

Pou Chen Corporation

**Parent Company Only Financial Statements for the
Years Ended December 31, 2024 and 2023 and
Independent Auditors' Report**

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, 2024 and 2023, 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, 2024 and 2023, 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, 2024. 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.

The key audit matters identified in the Company's financial statements for the year ended December 31, 2024 are stated as follows:

Impairment Assessment on Goodwill - Investments Accounted for Using the Equity Method

As described in Notes 4, 5, 13 and Table 5 of Note 32 to the parent company only financial statements, any excess of investment cost over the fair value of the investee's net identifiable assets is recognized as goodwill. Management shall perform impairment test on goodwill on a regular basis in accordance with IAS 36.

Management evaluated the abovementioned assets for impairment based on their recoverable amounts. The recoverable amounts are determined according to the forecast of the trading performance and future cash flows and the discount rate. The test of impairment involves significant judgments and estimations made by management. As a result, we considered the impairment of goodwill on investments accounted for using the equity method as a key audit matter to the financial statements for the year ended December 31, 2024.

In response to this key audit matter, we evaluated the reasonableness of the significant assumptions, the basis of the valuation model, the reasonableness of the basic information, and the appropriateness of impairment.

Other Matter

Certain investments accounted for using the equity method in the Company's financial statements for the years ended December 31, 2024 and 2023 were based on the financial statements audited by other independent auditors. Our opinion, insofar as it relates to the Company's investments in certain corporations, is based solely on the reports of other auditors. As of December 31, 2024 and 2023, the carrying amounts of the investments were \$51,249,280 thousand and \$48,214,653 thousand, which constituted 26.30% and 27.32% of the Company's total assets, respectively. For the years ended December 31, 2024 and 2023, the profit of the associate that the Company recognized amounted to \$7,636,957 thousand and \$3,787,099 thousand, which constituted 43.78% and 32.83% of the income before income tax, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

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, 2024 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 Ker-Chang Wu and Wen-Yea Shyu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2025

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

PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 448,335	-	\$ 166,414	-
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	65,950	-	139,663	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	8,102,735	4	7,800,812	5
Notes receivable (Notes 4 and 10)	420	-	84	-
Accounts receivable (Notes 4 and 10)	22,019	-	10,444	-
Accounts receivable from related parties (Notes 4, 10 and 29)	1,543,814	1	1,455,178	1
Other receivables (Notes 4 and 10)	53,387	-	54,049	-
Inventories (Notes 4 and 11)	127,884	-	70,647	-
Other current assets (Notes 4 and 12)	<u>40,280</u>	-	<u>40,478</u>	-
Total current assets	<u>10,404,824</u>	<u>5</u>	<u>9,737,769</u>	<u>6</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	46,136	-	53,014	-
Financial assets at amortized cost - non-current (Notes 4 and 9)	98,355	-	-	-
Investments accounted for using the equity method (Notes 4, 5 and 13)	176,162,403	91	158,403,320	90
Property, plant and equipment (Notes 4 and 14)	4,358,807	2	4,448,522	2
Right-of-use asset (Notes 4 and 15)	120,763	-	89,238	-
Investment properties (Notes 4 and 16)	1,851,847	1	1,905,491	1
Intangible assets (Notes 4 and 17)	1,667,116	1	1,654,092	1
Deferred tax assets (Notes 4 and 25)	89,079	-	93,651	-
Other non-current assets (Notes 4 and 12)	<u>44,379</u>	-	<u>70,163</u>	-
Total non-current assets	<u>184,438,885</u>	<u>95</u>	<u>166,717,491</u>	<u>94</u>
TOTAL	<u>\$ 194,843,709</u>	<u>100</u>	<u>\$ 176,455,260</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 29)	\$ 25,413,568	13	\$ 24,628,172	14
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	206,885	-
Notes payable (Note 19)	1,204	-	1,763	-
Accounts payable (Note 19)	451,958	-	373,741	-
Accounts payable to related parties (Notes 19 and 29)	36,126	-	35,922	-
Other payables (Notes 20 and 29)	1,591,029	1	1,597,182	1
Current tax liabilities (Note 4)	1,290,355	1	866,931	1
Lease liabilities - current (Notes 4 and 15)	35,245	-	26,654	-
Current portion of long-term borrowings (Note 18)	4,013,796	2	4,013,796	2
Other current liabilities	<u>172,312</u>	-	<u>170,279</u>	-
Total current liabilities	<u>33,005,593</u>	<u>17</u>	<u>31,921,325</u>	<u>18</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	20,310,326	11	17,904,122	10
Deferred tax liabilities (Notes 4 and 25)	86,547	-	92,983	-
Lease liabilities - non-current (Notes 4 and 15)	89,312	-	66,533	-
Net defined benefit liabilities (Notes 4 and 21)	135,611	-	259,608	-
Other non-current liabilities (Note 13)	<u>21,034</u>	-	<u>21,327</u>	-
Total non-current liabilities	<u>20,642,830</u>	<u>11</u>	<u>18,344,573</u>	<u>10</u>
Total liabilities	<u>53,648,423</u>	<u>28</u>	<u>50,265,898</u>	<u>28</u>
EQUITY (Notes 4 and 22)				
Share capital				
Ordinary shares	<u>29,467,872</u>	<u>15</u>	<u>29,467,872</u>	<u>17</u>
Capital surplus	<u>4,516,630</u>	<u>2</u>	<u>4,410,292</u>	<u>3</u>
Retained earnings				
Legal reserve	20,344,110	11	19,300,806	11
Special reserve	55,117,885	28	57,646,766	33
Unappropriated earnings	<u>38,724,445</u>	<u>20</u>	<u>24,101,997</u>	<u>13</u>
Total retained earnings	<u>114,186,440</u>	<u>59</u>	<u>101,049,569</u>	<u>57</u>
Other equity	<u>(6,975,656)</u>	<u>(4)</u>	<u>(8,738,371)</u>	<u>(5)</u>
Total equity	<u>141,195,286</u>	<u>72</u>	<u>126,189,362</u>	<u>72</u>
TOTAL	<u>\$ 194,843,709</u>	<u>100</u>	<u>\$ 176,455,260</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 12, 2025)

POU CHEN CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 29)	\$ 9,547,132	100	\$ 8,238,380	100
OPERATING COSTS (Notes 11, 21, 24 and 29)	<u>4,425,314</u>	<u>46</u>	<u>3,636,369</u>	<u>44</u>
GROSS PROFIT	<u>5,121,818</u>	<u>54</u>	<u>4,602,011</u>	<u>56</u>
OPERATING EXPENSES (Notes 21 and 24)				
Selling and marketing expenses	40,025	1	33,696	-
General and administrative expenses	2,464,530	26	2,333,473	28
Research and development expenses	<u>1,640,924</u>	<u>17</u>	<u>1,683,880</u>	<u>21</u>
Total operating expenses	<u>4,145,479</u>	<u>44</u>	<u>4,051,049</u>	<u>49</u>
INCOME FROM OPERATIONS	<u>976,339</u>	<u>10</u>	<u>550,962</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 24)	22,265	-	14,770	-
Other income (Notes 24 and 29)	478,601	5	411,640	5
Other gains and losses (Note 24)	774,255	8	1,522,893	18
Finance costs (Notes 24 and 29)	(712,268)	(7)	(582,314)	(7)
Share of profit of subsidiaries and associates (Notes 4 and 13)	<u>15,905,861</u>	<u>167</u>	<u>9,618,313</u>	<u>117</u>
Total non-operating income and expenses	<u>16,468,714</u>	<u>173</u>	<u>10,985,302</u>	<u>133</u>
INCOME BEFORE INCOME TAX	17,445,053	183	11,536,264	140
INCOME TAX EXPENSE (Notes 4 and 25)	<u>1,409,462</u>	<u>15</u>	<u>912,656</u>	<u>11</u>
NET INCOME FOR THE YEAR	<u>16,035,591</u>	<u>168</u>	<u>10,623,608</u>	<u>129</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to income or loss:				
Remeasurement of defined benefit plan (Notes 21 and 25)	76,697	1	11,212	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	160,448	1	1,806,887	22
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	640,391	7	3,041,186	37

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POU CHEN CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2024</u>		<u>2023</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Items that may be reclassified subsequently to income or loss:				
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	<u>\$ 1,227,925</u>	<u>13</u>	<u>\$ 7,535,368</u>	<u>91</u>
Other comprehensive income for the year, net of income tax	<u>2,105,461</u>	<u>22</u>	<u>12,394,653</u>	<u>150</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 18,141,052</u>	<u>190</u>	<u>\$ 23,018,261</u>	<u>279</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 5.44</u>		<u>\$ 3.61</u>	
Diluted	<u>\$ 5.43</u>		<u>\$ 3.60</u>	

The accompanying notes are an integral part of the parent company only financial statements.

(With Deloitte & Touche auditors' report dated March 12, 2025)

(Concluded)

POU CHEN CORPORATION

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)**

	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized (Loss) Gain on Financial Assets at Fair Value through Other Comprehensive Income	Others	
BALANCE AT JANUARY 1, 2023	\$ 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 22)									
Legal reserve	-	-	1,314,066	-	(1,314,066)	-	-	-	-
Special reserve	-	-	-	57,646,766	(57,646,766)	-	-	-	-
Cash dividends	-	-	-	-	(3,830,823)	-	-	-	(3,830,823)
	-	-	1,314,066	57,646,766	(62,791,655)	-	-	-	(3,830,823)
Net income 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 22)	-	(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 22)	-	-	-	-	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	57,646,766	24,101,997	(741,919)	2,433,063	(10,429,515)	126,189,362
Appropriation of 2023 earnings (Note 22)									
Legal reserve	-	-	1,043,304	-	(1,043,304)	-	-	-	-
Reversal of special reserve	-	-	-	(2,528,881)	2,528,881	-	-	-	-
Cash dividends	-	-	-	-	(3,241,466)	-	-	-	(3,241,466)
	-	-	1,043,304	(2,528,881)	(1,755,889)	-	-	-	(3,241,466)
Net income for the year ended December 31, 2024	-	-	-	-	16,035,591	-	-	-	16,035,591
Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	302,371	6,009,529	(1,742,631)	(2,463,808)	2,105,461
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	16,337,962	6,009,529	(1,742,631)	(2,463,808)	18,141,052
Disposal of associates accounted for using the equity method by subsidiaries	-	-	-	-	33,666	-	(33,666)	-	-
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	-	7,594	-	-	-	-	-	-	7,594
Changes in ownership interests in subsidiaries	-	97,032	-	-	-	-	-	-	97,032
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	6,709	-	(6,709)	-	-
Unclaimed dividends by shareholders	-	1,712	-	-	-	-	-	-	1,712
BALANCE AT DECEMBER 31, 2024	\$ 29,467,872	\$ 4,516,630	\$ 20,344,110	\$ 55,117,885	\$ 38,724,445	\$ 5,267,610	\$ 650,057	\$ (12,893,323)	\$ 141,195,286

The accompanying notes are an integral part of the parent company only financial statements.

(With Deloitte & Touche auditors' report dated March 12, 2025)

POU CHEN CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 17,445,053	\$ 11,536,264
Adjustments for:		
Depreciation expense	265,629	311,534
Amortization expense	102,709	88,881
Net gain on fair value changes of financial instruments at FVTPL	(529,879)	(569,512)
Finance costs	712,268	582,314
Interest income	(22,265)	(14,770)
Dividend income	(306,244)	(245,228)
Share of profit of subsidiaries and associates	(15,905,861)	(9,618,313)
Net gain on disposal of property, plant and equipment	(343)	(198)
Gain on disposal of investment properties	-	(8,133)
Gain on disposal of investments accounted for using equity method	-	(566,439)
Unrealized loss (gain) on foreign currency exchange	393,482	(264,225)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	395,377	732,836
Notes receivable	(336)	(65)
Accounts receivable	(11,575)	(2,620)
Accounts receivable from related parties	(88,636)	256,019
Other receivables	(3,254)	(7,781)
Inventories	(57,237)	26,482
Other current assets	3,332	(2,737)
Other operating assets	16,747	(22,679)
Financial liability held for trading	1,330	4,015
Notes payable	(559)	(364)
Accounts payable	78,217	35,749
Accounts payable to related parties	204	1,063
Other payables	(42,894)	(45,135)
Other current liabilities	2,033	(21,634)
Net defined benefit liabilities	(59,150)	(122,452)
Cash generated from operations	2,388,148	2,062,872
Interest paid	(678,337)	(594,849)
Income tax paid	(971,808)	(917,712)
Net cash generated from operating activities	<u>738,003</u>	<u>550,311</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(136,151)	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	1,554	-
Purchase of financial assets at amortized cost	(97,911)	-
Acquisition of associates and joint ventures	(100,000)	(100,000)
Disposal of associates and joint ventures	-	2,059,057

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POU CHEN CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Acquisition of property, plant and equipment	\$ (79,323)	\$ (56,559)
Proceeds from disposal of property, plant and equipment	4,252	3,529
Decrease in refundable deposits	1,025	4
Payments for intangible assets	(115,733)	(205,929)
Proceeds from disposal of investment properties	-	12,867
Increase in prepayments for equipment	(545)	(8,557)
Interest received	18,596	14,799
Dividends received	<u>525,671</u>	<u>520,048</u>
Net cash generated from investing activities	<u>21,435</u>	<u>2,239,259</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	391,474	5,449,644
Proceeds from long-term borrowings	142,060,000	80,210,000
Repayments of long-term borrowings	(139,653,796)	(84,513,796)
Increase in guarantee deposits	-	2,217
Repayments of principal portion of lease liabilities	(35,441)	(31,999)
Cash dividends	(3,241,466)	(3,830,823)
Other financing activities	<u>1,712</u>	<u>1,116</u>
Net cash flows used in financing activities	<u>(477,517)</u>	<u>(2,713,641)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	281,921	75,929
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>166,414</u>	<u>90,485</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 448,335</u>	<u>\$ 166,414</u>

The accompanying notes are an integral part of the parent company only financial statements.

(With Deloitte & Touche auditors' report dated March 12, 2025)

(Concluded)

POU CHEN CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (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 12, 2025.

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) did not have a material impact on the Company’s accounting policies.
- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Company shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

1) 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.

2) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets

The amendments mainly amend the requirements for the classification of financial assets, including:

- a) if a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,
 - In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
 - In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.
- b) to clarify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- c) to clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

The Company is continuously assessing whether to apply the amendments earlier.

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)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
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 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

- 1) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of derecognition of financial liabilities

The amendments mainly stipulate that, when settling a financial liability in cash using an electronic payment system, the Company can choose to derecognize the financial liability before the settlement date if, and only if, the Company has initiated a payment instruction that resulted in:

- The Company having no practical ability to withdraw, stop or cancel the payment instruction;
- The Company having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

The Company shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application.

- 2) 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.

3) IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as "other" only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the other impacts of the above amended 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 based on the significance of the inputs to the fair value measurement in its entirety, 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 an 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 an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for 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 to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these 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 12 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 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, and
- 3) Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least 12 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 denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from 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 cases, 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 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. The 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 that constitutes a business 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 of a subsidiary that constitutes a business 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. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Company uses the equity method to account for its investments in associates.

Under the equity method, investment in an associate 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 associate. The Company also recognizes the changes in the Company's share of the 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 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 capital surplus from investments in the Company's share of equity of associates accounted for using the equity method. If the Company's ownership interest is reduced due to its 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 associate is reclassified to profit or loss on the same basis as would be required had the investee 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 the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using 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 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 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 initially measured at cost and subsequently measured 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 the 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 rental and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured 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 from classification 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 classification from 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 included 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:

- 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 asset 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 asset is measured on the same basis as an intangible asset that is 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.

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 assets may be impaired.

The 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 corresponding asset, 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, 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 issuance 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.

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 financial assets are 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 28 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 assets are 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 assets 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, trade receivables 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 asset, 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 asset that is not credit impaired on purchase or origination but has 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 cost (including accounts receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts 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 considers the situations that internal or external information shows that the debtor is unlikely to pay its creditors as indication 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 or are designated as at FVTPL. 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 28 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 and foreign exchange rate risks, including foreign exchange swap contracts and cross-currency swap contracts and interest rate swap contracts and exchange rate options 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 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 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 contracts with customers, 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 to 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 the 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 to 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 by 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 lessee's incremental borrowing rate will be used.

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 services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services 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 in which 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 it occurs. 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) represent the actual deficit (surplus) in the Company's defined benefit plans. 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 currently tax payable and deferred tax.

1) Current tax

The Company which established in the Republic of China (“ROC”) according to the Income Tax Act of the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain 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 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 and associates, 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 recognized only 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 such temporary differences 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 assets 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 liabilities are settled or the assets are 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 application 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

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Cash on hand	\$ 365	\$ 387
Checking accounts and demand deposits	89,286	166,027
Cash equivalents (investments with original maturities of less than three months or less)		
Time deposits	<u>358,684</u>	<u>-</u>
	<u>\$ 448,335</u>	<u>\$ 166,414</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Financial assets mandatorily as at FVTPL</u>		
Derivative financial assets (not under hedge accounting)		
Exchange rate swap contracts	<u>\$ 65,950</u>	<u>\$ 139,663</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
Exchange rate swap contracts	<u>\$ -</u>	<u>\$ 206,885</u>

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

December 31, 2024

Notional Amount (In Thousands)	Maturity Date	Rate
US\$ 115,700	2025.01-2025.06	US\$:NT\$ 31.9390-32.6420
RMB 1,437,760	2025.03-2025.09	RMB:NT\$ 4.3004-4.4261

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

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

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Current</u>		
Domestic investments		
Listed shares	<u>\$ 8,102,735</u>	<u>\$ 7,800,812</u>
<u>Non-current</u>		
Domestic investments		
Unlisted shares	<u>\$ 46,136</u>	<u>\$ 53,014</u>

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. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Non-current</u>		
Domestic investments		
Bonds	<u>\$ 98,355</u>	<u>\$ -</u>

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Notes receivable</u>		
At amortized cost		
Notes receivable - operating	\$ 420	\$ 52
Notes receivable - non-operating	<u>-</u>	<u>32</u>
	<u>\$ 420</u>	<u>\$ 84</u>
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Gross carrying amount	<u>\$ 1,565,833</u>	<u>\$ 1,465,622</u>
<u>Other receivables (including related parties)</u>		
Tax refund receivables	\$ 5,971	\$ 5,875
Others	<u>47,416</u>	<u>48,174</u>
	<u>\$ 53,387</u>	<u>\$ 54,049</u>

a. Notes receivable

The notes receivable balances at December 31, 2024 and 2023 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, 2024

	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 1,032,833	\$ 494,918	\$ 38,082	\$ 1,565,833
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 1,032,833</u>	<u>\$ 494,918</u>	<u>\$ 38,082</u>	<u>\$ 1,565,833</u>

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>

11. INVENTORIES

	December 31	
	2024	2023
Raw materials	\$ 85,242	\$ 41,744
Supplies	510	768
Work in progress	23,220	10,441
Finished goods	13,025	17,034
Merchandise	90	660
Inventory in transit	<u>5,797</u>	<u>-</u>
	<u>\$ 127,884</u>	<u>\$ 70,647</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2024 and 2023 was \$4,425,314 thousand and \$3,636,369 thousand, respectively.

The cost of goods sold included gain from price recovery of inventory for the years ended December 31, 2024 and 2023 was \$923 thousand and \$4,355 thousand, respectively. The gain from price recovery is the outcome of stock clearance.

12. OTHER ASSETS

	December 31	
	2024	2023
<u>Current</u>		
Prepayments	\$ 35,207	\$ 35,804
Supplies inventory	1,561	1,460
Temporary payments	713	564
Value-added tax retained	<u>2,799</u>	<u>2,650</u>
	<u>\$ 40,280</u>	<u>\$ 40,478</u>
<u>Non-current</u>		
Prepayments	\$ 33,572	\$ 50,320
Prepayments for equipment	545	8,557
Refundable deposits	568	1,593
Others	<u>9,694</u>	<u>9,693</u>
	<u>\$ 44,379</u>	<u>\$ 70,163</u>

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Investments in subsidiaries	\$ 125,471,231	\$ 110,715,773
Investments in associates	<u>50,691,172</u>	<u>47,687,547</u>
	<u>\$ 176,162,403</u>	<u>\$ 158,403,320</u>

a. Investments in subsidiaries

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Unlisted companies	<u>\$ 125,471,231</u>	<u>\$ 110,715,773</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	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
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 5 Information on investees of Note 32 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, 2024 and 2023. Therefore, the Company recognized \$15,011 thousand and \$15,304 thousand in "other non-current liabilities", respectively.

b. Investments in associates

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Material associates		
Ruen Chen Investment Holding Co., Ltd.	\$ 50,690,791	\$ 47,687,183
Associates that are not individually material	<u>381</u>	<u>364</u>
	<u>\$ 50,691,172</u>	<u>\$ 47,687,547</u>

1) Material associates

Name of Associate	Proportion of Ownership and Voting Rights	
	December 31	
	2024	2023
Ruen Chen Investment Holding Co., Ltd.	20%	20%

a) As of December 10, 2024, and October 18, 2023, the Company purchased 10,000 thousand issued ordinary shares with \$10 per share with the amount of \$100,000 thousand, respectively.

b) 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	
	2024	2023
Assets	\$ 5,609,426,594	\$ 5,373,009,122
Liabilities	(5,321,572,377)	(5,101,450,286)
Non-controlling interests	<u>(34,103,701)</u>	<u>(32,826,359)</u>
Owners of Ruen Chen	<u>\$ 253,750,516</u>	<u>\$ 238,732,477</u>
Proportion of the Company	20.00%	20.00%
Equity attributable to the Company	\$ 50,750,103	\$ 47,746,495
Other adjustments	<u>(59,312)</u>	<u>(59,312)</u>
Carrying amount	<u>\$ 50,690,791</u>	<u>\$ 47,687,183</u>
	For the Year Ended December 31	
	2024	2023
Operating revenue	<u>\$ 491,276,768</u>	<u>\$ 466,348,088</u>
Net income	\$ 45,499,395	\$ 20,977,050
Other comprehensive net (loss) income	<u>(25,986,605)</u>	<u>44,234,369</u>
Total comprehensive net income	<u>\$ 19,512,790</u>	<u>\$ 65,211,419</u>

2) Associates that are not individually material

Name of Associate	Proportion of Ownership and Voting Rights	
	December 31	
	2024	2023
Elitegroup Computer Systems Co., Ltd.	-	-
Nan Shan Life Insurance Co., Ltd.	0.0001%	0.0001%

- a) 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 24 (c) to the financial statements.
- b) 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.
- c) The summarized financial information below represents the 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.

	<u>For the Year Ended December 31</u>	
	2024	2023
The Company’s share of:		
Net income	\$ 43	\$ 89,465
Other comprehensive net income	<u>26</u>	<u>41,928</u>
Total comprehensive net income	<u>\$ 69</u>	<u>\$ 131,393</u>

- 3) The share of profit or loss and other comprehensive income for the years ended December 31, 2024 and 2023 of the investments in subsidiaries and associates accounted for using the equity method were based on the financial statements of the subsidiaries and associates, which were audited by their auditors for the same years.
- 4) For the information of the associate’s business location and business item, please refer to Table 5 Information on investees of Note 32 to the financial statements.

14. PROPERTY, PLANT AND EQUIPMENT

	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>

(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, 2024	\$ 1,628,664	\$ 5,052,467	\$ 880,343	\$ 102,083	\$ 380,650	\$ 209,257	\$ 174	\$ 8,253,638
Additions	-	7,402	44,376	2,976	13,183	8,629	2,432	78,998
Disposals	-	(12,716)	(15,587)	(6,767)	(4,375)	(210)	-	(39,655)
Transfers from prepaid equipment	-	-	7,014	1,543	-	-	-	8,557
Transfers from investment properties	25,077	-	-	-	-	-	-	25,077
Reclassification	-	350	2,116	-	-	140	(2,606)	-
Balance at December 31, 2024	<u>\$ 1,653,741</u>	<u>\$ 5,047,503</u>	<u>\$ 918,262</u>	<u>\$ 99,835</u>	<u>\$ 389,458</u>	<u>\$ 217,816</u>	<u>\$ -</u>	<u>\$ 8,326,615</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2024	\$ -	\$ 2,461,741	\$ 738,540	\$ 88,781	\$ 344,926	\$ 171,128	\$ -	\$ 3,805,116
Disposals	-	(12,716)	(15,574)	(6,331)	(4,259)	(206)	-	(39,086)
Depreciation expenses	-	106,205	53,065	5,587	22,076	14,845	-	201,778
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 2,555,230</u>	<u>\$ 776,031</u>	<u>\$ 88,037</u>	<u>\$ 362,743</u>	<u>\$ 185,767</u>	<u>\$ -</u>	<u>\$ 3,967,808</u>
Carrying amount at December 31, 2024	<u>\$ 1,653,741</u>	<u>\$ 2,492,273</u>	<u>\$ 142,231</u>	<u>\$ 11,798</u>	<u>\$ 26,715</u>	<u>\$ 32,049</u>	<u>\$ -</u>	<u>\$ 4,358,807</u>

(Concluded)

- Except for depreciation expenses recognized the Company had neither significant disposal nor impairment of properties in 2024 and 2023.
- 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.

15. LEASE ARRANGEMENTS

- Right-of-use assets

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Carrying amount</u>		
Land	\$ 63,857	\$ 73,200
Buildings	54,364	13,177
Other equipment	<u>2,542</u>	<u>2,861</u>
	<u>\$ 120,763</u>	<u>\$ 89,238</u>

	For the Year Ended December 31	
	2024	2023
Additions to right-of-use assets	<u>\$ 66,809</u>	<u>\$ 9,449</u>
Depreciation charge for right-of-use assets		
Land	\$ 14,062	\$ 13,172
Buildings	20,073	19,089
Other equipment	<u>1,149</u>	<u>838</u>
	<u>\$ 35,284</u>	<u>\$ 33,099</u>

b. Lease liabilities

	December 31	
	2024	2023
<u>Carrying amount</u>		
Current	\$ 35,245	\$ 26,654
Non-current	<u>89,312</u>	<u>66,533</u>
	<u>\$ 124,557</u>	<u>\$ 93,187</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2024	2023
Land	1.1%-2.1%	1.1%-2.1%
Buildings	1.1%-2.1%	1.1%-2.1%
Other equipment	1.34%-2.1%	1.34%

c. Other lease information

	For the Year Ended December 31	
	2024	2023
Expenses relating to short-term leases	<u>\$ 394</u>	<u>\$ 1,499</u>
Total cash outflow for leases	<u>\$ 37,317</u>	<u>\$ 34,835</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.

16. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 1,004,776	\$ 1,797,937	\$ 2,802,713
Disposals	<u>(3,080)</u>	<u>(2,591)</u>	<u>(5,671)</u>
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	<u>-</u>	<u>(937)</u>	<u>(937)</u>
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>
<u>Cost</u>			
Balance at January 1, 2024	\$ 1,001,696	\$ 1,795,346	\$ 2,797,042
Transfers to property, plant and equipment	<u>(25,077)</u>	<u>-</u>	<u>(25,077)</u>
Balance at December 31, 2024	<u>\$ 976,619</u>	<u>\$ 1,795,346</u>	<u>\$ 2,771,965</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2024	\$ -	\$ 891,551	\$ 891,551
Depreciation expenses	<u>-</u>	<u>28,567</u>	<u>28,567</u>
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 920,118</u>	<u>\$ 920,118</u>
Carrying amount at December 31, 2024	<u>\$ 976,619</u>	<u>\$ 875,228</u>	<u>\$ 1,851,847</u>

- a. Except for depreciation expenses recognized, the Company had neither significant disposal nor impairment of properties in 2024 and 2023.
- b. The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2024 and 2023 was as follows:

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Year 1	\$ 66,906	\$ 132,688
Year 2	30,089	65,020
Year 3	24,593	28,203
Year 4	23,322	22,707
Year 5	17,964	21,436
Year 6 onwards	<u>64,891</u>	<u>82,384</u>
	<u>\$ 227,765</u>	<u>\$ 352,438</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>2024</u>	<u>2023</u>
Investment property	<u>\$ 3,400,343</u>	<u>\$ 3,364,924</u>

17. INTANGIBLE ASSETS

	<u>2024</u>	<u>2023</u>
<u>Cost</u>		
Balance at January 1	\$ 1,950,336	\$ 1,744,407
Acquisitions	<u>115,733</u>	<u>205,929</u>
Balance at December 31	<u>\$ 2,066,069</u>	<u>\$ 1,950,336</u>
<u>Accumulated amortization and impairment</u>		
Balance at January 1	\$ 296,244	\$ 207,363
Amortization expenses	<u>102,709</u>	<u>88,881</u>
Balance at December 31	<u>\$ 398,953</u>	<u>\$ 296,244</u>
Carrying amount at December 31	<u>\$ 1,667,116</u>	<u>\$ 1,654,092</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

18. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Unsecured borrowings</u>		
Bank loans	\$ 15,378,011	\$ 14,575,000
Loans to related parties	<u>10,035,557</u>	<u>10,053,172</u>
	<u>\$ 25,413,568</u>	<u>\$ 24,628,172</u>

The range of effective interest rate of New Taiwan dollar and U.S. dollar on bank borrowings was 1.68%-1.95% and 1.61%-1.82% per annum as of December 31, 2024 and 2023, respectively.

The effective interest rate of the RMB dollar and U.S. dollar on related-party borrowings from the subsidiaries was 0% as of December 31, 2024 and 2023.

b. Long-term borrowings

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Unsecured borrowings</u>		
Bank loans	\$ 21,474,122	\$ 19,067,918
Long-term bills payable	2,850,000	2,850,000
Less: Current portion	<u>(4,013,796)</u>	<u>(4,013,796)</u>
	<u>\$ 20,310,326</u>	<u>\$ 17,904,122</u>

Maturity dates and ranges of annual interest rate:

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Maturity date</u>		
Long-term borrowings	2026.01.15- 2029.03.12	2025.01.15- 2026.11.29
Current portion of long-term borrowings	2025.01.15- 2025.11.14	2024.01.15- 2024.12.20
Range of interest rates	1.75%-2.18%	0.95%-1.99%

19. NOTES PAYABLE AND ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Notes payable</u>		
Operating	\$ 661	\$ 452
Non-operating	<u>543</u>	<u>1,311</u>
	<u>\$ 1,204</u>	<u>\$ 1,763</u>
Accounts payable (including related parties)	<u>\$ 488,084</u>	<u>\$ 409,663</u>

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

20. OTHER PAYABLES

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Payables for salaries	\$ 317,591	\$ 471,241
Payables for purchase of property, plant and equipment	17,087	17,412
Compensation due to directors and supervisors	142,992	94,560
Employee compensation payables	520,311	465,967
Interest payables	108,906	71,841
Payables for annual leave	135,819	125,882
Others	<u>348,323</u>	<u>350,279</u>
	<u>\$ 1,591,029</u>	<u>\$ 1,597,182</u>

21. 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.

The amounts included in the balance sheets in respect of the Company's defined benefit plan were as follows:

	December 31	
	2024	2023
Present value of defined benefit obligation	\$ 1,211,351	\$ 1,222,701
Fair value of plan assets	<u>(1,075,740)</u>	<u>(963,093)</u>
Net defined benefit liabilities	<u>\$ 135,611</u>	<u>\$ 259,608</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, 2023	\$ 1,303,077	\$ (934,369)	\$ 368,708
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>
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>
Balance at January 1, 2024	\$ 1,222,701	\$ (963,093)	\$ 259,608
Current service cost	4,480	-	4,480
Net interest expense (income)	15,284	(12,137)	3,147
Others	<u>(98)</u>	<u>-</u>	<u>(98)</u>
Recognized in profit or loss	<u>19,666</u>	<u>(12,137)</u>	<u>7,529</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(88,880)	(88,880)
Actuarial gain arising from changes in financial assumptions	(721)	-	(721)
Actuarial loss arising from experience adjustments	<u>24,754</u>	<u>-</u>	<u>24,754</u>
Recognized in other comprehensive loss (income)	<u>24,033</u>	<u>(88,880)</u>	<u>(64,847)</u>
Contributions from the employer	-	(66,751)	(66,751)
Benefits paid	(55,121)	55,121	-
Others	<u>72</u>	<u>-</u>	<u>72</u>
Balance at December 31, 2024	<u>\$ 1,211,351</u>	<u>\$ (1,075,740)</u>	<u>\$ 135,611</u>

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	
	2024	2023
Operating costs	\$ 40	\$ 50
Selling and marketing expenses	6	8
General and administrative expenses	4,196	5,677
Research and development expenses	<u>3,287</u>	<u>4,635</u>
	<u>\$ 7,529</u>	<u>\$ 10,370</u>

Through the defined benefit plan under the Labor Standards Act, the Company is exposed to the following risks:

- a. 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.
- b. 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.
- c. 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	
	2024	2023
Discount rate	1.50%	1.25%
Expected rate of salary increase	2.50%	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	
	2024	2023
Discount rate		
0.25% increase	<u>\$ (28,510)</u>	<u>\$ (29,912)</u>
0.25% decrease	<u>\$ 29,508</u>	<u>\$ 31,007</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 28,700</u>	<u>\$ 30,158</u>
0.25% decrease	<u>\$ (27,873)</u>	<u>\$ (29,246)</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	
	2024	2023
The expected contributions to the plan for the next year	<u>\$ 15,972</u>	<u>\$ 15,744</u>
The average duration of the defined benefit obligation	9.6 years	10 years

22. EQUITY

a. Share capital

	December 31	
	2024	2023
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	
	2024	2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)</u>		
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	117,231	109,637
<u>May only be used to offset a deficit</u>		
Recognized from the changes in ownership to subsidiaries (Note 2)	124,266	27,234
Recognized from the share of changes in net assets of associates	121,958	121,958
Others	<u>32,472</u>	<u>30,760</u>
	<u>\$ 4,516,630</u>	<u>\$ 4,410,292</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 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, please refer to Note 24 (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 2023 and 2022 were as follows:

	Appropriation of Earnings	
	For Year 2023	For Year 2022
Legal reserve	<u>\$ 1,043,304</u>	<u>\$ 1,314,066</u>
Special reserve	<u>\$ (2,528,881)</u>	<u>\$ 57,646,766</u>
Cash dividends	<u>\$ 3,241,466</u>	<u>\$ 3,830,823</u>
Dividends per share (NT\$)	<u>\$ 1.10</u>	<u>\$ 1.30</u>

The above 2023 and 2022 appropriations for cash dividends were resolved by the Company's board of directors on April 15, 2024 and April 26, 2023, respectively; the other proposed appropriations were resolved by the shareholders at their meeting on May 31, 2024 and June 15, 2023.

d. Special reserve

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ 57,646,766	\$ -
(Reversals) appropriations in respect of		
Change in the fair value of the financial assets reclassified	10,056,342	36,323,172
Debits to other equity items	<u>(12,585,223)</u>	<u>21,323,594</u>
Balance at December 31	<u>\$ 55,117,885</u>	<u>\$ 57,646,766</u>

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 with 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. Therefore, the Company appropriated a special reserve of \$10,056,342 thousand and \$36,323,172 thousand, respectively, in accordance with the above provision. The Company reversed and appropriated a special reserve of \$12,585,223 thousand and \$21,323,594 thousand, respectively, due to debits to other equity items. A total special reserve of \$2,528,881 thousand and \$57,646,766 thousand, respectively, were resolved by the shareholders in their meeting on May 31, 2024 and June 15, 2023.

e. Other equity item

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ (741,919)	\$ (273,894)
Share of exchange differences of subsidiaries and associates accounted for using the equity method	<u>6,009,529</u>	<u>(468,025)</u>
Balance at December 31	<u>\$ 5,267,610</u>	<u>\$ (741,919)</u>

2) Unrealized gain or loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ 2,433,063	\$ (3,520,843)
Unrealized gain from equity instruments	160,448	1,806,887
Cumulative unrealized loss on equity instruments transferred to retained earnings due to disposal	(6,709)	(3,712)
Disposal of associates accounted for using the equity method	(33,666)	170
Share of (loss) gain from associates and joint ventures accounted for using the equity method	<u>(1,903,079)</u>	<u>4,150,561</u>
Balance at December 31	<u>\$ 650,057</u>	<u>\$ 2,433,063</u>

3) Others

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ (10,429,515)	\$ (17,528,857)
Share of (loss) gain from associates and joint ventures accounted for using the equity method	<u>(2,463,808)</u>	<u>7,099,342</u>
Balance at December 31	<u>\$ (12,893,323)</u>	<u>\$ (10,429,515)</u>

23. REVENUE

	For the Year Ended December 31	
	2024	2023
Revenue from the sale of goods	\$ 5,219,921	\$ 4,318,892
Revenue from the rendering of services	<u>4,327,211</u>	<u>3,919,488</u>
	<u>\$ 9,547,132</u>	<u>\$ 8,238,380</u>

24. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consisted of the following:

a. Interest income

	For the Year Ended December 31	
	2024	2023
Interest income		
Cash in bank	\$ 18,555	\$ 14,769
Repurchase agreements collateralized by bonds	86	-
Financial assets at amortized cost	3,624	-
Others	<u>-</u>	<u>1</u>
	<u>\$ 22,265</u>	<u>\$ 14,770</u>

b. Other income

	For the Year Ended December 31	
	2024	2023
Rental income (Note 29)		
Rental income from operating lease		
Investment properties	\$ 134,383	\$ 124,030
Others	<u>13,410</u>	<u>12,602</u>
	147,793	136,632
Dividends income	306,244	245,228
Others	<u>24,564</u>	<u>29,780</u>
	<u>\$ 478,601</u>	<u>\$ 411,640</u>

c. Other gains and losses

	For the Year Ended December 31	
	2024	2023
Net gain on disposal of investment properties	\$ -	\$ 8,133
Net gain on disposal of property, plant and equipment	343	198
Net gain on disposal of investment recognized under equity method	-	566,439
Net foreign exchange gain	284,384	423,153
Net gain on financial assets at FVTPL	321,664	748,132
Net gain (loss) on financial liabilities at FVTPL	208,215	(178,620)
Others	<u>(40,351)</u>	<u>(44,542)</u>
	<u>\$ 774,255</u>	<u>\$ 1,522,893</u>

d. Finance costs

	For the Year Ended December 31	
	2024	2023
Interest on bank borrowings	\$ 653,792	\$ 553,759
Interest on short-term bills payable	56,897	27,162
Lease liabilities (Note 29)	1,483	1,337
Other interest expense	<u>96</u>	<u>56</u>
	<u>\$ 712,268</u>	<u>\$ 582,314</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023
Property, plant and equipment	\$ 201,778	\$ 242,493
Investment properties	28,567	35,942
Right-of-use assets	35,284	33,099
Intangible assets	<u>102,709</u>	<u>88,881</u>
	<u>\$ 368,338</u>	<u>\$ 400,415</u>

(Continued)

	For the Year Ended December 31	
	2024	2023
An analysis of depreciation by function		
Operating costs	\$ 7,056	\$ 5,355
Operating expenses	230,006	270,237
Non-operating expenses	<u>28,567</u>	<u>35,942</u>
	<u>\$ 265,629</u>	<u>\$ 311,534</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 102,709</u>	<u>\$ 88,881</u>
		(Concluded)

f. Direct operating expenses from investment properties

	For the Year Ended December 31	
	2024	2023
Generate rental income	\$ 41,989	\$ 49,317

g. Employee benefits expense

	2024			2023		
	Operating Cost	Operating Expenses	Total	Operating Cost	Operating Expenses	Total
Salary						
Termination benefits	\$ -	\$ 9,793	\$ 9,793	\$ 217	\$ 17,105	\$ 17,322
Remuneration of directors and supervisors	-	148,332	148,332	-	99,900	99,900
Others	<u>16,947</u>	<u>2,489,158</u>	<u>2,506,105</u>	<u>15,592</u>	<u>2,426,883</u>	<u>2,442,475</u>
	<u>16,947</u>	<u>2,647,283</u>	<u>2,664,230</u>	<u>15,809</u>	<u>2,543,888</u>	<u>2,559,697</u>
Labor and health insurance	<u>1,855</u>	<u>230,418</u>	<u>232,273</u>	<u>1,789</u>	<u>231,402</u>	<u>233,191</u>
Post-employment benefit						
Defined contribution plans	923	113,541	114,464	833	111,510	112,343
Defined benefit plans	<u>40</u>	<u>7,489</u>	<u>7,529</u>	<u>50</u>	<u>10,320</u>	<u>10,370</u>
	<u>963</u>	<u>121,030</u>	<u>121,993</u>	<u>883</u>	<u>121,830</u>	<u>122,713</u>
Other employee benefits	<u>686</u>	<u>48,031</u>	<u>48,717</u>	<u>556</u>	<u>55,941</u>	<u>56,497</u>
Total employee benefits expense	<u>\$ 20,451</u>	<u>\$ 3,046,762</u>	<u>\$ 3,067,213</u>	<u>\$ 19,037</u>	<u>\$ 2,953,061</u>	<u>\$ 2,972,098</u>

As of December 31, 2024 and 2023, there were 2,828 and 2,972 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, 2024 and 2023, the average employee benefits and average salaries and wages were \$1,034 thousand, \$968 thousand, \$892 thousand and \$829 thousand, respectively. The average salaries and wages increase 7.6%.

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 income 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 compensation of employees and remuneration of directors and supervisors for the years ended December 31, 2024 and 2023 which were approved by the Company's board of directors on March 12, 2025 and March 14, 2024, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2024	2023
Compensation of employees	1.6%	1.6%
Remuneration of directors	0.8%	0.8%

Amount

	For the Year Ended December 31			
	2024		2023	
	Cash	Shares	Cash	Shares
Compensation of employees	\$ 285,984	\$ -	\$ 189,119	\$ -
Remuneration of directors	142,992	-	94,560	-

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, 2023 and 2022.

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.

25. 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	
	2024	2023
Current tax		
In respect of the current period	\$ 1,003,396	\$ 868,398
Income tax expense of unappropriated earnings	430,287	-
Adjustments for prior year's income tax	<u>(34,206)</u>	<u>382</u>
	1,399,477	868,780
Deferred tax		
In respect of the current period	<u>9,985</u>	<u>43,876</u>
Income tax expense recognized in profit or loss	<u>\$ 1,409,462</u>	<u>\$ 912,656</u>

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

	For the Year Ended December 31	
	2024	2023
Income before income tax	<u>\$ 17,445,053</u>	<u>\$ 11,536,264</u>
Income tax expense calculated at the statutory rate	\$ 3,489,011	\$ 2,307,253
Tax effect of adjusting items		
Tax-exempt income	(61,249)	(163,494)
Investment income recognized under equity method	(1,665,944)	(1,231,883)
Others	(748,437)	398
Income tax on unappropriated earnings	430,287	-
Adjustments for prior years' income tax	<u>(34,206)</u>	<u>382</u>
Income tax expense recognized in profit or loss	<u>\$ 1,409,462</u>	<u>\$ 912,656</u>

As the status of 2025 appropriations of earnings is uncertain, the potential income tax consequences of 2024 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2024	2023
<u>Deferred tax</u>		
In respect of the current year	<u>\$ (11,850)</u>	<u>\$ (24,564)</u>
Total income tax recognized in other comprehensive income	<u>\$ (11,850)</u>	<u>\$ (24,564)</u>

c. Deferred tax assets and liabilities

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Deferred tax assets</u>		
Temporary differences		
Payables for annual leave	\$ 27,163	\$ 25,177
Defined benefit obligations	33,537	32,580
Others	<u>28,379</u>	<u>35,894</u>
	<u>\$ 89,079</u>	<u>\$ 93,651</u>
<u>Deferred tax liabilities</u>		
Temporary differences		
Land value increment tax	\$ 86,547	\$ 86,547
Others	<u>-</u>	<u>6,436</u>
	<u>\$ 86,547</u>	<u>\$ 92,983</u>

d. Income tax assessments

All the Company's income tax returns as of 2021 have been assessed and approved by the tax authorities.

26. EARNINGS PER SHARE

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

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Net profit (in thousand dollars)</u>		
Earnings used in the computation of earnings per share	<u>\$ 16,035,591</u>	<u>\$ 10,623,608</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:		
Compensation of employees	<u>8,922</u>	<u>7,521</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>2,955,709</u>	<u>2,954,308</u>
<u>Earnings per share (in dollars)</u>		
Basic earnings per share	<u>\$5.44</u>	<u>\$3.61</u>
Diluted earnings per share	<u>\$5.43</u>	<u>\$3.60</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.

27. 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.

28. FINANCIAL INSTRUMENTS

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

Except those listed in the table below, the Company’s management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

December 31, 2024

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Bonds	\$ 98,355	\$ -	\$ 98,375	\$ -	\$ 98,375

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

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

1) The fair value hierarchy is as follows:

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 65,950	\$ -	\$ 65,950

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 8,102,735	\$ -	\$ -	\$ 8,102,735
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>46,136</u>	<u>46,136</u>
	<u>\$ 8,102,735</u>	<u>\$ -</u>	<u>\$ 46,136</u>	<u>\$ 8,148,871</u>
				(Concluded)

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	<u>\$ -</u>	<u>\$ 139,663</u>	<u>\$ -</u>	<u>\$ 139,663</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 7,800,812	\$ -	\$ -	\$ 7,800,812
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>53,014</u>	<u>53,014</u>
	<u>\$ 7,800,812</u>	<u>\$ -</u>	<u>\$ 53,014</u>	<u>\$ 7,853,826</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 206,885</u>	<u>\$ -</u>	<u>\$ 206,885</u>

- 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

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily at FVTPL	\$ 65,950	\$ 139,663
Financial assets at amortized cost (Note 1)	2,166,898	1,687,762
Financial assets at FVTOCI	8,148,871	7,853,826
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	-	206,885
Financial liabilities at amortized cost (Note 2)	51,824,030	48,560,721

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 31 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	
	2024	2023
USD	\$ 115,863	\$ 88,597
RMB	312,118	300,726

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	
	2024	2023
Cash flow interest rate risk		
Financial liabilities	\$ 39,702,134	\$ 30,792,918

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 \$397,021 thousand and \$307,929 thousand during the years ended December 31, 2024 and 2023, 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, 2024 and 2023 would have decreased by \$81,027 thousand and \$78,008 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, 2024

	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	\$ 867,963	\$ 397,881	\$ 820,497	\$ -	\$ -
Lease liabilities	2,777	7,412	26,808	82,844	8,564
Floating interest rate liabilities	6,401,461	7,980,000	5,010,347	20,310,326	-
Fixed interest rate liabilities	<u>2,383,469</u>	<u>-</u>	<u>7,652,087</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,655,670</u>	<u>\$ 8,385,293</u>	<u>\$ 13,509,739</u>	<u>\$ 20,393,170</u>	<u>\$ 8,564</u>

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	<u>-</u>	<u>4,999,045</u>	<u>9,411,464</u>	<u>1,400,000</u>	<u>-</u>
	<u>\$ 3,476,184</u>	<u>\$ 13,732,301</u>	<u>\$ 13,475,755</u>	<u>\$ 17,953,079</u>	<u>\$ 19,734</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>151,440</u>	\$ <u>55,445</u>	\$ _____	\$ _____

29. 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
Pou Yuen Technology 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
Ever Brave Developments Limited Taiwan Branch (British Virgin Islands)	Associate
Innovative Track Limited Taiwan Branch (British Virgin Islands)	Associate
Sonic Zone Limited Taiwan Branch (British Virgin Islands)	Associate
Radiant Lion Limited Taiwan Branch (British Virgin Islands)	Associate
Radiant Ally Holdings Limited, Taiwan Branch (British Virgin Islands)	Associate
Glory Advantage Holdings Limited Taiwan Branch (B.V.I.)	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

Account Item	Related Parties Category	For the Year Ended December 31	
		2024	2023
Sales and service revenue	Yue Yuen Industrial (Holdings) Limited	\$ 9,389,402	\$ 8,076,848
	Subsidiaries	8,449	9,879
	Associates	<u>21,514</u>	<u>13,525</u>
		<u>\$ 9,419,365</u>	<u>\$ 8,100,252</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	
		2024	2023
Purchases	Yue Yuen Industrial (Holdings) Limited	\$ 40,007	\$ 9,685
	Subsidiaries	18	-
	Associates	<u>232,538</u>	<u>260,246</u>
		<u>\$ 272,563</u>	<u>\$ 269,931</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/Name	December 31	
		2024	2023
Accounts receivable	Yue Yuen Industrial (Holdings) Limited	\$ 1,540,631	\$ 1,451,690
	Subsidiaries	1,731	1,719
	Associates	<u>1,452</u>	<u>1,769</u>
		<u>\$ 1,543,814</u>	<u>\$ 1,455,178</u>

e. Payables to related parties

Account Item	Related Party Category/Name	December 31	
		2024	2023
Accounts payable	Yue Yuen Industrial (Holdings) Limited Associates	\$ 15,505	\$ 2,357
		<u>20,621</u>	<u>33,565</u>
		<u>\$ 36,126</u>	<u>\$ 35,922</u>

f. Lease arrangements - the Company is lessee

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
<u>Acquisitions of right-of-use assets</u>		
Pro Arch International Development Enterprise Inc.	\$ 48,499	\$ -
Pou Yuen Technology Co., Ltd.	6,465	-
Barits Development Corporation	2,510	-
Others	<u>6,296</u>	<u>116</u>
	<u>\$ 63,770</u>	<u>\$ 116</u>

Line Item	Related Party Category/Name	December 31	
		2024	2023
Lease liabilities	Barits Development Corporation	\$ 59,859	\$ 68,165
	Pro Arch International Development Enterprise Inc.	44,573	12,051
	Pou Yuen Technology Co., Ltd.	4,726	135
	Others	<u>5,797</u>	<u>1,448</u>
		<u>\$ 114,955</u>	<u>\$ 81,799</u>

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
<u>Interest expense</u>		
Barits Development Corporation	\$ 804	\$ 868
Pro Arch International Development Enterprise Inc.	311	238
Pou Yuen Technology Co., Ltd.	123	10
Others	<u>52</u>	<u>46</u>
	<u>\$ 1,290</u>	<u>\$ 1,162</u>

Lease expense

Pou Yuen Technology Co., Ltd.	<u>\$ 251</u>	<u>\$ 730</u>
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- g. Lease arrangements - the Company is lessor

The balance of operating lease receivables was as follows:

Related Party Category/Name	December 31	
	2024	2023
Windsor Entertainment Co., Ltd.	\$ 9,313	\$ 9,312
Yue Yuen Industrial (Holdings) Limited	1,378	167
Subsidiaries	<u>21</u>	<u>21</u>
	<u>\$ 10,712</u>	<u>\$ 9,500</u>

Future lease payments receivable are as follows:

Related Party Category/Name	December 31	
	2024	2023
Windsor Entertainment Co., Ltd.	\$ 34,996	\$ 139,986

Lease income was as follows:

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
Windsor Entertainment Co., Ltd.	\$ 106,136	\$ 105,829
Yue Yuen Industrial (Holdings) Limited	8,351	7,698
Subsidiaries	699	702
Others	<u>23</u>	<u>29</u>
	<u>\$ 115,209</u>	<u>\$ 114,258</u>

- h. Loans from related parties

Account Item	Related Party Category/Name	December 31	
		2024	2023
Short-term borrowings	Wealthplus Holdings Limited	<u>\$ 10,035,557</u>	<u>\$ 10,053,172</u>

- i. Endorsements/guarantees provided

Refer to Table 1 “Endorsements/guarantees provided” of Note 32 to the financial statements.

- j. Compensation of key management personnel

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	<u>\$ 211,771</u>	<u>\$ 154,336</u>

The remuneration of directors and key management personnel was determined by the remuneration committee based on the performance of individuals and market trends.

30. 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.

31. 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, 2024

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 46,014	32.785	\$ 1,508,579
RMB	1	4.478	4
Non-monetary items			
USD	5,019	32.785	164,305
<u>Financial liabilities</u>			
Monetary items			
USD	116,697	32.785	3,825,917
RMB	1,394,000	4.478	6,242,332

December 31, 2023

	Foreign Currencies	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

32. 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 (None)
- 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 3)
- 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital (Table 4)
- 9) Trading in derivative instruments (Notes 7 and 28)
- 10) Information on investees (Table 5)

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 6).
- 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 7).

POU CHEN CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorsement/ Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 4)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 4)	Note
		Name	Relationship (Note 2)											
0	Pou Chen Corporation	Wealthplus Holdings Limited	b	\$ 141,195,286	\$ 30,864,900	\$ 29,506,500	\$ -	\$ -	21	\$ 282,390,572	Y	N	N	
		Pro Arch International Development Enterprise Inc.	b	141,195,286	85,201	64,241	64,241	-	-	282,390,572	Y	N	N	
		Barits Development Corporation	b	141,195,286	8,670,100	8,267,100	2,712,000	-	6	282,390,572	Y	N	N	
		Windsor Entertainment Co., Ltd.	b	141,195,286	80,000	80,000	30,000	-	-	282,390,572	Y	N	N	
		Yue Hong Realty Development Co., Ltd.	b	141,195,286	1,100,000	-	-	-	-	282,390,572	Y	N	N	
		Pou Shine Investments Co., Ltd.	b	141,195,286	1,750,000	1,750,000	606,500	-	1	282,390,572	Y	N	N	
		Pou Yuen Technology Co., Ltd.	b	141,195,286	100,000	100,000	-	-	-	282,390,572	Y	N	N	
		Pou Yii Development Co., Ltd.	b	141,195,286	400,000	400,000	137,720	-	-	282,390,572	Y	N	N	

Note 1: The Company is coded as follows:

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

Note 2: Relationships for guarantee provider and guarantee 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 90% 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".

POU CHEN CORPORATION

**MARKETABLE SECURITIES HELD
DECEMBER 31, 2024**

(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, 2024				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Pou Chen Corporation	<u>Ordinary shares</u>							
	Mega Financial Holding Company Ltd.	None	Financial assets at FVTOCI - current	208,288,378	\$ 8,060,760	1.40	\$ 8,060,760	
	Taiwan Paiho Limited	None	Financial assets at FVTOCI - current	615,473	41,975	0.21	41,975	
	Zhiyuan Venture Capital Co., Ltd.	None	Financial assets at FVTOCI - non-current	4,478,572	45,348	10.71	45,348	
	New Loulan Corporation., Ltd.	None	Financial assets at FVTOCI - non-current	100,000	788	4.00	788	
	<u>Bonds</u>							
	The 10-years U.S. dollars subordinated corporate bonds issued by Cathay Life Insurance Co., Ltd.	None	Financial assets at amortized cost - non-current	-	98,355 (US\$ 3,000,000)	-	98,375 (US\$ 3,000,600)	

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, 2024

(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	The subsidiary The associate	Sale	\$ (9,389,402)	(98)	D/A 45 days	-	-	\$ 1,540,631	98	
			Purchase	149,148	3	D/A 45 days	-	-	(8,842)	(2)	

POU CHEN CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2024

(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	\$ 1,540,631	6	\$ -	-	\$ 1,492,742	\$ -

POU CHEN CORPORATION

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2024
(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, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2024	December 31, 2023	Shares	%	Carrying Amount			
Pou Chen Corporation	Wealthplus Holdings Limited	British Virgin Islands	Investing in footwear, electronic and peripheral products	\$ 295,429 (US\$ 9,222,000)	\$ 295,429 (US\$ 9,222,000)	9,222,000	100.00	\$ 104,303,696 (US\$ 3,181,445,668)	\$ 7,414,980 (US\$ 230,857,883)	\$ 7,427,098 (US\$ 231,235,336)	
	Win Fortune Investments Limited	British Virgin Islands	Investing activities	3,230 (US\$ 100,000)	3,230 (US\$ 100,000)	100,000	100.00	2,609,539 (US\$ 79,595,508)	148,785 (US\$ 4,632,145)	149,045 (US\$ 4,640,242)	
	Windsor Entertainment Co., Ltd.	ROC	Entertainment and resort operations	71,000	71,000	7,100,000	100.00	89,439	4,385	(23,967)	
	Pou Shine Investment Co., Ltd.	ROC	Investing activities	1,124,667	1,124,667	133,094,460	100.00	5,024,291	227,270	227,270	
	Pan Asia Insurance Services Co., Ltd.	ROC	Agency of property and casualty insurance	5,000	5,000	-	100.00	7,053	(873)	(873)	
	Pro Arch International Development Enterprise Inc.	ROC	Design and manufacture of footwear products	2,643,184	2,643,184	20,000,000	100.00	262,475	21,012	20,987	
	Barits Development Corporation	ROC	Import and export of shoe-related materials and investing activities	2,117,293	2,117,292	357,895,636	99.49	12,162,592	337,328	335,928	
	Pou Yuen Technology Co., Ltd.	ROC	Rental of real estate	966,450	966,450	30,456,252	97.82	764,390	216,672	200,028	
	Pou Yii Development Co., Ltd.	ROC	Rental and sale of real estate	40,320	40,320	7,875,000	15.00	247,756	81,393	12,209	
	Wang Yi Construction Co., Ltd.	ROC	Construction	5,356	5,356	367,305	7.82	-	(2,132)	293	
	Ruen Chen Investment Holding Co., Ltd.	ROC	Investment holding	15,652,000	15,552,000	6,595,300,000	20.00	50,690,791	37,788,999	7,557,800	
	Nan Shan Life Insurance Co., Ltd.	ROC	Personal insurance	370	370	10,634	-	381	42,730,325	43	

POU CHEN CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024	Note
					Outward	Inward							
Great Team Backend Foundry, Inc.	Processing and manufacturing of transistors	\$ 2,642,140 (US\$ 88,116,600)	b	\$ -	\$ -	\$ -	\$ -	\$ -	2.12	\$ -	\$ 45,739 (RMB 10,214,223)	\$ -	(Note 3)
Yue-Shen (Taicang) Footwear Co., Ltd.	Finished shoes, semi-finished products, components and production and marketing of moulds	554,646 (US\$ 17,100,000)	b	-	-	-	(RMB (27,398) (6,183,806))	(RMB (8,764) (1,978,109))	32.13	(RMB (8,764) (1,978,109))	(RMB 249,251 55,661,251)	-	
Dongguan Yuming Electronic Technology Co., Ltd.	Production and marketing of over 17 inches color-image monitor, motherboards and other products	475,745 (US\$ 14,500,000)	b	-	-	-	(RMB 10,406 2,336,551)	(RMB 10,406 2,336,551)	100.00	(RMB 10,406 2,336,551)	(RMB 347,409 77,581,177)	-	
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 103,937 23,692,195)	(RMB 33,223 7,573,070)	32.13	(RMB 33,223 7,573,070)	(RMB 1,212,995 270,878,672)	-	
Dongguan Baoqiao Electronic Technology Co., Ltd.	Production and marketing of other optical appliances and instruments	147,645 (US\$ 4,500,000)	b	-	-	-	(RMB 67,041 15,052,515)	(RMB 67,041 15,052,515)	100.00	(RMB 67,041 15,052,515)	(RMB 324,522 72,470,234)	-	
Poushun Paper Products Manufacturing Co., Ltd.	Production and sale of shoe inner boxes, cartons	68,901 (US\$ 2,100,000)	b	-	-	-	(RMB 12,310 2,765,505)	(RMB 1,258 282,693)	10.27	(RMB 1,258 282,693)	(RMB 9,505 2,122,523)	-	
Pouhong Footwear Industrial Ltd.	Production and operation of casual shoes, sports shoes	49,215 (US\$ 1,500,000)	b	-	-	-	(RMB 1,787 396,466)	(RMB 914 202,828)	51.36	(RMB 914 202,828)	(RMB 22,744 5,078,970)	-	
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 427,595 96,101,302)	(RMB 218,606 49,131,368)	51.36	(RMB 218,606 49,131,368)	(RMB 957,585 213,842,197)	-	
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 (72,790) (16,341,186))	(RMB (37,215) (8,354,594))	51.36	(RMB (37,215) (8,354,594))	(RMB 350,424 78,254,679)	-	
Dong Guan Yu Yuen Mold Co., Ltd.	Production and sale of molds for non-metallic products	3,281 (US\$ 100,000)	b	-	-	-	(RMB 614 138,872)	(RMB 314 70,981)	51.36	(RMB 314 70,981)	(RMB 3,339 745,575)	-	
Zhong Shan Glory Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	951,490 (US\$ 29,000,000)	b	-	-	-	(RMB (241,612) (53,792,434))	(RMB (55,641) (12,387,998))	23.11	(RMB (55,641) (12,387,998))	(RMB 220,751 49,296,832)	-	
Zhong Shan Lu Mei Da Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	-	b	-	-	-	(RMB 105 23,808)	(RMB 24 5,476)	23.00	(RMB 24 5,476)	-	-	Cancellation
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	-	-	-	(RMB 112,747 24,930,326)	(RMB 22,978 5,080,962)	20.44	(RMB 22,978 5,080,962)	(RMB 634,569 141,708,196)	-	
ShangGao Yisen Ka Yuen Industry Co., Ltd.	Production and sale of footwear products	77,432 (US\$ 2,360,000)	b	-	-	-	(RMB 73,005 16,383,066)	(RMB 18,665 4,188,706)	25.68	(RMB 18,665 4,188,706)	(RMB 48,025 10,724,592)	-	

(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, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024	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	\$ -	\$ -	\$ -	\$ -	\$ (1,787) (RMB (401,247))	32.13	\$ (557) (RMB (125,032)) b,1)	\$ 568,867 (RMB 127,036,045)	\$ -	
Qingdao Pou-Sheng International Sport Products Co., Ltd.	Sales of sports and casual shoes and accessories	94,800 (RMB 20,000,000)	b	-	-	-	-	201,117 (RMB 45,797,811)	23.13	46,289 (RMB 10,540,958) b,1)	347,531 (RMB 77,608,535)	-	
Guizhou Pou-Sheng Sport Products Co., Ltd.	Sales of sports and casual shoes and accessories	322,886 (US\$ 10,000,000)	b	-	-	-	-	24,537 (RMB 5,511,071)	32.13	7,842 (RMB 1,761,280) b,1)	146,500 (RMB 32,715,555)	-	
Nanning Pou-Kung Sport Products Co., Ltd.	Retail business of sports goods and accessories	42,653 (US\$ 1,300,000)	b	-	-	-	-	30,062 (RMB 6,755,220)	32.13	9,615 (RMB 2,160,526) b,1)	(22,477) (RMB (5,019,493))	-	
Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	Retail business of sports goods and accessories	1,567,250 (US\$ 50,000,000)	b	-	-	-	-	24,908 (RMB 5,637,007)	32.13	7,893 (RMB 1,786,632) b,1)	1,796,135 (RMB 401,102,084)	-	
Yangzhou Baoyi Shoes Manufacturing Co., Ltd.	Vulcanized shoes, sports shoes, casual shoes and other footwear manufacturing, marketing	729,906 (US\$ 22,456,800)	b	-	-	-	-	(31,841) (RMB (7,137,044))	25.68	(8,135) (RMB (1,823,494)) b,1)	206,888 (RMB 46,201,016)	-	
Dalian YYSPO RTS 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	-	-	-	-	(41,665) (RMB (9,399,351))	32.13	(13,327) (RMB (3,006,418)) b,1)	542,502 (RMB 121,148,369)	-	
YYSPO RTS (Chengdu) Business Trading Co., Ltd.	Retail business of sports goods and accessories	689,194 (US\$ 22,400,000)	b	-	-	-	-	(8,717) (RMB (2,125,534))	32.13	(2,788) (RMB (679,859)) b,1)	189,059 (RMB 42,219,449)	-	
Fujian Baomin Sporting Goods Co., Ltd.	Retail business of sports goods and accessories	-	b	-	-	-	-	(133) (RMB (30,344))	31.97	(38) (RMB (8,779)) b,1)	-	-	Cancellation
Guangzhou Pou-Yuen Trading Co., Ltd.	Retail business of sports goods and accessories	710,251 (US\$ 23,310,000)	b	-	-	-	-	10,609 (RMB 2,344,529)	32.13	3,413 (RMB 754,325) b,1)	218,332 (RMB 48,756,602)	-	
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	-	-	-	-	8,185 (RMB 1,855,968)	32.13	2,618 (RMB 593,669) b,1)	818,695 (RMB 182,825,987)	-	
Kunshan Baoyuanyi Sports Goods Co., Ltd. (Formerly known as Shend Dao (Yang Zhou) Sporting Goods Dev Co., Ltd.)	Shopping mall management and property management	2,111,340 (US\$ 66,000,000)	b	-	-	-	-	(45) (RMB (10,142))	32.13	(14) (RMB (3,243)) b,1)	735,165 (RMB 164,172,607)	-	
Shaanxi Pousheng Trading Co., Ltd.	Engaged in wholesale, retail and import and export business of sports goods, fitness equipment and sportswear	2,012,320 (US\$ 66,000,000)	b	-	-	-	-	(3,872) (RMB (869,219))	32.13	(1,240) (RMB (278,413)) b,1)	1,417,594 (RMB 316,568,651)	-	
Taicang Yue-Shen Sporting Goods Co., Ltd.	Engaged in the production and sales of shoe products, semi-finished products, moulds and related sports goods.	393,720 (US\$ 12,000,000)	b	-	-	-	-	(70,727) (RMB (16,047,408))	32.13	(22,639) (RMB (5,136,415)) b,1)	347,539 (RMB 77,610,297)	-	
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	-	-	-	-	-	16.07	- b,1)	-	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024	Note
					Outward	Inward							
Rui Jin Pou Yuen Footwear Development Co., Ltd.	Production and sale of sports shoes, casual shoes and semi-finished products	\$ 356,697 (US\$ 12,000,000)	b	\$ -	\$ -	\$ -	\$ -	\$ (5,325) (RMB (1,193,561))	51.36	\$ (2,722) (RMB (610,264)) b,1)	\$ 122,194 (RMB 27,287,599)	\$ -	
Yang Xin Pou Jia Shoes Manufacturing Co., Ltd.	Production and sale of shoes uppers, footwear and garments	1,737,815 (RMB 387,563,020)	b	-	-	-	-	21,805 (RMB 4,940,983)	51.36	11,139 (RMB 2,524,036) b,1)	681,367 (RMB 152,158,727)	-	
Jiangxi Province Yutai Shoe Co., Ltd.	Production and sale of footwear products and semi-finished products	918,125 (US\$ 30,000,000)	b	-	-	-	-	(21,713) (RMB (4,871,896))	51.36	(11,101) (RMB (2,490,825)) b,1)	103,577 (RMB 23,130,274)	-	
Dongguan Yu Xiang Shoes Material Co., Ltd.	Production and sale of footwear products	295,820 (US\$ 9,500,000)	b	-	-	-	-	69,753 (RMB 15,563,107)	51.36	35,660 (RMB 7,956,369) b,1)	227,448 (RMB 50,792,329)	-	
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	-	-	-	-	1,329 (RMB 295,181)	19.52	258 (RMB 57,319) b,1)	15,605 (RMB 3,484,746)	-	
Yue Yuen (Anfu) Footwear Co., Ltd.	Production and marketing of finished shoes, semi-finished products and components and modules	1,763,350 (US\$ 60,000,000)	b	-	-	-	-	455,120 (RMB 102,119,145)	51.36	232,676 (RMB 52,207,406) b,1)	1,353,648 (RMB 302,288,517)	-	
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	-	-	-	-	(1,387) (RMB (310,425))	51.36	(709) (RMB (158,707)) b,1)	3,238 (RMB 723,083)	-	
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	-	b	-	-	-	-	-	31.97	- b,1)	-	-	Cancellation
Dongguan De Chang Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US\$ 350,000)	b	-	-	-	-	6,982 (RMB 1,566,604)	51.36	3,569 (RMB 800,896) b,1)	16,680 (RMB 3,724,896)	-	
Zhong Shan Bao Song Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	-	b	-	-	-	-	(5,877) (RMB (1,342,063))	51.11	(3,004) (RMB (685,928)) b,1)	-	-	Cancellation
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	-	-	-	-	(14,819) (RMB (3,327,593))	51.36	(7,576) (RMB (1,701,248)) b,1)	61,492 (RMB 13,732,134)	-	
Jiangxi Uniscien Consulting Co., Ltd.	Business management consultation, marketing planning and other services	10,442 (US\$ 350,000)	b	-	-	-	-	1,858 (RMB 417,766)	51.36	950 (RMB 213,571) b,1)	8,988 (RMB 2,007,213)	-	
Yu Xing (Jishui) Footwear Co., Ltd.	Production and sale of sports shoes	183,840 (US\$ 6,400,000)	b	-	-	-	-	(12,542) (RMB (2,812,632))	51.36	(6,412) (RMB (1,437,982)) b,1)	28,228 (RMB 6,303,774)	-	
Yang Xin Zhang Yuan Shoe Co., Ltd.	Production and sale of footwear products	-	b	-	-	-	-	(759) (RMB (172,051))	51.11	(388) (RMB (87,935)) b,1)	-	-	It has merged with Yang Xin Pou Jia Shoes Manufacturing Co., Ltd.

(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, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024	Note
					Outward	Inward							
YangXin Pou Jia Yuen Shoes Manufacturing Co., Ltd.	Production and sale of rubber soles	\$ 87,258 (US\$ 3,000,000)	b	\$ -	\$ -	\$ -	\$ -	\$ (8,920) (RMB (2,005,392))	25.68	\$ (2,281) (RMB (512,718)) b,1)	\$ 4,607 (RMB 1,028,815)	\$ -	
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	4,550,741 (US\$ 152,922,400)	b	-	-	-	-	526,308 (RMB 120,383,045)	32.13	168,275 (RMB 38,489,701) b,1)	4,843,454 (RMB1,081,611,084)	-	
Yichun Yisen Industry Co., Ltd.	Production and sale of footwear and mold products	410,130 (US\$ 14,000,000)	b	-	-	-	-	142,981 (RMB 31,999,862)	51.36	73,109 (RMB 16,362,058) b,1)	378,491 (RMB 84,522,281)	-	
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	1,223,925 (RMB 263,827,800)	b	-	-	-	-	129,085 (RMB 28,858,935)	51.36	66,023 (RMB 14,760,350) b,1)	812,762 (RMB 181,501,046)	-	
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	-	-	-	-	229,878 (RMB 51,487,644)	51.36	117,558 (RMB 26,330,218) b,1)	990,392 (RMB 221,168,277)	-	
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	-	-	-	-	(9,315) (RMB (2,139,576))	51.36	(4,743) (RMB (1,089,563)) b,1)	171,593 (RMB 38,319,085)	-	
Jilin Xinfangwei Sports Goods Company Limited	Sports goods sales	196,160 (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	-	-	-	-	(1,815) (RMB (410,646))	10.27	(185) (RMB (41,955)) b,1)	4,602 (RMB 1,027,644)	-	
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	-	-	-	-	(115,380) (RMB (26,140,060))	32.13	(36,888) (RMB (8,357,256)) b,1)	(23,586) (RMB (5,267,011))	-	
Hunan Huaqing Foam Products Co., Ltd.	Processing and production of plastic foam, foam daily products, shoe products and composite products	76,819 (US\$ 2,500,000)	b	-	-	-	-	(2,916) (RMB (655,394))	6.89	(198) (RMB (44,563)) b,1)	3,217 (RMB 718,369)	-	
Kun Shan Taisong Trading Co., Ltd.	Wholesale and retail of clothing, footwear, glasses and watches	790,110 (US\$ 26,500,000)	b	-	-	-	-	4,045 (RMB 883,796)	32.13	1,291 (RMB 281,952) b,1)	(213,508) (RMB (47,679,385))	-	
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	-	-	-	-	(265) (RMB (59,327))	32.13	(85) (RMB (18,971)) b,1)	12,148 (RMB 2,712,765)	-	
Yisen (YiFeng) Mould Co., Ltd.	Production and sale of mould products	479,284 (US\$ 14,850,000)	b	-	-	-	-	80,367 (RMB 17,847,894)	51.36	41,140 (RMB 9,136,439) b,1)	187,086 (RMB 41,778,874)	-	

(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, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024	Note
					Outward	Inward							
Zhu Hai Yu Yuan Industrial Co., Ltd.	Processing, production and sale of footwear products	\$ 1,408 (RMB 300,000)	b	\$ -	\$ -	\$ -	\$ -	\$ (2,587) (RMB (583,215))	51.36	\$ (1,322) (RMB (298,176)) b,1)	\$ 3,922 (RMB 875,799)	\$ -	
Changsha YYSPO RTS Sport Products Co., Ltd.	Sales of sports goods and equipment	22,825 (RMB 5,000,000)	b	-	-	-	-	(4,153) (RMB (966,244))	32.13	(1,329) (RMB (309,309)) b,1)	(7,292) (RMB (1,628,355))	-	
Henan YYSPO RTS Sport Products Co., Ltd.	Retail business of sports goods and accessories	9,130 (RMB 2,000,000)	b	-	-	-	-	6,140 (RMB 1,528,835)	32.13	1,959 (RMB 487,949) b,1)	27,410 (RMB 6,121,025)	-	
Shenyang Pou-Yi Trading Co., Ltd.	Retail business of sports goods and accessories	182,600 (RMB 40,000,000)	b	-	-	-	-	(42,262) (RMB (9,629,148))	32.13	(13,497) (RMB (3,075,265)) b,1)	(32,288) (RMB (7,210,260))	-	
Zhejiang Shengdao Sporting-Goods Co., Ltd.	Retail business of sports goods and accessories	228,250 (RMB 50,000,000)	b	-	-	-	-	88,993 (RMB 20,286,429)	32.13	28,494 (RMB 6,495,089) b,1)	314,493 (RMB 70,230,658)	-	
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	-	-	-	-	6,155 (RMB 1,386,601)	32.13	1,968 (RMB 443,329) b,1)	13,838 (RMB 3,090,181)	-	
Widevision Investment (Shenzhen) Co., Ltd.	Business management consulting, economic information consulting and market management planning	13,833 (RMB 3,000,000)	b	-	-	-	-	1,077 (RMB 241,482)	100.00	1,077 (RMB 241,482) b,1)	19,270 (RMB 4,303,324)	-	
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	-	-	-	-	2,144 (RMB 481,299)	32.13	684 (RMB 153,586) b,1)	(27,149) (RMB (6,062,862))	-	
Kuo Yuen Tannery	Production, processing, sales, research and development of shoe materials, import and export goods or technic	176,844 (RMB 41,047,490)	b	-	-	-	-	(13,238) (RMB (2,968,581))	25.68	(3,386) (RMB (759,338)) b,1)	23,370 (RMB 5,218,779)	-	
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	-	-	-	-	(28,742) (RMB (6,470,048))	51.36	(14,690) (RMB (3,306,809)) b,1)	274,974 (RMB 61,405,636)	-	
Yifeng Kun Ching Foam Ltd.	Production, sales, processing of plastic foam and foam daily products	8,994 (US\$ 300,000)	b	-	-	-	-	5,265 (RMB 1,175,983)	19.52	1,023 (RMB 228,491) b,1)	4,781 (RMB 1,067,592)	-	
Zhongshan Hwa Ching Foam Co., Ltd.	Production of foam products	29,980 (US\$ 1,000,000)	b	-	-	-	-	18,046 (RMB 4,043,699)	19.67	3,533 (RMB 791,622) b,1)	14,454 (RMB 3,227,686)	-	
Hubei PouShou Sports Goods Trading Company Limited	Management consultants, retail of sports goods, sports equipment, clothing, shoes, caps and accessories and advertising design agency	4,191 (RMB 1,000,000)	b	-	-	-	-	(16,192) (RMB (3,635,198))	32.13	(5,178) (RMB (1,162,543)) b,1)	(17,377) (RMB (3,880,440))	-	
Dong Guan Orisol Trading Company Ltd.	Wholesale or repair of shoe-related machinery and parts	27,850 (US\$ 1,000,000)	b	-	-	-	-	12,298 (RMB 2,757,474)	51.36	6,287 (RMB 1,409,723) b,1)	23,317 (RMB 5,206,960)	-	

(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, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024	Note
					Outward	Inward							
Shanghai Shengjie Sporting Goods Co., Ltd	Retail business of sports goods and accessories	\$ 67,095 (RMB 15,000,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 142,771 (RMB 32,073,418)	32.13	\$ 45,646 (RMB 10,254,431 b,1)	\$ 117,508 (RMB 26,241,175)	\$ -	
Suzhou Baocheng Sports Goods Trading Co., Ltd.	Retail business of sports goods and accessories	2,204 (RMB 500,000)	b	-	-	-	-	9,953 (RMB 2,252,628)	32.13	3,183 (RMB 720,300 b,1)	5,802 (RMB 1,295,724)	-	
Fujian Pou Yuan Sporting Goods Co., Ltd.	Retail business of sports goods and accessories	856,400 (RMB 200,000,000)	b	-	-	-	-	150,272 (RMB 33,500,709)	32.13	48,049 (RMB 10,711,836 b,1)	353,664 (RMB 78,978,056)	-	
Xinjiang Shengdao Sports Goods Co., Ltd.	Retail business of sports goods and accessories	21,635 (RMB 5,000,000)	b	-	-	-	-	(3,246) (RMB (754,928))	32.13	(1,038) (RMB (241,462) b,1)	4,611 (RMB 1,029,652)	-	
Hainan Shengzhuo E-Commerce Co., Ltd.	Retail business of sports goods and accessories	22,615 (RMB 5,000,000)	b	-	-	-	-	58,953 (RMB 13,108,177)	23.13	13,578 (RMB 3,019,090 b,1)	18,756 (RMB 4,188,421)	-	
Ka Te Footwear Material (Shishi) Limited	Production and sale of footwear	253,200 (US\$ 8,000,000)	b	-	-	-	-	(2,803) (RMB (624,479))	16.69	(466) (RMB (103,851) b,1)	42,020 (RMB 9,383,572)	-	
Shanghai Shengdao Warehouse Trading Co., Ltd.	Retail business of sports goods and accessories	4,523 (RMB 1,000,000)	b	-	-	-	-	(2,990) (RMB (664,699))	32.13	(956) (RMB (212,610) b,1)	482 (RMB 107,732)	-	
Jiangsu Baoyuan Sports Goods Co., Ltd	Retail business of sports goods and accessories	44,780 (RMB 10,000,000)	b	-	-	-	-	9,906 (RMB 2,206,691)	32.13	3,183 (RMB 709,010 b,1)	17,563 (RMB 3,922,010)	-	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2024	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
\$ -	\$ 24,144,290 (US\$ 736,443,191)	\$ 84,717,172

Note 1: Methods of investments have following types:

- a. Direct investment in mainland China.
- b. Indirect investment in the Company located in mainland China through a third place of the subsidiaries of Wealthplus Holdings Limited and Yue Yuen Industrial Holdings Limited.
- c. Other.

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

- a. If it is in the preparation stage, there is no investment gains and losses, it should be noted.
- b. The amount of investment gain (loss) was recognized in following bases:
 - 1) Based on the financial statements audited by an ROC CPA firm cooperating with an international CPA firm.
 - 2) Based on the financial statements audited by the auditor of parent company.

Note 3: Financial assets at FVTOCI

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

(Concluded)

TABLE 7**POU CHEN CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024**

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.

POU CHEN CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

Item	Exhibit
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash and cash equivalents	1
Statement of financial assets at fair value through profit or loss - current	Note 7
Statement of financial assets at fair value through other comprehensive income - current	2
Statement of financial assets at amortised cost	Note 9
Statement of notes receivable	3
Statement of accounts receivable	4
Statement of other receivables	Note 10
Statement of inventories	5
Statement of other current assets	Note 12
Statement of financial assets at fair value through other comprehensive income - non-current	6
Statement of changes in investments accounted for using equity method	7
Statement of changes in property, plant and equipment	Note 14
Statement of changes in accumulated depreciation - property, plant and equipment	Note 14
Statement of changes in right-of-use asset	8
Statement of changes in investment properties	Note 16
Statement of changes in accumulated depreciation - investment properties	Note 16
Statement of changes in intangible assets	Note 17
Statement of deferred tax assets	Note 25
Statement of other non-current assets	Note 12
Statement of short-term borrowings	9
Statement of notes payable	10
Statement of accounts payable	11
Statement of other payables	Note 20
Statement of current tax liabilities	Note 25
Statement of other current liabilities	12
Statement of long-term borrowings	13
Statement of changes in lease liability	14
Statement of deferred tax liabilities	Note 25
Statement of net defined benefit liabilities	Note 21
Statement of other non-current liabilities	15
Major Accounting Items in Profit or Loss	
Statement of operating revenue	16
Statement of operating costs	17
Statement of selling expense	18
Statement of administrative expenses	19
Statement of research and development expenses	20
Statement of other income	Note 24
Statement of other gains and losses	Note 24
Statement of finance cost	Note 24
Statement of employee benefits, depreciation and amortization	21

POU CHEN CORPORATION**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Cash on hand and petty cash		\$ 365
Checking accounts and demand deposits		89,286
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits		<u>358,684</u>
		<u>\$ 448,335</u>

POU CHEN CORPORATION

**STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Investees	Balance at January 1, 2024		Additions		Decrease		Balance at December 31, 2024			Collateral
	Shares	Amount	Shares (Note 1)	Amount (Note 2)	Shares	Amount	Shares	%	Amount	
Mega Financial Holding Company Ltd.	198,095,937	\$ 7,765,361	10,192,441	\$ 295,399	-	\$ -	208,288,378	1.40	\$ 8,060,760	None
Taiwan Paiho Limited	615,473	<u>35,451</u>	-	<u>6,524</u>	-	<u>-</u>	615,473	0.21	<u>41,975</u>	None
		<u>\$ 7,800,812</u>		<u>\$ 301,923</u>		<u>\$ -</u>			<u>\$ 8,102,735</u>	

Note 1: Distribution of current profit and the participation in cash capital increase.

Note 2: Profit or loss of evaluation and the participation in cash capital increase.

POU CHEN CORPORATION**STATEMENT OF NOTES RECEIVABLE****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Item	Description	Carrying Amount
Notes receivable - unrelated parties		
Operating activities:		
Shyang Shin Bao Ind. Co., Ltd.	Purchase	\$ 36
Yin Li Co., Ltd.	"	<u>384</u>
		<u>\$ 420</u>

POU CHEN CORPORATION**STATEMENT OF ACCOUNTS RECEIVABLE****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Item	Description	Carrying Amount
Accounts receivable - unrelated parties		
Feet Bit International Company Limited	Purchase	\$ 12,019
Champion Glory Trading Limited	"	9,221
Other (Note)	"	<u>779</u>
		<u>\$ 22,019</u>
Accounts receivable - related parties		
Yue Yuen Industrial (Holdings) Limited	Purchase	\$ 1,540,631
Other (Note)	"	<u>3,183</u>
		<u>\$ 1,543,814</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

POU CHEN CORPORATION**STATEMENT OF INVENTORIES****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	
		Cost	Net Realizable Value (Note)
Raw material		\$ 94,363	\$ 91,014
Materials		510	510
Work in process		29,014	23,220
Finished goods		14,330	13,025
Merchandises		115	115
Less: Allowance for impairment losses		<u>(10,448)</u>	<u>-</u>
		<u>\$ 127,884</u>	<u>\$ 127,884</u>

Note: The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

POU CHEN CORPORATION

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2024		Additions		Decrease		Balance, December 31, 2024			Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	
Zhiyuan Venture Capital Co., Ltd.	4,633,929	\$ 52,224	-	\$ -	155,357	\$ 6,876	4,478,572	10.71	\$ 45,348	None
New Loulan Corporation., Ltd.	100,000	<u>790</u>	-	<u>-</u>	-	<u>2</u>	100,000	4.00	<u>788</u>	"
		<u>\$ 53,014</u>		<u>\$ -</u>		<u>\$ 6,878</u>			<u>\$ 46,136</u>	

Note: Profit or loss of evaluation and proceeds from the capital reduction.

POU CHEN CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2024		Additions		Decrease		Balance, December 31, 2024			Market Value or Net Assets Value		
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit Price (Dollar)	Total	Collateral
Wealthplus Holdings Limited (Note 1)	9,222,000	\$ 90,675,239	-	\$ 13,628,457	-	\$ -	9,222,000	100.00	\$ 104,303,696		\$ 104,298,815	None
Win Fortune Investments Limited (Note 1)	100,000	2,304,697	-	304,842	-	-	100,000	100.00	2,609,539		2,584,267	"
Windsor Entertainment Co., Ltd. (Note 1)	7,100,000	111,006	-	-	-	21,567	7,100,000	100.00	89,439		79,615	"
Pou Shine Investment Co., Ltd. (Note 1)	133,094,460	4,875,141	-	149,150	-	-	133,094,460	100.00	5,024,291		5,009,832	"
Pan Asia Insurance Services Co., Ltd. (Note 1)	-	7,698	-	-	-	645	-	100.00	7,053		7,053	"
Barits Development Corporation (Note 1)	322,719,192	11,674,051	35,176,444	488,541	-	-	357,895,636	99.49	12,162,592		12,081,977	"
Pou Yuen Technology Co., Ltd. (Note 1)	30,456,252	571,312	-	193,078	-	-	30,456,252	97.82	764,390		1,090,529	"
Pro Arch International Development Enterprise Inc. (Note 1)	20,000,000	254,025	-	8,450	-	-	20,000,000	100.00	262,475		262,359	"
Pou Yii Development Co., Ltd. (Note 1)	7,875,000	242,604	-	5,152	-	-	7,875,000	15.00	247,756		247,756	"
Wang Yi Construction Co., Ltd. (Note 2)	367,305	-	-	-	-	-	367,305	7.82	-		5,083	"
Ruen Chen Investment Holding Co., Ltd. (Note 1)	6,237,400,000	47,687,183	357,900,000	3,003,608	-	-	6,595,300,000	20.00	50,690,791		50,750,103	"
Nan Shan Life Insurance Co., Ltd. (Note 1)	10,000	364	634	17	-	-	10,634	-	381		301	"
		<u>\$ 158,403,320</u>		<u>\$ 17,781,295</u>		<u>\$ 22,212</u>			<u>\$ 176,162,403</u>		<u>\$ 176,417,690</u>	

Note 1: Included distribution of current profit, the participation in cash capital increase and investment gain or loss using the equity method.

Note 2: The carrying amount of investment in Wang Yi is negative for the year ended December 31, 2024. Therefore, the Company recognized \$15,011 thousand in "other non-current liabilities" and referred to Exhibit 15 for the information.

POU CHEN CORPORATION**STATEMENT OF CHANGES IN RIGHT-OF-USE ASSET****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

	Land	Buildings	Other Equipment	Total
<u>Cost</u>				
Balance at January 1, 2024	\$ 110,699	\$ 53,575	\$ 6,636	\$ 170,910
Additions	4,719	61,260	830	66,809
Disposals	<u>(2,232)</u>	<u>(53,576)</u>	<u>-</u>	<u>(55,808)</u>
Balance at December 31, 2024	<u>\$ 113,186</u>	<u>\$ 61,259</u>	<u>\$ 7,466</u>	<u>\$ 181,911</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2024	\$ 37,499	\$ 40,398	\$ 3,775	\$ 81,672
Depreciation expenses	14,062	20,073	1,149	35,284
Disposals	<u>(2,232)</u>	<u>(53,576)</u>	<u>-</u>	<u>(55,808)</u>
Balance at December 31, 2024	<u>\$ 49,329</u>	<u>\$ 6,895</u>	<u>\$ 4,924</u>	<u>\$ 61,148</u>
Carrying amount at December 31, 2024	<u>\$ 63,857</u>	<u>\$ 54,364</u>	<u>\$ 2,542</u>	<u>\$ 120,763</u>

POU CHEN CORPORATION

**STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2024**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Creditor	Description	Balance, December 31, 2024	Period	Rate (%)	Financing Facilities	Collateral
Bank loans						
Bank of Taiwan	Credit borrowings	\$ 500,000	2024.11.27-2025.02.25	Note	\$ 500,000	None
Bank of China	"	3,000,000	2024.07.05-2025.01.03	"	US\$ 100,000,000	"
Chang Hwa Commercial Bank	"	2,000,000	2024.07.26-2025.07.26	"	2,000,000	"
The Export-Import Bank of the Republic of China	"	1,000,000	2024.06.28-2025.06.27	"	1,500,000	"
Mizuho Bank, Ltd.	"	2,560,000	2024.05.08-2025.03.20	"	2,750,000	"
E.SUN Commercial Bank	"	1,000,000	2024.12.18-2025.03.18	"	2,000,000	"
Standard Chartered Bank (Taiwan) Ltd.	"	3,318,011	2024.01.16-2025.02.20	"	US\$ 110,000,000	"
Taishin International Bank	"	2,000,000	2024.11.25-2025.01.23	"	2,000,000	"
Loans from related parties		<u>10,035,557</u>	2024.01.26-2025.12.26	-	US\$ 115,700,000 RMB 1,394,000,000	"
		<u>\$ 25,413,568</u>				

Note: The range of effective interest rate on bank borrowings was 1.68%-1.95%.

POU CHEN CORPORATION**STATEMENT OF NOTES PAYABLE****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Item	Description	Carrying Amount
Notes payable - unrelated parties		
Operating activities:		
Yi Tzung Precision Machinery Corporation	Purchase	<u>\$ 661</u>
Non-operating activities:		
Aurora Corporation	Office supplies	341
Huang, I-Ning	Rents	150
Others (Note)	"	<u>52</u>
		<u>543</u>
		<u>\$ 1,204</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

POU CHEN CORPORATION**STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Item	Description	Carrying Amount
Accounts payable - unrelated parties		
Shun Chan Industry Co., Ltd.	Purchase	\$ 40,819
Li Cheng enterprise Co., Ltd.	"	28,848
Tiong Liong Industrial Co., Ltd.	"	23,789
Others (Note)	"	<u>358,502</u>
		<u>\$ 451,958</u>
Accounts payable - related parties		
Yue Yuen Industrial (Holdings) Limited	Purchase	\$ 15,505
Nan Pao Resins Chemical Co., Ltd.	"	10,080
Chang Yang Material Corporation	"	8,842
Others (Note)	"	<u>1,699</u>
		<u>\$ 36,126</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

POU CHEN CORPORATION

STATEMENT OF OTHER CURRENT LIABILITIES

DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Description	Carrying Amount
Temporary credits		\$ 1,542
Receipts under custody		13,240
Advance receipts		156,314
Others		<u>1,216</u>
		<u>\$ 172,312</u>

POU CHEN CORPORATION

STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

Creditor	Description	Amount	Period	Annual Rate (%)	Collateral
Long-term bank loans					
Bank of Taiwan	Long-term borrowings	\$ 2,500,000	2020.05.13-2029.03.11	Note	None
Banco Bilbao Vizcaya Argentaria, S.A.	"	3,850,000	2024.12.18-2026.06.14	"	"
Chang Hwa Commercial Bank Ltd.	"	1,000,000	2024.02.26-2028.03.31	"	"
Hua Nan Commercial Bank	"	1,400,000	2024.01.19-2027.01.19	"	"
O-Bank	"	24,122	2016.08.03-2026.07.15	"	"
Mizuho Bank, Ltd.	"	1,200,000	2024.06.24-2026.03.28	"	"
Sumitomo Mitsui Banking Corporation	"	6,000,000	2024.11.15-2026.11.12	"	"
Taipei Fubon Commercial Bank Co., Ltd.	"	2,000,000	2024.10.29-2027.11.13	"	"
Cathay United Bank	"	1,500,000	2024.12.30-2026.09.26	"	"
Crédit Agricole Corporate and Investment Bank	"	<u>2,000,000</u>	2024.09.26-2025.11.14	"	"
		21,474,122			
Long-term bills payable					
O-Bank	Long-term borrowings	1,350,000	2024.05.27-2029.03.12	"	"
Crédit Agricole Corporate and Investment Bank	"	<u>1,500,000</u>	2024.09.26-2025.11.14	"	"
		<u>2,850,000</u>			
Less: Current portion recognized in current liabilities		<u>(4,013,796)</u>			
		<u>\$ 20,310,326</u>			

Note: The range of effective interest rate on long-term borrowings was 1.75%-2.18%.

POU CHEN CORPORATION**STATEMENT OF CHANGES IN LEASE LIABILITY****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Item	Description	Period	Discount Rate (%)	Amount	Note
Land	Parking lot	2020.04.01-2030.08.31	1.1-2.1	\$ 66,765	
Buildings	Rental of office	2021.09.01-2027.09.30	1.1-2.1	55,097	
Other equipment	Rental of communication equipment	2019.06.01-2027.05.31	1.34-2.1	<u>2,695</u>	
				<u>\$ 124,557</u>	

POU CHEN CORPORATION

STATEMENT OF OTHER NON-CURRENT LIABILITIES

DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Description	Carrying Amount
Guarantee deposits		\$ 6,023
Others	Credit balance of investments accounted for using equity method	<u>15,011</u>
		<u>\$ 21,034</u>

POU CHEN CORPORATION**STATEMENT OF NET OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Description	Carrying Amount
Sales revenue		
Shoes material trade		\$ 5,223,642
Less: Sales return		<u>(3,721)</u>
		<u>5,219,921</u>
Service revenue		
Technical service revenue		1,988,105
Others		<u>2,339,106</u>
		<u>4,327,211</u>
		<u>\$ 9,547,132</u>

POU CHEN CORPORATION**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw material	
Balance at January 1, 2024	\$ 45,180
Add: Raw material purchased	439,030
Less: Raw material at December 31, 2024	(94,363)
Raw material sold	(2,008)
Sample transfer to operating expenses	(935)
Other use	<u>(2,352)</u>
Consumption of raw material for the year	<u>384,552</u>
Indirect raw material	
Balance at January 1, 2024	809
Supplies inventory at January 1, 2024	1,460
Add: Material purchased for the year	3,108
Less: Indirect raw material at December 31, 2024	(510)
Supplies inventory at December 31, 2024	(1,561)
Costs of supplies sold	(2)
Sample transfer to operating expenses	<u>(410)</u>
Consumption of indirect raw material for the year	<u>2,894</u>
Direct labor	11,156
Manufacturing expenses	<u>30,053</u>
Manufacturing cost	428,655
Add: Work in progress at January 1, 2024	15,976
Work in progress purchased	12,640
Less: Work in progress at December 31, 2024	(29,014)
Sample transfer to operating expenses	(173)
Disposal	<u>(204)</u>
Costs of finished goods for the year	427,880
Add: Finished goods at January 1, 2024	18,505
Less: Finished goods at December 31, 2024	(14,330)
Sample transfer to operating expenses	(2,739)
Others	<u>(324)</u>
Costs of finished goods for the year	<u>428,992</u>
Merchandise at January 1, 2024	1,548
Merchandise purchased	3,993,673
Less: Merchandise at December 31, 2024	(115)
Disposal	(72)
Others	<u>(75)</u>
Cost of goods sold	<u>3,994,959</u>
Others operating cost	
Raw material sold	2,010
Gain on reversal of write-down of inventories	(923)
Losses on inventory scrap	<u>276</u>
	<u>1,363</u>
Operating costs	<u>\$ 4,425,314</u>

POU CHEN CORPORATION**STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Salary and wages		\$ 4,402
Freight		25,827
Customs clearance fees		6,566
Other expenses (Note)		<u>3,230</u>
		<u>\$ 40,025</u>

Note: The balance of each item does not exceed 5% of the amount of the account.

POU CHEN CORPORATION**STATEMENT OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Salary and wages		\$ 1,638,542
Insurance		151,694
Depreciation expenses		129,536
Other expenses (Note)		<u>544,758</u>
		<u>\$ 2,464,530</u>

Note: The balance of each item does not exceed 5% of the amount of the account.

POU CHEN CORPORATION**STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Salary and wages		\$ 1,004,339
Insurance		117,485
Depreciation expenses		100,470
Sample fees		97,935
Other expenses (Note)		<u>320,695</u>
		<u>\$ 1,640,924</u>

Note: The balance of each item does not exceed 5% of the amount of the account.

POU CHEN CORPORATION

STATEMENT OF EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION BY FUNCTION

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2024			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Employee benefits expense				
Salaries and wages expense	\$ 16,947	\$ 2,498,951	\$ -	\$ 2,515,898
Labor/health insurance	\$ 1,855	\$ 230,418	\$ -	\$ 232,273
Pension expense	\$ 963	\$ 121,030	\$ -	\$ 121,993
Directors' remuneration	\$ -	\$ 148,332	\$ -	\$ 148,332
Others	\$ 686	\$ 48,031	\$ -	\$ 48,717
Depreciation				
Property, plant and equipment	\$ 7,056	\$ 194,722	\$ -	\$ 201,778
Right-of-use assets	-	35,284	-	35,284
Investment property	-	-	28,567	28,567
	\$ 7,056	\$ 230,006	\$ 28,567	\$ 265,629
Amortization expense	\$ -	\$ 102,709	\$ -	\$ 102,709
	For the Year Ended December 31, 2023			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Employee benefits expense				
Salaries and wages expense	\$ 15,809	\$ 2,443,988	\$ -	\$ 2,459,797
Labor/health insurance	\$ 1,789	\$ 231,402	\$ -	\$ 233,191
Pension expense	\$ 883	\$ 121,830	\$ -	\$ 122,713
Directors' remuneration	\$ -	\$ 99,900	\$ -	\$ 99,900
Others	\$ 556	\$ 55,941	\$ -	\$ 56,497
Depreciation				
Property, plant and equipment	\$ 5,355	\$ 237,138	\$ -	\$ 242,493
Right-of-use assets	-	33,099	-	33,099
Investment property	-	-	35,942	35,942
	\$ 5,355	\$ 270,237	\$ 35,942	\$ 311,534
Amortization expense	\$ -	\$ 88,881	\$ -	\$ 88,881

(Continued)

Note 1: As of December 31, 2024 and 2023, there were 2,828 and 2,972 employees in the Company, respectively. Among them, there were both six directors who were not serve concurrently as employees.

Note 2: As of December 31, 2024 and 2023, the average employee benefits were \$1,034 thousand and \$968 thousand, respectively; the average salaries and wages amounted to \$892 thousand and \$829 thousand, respectively. The average salaries and wages increased by 7.6%.

Note 3: The Company's compensation policies:

- a. The Company's directors and employees are entitled to the compensation and benefits program according to the Company's Articles of Incorporation, and the Compensation Committee is established to evaluate and supervise the program.
- b. The total compensation paid to the directors and executive officers is decided based on the performance evaluation method of the board of directors and their work performances. In addition to considering the Company's operating performance, the Company also considers the average salary in the industry, the scope of rights and responsibilities within the Company, the contribution of business objectives and future risks. It is reviewed by the Compensation Committee and then submitted to the board of directors for approval.
- c. Based on the principle of attracting and retaining talented people, the compensation is aimed at measuring the average salary in the industry, considering the performance of the enterprise and future development and inspecting the compensation system regularly to adjust the salary. In order to implement the compensation policy, which shall effectively correspond to performance, besides paying a reasonable and competitive salary in consideration of the current year's profit, the Group will distribute the salary based on the Group's target achievement, individual contribution and performance to distribute bonuses.

(Concluded)