber security clauses in procurement agreements. By introducing new contract terms related to cyber security, vendors are encouraged to actively promote the concept of information and equipment security. In the second half of each year, information service providers are encouraged to conduct self-assessments on cyber security, confirming their implementation status through self-assessment forms. Additionally, the first cyber security audit of information providers has been conducted, aiming to promote the Group's cyber security protection requirements and gain insight into specific implementation practices.

(d) Evaluation of cyber security effectiveness

To ensure continuous improvement and effective performance management in cyber security, the Company conducts annual assessments through collaboration between internal cyber security audits and production safety audits to evaluate the implementation status of information units within the Group.

(B) Technology and Protection

Given various external information security threats, the Company adopts a multi-layered network architecture design and deploys various information security protection systems to enhance the overall security of the information environment.

(a) Cyber security:

Important systems and network devices are monitored using mobile alerts to detect anomalies. Cross-border operations are subject to authorization and monitoring control. Firewalls, network segmentation, and computer antivirus software are automatically updated to effectively block the latest viruses and spams.

(b) Device security:

Through mobile device management software, applications and approved device functionalities, including network connections, are managed and activated to ensure that device network connection undergo authentication to prevent data leakage. Additionally, endpoint management software is used to monitor users' computers to prevent unsafe applications.

(c) Information system security:

Regular vulnerability scanning, patching and updates are conducted prior to system deployment. A multi-factor authentication mechanism is adopted for verifying the identity of system users, ensuring the security of information system.

(d) Audit trail logging Security:

Centralized logging is implemented to facilitate the centralization of important systems and network communications equipment, with an information monitoring and intelligence dashboard established. The purpose is to monitor cyber security risks and warnings, including computer login status, SSLVPN status. This setup aims to ensure the smooth operation of critical host and prevent virus attacks by analyzing irregular login activities.

D. Investments in resources for cyber security management

In 2023, a comprehensive system is adopted to assist management in reducing information-related risks and threats.

(A) Inventory of information assets and business continuity

To confirm and identify the Company's core information protection targets, a comprehensive inventory and classification assessment of all information systems across the entire group is conducted. This process includes identifying and classifying information assets of important systems, as well as completing risk assessment and mitigation procedures. Additionally, to enhance the resilience of critical information system services within the Group, business continuity planning and drills for key systems were completed this year.



(B) Information Technology and Protection:

(a) Data protection operations:

By conducting regular audits of high-confidential system permissions, reorganizing email groups, organizing public groups on the group communication platform, and notifying modifications, we ensure the security of highly confidential systems within the group and prevent operational data leaks

(b) Information security detection operations:

In 2023, vulnerability scanning was conducted on critical servers both in Taiwan and overseas, along with penetration testing on four important web systems. Identified vulnerabilities were addressed through execution of patching plans to prevent hacking attacks. Furthermore, external risk analysis was performed by monitoring, analyzing, and collecting external intelligence, leading to the blocking of specific malicious external IPs and the implementation of related protective measures.

(C) Training

The Company provides cyber security awareness courses and assessments for new employees. To boost overall cyber security awareness, 50 cyber security training sessions were held, with 30,292 participants completing the course. A phishing email exercise for current employees resulted in decreased email open rates and malicious link click rates compared to the previous year, indicating improved cyber security awareness. Special emphasis is placed on practical exercises for dedicated personnel to enhance information protection and cyber security management skills

- (2) List any loss suffered by the Company in the most recent fiscal year and up to the publication date of this annual report due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

The Company has established an enterprise risk management mechanism and standard procedures for managing cyber security incidents, including reporting protocols, dedicated personnel for significant events, loss assessment, and response measures. In the most recent fiscal year and up to the publication date of this annual report, the Company has not encountered any significant cyber security incidents resulting in material financial or operational impacts

5.7 Material Contracts

Type of Contract	Parties	Term	Major Content	Restrictive Clauses
Service Agreements	Yue Yuen Industrial (Holdings) Limited	Since April 1997	Product design and development, knowledge of technologies, technology and market promotion services, raw materials procurement, and employee recruitment service provision agreement.	None.



VI. FINANCIAL INFORMATION

6.1 Financial Summary for the Past Five Fiscal Years

(1) Condensed balance sheet and statement of comprehensive income

A. Consolidated condensed balance sheet

(In NT\$ thousands)

Item	Year	Financial summary within five years 【Note】				
		2019	2020	2021	2022	2023
Current assets		165,637,689	155,495,896	162,894,673	159,397,233	157,855,134
Property, plant and equipment		77,861,266	69,983,286	62,786,453	64,012,887	57,772,269
Intangible assets		10,429,135	9,832,703	9,381,455	10,268,187	10,405,088
Other assets		109,128,240	133,602,674	134,800,966	93,211,497	101,548,844
Total assets		363,056,330	368,914,559	369,863,547	326,889,804	327,581,335
Current liabilities	Before distribution	98,233,680	85,408,436	88,808,973	81,429,205	84,975,466
	After distribution	101,917,164	86,881,830	93,229,154	85,260,028	88,216,932
Non-current liabilities		74,953,623	82,262,921	73,557,822	63,333,121	39,942,590
Total liabilities	Before distribution	173,187,303	167,671,357	162,366,795	144,762,326	124,918,056
	After distribution	176,870,787	169,144,751	166,786,976	148,593,149	128,159,522
Equity attributable to owners of the Company	Before distribution	117,408,939	134,109,459	139,432,954	107,012,021	126,189,362
	After distribution	113,725,455	132,636,065	135,012,773	103,181,198	122,947,896
Share Capital		29,467,872	29,467,872	29,467,872	29,467,872	29,467,872
Capital surplus		4,592,397	4,389,862	4,419,400	4,420,389	4,410,292
Retained earnings	Before distribution	71,664,103	72,807,778	85,726,878	94,447,354	101,049,569
	After distribution	67,980,619	71,334,384	81,306,697	90,616,531	97,808,103
Other equity		11,684,567	27,443,947	19,818,804	(21,323,594)	(8,738,371)
Treasury shares		-	-	-	-	-
Non-controlling interests		72,460,088	67,133,743	68,063,798	75,115,457	76,473,917
Total equity	Before distribution	189,869,027	201,243,202	207,496,752	182,127,478	202,663,279
	After distribution	186,185,543	199,769,808	203,076,571	178,296,655	199,421,813

Note: The financial statements for 2019 to 2023 have been audited by independent auditors.



B. Consolidated condensed statement of comprehensive income

(In NT\$ thousands, except earnings per share)

Item \ Year	Financial summary within five years 【Note】				
	2019	2020	2021	2022	2023
Operating revenue	313,156,585	249,954,311	239,884,409	267,496,800	246,633,714
Gross profit	79,515,354	54,751,105	58,223,025	64,606,092	61,110,995
Income (loss) from operations	13,950,460	(2,111,078)	2,475,709	10,596,070	10,215,593
Non-operating income and expenses	7,571,518	8,072,404	14,681,025	10,835,507	9,251,088
Income before income tax	21,521,978	5,961,326	17,156,734	21,431,577	19,466,681
Net income	18,002,774	3,919,417	16,603,443	16,889,466	15,973,481
Other comprehensive income (loss)	29,821,437	13,761,868	(8,615,977)	(35,720,868)	11,257,645
Total comprehensive income (loss)	47,824,211	17,681,285	7,987,466	(18,831,402)	27,231,126
Net income attribute to owners of the Company	11,828,609	4,840,184	14,439,307	12,644,855	10,623,608
Net income attribute to non-controlling interests	6,174,165	(920,767)	2,164,136	4,244,611	5,349,873
Total comprehensive income (loss) attribute to owners of the Company	43,908,682	20,587,697	6,773,495	(28,001,741)	23,018,261
Total comprehensive income (loss) attribute to non-controlling interests	3,915,529	(2,906,412)	1,213,971	9,170,339	4,212,865
Earnings per share	4.01	1.64	4.90	4.29	3.61

Note : The financial statements for 2019 to 2023 have been audited by independent auditors.



C. Separate condensed balance sheet

(In NT\$ thousands)

Item		Financial summary within five years 【Note】				
		2019	2020	2021	2022	2023
Current assets		8,248,705	8,234,261	9,028,891	8,108,181	9,737,769
Property, plant and equipment		5,220,137	5,035,178	4,812,331	4,643,231	4,448,522
Other assets		148,192,278	169,581,752	174,606,605	143,676,949	162,268,969
Total assets		161,661,120	182,851,191	188,447,827	156,428,361	176,455,260
Current liabilities	Before distribution	23,446,622	17,908,547	19,706,049	27,400,122	31,921,325
	After distribution	27,130,106	19,381,941	24,126,230	31,230,945	35,162,791
Non-current liabilities		20,805,559	30,833,185	29,308,824	22,016,218	18,344,573
Total Liabilities	Before distribution	44,252,181	48,741,732	49,014,873	49,416,340	50,265,898
	After distribution	47,935,665	50,215,126	53,435,054	53,247,163	53,507,364
Share capital		29,467,872	29,467,872	29,467,872	29,467,872	29,467,872
Capital surplus		4,592,397	4,389,862	4,419,400	4,420,389	4,410,292
Retained earnings	Before distribution	71,664,103	72,807,778	85,726,878	94,447,354	101,049,569
	After distribution	67,980,619	71,334,384	81,306,697	90,616,531	97,808,103
Other equity		11,684,567	27,443,947	19,818,804	(21,323,594)	(8,738,371)
Treasury shares		-	-	-	-	-
Total equity	Before distribution	117,408,939	134,109,459	139,432,954	107,012,021	126,189,362
	After distribution	113,725,455	132,636,065	135,012,773	103,181,198	122,947,896

Note: The financial statements for 2019 to 2023 have been audited by independent auditors.



D. Separate condensed statement of comprehensive income

(In NT\$ thousands, except earnings per share)

Item \ Year	Financial summary within five years 【Note】				
	2019	2020	2021	2022	2023
Operating revenue	11,399,477	8,219,523	8,310,049	9,349,013	8,238,380
Gross profit	4,743,554	3,925,008	4,480,572	5,067,926	4,602,011
Income from operations	540,529	474,916	505,458	887,677	550,962
Non-operating income and expenses	11,854,667	5,751,384	13,473,771	12,642,827	10,985,302
Income before income tax	12,395,196	6,226,300	13,979,229	13,530,504	11,536,264
Net income	11,828,609	4,840,184	14,439,307	12,644,855	10,623,608
Other comprehensive net income (loss)	32,080,073	15,747,513	(7,665,812)	(40,646,596)	12,394,653
Total comprehensive income (loss)	43,908,682	20,587,697	6,773,495	(28,001,741)	23,018,261
Earnings per share	4.01	1.64	4.90	4.29	3.61

Note : The financial statements for 2019 to 2023 have been audited by independent auditors.

(2) Auditors' Opinions from 2019 to 2023

Year \ Opinion	Accounting Firm	CPA	Audit Opinion
2019	Deloitte & Touche	Wu, Ker-Chang Hong, Kuo-Tyan	Unqualified Opinion
2020	Deloitte & Touche	Shyu, Wen-Yea Hong, Kuo-Tyan	Unqualified Opinion
2021	Deloitte & Touche	Hong, Kuo-Tyan Shyu, Wen-Yea	Unqualified Opinion
2022	Deloitte & Touche	Hong, Kuo-Tyan Shyu, Wen-Yea	Unqualified Opinion
2023	Deloitte & Touche	Hong, Kuo-Tyan Shyu, Wen-Yea	Unqualified Opinion



6.2 Financial Analysis for the Past Five Fiscal Years

(1) A. Consolidated financial analysis

Year Items		Financial summary within five years (Note)				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio	47.70	45.44	43.44	44.28	38.13
	Ratio of long-term Capital to property, plant and equipment	340.12	405.10	442.90	383.45	419.93
Liquidity (%)	Current ratio	168.61	182.06	183.42	195.74	185.76
	Quick ratio	103.35	118.78	107.63	123.84	131.53
	Interest earned ratio (times)	7.63	3.47	10.18	9.46	6.92
Operating performance	Accounts receivable turnover (times)	8.44	7.49	8.15	9.52	8.59
	Average collection period	43	48	44	38	42
	Inventory turnover (times)	3.87	3.55	3.24	3.45	3.73
	Accounts payable turnover (times)	15.58	12.39	10.67	13.54	13.85
	Average days in sales	94	102	112	105	97
	Property, plant and equipment turnover (times)	3.98	3.38	3.61	4.21	4.05
	Total assets turnover (times)	0.93	0.68	0.65	0.76	0.75
Profitability (%)	Return on total assets	6.17	1.59	4.91	5.42	5.68
	Return on shareholders' equity	10.52	2.00	8.12	8.66	8.30
	Pre-tax income to paid-in capital	73.03	20.22	58.22	72.72	66.06
	Net income ratio	5.74	1.56	6.92	6.31	6.47
	Earnings per share (NT\$)	4.01	1.64	4.90	4.29	3.61
Cash flow (%)	Cash flow ratio	24.95	23.83	14.22	29.53	37.44
	Cash flow adequacy ratio	63.36	60.14	51.93	60.14	77.89
	Cash reinvestment ratio	5.96	4.64	3.13	5.82	8.30
Leverage	Operating leverage	2.12	(6.86)	7.77	2.44	2.29
	Financial leverage	1.30	0.46	4.07	1.31	1.47

Note: The financial statements for 2019 to 2023 have been audited by independent auditors.



Analysis of changes in financial ratios which show a difference of more than 20% for the past two years:

1. Liquidity:

Interest earned ratio (times) decrease was mainly due to the NT\$1.209 billion decrease in income before tax and interest, NT\$756 million increase in financial cost this year. Explanations are as follows:

The customer confident was weak and adjustment of inventory affected the performance of the manufacturing of shoes which offset the sales recovery of the retail of sporting goods which led to the decrease of operating income by NT\$20.863 billion. However the changing of product portfolio by manufacturing of shoes and flexible adjustment manpower, control the discount and strictly implement expense control by retail of sporting goods, resulting in a slight decrease in operating net profit of NT\$380 million.

Furthermore, income before tax and interest decrease compared to 2022, mainly due to the NT\$842 million increase in interest revenue, the NT\$1.712 billion decrease in share of profit of associates and joint ventures, the NT\$467 million increase in valuation gain on financial investments, the NT\$873 million increase in disposal of investment income and the NT\$1.301 billion decrease in net foreign exchange gain.

2. Cash flow:

(1) Increase in cash flow ratio mainly due to NT\$7.772 billion increase in net cash inflow from operating activities and NT\$3.546 billion increase in current liabilities. Because the current liabilities increased at a lower degree than the degree at which net cash inflow from operating activities increased, the cash flow ratio this year increase from the same period last year. Explanations are as follows:

A. Net cash inflow from operating activities increased by NT\$7.772 billion mainly due to the NT\$10.244 billion increase in cash flows from operating activities and cash outflow from income tax and interest paid increased by NT\$2.472 billion.

The NT\$10.244 billion increase in cash flows from operating activities mainly due to the income before tax decrease NT\$1.965 billion, addition the NT\$2.054 billion decrease in depreciation and amortization expense, deducting the NT\$1.712 billion decrease in share of profit of associates and joint ventures, deducting the NT\$873 million increase in disposal of investment income and net cash inflow increase NT\$1.968 billion by redemption the financial assets mandatorily as at FVTPL, cash inflow from account receivables increased by NT\$4.177 billion, cash outflow from procurement of inventory items decreased by NT\$ 4.656 billion, cash outflow from accounts payable decrease by NT\$6.569 billion and cash outflow from others payable increase by 4.412 billion.

B. NT\$3.546 billion increase in current liabilities was mainly due to NT\$6.054 billion increase in short-term borrowing, NT\$1.71 billion increase in accounts payable and NT\$3.953 billion decrease in other payable.

(2) Increase by Cash flow adequacy ratio was mainly due to the increase NT\$21.275 billion net operating cash inflow within five years and the total of capital expenditures, inventory increase, cash dividend decrease \$7.578 billion within five years.

(3) Cash reinvestment ratio increase mainly due to NT\$8.361 billion increase in net cash flow of business activities and the assets reinvestment increase NT\$308 million. Because the assets reinvestment increased at a lower degree than the degree at which net cash flow of business activities increased, the cash reinvestment ratio this year increase from the same period last year. Explanations are as follows:

A. The net cash flow of business activities increase NT\$8.361 billion increase, mainly due to NT\$ 7.772 billion in cash flows from operating activities and NT\$589 million decrease from paying cash dividend.

B. NT\$308 million increase in the assets reinvestment mainly due to NT\$3.078 billion decrease in gross amount of property, plant and equipment, NT\$8.474 billion increase in long-term investment and other non- current assets, NT\$5.088 billion decrease in working capital.



(1)B. Separate financial analysis

Item		Year	Financial summary within five years (Note)				
			2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio		27.37	26.65	26.00	31.59	28.48
	Ratio of long-term Capital to property, plant and equipment		2,647.71	3,275.80	3,506.44	2,778.84	3,249.03
Liquidity (%)	Current ratio		35.18	45.97	45.81	29.59	30.50
	Quick ratio		34.81	45.44	44.99	29.11	30.16
	Interest earned ratio (times)		34.16	16.71	38.00	30.45	20.81
Operating performance	Accounts receivable turnover (times)		6.28	4.91	4.82	5.39	5.17
	Average collection period		58	74	75	67	70
	Inventory turnover (times)		110.51	58.92	37.10	35.45	37.21
	Accounts payable turnover (times)		5.57	4.96	6.56	9.65	9.27
	Average days in sales		3	6	9	10	9
	Property, plant and equipment turnover (times)		2.15	1.60	1.68	1.97	1.81
	Total assets turnover (times)		0.08	0.04	0.04	0.05	0.04
Profitability (%)	Return on total assets		8.77	2.99	7.94	7.54	6.66
	Return on shareholders' equity		12.11	3.84	10.55	10.26	9.11
	Pre-tax income to paid-in capital		42.06	21.12	47.43	45.91	39.14
	Net income ratio		103.76	58.88	173.75	135.25	128.95
	Earnings per share (NT\$)		4.01	1.64	4.90	4.29	3.61
Cash flow (%)	Cash flow ratio		1.17	(5.79)	(6.15)	9.88	1.72
	Cash flow adequacy ratio		(8.47)	(12.38)	(11.50)	2.35	4.88
	Cash reinvestment ratio		-	-	-	-	-
Leverage	Operating leverage		1.71	1.87	1.82	1.45	1.72
	Financial leverage		3.24	6.03	3.95	2.07	(17.57)

Note: The financial statements for 2019 to 2023 have been audited by independent auditors.



Analysis of changes in financial ratios which show a difference of more than 20% for the past two years:

1. Liquidity:

Interest earned ratio (times) decrease was mainly due to the NT\$1.871 billion decrease in an income before tax and interest, NT\$123 million increase in financial cost this year. Explanations are as follows:

The NT\$1.871 billion decrease in income before tax and interest, mainly due to NT\$ 337 million decrease by income from operations and NT\$1.123 billion decrease in share of profit of subsidiaries and associates accounted for using the equity method.

2. Operating performance

Total assets turnover (times) decrease was mainly due to NT\$1.111 billion decrease in net operating revenue and NT\$5.996 billion decrease in average total assets. Because the average total assets decreased at a lower degree than the degree at net operating revenue decrease, total assets turnover (times) this year decrease from the same period last year.

3. Cash flow:

(1) Decrease in cash flow ratio was mainly due to NT\$2.158 billion decrease in net cash inflow from operating activities and NT\$4.521 billion increase in current liabilities. Explanations are as follows:

A. NT\$2.158 billion decrease in net cash inflow from operating activities mainly due to NT\$1.201 billion decrease in cash inflow from business activities and NT\$957 million increase in income tax and interest paid by cash.

NT\$1.201 billion decrease in cash inflow from business activities mainly due to NT\$1.994 billion decrease in income before income tax deducting, NT\$1.123 billion decrease in share of profit of subsidiaries and associates accounted for using the equity method, deducting the NT\$566 million increase in disposal of investment income and net cash inflow increase NT\$564 million by redemption the financial assets mandatorily as at FVTPL, cash outflow from other payables increased by NT\$418 million.

B. NT\$4.521 billion increase in current liabilities was mainly due to NT\$5.185 billion increase in short-term borrowing and NT\$750 million decrease in current portion long-term borrowing.

(2) Increase in cash flow adequacy ratio was mainly due to NT\$588 million increase in net cash inflow from operating activities within five years and the total of capital expenditures, inventory increase, cash dividend decrease NT\$3.267 billion within five years.

4. Leverage

Financial leverage decrease was mainly due to NT\$337 million decrease in income from operations and NT\$123 million increase in financial cost. Financial leverage this year decrease from the same period last year.



1. Financial Structure

- (1) Debt ratio = total liabilities / total assets
- (2) Ratio of long-term Capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment

2. Liquidity

- (1) Current ratio = current assets / current liabilities
- (2) Quick ratio = (current assets - inventory - prepaid expense) / current liabilities
- (3) Interest earned ratio = net income before tax and interest expense / interest expense

3. Operating performance

- (1) Accounts receivable turnover (including accounts receivable and notes receivable resulted from business operation) = net sales / average accounts receivable (including accounts receivable and notes receivable resulted from business operation)
- (2) Average collection period = 365 / Accounts receivable turnover
- (3) Inventory turnover = cost of goods sold / average inventory
- (4) Accounts payable turnover (including accounts payable and notes payable resulted from business operation) = Costs of goods sold / average accounts payable (including accounts payable and notes payable resulted from business operation)
- (5) Average days in sales = 365 / inventory turnover
- (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment
- (7) Total assets turnover = net sales / average total assets

4. Profitability

- (1) Return on total assets = [net income + interest expense * (1 - tax rate)] / average total assets
- (2) Return on shareholder's equity = net income / average net shareholder's equity
- (3) Net income ratio = net income / net sales
- (4) Earnings per share = (equity attributable to owners of the Company - preferred share dividend) / weighted average shares issued

5. Cash flow

- (1) Cash flow ratio = net cash flow from operating activity / current liabilities
- (2) Cash flow adequacy ratio = (net cash flow from operating activities within five year / (capital expenditure + inventory increase + cash dividend) within five year
- (3) Cash reinvestment ratio = (net cash flow from operating activity - cash dividend) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital)

6. Leverage

- (1) Operating leverage = (net operating revenue - variable operating cost and expense) / operating income
- (2) Financial leverage = operating income / (operating income - interest expense)



6.3 Audit Committee's Review Report on the Most Recent Fiscal Year

Audit Committee's Review Report

The Board of Directors has prepared and submitted the Company's 2023 business report and financial statements. Commissioned by the Board of Directors, the CPA firm Deloitte & Touch has audited the financial statements and issued an audit report relating to the Financial Statements.

These have been reviewed by the Audit Committee as conforming to relevant laws and regulations. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this Report.

To:

2024 Annual General Shareholders' Meeting of Pou Chen Corporation

Audit Committee convener:

Chen, Huan-Chung

Date: March 14, 2024



Audit Committee's Review Report on Profit Distribution Plan

The Board of Directors has prepared and submitted the 2023 profit distribution plan. This has been reviewed by the Audit Committee as conforming to relevant laws and regulations. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this Report.

To:

2024 Annual General Shareholders' Meeting of Pou Chen Corporation

Audit Committee convener:

A handwritten signature in black ink, appearing to read '陳煥聰' (Chen Huan-Chung).

Chen, Huan-Chung

Date: April 15, 2024



6.4 Financial Statements for the Most Recent Fiscal Year

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Pou Chen Corporation

Opinion

We have audited the accompanying consolidated financial statements of Pou Chen Corporation (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

Write-downs of Inventory

As of December 31, 2023, the carrying amount of finished goods related to the retail segment included in the inventories was \$20,267,449 thousand. For the related disclosures, refer to Notes 4, 5 and 11 to the consolidated financial statements.

The determination of net realizable value requires an evaluation of sales condition and quality of products and an assessment of obsolete and slow-moving inventories; the evaluation involves significant judgments and estimations made by management. Therefore, we considered the write-downs of inventory as a key audit matter to the consolidated financial statements for the year ended December 31, 2023.

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

Impairment of Goodwill

As of December 31, 2023, goodwill allocated to the retailing business-retail and distribution of sportswear products of the Group amounted to \$2,287,584 thousand. For the related disclosures, refer to Notes 4, 5 and 18 to the consolidated financial statements.

Management evaluated the impairment of the abovementioned assets based on their recoverable amounts. The recoverable amounts are determined according to the forecast of the trading performance, future cash flows and the discount rate. The test of impairment involved significant judgments and estimations made by management. As a result, we considered the impairment of goodwill a key audit matter to the consolidated financial statements for the year ended December 31, 2023.

Our audit procedures in response to this key audit matter included evaluation of the reasonableness of the significant assumptions, evaluation model, and basic information and recalculation used by management for impairment testing.

Other Matter

The Group's investments in Ruen Chen Investment Holding Co., Ltd. and Nan Shan Life Insurance Co., Ltd. were accounted for by using the equity method based on its financial statements which were audited by other auditors. Our opinion, insofar as it relates to the Group's investments in Ruen Chen Investment Holding Co., Ltd. and Nan Shan Life Insurance Co., Ltd., is based solely on the reports of other auditors.

As of December 31, 2023 and 2022, the carrying amounts of investments in Ruen Chen Investment Holding Co., Ltd. and Nan Shan Life Insurance Co., Ltd. were \$48,215,577 thousand and \$36,323,943 thousand, respectively, representing 14.72% and 11.11%, respectively. For the years ended December 31, 2023 and 2022, the amounts of profit of the associates were \$3,787,175 thousand and \$5,551,985 thousand, respectively, representing 19.45% and 25.91% of the income which the Group recognized before income tax.

We have also audited the parent company only financial statements of Pou Chen Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion with emphasis of other matter paragraph.



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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Kenny Hong and Wen-Yea, Shyu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

Notice to Readers

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

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



POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022 (Retrospectively Adjusted)		January 1, 2022 (Retrospectively Adjusted)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 3, 4 and 6)	\$ 40,582,121	12	\$ 39,336,048	12	\$ 28,578,235	8
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	945,643	-	2,783,815	1	3,341,742	1
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	22,747,994	7	17,501,573	5	20,035,436	5
Financial assets at amortized cost - current (Notes 4 and 9)	8,238,845	3	1,883,178	1	8,502,115	2
Notes receivable (Notes 4 and 10)	201	-	39	-	54	-
Accounts receivable (Notes 4, 10 and 33)	27,221,196	8	28,711,291	9	26,539,565	7
Other receivables (Notes 4 and 10)	5,845,568	2	4,462,211	1	3,771,410	1
Inventories - manufacturing and retailing (Notes 4, 5 and 11)	38,368,737	12	50,014,348	15	57,084,097	16
Inventories - construction (Notes 4 and 11)	3,658,698	1	3,703,765	1	3,718,519	1
Other current assets (Notes 4 and 12)	10,246,131	3	11,000,965	4	11,323,500	3
Total current assets	157,855,134	48	159,397,233	49	162,894,673	44
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	889,745	-	761,033	-	747,994	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	760,400	-	840,456	-	958,593	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 34)	3,758,063	1	3,099,525	1	3,158,906	1
Investments accounted for using the equity method (Notes 4 and 14)	66,899,029	20	56,873,101	17	96,210,213	26
Property, plant and equipment (Notes 4 and 15)	57,772,269	18	64,012,887	20	62,786,453	17
Right-of-use assets (Notes 4 and 16)	16,443,139	5	18,087,170	5	20,066,402	5
Investment properties (Notes 4 and 17)	6,034,953	2	5,806,082	2	2,918,076	1
Goodwill (Notes 4, 5 and 18)	8,379,396	3	8,452,023	3	7,774,185	2
Other intangible assets (Notes 4, 5 and 19)	2,025,692	1	1,816,164	1	1,607,270	1
Deferred tax assets (Notes 3, 4 and 27)	5,483,415	2	6,188,604	2	6,533,317	2
Other non-current assets (Notes 4 and 12)	1,280,100	-	1,555,526	-	4,207,465	1
Total non-current assets	169,726,201	52	167,492,571	51	206,968,874	56
TOTAL	\$ 327,581,335	100	\$ 326,889,804	100	\$ 369,863,547	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 20)	\$ 26,665,698	8	\$ 20,611,809	6	\$ 25,552,433	7
Short-term bills payable (Note 20)	1,891,766	1	1,580,101	-	2,563,093	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	329,470	-	155,274	-	78,720	-
Notes payable (Note 21)	3,608	-	3,994	-	5,785	-
Accounts payable (Notes 21 and 33)	14,246,431	4	12,536,177	4	17,406,222	5
Other payables (Note 22)	17,587,766	5	21,540,287	7	20,547,217	5
Current tax liabilities (Note 4)	3,037,204	1	3,581,025	1	1,776,193	-
Lease liabilities - current (Notes 4 and 16)	2,765,479	1	3,486,555	1	4,323,157	1
Current portion of long-term borrowings (Note 20)	13,210,895	4	11,923,464	4	9,791,986	3
Other current liabilities	5,237,149	2	6,010,519	2	6,764,167	2
Total current liabilities	84,975,466	26	81,429,205	25	88,808,973	24
NON-CURRENT LIABILITIES						
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	-	-	-	-	232,011	-
Long-term borrowings (Note 20)	28,051,451	8	50,002,184	15	56,387,335	15
Deferred tax liabilities (Notes 3, 4 and 27)	2,750,892	1	3,317,797	1	3,879,108	1
Lease liabilities - non-current (Notes 4 and 16)	5,529,176	2	6,713,172	2	8,357,819	3
Long-term payables (Note 22)	155,150	-	155,166	-	170,621	-
Net defined benefit liabilities (Notes 4 and 23)	3,384,119	1	3,061,851	1	4,482,434	1
Other non-current liabilities	71,802	-	82,951	-	48,494	-
Total non-current liabilities	39,942,590	12	63,333,121	19	73,557,822	20
Total liabilities	124,918,056	38	144,762,326	44	162,366,795	44
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 24)						
Share capital						
Ordinary shares	29,467,872	9	29,467,872	9	29,467,872	8
Capital surplus	4,410,292	2	4,420,389	1	4,419,400	1
Retained earnings						
Legal reserve	19,300,806	6	17,986,740	6	16,547,491	4
Special reserve	57,646,766	18	-	-	-	-
Unappropriated earnings	24,101,997	7	76,460,614	23	69,179,387	19
Total retained earnings	101,049,569	31	94,447,354	29	85,726,878	23
Other equity	(8,738,371)	(3)	(21,323,594)	(6)	19,818,804	6
Total equity attributable to owners of the Company	126,189,362	39	107,012,021	33	139,432,954	38
NON-CONTROLLING INTERESTS	76,473,917	23	75,115,457	23	68,063,798	18
Total equity	202,663,279	62	182,127,478	56	207,496,752	56
TOTAL	\$ 327,581,335	100	\$ 326,889,804	100	\$ 369,863,547	100

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

(With Deloitte & Touche auditors' report dated March 14, 2024)



POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25 and 33)	\$ 246,633,714	100	\$ 267,496,800	100
OPERATING COSTS (Notes 11, 23, 26 and 33)	<u>185,522,719</u>	<u>75</u>	<u>202,890,708</u>	<u>76</u>
GROSS PROFIT	<u>61,110,995</u>	<u>25</u>	<u>64,606,092</u>	<u>24</u>
OPERATING EXPENSES (Notes 23 and 26)				
Selling and marketing expenses	27,736,106	11	29,287,359	11
General and administrative expenses	18,248,985	8	19,239,699	7
Research and development expenses	<u>4,910,311</u>	<u>2</u>	<u>5,482,964</u>	<u>2</u>
Total operating expenses	<u>50,895,402</u>	<u>21</u>	<u>54,010,022</u>	<u>20</u>
INCOME FROM OPERATIONS	<u>10,215,593</u>	<u>4</u>	<u>10,596,070</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 26)	1,780,444	1	938,251	-
Other income (Note 26)	3,379,679	1	3,605,748	1
Other gains and (losses) (Note 26)	1,630,214	1	1,296,572	1
Net loss on derecognition of financial assets at amortized cost	(80,397)	-	(13,610)	-
Finance costs (Note 26)	(3,287,962)	(1)	(2,532,223)	(1)
Share of the profit of associates and joint ventures (Notes 4 and 14)	<u>5,829,110</u>	<u>2</u>	<u>7,540,769</u>	<u>3</u>
Total non-operating income and expenses	<u>9,251,088</u>	<u>4</u>	<u>10,835,507</u>	<u>4</u>
INCOME BEFORE INCOME TAX	19,466,681	8	21,431,577	8
INCOME TAX EXPENSE (Notes 4 and 27)	<u>3,493,200</u>	<u>2</u>	<u>4,542,111</u>	<u>2</u>
NET INCOME FOR THE YEAR	<u>15,973,481</u>	<u>6</u>	<u>16,889,466</u>	<u>6</u>
OTHER COMPREHENSIVE NET INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 23)	(221,740)	-	497,374	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	5,241,384	2	(2,742,413)	(1)
Share of the other comprehensive loss of associates and joint ventures	(415,815)	-	(103,265)	-

(Continued)



POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	\$ (1,325,518)	-	\$ 12,827,587	5
Share of the other comprehensive income (loss) of associates and joint ventures	<u>7,979,334</u>	<u>3</u>	<u>(46,200,151)</u>	<u>(17)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>11,257,645</u>	<u>5</u>	<u>(35,720,868)</u>	<u>(13)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 27,231,126</u>	<u>11</u>	<u>\$ (18,831,402)</u>	<u>(7)</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 10,623,608	4	\$ 12,644,855	5
Non-controlling interests	<u>5,349,873</u>	<u>2</u>	<u>4,244,611</u>	<u>1</u>
	<u>\$ 15,973,481</u>	<u>6</u>	<u>\$ 16,889,466</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 23,018,261	9	\$ (28,001,741)	(10)
Non-controlling interests	<u>4,212,865</u>	<u>2</u>	<u>9,170,339</u>	<u>3</u>
	<u>\$ 27,231,126</u>	<u>11</u>	<u>\$ (18,831,402)</u>	<u>(7)</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 3.61</u>		<u>\$ 4.29</u>	
Diluted	<u>\$ 3.60</u>		<u>\$ 4.28</u>	

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

(Concluded)



POU CHEN CORPORATION

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company						Non-controlling Interests	Total Equity	
	Share Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings	Other Equity Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income			
			Legal Reserve	Special Reserve					Exchange Differences on Translation of the Financial Statements of Foreign Operations
BALANCE AT JANUARY 1, 2022	\$ 29,467,872	\$ 4,419,400	\$ 16,547,491	\$ -	\$ 69,179,387	\$ (7,414,850)	\$ 14,613,616	\$ 139,432,954	\$ 207,496,752
Appropriation of 2021 earnings (Note 24)	-	-	1,439,249	-	(1,439,249)	-	-	-	-
Legal reserve	-	-	-	-	(4,420,181)	-	-	(4,420,181)	(4,420,181)
Cash dividends	-	-	1,439,249	-	(5,859,430)	-	-	-	-
Net profit for the year ended December 31, 2022	-	-	-	-	12,644,855	-	-	12,644,855	4,244,611
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	502,829	71,409,956	(18,141,486)	(30,148,895)	4,925,728
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	13,147,684	71,409,956	(18,141,486)	(28,001,741)	9,170,339
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates (Notes 4 and 24)	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates accounted for using the equity method (Notes 4 and 24)	-	(239)	-	-	-	-	7,027	(239)	(239)
Unclaimed dividends by shareholders	-	1,228	-	-	-	-	-	1,228	1,228
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(2,118,680)
Changes in equity for the year ended December 31, 2022	-	989	1,439,249	-	7,281,227	71,409,956	(18,134,459)	(32,420,933)	(25,369,274)
BALANCE AT DECEMBER 31, 2022	29,467,872	4,420,389	17,986,740	-	76,460,614	(273,894)	(3,520,843)	107,012,021	182,127,478
Appropriation of 2022 earnings (Note 24)	-	-	1,314,066	-	(1,314,066)	-	-	-	-
Legal reserve	-	-	-	-	(57,646,766)	-	-	-	-
Special reserve	-	-	-	-	(3,830,823)	-	-	(3,830,823)	(3,830,823)
Cash dividends	-	-	1,314,066	-	(62,791,655)	-	-	(3,830,823)	(3,830,823)
Net profit for the year ended December 31, 2023	-	-	-	-	10,623,608	-	-	10,623,608	5,349,873
Other comprehensive (loss) income for the year ended December 31, 2023	-	-	-	-	(194,112)	(468,025)	5,957,448	12,394,653	(1,137,008)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	10,429,496	(468,025)	5,957,448	23,018,261	4,312,865
Disposal of associates accounted for using the equity method	-	(11,213)	-	-	(170)	-	170	(11,213)	(5)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by subsidiaries and associates (Notes 4 and 24)	-	-	-	-	3,712	-	(3,712)	-	-
Unclaimed dividends by shareholders	-	1,116	-	-	-	-	-	1,116	1,116
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(2,854,400)
Changes in equity for the year ended December 31, 2023	-	(10,097)	1,314,066	-	(52,358,617)	(468,025)	5,953,906	19,177,341	1,358,460
BALANCE AT DECEMBER 31, 2023	\$ 29,467,872	\$ 4,410,292	\$ 19,300,806	\$ 57,646,766	\$ 24,101,997	\$ (741,919)	\$ 2,433,063	\$ 126,189,362	\$ 202,663,279

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

(With Deloitte & Touche auditors' report dated March 14, 2024)



POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2023	2022 (Retrospectively Adjusted)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax for the year	\$ 19,466,681	\$ 21,431,577
Adjustments for:		
Depreciation expense	13,086,275	15,155,136
Amortization expense	131,905	116,918
Expected credit loss on accounts receivable	63,377	596,315
Net gain on fair value change of financial instruments at fair value through profit or loss	(957,319)	(490,749)
Finance costs	3,287,962	2,532,223
Net loss on derecognition of financial assets at amortized cost	80,397	13,610
Interest income	(1,780,444)	(938,251)
Dividend income	(738,845)	(818,175)
Compensation cost of employee share options	106,342	119,868
Share of profit of associates and joint ventures	(5,829,110)	(7,540,769)
Net (gain) loss on disposal of property, plant and equipment	(53,562)	196,303
Net gain on disposal of investment properties	(7,915)	-
Net loss recognized on disposal of other assets	562	6,219
Net gain on disposal of associates and joint ventures	(970,895)	(97,664)
Impairment loss	124,775	119,597
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	2,847,915	880,180
Notes receivable	(45)	15
Accounts receivable	1,447,858	(2,729,446)
Other receivables	(1,309,353)	(982,781)
Inventories	11,701,318	7,045,362
Other current assets	1,012,862	(187,153)
Other operating assets	(21,139)	(15,284)
Notes payable	(386)	(1,791)
Accounts payable	1,710,254	(4,858,393)
Other payables	(3,457,961)	953,615
Other current liabilities	(773,370)	(753,648)
Net defined benefit liabilities	13,262	(837,029)
Other operating liabilities	(14,094)	7,026
Cash generated from operations	39,167,307	28,922,831
Interest paid	(3,266,343)	(2,471,899)
Income tax paid	(4,083,143)	(2,404,702)
Net cash generated from operating activities	<u>31,817,821</u>	<u>24,046,230</u> (Continued)



POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2023	2022 (Retrospectively Adjusted)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	\$ 4,609	\$ -
Proceeds from return of capital of financial assets at fair value through other comprehensive income	60,898	2,732
Purchases of financial assets at amortized cost	(14,468,290)	(8,275,408)
Proceeds from sale of financial assets at amortized cost	7,218,972	15,665,611
Acquisition of associates and joint ventures	(100,000)	(80,000)
Proceeds from disposal of associates and joint ventures	2,806,330	461,907
Proceeds from disposal of subsidiaries	-	17,558
Proceeds from return of capital of investee companies using equity method	-	65,015
Acquisition of property, plant and equipment	(5,096,457)	(6,377,478)
Proceeds from disposal of property, plant and equipment	2,639,444	265,373
Decrease in refundable deposits	97,238	84,275
Decrease in other receivables	-	169,481
Payments for intangible assets	(352,455)	(317,688)
Payments for right-of-use assets	(898,371)	(45,585)
Payments for investment properties	(7,532)	-
Proceeds from disposal of investment properties	12,915	-
Increase in prepayments for equipment and long-term prepayment	(387,875)	(370,304)
Interest received	1,712,190	958,387
Dividends received	2,350,046	3,005,907
Proceeds from disposal of right-of-use assets	-	27,367
Net cash (used in) generated from investing activities	<u>(4,408,338)</u>	<u>5,257,150</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	6,053,889	-
Repayments of short-term borrowings	-	(4,940,624)
Proceeds of short-term bills payable	311,500	-
Repayments of short-term bills payable	-	(983,000)
Repayments of long-term borrowings	(20,689,503)	(4,284,638)
Increase in guarantee deposits	2,812	11,976
Repayments of principal portion of lease liabilities	(3,817,655)	(4,875,627)
Cash dividends	(3,830,823)	(4,420,181)
Change in non-controlling interests	(2,960,742)	(2,218,515)
Unclaimed dividends by shareholders	1,116	1,228
Net cash used in financing activities	<u>(24,929,406)</u>	<u>(21,709,381)</u>

(Continued)



POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2023	2022 (Retrospectively Adjusted)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	\$ (1,234,004)	\$ 3,163,814
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,246,073	10,757,813
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>39,336,048</u>	<u>28,578,235</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 40,582,121</u>	<u>\$ 39,336,048</u>

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

(Concluded)



POU CHEN CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 14, 2024.

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

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

When applying the amendments, the Group refers to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Moreover:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.



The accounting policy information is likely to be considered material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgments or assumptions in applying an accounting policy, and the Group discloses those judgments or assumptions; or
- e) The accounting is complex, and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

Refer to Note 4 for related accounting policy information.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The Group has applied the amendments since January 1, 2023, which defines accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group applied the amendments and recognized a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022. Upon initial application of the amendments to IAS 12, the Group restated comparative information.

Had the Group applied the original IAS 12 in the current year, the following adjustments should be made to reflect the line items and balances under the amendments to IAS 12.



Impact on assets, liabilities and equity for the current year

	December 31, 2023
Increase in deferred tax assets	<u>\$ 1,860,232</u>
Increase in assets	<u>\$ 1,860,232</u>
Increase in deferred tax liabilities	<u>\$ 1,860,232</u>
Increase in liabilities	<u>\$ 1,860,232</u>

Upon initial application of the amendments to IAS 12, the impact for the prior year is summarized below:

Impact on assets, liabilities and equity for the prior year

	As Originally Stated	Adjustments Arising from Initial Application	Restated
<u>December 31, 2022</u>			
Deferred tax assets	<u>\$ 3,828,203</u>	<u>\$ 2,360,401</u>	<u>\$ 6,188,604</u>
Total effect on assets	<u>\$ 3,828,203</u>	<u>\$ 2,360,401</u>	<u>\$ 6,188,604</u>
Deferred tax liabilities	<u>\$ 957,396</u>	<u>\$ 2,360,401</u>	<u>\$ 3,317,797</u>
Total effect on liabilities	<u>\$ 957,396</u>	<u>\$ 2,360,401</u>	<u>\$ 3,317,797</u>
<u>January 1, 2022</u>			
Deferred tax assets	<u>\$ 3,560,596</u>	<u>\$ 2,972,721</u>	<u>\$ 6,533,317</u>
Total effect on assets	<u>\$ 3,560,596</u>	<u>\$ 2,972,721</u>	<u>\$ 6,533,317</u>
Deferred tax liabilities	<u>\$ 906,387</u>	<u>\$ 2,972,721</u>	<u>\$ 3,879,108</u>
Total effect on liabilities	<u>\$ 906,387</u>	<u>\$ 2,972,721</u>	<u>\$ 3,879,108</u>

4) Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Group should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Group to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Group should disclose qualitative and quantitative information that helps users of financial statements understand the Group’s exposure to Pillar Two income taxes. The requirement that the Group apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.



- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

1) Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”

The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in such a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights exist at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group, which may have difficulty complying with the covenants and repaying its liabilities within twelve months after the reporting period.



The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such an option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

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

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

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

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



2) Amendments to IAS 21 “Lack of Exchangeability”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Group shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

d. Presentation reclassification

The management of the Group considers the bank deposits repatriated for restricted purpose for the use of substantial investments and financial investments in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act. do not change the nature of the deposit as the entity can access those amounts on demand. The management concludes that the presentation of cash and cash equivalents is more appropriate and, therefore, has changed the presentation of the consolidated balance sheets and consolidated statements of cash flows in 2023. The other financial assets were reclassified to cash and cash equivalents with a carrying amount of \$6,246 thousand, \$18,419 thousand and \$127,889 thousand on December 31, 2023, December 31, 2022 and January 1, 2022.

The impact on cash flows for the year ended December 31, 2022, was as follows:

	Adjustments
Net cash generated from operating activities	\$ 867
Net cash used in investing activities	<u>(110,337)</u>
Net decrease in cash and cash equivalents	<u>\$ (109,470)</u>

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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



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

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

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

Current assets include:

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

Current liabilities include:

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

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

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

d. Basis of consolidation

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

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



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

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

Refer to Note 13 and Table 10 of Note 37 to the consolidated financial statements for detailed information on subsidiaries, including the percentages of ownership and main businesses.

e. Business combinations

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

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

f. Foreign currencies

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

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

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

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

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



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

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

g. Inventories

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

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

h. Investments in associates and joint ventures

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

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

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

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

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



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

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

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

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

i. Property, plant and equipment

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

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

j. Investment properties

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

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

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



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

For a contract where a land owner provides land for the construction of buildings by a property developer in exchange for a certain percentage of buildings, any exchange gain or loss is recognized when the exchange transaction occurs, if the buildings acquired are classified as investment properties and if the exchange transaction has commercial substance.

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

k. Goodwill

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

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

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

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

l. Intangible assets

1) Intangible assets acquired separately

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

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

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



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

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

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

3) Intangible assets acquired in a business combination

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

4) Derecognition of intangible assets

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

m. Assets related to contract costs

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

n. Impairment of tangible and intangible assets other than goodwill

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



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

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

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

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

o. Financial instruments

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

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

Financial assets

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

1) Measurement category

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

a) Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 32 to the consolidated financial statements.



b) Financial assets at amortized cost

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

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

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

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

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

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

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

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

c) Investments in equity instruments at FVTOCI

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



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

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

2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

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

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

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

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3) Derecognition of financial assets

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

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

Equity instruments

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

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



Financial liabilities

1) Subsequent measurement

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

a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such a financial liability is held for trading. Such financial liabilities are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 32.

b) Financial guarantee contracts

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

2) Derecognition of financial liabilities

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

Derivative financial instruments

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

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

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

p. Levies

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



q. Revenue recognition

1) Sale of goods

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

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

2) Dividend and interest income

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

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

r. Leases

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

1) The Group as lessor

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

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

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



2) The Group as lessee

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

Right-of-use assets are initially measured at cost. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

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

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

s. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

t. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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



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

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

3) Other long-term employee benefits

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

4) Termination benefits

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

u. Share-based payment arrangements

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

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

v. Taxation

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

1) Current tax

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

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

2) Deferred tax

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



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

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

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

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

The Group has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

For material accounting estimates, the estimates and underlying assumptions are reviewed by the management of the Group on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.



a. Write-down of inventory

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

b. Impairment of goodwill and intangible assets

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 19,040	\$ 20,301
Checking accounts and demand deposits	14,094,271	15,425,802
Cash equivalent (investments with original maturities of less than three months)		
Time deposits	24,840,386	23,885,145
Repurchase agreements collateralized by bonds	<u>1,628,424</u>	<u>4,800</u>
	<u>\$ 40,582,121</u>	<u>\$ 39,336,048</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets at FVTPL</u>		
Financial assets mandatorily as at FVTPL		
Hybrid financial assets		
Structured deposits (a)	\$ -	\$ 2,254,267
Derivative financial assets (not under hedge accounting)		
Interest rate swap contracts (b)	-	214,874
Forward exchange contracts (c)	-	17,718
Exchange rate option contracts (d)	11,733	-
Exchange rate swap contracts (e)	139,663	127,907
Cross-currency swap contracts (f)	25,363	-
Non-derivative financial assets		
Domestic listed shares	7,286	-
Mutual funds	<u>1,651,343</u>	<u>930,082</u>
	<u>\$ 1,835,388</u>	<u>\$ 3,544,848</u>

(Continued)



	December 31	
	2023	2022
Current	\$ 945,643	\$ 2,783,815
Non-current	<u>889,745</u>	<u>761,033</u>
	<u>\$ 1,835,388</u>	<u>\$ 3,544,848</u>
<u>Financial liabilities at FVTPL</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts (c)	\$ 99,812	\$ 57,479
Exchange rate option contracts (d)	19,420	60,252
Exchange rate swap contracts (e)	<u>210,238</u>	<u>37,543</u>
	<u>\$ 329,470</u>	<u>\$ 155,274</u>
Current	<u>\$ 329,470</u>	<u>\$ 155,274</u> (Concluded)

a. Structured deposits

Wealthplus entered into a 12-month, USD structured time deposit contract with a bank in January 2022. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract is assessed and classified mandatorily as at FVTPL since it contained a host that is an asset within the scope of IFRS 9. All of the above USD-structured time deposit contracts were redeemed upon maturity. As of December 31, 2022, the Group classified the USD-structured time deposit contracts as “financial assets at FVTPL - current”.

Yue Yuen entered into 12-month, dual-currency structured time deposit contracts with a banks in January and February in 2022. The structured time deposit contract includes a time deposit contract and foreign currency options. When the maturity date comes, Yue Yuen decides the redeemed currency according to the FX rate. The above dual-currency structured time deposits were redeemed upon maturity. As of December 31, 2022, the Group classified the dual-currency structured time deposits as “financial assets at FVTPL - current”.

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

December 31, 2022

Notional Amount (In Thousands)	Maturity Date	Pay Rate (Fixed Rate %)	Received Rate (Floating Rate %)
US\$ 250,000	2023.07	3.335-3.340	5.11471-5.34971
US\$ 300,000	2023.03	0.485-0.720	4.72900

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



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

December 31, 2023

**Notional Amount
(In Thousands)**

US\$ 91,775
NT\$ 60,000

Forward Exchange Rates

Sell US\$/Buy IDR at 15,250 to 15,450
Sell NT\$/Buy US\$ at 32.500 to 33.500

December 31, 2022

**Notional Amount
(In Thousands)**

US\$ 95,320
RMB 126,210

Forward Exchange Rates

Sell US\$/Buy IDR at 14,540 to 15,800
Sell RMB/Buy US\$ at 6.928 to 6.995

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

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

December 31, 2023

**Notional Amount
(In Thousands)**

	Type	Buy/Sell	Maturity Date	Exchange Rate
US\$ 243,000	Put	Sell	2024.01-2025.07	US\$:RMB 6.7500-7.0200
US\$ 160,000	Put	Sell	2024.01-2025.08	US\$:NT\$ 32.5000-33.5000
US\$ 30,070	Put	Sell	2024.01-2024.02	US\$:IDR 15,100-15,500
US\$ 78,000	Call	Sell	2024.04-2025.04	US\$:HK\$ 7.7210-7.7440
RMB 138,000	Call	Sell	2024.03	US\$:RMB 6.5000

December 31, 2022

**Notional Amount
(In Thousands)**

	Type	Buy/Sell	Maturity Date	Exchange Rate
US\$ 261,000	Put	Sell	2023.01-2024.07	US\$:RMB 6.7500-7.0200
US\$ 490,000	Put	Sell	2023.01-2023.04	US\$:NT\$ 32.8000-32.9100
US\$ 60,000	Call	Sell	2023.05-2024.11	US\$:HK\$ 7.7440
US\$ 12,000	Call	Sell	2023.01-2023.04	US\$:RMB 6.7500

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



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

December 31, 2023

Notional Amount (In Thousands)	Maturity Date	Rate
US\$ 347,500	2024.01-2024.03	US\$:NT\$ 28.6400-31.0770
RMB 1,460,460	2024.03-2024.11	RMB:NT\$ 4.3054-4.3750

December 31, 2022

Notional Amount (In Thousands)	Maturity Date	Rate
US\$ 773,030	2023.02-2023.12	US\$:NT\$ 28.1070-31.1800
RMB 1,010,460	2023.03-2023.12	RMB:NT\$ 4.3173-4.3719
RMB 42,076	2023.03-2023.04	US\$:RMB 6.4524-6.4606

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

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

December 31, 2023

Notional Amount (In Thousands)	Maturity Date	Exchange Rate	Exchange Interest Rate %
US\$ 30,000	2024.09	US\$:RMB 7.2600	2.9800

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
Domestic investments		
Listed shares	\$ 23,299,045	\$ 18,042,399
Unlisted shares	73,608	66,792
Foreign investments		
Unlisted shares	<u>135,741</u>	<u>232,838</u>
	<u>\$ 23,508,394</u>	<u>\$ 18,342,029</u>
Current	\$ 22,747,994	\$ 17,501,573
Non-current	<u>760,400</u>	<u>840,456</u>
	<u>\$ 23,508,394</u>	<u>\$ 18,342,029</u>



These investments in equity instruments are not held for trading. Instead, they are held for medium- to long-term strategic purposes. Accordingly, the management selected to designate these investments in equity instruments as at FVTOCI because they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Domestic investments		
Time deposits with original maturities of more than three months	\$ 4,579,025	\$ 2,162,814
Foreign investments		
Bonds	2,636,501	2,819,889
Time deposits with original maturities of more than three months	<u>4,781,382</u>	<u>-</u>
	<u>\$ 11,996,908</u>	<u>\$ 4,982,703</u>
Current	\$ 8,238,845	\$ 1,883,178
Non-current	<u>3,758,063</u>	<u>3,099,525</u>
	<u>\$ 11,996,908</u>	<u>\$ 4,982,703</u>

Refer to Note 34 to the consolidated financial statements for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivable</u>		
Notes receivable - operating	\$ 169	\$ 39
Notes receivable - non-operating	<u>32</u>	<u>-</u>
	<u>\$ 201</u>	<u>\$ 39</u>
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 27,983,785	\$ 29,435,832
Less: Allowance for impairment loss	<u>(762,589)</u>	<u>(724,541)</u>
	<u>\$ 27,221,196</u>	<u>\$ 28,711,291</u>
<u>Other receivables</u>		
Tax refund receivables	\$ 4,389,709	\$ 2,985,457
Others	1,477,076	1,477,613
Less: Allowance for impairment loss	<u>(21,217)</u>	<u>(859)</u>
	<u>\$ 5,845,568</u>	<u>\$ 4,462,211</u>



a. Notes receivable

The notes receivable balances at December 31, 2023 and 2022 were not past due.

b. Accounts receivable

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

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

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

December 31, 2023

	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 17,442,294	\$ 9,667,443	\$ 874,048	\$ 27,983,785
Loss allowance (lifetime ECLs)	<u>-</u>	<u>(31)</u>	<u>(762,558)</u>	<u>(762,589)</u>
Amortized cost	<u>\$ 17,442,294</u>	<u>\$ 9,667,412</u>	<u>\$ 111,490</u>	<u>\$ 27,221,196</u>

December 31, 2022

	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 21,158,537	\$ 7,472,079	\$ 805,216	\$ 29,435,832
Loss allowance (lifetime ECLs)	<u>-</u>	<u>(3,654)</u>	<u>(720,887)</u>	<u>(724,541)</u>
Amortized cost	<u>\$ 21,158,537</u>	<u>\$ 7,468,425</u>	<u>\$ 84,329</u>	<u>\$ 28,711,291</u>

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 724,541	\$ 202,341
Add: Impairment losses recognized on receivable	42,237	542,734
Less: Net remeasurement of loss allowance	(31)	(26,380)
Foreign exchange gains and losses	<u>(4,158)</u>	<u>5,846</u>
Balance at December 31	<u>\$ 762,589</u>	<u>\$ 724,541</u>



3) The movements of the loss allowance of other receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 859	\$ 859
Add: Impairment losses recognized on receivable	21,140	53,581
Less: Net remeasurement of loss allowance	(859)	(53,581)
Foreign exchange gains and losses	<u>77</u>	<u>-</u>
Balance at December 31	<u>\$ 21,217</u>	<u>\$ 859</u>

11. INVENTORIES

	December 31	
	2023	2022
Inventories - manufacturing and retail	\$ 38,368,737	\$ 50,014,348
Inventories - construction	<u>3,658,698</u>	<u>3,703,765</u>
	<u>\$ 42,027,435</u>	<u>\$ 53,718,113</u>

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

	December 31	
	2023	2022
Raw materials	\$ 6,328,000	\$ 9,267,060
Work in progress	4,635,776	5,073,217
Finished goods and merchandise	<u>27,404,961</u>	<u>35,674,071</u>
	<u>\$ 38,368,737</u>	<u>\$ 50,014,348</u>

The cost of manufacturing and retailing inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$185,460,851 thousand and \$202,890,708 thousand, respectively.

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

	December 31	
	2023	2022
Land and buildings held for development	\$ 3,515,607	\$ 3,537,396
Land and buildings held for sale	32,199	55,477
Land held for construction sites	<u>110,892</u>	<u>110,892</u>
	<u>\$ 3,658,698</u>	<u>\$ 3,703,765</u>

The cost of construction inventories recognized as cost of goods sold for the years ended December 31, 2023 was \$61,868 thousand.



12. OTHER ASSETS

	December 31	
	2023	2022
Prepayments	\$ 8,776,007	\$ 9,380,804
Refundable deposits	549,579	646,817
Defined benefit assets (Note 23)	43,754	43,754
Prepayments for equipment and long-term prepayment	624,775	824,102
Others	<u>1,532,116</u>	<u>1,661,014</u>
	<u>\$ 11,526,231</u>	<u>\$ 12,556,491</u>
Current	\$ 10,246,131	\$ 11,000,965
Non-current	<u>1,280,100</u>	<u>1,555,526</u>
	<u>\$ 11,526,231</u>	<u>\$ 12,556,491</u>

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership (%)	
			December 31	
			2023	2022
Wealthplus Holdings Limited ("Wealthplus")	British Virgin Islands	Investing in footwear, electronics and peripheral products	100.00	100.00
Win Fortune Investments Limited	British Virgin Islands	Investing activities	100.00	100.00
Windsor Entertainment Co., Ltd.	ROC	Entertainment and resort operations	100.00	100.00
Pou Shine Investment Co., Ltd.	ROC	Investing activities	100.00	100.00
Pan Asia Insurance Services Co., Ltd.	ROC	Agency of property and casualty insurance	100.00	100.00
Pro Arch International Development Enterprise Inc.	ROC	Design and manufacture of footwear products	100.00	100.00
Pou Yuen Technology Co., Ltd.	ROC	Rental of real estate	99.81	99.81
Barits Development Corporation	ROC	Import and export of shoe related materials and investing activities	99.62	99.62

The information of Wealthplus's major subsidiaries is as follows:

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership (%)	
			December 31	
			2023	2022
Yue Yuen Industrial (Holdings) Limited ("Yue Yuen")	Bermuda	Manufacture and sale of athletic and casual footwear and sports apparel	50.04	50.04
Pou Sheng International (Holdings) Limited ("Pou Sheng")	Bermuda	Retail of sporting goods and brand licensing business	31.30	31.30
Tetor Ventures Ltd.	British Virgin Islands	Investment holding	100.00	100.00
Allied Charm Holdings Limited	British Virgin Islands	Investment holding	100.00	100.00

Win Fortune Investments Limited ("Win Fortune") invested in Yue Yuen (as of December 31, 2023 and 2022, the ownership percentage both were 1.07%). Investing is its primary operation activity.



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

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership (%)	
			December 31	
			2023	2022
Pearl Dove International Limited	British Virgin Islands	Investment holdings	100.00	100.00

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

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership (%)	
			December 31	
			2023	2022
Song Ming Investments Co., Ltd.	ROC	Investing activities	100.00	100.00
Pou Chin Development Co., Ltd.	ROC	Agency of land demarcation	100.00	100.00
Yue Hong Realty Development Co., Ltd.	ROC	Development of real estate	100.00	100.00
Wang Yi Construction Co., Ltd.	ROC	Construction	89.75	89.75
Pou Yii Development Co., Ltd.	ROC	Rental and sale of real estate	75.00	75.00

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

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests (%)	
	2023	2022
Yue Yuen	48.89	48.89
Pou Sheng	37.45	37.45

Refer to Table 10 "Information on Investees" of Note 37 to the consolidated financial statements for business location and business item of the material associates.

Name of Subsidiary	Profit Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
	For the Year Ended		Interests	
	December 31		December 31	
	2023	2022	2023	2022
Yue Yuen	\$ 4,233,498	\$ 4,352,181	\$ 61,675,136	\$ 61,002,763
Pou Sheng	834,845	136,743	14,473,109	14,166,369

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

	December 31	
	2023	2022
Current assets	\$ 116,183,436	\$ 127,247,648
Non-current assets	107,067,722	111,986,475
Current liabilities	(60,841,199)	(61,422,845)
Non-current liabilities	(21,451,188)	(38,859,113)
Equity	<u>\$ 140,958,771</u>	<u>\$ 138,952,165</u>

(Continued)



	December 31	
	2023	2022
Equity attributable to:		
Owners of the Company	\$ 64,845,591	\$ 64,140,313
Non-controlling interests of Yue Yuen	61,675,136	61,002,763
Non-controlling interests of Yue Yuen's subsidiaries	<u>14,438,044</u>	<u>13,809,089</u>
	<u>\$ 140,958,771</u>	<u>\$ 138,952,165</u>
		(Concluded)
	For the Year Ended December 31	
	2023	2022
Operating revenue	<u>\$ 245,558,497</u>	<u>\$ 266,681,518</u>
Net income	\$ 9,747,380	\$ 8,796,551
Other comprehensive loss	<u>(1,737,848)</u>	<u>(4,005,569)</u>
Total comprehensive income	<u>\$ 8,009,532</u>	<u>\$ 4,790,982</u>
Net income (loss) attributable to:		
Owners of the Company	\$ 4,412,639	\$ 4,562,381
Non-controlling interests of Yue Yuen	4,233,498	4,352,181
Non-controlling interests of Yue Yuen's subsidiaries	<u>1,101,243</u>	<u>(118,011)</u>
	<u>\$ 9,747,380</u>	<u>\$ 8,796,551</u>
Total comprehensive income (loss) attributable to:		
Owners of the Company	\$ 3,723,738	\$ 3,122,539
Non-controlling interests of Yue Yuen	3,574,775	2,975,413
Non-controlling interests of Yue Yuen's subsidiaries	<u>711,019</u>	<u>(1,306,970)</u>
	<u>\$ 8,009,532</u>	<u>\$ 4,790,982</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 29,954,362	\$ 29,612,712
Investing activities	(7,003,541)	(3,989,953)
Financing activities	<u>(24,150,984)</u>	<u>(18,306,950)</u>
Net cash (outflow) inflow	<u>\$ (1,200,163)</u>	<u>\$ 7,315,809</u>
Dividends paid to:		
Non-controlling interests of Yue Yuen	<u>\$ 2,813,678</u>	<u>\$ 1,842,914</u>
Non-controlling interests of Yue Yuen's subsidiaries	<u>\$ 148,102</u>	<u>\$ 300,722</u>



14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2023	2022
Investments in associates	\$ 61,502,235	\$ 51,237,635
Investments in joint ventures	<u>5,396,794</u>	<u>5,635,466</u>
	<u>\$ 66,899,029</u>	<u>\$ 56,873,101</u>

a. Investments in associates

	December 31	
	2023	2022
Material associate		
Ruen Chen Investment Holding Co., Ltd.	\$ 47,687,183	\$ 35,917,433
Associates that are not individually material	<u>13,815,052</u>	<u>15,320,202</u>
	<u>\$ 61,502,235</u>	<u>\$ 51,237,635</u>

1) Material associate

	Proportion of Ownership and Voting Rights (%)	
	December 31	
Name of Associate	2023	2022
Ruen Chen Investment Holding Co., Ltd.	20	20

- a) As of October 18, 2023 and December 6, 2022, the Company purchased 10,000 thousand and 8,000 thousand issued ordinary shares with \$10 per share with the amount of \$100,000 thousand and \$80,000 thousand, respectively.
- b) Due to supply chain disruption caused by the global pandemic and the Russo-Ukrainian war during the past two years, inflation has risen and thus resulted in an extreme spike in the annual interest rate defined by ICS. Therefore, on September 29, 2022, the board of directors of Nan Shan Life Insurance Company Ltd., the subsidiary of Ruen Chen Investment Holding Co., Ltd., approved the resolution in accordance with the provisions of IFRS 9 to change the business model of financial assets management and set October 1, 2022 as the date of reclassification of financial assets.
- c) The summarized financial information below represents amounts shown in the material associate's financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.



Ruen Chen Investment Holding Co., Ltd.

	December 31	
	2023	2022
Assets	\$ 5,373,009,122	\$ 5,264,490,661
Liabilities	(5,101,450,286)	(5,058,171,956)
Non-controlling interests	<u>(32,826,359)</u>	<u>(26,434,978)</u>
Owners of Ruen Chen Investment Holding Co., Ltd.	<u>\$ 238,732,477</u>	<u>\$ 179,883,727</u>
Proportion of the Group	20%	20%
Equity attributable to the Group	\$ 47,746,495	\$ 35,976,745
Other adjustments	<u>(59,312)</u>	<u>(59,312)</u>
Carrying amount	<u>\$ 47,687,183</u>	<u>\$ 35,917,433</u>
For the Year Ended December 31		
	2023	2022
Operating revenue	<u>\$ 466,348,088</u>	<u>\$ 477,513,562</u>
Net income	\$ 20,977,050	\$ 29,986,720
Other comprehensive income (loss)	<u>44,234,369</u>	<u>(251,235,513)</u>
Total comprehensive income (loss)	<u>\$ 65,211,419</u>	<u>\$ (221,248,793)</u>

2) Associates that are not individually material

	Proportion of Ownership and Voting Rights (%)	
	December 31	
Name of Associate	2023	2022
Eagle Nice (International) Holdings Limited	35.97	35.97
San Fang Chemical Industry Co., Ltd.	44.72	44.72
Elitegroup Computer Systems Co., Ltd.	-	14.53
Brandblack Inc.	31.25	31.25
Full Pearl International Ltd.	-	40.04
Just Lucky Investments Limited	38.30	38.30
Natural Options Limited	38.30	38.30
Oftenrich Holdings Limited	45.00	45.00
Pou Ming Paper Products Manufacturing Co., Ltd.	20.00	20.00
Prosperlink Limited	38.00	38.00
Prosperous Industrial (Holdings) Ltd.	22.50	22.50
Rise Bloom International Limited	38.00	38.00
Venture Well Holdings Ltd.	31.55	31.55
Nan Pao Resins Chemical Co., Ltd.	17.23	17.59
Nan Shan Life Insurance Co., Ltd.	0.18	0.18



- a) The Group holds less than 20% interest in Elitegroup Computer Systems Co., Ltd. However, the Group has the power to appoint two out of the nine directors of Elitegroup Computer Systems Co., Ltd. Therefore, the Group is able to exercise significant influence over Elitegroup Computer Systems Co., Ltd. In November 2023, the Group disposed of partial shares of Elitegroup Computer Systems Co., Ltd. in the public market. The total of 80,785 thousand shares was disposed which amounted to \$2,453,577 thousand. After the transaction, the shareholding ratio of the Group at Elitegroup Computer Systems Co., Ltd. dropped from 14.53% to 0.04%. In addition, the directors who originally occupied two seats were naturally dismissed due to the disposal of shares, resulting in the loss of significant impact. The Group retained the remaining 0.04% interest as financial assets at FVTPL whose fair value at the date of disposal was \$6,939 thousand. This transaction resulted in the recognition of a gain in profit or loss, calculated as follows:

Proceeds of disposal	\$ 2,453,577
Add: Fair value of retained investment (0.04%)	6,939
Less: Carrying amount of investment on the date of loss of significant influence	(1,728,376)
Less: Share of other comprehensive income of associate	(36,581)
Add: Derecognition of capital surplus	<u>11,218</u>
Gains recognized	<u>\$ 706,777</u>

- b) In September 2023, the Group resolved to dispose of its associate, Full Pearl International Ltd., of all shares to unrelated parties. The carrying amount of the investment was zero as of September 30, 2023, and the transaction was completed on October 30, 2023 with an amount of RMB42,500 thousand.
- c) The Group holds less than 20% interest of Nan Pao Resins Chemical Co., Ltd. However, the Group has the power to appoint one out of the seven directors of Nan Pao Resins Chemical Co., Ltd. Therefore, the Group is able to exercise significant influence over Nan Pao Resins Chemical Co., Ltd.
- d) The Group holds less than 20% interest in Nan Shan Life Insurance Co., Ltd. However, the Group exercises significant influence over Ruen Chen Investment Holding Co., Ltd., which is the parent company of Nan Shan Life Insurance Co., Ltd. Therefore, Nan Shan Life Insurance Co., Ltd. is classified as an associate of the Group.
- e) The summarized financial information below represents amounts shown in the financial statements of associates that are not individually material which were prepared in accordance with IFRS Accounting Standards adjusted by the Group for equity accounting purposes.

	For the Year Ended December 31	
	2023	2022
The Group's share of:		
Net income	\$ 1,631,192	\$ 1,562,986
Other comprehensive loss	<u>(308,594)</u>	<u>(1,011,316)</u>
Total comprehensive income	<u>\$ 1,322,598</u>	<u>\$ 551,670</u>



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

Name of Associate	December 31	
	2023	2022
Eagle Nice (International) Holdings Limited	\$ 3,192,482	\$ 3,060,951
Prosperous Industrial (Holdings) Ltd.	\$ 683,497	\$ 674,543
San Fang Chemical Industry Co., Ltd.	\$ 4,617,565	\$ 3,644,575
Elitegroup Computer Systems Co., Ltd.	\$ -	\$ 1,668,928
Nan Pao Resins Chemical Co., Ltd.	\$ 5,860,380	\$ 2,818,333

- 4) For the information of the associate's business location and business item, refer to Table 10 Information on investees of Note 37 to the consolidated financial statements.

b. Investments in joint ventures

	December 31	
	2023	2022
Joint ventures that are not individually material	\$ 5,396,794	\$ 5,635,466

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

Name of Joint Ventures	Proportion of Ownership and Voting Rights (%)	
	December 31	
	2023	2022
Cohen Enterprises Inc.	50.00	50.00
Hangzhou Baohong Sports Goods Company Limited	50.00	50.00
Hua Jian Industrial Holding Co., Limited	22.41	22.41
Jilin Xinfangwei Sports Goods Company Limited	50.00	50.00
Jumbo Power Enterprises Limited	50.00	50.00
Ka Yuen Rubber Factory Limited	50.00	50.00
Top Units Developments Limited	49.00	49.00
Twinways Investments Limited	50.00	50.00
Zhong Ao Multiplex Management Group Limited (Formerly known as Zhong Ao Multiplex Management Limited)	46.82	46.82

- 1) Refer to Table 10 "Information on Investees" of Note 37 to the consolidated financial statements for business location and business item of the joint ventures that are not individually material.
- 2) The summarized financial information below represents amounts shown in the financial statements of joint ventures that are not individually material which were prepared in accordance with IFRS Accounting Standards adjusted by the Group for equity accounting purposes:

	For the Year Ended December 31	
	2023	2022
The Group's share of:		
Net income	\$ 450,528	\$ 483,427
Other comprehensive loss	(62,985)	(202,687)
Total comprehensive income	\$ 387,543	\$ 280,740



15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2022	\$ 2,709,365	\$ 82,822,724	\$ 44,976,914	\$ 1,095,881	\$ 7,294,425	\$ 296,159	\$ 1,511,658	\$ 140,707,126
Additions	-	1,668,947	2,113,939	80,246	942,270	24,803	1,436,271	6,266,476
Disposal	-	(1,585,548)	(2,500,032)	(77,990)	(245,480)	(7,822)	-	(4,416,872)
Reclassification	240	1,533,564	1,876	-	-	700	(1,645,139)	(108,759)
Disposal of subsidiaries	-	(17,621)	-	-	(7,366)	-	-	(24,987)
Effects of foreign currency exchange differences	-	7,327,371	4,795,900	93,439	554,500	38	160,704	12,931,952
Balance at December 31, 2022	<u>\$ 2,709,605</u>	<u>\$ 91,749,437</u>	<u>\$ 49,388,597</u>	<u>\$ 1,191,576</u>	<u>\$ 8,538,349</u>	<u>\$ 313,878</u>	<u>\$ 1,463,494</u>	<u>\$ 155,354,936</u>
Accumulated depreciation and impairment								
Balance at January 1, 2022	\$ (5,241)	\$ (39,948,913)	\$ (31,676,396)	\$ (839,435)	\$ (5,228,469)	\$ (222,219)	\$ -	\$ (77,920,673)
Depreciation expenses	-	(4,916,148)	(3,923,746)	(100,889)	(971,719)	(32,556)	-	(9,945,058)
Impairment losses recognized	-	(27,196)	-	-	(3,717)	-	-	(30,913)
Disposal	-	1,370,008	2,277,362	70,572	229,937	7,265	-	3,955,144
Reclassification	-	90,291	-	-	-	-	-	90,291
Disposal of subsidiaries	-	17,621	-	-	7,366	-	-	24,987
Effects of foreign currency exchange differences	-	(3,518,808)	(3,504,028)	(73,799)	(419,159)	(33)	-	(7,515,827)
Balance at December 31, 2022	<u>\$ (5,241)</u>	<u>\$ (46,933,145)</u>	<u>\$ (36,826,808)</u>	<u>\$ (943,551)</u>	<u>\$ (6,385,761)</u>	<u>\$ (247,543)</u>	<u>\$ -</u>	<u>\$ (91,342,049)</u>
Carrying amount at December 31, 2022	<u>\$ 2,704,364</u>	<u>\$ 44,816,292</u>	<u>\$ 12,561,789</u>	<u>\$ 248,025</u>	<u>\$ 2,152,588</u>	<u>\$ 66,335</u>	<u>\$ 1,463,494</u>	<u>\$ 64,012,887</u>
Cost								
Balance at January 1, 2023	\$ 2,709,605	\$ 91,749,437	\$ 49,388,597	\$ 1,191,576	\$ 8,538,349	\$ 313,878	\$ 1,463,494	\$ 155,354,936
Additions	-	888,378	980,285	37,986	509,282	24,918	2,330,172	4,771,021
Disposal	(4,000)	(5,328,851)	(1,362,482)	(98,411)	(785,453)	(10,211)	(95,830)	(7,685,238)
Reclassification	(828)	2,047,546	1,175	-	-	744	(1,816,558)	232,079
Effects of foreign currency exchange differences	-	(318,575)	(11,983)	(3,038)	(61,843)	-	(268)	(395,707)
Balance at December 31, 2023	<u>\$ 2,704,777</u>	<u>\$ 89,037,935</u>	<u>\$ 48,995,592</u>	<u>\$ 1,128,113</u>	<u>\$ 8,200,335</u>	<u>\$ 329,329</u>	<u>\$ 1,881,010</u>	<u>\$ 152,277,091</u>
Accumulated depreciation and impairment								
Balance at January 1, 2023	\$ (5,241)	\$ (46,933,145)	\$ (36,826,808)	\$ (943,551)	\$ (6,385,761)	\$ (247,543)	\$ -	\$ (91,342,049)
Depreciation expenses	-	(4,877,275)	(2,986,276)	(75,084)	(808,265)	(29,518)	-	(8,776,418)
Impairment losses recognized	-	(79,747)	-	-	-	-	-	(79,747)
Disposal	1,782	2,947,849	1,303,487	91,025	745,041	10,132	-	5,099,316
Reclassification	-	203,576	-	-	-	318	-	203,894
Effects of foreign currency exchange differences	-	295,477	34,069	3,125	57,511	-	-	390,182
Balance at December 31, 2023	<u>\$ (3,459)</u>	<u>\$ (48,443,765)</u>	<u>\$ (38,475,528)</u>	<u>\$ (924,485)</u>	<u>\$ (6,391,474)</u>	<u>\$ (266,611)</u>	<u>\$ -</u>	<u>\$ (94,504,822)</u>
Carrying amount at December 31, 2023	<u>\$ 2,701,318</u>	<u>\$ 40,594,670</u>	<u>\$ 10,520,064</u>	<u>\$ 203,628</u>	<u>\$ 1,808,861</u>	<u>\$ 62,718</u>	<u>\$ 1,881,010</u>	<u>\$ 57,772,269</u>

- a. The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life as follows:

Items	Estimated Useful Life
Buildings and improvements	
Main buildings	20-55 years
Elevators	15 years
Machinery and equipment	5-10 years
Transportation equipment	5 years
Office equipment	3-7 years
Other equipment	3-10 years

- b. The Group has land with a carrying amount of \$56,102 thousand. Due to certain restrictions under the land regulations, ownership of the land has been temporarily transferred to a trustee through a trust agreement, which prohibits the trustee from selling, pledging or hypothecating the property.



16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 8,808,406	\$ 8,342,652
Buildings and improvements	7,613,540	9,734,519
Machinery and equipment	15,707	3,206
Transportation equipment	2,624	3,094
Other equipment	<u>2,862</u>	<u>3,699</u>
	<u>\$ 16,443,139</u>	<u>\$ 18,087,170</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 4,278,793</u>	<u>\$ 3,053,014</u>
Depreciation charge for right-of-use assets		
Land	\$ 250,235	\$ 231,690
Buildings and improvements	3,925,219	4,814,727
Machinery and equipment	1,326	3,588
Transportation equipment	2,751	3,006
Other equipment	<u>837</u>	<u>837</u>
	<u>\$ 4,180,368</u>	<u>\$ 5,053,848</u>

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	\$ 2,765,479	\$ 3,486,555
Non-current	<u>5,529,176</u>	<u>6,713,172</u>
	<u>\$ 8,294,655</u>	<u>\$ 10,199,727</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Land	1.10%-7.47%	1.10%-3.07%
Buildings and improvements	0.90%-7.91%	0.90%-6.25%
Machinery and equipment	0.85%-5.59%	0.85%-3.07%
Transportation equipment	3.98%-4.25%	4.08%-4.50%
Other equipment	1.25%-1.34%	1.25%-1.34%



c. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ 246,952	\$ 459,205
Expenses relating to low-value asset leases	\$ 6,331	\$ 4,233
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 5,247,320	\$ 4,467,954
Total cash outflow for leases	\$ 9,715,516	\$ 10,293,257

The Group leases qualify as short-term leases and qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

17. INVESTMENT PROPERTIES

	Rights of Land	Land	Buildings	Total
<u>Cost</u>				
Balance at January 1, 2022	\$ -	\$ 1,917,931	\$ 1,827,591	\$ 3,745,522
Reclassification	201,304	14,924	3,022,975	3,239,203
Effects of foreign currency exchange differences	-	-	121,920	121,920
Balance at December 31, 2022	\$ 201,304	\$ 1,932,855	\$ 4,972,486	\$ 7,106,645
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2022	\$ -	\$ (9,259)	\$ (818,187)	\$ (827,446)
Depreciation expenses	(6,618)	-	(149,612)	(156,230)
Reclassification	-	9,259	(240,726)	(231,467)
Effects of foreign currency exchange differences	138	-	(85,558)	(85,420)
Balance at December 31, 2022	\$ (6,480)	\$ -	\$ (1,294,083)	\$ (1,300,563)
Carrying amount at December 31, 2022	\$ 194,824	\$ 1,932,855	\$ 3,678,403	\$ 5,806,082
<u>Cost</u>				
Balance at January 1, 2023	\$ 201,304	\$ 1,932,855	\$ 4,972,486	\$ 7,106,645
Additions	-	-	7,856	7,856
Disposal	-	(3,080)	(4,362)	(7,442)
Reclassification	301,953	(807)	63,425	364,571
Effects of foreign currency exchange differences	(33)	-	(12,990)	(13,023)
Balance at December 31, 2023	\$ 503,224	\$ 1,928,968	\$ 5,026,415	\$ 7,458,607

(Continued)



	Rights of Land	Land	Buildings	Total
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2023	\$ (6,480)	\$ -	\$ (1,294,083)	\$ (1,300,563)
Depreciation expenses	(6,866)	-	(122,623)	(129,489)
Disposal	-	-	2,442	2,442
Reclassification	-	-	2,652	2,652
Effects of foreign currency exchange differences	<u>112</u>	<u>-</u>	<u>1,192</u>	<u>1,304</u>
Balance at December 31, 2023	<u>\$ (13,234)</u>	<u>\$ -</u>	<u>\$ (1,410,420)</u>	<u>\$ (1,423,654)</u>
Carrying amount at December 31, 2023	<u>\$ 489,990</u>	<u>\$ 1,928,968</u>	<u>\$ 3,615,995</u>	<u>\$ 6,034,953</u> (Concluded)

- The investment properties are depreciated using the straight-line method over 30-55 years.
- The fair value of investment properties is comprehensively evaluated by the management of the Group, who use the evaluation model adopted by the market review and independent evaluators. The fair value of the Group's investment properties as of December 31, 2023 and 2022 was \$13,033,458 thousand and \$12,967,385 thousand, respectively.
- The maturity analysis of lease payments receivable under operating leases of investment properties at December 31, 2023 and 2022 was as follows:

	December 31	
	2023	2022
Year 1	\$ 854,116	\$ 884,927
Year 2	826,861	760,686
Year 3	623,001	714,226
Year 4	441,255	538,645
Year 5	267,307	384,568
Year 6 onwards	<u>288,048</u>	<u>502,464</u>
	<u>\$ 3,300,588</u>	<u>\$ 3,785,516</u>

18. GOODWILL

	2023	2022
<u>Cost</u>		
Balance at January 1	\$ 8,734,770	\$ 8,029,090
Effects of foreign currency exchange differences	<u>(67,207)</u>	<u>705,680</u>
Balance at December 31	<u>\$ 8,667,563</u>	<u>\$ 8,734,770</u> (Continued)



	2023	2022
<u>Accumulated impairment</u>		
Balance at January 1	\$ (282,747)	\$ (254,905)
Effects of foreign currency exchange differences	<u>(5,420)</u>	<u>(27,842)</u>
Balance at December 31	<u>\$ (288,167)</u>	<u>\$ (282,747)</u>
Carrying amount at December 31	<u>\$ 8,379,396</u>	<u>\$ 8,452,023</u> (Concluded)

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

	<u>December 31</u>	
	2023	2022
<u>Goodwill</u>		
Manufacturing and marketing of footwear materials	\$ 5,630,959	\$ 5,631,876
Manufacturing and marketing of sports apparel	10,624	10,626
Retailing business - retail and distribution of sportswear products	2,287,584	2,353,707
Others	<u>450,229</u>	<u>455,814</u>
	<u>\$ 8,379,396</u>	<u>\$ 8,452,023</u>

The Group has evaluated the recoverable amount of these cash-generating units for the years ended December 31, 2023 and 2022, and the recoverable amount of these cash-generating units was determined based on the value in use. The value in use was calculated based on used cash flow forecasts of the financial budgets approved by the management covering a five-year period. The growth rates were based on the forecasts of the relevant industries.

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

	<u>December 31</u>			
	<u>2023</u>		<u>2022</u>	
	<u>Discount Rate</u>	<u>Growth Rate</u>	<u>Discount Rate</u>	<u>Growth Rate</u>
Manufacturing and marketing of footwear materials	18%-22%	2%	18%-22%	2%
Manufacturing and marketing of sports apparel	18%-22%	1%	18%-22%	1%
Retailing business - retail and distribution of sportswear products	18%-22%	2%	18%-22%	3%

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



19. OTHER INTANGIBLE ASSETS

	Patents	Trademarks	Computer Software	Brand Names	Licensing Agreements	Non-compete Agreements	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 160	\$ 98	\$ 1,437,387	\$ 2,032,210	\$ 437,123	\$ 689,398	\$ 4,596,376
Additions	213	-	317,475	-	-	-	317,688
Disposal	-	-	(230)	-	(311,023)	-	(311,253)
Effect of foreign currency exchange differences	-	-	885	40,193	39,396	13,646	94,120
Balance at December 31, 2022	<u>\$ 373</u>	<u>\$ 98</u>	<u>\$ 1,755,517</u>	<u>\$ 2,072,403</u>	<u>\$ 165,496</u>	<u>\$ 703,044</u>	<u>\$ 4,696,931</u>
<u>Accumulated amortization and impairment</u>							
Balance at January 1, 2022	\$ (20)	\$ (13)	\$ (135,846)	\$ (2,032,210)	\$ (437,123)	\$ (383,894)	\$ (2,989,106)
Amortization expenses	(18)	(10)	(78,026)	-	-	(37,278)	(115,332)
Disposal	-	-	230	-	311,023	-	311,253
Effect of foreign currency exchange differences	-	-	(238)	(40,193)	(39,396)	(7,755)	(87,582)
Balance at December 31, 2022	<u>\$ (38)</u>	<u>\$ (23)</u>	<u>\$ (213,880)</u>	<u>\$ (2,072,403)</u>	<u>\$ (165,496)</u>	<u>\$ (428,927)</u>	<u>\$ (2,880,767)</u>
Carrying amount at December 31, 2022	<u>\$ 335</u>	<u>\$ 75</u>	<u>\$ 1,541,637</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 274,117</u>	<u>\$ 1,816,164</u>
<u>Cost</u>							
Balance at January 1, 2023	\$ 373	\$ 98	\$ 1,755,517	\$ 2,072,403	\$ 165,496	\$ 703,044	\$ 4,696,931
Additions	-	-	352,455	-	-	-	352,455
Disposal	-	-	(1,587)	-	-	-	(1,587)
Effect of foreign currency exchange differences	-	-	(4,056)	(59,168)	(4,725)	(20,072)	(88,021)
Balance at December 31, 2023	<u>\$ 373</u>	<u>\$ 98</u>	<u>\$ 2,102,329</u>	<u>\$ 2,013,235</u>	<u>\$ 160,771</u>	<u>\$ 682,972</u>	<u>\$ 4,959,778</u>
<u>Accumulated amortization and impairment</u>							
Balance at January 1, 2023	\$ (38)	\$ (23)	\$ (213,880)	\$ (2,072,403)	\$ (165,496)	\$ (428,927)	\$ (2,880,767)
Amortization expenses	(24)	(10)	(92,012)	-	-	(39,859)	(131,905)
Disposal	-	-	1,587	-	-	-	1,587
Effect of foreign currency exchange differences	-	-	44	59,168	4,725	13,062	76,999
Balance at December 31, 2023	<u>\$ (62)</u>	<u>\$ (33)</u>	<u>\$ (304,261)</u>	<u>\$ (2,013,235)</u>	<u>\$ (160,771)</u>	<u>\$ (455,724)</u>	<u>\$ (2,934,086)</u>
Carrying amount at December 31, 2023	<u>\$ 311</u>	<u>\$ 65</u>	<u>\$ 1,798,068</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,248</u>	<u>\$ 2,025,692</u>

The abovementioned items of other intangible assets are amortized on a straight-line basis over their estimated useful life as follows:

<u>Items</u>	<u>Estimated Useful Life</u>
Patents	10-20 years
Trademarks	10 years
Computer software	3-20 years
Brand names	5 years
Licensing agreements	10 years
Non-compete agreements	5-20 years



20. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022

Unsecured borrowings

Credit borrowings	<u>\$ 26,665,698</u>	<u>\$ 20,611,809</u>

The range of effective interest rate on bank borrowings was 1.61%-6.38% and 1.00%-7.47% per annum as of December 31, 2023 and 2022, respectively.

b. Short-term bills payable

December 31, 2023

	Properties	Annual Interest Rate	Amount
Commercial papers	Unsecured	1.45%-1.70%	\$ 1,892,500
Less: Unamortized discount on bills payable			<u>(734)</u>
			<u>\$ 1,891,766</u>

December 31, 2022

	Properties	Annual Interest Rate	Amount
Commercial papers	Unsecured	1.38%-2.15%	\$ 1,581,000
Less: Unamortized discount on bills payable			<u>(899)</u>
			<u>\$ 1,580,101</u>

c. Long-term borrowings

	December 31	
	2023	2022

Unsecured borrowings

Bank loans	\$ 41,292,068	\$ 61,981,571
Less: Expenses for long-term borrowings	(29,722)	(55,923)
Less: Current portion	<u>(13,210,895)</u>	<u>(11,923,464)</u>
	<u>\$ 28,051,451</u>	<u>\$ 50,002,184</u>



Maturity dates and ranges of annual interest rate:

	December 31	
	2023	2022
<u>Maturity date</u>		
Long-term borrowings	2025.01.03- 2027.05.03	2024.01.15- 2026.11.29
Current portion of long-term borrowings	2024.01.15- 2024.12.20	2023.01.15- 2023.12.20
Range of interest rate	0.95%-6.23%	0.94%-5.54%

21. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2023	2022
<u>Notes payable</u>		
Operating	\$ 2,297	\$ 2,671
Non-operating	<u>1,311</u>	<u>1,323</u>
	<u>\$ 3,608</u>	<u>\$ 3,994</u>
Accounts payable (including related parties)	<u>\$ 14,246,431</u>	<u>\$ 12,536,177</u>

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

22. OTHER PAYABLES

	December 31	
	2023	2022
Payables for salaries	\$ 9,600,928	\$ 11,006,308
Payables for purchase of property, plant and equipment	972,672	1,297,784
Compensation due to directors	134,446	178,867
Compensation of employees	468,604	483,415
Interest payables	122,976	292,424
Payables for annual leave	953,707	1,015,231
Others	<u>5,489,583</u>	<u>7,421,424</u>
	<u>\$ 17,742,916</u>	<u>\$ 21,695,453</u>
Current	\$ 17,587,766	\$ 21,540,287
Non-current	<u>155,150</u>	<u>155,166</u>
	<u>\$ 17,742,916</u>	<u>\$ 21,695,453</u>



23. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

The net amounts in respect of the defined benefit liabilities were \$2,888,757 thousand and \$2,583,417 thousand as of December 31, 2023 and 2022, respectively. Movements in the net defined benefit liabilities were as follows:

Present Value of Defined Benefit Obligation	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 2,583,417	\$ 3,661,094
Current service cost	305,007	346,293
Past service gain	(28,164)	(981,803)
Net interest expense	181,789	183,265
Others	(1,150)	(57,568)
Recognized in profit or loss	457,482	(509,813)
Remeasurement		
Actuarial loss arising from changes in demographic assumptions	1,658	-
Actuarial loss (gain) arising from changes in financial assumptions	123,465	(299,730)
Actuarial loss (gain) arising from experience adjustments	5,895	(21,343)
Effect of exchange rate changes of remeasurement	13,971	(102,019)
Recognized in other comprehensive loss (income)	144,989	(423,092)
Benefits paid	(335,944)	(333,954)
Effect of exchange rate changes on foreign plans	38,813	189,182
Balance at December 31	\$ 2,888,757	\$ 2,583,417

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

	December 31	
	2023	2022
Discount rate	6.75%-7.10%	7.25%-7.50%
Expected rate of salary increase	4.00%-7.00%	4.00%-7.00%



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

	December 31	
	2023	2022
Discount rate		
0.25% increase	<u>\$ (59,638)</u>	<u>\$ (55,584)</u>
0.25% decrease	<u>\$ 67,949</u>	<u>\$ 63,527</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 72,513</u>	<u>\$ 67,640</u>
0.25% decrease	<u>\$ (64,444)</u>	<u>\$ (59,943)</u>

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

	December 31	
	2023	2022
Expected contributions to the plans for the next year	<u>\$ 149,840</u>	<u>\$ 106,042</u>
Average duration of the defined benefit obligation	12.8-32.8 years	14.3-33.8 years

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

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

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

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 607,283	\$ 567,459
Fair value of plan assets	<u>(375,767)</u>	<u>(465,195)</u>
Net defined benefit liabilities	<u>\$ 231,516</u>	<u>\$ 102,264</u>



Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	\$ 605,528	\$ (350,235)	\$ 255,293
Current service cost	1,341	-	1,341
Net interest expense (income)	3,278	(1,907)	1,371
Others	(54,929)	-	(54,929)
Recognized in profit or loss	(50,310)	(1,907)	(52,217)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(31,447)	(31,447)
Actuarial loss arising from changes in demographic assumptions	31	-	31
Actuarial gain arising from changes in financial assumptions	(42,226)	-	(42,226)
Actuarial loss arising from experience adjustments	25,827	-	25,827
Exchange differences on foreign plans	491	-	491
Recognized in other comprehensive income	(15,877)	(31,447)	(47,324)
Contributions from the employer	-	(75,285)	(75,285)
Benefits paid	(29,327)	29,327	-
Others	57,445	(35,648)	21,797
Balance at December 31, 2022	\$ 567,459	\$ (465,195)	\$ 102,264
Balance at January 1, 2023	\$ 567,459	\$ (465,195)	\$ 102,264
Current service cost	966	-	966
Past service cost	1,495	-	1,495
Net interest expense (income)	8,786	(7,259)	1,527
Others	(3,209)	-	(3,209)
Recognized in profit or loss	8,038	(7,259)	779
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,426)	(2,426)
Actuarial loss arising from changes in financial assumptions	13,142	-	13,142
Actuarial loss arising from experience adjustments	130,281	-	130,281
Recognized in other comprehensive loss (income)	143,423	(2,426)	140,997
Contributions from the employer	-	(12,711)	(12,711)
Benefits paid	(119,853)	119,853	-
Others	8,216	(8,029)	187
Balance at December 31, 2023	\$ 607,283	\$ (375,767)	\$ 231,516



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

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

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

	December 31	
	2023	2022
Discount rate	1.25%-1.38%	1.50%
Expected rate of salary increase	2.25%-3.25%	2.25%-3.25%

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

	December 31	
	2023	2022
Discount rate		
0.25% increase	<u>\$ (13,521)</u>	<u>\$ (12,518)</u>
0.25% decrease	<u>\$ 13,957</u>	<u>\$ 12,935</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 13,584</u>	<u>\$ 12,607</u>
0.25% decrease	<u>\$ (13,210)</u>	<u>\$ (12,249)</u>

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

	December 31	
	2023	2022
The expected contributions to the plan for the next year	<u>\$ 26,591</u>	<u>\$ 27,793</u>
The average duration of the defined benefit obligation	8.1-11.6 years	8.8-11.8 years



d. Defined benefit plans - domestic subsidiaries

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

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

	December 31	
	2023	2022
Defined benefit liabilities	\$ 263,846	\$ 376,170
Less: Defined benefit assets (Note 12)	<u>(43,754)</u>	<u>(43,754)</u>
	<u>\$ 220,092</u>	<u>\$ 332,416</u>

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

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 1,244,475	\$ 1,325,198
Fair value of plan assets	<u>(1,024,383)</u>	<u>(992,782)</u>
Net defined benefit liabilities	<u>\$ 220,092</u>	<u>\$ 332,416</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 1,412,321</u>	<u>\$ (890,028)</u>	<u>\$ 522,293</u>
Current service cost	7,319	-	7,319
Past service cost	(319)	-	(319)
Net interest expense (income)	<u>7,036</u>	<u>(4,244)</u>	<u>2,792</u>
Recognized in profit or loss	<u>14,036</u>	<u>(4,244)</u>	<u>9,792</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(65,634)	(65,634)
Actuarial loss arising from changes in demographic assumptions	459	-	459
			(Continued)



	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Actuarial gain arising from changes in financial assumptions	\$ (107,622)	\$ -	\$ (107,622)
Actuarial loss arising from experience adjustments	<u>68,892</u>	<u>-</u>	<u>68,892</u>
Recognized in other comprehensive income	<u>(38,271)</u>	<u>(65,634)</u>	<u>(103,905)</u>
Contributions from the employer	-	(152,558)	(152,558)
Benefits paid	(119,682)	119,682	-
Others	<u>56,794</u>	<u>-</u>	<u>56,794</u>
Balance at December 31, 2022	<u>\$ 1,325,198</u>	<u>\$ (992,782)</u>	<u>\$ 332,416</u>
Balance at January 1, 2023	<u>\$ 1,325,198</u>	<u>\$ (992,782)</u>	<u>\$ 332,416</u>
Current service cost	5,511	-	5,511
Past service cost	(367)	-	(367)
Net interest expense (income)	<u>19,794</u>	<u>(14,276)</u>	<u>5,518</u>
Recognized in profit or loss	<u>24,938</u>	<u>(14,276)</u>	<u>10,662</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,489)	(6,489)
Actuarial loss arising from changes in financial assumptions	30,221	-	30,221
Actuarial gain arising from experience adjustments	<u>(11,238)</u>	<u>-</u>	<u>(11,238)</u>
Recognized in other comprehensive loss (income)	<u>18,983</u>	<u>(6,489)</u>	<u>12,494</u>
Contributions from the employer	-	(138,972)	(138,972)
Benefits paid	(128,136)	128,136	-
Others	<u>3,492</u>	<u>-</u>	<u>3,492</u>
Balance at December 31, 2023	<u>\$ 1,244,475</u>	<u>\$ (1,024,383)</u>	<u>\$ 220,092</u> (Concluded)

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

	For the Year Ended December 31	
	2023	2022
Operating costs	\$ 50	\$ 48
Selling and marketing expenses	8	7
General and administrative expenses	5,804	5,521
Research and development expenses	<u>4,800</u>	<u>4,216</u>
	<u>\$ 10,662</u>	<u>\$ 9,792</u>



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

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

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

	December 31	
	2023	2022
Discount rate	1.25%	1.38%-1.50%
Expected rate of salary increase	2.00%-2.25%	2.00%-2.25%

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

	December 31	
	2023	2022
Discount rate		
0.25% increase	<u>\$ (30,271)</u>	<u>\$ (32,948)</u>
0.25% decrease	<u>\$ 31,378</u>	<u>\$ 34,185</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 30,519</u>	<u>\$ 33,323</u>
0.25% decrease	<u>\$ (29,596)</u>	<u>\$ (32,283)</u>

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

	December 31	
	2023	2022
The expected contributions to the plan for the next year	<u>\$ 15,934</u>	<u>\$ 16,401</u>
The average duration of the defined benefit obligation	8.2-10.0 years	8.5-11.0 years



24. EQUITY

a. Share capital

	December 31	
	2023	2022
Number of shares authorized (in thousands)	4,500,000	4,500,000
Amount of shares authorized	\$ 45,000,000	\$ 45,000,000
Number of shares issued and fully paid (in thousands)	2,946,787	2,946,787
Amount of shares issued	\$ 29,467,872	\$ 29,467,872

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)		
Recognized from issuance of ordinary shares	\$ 848,603	\$ 848,603
Recognized from conversion of bonds	1,447,492	1,447,492
Recognized from treasury share transactions	1,824,608	1,824,608
Recognized from the excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	109,637	109,637
<u>May only be used to offset a deficit</u>		
Recognized from the changes in ownership to subsidiaries (Note 2)	27,234	27,234
Recognized from the share of changes in net assets of associates and joint ventures	121,958	133,171
Others	30,760	29,644
	<u>\$ 4,410,292</u>	<u>\$ 4,420,389</u>

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

Note 2: Such capital surplus are the changes in equity transactions recognized from the equity changes of subsidiaries when the Company does not actually receive or dispose of subsidiaries' shares.

c. Retained earnings and dividend policy

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

- 1) For paying taxes.
- 2) For offsetting deficit.
- 3) For the legal reserve at 10% of the remaining profit, and for the special reserve to be appropriated and distributed according to regulations or upon request by the FSC.



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

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

For information about the accrual basis of the compensation of employees and remuneration of directors and supervisors and the actual appropriations, refer to Note 26 (h) to the consolidated financial statements.

In accordance with the "Articles", profit may be distributed after taking into consideration the future development plan, financial condition, business and operational status, and so on. The distribution of profit shall be proposed by the board of directors, and submitted to the shareholders' meeting for approval. The ratio of distribution shall be no less than 30% of the net profit for each fiscal year, and the proportion of cash dividends distributed shall be no less than 30% of total dividends distributed. If there are material changes in the operating environment, the Company can adjust the ratio and amounts of distribution of profit.

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

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings	
	For Year 2022	For Year 2021
Legal reserve	\$ 1,314,066	\$ 1,439,249
Special reserve	\$ 57,646,766	\$ -
Cash dividends	\$ 3,830,823	\$ 4,420,181
Dividends Per Share (NT\$)	\$ 1.30	\$ 1.50

The above 2022 and 2021 appropriations for cash dividends were resolved by the Company's board of directors on April 26, 2023 and April 28, 2022, respectively; the other proposed appropriations were resolved by the shareholders at their meeting on June 15, 2023 and June 15, 2022.

- d. Special reserve

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ -	\$ -
Appropriations in respect of		
Debits to other equity items	21,323,594	-
Change in the fair value of the financial assets reclassified	36,323,172	-
Balance at December 31	\$ 57,646,766	\$ -



The Group's associate, Nan Shan Life Insurance Co., Ltd., is an insurance company, and on October 1, 2022, Nan Shan Life Insurance Co., Ltd. reclassified the financial assets at fair value through other comprehensive income to financial assets at amortized cost. In accordance with Rule No. 11104942741 issued by the Insurance Bureau of the FSC, Nan Shan Life Insurance Co., Ltd. shall appropriate its earnings as a special reserve. When distributing the distributable retained earnings, the Group shall appropriate as a special reserve the amount of changes in the fair value of the financial assets reclassified by Nan Shan Life Insurance Co., Ltd. based on the Group's shareholding percentage of Nan Shan Life Insurance Co., Ltd. If there is a reversal in the changes in the fair value of the financial assets reclassified by Nan Shan Life Insurance Co., Ltd. subsequently, the appropriated special reserve may be reversed based on the Group's shareholding percentage of Nan Shan Life Insurance Co., Ltd. and is thereafter distributed. The balance of the special reserve appropriated or reversed by the Group shall not exceed the carrying amount of the Group's investment in Nan Shan Life Insurance Co., Ltd.

e. Other equity item

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (273,894)	\$ (7,414,850)
Exchange differences on translation of the financial statements of foreign operations	(485,466)	7,455,985
Share of exchange differences of associates and joint ventures accounted for using the equity method	<u>17,441</u>	<u>(315,029)</u>
Balance at December 31	<u>\$ (741,919)</u>	<u>\$ (273,894)</u>

2) Unrealized gain or loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (3,520,843)	\$ 14,613,616
Unrealized gain (loss) from equity instruments	5,181,352	(2,548,098)
Cumulative unrealized (loss) gain on equity instruments transferred to retained earnings due to disposal	(3,712)	7,027
Disposal of associates accounted for using the equity method	170	-
Share of gain (loss) from associates and joint ventures accounted for using the equity method	<u>776,096</u>	<u>(15,593,388)</u>
Balance at December 31	<u>\$ 2,433,063</u>	<u>\$ (3,520,843)</u>

3) Others

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (17,528,857)	\$ 12,620,038
Share of gain (loss) from associates and joint ventures accounted for using the equity method	<u>7,099,342</u>	<u>(30,148,895)</u>
Balance at December 31	<u>\$ (10,429,515)</u>	<u>\$ (17,528,857)</u>



f. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 75,115,457	\$ 68,063,798
Share of non-controlling interests		
Net profit	5,349,873	4,244,611
Exchange differences on translation of the financial statements of foreign operations	(881,708)	5,024,816
Unrealized loss on financial assets at FVTOCI	(141,418)	(283,665)
Others	138	(587)
Remeasurement of defined benefit plans	(114,020)	185,164
Accumulated loss from disposal of equity instruments shifted to retained earnings	(5)	-
Changes in non-controlling interests	<u>(2,854,400)</u>	<u>(2,118,680)</u>
Balance at December 31	<u>\$ 76,473,917</u>	<u>\$ 75,115,457</u>

25. REVENUE

	For the Year Ended December 31	
	2023	2022
Sales revenue	\$ 245,691,352	\$ 266,754,592
Revenue from entertainment and resort	556,898	481,492
Others	<u>385,464</u>	<u>260,716</u>
	<u>\$ 246,633,714</u>	<u>\$ 267,496,800</u>

26. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consisted of the following:

a. Interest income

	For the Year Ended December 31	
	2023	2022
Interest income		
Cash in bank	\$ 1,552,682	\$ 749,201
Repurchase agreements collateralized by bonds	105	1,201
Financial assets at amortized cost	227,561	187,806
Others	<u>96</u>	<u>43</u>
	<u>\$ 1,780,444</u>	<u>\$ 938,251</u>



b. Other income

	For the Year Ended December 31	
	2023	2022
Rental income from operating lease	\$ 846,294	\$ 854,819
Dividend income	738,845	818,175
Others	<u>1,794,540</u>	<u>1,932,754</u>
	<u>\$ 3,379,679</u>	<u>\$ 3,605,748</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net gain (loss) on disposal of property, plant and equipment	\$ 53,562	\$ (196,303)
Net gain on disposal of investment properties	7,915	-
Net foreign exchange gain	89,239	1,390,715
Net gain on disposal of subsidiaries, associates and joint ventures	970,895	97,664
Net gain on financial assets at FVTPL	957,319	490,749
Recognized of impairment loss	(124,775)	(119,597)
Others	<u>(323,941)</u>	<u>(366,656)</u>
	<u>\$ 1,630,214</u>	<u>\$ 1,296,572</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank borrowings	\$ 2,832,814	\$ 2,018,368
Interest on short-term bills payable	57,784	27,535
Lease liabilities	397,259	486,239
Other interest expense	<u>105</u>	<u>81</u>
	<u>\$ 3,287,962</u>	<u>\$ 2,532,223</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 8,776,418	\$ 9,945,058
Right-of-use assets	4,180,368	5,053,848
Investment properties	129,489	156,230
Other intangible assets	131,905	115,332
Other prepaid expenses	<u>-</u>	<u>1,586</u>
	<u>\$ 13,218,180</u>	<u>\$ 15,272,054</u>

(Continued)



As of December 31, 2023 and 2022, there were 268,690 and 314,352 employees, respectively, in the Group. The Group accounts for employee benefits expense based on the number of employees.



h. Employee's compensation and remuneration of directors

According to the Company's Articles, the Company shall distribute employees' compensation and remuneration of directors at rates of 1%-5% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employee's compensation is approved by the board of directors to be distributed by shares or by cash, and the receivers should be those employees who meet certain criteria. In the case of an accumulated loss, the Company shall allocate an amount to recover such loss before appropriating any employees' compensation and remuneration of directors.

The employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022 which were approved by the Company's board of directors on March 14, 2024 and March 16, 2023, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Employees' compensation	1.6%	1.6%
Remuneration of directors	0.8%	0.8%

Amount

	For the Year Ended December 31			
	2023		2022	
	Cash	Shares	Cash	Shares
Employees' compensation	\$ 189,119	\$ -	\$ 221,811	\$ -
Remuneration of directors	94,560	-	110,906	-

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on employees' compensation and remuneration of directors resolved by the Company's board of directors in 2024 and 2023 is available at the Market Observation Post System website of the Taiwan Stock Exchange.



27. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current period	\$ 3,265,782	\$ 4,429,634
Income tax expense of unappropriated earnings	-	423,888
Land value increment tax	1,355	-
Adjustments for prior year's income tax	659	(8,941)
	<u>3,267,796</u>	<u>4,844,581</u>
Deferred tax		
In respect of the current period	<u>225,404</u>	<u>(302,470)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,493,200</u>	<u>\$ 4,542,111</u>

As the status of 2024 shareholders' meeting regarding the appropriations of earnings is uncertain, the potential income tax consequences of 2023 unappropriated earnings are not reliably determinable.

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

	For the Year Ended December 31	
	2023	2022
Income before income tax	<u>\$ 19,466,681</u>	<u>\$ 21,431,577</u>
Income tax expense calculated at the statutory rate	\$ 3,893,336	\$ 4,286,315
Tax effect of adjusting items		
Tax-exempt income	(137,739)	(160,305)
Investment income recognized under equity method	(1,165,822)	(1,508,154)
Others	888,823	1,509,308
Additional income tax under the Alternative Minimum Tax Act	12,588	-
Income tax on unappropriated earnings	-	423,888
Land value increment tax	1,355	-
Adjustments for prior years' income tax	<u>659</u>	<u>(8,941)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,493,200</u>	<u>\$ 4,542,111</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year	<u>\$ (87,120)</u>	<u>\$ 85,872</u>
Total income tax recognized in other comprehensive income or loss	<u>\$ (87,120)</u>	<u>\$ 85,872</u>



c. Deferred tax assets and liabilities

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

	December 31	
	2023	2022
<u>Deferred tax assets</u>		
Temporary differences		
Others	<u>\$ 5,483,415</u>	<u>\$ 6,188,604</u>
<u>Deferred tax liabilities</u>		
Temporary differences		
Land value increment tax	\$ 86,547	\$ 86,547
Others	<u>2,664,345</u>	<u>3,231,250</u>
	<u>\$ 2,750,892</u>	<u>\$ 3,317,797</u>

The application of amendment to IAS 12 has been applied since 2023. Please refer to Note 3 to the consolidated financial statements for information of the effects of retrospective application on January 1 and December 31, 2022, respectively.

d. Income tax assessments

All the Company's income tax returns as of 2021 have been assessed by the tax authorities.

28. EARNINGS PER SHARE

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

	For the Year Ended December 31	
	2023	2022
<u>Net profit (in thousand dollars)</u>		
Earnings used in the computation of earnings per share	<u>\$ 10,623,608</u>	<u>\$ 12,644,855</u>
<u>Weighted average number of shares outstanding (in thousand shares)</u>		
Weighted average number of common shares used in the computation of basic earnings per share	2,946,787	2,946,787
Effect of potentially dilutive common shares:		
Employees' compensation	<u>7,521</u>	<u>8,037</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>2,954,308</u>	<u>2,954,824</u>
<u>Earnings per share (in dollars)</u>		
Basic earnings per share	<u>\$3.61</u>	<u>\$4.29</u>
Diluted earnings per share	<u>\$3.60</u>	<u>\$4.28</u>



The Company may settle the compensation paid to employees by cash or shares; therefore, the Company assumes the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

29. SHARE-BASED PAYMENT ARRANGEMENTS

a. Information about Yue Yuen's employee share options

On January 28, 2014 and amended on March 23, 2016 and September 28, 2018, the board of directors of Yue Yuen adopted a share award scheme. Under the share award scheme, a trustee which is independent of Yue Yuen purchased Yue Yuen shares from the secondary market, and the shares will vest to the selected participants through a trust agreement. The awarded shares shall not exceed 2% of the issued share capital of Yue Yuen as of the date of grant (January 28, 2014) during the valid period (from January 28, 2014 to January 27, 2024). The maximum number of shares which may be awarded to all participants under the award scheme shall not exceed 1% of the issued share capital of Yue Yuen. The share award scheme amended and restated on November 13, 2023 by the board of directors of Yue Yuen for an extra 10-year extension, which will be validated on January 28, 2024.

Information about the granted Yue Yuen's employee share options was as follows:

	Number of Shares (In Thousands)	
	2023	2022
Balance at January 1	1,470	1,740
Options granted	2,935	1,184
Options cancelled	(91)	(270)
Options exercised	<u>(2,609)</u>	<u>(1,184)</u>
Balance at December 31	<u>1,705</u>	<u>1,470</u>

Information about the employee share options on the grant date during the years ended December 31, 2023 and 2022, was as follows:

	Granted on June 28, 2023	Granted on March 31, 2023	Granted on March 23, 2023	Granted on January 18, 2023	Granted on March 23, 2022	Granted on January 27, 2022
Grant date share price	HK\$ 10.34	HK\$ 11.06	HK\$ 11.14	HK\$ 11.78	HK\$ 12.78	HK\$ 12.64
Number of shares (in thousand shares)	1,665	85	727	458	830	354

Yue Yuen recognized \$95,671 thousand and \$105,271 thousand compensation cost for the years ended December 31, 2023 and 2022, respectively.



b. Information about Pou Sheng's employee share options

On May 9, 2014 and amended on November 11, 2016, the board of directors of Pou Sheng adopted a share award scheme. Under the share award scheme, a trustee which is independent of Pou Sheng purchased Pou Sheng shares from the secondary market, and the shares will vest to the selected participants through a trust agreement. The awarded shares shall not exceed 4% of the issued share capital of Pou Sheng as at the date of grant during the valid period (from May 9, 2014 to May 9, 2024). The maximum number of shares which may be awarded to all participants under the award scheme shall not exceed 1% of the issued share capital of Pou Sheng. The share award scheme amended and restated on November 13, 2023 by the board of directors of Pou Sheng for an extra 10-year extension, which will be validated on May 9, 2024.

On November 13, 2013, the board of directors of Pou Sheng adopted a share award scheme, extend the period of the plan to ten years, and the scheme are effective for May 9, 2024.

Information about the granted employee share options during the years ended December 31, 2023 and 2022 was as follows:

	Number of Shares (In Thousands)	
	2023	2022
Balance at January 1	8,163	15,968
Options granted	-	1,200
Options cancelled	(403)	(2,228)
Options exercised	<u>(2,533)</u>	<u>(6,777)</u>
Balance at December 31	<u>5,227</u>	<u>8,163</u>

Information about the employee share options on the grant date during the years ended December 31, 2023 and 2022, was as follows:

	Granted on November 11, 2022
Grant date share price	HK\$ 0.465
Number of shares (in thousand shares)	1,200

Pou Sheng recognized \$10,671 thousand and \$14,597 thousand compensation cost for the years ended December 31, 2023 and 2022, respectively.

30. DISPOSAL OF SUBSIDIARIES

The Group disposed the subsidiaries and lost control in 2022. The assets and liabilities of the subsidiaries on the date of disposal were as follows:

Assets

Cash and cash equivalents	\$ 30,512
Receivables and other receivables	41,783
Inventories	21,241
Other current assets	5,588
Other assets	12,573
Deferred tax assets	286
	(Continued)



Liabilities

Payables and other payables	\$ (25,273)
Lease liabilities	<u>(17,780)</u>
	<u>\$ 68,930</u>
	(Concluded)
a. Gain on disposal of subsidiaries	
Consideration received in cash and cash equivalents	\$ 48,070
Net value of net assets disposed of	(68,930)
Non-controlling interests	<u>20,860</u>
Gain on disposal	<u>\$ -</u>
b. Net cash inflow on disposal of subsidiaries	
Consideration received in cash and cash equivalents	\$ 48,070
Less: Cash and cash equivalents balance disposed of	<u>(30,512)</u>
	<u>\$ 17,558</u>

31. CAPITAL MANAGEMENT

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

32. FINANCIAL INSTRUMENTS

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

Except those listed in the table below, the Group's management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

December 31, 2023

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
Corporate bonds	\$ 2,636,501	\$ -	\$ 2,565,508	\$ -	\$ 2,565,508

December 31, 2022

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
Corporate bonds	\$ 2,819,889	\$ -	\$ 2,675,680	\$ -	\$ 2,675,680

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

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

1) The fair value hierarchy is as follows:

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 176,759	\$ -	\$ 176,759
Domestic listed shares	7,286	-	-	7,286
Mutual funds	862,152	-	789,191	1,651,343
	<u>\$ 869,438</u>	<u>\$ 176,759</u>	<u>\$ 789,191</u>	<u>\$ 1,835,388</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 23,299,045	\$ -	\$ -	\$ 23,299,045
Domestic unlisted shares	-	-	73,608	73,608
Foreign unlisted shares	-	-	135,741	135,741
	<u>\$ 23,299,045</u>	<u>\$ -</u>	<u>\$ 209,349</u>	<u>\$ 23,508,394</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ -	\$ 329,470	\$ -	\$ 329,470

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 360,499	\$ -	\$ 360,499
Structured deposits	-	2,254,267	-	2,254,267
Mutual funds	300,373	-	629,709	930,082
	<u>\$ 300,373</u>	<u>\$ 2,614,766</u>	<u>\$ 629,709</u>	<u>\$ 3,544,848</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 18,042,399	\$ -	\$ -	\$ 18,042,399
Domestic unlisted shares	-	-	66,792	66,792
Foreign unlisted shares	-	-	232,838	232,838
	<u>\$ 18,042,399</u>	<u>\$ -</u>	<u>\$ 299,630</u>	<u>\$ 18,342,029</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ -	\$ 155,274	\$ -	\$ 155,274



- 2) There were no transfers between Levels 1 and 2 in the current and prior periods.
- 3) There was no reconciliation of Level 3 fair value measurements of financial assets except for additions, disposals, and changes in fair value recognized in other comprehensive income.
- 4) The fair value of Level 2 financial assets and financial liabilities is determined as follows:
 - a) The fair value of financial instruments with standard terms and conditions and traded in active liquid markets is determined with reference to the quoted market prices.
 - b) The future cash flows of derivatives are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
- 5) Valuation techniques and assumptions applied for Level 3 fair value measurement is as follows:

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

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily at FVTPL	\$ 1,835,388	\$ 3,544,848
Financial assets at amortized cost (Note 1)	86,195,573	78,139,109
Financial assets at FVTOCI	23,508,394	18,342,029
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	329,470	155,274
Financial liabilities at amortized cost (Note 2)	101,864,752	118,402,239

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

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



d. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and the carrying amount of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 36 to the consolidated financial statements.

Sensitivity analysis

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

The following table details the Group's sensitivity to 1% increase (decrease) in New Taiwan dollars (the functional currency) against the relevant foreign currencies. A positive (negative) number below indicates an increase (decrease) in pre-tax profit with New Taiwan dollars strengthening 1% against the relevant currency. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	For the Year Ended December 31	
	2023	2022
USD	\$ 12,953	\$ 35,717
RMB	17,294	(83,698)
HKD	412	(2,336)
VND	5,887	3,275
IDR	195	(2,287)

b) Interest rate risk

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



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

	December 31	
	2023	2022
Cash flow interest rate risk		
Financial liabilities	\$ 65,888,744	\$ 75,530,185

Sensitivity analysis

The sensitivity analysis below was based on the Group's floating rate liabilities. The analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole period. If there had been a 1%-increase in interest rates, the Group's income before income tax would have decreased by \$658,887 thousand and \$755,302 thousand during the years ended December 31, 2023 and 2022, respectively.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had declined by 1%, income before income tax for the years ended December 31, 2023 and 2022 would have decreased by \$16,586 thousand and \$9,301 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income for the years ended December 31, 2023 and 2022 would have decreased by \$233,180 thousand and \$180,613 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to equity securities investment has not changed significantly from the previous year.

2) Credit risk

Financial instruments are evaluated for credit risk (which represents the potential loss that would be incurred by the Company if a counterparty or third party were to breach a contract). The risk includes the centralization of credit risk, components, contract figures, and accounts receivable. Besides, the Company requires significant clients to provide guarantees of a credit rating of intermediate or higher issued by a bank so as to effectively reduce its credit risk.

3) Liquidity risk

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



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

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

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 17,511,401	\$ 6,351,405	\$ 7,979,642	\$ 144,305	\$ 58,189
Lease liabilities	226,092	918,716	1,908,224	4,938,277	1,259,028
Floating interest rate liabilities	13,532,982	10,605,481	14,141,389	27,608,892	-
Fixed interest rate liabilities	119,197	2,110,865	2,500,000	1,430,000	-
Financial guarantee contracts	1,479,983	-	-	-	-
	<u>\$ 32,869,655</u>	<u>\$ 19,986,467</u>	<u>\$ 26,529,255</u>	<u>\$ 34,121,474</u>	<u>\$ 1,317,217</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 16,968,010	\$ 8,259,348	\$ 8,854,020	\$ 143,150	\$ 60,154
Lease liabilities	347,271	1,102,741	2,406,212	5,917,883	1,557,611
Floating interest rate liabilities	7,943,134	6,325,400	13,675,710	47,585,941	-
Fixed interest rate liabilities	2,504,900	1,989,712	3,537,000	3,930,000	-
Financial guarantee contracts	1,323,122	-	-	-	-
	<u>\$ 29,086,437</u>	<u>\$ 17,677,201</u>	<u>\$ 28,472,942</u>	<u>\$ 57,576,974</u>	<u>\$ 1,617,765</u>

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

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

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

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Forward exchange contracts	\$ 79,663	\$ 3,347	\$ 20,802	\$ -	\$ -
Exchange rate option contracts	-	8,486	10,934	-	-
Exchange rate swap contracts	-	154,792	55,446	-	-
	<u>\$ 79,663</u>	<u>\$ 166,625</u>	<u>\$ 87,182</u>	<u>\$ -</u>	<u>\$ -</u>



December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Forward exchange contracts	\$ 535	\$ 55,011	\$ 1,933	\$ -	\$ -
Exchange rate option contracts	2,615	5,727	51,910	-	-
Exchange rate swap contracts	-	6,040	31,503	-	-
	<u>\$ 3,150</u>	<u>\$ 66,778</u>	<u>\$ 85,346</u>	<u>\$ -</u>	<u>\$ -</u>

33. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and categories

<u>Name</u>	<u>Related Party Category</u>
Oftenrich Holdings Limited	Associate
San Fang Chemical Industry Co., Ltd.	Associate
Ka Yuen Rubber Factory Limited	Joint venture
Twinways Investments Limited	Joint venture
Shandong Liwei Economic and Trade Co., Ltd.	Other related party

b. Operating revenue

<u>Account Item</u>	<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
		<u>2023</u>	<u>2022</u>
Sales	Associates	\$ 98,539	\$ 193,651
	Joint ventures	379,459	377,504
	Others	<u>141,853</u>	<u>99,643</u>
		<u>\$ 619,851</u>	<u>\$ 670,798</u>

The sales prices and receivable terms to related parties were not significantly different from those of non-related parties.

c. Purchases

<u>Account Item</u>	<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
		<u>2023</u>	<u>2022</u>
Purchases	Associates	\$ 3,168,608	\$ 3,166,329
	Joint ventures	<u>4,499,946</u>	<u>5,088,976</u>
		<u>\$ 7,668,554</u>	<u>\$ 8,255,305</u>



The purchase prices and payment terms from related parties were not significantly different from those of non-related parties.

d. Receivables from related parties

Account Item	Related Party Category	December 31	
		2023	2022
Accounts receivable	Associates	\$ 19,703	\$ 21,439
	Joint ventures	40,383	10,686
	Others	<u>4,637</u>	<u>-</u>
		<u>\$ 64,723</u>	<u>\$ 32,125</u>

No bad debt expense was recognized for the years ended December 31, 2023 and 2022 for the amounts owed by related parties.

e. Payables to related parties

Account Item	Related Party Category	December 31	
		2023	2022
Accounts payable	Associates	\$ 611,861	\$ 575,581
	Joint ventures	<u>900,229</u>	<u>1,011,328</u>
		<u>\$ 1,512,090</u>	<u>\$ 1,586,909</u>

f. Financing provided

Refer to Table 1 “Financing provided to others” of Note 37 to the consolidated financial statements.

g. Endorsements/guarantees provided

Refer to Table 2 “Endorsements/guarantees provided” of Note 37 to the consolidated financial statements.

h. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	<u>\$ 247,595</u>	<u>\$ 283,197</u>

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

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the issuance of gift vouchers:

	December 31	
	2023	2022
Financial assets at amortized cost	<u>\$ 52,384</u>	<u>\$ 59,292</u>

**35. SIGNIFICANT COMMITMENTS AND UNRECOGNIZED LIABILITIES**

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

(Unit: In Thousands Foreign Currencies)

Foreign Currency	December 31	
	2023	2022
USD	\$ 1,545	\$ 1,491
VND	14,685,381	9,185,381

- b. The Company entered into project agreements with the Taiwan Small & Medium Enterprise Counseling Foundation. According to the project agreements, the Company has to provide promissory notes and the bank's guaranteed letter to Taiwan Small & Medium Enterprise Counseling Foundation as a guarantee.
- c. The Group entered into a memorandum of cooperation with the government of Tamil Nadu, India, on April 17, 2023. According to the memorandum, the Group will invest approximately INR23 billion (approximately US\$276 million) in two stages during the 12-year investment period from 2023 to 2035 to set up a production base in the Special Economic Zone of Tamil Nadu.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 44,102	30.705	\$ 1,354,146
NTD	206,153	1	206,153
RMB	1,151,633	4.327	4,983,117
HKD	12,243	3.929	48,101
VND	382,117,600	0.00125	477,647
IDR	136,838,889	0.00198	270,941
Non-monetary items			
USD	4,626	30.705	142,045
NTD	675,541	1	675,541
RMB	24,538	4.327	106,178
VND	124,736,000	0.00125	155,920
			(Continued)



	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 86,263	30.705	\$ 2,648,707
NTD	2,139,544	1	2,139,544
RMB	1,551,332	4.327	6,712,614
HKD	22,713	3.929	89,238
VND	970,820,800	0.00125	1,213,526
IDR	146,572,727	0.00198	290,214
Non-monetary items			
USD	6.738	30.705	206,885 (Concluded)

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 65,989	30.71	\$ 2,026,513
NTD	292,083	1	292,083
RMB	2,944,840	4.408	12,980,856
HKD	65,125	3.938	256,462
VND	609,899,225	0.00129	786,770
IDR	258,398,485	0.00198	511,629
Non-monetary items			
USD	4,647	30.71	142,719
NTD	1,089,222	1	1,089,222
RMB	411,326	4.408	1,813,123

Financial liabilities

Monetary items			
USD	182,273	30.71	5,597,601
NTD	1,445,804	1	1,445,804
RMB	1,046,122	4.408	4,611,305
HKD	5,762	3.938	22,692
VND	937,428,682	0.00129	1,209,283
IDR	144,059,091	0.00198	285,237
Non-monetary items			
USD	790	30.71	24,249

For the years ended December 31, 2023 and 2022, net foreign exchange gains were \$89,239 thousand and \$1,390,715 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the functional currencies of the Group's entities.



37. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital (Table 5)
- 6) Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital (Table 6)
- 7) Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital (Table 7)
- 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital (Table 8)
- 9) Trading in derivative instruments (Notes 7 and 32)
- 10) Intercompany relationships and significant intercompany transactions (Table 9)
- 11) Information on investees (Table 10)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 11)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party: (None).

c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 12)



38. SEGMENT INFORMATION

Information about reportable segments

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

- Manufacturing of shoes;
- Retail of sporting goods and
- Others.

a. Segment revenue and results

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

For the year ended December 31, 2023

	Manufacturing of Shoes	Retail of Sporting Goods	Others	Total
Revenues from external customers	<u>\$ 157,726,049</u>	<u>\$ 87,972,900</u>	<u>\$ 934,765</u>	<u>\$ 246,633,714</u>
Segment income	<u>\$ 22,645,777</u>	<u>\$ 5,206,348</u>	<u>\$ 612,453</u>	\$ 28,464,578
Administrative cost, remuneration of directors				(18,248,985)
Interest income				1,780,444
Rental income				846,294
Dividend income				738,845
Other income				1,794,540
Net gain on disposal of property, plant and equipment				53,562
Net gain on disposal of investment properties				7,915
Net foreign exchange gain				89,239
Net gain on disposal of associates				970,895
Net gain on financial assets at FVTPL				957,319
Recognized of impairment loss				(124,775)
Other loss				(323,941)
Net loss on derecognition of financial assets at amortized cost				(80,397)
Finance costs				(3,287,962)
Share of profit of associates and joint ventures				<u>5,829,110</u>
Income before income tax				<u>\$ 19,466,681</u>



For the year ended December 31, 2022

	Manufacturing of Shoes	Retail of Sporting Goods	Others	Total
Revenues from external customers	\$ 184,653,213	\$ 81,992,394	\$ 851,193	\$ 267,496,800
Segment income	\$ 25,228,939	\$ 4,009,926	\$ 596,904	\$ 29,835,769
Administrative cost, remuneration of directors				(19,239,699)
Interest income				938,251
Rental income				854,819
Dividend income				818,175
Other income				1,932,754
Net loss on disposal of property, plant and equipment				(196,303)
Net foreign exchange gain				1,390,715
Net gain on disposal of joint ventures				97,664
Net gain on financial assets at FVTPL				490,749
Recognized of impairment loss				(119,597)
Other loss				(366,656)
Net loss on derecognition of financial assets at amortized cost				(13,610)
Finance costs				(2,532,223)
Share of profit of associates and joint ventures				7,540,769
Income before income tax				\$ 21,431,577

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

b. Geographical information

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

	Revenues from External Customers For the Year Ended December 31	
	2023	2022
Asia	\$ 149,173,023	\$ 140,818,785
USA	43,873,966	60,900,301
Europe	40,095,239	49,579,789
Others	13,491,486	16,197,925
	\$ 246,633,714	\$ 267,496,800



c. Information on major customers

Revenue recognized from the manufacture of shoes in 2023 and 2022, amounted to \$157,726,049 thousand and \$184,653,213 thousand, respectively. Except as detailed in the following table, no other single customer contributed 10% or more to the Group's revenue in both 2023 and 2022.

	For the Year Ended December 31			
	2023		2022	
	Amount	% of Total	Amount	% of Total
Customer A	\$ 63,495,043	26	\$ 65,648,198	25
Customer B	<u>32,151,212</u>	<u>13</u>	<u>40,988,517</u>	<u>15</u>
	<u>\$ 95,646,255</u>	<u>39</u>	<u>\$ 106,636,715</u>	<u>40</u>

POU CHEN CORPORATION AND SUBSIDIARIES

In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

[illegible]

(Continued)



No. (Note 1)	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Financing (Notes 3 and 4)	Aggregate Financing Amount (Notes 3 and 4)	Note
													Item	Value			
11	Dongguan Yibei Sheng Shoe Industry Co., Ltd.	Dong Guan Pou Chen Footwear Company Limited	Accounts receivable from related parties	Yes	\$ 1,111,250 (RMB 25,000,000)	\$ 1,038,480 (RMB 24,000,000)	\$ 562,510 (RMB 13,000,000)	2.42	2	\$ -	- Operating capital	\$ -	-	\$ -	\$ 1,643,202	\$ 1,643,202	
	Shinggao Yuen Industry Co., Ltd.	Shinggao Yuen Industry Co., Ltd.	Accounts receivable from related parties	Yes	(RMB 30,000,000)	(RMB 15,000,000)	(RMB 15,000,000)	2.42	2	-	- Operating capital	-	-	-	1,643,202	1,643,202	
	Yichun Yuen Industry Co., Ltd.	Yichun Yuen Industry Co., Ltd.	Accounts receivable from related parties	Yes	(RMB 111,125)	-	-	-	2	-	- Operating capital	-	-	-	1,643,202	1,643,202	
	Dongguan Ya Xiang Shoes Material Co., Ltd.	Dongguan Ya Xiang Shoes Material Co., Ltd.	Accounts receivable from related parties	Yes	(RMB 25,000,000)	346,160 (RMB 7,800,000)	259,620 (RMB 6,000,000)	2.42	2	-	- Operating capital	-	-	-	1,643,202	1,643,202	
12	RuiJin Pou Yuen Footwear Development Co., Ltd.	Yu Xing (Jishui) Footwear Co., Ltd.	Accounts receivable from related parties	Yes	60,402 (RMB 13,700,000)	31,587 (RMB 7,300,000)	31,587 (RMB 7,300,000)	2.42	2	-	- Operating capital	-	-	-	240,552	240,552	
13	Yiyang Yuying Shoes Industrial Co., Ltd.	Yuen Yifeng Mold Co., Ltd.	Accounts receivable from related parties	Yes	311,115 (RMB 7,000,000)	-	-	-	2	-	- Operating capital	-	-	-	145,010	145,010	
14	Yichun Yuen Industry Co., Ltd.	Yuen Yifeng Mold Co., Ltd.	Accounts receivable from related parties	Yes	22,225 (RMB 5,000,000)	12,981 (RMB 3,000,000)	12,981 (RMB 3,000,000)	3.33	2	-	- Operating capital	-	-	-	555,495	555,495	
15	Shinggao Yuen Industry Co., Ltd.	Yang Xin Pou Ju Shoes Manufacturing Co., Ltd.	Accounts receivable from related parties	Yes	88,900 (RMB 20,000,000)	-	-	-	2	-	- Operating capital	-	-	-	1,414,526	1,414,526	
16	Yue Yuen (Auto) Footwear Co., Ltd.	Yang Xin Pou Ju Shoes Manufacturing Co., Ltd.	Accounts receivable from related parties	Yes	444,500 (RMB 100,000,000)	-	-	-	2	-	- Operating capital	-	-	-	1,953,399	1,953,399	
17	Bao Hong (Yangzhou) Shoes Co., Ltd.	Shinggao Yuen Industry Co., Ltd.	Accounts receivable from related parties	Yes	181,734 (RMB 42,000,000)	181,734 (RMB 42,000,000)	181,734 (RMB 42,000,000)	2.42	2	-	- Operating capital	-	-	-	799,815	799,815	
18	Proquan Vietnam Company Limited	Powerbank Vietnam Company Limited	Accounts receivable from related parties	Yes	304,567 (US\$ 10,140,416)	-	-	-	2	-	- Operating capital	-	-	-	5,374,543	5,374,543	
	Tech Mastery Vietnam Company Limited	Tech Mastery Vietnam Company Limited	Accounts receivable from related parties	Yes	312,506 (US\$ 9,741,998)	299,128 (US\$ 9,741,998)	299,128 (US\$ 9,741,998)	2.5	2	-	- Operating capital	-	-	-	5,374,543	5,374,543	
19	Pou Sang Vietnam Company Limited	Tech Mastery Vietnam Company Limited	Accounts receivable from related parties	Yes	185,184 (US\$ 5,781,540)	177,566 (US\$ 5,773,196)	177,566 (US\$ 5,773,196)	2.5	2	-	- Operating capital	-	-	-	3,917,528	3,917,528	
20	Pou Chen Vietnam Enterprise Ltd.	Tech Mastery Vietnam Company Limited	Accounts receivable from related parties	Yes	158,737 (US\$ 4,948,454)	151,942 (US\$ 4,948,454)	151,942 (US\$ 4,948,454)	2.5	2	-	- Operating capital	-	-	-	1,537,095	1,537,095	
21	Proquan Full Investments Limited	Bangladesh Pou Hong Industrial Limited	Accounts receivable from related parties	Yes	1,443,368 (US\$ 46,440,000)	697,618 (US\$ 22,720,000)	307,050 (US\$ 10,000,000)	-	2	-	- Operating capital	-	-	-	5,285,122	5,285,122	
22	Pt. Hardases Abadi Indonesia	Pt. Nkhome Gemilang	Accounts receivable from related parties	Yes	304,800 (US\$ 10,000,000)	-	-	-	2	-	- Operating capital	-	-	-	1,078,760	1,078,760	
23	Wealthplus Holdings Limited	Pou Chen Corporation	Accounts receivable from related parties	Yes	20,155,020 (RMB 2,330,000,000)	10,053,172 (RMB 1,390,000,000)	10,053,172 (RMB 1,390,000,000)	-	2	-	- Operating capital	-	-	-	162,609,631	162,609,631	
24	Pou Sheng (China) Investment Group Co., Ltd. (Formerly known as Pou Sheng (China) Investment Co., Ltd.)	Qingdao Pou Sheng International Sport Products Co., Ltd.	Loans receivable	Yes	1,337,637 (RMB 300,930,700)	1,302,127 (RMB 300,930,700)	31,154 (RMB 7,200,000)	3.65	2	-	- Operating capital	-	-	-	2,083,404	2,083,404	

Note 1: The Company is coded as follows:

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

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

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

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

- The maximum amount permitted to a single borrower is listed based on the types of financing reasons as follows:
 - Business relationship: Each of the financing amount shall not exceed 10% of the Company's net worth.
 - The need for short-term financing: Each of the financing amount shall not exceed 40% of the Company's net worth.
 - Among foreign companies which the Company holds 100% voting rights directly and indirectly, when financing is necessary, the amount is not limited by the above information. However, the limit amount of financing to others during one year shall not exceed the borrowers' net worth.
- The total maximum amount permitted to a single borrower is listed based on the types of financing reasons as follows:
 - Business relationship: Each of the financing amount shall not exceed 10% of the Company's net worth.
 - The need for short-term financing: Each of the financing amount shall not exceed 40% of the Company's net worth.
 - Among foreign companies which the Company holds 100% voting rights directly and indirectly, when financing is necessary, the amount is not limited by the above information. However, the limit amount of financing to others during one year shall not exceed the borrowers' net worth.

Note 4: Dongguan Baoguo Electronic Technology Co., Ltd. for subsidiaries in which Pou Chen holds 100% voting rights directly and indirectly. The financing amount and each of the financing amount shall not exceed 100% of total equity of Dongguan Baoguo Electronic Technology Co., Ltd.'s financial statement. When Wang Yi Construction Co., Ltd. engages in fund lending, the financing amount shall not exceed 100% of total equity of Wang Yi Construction Co., Ltd.'s financial statement. When Yue Yuen Industrial (Holdings) Limited engages in fund lending, the financing amount shall not exceed 40% of total equity in the Year Year's consolidated financial statements. Foreign companies on which Yue Yuen Industrial (Holdings) Limited holds 100% voting rights directly and indirectly. The financing amount shall not exceed 100% of total equity of lender's financial statement. If the lender or the borrower is registered in Taiwan, the financing amount shall not exceed 40% of total equity of lender's financial statement. When Wealthplus Holdings Limited engages in fund lending, the financing amount shall not exceed 40% of total equity of lender's financial statement.

(Conclusion)

**POU CHEN CORPORATION AND SUBSIDIARIES**

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

(Continued)



TABLE 3

POU CHEN CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value
Pou Chen Corporation	Ordinary shares	None	Financial assets at FVTOCI - current	198,095,937	\$ 7,765,361	1.41	\$ 7,765,361
	Mega Financial Holding Company Ltd.	None	Financial assets at FVTOCI - current	615,473	35,451	0.21	35,451
	Taiwan Pabho Limited	None	Financial assets at FVTOCI - non-current	4,633,929	52,224	10.71	52,224
	Zhiyuan Venture Capital Co., Ltd.	None	Financial assets at FVTOCI - non-current	100,000	790	4.00	790
Wealthplus Holdings Limited	New Lodian Corporation., Ltd.	None	Financial assets at FVTOCI - non-current				
	Ordinary shares	None	Financial assets at FVTOCI - non-current	15,199,445	92,904	5.88	92,904
	Golden Brands Developments Ltd.	None	Financial assets at FVTOCI - non-current		(US\$ 3,025,678)		(US\$ 3,025,678)
	Great Team Backend Foundry, Inc.	None	Financial assets at FVTOCI - non-current	1,352,511	(US\$ 42,837)	7.01	(US\$ 42,837)
					(US\$ 1,395,129)		(US\$ 1,395,129)
	Bonds	None	Financial assets at amortized cost - current	-	430,791	-	432,364
	Natwest Markets PL	None	Financial assets at amortized cost - non-current	-	(US\$ 14,030,000)	-	(US\$ 14,081,210)
	Emirates Nbd Bank Plsc. Senior Bond	None	Financial assets at amortized cost - non-current	-	137,689	-	139,307
	Qatar National Bank Senior Bond	None	Financial assets at amortized cost - non-current	-	(US\$ 4,484,240)	-	(US\$ 4,536,951)
	Standard Chartered Perpetual Bond	None	Financial assets at amortized cost - non-current	-	218,869	-	220,186
	Barclay & Co., Ltd. Perpetual Bond	None	Financial assets at amortized cost - non-current	-	(US\$ 7,128,109)	-	(US\$ 7,171,026)
	Natwest Markets PL Perpetual Bond	None	Financial assets at amortized cost - non-current	-	334,952	-	301,677
	Deutsche Bank Perpetual Bond	None	Financial assets at amortized cost - non-current	-	(US\$ 10,908,716)	-	(US\$ 9,825,000)
	Societe Generale Perpetual Bond	None	Financial assets at amortized cost - non-current	-	97,612	-	91,585
	Swedbank Perpetual Bond	None	Financial assets at amortized cost - non-current	-	(US\$ 3,179,039)	-	(US\$ 2,982,750)
	BNP Paribas Perpetual Bond	None	Financial assets at amortized cost - non-current	-	115,423	-	108,220
	Bank Of America Senior Bond	None	Financial assets at amortized cost - non-current	-	(US\$ 3,759,104)	-	(US\$ 3,524,500)
	The Goldman Sachs Group Inc. Senior Bond	None	Financial assets at amortized cost - non-current	-	120,229	-	114,256
	HSBC Holdings Senior Bond	None	Financial assets at amortized cost - non-current	-	(US\$ 3,915,619)	-	(US\$ 3,721,074)
	Groupe BPCE Subordinated Bond	None	Financial assets at amortized cost - non-current	-	98,838	-	92,161
Win Fortune Investments Limited		None	Financial assets at amortized cost - non-current	-	(US\$ 3,218,957)	-	(US\$ 3,001,500)
		None	Financial assets at amortized cost - non-current	-	93,512	-	90,339
		None	Financial assets at amortized cost - non-current	-	(US\$ 3,045,498)	-	(US\$ 2,942,160)
		None	Financial assets at amortized cost - non-current	-	95,616	-	92,115
		None	Financial assets at amortized cost - non-current	-	(US\$ 3,114,024)	-	(US\$ 3,000,000)
		None	Financial assets at amortized cost - non-current	-	296,255	-	291,713
		None	Financial assets at amortized cost - non-current	-	(US\$ 9,648,419)	-	(US\$ 9,500,500)
		None	Financial assets at amortized cost - non-current	-	302,268	-	298,419
		None	Financial assets at amortized cost - non-current	-	(US\$ 9,844,255)	-	(US\$ 9,718,900)
		None	Financial assets at amortized cost - non-current	-	264,206	-	263,081
Pou Shine Investment Co., Ltd.		None	Financial assets at amortized cost - non-current	-	(US\$ 8,604,647)	-	(US\$ 8,568,033)
		None	Financial assets at amortized cost - non-current	-	30,241	-	30,085
		None	Financial assets at amortized cost - non-current	-	(US\$ 984,894)	-	(US\$ 979,820)
		None	Financial assets mandatorily at FVTPL - non-current	32,700	100,554	-	100,554
Pou Shine Investment Co., Ltd.		None	Financial assets mandatorily at FVTPL - non-current		(US\$ 3,274,830)		(US\$ 3,274,830)
		None	Financial assets mandatorily at FVTPL - current	41,715	1,314	0.01	1,314
		None	Financial assets at FVTOCI - current	775,170	44,650	0.26	44,650
		None	Financial assets at FVTOCI - current	129,277,128	5,067,663	0.92	5,067,663

(Continued)



Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			Note
				Shares	Carrying Amount	Percentage of Ownership	
Pou Yuen Technology Co., Ltd.	Fund Cathay Taiwan Money Market Fund	None	Financial assets mandatorily at FVTPL - current	1,102,083	\$ 14,066	-	\$ 14,066
	Ordinary shares Mega Financial Holding Company Ltd.	None	Financial assets at FVTOCI - current	17,605,078	690,119	0.13	690,119
Baris Development Corporation	Ordinary shares Elitegroup Computer Systems Co., Ltd.	None	Financial assets mandatorily at FVTPL - current	189,597	5,972	0.03	5,972
	Mega Financial Holding Company Ltd.	None	Financial assets at FVTOCI - current	138,160,477	5,415,891	0.98	5,415,891
	Shey Yu Co., Ltd.	None	Financial assets at FVTOCI - non-current	32,000	320	1.07	320
	Environment In Assistant Engineering Corp.	None	Financial assets at FVTOCI - non-current	20,000	-	1.00	-
Song Ming Investments Co., Ltd.	Fund Cathay Taiwan Money Market Fund	None	Financial assets mandatorily at FVTPL - current	5,574,888	71,151	-	71,151
	Ordinary shares Mega Financial Holding Company Ltd.	None	Financial assets at FVTOCI - current	51,056,740	2,001,424	0.36	2,001,424
Pro Arch International Development Enterprise Inc.	Fund Cathay Taiwan Money Market Fund	None	Financial assets mandatorily at FVTPL - current	2,199,305	28,069	-	28,069
Pou Chin Development Co., Ltd.	Fund Cathay Taiwan Money Market Fund	None	Financial assets mandatorily at FVTPL - current	930,135	11,871	-	11,871
Wang Yi Construction Co., Ltd.	Fund Cathay Taiwan Money Market Fund	None	Financial assets mandatorily at FVTPL - current	166,917	2,131	-	2,131
Windsor Entertainment Co., Ltd.	Fund Jih Sun Money Market Fund	None	Financial assets mandatorily at FVTPL - current	626,303	9,554	-	9,554
	Fuh Hwa You Li Money Market	None	Financial assets mandatorily at FVTPL - current	619,026	8,549	-	8,549
Pou Yui Development Co., Ltd.	Ordinary shares Taichung International Entertainment Corporation	None	Financial assets at FVTOCI - non-current	3	12,000	0.09	12,000
	Ordinary shares Mega Financial Holding Company Ltd.	None	Financial assets at FVTOCI - current	41,399,755	1,622,870	0.29	1,622,870
Yue Yuen Industrial (Holdings) Limited	Fund Cathay Taiwan Money Market Fund	None	Financial assets mandatorily at FVTPL - current	48,086,529	616,207	-	616,207
	BPEA Asia Private Equity	None	Financial assets mandatorily at FVTPL - non-current	-	(US\$ 20,068,609) (US\$ 25,702,370)	-	(US\$ 20,068,609) (US\$ 25,702,370)
Pou Yui Development Co., Ltd.	Ordinary shares Evermore Chemical Industry Co., Ltd.	None	Financial assets at FVTOCI - current	7,068,281	123,487	7.11	123,487
	Taiwan Pailho Limited	None	Financial assets at FVTOCI - non-current	9,528,228	(US\$ 4,021,711) 551,051	3.20	(US\$ 4,021,711) 551,051
	Keg Big Dome Sports Co., Ltd.	None	Financial assets at FVTOCI - non-current	-	(US\$ 17,946,608) 8,274	11.76	(US\$ 17,946,608) 8,274

Note: The marketable securities stated here are related to shares, debentures and beneficiary certificates and the derivative products caused by those of "IFRS 9 Financial Instruments". For information on the investments in subsidiaries, associates and joint ventures refer to Tables 10 and 11.

(Concluded)



TABLE 4

POU CHEN CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL.
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal		Gain (Loss) on Disposal		Company Name	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount		Number of Shares	Amount
Yue Yuen Industrial (Holdings) Limited	Cathay Taiwan Money Market Fund	Financial assets measured at fair value through profit and loss - current	-	None	609,448	\$ 7,685 (US\$ 250,258)	87,674,624	\$ 1,106,048 (US\$ 360,253,389) (Note 1)	40,197,543	\$ 497,526 (US\$ 16,207,038)	\$ 497,526 (US\$ 16,207,038)	\$ -	48,086,529	\$ 616,207 (US\$ 20,068,609)
Pou Chen Corporation	Elitegroup Computer Systems Co., Ltd.	Investments accounted for using the equity method	-	None	68,884,949	1,425,936	-	66,682 (Note 2)	68,884,949	2,059,057	1,492,618	566,439	-	-
Bank Development Corporation	Elitegroup Computer Systems Co., Ltd.	Investments accounted for using the equity method	-	None	9,237,451	191,214	-	794 (Note 2)	9,047,854	303,126	192,008	111,156	-	-

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

Note 2: Include acquisition, dividend, investment profit (loss) for using the equity method and share of other comprehensive income (loss).



TABLE 5

POU CHEN CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Yue Yuen Industrial (Holdings) Limited	Public construction such as factories and dormitories	2023.01-2023.12	\$ 5,531,009 (US\$ 180,133,838)	Accumulated payment as of December 31, 2023 \$ 3,100,375 (US\$ 100,972,976)	-	None	-	-	-	\$ -	Market price	Plant expansion	



TABLE 6

POU CHEN CORPORATION AND SUBSIDIARIES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Pou Chien Enterprise Co., Ltd.	Real estate in Wukuaiuo Section, Dayuan District, Taoyuan City	2023.3	2018.2-2022.6	\$ 2,048,308	\$ 2,352,000	Received	\$ 303,692	Two natural persons and Juliens Entertainment Group Co., Ltd.	Non-relatives	Disposal of idle assets	Price evaluation report and mutual bargaining decision	

TABLE 7

POU CHEN CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	
Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	The subsidiary	Sale	\$ (8,076,848)	(98)	D/A 45 days	-	\$ 1,451,690	99	
	Chang Yang Material Corp.	The associate	Purchase	175,042	5	D/A 45 days	-	(10,229)	(2)	
Yue Yuen Industrial (Holdings) Limited	Pou Chen Corporation	The parent company	Purchase	8,076,848 (US\$ 59,085,635)	5	D/A 45 days	-	(1,451,690) (US\$ (47,278,619))	(10)	
	Ka Yuen Rubber Factory Limited	Investee accounted for by the equity method	Purchase	1,858,943 (US\$ 59,685,000)	1	D/A 45 days	-	(485,354) (US\$ (15,807,000))	(3)	
	Twinways Investments Limited	Investee accounted for by the equity method	Purchase	1,587,414 (US\$ 50,962,000)	1	D/A 45 days	-	(272,169) (US\$ (8,864,000))	(2)	
	Cohen Enterprises Inc.	Investee accounted for by the equity method	Purchase	153,334 (US\$ 4,985,000)	-	D/A 45 days	-	(10,440) (US\$ (340,000))	-	
	Top Units Developments Ltd.	Investee accounted for by the equity method	Purchase	717,770 (US\$ 23,044,000)	-	D/A 45 days	-	(121,930) (US\$ (3,971,000))	(1)	
	San Fang Chemical Industry Co., Ltd.	Investee accounted for by the equity method	Purchase	1,715,848 (US\$ 55,131,000)	1	D/A 45 days	-	(243,644) (US\$ (7,935,000))	(2)	
	Eastlion Industrial Ltd.	Investee accounted for by the equity method	Purchase	1,300,136 (US\$ 41,704,000)	1	D/A 45 days	-	(338,338) (US\$ (11,019,000))	(2)	
	Cohen Enterprises Inc.	Investee accounted for by the equity method	Sale	(318,296) (US\$ (10,231,000))	-	D/A 45 days	-	13,265 (US\$ 432,000)	-	
Pou Sheng International (Holdings) Limited	Shandong Liwei Economic and Trade Co., Ltd.	Other related party	Sale	(141,853) (US\$ (4,562,000))	-	D/A 30 days	-	4,636 (US\$ 151,000)	-	





TABLE 8

POU CHEN CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	The subsidiary in which the Company holds 51.11% indirectly at December 31, 2023	\$ 1,451,690	5	\$ -	-	\$ 1,153,017	\$ -



TABLE 9

POU CHEN CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 3)
				Financial Statement Accounts	Amount	Payment Terms	
0	Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited Yue Yuen Industrial (Holdings) Limited	a a	Operating revenue Accounts receivable	\$ 8,076,848 1,451,690	D/A 45 days D/A 45 days	3 -

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

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

Note 2: Nature of relationship is as follows:

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

Note 3: The percentage calculation is based on the consolidated total operating revenue or total assets. For balance sheet items, each item's period-end balance is shown as a percentage to consolidated total assets as of December 31, 2023. For profit or loss items, cumulative amounts are shown as a percentage to the consolidated total operating revenue as of December 31, 2023.



TABLE 10

POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount December 31, 2023	December 31, 2022	Shares	As of December 31, 2023 %	Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
Pou Chen Corporation	Wealthplus Holdings Limited	British Virgin Islands	Investing in footwear, electronic and peripheral products	\$ 295,429	\$ 295,429	9,222,000	100.00	\$ 90,675,239	\$ 5,081,097	\$ 5,050,101	
	Win Fortune Investments Limited	British Virgin Islands	Investing activities	(US\$ 9,222,000)	(US\$ 9,222,000)			(US\$ 2,953,109,871)	(US\$ 161,653,641)	(US\$ 160,682,292)	
	Windsor Entertainment Co., Ltd.	ROC	Entertainment and resort operations	(US\$ 100,000)	(US\$ 100,000)	100,000	100.00	(US\$ 75,059,338)	(US\$ 2,472,065)	(US\$ 2,455,049)	
	Pou Shine Investment Co., Ltd.	ROC	Investing activities	(US\$ 71,000)	(US\$ 71,000)	7,100,000	100.00	(US\$ 11,006)	(US\$ 12,083)	(US\$ 14,636)	
	Pan Asia Insurance Services Co., Ltd.	ROC	Agency of property and casualty insurance	(US\$ 1,124,667)	(US\$ 1,124,667)	133,094,460	100.00	(US\$ 4,875,141)	(US\$ 184,680)	(US\$ 186,081)	
	Barits Development Corporation	ROC	Import and export of shoe-related materials and investing activities	(US\$ 5,000)	(US\$ 5,000)	5,000	100.00	(US\$ 7,698)	(US\$ 2,413)	(US\$ 2,413)	
	Pou Yuen Technology Co., Ltd.	ROC	Rental of real estate	(US\$ 2,117,292)	(US\$ 2,117,292)	322,719,192	99.49	(US\$ 11,674,051)	(US\$ 392,924)	(US\$ 396,389)	
	Pro Arch International Development Enterprise Inc.	ROC	Design and manufacture of footwear products	(US\$ 966,450)	(US\$ 966,450)	30,456,252	97.82	(US\$ 571,312)	(US\$ 31,860)	(US\$ 61,889)	
	Pou Yi Development Co., Ltd.	ROC	Rental and sale of real estate	(US\$ 2,643,184)	(US\$ 2,643,184)	20,000,000	100.00	(US\$ 254,025)	(US\$ 12,825)	(US\$ 12,793)	
	Wang Yi Construction Co., Ltd.	ROC	Construction	(US\$ 40,320)	(US\$ 40,320)	7,875,000	15.00	(US\$ 242,604)	(US\$ 89,241)	(US\$ 133,386)	
	Elitegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	(US\$ 5,356)	(US\$ 5,356)	367,305	7.82	(US\$ -)	(US\$ 4,927)	(US\$ 845)	
	Ruen Chen Investment Holding Co., Ltd.	ROC	Investment holding	(US\$ 3,245,815)	(US\$ 3,245,815)	6,237,400,000	20.00	(US\$ 47,687,183)	(US\$ 18,736,949)	(US\$ 89,444)	
	Nan Shan Life Insurance Co., Ltd.	ROC	Sale of life insurance	(US\$ 15,552,000)	(US\$ 15,552,000)	10,000	20.00	(US\$ 364)	(US\$ 21,436,021)	(US\$ 21)	
Wealthplus Holdings Limited	Yue Yuen Industrial (Holdings) Limited	Hong Kong	Manufacturing and sale of athletic and casual footwear and sports apparel	(US\$ 24,199,976)	(US\$ 24,199,976)	806,836,663	50.04	(US\$ 64,072,962)	(US\$ 8,646,136)	(US\$ 4,319,974)	
	Venture Well Holdings Ltd.	British Virgin Islands	Sale of electronic components	(US\$ 747,132,133)	(US\$ 747,132,133)	4,798,114	31.55	(US\$ 9,429)	(US\$ 275,218,891)	(US\$ 137,508,015)	
	Yue Yuen Industrial (Holdings) Limited	Hong Kong	Manufacturing and sale of athletic and casual footwear and sports apparel	(US\$ 160,000)	(US\$ 160,000)	232	1.07	(US\$ 307,088)	(US\$ 734)	(US\$ 7,664)	
Win Fortune Investments Limited	Barits Development Corporation	ROC	Import and export of shoe-related materials and investing activities	(US\$ 4,933,705)	(US\$ 4,933,705)	414,462	0.13	(US\$ -)	(US\$ 24,288)	(US\$ 92,665)	
Pou Shine Investment Co., Ltd.	Elitegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	(US\$ 189,772)	(US\$ 189,772)	12,811,208	0.09	(US\$ 263,912)	(US\$ 275,218,891)	(US\$ 2,949,615)	
Barits Development Corporation	Song Ming Investments Co., Ltd.	ROC	Investing activities	(US\$ 1,218,879)	(US\$ 1,218,879)	120,486,400	100.00	(US\$ 3,354,446)	(US\$ 150,968)	(US\$ 150,968)	
	Wang Yi Construction Co., Ltd.	ROC	Construction	(US\$ 62,787)	(US\$ 62,787)	4,218,250	89.75	(US\$ 60,289)	(US\$ 4,927)	(US\$ 4,422)	
	Pou Chin Development Co., Ltd.	ROC	Agency of land demarcation	(US\$ 200,000)	(US\$ 200,000)	20,000,000	100.00	(US\$ 198,990)	(US\$ 40)	(US\$ 40)	
	Yue Hong Realty Development Co., Ltd.	ROC	Development of real estate	(US\$ 240,000)	(US\$ 240,000)	126,261	100.00	(US\$ 126,261)	(US\$ 15,718)	(US\$ 15,718)	
	Elitegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	(US\$ 125,083)	(US\$ 125,083)	12,821,208	0.09	(US\$ 264,197)	(US\$ 723,763)	(US\$ 8,951)	
	Nan Shan Life Insurance Co., Ltd.	ROC	Sale of life insurance	(US\$ 189,920)	(US\$ 189,920)	12,821,208	0.09	(US\$ 264,197)	(US\$ 21,436,021)	(US\$ 19,893)	
Song Ming Investments Co., Ltd.	Pou Yui Development Co., Ltd.	ROC	Rental and sale of real estate	(US\$ 262,500)	(US\$ 262,500)	39,375,000	75.00	(US\$ 1,213,020)	(US\$ 89,241)	(US\$ 66,931)	
	Pou Yuen Technology Co., Ltd.	ROC	Rental of real estate	(US\$ 21,240)	(US\$ 21,240)	619,220	1.99	(US\$ 18,004)	(US\$ 31,860)	(US\$ 634)	
	Elitegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	(US\$ 19,792)	(US\$ 19,792)	-	-	(US\$ -)	(US\$ 723,763)	(US\$ 2,789)	
Pou Yuen Technology Co., Ltd.	Pearl Dove International Limited	British Virgin Islands	Investment holding	(US\$ 78,348)	(US\$ 78,348)	25,901	100.00	(US\$ 141,136)	(US\$ 2,590)	(US\$ 2,590)	
Yue Yuen Industrial (Holdings) Limited	Eagle Nice (International) Holdings Limited	British Cayman Islands	Manufacturing of wearing apparel and clothing accessories	(US\$ 1,297,712)	(US\$ 1,297,712)	192,000,000	35.97	(US\$ 2,628,677)	(US\$ 1,151,691)	(US\$ 414,263)	
	Fair Pearl International Ltd.	British Virgin Islands	Sale of women's shoes	(US\$ 39,977,084)	(US\$ 39,977,084)	-	-	(US\$ 85,610,732)	(US\$ 36,553,489)	(US\$ 13,148,290)	
	Offentech Holdings Limited	Bermuda	Manufacturing and sale of footwear	(US\$ 1,339,783)	(US\$ 1,339,783)	5,400	45.00	(US\$ 2,893,747)	(US\$ 367,569)	(US\$ 165,406)	
	Prosperous Industrial (Holdings) Ltd.	British Cayman Islands	Manufacturing and sale of gym bags	(US\$ 583,740)	(US\$ 583,740)	252,000,000	22.50	(US\$ 595,796)	(US\$ 528,241)	(US\$ 5,390,965)	
	Sun Fang Chemical Industry Co., Ltd.	ROC	Manufacturing and sale of synthetic leather	(US\$ 2,696,757)	(US\$ 2,696,757)	177,908,075	44.72	(US\$ 4,781,685)	(US\$ 16,997,200)	(US\$ 3,824,370)	
	Nan Pao Resins Chemical Co., Ltd.	ROC	Manufacturing and sale of chemical materials	(US\$ 83,192,794)	(US\$ 83,192,794)	20,771,248	17.23	(US\$ 2,209,736)	(US\$ 24,940,602)	(US\$ 11,153,437)	
	Just Lucky Investments Limited	British Virgin Islands	Property management	(US\$ 16,528,579)	(US\$ 16,528,579)	808,130	38.30	(US\$ 71,966,646)	(US\$ 2,536,669)	(US\$ 436,874)	
				(US\$ 26,207)	(US\$ 26,207)	808,130	38.30	(US\$ 53,587)	(US\$ 81,375,917)	(US\$ 14,021,071)	
				(US\$ 808,130)	(US\$ 808,130)			(US\$ 1,745,212)	(US\$ 1,964)	(US\$ 2,3679)	

(Continued)



Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023		Carrying Amount		Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Shares	%					
Yue Yuen Industrial (Holdings) Limited	Natural Options Limited	British Virgin Islands	Manufacturing of foam	\$ 11,144 (US\$ 343,638)	\$ 11,144 (US\$ 343,638)	340,870	38.30	\$ 7,179 (US\$ 233,801)	\$ 165 (US\$ 5,126)	\$ - (US\$ 1,397)	\$ 63 (US\$ 1,963)	
	Rise Bloom International Limited	Hong Kong	Processing and sale of foam	\$ 24,312 (US\$ 760,000)	\$ 24,312 (US\$ 760,000)	760,000	38.00	\$ 32,478 (US\$ 1,057,740)	\$ (1,397) (US\$ (41,188))	\$ (1,397) (US\$ (41,188))	\$ (531) (US\$ (15,651))	
	Prosperlink Limited	Samoa	Processing and sale of foam	\$ 17,432 (US\$ 570,000)	\$ 17,432 (US\$ 570,000)	570,000	38.00	\$ 20,716 (US\$ 674,676)	\$ 3,383 (US\$ 114,087)	\$ 1,362 (US\$ 43,353)	\$ 1,362 (US\$ 43,353)	
	Pou Ming Paper Products Manufacturing Co., Ltd.	British Virgin Islands	Manufacturing of paper products	\$ 66,937 (US\$ 2,163,800)	\$ 66,937 (US\$ 2,163,800)	1,000,000	20.00	\$ 56,338 (US\$ 183,611)	\$ 21,329 (US\$ 681,455)	\$ 4,266 (US\$ 136,291)	\$ 4,266 (US\$ 136,291)	
	Brautblack Inc.	USA	Sale of footwear	\$ 68,762 (US\$ 2,275,000)	\$ 68,762 (US\$ 2,275,000)	1,135,796	31.25	\$ 47,990 (US\$ 1,562,925)	\$ - (US\$ (54,108))	\$ - (US\$ (54,108))	\$ - (US\$ (818,538))	
	Jumbo Power Enterprises Limited	British Virgin Islands	Manufacturing and sale of footwear	\$ 259,742 (US\$ 8,000,000)	\$ 259,742 (US\$ 8,000,000)	8,000,000	50.00	\$ 475,839 (US\$ 15,497,108)	\$ (1,637,076) (US\$ 349,812)	\$ (1,637,076) (US\$ 349,812)	\$ (27,054) (US\$ 818,538)	
	Ka Yuen Rubber Factory Limited	British Virgin Islands	Manufacturing and sale of rubber sole	\$ 371,142 (US\$ 11,500,000)	\$ 371,142 (US\$ 11,500,000)	11,500,000	50.00	\$ 826,950 (US\$ 26,932,091)	\$ 11,190,898 (US\$ (641,424))	\$ 174,906 (US\$ 5,595,409)	\$ 174,906 (US\$ 5,595,409)	
	Hua Jian Industrial Holding Co., Limited	British Virgin Islands	Manufacturing and sale of women's clothing and footwear	\$ 460,031 (US\$ 13,684,113)	\$ 460,031 (US\$ 13,684,113)	2,241	22.41	\$ - (US\$ 519,153)	\$ (641,424) (US\$ (20,606,042))	\$ - (US\$ (91,188))	\$ (143,743) (US\$ (4,617,814))	
	Cohen Enterprises Inc.	British Virgin Islands	Manufacturing and sale of footwear leather products	\$ 623,276 (US\$ 20,215,015)	\$ 623,276 (US\$ 20,215,015)	20,000,000	50.00	\$ 16,907,772 (US\$ 1,061,629)	\$ (91,188) (US\$ (2,912,351))	\$ (91,188) (US\$ (1,456,275))	\$ (45,594) (US\$ (1,456,275))	
	Twinways Investments Limited	British Virgin Islands	Manufacturing and sale of footwear accessory injection crepe	\$ 551,432 (US\$ 17,500,000)	\$ 551,432 (US\$ 17,500,000)	17,500,000	50.00	\$ 34,575,116 (US\$ 1,119,258)	\$ 538,034 (US\$ 17,189,320)	\$ 269,017 (US\$ 8,594,660)	\$ 269,017 (US\$ 8,594,660)	
	Top Units Developments Ltd.	British Virgin Islands	Manufacturing of footwear accessories	\$ 418,997 (US\$ 14,079,196)	\$ 418,997 (US\$ 14,079,196)	5,390,000	49.00	\$ 36,451,967 (US\$ 36,451,967)	\$ 501,510 (US\$ 16,064,704)	\$ 245,740 (US\$ 7,871,705)	\$ 245,740 (US\$ 7,871,705)	

(Concluded)



TABLE II

POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount of Investment as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Great Team Backend Foundry, Inc.	Processing and manufacturing of transistors	\$ 2,642,140 (US\$ 88,116,600)	b	\$ -	\$ -	\$ -	\$ -	\$ -	2.01	\$ -	\$ 44,737 (RMB 103,383,970)	\$ -	(Note 3)
Yue-Shen (Taichung) Footwear Co., Ltd.	Finished shoes, semi-finished products, components and production and marketing of molds	554,646 (US\$ 17,100,000)	b	-	-	-	-	(21,19) (478,306)	31.97	(678) (RMB (152,913)) b,1	246,267 (RMB 56,914,127)	-	-
Dongguan Yanning Electronic Technology Co., Ltd.	Production and marketing of over 17 inches color-triage monitor, motherboards and other products	475,745 (US\$ 14,500,000)	b	-	-	-	-	7,163 (RMB 1,630,165)	100.00	7,163 (RMB 1,630,165) b,1	325,583 (RMB 75,244,625)	-	-
Yue Cheng (Kun Shan) Sports Co., Ltd.	Operating sporting goods and equipment, spare parts production and marketing business	435,402 (US\$ 14,200,000)	b	-	-	-	-	244,253 (RMB 55,475,027)	31.97	78,088 (RMB 17,735,366) b,1	1,133,481 (RMB 261,955,364)	-	-
Dongguan Baoqiao Electronic Technology Co., Ltd.	Production and marketing of other optical appliances and instruments	147,645 (US\$ 4,500,000)	b	-	-	-	-	77,467 (RMB 17,624,099)	100.00	77,467 (RMB 17,624,099) b,1	318,824 (RMB 73,682,538)	-	-
Poushun Paper Products Manufacturing Co., Ltd.	Production and sale of shoe inner boxes, cartons	68,901 (US\$ 2,100,000)	b	-	-	-	-	11,749 (RMB 2,677,536)	10.22	1,201 (RMB 273,624) b,1	79,17 (RMB 1,829,652)	-	-
Pushong Footwear Industrial Ltd.	Production and operation of casual shoes, sports shoes	40,215 (US\$ 1,500,000)	b	-	-	-	-	(4,512) (RMB (1,023,721))	51.11	(2,306) (RMB (532,224)) b,1	20,093 (RMB 4,851,613)	-	-
Shanggao Yisen Industry Co., Ltd.	Production and sale of finished shoes, semi-finished products, components and moulds	945,204 (US\$ 30,390,000)	b	-	-	-	-	241,988 (RMB 55,151,361)	51.11	123,680 (RMB 28,187,861) b,1	844,831 (RMB 195,246,390)	-	-
Bao Hong (Yangzhou) Shoes Co., Ltd.	Production of needles, woven garments, footwear and sales of self-produce products	2,591,184 (US\$ 85,291,730)	b	-	-	-	-	(70,931) (RMB (161,365,337))	51.11	(36,253) (RMB (8,247,384)) b,1	373,099 (RMB 86,225,747)	-	-
Dong Guan Yu Yuen Mold Co., Ltd.	Production and sale of molds for non-metallic products	62,011 (US\$ 1,890,000)	b	-	-	-	-	1,421 (RMB 323,131)	51.11	726 (RMB 165,152) b,1	31,048 (RMB 7,175,412)	-	-
Zhong Shan Gray Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	951,490 (US\$ 29,000,000)	b	-	-	-	-	30,136 (RMB 6,865,299)	23.00	6,931 (RMB 1,579,019) b,1	277,062 (RMB 64,030,861)	-	-
Zhong Shan Lu Mei Da Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	30,372 (US\$ 1,200,000)	b	-	-	-	-	(21,563) (RMB (4,938,126))	23.00	(4,959) (RMB (1,135,769)) b,1	101,29 (RMB 2,340,987)	-	-
Zhong Ao Multiplex Management Group Co., Ltd.	Stadium management, wholesale and retail of clothing and footwear accessories	2,055,560 (RMB 431,795,000)	b	-	-	-	-	(21,075) (RMB (4,774,407))	20.34	(4,287) (RMB (971,114)) b,1	590,096 (RMB 136,375,320)	-	-
ShangGao Yisen Ka Yuen Industry Co., Ltd.	Production and sale of footwear products	77,432 (US\$ 2,360,000)	b	-	-	-	-	76,405 (RMB 17,406,431)	25.56	19,529 (RMB 4,449,084) b,1	60,028 (RMB 13,872,960)	-	-
Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	Retail business of sports goods and accessories	1,988,061 (US\$ 65,000,000)	b	-	-	-	-	(142,216) (RMB (32,499,837))	31.97	(45,467) (RMB (10,371,016)) b,1	547,503 (RMB 126,531,714)	-	-
Qingdao Pao-Sheng International Sport Products Co., Ltd.	Sales of sports and casual shoes and accessories	94,800 (RMB 20,000,000)	b	-	-	-	-	509,430 (RMB 115,801,249)	23.02	117,275 (RMB 26,057,516) b,1	288,740 (RMB 66,729,798)	-	-
Guizhou Pao-Sheng Sport Products Co., Ltd.	Sales of sports and casual shoes and accessories	322,886 (US\$ 10,000,000)	b	-	-	-	-	(28,980) (RMB (6,580,653))	31.97	(9,265) (RMB (2,103,835)) b,1	133,732 (RMB 30,790,749)	-	-

(Continued)



Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Nanning Pao-Kung Sport Products Co., Ltd.	Retail business of sports goods and accessories	\$ 42,651 (US\$ 1,300,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 26,906 (RMB 6,009,422)	31.97	\$ 8,439 (RMB 1,921,212) b, 1)	\$ (20,565) (RMB 71,541,411)	\$ -	-
Shanghai Pao-Yuen Sport Products Business Trading Co., Ltd.	Retail business of sports goods and accessories	1,567,250 (US\$ 50,000,000)	b	-	-	-	-	477,450 (RMB 108,521,491)	31.97	152,641 (RMB 34,694,321) b, 1)	1,695,883 (RMB 391,930,406)	-	-
Taiwang YYSPTS Business Trading Co., Ltd.	Retail business of sports goods and accessories series products	-	b	-	-	-	-	2,450 (RMB 555,265)	31.97	783 (RMB 177,528) b, 1)	-	-	Cancellation
Yangzhou Baoyi Shoes Manufacturing Co., Ltd.	Vulcanized shoes, sports shoes, casual shoes and other footwear manufacturing, marketing	729,906 (US\$ 22,456,800)	b	-	-	-	-	(23,749) (RMB 6,532,468)	25.56	(6,070) (RMB 1,360,167) b, 1)	246,236 (RMB 56,906,871)	-	-
Dalian YYSPTS Sport Industrial Development Co., Ltd.	Development and sale of sports goods, clothing, shoes and hats, fitness equipment and related products	928,000 (RMB 200,000,000)	b	-	-	-	-	(7,411) (RMB 1,799,151)	31.97	(2,369) (RMB 575,189) b, 1)	533,766 (RMB 123,357,174)	-	-
YYSPTS (Changlu) Business Trading Co., Ltd.	Retail business of sports goods and accessories	689,194 (US\$ 22,400,000)	b	-	-	-	-	103,785 (RMB 23,590,479)	31.97	33,180 (RMB 7,541,876) b, 1)	184,717 (RMB 42,680,419)	-	-
Fujian Baomin Sporting Goods Co., Ltd.	Retail business of sports goods and accessories	147,645 (US\$ 4,500,000)	b	-	-	-	-	(9,382) (RMB 2,167,792)	28.77	(2,757) (RMB 623,674) b, 1)	66,113 (RMB 15,279,176)	-	-
Guangzhou Pao-Yuen Trading Co., Ltd.	Retail business of sports goods and accessories	710,251 (US\$ 23,310,000)	b	-	-	-	-	(15,609) (RMB 3,592,529)	31.97	(4,990) (RMB 1,148,531) b, 1)	206,676 (RMB 47,764,259)	-	-
Dragon Light (Chiao) Sporting Goods Co., Ltd.	Development and sale of sports goods, clothing, shoes and hats, fitness equipment and related products	2,111,340 (US\$ 66,000,000)	b	-	-	-	-	44,088 (RMB 9,872,884)	31.97	14,095 (RMB 3,156,361) b, 1)	784,651 (RMB 181,338,443)	-	-
Sheng Dao (Yang Zhao) Sporting Goods Dev Co., Ltd.	Shopping mall management and property management	2,111,340 (US\$ 66,000,000)	b	-	-	-	-	15,636 (RMB 3,558,815)	31.97	4,999 (RMB 1,137,753) b, 1)	706,851 (RMB 163,336,259)	-	-
Zhong Shan O.L.I. Sho Making Machine Ltd.	Manufacturing shoes and boots or repairing machinery	-	b	-	-	-	-	(1,221) (RMB 274,382)	51.11	(624) (RMB 140,237) b, 1)	-	-	Cancellation
Shanxi Pousheng Trading Co., Ltd.	Engaged in wholesale, retail and import and export business of sports goods, fitness equipment and sportswear	2,012,320 (US\$ 66,000,000)	b	-	-	-	-	55,569 (RMB 12,450,516)	31.97	17,702 (RMB 3,980,430) b, 1)	1,362,409 (RMB 314,862,339)	-	-
Taiwang Yue-Shen Sporting Goods Co., Ltd.	Engaged in the production and sales of shoe products, semi-finished products, moulds and related sports goods.	395,720 (US\$ 12,000,000)	b	-	-	-	-	70,043 (RMB 15,911,544)	31.97	22,393 (RMB 5,086,920) b, 1)	356,131 (RMB 82,394,382)	-	-
Hangzhou Pao-Hung Sport Products Co., Ltd.	Design, development, production and processing of sports goods, sports instruments, sportswear, sports shoes and accessories	67,308 (RMB 14,200,000)	b	-	-	-	-	-	15.90	-	-	-	-
Rui Jin Pao-Yuen Footwear Development Co., Ltd.	Production and sale of sports shoes, casual shoes and semi-finished products	356,607 (US\$ 12,000,000)	b	-	-	-	-	(5,581) (RMB 1,269,703)	51.11	(2,853) (RMB 648,945) b, 1)	120,138 (RMB 27,764,803)	-	-
Yang Xin Pao-Jia Shoes Manufacturing Co., Ltd.	Production and sale of shoes uppers, footwear and garments	1,676,479 (US\$ 55,517,000)	b	-	-	-	-	166,983 (RMB 38,084,635)	51.11	85,345 (RMB 19,465,057) b, 1)	633,809 (RMB 146,477,666)	-	-
Jiangxi Province Yutai Shoe Co., Ltd.	Production and sale of footwear products and semi-finished products	918,125 (US\$ 30,000,000)	b	-	-	-	-	(20,588) (RMB 4,683,876)	51.11	(10,522) (RMB 2,393,929) b, 1)	110,372 (RMB 25,507,711)	-	-
Dongguan Yu Xiang Shoes Material Co., Ltd.	Production and sale of footwear products	295,820 (US\$ 9,500,000)	b	-	-	-	-	44,519 (RMB 10,235,361)	51.11	22,754 (RMB 5,251,395) b, 1)	211,431 (RMB 48,865,382)	-	-

(Continued)



Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Jiang Xi Hua Chang Pium Ltd.	Manufacturing and sale of plastic foam, plastic packaging materials and other plastic products	\$ (US\$) 63,600 2,000,000	b	-	\$ -	\$ -	\$ -	\$ (RMB) 1,925 441,296	19.42	\$ (RMB) 374 85,700	\$ (RMB) 14,780 3,415,648	-	
Yue Yuen (Antai) Footwear Co., Ltd.	Production and marketing of finished shoes, semi-finished products and components and modules	(US\$) 1,763,350 60,000,000	b	-	-	-	-	(RMB) 328,599 74,893,659	51.11	(RMB) 167,947 38,278,149	(RMB) 1,164,012 269,011,247	-	
Dong Guan Bao Yu Shoes Co., Ltd.	Production and sale of sports shoes, casual shoes, leather shoes, children's shoes, semi-finished footwear and footwear materials	(US\$) 66,780 2,100,000	b	-	-	-	-	(RMB) (2,285) (519,762)	51.11	(RMB) (1,168) (265,650)	(RMB) 3,800 878,222	-	
Kun Shan Pouchi Sports Co., Ltd.	Wholesale, commission agency, import and export business of sports goods, sports equipment, clothing, shoes, caps and packaging and related design, technical consultation and services	(US\$) 399,539 13,500,000	b	-	-	-	-	(RMB) 1,651 378,910	31.97	(RMB) 528 121,137	(RMB) 144,018 33,283,672	-	
Dongguan De Chang Zi Xin Co., Ltd.	Business management consultation, marketing planning and other services	(US\$) 10,290 350,000	b	-	-	-	-	(RMB) 6,911 1,571,456	51.11	(RMB) 3,532 803,171	(RMB) 16,417 3,794,187	-	
Zhong Shan Bao Song Zi Xin Co., Ltd.	Business management consultation, marketing planning and other services	(US\$) 10,290 350,000	b	-	-	-	-	(RMB) 2,462 558,855	51.11	(RMB) 1,258 285,631	(RMB) 11,700 2,703,902	-	
Yiyang Yujing Shoes Industrial Co., Ltd.	Production and sale of finished and semi-finished sports shoes and casual shoes	(US\$) 743,983 24,000,000	b	-	-	-	-	(RMB) (15,158) (3,448,292)	51.11	(RMB) (7,747) (1,762,422)	(RMB) 66,489 15,366,024	-	
Jiangxi Unicelec Consulting Co., Ltd.	Business management consultation, marketing planning and other services	(US\$) 10,442 350,000	b	-	-	-	-	(RMB) 2,566 583,843	51.11	(RMB) 1,311 298,402	(RMB) 8,831 2,040,814	-	
Yu Xing (Jishui) Footwear Co., Ltd.	Production and sale of sports shoes	(US\$) 183,840 6,400,000	b	-	-	-	-	(RMB) (6,351) (1,444,850)	51.11	(RMB) (3,246) (738,463)	(RMB) 33,364 7,710,626	-	
Yang Xin Zhang Yuan Shoe Co., Ltd.	Production and sale of footwear products	(US\$) 61,029 2,100,000	b	-	-	-	-	(RMB) (1,475) (335,804)	51.11	(RMB) (754) (171,629)	(RMB) 10,830 2,502,833	-	
Yang Xin Pui Jia Yuan Shoes Manufacturing Co., Ltd.	Production and sale of rubber soles	(US\$) 87,258 3,000,000	b	-	-	-	-	(RMB) (10,319) (2,347,699)	25.56	(RMB) (2,638) (600,072)	(RMB) 6,649 1,536,586	-	
Pou Sheng (China) Investment Group Co., Ltd.	Business of investment, technical services and wholesale, import and export sports goods, sportswear, sports shoes and leisure shoes	(US\$) 4,550,741 152,922,400	b	-	-	-	-	(RMB) 1,133,960 259,701,961	31.97	(RMB) 362,527 83,026,717	(RMB) 4,905,297 1,133,648,451	-	
Yichun Yisen Industry Co., Ltd.	Production and sale of footwear and mold products	(US\$) 410,130 14,000,000	b	-	-	-	-	(RMB) 84,000 19,109,915	51.11	(RMB) 42,932 9,767,077	(RMB) 326,176 75,381,478	-	
Zhang Xiang Yue Shen Sporting Goods Co., Ltd.	Production, processing of shoes, casual shoes, leather shoes, sports shoes and related sports goods, sales of self-produce products	-	b	-	-	-	-	(RMB) (470) (107,569)	51.11	(RMB) (240) (54,978)	-	-	Cancellation
Dong Guan Pou Chen Footwear Company Limited	Production and sale of footwear products, semi-finished footwear products and accessories, moulding tools and engaged in the wholesale and import and export business of footwear products	(RMB) 1,223,925 263,827,800	b	-	-	-	-	(RMB) 87,444 19,913,800	51.11	(RMB) 44,693 10,177,943	(RMB) 757,471 175,056,901	-	
Dongguan Yueheng Shoe Industry Co., Ltd.	Production and sale of finished shoes, semi-finished shoes and mold products and engaged in research and development of shoes, finished shoes, mold products	(RMB) 1,469,176 319,970,250	b	-	-	-	-	(RMB) 118,528 26,933,440	51.11	(RMB) 69,580 13,765,681	(RMB) 899,404 207,858,671	-	

(Continued)



Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Dong Guan Yue Yuan Footwear Products Company Limited	Production and sale of footwear products, retail business of footwear products, import and export business of footwear products	\$ 1,026,277 (RMB 217,720,430)	b	-	\$ -	\$ -	-	\$ (77,030) (RMB (17,589,125))	51.11	\$ (30,370) (RMB (8,989,802)) b, 1)	\$ 169,731 (RMB 39,226,101)	\$ -	-
Jilin Xinliangwei Sports Goods Company Limited	Sports goods sales	196.16 (RMB 40,000,000)	b	-	-	-	-	-	15.90	b, 1)	-	-	-
Dong Guan Yue Guan Paper Products Co., Ltd.	Production and sale of cartons and engaged in research and development of cartons	48.693 (RMB 10,000,000)	b	-	-	-	-	2.986 (RMB 674,310)	10.22	305 (RMB 68,915) b, 1)	4,606 (RMB 1,064,484)	-	-
Kun Shan YYSports E-Commerce Co., Ltd.	Network technology development, technical consultation, technical services and retail and wholesale of sports goods, sports equipment	89.367 (US\$ 3,000,000)	b	-	-	-	-	(24,319) (RMB (5,951,644))	31.97	(7,775) (RMB (1,788,774)) b, 1)	13,484 (RMB 3,116,194)	-	-
Hunan Huajiang Foam Products Co., Ltd.	Processing and production of plastic foam, foam daily products, shoe products and composite products	76.819 (US\$ 2,500,000)	b	-	-	-	-	(1,169) (RMB (265,598))	6.80	(79) (RMB (18,061)) b, 1)	3,261 (RMB 753,552)	-	-
Kun Shan Taisong Trading Co., Ltd.	Wholesale and retail of clothing, footwear, glasses and watches	790.110 (US\$ 26,500,000)	b	-	-	-	-	(68,662) (RMB (15,547,986))	31.97	(21,951) (RMB (4,970,691)) b, 1)	(206,504) (RMB (47,724,502))	-	-
Kun Shan Pao-Han Sport Culture Development Co., Ltd.	Management consultants, wholesale of sports goods and equipment wholesale, other sports services and other art performance assistant services	48.278 (US\$ 1,500,000)	b	-	-	-	-	1,414 (RMB 322,974)	31.97	452 (RMB 103,255) b, 1)	11,783 (RMB 2,723,090)	-	-
Yisen (YiFeng) Mould Co., Ltd.	Production and sale of mould products	479.284 (US\$ 14,850,000)	b	-	-	-	-	(4,177) (RMB (942,510))	51.11	(2,135) (RMB (481,717)) b, 1)	140,426 (RMB 32,453,452)	-	-
Zhu Hai Yu Yuan Industrial Co., Ltd.	Processing, production and sale of footwear products	1.408 (RMB 300,000)	b	-	-	-	-	1,618 (RMB 382,420)	51.11	827 (RMB 195,455) b, 1)	5,061 (RMB 1,169,617)	-	-
Yang Xin Pao-Shou Sporting Goods Co., Ltd.	Processing, production and sale of footwear products	-	b	-	-	-	-	(10,243) (RMB (2,419,068))	51.11	(5,401) (RMB (1,236,386)) b, 1)	-	-	Cancellation
Chungshia YYSports Sport Products Co., Ltd.	Sales of sports goods and equipment	22.825 (RMB 5,000,000)	b	-	-	-	-	17,628 (RMB 3,899,799)	31.97	5,656 (RMB 1,246,766) b, 1)	(5,674) (RMB (1,311,338))	-	-
Henan YYSports Sport Products Co., Ltd.	Retail business of sports goods and accessories	91.30 (RMB 2,000,000)	b	-	-	-	-	82,964 (RMB 18,799,649)	31.97	26,524 (RMB 6,010,248) b, 1)	22,811 (RMB 5,271,748)	-	-
Shenyang Pao-Yi Trading Co., Ltd.	Retail business of sports goods and accessories	182.600 (RMB 40,000,000)	b	-	-	-	-	(4,129) (RMB (973,772))	31.97	(1,320) (RMB (311,315)) b, 1)	(17,723) (RMB (4,095,916))	-	-
Zhejiang Shenghao Sporting-Goods Co., Ltd.	Retail business of sports goods and accessories	228.250 (RMB 50,000,000)	b	-	-	-	-	132,818 (RMB 30,021,492)	31.97	42,462 (RMB 9,597,871) b, 1)	273,797 (RMB 63,276,425)	-	-
Mudanjiang YYSports Sport Technology Co., Ltd.	Sports services, research and development of sports fitness equipment and retail business of sports goods	4.565 (RMB 1,000,000)	b	-	-	-	-	11,274 (RMB 2,566,206)	31.97	3,694 (RMB 820,096) b, 1)	12,315 (RMB 2,846,129)	-	-
Widvision Investment (Shenzhen) Co., Ltd.	Business management consulting, economic information consulting and market management planning	13.833 (RMB 3,000,000)	b	-	-	-	-	3,318 (RMB 754,250)	100.00	3,318 (RMB 754,250) b, 1)	19,305 (RMB 4,461,628)	-	-
Chongqing Baoyu Sports Goods Company Limited	Wholesale and retail of sports goods, sports equipment, clothing, shoes, caps and accessories and premises leasing	8.994 (RMB 2,000,000)	b	-	-	-	-	(25,940) (RMB (5,939,472))	31.97	(8,293) (RMB (1,898,849)) b, 1)	(26,769) (RMB (6,186,541))	-	-
Kun Yuan Tammy	Production, processing, sales, research and development of shoe materials, import and export goods or reline	176.844 (RMB 41,047,490)	b	-	-	-	-	(11,235) (RMB (2,508,755))	25.56	(2,872) (RMB (652,044)) b, 1)	25,766 (RMB 5,954,689)	-	-

(Continued)



Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the Investee	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
				Outward	Inward							
Yangzhou Yuhong Garment Co., Ltd.	Engaged in the processing and production of sportswear, apparel accessories, and selling our own products	\$ 588,725 (US\$ 19,740,000)	b	\$ -	\$ -	\$ -	51.11	\$ (10,019) (RMB 2,285,862)	\$ (5,121) (RMB 1,168,304) b, 1)	\$ 278,718 (RMB 64,413,580)	\$ -	-
Yifeng Kun Ching Faun Ltd.	Production, sales, processing of plastic foam and foam daily products	8,994 (US\$ 300,000)	b	-	-	-	19.42	4,678 (RMB 1,066,191)	908 (RMB 207,054) b, 1)	3,608 (RMB 833,782)	-	-
Zhongshan Hua Chang Faun Co., Ltd.	Production of foam products	29,980 (US\$ 1,000,000)	b	-	-	-	19.58	11,444 (RMB 2,608,296)	2,241 (RMB 510,704) b, 1)	12,494 (RMB 2,887,421)	-	-
Hubei PinShou Sports Goods Trading Company Limited	Management consultants, wholesale of sports goods, sports equipment, clothing, shoes, caps and accessories and advertising design agency	4,191 (RMB 1,000,000)	b	-	-	-	31.97	(13,616) (RMB 3,100,476)	(4,353) (RMB 991,222) b, 1)	(11,678) (RMB 2,698,944)	-	-
Dong Guan Oriso Trading Company Ltd.	Wholesale or repair of shoe-related machinery and parts	27,850 (US\$ 1,000,000)	b	-	-	-	51.11	2,320 (RMB 530,029)	1,186 (RMB 270,698) b, 1)	163,323 (RMB 3,772,269)	-	-
Shanghai Shengjie Sports Goods Co., Ltd.	Retail business of sports goods and accessories	67,095 (RMB 15,000,000)	b	-	-	-	31.97	120,683 (RMB 27,442,621)	38,582 (RMB 8,773,406) b, 1)	68,612 (RMB 15,856,629)	-	-
Suzhou Baoheng Sports Goods Trading Co., Ltd.	Retail business of sports goods and accessories	2,204 (RMB 500,000)	b	-	-	-	31.97	8,147 (RMB 1,859,172)	2,604 (RMB 594,377) b, 1)	2,413 (RMB 557,681)	-	-
Fujian Pui Yuan Sporting Goods Co., Ltd.	Retail business of sports goods and accessories	856,400 (RMB 200,000,000)	b	-	-	-	31.97	54,103 (RMB 12,307,122)	17,297 (RMB 3,934,387) b, 1)	295,693 (RMB 67,874,587)	-	-
Xijiang Shenglao Sporting-Goods Co., Ltd.	Retail business of sports goods and accessories	21,635 (RMB 5,000,000)	b	-	-	-	31.97	(4,578) (RMB 1,040,427)	(1,464) (RMB 332,624) b, 1)	5,477 (RMB 1,265,876)	-	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
\$ -	\$ 22,595,460 (US\$ 735,883,606)	\$ 75,713,617

Note 1: Method of investments have following types:

- Direct investment in mainland China.
- Indirect investment in the Company located in mainland China through a third place of the subsidiaries of Wealplus Holdings Limited and Yue Yuen Industrial Holdings Limited.
- Other.

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

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

Note 3: Financial assets at FVTOCI

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

(Concluded)



TABLE 1-1

POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee (RMB)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2) (RMB)	Carrying Amount as of December 31, 2023 (RMB)	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Kunshan Yuanying Electronics Technology Co., Ltd.	Manufacturing and sale of alloy	\$ 85,936 (US\$ 2,620,000)	b	\$ -	\$ -	\$ -	\$ -	\$ (RMB (88,937))	100	\$ (RMB (88,937)) (b, 2)	\$ 53,666 (RMB 12,402,592)	\$ -	
Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023				Investment Amount Authorized by Investment Commission, MOEA			Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)						
\$ -				\$ 177,168 (US\$ 5,770,000)		\$ 543,137							

Note 1: Methods of investments have following types:

- Direct investment in mainland China.
- Indirect investment in the Company located in mainland China through a third region of Pearl Dove International Limited.
- Other.

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

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

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

Note 3: The limitation of the amount is in accordance with the provisions of the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" which was passed on August 29, 2008.



TABLE 12

POU CHEN CORPORATION AND SUBSIDIARIES

**INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
PC Holdings Limited	213,270,710	7.24
Chuan Mou Investments Co., Limited	163,425,022	5.55

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.



6.5 Separate Financial Statements Audited by Independent Auditors for the Most Recent Fiscal Year

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Pou Chen Corporation

Opinion

We have audited the accompanying parent company only financial statements of Pou Chen Corporation (the “Company”), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the “parent company only financial statements”).

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. This matter was addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.



Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of 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 parent company only financial statements.

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

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



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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Kenny Hong and Wen-Yea Shyu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

Notice to Readers

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

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



POU CHEN CORPORATION

POU CHEN CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022 (Retrospectively Adjusted)		January 1, 2022 (Retrospectively Adjusted)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 3, 4 and 6)	\$ 166,414	-	\$ 90,485	-	\$ 201,845	-
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	139,663	-	124,367	-	15,174	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	7,800,812	5	5,999,455	4	6,866,303	4
Notes receivable (Notes 4 and 9)	84	-	19	-	54	-
Accounts receivable (Notes 4 and 9)	10,444	-	7,824	-	9,477	-
Accounts receivable from related parties (Notes 4, 9 and 28)	1,455,178	1	1,711,197	1	1,736,755	1
Other receivables (Notes 4 and 9)	54,049	-	39,660	-	32,091	-
Inventories (Notes 4 and 10)	70,647	-	97,659	-	110,061	-
Other current assets (Notes 4 and 11)	40,478	-	37,515	-	57,131	-
Total current assets	9,737,769	6	8,108,181	5	9,028,891	5
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	53,014	-	47,484	-	49,496	-
Financial assets at amortized cost - non-current (Note 4)	-	-	-	-	112,510	-
Investments accounted for using the equity method (Notes 4, 5 and 12)	158,403,320	90	139,887,264	90	170,931,577	91
Property, plant and equipment (Notes 4 and 13)	4,448,522	2	4,643,231	3	4,812,331	2
Right-of-use asset (Notes 4 and 14)	89,238	-	112,888	-	145,775	-
Investment properties (Notes 4 and 15)	1,905,491	1	1,946,167	1	1,983,165	1
Intangible assets (Notes 4 and 16)	1,654,092	1	1,537,044	1	1,293,976	1
Deferred tax assets (Notes 4 and 24)	93,651	-	106,527	-	71,620	-
Other non-current assets (Notes 4 and 11)	70,163	-	39,575	-	18,486	-
Total non-current assets	166,717,491	94	148,320,180	95	179,418,936	95
TOTAL	<u>\$ 176,455,260</u>	<u>100</u>	<u>\$ 156,428,361</u>	<u>100</u>	<u>\$ 188,447,827</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 17 and 28)	\$ 24,628,172	14	\$ 19,442,752	13	\$ 9,652,000	5
Short-term bills payable	-	-	-	-	999,699	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	206,885	-	24,249	-	11,104	-
Notes payable (Note 18)	1,763	-	2,127	-	3,735	-
Accounts payable (Note 18)	373,741	-	337,992	-	491,192	-
Accounts payable to related parties (Notes 18 and 28)	35,922	-	34,859	-	20,570	-
Other payables (Notes 19 and 28)	1,597,182	1	1,658,166	1	1,656,309	1
Current tax liabilities (Note 4)	866,931	1	911,619	1	148,562	-
Lease liabilities - current (Notes 4 and 14)	26,654	-	32,649	-	33,933	-
Current portion of long-term borrowings (Note 17)	4,013,796	2	4,763,796	3	6,503,796	3
Other current liabilities	170,279	-	191,913	-	185,149	-
Total current liabilities	31,921,325	18	27,400,122	18	19,706,049	10
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 17)	17,904,122	10	21,457,918	14	27,011,714	15
Deferred tax liabilities (Notes 4 and 24)	92,983	-	86,547	-	86,547	-
Lease liabilities - non-current (Notes 4 and 14)	66,533	-	83,089	-	113,608	-
Long-term accounts payable to related parties	-	-	-	-	1,522,400	1
Net defined benefit liabilities (Notes 4 and 20)	259,608	-	368,708	-	556,401	-
Other non-current liabilities (Note 12)	21,327	-	19,956	-	18,154	-
Total non-current liabilities	18,344,573	10	22,016,218	14	29,308,824	16
Total liabilities	50,265,898	28	49,416,340	32	49,014,873	26
EQUITY (Notes 4 and 21)						
Share capital						
Ordinary shares	29,467,872	17	29,467,872	19	29,467,872	16
Capital surplus	4,410,292	3	4,420,389	3	4,419,400	2
Retained earnings						
Legal reserve	19,300,806	11	17,986,740	11	16,547,491	9
Special reserve	57,646,766	33	-	-	-	-
Unappropriated earnings	24,101,997	13	76,460,614	49	69,179,387	36
Total retained earnings	101,049,569	57	94,447,354	60	85,726,878	45
Other equity	(8,738,371)	(5)	(21,323,594)	(14)	19,818,804	11
Total equity	126,189,362	72	107,012,021	68	139,432,954	74
TOTAL	<u>\$ 176,455,260</u>	<u>100</u>	<u>\$ 156,428,361</u>	<u>100</u>	<u>\$ 188,447,827</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 14, 2024)



POU CHEN CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 28)	\$ 8,238,380	100	\$ 9,349,013	100
OPERATING COSTS (Notes 10, 23 and 28)	<u>3,636,369</u>	<u>44</u>	<u>4,281,087</u>	<u>46</u>
GROSS PROFIT	<u>4,602,011</u>	<u>56</u>	<u>5,067,926</u>	<u>54</u>
OPERATING EXPENSES (Notes 20 and 23)				
Selling and marketing expenses	33,696	-	51,204	-
General and administrative expenses	2,333,473	28	2,474,779	26
Research and development expenses	<u>1,683,880</u>	<u>21</u>	<u>1,654,266</u>	<u>18</u>
Total operating expenses	<u>4,051,049</u>	<u>49</u>	<u>4,180,249</u>	<u>44</u>
INCOME FROM OPERATIONS	<u>550,962</u>	<u>7</u>	<u>887,677</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 23)	14,770	-	7,576	-
Other income (Notes 23 and 28)	411,640	5	380,130	4
Other gains and losses (Note 23)	1,522,893	18	1,973,384	21
Finance costs (Note 23)	(582,314)	(7)	(459,373)	(5)
Share of profit of subsidiaries and associates (Notes 4 and 12)	<u>9,618,313</u>	<u>117</u>	<u>10,741,110</u>	<u>115</u>
Total non-operating income and expenses	<u>10,985,302</u>	<u>133</u>	<u>12,642,827</u>	<u>135</u>
INCOME BEFORE INCOME TAX	11,536,264	140	13,530,504	145
INCOME TAX EXPENSE (Notes 4 and 24)	<u>912,656</u>	<u>11</u>	<u>885,649</u>	<u>10</u>
NET INCOME FOR THE YEAR	<u>10,623,608</u>	<u>129</u>	<u>12,644,855</u>	<u>135</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Notes 20 and 24)	11,212	-	119,804	1

(Continued)



POU CHEN CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ 1,806,887	22	\$ (866,128)	(9)
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	3,041,186	37	(1,503,778)	(16)
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	<u>7,535,368</u>	<u>91</u>	<u>(38,396,494)</u>	<u>(411)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>12,394,653</u>	<u>150</u>	<u>(40,646,596)</u>	<u>(435)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 23,018,261</u>	<u>279</u>	<u>\$ (28,001,741)</u>	<u>(300)</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 3.61</u>		<u>\$ 4.29</u>	
Diluted	<u>\$ 3.60</u>		<u>\$ 4.28</u>	

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

(Concluded)



POU CHEN CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Others	Total Equity
BALANCE AT JANUARY 1, 2022	\$ 29,467,872	\$ 4,419,400	\$ 16,547,491	\$ -	\$ -	\$ 69,179,387	\$ (7,414,850)	\$ 14,613,616	\$ 12,620,038	\$ 139,432,954
Appropriation of 2021 earnings (Note 21)	-	-	1,439,249	-	-	(1,439,249)	-	-	-	-
Legal reserve	-	-	-	-	-	(4,420,181)	-	-	-	(4,420,181)
Cash dividends	-	-	1,439,249	-	-	(5,859,430)	-	-	-	(4,420,181)
Net profit for the year ended December 31, 2022	-	-	-	-	-	12,644,855	-	-	-	12,644,855
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	502,829	7,140,956	(18,141,486)	(30,148,895)	(40,646,596)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	13,147,684	7,140,956	(18,141,486)	(30,148,895)	(28,001,741)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates (Notes 4 and 21)	-	-	-	-	-	(7,027)	-	7,027	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method (Notes 4 and 21)	-	(239)	-	-	-	-	-	-	-	(239)
Unclaimed dividends by shareholders	-	1,228	-	-	-	-	-	-	-	1,228
BALANCE AT DECEMBER 31, 2022	29,467,872	4,420,389	17,986,740	-	-	76,460,614	(273,894)	(3,520,843)	(17,528,857)	107,012,021
Appropriation of 2022 earnings (Note 21)	-	-	1,314,066	-	-	(1,314,066)	-	-	-	-
Legal reserve	-	-	-	-	-	(57,646,766)	-	-	-	-
Special reserve	-	-	-	-	-	(3,830,823)	-	-	-	(3,830,823)
Cash dividends	-	-	1,314,066	-	-	(62,791,655)	-	-	-	(3,830,823)
Net profit for the year ended December 31, 2023	-	-	-	-	-	10,623,608	-	-	-	10,623,608
Other comprehensive (loss) income for the year ended December 31, 2023	-	-	-	-	-	(194,112)	(468,025)	5,957,448	7,099,342	12,394,653
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	10,429,496	(468,025)	5,957,448	7,099,342	23,018,261
Disposal of associates accounted for using the equity method (Notes 4 and 21)	-	(11,213)	-	-	-	(170)	-	170	-	(11,213)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates (Notes 4 and 21)	-	-	-	-	-	3,712	-	(3,712)	-	-
Unclaimed dividends by shareholders	-	1,116	-	-	-	-	-	-	-	1,116
BALANCE AT DECEMBER 31, 2023	29,467,872	4,410,292	19,300,806	-	-	24,101,997	(741,919)	2,433,063	(10,429,315)	126,189,362

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

(With Deloitte & Touche auditors' report dated March 14, 2024)



POU CHEN CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 11,536,264	\$ 13,530,504
Adjustments for:		
Depreciation expense	311,534	333,660
Amortization expense	88,881	74,407
Net gain on fair value changes of financial instruments at FVTPL	(569,512)	(224,709)
Finance costs	582,314	459,373
Interest income	(14,770)	(7,576)
Dividend income	(245,228)	(270,577)
Share of profit of subsidiaries and associates	(9,618,313)	(10,741,110)
Net (gain) loss on disposal of property, plant and equipment	(198)	3,647
(Gain) loss on disposal of investment properties	(8,133)	732
Gain on lease modifications	-	(9)
Gain on disposal of investments accounted for using equity method	(566,439)	-
Unrealized gain on foreign currency exchange	(264,225)	(202,662)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	732,836	169,284
Notes receivable	(65)	35
Accounts receivable	(2,620)	1,653
Accounts receivable from related parties	256,019	25,558
Other receivables	(7,781)	(11,230)
Inventories	26,482	10,526
Other current assets	(2,737)	20,924
Other operating assets	(22,679)	(21,223)
Financial liability held for trading	4,015	(40,623)
Notes payable	(364)	(1,608)
Accounts payable	35,749	(153,200)
Accounts payable to related parties	1,063	14,289
Other payables	(45,135)	372,393
Other current liabilities	(21,634)	6,764
Net defined benefit liabilities	(122,452)	(84,941)
Cash generated from operations	2,062,872	3,264,281
Interest paid	(594,849)	(415,217)
Income tax paid	(917,712)	(140,446)
Net cash generated from operating activities	<u>550,311</u>	<u>2,708,618</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from return of capital of financial assets at fair value through other comprehensive income	-	2,732
Proceeds from sale of financial assets at amortized cost	-	116,808

(Continued)



POU CHEN CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2023	2022
Acquisition of associates and joint ventures	\$ (100,000)	\$ (80,370)
Disposal of associates and joint ventures	2,059,057	-
Proceeds from capital reduction of investments accounted for using equity method	-	2,345
Acquisition of property, plant and equipment	(56,559)	(106,351)
Proceeds from disposal of property, plant and equipment	3,529	8,895
Decrease in refundable deposits	4	780
Payments for intangible assets	(205,929)	(317,475)
Proceeds from disposal of investment properties	12,867	-
Increase in prepayments for equipment	(8,557)	(644)
Interest received	14,799	8,986
Dividends received	<u>520,048</u>	<u>2,235,791</u>
Net cash generated from investing activities	<u>2,239,259</u>	<u>1,871,497</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	5,449,644	9,583,864
Repayments of short-term bills payable	-	(1,000,000)
Proceeds from long-term borrowings	80,210,000	76,420,000
Repayments of long-term borrowings	(84,513,796)	(83,713,796)
Increase (decrease) in guarantee deposits	2,217	(24)
Repayments of other payables to related parties	-	(1,530,925)
Repayments of principal portion of lease liabilities	(31,999)	(31,641)
Cash dividends	(3,830,823)	(4,420,181)
Other financing activities	<u>1,116</u>	<u>1,228</u>
Net cash flows used in financing activities	<u>(2,713,641)</u>	<u>(4,691,475)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>75,929</u>	<u>(111,360)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>90,485</u>	<u>201,845</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 166,414</u>	<u>\$ 90,485</u>

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

(Concluded)



POU CHEN CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on March 14, 2024.

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

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

When applying the amendments, the Company refers to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Moreover:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.



The accounting policy information is likely to be considered material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Company chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Company is required to make significant judgments or assumptions in applying an accounting policy, and the Company discloses those judgments or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

Refer to Note 4 for related accounting policy information.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The Company has applied the amendments since January 1, 2023, which defines accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Company applied the amendments and recognized a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022. The company shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

4) Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Company should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Company to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Company should disclose qualitative and quantitative information that helps users of financial statements understand the Company’s exposure to Pillar Two income taxes. The requirement that the Company apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.



- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights exist at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Company shall disclose information that enables users of financial statements to understand the risk of the Company, which may have difficulty complying with the covenants and repaying its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that, at the option of the counterparty, result in its settlement by a transfer of the Company’s own equity instruments, and if such an option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

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



- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

- 1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”

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

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

- 2) Amendments to IAS 21 “Lack of Exchangeability”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Company shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.



d. Presentation reclassification

The management of the Company considers the bank deposits repatriated for restricted purpose for the use of substantial investments and financial investments in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act. do not change the nature of the deposit as the entity can access those amounts on demand. The management concludes that the presentation of cash and cash equivalents is more appropriate and, therefore, has changed the presentation of the balance sheets and statements of cash flows in 2023. The financial assets at amortized cost - current were reclassified to cash and cash equivalents with a carrying amount of \$6,246 thousand, \$18,419 thousand and \$127,889 thousand on December 31, 2023, December 31, 2022 and January 1, 2022. The impact on cash flows for the year ended December 31, 2022 was as follows:

	Adjustments
Net cash generated from operating activities	\$ 867
Net cash generated used in investing activities	<u>(110,337)</u>
Net decrease in cash and cash equivalents	<u>\$ (109,470)</u>

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

4. SUMMARY OF MATERIAL SIGNIFICANT ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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



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

Current assets include:

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

Current liabilities include:

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

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

d. Foreign currencies

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

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

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

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

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

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



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

e. Inventories

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

f. Investment in subsidiaries

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

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

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

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

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

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

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



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

g. Investments in an associate

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

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

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

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

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

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

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



h. Property, plant and equipment

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

Except for freehold land which is not depreciated, depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

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

i. Investment properties

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

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

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

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

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

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

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it.



- The ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The ability to measure reliably the expenditures attributable to the intangible asset during its development.

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

3) Derecognition of intangible assets

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

k. Impairment of tangible and intangible assets

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

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

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

l. Financial instruments

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

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

1) Financial assets

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



a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value. Any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27 to the financial statements: Financial Instruments.

ii. Financial assets at amortized cost

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

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

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

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

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

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or



- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

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

c) Derecognition of financial assets

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



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

2) Equity instruments

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

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

3) Financial liabilities

a) Subsequent measurement

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

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading. Such financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 27 to the financial statements.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

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

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



m. Revenue recognition

1) Sale of goods

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

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

2) Rendering of services

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

3) Dividend and interest income

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

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

n. Leases

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

1) The Company as lessor

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

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

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



2) The Company as lessee

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

Right-of-use assets are initially measured at cost. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

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

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

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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



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

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

3) Other long-term employee benefits

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

4) Termination benefits

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

q. Taxation

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

1) Current tax

The Company which established in the ROC according to the Income Tax Act of the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

2) Deferred tax

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

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

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



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

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

The company has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the company neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

For material accounting estimates, the estimates and underlying assumptions are reviewed by the management of the Company on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Investments Accounted for Using the Equity Method

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



6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 387	\$ 468
Checking accounts and demand deposits	166,027	74,662
Cash equivalents (investments with original maturities of less than three months or less)		
Time deposits	-	15,355
	<u>\$ 166,414</u>	<u>\$ 90,485</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	December 31	
	2023	2022
<u>Financial assets mandatorily as at FVTPL</u>		
Derivative financial assets (not under hedge accounting)		
Exchange rate swap contracts	<u>\$ 139,663</u>	<u>\$ 124,367</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
Exchange rate swap contracts	<u>\$ 206,885</u>	<u>\$ 24,249</u>

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

December 31, 2023

Notional Amount (In Thousands)	Maturity Date	Rate
US\$ 341,500	2024.01-2024.03	US\$:NT\$ 28.6400-30.9800
RMB 1,460,460	2024.03-2024.11	RMB:NT\$ 4.3054-4.3750

December 31, 2022

Notional Amount (In Thousands)	Maturity Date	Rate
US\$ 767,030	2023.02-2023.12	US\$:NT\$ 28.1070-31.1800
RMB 1,010,460	2023.03-2023.12	RMB:NT\$ 4.3173-4.3719

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



8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
<u>Current</u>		
Domestic investments		
Listed shares	\$ 7,800,812	\$ 5,999,455
<u>Non-current</u>		
Domestic investments		
Unlisted shares	\$ 53,014	\$ 47,484

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivable</u>		
At amortized cost		
Notes receivable - operating	\$ 52	\$ 19
Notes receivable - non-operating	32	-
	<u>\$ 84</u>	<u>\$ 19</u>
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 1,465,622	\$ 1,719,021
<u>Other receivables (including related parties)</u>		
Tax refund receivables	\$ 5,875	\$ 6,651
Others	<u>48,174</u>	<u>33,009</u>
	<u>\$ 54,049</u>	<u>\$ 39,660</u>

a. Notes receivable

The notes receivable balances at December 31, 2023 and 2022 were not past due.



b. Accounts receivable

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

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

The following table details the loss allowance of trade receivables.

December 31, 2023

	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 1,045,896	\$ 411,630	\$ 8,096	\$ 1,465,622
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 1,045,896</u>	<u>\$ 411,630</u>	<u>\$ 8,096</u>	<u>\$ 1,465,622</u>

December 31, 2022

	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 1,146,845	\$ 545,769	\$ 26,407	\$ 1,719,021
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 1,146,845</u>	<u>\$ 545,769</u>	<u>\$ 26,407</u>	<u>\$ 1,719,021</u>

10. INVENTORIES

	December 31	
	2023	2022
Raw materials	\$ 41,744	\$ 66,303
Supplies	768	776
Work in progress	10,441	12,919
Finished goods	17,034	16,491
Merchandise	<u>660</u>	<u>1,170</u>
	<u>\$ 70,647</u>	<u>\$ 97,659</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$3,636,369 thousand and \$4,281,087 thousand, respectively.

The cost of goods sold included gain from price recovery of inventory for the years ended December 31, 2023 and 2022 was \$4,355 thousand and \$2,318 thousand, respectively. The gain from price recovery is the outcome of stock clearance.



11. OTHER ASSETS

	December 31	
	2023	2022
<u>Current</u>		
Prepayments	\$ 35,804	\$ 32,125
Supplies inventory	1,460	1,464
Temporary payments	564	1,246
Value-added tax retained	<u>2,650</u>	<u>2,680</u>
	<u>\$ 40,478</u>	<u>\$ 37,515</u>
<u>Non-current</u>		
Prepayments	\$ 50,320	\$ 27,641
Prepayments for equipment	8,557	644
Refundable deposits	1,593	1,597
Others	<u>9,693</u>	<u>9,693</u>
	<u>\$ 70,163</u>	<u>\$ 39,575</u>

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	\$ 110,715,773	\$ 102,543,597
Investments in associates	<u>47,687,547</u>	<u>37,343,667</u>
	<u>\$ 158,403,320</u>	<u>\$ 139,887,264</u>

a. Investments in subsidiaries

	December 31	
	2023	2022
Unlisted companies	<u>\$ 110,715,773</u>	<u>\$ 102,543,597</u>



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

Name of Subsidiary	December 31	
	2023	2022
Wealthplus Holdings Limited	100.00%	100.00%
Win Fortune Investments Limited	100.00%	100.00%
Windsor Entertainment Co., Ltd.	100.00%	100.00%
Pou Shine Investments Co., Ltd.	100.00%	100.00%
Pan Asia Insurance Services Co., Ltd.	100.00%	100.00%
Pro Arch International Development Enterprise Inc.	100.00%	100.00%
Barits Development Corporation	99.49%	99.49%
Pou Yuen Technology Co., Ltd.	97.82%	97.82%
Pou Yii Development Co., Ltd.	15.00%	15.00%
Wang Yi Construction Co., Ltd.	7.82%	7.82%

- 1) For the information of subsidiaries' nature of business, business location and registered country, please refer to Table 6 Information on investees of Note 31 to the financial statements.
- 2) The Company holds less than 50% interest in Pou Yii and Wang Yi, but the Company and its subsidiaries hold more than 50% interest in Pou Yii and Wang Yi; therefore, the Company has control over Pou Yii and Wang Yi. Furthermore, the carrying amount of investment in Wang Yi is negative for the years ended December 31, 2023 and 2022. Therefore, the Company recognized \$15,304 thousand and \$16,150 thousand in "other non-current liabilities", respectively.
- 3) The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2023 and 2022 was based on the subsidiaries' financial statements audited by their auditors for the same years.

b. Investments in associates

	December 31	
	2023	2022
Material associates		
Ruen Chen Investment Holding Co., Ltd.	\$ 47,687,183	\$ 35,917,433
Associates that are not individually material	<u>364</u>	<u>1,426,234</u>
	<u>\$ 47,687,547</u>	<u>\$ 37,343,667</u>

- 1) Material associates

Name of Associate	Proportion of Ownership and Voting Rights	
	December 31	
	2023	2022
Ruen Chen Investment Holding Co., Ltd.	20%	20%

- a) As of October 18, 2023, and December 6, 2022, the Company purchasing 10,000 thousand and 8,000 thousand issued ordinary shares with \$10 per share with the amount of \$100,000 thousand and \$80,000 thousand, respectively.



- b) Due to supply chain disruption caused by the global pandemic and the Russo-Ukrainian war during the past two years, inflation has risen and thus resulted in an extreme spike in the annual interest rate defined by ICS. Therefore, on September 29, 2022, the board of directors of Nan Shan Life Insurance Co., Ltd., the subsidiary of Ruen Chen Investment Holding Co., Ltd., approved the resolution in accordance with the provisions of IFRS 9 to change the business model of financial assets management, and set October 1, 2022 as the date of reclassification of financial assets.
- c) For the information of the associate's business location and business item, please refer to Table 6 Information on investees of Note 31 to the financial statements.
- d) The summarized financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRS Accounting Standards adjusted by the Company for equity accounting purposes.

Ruen Chen Investment Holding Co., Ltd.

	December 31	
	2023	2022
Assets	\$ 5,373,009,122	\$ 5,264,490,661
Liabilities	(5,101,450,286)	(5,058,171,956)
Non-controlling interests	<u>(32,826,359)</u>	<u>(26,434,978)</u>
Owners of Ruen Chen Investment Holding Co., Ltd.	<u>\$ 238,732,477</u>	<u>\$ 179,883,727</u>
Proportion of the Company	20.00%	20.00%
Equity attributable to the Company	\$ 47,746,495	\$ 35,976,745
Other adjustments	<u>(59,312)</u>	<u>(59,312)</u>
Carrying amount	<u>\$ 47,687,183</u>	<u>\$ 35,917,433</u>
For the Year Ended December 31		
	2023	2022
Operating revenue	<u>\$ 466,348,088</u>	<u>\$ 477,513,562</u>
Net income	\$ 20,977,050	\$ 29,986,720
Other comprehensive income (loss)	<u>44,234,369</u>	<u>(251,235,513)</u>
Total comprehensive income (loss)	<u>\$ 65,211,419</u>	<u>\$(221,248,793)</u>

2) Associates that are not individually material

Name of Associate	Proportion of Ownership and Voting Rights	
	December 31	
	2023	2022
Elitegroup Computer Systems Co., Ltd.	-	12.36%
Nan Shan Life Insurance Co., Ltd.	0.0001%	0.0001%

- a) For the information of the associates' business location and business item, please refer to Table 6 Information on investees of Note 31 to the financial statements.



- b) The summarized financial information below represents amounts shown in the financial statements of associates that are not individually material which were prepared in accordance with IFRS Accounting Standards adjusted by the Company for equity accounting purposes.

	For the Year Ended December 31	
	2023	2022
The Company's share of:		
Net income	\$ 89,465	\$ 108,197
Other comprehensive income	<u>41,928</u>	<u>27,464</u>
Total comprehensive income	<u>\$ 131,393</u>	<u>\$ 135,661</u>

- c) In November 2023, the Company disposed of the total shares of Elitegroup Computer Systems Co., Ltd. in the public market. A total of 68,885 thousand shares were disposed. The disposition consideration was \$2,059,057 thousand, and the profit recognized amounted to \$566,439 thousand, which was classified as "other gains and losses - gain on disposal of investment", please refer to Note 23 (c) to the financial statements.
- d) The Company holds less than 20% interest of Nan Shan Life Insurance Co., Ltd., however the Company exercises significant influence over Ruen Chen Investment Holding Co., Ltd., which is the parent company of Nan Shan Life Insurance Company, Ltd., therefore, Nan Shan Life Insurance Company, Ltd. is classified to associate of the Company.
- e) Fair values (Level 1) of investments in associates that are not individually material with available published price quotation are summarized as follows:

	December 31	
	2023	2022
Elitegroup Computer Systems Co., Ltd.	<u>\$ -</u>	<u>\$ 1,419,030</u>

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2022	\$ 1,628,664	\$ 5,015,954	\$ 878,934	\$ 151,845	\$ 397,376	\$ 185,219	\$ 6,444	\$ 8,264,436
Additions	-	11,657	29,980	7,125	20,636	13,567	21,460	104,425
Disposals	-	(8,668)	(10,188)	(36,225)	(16,677)	(1,410)	-	(73,168)
Transfers from inventories	-	-	1,876	-	-	-	-	1,876
Reclassification	-	23,768	-	-	-	-	(23,768)	-
Transfers to investment property	-	-	-	-	-	-	(566)	(566)
Balance at December 31, 2022	<u>\$ 1,628,664</u>	<u>\$ 5,042,711</u>	<u>\$ 900,602</u>	<u>\$ 122,745</u>	<u>\$ 401,335</u>	<u>\$ 197,376</u>	<u>\$ 3,570</u>	<u>\$ 8,297,003</u>
Accumulated depreciation								
Balance at January 1, 2022	\$ -	\$ 2,236,624	\$ 621,369	\$ 124,952	\$ 336,314	\$ 132,846	\$ -	\$ 3,452,105
Disposals	-	(3,479)	(9,643)	(31,724)	(16,660)	(921)	-	(62,427)
Depreciation expenses	-	117,551	86,166	8,198	28,144	24,035	-	264,094
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 2,350,696</u>	<u>\$ 697,892</u>	<u>\$ 101,426</u>	<u>\$ 347,798</u>	<u>\$ 155,960</u>	<u>\$ -</u>	<u>\$ 3,653,772</u>
Carrying amount at December 31, 2022	<u>\$ 1,628,664</u>	<u>\$ 2,692,015</u>	<u>\$ 202,710</u>	<u>\$ 21,319</u>	<u>\$ 53,537</u>	<u>\$ 41,416</u>	<u>\$ 3,570</u>	<u>\$ 4,643,231</u>

(Continued)



	Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>								
Balance at January 1, 2023	\$ 1,628,664	\$ 5,042,711	\$ 900,602	\$ 122,745	\$ 401,335	\$ 197,376	\$ 3,570	\$ 8,297,003
Additions	-	3,370	12,106	2,860	9,716	15,476	9,488	53,016
Disposals	-	(5,436)	(33,539)	(23,522)	(30,401)	(4,657)	-	(97,555)
Transfers from inventories	-	-	530	-	-	-	-	530
Reclassification	-	11,822	644	-	-	1,062	(12,884)	644
Balance at December 31, 2023	<u>\$ 1,628,664</u>	<u>\$ 5,052,467</u>	<u>\$ 880,343</u>	<u>\$ 102,083</u>	<u>\$ 380,650</u>	<u>\$ 209,257</u>	<u>\$ 174</u>	<u>\$ 8,253,638</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2023	\$ -	\$ 2,350,696	\$ 697,892	\$ 101,426	\$ 347,798	\$ 155,960	\$ -	\$ 3,653,772
Disposals	-	(3,522)	(31,809)	(22,429)	(28,737)	(4,652)	-	(91,149)
Depreciation expenses	-	114,567	72,457	9,784	25,865	19,820	-	242,493
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 2,461,741</u>	<u>\$ 738,540</u>	<u>\$ 88,781</u>	<u>\$ 344,926</u>	<u>\$ 171,128</u>	<u>\$ -</u>	<u>\$ 3,805,116</u>
Carrying amount at December 31, 2023	<u>\$ 1,628,664</u>	<u>\$ 2,590,726</u>	<u>\$ 141,803</u>	<u>\$ 13,302</u>	<u>\$ 35,724</u>	<u>\$ 38,129</u>	<u>\$ 174</u>	<u>\$ 4,448,522</u>

(Concluded)

- Except for depreciation expenses recognized the Company had neither significant disposal nor impairment of properties in 2023 and 2022.
- The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life as follows:

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

- The Company has land with a carrying amount of \$56,102 thousand. Due to certain restrictions under the land regulations, the ownership of the land has been temporarily transferred to a trustee under a trust agreement that prohibits the trustee from selling, pledging or hypothecating the property.

14. LEASE ARRANGEMENTS

- Right-of-use assets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amount</u>		
Land	\$ 73,200	\$ 77,039
Buildings	13,177	32,150
Other equipment	<u>2,861</u>	<u>3,699</u>
	<u>\$ 89,238</u>	<u>\$ 112,888</u>



	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	\$ <u>9,449</u>	\$ <u>1,808</u>
Depreciation charge for right-of-use assets		
Land	\$ 13,172	\$ 13,466
Buildings	19,089	18,431
Other equipment	<u>838</u>	<u>837</u>
	\$ <u>33,099</u>	\$ <u>32,734</u>
b. Lease liabilities		
	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	\$ 26,654	\$ 32,649
Non-current	<u>66,533</u>	<u>83,089</u>
	\$ <u>93,187</u>	\$ <u>115,738</u>
Range of discount rates for lease liabilities was as follows:		
	December 31	
	2023	2022
Land	1.1%-2.1%	1.1%-1.34%
Buildings	1.1%-2.1%	1.1%-1.20%
Other equipment	1.34%	1.34%
c. Other lease information		
	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ <u>1,499</u>	\$ <u>873</u>
Total cash outflow for leases	\$ <u>34,835</u>	\$ <u>34,061</u>

The Company leases qualify as short-term leases and qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.



15. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 1,004,776	\$ 1,798,432	\$ 2,803,208
Reclassification	-	566	566
Disposals	-	(1,061)	(1,061)
Balance at December 31, 2022	<u>\$ 1,004,776</u>	<u>\$ 1,797,937</u>	<u>\$ 2,802,713</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ -	\$ 820,043	\$ 820,043
Depreciation expenses	-	36,832	36,832
Disposals	-	(329)	(329)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 856,546</u>	<u>\$ 856,546</u>
Carrying amount at December 31, 2022	<u>\$ 1,004,776</u>	<u>\$ 941,391</u>	<u>\$ 1,946,167</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 1,004,776	\$ 1,797,937	\$ 2,802,713
Disposals	(3,080)	(2,591)	(5,671)
Balance at December 31, 2023	<u>\$ 1,001,696</u>	<u>\$ 1,795,346</u>	<u>\$ 2,797,042</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ -	\$ 856,546	\$ 856,546
Depreciation expenses	-	35,942	35,942
Disposals	-	(937)	(937)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 891,551</u>	<u>\$ 891,551</u>
Carrying amount at December 31, 2023	<u>\$ 1,001,696</u>	<u>\$ 903,795</u>	<u>\$ 1,905,491</u>

- a. Except for depreciation expenses recognized, the Company had neither significant disposal nor impairment of properties in 2023 and 2022.
- b. The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2023 and 2022 was as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Year 1	\$ 132,688	\$ 123,978
Year 2	65,020	118,594
Year 3	28,203	48,260
Year 4	22,707	11,427
Year 5	21,436	5,563
Year 6 onwards	<u>82,384</u>	<u>19,316</u>
	<u>\$ 352,438</u>	<u>\$ 327,138</u>



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

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

- d. Instead of being valued by any independent valuer, the management of the Company used the valuation model that market participants often use to determine the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices of similar properties. The fair value as appraised was as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Investment property	<u>\$ 3,364,924</u>	<u>\$ 3,382,485</u>

16. INTANGIBLE ASSETS

	<u>2023</u>	<u>2022</u>
<u>Cost</u>		
Balance at January 1	\$ 1,744,407	\$ 1,426,932
Acquisitions	<u>205,929</u>	<u>317,475</u>
Balance at December 31	<u>\$ 1,950,336</u>	<u>\$ 1,744,407</u>
<u>Accumulated amortization and impairment</u>		
Balance at January 1	\$ 207,363	\$ 132,956
Amortization expenses	<u>88,881</u>	<u>74,407</u>
Balance at December 31	<u>\$ 296,244</u>	<u>\$ 207,363</u>
Carrying amount at December 31	<u>\$ 1,654,092</u>	<u>\$ 1,537,044</u>

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

<u>Items</u>	<u>Estimated Useful Life</u>
Computer software	3-20 years

**17. BORROWINGS****a. Short-term borrowings**

	December 31	
	2023	2022
<u>Unsecured borrowings</u>		
Bank loans	\$ 14,575,000	\$ 9,710,012
Loans to related parties	<u>10,053,172</u>	<u>9,732,740</u>
	<u>\$ 24,628,172</u>	<u>\$ 19,442,752</u>

The range of effective interest rate of New Taiwan dollar and U.S. dollar on bank borrowings was 1.61%-1.82% and 1%-1.85% per annum as of December 31, 2023 and 2022, respectively.

The effective interest rate of the New Taiwan dollar and RMB dollar and U.S. dollar on related-party borrowings from the subsidiaries was 0% as of December 31, 2023 and 2022.

b. Long-term borrowings

	December 31	
	2023	2022
<u>Unsecured borrowings</u>		
Bank loans	\$ 21,917,918	\$ 26,221,714
Less: Current portion	<u>(4,013,796)</u>	<u>(4,763,796)</u>
	<u>\$ 17,904,122</u>	<u>\$ 21,457,918</u>

Maturity dates and ranges of annual interest rate:

	December 31	
	2023	2022
<u>Maturity date</u>		
Long-term borrowings	2025.01.15- 2026.11.29	2024.01.15- 2026.11.29
Current portion of long-term borrowings	2024.01.15- 2024.12.20	2023.01.15- 2023.12.20
Range of interest rates	0.95%-1.99%	0.94%-2.04%



18. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2023	2022
<u>Notes payable</u>		
Operating	\$ 452	\$ 804
Non-operating	<u>1,311</u>	<u>1,323</u>
	<u>\$ 1,763</u>	<u>\$ 2,127</u>
Accounts payable (including related parties)	<u>\$ 409,663</u>	<u>\$ 372,851</u>

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

19. OTHER PAYABLES

	December 31	
	2023	2022
Payables for salaries	\$ 471,241	\$ 490,456
Payables for purchase of property, plant and equipment	17,412	20,955
Compensation due to directors and supervisors	94,560	110,906
Employee compensation payables	465,967	481,065
Interest payables	71,841	84,148
Payables for annual leave	125,882	128,277
Others	<u>350,279</u>	<u>342,359</u>
	<u>\$ 1,597,182</u>	<u>\$ 1,658,166</u>

20. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

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

Defined Benefit Plan

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



POU CHEN CORPORATION

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

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 1,222,701	\$ 1,303,077
Fair value of plan assets	<u>(963,093)</u>	<u>(934,369)</u>
Net defined benefit liabilities	<u>\$ 259,608</u>	<u>\$ 368,708</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 1,389,587</u>	<u>\$ (833,186)</u>	<u>\$ 556,401</u>
Current service cost	7,142	-	7,142
Net interest expense (income)	6,948	(4,204)	2,744
Others	<u>(319)</u>	<u>-</u>	<u>(319)</u>
Recognized in profit or loss	<u>13,771</u>	<u>(4,204)</u>	<u>9,567</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(64,966)	(64,966)
Actuarial loss arising from changes in demographic assumptions	459	-	459
Actuarial gain arising from changes in financial assumptions	(106,165)	-	(106,165)
Actuarial loss arising from experience adjustments	<u>67,921</u>	<u>-</u>	<u>67,921</u>
Recognized in other comprehensive income	<u>(37,785)</u>	<u>(64,966)</u>	<u>(102,751)</u>
Contributions from the employer	-	(151,303)	(151,303)
Benefits paid	(119,290)	119,290	-
Others	<u>56,794</u>	<u>-</u>	<u>56,794</u>
Balance at December 31, 2022	<u>\$ 1,303,077</u>	<u>\$ (934,369)</u>	<u>\$ 368,708</u>
Balance at January 1, 2023	<u>\$ 1,303,077</u>	<u>\$ (934,369)</u>	<u>\$ 368,708</u>
Current service cost	5,328	-	5,328
Net interest expense (income)	19,546	(14,137)	5,409
Others	<u>(367)</u>	<u>-</u>	<u>(367)</u>
Recognized in profit or loss	<u>24,507</u>	<u>(14,137)</u>	<u>10,370</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,408)	(6,408)
Actuarial loss arising from changes in financial assumptions	29,912	-	29,912
Actuarial gain arising from experience adjustments	<u>(10,152)</u>	<u>-</u>	<u>(10,152)</u>
Recognized in other comprehensive loss (income)	<u>19,760</u>	<u>(6,408)</u>	<u>13,352</u>

(Continued)



	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Contributions from the employer	\$ -	\$ (136,315)	\$ (136,315)
Benefits paid	(128,136)	128,136	-
Others	<u>3,493</u>	<u>-</u>	<u>3,493</u>
Balance at December 31, 2023	<u>\$ 1,222,701</u>	<u>\$ (963,093)</u>	<u>\$ 259,608</u> (Concluded)

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

	For the Year Ended December 31	
	2023	2022
Operating costs	\$ 50	\$ 48
Selling and marketing expenses	8	7
General and administrative expenses	5,677	5,403
Research and development expenses	<u>4,635</u>	<u>4,109</u>
	<u>\$ 10,370</u>	<u>\$ 9,567</u>

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

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

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

	December 31	
	2023	2022
Discount rate	1.25%	1.50%
Expected rate of salary increase	2.25%	2.25%



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

	December 31	
	2023	2022
Discount rate		
0.25% increase	<u>\$ (29,912)</u>	<u>\$ (32,520)</u>
0.25% decrease	<u>\$ 31,007</u>	<u>\$ 33,739</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 30,158</u>	<u>\$ 32,888</u>
0.25% decrease	<u>\$ (29,246)</u>	<u>\$ (31,863)</u>

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

	December 31	
	2023	2022
The expected contributions to the plan for the next year	<u>\$ 15,744</u>	<u>\$ 16,218</u>
The average duration of the defined benefit obligation	10 years	10.3 years

21. EQUITY

a. Share capital

	December 31	
	2023	2022
Number of shares authorized (in thousands)	<u>4,500,000</u>	<u>4,500,000</u>
Shares authorized	<u>\$ 45,000,000</u>	<u>\$ 45,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>2,946,787</u>	<u>2,946,787</u>
Shares issued	<u>\$ 29,467,872</u>	<u>\$ 29,467,872</u>

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)		
Recognized from issuance of ordinary shares	\$ 848,603	\$ 848,603
Recognized from conversion of bonds	1,447,492	1,447,492
Recognized from treasury share transactions	1,824,608	1,824,608
Recognized from the excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	109,637	109,637

(Continued)



	December 31	
	2023	2022
<u>May only be used to offset a deficit</u>		
Recognized from the changes in ownership to subsidiaries (Note 2)	\$ 27,234	\$ 27,234
Recognized from the share of changes in net assets of associates	121,958	133,171
Others	<u>30,760</u>	<u>29,644</u>
	<u>\$ 4,410,292</u>	<u>\$ 4,420,389</u> (Concluded)

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

Note 2: Such capital surplus are the changes in equity transactions recognized from the equity changes of subsidiaries when the Company does not actually receive or dispose of subsidiaries' shares.

c. Retained earnings and dividend policy

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

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

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

For information about the accrual basis of the compensation of employees and remuneration of directors and supervisors and the actual appropriations, refer to Note 23 (h) to the financial statements.

In accordance with the "Articles", profit may be distributed after taking into consideration the future development plan, financial condition, business and operational status, and so on. The distribution of profit shall be proposed by the board of directors and submitted to the shareholders' meeting for approval. The ratio of distribution shall be no less than 30% of the net profit for each fiscal year, and the proportion of cash dividends distributed shall be no less than 30% of total dividends distributed. If there are material changes in the operating environment, the Company can adjust the ratio and amounts of distribution of profit.



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

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings	
	For Year 2022	For Year 2021
Legal reserve	\$ 1,314,066	\$ 1,439,249
Special reserve	\$ 57,646,766	\$ -
Cash dividends	\$ 3,830,823	\$ 4,420,181
Dividends per share (NT\$)	\$ 1.30	\$ 1.50

The above 2022 and 2021 appropriations for cash dividends were resolved by the Company's board of directors on April 26, 2023 and April 28, 2022, respectively; the other proposed appropriations were resolved by the shareholders at their meeting on June 15, 2023 and June 15, 2022.

d. Special reserve

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ -	\$ -
Appropriations in respect of		
Debits to other equity items	21,323,594	-
Change in the fair value of the financial assets reclassified	36,323,172	-
Balance at December 31	\$ 57,646,766	\$ -

The Company's associate, Nan Shan Life Insurance Co., Ltd., is an insurance company, and on October 1, 2022, Nan Shan Life Insurance Co., Ltd. reclassified the financial assets at fair value through other comprehensive income to financial assets at amortized cost. In accordance with Rule No. 11104942741 issued by the Insurance Bureau of the FSC, Nan Shan Life Insurance Co., Ltd. shall appropriate its earnings as a special reserve. When distributing the distributable retained earnings, the Company shall appropriate as a special reserve the amount of changes in the fair value of the financial assets reclassified by Nan Shan Life Insurance Co., Ltd. based on the Group's shareholding percentage of Nan Shan Life Insurance Co., Ltd. If there is a reversal in the changes in the fair value of the financial assets reclassified by Nan Shan Life Insurance Co., Ltd. subsequently, the appropriated special reserve may be reversed based on the Group's shareholding percentage of Nan Shan Life Insurance Co., Ltd. and is thereafter distributed. The balance of the special reserve appropriated or reversed by the Group shall not exceed the carrying amount of the Company's investment in Nan Shan Life Insurance Co., Ltd.



e. Other equity item

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (273,894)	\$ (7,414,850)
Share of exchange differences of subsidiaries and associates accounted for using the equity method	<u>(468,025)</u>	<u>7,140,956</u>
Balance at December 31	<u>\$ (741,919)</u>	<u>\$ (273,894)</u>

2) Unrealized gain or loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (3,520,843)	\$ 14,613,616
Unrealized gain (loss) from equity instruments	1,806,887	(866,128)
Cumulative unrealized (loss) gain on equity instruments transferred to retained earnings due to disposal	(3,712)	7,027
Disposal of associates accounted for using the equity method	170	-
Share of gain (loss) from associates and joint ventures accounted for using the equity method	<u>4,150,561</u>	<u>(17,275,358)</u>
Balance at December 31	<u>\$ 2,433,063</u>	<u>\$ (3,520,843)</u>

3) Others

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (17,528,857)	\$ 12,620,038
Share of gain (loss) from associates and joint ventures accounted for using the equity method	<u>7,099,342</u>	<u>(30,148,895)</u>
Balance at December 31	<u>\$ (10,429,515)</u>	<u>\$ (17,528,857)</u>

22. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from the sale of goods	\$ 4,318,892	\$ 4,954,521
Revenue from the rendering of services	<u>3,919,488</u>	<u>4,394,492</u>
	<u>\$ 8,238,380</u>	<u>\$ 9,349,013</u>



23. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consisted of the following:

a. Interest income

	For the Year Ended December 31	
	2023	2022
Interest income		
Cash in bank	\$ 14,769	\$ 5,254
Repurchase agreements collateralized by bonds	-	111
Financial assets at amortized cost	-	2,211
Others	<u>1</u>	<u>-</u>
	<u>\$ 14,770</u>	<u>\$ 7,576</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Rental income (Note 28)		
Rental income from operating lease		
Investment properties	\$ 124,030	\$ 71,502
Others	<u>12,602</u>	<u>13,005</u>
	136,632	84,507
Dividends income	245,228	270,577
Others	<u>29,780</u>	<u>25,046</u>
	<u>\$ 411,640</u>	<u>\$ 380,130</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net gain (loss) on disposal of investment properties	\$ 8,133	\$ (732)
Net gain (loss) on disposal of property, plant and equipment	198	(3,647)
Net gain on disposal of investment recognized under equity method	566,439	-
Net foreign exchange gain	423,153	1,797,456
Net gain on financial assets at FVTPL	748,132	278,477
Net loss on financial liabilities at FVTPL	(178,620)	(53,768)
Others	<u>(44,542)</u>	<u>(44,402)</u>
	<u>\$ 1,522,893</u>	<u>\$ 1,973,384</u>



d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank borrowings	\$ 553,759	\$ 445,807
Interest on short-term bills payable	27,162	11,990
Lease liabilities	1,337	1,547
Other interest expense	<u>56</u>	<u>29</u>
	<u>\$ 582,314</u>	<u>\$ 459,373</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 242,493	\$ 264,094
Investment properties	35,942	36,832
Right-of-use assets	33,099	32,734
Intangible assets	<u>88,881</u>	<u>74,407</u>
	<u>\$ 400,415</u>	<u>\$ 408,067</u>
An analysis of depreciation by function		
Operating costs	\$ 5,355	\$ 4,787
Operating expenses	270,237	292,041
Non-operating expenses	<u>35,942</u>	<u>36,832</u>
	<u>\$ 311,534</u>	<u>\$ 333,660</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 88,881</u>	<u>\$ 74,407</u>

f. Direct operating expenses from investment properties

	For the Year Ended December 31	
	2023	2022
Direct operating expenses from investment properties that generate rental income	\$ 49,317	\$ 50,293
Direct operating expenses from investment properties that did not generate rental income	<u>-</u>	<u>64</u>
	<u>\$ 49,317</u>	<u>\$ 50,357</u>



g. Employee benefits expense

	2023			2022		
	Operating Cost	Operating Expenses	Total	Operating Cost	Operating Expenses	Total
Salary						
Termination benefits	\$ 217	\$ 17,105	\$ 17,322	\$ -	\$ 11,415	\$ 11,415
Remuneration of directors and supervisors	-	99,900	99,900	-	116,021	116,021
Others	15,592	2,426,883	2,442,475	14,833	2,552,724	2,567,557
	15,809	2,543,888	2,559,697	14,833	2,680,160	2,694,993
Labor and health insurance	1,827	231,043	232,870	1,654	226,629	228,283
Post-employment benefit						
Defined contribution plans	833	111,510	112,343	762	108,781	109,543
Defined benefit plans	50	10,320	10,370	48	9,519	9,567
	883	121,830	122,713	810	118,300	119,110
Other employee benefits	518	56,300	56,818	465	49,851	50,316
Total employee benefits expense	\$ 19,037	\$ 2,953,061	\$ 2,972,098	\$ 17,762	\$ 3,074,940	\$ 3,092,702

As of December 31, 2023 and 2022, there were 2,972 and 3,078 employees in the Company, respectively. Among the Company's directors, there were both six who were not employees. The Company accounts for employee benefits expense based on the number of employees.

As of December 31, 2023 and 2022, the average employee benefits and average salaries and wages were \$968 thousand, \$969 thousand, \$829 thousand and \$840 thousand, respectively. The average salaries and wages decrease 1.3%.

h. Employee's compensation and remuneration of directors

According to the Company's Articles, the Company shall distribute employees' compensation and remuneration of directors and supervisors at rates of 1%-5% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employee's compensation is approved by the board of directors to be distributed by shares or by cash, and the receivers should be those employees who meet certain criteria. In the case of an accumulated loss, the Company shall allocate an amount to recover such loss before appropriating any employees' compensation and remuneration of directors and supervisors.

The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2023 and 2022 which were approved by the Company's board of directors on March 14, 2024 and March 16, 2023, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Employees' compensation	1.6%	1.6%
Remuneration of directors	0.8%	0.8%

Amount

	For the Year Ended December 31			
	2023		2022	
	Cash	Shares	Cash	Shares
Employees' compensation	\$ 189,119	\$ -	\$ 221,811	\$ -
Remuneration of directors	94,560	-	110,906	-



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

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on employees' compensation and remuneration of directors resolved by the Company's board of directors in 2024 and 2023 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

24. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current period	\$ 868,398	\$ 488,238
Income tax expense of unappropriated earnings	-	423,888
Adjustments for prior year's income tax	<u>382</u>	<u>(8,622)</u>
	868,780	903,504
Deferred tax		
In respect of the current period	<u>43,876</u>	<u>(17,855)</u>
Income tax expense recognized in profit or loss	<u>\$ 912,656</u>	<u>\$ 885,649</u>

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

	For the Year Ended December 31	
	2023	2022
Income before income tax	<u>\$ 11,536,264</u>	<u>\$ 13,530,504</u>
Income tax expense calculated at the statutory rate	\$ 2,307,253	\$ 2,706,101
Tax effect of adjusting items		
Tax-exempt income	(163,494)	(54,116)
Investment income recognized under equity method	(1,231,883)	(2,148,222)
Others	398	(33,380)
Income tax on unappropriated earnings	-	423,888
Adjustments for prior years' income tax	<u>382</u>	<u>(8,622)</u>
Income tax expense recognized in profit or loss	<u>\$ 912,656</u>	<u>\$ 885,649</u>

As the status of 2024 appropriations of earnings is uncertain, the potential income tax consequences of 2023 unappropriated earnings are not reliably determinable.



b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year	<u>\$ (24,564)</u>	<u>\$ (17,052)</u>
Total income tax recognized in other comprehensive income	<u>\$ (24,564)</u>	<u>\$ (17,052)</u>

c. Deferred tax assets and liabilities

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

	December 31	
	2023	2022
<u>Deferred tax assets</u>		
Temporary differences		
Payables for annual leave	\$ 25,177	\$ 25,655
Defined benefit obligations	32,580	33,206
Others	<u>35,894</u>	<u>47,666</u>
	<u>\$ 93,651</u>	<u>\$ 106,527</u>
<u>Deferred tax liabilities</u>		
Temporary differences		
Land value increment tax	\$ 86,547	\$ 86,547
Others	<u>6,436</u>	<u>-</u>
	<u>\$ 92,983</u>	<u>\$ 86,547</u>

d. Income tax assessments

All the Company's income tax returns as of 2021 have been assessed and approved by the tax authorities.

25. EARNINGS PER SHARE

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

	For the Year Ended December 31	
	2023	2022
<u>Net profit (in thousand dollars)</u>		
Earnings used in the computation of earnings per share	<u>\$ 10,623,608</u>	<u>\$ 12,644,855</u>
		(Continued)



	For the Year Ended December 31	
	2023	2022
<u>Weighted average number of shares outstanding (in thousand shares)</u>		
Weighted average number of common shares used in the computation of basic earnings per share	2,946,787	2,946,787
Effect of potentially dilutive common shares:		
Employees' compensation	<u>7,521</u>	<u>8,037</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>2,954,308</u>	<u>2,954,824</u>
<u>Earnings per share (in dollars)</u>		
Basic earnings per share	<u>\$3.61</u>	<u>\$4.29</u>
Diluted earnings per share	<u>\$3.60</u>	<u>\$4.28</u>
		(Concluded)

The Company may settle the compensation paid to employees by cash or shares; therefore, the Company assumes the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

26. CAPITAL MANAGEMENT

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

27. FINANCIAL INSTRUMENTS

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

The Company's management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.



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

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

1) The fair value hierarchy is as follows:

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 139,663	\$ -	\$ 139,663
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 7,800,812	\$ -	\$ -	\$ 7,800,812
Domestic unlisted shares	-	-	53,014	53,014
	\$ 7,800,812	\$ -	\$ 53,014	\$ 7,853,826
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ -	\$ 206,885	\$ -	\$ 206,885

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 124,367	\$ -	\$ 124,367
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 5,999,455	\$ -	\$ -	\$ 5,999,455
Domestic unlisted shares	-	-	47,484	47,484
	\$ 5,999,455	\$ -	\$ 47,484	\$ 6,046,939
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ -	\$ 24,249	\$ -	\$ 24,249

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

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



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

- a) The fair value of financial instruments with standard terms and conditions and traded in active liquid markets is determined with reference to the quoted market prices.
- b) The future cash flows of derivatives are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

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

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily at FVTPL	\$ 139,663	\$ 124,367
Financial assets at amortized cost (Note 1)	1,687,762	1,850,782
Financial assets at FVTOCI	7,853,826	6,046,939
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	206,885	24,249
Financial liabilities at amortized cost (Note 2)	48,560,721	47,701,417

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

Note 2: The balances included financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings (including the portion due within one year) and guarantee deposits.

d. Financial risk management objectives and policies

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

1) Market risk

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



a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts and other derivative instruments. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and the carrying amount of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 30 to the financial statements.

Sensitivity analysis

The Company was mainly exposed to the USD and RMB.

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

	For the Year Ended December 31	
	2023	2022
USD	\$ 88,597	\$ 227,705
RMB	300,726	206,785

b) Interest rate risk

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

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

	December 31	
	2023	2022
Cash flow interest rate risk		
Financial liabilities	\$ 30,792,918	\$ 26,221,714

Sensitivity analysis

The sensitivity analysis below was based on the Company's floating rate liabilities. The analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole period. If there had been a 1%-increase in interest rates, the Company's income before income tax would have decreased by \$307,929 thousand and \$262,217 thousand during the years ended December 31, 2023 and 2022, respectively.



c) Other price risk

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

Sensitivity analysis

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

If equity prices had declined by 1%, the other comprehensive income for the year ended December 31, 2023 and 2022 would have decreased by \$78,008 thousand and \$59,995 thousand as a result of the changes in fair value of financial assets at FVTOCI, respectively.

The Company's sensitivity to equity securities investment has not changed significantly from the previous year.

2) Credit risk

Financial instruments are evaluated for credit risk (which represents the potential loss that would be incurred by the Company if a counterparty or third party were to breach a contract). The risk includes the centralization of credit risk, components, contract figures, and accounts receivable. Besides, the Company requires significant clients to provide guarantees of a credit rating of intermediate or higher issued by a bank so as to effectively reduce its credit risk.

3) Liquidity risk

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

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

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

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 520,248	\$ 651,324	\$ 785,722	\$ -	\$ -
Lease liabilities	2,487	6,932	18,222	48,957	19,734
Floating interest rate liabilities	2,953,449	8,075,000	3,260,347	16,504,122	-
Fixed interest rate liabilities	-	4,999,045	9,411,464	1,400,000	-
	<u>\$ 3,476,184</u>	<u>\$ 13,732,301</u>	<u>\$ 13,475,755</u>	<u>\$ 17,953,079</u>	<u>\$ 19,734</u>



December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 851,595	\$ 422,999	\$ 762,356	\$ -	\$ -
Lease liabilities	3,448	6,456	23,920	58,482	27,552
Floating interest rate liabilities	1,003,449	2,500,000	5,160,347	17,557,918	-
Fixed interest rate liabilities	<u>1,398,012</u>	<u>3,485,350</u>	<u>10,659,390</u>	<u>3,900,000</u>	<u>-</u>
	<u>\$ 3,256,504</u>	<u>\$ 6,414,805</u>	<u>\$ 16,606,013</u>	<u>\$ 21,516,400</u>	<u>\$ 27,552</u>

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

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

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

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Exchange rate swap contracts	<u>\$ -</u>	<u>\$ 151,440</u>	<u>\$ 55,445</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Exchange rate swap contracts	<u>\$ -</u>	<u>\$ 6,039</u>	<u>\$ 18,210</u>	<u>\$ -</u>	<u>\$ -</u>



28. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and categories

<u>Name</u>	<u>Related Party Category</u>
Yue Yuen Industrial (Holdings) Limited	Subsidiary
Barits Development Corporation	Subsidiary
Pan Asia Insurance Services Co., Ltd.	Subsidiary
Pou Yii Development Co., Ltd.	Subsidiary
Pou Shine Investments Co., Ltd.	Subsidiary
Pou Chin Development Co., Ltd.	Subsidiary
Song Ming Investments Co., Ltd.	Subsidiary
Wang Yi Construction Co., Ltd.	Subsidiary
Windsor Entertainment Co., Ltd.	Subsidiary
Pro Arch International Development Enterprise Inc.	Subsidiary
Wealthplus Holdings Limited	Subsidiary
Chang Yang Material Corporation	Associate
High Shine Investments Ltd.	Associate
San Fang Chemical Industry Co., Ltd.	Associate
Nan Pao Resins Chemical Co., Ltd.	Associate
Sheachang Enterprise Corporation	Other related party
Chuan Mou Investments Co., Limited	Other related party
Shun Tai Investments Co., Limited	Other related party

b. Operating revenue

<u>Account Item</u>	<u>Related Parties Category</u>	<u>For the Year Ended December 31</u>	
		<u>2023</u>	<u>2022</u>
Sales and service revenue	Yue Yuen Industrial (Holdings) Limited	\$ 8,076,848	\$ 9,223,537
	Subsidiaries	9,879	21,800
	Associates	<u>13,525</u>	<u>14,279</u>
		<u>\$ 8,100,252</u>	<u>\$ 9,259,616</u>

The sales prices and receivable terms to related parties were not significantly different from those of non-related parties.

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

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



c. Purchases

Account Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Purchases	Subsidiaries	\$ 9,685	\$ 17,042
	Associates	<u>260,246</u>	<u>265,026</u>
		<u>\$ 269,931</u>	<u>\$ 282,068</u>

The purchase prices and payment terms from related parties were not significantly different from those of non-related parties.

d. Rental income

Account Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Rental income	Windsor Entertainment Co., Ltd.	\$ 105,829	\$ 53,232
	Yue Yuen Industrial (Holdings) Limited	7,698	8,767
	Subsidiaries	702	733
	Associates	-	45
	Other related parties	<u>29</u>	<u>35</u>
		<u>\$ 114,258</u>	<u>\$ 62,812</u>

e. Receivables from related parties

Account Item	Related Party Category/Name	December 31	
		2023	2022
Accounts receivable	Yue Yuen Industrial (Holdings) Limited	\$ 1,451,690	\$ 1,704,578
	Subsidiaries	1,719	5,575
	Associates	<u>1,769</u>	<u>1,044</u>
		<u>\$ 1,455,178</u>	<u>\$ 1,711,197</u>

f. Payables to related parties

Account Item	Related Party Category/Name	December 31	
		2023	2022
Accounts payable	Subsidiaries	\$ 2,357	\$ 7,941
	Associates	<u>33,565</u>	<u>26,918</u>
		<u>\$ 35,922</u>	<u>\$ 34,859</u>

g. Loans from related parties

Account Item	Related Party Category/Name	December 31	
		2023	2022
Short-term borrowings	Wealthplus Holdings Limited	<u>\$ 10,053,172</u>	<u>\$ 9,732,740</u>



h. Endorsements/guarantees provided

Refer to Table 1 “Endorsements/guarantees provided” of Note 31 to the financial statements.

i. Compensation of key management personnel

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

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 154,336	\$ 183,013

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

29. SIGNIFICANT COMMITMENTS AND UNRECOGNIZED LIABILITIES

The Company entered into project agreements with the Taiwan Small & Medium Enterprise Counseling Foundation. According to the project agreements, the Company has to provide promissory notes and the bank’s guaranteed letter to Taiwan Small & Medium Enterprise Counseling Foundation as a guarantee.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 28,546	30.705	\$ 876,511
RMB	1	4.327	4
Non-monetary items			
USD	4,559	30.705	139,663
<u>Financial liabilities</u>			
Monetary items			
USD	86,241	30.705	2,648,026
RMB	1,390,000	4.327	6,014,530
Non-monetary items			
USD	6,765	30.705	206,885



December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 33,967	30.710	\$ 1,043,133
RMB	69	4.408	305
Non-monetary items			
USD	4,081	30.710	124,367
<u>Financial liabilities</u>			
Monetary items			
USD	182,273	30.710	5,597,592
RMB	940,000	4.408	4,143,520
Non-monetary items			
USD	792	30.710	24,249

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (Table 1)
- 3) Marketable securities held (Table 2)
- 4) Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital (Table 3)
- 5) Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital (Table 4)
- 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital (Table 5)
- 9) Trading in derivative instruments (Notes 7 and 27)
- 10) Information on investees (Table 6)



b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7).
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party (None).

c. Information of major shareholders

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8).



TABLE 1

POU CHEN CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorsement/ Guarantee Provider	Endorsee/Guaranteee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 4)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 4)	Note
		Name	Relationship (Note 2)											
0	Pou Chen Corporation	Wealthplus Holdings Limited Pro Arch International Development Enterprise Inc. Baris Development Corporation Windsor Entertainment Co., Ltd. Yue Hong Realty Development Co., Ltd. Yue Shine Investments Co., Ltd. Pou Yuen Technology Co., Ltd. Pou Yui Development Co., Ltd.	b b b b b b b b	\$ 126,189,562 126,189,562 126,189,562 126,189,562 126,189,562 126,189,562 126,189,562 126,189,562	\$ 30,479,500 87,091 8,645,500 80,000 1,100,000 1,750,000 100,000 400,000	\$ 28,862,700 87,091 8,542,300 80,000 1,100,000 1,750,000 100,000 400,000	\$ - 87,091 2,268,500 30,000 539,500 561,000 - 63,100	- - - - - - - -	23 7 - 1 1 - -	\$ 252,378,724 252,378,724 252,378,724 252,378,724 252,378,724 252,378,724 252,378,724 252,378,724	Y Y Y Y Y Y Y Y	N N N N N N N N	N N N N N N N N	

Note 1: The Company is coded as follows:

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

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

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

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

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



TABLE 2

POU CHEN CORPORATION

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value
Pou Chen Corporation	Ordinary shares			198,095,937	\$ 7,765,361	1.41	\$ 7,765,361
	Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	615,473	35,451	0.21	35,451
	Taiwan Pailho Limited		Financial assets at FVTOCI - current	4,633,929	52,224	10.71	52,224
	Zhiyuan Venture Capital Co., Ltd. New Loutan Corporation, Ltd.		Financial assets at FVTOCI - non-current	100,000	790	4.00	790



TABLE 3

POU CHEN CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal		Gain (Loss) on Disposal		Company Name	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Pou Chen Corporation	Elitegroup Computer Systems Co., Ltd.	Investments accounted for using the equity method	-	None	68,884,949	\$ 1,425,936	-	\$ 66,682 (Note)	68,884,949	\$ 2,059,057	\$ 1,492,618	\$ 566,439	-	\$ -

Note: Include acquisition, dividend, investment profit (loss) for using the equity method and share of other comprehensive income (loss).



TABLE 4

POU CHEN CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2023

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited Chang Yang Material Corporation	Subsidiary	Sale	\$ (8,076,848)	(98)	D/A 45 days	-	-	\$ 1,451,690	99	
		Associate	Purchase	175,072	5	D/A 45 days	-	-	(10,229)	(2)	



TABLE 5

POU CHEN CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	Subsidiary	\$ 1,451,690	5	\$ -	-	\$ 1,153,017	\$ -



TABLE 6

POU CHEN CORPORATION

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2023

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023	December 31, 2023		Carrying Amount	Net Income (Loss) of the Investee		Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Shares	%						
Pou Chen Corporation	Wealthplus Holdings Limited	British Virgin Islands	Investing in footwear, electronic and peripheral products	\$ 295,429	\$ 295,429	9,222,000	100.00		\$ 90,675,239	\$ 5,081,097	\$ 5,050,101		
	Win Fortune Investments Limited	British Virgin Islands	Investing activities	(US\$ 9,222,000)	(US\$ 9,222,000)	100,000	100.00		(US\$ 2,953,109,871)	(US\$ 161,653,641)	(US\$ 160,682,292)		
	Windsor Entertainment Co., Ltd.	ROC	Entertainment and resort operations	3,320	3,320	100,000	100.00		2,304,697	77,570	77,023		
	Pou Shine Investment Co., Ltd.	ROC	Investing activities	(US\$ 100,000)	(US\$ 100,000)	7,100,000	100.00		(US\$ 75,059,338)	(US\$ 2,472,065)	(US\$ 2,472,049)		
	Pin Asia Insurance Services Co., Ltd.	ROC	Agency of property and casualty insurance	71,000	71,000	133,094,460	100.00		111,006	12,083	(14,656)		
	Barris Development Corporation	ROC	Import and export of shoe-related materials and investing activities	1,124,667	1,124,667	322,719,192	99.49		4,875,141	184,680	186,081		
	Pou Yuen Technology Co., Ltd.	ROC	Rental of real estate	5,000	5,000	20,000,000	100.00		7,698	(2,413)	(2,413)		
	Pro Arch International Development Enterprise Inc.	ROC	Design and manufacture of footwear products	2,117,292	2,117,292	30,456,252	97.82		11,674,051	392,924	396,389		
	Pou Yui Development Co., Ltd.	ROC	Rental and sale of real estate	966,450	966,450	20,000,000	100.00		571,312	31,860	61,889		
	Wang Yi Construction Co., Ltd.	ROC	Construction	2,643,184	2,643,184	7,875,000	15.00		254,025	12,825	12,793		
	Ellegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	40,320	40,320	367,305	7.82		242,604	89,241	13,386		
	Ruen Chen Investment Holding Co., Ltd.	ROC	Investment holding	5,356	5,356	6,237,400,000	20.00		-	4,927	845		
	Nan Shan Life Insurance Co., Ltd.	ROC	Personal insurance	3,245,815	3,245,815	10,000	-		47,687,183	18,756,949	3,747,390		
				15,552,000	15,552,000	10,000	-		364	21,436,021	21		
				370	370		-						



POU CHEN CORPORATION

TABLE 7

POU CHEN CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

Investor Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Great Team Backland Foundry, Inc.	Processing and manufacturing of transistors	\$ 2,642,140 (US\$ 88,116,600)	b	\$ -	\$ -	\$ -	\$ -	\$ -	2.01	\$ -	\$ 44,737 (RMB 103,38,970)	\$ -	(Note 3)
Yue-Shen (Taichung) Footwear Co., Ltd.	Finished shoes, semi-finished products, components and production and marketing of moulds	\$ 554,646 (US\$ 17,100,000)	b	-	-	-	-	(RMB 2,119) (478,306)	31.97	(RMB 678) (152,915)	246,267 (RMB 56,914,127)	-	
Dongguan Yuning Electronic Technology Co., Ltd.	Production and marketing of over 17 inches color-image monitor, motherboards and other products	\$ 475,745 (US\$ 14,500,000)	b	-	-	-	-	(RMB 7,163) (1,630,165)	100.00	(RMB 7,613) (1,630,165)	325,583 (RMB 75,244,625)	-	
Yue Cheng (Kun Shan) Sports Co., Ltd.	Operating sporting goods and equipment, spare parts production and marketing business	\$ 435,402 (US\$ 14,200,000)	b	-	-	-	-	(RMB 244,253) (55,475,027)	31.97	(RMB 78,088) (17,735,366)	1,133,481 (RMB 261,955,364)	-	
Dongguan Baogao Electronic Technology Co., Ltd.	Production and marketing of other optical appliances and instruments	\$ 147,645 (US\$ 4,500,000)	b	-	-	-	-	(RMB 77,467) (17,624,099)	100.00	(RMB 77,467) (17,624,099)	318,824 (RMB 73,682,538)	-	
Poushun Paper Products Manufacturing Co., Ltd.	Production and sale of shoe inner boxes, canteens	\$ 68,901 (US\$ 2,100,000)	b	-	-	-	-	(RMB 11,749) (2,677,336)	10.22	(RMB 1,201) (273,624)	7,917 (RMB 1,829,652)	-	
Puohong Footwear Industrial Ltd.	Production and operation of casual shoes, sports shoes	\$ 49,215 (US\$ 1,500,000)	b	-	-	-	-	(RMB 4,512) (1,023,721)	51.11	(RMB 2,306) (523,224)	20,993 (RMB 4,851,613)	-	
Shanggao Yisen Industry Co., Ltd.	Production and sale of finished shoes, semi-finished products, components and moulds	\$ 945,204 (US\$ 30,390,000)	b	-	-	-	-	(RMB 241,988) (55,151,561)	51.11	(RMB 123,680) (28,187,861)	844,831 (RMB 195,246,390)	-	
Bao Hong (Yangzhou) Shoes Co., Ltd.	Production of needles, woven garments, footwear and sales of self-produce products	\$ 2,591,184 (US\$ 85,291,730)	b	-	-	-	-	(RMB 70,031) (16,136,537)	51.11	(RMB 36,253) (8,247,384)	373,099 (RMB 86,225,747)	-	
Dong Guan Yu Yuen Mold Co., Ltd.	Production and sale of moulds for non-metallic products	\$ 62,011 (US\$ 1,890,000)	b	-	-	-	-	(RMB 1,421) (323,131)	51.11	(RMB 726) (165,152)	31,048 (RMB 7,175,412)	-	
Zhong Shan Glory Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	\$ 951,490 (US\$ 29,000,000)	b	-	-	-	-	(RMB 30,136) (6,865,299)	23.00	(RMB 6,931) (1,579,019)	277,062 (RMB 64,030,861)	-	
Zhong Shan Lu Mei Da Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	\$ 39,372 (US\$ 1,200,000)	b	-	-	-	-	(RMB 21,563) (4,938,126)	23.00	(RMB 4,959) (1,135,769)	10,129 (RMB 2,340,987)	-	
Zhong Ao Multiplex Management Group Limited (Formerly known as Zhong Ao Multiplex Management Limited)	Stadium management, wholesale and retail of clothing and footwear accessories	\$ 2,055,560 (RMB 431,795,000)	b	-	-	-	-	(RMB 21,075) (4,774,407)	20.34	(RMB 4,287) (971,114)	590,096 (RMB 136,575,320)	-	
Shang Gao Yisen Ka Yuen Industry Co., Ltd.	Production and sale of footwear products	\$ 77,432 (US\$ 2,360,000)	b	-	-	-	-	(RMB 76,405) (17,406,431)	25.56	(RMB 19,529) (4,449,084)	60,028 (RMB 13,872,960)	-	

(Continued)



Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	Retail business of sports goods and accessories	\$ 1,988,061 (US\$ 65,000,000)	b	\$ -	\$ -	\$ -	\$ -	\$ (142,316) (RMB 32,439,837)	31.97	\$ (45,467) (RMB 10,371,016)	\$ 547,503 (RMB 126,531,714)	\$ -	
Qingdao Pou-Sheng International Sport Products Co., Ltd.	Sales of sports and casual shoes and accessories	94,800 (RMB 20,000,000)	b	-	-	-	-	509,450 (RMB 115,801,549)	23.02	117,275 (RMB 26,687,516)	288,740 (RMB 66,729,798)	-	
Guangzhou Pou-Sheng Sport Products Co., Ltd.	Sales of sports and casual shoes and accessories	322,886 (US\$ 10,000,000)	b	-	-	-	-	(28,980) (RMB 6,580,633)	31.97	(9,265) (RMB 2,103,833)	133,232 (RMB 30,790,749)	-	
Nanning Pou-Kung Sport Products Co., Ltd.	Retail business of sports goods and accessories	42,635 (US\$ 1,300,000)	b	-	-	-	-	26,396 (RMB 6,009,422)	31.97	8,439 (RMB 1,921,212)	(30,956) (RMB 7,154,141)	-	
Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	Retail business of sports goods and accessories	1,567,250 (US\$ 50,000,000)	b	-	-	-	-	477,450 (RMB 108,521,491)	31.97	152,641 (RMB 34,694,321)	1,695,883 (RMB 391,093,406)	-	
Taichang YYSPTS Business Trading Co., Ltd.	Retail business of sports goods and accessories series products	-	b	-	-	-	-	2,450 (RMB 555,295)	31.97	783 (RMB 177,528)	-	-	Written off
Yangzhou Baoyi Shoes Manufacturing Co., Ltd.	Vulcanized shoes, sports shoes, casual shoes and other footwear manufacturing, marketing	729,906 (US\$ 22,456,800)	b	-	-	-	-	(23,749) (RMB 5,321,468)	25.56	(6,070) (RMB 1,360,167)	246,236 (RMB 56,906,871)	-	
Dalian YYSPTS Sport Industrial Development Co., Ltd.	Development and sale of sports goods, clothing, shoes and hats, fitness equipment and related products	928,000 (RMB 200,000,000)	b	-	-	-	-	(7,411) (RMB 1,799,151)	31.97	(2,369) (RMB 575,189)	533,766 (RMB 123,357,174)	-	
YYSPTS (Chengdu) Business Trading Co., Ltd.	Retail business of sports goods and accessories	689,194 (US\$ 22,400,000)	b	-	-	-	-	103,785 (RMB 23,590,479)	31.97	33,180 (RMB 7,541,876)	184,717 (RMB 42,689,419)	-	
Fujian Baomin Sporting Goods Co., Ltd.	Retail business of sports goods and accessories	147,645 (US\$ 4,500,000)	b	-	-	-	-	(9,582) (RMB 2,167,792)	28.77	(2,757) (RMB 623,674)	66,113 (RMB 15,279,176)	-	
Guangzhou Pou-Yuen Trading Co., Ltd.	Retail business of sports goods and accessories	710,251 (US\$ 23,310,000)	b	-	-	-	-	(15,609) (RMB 3,592,529)	31.97	(4,990) (RMB 1,148,531)	206,676 (RMB 47,764,259)	-	
Dragon Light (China) Sporting Goods Co., Ltd.	Development and sale of sports goods, clothing, shoes and hats, fitness equipment and related products	2,111,340 (US\$ 66,000,000)	b	-	-	-	-	44,088 (RMB 9,872,884)	31.97	14,095 (RMB 3,156,361)	784,651 (RMB 181,338,443)	-	
Shend Dao (Yang Zhou) Sporting Goods Dev Co., Ltd.	Shopping mall management and property management	2,111,340 (US\$ 66,000,000)	b	-	-	-	-	15,636 (RMB 3,558,815)	31.97	4,999 (RMB 1,137,753)	706,851 (RMB 163,588,259)	-	
Zhong Shan O.Li.Su Shoe Making Machine Ltd.	Manufacturing shoes and boots or repairing machinery	-	b	-	-	-	-	(11,221) (RMB 2,743,822)	51.11	(624) (RMB 140,237)	-	-	Written off

(Continued)



POU CHEN CORPORATION

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Shanxi Poucheng Trading Co., Ltd.	Engaged in wholesale, retail and import and export business of sports goods, fitness equipment and sportswear	\$ 2,012,320 (US\$ 660,000,000)	b	\$ -	-	\$ -	\$ -	\$ 55,369 (RMB 12,450,516)	31.97	\$ 17,702 (RMB 3,980,450)	\$ 1,362,409 (RMB 314,862,339)	-	
Taiwang Yue-Shen Sporting Goods Co., Ltd.	Engaged in the production and sales of shoe products, semi-finished products, molds and related sports goods.	393,720 (US\$ 12,000,000)	b	-	-	-	-	70,043 (RMB 15,911,544)	31.97	22,393 (RMB 5,086,920)	356,131 (RMB 82,304,382)	-	
Hangzhou Pou-Hung Sport Products Co., Ltd.	Design, development, production and processing of sports goods, sports instruments, sportswear, sports shoes and accessories	67,308 (RMB 14,200,000)	b	-	-	-	-	-	15.90	-	-	-	
Rui Jin Pui Yuen Footwear Development Co., Ltd.	Production and sale of sports shoes, casual shoes and semi-finished products	356,697 (US\$ 12,000,000)	b	-	-	-	-	(5,881) (RMB 1,269,703)	51.11	(2,853) (RMB 648,945)	120,138 (RMB 27,764,803)	-	
Yang Xin Pou Jia Shoes Manufacturing Co., Ltd.	Production and sale of shoes uppers, footwear and garments	1,676,479 (US\$ 55,517,000)	b	-	-	-	-	166,983 (RMB 38,084,635)	51.11	85,345 (RMB 19,465,057)	633,809 (RMB 146,477,666)	-	
Jiangxi Province Yutai Shoe Co., Ltd.	Production and sale of footwear products and semi-finished products	918,125 (US\$ 30,000,000)	b	-	-	-	-	(20,588) (RMB 4,683,876)	51.11	(10,522) (RMB 2,393,929)	110,372 (RMB 25,507,711)	-	
Dongguan Yu Xiang Shoes Material Co., Ltd.	Production and sale of footwear products	295,820 (US\$ 9,500,000)	b	-	-	-	-	44,519 (RMB 10,235,561)	51.11	22,754 (RMB 5,231,395)	211,431 (RMB 48,863,282)	-	
Jiang Xi Hwa Ching Foam Ltd.	Manufacturing and sale of plastic foam, plastic packaging materials and other plastic products	63,600 (US\$ 2,000,000)	b	-	-	-	-	1,925 (RMB 441,296)	19.42	374 (RMB 85,700)	14,780 (RMB 3,415,648)	-	
Yue Yuen (Anfo) Footwear Co., Ltd.	Production and marketing of finished shoes, semi-finished products and components and modules	1,763,350 (US\$ 60,000,000)	b	-	-	-	-	338,599 (RMB 74,893,659)	51.11	167,947 (RMB 38,278,149)	1,164,012 (RMB 269,011,247)	-	
Dong Guan Bao Yu Shoes Co., Ltd.	Production and sale of sports shoes, casual shoes, leather shoes, children's shoes, semi-finished footwear and footwear materials	66,780 (US\$ 2,100,000)	b	-	-	-	-	(2,285) (RMB 519,762)	51.11	(1,168) (RMB 265,650)	3,800 (RMB 878,222)	-	
Kun Shan Pou-chi Sports Co., Ltd.	Wholesale, commission agency, import and export business of sports goods, sports equipment, clothing, shoes, caps and packaging and related design, technical consultation and services	399,539 (US\$ 13,500,000)	b	-	-	-	-	(1,651) (RMB 378,910)	31.97	528 (RMB 121,137)	144,018 (RMB 33,283,672)	-	
Dongguan De Chang Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US\$ 350,000)	b	-	-	-	-	69,011 (RMB 1,571,456)	51.11	3,532 (RMB 803,171)	16,417 (RMB 3,794,187)	-	
Zhong Shan Bao Song Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US\$ 350,000)	b	-	-	-	-	2,462 (RMB 558,855)	51.11	1,258 (RMB 285,651)	11,700 (RMB 2,703,902)	-	
Yiyang Yujing Shoes Industrial Co., Ltd.	Production and sale of finished and semi-finished sports shoes and casual shoes	743,983 (US\$ 24,000,000)	b	-	-	-	-	(15,158) (RMB 3,448,292)	51.11	(7,747) (RMB 1,762,422)	66,489 (RMB 15,366,024)	-	

(Continued)



Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Jiangxi Uniscien Consulting Co., Ltd.	Business management consultation, marketing planning and other services	\$ 10,442 (US\$ 350,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 2,566 (RMB 585,845)	51.11	\$ 1,311 (RMB 298,402)	\$ 8,831 (RMB 2,040,814)	\$ -	
Yu Xing (Jishui) Footwear Co., Ltd.	Production and sale of sports shoes	183,840 (US\$ 6,400,000)	b	-	-	-	-	(6,351) (RMB 1,444,850)	51.11	(3,246) (RMB 738,463)	33,364 (RMB 7,710,626)	-	
Yang Xin Zhang Yuan Shoe Co., Ltd.	Production and sale of footwear products	61,029 (US\$ 2,100,000)	b	-	-	-	-	(1,475) (RMB 335,804)	51.11	(754) (RMB 171,629)	10,830 (RMB 2,502,833)	-	
YangXin POU Jia Yuan Shoes Manufacturing Co., Ltd.	Production and sale of rubber soles	87,258 (US\$ 3,000,000)	b	-	-	-	-	(10,319) (RMB 2,347,699)	25.56	(2,638) (RMB 600,072)	6,649 (RMB 1,536,586)	-	
Pou Sheng (China) Investment Group Co., Ltd. (formerly known as Pou Sheng (China) Investment Co., Ltd.)	Business of investment, technical services and wholesale, import and export sports goods, sportswear, sports shoes and leisure shoes	4,550,741 (US\$ 152,922,400)	b	-	-	-	-	1,133,960 (RMB 259,701,961)	31.97	362,527 (RMB 83,026,717)	4,905,297 (RMB 1,133,648,451)	-	
Yichun Yisen Industry Co., Ltd.	Production and sale of footwear and mold products	410,130 (US\$ 14,000,000)	b	-	-	-	-	84,000 (RMB 19,109,915)	51.11	42,932 (RMB 9,767,077)	326,176 (RMB 75,381,478)	-	
Zhong Xiang Yue-Shen Sporting Goods Co., Ltd.	Production, processing of shoes, semi-finished products, moulds and related sporting goods, sales of self-produce products	-	b	-	-	-	-	(470) (RMB 107,569)	51.11	(240) (RMB 54,978)	-	-	Written off
Dong Guan POU Chien Footwear Company Limited	Production and sale of footwear products, semi-finished footwear products and accessories, moulding tools and engaged in the wholesale and import and export business of footwear products	1,223,925 (RMB 263,827,800)	b	-	-	-	-	87,444 (RMB 19,913,800)	51.11	44,693 (RMB 10,177,943)	757,471 (RMB 175,066,901)	-	
Dongguan Yusheng Shoe Industry Co., Ltd.	Production and sale of finished shoes, semi-finished shoes and mold products and engaged in research and development of shoes, finished shoes, mold products	1,469,176 (RMB 319,970,250)	b	-	-	-	-	118,528 (RMB 26,933,440)	51.11	60,580 (RMB 13,765,681)	899,404 (RMB 207,858,671)	-	
Dong Guan Yue Yuan Footwear Products Company Limited	Production and sale of footwear products, semi-finished footwear products, mold products and engaged in wholesale and import and export business of footwear products	1,026,777 (RMB 217,720,430)	b	-	-	-	-	(77,030) (RMB 17,589,125)	51.11	(39,370) (RMB 8,989,802)	169,731 (RMB 39,226,101)	-	
Jilin Xinfaingwei Sports Goods Company Limited	Sport goods sales	196,160 (RMB 40,000,000)	b	-	-	-	-	-	15.90	-	-	-	
Dong Guan Yue Guan Paper Products Co., Ltd.	Production and sale of cartons and engaged in research and development of cartons	48,693 (RMB 10,000,000)	b	-	-	-	-	2,986 (RMB 674,310)	10.22	305 (RMB 68,915)	4,606 (RMB 1,064,484)	-	

(Continued)



POU CHEN CORPORATION

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Kun Shan YYSPO RTS E-Commerce Co., Ltd.	Network technology development, technical consultation, technical services and retail and wholesale of sports goods, sports equipment	\$ 89,367 (US\$ 3,000,000)	b	\$ -	\$ -	\$ -	\$ -	\$ (24,319) (RMB 5,595,164)	31.97	\$ (7,775) (RMB 1,178,774)	\$ 13,484 (RMB 3,116,194)	\$ -	
Hunan Huaqing Foam Products Co., Ltd.	Processing and production of plastic foam, foam duty products, shoe products and composite products	76,819 (US\$ 2,500,000)	b	-	-	-	-	(RMB 1,169) (365,598)	6.80	(79) (RMB 18,061)	3,261 (RMB 753,552)	-	
Kun Shan Taisong Trading Co., Ltd.	Wholesale and retail of clothing, footwear, glasses and watches	790,110 (US\$ 26,500,000)	b	-	-	-	-	(RMB 68,662) (15,547,986)	31.97	(21,951) (RMB 4,970,691)	(206,504) (47,724,502)	-	
Kun Shan Pou-Han Sport Culture Development Co., Ltd.	Management consultants, wholesale of sports goods and equipment, wholesale, other sports services and other art performance assistant services	48,278 (US\$ 1,500,000)	b	-	-	-	-	(RMB 1,414) (322,974)	31.97	452 (RMB 103,255)	11,783 (RMB 2,723,090)	-	
Yisen (YiFeng) Mould Co., Ltd.	Production and sale of mould products	479,284 (US\$ 14,850,000)	b	-	-	-	-	(RMB 4,177) (942,510)	51.11	(2,135) (RMB 481,717)	140,426 (RMB 32,453,452)	-	
Zhu Hai Yu Yuan Industrial Co., Ltd.	Processing, production and sale of footwear products	1,408 (RMB 300,000)	b	-	-	-	-	(RMB 1,618) (382,420)	51.11	827 (RMB 195,455)	5,061 (RMB 1,169,617)	-	
Yang Xin Pou Shou Sporting Goods Co., Ltd.	Processing, production and sale of footwear products	-	b	-	-	-	-	(RMB 10,743) (2,419,068)	51.11	(5,491) (RMB 1,236,386)	-	-	Written off
Changshia YYSPO RTS Sport Products Co., Ltd.	Sales of sports goods and equipment	22,825 (RMB 5,000,000)	b	-	-	-	-	(RMB 17,628) (3,899,799)	31.97	5,636 (RMB 1,246,766)	(5,674) (RMB 1,311,338)	-	
Henan YYSPO RTS Sport Products Co., Ltd.	Retail business of sports goods and accessories	9,130 (RMB 2,000,000)	b	-	-	-	-	(RMB 82,964) (18,799,649)	31.97	26,524 (RMB 6,010,248)	22,811 (RMB 5,271,748)	-	
Shenyang Pou-Yi Trading Co., Ltd.	Retail business of sports goods and accessories	182,600 (RMB 40,000,000)	b	-	-	-	-	(RMB 41,299) (973,772)	31.97	(1,320) (RMB 311,315)	(17,723) (4,095,916)	-	
Zhejiang Shengdao Sporting-Goods Co., Ltd.	Retail business of sports goods and accessories	228,250 (RMB 50,000,000)	b	-	-	-	-	(RMB 132,818) (30,021,492)	31.97	42,462 (RMB 9,597,871)	273,797 (RMB 63,276,425)	-	
Mudanjiang YYSPO RTS Sport Technology Co., Ltd.	Sports services, research and development of sports fitness equipment and retail business of sports goods	4,565 (RMB 1,000,000)	b	-	-	-	-	(RMB 11,274) (2,865,206)	31.97	3,604 (RMB 820,096)	12,315 (RMB 2,846,129)	-	
Widvision Investment (Shenzhen) Co., Ltd.	Business management consulting, economic information consulting and market management planning	13,833 (RMB 3,000,000)	b	-	-	-	-	(RMB 3,318) (754,250)	100.00	3,318 (RMB 754,250)	19,305 (RMB 4,461,628)	-	
Chongqing Baoyu Sports Goods Company Limited	Wholesale and retail of sports goods, sports equipment, clothing, shoes, caps and accessories and premises leasing	8,994 (RMB 2,000,000)	b	-	-	-	-	(RMB 25,940) (5,939,472)	31.97	(8,293) (RMB 1,898,649)	(26,769) (RMB 6,186,541)	-	
Kiao Yuen Tannery	Production, processing, sales, research and development of shoe materials, import and export goods or textile	176,844 (RMB 41,047,490)	b	-	-	-	-	(RMB 11,235) (2,550,875)	25.56	(2,872) (RMB 652,004)	25,766 (RMB 5,954,689)	-	

(Continued)



Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Yangzhou Yuhong Garment Co., Ltd.	Engaged in the processing and production of apparel, apparel accessories, and selling our own products	\$ 588,725 (US\$ 19,749,000)	b	\$ -	\$ -	\$ -	\$ -	\$ (10,019) (RMB 2,285,862)	51.11	\$ (5,121) (RMB 1,108,504)	\$ 278,718 (RMB 64,413,580)	\$ -	
Yifeng Kun Ching Foam Ltd.	Production, sales, processing of plastic foam and foam daily products	8,904 (US\$ 300,000)	b	-	-	-	-	4,678 (RMB 1,066,191)	19.42	908 (RMB 207,054)	3,608 (RMB 833,782)	-	
Zhongshan Hua Ching Foam Co., Ltd.	Production of foam products	29,980 (US\$ 1,000,000)	b	-	-	-	-	11,444 (RMB 2,608,296)	19.58	2,241 (RMB 510,704)	12,494 (RMB 2,887,421)	-	
Hubei PuShou Sports Goods Trading Company Limited	Management consultants, wholesale of sports goods, sports equipment, clothing, shoes, caps and accessories and advertising design agency	4,191 (RMB 1,000,000)	b	-	-	-	-	(13,616) (RMB 3,100,476)	31.97	(4,353) (RMB 991,222)	(11,678) (RMB 2,698,944)	-	
Dong Guan Orisol Trading Company Ltd.	Wholesale or repair of shoe-related machinery and parts	27,850 (US\$ 1,000,000)	b	-	-	-	-	2,320 (RMB 530,029)	51.11	1,186 (RMB 270,898)	16,323 (RMB 3,772,269)	-	
Shanghai Shengjie Sporting Goods Co., Ltd	Retail business of sports goods and accessories	67,095 (RMB 15,000,000)	b	-	-	-	-	120,683 (RMB 27,442,621)	31.97	38,582 (RMB 8,773,406)	68,612 (RMB 15,856,629)	-	
Suzhou Baosheng Sports Goods Trading Co., Ltd.	Retail business of sports goods and accessories	2,204 (RMB 500,000)	b	-	-	-	-	8,147 (RMB 1,859,172)	31.97	2,604 (RMB 594,377)	2,413 (RMB 557,681)	-	
Fujian Pou Yuan Sporting Goods Co., Ltd.	Retail business of sports goods and accessories	856,400 (RMB 200,000,000)	b	-	-	-	-	54,103 (RMB 12,307,122)	31.97	17,297 (RMB 3,934,587)	293,693 (RMB 67,874,587)	-	
Xinjiang Shengtao Sports Goods Co., Ltd.	Retail business of sports goods and accessories	21,635 (RMB 5,000,000)	b	-	-	-	-	(4,578) (RMB 1,040,427)	31.97	(1,464) (RMB 332,624)	5,477 (RMB 1,265,876)	-	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by Investment Commission, MOEX	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEX (Note 4)
\$ -	\$ 22,595,460 (US\$ 735,888,606)	\$ 75,713,617

Note 1: Methods of investments have following types:

- Direct investment in mainland China.
- Indirect investment in the Company located in mainland China through a third place of the subsidiaries of Wealthplus Holdings Limited and Yue Yuen Industrial Holdings Limited.
- Other.

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

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

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

Note 3: Financial assets at FVTOCI

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

(Concluded)



TABLE 8

POU CHEN CORPORATION

**INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
PC Holdings Limited	213,270,710	7.24
Chuan Mou Investments Co., Limited	163,425,022	5.55

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.



6.6 If the Company or Its Affiliates Have Experienced Financial Difficulties for the Most Recent Fiscal Year or during the Current Fiscal Year up to the Publication date of this Annual Report, the Annual Report Shall Explain How The Difficulties Affected the Company's Financial Situation: N/A.



VII. REVIEW AND ANALYSIS OF FINANCIAL CONDITIONS, FINANCIAL PERFORMANCE AND RISK MANAGEMENT

7.1 Financial Conditions

(In NT\$ thousands)

Item \ Year	2022	2023	Difference	
			Amount	Percentage
Current Assets	159,397,233	157,855,134	(1,542,099)	(0.97%)
Non-Current Assets	167,492,571	169,726,201	2,233,630	1.33%
Total Assets	326,889,804	327,581,335	691,531	0.21%
Current Liabilities	81,429,205	84,975,466	3,546,261	4.36%
Non-Current Liabilities	63,333,121	39,942,590	(23,390,531)	(36.93%)
Total Liabilities	144,762,326	124,918,056	(19,844,270)	(13.71%)
Share Capital	29,467,872	29,467,872	-	-
Capital Surplus	4,420,389	4,410,292	(10,097)	(0.23%)
Retained Earnings	94,447,354	101,049,569	6,602,215	6.99%
Other Equity	(21,323,594)	(8,738,371)	12,585,223	59.02%
Non-Controlling Interests	75,115,457	76,473,917	1,358,460	1.81%
Total Equity	182,127,478	202,663,279	20,535,801	11.28%

(1) Analysis of changes in financial ratios:

A. There was a NT\$23.391 billion decrease in non-current liabilities, primarily attributable to a NT\$21.951 billion decrease in long-term borrowings and NT\$1.184 billion decrease in lease liabilities.

B. Other equity experienced a NT\$12.585 billion increase, mainly driven by a NT\$7.806 billion share of gain of associates and joint ventures accounted for using the equity method, a NT\$5.181 billion unrealized gain on financial assets at fair value through other comprehensive profit or loss, and a NT\$485 million exchange loss on translation of foreign financial statements.

(2) Impact: no material impact.

(3) Action plan(s) for the future: N/A.



7.2 Financial Performance

(In NT\$ thousands)

Item \ Year	2022	2023	Difference	
			Amount	Percentage
Operating Revenue	267,496,800	246,633,714	(20,863,086)	(7.80%)
Operating Costs	202,890,708	185,522,719	(17,367,989)	(8.56%)
Operating Expenses	54,010,022	50,895,402	(3,114,620)	(5.77%)
Income from Operations	10,596,070	10,215,593	(380,477)	(3.59%)
Non-operating Income and Expenses	10,835,507	9,251,088	(1,584,419)	(14.62%)
Income Before Income Tax	21,431,577	19,466,681	(1,964,896)	(9.17%)
Income Tax Expense	4,542,111	3,493,200	(1,048,911)	(23.09%)
Net Income For the Year	16,889,466	15,973,481	(915,985)	(5.42%)
Other Comprehensive Net Income (Loss)	(35,720,868)	11,257,645	46,978,513	131.52%
Total Comprehensive Income (Loss) For the Year	(18,831,402)	27,231,126	46,062,528	244.60%

(1) Analysis of changes in financial ratios :

A. Decrease in income tax expense:

Income tax expense decreased by NT\$1.049 billion, mainly due to the decline in orders this year.

B. Other comprehensive net income increased by NT\$46.979 billion. Explanations are as follows:

(A) The share of gain of associates and joint ventures accounted for using the equity method increased by NT\$53.867 billion, mainly due to the increase in unrealized gain on financial assets at fair value through other comprehensive profit or loss, recognized by Ruen Chen Investment and Nan Shan Life Insurance Co., Ltd. of the Group compared to the corresponding period last year.

(B) Unrealized revaluation gain on investments in equity instruments measured at fair value through the statement of other comprehensive loss/gain increased by NT\$7.984 billion, mainly due to the rise in the prices of shares of Mega Financial Holdings and Paiho Group held by the Group in 2023. In contrast, the stock prices decreased in the corresponding period last year, resulting in an unrealized revaluation loss compared to the corresponding period last year.

(C) Exchange loss on translation of foreign financial statements increased by NT\$14.153 billion, primarily because the functional currency in foreign operations is USD, and the appreciation of the exchange rate in NTD to USD in 2023 caused an increase in the year's exchange loss on translation of foreign financial statements compared to the corresponding period last year, when the subsidiary converted USD to NTD.

(2) Sales conditions forecast :

The global footwear industry experienced a destocking cycle, leading customers to conservative about placing orders, which in turn impacted the Company's manufacturing business for the current year. In Mainland China, private consumption showed a mild recovery as customers returned to physical stores. This, coupled with a low comparison base, drove sales growth in the retail sector.

Although visibility of sales orders has improved, ongoing inflation and high interest rates have brought uncertainty to the macroeconomic outlook. While the short-term prospects for the global footwear industry remain conservative, the Company maintains confidence in the recovery of its core businesses, aiming to achieve quality growth progressively by strengthening operational resilience, improving management efficiency, and accelerating digital transformation.

(3) Impact on future financial operations of the Company: no material impact.

(4) Action plan(s) for the future: N/A



7.3 Cash Flow

Analysis and discussion of changes in cash flow over the fiscal year, improvement plan(s) for inadequate liquidity and cash liquidity forecast analysis and discussion for the next year as follows:

(1) Analysis of changes in cash flow in 2023

(In NT\$ thousands)

Cash and Cash Equivalents at the Beginning of the Year	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Effects of exchange rate changes on the balance of cash held in foreign currencies	Cash and Cash Equivalents at the End of the Year
39,336,048	31,817,821	(4,408,338)	(24,929,406)	(1,234,004)	40,582,121

A. Operating activities:

The net cash inflow from operating activities amounted to NT\$31.818 billion, primarily driven by operating income before tax of NT\$19.467 billion. Adjustments were made for non-cash items, such as adding NT\$13.218 billion in depreciation and amortization expenses, deducting NT\$5.829 billion in profit of associates and joint ventures accounted for using the equity method, and deducting NT\$971 million in investment disposal gain. Additionally, the decrease in inventory by NT\$11.701 billion and the decrease in accounts receivable by NT\$1.448 billion contributed to cash inflow, while the decrease in other payables by NT\$3.458 billion and the payment of income tax totaling NT\$4.083 billion resulted in cash outflow.

B. Investing activities:

The net cash outflow from investing activities amounted to NT\$4.408 billion, mainly attributed to several factors: a net cash outflow of NT\$2.457 billion for the acquisition and disposal of property, plant, and equipment; a net cash outflow of NT\$7.249 billion from the acquisition and disposal of financial assets carried at cost after amortization; as well as a net cash outflow of NT\$898 million from the acquisition of right-of-use assets. Additionally, there was a net cash inflow of NT\$2.706 billion from the acquisition and disposal of investments accounted for using the equity method, and a net cash inflow of NT\$2.35 billion from the collection of dividends and NT\$1.712 billion from the collection of interest.

C. Financing activities:

The net cash outflow from financing activities amounted to NT\$24.929 billion, mainly due to several factors: NT\$20.69 billion in cash outflow for paying long-term borrowings, NT\$3.818 billion in cash outflow for paying lease liability principals, NT\$3.831 billion in cash outflow for distribution of cash dividends by the Company, and NT\$2.961 billion in cash outflow for distribution of cash dividends for non-controlling shareholders by Yue Yuen Industrial (Holdings) Limited. Additionally, there was a cash inflow of NT\$6.054 billion from short-term borrowings and NT\$312 million from short-term bills payable.

(2) Improvement plan(s) for inadequate liquidity: N/A.



(3) Liquidity forecast analysis for the next year

(In NT\$ thousands)

Cash Balance Amount at the Beginning of the Year	Net Cash Provided by Operating Activities	Net Cash Provided by Investing and Financing Activities	Cash Surplus (Deficit)	Measures for Managing Cash Deficit	
				Investment Plans	Financing Plans
40,582,121	21,549,490	(19,225,552)	42,906,059	-	-

A. Net cash flow from operating activities for the whole year:

This primarily involves forecasting cash flow from accounts receivable and the accounts payable, operating expenses paid in cash, income tax payable and bank loan interest paid in cash generated during the operation.

B. Net cash flow from investing and financing activities for the whole year:

(A) Investing activities: This primarily involves forecasting capital expenditures and receiving cash dividends, etc.

(B) Financing activities: This primarily involves forecasting bank loan repayments, payment of cash dividends, etc.

7.4 Impact of Significant Capital Expenditures on the Financial Operations of the Company for the Most Recent Fiscal Year: N/A.

7.5 Investment Policy for the Most Recent Fiscal Year, Reasons for Profit (Loss), Improvement Plan and Investment Plan for the Coming Year:

Our company's investment plan mainly focuses on developing the manufacturing of shoes business and the retail of sporting goods business to expand our operating scale, with the aim of bolstering our competitiveness within the industry, and to raise reinvestment income to increase shareholders equity.

- (1) In 2023, the Company recognized NT\$5.829 billion in share of the profit of associates and joint ventures accounted for using the equity method, representing a decrease of NT\$1.712 billion compared to 2022. The decrease is mainly attributed to the decreases of NT\$1.747 billion and NT\$219 million in investment income recognized by Ruen Chen Investment Co., Ltd. and Oftenrich Holdings Limited, respectively. However, there were increases of NT\$143 million and NT\$174 million in investment income recognized by Nan Pao Resins Chemical Co., Limited and Twinways Investments Limited, respectively.
- (2) The investment plan for the upcoming year will continue to focus on the manufacturing of shoes and retail of sporting goods. We will cautiously respond to the changes and challenges in the operating environment, ensuring that the steady development of overall operation is maintained in hopes of creating greater investment income.

7.6 Analysis and Evaluation of Risk Factors

Information pertaining to the risk factors of the Company over the latest year and up to the publication date of this annual report is as follows:

(1) Risk Management Structure and Responsibilities

With the expansion of our operations on an international scale, a set of "Risk Management Measures" was formulated in 2015 to address impacts and challenges posed by changes in the global economic landscape, with the aim of ensuring the Company's sustainable development. These Measures were further refined into our "Risk Management Policy and Procedures" in 2023, enhancing and clarifying our organizational structure, responsibilities, and procedures for risk management, reporting, disclosure and other related



matters. Moreover, we closely monitor the evolution of domestic and international enterprise risk management mechanisms, striving to continuously review and improve the Company's risk management framework. This ongoing effort is directed towards improving the effectiveness of corporate governance and reasonably ensuring the achievement of the Company's strategic objectives.

Our risk management structure and responsibilities are as follows:

Name of organization	Scope of responsibilities and operations
The Board of Directors	The Board of directors serve as the highest supervisory unit for the Company's risk management, aiming to comply with laws and regulations, promote and implement the Company's comprehensive risk management, have a clear understanding of the risks encountered during operations, ensure the effectiveness of the risk management mechanism, and assume ultimate responsibility for risk management.
Audit Committee	The Audit Committee independently and professionally supervises the effective implementation of the Company's internal controls, ensures compliance with company regulations, and manages and controls both existing or potential risks. Additionally, the Committee proposes recommendations for improvements when necessary, and reports to the Board of Directors at least once a year.
Risk Management Guidance Committee	The Risk Management Guidance Committee, composed of top managers of each functional departments or unit and supported by an executive secretary, is responsible for establishing and continuously improving the Company's risk management mechanism and framework. This includes proposing risk management plans, overseeing their execution, and reporting to the Audit Committee and the Board of Directors at least once a year.
Risk Management Working Group	The Risk Management Working Group is responsible for the risk identification, analysis, evaluation and response within affiliated units in accordance with the approved risk management mechanism and framework. It manages and controls risks in daily operations, establishes crisis management mechanisms when necessary, and reports to the Risk Management Guidance Committee on a regular basis, thus ensuring effective implementation of the risk management and related control procedures across affiliated units

Through top-down supervision and management as well as bottom-up accountability reporting, the Company encourages employees to identify risk matters, explore root causes, and propose contingency strategies regarding operational effectiveness and efficiency (including profitability, performance and asset security) as well as the reliability, timeliness, transparency and compliance with relevant norms and laws and regulations of reporting. Using risk matrix diagrams, functional units identify major risks and conduct a comprehensive assessment of their impact on organizational units and the probability of damage. Risk events are analyzed, and response plans are proposed across units. These efforts serve to ensure the identification and management of every operational risk, prevent potential losses within acceptable risk parameters, increase shareholder equity, and thereby optimize resource allocation. The implementation results of risk management activities are summarized annually and serve as the basis for strategic management, performance evaluation, and audit plans for the following year. The status of risk management operations was reported at the December 2023 Board of Directors meeting.



(2) Impact of Interest Rate/Exchange Rate Fluctuations and Inflation on the Company's Profitability and Future Action Plans

A. Interest Rate Fluctuation

In 2023, the global economy was affected by weak end-market demand and industry-wide destocking, resulting in sluggish growth. Raising interest rates in an attempt to curb inflation has had an impact on the economy. The IMF predicts the global economic growth rate to drop from 2.94% in 2023 to 2.90% in 2024, falling below the long-term average growth rate of 3.60% for the third consecutive year. Economic growth rates of the United States, the Eurozone, and China for 2024 have been estimated at 1.50%, 1.20%, and 4.2%, respectively, which are all lower than their long-term average growth rates of 2.0%, 1.3%, and 8.4%, respectively.

Factors such as the pandemic, geopolitical conflict, and high inflation had prompted the Federal Reserve to raise interest rates by another four notches to 5.25%-5.50% in 2023. With inflation data such as core CPI showing a slight ease, the Federal Reserve decided to suspend interest rate hikes in three consecutive meetings and confirmed for the first time that inflationary pressure had been contained in a statement issued after the December meeting while mentioning that the rate of economic growth had slowed down from a strong to a moderate pace. The FED also emphasized that it hopes to achieve the goals of both price stability and full employment. Overall, there are many factors to deal with in 2024, including uncertainties associated with the global economy, geopolitical conflicts, wars, and the impacts of critical technological changes. It is expected that consumption in the United States may decline, leading to slower growth; the Eurozone, on the other hand, will continue to expand at a sluggish rate, whereas China is expected to enter a new norm of moderate growth. Market expectations for an interest rate cut by the Federal Reserve are currently rising, and the focus has shifted to when and how much the rate cut will be in 2024.

Taiwan's domestic consumption remained stable in 2023. However, the current state of the global economy, combined with weak exports and weakened corporate investments, has hindered economic growth to a level below expectation, and the growth rate for the year was revised down to 1.34%. Looking forward to 2024, although global inflation has slowed down and central banks worldwide are ending further rate hikes, the recovery of the global economy remains somewhat sluggish. However, driven by the demand for emerging technologies and applications, export sales and investment are expected to recover their lost momentum, and Taiwan's economic growth rate for 2024 has been estimated to reach 3.02%.

The Federal Reserve will be adjusting its interest rate policies after considering the economic growth rate, the state of the job market, inflation, and other economic indicators to achieve the policy goals of promoting full employment, price stability, and financial stability. Minutes of the Federal Reserve meeting in December 2023 showed that almost all officials considered it appropriate to cut interest rates in the next year, and many of them were concerned that excessive tightening might negatively affect the economy. After the FOMC meeting, the market has developed more substantial expectations for rate cuts than what the Federal Reserve had conveyed. While the interest income generated from cash and fixed-income investments held by the Company and the consolidated entities may decrease due to the rate cuts, the cost of capital borrowed at the floating rate would also decrease in line with the falling interest rates. In response to the possible rate cuts in the future, the Company and its consolidated



entities will change their use of capital and investment approach by increasing the tenor of time deposits and switching to fixed interest rates. They will look for opportunities to purchase bonds that mature in 3 to 5 years to lock in bond yields over a long horizon while interest rates remain high. As for borrowings, they will shorten the tenor of short-term borrowings to try to lower financing costs and continue using derivatives to reduce the cost of capital.

B. Exchange Rate Fluctuation

In the fourth quarter of 2023, the U.S. economy saw weakened growth and employment while the inflation rate fell below 4% when the market expected an end to the rate hike cycle.

Considering that the U.S. may fall into recession in the second half of 2024, the U.S. dollar may weaken due to the FED's decision to stop or cut rate hikes. However, the U.S. economy is still relatively strong compared to other major economies, such as Europe and Mainland China, which may continue to be sluggish. If the U.S. economy enters recession in the second half of the year, the outlook of the global economy will be much grimmer. Under this scenario, the U.S. dollar may be considered as a safe-haven asset and benefit from it.

Regarding foreign currency assets and liabilities from operations of the Company and its consolidated companies, particularly net foreign exchange position, the company uses spot exchange and forward exchange, options, or other financial instruments for hedging or reducing the risk of exchange rate fluctuations based on exchange rate trends and booking costs of assets and liabilities for each currency. The Company will continue to closely monitor changes in the financial market, maintain a balanced position in assets and liabilities according to the natural hedging principles to lower the company's total exposure, and appropriately use exchange rate hedging instruments to reduce the effects of exchange rate fluctuations on the company's profits and loss.

C. Inflation

Although the prices of raw materials and oil had fallen in 2023, inflation remains the main concern for the economy's performance next year. No matter how the world responds, factors such as geopolitics, war, and climate change will all raise costs unprecedentedly, which will eventually be reflected in inflation data. High prices will increase consumer costs, while high interest rates will raise the opportunity cost of purchasing durable goods, ultimately affecting consumer spending and global trade. As a result, major forecasting agencies predict that economic performance in 2024 to be slightly worse than that in 2023.

The Company will keep abreast of changes in raw material supply and prices, control the sources of raw material supplies, manage the raw materials inventory, and flexibly adjust our business strategy to lower the effects of changes in raw material supplies on the company's operations.

(3) Policies and Future Action Plans for High-risk, High-Leveraged Investments, Fund Lending to Third Parties, Endorsements or Guarantees, Transactions in Financial Derivatives, Main Reasons for Profit (Loss)

- A. The Company focuses on its core business and refrains from engaging in high-risk or high-leverage investments. It has established guidelines outlined in the "Procedures for Acquisition and Disposal of Assets" to serve as a reference for investments decisions.
- B. To support its affiliates' operations, the Company has stipulated guidelines on the "Operational Procedures for Loaning of Company Funds" and "Operational Procedures for Making Endorsements and Guarantees." These guidelines adhere to relevant rules and regulations mandated by regulatory authorities. Additionally, the Company has designated internal units and personnel to evaluate and audit periodically.
- C. In the future, the Company will conduct all transactions following its internal guidelines.



(4) Future Research and Development Programs and Projected Expenses

For details regarding the Company's future research and development programs, please refer to Section 5.1 (3) R&D Overview on page 121. It is estimated that future R&D expenses will account for 3% of the Company's annual revenue generated from manufacturing of shoes business.

(5) Impact of Important Policy and Regulatory Changes in Taiwan and Overseas on the Financial Condition and Operations of the Company and Action Plans

The Company ensures compliance with policies and regulations in all jurisdiction where we operate. We also have administrative centers in each location to provide timely updates on local policy and regulatory changes, allowing us to take proper action as necessary.

(6) Impact of Changes in Technology and Industry on the Financial Condition and Operations of the Company and Action Plans

We have introduced an electronic operating system and established an online information network for Group management. By integrating with upstream and downstream industries, we are able to shorten the information transfer process and lead time, therefore improving operating efficiency. In response to changing industry conditions, we are also committed to developing new products, and improving manufacturing process and technology to strengthen our competitiveness. Therefore, we expect that these changes in technology and industry will positively impact the Company's financial condition and operations.

(7) Impact of Change in Corporate Image to Crises Management and Action Plans

To uphold enterprise sustainability management, our company has consistently embraced the principles of professionalism and integrity, and has remained committed to fulfilling its social responsibilities as a corporate citizen.

As a testament to our long-term commitment to corporate governance, social engagement, and environmental protection, the Company was ranked within the top 6% to 20% of listed companies by the Taiwan Stock Exchange in 2022. In 2023, the Company continued to be included as a constituent of both FTSE4Good Emerging Index and the FTSE4Good TIP Taiwan ESG Index. The Company continues to strengthen its performance in areas such as business development, corporate governance, social welfare, environmental protection, and corporate sustainability, with the aim of creating and maintaining a positive corporate image. As of now, no foreseeable changes are anticipated.

(8) Expected Benefits of Mergers and Acquisitions, Associated Risks and Action Plans

The Company had no plans for mergers or acquisitions for the past fiscal year and up to the publication date of this Annual Report.

(9) Expected Benefits of Capacity Expansion, Associated Risks and Action Plans

We conduct thorough evaluations of our factory expansion plans based on current production capacity and operational strategies. Major capital expenditures are submitted to the board of directors for review and resolution, taking into account investment efficiency and potential risks.

(10) Risks Associated with Concentration of Supply and Sales and Action Plans

We maintain a diversified base of suppliers and customers, and have established long-term partnerships with our suppliers and good relations with customers. As a result, we are not currently exposed to any supply or sales concentration risk.

(11) Impact of Transfer of Significant Number of Shares by Directors, and/or Major Shareholders Holding 10% or More of the Total Outstanding Shares, Risks Associated and Action Plans

The Company's Directors and shareholders holding more than 10% of the outstanding shares did not transfer a significant number of shares in the most recent year and up to the publication date of this Annual Report.



(12) Impact of Change in Ownership, Associated Risks and Action Plans

The management of the Company has maintained stable in the latest fiscal year and up to the publication date of this annual report, and committed to creating a robust performance and maximizing value for the shareholders, therefore having a positive impact on the operations of the Company.

(13) Disclosure of issues in dispute, monetary amount of claims, filing date, parties involved, and status of any litigation or other legal proceedings within the latest fiscal year and up to the publication date of this annual report where the Company and/or any of its directors, president, person in charge, shareholders with 10% or more share ownership, or affiliates are involved in a pending litigation, legal proceedings, or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the Company's shareholder equity or price of securities: N/A.

(14) Other Significant Risks and Action Plans: N/A.

7.7 Other Material Items: N/A

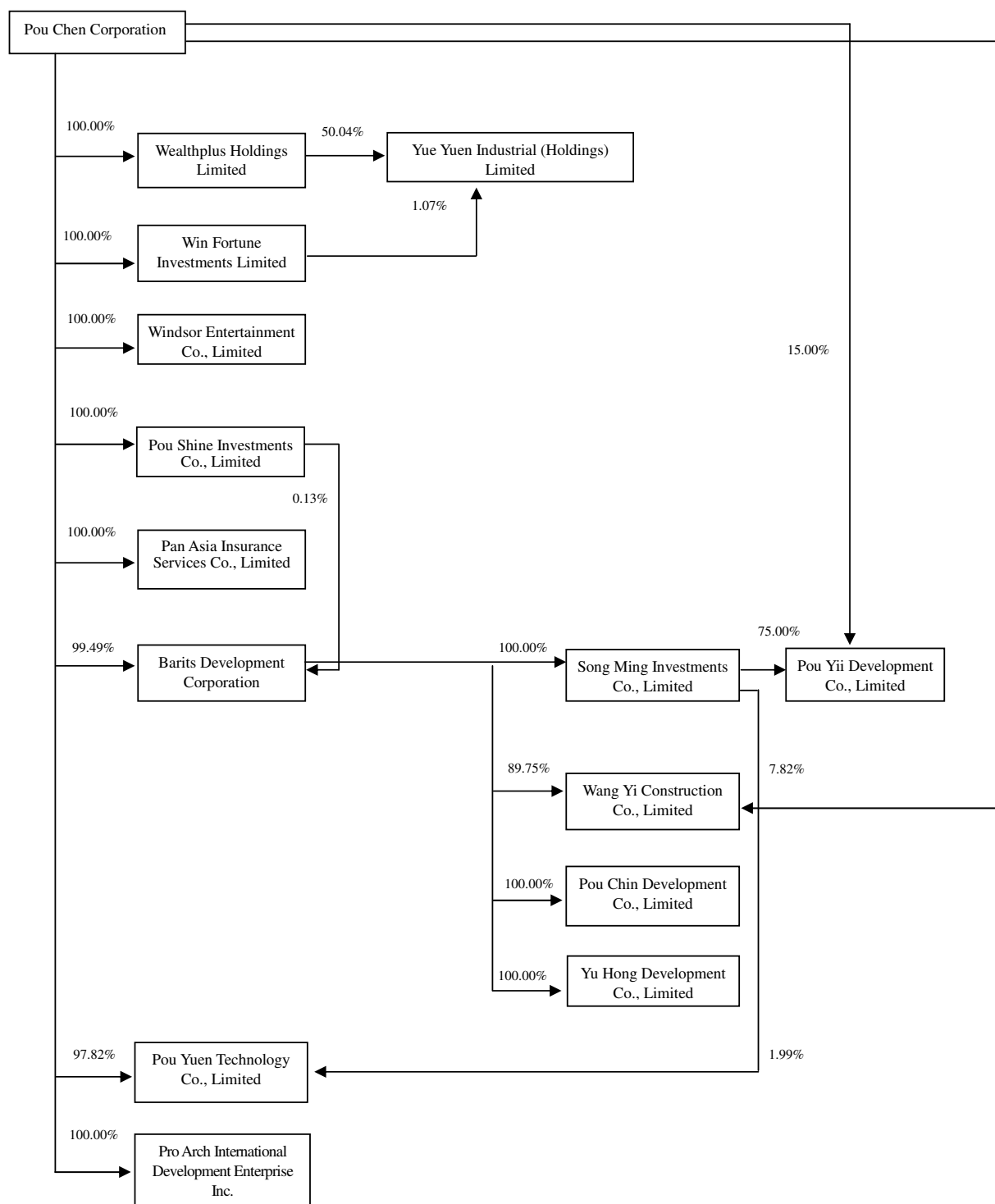


VIII. SPECIAL DISCLOSURE

8.1 Affiliated Enterprises

(1) Consolidated Results of Operations

A. Group Organizational Chart





B. Affiliates Profiles

Amount in NT thousands or US dollars

Entity Name	Establishment	Address	Paid-in Capital	Main Business and/or Products
Wealthplus Holdings Limited	August 28, 1991	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	US\$9,222,000	Investing in footwear, electronics and peripheral activities
Win Fortune Investments Limited	January 25, 1994	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	US\$100,000	Investing activities
Windsor Entertainment Co., Limited	July 15, 2003	No.610, Sec. 4, Taiwan Blvd., Taichung City, Taiwan	71,000	Entertainment and resort operations
Pou Shine Investments Co., Limited	March 19, 1990	No.2, Fugong Rd., Fu Hsin Hsian, Chang Hwa, Taiwan	1,330,945	Investing activities
Pan Asia Insurance Services Co., Limited	May 14, 1999	7F., No.59, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan	5,000	Agency of property and casualty insurance
Barits Development Corporation	November 21, 1985	No.2, Fugong Rd., Fu Hsin Hsian, Chang Hwa, Taiwan	3,243,646	Import and export of shoe related materials and investing activities
Pou Yuen Technology Co., Limited	December 22, 1993	No.4, Fugong Rd., Fu Hsin Hsian, Chang Hwa, Taiwan	311,340	Rental of real estate
Pro Arch International Development Enterprise Inc.	June 22, 1999	No.8, Gongyequ 11th Rd., Xitun Dist., Taichung City, Taiwan	200,000	Design and manufacture of footwear products
Song Ming Investments Co., Limited	September 26, 1996	No.2, Fugong Rd., Fu Hsin Hsian, Chang Hwa, Taiwan	1,204,864	Investing activities
Wang Yi Construction Co., Limited	May 23, 1984	6F-1, No.600, Sec. 4, Taiwan Blvd., Taichung City, Taiwan	47,000	Construction
Pou Yui Development Co., Limited	October 18, 1996	14F, No.600, Sec. 4, Taiwan Blvd., Taichung City, Taiwan	525,000	Rental and sale of real estate
Pou Chin Development Co., Limited	December 27, 2007	10F, No.600, Sec. 4, Taiwan Blvd., Taichung City, Taiwan	200,000	Agency of land demarcation
Yu Hong Development Co., Limited	October 18, 2012	13F, No.600, Sec. 4, Taiwan Blvd., Taichung City, Taiwan	240,000	Development of real estate
Yue Yuen Industrial (Holdings) Limited	May 11, 1992	22F, C-BONS International Center, 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong	US\$52,040,000	Manufacturing and sale of athletic and casual footwear and sporting goods



C. Disclosure of Information on Overlapping Shareholders where Control is Presumed between the Company and any Group Companies: N/A

D. Industries in which the Group Companies Operate

The business activities of the group companies primarily involve the following industries:

- (A) Main business activities: import and export of footwear products and raw materials, manufacturing and design of footwear, and investments in other related business, etc.
- (B) Investment activities
- (C) Building and construction: construction business activities, real estate leasing, sales and development, etc.
- (D) Other business activities: entertainment and resort operations, and insurance agencies, etc.

For main business and/or products of each group company, please refer to “B. Group Company Profiles”.



E. Directors, Supervisors, and Presidents of Affiliates

Entity Name	Title	Name/Representative	Share Ownership	
			Number of Shares	Percentage
Wealthplus Holdings Limited	Director	Chan, Lu-Min	-	-
	Director	Lu, Chin-Chu	-	-
	Director	Tsai, Pei-Chun	-	-
	Director	Ho, Yue-Ming	-	-
	Director	Wu, Hui-Chi	-	-
	Director	Chan, Lu-Min	-	-
	Director	Lu, Chin-Chu	-	-
	Director	Wu, Hui-Chi	-	-
Windsor Entertainment Co., Limited	Chairman	Pou Chen Corporation, represented by Lu, Chin-Chu	7,100,000	100.00
	Director	Pou Chen Corporation, represented by Liao, Yuang-Whang	7,100,000	100.00
	Director	Pou Chen Corporation, represented by Wu, Hui-Chi	7,100,000	100.00
	Supervisor	Pou Chen Corporation, represented by Wu, Hui-Chi	7,100,000	100.00
Pou Shine Investments Co., Limited	Chairman	Pou Chen Corporation, represented by Chan, Lu-Min	133,094,460	100.00
Pan Asia Insurance Services Co., Limited	Chairman	Pou Chen Corporation, represented by Young, Hung-Bin	-	100.00
	Director	Pou Chen Corporation, represented by Chen, Yuh-Jiun	-	100.00
	Director	Pou Chen Corporation, represented by Chuang, Shao-Jung	-	100.00
	Chairman	Pou Chen Corporation, represented by Wu, Hui-Chi	322,719,192	99.49
	Director	Pou Chen Corporation, represented by Wu, Hui-Chi	322,719,192	99.49
	Director	Pou Chen Corporation, represented by Hsiao, Hsiu-Chen	322,719,192	99.49



Entity Name	Title	Name/Representative	Share Ownership	
			Number of Shares	Percentage
Pou Yuen Technology Co., Limited	Supervisor	Pou Shine Investments Co., Limited, represented by Liu, Shu-Hsuan	414,662	0.13
	Chairman	Pou Chen Corporation, represented by Wu, Hui-Chi	30,456,252	97.82
	Supervisor	Song Ming Investments Co., Limited, represented by Liu, Shu-Hsuan	619,220	1.99
Pro Arch International Development Enterprise Inc.	Chairman	Pou Chen Corporation, represented by Wu, Hui-Chi	20,000,000	100.00
Song Ming Investments Co., Limited	Chairman	Barits Development Corporation, represented by Wu, Hui-Chi	120,486,400	100.00
Wang Yi Construction Co., Limited	Chairman	Barits Development Corporation, represented by Su, Po-Wei	4,218,250	89.75
	Director	Barits Development Corporation, represented by Zhang, Ming-Jia	4,218,250	89.75
	Director	Lin, Hong-Chang	-	-
Pou Yui Development Co., Limited	Supervisor	Yu, Ming-Ju	-	-
	Chairman	Song Ming Investments Co., Limited, represented by Wu, Chin-Tiao	39,375,000	75.00
	Director	Song Ming Investments Co., Limited, represented by Hsiao, Hsiu-Chen	39,375,000	75.00
	Director	Song Ming Investments Co., Limited, represented by Shih, Ching-Yi	39,375,000	75.00
	Supervisor	Pou Chen Corporation, represented by Wu, Hui-Chi	7,875,000	15.00
Pou Chin Development Co., Limited	Chairman	Barits Development Corporation, represented by Chen, Yuh-Jiun	20,000,000	100.00
Yu Hong Development Co., Limited	Chairman	Barits Development Corporation, represented by Chan, Lu-Min	24,000,000	100.00
Yue Yuen Industrial (Holdings) Limited	Executive Director and Chairman	Lu, Chin-Chu	-	-
	Executive Director and Managing Director	Tsai, Pei-Chun	-	-
	Executive Director	Chan, Lu-Min	-	-
	Executive Director	Lin, Cheng-Tien	-	-
	Executive Director		-	-



Entity Name	Title	Name/Representative	Share Ownership	
			Number of Shares	Percentage
	Executive Director	Liu, Hong-Chih	-	-
	Executive Director and CFO	Shih, Chih-Hung	-	-
	Independent Non-executive Director	Ho, Lai-Hong	-	-
	Independent Non-executive Director	Wong, Hak-Kun	-	-
	Independent Non-executive Director	Lin, Shei - Yuan	-	-
	Independent Non-executive Director	Yang Ju-Huei	-	-



F. Financial Highlights of Affiliates

(In NT\$ thousands)

Entity Name	Capital	Total Assets	Total Liabilities	Net Asset Value	Operating Revenue	Profit(Loss) From Operations	Net Income (Loss) after tax	Basic Earnings Per Share (\$)
Wealthplus Holdings Limited	\$ 295,429	\$ 90,867,642	\$ 166,490	\$ 90,701,152	\$ 224,868	\$ 169,484	\$ 5,081,097	N/A
Win Fortune Investments Limited	3,230	2,279,736	50	2,279,686	83,869	83,744	77,570	N/A
Windsor Entertainment Co., Limited	71,000	454,056	381,227	72,829	556,898	12,761	12,083	N/A
Pou Shine Investments Co., Limited	1,330,945	5,421,996	561,315	4,860,681	194,595	193,949	184,680	N/A
Pan Asia Insurance Services Co., Limited	5,000	26,043	18,345	7,698	27,385	(2,641)	(2,413)	N/A
Barits Development Corporation	3,243,646	13,995,372	2,342,522	11,652,850	121,681	(20,584)	392,924	N/A
Pou Yuen Technology Co., Limited	311,340	906,370	1,143	905,227	15,064	9,383	31,860	N/A
Pro Arch International Development Enterprise Inc.	200,000	350,664	96,778	253,886	103,086	3,357	12,825	N/A
Song Ming Investments Co., Limited	1,204,864	3,371,024	3,086	3,367,938	154,331	153,928	150,968	N/A
Wang Yi Construction Co., Limited	47,000	68,349	1,174	67,175	-	(4,992)	4,927	N/A
Pou Yui Development Co., Limited	525,000	1,810,006	192,646	1,617,360	112,074	43,515	89,241	N/A
Pou Chin Development Co., Limited	200,000	203,502	4,513	198,989	3,251	(259)	(40)	N/A
Yu Hong Development Co., Limited	240,000	665,521	539,260	126,261	-	(517)	(15,718)	N/A
Yue Yuen Industrial (Holdings) Limited	1,666,437	225,934,514	81,313,104	144,621,410	245,558,497	9,378,953	8,626,997	5.35

Note: The amount of assets and liabilities of foreign affiliates and subsidiaries are calculated at the foreign exchange rate on the date of the balance sheets; whereas profit and loss amounts are calculated at a weighted average foreign exchange rate for the period of the income statements.



(2) Declaration of Consolidated Financial Statements of Affiliates

Representation Statement

March 14, 2024

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Hereby declared

Pou Chen Corporation

Chan, Lu-Min

Chairman





(3) Consolidated Financial Statements of Group Companies

A. Consolidated Balance Sheets: see page 151.

B. Consolidated Income Statements: see page 152~153.

C. Information of Group Companies Required to be Disclosed under Article 13 of the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises

(A) List of subsidiaries

Entity Name	Relationship with the Parent	Business Activities	Percentage of Ownership
Wealthplus Holdings Limited	Wholly owned subsidiary	Investing in footwear, electronics and peripheral activities	100.00%
Win Fortune Investments Limited	Wholly owned subsidiary	Investing activities	100.00%
Windsor Entertainment Co., Limited	Wholly owned subsidiary	Entertainment and resort operations	100.00%
Pou Shine Investments Co., Limited	Wholly owned subsidiary	Investing activities	100.00%
Pan Asia Insurance Services Co., Limited	Wholly owned subsidiary	Agency of property and casualty insurance	100.00%
Pro Arch International Development Enterprise Inc.	Wholly owned subsidiary	Design and manufacture of footwear products	100.00%
Pou Yuen Technology Co., Limited	99.81% owned subsidiary	Rental of real estate	99.81%
Pearl Dove International Limited	99.81% owned subsidiary	Investment holding	99.81%
Barits Development Corporation	99.62% owned subsidiary	Import and export of shoe related materials and investing activities	99.62%
Song Ming Investments Co., Limited	99.62% owned subsidiary	Investing activities	99.62%
Pou Chin Development Co., Limited	99.62% owned subsidiary	Agency of land demarcation	99.62%
Yu Hong Development Co., Limited	99.62% owned subsidiary	Development of real estate	99.62%
Wang Yi Construction Co., Limited	97.22% owned subsidiary	Construction	97.22%
Pou Yii Development Co., Limited	89.71% owned subsidiary	Rental and sale of real estate	89.71%
Yue Yuen Industrial (Holdings) Limited	51.11% owned subsidiary	Manufacture and sale of athletic and casual footwear and sporting goods	51.11%
Pou Sheng International (Holdings) Limited	31.97% owned subsidiary	Retail of sporting goods	31.97%



- (B) Changes in the numbers of subsidiaries included in the Consolidated Financial Statements: N/A
- (C) Subsidiaries not included in the Consolidated Financial Statements: N/A
- (D) Method used and adjustments made in response to the different fiscal year-ends between the parent and its subsidiaries: N/A
- (E) Method used and adjustments made in response to the different accounting policies between the parent and its subsidiaries:
The certified public accountants in Hong Kong who audited the financial statements of our subsidiaries, Yue Yuen Industrial (Holdings) Limited and Pou Sheng International (Holdings) Limited, have taken the different accounting principles applied into consideration and have made adjustments accordingly. After inquiring and reviewing the financial information of our other subsidiaries, we have not found significant differences between the accounting policies that would require adjustments.
- (F) Risks associated with the operations of foreign subsidiaries: N/A
- (G) Legal or contractual restrictions on profit distribution of each group company:

Entities	Legal or Contractual Restrictions
Barits Development Corporation, Pou Shine Investments Co., Limited, Wang Yi Construction Co., Limited, Pou Chin Development Co., Limited, Pou Yui Development Co., Limited, Song Ming Investments Co., Limited, Yu Hong Development Co., Limited, Pou Yuen Technology Co., Limited	The Company's annual net profits should be appropriated as follows: 1. For paying taxes. 2. For offsetting deficits. 3. For legal reserve at 10% of the remaining profits, and for special reserve to be appropriated and distributed according to regulations or upon request by the FSC. 4. The total of any remaining profits after the appropriations mentioned above plus any accumulated unappropriated earnings from prior years may be partially retained and then distributed the remainder as proposed according to stock ownership proportion.
Pro Arch International Development Enterprise Inc., Windsor Entertainment Co., Limited, Pan Asia Insurance Services Co., Limited	If the company has pre-tax surplus earnings for the fiscal year after the accounts are closed, the company shall, after setting aside an amount to pay taxes due, first offset accumulated losses, then set aside 10% of such amount for its legal reserve; provided, however, the appropriation of legal reserve is not mandatory where the balance of the legal reserve is equal to the amount of its paid-in capital. The company shall also allocate or reverse a portion of the earnings as special reserve as required by the operations of the company and in accordance with applicable laws and regulations. To the extent that there is any balance of the earnings remaining, the chairman shall propose a profit distribution plan to the shareholders' meeting for the distribution of dividends.



- (H) Amortization method and period for borrowings (loans) on a consolidated basis: Please refer to Note 4 — Summary of Significant Accounting Policies in the accompanying notes to the Consolidated Financial Statements.
- (I) Separate disclosures:
- a. Transactions eliminated: Please refer to Table 9 of Note 37 in the accompanying notes to the Consolidated Financial Statements.
 - b. Financing provides to others: Please refer to Table 1 of Note 37 in the accompanying notes to the Consolidated Financial Statements.
 - c. Endorsements and guarantees provided: Please refer to Table 2 of Note 37 in the accompanying notes to the Consolidated Financial Statements.
 - d. Financial instruments: Please refer to Note 7 and Note 32 in the accompanying notes to the Consolidated Financial Statements.
 - e. Significant Commitments and unrecognized liabilities: Please refer to Note 35 in the accompanying notes to the Consolidated Financial Statements.
 - f. Significant events after reporting period: N/A.
 - g. Marketable securities and bills held: Please refer to Table 3 and Table 10 of Note 37 in the accompanying notes to the Consolidated Financial Statements.
- (J) Other : N/A

8.2 Any Private Placement of Securities for the Most Recent Fiscal Year and during the Current Fiscal Year up to the Publication date of this Annual Report: N/A.

8.3 Summary of Shareholding or Disposal of Shares of the Company by Subsidiaries for the Most Recent Fiscal Year and during the Current Fiscal Year up to the Publication date of this Annual Report: N/A.

8.4 Additional Information Required to be Disclosed: N/A

8.5 Other Disclosures

There has not been any event occurred within the latest fiscal year and up to the publication date of this annual report which would materially affect the shareholder equity or price of securities of the Company according to Item 2 Paragraph 3 of Article 36 of the Securities and Exchange Act.

POU CHEN CORPORATION

Chan, Lu-Min
Chairman