



寶成工業股份有限公司

POU CHEN CORPORATION

2021 ANNUAL REPORT

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Notice to readers

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



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Table of Contents

I. LETTER TO SHAREHOLDERS.....	1
II. COMPANY PROFILE.....	7
III. CORPORATE GOVERNANCE REPORT	
3.1 Organization	12
3.2 Information of Directors, Presidents, Vice Presidents, Senior Managers, and Department Heads	14
3.3 The remuneration paid to Directors, Presidents and Vice Presidents for the Most Recent Fiscal Year ...	26
3.4 Implementation of Corporate Governance	32
3.5 Information Regarding the Company's Professional Fees for the CPA	77
3.6 Information Regarding the change of Certified Public Accountant	77
3.7 The Company's Chairman, Presidents, or any Officer in charge of Financial or Accounting Affairs has Served with Its Certified Public Accountant Firm or Its Affiliated Enterprise for the Most Recent Fiscal Year	77
3.8 Transfer of Equity Interests and/or Pledge of or Changes in Equity Interests by Directors, Officers or Major Shareholders with a Stake of More than 10 Percent for the Most Recent Fiscal Year and during the Current Fiscal Year up to the Publication date of this Annual Report	78
3.9 Relationship among the Top Ten Shareholders	80
3.10 The number of Shares and the Consolidated Shareholding Percentage of an Enterprise held by the Company, the Company's Directors and officers and the Enterprises Controlled by the Company Directly or Indirectly	81
IV. CAPITAL OVERVIEW	
4.1 Capital and Shares	82
4.2 Issuance of Corporate Bonds	102
4.3 Issuance of Preferred Shares	102
4.4 Issuance of Overseas Depository Receipts	102
4.5 Issuance of Employee Share Options	102
4.6 Issuance of New Restricted Employee Shares	102
4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions	102
4.8 Implementation of Capital Utilization Plan	102
V. OPERATIONAL HIGHLIGHTS	
5.1 Business Activities	103
5.2 Market And Sales Overview	109
5.3 Human Resources	116
5.4 Environmental Protection Expenditure	116
5.5 Employee Relations	116



5.6 Cyber Security Management	122
5.7 Material Contracts	124

VI. FINANCIAL INFORMATION

6.1 Financial Summary for the Past Five Fiscal Years	125
6.2 Financial Analysis for the Past Five Fiscal Years	129
6.3 Audit Committee's Review Report on the Most Recent Fiscal Year	135
6.4 Financial Statements for the Most Recent Fiscal Year	137
6.5 Separate Financial Statements Audited by Independent Auditors for the Most Recent Fiscal Year	250
6.6 If the Company or Its Affiliates Have Experienced Financial Difficulties for the Most Recent Fiscal Year or during the Current Fiscal Year up to the Publication date of this Annual Report, the Annual Report Shall Explain How The Difficulties Affected the Company's Financial Situation	323

VII. REVIEW AND ANALYSIS OF FINANCIAL CONDITIONS, FINANCIAL PERFORMANCE AND RISK MANAGEMENT

7.1 Financial Conditions	324
7.2 Financial Performance	325
7.3 Cash Flow	327
7.4 Impact of Significant Capital Expenditures on the Financial Operations of the Company for the Most Recent Fiscal Year	328
7.5 Investment Policy for the Most Recent Fiscal Year, Reasons for Profit (Loss), Improvement Plan And Investment Plan for the Coming Year	328
7.6 Analysis and Evaluation of Risk Factors	328
7.7 Other Material Items	332

VIII. SPECIAL DISCLOSURE

8.1 Affiliated Enterprises	333
8.2 Any Private Placement of Securities for the Most Recent Fiscal Year and during the Current Fiscal Year up to the Publication date of this Annual Report	343
8.3 Summary of Shareholding or Disposal of Shares of the Company by Subsidiaries for the Most Recent Fiscal Year and during the Current Fiscal Year up to the Publication date of this Annual Report	343
8.4 Additional Information Required to be Disclosed	343
8.5 Other Disclosures	343

I. LETTER TO SHAREHOLDERS

1.1 Result of Operations

The global economy exhibited a clear upward trend in 2021, mainly attributed to a strong rebound of major economies, but emerging markets and developing countries were still undergoing a struggle with COVID-19. International trade and supply chain lost its balance, and the economy recovered strongly, but not evenly.

The pandemic continued to overturn the world during 2020-2021, causing major changes and uncertainties to the business environment. The Company, nevertheless, insists on putting the health and safety of all its employees and business partners as the first priority and tackling challenges in a prudence manner to demonstrate corporate resilience. In the year ended December 31, 2021, the Company's non-consolidated operating revenue was NT\$8.3 billion, and the consolidated operating revenue was NT\$239.9 billion, representing a decrease of 4.0% compared to NT\$250 billion in the previous year. The net income attributable to owners of the Company was NT\$14.4 billion, a significant increase of 198.3% compared to NT\$4.8 billion in the previous year. (Schedule 1 and Schedule 1-1)

(1) Operating revenue

The Company's consolidated operating revenue was generated from its two core businesses, manufacturing of shoes, and retail of sporting goods and brand licensing business, accounting for 58% and 42% of consolidated operating revenue in 2021, respectively. (Schedule 2)

In terms of manufacturing of shoes, the Company's operating revenue decreased by NT\$2.2 billion in 2021 compared to the previous year. Despite seeing a solid recovery in the first half of the year, manufacturing operations in the third quarter were adversely affected by the lockdown in Vietnam. Although manufacturing activity resumed progressively in the fourth quarter, the shipments throughout the year were still lower than the previous year. In addition, the average selling price continued to grow amidst the positive development of its product portfolio optimization strategy.

With respect to retail of sporting goods and brand licensing business, consumer spending returned to pre-pandemic level in the first quarter of 2021, thus contributing a strong sales performance, but ever since the second quarter, a number of factors such as market dynamic and sporadic pandemic outbreaks, have weakened consumer sentiment and purchase intention, resulting in retail and licensing business to generate NT\$7.9 billion lower operating revenue for 2021 compared to 2020.

(2) Income from operations

The Company's consolidated gross profit for 2021 was NT\$58.2 billion, increase 6.3% from NT\$54.8 billion in the previous year, and the consolidated gross profit margin improved from 21.9% in 2020 to 24.3% in 2021. Such improvement was attributed to increased production efficiency and capacity utilization of manufacturing business compared to the previous year. In addition, the retail of sporting goods and brand licensing business continued to improve its discount controls and sales mix.

With the steady increase of the consolidated gross profit and strict expense controls, the Company's operating expenses decreased by NT\$1.1 billion for 2021 compared to 2020. Consolidated operating income was NT\$2.5 billion, up NT\$4.6 billion from NT\$2.1 billion operating net loss in the previous year, and consolidated operating profit margin recovered to 1.0%.

(3) Net income and Earnings per share

The net income attributable to owners of the Company in 2021 increased by NT\$9.6 billion compared to the previous year. The earnings per share was NT\$4.90 for 2021, an increase of NT\$3.26 compared to NT\$1.64 in the previous year.



POU CHEN CORPORATION

Schedule 1: Consolidated Financial Statements

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

Item	Year	2021		2020		+(-)%
		Amount	Ratio	Amount	Ratio	
Operating revenue		239,884,409	100%	249,954,311	100%	(4.03%)
Gross profit		58,223,025	24%	54,751,105	22%	6.34%
Income (Loss) from operations		2,475,709	1%	(2,111,078)	(1%)	217.27%
Income before income tax		17,156,734	7%	5,961,326	3%	187.80%
Net income for the year		16,603,443	7%	3,919,417	2%	323.62%
Net income attributable to	Owners of the Company	14,439,307	6%	4,840,184	2%	198.32%
	Non-controlling interests	2,164,136	1%	(920,767)	-	335.04%
Earnings per share (Basic)		4.90		1.64		

Schedule 1-1: Separate Financial Statements

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

Item	Year	2021		2020		+(-)%
		Amount	Ratio	Amount	Ratio	
Operating revenue		8,310,049	100%	8,219,523	100%	1.10%
Gross profit		4,480,572	54%	3,925,008	48%	14.15%
Income from operations		505,458	6%	474,916	6%	6.43%
Income before income tax		13,979,229	168%	6,226,300	76%	124.52%
Net income for the year		14,439,307	174%	4,840,184	59%	198.32%
Earnings per share (Basic)		4.90		1.64		

Schedule 2: Consolidated Revenue

(In NT\$ thousands)

Primary Business	Year	2021		2020	
		Amount	Ratio	Amount	Ratio
Manufacturing of shoes		137,659,922	58%	139,875,281	56%
Retail of sporting goods and brand licensing business		101,485,349	42%	109,360,824	44%
Others		739,138	-	718,206	-
Total		239,884,409	100%	249,954,311	100%

1.2 Research and Development

The Company's consolidated research and development expenses amounted to NT\$5.1 billion in 2021. This investment included continued improvements in automation, process engineering, and the introduction and refinement of key technologies to continuously improve operational efficiency and production flexibility. For each of the major branded customers has an R&D team, a parallel independent product development center exists to support the said R&D team. From product development to product prototyping, the Company works closely with its customers to incorporate innovative elements and sustainable materials into the design, thereby developing and producing high-quality footwear so as to quickly and flexibly respond to market demands.

1.3 Corporate Sustainability

As a socially and environmentally responsible corporate citizen, the Company is committed to sustainable development and social responsibility. The Company values the rights and interests of its stakeholders, including shareholders/investors, customers, employees, suppliers, and communities. The Company plans to implement phased goals and continue to promote the following activities:

(1) Environmental Protection, Energy Conservation, and Carbon Reduction

To effectively manage environmental risks, the Company continues to improve and introduce appropriate and effective pollution prevention measures to reduce the environmental impact of its manufacturing process and to keep up with international trends in carbon reduction and renewable energy. Using 2019 as the baseline year, the Company has set the five-year target with the expectation of achieving the goal of zero growth in carbon dioxide emissions in 2025 by continuously promoting energy conservation and expanding the use of renewable energy. Following the major customers, a further commitment was set to reduce greenhouse gas emissions by 46.2% in 2030 compared with the baseline year of 2019. This target has been verified by the World Resources Institute (WRI) and is in line with the Science-Based Target initiative (SBTi) setting methodology. It also demonstrates the Company's commitment to addressing sustainability issues, enhances its reputation within the international community and among customers, as well as ensuring sustainable in energy use.

(2) Safety and Health Management

The Company has established and implemented a top-down safety culture and dynamically adjusted pandemic prevention management to ensure that factories keep safe production activities. Given the resurgence of COVID-19 infections, the Company will continue using the Group's COVID-19 prevention guidelines in 2022 to reduce the impact on business operations. The adoption of environmental safety and health (ESH) management practices, risk mapping, and ESH buddy system, etc. will be continued to raise safety awareness and strengthen corporate safety culture. Risks will be mapped with region and personnel as units to help management identify risks and come up with solutions to control risks. The Company will continue to reinforce occupational hazard and fire hazard prevention works to enhance safety performance, reduce unnecessary risks and losses, and achieve the objective of autonomous safety management.

(3) Compliance Management

The Company identifies deficiencies in daily factory operations by using routine inspection mechanisms coupled with annual auditing methods. The Company keeps track of improvement progress to reduce or eliminate the probability of major accidents and ensure that all factory operations conform to the Group's code of conduct, local government laws, customer's specifications, and international regulations, with the ultimate goal of fortifying customer relationships. In 2022, the Company will continue to act in line with the



spirit and principles of UN's "Universal Declaration of Human Rights" and ILO's "Declaration on Fundamental Principles and Rights at Work" among other international human rights conventions, in an effort to create an environment where human rights are advocated and the legal rights and interests of our employees are protected.

(4) Friendly Workplace

Through training, interviews, grievance channels, and the use of risk definitions, the Company highlights management opportunities, keeps abreast of issues that are of concern to employees, and strives to quickly respond and implement risk prevention to create effective and positive mode of communication. In 2022, the Company will continue to organize employee activities and participate in community services to strengthen internal solidarity and organizational identity, and to promote co-prosperity. The Company also maintains a positive interactive relationship with the unions to forge solid employee–employer relations, build an inclusive, harmonious and friendly workplace, and create a positive organizational culture.

1.4 2022 Business Plan

(1) Operating Guidelines

The Company will continue to uphold its core value of "professionalism, loyalty, innovation, and service". With robustness at the center of operations, the Company will concentrate on manufacturing of shoes and retail of sporting goods and licensing business, keep on sharpening its competitive edge, and focus on improving both quality and quantity in business. To this end, the Company will sequentially carry out the following works:

■ Manufacturing of shoes

A. To flexibly allocate of diverse locations

By establishing diversified and balanced production bases that leverages the competitive advantages of each location, adequately disperse risks and strengthen the flexibility of its overall operations, the Company has set factories across Vietnam, Indonesia, China, Cambodia, Bangladesh, and Myanmar, etc. In response to customers' long-term production demands, the Company will continually adopt a global macro strategy to be flexible in deploying production capacity. In 2022, the Company will launch a new round of production expansion to gradually increase the production scale of existing factories, and actively improve operating efficiency and production flexibility so as to prepare for the continued capacity growth in the next few years.

B. To actively drive digital transformation

The Company will continue investing in strategic areas such as automation, digital technologies, and smart applications to drive innovation momentum. Data collection, analysis and applications will be integrated by the adoption of intelligent equipment and manufacturing processes so as to sharpen responsiveness, ensure stable production at manufacturing factories, and maximize manufacturing efficiency. In addition, the Company continues rolling out the implementation of SAP ERP system, applying proprietary business communication platform Microsoft Teams, as well as Robotic Process Automation (RPA) for routine operations to optimize internal operating procedures and improve both organizational efficiency and performance.

C. To solidify relationship with brand customers

The Company will cement and fortify its cooperative relationship with existing customers while strengthening product portfolios and leveraging its core competencies and competitive advantages to

provide total solutions that are oriented toward smart manufacturing and innovative services, ranging from materials development, technical support, process improvement, flexible production, to product diversification. The Company will concurrently focus on taking its services to a higher level that is beneficial to its customers. The Company is committed to and follows a green, sustainable production model that demonstrates its irreplaceable unique value, thereby becoming the preferred strategic partner by brand customers.

D. To promote continuous supply chain integration

In pursuit of fully utilizing the vertically integrated competitive niche, the Company has integrated the upstream, midstream, and downstream chains of the footwear manufacturing industry to continuously build a completely effective supply chain system. By integrating resources and improving management, the Company aims to achieve local and flexible supply that can deliver innovative services quickly to meet market demands. Without ceasing to strengthen quality and cost competitiveness, the Company will pay attention to the R&D activities of its suppliers and their sustainability capabilities, and collaborate with them to create maximum value through the application of innovative materials and environmental sustainability.

■ **Retail of Sporting Goods and Brand Licensing**

A. To improve operational efficiency of brick-and-mortar retail stores

Within a consumer-centric channel system, physical stores are newly positioned as a critical sales touch point where interactive experiences are created and enhanced. The Company will continue promoting structural changes to offline channels by investing in upgrading physical stores with growth potential, and plan to expand its experience-oriented stores to reach a broader consumer base. In addition, the Company continues to gain insights into consumer behavior through digital management to achieve more accurate procurement, and combines social media marketing, different membership programs, and sports service contents to drive seasonal sales, thus endeavoring to improve the operating performance of its brick-and-mortar stores.

B. To accelerate the omni-strategy

COVID-19 has driven a digital-oriented consumer behavior, which will remain a global norm in the post-pandemic era. The Company will accelerate the integration of its entire sales structure with online channels, including third-party platforms such as Tmall, Jingdong, as well as expand the “Pan-WeChat Ecosystem” in which interaction with consumers is achieved directly through WeChat stores. In 2022, the Company will continue to promote the diversification and growth of online channels, reinforce the advantages of a product-sharing platform, optimize inventory portfolios, and effectively improve product conversion and sales performance, thereby realizing sustainable growth.

C. To promote diverse sports services

Following the opening of the first pilot “Next Store” in Hsinchu in 2020, the Company opened its second sports service store – “Next Store” in Shenyang, China in 2021. As a service hub, “Next Stores” sells a wide and diverse range of sporting products, alongside sporting services including training courses, sporting consultations, and fitness meals to support the Company's omni-channel capabilities. The Company will also continue to promote sporting events, keep on introducing new innovative services to create experiences in different contexts, and maintain and fortify customer relationship management to enhance customer retention and customer loyalty.



(2) Prospects

The COVID-19 pandemic has plagued the world for more than two years. With increased accessibility of COVID-19 vaccines and medications, the economic development of various countries is gradually normalizing. This recovery trend is expected to continue through 2022, but economic growth will slow down as the accommodative monetary policies of developed economies start to change. In addition, the pandemic remains an uncertainty given the fast mutation rate of the coronaviruses. Global supply chain migration will continue, geopolitical risks will increase further, and energy shortage and inflation will shift consumer confidence toward a conservative stance. The overall economy is still clouded by downside risks. COVID-19 has substantially changed lifestyles worldwide, which in turn promotes healthier diets or exercising more often. For this reason, the Company remains confident in the prospect of the sporting industry. In terms of manufacturing business, the Company aims to retain its diversified capacity strategy, accelerate digital transformation, and improve responsiveness so as to make the Company an integral and irreplaceable part of the industry's value chain. In retail of sporting goods and brand licensing, the Company will further integrate online and offline resources to create a comprehensive ecosystem, in which innovative sporting services are provided and consumer trends are monitored using data analysis for optimal marketing and sales performance.

The business environment is constantly filled with competition and challenges. Determined to keep pace with the times, the Company will take on a proactive attitude to deeply cultivate its governance culture, carry out talent development and succession planning, formulate business strategies with sustainability at its core, keep on enhancing its competitiveness and resilience, focus on the continual improvement of operational performance, and commit to creating value and sustainable return for every stakeholder.

Chairman of the Board: Chan, Lu-Min



President:

Lu, Chin-Chu



II COMPANY PROFILE

2.1 Date of Establishment:

September 4, 1969.

2.2 Company History

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



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

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

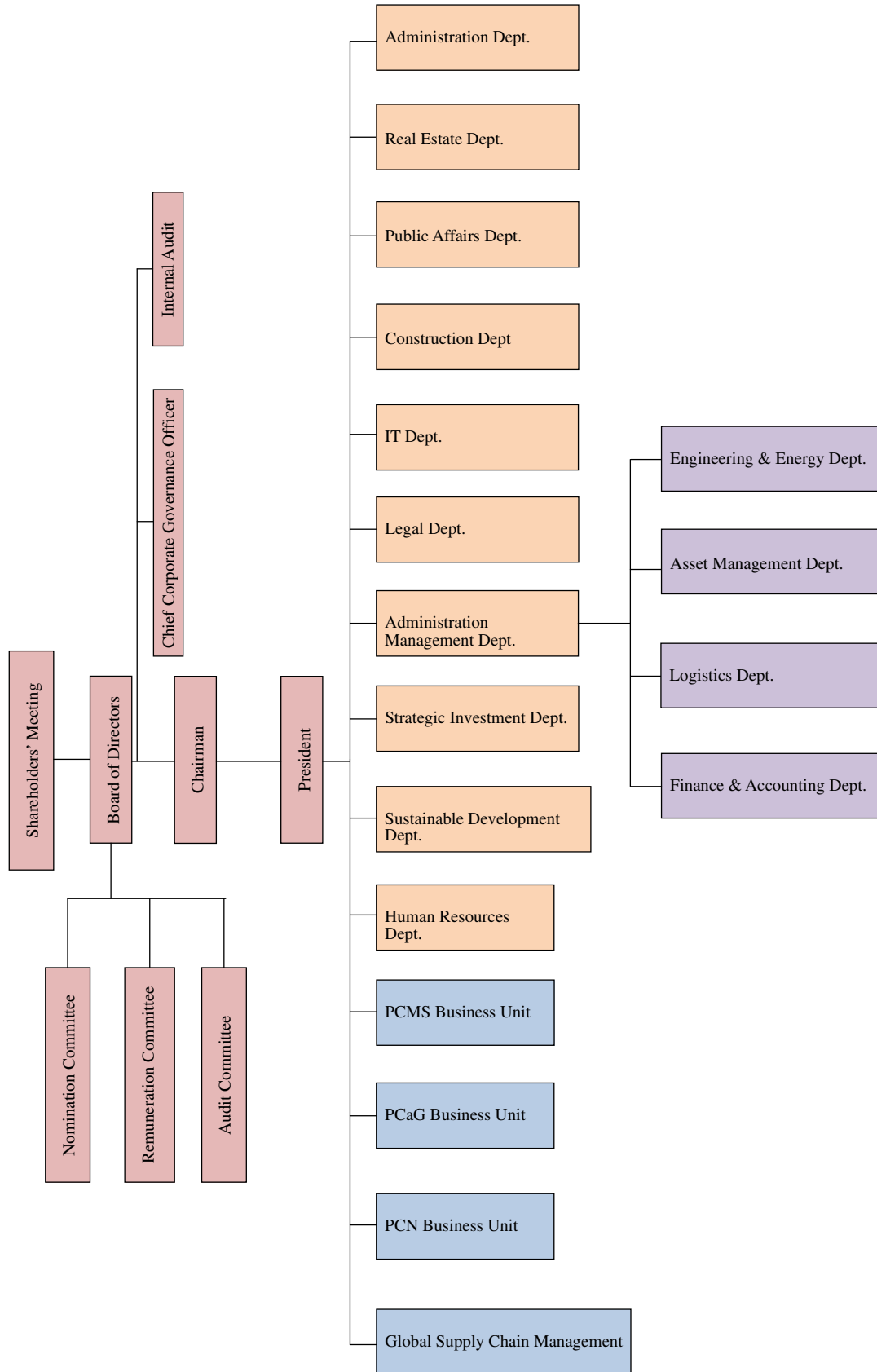


- (41) On April 14, 2009, the Ministry of Economic Affairs approved the Company's conversion of employee share options into common shares in the amount of NT\$ 620,000, and approved the cancellation of the Company's treasury shares in the amount of NT\$ 275,000,000. After the respective capital increase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

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



Date: May 13, 2022



III. CORPORATE GOVERNANCE REPORT

3.1 Organization

(1) Organization structure

(2) Business conducted by each major department

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



POU CHEN CORPORATION

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

(1) Directors

A. Information of Directors

April 17, 2022; Unit: shares

Title	Nationality or registration area	Name	Gender	Age	Date of appointment	Tenure (years)	Date of first appointment	Shareholding upon appointment		Current Shareholding		Spouse and minor Shareholding		Shareholding by nominee arrangement		Education and/or experiences	Positions held concurrently in the Company and other companies	Other manager, Director who is this person's spouse or relative(s) within the second degree of kinship			Where the Company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship (Note 1)
								Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio			Title	Name	Relation	
Chairman	Panama	PC Brothers Corporation	-	-	2019.06.13	3	1992.08.08	213,280,710	7.24%	213,280,710	7.24%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A	None
	R.O.C.	Representative: Chan, Lu-Min	Male	50-69	2019.06.13	3	1992.08.08	366,452	0.01%	366,452	0.01%	0	0.00%	0	0.00%	Statistics Department, National Chung Hsing University Executive Director of Yue Yuen Industrial (Holdings) Limited	Note 2	N/A	N/A	N/A	None
Director	R.O.C.	Tsai, Pei-Chun	Female	30-49	2019.06.13	3	2016.06.15	4,177,779	0.14%	4,177,779	0.14%	0	0.00%	0	0.00%	Economic and Finance Department, Wharton School of the University of Pennsylvania, USA Managing Director and Executive Director of Yue Yuen Industrial (Holdings) Limited Non-executive Director of Pou Sheng International (Holdings) Limited	Note 3	Director	Tsai, Min-Chieh	Sisters	None
Director	R.O.C.	Tzong Ming Investments Co., Limited	-	-	2019.06.13	3	2013.06.14	6,340,933	0.22%	6,340,933	0.22%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A	None
	R.O.C.	Representative: Tsai, Min-Chieh	Female	30-49	2019.06.13	3	2013.06.14	3,471,485	0.12%	3,471,485	0.12%	0	0.00%	0	0.00%	Economic and Finance Department, Wharton School of the University of Pennsylvania, USA Financial Analytics, Bloomberg News (USA)	Note 4	Director	Tsai, Pei-Chun	Sisters	None
Director	R.O.C.	Ever Green Investments Corporation	-	-	2019.06.13	3	2007.04.24	23,216,045	0.79%	23,216,045	0.79%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A	None
	R.O.C.	Representative: Lu, Chin-Chu	Male	50-69	2019.06.13	3	2011.03.07	2,237,470	0.08%	1,070,470	0.04%	73,300	0.00%	0	0.00%	Master Degree in Business Administration, National Chung Hsing University Chairman and Executive Director of Yue Yuen Industrial (Holdings) Limited	Note 5	N/A	N/A	N/A	None

Title	Nationality or registration area	Name	Gender	Date of appointment	Tenure (years)	Date of first appointment	Shareholding upon appointment		Current Shareholding		Spouse and minor Shareholding		Shareholding by nominee arrangement		Education and/or experiences	Positions held concurrently in the Company and other companies	Other manager, Director who is this person's spouse or relative(s) within the second degree of kinship			Where the Company's Chairman or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship (Note 1)
							Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio			Title	Name	Relation	
Director	R.O.C.	Shachang Enterprise Corporation	-	2019.06.13	3	2003.10.03	4,413,010	0.15%	4,413,010	0.15%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A	None
	R.O.C.	Representative: Wu, Pan-Tsu	Male 50-69	2020.07.10	2	2020.07.10	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Banking and Insurance Department, Tankang University Vice President, Corporate Banking Division, Taishin Bank Vice President, BNP Paribas Vice President, Business Department, Chase Manhattan Bank Chairman and Executive Director of Pou Sheng International (Holdings) Limited	Note 6	N/A	N/A	N/A	None
	R.O.C.	Lai Chia Investments Co., Limited	-	2019.06.13	3	2007.04.24	2,677,700	0.09%	2,677,700	0.09%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A	None
Independent Director	R.O.C.	Representative: Ho, Yue-Ming	Male 50-69	2019.06.13	3	2016.06.15	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Laws, National Taiwan University Vice President of HTC Corporation	Note 7	N/A	N/A	N/A	None
	R.O.C.	Chen, Bor-Liang	Male 50-69	2019.06.13	3	2013.06.14	3,374	0.00%	3,374	0.00%	0	0.00%	0	0.00%	Ph.D. in Applied Mathematics, National Chiao Tung University Professor of Business Administration Department, National Taichung University of Science and Technology Professor of Applied Mathematics Department, Tunghai University	N/A	N/A	N/A	N/A	None



POU CHEN CORPORATION

Title	Nationality or registration area	Name	Gender Age	Date of appointment	Tenure (years)	Date of first appointment	Shareholding upon appointment		Current Shareholding		Spouse and minor Shareholding		Shareholding by nominee arrangement		Education and/or experiences	Positions held concurrently in the Company and other companies	Other manager, Director who is this person's spouse or relative(s) within the second degree of kinship			Where the Company's Chairman and the President or person of an equivalent post (the higher level manager) are the same person, spouse, or relatives within the first degree of kinship (Note1)
							Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio	Number of shares	Ratio			Title	Name	Relation	
Independent Director	R.O.C.	Chiu, Tien-I	Male 50-69	2019.06.13	3	2013.06.14	0	0.00%	0	0.00%	0	0.00%	0	0.00%	S.J.D., Tunghai University Managing Partner, Chiu & Chien, Attorneys at Law Adjunct Assistant Professor of Financial and Economic Law Department, Chung Yuan Christian University Adjunct Assistant Professor of the Business Administration Department, National Central University Adjunct Assistant Professor and General Counsel of Graduate Institute of Management, Minghsin University of Science and Technology	N/A	N/A	N/A	N/A	None
Independent Director	R.O.C.	Chen, Huan-Chung	Male 50-69	2019.06.13	3	2018.06.15	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Industrial Management Department, National Taiwan University of Science and Technology Vice President of E-Sun Bills Finance Corporation Partner of Wang Tong & Co., CPAs	Note 8	N/A	N/A	N/A	None

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



B. Major shareholders of the institutional shareholders

April 17, 2021

Name of institutional shareholder	Major shareholders of the institutional shareholders	
	Shareholder	Ratio (%)
PC Brothers Corporation	Plantegenet Group Limited	100.00
Tzong Ming Investments Co., Limited	Taishin International Bank Trust Account	66.55
	Chuan Mou Investments Co., Limited	33.45
Ever Green Investments Corporation	Santarem Pte. Limited	71.74
	Seawind Management Limited	28.26
Sheachang Enterprise Corporation	Taishin International Bank Trust Account	56.07
	Tsai, Chi-Neng	16.22
	Tsai, Chi-Chien	15.32
	Tsai, Chi-Hu	7.83
	Tsai, Nai-Fung	3.50
	Lin, Li-Mei	0.89
	Hsieh, Shu-Chuan	0.17
Lai Chia Investments Co., Limited	Yue Yuen Education Foundation	24.83
	Wu, Hui-Chi	7.90
	Hsiao, Hsiu-Chen	7.90
	Hu, Chia-Ho	7.90
	Yang, Ching-Ju	7.90
	Liu, Shu Shuan	4.51
	Chen, Yi-Chun	4.29
	Liang, Chia-Wen	4.18
	Chiu, Chao-Tien	4.18
	Shih, Neng-Kuei	4.18
	Chan, Hui-Chuan	4.18

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

April 17, 2022

Name of institutional shareholder	Major shareholders of the institutional shareholder	
	Shareholder	Ratio (%)
Plantegenet Group Limited	World Future Investments Limited	56.07
	Queenstown Opportunities Fund	43.93
Chuan Mou Investments Co., Limited	Santarem Pte. Limited	49.83
	Shun Tai Investments Co., Limited	30.02
	Seawind Management Limited	7.97
	Ever Green Investments Corporation	6.71
	Yu Chi Investments Co., Limited	3.27
	Yu Jie Investments Co., Limited	2.20
Santarem Pte. Limited	Sitori Trading Limited	100.00
Seawind Management Limited	Prime Grill Investments Limited	100.00
Yue Yuen Education Foundation	The fund was set up with a total of NT\$ 30,000,000 according to the articles of association, and Pou Chen Corporation is the donor.	



D. Professional Qualification of Directors and Independence of Independent Directors

Requirements		Professional Qualification, Experience and Independence of Independent Directors(Note 1)	Number of other public companies in which the person holds a concurrent position as an independent director
Name			
PC Brothers Corporation Representative: Chan, Lu-Min		Chairman of the Board of Directors and President of the Administration Management Department of the Company. Mr. Chan has about 40 years of finance and accounting management experience.	0
Tsai, Pei-Chun		Managing Director and Executive Director of Yue Yuen Industrial (Holdings) Limited, Ms. Tsai was Director of Mega Financial Holding Company Limited.	0
Tzong Ming Investments Co., Limited Representative: Tsai, Min-Chieh		Ms. Tsai was Financial Analytics in Bloomberg News (USA) and Director of Nan Shan Life Insurance Co., Limited.	0
Ever Green Investments Corporation Representative: Lu, Chin-Chu		President of the Company, Executive Director of Yue Yuen Industrial (Holdings) Limited and Director of San Fang Chemical Industry Co., Limited. Mr. Lu has about 40 years of experience in the manufacturing of footwear and footwear materials.	0
Sheachang Enterprise Corporation Representative: Wu, Pan-Tsu		President of Retail Department of the Company. Mr. Wu was about 25 years of experience in the financial services industry.	0
Lat Chia Investments Co., Limited Representative: Ho, Yue-Ming		Vice President of Legal Department of the Company, Mr. Ho was Vice President of HTC Corporation around 8 years.	0
Chen, Bor-Liang		Mr. Chen was Professor of Business Administration Department, National Taichung University of Science and Technology about 8 years, Professor of Applied Mathematics Department, Tunghai University about 5 years and Independent Director of Global Brands Manufacture Limited. He is also the convener of the Remuneration Committee, member of the Audit Committee and Nomination Committee of the Company. Mr. Chen, his spouse and relative within the second degree of kinship are not an employee of the company or any of its affiliates, not having a marital relationship, or a relative within the second degree of kinship to any other director of the company and also not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.	0
Chiu, Tien-I		Mr. Chiu is a certified lawyer who is Managing Partner, Chiu & Chien, Attorneys at Law and Adjunct Assistant Professor of Financial and Economic Law Department, Chung Yuan Christian University. Mr. Chiu was Director of Global Brands Manufacture Limited. He is also the member of the Remuneration Committee and the Audit Committee of the Company. Mr. Chiu, his spouse and relative within the second degree of kinship are not an employee of the company or any of its affiliates, not having a marital relationship, or a relative within the second degree of kinship to any other director of the company and also not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.	0
Chen, Huan-Chung		Mr. Chen is a CPA and Partner of Wang Tong & Co., CPAs, who also owned a Securities Analyst License. He was Vice President of E.Sun Bills Finance Corporation. He is the Convener of the Audit Committee and member of the Nomination Committee of the Company. Mr. Chen, his spouse and relative within the second degree of kinship are not an employee of the company or any of its affiliates, not having a marital relationship, or a relative within the second degree of kinship to any other director of the company and also not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.	1

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

E. Diversity policy and Independence of the Company's Board

(A) Diversity policy of the Company's Board

(a) Our diversity goal is to have at least one female director on the board, and the expertise of our board as a whole must include corporate strategy, accounting and tax financing, law, administration, and production management. The Company has elected nine directors (including three independent directors) as the members of the 23rd board of directors, two of which are female directors (22% of all Directors). All members of the board have professional knowledge, skills, and competency in multiple disciplines including industry, accounting, technology, business management, and law. Our directors' practical experience and professionalism are diverse and complementary. Relevant implementation status is as follows:

Name	Gender	Age		Education	Industrial Experience	Academic Background	Specialty Fields
		30-49	Over 50				
Chan, Lu-Min	Male		V	Statistics Department, National Chung Hsing University	V		Finance and accounting, business management and corporate governance
Tsai, Pei-Chun	Female	V		Economic and Finance Department, Wharton School of the University of Pennsylvania, USA	V		Finance, strategic planning and enterprise development
Tsai, Min-Chieh	Female	V		Economic and Finance Department, Wharton School of the University of Pennsylvania, USA	V		Finance
Lu, Chin-Chu	Male		V	Master Degree in Business Administration, National Chung Hsing University	V		Production management and business management
Wu, Pan-Tsu	Male		V	Banking and Insurance Department, Tankang University	V		Finance and insurance
Ho, Yue-Ming	Male		V	Master of Laws, National Taiwan University	V		Legal, administrative management and corporate governance
Chen, Bor-Liang	Male		V	Ph.D. in Applied Mathematics, National Chiao Tung University	V	V	Enterprise management, quantity method and decision analysis
Chiu, Tien-I	Male		V	S.J.D., Tunghai University	V	V	Legal
Chen, Huan-Chung	Male		V	Industrial Management Department, National Taiwan University of Science and Technology	V		Accounting, auditing, and Investment analysis.

(b) The Nomination Committee was set up on November 12, 2021, whose duties and responsibilities is to ensure the professional qualification, experience and gender diversity of Board of Directors and also conducts the board's performance evaluation, review the director development plan and director succession plan.

(B) Independence of the Company's Board: The 23rd term Board of Directors of the Company comprises nine directors, three of whom are independent directors (33%) as required by law. Spousal or familial relationship within the second degree of kinship does not exist among more than half of the company's directors. The term of all independent directors does not exceed nine years.



POU CHEN CORPORATION

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

April 17, 2022; Unit: shares

Title	Nationality	Name	Gender	Date of appointment	Current Shareholding		Spouse and minor Shareholding		Shareholding by nominee arrangement		Main education and/or experiences	Positions held concurrently in other companies	Officer who is this person's spouse or relative(s) within the second degree of kinship			Where the Company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship (Note 1)
					Number of shares	Ratio (%)	Number of shares	Ratio (%)	Number of shares	Ratio (%)			Title	Name	Relation	
Chairman and President of the Administration Management Department	R.O.C.	Chan, Lu-Min	Male	1996.07.01	366,452	0.01	0	0.00	0	0.00	Statistics Department, National Chung Hsing University; Executive Director of Yue Yuen Industrial (Holdings) Limited	Note 2	N/A	N/A	N/A	None
President	R.O.C.	Lu, Chin-Chu	Male	2006.07.27	1,070,470	0.04	73,300	0.00	0	0.00	Master Degree in Business Administration, National Chung Hsing University; Chairman and Executive Director of Yue Yuen Industrial (Holdings) Limited	Note 3	N/A	N/A	N/A	None
President of Retail Department	R.O.C.	Wu, Pan-Tsu	Male	2020.08.14	0	0.00	0	0.00	0	0.00	Banking and Insurance Department, Tankang University; Vice President, Corporate Banking Division, Taishin Bank; Vice President, Business Department, BNP Paribas; Vice President, Business Department, Chase Manhattan Bank; Chairman and Executive Director of Pou Sheng International (Holdings) Limited	Note 4	N/A	N/A	N/A	None
Vice President	U.S.A.	Liu, Hong-Chih	Male	2016.11.14	0	0.00	0	0.00	0	0.00	Master of Business Administration Degree in Finance and Entrepreneurial Management, Wharton School of University of Pennsylvania, USA; Executive Director of Yue Yuen Industrial (Holdings) Limited	Note 5	N/A	N/A	N/A	None
Vice President	R.O.C.	Tsai, Nai-Yung	Male	2018.05.15	35,000	0.00	0	0.00	0	0.00	Lu Kang Senior High School; Vice President of the Company	Note 6	N/A	N/A	N/A	None
Vice President	R.O.C.	Chang, Chia-Li	Male	2018.05.15	48	0.00	0	0.00	0	0.00	South Fields College, UK; Vice President of the Company	Note 7	N/A	N/A	N/A	None
Vice President	R.O.C.	Ho, Yue-Ming	Male	2016.03.24	0	0.00	0	0.00	0	0.00	Master of Laws, National Taiwan University; Vice President of HTC Corporation	Note 8	N/A	N/A	N/A	None
Vice President	R.O.C.	Hu, Chia-Ho	Male	2019.03.25	0	0.00	0	0.00	0	0.00	Master Degree of Science, University of Wisconsin, Madison, USA; Vice President of the Company	Note 9	N/A	N/A	N/A	None
Vice President	R.O.C.	Chiu, Hui-Yao	Male	2019.03.25	0	0.00	0	0.00	0	0.00	Master Degree in Computer Science and Engineering Department, National Chiao Tung University; Vice President of the Company	N/A	N/A	N/A	N/A	None
Vice President	R.O.C.	Minston Chao	Male	2020.08.14	0	0.00	0	0.00	0	0.00	PhD in Human Resource Management, National Sun Yat-sen University; Vice President of The Wyatt Company	N/A	N/A	N/A	N/A	None

Title	Nationality	Name	Gender	Date of appointment	Current Shareholding		Spouse and minor Shareholding		Shareholding by nominee arrangement		Main education and/or experiences	Positions held concurrently in other companies	Officer who is this person's spouse or relative(s) within the second degree of kinship			Where the Company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship (Note 1)
					Number of shares	Ratio (%)	Number of shares	Ratio (%)	Number of shares	Ratio (%)			Title	Name	Relation	
Vice President	R.O.C.	Shih, Chih-Hung	Male	2020.11.13	0	0.00	40,000	0.00	0	0.00	Accounting Department, Chung Yuan Christian University; Vice President of the Company	Note 10	N/A	N/A	N/A	None
Executive Senior Manager	R.O.C.	Ho, Ming-Kun	Male	2006.03.03	296,640	0.01	362	0.00	0	0.00	Accounting Department, National Cheng Kung University; Manager of Deloitte Executive Senior Manager of the Company	Note 11	N/A	N/A	N/A	None
Senior Manager	R.O.C.	Chang, Yea-Fen	Female	2012.10.31	119,687	0.00	0	0.00	0	0.00	Master in Business Administration, Texas A&M University, USA; Senior Manager of Finance Department of the Company	Note 12	N/A	N/A	N/A	None
Senior Manager	R.O.C.	Wu, Hui-Chi	Female	2015.12.25	0	0.00	5,000	0.00	0	0.00	Master in Accounting, Golden Gate University, USA; Senior Manager of Accounting Department of the Company	N/A	N/A	N/A	N/A	None



POU CHEN CORPORATION

- Note 1: Where the Company's Chairman and the President or person of an equivalent post (the highest level manager) are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of applicable information on the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., number of independent director seats added, and more than half of directors are not employees or managers of a company): None.
- Note 2: Chairman of Yu Hong Development Co., Limited, Pou Shine Investments Co., Limited, Pou Zhi Investments Co., Limited; Executive Director of Yue Yuen Industrial (Holdings) Limited; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Wealthplus Holdings Limited and its subsidiaries, Win Fortune Investments Limited, Yue Yuen Charity Foundation, Yue Yuen Educational Foundation, Footwear and Recreation Technology Research Institute, Ruen Chen Investment Holding Co., Limited, Windsor Entertainment Co., Limited, Nan Shan Life Insurance Co., Limited, PC Brothers Corporation, Oftenrich Holdings Limited, Brilliant Ocean Limited, Pearl Dove International Limited, Golden Brands Developments Limited; Commissioner of the subsidiaries of Yue Yuen Industrial (Holdings) Limited.
- Note 3: Chairman of Windsor Entertainment Co., Limited; Chairman and Executive Director of Yue Yuen Industrial (Holdings) Limited; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Wealthplus Holdings Limited and its subsidiaries, Win Fortune Investments Limited, San Fang Chemical Industry Co., Limited, Zhong Ao Multiplex Management Group Co., Limited; Representative of Yue Yuen Industrial Limited, Taiwan Branch; Commissioner of the subsidiaries of Yue Yuen Industrial (Holdings) Limited.
- Note 4: Chairman of Pau Yuen Trading Corporation, Taiwan Taisong Trading Co., Limited., Pcg Bros Sports Management Co., Limited; Chairman and Executive Director of Pou Sheng International (Holdings) Limited; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, the subsidiaries of Pou Sheng International (Holdings) Limited, Pou Zhi Investments Co., Limited, PC Brothers Corporation, Red Magnet Developments Limited, Nan Shan Life Insurance Co., Limited, Full Pearl International Limited, Brandblack, INC.; Supervisor of Ruen Chen Investment Holding Co., Limited.
- Note 5: Executive Director of Yue Yuen Industrial (Holdings) Limited; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Ka Yuen Rubber Factory Limited, Mostwell Limited, Go Eastern Limited, Ka Yuen Trading Limited .
- Note 6: Chairman of Chang Yang Vietnam Plastic Co., Ltd., Dah-Chen Shoe Materials Ltd., Dah Sheng Vietnam Co., Ltd. ; Non-executive Director of Prosperous Industrial (Holdings) Limited; Director of Evermore Chemical Industry Co., Limited, Nan Pao Resins Chemical Co., Limited, Chang Yang Material Corp., Limao Digital Printing Co., Limited, Zhongshan Poushun Paper Products Manufacturing Co., Limited, Zhongshan Hwa Ching Foam Co., Ltd., Jiang Xi Hwa Ching Foam Limited, Dong Guan Yue Guan Paper Products Co., Limited, Dong Guan Yu Yuen Mold Co., Ltd., Cohen Enterprises Inc., Great Skill Industrial Limited, High Shine Investments Limited, Just Lucky Investments Limited, Kuo Yuen Industrial Vietnam Limited, Max Chance Industrial Limited, Natural Options Limited, Pou Ming Paper Products Manufacturing Company Limited, Top Units Developments Limited, Twinways Investments Limited, Brilliant Ocean Limited, Upsize Limited, Wealthcorp Enterprises Limited, Rise Bloom International Limited, Prosperlink Limited, Tay Ninh Kuo Yuen Limited, Prosper Day Limited, Infochamp Limited, Raidant Lion Limited, Mega Sky International Limited, Time Swift Investments Limited, Limao International Holdings Co., Limited, Everlasting Profitable International Co.,

Limited, Sonic Zone Limited, Absolute Goodness International Co., Limited, Jingxuan Limited, Radiant Ally Holdings Limited, Ever Brave Developments Limited, Prime Glorious Limited, Prime Excellent Limited, Active Creation Co., Ltd., Treasure Lane Global Limited; Commissioner of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, PT. Ever Tech Plastic, PT. DahSheng, PT. Limao Novatex.

Note 7: Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, San Fang Chemical Industry Co., Limited, Ka Yuen Rubber Factory Limited, Mostwell Limited, Representative of Prime Asia Leather Corporation, Taiwan Branch (British Virgin Islands) ; Commissioner of the subsidiaries of Yue Yuen Industrial (Holdings) Limited.

Note 8: Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Wealthplus Holdings Limited, Elitegroup Computer Systems Co., Limited, Hua Jian Industrial Holding Co., Limited.

Note 9: Executive Director of Yue Yuen Industrial (Holdings) Limited; Executive Director of Eagle Nice (International) Holdings Limited; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Prime Glorious Limited, Prime Excellent Limited, Future Motive Investments Ltd., Cruiser Ventures Limited.

Note 10: Executive Director of Eagle Nice (International) Holdings Limited; Director of the subsidiaries of Yue Yuen Industrial (Holdings) Limited, Elitegroup Computer Systems Co., Limited, Yangzhou Baoyi Shoes Manufacturing Co., Ltd., Ka Yuen (Vietnam) Rubber Factory Ltd., Diamond Islands Limited, Famous Eagle Limited, Venture Well Holdings Limited; Commissioner of PT. Recycle Center Indonesia and the subsidiaries of Yue Yuen Industrial (Holdings) Limited.

Note 11: Chairman of Pro Arch International Development Enterprise Inc., Pou Yuen Technology Co.,

Limited, Barits Development Corporation, Pou Chien Enterprise Co., Limited, Lai Chia Investments Co., Limited, Song Ming Investments Co., Limited; Director of Wealthplus Holdings Limited and its subsidiaries, Windsor Entertainment Co., Limited, Win Fortune Investments Limited, Pou Hui Investments Co., Limited, Global Biotech Inc., Pou Huang Investments Co., Limited, Kunshan Yuanying Electronics Technology Co., Limited, Pearl Dove International Limited, Venture Well Holdings Limited, Golden Brands Developments Limited, Cruiser Ventures Limited; Supervisor of Pou Yui Development Co., Limited, Pou Chien Technology Co., Limited, I-Tech Sporting Enterprise Limited, Pou Zhi Investments Co., Limited; Member of the consolidation committee for conducting land consolidation in Taichung An-Ho land consolidation area.

Note 12: Chairman of Pou Hui Investments Co., Limited; Director of Pou Yi Investments Co., Limited.



POU CHEN CORPORATION

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

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

(In NT\$ thousands)																
Title	Name	Directors' Remuneration				Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 3)		Relevant Remuneration Received by Directors Who are Also Employees				Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 3)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary		
		Salary (A)	Pension (B) (Note 1)	Remuneration (C) (Note 2)		Allowance (D)		Salary, bonus and special fees etc. (E)	Pension (F) (Note 1)		Employee compensation (G) (Note 2)		The Company's consolidated financial statements			
				The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	Amount of cash	Amount of stock			Amount of cash	Amount of stock
Chairman	PC Brothers Corporation															
	Representative: Chan, Lu-Min															
	Tsai, Pei-Chun															
Director	Tzong Ming Investments Co., Limited															
	Representative: Tsai, Min-Chieh															
	Ever Green Investments Corporation															
Director	Representative: Lu, Chin-Chu	0	7,002	0	0	114,584	900	900	17,818	58,832	0	0	13,369	0	1.35%	1,840
	Sheehang Enterprise Corporation															
	Representative: Wu, Pan-Tsu															
Director	Lat Chia Investments Co., Limited															
	Representative: Ho, Yue-Ming															
	Chen, Bor-Liang															
Independent Director	Chiu, Tien-I	3,840	4,921	0	0	0	130	130	0	0	0	0	0	0	0.03%	0
Independent Director	Chen, Huan-Chung															
1. Please describe the policy, system, standard and structures of remuneration payment for independent directors, and their association with the amount of remuneration payment according to their responsibilities, risks, and the time spent by independent directors, among other factors:																
The remuneration structure for independent directors of the Company involves monthly fixed remuneration payment and attendance and transportation allowances. The amount is determined by not only referring to board performance evaluation results, but also by following Article 16-1 of the Company's Articles of Incorporation, which states that the Remuneration Committee shall review each director's level of participation in and value of contribution to the Company's operations, take into account the general standards adopted by the industry, and propose suggestions to the Board of Directors for resolution.																
Except as disclosed above, remuneration received by directors in the latest year for on-balance sheet services (e.g. acting as a non-employee consultant) rendered to the Company: None.																

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

Note 1: The amount of pension was actually paid by the Company and Companies in the consolidated financial statements in 2021.

Note 2: Resolved by the Board of Directors on March 16, 2022.

Note 3: The calculation is based on the net income of the Company's 2021 separate financial statements. (NT\$ 14,439,307 thousand).



POU CHEN CORPORATION

(2) Remuneration paid to Presidents and Vice Presidents

Title	Name	Salary (A)		Pension (B) (Note 1)		Bonuses and Allowances (C)		Employee Compensation (D) (Note 2)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 3)		Compensation paid to the President and Vice President from an Invested Company Other Than the Company's Subsidiary
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements			
						Amount of cash	Amount of stock	Amount of cash	Amount of stock					
Chairman and President of the Administration Management Department	Chan, Lu-Min													
President	Lu, Chin-Chu													
President of Retail Department	Wu, Pan-Tsu													
Vice President	Liu, Hong-Chih													
Vice President	Tsai, Nai-Yung	33,159	92,003	0	0	14,784	36,218	28,528	0	28,528	0	0.53%	1.09%	2,914
Vice President	Chang,Chia-Li													
Vice President	Ho, Yue-Ming													
Vice President	Hu, Chia-Ho													
Vice President	Chiu, Hui-Yao													
Vice President	Minston Chao													
Vice President	Shih,Chih-Hung													

Range of Remuneration	Name of Presidents and Vice Presidents	
	The Company	Companies in the consolidated financial statements
Under NT\$1,000,000		
NT\$ 1,000,000 (included)~ NT\$ 2,000,000 (excluded)		
NT\$ 2,000,000 (included)~ NT\$ 3,500,000 (excluded)		
NT\$ 3,500,000 (included)~ NT\$ 5,000,000 (excluded)	Hu, Chia-Ho	
NT\$ 5,000,000 (included)~ NT\$ 10,000,000 (excluded)	Lu, Chin-Chu, Chan, Lu-Min, Wu, Pan-Tsu, Ho, Yue-Ming, Liu, Hong-Chih, Tsai, Nai-Yung, Chang, Chia-Li, Chiu, Hui-Yao, Minston Chao, Shih, Chih-Hung	Ho, Yue-Ming, Tsai, Nai-Yung, Chiu, Hui-Yao, Minston Chao
NT\$ 10,000,000 (included)~ NT\$ 15,000,000 (excluded)		Wu, Pan-Tsu, Chang, Chia-Li, Hu, Chia-Ho, Shih, Chih-Hung
NT\$ 15,000,000 (included)~ NT\$ 30,000,000 (excluded)		Lu, Chin-Chu, Chan, Lu-Min, Liu, Hong-Chih
NT\$ 30,000,000 (included)~ NT\$ 50,000,000 (excluded)		
NT\$ 50,000,000 (included)~ NT\$ 100,000,000 (excluded)		
Over NT\$ 100,000,000 (included)		
Total	11 persons	11 persons

Note 1: The amount of pension was actually paid by the Company and Companies in the consolidated financial statements in 2021.

Note 2: Resolved by the Board of Directors on March 16, 2022.

Note 3: The calculation is based on the net income of the Company's 2021 separate financial statements. (NT\$ 14,439,307 thousand).



(3) Distribution of employees' compensation paid to officers

(In NT\$ thousands)

	Title	Name	Amount of stock	Amount of cash (Note1)	Total	Ratio of Total Amount to Net Income (%) (Note 2)
Officers	Chairman and President of Administration Management Department	Chan, Lu-Min	0	31,082	31,082	0.22%
	President	Lu, Chin-Chu				
	President of Retail Department	Wu, Pan-Tsu				
	Vice President	Liu, Hong-Chih				
	Vice President	Tsai, Nai-Yung				
	Vice President	Chang, Chia-Li				
	Vice President	Ho, Yue-Ming				
	Vice President	Hu, Chia-Ho				
	Vice President	Chiu, Hui-Yao				
	Vice President	Minston Chao				
	Vice President	Shih, Chih-Hung				
	Executive Senior Manager	Ho, Ming-Kun				
	Senior Manager	Chang, Yea-Fen				
	Senior Manager	Wu, Hui-Chi				

Note 1: Resolved by the Board of Directors on March 16, 2022.

Note 2: The calculation is based on the net income of the Company's 2021 separate financial statements. (NT\$ 14,439,307 thousand).

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

Items Title	Ratio of Total Amount to Net Income (%)			
	2021		2020	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Directors	0.83%	0.88%	1.15%	1.29%
Presidents and Vice Presidents	0.53%	1.09%	0.99%	1.74%

Remuneration of directors, presidents, and vice presidents is in accordance with Article 16-1 and 23 of the Company's Articles of Incorporation (as specified in the following section). Reasonable remuneration is provided after taking into consideration the remuneration of the same positions in other companies in the market; the scope of authority and contribution to the Company's business goals; the risk of decisions made by the position; the risk of not being able to attain business goals; and the risk of failing to comply with policies and laws. Remuneration of directors not only takes into consideration the Company's overall business performance, but also results of the annual assessment carried out in accordance with the "Regulations Governing Evaluation of Board Performance". Remuneration of the Company's directors, president, and vice president is reviewed by the Remuneration Committee and approved by the Board of Directors.

Article 16-1: The Company may pay compensation to Directors performing duties for the benefit of the Company regardless of the Company's profit performance. The board of Directors is authorized to determine, according to the general standards adopted by the industry, Directors' compensation based on the level and value of contributions to the Company's operations.

Article 23: The Company shall appropriate 1% to 5% of the profit of the fiscal year (profit shall mean the income before income tax less Employees' compensation and Directors' remuneration) for employees' compensation and may appropriate no higher than 3% of the same profit as Directors' remuneration. Such employees' compensation may be in the form of stock or cash by the resolution of the board of Directors. Employees eligible for such compensation may include those of the Company's subsidiaries meeting certain conditions. In the presence of accumulated loss, the Company shall allocate an amount to recover such loss before appropriating any employees' and Directors' remuneration in accordance with the ratios prescribed by the preceding paragraph.



3.4 Implementation of Corporate Governance

(1) Operations of the Board of Directors

Seven meetings of the Board of Directors were held in 2021. The attendance status of the Directors is as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance Rate (%)	Notes
Chairman	PC Brothers Corporation Representative: Chan, Lu-Min	7	0	100.00	
Director	Tsai, Pei-Chun	7	0	100.00	
Director	Tzong Ming Investments Co., Limited Representative: Tsai, Min-Chieh	7	0	100.00	
Director	Ever Green Investments Corporation Representative: Lu, Chin-Chu	7	0	100.00	
Director	Sheachang Enterprise Corporation Representative: Wu, Pan-Tsu	7	0	100.00	
Director	Lai Chia Investments Co., Limited Representative: Ho, Yue-Ming	7	0	100.00	
Independent Director	Chen, Bor-Liang	7	0	100.00	
Independent Director	Chiu, Tien-I	7	0	100.00	
Independent Director	Chen, Huan-Chung	7	0	100.00	

Other matters to be specified:

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

1. Matters prescribed under Article 14-3 of the Securities and Exchange Act:

Meeting Dates	Sessions	Contents of resolutions	Opinions of all independent directors	Actions taken by the Company in response to opinions of independent directors
2021.03.24	11th meeting of the 23rd board of directors	Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.	No objections or qualified opinions.	None. Approved as proposed by all Directors present at the meeting.
2021.04.28	12th meeting of the 23rd board of directors	1. Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries. 2. Discussed to acquire the right-of-use assets of real estate from the Company's related party.		
2021.08.13	15th meeting of the 23rd board of directors	Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.		
2021.11.12	16th meeting of the 23rd board of directors	1. Discussed independence assessment and appointment of the Company's CPA and discussed the CPA's remuneration. 2. Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.		
2021.12.23	17th meeting of the 23rd board of directors	1. Discussed the amendments to the Company's "Internal Control System", and "Internal Auditing Implementation Regulations." 2. Discussed the line of credit for the Company to make and remove endorsement or guarantee for its subsidiaries.		

2. Except for the matters mentioned in the preceding paragraph, matters resolved by the Board of Directors, to which an independent director has a dissenting or qualified opinion that is on record or stated in a written statement : None.



II. For any recusal of Directors due to conflict of interests in certain proposals, name of the Director, contents of resolutions, reasons for the recusal and participation in the voting shall be noted :				
Meeting Dates	Contents of resolutions	Name of Directors	Reasons for the recusal	Participation in the voting shall be noted
2021.03.24 11th meeting of the 23rd board of directors	Reviewed the 2020 annual bonus for the officers of the Company.	Chan,Lu-Min, Lu,Chin-Chu, Wu, Pan-Tsu, Ho,Yue-Ming	The Directors are stakeholders of this proposal.	Recused from discussion and voting of this proposal.
	Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.	Chan,Lu-Min, Lu,Chin-Chu, Tsai,Pei-Chun, Tsai,Min-Chieh, Ho,Yue-Ming		
2021.04.28 12th meeting of the 23rd board of directors	Released the Company's Director from non-competition restrictions.	Wu, Pan-Tsu		
2021.08.13 15th meeting of the 23rd board of directors	Reviewed the 2020 Employees' Compensation for the Company's officers.	Chan,Lu-Min, Lu,Chin-Chu, Wu, Pan-Tsu, Ho,Yue-Ming		
	Reviewed matters pertaining to the amount of the Company's 2020 distribution for directors' remuneration.	Chan,Lu-Min, Lu,Chin-Chu, Tsai,Pei-Chun, Tsai,Min-Chieh, Wu, Pan-Tsu, Ho,Yue-Ming		
	Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.	Chan,Lu-Min, Lu,Chin-Chu, Tsai,Pei-Chun, Tsai,Min-Chieh, Ho,Yue-Ming		
2021.11.12 16th meeting of the 23rd board of directors	Discussed the 2021 adjustments to remunerations for the Company's officers.	Ho,Yue-Ming		
	Appointed the members of the first Nomination Committee.	Chan,Lu-Min, Chen, Huan-Chung, Chen, Bor-Liang		
	Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.	Chan,Lu-Min, Lu,Chin-Chu, Tsai,Pei-Chun, Tsai,Min-Chieh, Ho,Yue-Ming		
2021.12.23 17th meeting of the 23rd board of directors	Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.	Chan,Lu-Min, Lu,Chin-Chu, Tsai,Pei-Chun, Tsai,Min-Chieh, Ho,Yue-Ming		

III. Listed and over-the-counter companies shall disclose the evaluation cycle and periods, scope, method, and content of evaluation and other information relevant to the self (peer) evaluation of board of directors:

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Content of Evaluation
Implemented once every year	January 01, 2021 to December 31, 2021	The Board	Internal Assessment of the Board	Including participation in the operation of the company; improvement of the quality of the board of directors' decision making; composition and structure of the board of directors; election and continuing education of the directors; and internal control.
		Individual Directors	Self-assessment by individual Board members	Alignment of the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationship and communication; director's professionalism and continuing education; and internal control.
		Remuneration Committee	Internal Assessment of the Remuneration Committee	Includes degree of participation in the company's operations; awareness of the duties of the committee; improvement in the quality of decision making by the committee; the composition of the committee and member appointment; and internal control.
		Audit Committee	Internal Assessment of the Audit Committee	Includes degree of participation in the company's operations; awareness of the duties of the committee; improvement in the quality of decision making by the committee; the composition of the committee and member appointment; and internal control.

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

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

- (1) To reinforce corporate governance and strengthen the functionality of the board of directors, the Company nominates and elects directors with the goal of achieving board diversity. Two of the board members are female directors. All members of the board have professional knowledge, skills, and background in industry, finance, technology, business management, and law, and possess the knowledge, skills, and competency necessary to perform their responsibilities.
- (2) The Company has established the Remuneration Committee in September 2011 to assist the board of directors in evaluating the performance of directors and managers and the compensation policies, systems, standards and structures, and provide suggestions on individual remunerations. We continue to strengthen the independence of the Remuneration Committee. In June 2019, members of the latest Remuneration Committee were appointed, more than half of which are independent directors.
- (3) Starting from June 2016, the Company's Audit Committee is composed entirely of independent directors to assist the board of directors. The Committee assists the board with supervising the operation and quality of the company's accounting, auditing, and financial reporting processes and with reviewing the risks and reasonableness of loans of funds, provision of endorsements/guarantees or disposal of assets of a material nature.



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

2. Maximize the effectiveness of board functions:

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

(2)As of December 31, 2021, the Company's three independent directors have not served three terms in a row. To implement supervision, the independent directors attended all board meetings in 2021 for an attendance rate of 100%.

(3)The Company obtained approval from the Board of Directors in April 2019 to appoint a chief to be in charge of corporate governance and established the Standard Operating Procedures for Handling Director Requests to assist director performance and improve board functionality.

(4)The Company has established the Regulations Governing Evaluation of Board Performance and evaluates board performance at least once a year. Starting from 2019, performance evaluation of the Remuneration Committee and Audit Committee was incorporated.

(2) Operational status of the Audit Committee

The main function of the Audit Committee is to oversee fair financial reporting of the Company, the hiring (and dismissal), independence, and performance of external certified public accountants of the Company, the effective implementation of the internal control systems of the Company, regulatory compliance by the Company and the existing or potential risks management of the Company.

The Audit Committee of the Company consists of three independent directors. Their professional qualification, experience and five meetings of the Audit Committee were held in 2021, the attendance rate is as follow:

Title	Name	Professional Qualification, Experience	Attendance in person	Attendance Rate (%)	Notes
Convener	Chen, Huan-Chung	Mr. Chen is a CPA and Partner of Wang Tong & Co., CPAs, who also owned a Securities Analyst License. He was Vice President of E.Sun Bills Finance Corporation. He is the Convener of the Audit Committee and member of the Nomination Committee of the Company.	5	100.00	
Member	Chiu, Tien-I	Mr. Chiu is a certified lawyer who is Managing Partner, Chiu & Chien, Attorneys at Law and Adjunct Assistant Professor of Financial and Economic Law Department, Chung Yuan Christian University. Mr. Chiu was Director of Global Brands Manufacture Limited. He is also the member of the Remuneration Committee and the Audit Committee of the Company.	5	100.00	
Member	Chen, Bor-Liang	Mr. Chen was Professor of Business Administration Department, National Taichung University of Science and Technology about 8 years, Professor of Applied Mathematics Department, Tunghai University about 5 years and Independent Director of Global Brands Manufacture Limited. He is also the convener of the Remuneration Committee, member of the Audit Committee and Nomination Committee of the Company.	5	100.00	



Other matters to be specified:

1. Where any of the following circumstances occurs with respect to the operation of the Audit Committee, meeting dates, sessions, contents of resolutions, resolutions adopted by the Audit Committee, and actions taken by the Company in response to the opinion of the Audit Committee shall be noted.

(1) Matters prescribed under Article 14-5 of the Securities and Exchange Act:

Meeting Dates	Sessions	Contents of resolutions	Do an independent director has a dissenting, qualified opinion or major suggestion	Resolutions adopted by the Audit Committee	Actions taken by the Company in response to the opinion of the Audit Committee
2021.03.24	10th meeting of the 2nd audit committee	1. Discussed the Company's 2020 Business and Financial Reports. 2. Discussed the Company's 2020 "Effectiveness Assessment of Internal Control System". 3. Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.	None	Approved as proposed.	None. Submitted to the Board of Directors for approval.
2021.04.28	11th meeting of the 2nd audit committee	1. Discussed the Company's 2020 profit distribution plan. 2. Released the Company's Director from non-competition restrictions. 3. Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries. 4. Discussed to acquire the right-of-use assets of real estate from the Company's related party.	None	Approved as proposed.	None. Submitted to the Board of Directors for approval.
2021.08.13	12th meeting of the 2nd audit committee	Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.	None	Approved as proposed.	None. Submitted to the Board of Directors for approval.

Meeting Dates	Sessions	Contents of resolutions	Do an independent director has a dissenting, qualified opinion or major suggestion	Resolutions adopted by the Audit Committee	Actions taken by the Company in response to the opinion of the Audit Committee
2021.11.12	13th meeting of the 2nd audit committee	1. Discussed the independence assessment and appointment of the Company's CPA and approved the CPA's remuneration. 2. Discussed the line of credit for the Company to make endorsement or guarantee for its subsidiaries.	None	Approved as proposed.	None. Submitted to the Board of Directors for approval.
2021.12.23	14th meeting of the 2nd audit committee	1. Discussed the amendment to the Company's "Internal Control System" and "Internal Auditing Implementation Regulations." 2. Formulated the Company's internal audit plan for 2022. 3. Discussed the line of credit for the Company to make and remove endorsement or guarantee for its subsidiaries.	None	Approved as proposed.	None. Submitted to the Board of Directors for approval.

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

2. For any recusal of independent directors due to conflict of interests in certain proposals, names of independent directors, contents of resolutions, reasons for the recusal and participation in the voting shall be noted: None.
3. Descriptions of the communications between the independent directors, the head of internal auditors, and certified public accountants (CPAs) (including significant matters, methods, and results of communication on the Company's finance and operations, etc.):
 - a. The Company's Audit Committee which is entirely composed of independent directors shall convene a meeting at least once a quarter, and may call a meeting as needed.
 - b. Communication between the head of internal auditors and the Audit Committee:
 - (a) The monthly audit report based on the audit plan shall be submitted to each independent director through email or in person by the end of the following month.
 - (b) The quarterly audit report shall be submitted to the Audit Committee periodically.
 - (c) Occasionally conduct communication and provide instruction and response by telephone, email, or in person.



(d) Immediately report to the members of the Audit Committee any material matters.

c. Communication between CPAs and the Audit Committee:

(a) The Company's CPAs provide opinions / explanations to and discuss any additional matters with the Audit Committee in accordance with laws and regulations.

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

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

4. A diversity of effective communication channels are provided for the Company's independent directors, the head of internal auditors, and CPAs.

The communications between independent directors, the head of internal auditors, and CPAs in 2021 are listed below:

Date	Communication Method	Party Communicated	Matters Communicated	Results
2021.03.24	Audit Committee Meeting	Chief Internal Auditor	Effectiveness of the internal control system for 2020	After thorough communication and discussion, the Audit Committee approved the effectiveness assessment, and submitted it to the Board for resolution.
2021.05.14	Forum	CPAs	"Corporate Governance 3.0 -Sustainable Development Roadmap" – Strengthening duties and functions of the Board	Thorough communication with the CPAs and internal audit team on corporate governance metrics and procedures for implementing the Company's internal controls.
		Internal Audit Team	1. Scope of internal audit and procedures for implementation 2. Effectiveness of the internal control system	
2021.11.12	Forum	CPAs	Standards for auditing 2021 financial statements.	Thorough communication with the CPAs and internal audit team on financial statements audit planning and internal control implementation.
		Internal Audit Team	1. Report on the audit work recently performed 2. Change of internal audit team members	
2021.11.12	Audit Committee Meeting	CPAs	The independence of the Company's CPAs and audit team members	After thorough communication and discussion, the Audit Committee approved the independence assessment and appointment of CPAs, and submitted to the Board for resolution.
2021.12.23	Forum	Chief Internal Auditor	1. Report on the audit work recently performed 2. Key audit items for the next year.	Thorough communication with the Chief internal auditor on risk assessment and control implementation of internal control system.

Date	Communication Method	Party Communicated	Matters Communicated	Results
2021.12.23	Audit Committee Meeting	Chief Internal Auditor	Amendments to the Company's "Internal Control System" and "Internal Audit Implementation Regulations".	After thorough communication and discussion, the Audit Committee approved the amendments, and submitted to the Board for resolution.
			The internal audit plan for 2022.	After thorough communication and discussion, the Audit Committee approved the plan, and submitted it to the Board for resolution.



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

Evaluation Item	Operational status			Discrepancy with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	Summaries	
I. Does the Company establish and disclose the Corporate Governance Best Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has enacted the "Corporate Governance Best Practice Principles" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", and disclosed such rules on the Company's website for established good corporate governance.	No Discrepancy.
II. Shareholding structure and shareholders' rights i. Does the Company establish an internal operating procedure to deal with shareholders' suggestions, concerns, disputes and litigations, and implement based on the procedure?	V		i. To protect the shareholders' rights, the Company has enacted the "Corporate Governance Best Practice Principles" for compliance. The Company has also established the position of spokesperson and the contact for investor relations, responsible for handling shareholder matters. The legal department will assist in handling the shareholders' matters relating to legal issues.	No Discrepancy.
ii. Does the Company possess the list of its major shareholders as well as the beneficial owners of those shares?	V		ii. The Company files changes of shareholding on the monthly basis of major shareholders (the shareholders holding more than 10% of the Company's total issued and outstanding shares) in compliance with relevant regulations. In addition, the list of its major shareholders as well as the beneficial owners of those shares is under control by paying attention to other important matters that may cause a change in the shares.	No Discrepancy.
iii. Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	V		iii. The Company not only established risk control and management mechanism, but also established relevant operating procedures provisions in the internal control system regarding the operational, business and financial dealings with specified companies and affiliates. The Company also assists and urges its subsidiaries to build a written internal control system, and enact "Operational Procedures for Making Endorsements and	No Discrepancy.

Evaluation Item	Operational status			Discrepancy with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons
	Yes	No	Summaries	
			Guarantees”, “Operating Procedures for Loaning of Company Funds”, “Procedures for Acquisition and Disposal of Assets” and other relevant management regulations according to their practical conditions for implementing the risk control and management mechanism with its subsidiaries. For preventing irregular transactions, business dealings with the affiliates will be deemed to be made with other independent third parties. The risk control and management mechanisms and firewall between the affiliates have been set up properly.	
iv. Does the Company establish internal rules against insider trading on undisclosed information?	V		iv. The Company has enacted and compliance with “Procedures for Handling Material Inside Information” and “Management Procedures for the Prevention of Insider Trading”. The Company educates its directors, officers, employees and other person(s) who may receive the Company’s material inside information based on his/her identity, profession or controlling power from time to time about legal compliance, and that they shall perform their duties with the care of a good administrator and loyalty and in good faith in accordance with the material resolutions and shall sign the non-disclosure agreement.	No Discrepancy.
III. Composition and Responsibilities of the Board of Directors i. Does the Board develop and implement a diversified policy for the composition of its members?	V		i. The Company has stipulated in the “Corporate Governance Best Practice Principles” and “Rules for Election of Directors” that the composition of the board shall be determined by taking diversity into consideration and that an appropriate policy on diversity based on the Company’s business operations, operating dynamics, and development needs be formulated and include, but not limited to, gender, age, and educational background. Implementation of diversity policy of the Company’s Board please refers to page 21.	No Discrepancy.



Evaluation Item	Operational status			Discrepancy with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	Summaries	
ii. Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		ii. The Company has established Remuneration Committee, Audit Committee and Nomination Committee in accordance with law. Other functional committees shall be established whenever deemed necessary.	No Discrepancy.
iii. Has the company established and implemented methods for assessing the performance of the Board of Directors, conducted performance evaluation annually, presented the performance evaluation results to the Board of Directors, and used the results as reference for individual director remuneration and re-election nomination?	V		iii. The Company has enacted the "Procedures for Evaluating the Board of Directors' Performance". Each Director shall evaluate himself/herself, and the Board of Directors shall evaluate itself or by others at least once every year. The results of such evaluation shall be submitted to the first Board of Directors' meeting after the year ends. The performance evaluation of the 23rd Board of directors, Remuneration Committee and Audit Committee, including the internal evaluation of the Board and the Committee, self-evaluation by individual board members were completed in December 2021. The results of such evaluation were all "Excellent" and submitted to the Board of Directors' meeting on March 16, 2022. The evaluation results will be used as a reference for the remuneration and nomination of individual directors.	No Discrepancy.
iv. Does the Company regularly evaluate the independence of CPAs?	V		iv. The Company shall evaluate the independence of the Company's CPAs at least once every year. In 2021 the CPA is not being the Company's director, officer, nor any position with significant influence, no conflict of interests, not being the same CPA without replacement for seven years consecutively. And the Company has obtained the "Certified Public Accountant Independent Declaration". The results were submitted to the Audit Committee and the Board of Directors after evaluating and confirming the CPA's independence.	No Discrepancy.
IV. Does the Company appoint a suitable number of designated personnel and supervisor to be in charge of	V		The Company appoints full (part)-time personnel who handle corporate governance-related affairs and are supervised by a senior	No Discrepancy.

Evaluation Item	Operational status		Discrepancy with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons												
	Yes	No													
corporate governance related affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings according to laws, processing company registration and change of registration, and producing minutes of board meetings and shareholders' meetings)?		<div>manager with years of financial supervisory experience and accounting qualification. The Chief Corporate Governance Officer attended 12 hours of corporate governance courses for the year.</div> <div>i. The duties of corporate governance personnel are as follow:<div><div>1. Furnishing information required for business execution by directors and assisting directors with legal compliance.</div><div>2. Handling matters relating to shareholders' meetings, board meetings and meetings of associated committees according to laws.</div><div>3. Assisting with the promotion and strengthening of corporate governance.</div></div></div> <div>ii. Corporate governance related courses for The Corporate Governance Officer in 2021 are detailed as follows:<table><tr><th>Host by</th><th>Name of the course</th><th>Duration</th></tr><tr><td>Taiwan Corporate Governance Association</td><td>Climate change risk and TCFD</td><td>3</td></tr><tr><td>Financial Supervisory Commission R.O.C.</td><td>The 13th Taipei Corporate Governance Forum</td><td>6</td></tr><tr><td>Corporate Operation Association</td><td>Intellectual Property Rights and Corporate Governance</td><td>3</td></tr></table></div>	Host by	Name of the course	Duration	Taiwan Corporate Governance Association	Climate change risk and TCFD	3	Financial Supervisory Commission R.O.C.	The 13 th Taipei Corporate Governance Forum	6	Corporate Operation Association	Intellectual Property Rights and Corporate Governance	3	
Host by	Name of the course	Duration													
Taiwan Corporate Governance Association	Climate change risk and TCFD	3													
Financial Supervisory Commission R.O.C.	The 13 th Taipei Corporate Governance Forum	6													
Corporate Operation Association	Intellectual Property Rights and Corporate Governance	3													
V. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and properly respond to stakeholders' concerns on corporate social responsibilities?	V	<div>The Company has set up a stakeholder section and publicly disclosed the contact email address (ir@pouchen.com) on the Company's website. There will be specified personnel responsible for responding to stakeholders' concerns, and further transferring to competent authority, according to the scope and nature of the issues. The Company has also publicly disclosed contact information for individual stakeholder (investors, customers, employees, suppliers and CSR related) to respond promptly and properly to stakeholders' concerns on material CSR issues.</div>	No Discrepancy.												



Evaluation Item	Operational status			Discrepancy with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	Summaries	
VI. Does the Company appoint a professional stock agency for its Shareholders' meetings?	V		The Company has designated Grand Fortune Securities Co., Limited to act as the Company's stock agency to handle Shareholders' meetings, and to deal with Shareholders' affairs.	No Discrepancy.
VII. Information disclosure i. Does the Company have a corporate website to disclose financial information and the status of corporate governance?	V		i. The Company has set up its website (http://www.pouchen.com) to disclose its financial, business and corporate governance information. There are specified personnel responsible for updating the information thereon, and relevant information can also be found on the MOPS website.	No Discrepancy.
ii. Does the Company have other information disclosure channels (e.g. building an English version website, appointing designated people to handle information collection and disclosure, appointing spokespersons, webcasting investor conferences)?	V		ii. 1. The Company has set up an English version website. 2. The Company has appointed one spokesperson and two acting spokespersons to be responsible for collection of the Company's information and disclosure of material information. 3. The Company had participated four investor conferences in 2021. All relevant information was disclosed on the Company's website.	No Discrepancy.
iii. Does the company publicly disclose its annual financial report at the end of the accounting year within the prescribed time limit, and publicly disclose its Q1, Q2, and Q3 financial reports and monthly operation status ahead of the prescribed time limit?		V	The Company's annual financial report has been disclosed and filed in March following board approval. Each quarterly financial report was also disclosed and filed following board approval.	In accordance with the time limit specified in Article 36 of the Securities and Exchange Act and the time needed by the subsidiary's accountant to conduct audits, the Company's annual financial report cannot be disclosed and filed in February.

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



Evaluation Item	Operational status			Discrepancy with “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons			
	Title	Name	Date of training		Host by	Name of the course	Duration
Representative of juristic-person director (Chairman and President of Administration Management Department)		Chan, Lu-Min	From	To	Accounting Research and Development Foundation	New policies on corporate sustainable development and an overview of climate governance	3
			2021.07.20	2021.07.20		Changes to earnings pattern and performance evaluation under IFRS17	1.5
			2021.08.10	2021.08.10		Climate change risk and TCFD	3
			2021.08.13	2021.08.13		Directors and Supervisors (including Independent Directors), and Corporate Governance Seminars for Corporate Governance Officers (2021 Phase 16): Transformational opportunities in transitioning to IFRS17	3
			2021.09.03	2021.09.03		The effect of IFRS17 on the strategic planning of insurance companies	1.5
			2021.09.28	2021.09.28		Director and senior executive's training course for anti-money laundering and countering terrorism financing of the securities and futures sector	1
			2021.11.09	2021.11.09		Corporate Governance Lecture: the global economic condition after COVID-19	3
			2021.03.24	2021.03.24		Corporate Governance Lecture: Financial Technology(phase 4)	3
Director	Tsai, Pei-Chun	2021.06.18	2021.06.18	Taiwan Academy of Banking and Finance	Corporate Governance Lecture: Financial Technology(phase 4)	3	

The advanced training by the Directors and officers in the most recent fiscal year is as follows:

Evaluation Item		Operational status			Discrepancy with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons	
Title	Name	Date of training		Host by	Name of the course	Duration
		From	To			
Representative of juristic-person director	Tsai, Min-Chieh	2021.03.24	2021.03.24	Taiwan Academy of Banking and Finance	Corporate Governance Lecture: the global economic condition after COVID-19	3
		2021.06.18	2021.06.18	Taiwan Academy of Banking and Finance	Corporate Governance Lecture: Financial Technology(phase 4)	3
		2021.08.10	2021.08.10	Taiwan Corporate Governance Association	Changes to earnings pattern and performance evaluation under IFRS17	1.5
		2021.09.28	2021.09.28	Taiwan Corporate Governance Association	The effect of IFRS17 on the strategic planning of insurance companies	1.5
Representative of juristic-person director (President)	Lu, Chin-Chu	2021.08.13	2021.08.13	Taiwan Corporate Governance Association	Climate change risk and TCFD	3
		2021.09.01	2021.09.01	Financial Supervisory Commission R.O.C.	The 13th Taipei Corporate Governance Forum	3
Representative of juristic-person director (President of Retail Department)	Wu, Pan-Tsu	2021.07.20	2021.07.20	Accounting Research and Development Foundation	New policies on corporate sustainable development and an overview of climate governance	3
		2021.08.13	2021.08.13	Taiwan Corporate Governance Association	Climate change risk and TCFD	3
		2021.09.01	2021.09.01	Financial Supervisory Commission R.O.C.	The 13th Taipei Corporate Governance Forum	3
		2021.10.26	2021.10.26	Taiwan Insurance Institute	Directors and Supervisors (including Independent Directors), and Corporate Governance Seminars for Corporate Governance Officers (2021 Phase 11): IFRS17 blueprint and corporate governance	3
					3.0	



Evaluation Item	Operational status			Discrepancy with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons	
	Date of training			Name of the course	
Title	Name	Date of training		Host by	Duration
		From	To		
Representative of juristic-person director (President of Retail Department)	Wu, Pan-Tsu	2021.11.09	2021.11.09	Institute of Financial Law and Crime Prevention	1
Representative of juristic-person director (Vice President)	Ho, Yue-Ming	2021.07.02	2021.07.02	Accounting Research and Development Foundation	3
		2021.08.13	2021.08.13	Taiwan Corporate Governance Association	3
Independent Director	Chen, Bor-Liang	2021.05.07	2021.05.07	Securities & Futures Institute	3
		2021.08.13	2021.08.13	Taiwan Corporate Governance Association	3
Independent Director	Chiu, Tien-I	2021.03.19	2021.03.19	Corporate Operation Association	3
		2021.08.13	2021.08.13	Taiwan Corporate Governance Association	3
Independent Director	Chen, Huan-Chung	2021.03.12	2021.03.12	CPA Associations R.O.C.	3
		2021.04.09	2021.04.09	CPA Associations R.O.C.	3
		2021.07.30	2021.07.30	CPA Associations R.O.C.	3
		2021.08.13	2021.08.13	Taiwan Corporate Governance Association	3
Executive Senior Manager	Ho, Ming-Kun	2021.08.13	2021.08.13	Taiwan Corporate Governance Association	3
		2021.09.01	2021.09.01	Financial Supervisory Commission R.O.C.	6

Evaluation Item	Operational status			Discrepancy with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons		
Title	Name	Date of training		Host by	Name of the course	Duration
		From	To			
Executive Senior Manager	Ho, Ming-Kun	2021.10.27	2021.10.27	Corporate Operation Association	Intellectual Property rights and Corporate Governance	3
Senior Manager	Wu, Hui-Chi	2021.09.27	2021.09.28	Accounting Research and Development Foundation	Continuing Education for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges.	12
		2021.08.19	2021.08.20	Accounting Research and Development Foundation	Continuing Education for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges.	12

vii. Implementation of risk management policies and risk assessment standards: The company has always adopted a global diversified layout and is an important partner of dozens of international brands. In view of the constant competition and challenges in the business environment, the company ensures the sustainable development of the Company by focusing its attention on corporate risk management to conduct risk assessment of economic, environmental, and social issues. The Risk Management Regulations established in 2015 have been approved by the Board of Directors. The Board of Directors is the highest governing body of risk management and plans to develop applicable risk management strategies. Various functional managements through to units in charge of managing day-to-day operations are responsible for reducing potential business discontinuity risks by identifying every level of risk that may critically influence corporate operations and formulating plans in response to the identified risks. At the end of every year, the implementation of risk management activities is summarized and used as the basis for next year's strategic management, performance evaluation, and audit planning. In 2021, the status of risk management operations for the year was reported to the Board of Directors in December.

viii. Customer relations policies and implementation status: The Company transacts with its customers by upholding the core values of "Professionalism, Dedication, Innovation, and Service." The Company understands customers' needs and provides affordable products and services that are of excellent quality. The Company has won customers' affirmation and hence maintained a strong relationship with its customers.

ix. Liability insurance provided for directors: The Company has purchased liability insurance for all directors.

x. Recusals of directors due to conflicts of interests: The Company has mandated in "Rules and Procedures of Board of Directors' Meetings" that all directors shall comply with the principles of recusal from the discussion and resolution of proposals in which directors have conflicts of interest. In addition, the Company has elected three independent directors



Evaluation Item	Operational status	Discrepancy with "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and the reasons
who can propose professional, neutral advices on the company's business strategies. When discussing any proposal, the Board shall take into consideration the opinions of independent directors to effectively protect the interest of the Company. The Company has established the Guidelines to the Management of Related Party Transactions to ensure that related parties of the Company can avoid conflicts of interest.		
<p>IX. Please described improvements in terms of the results of the Corporate Governance Evaluation System in recent years and propose areas and measures to be given priority where improvement will be needed:</p> <p>According to the result of the 8th Corporate Governance Evaluation announced by Taiwan Stock Exchange at the end of April 2022, the Company was ranked within 6% to 20% of the listed companies and also ranked top 10% of the 「non financial and non-electronics industry with a market value above NT\$10 billion.」 Furthermore, the competent authority did not request further improvement in corporate governance matters.</p>		

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

A. Information of the members of the Remuneration Committee

Title	Requirements Name	Professional Qualification and Experience	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Note
Convener	Chen, Bor-Liang	Mr. Chen was Professor of Business Administration Department, National Taichung University of Science and Technology about 8 years, Professor of Applied Mathematics Department, Tunghai University about 5 years and Independent Director of Global Brands Manufacture Limited. He is also a Independent Director, the member of the Audit Committee and Nomination Committee of the Company.	The members of the Remuneration Committee of the Company do not have the following situation: 1. An employee of the company or any of its affiliates. 2. The person, person's spouse and relative within the second degree of kinship are director or supervisor of the company or any of its affiliates. 3. The person, person's spouse and relative within the second degree of kinship (or held by the person under others' names) hold the shares of the Company. 4. Be the director, supervisor or employee of the specific related company. 5. The compensation paid for the person who provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company within the recent two years. 6. Any conditions defined in Article 30 of the Company Law.	0	
Member	Chiu, Tien-I	Mr. Chiu is a certified lawyer who is Managing Partner, Chiu & Chien, Attorneys at Law and Adjunct Assistant Professor of Financial and Economic Law Department, Chung Yuan Christian University. Mr. Chiu was Director of Global Brands Manufacture Limited. He is also a Independent Director, the member of the Audit Committee of the Company.		0	
Member	Shen, Wan-Fa	Mr. Shen is Adjunct Assistant Professor, National Changhua University of Education. He was the President of WeTec International CPAs and the director of local Tax Bureau of Changhua County.		0	



B. Operations of the Remuneration Committee

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

(B) The Board of Company has approved three members consist of the 4th Remuneration Committee after elected 23rd Board of Directors on June 13, 2019. The term of the Committee is from June 13, 2019 to June 12, 2022. Three meetings of the Remuneration Committee were held in 2021. The attendance status is as follows:

Title	Name	Attendance in person	Attendance by proxy	Attendance Rate (%)	Notes
Convener	Chen, Bor-Liang	3	0	100.00	
Member	Chiu, Tien-I	3	0	100.00	
Member	Shen, Wan-Fa	3	0	100.00	

1. The Company's Remuneration Committee periodically reviews the performance assessment standards, the policies, systems, standards, and structures for the compensation of the Board of Directors and officers. In 2021, the Company's Remuneration Committee conducted such performance evaluation on August 13.

2. Discussion and resolutions adopted by the Remuneration Committee in 2021:

Meeting Dates	Sessions	Contents of resolutions	Resolutions adopted by the Remuneration Committee	Actions taken by the Company in response to the opinion of the Remuneration Committee
2021.03.24	8th meeting of the 4th Remuneration Committee	1. Reviewed the amount of the Company's 2020 distribution for directors' remuneration and employees' compensation. 2. Reviewed the 2020 annual bonus for the officers of the Company.	Approved as proposed.	None. Submitted to the Board of Directors for approval.
2021.08.13	9th meeting of the 4th Remuneration Committee	1. Reviewed the Company's regulations governing remunerations of directors and officers. 2. Reviewed the 2020 Employees' Compensation for the Company's officers. 3. Reviewed matters pertaining to rewards for officers of the Company. 4. Reviewed matters pertaining to the amount of the Company's 2020 distribution for directors' remuneration.	Approved as proposed.	None. Submitted to the Board of Directors for approval.
2021.11.12	10th meeting of the 4th Remuneration Committee	1. Reviewed the 2021 adjustments to remunerations for the Company's officers.	Approved as proposed.	None. Submitted to the Board of Directors for approval.

3. Other matters to be specified:

I. If the Board of Directors rejects or amends the suggestions submitted by the Remuneration committee, there shall be elaborated with the meeting dates, sessions, contents of resolutions, resolution adopted by the Board of Directors and actions taken by the Company in response to the Remuneration Committee's opinions (if the Board of Directors approved a remuneration plan better than that suggested by the Remuneration Committee, the reasons and the difference shall be elaborated): N/A.

II. If any member has expressed opposition or reservation with respect to the resolution of the Remuneration Committee and there was a written record or written statement, there shall be elaborated with the meeting dates, sessions, contents of resolutions, the opinions of all members of the Remuneration Committee and actions taken in response to the member's opinions: N/A

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

A. Clarify the qualification and duties of the Nomination Committee: The Nomination Committee was set up on November 12, 2021, which is composed of three directors (including independent directors). The convener, Chairman Chan, Lu-Min possesses an expertise in financial accounting, business management, and corporate governance. Committee members, Chen, Huan-Chung and Chen, Bor-Liang (both independent directors) also have an expertise in "auditing, investment management and financial analysis" and "corporate management, quantitative methods and decision analysis." All members have years of experience serving as a director of a listed/registered company, and all of them satisfied the professional requirement of the Committee. The Committee operates in accordance with the "Nominating Committee Charter" and convenes at least two meetings every year. The duties of the Committee is to faithfully perform the following duties and responsibilities, and to submit its recommendations to the Board of Directors for discussion.

- (1) To lay down the criteria required for the members of the Board, and to identify, evaluate and nominate candidates for directors accordingly.
- (2) To establish and develop the organizational structure of the Board and each committee, and to conduct performance evaluation, and assess the independence of independent directors.
- (3) To establish and periodically review the director development plan and director succession plan.

B. The term of 1st Nominated Committee is from November 12, 2021 to June 12, 2022. Two meetings of the Nomination Committee were held in 2021. The professional qualification and attendance status is as follows:



Title	Requirements Name	Independent Director	Professional Qualification and Experience	Attendance in person	Attendance by proxy	Attendance Rate (%)	Note
Convener	Chan, Lu-Min		Mr. Chan's expertise is financial accounting, business management, and corporate governance, who has about 40 years of finance and accounting experience.	2	0	100.00	
Member	Chen, Huan-Chung	V	Mr. Chen's expertise is auditing, investment management and financial analysis, who is a CPA and Partner of Wang Tong & Co., CPAs, also owned a Securities Analyst License. He was Vice President of E.Sun Bills Finance Corporation. He is the Convener of the Audit Committee and member of the Nomination Committee of the Company.	2	0	100.00	
Member	Chen, Bor-Liang	V	Mr. Chen's expertise is corporate management, quantitative methods and decision analysis, who was Professor of Business Administration Department, National Taichung University of Science and Technology about 8 years, Professor of Applied Mathematics Department, Tunghai University about 5 years and Independent Director of Global Brands Manufacture Limited. He is also a Independent Director, the member of the Audit Committee and Nomination Committee of the Company.	2	0	100.00	

C. Discussion and resolutions adopted by the Nomination Committee in 2021:

Meeting Dates	Sessions	Contents of resolutions	Resolutions adopted by the Nomination Committee	Actions taken by the Company in response to the opinion of the Nomination Committee
2021.11.24	1st meeting of the 1st Nomination Committee	Discussed the proposal to enact the Company's "Director succession plan".	Approved as proposed.	None. Submitted to the Board of Directors for approval.
2021.12.23	2nd meeting of the 1st Nomination Committee	Discussed the proposal to enact the Company's "Director development plan".	Approved as proposed.	None. Submitted to the Board of Directors for approval.
<p>I. If the Board of Directors rejects or amends the suggestions submitted by the Nomination committee, there shall be elaborated with the meeting dates, sessions, contents of resolutions, resolution adopted by the Board of Directors and actions taken by the Company in response to the Nomination Committee's opinions (if the Board of Directors approved a remuneration plan better than that suggested by the Nomination Committee, the reasons and the difference shall be elaborated): N/A.</p> <p>II. If any member has expressed opposition or reservation with respect to the resolution of the Nomination Committee and there was a written record or written statement, there shall be elaborated with the meeting dates, sessions, contents of resolutions, the opinions of all members of the Nomination Committee and actions taken in response to the member's opinions: N/A</p>				

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

Evaluation Item	Operational status		Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	
I. Does the Company establish exclusively (or concurrently) dedicated personnel to implement sustainable development with senior management authorized by the board to be in charge of proposing the sustainable development policies and reporting to the board?	V		No Discrepancy.
	<p>I. The Company's set up Sustainable Development Department responsible for managing employee relations, legal compliance affairs, environmental protection, energy conservation, and safety and health. Sustainable Development Department is collectively responsible for promoting sustainable development tasks and setting up the company's sustainability-related policies and management regulations for all plants. The Department is also responsible for assisting the Company in improving sustainable development management via training, counseling, auditing, etc.</p> <p>The Sustainable Development Department reports to executive management regarding the planning, progress, effectiveness of sustainable development every six months and report to Board of Directors every year.</p>		
II. Does the Company conduct risk assessment of environment, society, and corporate governance issues in accordance with principles of materiality, and the complicated challenges that arise with it, we identify the risks that may influence corporate sustainable development from our daily operations and develop applicable management strategies and response measures to reduce the possibility of business disruption. Our risk management comprises three levels (mechanisms). The First Mechanism involves the organizing unit or organizer who oversees the identification, assessment, and reporting of risks in initial operations. The Second Mechanism is composed of the president and various department heads who are responsible for comprehensively assessing all types of risks and making management decisions accordingly. The Third Mechanism involves auditing by the audit unit and the control and supervision of Board of Directors.	V		No Discrepancy.
	<p>II. The Company conducts risk assessment of environment, society, and corporate governance issues in accordance with principles of materiality. While facing the internationalization of business operations, the impact of global economic changes, and the complicated challenges that arise with it, we identify the risks that may influence corporate sustainable development from our daily operations and develop applicable management strategies and response measures to reduce the possibility of business disruption. Our risk management comprises three levels (mechanisms). The First Mechanism involves the organizing unit or organizer who oversees the identification, assessment, and reporting of risks in initial operations. The Second Mechanism is composed of the president and various department heads who are responsible for comprehensively assessing all types of risks and making management decisions accordingly. The Third Mechanism involves auditing by the audit unit and the control and supervision of Board of Directors.</p>		



Evaluation Item	Operational status		Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons
	Yes	No	
III. Environmental Issues i. Does the Company establish proper environmental management systems based on the characteristics of its operations?	V		No Discrepancy.
ii. Does the company endeavor to utilize energy more efficiently and use renewable materials which have low impact on the environment?	V		No Discrepancy.
iii. Does the company assess the current and future potential risks and opportunities of climate change for the company and take measures to address climate-related issues?	V		No Discrepancy

Evaluation Item	Operational status			Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons															
	Yes	No	Summaries																
			<p>The Company strives to reduce the aforementioned risks by continuing to monitor international activities (response, trends, policies, and regulatory requirements, etc.) related to climate change; continuously improving energy conservation and carbon reduction practices; and increasing the energy efficiency of our manufacturing facilities. Through these actions, we hope to effectively lower our energy consumption and increase the use of renewable energy to reduce greenhouse gas emissions and mitigate risks resulting from climate change.</p>																
iv. Does the company calculate the greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and establish energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management policies?	V		<p>iv. 1. Greenhouse Gas Emission:</p> <p>The Company has built a greenhouse gas inventory system in place to comprehensive access its carbon emission information. The footwear manufacturing facilities of the Company has completed the inventory of carbon emission in GHG scope 1 and scope 2 following ISO 14064-1 in 2021. Two factories in Indonesia were verified by third-party for 2020 and 2021 GHG inventory and the third-party verification statement was obtained in May, 2022.</p> <p>Greenhouse Gas Emissions in the past two years:</p> <p style="text-align: right;">Unit: 10,000 tons of CO₂^e</p> <table border="1"> <thead> <tr> <th>Year</th><th>Scope 1</th><th>Scope 2</th><th>Total</th><th>Carbon Emission per Unit of Product kgCO₂^e/pair</th></tr> </thead> <tbody> <tr> <td>2020</td><td>1.77</td><td>52.53</td><td>54.30</td><td>2.30~3.37</td></tr> <tr> <td>2021</td><td>1.36</td><td>42.94</td><td>44.30</td><td>0.91~2.98</td></tr> </tbody> </table> <p>The scope 1 and scope 2 GHG emissions on geographic basis in 2021 totaled 443 thousand tons of CO₂^e. The emissions at the Company's major production bases (China/Vietnam/Indonesia) ranged from 0.91~2.98 kg CO₂^e/pair, and were mainly Scope 2 emissions associated with electricity, which accounted for 96.93% of the total emission. Scope 1 emissions accounted for 3.07% of the total emission.</p>	Year	Scope 1	Scope 2	Total	Carbon Emission per Unit of Product kgCO ₂ ^e /pair	2020	1.77	52.53	54.30	2.30~3.37	2021	1.36	42.94	44.30	0.91~2.98	No Discrepancy.
Year	Scope 1	Scope 2	Total	Carbon Emission per Unit of Product kgCO ₂ ^e /pair															
2020	1.77	52.53	54.30	2.30~3.37															
2021	1.36	42.94	44.30	0.91~2.98															



Evaluation Item	Operational status		Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	
			<p>The Company established a Sustainable Development Department in 2012 and undertakes projects involving clean energy, low-carbon fuels, and energy conservation to reduce the impact of GHG emissions. In line with the Company's energy management policies and strategic goals, as well as clients' sustainable development targets, the Company has established the first stage of comprehensive energy-saving plan with the year 2016 as the baseline. The plan outlines the overall management goal, which is to achieve an energy intensity in 2020 that is 8% lower than that in 2016. The second stage of a five-year energy management goal with 2019 as the base year involves the continuous implementation of energy-saving tasks and expansion of strategies for use of renewable energy to achieve the goal of zero growth in carbon dioxide emissions by 2025.</p> <p>In 2021, the Company followed the brand customers and set the goal to reduce Scope 1 and Scope 2 GHG emissions by 46.2% by 2030 with 2019 as the base year. The target has been verified by the World Resources Institute (WRI) and is in line with the Science-Based Target initiative (SBTi) setting methodology.</p> <p>The Company not only continues with energy conservation works, and also in 2021 began building a solar-powered system in its manufacturing factories in Southeast Asia. The Company has completed installing this system in its two factories in Vietnam, contributing a capacity of 2.25 MW. The Company also purchased i-REC in production bases in China and Vietnam, acquiring a total capacity of 45,996 MWh in 2021. The Company will more actively partake in other renewable energy development and procurement plans, continue to promote our reputation internationally and domestically across renewable energy companies, and ensure the sustainable energy development of the Company.</p>

Evaluation Item	Operational status		Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	
		Summaries	
			<p>2. Water consumption:</p> <p>The main source of water in the Company's footwear manufacturing bases is mostly local tap water, but it also includes river water and lake water. The manufacturing factories will install clean water treatment facilities and reverse osmosis systems as needed.</p> <p>The total water consumption of footwear production sites was measured to be approximately 16,812.2 million liters in 2020 and 14,216.8 million liters in 2021. Both the source and consumption of water were within the range approved by the local government and did not have a significant impact on local water sources.</p> <p>The Company complies with local laws and regulations and actively seeks ways to recycle and reuse treated water. By checking pipes for leakages and promoting water-saving measures, the Company has effectively increased the amount of waste water recycled, successfully recycling 33% of our effluent discharge on average in 2021.</p> <p>3. Waste management:</p> <p>The Company's footwear production sites disposed approximately 64,437.3 metric tons of waste in 2021 and 94,489.7 metric tons in 2020. The Company complies with local government laws and regulations on waste management when disposing of, removing, and managing wastes. Our wastes are managed by authorized waste disposal companies to reduce any negative impact on the environment. For industrial wastes, we have launched relevant action plans to move away from disposing wastes by landfill and incineration.</p> <p>The long-term objective of our waste management practice is to reuse and recycle manufacturing wastes, thereby achieving a circular economy to strive for a waste-free environmental sustainability vision.</p>



Evaluation Item	Operational status		Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	
IV. Social Issues i. Does the Company formulate appropriate management policies and procedures according to relevant labor laws, and internationally recognized human rights principal?	V		No Discrepancy.

Summaries

i. To establish a code of conduct within the group, the Company follows “ILO Declaration of Fundamental Principles and Rights at work”, the FLA workplace code of conduct, and local labor laws and regulations: the Company follows the salary and working hour regulations, never employs child labor or forced labor, respect the employees’ freedom of association, and forbid any discriminatory measures as well as any conduct related to receiving bribes from intermediaries. We also respect the employees’ freedom of association and right to collective bargaining, and recognize the organization of legal unions initiated by employees.

1. The Company upholds the cares for its employees, emphasizes human-based management and incentive measures, encourages employees’ positive actions, and prohibits harassing or abusing employees in the work place. The Company amended Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace in 2017 and 2020, and set up complaint channel and specified personnel to be responsible for labor safety and life guidance, who will handle immediately once such violations are found.

2. In 2021, 3,732 cases involving grievance consultation were lodged by employees through grievance channels, more than 80% of which can be resolved in 10 working days. In general, 99.5% of the cases were closed in 2 months. The company voluntarily organized 259 sessions of employee seminars throughout the year, and 8,664 people attended in total.

3. The Company purchases social insurance or business insurance required in the scope of local laws and regulations; provides employees with statutory benefits such as annual leaves, maternal/paternal leave, and leave for wedding; develops protective measures for pregnant and breastfeeding employees; and establishes scholarships and emergency aids to help employees who need them. Regarding the promotion of educational development

Evaluation Item	Operational status		Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	
			<p>in different regions, from 2016 to 2021, the Company has provided about US\$24,000 in scholarship to a total of 837 students in Indonesia. In Vietnam, the Company has long engaged in the planning of Hope Seed Scholarship since 2012 and the scholarship for the employee's child to support the education of students in Vietnam. As at the end of 2021, there were a total of 10,902 beneficiaries with a contribution of US\$429,000.</p> <p>4. By evaluating internal compliance KPIs, the Company regularly examines the implementation of the group's Code of Conduct within the workplace and compliance with local laws, and requests relevant units to make improvements.</p>
ii. Does the company formulate and implement reasonable employee benefits measures (including compensation, leave, and other benefits) and appropriately reflect its business performance or achievement in employee compensation?	V		No Discrepancy.
iii. Does the Company provide a healthy and safe working environment and conduct training on health and safety for its employees periodically?	V		No Discrepancy.
iv. Does the Company provide its employees with career development and training sessions?	V		No Discrepancy.



Evaluation Item	Operational status		Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons
	Yes	No	
			<p>competency training systems, quality management systems, and professional skills certification courses according to relevant laws. Moreover, the Company has established the Training Program Management Guidelines, to provide a basis for compliance to be followed by relevant departments.</p> <p>(1) Training Programs</p> <p>To motivate employees to improve their work skills and realize a vision of lifelong learning, the Company plans different training courses according to its core value and employees' competency. The Company constantly provides training programs for employees, beginning from the day they start working for the Company to their retirement, to help them acquire the skills they need for work and strengthening their employability. By arranging training courses for employees, the Company expects to establish a consensus among employees so that they can identify with organizational value and commit toward creating the best business performance for the Company.</p> <p>a. Course for New Employees: The Company provides training courses for new recruits, and arranges a Review Camp for new employees once every quarter.</p> <p>b. Core Competency Course: A systematic training course focusing on group's core thinking and core competencies is provided, such as a series of courses on thinking of systematization.</p> <p>c. Management Course: Management courses for various management levels are planned according to management duties and competencies. These courses include modules on general management and mid-level to advanced management.</p> <p>d. Professional Course: Professional training courses are developed based on work contents and requirements for professional development.</p> <p>e. Self-Development Course: This course is focused on the soft power required by employees such as language training courses, and aims to encourage autonomous</p>

Evaluation Item	Operational status		Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	
			<p>learning for better skills and capabilities.</p> <p>(2) Personal development plans: Employee's personal development plans and each department's annual training courses are formulated based on professional competency assessment results, annual performance records, and the expectations of managers and employees. Besides providing employees with the professional knowledge they are still lacking, training resources are provided for their management abilities, self-management soft power, and common work skills. This will enrich the group's talent pool, and improve the overall quality of employees as well as the Company's business performance.</p>
v. Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and does it establish relevant consumer protection policies and grievance procedures?	V		<p>v. The Company strictly complies with local government laws, customer demands, and company regulations. We practice supplier management by</p> <p>(1) Partnering suppliers are required to comply with the standards adopted by the customers (e.g., Restricted Substances List, RSL)</p> <p>(2) Partnering suppliers are required to abide by the Company's basic requirements (environmental management, fire safety, safety and health, human rights). The Company continues to invest in encouraging suppliers to practice circular economy management. Several of the Company's suppliers have passed various management system certifications, including Bluesign, Higg, ISO 14001, ISO 14064, ISO 45001, ISO 50001, ISO 9001, LWG, Oeko-Tex, PAS 2050, SA 8000 and ZDHC.</p> <p>Effective communication with stakeholders is maintained through the Stakeholder section and mailbox for suppliers, which are provided on the Company's website.</p>
vi. Does the Company establish supplier management policies, which require suppliers to observe relevant regulations on	V		<p>vi. The Company regards integrity and compliance as the cornerstone of cooperation between the Company and suppliers. All suppliers must abide by local regulations and contractual commitments, and give priority over compliance with human rights, health and safety, and environmental protection. By using a supplier audit and selection mechanism, the Company</p>



Evaluation Item	Operational status		Discrepancy with the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons
	Yes	No	
environmental protection, occupational safety and hygiene, or labor and human rights? If so, describe the implementation results.		selects potential suppliers to partner with, regularly evaluate the overall performance of its suppliers to provide guidance based on their performance, and track suppliers' improvement progress in order to improve the efficiency of the Company's supply chain.	
V. Does the company adopt internationally widely recognized standards or guidelines when producing corporate social responsibility reports and reports disclosing the company's non-financial information? Does the company obtain a third-party assurance or verification for such reports?	V	V. The Company's Sustainability Report is prepared in accordance with the Global Reporting Initiative Standards (GRI Standards) issued by the Global Reporting Initiative (GRI). This report has been certified by a third-party certification unit, SGS Taiwan Ltd., according to AA 1000 Assurance Standard (AS) Type II, High-level Assurance, and has been disclosed on the MOPS website and the Company's website.	No Discrepancy.
VI. If the Company has enacted its corporate social responsibility best practice principles according to the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies”, please describe the operational status and discrepancy: The Company has enacted the “Corporate Social Responsibility Best Practice Principles” in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies”, implemented such rules accordingly, no discrepancy so far.			
VII. Other important information to facilitate better understanding of the Company's implementation of Sustainable Development: The Company has enacted the “Corporate Social Responsibility Best Practice Principles”, prepared the “Sustainability Report” to set forth the operational status of Sustainable Development, and disclosed such rules and report on the MOPS website and the Company's website.			

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

Evaluation Item	Operational status			Discrepancy with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons
	Yes	No	Summaries	
<p>I. Enacting ethical corporate management policies and plans</p> <p>i. Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment by the Board of Directors and Management to implement the policies?</p>	V		<p>i. The Company has enacted “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Corporate Management and Conduct Guidelines”, and relevant internal rules, expressly setting forth the ethical corporate management policies, measures and commitment by the Board of Directors and the Management to execute such management policies.</p>	No Discrepancy.
<p>ii. Does the Company have mechanisms in place to assess the risk of unethical conduct and perform regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of operation? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?</p>	V		<p>ii. The Company has set relevant conduct to follow in Procedures for Ethical Corporate Management and Conduct Guidelines. In addition to raising the Company’s personnel’s moral standards and strengthening their self-restraint, the Company requires the major suppliers to execute “Honest Transaction Agreement” or provide the Company with honesty declaration or honesty mechanism related documents. Besides, to ensure performance of ethical corporate management, the Company establishes effective accounting system and internal control system. The internal auditor will examine the implementation status of each system regularly and report to the Board of Directors.</p>	No Discrepancy.



Evaluation Item	Operational status		Discrepancy with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and the reasons
	Yes	No	
iii. Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies and also review regularly to revise the policies?	V	<p>iii. 1. The Company's "Procedures for Ethical Corporate Management and Conduct Guidelines" expressly prescribes the plans to prevent unethical conducts, including the operating procedures, conduct guidelines and education training.</p> <p>2. In the event of any unethical conduct by the Company's employee, which is proven true after investigation, such event will be handled in accordance with relevant laws, the Company's "Working Rules" and "Incentive and Disciplinary Regulations". Where the employee objects to the accused violation and disciplinary decision, such employee may file a complaint according to the "Working Rules" and "Management Rules of Employee Complaints".</p>	No Discrepancy.
III. Implementing ethical corporate management i. Does the company evaluate business partners' ethical records and include ethics related clauses in business contracts?	V	<p>i. Before entering into a business relationship with any third party, the Company will consider the legality and reputation of such third party to avoid dealing with the counterparty who has unethical records. The Company requires the trading partner to execute "Honest Transaction Agreement", and the conditions of the contract termination or repeal when the business breaches ethics related clauses.</p>	No Discrepancy.
ii. Does the Company establish a dedicated unit supervised by the Board, to be in charge of corporate integrity, report its integrity policy and unethical conduct prevention solutions as well as supervision implementation status to the Board of Directors on a regular basis?	V	<p>ii. The Company's Board of Directors established an Ethical Corporate Management Promotion Team to implement the Company's ethical corporate management policy and unethical conduct prevention program. The team reports to the Board of Directors at least once a year. The team's work results in 2021 are as follows:</p> <p>1. The Company developed audiovisual materials for English courses on ethical corporate management and confidentiality.</p> <p>2. The Company organized 28 sessions of ethical corporate management awareness workshops and training programs in 2021; approximately 1,845 attendees.</p>	No Discrepancy.

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



Evaluation Item	Operational status			Discrepancy with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and the reasons
	Yes	No	Summaries	
accessible complaint channels, and designate responsible personnel to handle the complaint received?			websites, which serve as the complaint and reporting channel for internal and external personnel of the Company, and such complaint and reporting will be handled by specified personnel.	
ii. Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?	V		ii. The Company has enacted standard operating procedures for investigating the complaints received and relevant confidentiality mechanism. The receipt, investigation process and investigation results of the reported case will be recorded and preserved. Where a violation stands, the specified personnel will immediately, report to the management and make disciplinary decisions according to the situations.	No Discrepancy.
iii. Does the company provide proper whistleblower protection?	V		iii. The Company will keep the complainant's identity confidential, and take appropriate measures to protect the complainant from improper treatment for his/her complaint.	No Discrepancy.
IV. Enhancing information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and the MOPS website?	V		The Company's "Ethical Corporate Management Best Practice Principles" and corporate governance related information has been disclosed on the Company's website (http://www.pouchen.com).	No Discrepancy.
V. If the Company has enacted its ethical corporate management best practice principles according to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", please describe the operational status and discrepancy: The Company has enacted and implemented the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Corporate Management and Conduct Guidelines", implemented such rules accordingly, and found no discrepancy so far.				
VI. Other important information to facilitate the understanding of the Company's implementation of ethical corporate management: 1. As a preliminary condition to perform the ethical corporate management, the Company complies with the "Company Act", the "Securities and Exchange Act", the "Business Entity Accounting Act", the "Political Donations Act", the "Anti-Corruption Act", the "Government Procurement Act", the "Act on Recusal of Public Servants Due to Conflict of Interest", relevant regulations governing TWSE listed companies or other related laws governing business acts. 2. The Company's "Management Procedures for the Operation of Board of Directors' Meeting" has provided the conflict of interest system for directors. For the proposal proposed in				

Evaluation Item	Operational status		Discrepancy with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and the reasons
	Yes	No	
<p>the Board of Directors' meeting, the director with personal interest or the juristic-person shareholder's interest therein, which may harm the Company's interest, may state his/her opinions and reply to enquiries, shall not participate in the discussion and resolution, shall recuse himself/herself from the discussion and resolution, and shall not vote on behalf of other director as his/her proxy.</p> <p>3. The Company's "Management Procedures for the Prevention of Insider Trading" has expressly provided that its Directors, officers and employees shall not disclose the material inside information he/she knows to third parties, shall not make enquiries or collect undisclosed material inside information of the Company which is unrelated to his/her personal duties from the one who is informed of such material inside information, and shall not disclose to third parties the undisclosed material inside information he/she obtains other than during the course of performing his/her duties.</p> <p>4. The Company has enacted "Procedures for Handling Material Inside Information" to build a sound system to handle and disclose material inside information, to prevent improper disclosure of information and ensure consistency and accuracy of the information released by the Company to the public.</p> <p>5. Information on insider trading prevention issued by the competent authority is provided (in print or by email) to directors and managers within two months of their appointment and at least once a year. Employees are required to attend online courses on ethical awareness; these courses cover case studies of insider trading and introduce what are insider trading, and the legal responsibilities and disciplinary actions associated with insider trading. Awareness course on insider trading was provided to existing directors and managers on October 22, 2021.</p> <p>6. The Company expanded awareness and online training on ethical management in 2021, the results are as follows:</p>			
	Content		Attendance
Group personnel training	Awareness on ethical management, code of ethical conduct, honest trading, protection of group interest, and prohibition of insider trading		7 sessions, a total of 280 attendees
Group personnel training	Awareness on the group code of conduct and core values		21 sessions, a total of 1,565 attendees



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

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

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

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

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

The Company has enacted “Procedures for Handling Material inside Information” to build a sound system to handle and disclose material inside information, to prevent improper disclosure of information and ensure consistency and accuracy of the information released by the Company to the public. The implementation status of these procedures has been as expected.

(10) Internal control system implementation status

POU CHEN CORPORATION
Statement of Internal Control System

Date: March 16, 2022

Based on the findings of its self-assessment, the Company states the following with regard to its internal control system during the year 2021:

- I. the Company acknowledges that it is the Company's board of directors' and officers' responsibility to establish, implement, and maintain an adequate internal control system. Our internal control system is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability, timeliness and transparency of our reporting, compliance with applicable rules, laws and regulations, and achievement of other goals.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its three stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes in environment and circumstances. Nevertheless, the Company's internal control system has self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (the "Regulations"). The criteria adopted by the Regulations identify five key components of the managerial control processes: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. Each of the five components has several items respectively; please refer to the Regulations for such items.
- IV. The Company has evaluated the effectiveness of the design and operation of its internal control system based on the aforementioned criteria.
- V. Based on the findings of the evaluation, the Company believes that on December 31, 2021, it has maintained an effective internal control system (including the supervision and management of its subsidiaries) in order to understand the extent that its operations have reached effectiveness and efficiency; the reliability, timeliness and transparency of the reports; compliance with applicable rules, laws and regulations; and to provide reasonable assurance over achieving the aforementioned goals.
- VI. This Statement will constitute a major part of the Company's 2021 Annual Report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liabilities under Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- VII. It is hereby declared that this Statement is adopted at the Board of Directors' meeting on March 16, 2022, with all nine attending directors approving the content of this Statement.

Pou Chen Corporation

Chairman of the Board: Chan, Lu-Min



President: Lu, Chin-Chu





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

A. Material resolutions of 2021 annual general shareholders' meeting and the implementation status thereof :

Date	The type of meeting	Material resolutions	Implementation status
2021.07.26	Annual general shareholders' meeting	Ratification: i. Ratification of the 2020 Business Report, Financial Statements and profit distribution plan.	Distribute cash dividends at NT\$0.5 per share. The ex-dividend record date was July 20, 2021, and the cash dividends had been distributed on August 9, 2021.
		Discussion i. Discussion on the amendments to the Company's "Rules for Election of Directors". ii. Discussion on the amendments to the Company's "Rules and Procedures of Shareholders' Meetings". iii. Proposal for release the Company's Director from non-competition restrictions.	i. It has been disclosed on the Company's website, and the Company is now operating in accordance with the amended "Rules for Election of Directors". ii. It has been disclosed on the Company's website, and the Company is now operating in accordance with the amended "Rules and Procedures of Shareholders' Meetings". iii. The Director and representative are in compliance with relevant laws.

B. Material Resolutions during the Board of Directors' Meetings in 2021 and up to the Publication date of this Annual Report:

Date	Term	Material resolutions
2021.03.24	11th meeting of the 23rd Board of Directors	<ol style="list-style-type: none"> 1. Approved the amount of the Company's 2020 distribution for directors' remuneration and employees' compensation. 2. Approved the 2020 annual bonus for the officers of the Company. 3. Approved the Company's 2020 Business and Financial Reports. 4. Approved the Company's 2020 "Effectiveness Assessment of Internal Control System" and "Statement of Internal Control System". 5. Approved the amendments to the Company's "Rules for Election of Directors." 6. Approved the amendments to the Company's "Rules and Procedures of Shareholders' Meetings." 7. Approved the application for increasing and renewing the line of credit for the Company to borrow funds from financial institutions. 8. Approved the line of credit for the Company to make endorsement or guarantee for its subsidiaries. 9. Relevant matters regarding convening the Company's 2021 annual general shareholders' meeting.

Date	Term	Material resolutions
2021.04.28	12th meeting of the 23rd Board of Directors	<ol style="list-style-type: none"> 1. Approved the Company's 2020 profit distribution plan. 2. Approved the 2020 profit distribution of cash dividends. 3. Approved to release the Company's Director from non-competition restrictions. 4. Approved to release the Company's Officers from non-competition restrictions. 5. Approved the application for renewing the line of credit for the Company to borrow funds from financial institutions. 6. Approved the line of credit for the Company to make endorsement or guarantee for its subsidiaries. 7. Approved to acquire the right-of-use assets of real estate from the Company's related party.
2021.06.30	14th meeting of the 23rd Board of Directors	<ol style="list-style-type: none"> 1. Approved the Company reschedule the date and location of 2021 annual general shareholders' meeting.
2021.08.13	15th meeting of the 23rd Board of Directors	<ol style="list-style-type: none"> 1. Approved the Company's regulations governing remunerations of directors and officers. 2. Approved the 2020 Employees' Compensation for the Company's officers. 3. Approved matters pertaining to rewards for officers of the Company. 4. Approved matters pertaining to the amount of the Company's 2020 distribution for directors' remuneration. 5. Approved to release the officer of the Company from non-competition restrictions. 6. Approved the application for renewing the line of credit for the Company to borrow funds from financial institutions. 7. Approved the line of credit for the Company to make endorsement or guarantee for its subsidiaries.
2021.11.12	16th meeting of the 23rd Board of Directors	<ol style="list-style-type: none"> 1. Approved the change of the Company's spokesperson. 2. Approved the 2021 adjustments to remunerations for the Company's officers. 3. Approved the proposal to enact the Company's "Nomination Committee Charter". 4. Approved to appoint the members of the first Nomination Committee. 5. Approved independence assessment and appointment of the Company's CPA and approved the CPA's remuneration. 6. Approved the application for renewing the line of credit for the Company to borrow funds from financial institutions. 7. Approved the line of credit for the Company to make endorsement or guarantee for its subsidiaries.
2021.12.23	17th meeting of the 23rd Board of Directors	<ol style="list-style-type: none"> 1. Approved the proposal to enact the Company's "Director succession plan". 2. Approved the proposal to enact the Company's "Director development plan". 3. Approved the Company's 2022 Business Plan. 4. Approved the amendments to the Company's "Internal Control System" and "Internal Auditing Implementation Regulations." 5. Approved the Company's Internal Audit Plan for 2022. 6. Approved the application for renewing the line of credit for the Company to borrow funds from financial institutions. 7. Approved the line of credit for the Company to make and remove endorsement or guarantee for its subsidiaries.



Date	Term	Material resolutions
2022.03.16	18th meeting of the 23rd Board of Directors	<ol style="list-style-type: none"> 1. Approved the amount of the Company's 2021 distribution for directors' remuneration and employees' compensation. 2. Approved the 2021 annual bonus for the officers of the Company. 3. Approved the Company's 2021 Business and Financial Reports. 4. Approved the Company's 2021 "Effectiveness Assessment of Internal Control System" and "Statement of Internal Control System". 5. Approved the amendments to the Company's "Procedures for Acquisition and Disposal of Assets" 6. Approved the application for increasing and renewing the line of credit for the Company to borrow funds from financial institutions. 7. Approved the line of credit for the Company to make endorsement or guarantee for its subsidiaries. 8. Approved the amendments to the Company's "Director succession plan". 9. Approved the election of all Directors, including three independent Directors, of the Company. 10. Approved and verified the list of director's candidates. 11. Relevant matters regarding convening the Company's 2022 annual general shareholders' meeting.
2022.04.28	19th meeting of the 23rd Board of Directors	<ol style="list-style-type: none"> 1. Approved the proposal to appoint new officers. 2. Approved changes to the nomination of independent director candidate and verified the list of director's candidates. 3. Approved the Company's 2021 profit distribution plan. 4. Approved the 2021 profit distribution of cash dividends. 5. Release the newly appointed Directors of the Company from non-competition restrictions. 6. Approved the application for increasing and renewing the line of credit for the Company to borrow funds from financial institutions. 7. Approved the line of credit for the Company to make endorsement or guarantee for its subsidiaries.
2022.05.13	20th meeting of the 23rd Board of Directors	<ol style="list-style-type: none"> 1. Approved the remuneration for the Company's new officers. 2. Approved the retirement pension for the Company's officer. 3. Approved the Company's Financial Reports for the first quarter of 2022. 4. Approved the application for increasing the line of credit for the Company to borrow funds from financial institutions. 5. Approved the line of credit for the Company to make endorsement or guarantee for its subsidiaries. 6. Release the officer of the Company from non-competition restrictions. 7. Approved the amendments to the Company's "Nomination Committee Charter". 8. Approved the proposal to appoint the Chief Information Security Officer

(14) In recent fiscal year and up to the Publication date of this Annual Report, major contents of the record or written statements made by any director dissenting to important resolutions adopted by the Board of Directors: N/A.

- (15) In recent fiscal year and up to the Publication date of this Annual Report, facts regarding resignation and dismissal of the Chairman, President, accounting head, financial head, head of the internal auditors and head of the research and development department: N/A

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

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

(In NT\$ thousands)

Accounting firm	Name of the CPA	CPA's audit period	Audit fees	Non-Audit Fees	Sum	Note
Deloitte & Touche	Hong, Kuo-Tyan	2021 Q1~Q3 quarterly financial statements and 2021 annual financial statements	12,170	320	12,490	None
	Shyu, Wen-Yea					

B. Please verify the contents of non-audit fees: Consulting Fee.

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

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

3.6 Information Regarding the change of Certified Public Accountant: N/A (as of the date of this Annual Report).

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



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

Unit: shares

Title	Name	Year 2021		Until April 17 of the year 2022	
		Increase/Decrease of the shareholding	Increase/Decrease of the shares under pledge	Increase/Decrease of the shareholding	Increase/Decrease of the shares under pledge
Chairman of the Board	PC Brothers Corporation	0	0	0	0
	Representative: Chan, Lu-Min (President of the Administration Management Department)	0	0	0	0
Director	Tsai, Pei-Chun	0	0	0	0
	Tzong Ming Investments Co., Limited	0	0	0	0
Director	Representative: Tsai, Min-Chieh	0	0	0	0
	Ever Green Investments Corporation	0	0	0	0
Director	Representative: Lu, Chin-Chu (President)	(514,000)	0	0	0
	Sheachang Enterprise Corporation	0	0	0	0
Director	Representative: Wu, Pan-Tsu (President of Retail Department)	0	0	0	0
	Lai Chia Investments Co., Limited	0	0	0	0
Director	Representative: Ho, Yue-Ming (Vice President)	0	0	0	0
	Chen, Bor-Liang	0	0	0	0
Independent Director	Chiu, Tien-I	0	0	0	0

Title	Name	Year 2021		Until April 17 of the year 2022	
		Increase/Decrease of the shareholding	Increase/Decrease of the shares under pledge	Increase/Decrease of the shareholding	Increase/Decrease of the shares under pledge
Independent Director	Chen, Huan-Chung	0	0	0	0
Vice President	Liu, Hong-Chih	0	0	0	0
Vice President	Tsai, Nai-Yung	0	0	0	0
Vice President	Chang, Chia-Li	0	0	0	0
Vice President	Hu, Chia-Ho	0	0	0	0
Vice President	Chiu, Hui-Yao	0	0	0	0
Vice President	Minston Chao	0	0	0	0
Vice President	Shih, Chih-Hung	0	0	0	0
Executive Senior Manager	Ho, Ming-Kun	0	0	0	0
Senior Manager	Chang, Yea-Fen	0	0	0	0
Senior Manager	Wu, Hui-Chi	0	0	0	0



3.9 Relationship among the Top Ten Shareholders

April 17, 2022 (Unit: Shares)

Name	Shares held by him/her/itself		Shares held by the spouse or underage children		Shareholding by nominee arrangement		Name and relationship between the Company's top ten shareholders, or spouses or relatives within the second degree of kinship		Notes
	Number of shares	Ratio (%)	Number of shares	Ratio (%)	Number of shares	Ratio (%)	Name	Relations	
PC Brothers Corporation	213,280,710	7.24	0	-	0	-	N/A	-	-
Representative: Chan, Lu-Min	366,452	0.01	0	-	0	-	N/A	-	-
Chuan Mou Investments Co., Limited	163,425,022	5.55	0	-	0	-	N/A.	-	-
Chairman: Lee, A-Chuan	165,000	0.01	0	-	0	-	N/A	-	-
Red Magnet Developments Limited	135,594,174	4.60	0	-	0	-	N/A	-	-
Representative: Wu, Pan-Tsu	0	0.00	0	-	0	-	N/A	-	-
Taishin International Bank Trust Account	101,951,385	3.46	0	-	0	-	N/A	-	-
Fubon Life Insurance Co., Limited	73,000,000	2.48	0	-	0	-	N/A	-	-
Representative: Tsai, Richard M.	0	0.00	0	-	0	-	N/A	-	-
Kai Tai Investments Co., Limited	55,350,000	1.88	0	-	0	-	N/A	-	-
Chairman: Huang, Zhi Tai	0	0.00	0	-	0	-	N/A	-	-
Chinatrust Commercial Bank in custody for Beevest Securities Limited	54,826,517	1.86	0	-	0	-	N/A	-	-
JPMorgan in custody for Furstentum Liechtenstein bank	50,302,174	1.71	0	-	0	-	N/A	-	-
Citibank in custody for Norges Bank	45,266,616	1.54	0	-	0	-	N/A	-	-
Huang, Shu-Man	42,827,420	1.45	0	-	0	-	N/A	-	-

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

March 31, 2022 (Unit: Shares)

Affiliated Company	Ownership by the Company		Ownership by Directors, Officers or the enterprises controlled by the Company directly or indirectly		Total Ownership	
	Number of shares	Ratio (%)	Number of shares	Ratio (%)	Number of shares	Ratio (%)
Wealthplus Holdings Limited	9,222,000	100.00	0	-	9,222,000	100.00
Win Fortune Investments Limited	100,000	100.00	0	-	100,000	100.00
Windsor Entertainment Co., Limited	14,300,000	100.00	0	-	14,300,000	100.00
Pou Shine Investments Co., Limited	133,094,460	100.00	0	-	133,094,460	100.00
Pan Asia Insurance Services Co., Limited	Note	100.00	Note	-	Note	100.00
Barits Development Corporation	294,451,784	99.49	378,342	0.13	294,830,126	99.62
Pou Yuen Technology Co., Limited	30,456,252	97.82	619,220	1.99	31,075,472	99.81
Pro Arch International Development Enterprise Inc.	20,000,000	100.00	0	0	20,000,000	100.00
Pou Yii Development Co., Limited	7,875,000	15.00	39,375,000	75.00	47,250,000	90.00
Wang Yi Construction Co., Limited	601,755	7.82	6,910,750	89.75	7,512,505	97.57
Elitegroup Computer Systems Co., Limited	68,884,949	12.36	12,130,987	2.17	81,015,936	14.53
Ruen Chen Investment Holding Co., Limited	4,477,000,000	20.00	0	-	4,477,000,000	20.00
Nan Shan Life Insurance Co., Ltd.	10,000	-	25,632,416	0.19	25,642,416	0.19

Note: the company is a limited company.



IV. CAPITAL OVERVIEW

4.1 Capital and Shares

(1) Share Capital

A. Sources of Share Capital

Unit: NT\$/Shares

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

Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		corporate bonds of 200 million shares)	corporate bonds of NT\$2 billion)					
2000.05.12	conversion price 67.05	1,133,500,000 (including convertible corporate bonds of 200 million shares)	11,335,000,000 (including convertible corporate bonds of NT\$2 billion)	875,762,784	8,757,627,840	Note 11	—	—
2000.07.15	10	2,303,500,000 (including convertible corporate bonds of 200 million shares)	23,035,000,000 (including convertible corporate bonds of NT\$ 2 billion)	1,229,174,619	12,291,746,190	Note 12	—	—
2001.07.20	10	2,303,500,000 (including convertible corporate bonds of 200 million shares)	23,035,000,000 (including convertible corporate bonds of NT\$ 2 billion)	1,352,092,080	13,520,920,800	Note 13	—	—
2002.07.05	10	2,303,500,000 (including convertible corporate bonds of 200 million shares, employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	23,035,000,000 (including convertible corporate bonds of NT\$ 2 billion, employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$2.5 billion)	1,632,582,229	16,325,822,290	Note 14	—	—
2003.07.04	10	3,028,000,000 (including employee share options, preferred share options or corporate bonds	30,280,000,000 (including employee share options, preferred share options or corporate bonds	1,884,799,453	18,847,994,530	Note 15	—	—



POU CHEN CORPORATION

Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		with options available for subscription in the amount of 250 million shares)	with options available for subscription in the amount of NT\$ 2.5 billion)					
2004.07.22	10	3,475,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	34,750,000,000 (including employee share options, preferred share option or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,089,733,386	20,897,333,860	Note 16	—	—
2004.10.20	10	3,475,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	34,750,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,093,362,386	20,933,623,860	Note 17	—	—
2005.01.24	10	3,475,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	34,750,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,093,673,386	20,936,733,860	Note 18	—	—
2005.04.19	10	3,475,000,000 (including employee share options, preferred	34,750,000,000 (including employee share options, preferred	2,094,816,386	20,948,163,860	Note 19	—	—

Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		share options or corporate bonds with options available for subscription in the amount of 250 million shares)	share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)					
2005.07.21	10	3,475,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	34,750,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,095,583,386	20,955,833,860	Note 20	—	—
2005.07.22	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,304,788,816	23,047,888,160	Note 21	—	—
2005.10.28	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,305,430,816	23,054,308,160	Note 22	—	—
2006.02.08	10	3,800,000,000 (including	38,000,000,000 (including	2,305,792,816	23,057,928,160	Note 23	—	—



POU CHEN CORPORATION

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

Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
2006.10.20	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,438,056,336	24,380,563,360	Note 27	—	—
2007.01.23	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,442,685,746	24,426,857,460	Note 28	—	—
2007.05.10	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,445,245,915	24,452,459,150	Note 29	—	—
2007.07.25	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the	2,447,329,695	24,473,296,950	Note 30	—	—



POU CHEN CORPORATION

Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		amount of 250 million shares)	amount of NT\$ 2.5 billion)					
2007.08.06	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,511,101,130	25,111,011,300	Note 31	—	—
2007.10.19	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,511,559,987	25,115,599,870	Note 32	—	—
2008.01.17	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,511,853,987	25,118,539,870	Note 33	—	—
2008.04.17	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options	2,513,606,987	25,136,069,870	Note 34	—	—

Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		available for subscription in the amount of 250 million shares)	available for subscription in the amount of NT\$ 2.5 billion)					
2008.07.31	10	3,800,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 250 million shares)	38,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 2.5 billion)	2,514,528,987	25,145,289,870	Note 35	—	—
2008.08.21	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,788,960,495	27,889,604,950	Note 36	—	—
2008.10.23	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,789,925,495	27,899,254,950	Note 37	—	—
2009.01.16	10	4,500,000,000 (including employee share options, preferred share options or	45,000,000,000 (including employee share options, preferred share options or	2,740,005,495	27,400,054,950	Note 38	—	—



POU CHEN CORPORATION

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

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



POU CHEN CORPORATION

Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
2011.04.18	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,900,061,922	29,000,619,220	Note 46	—	—
2011.07.15	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,900,435,922	29,004,359,220	Note 47	—	—
2011.10.26	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,908,638,922	29,086,389,220	Note 48	—	—
2012.01.18	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the	2,924,146,922	29,241,469,220	Note 49	—	—

Year/ Month	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital injection by assets other than cash	Other
		amount of 300 million shares)	amount of NT\$ 3 billion)					
2012.05.01	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,940,283,922	29,402,839,220	Note 50	—	—
2012.07.17	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,941,665,922	29,416,659,220	Note 51	—	—
2012.10.26	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of 300 million shares)	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options available for subscription in the amount of NT\$ 3 billion)	2,943,184,922	29,431,849,220	Note 52	—	—
2013.04.22	10	4,500,000,000 (including employee share options, preferred share options or corporate bonds with options	45,000,000,000 (including employee share options, preferred share options or corporate bonds with options	2,943,780,104	29,437,801,040	Note 53	—	—



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

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

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

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

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

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

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

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

Note 8: Approval for capital increase in the amount of NT\$ 394,720,600 based on earnings: 02 June 1998 Taiwan-Finance-Securities Letter, No. 37461.

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



Economic-Authorized-Business Letter, No. 09601101980.

- Note 30: Approval for issuance of 1,930,000 (NT\$ 19,300,000) new shares based on employee share options and issuance of 153,780 (NT\$ 1,537,800) new shares based on convertible corporate bonds: The 25 July 2007 Economic-Authorized-Business Letter, No. 09601173570.
- Note 31: Approval for capital increase in the amount of NT\$ 637,714,350 (including employee bonus NT\$151,505,170) based on earnings: The 06 August 2007 Economic-Authorized-Business Letter, No. 09601187590.
- Note 32: Approval for issuance of 273,000 (NT\$ 2,730,000) new shares based on employee share options and issuance of 185,857 (NT\$ 1,858,570) new shares based on convertible corporate bonds: The 19 October 2007 Economic-Authorized-Business Letter, No. 09601257130.
- Note 33: Approval for issuance of 294,000 (NT\$ 2,940,000) new shares based on employee share options: The 17 January 2008 Economic-Authorized-Business Letter, No. 09701012630.
- Note 34: Approval for issuance of 1,753,000 (NT\$ 17,530,000) new shares based on employee share options: The 17 April 2008 Economic-Authorized-Business Letter, No. 09701092370.
- Note 35: Approval for issuance of 922,000 (NT\$ 9,220,000) new shares based on employee share options: The 31 July 2008 Economic-Authorized-Business Letter, No. 09701187370.
- Note 36: Approval for capital increase in the amount of NT\$2,744,315,080 (including employee bonus NT\$273,216,100) based on earnings: The 21 August 2008 Economic-Authorized-Business Letter, No. 09701210880.
- Note 37: Approval for issuance of 965,000 (NT\$ 9,650,000) new shares based on employee share options: The 23 October 2008 Economic-Authorized-Business Letter, No. 09701265620.
- Note 38: Approval for issuance of 80,000 (NT\$ 800,000) new shares based on employee share options and cancellation of 50,000,000 (NT\$ 500,000,000) treasury shares: The 16 January 2009 Economic-Authorized-Business Letter, No. 09801011170.
- Note 39: Approval for issuance of 62,000 (NT\$ 620,000) new shares based on employee share options and cancellation of 27,500,000 (NT\$ 275,000,000) treasury shares: The 14 April 2009 Economic-Authorized-Business Letter, No. 09801074100.
- Note 40: Approval for cancellation of 7,000,000 (NT\$ 70,000,000) treasury shares: The 19 May 2009 Economic-Authorized-Business Letter, No. 0981098500.
- Note 41: Approval for capital increase by the issuance of 137,218,233 (NT\$ 1,372,182,330) new shares based on undistributed earnings and employee bonus: The 19 August 2009 Economic-Authorized-Business Letter, No. 09801187410.
- Note 42: Approval for capital increase by the issuance of 299,000 (NT\$ 2,990,000) new shares based on employee bonus: The 22 January 2010 Economic-Authorized-Business Letter, No. 09901012630.
- Note 43: Approval for issuance of 25,000 (NT\$ 250,000) new shares based on employee share options: The 20 April 2010 Economic-Authorized-Business Letter, No. 09901078520.
- Note 44: Approval for capital increase by the issuance of 55,996,194 (NT\$ 559,961,940) new shares based on undistributed earnings: The 11 August 2010 Economic-Authorized-Business Letter, No. 09901177910.
- Note 45: Approval for issuance of 650,000 (NT\$ 6,500,000) new shares based on employee share options: The 21 October 2010 Economic-Authorized-Business Letter, No. 09901237790.
- Note 46: Approval for issuance of 306,000 (NT\$ 3,060,000) new shares based on employee share options: The 18 April 2011 Economic-Authorized-Business Letter, No. 10001075180.
- Note 47: Approval for issuance of 374,000 (NT\$ 3,740,000) new shares based on employee share options: The 15 July 2011 Economic-Authorized-Business Letter, No. 1000116580.
- Note 48: Approval for issuance of 8,203,000 (NT\$82,030,000) new shares based on employee share options: The 26 October 2011 Economic-Authorized-Business Letter, No. 10001246280.
- Note 49: Approval for issuance of 15,508,000 (NT\$ 155,080,000) new shares based on employee share options: The 18 January 2012 Economic-Authorized-Business Letter, No. 10101011620.

- Note 50: Approval for issuance of 16,137,000 (NT\$ 161,370,000) new shares based on employee share options: The 01 May 2012 Economic-Authorized-Business Letter, No. 10101077780.
- Note 51: Approval for issuance of 1,382,000 (NT\$ 13,820,000) new shares based on employee share options: The 17 July 2012 Economic-Authorized-Business Letter, No. 10101145420.
- Note 52: Approval for issuance of 1,519,000 (NT\$ 15,190,000) new shares based on employee share options: The 26 October 2012 Economic-Authorized-Business Letter, No. 10101214180.
- Note 53: Approval for issuance of 595,182 (NT\$5,951,820) new shares based on employee share options: The 22 April 2013 Economic-Authorized-Business Letter, No. 10201074260.
- Note 54: Approval for issuance of 357,109 (NT\$3,571,090) new shares based on employee share options: The 29 July 2013 Economic-Authorized-Business Letter, No. 10201144050.
- Note 55: Approval for issuance of 2,650,000 (NT\$26,500,000) new shares based on employee share options: The 21 October 2015 Economic-Authorized-Business Letter, No. 10401221220.



POU CHEN CORPORATION

B. Type of Shares:

April 17, 2022; Unit: shares

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

C. Information for Shelf Registration: N/A.

(2) Shareholder Structure:

April 17, 2022; Unit: persons; shares

Shareholder's structure Number	Governmental Agencies	Financial Institutions	Other Institutions	Foreign Institutions and Foreigners	Individuals	Total
Number of shareholders	7	43	264	750	94,356	95,420
Number of shares held	36,707,754	344,781,462	376,084,583	1,533,070,942	656,142,472	2,946,787,213
Ratio (%)	1.25%	11.70%	12.76%	52.02%	22.27%	100.00%

(3) Distribution profile of shareholding

April 17, 2022

Interval of number of shares (shares)	Number of Shareholders (persons)	Number of shares held (shares)	Ratio (%)
1 to 999	26,528	6,148,678	0.21%
1,000 to 5,000	47,825	105,571,124	3.58%
5,001 to 10,000	10,123	78,983,467	2.68%
10,001 to 15,000	3,282	41,555,151	1.41%
15,001 to 20,000	2,138	38,807,531	1.32%
20,001 to 30,000	1,876	47,497,038	1.61%
30,001 to 40,000	879	31,116,165	1.06%
40,001 to 50,000	593	27,632,095	0.94%
50,001 to 100,000	995	71,809,417	2.44%
100,001 to 200,000	490	69,409,892	2.36%
200,001 to 400,000	267	75,976,713	2.58%
400,001 to 600,000	87	42,632,034	1.45%
600,001 to 800,000	59	40,623,191	1.37%
800,001 to 1,000,000	29	26,371,030	0.89%
More than 1,000,001	249	2,242,653,687	76.10%
Total	95,420	2,946,787,213	100.00%

(4) List of major shareholders

April 17, 2022

Shares	Number of shares held (shares)	Ratio (%)
Name of major shareholders		
PC Brothers Corporation	213,280,710	7.24
Chuan Mou Investments Co., Limited	163,425,022	5.55
Red Magnet Developments Limited	135,594,174	4.60
Taishin International Bank Trust Account	101,951,385	3.46
Fubon Life Insurance Co., Limited	73,000,000	2.48
Kai Tai Investments Co., Limited	55,350,000	1.88
Chinatrust Commercial Bank in custody for Beevest Securities Limited	54,826,517	1.86
JPMorgan in custody for Furstentum Liechtenstein bank	50,302,174	1.71
Citibank in custody for Norges Bank	45,266,616	1.54
Huang, Shu-Man	42,827,420	1.45



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

<div>Year</div> <div>Item</div>			2020	2021	2022 (as of March 31)
Market price per share (dollars) (Note 1)	Highest price		39.80	40.50	33.50
	Lowest price		22.25	27.85	29.70
	Average price		29.14	34.05	31.91
Net value per share(dollars)	Before distribution		45.51	47.32	38.77 (Note 5)
	After distribution		45.01	45.82	37.27 (Note 5)
Earnings per share	Weighted average shares (thousand shares)		2,946,787	2,946,787	2,946,787 (Note 5)
	Earnings per share (dollars)		1.64	4.90	1.57 (Note 5)
Dividends per share (dollars)	Cash dividends		0.50	1.50	N/A
	Share dividends	Dividends from retained earnings	0	0	N/A
		Dividends from capital earnings	0	0	N/A
	Accumulated undistributed dividend		0	0	N/A
ROI analysis	Price-earnings ratio (Note 2)		17.77	6.95	N/A
	Price-dividend ratio (Note 3)		58.27	22.70	N/A
	Cash dividend yield (Note 4)		1.72%	4.41%	N/A

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

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

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

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

Note 5: The financial statements for the first quarter of 2022 have been reviewed by the independent auditors.

(6) The Company's dividend policy and implementation

A. Dividend policy:

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

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

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

The board of directors has resolved to distribute 2021 earnings in cash dividends of NT\$1.5 per share on April 28, 2022.

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

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

(8) Employees' compensation, and Directors' remuneration

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

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

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

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

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



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

- (A) The Company's board of Directors has resolved on March 16, 2022 to distribute the profit in 2021 (the profit refers to the amount of pre-tax profit before distribution of Employees' compensation, and Directors' remuneration) as employees' compensation and directors' remuneration; the addressing of the discrepancy between the resolved amount and the estimated amount recognized as expenses as follows:

(in NT\$ thousands)

	Employees' compensation	Remuneration for Directors	Status of addressing the discrepancy
Estimated amount in the year the remuneration is recognized as expenses (A)	229,168	114,584	No discrepancy
Amount resolved at the Board of Directors' Meeting (B)	229,168	114,584	
Discrepancy (B)-(A)	0	0	

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

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

The Company's distribution of remuneration to the employees and directors with the profit in 2020 (the profit refers to the amount of pre-tax profit before distribution of Employees' compensation, and Directors' remuneration), and addressing of the discrepancy between the actually distributed amount and the estimated amount recognized as expenses as follows:

(in NT\$ thousands)

	Employees' compensation	Remuneration for Directors	Status of addressing the discrepancy
Estimated amount in the year the remuneration is recognized as expenses (A)	102,070	51,035	No discrepancy
Amount actually distributed (B)	102,070	51,035	
Discrepancy (B)-(A)	0	0	

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

4.2 Issuance of Corporate Bonds: N/A.

4.3 Issuance of Preferred Shares: N/A.

4.4 Issuance of Overseas Depository Receipts: N/A.

4.5 Issuance of Employee Share Options: N/A.

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

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

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

V. OPERATIONAL HIGHLIGHTS

5.1 Business Activities

(1) Scope of Business

A. Main Business

(A) Manufacturing of Shoes:

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

(B) Retail of Sporting Goods and Brand Licensing Business:

The Company has an extensive sales network across the Greater China region for its retail and brand licensing business. The Company has always been flexible in using different store formats and diversified channels to provide consumers with sports and lifestyle branded footwear, apparel, and accessories, as well as sports-related services.

(C) Other Businesses:

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

B. Revenue by Business

(In NT\$ thousands)

Year	2021		2020	
	Revenue	Ratio	Revenue	Ratio
Primary business				
Manufacturing of shoes	137,659,922	58%	139,875,281	56%
Retail of sporting goods and brand licensing business	101,485,349	42%	109,360,824	44%
Others	739,138	-	718,206	-
Total	239,884,409	100%	249,954,311	100%

C. Current Products and Services

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

D. New Product and Service for Development

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

- (A) Improving modularized equipment and standardized interface for the development of automated equipment and processes enables integrated production solutions to be provided based on different requirements.



(B) Continuing to cooperate with academic communities in the research and development of 3D printers, create innovative designs, and introduce simulation systems for virtual analysis to more closely meet customers' demands for customization.

(C) Continuing to use digital factory data to strive toward the goal of smart manufacturing for Industry 4.0.

(2) Industry Overview

A. Current Status and Developments of the Industry:

(A) Global Footwear Market

In terms of production, the development of the footwear industry has been comprehensively affected by multiple factors, including labor costs, land resources, supply chain, sustainability issues, and the target markets. With the changing economic environment, the global production base of footwear industry has shifted from European countries to Asian regions. According to the "World Footwear 2021 Yearbook", the total global production output of footwear in 2020 dropped 15.8% from the previous year to 20.5 billion pairs, but 87.6% of the production was still manufactured in Asia, up 0.2 percentage points from the previous year. China remains the world's largest producer of footwear with a 54.3% share, followed by other Asian countries, India, Vietnam, and Indonesia. In terms of consumption, Asia is also the world's largest market of footwear, accounting for 55.8% of total consumption in 2020, up 1.8 percentage points from the previous year. Further breakdown by countries, the three leading consumers of footwear in order are respectively China, India, and the USA. China continued to lead with 20.8%, while India, which also has demographic dividend advantage, was half the size of China. On the other hand, the USA's share fell below the 10% of the world total threshold for the first time, and France and the United Kingdom also dropped out of the list of the top 10 footwear consuming countries, which shows that COVID-19 had a more significant impact on footwear consumption in North America and Europe than in other countries. Therefore, the distribution of global footwear consumption in 2020 was closer than ever before to the distribution of population.

(B) Global Athletic Footwear Market

According to Sporting Goods Intelligence (SGI), the global athletic footwear market has maintained steady growth for a long time, exhibiting a mid to high single-digit compound annual growth rate over the past 10 years despite the impact of COVID-19 on sales in 2020. The top 5 brand companies still accounted for more than 74% of the global market share in 2020. This indicates an exceptionally high level of brand concentration, which highlights the importance of brand awareness in consumer behavior. Therefore, major brand companies have actively created brand value and developed marketing strategies, even during the pandemic to continuously invest resources to improve consumers' brand loyalty and participation by developing online channels and communicating with consumers on their own platforms. Regarding manufacturing, brand companies basically commission professional footwear manufacturers to oversee production operations. Currently, the world's manufacturers of athletic shoes are largely concentrated in China, Vietnam, and Indonesia. Taiwan had been a main production base of footwear industry in the past; but as the industry relocates its production bases to other countries, Taiwan has become a central hub for managing raw materials required for overseas production, a development center involved in gathering R&D resources and promoting industrial innovation, and an integrated platform for providing total solutions for industry chain.

(C) China's Sporting Goods Market

China is the primary target market of our retail and brand licensing business in sporting goods. With the increase in per capita income, health awareness and the implementation of industrial policies, the sports industry in China is growing rapidly, and its economic benefits are increasing day by day, becoming a key driving force of economic development. According to the General Administration of Sport of China and the National Bureau of Statistics of China, the total output of the China's sports industry in 2020 (overall scale) was RMB2.7 trillion, and its value added was RMB1.1 trillion. Compared to the 2008 Summer Olympics in Beijing was held, the average growth rate of the value added in sports industry between 2008 and 2020 was 17.5%, which indicates that the overall scale of the sports industry is constantly increasing. The layout of the industrial structure is significantly optimized. The proportion of value added of "manufacturing of sports goods and related products" dropped to 29.3% in 2020 from 70% in 2008. The "sports service industry" is characterized by group participation, high attention and large market, as it includes sales of sports goods, education and training, venue management, and fitness and leisure activities. In 2020, the total output of this sector has made up more than half of the sports industry, and the proportion of its value added also rose to 68.7%, while that of "sports venues and facilities" also continued to increase to 2.0%.

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

(A) Manufacturing of shoes

Upstream: Textile/Leather/Plastics/Petroleum/Rubber

Midstream: Footwear Manufacturers

Downstream: Brand Companies

The footwear industry is divided into three sectors: upstream material suppliers, which provide different styles and parts of shoes to produce various footwear components; midstream manufacturers are responsible for product development and production; and downstream brand companies, which commission footwear manufacturers to produce, and then through retailers sell to consumers. Though each sector usually has its own operations, there is still a high degree of interdependence within the supply chain.

Because most of the cost of footwear production comes from raw materials, the Company has long been dedicating its efforts to vertically integrate upstream raw materials. Except for petroleum products, the Company produces almost all kinds of major raw materials for footwear manufacturing, including leather, synthetic leather, molds, soles, adhesives, and cardboard boxes, and supplies them not only to its own factories but also sells to other footwear manufacturers. This supply chain integration not only enables the Company to more precisely manage raw material quality and lead time, but also raises barriers to entry for other footwear manufacturers. In addition, the Company continues to improve its production skills, operating processes, and R&D capabilities. The Company has established a development center exclusively for its major customers. From product development to product prototyping, the Company works closely with its customers and provides integrated solutions to production problems, thereby turning itself into a long-term partner to numerous brands. With the two above-mentioned advantages, the Company, as a professional manufacturer in the midstream, has established a complete supply chain by fully and successfully integrating upstream, midstream and downstream companies and has gained a solid leading position in the industry.



(B) Retail of sporting goods and brand licensing business

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

Midstream: Sporting Goods Retailers and Brand Licensing Agents

Downstream: Consumers

Sporting goods retailers and brand licensing agents are considered to be the midstream of the retail industry. Diversified channels and appropriate marketing strategies are used to provide consumers with a wide range of product choices and to facilitate effective and quick penetration into target markets. Upstream brand companies, sporting goods manufacturers and wholesalers are then able to focus on designing, developing, and manufacturing products. Downstream consumers can purchase the products they need through convenient channels and access product-related information and service experiences. Such division of labor can effectively increase the operational efficiency of the industry.

To meet the increasingly diverse needs of consumers, the Company works closely with upstream brand companies to combine our advantages in retail operations and digital innovation, thereby keeping abreast of market and consumer trends to achieve precision marketing. The Company also continues to develop innovative business models to establish an online to offline integrated channel operations and communicate with consumers. Using big data analytics, we gain insight into the behaviors and habits of consumers to develop flexible procurement strategies, improve inventory management and logistic system, keep on optimizing product portfolios and service quality, and strive to provide innovative services to conveniently and personally meet consumer needs.

C. Product Development Trends

(A) Digital transformation toward smart manufacturing

In the past, the footwear industry typically relied on manual operations as it was difficult to standardize and automate work procedures, and was therefore considered a labor-intensive industry. As labor costs continue to rise, technologies become increasingly mature, and product life cycles become shorter, the development of automated and smart manufacturing processes for the footwear industry has emerged as a new trend. Moreover, the outbreak of COVID-19 has also significantly influenced the operation of the real economy and accelerated the process of digital transformation.

From customer demands in driving R&D, supply chain, and production processes, brand companies, footwear manufacturers, and footwear machine/material suppliers are all constantly exploring ways to achieve value chain transformation and breakthroughs. Through the integration of industry knowledge and key data supported by equipment and high-quality materials, artificial intelligence (AI) technologies, digital tools and platforms are utilized to develop agile and flexible production models.

In a globally competitive business environment, smart manufacturing is a new direction introduced for the footwear industry. It reconstructs new business operations, accelerates the process of product development, optimizes collaboration models within the supply chain, and promotes technological innovation and industrial upgrading, thereby integrating digital information on production and retail processes to improve the ability to make business decisions quickly and demonstrate business resilience and firm competitive advantage in the new digital era.

(B) Product diversification

The main function of athletic shoes is to provide protection and improve sports performance. Due the continuous innovation of footwear materials and the development of manufacturing

techniques and sports technologies, new athletic shoes are constantly being launched. When purchasing athletic shoes, consumers tend to pay more attention to the functional features in addition to the outer appearance design, and choose professional ones for different types of sports, so as to help them challenge the limits in sports competitions.

Apart from continuing to improve the performance of athletic shoes, sustainability issues have received much attention in recent years. For example, adidas and Allbirds, a startup company renowned for manufacturing eco-friendly products, have cooperated to develop low-carbon performance shoes, called Futurecraft Footprint. Each pair has a carbon footprint of 2.94 kg of CO₂. Both companies are committed to reducing carbon emissions in every part of the production process, from development, raw material sourcing, manufacturing process to transportation, and actively advocate for global climate actions to reduce carbon emission. Nike, for its part, has launched the Nike Refurbished program, which takes returns for gently worn, like-new or imperfect footwear, and refurbishes and cleans them for re-sale or donation to community partners or recycling into materials and products. Thus, athletic shoes are recycled and reused to reduce resource waste and put the concept of environmental protection into practice.

The interaction of different elements, ranging from the demand for flexibility, vibration isolation, adoption of green and natural materials, the personal expression of sporting lifestyle, to the cross-border cooperation of fashion brands, have diversified the appearance of athletic shoes, creating new value added. Consumer preferences are ever-changing. Product innovation is ultimately the core driving force that will create more possibilities and opportunities for the athletic shoe market.

(C) Return to the nature of retailing through precision marketing

With the continuous segmentation of the consumer market and in response to the trends of personalized consumption, retailers are faced with increasingly diverse and differentiated consumer settings and behaviors. To pinpoint consumer needs, retail technologies such as data collection and computing analytics will be key to combining innovative business models and reshaping the structure and economic value of service and product transactions.

COVID-19 has prompted consumers to shop online instead of through physical channels. Retailers are therefore adopting a more aggressive approach to expanding omni-channels; integrating products, services, technologies, and social media; and striving to develop an all-context platforms that circumvents the constraints of space and time to create virtually and physically integrated consumption models, interact and communicate more frequently with consumers, and provide continuous and memorable shopping experiences for consumers.

Data value, channel integration, and innovative technologies will continue to drive the business transformation of retail from a product-centered sales model to a consumer-centric service approach that improves quality, creativity, and services in terms of content, format and experience to forge deeper emotional connection with consumers. Differentiated product and service experience will more likely to garner consumers' attention and recognition.

D. Competition

The Company is a professional manufacturer of athletic and casual/outdoor footwear, serving internationally renowned brand customers. To fulfill the stringent requirements of international customers regarding quality, cost, deliver, and service, the Company continues to invest in the R&D of key technologies and advanced manufacturing processes and endeavor to provide efficient and flexible manufacturing services. The Company attaches importance to the sustainable development. With a diversity of customer portfolio and production sites, the Company has accumulated rich managerial experiences and established a relatively complete supply chain system. Because of its



relative advantages in business management and technical aspects, the Company is able to maintain a leading status in the footwear industry.

Meanwhile, the Company is committed to expanding its retail of sporting goods and brand licensing businesses in the Greater China region. As the sporting goods market in Greater China has developed vigorously in recent years, its growth potential has attracted numerous market participants, while changing consumer preference have made the market fiercely competitive. After years of cultivating the sporting lifestyle in Greater China, the Company has established a sizable sales network and constantly to strengthen its operating capabilities of its omni-channels, to provide enriching product portfolios and featured sports services, both of which have created competitive advantages for the Company to develop its retail of sporting goods and brand licensing business.

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

A. R&D Expenses

The Company's R&D expenses in 2021 and for the three months ended March 31, 2022 were NT\$5,093,278 thousand and NT\$ 1,333,177 thousand respectively.

B. Technology and Product Innovation Achievements

The Company continued to refine its core equipment, modularized production line, and flexible operating procedures to elevate production capacities of its factories. In 2021, the Company achieved the following accomplishments:

- (A) Refined to modularize development of automated equipment and processes, and adjustment of production models based on different requirements.
- (B) Developed 3D printing technologies and introduced new materials, and developed customized production abilities for large variety in small quantities.
- (C) Implemented to combine intelligent scheduling applications with factory data collection and integration to achieve a smart manufacturing factory, continuing to use digital factory data to strive toward the goal of smart manufacturing for Industry 4.0.

C. Future R&D Projects

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

- (A) Improving modularized equipment and standardized interface for the development of automated equipment and processes enables integrated production solutions to be provided based on different requirements.
- (B) Continuing to cooperate with academic communities in the research and development of 3D printers, create innovative designs, and introduce simulation systems for virtual analysis to more closely meet customers' demands for customization.
- (C) Continuing to use digital factory data to strive toward the goal of smart manufacturing for Industry 4.0.

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

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

A. Short-term Business Development Plans

■ Manufacturing of Shoes

- (A) Continue to promote digital transformation and develop sustainable business models.
- (B) Improve flexible manufacturing capabilities for flexible changes to production allocation.

- (C) Provide value-added service for deeper brand cooperative relationship.
- (D) Integrate supply chain resources to create maximum added value.

■ Retail of Sporting Goods and Brand Licensing

- (A) Constantly strengthen operating capability as a means of increasing sales operation efficiency.
- (B) Accelerate online service development to create seamless shopping experiences.
- (C) Adopt active approach to sports event planning and provide diverse sports services.

B. Long-term Business Development Plans

■ Manufacturing of Shoes

- (A) Continue to provide excellent products, innovation services, and total solutions to fortify the leading status in the industry.
- (B) Continue to invest resources in talent cultivation, innovative R&D, and smart manufacturing to create value in corporate sustainability.

■ Retail of Sporting Goods and Brand Licensing

- (A) Establish a sales-to-manufacturing chain as an end-to-end operating model.
- (B) Continue to promote sporting services and competition to make sports into daily life.
- (C) Construct sporting service platform that offers the best services to consumers and brand companies.

5.2 Market and Sales Overview

(1) Market Analysis

A. Sales of Products (Services) by Region

(In NT\$ thousands)

Geographical Information \ Year	2021		2020	
	Amount	Ratio	Amount	Ratio
Asia	148,515,327	62%	161,234,039	64%
America	47,376,663	20%	41,510,485	17%
Europe	33,837,673	14%	36,873,665	15%
Others	10,154,746	4%	10,336,122	4%
Total	239,884,409	100%	249,954,311	100%

B. Market Share

The Company is a global leader in the manufacture of athletic and casual/outdoor footwear with the largest production capacity in the world. In 2021, the Company has produced and shipped a total of 238.3 million pairs of shoes. Vietnam, Indonesia, and China accounted for 35%, 48%, and 12% of total shoe shipments, respectively, whereas Cambodia, Bangladesh, and Myanmar accounted for 5%. The Company is also one of the leading retailers and distributors of sporting goods in the Greater China region, operating 4,631 directly-operated stores and 3,786 sub-distributors as of December 31, 2021. We continue to accelerate the comprehensive linkage and integration of online and offline networks by adopting an all-channel development strategy.

C. Market Forecast and Growth Potential

(A) Global Footwear and Athletic Footwear Market

Footwear is a daily necessity. A continuous increase in global population and disposable income will be conducive to the constant expansion of the footwear market. According to the Sporting Goods 2022, jointly published by the World Federation of the Sporting Goods Industry and



McKinsey & Company, indicated that the CAGR of the global sporting goods market between 2015 and 2019 was 5.2% before the outbreak of COVID-19. Only a few companies were able to deliver better performance in 2020. The CAGR from 2015 to 2020 dropped to 1.1%. Although the pandemic caused a downward shift and segmentation of the overall market, it also led to an increase in health awareness and sports participation, particularly in demands for home-based exercises and outdoor activities. The global sporting goods market saw a broad demand recovery in 2021, and is expected to grow by 14% over the previous year and the growth trend is projected to be maintained in 2022. The global sporting goods market is expected to grow by 8-10% yearly from 2021 to 2025, and the market scale will reach EUR395 billion by 2025.

(B) China's Sporting Goods Market

According to the National Bureau of Statistics of China, the retail sales of consumer goods in China amounted to RMB44.1 trillion in 2021, a 12.5% increase from the previous year. The average growth rate over these two years was 3.9%, reflecting the recovery of overall consumption to pre-pandemic levels. The increase in disposable income is expected to drive the continuous growth of China's consumer market and the upgrading of its consumption structure. Sports related consumption is expected to enjoy subsequent market dividends. China has announced a series of sports industry boosting policies in recent years, including the Several Opinions of the State Council on Accelerating the Development of the Sports Industry to Promote Sports Consumption announced in 2014, the Opinions on Promoting National Fitness and Sports Consumption to Promote the High-Quality Development of Sports Industry published in 2019, the National Fitness Program (2021-2025) and the "Fourteenth Five-Year" Sports Development Plan announced in 2021. These policies aim to accelerate the shift from investment-driven to consumption-driven sports industry in China, which will provide a powerful support for the long-term development of China's sporting goods market. According to Sporting Goods 2022, the CAGR of the sporting goods market in China between 2021 and 2025 is expected to reach 13.7%, higher than the global sporting goods market.

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

(A) Competitive Advantages and Favorable Factors

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

The Company continues to make improvements in its five core competitive advantages, speed, flexibility, innovation, quality, and sustainability, so as to face the constantly changing external environment, and provide customers with the most competitive products.

i. Speed: By leveraging our managerial strengths gained through vertical and horizontal integration, the Company continues to introduce automated production equipment. In recent years, we have also actively promoted the digital transformation of our equipment using an IoT management mechanism to achieve a smart manufacturing plant that monitors and controls manufacturing processes in real time. With a smart manufacturing facility, we can keep abreast of our production status and solve problems through data analysis to improve production efficiency, effectively shorten product delivery time, and assist brand companies in quickly meeting market demands.

ii. Flexibility: Continue to develop advanced technologies and modularized current production lines with the goal of providing customers with more flexible production models to satisfy different demands.

- iii. Innovation: Invested considerable resources into materials, process improvement and digital improvement each year. The Company also provides consumers with innovative and competitive products and services.
 - iv. Quality: Continues to provide customers with stable and consistently high quality through its comprehensive control strategy.
 - v. Sustainability: Based on the principle to comply with laws and regulations and the framework of corporate sustainability, it is the Company's goal to achieve the green values of safety, environmental protection, health, good labor-management relations and energy saving and carbon reduction, so as to achieve systematic development and prosperous growth through a positive cycle.
- (b) Expand manufacturing and retailing end-to-end services and provide customers with comprehensive solutions

The Company has established a leading status in the market as a professional manufacturer of athletic and casual/outdoor footwear and also as an operator of retail of sporting goods and brand licensing business in Greater China. In terms of manufacturing and retail, the Company has provided all brand companies with irreplaceable services and unique strategic value for many years to satisfy their different demands. In the future, we will continue to utilize big data analysis at the retail end, combine our five competitive advantages at the manufacturing end, identify comprehensive and customized solutions, and increase the added value of products and services to create a win-win situation for us and our brand customers.

(B) Unfavorable Factors and Countermeasures

(a) The Impact of an Accelerated Industry Change

With the digital economy generation, the sporting goods industry is facing the impact of accelerated change as even more new technologies will be applied in product development and footwear manufacturing, those are now the guidance for the market. Consumers are now looking to buy personalized products that reflect on the latest fashion trends. In response, companies need to shift from a cost-oriented perspective to a customer-centric value-oriented perspective. The rise of platforms will also impact business models based on a linear value chain. Hence, providing customers with value-added, customized products, services, or total solutions will be the key to companies seeking to make a breakthrough.

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

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

Large sports brands, retailers and agents are actively competing with each other as they vie for a share in the sporting goods market in the Greater China Region. Imbalance in supply and demand will negatively affect sales and elevate inventory risk.

Countermeasures: Focusing on consumer needs, the Company will leverage data management to analyze useful market information, formulate better procurement strategies, strengthen inventory and logistics management, and continue to integrate online and offline resources to provide high-quality products and diversified sports services and create a new retail ecosystem.



(c) The impact of COVID-19 pandemic

Since the outbreak of COVID-19, the number of confirmed cases around the world has continued to rise. The implementation of lockdown and border closures also resulted in low consumption intention, reduced orders, tight global logistics capacity, and supply chain and production disruptions, thus reducing operational efficiency.

Countermeasures: The Company promptly formulated and published COVID-19 prevention guidelines, closely monitored the progress and changes relating to the pandemic, reviewed COVID-19 prevention measures based on local conditions, flexibly adjusted our internal organization and work models, used digital tools to implement remote coordination, constantly strengthened our response capability, and accelerated the digital transformation of our global operations.

(2) Purposes of Main Products and Production Process

A. Product Purpose

Athletic shoes, casual shoes, outdoor shoes and sports sandals manufactured by the Company are suitable for various specialist sports or casual wearing.

B. Production Process

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

(3) Main Raw Material Supply

The main materials required for the manufacturing of footwear comprise two categories: shoe sole and upper. The majority of the sole materials such as rubber and EVA foam are manufactured by the Company, with a small proportion purchased from other suppliers. On the other hand, materials of the upper, including synthetic leather, fabric and natural leather, some are supplied by the Company's subsidiaries or purchased from other domestic suppliers, or otherwise imported from overseas suppliers due to customer request or other considerations, such as price and quality.

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

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

(In NT\$ thousands)

Item No.	2020				2021				First Quarter of 2022			
	Name	Amount	Percentage of net purchase for the year	Relationship with the Company	Name	Amount	Percentage of net purchase for the year	Relationship with the Company	Name	Amount	Percentage of net purchase for the first quarter of 2022	Relationship with the Company
1	Supplier A	28,214,168	20	None	Supplier A	32,358,557	22	None	Supplier A	8,073,638	21	None
2	Supplier B	27,786,056	19	None	Supplier B	31,678,182	22	None	Supplier B	4,530,269	12	None
	Other suppliers	88,188,205	61		Other suppliers	81,922,032	56		Other suppliers	25,890,800	67	
	Net purchase	144,188,429	100		Net purchase	145,958,771	100		Net purchase	38,494,707	100	

There were only two suppliers accounted for 10% or more of the Company's purchase in 2020, 2021 and the first quarter of 2022. The percentage of net purchase accounted for by these two suppliers remained moderate during the period. Other suppliers accounted for approximately 50% of the net purchase in total, which indicates that the Company has a stable source of supply by maintaining a mutually successful partnership with key suppliers and is able to avoid over-reliance on specific suppliers.



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

(In NT\$ thousands)

Item No.	2020				2021				First Quarter of 2022			
	Name	Amount	Percentage of net sales for the year	Relationship with the Company	Name	Amount	Percentage of net sales for the year	Relationship with the Company	Name	Amount	Percentage of net sales for the first quarter of 2022	Relationship with the Company
1	Customer A	46,584,589	19	None	Customer A	49,160,977	20	None	Customer A	15,278,173	23	None
2	Customer B	43,269,724	17	None	Customer B	37,679,247	16	None	Customer B	9,978,293	15	None
	Other customers	160,099,998	64		Other customers	153,044,185	64		Other customers	42,006,895	62	
	Net sales	249,954,311	100		Net sales	239,884,409	100		Net sales	67,263,361	100	

There were two customers accounted for 10% or more of the sales of the Company in 2020, 2021 and the first quarter of 2022. The percentage of net sales accounted for these two customers remained steady during the period. Other customers accounted for approximately 60% of the net sales in total, which indicates that the Company has a mutually successful and close business relationship with key customers, and is able to avoid over-reliance on specific customers.

(5) Production in 2020 and 2021

(In NT\$ thousands; pairs)

Year	2020			2021		
	Production	Capacity	Value	Production	Capacity	Value
Primary Business						
Manufacturing of shoes	-	244,443,000	115,006,911	-	238,285,000	114,932,896

Note: Production refers to footwear production in pairs

(6) Sales in 2020 and 2021

(In NT\$ thousands; pairs)

Year	2020				2021			
	Domestic sales		International sales		Domestic sales		International sales	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Primary Business								
Manufacturing of shoes	2,284,000	1,543,189	242,159,000	138,332,092	1,936,000	1,477,226	236,349,000	136,182,696
Retail of sporting goods and brand licensing business		568,148		108,792,676		673,288		100,812,061
Others		-		718,206		-		739,138
Total		2,111,337		247,842,974		2,150,514		237,733,895



5.3 Human Resources

The information for number of employees, average years of service, average age of employees and the ratio of education distribution in 2020, 2021 and up to the publication date of this annual report are as below:

Year		2020	2021	As of April 30, 2022
Number of Employees	Direct labor	190,936	213,337	222,083
	Indirect labor	81,498	81,706	83,396
	Sales and Marketing	29,633	25,697	24,857
	Total	302,067	320,740	330,336
Average age of employees		34.10	33.90	33.80
Average years of service		7.60	7.50	7.30
Education (%)	Ph.D.	0.01	0.01	0.01
	Master's degree	0.37	0.33	0.31
	Bachelor's degree	7.92	7.65	7.54
	High school diploma	40.00	33.77	44.63
	Below high school diploma	51.70	58.24	47.51

5.4 Environmental Protection Expenditure

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

Compliance with local environmental emissions regulation and environmental management requirements is absolutely necessary in the management of manufacturing and production processes. The Company's production operations in domestic and overseas factories strictly adhere to environmental laws and regulations of local governments and the Company's regulations. Accidents related to oil or fuel leaks resulting in serious environmental pollution incidents did not occur at the production operations sites of the Company in 2021. The disposal and treatment of wastes were completely compliant with relevant storage and transportation regulations. There was neither leakage-related pollution nor fines for environmental violations.

5.5 Employee Relations

The Company places great value on employee relations, status on putting into practice as follows :

(1) Employee Benefits Measures

A. Employee Benefits Committee

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

B. Transportation

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

C. Meals

The Company offers cafeterias that provide lunch and dinner daily.

D. Club Activities

A variety of learning programs and club activities are provided to our employees to enrich their lives during their leisure time and deepen relationships between employees.

E. Vacation Time

Our leave policies are adopted in compliance with applicable laws and regulations. Employees may take personal leave or paid leave as needed according to the relevant policies and rules.

F. Other Benefits

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

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

(C) Corporate family day: The Company offers activities suitable for families to participate in and for parents to interact with their children, which helps employees understand the Company's love and respect towards its employees. It is a one day activity where employees can take a break from work, relax and spend time with family.

(D) Promotion of healthy living: The Company improves employees' potential and current health issues by organizing health related activities, including weight management, Chinese medicine health inspection, cancer screening, blood donation, and health awareness lecture. The Company hopes to thus prevent employees from getting sick and improve their health condition.

(E) Healthy walking app (iWorkout): A workout app is integrated for complete collection of workout-related data in order to make exercising a habit and improve physical and mental health.

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

(2) Pension System

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

B. The "Employee Retirement Rules" comply with Article 53 to Article 58 of the "Labor Standards Act".



- C. The Company is subject to the pension system under the “Labor Standards Act”, categorized as defined benefit pension plans, and has established a Supervisory Committee of Labor Retirement Reserve in accordance with the “Labor Standards Act”. The Company’s asset value of its retirement benefit plan and present value of the obligation from defined benefit pension plans are calculated by certified actuaries. In 2021, the Company set aside accrued pension liabilities for 1.21% of total employee salaries, including 2% of the total employee salaries as the pension fund deposited monthly into the Company’s designated account at Taiwan Bank. According to Article 56-2 of the “Labor Standards Act”, the Company also calculated the pension fund deposited into the Company’s designated account at Taiwan Bank to confirm the amount is sufficient to pay the retirement pension for employee who is qualified to retire in 2021.
- D. According to the “Labor Pension Act”, employees hired before June 30, 2005 and remained employed as of July 1, 2005 may choose to continue to be subject to the pension rules under the “Labor Standards Act”, or be subject to the pension system under the “Labor Pension Act” and retain their seniority accrued prior to the applicability of the “Labor Pension Act”. Employees hired after July 1, 2005 shall be solely subject to the pension system under the “Labor Pension Act”.

(3) Employee Learning and Training Programs

- A. Training program is aimed at using systematic framework and methods to improve employee quality and skills and encourage employees to accept challenges, which can in turn create greater value for the company, achieve business goals, and facilitate devising future development plans. To implement the Company’s training development policies and achieve goals, it takes into consideration the business objectives and target requirements when planning training programs. The Company also evaluates the performance and competency gap of employees with the support of the Company’s training system to build a training framework that can serve as a basis for planning a series of educational courses for junior and senior employees, including courses on core competency, management study, professional skills, self-development, and environmental safety. Physical or digital learning approach is employed to provide a comprehensive range of training courses that help employees improve their expertise and management skills and find their own foundation on which they can grow and work steadily together with the Company.
- B. The Company plans its annual training programs according to our mission, vision, business strategies and goals. We collect and understand the development focus and training requirements of each of our business department; continuously engage in innovation and introduce new technologies, concepts, and tools; encourage employee development and organizational learning; offer a diversity of learning channels that encourage autonomous learning; while taking into consideration employees’ individual development plans, competency training systems, quality management systems, related laws and regulations, and professional skills certification courses. Moreover, we have established the “Training Program Management Guidelines”, to provide a basis for compliance to be followed by relevant departments.

(A) Training Programs

To motivate employees to improve their work skills and realize a vision of

lifelong learning, the Company plans different training courses according to its core value and employees' competency. The Company constantly provides training programs for employees, beginning from the day they start working for the Company to their retirement, to help them acquire the skills they need for work and strengthening their employability. By arranging training courses for employees, the Company expects to establish a consensus among employees so that they can identify with organizational value and commit toward creating the best business performance for the Company.

- a. Course for New Employees: The Company provides training courses for new recruits, and arranges a Review Camp for new employees once every quarter.
- b. Core Competency Course: A systematic training course focusing on group's core thinking and core competencies is provided, such as a series of courses on accountability.
- c. Management Course: Management courses for various management levels are planned according to management duties and competencies. These courses include modules on general management, entry-level management, and mid-level to advanced management.
- d. Professional Course: Professional training courses are developed based on work contents and requirements for professional development. These courses include footwear manufacturing techniques, chemical engineering research, and molding.
- e. Self-Development Course: This course is focused on the soft power required by employees such as language training courses and in-house lecturers, and aims to encourage autonomous learning for better skills and capabilities.

(B) Personal Development Plans

Employee's personal development plans and each department's annual training courses are formulated based on professional competency assessment results, annual performance records, and the expectations of managers and employees. Besides providing employees with the professional knowledge they are still lacking, training resources are provided for their management abilities, self-management soft power, and common work skills. This will enrich the group's talent pool, and improve the overall quality of employees as well as the Company's business performance.

- (4) A summary of certifications received by personnel who are involved in the financial transparency of the Company are as follows:
 - A. Taiwan Certified Public Accountant: 8 persons at the Accounting Department.
 - B. USA Certified Public Accountant: 1 person at the Accounting Department.
 - C. Taiwan Certified Internal Auditor: 6 persons at the Accounting Department and 1 person at the Internal Audit Department.
 - D. Certified Information Systems Auditor: 1 person at the Accounting Department.
 - E. BS7799/ISO 27001 Lead Auditor: 1 person at the Accounting Department and 2 persons at the Internal Audit Department.
 - F. Project Management Professional (PMP): 6 persons at the Accounting Department.



- G. Jacksoft Certified CAATs Practitioner: 9 persons at the Accounting Department and 3 persons at the Internal Audit Department.
 - H. Certified Management Accountant: 1 person at the Accounting Department.
 - I. General Competency Exam for corporate governance held by the Securities and Futures Institute: 2 persons at the Accounting Department and 2 persons at the Internal Audit Department.
 - J. International Certified CAATs Practitioner: 1 person at the Internal Audit Department.
 - K. General Competency Exam for Internal Control held by the Securities and Futures Institute: 2 persons at the Accounting Department and 1 person at the Internal Audit Department.
- (5) Code of Conduct and Ethics Policy
- A. The Company's Code of Conduct is adopted in compliance with local laws and regulations for all business areas and follows guidelines of International Labor Organization (ILO), Fair Labor Association (FLA), international brand customers and other leading companies as the core standards for all employees to adhere to while participating in the business of the Company. The Code of Conduct has also been made available and promoted on the Company's intranet.
 - B. The Company's "Work Rules" outline the corporate culture, its strong commitment to ethical behavior and the rights and obligations of employees. The "Work Rules", along with other human resources policies are available on the Company's intranet for employees' access from time to time.
 - C. Each employee of the Company shall sign a "Statement of Commitment to the Employee Ethical Conduct" and a "Non-Disclosure Agreement", and shall strictly comply with the rules governing conflicts of interest, fair dealing, protection and proper use of company assets, confidentiality and regulatory compliance, etc.
 - D. For the purpose of promoting legitimate use of personal data and avoid infringement of personality rights, the Company puts into practice "Matters to be informed on regarding personal data collection" and shall respect the rights of employees. The Company may only use the information collected after the employees concerned have been adequately informed of the purpose of collection, processing and use of personal information, and given their written consent.
- (6) Precautionary Measures for Workplace Health and Safety
- The Company remains devoted to strengthening various safety management practices. It focused on the following aspects in 2021:
- A. Enhancing professional training: The Company continued to organize professional training and execution ability verification in each region, such as: electrician, infrared scanning inspection personnel, environmental safety and health personnel, and firefighters, so as to enhance the autonomous safety management ability of the Company factories and lower operating risks.
 - B. Machine safety management: Comprehensive machine safety is carried out by defining highly dangerous machines, specifying safety devices and operations, procurement source review, on-site safety inspections, safe production by machines, and periodic safety inspections.

- C. Contractor construction management: The Company established standards for implementing contractor entry control in each region, hazard notices, and control of special hazardous operations, on-site supervision, and penalties for violations. A third-party occupational safety consulting company was incorporated in 2020 to strengthen the safety of new construction works.
- D. Abnormal event management: The Company standardized the occupational accident investigation and management process to ensure accident reporting, follow-up, and verification is properly carried out. The Company will continue to strengthen factory accident investigations and improve verification abilities to prevent accidents from reoccurring, and will communicate the accidents throughout the Company.
- E. Complete fire prevention facilities: The Company has established fire prevention design regulations. Regarding any construction and addition of plant rooms or changes to plant rooms, the design, construction, acceptance, and maintenance of these rooms must comply with company regulations. The Company has also developed a standard management mechanism for these processes, and non-periodically conducts auditing of engineering quality and maintenance works.
- F. Enhancing the ability of firefighting teams: The Company have a total of 15 firefighting teams at its production bases. The Company formulates standards for daily firefighting duties and physical training and periodically verifies them. Its firefighting teams also conducts fire prevention and vehicle deployment drills jointly with the government's fire department to strengthen their firefighting skills and emergency response.
- G. Fire safety inspections: Factories periodically conduct fire safety inspections, and independently inspect operations and equipment at risk of causing a fire accident, eliminating the possibility of a fire accident from occurring.
- H. Implementation of infrared scanning: Electrical safety is a key step towards fire prevention; the Company has an infrared thermal imaging system for scanning electrical equipment and trains specialists for the purpose of detecting problems in advance and preventing future damages.
- I. Managing maintenance contractors: The Company established a standard fire safety equipment maintenance contract and maintenance inspection checklist, and randomly inspects service quality to verify the abilities of maintenance contractors and ensure normal functions of fire safety equipment.
- J. Reinforce the activities in response to emergency: In order to equip employees with the ability of emergency response, the Company has established and adopted a set of guidelines to increase employees' capabilities in response to emergency, damage control and ensure personal safety. Each factory has an emergency response team in place that routinely runs drills and participates in the joint fire simulations and drills held by government fire departments from time to time to gain joint relief experience.
- K. Guidelines for business continuity and COVID-19 prevention: To ensure the health of employees and safety of continuing operations, the Company established a COVID-19 prevention and control system, compiling any relevant pandemic prevention measures and



practical experiences into guidelines for use to ensure workplace safety during the pandemic period. In doing so, the ability of the company to respond to any changes arising from COVID-19 is improved to prevent losses and mitigate the impact of risks on business disruption.

L. A standard system for the maintenance of PTS stations: Inspection and testing mechanisms for power stations in each area are combined to establish maintenance and servicing system; IR scan procedures are optimized to improve risk classification and establish risk procurement mechanisms, thereby lowering the probability of irregularities in power stations to ensure business continuity.

- (7) List any loss sustained as a result of labor disputes in the most recent year and up to the publication date of this annual report, disclose an estimate of losses incurred to date or likely to be incurred in the future, and indicate mitigation measures being or to be taken: none.

5.6 Cyber Security Management

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

A. Cyber security risk management framework

The Company has established an Information Security Committee, appointing the highest level management of the IT Department to serve as the convener. The Committee is composed of executive managers and is responsible for supporting, monitoring, and making decisions about information security management systems. The Company also established a Information Security Working Group comprising members who actually carry out information security tasks. The Information Security Working Group is mainly responsible for the gathering of internal and external issues, risk assessments, and formulation of control measures. An IT Governance Team regularly supervises and audits information security systems and continuously strengthens employees' information security awareness to facilitate the normal PDCA operation of the company's information security management system and ensure that our information security system is kept up-to-date.

B. Cyber security policies

The Company adopts the Information Security Management System (ISMS), using the international ISO 27001 standard to prepare the required documents and control measures for our information security system. These materials can serve as a guide for relevant personnel when they carry out activities and general affairs. The objective is to protect the Company's information assets, which are used and managed in IT operations, and to protect the environment that ensures the continuous operation of systems against manmade, deliberate or accidental destructions from inside or outside of the company. Subsequently, we hope to achieve the following goals with the concerted efforts of all our employees:

- (A) Ensure the continuous operation of business activities and steady use of the information services provided.
- (B) Ensure the confidentiality, integrity, and availability of information assets, and protect user data privacy.
- (C) Develop business continuity plans including information security and implement information-based business activities that comply with relevant laws or regulatory requirements.

C. Concrete management plans

The Company implements an information security management mechanism that is centered on "process specifications," "use of technology," and "personnel training." Such mechanism is expected to improve our information security protection capability at all levels from process to technology and from personnel to organization.

- (A) Process specifications: The Company's information security system is examined annually to determine whether the system is adapted to changes in the operational environment. The system is adjusted as needed. In future, we plan to introduce more international cyber security techniques and standards, such as the ISO 27017 standard for cloud security and NIST Cybersecurity Framework, etc. Furthermore, the PDCA model and standard operations will be adopted to implement continual improvement for effective process control.
- (B) Use of technology: A multi-level network architecture design and all types of information security protection system will be adopted and installed to prevent external information security threats and further reinforce the security of our entire IT environment.
 - (a) Cyber security: Important systems and network equipment are monitored; mobile phone alert and cross-border maintenance and operations are subject to application and monitoring control; and firewalls and network segmentation and virus codes installed on computers are automatically updated to ensure that the latest viruses and spams can be blocked.
 - (b) Device security: If authorized apps and device functions including network connection, are managed and activated using mobile device software, the network connection of the device is authenticated to avoid data leakage. Endpoint management software is used to manage users' computers to prevent unsafe applications.
 - (c) Application program security: The security of application programs is ensured by performing vulnerability scanning, patching, and updates regularly.
 - (d) The security of audit trail logging: Centralized logging is enabled to facilitate the centralization of important systems and network communications equipment, and information monitoring and intelligence dashboard is set up. The purpose is to monitor cyber security risks and warnings, including computer login status, SSLVPN status, and analysis of irregular login activities, main hosts and malicious attacks, abnormal connections or login and connection activities during abnormal hours, and prevention of virus attacks.
- (C) Personnel training: Employees are trained on information security technologies and the security of new technologies to improve their understanding of information security.

D. Investments in resources for cyber security management

Fourteen stakeholder concerns were addressed this year. A comprehensive system is adopted to assist management in reducing information-related risks and threats. We conducted email social engineering and phishing drills once this year. Employees are regularly reminded to remain vigilant against cybersecurity threats and are tested on information security. Over 100 sessions of course training on information security have been carried out to raise employees' awareness on the importance of information protection and security. Twelve information security inspections have been completed to verify the



implementation results of information security measures and ensure the effective operation of each business activity.

- (2) List any loss sustained as a result of cyber security in the most recent year and up to the publication date of this annual report, disclose an estimate of losses incurred to date or likely to be incurred in the future, and indicate mitigation measures being or to be taken: none.

5.7 Material Contracts

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

VI. FINANCIAL INFORMATION

6.1 Financial Summary for the Past Five Fiscal Years

(1) Condensed balance sheet and statement of comprehensive income

A. Consolidated condensed balance sheet

(In NT\$ thousands)

Year		Financial summary within five years 【Note】					As of March 31, 2022 【Note】
		2017	2018	2019	2020	2021	
Item							
Current assets		154,667,365	164,383,958	165,637,689	155,495,896	162,894,673	176,792,251
Property, plant and equipment		71,517,038	79,162,641	77,861,266	69,983,286	62,786,453	63,664,448
Intangible assets		12,394,627	12,054,213	10,429,135	9,832,703	9,381,455	9,689,579
Other assets		63,325,400	48,661,601	109,128,240	133,602,674	131,828,245	99,185,621
Total assets		301,904,430	304,262,413	363,056,330	368,914,559	366,890,826	349,331,899
Current liabilities	Before distribution	84,461,024	93,303,080	98,233,680	85,408,436	88,808,973	97,488,441
	After distribution	90,354,598	97,723,261	101,917,164	86,881,830	93,229,154	101,908,622
Non-current liabilities		59,063,460	58,761,627	74,953,623	82,262,921	70,585,101	66,320,787
Total liabilities	Before distribution	143,524,484	152,064,707	173,187,303	167,671,357	159,394,074	163,809,228
	After distribution	149,418,058	156,484,888	176,870,787	169,144,751	163,814,255	168,229,409
Equity attributable to owners of the Company	Before distribution	83,615,378	77,863,392	117,408,939	134,109,459	139,432,954	114,243,058
	After distribution	77,721,804	73,443,211	113,725,455	132,636,065	135,012,773	109,822,877
Share Capital		29,467,872	29,467,872	29,467,872	29,467,872	29,467,872	29,467,872
Capital surplus		4,615,341	4,600,092	4,592,397	4,389,862	4,419,400	4,420,394
Retained earnings	Before distribution	63,449,395	66,088,797	71,664,103	72,807,778	85,726,878	90,365,406
	After distribution	57,555,821	61,668,616	67,980,619	71,334,384	81,306,697	85,945,225
Other equity		(13,917,230)	(22,293,369)	11,684,567	27,443,947	19,818,804	(10,010,614)
Treasury shares		-	-	-	-	-	-
Non-controlling interests		74,764,568	74,334,314	72,460,088	67,133,743	68,063,798	71,279,613
Total equity	Before distribution	158,379,946	152,197,706	189,869,027	201,243,202	207,496,752	185,522,671
	After distribution	152,486,372	147,777,525	186,185,543	199,769,808	203,076,571	181,102,490

Note: The financial statements for 2017 to 2021 have been audited by independent auditors and the financial statements for first quarter of 2022 has been reviewed by independent auditors.



B. Consolidated condensed statement of comprehensive income

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

Item	Year	Financial summary within five years 【Note】					As of March 31, 2022 【Note】
		2017	2018	2019	2020	2021	
Operating revenue		278,631,872	293,316,089	313,156,585	249,954,311	239,884,409	67,263,361
Gross profit		73,068,324	75,471,295	79,515,354	54,751,105	58,223,025	16,184,614
Income (loss) from operations		17,068,098	13,809,464	13,950,460	(2,111,078)	2,475,709	2,573,144
Non-operating income and expenses		7,749,406	6,450,919	7,571,518	8,072,404	14,681,025	4,188,447
Income before income tax		24,817,504	20,260,383	21,521,978	5,961,326	17,156,734	6,761,591
Net income for the period		21,730,590	16,371,866	18,002,774	3,919,417	16,603,443	6,072,787
Other comprehensive income (loss) for the period		719,523	(23,332,866)	29,821,437	13,761,868	(8,615,977)	(27,427,540)
Total comprehensive income (loss) for the period		22,450,113	(6,961,000)	47,824,211	17,681,285	7,987,466	(21,354,753)
Net income attribute to owners of the Company		12,921,606	10,708,646	11,828,609	4,840,184	14,439,307	4,638,528
Net income attribute to non-controlling interests		8,808,984	5,663,220	6,174,165	(920,767)	2,164,136	1,434,259
Total comprehensive income (loss) attribute to owners of the Company		12,255,237	(13,545,977)	43,908,682	20,587,697	6,773,495	(25,190,890)
Total comprehensive income (loss) attribute to non-controlling interests		10,194,876	6,584,977	3,915,529	(2,906,412)	1,213,971	3,836,137
Earnings per share		4.38	3.63	4.01	1.64	4.90	1.57

Note : The financial statements for 2017 to 2021 have been audited by independent auditors and the financial statements for first quarter of 2022 has been reviewed by independent auditors.

C. Separate condensed balance sheet

(In NT\$ thousands)

Year Item		Financial summary within five years 【Note】				
		2017	2018	2019	2020	2021
Current assets		7,863,357	8,327,151	8,248,705	8,234,261	9,028,891
Property, plant and equipment		4,859,896	5,341,147	5,220,137	5,035,178	4,812,331
Other assets		102,945,217	101,152,947	148,192,278	169,581,752	174,606,605
Total assets		115,668,470	114,821,245	161,661,120	182,851,191	188,447,827
Current liabilities	Before distribution	14,887,657	23,043,635	23,446,622	17,908,547	19,706,049
	After distribution	20,781,231	27,463,816	27,130,106	19,381,941	24,126,230
Non-current liabilities		17,165,435	13,914,218	20,805,559	30,833,185	29,308,824
Total Liabilities	Before distribution	32,053,092	36,957,853	44,252,181	48,741,732	49,014,873
	After distribution	37,946,666	41,378,034	47,935,665	50,215,126	53,435,054
Share capital		29,467,872	29,467,872	29,467,872	29,467,872	29,467,872
Capital surplus		4,615,341	4,600,092	4,592,397	4,389,862	4,419,400
Retained earnings	Before distribution	63,449,395	66,088,797	71,664,103	72,807,778	85,726,878
	After distribution	57,555,821	61,668,616	67,980,619	71,334,384	81,306,697
Other equity		(13,917,230)	(22,293,369)	11,684,567	27,443,947	19,818,804
Treasury shares		-	-	-	-	-
Total equity	Before distribution	83,615,378	77,863,392	117,408,939	134,109,459	139,432,954
	After distribution	77,721,804	73,443,211	113,725,455	132,636,065	135,012,773

Note: The financial statements for 2017 to 2021 have been audited by independent auditors.



D. Separate condensed statement of comprehensive income

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

Item \ Year	Financial summary within five years 【Note】				
	2017	2018	2019	2020	2021
Operating revenue	11,704,905	12,062,778	11,399,477	8,219,523	8,310,049
Gross profit	3,982,222	4,610,127	4,743,554	3,925,008	4,480,572
Income from operations	478,923	477,899	540,529	474,916	505,458
Non-operating income and expenses	12,865,035	11,131,948	11,854,667	5,751,384	13,473,771
Income before income tax	13,343,958	11,609,847	12,395,196	6,226,300	13,979,229
Net income	12,921,606	10,708,646	11,828,609	4,840,184	14,439,307
Other comprehensive net income (loss)	(666,369)	(24,254,623)	32,080,073	15,747,513	(7,665,812)
Total comprehensive income (loss)	12,255,237	(13,545,977)	43,908,682	20,587,697	6,773,495
Earnings per share	4.38	3.63	4.01	1.64	4.90

Note : The financial statements for 2017 to 2021 have been audited by independent auditors.

(2) Auditors' Opinions from 2017 to 2021

Year \ Opinion	Accounting Firm	CPA	Audit Opinion
2017	Deloitte & Touche	HONG, KUO-TYAN WU, KER-CHANG	Unqualified Opinion
2018	Deloitte & Touche	WU, KER-CHANG HONG, KUO-TYAN	Unqualified Opinion
2019	Deloitte & Touche	WU, KER-CHANG HONG, KUO-TYAN	Unqualified Opinion
2020	Deloitte & Touche	SHYU, WEN-YEA HONG, KUO-TYAN	Unqualified Opinion
2021	Deloitte & Touche	HONG, KUO-TYAN SHYU, WEN-YEA	Unqualified Opinion

6.2 Financial Analysis for the Past Five Fiscal Years

(1) A. Consolidated financial analysis

Items		Year	Financial summary within five years (Note)					As of March 31, 2022 (Note)
			2017	2018	2019	2020	2021	
Financial structure (%)	Debt Ratio		47.53	49.97	47.70	45.44	43.44	46.89
	Ratio of long-term Capital to property, plant and equipment		304.04	266.48	340.12	405.10	442.90	395.57
Liquidity (%)	Current ratio		183.12	176.18	168.61	182.06	183.42	181.34
	Quick ratio		114.90	107.21	103.35	118.78	107.63	108.67
	Interest earned ratio (times)		13.49	8.28	7.63	3.47	10.18	16.49
Operating performance	Accounts receivable turnover (times)		7.30	7.61	8.44	7.49	8.15	9.35
	Average collection period		50	48	43	48	44	39
	Inventory turnover (times)		4.05	3.78	3.87	3.55	3.24	3.24
	Accounts payable turnover (times)		14.37	15.01	15.58	12.39	10.67	11.63
	Average days in sales		90	97	94	102	112	112
	Property, plant and equipment turnover (times)		3.89	3.89	3.98	3.38	3.61	4.25
	Total assets turnover (times)		0.93	0.96	0.93	0.68	0.65	0.75
Profitability (%)	Return on total assets		7.84	6.13	6.17	1.59	4.91	7.17
	Return on shareholders' equity		13.52	10.54	10.52	2.00	8.12	12.36
	Pre-tax income to paid-in capital		84.21	68.75	73.03	20.22	58.22	91.78
	Net Income ratio		7.79	5.58	5.74	1.56	6.92	9.02
	Earnings per share (NT\$)		4.38	3.63	4.01	1.64	4.90	1.57
Cash flow (%)	Cash flow ratio		19.90	11.29	24.95	23.83	14.22	(27.84)
	Cash flow adequacy ratio		73.70	61.30	63.36	60.14	51.93	48.36
	Cash reinvestment ratio		4.43	1.67	5.96	4.64	3.13	(8.12)
Leverage	Operating leverage		1.56	1.76	2.12	(6.86)	7.77	2.48
	Financial leverage		1.13	1.25	1.30	0.46	4.07	1.20

Note: The financial statements for 2017 to 2021 have been audited by independent auditors and the financial statements for first quarter of 2022 has been reviewed by independent auditors.



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

1. Liquidity:

Increase in interest earned ratio was mainly due to the NT\$10.657 billion increase in earnings before interest and taxes.

Explanations are as follows:

Reduction of NT\$10.07 billion in operating revenue of the footwear manufacturing business for the year was due to a number of factors, such as work stoppage in Vietnam, market fluctuation that has constantly affected the retail of sporting goods and brand licensing business since the second quarter, and recurrent epidemic outbreaks. However, income from operations increased by NT\$4.587 billion. Such improvement was attributed to increased production efficiency and capacity utilization of footwear manufacturing. In addition, the retail of sporting goods and brand licensing business continued to improve its sales discount and sales mix under rigorous cost control.

Regarding non-operating income and expenditure, the increase of income before interest and taxes for 2021 compared to the corresponding period last year was due to the NT\$3.08 billion increase in profit equity-accounted investments, NT\$1.403 billion increase in net income from evaluation of financial instruments, NT\$702 million gain on disposal of investment, and NT\$605 million increase in foreign currency exchange.

2. Profitability:

- (1) Increase in return on total assets, return on shareholders' equity, net income ratio and earnings per share were mainly due to NT\$12.684 billion increase in net income this year. Explanations are as follows:

Reduction of NT\$10.07 billion in operating revenue of the footwear manufacturing business for the year was due to a number of factors, such as work stoppage in Vietnam, market fluctuation that has constantly affected the retail of sporting goods and brand licensing business since the second quarter, and recurrent epidemic outbreaks. However, income from operations increased by NT\$4.587 billion. Such improvement was attributed to increased production efficiency and capacity utilization of footwear manufacturing. In addition, the retail of sporting goods and brand licensing business continued to improve its sales discount and sales mix under rigorous cost control.

Regarding non-operating income and expenditure, the increase of net income for 2021 compared to the corresponding period last year was due to the NT\$3.08 billion increase in profit from equity-accounted investments, NT\$1.403 billion increase in profit from evaluation of financial instruments, NT\$702 million gain on disposal of investment, NT\$605 million increase in foreign currency exchange, NT\$539 million decrease in finance cost and NT\$1.488 billion decrease in income tax expense.

- (2) Pre-tax income to paid-in capital ratio increased primarily due to NT\$11.196 billion increase in income before tax this year. Explanations are as follows:

Income before tax increased by NT\$11.196 billion in 2021, mainly due to NT\$4.587 billion increase in income from operations, NT\$3.08 billion increase in net income on financial assets at fair value through profit or loss, NT\$1.403 billion increase in profit from evaluation of financial instruments, NT\$702 million gain on disposal of investment, NT\$605 million increase in foreign currency exchange income and NT\$539 million decrease in finance cost.

3. Cash flow:

- (1) Decrease in cash flow ratio mainly due to NT\$7.729 billion decrease in net cash inflow from operating activities and NT\$3.401 billion increase in current liabilities. Explanations are as follows:

A. Net cash inflow from operating activities decreased by NT\$7.729 billion mainly due to the NT\$11.196 billion increase in net income before tax this year adjusted by items that do not affect cash flow, which include deducting the NT\$3.08 billion increase in profit from equity-accounted investments, NT\$1.403 billion increase in profit from evaluation of financial assets, NT\$702 million gain on disposal of investment, and cash inflow increased from disposal of financial instruments by NT\$3.768 billion, cash inflow from account receivables increased by NT\$2.827 billion, cash outflow from other account payables decreased by NT\$1.907 billion, cash outflow from procurement of inventory items increased by NT\$ 18.959 billion and cash outflow from income tax paid increased by NT\$1.882 billion.

B. NT\$3.401 billion increase in current liabilities was mainly due to NT\$1.82 billion increase in short-term borrowing, NT\$798 million decrease from paying short-term bills, NT\$1.276 billion decrease in income tax liabilities for the current period and NT\$3.903 billion increase in long-term borrowing that expires within one year.

- (2) Decrease in cash reinvestment ratio mainly due to NT\$7.729 billion decrease in net cash inflow from operating activities and NT\$2.210 billion decrease in payment of cash dividend.

4. Leverage:

- (1) Increase in operating leverage mainly due to NT\$10.070 billion decrease in operating revenue, NT\$14.822 billion decrease in variable operating cost and expenses and NT\$4.587 billion increase in income from operations.

Explanations are as follows:

Reduction of NT\$10.07 billion in operating revenue of the footwear manufacturing business for the year was due to a number of factors, such as work stoppage in Vietnam, market fluctuation that has constantly affected the retail of sporting goods and brand licensing business since the second quarter, and recurrent epidemic outbreaks. However, variable operating cost and expense decrease 14.822 billion and income from operations was 2.476 billion in 2021, an increased of NT\$4.587 billion compared to NT\$2.111 billion of loss from operations in the previous year. Such improvement was attributed to increased production efficiency and capacity utilization of footwear manufacturing. In addition, the retail of sporting goods and brand licensing business continued to improve its sales discount and sales mix under rigorous cost control.

- (2) Increase in financial leverage mainly due to the Company's income from operations is NT\$2.476 billion in 2021, an increase of NT\$4.587 billion compared to NT\$2.111 billion of loss from operations in the previous year and NT\$539 million decrease in finance cost.



(1)B. Separate financial analysis

Item		Year	Financial summary within five years (Note)				
			2017	2018	2019	2020	2021
Financial structure (%)	Debt Ratio		27.71	32.18	27.37	26.65	26.00
	Ratio of long-term Capital to property, plant and equipment		2,073.72	1,718.31	2,647.71	3,275.80	3,506.44
Liquidity (%)	Current ratio		52.81	36.13	35.18	45.97	45.81
	Quick ratio		51.92	35.72	34.81	45.44	44.99
	Interest earned ratio (times)		43.56	37.28	34.16	16.71	38.00
Operating performance	Accounts receivable turnover (times)		6.88	6.93	6.28	4.91	4.82
	Average collection period		53	52	58	74	75
	Inventory turnover (times)		130.24	161.16	110.51	58.92	37.10
	Accounts payable turnover (times)		5.75	5.88	5.57	4.96	6.56
	Average days in sales		2	2	3	6	9
	Property, plant and equipment turnover (times)		2.50	2.36	2.15	1.60	1.68
	Total assets turnover (times)		0.10	0.10	0.08	0.04	0.04
Profitability (%)	Return on total assets		11.91	9.51	8.77	2.99	7.94
	Return on shareholders' equity		16.22	13.26	12.11	3.84	10.55
	Pre-tax income to paid-in capital		45.28	39.39	42.06	21.12	47.43
	Net Income ratio		110.39	88.77	103.76	58.88	173.75
	Earnings per share (NT\$)		4.38	3.63	4.01	1.64	4.90
Cash flow (%)	Cash flow ratio		(9.46)	(0.16)	1.17	(5.79)	(6.15)
	Cash flow adequacy ratio		(12.27)	(12.56)	(8.47)	(12.38)	(11.50)
	Cash reinvestment ratio		-	-	-	-	-
Leverage	Operating leverage		1.51	1.62	1.71	1.87	1.82
	Financial leverage		2.89	3.02	3.24	6.03	3.95

Note: The financial statements for 2017 to 2021 have been audited by independent auditors.

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

1. Liquidity:

Increase in interest earned ratio was mainly due to the NT\$7.734 billion increase in earnings before interest and taxes for the year. Explanations are as follows:

NT\$7.734 billion increase in earnings before interest and taxes for the year was mainly due to the NT\$724 million decrease in foreign currency exchange loss and NT\$7.239 billion increase in profit from equity-accounted investments.

2. Operating performance:

(1) Decrease in inventory turnover:

Mainly due to the NT\$465 million decrease in cost of goods sold and NT\$30 million increase in average inventory, causing decrease in inventory turnover this year compared to previous year.

(2) Increase in accounts payable turnover:

Mainly due to the NT\$465 million decrease in cost of sales and NT\$282 million decrease in average payables; however, the decrease in average payables was higher than the decrease in cost of sales, causing an increase in payable turnover in 2021 compared to the same period last year.

(3) Increase in average days in sales:

Mainly due to 37.03% decrease in inventory turnover.

3. Profitability:

(1) Increase in return on total assets, return on shareholder's equity, net income ratio and increase in earnings per share were mainly due to net income for the year increased by NT\$9.599 billion in 2021. Explanations are as follows:

NT\$9.599 billion increased in net income for the year was mainly due to the NT\$724 million decrease in foreign currency exchange loss, NT\$7.239 billion increase in profit from equity-accounted investments, and NT\$1.846 billion decrease in income tax expense.

(2) Pre-tax income to paid-in capital ratio increased primarily due to NT\$7.753 billion increase in income before tax this year. Explanations are as follows:

NT\$7.753 billion increased in income before tax for the year was mainly due to the NT\$724 million decrease in foreign currency exchange loss and NT\$7.239 billion increase in profit from equity-accounted investments.

4. Leverage:

Financial leverage decreased mainly due to the NT\$31 million increase in net operating income for the year and NT\$19 million decrease in finance cost.



1. Financial Structure

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

2. Liquidity

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

3. Operating performance

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

4. Profitability

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

5. Cash flow

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

6. Leverage

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

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

The Board of Directors has prepared and submitted the Company's 2021 business report and financial statements. Commissioned by the Board of Directors, The CPA firm Deloitte & Touch has audited the financial statements and issued an audit report relating to the Financial Statements.

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

To:

2022 Annual General Shareholders' Meeting of Pou Chen Corporation

Audit Committee convener:



Chen, Huan-Chung

Date: March 16, 2022



Audit Committee's Review Report on Profit Distribution Plan

The Board of Directors has prepared and submitted the 2021 profit distribution plan. This has been reviewed by the Audit Committee as conforming to relevant laws and regulations. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this Report.

To:

2022 Annual General Shareholders' Meeting of Pou Chen Corporation

Audit Committee convener:

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

Chen, Huan-Chung

Date: April 28, 2022

6.4 Financial Statements for the Most Recent Fiscal Year




勤業眾信聯合會計師事務所
110016 台北市信義區松仁路100號20樓

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Pou Chen Corporation

Opinion

We have audited the accompanying consolidated financial statements of Pou Chen Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

Write-downs of Inventory

As of December 31, 2021, the carrying amount of finished goods related to the retail segment included in the inventories was \$32,953,151 thousand. For the related disclosures, refer to Notes 4, 5 and 12 to the consolidated financial statements.

The determination of net realizable value requires an evaluation of sales condition and quality of products and assessment of obsolete and slow-moving inventories; the evaluation involves significant judgments and estimations made by management. Therefore, we considered write-down of inventory as a key audit matter to the consolidated financial statements for the year ended December 31, 2021.

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

Impairment of Goodwill

As of December 31, 2021, goodwill allocated to the retailing business-retail and distribution of sportswear products of the Group amounted to \$2,305,024 thousand. For the related disclosures, refer to Notes 4, 5 and 20 to the consolidated financial statements.

Management evaluated the impairment of the abovementioned assets based on their recoverable amounts. The recoverable amounts are determined according to the forecast of the trading performance and future cash flows and the discount rate. The test of impairment involved significant judgments and estimations made by management. As a result, we considered the impairment of goodwill as a key audit matter to the consolidated financial statements for the year ended December 31, 2021.

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

Other Matter

The Group's investments in Ruen Chen Investment Holding Co., Ltd. and Nan Shan Life Insurance Co., Ltd. accounted for by using the equity method were based on the financial statements which were audited by other auditors. Our opinion, insofar as it relates to the Group's investments in Ruen Chen Investment Holding Co., Ltd. and Nan Shan Life Insurance Co., Ltd., is based solely on the report of other auditors. As of December 31, 2021 and 2020, the carrying amounts of the investment in Ruen Chen Investment Holding Co., Ltd. were \$76,419,271 thousand and \$75,039,348 thousand, which constituted 20.83% and 20.34%, of the Group's consolidated total assets, respectively. For the years ended December 31, 2021 and 2020, the profit of the associate was \$10,505,361 thousand and \$6,385,558 thousand, which constituted 61.23% and 107.12%, of the income before income tax, respectively. As of December 31, 2021 and 2020, the carrying amounts of the investment in Nan Shan Life Insurance Co., Ltd. were \$826,576 thousand and \$812,298 thousand, which constituted 0.23% and 0.22%, of the Group's consolidated total assets, respectively. For the years ended December 31, 2021 and 2020, the profit of the associate was \$109,592 thousand and \$66,911 thousand, which constituted 0.64% and 1.12%, of the income before income tax, respectively.

We have also audited the parent company only financial statements of Pou Chen Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion with emphasis of other matter paragraph.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 16, 2022

Notice to Readers

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

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

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 28,450,346	8	\$ 32,108,725	9
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	3,341,742	1	3,769,286	1
Financial assets at fair value through other comprehensive income - current (Notes 4 and 9)	20,035,436	5	16,685,548	5
Financial assets at amortized cost - current (Notes 4 and 10)	8,630,004	2	7,492,930	2
Notes receivable (Notes 4 and 11)	54	-	39	-
Accounts receivable (Notes 4, 11 and 35)	26,539,565	7	31,916,866	9
Other receivables (Notes 4 and 11)	3,771,410	1	5,312,322	1
Inventories - manufacturing and retailing (Notes 4 and 12)	57,084,097	16	45,214,271	12
Inventories - construction (Notes 4 and 12)	3,718,519	1	3,716,256	1
Non-current assets held for sale (Notes 4 and 13)	-	-	630,861	-
Other current assets (Notes 4 and 14)	11,323,500	3	8,648,792	2
Total current assets	162,894,673	44	155,495,896	42
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	747,994	-	997,231	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	958,593	-	1,050,168	-
Financial assets at amortized cost - non-current (Notes 4, 10 and 36)	3,158,906	1	3,472,325	1
Investments accounted for using the equity method (Notes 4 and 16)	96,210,213	26	97,988,994	27
Property, plant and equipment (Notes 4 and 17)	62,786,453	17	69,983,286	19
Right-of-use assets (Notes 4 and 18)	20,066,402	6	20,535,496	6
Investment properties (Notes 4 and 19)	2,918,076	1	2,827,040	1
Goodwill (Notes 4 and 20)	7,774,185	2	7,957,895	2
Other intangible assets (Notes 4 and 21)	1,607,270	1	1,874,808	-
Deferred tax assets (Notes 4 and 29)	3,560,596	1	2,757,568	1
Other non-current assets (Notes 4 and 14)	4,207,465	1	3,973,852	1
Total non-current assets	203,996,153	56	213,418,663	58
TOTAL	<u>\$ 366,890,826</u>	<u>100</u>	<u>\$ 368,914,559</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 22)	\$ 25,552,433	7	\$ 23,732,375	6
Short-term bills payable (Note 22)	2,563,093	1	3,360,748	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	78,720	-	131,348	-
Financial liabilities for hedging - current (Notes 4 and 8)	-	-	278	-
Notes payable (Notes 4, 23 and 35)	5,785	-	7,402	-
Accounts payable (Notes 4, 23 and 35)	17,406,222	5	16,628,923	4
Other payables (Note 24)	20,547,217	5	21,217,044	6
Current tax liabilities (Note 4)	1,776,193	-	3,051,860	1
Lease liabilities - current (Notes 4 and 18)	4,323,157	1	4,640,954	1
Current portion of long-term borrowings (Note 22)	9,791,986	3	5,888,875	2
Other current liabilities	6,764,167	2	6,748,629	2
Total current liabilities	88,808,973	24	85,408,436	23
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	232,011	-	714,819	-
Long-term borrowings (Note 22)	56,387,335	16	66,328,779	18
Deferred tax liabilities (Notes 4 and 29)	906,387	-	1,461,216	-
Lease liabilities - non-current (Notes 4 and 18)	8,357,819	2	9,494,536	3
Long-term payables (Note 24)	170,621	-	148,032	-
Net defined benefit liabilities (Notes 4 and 25)	4,482,434	1	4,055,076	1
Other non-current liabilities	48,494	-	60,463	-
Total non-current liabilities	70,585,101	19	82,262,921	22
Total liabilities	159,394,074	43	167,671,357	45
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 26)				
Share capital				
Ordinary shares	29,467,872	8	29,467,872	8
Capital surplus	4,419,400	1	4,389,862	1
Retained earnings				
Legal reserve	16,547,491	4	16,064,775	4
Special reserve	-	-	-	-
Unappropriated earnings	69,179,387	19	56,743,003	16
Total retained earnings	85,726,878	23	72,807,778	20
Other equity	19,818,804	6	27,443,947	8
Total equity attributable to owners of the Company	139,432,954	38	134,109,459	37
NON-CONTROLLING INTERESTS	68,063,798	19	67,133,743	18
Total equity	207,496,752	57	201,243,202	55
TOTAL	<u>\$ 366,890,826</u>	<u>100</u>	<u>\$ 368,914,559</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 16, 2022)



POU CHEN CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 27 and 35)	\$ 239,884,409	100	\$ 249,954,311	100
OPERATING COSTS (Notes 25, 28 and 35)	<u>181,661,384</u>	<u>76</u>	<u>195,203,206</u>	<u>78</u>
GROSS PROFIT	<u>58,223,025</u>	<u>24</u>	<u>54,751,105</u>	<u>22</u>
OPERATING EXPENSES (Notes 25 and 28)				
Selling and marketing expenses	33,366,556	14	31,835,128	13
General and administrative expenses	17,287,482	7	19,459,894	8
Research and development expenses	<u>5,093,278</u>	<u>2</u>	<u>5,567,161</u>	<u>2</u>
Total operating expenses	<u>55,747,316</u>	<u>23</u>	<u>56,862,183</u>	<u>23</u>
INCOME (LOSS) FROM OPERATIONS	<u>2,475,709</u>	<u>1</u>	<u>(2,111,078)</u>	<u>(1)</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 28)	734,497	-	639,635	-
Other income (Note 28)	3,500,349	1	3,435,429	2
Other gains and (losses) (Note 28)	1,358,214	1	(1,496,270)	-
Net (loss) gain on derecognition of financial assets at amortized cost	(20,636)	-	3,214	-
Finance costs (Note 28)	(1,868,689)	(1)	(2,407,297)	(1)
Share of the profit of associates and joint ventures (Notes 4 and 16)	<u>10,977,290</u>	<u>5</u>	<u>7,897,693</u>	<u>3</u>
Total non-operating income and expenses	<u>14,681,025</u>	<u>6</u>	<u>8,072,404</u>	<u>4</u>
INCOME BEFORE INCOME TAX	17,156,734	7	5,961,326	3
INCOME TAX EXPENSE (Notes 4 and 29)	<u>553,291</u>	<u>-</u>	<u>2,041,909</u>	<u>1</u>
NET INCOME FOR THE YEAR	<u>16,603,443</u>	<u>7</u>	<u>3,919,417</u>	<u>2</u>
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 25)	(118,461)	-	(290,488)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	3,313,385	1	(313,926)	(1)
Share of the other comprehensive income (loss) of associates and joint ventures	963,883	1	(174,988)	-

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2021</u>		<u>2020</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	\$ (3,375,883)	(2)	\$ (4,726,138)	(2)
(Loss) gain on hedging instruments	(1,195)	-	1,195	-
Share of the other comprehensive (loss) income of associates and joint ventures	<u>(9,397,706)</u>	<u>(4)</u>	<u>19,266,213</u>	<u>8</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(8,615,977)</u>	<u>(4)</u>	<u>13,761,868</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 7,987,466</u>	<u>3</u>	<u>\$ 17,681,285</u>	<u>7</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 14,439,307	6	\$ 4,840,184	2
Non-controlling interests	<u>2,164,136</u>	<u>1</u>	<u>(920,767)</u>	<u>-</u>
	<u>\$ 16,603,443</u>	<u>7</u>	<u>\$ 3,919,417</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 6,773,495	3	\$ 20,587,697	8
Non-controlling interests	<u>1,213,971</u>	<u>-</u>	<u>(2,906,412)</u>	<u>(1)</u>
	<u>\$ 7,987,466</u>	<u>3</u>	<u>\$ 17,681,285</u>	<u>7</u>
EARNINGS PER SHARE (Note 30)				
Basic	<u>\$ 4.90</u>		<u>\$ 1.64</u>	
Diluted	<u>\$ 4.89</u>		<u>\$ 1.64</u>	

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

(With Deloitte & Touche auditors' report dated March 16, 2022)

(Concluded)



**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
In Thousands of New Taiwan Dollars)**

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

With Deloitte & Touche auditors' report dated March 16, 2022)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax for the year	\$ 17,156,734	\$ 5,961,326
Adjustments for:		
Depreciation expense	16,274,312	16,127,403
Amortization expense	502,459	483,716
Expected credit loss on accounts receivable	29,673	13,745
Net (gain) loss on fair value change of financial instruments at fair value through profit or loss	(727,347)	675,985
Finance costs	1,868,689	2,407,297
Net loss (gain) on derecognition of financial assets at amortized cost	20,636	(3,214)
Interest income	(734,497)	(639,635)
Dividend income	(916,719)	(1,006,050)
Compensation cost of employee share options	131,781	11,992
Share of profit of associates and joint ventures	(10,977,290)	(7,897,693)
Net loss on disposal of property, plant and equipment	353,185	482,997
Net gain on disposal of investment properties	(123,555)	-
Net gain recognized on disposal of the land use right	-	(153,880)
Net gain on disposal of associates and joint ventures	(1,237,587)	(535,107)
Impairment loss	402,090	457,134
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	861,901	(2,906,023)
Notes receivable	(15)	470
Accounts receivable	5,161,821	2,335,215
Other receivables	1,500,305	(171,338)
Inventories	(9,479,715)	9,479,131
Other current assets	(1,985,514)	511,049
Other operating assets	15,062	87,904
Notes payable	(1,617)	(3,797)
Accounts payable	963,060	1,762,586
Other payables	(1,187,678)	(3,094,485)
Other current liabilities	3,206	689,126
Net defined benefit liabilities	276,931	(487,014)
Other operating liabilities	22,589	(4,799)
Cash generated from operations	18,172,900	24,584,041
Interest paid	(1,834,245)	(2,398,509)
Income tax paid	(3,709,778)	(1,827,678)
Net cash generated from operating activities	12,628,877	20,357,854

(Continued)



POU CHEN CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	\$ 14,543	\$ 804,350
Proceeds from return of capital of financial assets at fair value through other comprehensive income	10,929	56,289
Purchases of financial assets at amortized cost	(19,685,490)	(13,542,939)
Proceeds from sale of financial assets at amortized cost	18,551,834	9,877,178
Acquisition of associates and joint ventures	(72,000)	(963,016)
Proceeds from disposal of associates and joint ventures	3,176,087	134,951
Acquisition of subsidiaries	41,132	-
Proceeds from disposal of non-current assets held for sale	107,039	103,752
Acquisition of property, plant and equipment	(7,729,381)	(7,910,008)
Proceeds from disposal of property, plant and equipment	414,880	1,236,517
Increase in refundable deposits	-	(37,465)
Decrease in refundable deposits	74,264	-
Decrease in other receivables	178,798	37,781
Payments for intangible assets	(284,180)	(196,661)
Payments for right-of-use assets	(97,247)	(93,057)
Payments for investment properties	(598)	(240)
Proceeds from disposal of investment properties	738	-
Increase in prepayments for equipment	(459,912)	-
Interest received	744,094	703,010
Dividends received	2,040,184	2,138,774
Proceeds from disposal of right-of-use assets	-	173,073
Net cash used in investing activities	<u>(2,974,286)</u>	<u>(7,477,711)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,167,779	-
Repayments of short-term borrowings	-	(18,515,453)
Proceeds from short-term bills payable	-	813,000
Repayments of short-term bills payable	(797,500)	-
Derecognition of financial liabilities for hedging	6,791	-
Proceeds from long-term borrowings	-	11,586,565
Repayments of long-term borrowings	(6,078,400)	-
Decrease in guarantee deposits	(11,969)	(7,851)
Repayments of principal portion of lease liabilities	(5,143,089)	(4,610,366)
Cash dividends	(1,473,394)	(3,683,484)
Change in non-controlling interests	(415,689)	(2,419,933)
Unclaimed dividends by shareholders	1,193	27,223
Net cash used in financing activities	<u>(12,744,278)</u>	<u>(16,810,299)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(568,692)</u>	<u>(1,011,074)</u>
		(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (3,658,379)	\$ (4,941,230)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>32,108,725</u>	<u>37,049,955</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 28,450,346</u>	<u>\$ 32,108,725</u>

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

(With Deloitte & Touche auditors' report dated March 16, 2022)

(Concluded)



POU CHEN CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (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 also invests significantly in the shoes and electronics industries to diversify its business operations. The Company invested in Yue Yuen Industrial (Holdings) Limited (“Yue Yuen”) and other footwear-related companies through Wealthplus Holdings Limited (“Wealthplus”). Yue Yuen and Pou Sheng International (Holdings) Limited (“Pou Sheng”), a subsidiary of Yue Yuen, are listed on the Hong Kong Exchange and Clearing Limited (“HKEx”).

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 16, 2022.

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

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

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

- Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.
- Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.
- Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
- Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

1) Annual Improvements to IFRS Standards 2018-2020

Several standards, including IFRS 9 “Financial Instruments”, were amended in the annual improvements. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

2) Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 “Levies” to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

3) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

4) Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”

The amendments specify that when assessing whether a contract is onerous, the “cost of fulfilling a contract” includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.



- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

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

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

2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

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

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

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

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

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

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



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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

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

d. Basis of consolidation

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

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

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

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



See Note 15 and Table 9 to the consolidated financial statements for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

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

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

f. Foreign currencies

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

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

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

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

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

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

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

g. Inventories

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

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

h. Investments in associates and joint ventures

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

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

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

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

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

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



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

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

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

i. Property, plant and equipment

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

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

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

j. Investment properties

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

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

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

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

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

k. Goodwill

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

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

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

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

l. Intangible assets

1) Intangible assets acquired separately

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

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

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

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

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



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

3) Intangible assets acquired in a business combination

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

4) Derecognition of intangible assets

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

m. Assets related to contract costs

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

n. Impairment of tangible and intangible assets other than goodwill

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

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

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

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

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

o. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When a sale plan would result in loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether the Group will retain a non-controlling interest in that subsidiary after the sale.

When the Group is committed to a put plan involving the disposal of an investment, or a portion of an investment, in an associate or a joint venture, only the investment or the portion of the investment that will be disposed of is classified as held for sale when the classification criteria are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. If the Group ceases to have significant influence nor joint control over the investment after the disposal takes place, the Group accounts for any retained interest that has not been classified as held for sale in accordance with the accounting policies for financial instruments.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

When a subsidiary, joint operation, joint venture, associate, or a portion of an interest in a joint venture or an associate previously classified as held for sale no longer meets the criteria to be classified as such, it is measured at the carrying amount that would have been recognized had such interests not been classified as held for sale. The consolidated financial statements for the prior periods with interests classified as held for sale are amended accordingly.

p. Financial instruments

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

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

Financial assets

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



1) Measurement category

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

a) Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 34 to the consolidated financial statements.

b) Financial assets at amortized cost

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

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

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

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

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

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

- i. Significant financial difficulty of the issuer or the borrower;
- ii. Breach of contract, such as a default;
- iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

- iv. The disappearance of an active market for that financial asset because of financial difficulties.

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

c) Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

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

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

d) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivables, and contract assets.

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



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

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

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

3) Derecognition of financial assets

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

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

Equity instruments

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

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

Financial liabilities

1) Subsequent measurement

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

a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such a financial liability is held for trading. Such financial liabilities are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 34.

b) Financial guarantee contracts

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

2) Derecognition of financial liabilities

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

Derivative financial instruments

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

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

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

q. Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges.

Gains or losses on derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

r. Levies

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

s. Revenue recognition

1) Sale of goods

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



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

2) Dividend and interest income

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

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

t. Leases

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

1) The Group as lessor

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

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

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

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

2) The Group as lessee

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

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

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

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

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

u Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

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

4) Termination benefits

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



v. Share-based payment arrangements

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

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

w. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the adoption of the Group's accounting policies, management is required to make judgments, estimations and assumptions about 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.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed by the management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

a. Write-down of inventory

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

b. Impairment of goodwill and intangible assets

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



6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	\$ 40,672	\$ 19,148
Checking accounts and demand deposits	18,665,005	20,517,486
Cash equivalent (investments with original maturities of less than three months)		
Time deposits	9,734,566	11,572,091
Repurchase agreements collateralized by bonds	10,103	-
	<u>\$ 28,450,346</u>	<u>\$ 32,108,725</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
<u>Financial assets at FVTPL</u>		
Financial assets mandatorily as at FVTPL		
Hybrid financial assets		
Structured deposits (a)	\$ 2,831,408	\$ 3,849,840
Derivative financial assets (not under hedge accounting)		
Interest rate swap contracts (b)	4,724	-
Forward exchange contracts (c)	51,444	76,483
Exchange rate option contracts (d)	16,711	4,665
Exchange rate swap contracts (e)	47,533	180,774
Non-derivative financial assets		
Mutual funds	1,137,916	654,755
	<u>\$ 4,089,736</u>	<u>\$ 4,766,517</u>
Current	\$ 3,341,742	\$ 3,769,286
Non-current	747,994	997,231
	<u>\$ 4,089,736</u>	<u>\$ 4,766,517</u>
<u>Financial liabilities at FVTPL</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Interest rate swap contracts (b)	\$ 286,668	\$ 717,051
Forward exchange contracts (c)	-	117,458
Exchange rate option contracts (d)	2	10,954
Exchange rate swap contracts (e)	24,061	704
	<u>\$ 310,731</u>	<u>\$ 846,167</u>
Current	\$ 78,720	\$ 131,348
Non-current	232,011	714,819
	<u>\$ 310,731</u>	<u>\$ 846,167</u>

a. Structured deposits

Yue Yuen entered into a 5-year, USD structured time deposit contract with a bank in October 2017. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract was assessed and classified mandatorily as at FVTPL since it contained a host that is an asset within the scope of IFRS 9. As of December 31, 2021 and 2020, the structured time deposit was classified as “financial assets at FVTPL - current” and “financial assets at FVTPL - non-current”, respectively.

Yue Yuen entered into a 12-month, USD structured time deposit contract with a bank in November and December 2021. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract was assessed and classified mandatorily as at FVTPL since it contained a host that is an asset within the scope of IFRS 9. As of December 31, 2021, the structured time deposit was classified as “financial assets at FVTPL - current”.

Pro Arch and Yue Yuen entered into a 12-month, dual currency structured time deposit contract with a bank in February 2021, May 2021 and December 2020. The structured time deposit contract includes a dual currency structured time deposit contract. As of December 31, 2021 and 2020, the structured time deposit was classified as “financial assets at FVTPL - current”.

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

December 31, 2021

Notional Amount (In Thousands)	Maturity Date	Pay Rate (Fixed Rate %)	Received Rate (Floating Rate %)
US\$ 100,000	2023.07	3.335	0.85788
US\$ 150,000	2023.07	3.340	0.82863
US\$ 100,000	2022.08	2.600	0.96600
US\$ 50,000	2022.08	1.930	0.21600
US\$ 50,000	2022.08	1.930	0.21600
US\$ 50,000	2023.03	0.720	0.21600
US\$ 50,000	2023.03	0.710	0.21600
US\$ 50,000	2023.03	0.648	0.21600
US\$ 50,000	2023.03	0.548	0.21600
US\$ 50,000	2023.03	0.515	0.21600
US\$ 50,000	2023.03	0.485	0.21600

December 31, 2020

Notional Amount (In Thousands)	Maturity Date	Pay Rate (Fixed Rate %)	Received Rate (Floating Rate %)
US\$ 50,000	2021.03	Note	Note
US\$ 100,000	2023.07	3.335	0.91363
US\$ 150,000	2023.07	3.340	0.91438
US\$ 100,000	2022.08	2.600	0.98863
US\$ 50,000	2022.08	1.930	0.23863
US\$ 50,000	2022.08	1.930	0.23863
US\$ 50,000	2023.03	0.720	0.23863

(Continued)



POU CHEN CORPORATION

Notional Amount (In Thousands)	Maturity Date	Pay Rate (Fixed Rate %)	Received Rate (Floating Rate %)
US\$ 50,000	2023.03	0.710	0.23863
US\$ 50,000	2023.03	0.648	0.23863
US\$ 50,000	2023.03	0.548	0.23863
US\$ 50,000	2023.03	0.515	0.23863
US\$ 50,000	2023.03	0.485	0.23863

(Concluded)

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

Note: If the three-month London Interbank Offered Rate (LIBOR) based on the U.S. dollar is less than or equal to 1.5%, the Group will pay interest at 0.84% of the notional amount and receive interest at the floating rate. If the three-month LIBOR based on the U.S. dollar is more than 1.5%, the Group will pay interest at the floating rate minus 0.66% and receive interest at the floating rate.

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

December 31, 2021

Notional Amount (In Thousands)	Forward Exchange Rates
US\$ 96,200	Sell US\$/Buy IDR at 14,630 to 14,920

December 31, 2020

Notional Amount (In Thousands)	Forward Exchange Rates
US\$ 148,320	Sell US\$/buy IDR at 14,835 to 17,145
US\$ 81,768	Sell NT\$/buy US\$ at 26.756 to 29.440

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

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

December 31, 2021

Notional Amount (In Thousands)	Type	Buy/Sell	Maturity Date	Exchange Rate
US\$ 80,000	Put	Sell	2022.03-2023.09	US\$:RMB7.0130
US\$ 40,000	Put	Sell	2022.03-2023.09	US\$:RMB7.0100
US\$ 20,000	Put	Sell	2022.02	US\$:RMB7.0000
US\$ 10,000	Call	Sell	2022.02	US\$:HK\$7.7490
US\$ 10,000	Call	Sell	2022.03	US\$:HK\$7.7475
US\$ 6,000	Call	Sell	2022.05	US\$:HK\$7.7335
US\$ 4,000	Call	Sell	2022.05	US\$:HK\$7.7335

December 31, 2020

Notional Amount (In Thousands)	Type	Buy/Sell	Maturity Date	Exchange Rate
US\$ 35,000	Put	Sell	2020.12-2021.03	US\$:RMB6.8000
US\$ 80,000	Put	Sell	2020.12-2021.12	US\$:RMB7.0500
US\$ 5,000	Call	Sell	2021.09	US\$:RMB6.5000
US\$ 5,000	Call	Sell	2021.09	US\$:RMB6.5000
US\$ 92,000	Put	Sell	2021.01-2022.11	US\$:RMB7.0000
US\$ 28,000	Call	Sell	2021.06-2021.12	US\$:HK\$7.7490
US\$ 30,000	Call	Sell	2021.02-2022.02	US\$:HK\$7.7490
US\$ 30,000	Call	Sell	2021.03-2022.03	US\$:HK\$7.7475
US\$ 18,000	Call	Sell	2021.05-2022.05	US\$:HK\$7.7335
US\$ 12,000	Call	Sell	2021.05-2022.05	US\$:HK\$7.7335
US\$ 89,000	Put	Sell	2021.03-2021.08	US\$:IDR15,600

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

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

December 31, 2021

Notional Amount (In Thousands)	Maturity Date	Rate
US\$ 9,200	2022.03	US\$:NT\$ 27.7285
US\$ 5,800	2022.03	US\$:NT\$ 27.7285
US\$ 55,000	2022.12	US\$:NT\$ 27.6630
US\$ 2,000	2022.03	US\$:NT\$ 27.8058
US\$ 19,000	2022.03	US\$:NT\$ 27.7960
US\$ 98,000	2022.06	US\$:NT\$ 27.6925
US\$ 23,000	2022.06	US\$:NT\$ 27.6925
US\$ 16,600	2022.06	US\$:NT\$ 27.6930
US\$ 55,000	2022.06	US\$:NT\$ 27.6930
US\$ 20,400	2022.06	US\$:NT\$ 27.6930
US\$ 9,000	2022.06	US\$:NT\$ 27.6930
US\$ 20,000	2022.06	US\$:NT\$ 27.6930
US\$ 17,500	2022.06	US\$:NT\$ 27.6930
US\$ 10,000	2022.06	US\$:NT\$ 27.6930
US\$ 15,000	2022.06	US\$:NT\$ 27.6930
US\$ 43,000	2022.06	US\$:NT\$ 27.6470
US\$ 36,000	2022.06	US\$:NT\$ 27.6470
US\$ 7,500	2022.06	US\$:NT\$ 27.6470
US\$ 7,000	2022.06	US\$:NT\$ 27.6470
US\$ 5,000	2022.06	US\$:NT\$ 27.6470
US\$ 31,900	2022.06	US\$:NT\$ 27.6470
US\$ 21,000	2022.06	US\$:NT\$ 27.6470
US\$ 72,600	2022.06	US\$:NT\$ 27.6470
US\$ 20,196	2022.01	US\$:NT\$ 27.8370
US\$ 15,143	2022.01	US\$:NT\$ 27.8357
US\$ 15,195	2022.01	US\$:NT\$ 27.7373

(Continued)



POU CHEN CORPORATION

Notional Amount (In Thousands)		Maturity Date	Rate
RMB	42,860	2022.03	RMB:NT\$ 4.2453
RMB	900	2022.03	RMB:NT\$ 4.2453
RMB	14,000	2022.02	US\$:RMB 6.5959
RMB	200,000	2022.03	US\$:RMB 6.5300
RMB	100,000	2022.03	US\$:RMB 6.5300
RMB	14,000	2022.01	US\$:RMB 6.4857
RMB	20,980	2022.04	US\$:RMB 6.4774
RMB	20,800	2022.04	US\$:RMB 6.4774
RMB	33,622	2022.06	US\$:RMB 6.4659
RMB	113,943	2022.06	US\$:RMB 6.4520
RMB	112,200	2022.06	US\$:RMB 6.4521
RMB	229,320	2022.06	US\$:RMB 6.4609
RMB	34,930	2022.06	US\$:RMB 6.4527
US\$	6,000	2022.04	US\$:NT\$ 27.7820
US\$	40,000	2022.04	US\$:NT\$ 27.9820

(Concluded)

December 31, 2020

Notional Amount (In Thousands)		Maturity Date	Rate
US\$	5,800	2021.03	US\$:NT\$ 28.2830
US\$	19,000	2021.03	US\$:NT\$ 28.1035
US\$	38,000	2021.03	US\$:NT\$ 28.0970
US\$	15,000	2021.03	US\$:NT\$ 28.0970
US\$	60,000	2021.03	US\$:NT\$ 28.0960
US\$	72,600	2021.03	US\$:NT\$ 28.0860
US\$	31,900	2021.03	US\$:NT\$ 28.0860
US\$	43,000	2021.03	US\$:NT\$ 28.0860
US\$	21,000	2021.03	US\$:NT\$ 28.0860
US\$	36,000	2021.03	US\$:NT\$ 28.0860
US\$	2,000	2021.03	US\$:NT\$ 28.1040
US\$	16,600	2021.03	US\$:NT\$ 28.0970
US\$	20,000	2021.03	US\$:NT\$ 28.0970
US\$	9,000	2021.03	US\$:NT\$ 28.0960
US\$	20,400	2021.03	US\$:NT\$ 28.0960
US\$	55,000	2021.03	US\$:NT\$ 28.0960
RMB	42,860	2021.03	RMB:NT\$ 4.2233
RMB	80,100	2021.03	US\$:RMB 6.8395
RMB	100,000	2021.03	US\$:RMB 6.8393
RMB	119,900	2021.03	US\$:RMB 6.8395
RMB	57,509	2021.03	US\$:RMB 6.6290
RMB	34,930	2021.06	US\$:RMB 6.5928

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

8. DERIVATIVE FINANCIAL LIABILITY FOR HEDGING - CURRENT

	December 31	
	2021	2020
<u>Financial liability - current</u>		
Fair value hedge - cross-currency swap contracts	\$ -	\$ 278

The Group entered into cross-currency swap contracts to manage its exposures to exchange rate and interest rate fluctuations of foreign currency denominated borrowings. The aforementioned cross-currency swap contracts share the same features with relative financial liabilities; therefore, the management of the Group believes that such cross-currency swap contracts could be used as highly effective hedging instruments. At the end of the reporting period, outstanding cross-currency swap contracts were as follows:

December 31, 2020

Notional Amount (In Thousands)	Maturity Date	Exchange Rate	Interest %
US\$ 9,200	2021.12	US\$:NT\$28.300	0.450

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
Domestic investments		
Listed shares	\$ 20,814,168	\$ 17,540,298
Unlisted shares	72,034	85,946
Foreign investments		
Unlisted shares	<u>107,827</u>	<u>109,472</u>
	<u>\$ 20,994,029</u>	<u>\$ 17,735,716</u>
Current	\$ 20,035,436	\$ 16,685,548
Non-current	<u>958,593</u>	<u>1,050,168</u>
	<u>\$ 20,994,029</u>	<u>\$ 17,735,716</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management selected 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 Group's strategy of holding these investments for long-term purposes.



10. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
Domestic investments		
Time deposits with original maturities of more than three months	\$ 7,001,287	\$ 7,043,368
Restricted deposits of repatriated offshore funds	127,889	134,438
Repurchase agreements collateralized by bonds with original maturities of more than three months	1,301,848	344,488
Foreign investments		
Bonds	1,388,555	1,459,241
Structured products	112,510	113,364
Commercial paper	<u>1,856,821</u>	<u>1,870,356</u>
	<u>\$ 11,788,910</u>	<u>\$ 10,965,255</u>
Current	\$ 8,630,004	\$ 7,492,930
Non-current	<u>3,158,906</u>	<u>3,472,325</u>
	<u>\$ 11,788,910</u>	<u>\$ 10,965,255</u>

Refer to Note 36 to the consolidated financial statements for information relating to investments in financial assets at amortized cost pledged as security.

11. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2021	2020
<u>Notes receivable (including related parties)</u>		
Notes receivable - operating	\$ 42	\$ 39
Notes receivable - non-operating	<u>12</u>	<u>-</u>
	<u>\$ 54</u>	<u>\$ 39</u>
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 26,741,906	\$ 32,110,269
Less: Allowance for impairment loss	<u>(202,341)</u>	<u>(193,403)</u>
	<u>\$ 26,539,565</u>	<u>\$ 31,916,866</u>
<u>Other receivables</u>		
Tax refund receivables	\$ 1,864,108	\$ 1,469,645
Others	1,908,161	3,843,536
Less: Allowance for impairment loss	<u>(859)</u>	<u>(859)</u>
	<u>\$ 3,771,410</u>	<u>\$ 5,312,322</u>

a. Notes receivable

The notes receivable balances at December 31, 2021 and 2020 were not past due.

b. Accounts receivable

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

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

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

December 31, 2021

	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 18,744,496	\$ 7,276,906	\$ 720,504	\$ 26,741,906
Loss allowance (lifetime ECLs)	<u>-</u>	<u>(1,135)</u>	<u>(201,206)</u>	<u>(202,341)</u>
Amortized cost	<u>\$ 18,744,496</u>	<u>\$ 7,275,771</u>	<u>\$ 519,298</u>	<u>\$ 26,539,565</u>

December 31, 2020

	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 19,707,475	\$ 11,850,286	\$ 552,508	\$ 32,110,269
Loss allowance (lifetime ECLs)	<u>-</u>	<u>(11,135)</u>	<u>(182,268)</u>	<u>(193,403)</u>
Amortized cost	<u>\$ 19,707,475</u>	<u>\$ 11,839,151</u>	<u>\$ 370,240</u>	<u>\$ 31,916,866</u>

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 193,403	\$ 307,796
Add: Impairment losses recognized on receivable	24,405	9,188
Less: Amounts written off	(12,507)	(118,391)
Foreign exchange losses	<u>(2,960)</u>	<u>(5,190)</u>
Balance at December 31	<u>\$ 202,341</u>	<u>\$ 193,403</u>

**12. INVENTORIES**

	December 31	
	2021	2020
Inventories - manufacturing and retail	\$ 57,084,097	\$ 45,214,271
Inventories - construction	<u>3,718,519</u>	<u>3,716,256</u>
	<u>\$ 60,802,616</u>	<u>\$ 48,930,527</u>

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

	December 31	
	2021	2020
Raw materials	\$ 9,956,480	\$ 6,288,650
Work in progress	5,684,914	4,674,720
Finished goods and merchandise	<u>41,442,703</u>	<u>34,250,901</u>
	<u>\$ 57,084,097</u>	<u>\$ 45,214,271</u>

The cost of manufacturing and retailing inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$181,661,384 thousand and \$195,203,206 thousand, respectively.

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

	December 31	
	2021	2020
Land and buildings held for development	\$ 3,565,090	\$ 3,563,870
Land and buildings held for sale	42,537	41,494
Land held for construction sites	<u>110,892</u>	<u>110,892</u>
	<u>\$ 3,718,519</u>	<u>\$ 3,716,256</u>

13. NON-CURRENT ASSETS HELD FOR SALE

	December 31	
	2021	2020
<u>Assets associated with non-current assets held for sale</u>		
Investments accounted for using equity method	\$ -	\$ 630,861

- a. Yue Yuen resolved to dispose of its associates and joint ventures in 2019 and reclassified the remaining assets as “non-current assets held for sale”. The carrying amount of the assets was \$541,433 thousand (US\$19,011 thousand) as of December 31, 2020. As of December 31, 2021, due to the COVID-19 pandemic, the buyer was not able to complete the equity transaction, and the management decided to reclassify the carrying amount of \$468,955 thousand (US\$16,942 thousand) of the remaining assets to “investments accounted for using the equity method”.
- b. Pou Sheng resolved to dispose of its joint ventures in 2019 and reclassified the remaining assets as “non-current assets held for sale”. The carrying amount of the assets was \$89,428 thousand (RMB20,412 thousand) as of December 31, 2020.

14. OTHER ASSETS

	December 31	
	2021	2020
Prepayments	\$ 9,284,581	\$ 6,936,892
Refundable deposits	743,665	817,929
Defined benefit assets (Note 25)	43,754	43,754
Prepayments for equipment	3,377,146	2,922,753
Others	<u>2,081,819</u>	<u>1,901,316</u>
	<u>\$ 15,530,965</u>	<u>\$ 12,622,644</u>
Current	\$ 11,323,500	\$ 8,648,792
Non-current	<u>4,207,465</u>	<u>3,973,852</u>
	<u>\$ 15,530,965</u>	<u>\$ 12,622,644</u>

15. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership	
			December 31	
			2021	2020
Wealthplus Holdings Limited ("Wealthplus")	British Virgin Islands	Investing in footwear, electronics and peripheral products	100.00%	100.00%
Win Fortune Investments Limited	British Virgin Islands	Investing activities	100.00%	100.00%
Windsor Entertainment Co., Ltd.	ROC	Entertainment and resort operations	100.00%	100.00%
Pou Shine Investments Co., Ltd.	ROC	Investing activities	100.00%	100.00%
Pan Asia Insurance Services Co., Ltd.	ROC	Agency of property and casualty insurance	100.00%	100.00%
Pro Arch International Development Enterprise Inc.	ROC	Design and manufacture of footwear products	100.00%	100.00%
Pou Yuen Technology Co., Ltd.	ROC	Rental of real estate	99.81%	99.81%
Barits Development Corporation	ROC	Import and export of shoe related materials and investing activities	99.62%	99.62%

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

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership	
			December 31	
			2021	2020
Yue Yuen Industrial (Holdings) Limited	Bermuda	Manufacture and sale of athletic and casual footwear and sports apparel	50.04%	50.04%
Pou Sheng International (Holdings) Limited	Bermuda	Retail of sporting goods and brand licensing business	31.30%	31.12%
Tetor Ventures Ltd.	British Virgin Islands	Investment holding	100.00%	100.00%
Allied Charm Holdings Limited	British Virgin Islands	Investment holding	100.00%	100.00%

Win Fortune Investments Limited ("Win Fortune") invested in Yue Yuen (as at December 31, 2021 and 2020 the ownership percentage both were 1.07%). Investing is its primary operation activity.



POU CHEN CORPORATION

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

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership December 31	
			2021	2020
Pearl Dove International Ltd.	British Virgin Islands	Investment holdings	100.00%	100.00%

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

Name of Subsidiary	Location of Incorporation	Main Business	Proportion of Ownership December 31	
			2021	2020
Song Ming Investments Co., Ltd.	ROC	Investing activities	100.00%	100.00%
Pou Chin Development Co., Ltd.	ROC	Agency of land demarcation	100.00%	100.00%
Yue Hong Realty Development Co., Ltd.	ROC	Development of real estate	100.00%	100.00%
Wang Yi Construction Co., Ltd.	ROC	Construction	89.75%	89.75%
Pou Yui Development Co., Ltd.	ROC	Rental and sale of real estate	75.00%	75.00%

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

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	2021	2020
Yue Yuen Industrial (Holdings) Limited	48.89%	48.89%
Pou Sheng International (Holdings) Limited	37.45%	37.81%

Refer to Table 9 "Information on Investees" of Note 39 to the consolidated financial statements for business location and business item of the material associates.

Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2021	2020	2021	2020
Yue Yuen Industrial (Holdings) Limited	\$ 1,379,082	\$ (1,465,331)	\$ 53,860,679	\$ 53,341,738
Pou Sheng International (Holdings) Limited	604,495	481,950	13,961,072	13,675,299

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

	December 31	
	2021	2020
Current assets	\$ 125,097,332	\$ 120,609,716
Non-current assets	110,293,707	120,200,012
Current liabilities	(68,239,509)	(66,491,381)
Non-current liabilities	<u>(42,759,978)</u>	<u>(51,359,235)</u>
Equity	<u>\$ 124,391,552</u>	<u>\$ 122,959,112</u>
Equity attributable to:		
Owners of the Company	\$ 56,637,201	\$ 56,103,415
Non-controlling interests of Yue Yuen	53,860,679	53,341,738
Non-controlling interests of Yue Yuen's subsidiaries	<u>13,893,672</u>	<u>13,513,959</u>
	<u>\$ 124,391,552</u>	<u>\$ 122,959,112</u>
	For the Year Ended December 31	
	2021	2020
Operating revenue	<u>\$ 239,213,417</u>	<u>\$ 249,276,778</u>
Net income (loss)	\$ 3,593,688	\$ (2,459,579)
Other comprehensive income	<u>1,649,653</u>	<u>2,176,192</u>
Total comprehensive income (loss)	<u>\$ 5,243,341</u>	<u>\$ (283,387)</u>
Net income (loss) attributable to:		
Owners of the Company	\$ 1,442,265	\$ (1,527,731)
Non-controlling interests of Yue Yuen	1,379,082	(1,465,331)
Non-controlling interests of Yue Yuen's subsidiaries	<u>772,341</u>	<u>533,483</u>
	<u>\$ 3,593,688</u>	<u>\$ (2,459,579)</u>
Total comprehensive income (loss) attributable to:		
Owners of the Company	\$ 2,130,241	\$ (881,045)
Non-controlling interests of Yue Yuen	2,036,921	(846,975)
Non-controlling interests of Yue Yuen's subsidiaries	<u>1,076,179</u>	<u>1,444,633</u>
	<u>\$ 5,243,341</u>	<u>\$ (283,387)</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 12,133,054	\$ 15,641,001
Investing activities	(3,908,564)	(5,917,239)
Financing activities	<u>(10,390,640)</u>	<u>(13,588,078)</u>
Net cash outflow	<u>\$ (2,166,150)</u>	<u>\$ (3,864,316)</u>
Dividends paid to:		
Non-controlling interests of Yue Yuen	\$ -	\$ 2,122,838
Non-controlling interests of Yue Yuen's subsidiaries	<u>\$ 155,101</u>	<u>\$ 14,766</u>



16. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2021	2020
Investments in associates	\$ 90,741,331	\$ 89,961,240
Investments in joint ventures	<u>5,468,882</u>	<u>8,027,754</u>
	<u>\$ 96,210,213</u>	<u>\$ 97,988,994</u>

a. Investments in associates

	December 31	
	2021	2020
Material associate		
Ruen Chen Investment Holding Co., Ltd.	\$ 76,419,271	\$ 75,039,348
Associates that are not individually material	<u>14,322,060</u>	<u>14,921,892</u>
	<u>\$ 90,741,331</u>	<u>\$ 89,961,240</u>

1) Material associate

	Proportion of Ownership and Voting Rights (%)	
	December 31	
Name of Associate	2021	2020
Ruen Chen Investment Holding Co., Ltd.	20	20
a) As of July 29, 2021, the Company purchasing 7,200 thousand issued ordinary shares with \$10 per share with the amount of \$72,000 thousand.		
b) Refer to Table 9 "Information on Investees" of Note 39 to the consolidated financial statements for business location and business item of the material associates.		
c) The summarized financial information below represents amounts shown in the material associate's financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.		

Ruen Chen Investment Holding Co., Ltd.

	December 31	
	2021	2020
Assets	\$ 5,279,608,077	\$ 5,160,470,282
Liabilities	(4,846,656,016)	(4,734,749,393)
Non-controlling interests	<u>(50,559,148)</u>	<u>(50,227,590)</u>
Owners of Ruen Chen Investment Holding Co., Ltd.	<u>\$ 382,392,913</u>	<u>\$ 375,493,299</u>

(Continued)

	December 31	
	2021	2020
Proportion of the Group	20.00%	20.00%
Equity attributable to the Group	\$ 76,478,583	\$ 75,098,660
Other adjustments	(59,312)	(59,312)
Carrying amount	<u>\$ 76,419,271</u>	<u>\$ 75,039,348</u> (Concluded)
	For the Year Ended December 31	
	2021	2020
Operating revenue	<u>\$ 570,159,159</u>	<u>\$ 579,075,147</u>
Net income	\$ 58,697,320	\$ 35,695,200
Other comprehensive (loss) income	<u>(51,367,996)</u>	<u>104,899,215</u>
Total comprehensive income	<u>\$ 7,329,324</u>	<u>\$ 140,594,415</u>

2) Associates that are not individually material

Name of Associate	Proportion of Ownership and Voting Rights (%)	
	December 31	
	2021	2020
Eagle Nice (International) Holdings Limited	36.09	36.09
San Fang Chemical Industry Co., Ltd.	44.72	44.72
Elitegroup Computer Systems Co., Ltd.	14.53	19.50
Brandblack Inc.	31.25	31.25
Full Pearl International Ltd.	40.04	40.04
Just Lucky Investments Limited	38.30	38.30
Natural Options Limited	38.30	38.30
Oftenrich Holdings Limited	45.00	45.00
Pine Wood Industries Limited	-	37.00
Pou Ming Paper Products Manufacturing Co., Ltd.	20.00	20.00
Prosperlink Limited	38.00	38.00
Prosperous Industrial (Holdings) Ltd.	22.50	22.50
Rise Bloom International Limited	38.00	38.00
Supplyline Logistics Ltd.	-	49.00
Venture Well Holdings Ltd.	31.55	31.55
Nan Pao Resins Chemical Co., Ltd.	17.59	17.59
Nan Shan Life Insurance Co., Ltd.	0.18	0.18
Techview International Technology Inc.	-	50.00

- a) Refer to Table 9 “Information on Investees” of Note 39 to the consolidated financial statements for business location and business item of the material associates.
- b) On December 21, 2020, the shareholders meeting decided to liquidate Techview International Technology Inc., starting from December 31, 2020. The dissolution registration was completed on January 18, 2021, and the related procedures of the liquidation were completed on October 19, 2021.



- c) In 2021, the Group disposed partial shares of Elitegroup Computer Systems Co., Ltd. in the public market. A total of 27,689 thousand shares were disposed of. The disposition consideration was \$902,644 thousand, and the profit recognized amounted to \$345,761 thousand which was classified as “non-operating income and expenses, net gain on disposal of subsidiaries, associates and joint ventures”. After the transaction, the shareholding ratio of the Group on Elitegroup Computer Systems Co., Ltd. dropped from 19.5% to 14.53%. The Group holds less than 20% interest of Elitegroup Computer Systems Co., Ltd. However, the Group has the power to appoint two out of the nine directors of Elitegroup Computer Systems Co., Ltd. Therefore, the Group is able to exercise significant influence over Elitegroup Computer Systems Co., Ltd.
- d) The Group holds less than 20% interest of Nan Pao Resins Chemical Co., Ltd. but the Group has the power to appoint one out of the seven directors of Nan Pao; therefore, the Group is able to exercise significant influence over Nan Pao.
- e) The Group holds less than 20% interest of Nan Shan Life Insurance Company, Ltd., however the Group 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 Group.
- f) The summarized financial information below represents amounts shown in the financial statements of associates that are not individually material which were prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

	For the Year Ended December 31	
	2021	2020
The Group's share of:		
Net income	\$ 869,819	\$ 880,666
Other comprehensive (loss) income	<u>(856,485)</u>	<u>453,001</u>
Total comprehensive income	<u>\$ 13,334</u>	<u>\$ 1,333,667</u>

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

	December 31	
Name of Associate	2021	2020
Eagle Nice (International) Holdings Limited	<u>\$ 3,190,101</u>	<u>\$ 2,764,925</u>
Prosperous Industrial (Holdings) Ltd.	<u>\$ 1,010,965</u>	<u>\$ 324,105</u>
San Fang Chemical Industry Co., Ltd.	<u>\$ 3,710,701</u>	<u>\$ 4,084,434</u>
Elitegroup Computer Systems Co., Ltd.	<u>\$ 1,822,859</u>	<u>\$ 2,820,902</u>
Nan Pao Resins Chemical Co., Ltd.	<u>\$ 3,012,215</u>	<u>\$ 3,353,018</u>

- b. Investments in joint ventures

	December 31	
	2021	2020
Joint ventures that are not individually material	<u>\$ 5,468,882</u>	<u>\$ 8,027,754</u>

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

Name of Joint Ventures	Proportion of Ownership and Voting Rights (%)	
	December 31	
	2021	2020
Best Focus Holdings Ltd.	-	50.00
Cohen Enterprises Inc.	50.00	50.00
Great Skill Industrial Limited	50.00	50.00
Hangzhou Baohong Sports Goods Company Limited	50.00	50.00
Hua Jian Industrial Holding Col., Limited	22.41	-
Jilin Xinfangwei Sports Goods Company Limited	50.00	50.00
Jumbo Power Enterprises Limited	50.00	50.00
Ka Yuen Rubber Factory Limited	50.00	50.00
Kunshan Baowei Information Technology Co., Ltd.	-	55.00
Prime Glorious Limited	49.00	49.00
Top Units Developments Limited	49.00	49.00
Twinways Investments Limited	50.00	50.00
Willpower Industries Limited	-	44.84
Zhong Ao Multiplex Management Limited	46.82	46.82

- 1) Refer to Table 9 “Information on Investees” of Note 39 to the consolidated financial statements for business location and business item of the material associates.
- 2) The summarized financial information below represents amounts shown in the financial statements of joint ventures that are not individually material which were prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes:

	For the Year Ended December 31	
	2021	2020
The Group's share of:		
Net (loss) income	\$ (397,890)	\$ 631,470
Other comprehensive income	<u>129,012</u>	<u>250,769</u>
Total comprehensive (loss) income	<u>\$ (268,878)</u>	<u>\$ 882,239</u>

17. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2020	\$ 2,545,042	\$ 84,994,756	\$ 50,021,954	\$ 1,278,154	\$ 7,996,407	\$ 262,512	\$ 3,007,148	\$ 150,105,973
Additions	-	2,353,461	2,151,105	52,498	701,887	23,596	2,021,798	7,304,345
Disposal	-	(2,055,508)	(3,824,669)	(115,462)	(353,602)	(8,788)	-	(6,358,029)
Reclassification	196,926	3,010,559	2,764	1,570	-	20	(3,083,528)	128,311
Effects of foreign currency exchange differences	-	(3,190,932)	(2,440,751)	(48,199)	(248,938)	(16)	(144,546)	(6,073,382)
Urban renewal	(5,943)	-	-	-	-	-	-	(5,943)
Balance at December 31, 2020	<u>\$ 2,736,025</u>	<u>\$ 85,112,336</u>	<u>\$ 45,910,403</u>	<u>\$ 1,168,561</u>	<u>\$ 8,095,754</u>	<u>\$ 277,324</u>	<u>\$ 1,800,872</u>	<u>\$ 145,101,275</u>
Accumulated depreciation and impairment								
Balance at January 1, 2020	\$ (5,241)	\$ (35,756,172)	\$ (30,250,419)	\$ (877,151)	\$ (5,175,660)	\$ (180,064)	\$ -	\$ (72,244,707)
Depreciation expenses	-	(5,158,722)	(4,625,719)	(108,850)	(916,834)	(25,582)	-	(10,835,707)
Disposal	-	1,454,926	2,812,177	103,026	265,653	8,675	-	4,644,457
Reclassification	-	28,959	-	-	-	-	-	28,959
Effects of foreign currency exchange differences	-	1,420,504	1,638,555	35,973	193,961	16	-	3,289,009
Balance at December 31, 2020	<u>\$ (5,241)</u>	<u>\$ (38,010,505)</u>	<u>\$ (30,425,406)</u>	<u>\$ (847,002)</u>	<u>\$ (5,632,880)</u>	<u>\$ (196,955)</u>	<u>\$ -</u>	<u>\$ (75,117,989)</u>
Carrying amount at December 31, 2020	<u>\$ 2,730,784</u>	<u>\$ 47,101,831</u>	<u>\$ 15,484,997</u>	<u>\$ 321,559</u>	<u>\$ 2,462,874</u>	<u>\$ 80,369</u>	<u>\$ 1,800,872</u>	<u>\$ 69,983,286</u>

(Continued)



POU CHEN CORPORATION

	Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2021	\$ 2,736,025	\$ 85,112,336	\$ 45,910,403	\$ 1,168,561	\$ 8,095,754	\$ 277,324	\$ 1,800,872	\$ 145,101,275
Additions	-	2,040,149	2,417,241	38,686	539,869	25,056	2,221,393	7,282,394
Disposal	-	(2,067,633)	(2,098,303)	(85,597)	(1,171,341)	(6,211)	(9,418)	(5,438,503)
Reclassification	(540)	(293,254)	7,446	200	-	-	(2,451,454)	(2,737,602)
Acquisition of subsidiaries	-	747	-	-	2,547	-	-	3,294
Transfers to investment properties	(14,472)	-	-	-	-	-	-	(14,472)
Effects of foreign currency exchange differences	-	(1,969,621)	(1,259,873)	(25,969)	(172,404)	(10)	(49,735)	(3,477,612)
Urban renewal	(11,648)	-	-	-	-	-	-	(11,648)
Balance at December 31, 2021	\$ 2,709,365	\$ 82,822,724	\$ 44,976,914	\$ 1,095,881	\$ 7,294,425	\$ 296,159	\$ 1,511,658	\$ 140,707,126
Accumulated depreciation and impairment								
Balance at January 1, 2021	\$ (5,241)	\$ (38,010,505)	\$ (30,425,406)	\$ (847,002)	\$ (5,632,880)	\$ (196,955)	\$ -	\$ (75,117,989)
Depreciation expenses	-	(5,668,534)	(4,075,489)	(92,076)	(826,809)	(31,361)	-	(10,694,269)
Disposal	-	1,542,464	1,942,886	80,036	1,101,636	6,088	-	4,673,130
Reclassification	-	1,285,040	-	-	-	-	-	1,285,040
Effects of foreign currency exchange differences	-	902,622	881,613	19,607	129,564	9	-	1,933,415
Balance at December 31, 2021	\$ (5,241)	\$ (39,948,913)	\$ (31,676,396)	\$ (839,435)	\$ (5,228,469)	\$ (222,219)	\$ -	\$ (77,920,673)
Carrying amount at December 31, 2021	\$ 2,704,124	\$ 42,873,811	\$ 13,300,518	\$ 256,446	\$ 2,065,956	\$ 73,940	\$ 1,511,658	\$ 62,786,453

(Concluded)

- The Group participated in an urban renewal project with a parcel of land located in Songshan District, Taipei City. The carrying amount of old building was reduced by the compensation for rights transformation plan, rent and removal, which was recorded as a reduction of the initial carrying amount of urban renewal land.
- The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life as follows:

Items	Estimated Useful Life
Buildings and improvements	
Main buildings	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 Group has land located in Changhwa County with a carrying amount of \$56,102 thousand. Due to certain restrictions under the land regulations, the ownership for these parcels of land resides with a trustee through a trust agreement which prohibits the trustee from selling, pledging or hypothecating the property.

18. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amount</u>		
Land	\$ 7,827,224	\$ 6,661,570
Buildings	12,224,980	13,854,609
Machinery	6,256	6,452
Transportation equipment	3,406	7,491
Other equipment	<u>4,536</u>	<u>5,374</u>
	<u>\$ 20,066,402</u>	<u>\$ 20,535,496</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 4,651,594</u>	<u>\$ 7,413,092</u>
Depreciation charge for right-of-use assets		
Land	\$ 142,580	\$ 149,065
Buildings	5,401,705	5,102,733
Machinery	5,674	7,381
Transportation equipment	3,922	4,878
Other equipment	<u>838</u>	<u>823</u>
	<u>\$ 5,554,719</u>	<u>\$ 5,264,880</u>

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amount</u>		
Current	\$ 4,323,157	\$ 4,640,954
Non-current	<u>8,357,819</u>	<u>9,494,536</u>
	<u>\$ 12,680,976</u>	<u>\$ 14,135,490</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2021	2020
Land	1.10%-3.14%	1.23%-5.00%
Buildings	0.90%-6.25%	1.34%-5.50%
Machinery	0.85%-3.07%	0.90%-3.07%
Transportation equipment	4.25%-4.50%	1.25%-4.50%
Other equipment	1.25%-1.34%	1.34%



POU CHEN CORPORATION

c. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	\$ 776,347	\$ 770,401
Expenses relating to low-value asset leases	\$ 5,671	\$ 2,243
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 5,507,794	\$ 5,656,669
Total cash outflow for leases	\$ 12,028,974	\$ 11,647,833

19. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 1,902,411	\$ 1,762,866	\$ 3,665,277
Additions	-	32,240	32,240
Reclassification	16,189	13,393	29,582
Effects of foreign currency exchange differences	-	(77,183)	(77,183)
Balance at December 31, 2020	\$ 1,918,600	\$ 1,731,316	\$ 3,649,916
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2020	\$ -	\$ (823,426)	\$ (823,426)
Depreciation expenses	-	(26,816)	(26,816)
Reclassification	(9,550)	(1,159)	(10,709)
Effects of foreign currency exchange differences	-	38,075	38,075
Balance at December 31, 2020	\$ (9,550)	\$ (813,326)	\$ (822,876)
Carrying amount at December 31, 2020	\$ 1,909,050	\$ 917,990	\$ 2,827,040
<u>Cost</u>			
Balance at January 1, 2021	\$ 1,918,600	\$ 1,731,316	\$ 3,649,916
Additions	-	598	598
Disposals	(738)	(95)	(833)
Reclassification	14,203	(577)	13,626
Urban renewal- buildings and land exchange	(14,134)	137,702	123,568
Effects of foreign currency exchange differences	-	(41,353)	(41,353)
Balance at December 31, 2021	\$ 1,917,931	\$ 1,827,591	\$ 3,745,522

(Continued)

	Land	Buildings	Total
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2021	\$ (9,550)	\$ (813,326)	\$ (822,876)
Depreciation expenses	-	(25,324)	(25,324)
Disposals	-	82	82
Reclassification	291	(372)	(81)
Effects of foreign currency exchange differences	<u>-</u>	<u>20,753</u>	<u>20,753</u>
Balance at December 31, 2021	<u>\$ (9,259)</u>	<u>\$ (818,187)</u>	<u>\$ (827,446)</u>
Carrying amount at December 31, 2021	<u>\$ 1,908,672</u>	<u>\$ 1,009,404</u>	<u>\$ 2,918,076</u> (Concluded)

- a. The investment properties are depreciated using the straight-line method over 30-55 years.
- b. The Group participated in an urban renewal project, which included the Group's land and buildings, with Huaku Development Co., Ltd. on a parcel of land located in Songshan District, Taipei City. After the completion of the construction project in December 2021, the Group acquired the new buildings and land while Huaku Development Co., Ltd. also acquired some of the new buildings which belong to the Group according to the agreement. The gain from disposal of investment properties was \$123,568 thousand by exchanging the land at the original cost of \$14,134 thousand for the buildings and land with a total fair value of \$137,702 thousand. The gain was recorded as "gain from disposal of investment properties" under non-operating income and expense.
- c. The fair value of the Group's investment properties as of December 31, 2021 and 2020 was \$5,573,665 thousand and \$4,845,589 thousand, respectively.
- d. The maturity analysis of lease payments receivable under operating leases of investment properties at December 31, 2021 and 2020 was as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Year 1	\$ 234,455	\$ 421,164
Year 2	194,345	383,197
Year 3	185,348	344,116
Year 4	175,689	277,423
Year 5	105,212	265,438
Year 6 onwards	<u>174,681</u>	<u>697,267</u>
	<u>\$ 1,069,730</u>	<u>\$ 2,388,605</u>



20. GOODWILL

	2021	2020
<u>Cost</u>		
Balance at January 1	\$ 8,220,167	\$ 8,507,409
Effects of foreign currency exchange differences	<u>(191,077)</u>	<u>(287,242)</u>
Balance at December 31	<u>\$ 8,029,090</u>	<u>\$ 8,220,167</u>
<u>Accumulated impairment</u>		
Balance at January 1	\$ (262,272)	\$ (227,577)
Impairment losses recognized	-	(46,511)
Effects of foreign currency exchange differences	<u>7,367</u>	<u>11,816</u>
Balance at December 31	<u>\$ (254,905)</u>	<u>\$ (262,272)</u>
Carrying amount at December 31	<u>\$ 7,774,185</u>	<u>\$ 7,957,895</u>

The carrying value of goodwill allocated to four cash-generating units was as follows:

	<u>December 31</u>	
	2021	2020
<u>Goodwill</u>		
Manufacturing and marketing of footwear materials	\$ 5,076,374	\$ 5,223,090
Manufacturing and marketing of sports apparel	9,577	9,854
Retailing business - retail and distribution of sportswear products	2,305,024	2,322,572
Others	<u>383,210</u>	<u>402,379</u>
	<u>\$ 7,774,185</u>	<u>\$ 7,957,895</u>

The Group has evaluated the recoverable amount of these cash-generating units for the years ended December 31, 2021 and 2020, and the recoverable amount of these cash-generating units was determined based on the value in use. The value in use was calculated based on used cash flow forecasts of the financial budgets approved by the management covering a five-year period. The growth rates were based on the forecasts of the relevant industries.

The discount rates and growth rates used in the value calculations for these cash-generating units were as follows:

	<u>December 31</u>			
	<u>2021</u>		<u>2020</u>	
	<u>Discount Rate</u>	<u>Growth Rate</u>	<u>Discount Rate</u>	<u>Growth Rate</u>
Manufacturing and marketing of footwear materials	15%-20%	2%	14%-17%	2%
Manufacturing and marketing of sports apparel	15%-20%	2%	14%-17%	1%
Retailing business - retail and distribution of sportswear products	15%-20%	3%	14%-17%	3%

Other key assumptions for calculating the evaluated value in use included a sales budget, gross margins and other related cash inflow and outflow patterns. The evaluated amount was based on these cash-generating units' historical performance and the management's expectation of the market development.

21. OTHER INTANGIBLE ASSETS

	Patents	Trademarks	Computer Software	Brand Names	Licensing Agreements	Non-compete Agreements	Total
<u>Cost</u>							
Balance at January 1, 2020	\$ -	\$ 22	\$ 956,859	\$ 2,011,958	\$ 432,971	\$ 682,525	\$ 4,084,335
Additions	68	37	196,556	-	-	-	196,661
Disposal	-	(22)	-	-	-	-	(22)
Effect of foreign currency exchange differences	-	-	(5)	35,099	7,529	11,874	54,497
Balance at December 31, 2020	<u>\$ 68</u>	<u>\$ 37</u>	<u>\$ 1,153,410</u>	<u>\$ 2,047,057</u>	<u>\$ 440,500</u>	<u>\$ 694,399</u>	<u>\$ 4,335,471</u>
<u>Accumulated amortization and impairment</u>							
Balance at January 1, 2020	\$ -	\$ (22)	\$ (27,233)	\$ (1,285,512)	\$ (314,820)	\$ (307,445)	\$ (1,935,032)
Disposal	-	22	-	-	-	-	22
Amortization expenses	(9)	(4)	(41,439)	(360,882)	(43,449)	(36,123)	(481,906)
Effect of foreign currency exchange differences	-	-	-	(31,078)	(6,503)	(6,166)	(43,747)
Balance at December 31, 2020	<u>\$ (9)</u>	<u>\$ (4)</u>	<u>\$ (68,672)</u>	<u>\$ (1,677,472)</u>	<u>\$ (364,772)</u>	<u>\$ (349,734)</u>	<u>\$ (2,460,663)</u>
Carrying amount at December 31, 2020	<u>\$ 59</u>	<u>\$ 33</u>	<u>\$ 1,084,738</u>	<u>\$ 369,585</u>	<u>\$ 75,728</u>	<u>\$ 344,665</u>	<u>\$ 1,874,808</u>
<u>Cost</u>							
Balance at January 1, 2021	\$ 68	\$ 37	\$ 1,153,410	\$ 2,047,057	\$ 440,500	\$ 694,399	\$ 4,335,471
Additions	92	61	284,027	-	-	-	284,180
Effect of foreign currency exchange differences	-	-	(50)	(14,847)	(3,377)	(5,001)	(23,275)
Balance at December 31, 2021	<u>\$ 160</u>	<u>\$ 98</u>	<u>\$ 1,437,387</u>	<u>\$ 2,032,210</u>	<u>\$ 437,123</u>	<u>\$ 689,398</u>	<u>\$ 4,596,376</u>
<u>Accumulated amortization and impairment</u>							
Balance at January 1, 2021	\$ (9)	\$ (4)	\$ (68,672)	\$ (1,677,472)	\$ (364,772)	\$ (349,734)	\$ (2,460,663)
Amortization expenses	(11)	(9)	(67,182)	(366,262)	(30,923)	(36,635)	(501,022)
Impairment losses recognized	-	-	-	-	(44,535)	-	(44,535)
Effect of foreign currency exchange differences	-	-	8	11,524	3,107	2,475	17,114
Balance at December 31, 2021	<u>\$ (20)</u>	<u>\$ (13)</u>	<u>\$ (135,846)</u>	<u>\$ (2,032,210)</u>	<u>\$ (437,123)</u>	<u>\$ (383,894)</u>	<u>\$ (2,989,106)</u>
Carrying amount at December 31, 2021	<u>\$ 140</u>	<u>\$ 85</u>	<u>\$ 1,301,541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 305,504</u>	<u>\$ 1,607,270</u>

The above items of other intangible assets are amortized on a straight-line basis over the estimated useful life of the asset:

Items	Estimated Useful Life
Patents	10-20 years
Trademarks	10 years
Computer software	3-20 years
Brand names	5 years
Licensing agreements	10 years
Non-compete agreements	5-20 years



22. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
<u>Unsecured borrowings</u>		
Credit borrowings	\$ 25,552,433	\$ 23,732,375

The range of effective interest rate on bank borrowings was 0.55%-3.85% and 0.55%-5.00% per annum as of December 31, 2021 and 2020, respectively.

b. Short-term bills payable

December 31, 2020

	Annual Interest Rate (%)	Amount
Commercial papers	0.24-0.70	\$ 3,361,500
Less: Unamortized discount on bills payable		<u>(752)</u>
		<u>\$ 3,360,748</u>

December 31, 2021

	Annual Interest Rate (%)	Amount
Commercial papers	0.35-0.70	\$ 2,564,000
Less: Unamortized discount on bills payable		<u>(907)</u>
		<u>\$ 2,563,093</u>

c. Long-term borrowings

	December 31	
	2021	2020
<u>Unsecured borrowings</u>		
Bank loans	\$ 66,266,209	\$ 72,344,609
Less: Long-term expenses of syndicated loans	(86,888)	(126,955)
Less: Current portion	<u>(9,791,986)</u>	<u>(5,888,875)</u>
	<u>\$ 56,387,335</u>	<u>\$ 66,328,779</u>

Maturity date and range of annual interest rate:

	December 31	
	2021	2020
<u>Maturity date</u>		
Long-term borrowings	2023.01.15- 2026.11.29	2022.01.15- 2026.07.15
Current portion of long-term borrowings	2022.01.15- 2022.12.09	2021.01.15- 2021.10.15
<u>Range of interest rate</u>	0.67%-2.50%	0.23%-2.50%

23. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2021	2020
<u>Notes payable (including related parties)</u>		
Operating	\$ 2,997	\$ 2,095
Non-operating	<u>2,788</u>	<u>5,307</u>
	<u>\$ 5,785</u>	<u>\$ 7,402</u>
Accounts payable (including related parties)	<u>\$ 17,406,222</u>	<u>\$ 16,628,923</u>

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

24. OTHER PAYABLES

	December 31	
	2021	2020
Payables for salaries	\$ 10,587,551	\$ 10,538,005
Payables for purchase of property, plant and equipment	1,408,786	1,855,773
Compensation due to directors	174,982	114,033
Employee compensation payables	508,379	647,883
Interest payables	122,759	126,610
Payables for annual leave	1,119,012	1,069,886
Others	<u>6,796,369</u>	<u>7,012,886</u>
	<u>\$ 20,717,838</u>	<u>\$ 21,365,076</u>
Current	\$ 20,547,217	\$ 21,217,044
Non-current	<u>170,621</u>	<u>148,032</u>
	<u>\$ 20,717,838</u>	<u>\$ 21,365,076</u>



25. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Based on the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans - Yue Yuen and its subsidiaries - Indonesia

The net amounts in respect of the defined benefit liability were \$3,661,094 thousand and \$3,220,119 thousand as of December 31, 2021 and 2020, respectively. Movements in the net defined benefit liability were as follows:

Present Value of Defined Benefit Obligation	December 31	
	2021	2020
Balance at January 1	\$ 3,220,119	\$ 3,220,931
Current service cost	301,601	333,313
Past service loss (gain)	184,663	(450,031)
Net interest expense	223,064	246,675
Others	(837)	(7,512)
Recognized in profit or loss	708,491	122,445
Remeasurement		
Actuarial loss arising from changes in demographic assumptions	25,798	62,428
Actuarial (gain) loss arising from changes in financial assumptions	(66,736)	239,488
Actuarial loss arising from experience adjustments	91,704	204,743
Effect of exchange rate changes of remeasurement	(11,127)	3,702
Recognized in other comprehensive income	39,639	510,361
Benefits paid	(186,540)	(388,451)
Effect of exchange rate changes on foreign plans	(120,615)	(245,167)
Balance at December 31	\$ 3,661,094	\$ 3,220,119

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2021	2020
Discount rate	7.40%-7.60%	7.10%-7.80%
Expected rate of salary increase	5.00%-8.00%	5.00%-8.00%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2021	2020
Discount rate		
0.25% increase	\$ (99,586)	\$ (89,290)
0.25% decrease	\$ 117,729	\$ 105,830

(Continued)

	December 31	
	2021	2020
Expected rate of salary increase		
0.25% increase	<u>\$ 122,791</u>	<u>\$ 111,193</u>
0.25% decrease	<u>\$ (105,398)</u>	<u>\$ (97,135)</u>
		(Concluded)

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.

c. Defined benefit plans - Yue Yuen and its subsidiaries in the ROC

The defined benefit plan adopted by domestic subsidiaries of Yue Yuen in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated based on the years of service and average monthly salaries of the 6 months before retirement. The Group contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The net amounts included in the consolidated balance sheets in respect of the Group's defined benefit liability and fair value of plan assets were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 605,528	\$ 608,646
Fair value of plan assets	<u>(350,235)</u>	<u>(348,738)</u>
Net defined benefit liability	<u>\$ 255,293</u>	<u>\$ 259,908</u>

Movements in net defined benefit liability (asset) were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2020	<u>\$ 787,994</u>	<u>\$ (483,488)</u>	<u>\$ 304,506</u>
Current service cost	2,482	-	2,482
Past service cost	7,535	-	7,535
Net interest expense (income)	6,383	(3,960)	2,423
Others	<u>(8,215)</u>	<u>-</u>	<u>(8,215)</u>
Recognized in profit or loss	<u>8,185</u>	<u>(3,960)</u>	<u>4,225</u>
			(Continued)



POU CHEN CORPORATION

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liability
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (17,003)	\$ (17,003)
Actuarial loss arising from changes in demographic assumptions	114	-	114
Actuarial loss arising from changes in financial assumptions	16,575	-	16,575
Actuarial loss arising from experience adjustments	(30,502)	-	(30,502)
Effect of exchange rate changes of remeasurement	142	-	142
Recognized in other comprehensive income (loss)	(13,671)	(17,003)	(30,674)
Contributions from the employer	-	(5,467)	(5,467)
Benefits paid	(148,779)	148,779	-
Others	(25,083)	12,401	(12,682)
Balance at December 31, 2020	<u>\$ 608,646</u>	<u>\$ (348,738)</u>	<u>\$ 259,908</u>
Balance at January 1, 2021	<u>\$ 608,646</u>	<u>\$ (348,738)</u>	<u>\$ 259,908</u>
Current service cost	2,017	-	2,017
Past service cost	588	-	588
Net interest expense (income)	3,361	(1,933)	1,428
Others	(6,638)	-	(6,638)
Recognized in profit or loss	(672)	(1,933)	(2,605)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,840)	(5,840)
Actuarial loss arising from changes in demographic assumptions	18,712	-	18,712
Actuarial loss arising from experience adjustments	19,985	-	19,985
Recognized in other comprehensive income (loss)	38,697	(5,840)	32,857
Contributions from the employer	-	(30,922)	(30,922)
Benefits paid	(31,034)	31,034	-
Others	(10,109)	6,164	(3,945)
Balance at December 31, 2021	<u>\$ 605,528</u>	<u>\$ (350,235)</u>	<u>\$ 255,293</u> (Concluded)

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	2020
Discount rate	0.50%	0.50%
Expected rate of salary increase	2.00%-3.25%	2.00%-3.25%

If possible reasonable changes occur in each of the significant actuarial assumptions and other assumptions remain constant; the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2021	2020
Discount rate		
0.25% increase	<u>\$ (16,581)</u>	<u>\$ (17,759)</u>
0.25% decrease	<u>\$ 17,170</u>	<u>\$ 18,439</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 16,609</u>	<u>\$ 17,818</u>
0.25% decrease	<u>\$ (16,105)</u>	<u>\$ (17,257)</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	
	2021	2020
The expected contributions to the plan for the next year	<u>\$ 28,760</u>	<u>\$ 24,066</u>
The average duration of the defined benefit obligation	9.5-13.2 years	10-13.9 years

d. Defined benefit plans - domestic subsidiaries

The defined benefit plan adopted by the Group (excluding Yue Yuen and its subsidiaries) in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated based on the years of service and average monthly salaries of the 6 months before retirement. The Group contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau; the Group has no right to influence the investment policy and strategy.



POU CHEN CORPORATION

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit liability (assets) under the Labor Standards Act (excluding Yue Yuen and its subsidiaries) were as follows:

	December 31	
	2021	2020
Defined benefit liability	\$ 566,047	\$ 575,049
Less: Defined benefit assets (Note 14)	<u>(43,754)</u>	<u>(43,754)</u>
	<u>\$ 522,293</u>	<u>\$ 531,295</u>

The net amounts included in the consolidated balance sheets in respect of the Group's defined benefit liability and fair value of plan assets were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 1,412,321	\$ 1,324,789
Fair value of plan assets	<u>(890,028)</u>	<u>(793,494)</u>
Net defined benefit liability	<u>\$ 522,293</u>	<u>\$ 531,295</u>

Movements in net defined benefit liability (asset) were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2020	<u>\$ 1,549,362</u>	<u>\$ (866,951)</u>	<u>\$ 682,411</u>
Current service cost	9,887	-	9,887
Past service cost	9,018	-	9,018
Net interest expense (income)	<u>11,249</u>	<u>(5,869)</u>	<u>5,380</u>
Recognized in profit or loss	<u>30,154</u>	<u>(5,869)</u>	<u>24,285</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(27,812)	(27,812)
Actuarial loss arising from changes in demographic assumptions	1,203	-	1,203
Actuarial loss arising from changes in financial assumptions	37,444	-	37,444
Actuarial loss arising from experience adjustments	<u>(95,294)</u>	<u>-</u>	<u>(95,294)</u>
Recognized in other comprehensive income (loss)	<u>(56,647)</u>	<u>(27,812)</u>	<u>(84,459)</u>
Contributions from the employer	-	(91,311)	(91,311)
Benefits paid	(198,449)	198,449	-
Others	<u>369</u>	<u>-</u>	<u>369</u>
Balance at December 31, 2020	<u>\$ 1,324,789</u>	<u>\$ (793,494)</u>	<u>\$ 531,295</u>

(Continued)

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2021	<u>\$ 1,324,789</u>	<u>\$ (793,494)</u>	<u>\$ 531,295</u>
Current service cost	6,869	-	6,869
Past service cost	23,769	-	23,769
Net interest expense (income)	<u>6,598</u>	<u>(3,756)</u>	<u>2,842</u>
Recognized in profit or loss	<u>37,236</u>	<u>(3,756)</u>	<u>33,480</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(10,637)	(10,637)
Actuarial loss arising from changes in demographic assumptions	29,302	-	29,302
Actuarial loss arising from experience adjustments	<u>58,864</u>	<u>-</u>	<u>58,864</u>
Recognized in other comprehensive income (loss)	<u>88,166</u>	<u>(10,637)</u>	<u>77,529</u>
Contributions from the employer	-	(120,277)	(120,277)
Benefits paid	(38,136)	38,136	-
Others	<u>266</u>	<u>-</u>	<u>266</u>
Balance at December 31, 2021	<u>\$ 1,412,321</u>	<u>\$ (890,028)</u>	<u>\$ 522,293</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plan is as follows:

	For the Year Ended December 31	
	2021	2020
Operating costs	\$ 42	\$ 51
Selling and marketing expenses	22	15
General and administrative expenses	18,674	13,976
Research and development expenses	<u>14,742</u>	<u>10,243</u>
	<u>\$ 33,480</u>	<u>\$ 24,285</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.



POU CHEN CORPORATION

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	
	2021	2020
Discount rate	0.50%	0.50%
Expected rate of salary increase	2.00%	2.00%

If possible reasonable changes occur in each of the significant actuarial assumptions, and other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2021	2020
Discount rate		
0.25% increase	<u>\$ (38,191)</u>	<u>\$ (37,547)</u>
0.25% decrease	<u>\$ 39,718</u>	<u>\$ 39,108</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 38,457</u>	<u>\$ 37,861</u>
0.25% decrease	<u>\$ (37,180)</u>	<u>\$ (36,550)</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	
	2021	2020
The expected contributions to the plan for the next year	<u>\$ 15,207</u>	<u>\$ 13,346</u>
The average duration of the defined benefit obligation	9.0-12.3 years	8.1-11.6 years

26. EQUITY

a. Share capital

	December 31	
	2021	2020
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	
	2021	2020
<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	109,637	109,637
<u>May only be used to offset a deficit</u>		
Recognized from the changes in ownership to subsidiaries (Note 2)	27,234	-
Recognized from the share of changes in net assets of associates and joint ventures	133,410	132,299
Others	<u>28,416</u>	<u>27,223</u>
	<u>\$ 4,419,400</u>	<u>\$ 4,389,862</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, refer to Note 28 (h) to the consolidated financial statements.

In accordance with the “Articles”, profit may be distributed after taking into consideration the future development plan, financial condition, business and operational status, and so on. The distribution of profit shall be proposed by the board of directors, and submitted to the shareholders’ meeting for approval. The ratio of distribution shall be no less than 30% of the net profit for each fiscal year, and the proportion of cash dividends distributed shall be no less than 30% of total dividends distributed. If there are material changes in the operating environment, the Company can adjust the ratio and amounts of distribution of profit.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company’s paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company’s paid-in capital, the excess may be transferred to capital or distributed in cash.

Under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs”, the Company should appropriate or reverse to a special reserve.

The appropriations of earnings for 2020 and 2019, which were approved in the shareholders’ meetings on April 28, 2021 and April 28, 2020, respectively, were as follows:

	Appropriation of Earnings	
	For Year 2020	For Year 2019
Legal reserve	\$ 482,716	\$ 1,182,861
Special reserve	\$ -	\$ (22,293,369)
Cash dividends	\$ 1,473,394	\$ 3,683,484
Dividends Per Share (NT\$)	\$ 0.50	\$ 1.25

d. Other equity item

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (5,491,369)	\$ (2,498,149)
Exchange differences on translation of the financial statements of foreign operations	(1,950,282)	(2,992,022)
Share of exchange differences of associates and joint ventures accounted for using the equity method	26,801	(1,198)
Balance at December 31	\$ (7,414,850)	\$ (5,491,369)

2) Unrealized gain or loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 24,305,081	\$ 13,759,473
Unrealized gain (loss) from equity instruments	3,236,492	(290,513)
Cumulative unrealized gain (loss) on equity instruments transferred to retained earnings due to disposal	5,661	(152,062)
Disposal of associates accounted for using the equity method	(235)	-
Share of (loss) gain from associates and joint ventures accounted for using the equity method	<u>(12,933,383)</u>	<u>10,988,183</u>
Balance at December 31	<u>\$ 14,613,616</u>	<u>\$ 24,305,081</u>

3) Cash flow hedges

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 1,195	\$ -
(Loss) gain on changes in the fair value of hedging instruments	<u>(1,195)</u>	<u>1,195</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 1,195</u>

4) Others

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 8,629,040	\$ 423,243
Share of loss from associates and joint ventures accounted for using the equity method	<u>3,990,998</u>	<u>8,205,797</u>
Balance at December 31	<u>\$ 12,620,038</u>	<u>\$ 8,629,040</u>

e. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 67,133,743	\$ 72,460,088
Share of non-controlling interests		
Net profit (loss)	2,164,136	(920,767)
Exchange differences on translation of the financial statements of foreign operations	(1,384,556)	(1,734,116)
Unrealized gain (loss) on financial assets at FVTOCI	464,019	(61,057)
Others	78	160
Remeasurement of defined benefit plans	(29,706)	(190,632)
Accumulated loss from disposal of equity instruments shifted to retained earnings	(8)	-
Changes in non-controlling interests	<u>(283,908)</u>	<u>(2,419,933)</u>
Balance at December 31	<u>\$ 68,063,798</u>	<u>\$ 67,133,743</u>



27. REVENUE

	For the Year Ended December 31	
	2021	2020
Sales revenue	\$ 239,262,613	\$ 249,327,893
Revenue from entertainment and resort	365,431	406,700
Others	<u>256,365</u>	<u>219,718</u>
	<u>\$ 239,884,409</u>	<u>\$ 249,954,311</u>

28. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consisted of the following:

a. Interest income

	For the Year Ended December 31	
	2021	2020
Interest income		
Cash in bank	\$ 503,821	\$ 351,206
Repurchase agreements collateralized by bonds	132	12,795
Financial assets at amortized cost	230,433	270,778
Others	<u>111</u>	<u>4,856</u>
	<u>\$ 734,497</u>	<u>\$ 639,635</u>

b. Other income

	For the Year Ended December 31	
	2021	2020
Rental income	\$ 608,560	\$ 521,812
Dividend income	916,719	1,006,050
Others	<u>1,975,070</u>	<u>1,907,567</u>
	<u>\$ 3,500,349</u>	<u>\$ 3,435,429</u>

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net loss on disposal of property, plant and equipment	\$ (353,185)	\$ (482,997)
Net gain on disposal of investment properties	123,555	-
Net foreign exchange gain (loss)	182,406	(422,597)
Net gain on disposal of subsidiaries, associates and joint ventures	1,237,587	535,107
Net gain (loss) on financial assets at FVTPL	727,347	(675,985)
Recognized of impairment loss	(402,090)	(457,134)
Gain from disposal of land right use	-	153,880
Others	<u>(157,406)</u>	<u>(146,544)</u>
	<u>\$ 1,358,214</u>	<u>\$ (1,496,270)</u>

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank borrowings	\$ 1,262,316	\$ 1,773,009
Interest on short-term bills payable	11,545	17,140
Lease liabilities	594,737	608,021
Other interest expense	<u>91</u>	<u>9,127</u>
	<u>\$ 1,868,689</u>	<u>\$ 2,407,297</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	\$ 10,694,269	\$ 10,835,707
Right-of-use assets	5,554,719	5,264,880
Investment properties	25,324	26,816
Other intangible assets	501,022	481,906
Other prepaid expenses	<u>1,437</u>	<u>1,810</u>
	<u>\$ 16,776,771</u>	<u>\$ 16,611,119</u>
An analysis of depreciation by function		
Operating costs	\$ 6,367,435	\$ 6,373,409
Operating expenses	9,901,058	9,748,516
Non-operating expenses	<u>5,819</u>	<u>5,478</u>
	<u>\$ 16,274,312</u>	<u>\$ 16,127,403</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 502,459</u>	<u>\$ 483,716</u>

f. Direct operating expenses from investment properties

	For the Year Ended December 31	
	2021	2020
Direct operating expenses from investment properties that generated rental income	<u>\$ 42,454</u>	<u>\$ 48,201</u>



g. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term benefits	\$ 56,420,382	\$ 58,012,833
Post-employment benefits		
Defined contribution plans	5,897,521	9,193,003
Defined benefit plans	<u>739,366</u>	<u>150,955</u>
	6,636,887	9,343,958
Share-based payments		
Equity-settled	131,781	11,992
Termination benefits	<u>8,733</u>	<u>18,526</u>
	<u>\$ 63,197,783</u>	<u>\$ 67,387,309</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 40,559,889	\$ 43,876,590
Operating expenses	<u>22,637,894</u>	<u>23,510,719</u>
	<u>\$ 63,197,783</u>	<u>\$ 67,387,309</u>

As of December 31, 2021 and 2020, there were 320,740 and 302,067 employees, respectively, in the Group. The Group accounts for employee benefits expense based on the number of employees.

h. Employee's compensation and remuneration of directors

According to the Company's Articles, the Company shall distribute employees' compensation and remuneration of directors and supervisors at rates of 1%-5% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employee's compensation is approved by the board of directors to be distributed by shares or by cash, and the receivers should be those employees who meet certain criteria. In the case of an accumulated loss, the Company shall allocate an amount to recover such loss before appropriating any employees' compensation and remuneration of directors and supervisors.

The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2021 and 2020 which were approved by the Company's board of directors on March 16, 2022 and March 24, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Employees' compensation	1.6%	1.6%
Remuneration of directors	0.8%	0.8%

Amount

	For the Year Ended December 31			
	2021		2020	
	Cash	Shares	Cash	Shares
Employees' compensation	\$ 229,168	\$ -	\$ 102,070	\$ -
Remuneration of directors	114,584	-	51,035	-

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate, and will be adjusted in the following year.

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

Information on employees' compensation and remuneration of directors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

29. 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	
	2021	2020
Current tax		
In respect of the current period	\$ 1,809,757	\$ 1,440,733
Income tax expense of unappropriated earnings	139,469	1,370,055
Adjustments for prior year's income tax	(39,272)	6,889
Foreign taxes paid	-	6
Repatriation of offshore funds	-	25,992
	<u>1,909,954</u>	<u>2,843,675</u>
Deferred tax		
In respect of the current period	(1,356,663)	(802,347)
Adjustments for prior year's income tax	-	581
	<u>(1,356,663)</u>	<u>(801,766)</u>
Income tax expense recognized in profit or loss	<u>\$ 553,291</u>	<u>\$ 2,041,909</u>

In July 2019, the president of the ROC announced of "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act". Within two years from the enforcement of this Act, profit-seeking enterprises may assess tax under this Act by the approval of the tax authority. Instead of assessing tax in accordance with the legal tax rate of 20%, the tax rate of the fund repatriated for the first year from the enforcement of this Act is 8% and the tax rate of the fund repatriated for the second year from the date following the last day of the first year from the enforcement of this Act is 10%. If profit-seeking enterprises complete the plan of substantive investment, an application for a 50% refund of the tax paid under this Act should be submitted to the tax authority-in-charge.

In April 2020, the Ministry of Finance approved the Company's repatriation of \$324,901 thousand (US\$10,870 thousand). In May 2020, the Company paid \$25,992 thousand at the applicable tax rate of 8%.

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.



POU CHEN CORPORATION

As the status of 2022 appropriations of earnings is uncertain, the potential income tax consequences of 2021 unappropriated earnings are not reliably determinable.

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

	For the Year Ended December 31	
	2021	2020
Income before income tax	\$ 17,156,734	\$ 5,961,326
Income tax expense calculated at the statutory rate	\$ 3,431,346	\$ 1,192,265
Tax effect of adjusting items		
Tax-exempt income	(246,105)	(193,783)
Investment income recognized under equity method	(2,195,458)	(1,579,539)
Others	(536,689)	1,245,441
Income tax on unappropriated earnings	139,469	1,370,055
Adjustments for prior years' income tax	(39,272)	7,470
Income tax expense recognized in profit or loss	\$ 553,291	\$ 2,041,909

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year	\$ (17,632)	\$ (10,762)
Total income tax recognized in other comprehensive income	\$ (17,632)	\$ (10,762)

c. Deferred tax assets and liabilities

The details of deferred tax assets and liabilities were as follows:

	December 31	
	2021	2020
<u>Deferred tax assets</u>		
Temporary differences		
Others	\$ 3,560,596	\$ 2,757,568
<u>Deferred tax liabilities</u>		
Temporary differences		
Land value increment tax	\$ 86,547	\$ 86,547
Others	819,840	1,374,669
	\$ 906,387	\$ 1,461,216

d. Income tax assessments

The income tax returns of the Company through 2018 have been assessed and approved by the tax authorities.

30. EARNINGS PER SHARE

The basic earnings per share and diluted earnings per share for the years ended December 31, 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
<u>Net profit (in thousand dollars)</u>		
Earnings used in the computation of earnings per share	<u>\$ 14,439,307</u>	<u>\$ 4,840,184</u>
<u>Weighted average number of shares outstanding (in thousand shares)</u>		
Weighted average number of common shares used in the computation of basic earnings per share	2,946,787	2,946,787
Effect of potentially dilutive common shares:		
Employees' compensation	<u>7,622</u>	<u>5,143</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>2,954,409</u>	<u>2,951,930</u>
<u>Earnings per share (in dollars)</u>		
Basic earnings per share	<u>\$4.90</u>	<u>\$1.64</u>
Diluted earnings per share	<u>\$4.89</u>	<u>\$1.64</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 are 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.

31. SHARE-BASED PAYMENT ARRANGEMENTS**a. Information about Yue Yuen's employee share options**

On January 28, 2014 and amended on March 23, 2016 and September 28, 2018, the board of directors of Yue Yuen adopted a share award scheme. Under the share award scheme, a trustee which is independent of Yue Yuen purchased Yue Yuen shares from the secondary market, and the shares will vest to the selected participants through a trust agreement. The awarded shares shall not exceed 2% of the issued share capital of Yue Yuen as at the date of grant (January 28, 2014) during the valid period (from January 28, 2014 to January 28, 2024). The maximum number of shares which may be awarded to all participants under the scheme shall not exceed 1% of the issued share capital of Yue Yuen.



POU CHEN CORPORATION

Information about the granted Yue Yuen's employee share options during the years ended December 31, 2021 and 2020 was as follows:

	Number of Shares (In Thousands)	
	2021	2020
Balance at January 1	1,040	1,312
Options granted	2,715	16
Options cancelled	(66)	(200)
Options exercised	<u>(1,949)</u>	<u>(88)</u>
Balance at December 31	<u>1,740</u>	<u>1,040</u>

Information about the employee share options on the grant date during the years ended December 31, 2021 and 2020, was as follows:

	Granted on June 1, 2021	Granted on March 31, 2021	Granted on February 8, 2021	Granted on October 15, 2020
Grant date share price	HK\$ 19.88	HK\$ 19.40	HK\$ 17.02	HK\$ 13.38
Number of shares (in thousand shares)	1,800	636	279	16

Yue Yuen recognized \$107,903 thousand and \$20,688 thousand compensation cost for the years ended December 31, 2021 and 2020, respectively.

b. Information about Pou Sheng's employee share options

1) Pou Sheng's share option scheme (the "Pou Sheng Scheme") was adopted on May 14, 2008 and amended on March 7, 2012, and will be expired on May 13, 2018. Under the Pou Sheng Scheme, the board of directors of Pou Sheng may grant options to eligible persons, including directors and employees of Pou Sheng and its subsidiaries, to subscribe for shares in Pou Sheng. The details of the plan under the scheme were as follows:

- a) Without prior approval from Pou Sheng's shareholders, the number of shares that may be granted shall not exceed the following limits:
 - i. The total number of shares in respect of which options may be granted under the Pou Sheng Scheme is not permitted to exceed 10% of the shares of Pou Sheng in issue at any point in time;
 - ii. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any twelve-month period is not permitted to exceed 1% of the shares of Pou Sheng in issue at any point in time; and
 - iii. Options in excess of 0.1% of Pou Sheng's share capital or with a value in excess of HK\$5 million (US\$0.6 million) may not be granted to substantial shareholders or independent non-executive directors.

b) Exercise price:

The exercise price is to be determined by the directors of Pou Sheng and will not be less than the highest of:

- i. The closing price of Pou Sheng's shares on the date of grant;

- ii. The average closing price of Pou Sheng's shares for the five business days immediately preceding the date of grant; and
 - iii. The nominal value of Pou Sheng's share.
- c) Pou Sheng was granted 11,663 thousand share options on November 14, 2016. The exercise price of these options is HK\$2.494. Information about exercise duration and exercise proportion of the Pou Sheng Scheme was as follows:

<u>Exercise Period</u>	<u>Proportion of Exercise Quantity</u>
2018.9.1-2019.9.1	10%
2018.9.1-2020.9.1	10%
2019.9.1-2021.9.1	10%
2020.9.1-2022.9.1	20%
2021.9.1-2023.9.1	50%

Information about outstanding share options for the years ended December 31, 2021 and 2020 was as follows:

	<u>For the Year Ended December 31</u>			
	<u>2021</u>		<u>2020</u>	
	Number of Shares Purchasable (In Thousands)	Weighted- average Exercise Price (HK\$)	Number of Shares Purchasable (In Thousands)	Weighted- average Exercise Price (HK\$)
Employee Share Options				
Balance at January 1	1,166	\$ 2.49	10,872	\$ 2.44
Options cancelled	(1,166)	2.49	(9,331)	2.49
Options exercised	-	-	(375)	1.05
Balance at December 31	-	-	1,166	2.49
Exercisable options at December 31	-	-	1,166	2.49

Information about outstanding employee share options as of December 31, 2021 and 2020, was as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Range of exercise price (HK\$)	\$ -	\$ 2.494
Weighted-average remaining contractual life (years)	-	0.67

Pou Sheng recognized \$0 thousand and \$(21,217) thousand in compensation costs (gain) for the years ended December 31, 2021 and 2020, respectively.



- 2) On May 9, 2014 and amended on November 11, 2016, the board of directors of Pou Sheng adopted a share award scheme. Under the share award scheme, a trustee which is independent of Pou Sheng purchased Pou Sheng shares from the secondary market, and the shares will vest to the selected participants through a trust agreement. The awarded shares shall not exceed 2% of the issued share capital of Pou Sheng as at the date of grant (May 9, 2014) during the valid period (from May 9, 2014 to May 9, 2024). The maximum number of shares which may be awarded to all participants under the scheme shall not exceed 1% of the issued share capital of Pou Sheng.

Information about the granted employee share options during the years ended December 31, 2021 and 2020 was as follows:

	Number of Shares (In Thousands)	
	2021	2020
Balance at January 1	19,597	42,743
Options granted	10,644	1,500
Options cancelled	(2,256)	(10,638)
Options exercised	<u>(12,017)</u>	<u>(14,008)</u>
Balance at December 31	<u>15,968</u>	<u>19,597</u>

Information about the employee share options on the grant date during the years ended December 31, 2021 and 2020, was as follows:

	Granted on August 13, 2021	Granted on March 24, 2021	Granted on March 31, 2020
Grant date share price	HK\$ 1.57	HK\$ 1.78	HK\$ 1.83
Number of shares (in thousand shares)	2,304	8,340	1,500

Pou Sheng recognized \$23,878 thousand and \$12,521 thousand compensation cost for the years ended December 31, 2021 and 2020, respectively.

32. BUSINESS COMBINATIONS

Kunshan Baowei Information Technology Co., LTD. was originally a 55% joint venture held by the Group. Since the Group acquired 45% of its remaining equity from non-related parties on December 31, 2021, it has become a 100% subsidiary held by the Group.

a. Consideration transferred

Transfer of inventories at fair value on the date of acquisition	<u>\$ 765,906</u>
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b. Assets acquired and liabilities assumed at the date of acquisition

Assets

Cash and cash equivalents	\$ 41,132
Trade and other receivables	1,151,101
Inventories	2,391,331
Other current assets	144,794
Property, plant and equipment	3,294
Right-of-use assets	15,058

Liabilities

Short-term borrowing	(652,279)
Trade and other payables	(1,294,428)
Income tax payable	(2,713)
Lease liability- current	(15,058)
Other current liabilities	(80,244)
	<u>\$ 1,701,988</u>

c. Goodwill recognized on acquisitions

Fair value of identifiable net assets acquired	\$ 1,701,988
Less: Fair value of the original holding shares	(936,082)
Less: Consideration paid in inventories	<u>(765,906)</u>
Goodwill recognized on acquisitions	<u>\$ -</u>

d. Net cash inflow on acquisition of subsidiaries

Consideration paid in cash	\$ -
Less: Cash and cash equivalent balances acquired	<u>41,132</u>
	<u>\$ 41,132</u>

33. CAPITAL MANAGEMENT

The Group's capital management policy is to ensure that the Group has sufficient financial resources and operating plans to balance the working capital, capital expenditure, research and development expenditure, repayment of debt and dividends paid to shareholders within twelve months.

34. FINANCIAL INSTRUMENTS

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

The Group's management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.



POU CHEN CORPORATION

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

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

1) The fair value hierarchy is as follows:

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 120,412	\$ -	\$ 120,412
Structured deposits	-	2,831,408	-	2,831,408
Mutual funds	<u>516,897</u>	<u>-</u>	<u>621,019</u>	<u>1,137,916</u>
	<u>\$ 516,897</u>	<u>\$ 2,951,820</u>	<u>\$ 621,019</u>	<u>\$ 4,089,736</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 20,814,168	\$ -	\$ -	\$ 20,814,168
Domestic unlisted shares	-	-	72,034	72,034
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>107,827</u>	<u>107,827</u>
	<u>\$ 20,814,168</u>	<u>\$ -</u>	<u>\$ 179,861</u>	<u>\$ 20,994,029</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 310,731</u>	<u>\$ -</u>	<u>\$ 310,731</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 261,922	\$ -	\$ 261,922
Structured deposits	-	3,849,840	-	3,849,840
Mutual funds	<u>308,477</u>	<u>-</u>	<u>346,278</u>	<u>654,755</u>
	<u>\$ 308,477</u>	<u>\$ 4,111,762</u>	<u>\$ 346,278</u>	<u>\$ 4,766,517</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 17,540,298	\$ -	\$ -	\$ 17,540,298
Domestic unlisted shares	-	-	85,946	85,946
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>109,472</u>	<u>109,472</u>
	<u>\$ 17,540,298</u>	<u>\$ -</u>	<u>\$ 195,418</u>	<u>\$ 17,735,716</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 846,167</u>	<u>\$ -</u>	<u>\$ 846,167</u>
Financial liabilities for hedging				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 278</u>	<u>\$ -</u>	<u>\$ 278</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 additions, disposals, and changes in fair value recognized in other comprehensive income.

4) The fair value of Level 2 financial assets and financial liabilities is determined as follows:

- a) The fair value of financial instruments with standard terms and conditions and traded in active liquid markets is determined with reference to the quoted market prices.
- b) The future cash flows of derivatives are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

5) Valuation techniques and assumptions applied for Level 3 fair value measurement is as follows:

The fair values of unlisted shares and funds with no active market is determined using the asset approach, income approach and market approach.

The future cash flow of the contingent consideration of the receivables from disposal of subsidiary is estimated using the expected revenue growth rate. It is discounted at a discount rate that reflects the credit risk of the counterparty. Significant unobservable inputs include discount rate and operating income growth rate.

c. Categories of financial instruments

	December 31	
	2021	2020
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily at FVTPL	\$ 4,089,736	\$ 4,766,517
Financial assets at amortized cost (Note 1)	71,293,950	81,121,136
Financial assets at FVTOCI	20,994,029	17,735,716
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	310,731	846,167
Financial liabilities at amortized cost (Note 2)	132,461,774	137,361,229
Financial liabilities for hedging	-	278

Note 1: The balance included financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables and refundable deposits.

Note 2: The balances included financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, accounts payable, other payables, long-term borrowings, long-term payables and guarantee deposits.



d. Financial risk management objectives and policies

The Group's major financial instruments included equity investments, borrowings, receivables, payables, lease liabilities, refundable deposits and guarantee deposits. The Group's treasury function monitors and manages the financial risks relating to the operations of the Group through internal risk reports 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 Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts and other derivative instruments. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and the carrying amount of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 38 to the consolidated financial statements.

Sensitivity analysis

The Group was mainly exposed to the USD, RMB, HKD, VND and IDR.

The following table details the Group's sensitivity to 1% increase (decrease) in New Taiwan dollars (the functional currency) against the relevant foreign currencies. A positive (negative) number below indicates an increase (decrease) in pre-tax profit with New Taiwan dollars strengthening 1% against the relevant currency. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	For the Year Ended December 31	
	2021	2020
USD	\$ 13,381	\$ (14,234)
RMB	(67,216)	(73,628)
HKD	(2,463)	(2,548)
VND	(36,828)	9,837
IDR	2,495	777

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts and forward interest rate contracts.

The carrying amounts of the Group's financial liabilities with exposure to interest rates at the end of the reporting periods were as follows:

	December 31	
	2021	2020
Cash flow interest rate risk		
Financial liabilities	\$ 72,950,880	\$ 74,683,708

Sensitivity analysis

The sensitivity analysis below was based on the Group's floating rate liabilities. The analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole period. If there had been a 1%-increase in interest rates, the Group's income before income tax would have decreased by \$729,509 thousand and \$746,837 thousand during the years ended December 31, 2021 and 2020, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities and mutual funds. The investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had declined by 1%, income before income tax for the year ended December 31, 2021 and 2020 would have decreased by \$11,379 thousand and \$6,548 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income for the year ended December 31, 2021 and 2020 would have decreased by \$208,331 thousand and \$175,457 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to equity securities investment has not changed significantly from the previous year.

2) Credit risk

Financial instruments are evaluated for credit risk (which represents the potential loss that would be incurred by the Company if a counterparty or third party were to breach a contract). The risk includes the centralization of credit risk, components, contract figures, and accounts receivable. Besides, the Company requires significant clients to provide guarantees of a credit rating of intermediate or higher issued by a bank so as to effectively reduce its credit risk.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.



POU CHEN CORPORATION

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The tables have been drawn up based on the undiscounted cash flows of financial liabilities including both interest and principal from the earliest date on which the Group may be required to pay.

December 31, 2021

	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	\$ 21,395,833	\$ 7,964,596	\$ 8,599,921	\$ 126,862	\$ 54,567
Lease liabilities	429,953	1,236,371	3,080,886	7,297,386	1,969,302
Floating interest rate liabilities	13,628,086	5,823,610	2,498,003	51,001,181	-
Fixed interest rate liabilities	3,807,854	3,236,578	9,270,833	5,913,209	-
Financial guarantee contracts	<u>67,795,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 107,057,149</u>	<u>\$ 18,261,155</u>	<u>\$ 23,449,643</u>	<u>\$ 64,338,638</u>	<u>\$ 2,023,869</u>

December 31, 2020

	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	\$ 20,541,374	\$ 8,340,735	\$ 8,987,195	\$ 125,286	\$ 55,862
Lease liabilities	479,193	1,367,100	3,333,770	8,427,992	2,298,476
Floating interest rate liabilities	11,189,164	2,675,644	1,496,801	59,311,773	10,326
Fixed interest rate liabilities	3,765,284	2,315,452	12,279,432	7,487,964	-
Financial guarantee contracts	<u>82,617,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 118,592,588</u>	<u>\$ 14,698,931</u>	<u>\$ 26,097,198</u>	<u>\$ 75,353,015</u>	<u>\$ 2,364,664</u>

The amounts included above for floating interest rate instruments for non-derivative financial liabilities were subject to change if floating interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Liquidity and interest rate risk tables for derivative financial liabilities

The following table details the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Interest rate swap contracts	\$ -	\$ 71,691	\$ 174,440	\$ 40,537	\$ -
Forward exchange contracts	-	-	-	-	-
Exchange rate swap contracts	587	3,400	20,074	-	-
Exchange rate option contracts	-	2	-	-	-
Cross-currency swap contracts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 587</u>	<u>\$ 75,093</u>	<u>\$ 194,514</u>	<u>\$ 40,537</u>	<u>\$ -</u>

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Interest rate swap contracts	\$ -	\$ 77,580	\$ 228,751	\$ 410,720	\$ -
Forward exchange contracts	-	14,035	103,423	-	-
Exchange rate swap contracts	-	704	-	-	-
Exchange rate option contracts	-	-	-	10,954	-
Cross-currency swap contracts	-	-	278	-	-
	<u>\$ -</u>	<u>\$ 92,319</u>	<u>\$ 332,452</u>	<u>\$ 421,674</u>	<u>\$ -</u>

35. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and categories

Name	Related Party Category
Oftenrich Holdings Limited	Associate
Bigfoot Limited	Associate
San Fang Chemical Industry Co., Ltd.	Associate
Ka Yuen Rubber Factory Limited	Joint venture
Twinways Investments Limited	Joint venture
Kunshan Baowei Information Technology Co., Ltd.	Joint ventures (before December 31, 2021)
Vipshop Holdings Limited	Other related party

b. Operating revenue

Account	Related Party Category	For the Year Ended December 31	
		2021	2020
Sales	Associates	\$ 104,517	\$ 78,337
	Joint ventures	7,376,939	11,615,072
	Others	-	600,663
		<u>\$ 7,481,456</u>	<u>\$ 12,294,072</u>

The sales prices and receivable terms to related parties were not significantly different from those of non-related parties.



c. Purchases

Account	Related Party Category	For the Year Ended December 31	
		2021	2020
Purchases	Associates	\$ 2,269,832	\$ 2,668,884
	Joint ventures	<u>4,699,832</u>	<u>5,338,452</u>
		<u>\$ 6,969,664</u>	<u>\$ 8,007,336</u>

The purchase prices and payment terms from related parties were not significantly different from those of non-related parties.

d. Receivables from related parties

Account Item	Related Party Category	December 31	
		2021	2020
Notes receivable and accounts receivable	Associates	\$ 23,555	\$ 17,306
	Joint ventures	<u>11,732</u>	<u>1,880,054</u>
		<u>\$ 35,287</u>	<u>\$ 1,897,360</u>

No bad debt expense was recognized for the nine months ended September 30, 2021 and 2020 for the amounts owed by related parties.

e. Payables to related parties

Account Item	Related Party Category	December 31	
		2021	2020
Notes payable and accounts payable	Associates	\$ 541,642	\$ 584,579
	Joint ventures	<u>983,574</u>	<u>970,266</u>
		<u>\$ 1,525,216</u>	<u>\$ 1,554,845</u>

f. Financing provided

Refer to Table 1 “Financing provided to others” of Note 39 to the consolidated financial statements.

g. Endorsements/guarantees provided

Refer to Table 2 “Endorsements/guarantees provided” of Note 39 to the consolidated financial statements.

h. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	<u>\$ 283,112</u>	<u>\$ 147,571</u>

The remuneration of directors and key management personnel was determined by the remuneration committee with regard to the performance of individuals and market trends.

36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the issuance of gift vouchers:

	December 31	
	2021	2020
Financial assets at amortized cost	<u>\$ 61,885</u>	<u>\$ 51,465</u>

37. SIGNIFICANT COMMITMENTS AND UNRECOGNIZED LIABILITIES

- a. Outstanding letters of credit of the Group at the end of reporting period were as follows:

(Unit: Foreign Currencies in Thousands)

Currency	December 31	
	2021	2020
USD	\$ 227,202	\$ 1,596
EUR	-	59
IDR	-	2,883,836
VND	9,185,381	5,185,381

- b. The Company's investment in Nan Shan Life Insurance Co., Ltd. was through Ruen Chen Investment Holding Co., Ltd. Accordingly, the Company has received a request from the FSC to provide 490,000 thousand ordinary shares of Ruen Chen in the custody of the trust department of First Commercial Bank for ten years. The trust was already expired, and the shares were collected on September 15, 2021.
- c. The Company entered into project agreements with the Institute for Information Industry ("III"). According to the project agreements, the Company has to provide promissory notes and bank guarantees to III as guarantee.

38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the functional currencies of the Group entities and the exchange rates between the foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2021

	Foreign Currency (In Thousand)	Exchange Rate	Carrying Amount (In Thousand)
<u>Financial assets</u>			
Monetary items			
USD	\$ 47,116	27.68	\$ 1,304,170
NTD	400,640	1	400,640
RMB	1,672,358	4.344	7,264,723
HKD	82,682	3.549	293,439

(Continued)



POU CHEN CORPORATION

	Foreign Currency (In Thousand)	Exchange Rate	Carrying Amount (In Thousand)
VND	\$ 4,003,682,500	0.00120	\$ 4,804,419
IDR	112,914,646	0.00198	223,571
Non-monetary items			
USD	2,819	27.68	78,023
NTD	914,603	1	914,603
RMB	553,449	4.344	2,404,184

Financial liabilities

Monetary items			
USD	95,568	27.68	2,645,316
NTD	1,676,025	1	1,676,025
RMB	124,959	4.344	542,823
HKD	13,327	3.549	47,298
VND	934,709,167	0.00120	1,121,651
IDR	238,915,657	0.00198	473,053
Non-monetary items			
USD	848	27.68	23,474
			(Concluded)

December 31, 2020

	Foreign Currency (In Thousand)	Exchange Rate	Carrying Amount (In Thousand)
<u>Financial assets</u>			
Monetary items			
USD	\$ 61,707	28.480	\$ 1,757,417
NTD	2,818,743	1	2,818,743
RMB	1,779,911	4.377	7,790,673
HKD	75,794	3.673	278,393
VND	666,736,937	0.00111	740,078
IDR	90,939,409	0.00203	184,607
Non-monetary items			
USD	8,963	28.480	255,266
NTD	868,555	1	868,555
RMB	983,650	4.377	4,305,436

Financial liabilities

Monetary items			
USD	11,813	28.480	336,435
NTD	1,546,164	1	1,546,164
RMB	106,539	4.377	466,322
HKD	6,996	3.673	25,695
VND	1,650,485,585	0.00111	1,832,039
IDR	129,766,503	0.00203	263,426

For the years ended December 31, 2021 and 2020, net foreign exchange gains (losses) were \$182,406 thousand and \$(422,597) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the functional currencies of the Group's entities.

39. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital (Table 5)
- 6) Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital (Table 6)
- 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital (Table 7)
- 9) Trading in derivative instruments (Note 34)
- 10) Intercompany relationships and significant intercompany transactions (Table 8)
- 11) Information on investees (Table 9)

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 10)
- 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 11)



40. SEGMENT INFORMATION

a. Information about reportable segments

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

- 1) Manufacturing of shoes;
- 2) Retail of sporting goods and brand licensing business; and
- 3) Others.

b. Segment revenue and results

The Group's revenue and results by reportable segment were as follows:

For the year ended December 31, 2021

	Manufacturing of Shoes	Retail of Sporting Goods and Brand Licensing Business	Others	Total
Revenues from external customers	<u>\$ 137,659,922</u>	<u>\$ 101,485,349</u>	<u>\$ 739,138</u>	<u>\$ 239,884,409</u>
Segment income	<u>\$ 13,361,352</u>	<u>\$ 5,896,011</u>	<u>\$ 505,828</u>	\$ 19,763,191
Administrative cost, remuneration of directors and supervisors				(17,287,482)
Interest income				734,497
Rental income				608,560
Dividend income				916,719
Other income				1,975,070
Net loss on disposal of property, plant and equipment				(353,185)
Gain from disposal of investment properties				123,555
Net gain on disposal of subsidiaries and associates				1,237,587
Net foreign exchange gain				182,406
Net gain on financial assets at FVTPL				727,347
Impairment loss				(402,090)
Other loss				(157,406)
Net loss on derecognition of financial assets at amortized cost				(20,636)
Finance costs				(1,868,689)
Share of profit of associates and joint ventures				<u>10,977,290</u>
Income before income tax				<u>\$ 17,156,734</u>

For the year ended December 31, 2020

	Manufacturing of Shoes	Retailing of Sporting Goods and Brand Licensing Business	Others	Total
Revenues from external customers	\$ 139,875,281	\$ 109,360,824	\$ 718,206	\$ 249,954,311
Segment income	\$ 12,171,448	\$ 4,703,732	\$ 473,636	\$ 17,348,816
Administrative cost, remuneration of directors and supervisors				(19,459,894)
Interest income				639,635
Rental income				521,812
Dividend income				1,006,050
Other income				1,907,567
Net loss on disposal of property, plant and equipment				(482,997)
Net gain on disposal of subsidiaries and associates				535,107
Gain from disposal of land use right				153,880
Net foreign exchange loss				(422,597)
Net loss on financial assets at FVTPL				(675,985)
Impairment loss				(457,134)
Other loss				(146,544)
Net gain on derecognition of financial assets at amortized cost				3,214
Finance costs				(2,407,297)
Share of the profit of associates and joint ventures				7,897,693
Income before income tax				\$ 5,961,326

- 1) Sales between segments were made at market price.
- 2) Segment profit represented the profit before income tax earned by each segment without allocation of administration costs, remuneration of directors, rental income, interest income, dividend income, other income, net loss on disposal of property, plant and equipment, gain from disposal of investment properties, gain from disposal of land use right, net foreign exchange gain (loss), net gain on disposal of subsidiaries, associates and joint ventures, net gain (loss) on financial instruments, recognized impairment loss, other loss, finance costs, net gain (loss) on derecognition of financial assets at amortized cost and the share of profit of associates and joint ventures. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.



c. Geographical information

The Group's revenues from continuing operations from external customers by location of operations were detailed below.

	Revenues from External Customers	
	For the Year Ended December 31	
	2021	2020
Asia	\$ 148,515,327	\$ 161,234,039
USA	47,376,663	41,510,485
Europe	33,837,673	36,873,665
Others	<u>10,154,746</u>	<u>10,336,122</u>
	<u>\$ 239,884,409</u>	<u>\$ 249,954,311</u>

d. Information on major customers

Revenue recognized from the manufacture of shoes in 2021 and 2020, amounted to \$137,659,922 thousand and \$139,875,281 thousand, respectively. Except as detailed in the following table, no other single customer contributed 10% or more to the Group's revenue in both 2021 and 2020.

	For the Year Ended December 31			
	2021		2020	
	Amount	% of Total	Amount	% of Total
Customer A	\$ 49,160,977	20	\$ 46,584,589	19
Customer B	<u>37,679,247</u>	<u>16</u>	<u>43,269,724</u>	<u>17</u>
	<u>\$ 86,840,224</u>	<u>36</u>	<u>\$ 89,854,313</u>	<u>36</u>

TABLE 1

POU CHEN CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2021

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

No. (Note 1)	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Item	Carried Value	Financing Limit for Each Borrower (Notes 2 and 3)	Aggregate Financing Limit (Notes 2 and 3)	Note
1	Dong Guan Basijiao Electronic Technology Co., Ltd.	Kanshan Yumeng Electronics Technology Co., Ltd.	Accounts receivable from related parties	Yes	\$ 22,734 (RMB 2,600,000)	\$ 11,294 (RMB 2,600,000)	\$ 11,294 (RMB 2,600,000)	4.35	2	\$ -	- Operating capital	\$ -	-	\$ -	\$ 139,432,954	\$ 139,432,954	
2	Great Pacific Investments Limited	Solar Link International Inc.	Accounts receivable from related parties	Yes	\$ 428,432 (US\$ 15,200,000)	\$ 199,296 (US\$ 7,200,000)	\$ 199,296 (US\$ 7,200,000)	1.00	2	-	- Operating capital	-	-	-	\$ 34,064,292	\$ 34,064,292	
3	Orion Asia Limited	Pou Keng's Industrial Company Limited	Accounts receivable from related parties	Yes	\$ 14,264 (US\$ 500,000)	\$ 13,840 (US\$ 500,000)	\$ 13,840 (US\$ 500,000)	2.00	2	-	- Operating capital	-	-	-	\$ 13,625,717	\$ 13,625,717	
4	Pou Yuen Industrial (Holdings) Ltd.	Pou Yuen Vietnam Company Limited	Accounts receivable from related parties	Yes	\$ 4,165,115 (US\$ 146,000,000)	\$ 1,550,000 (US\$ 56,000,000)	\$ 1,550,000 (US\$ 56,000,000)	1.30-1.40	2	-	- Operating capital	-	-	-	\$ 412,179	\$ 412,179	
5	Prime Asia (SE Asia) Leather Corporation	Pou Yuen Vietnam Company Limited	Accounts receivable from related parties	Yes	\$ 305,070 (US\$ 12,000,000)	\$ 489,936 (US\$ 17,500,000)	\$ 489,936 (US\$ 17,500,000)	1.50	2	-	- Operating capital	-	-	-	\$ 1,402,299	\$ 1,402,299	
6	Yue Yuen Industrial (Holdings) Limited	Pt. Pou Yuen Indonesia	Accounts receivable from related parties	Yes	\$ 7,643,600 (US\$ 272,000,000)	\$ 4,152,000 (US\$ 150,000,000)	\$ 4,152,000 (US\$ 150,000,000)	1.00	2	-	- Operating capital	-	-	-	\$ 45,378,127	\$ 45,378,127	
		Pt. Glaxier Indonesia	Accounts receivable from related parties	Yes	\$ 211,000,000 (US\$ 7,500,000)	\$ 75,900,000 (US\$ 2,700,000)	\$ 75,900,000 (US\$ 2,700,000)	1.00	2	-	- Operating capital	-	-	-	\$ 45,378,127	\$ 45,378,127	
		Pt. Nikoma Gentling	Accounts receivable from related parties	Yes	\$ 3,476,170 (US\$ 400,000)	\$ 1,107,200 (US\$ 400,000)	\$ 1,107,200 (US\$ 400,000)	1.00	2	-	- Operating capital	-	-	-	\$ 45,378,127	\$ 45,378,127	
		Pt. Pou Chen Indonesia	Accounts receivable from related parties	Yes	\$ 102,000,000 (US\$ 40,000,000)	\$ 1,072,200 (US\$ 40,000,000)	\$ 1,072,200 (US\$ 40,000,000)	1.00	2	-	- Operating capital	-	-	-	\$ 45,378,127	\$ 45,378,127	
		Pt. Sela China Indonesia	Accounts receivable from related parties	Yes	\$ 3,408,886 (US\$ 121,000,000)	\$ 2,088,456 (US\$ 40,500,000)	\$ 2,088,456 (US\$ 40,500,000)	1.20-1.25	2	-	- Operating capital	-	-	-	\$ 45,378,127	\$ 45,378,127	
		Prime Asia (Vietnam) Co., Ltd.	Accounts receivable from related parties	Yes	\$ 862,228 (US\$ 30,500,000)	\$ 75,900,000 (US\$ 14,500,000)	\$ 75,900,000 (US\$ 14,500,000)	1.00	2	-	- Operating capital	-	-	-	\$ 45,378,127	\$ 45,378,127	
		Pou Yuen Vietnam Company Limited	Accounts receivable from related parties	Yes	\$ 812,235 (US\$ 29,000,000)	\$ 6,117,280 (US\$ 221,600,800)	\$ 6,117,280 (US\$ 221,600,800)	1.00	2	-	- Operating capital	-	-	-	\$ 45,378,127	\$ 45,378,127	
		Pou Hung Vietnam Company Limited	Accounts receivable from related parties	Yes	\$ 2,734,140 (US\$ 96,000,000)	\$ 221,600,800 (US\$ 60,000,000)	\$ 221,600,800 (US\$ 60,000,000)	1.00	2	-	- Operating capital	-	-	-	\$ 45,378,127	\$ 45,378,127	
		Poworkhai Vietnam Company Limited	Accounts receivable from related parties	Yes	\$ 823,310 (US\$ 29,000,000)	\$ 13,000,000 (US\$ 401,500)	\$ 13,000,000 (US\$ 401,500)	-	2	-	- Operating capital	-	-	-	\$ 45,378,127	\$ 45,378,127	
		Pou Phung Vietnam Company Limited	Accounts receivable from related parties	Yes	\$ 977,240 (US\$ 33,500,000)	\$ 977,240 (US\$ 33,500,000)	\$ 977,240 (US\$ 33,500,000)	1.00	2	-	- Operating capital	-	-	-	\$ 45,378,127	\$ 45,378,127	
		Yue De Vietnam Company Limited	Accounts receivable from related parties	Yes	\$ 2,388,208 (US\$ 84,500,000)	\$ 1,107,200 (US\$ 40,000,000)	\$ 1,107,200 (US\$ 40,000,000)	1.00	2	-	- Operating capital	-	-	-	\$ 45,378,127	\$ 45,378,127	
		Pt. Shanyou Jaraman Inc.	Accounts receivable from related parties	Yes	\$ 68,000,000 (US\$ 2,000,000)	\$ 40,500,000 (US\$ 1,20-1.25)	\$ 40,500,000 (US\$ 1,20-1.25)	1.20-1.25	2	-	- Operating capital	-	-	-	\$ 45,378,127	\$ 45,378,127	
		Pou Sung Vietnam Company Limited	Accounts receivable from related parties	Yes	\$ 2,801,750 (US\$ 100,000,000)	\$ 2,768,000 (US\$ 100,000,000)	\$ 2,768,000 (US\$ 100,000,000)	1.00	2	-	- Operating capital	-	-	-	\$ 45,378,127	\$ 45,378,127	
		Pou Sun Vietnam Enterprise Ltd.	Accounts receivable from related parties	Yes	\$ 69,900 (US\$ 2,000,000)	\$ 69,200 (US\$ 2,000,000)	\$ 69,200 (US\$ 2,000,000)	1.00	2	-	- Operating capital	-	-	-	\$ 45,378,127	\$ 45,378,127	
		Pou Keng's Industrial Company Limited	Accounts receivable from related parties	Yes	\$ 2,560,000 (US\$ 84,500)	\$ 2,560,000 (US\$ 84,500)	\$ 2,560,000 (US\$ 84,500)	1.00	2	-	- Operating capital	-	-	-	\$ 45,378,127	\$ 45,378,127	
		Prime Asia Leather Corp. Taiwan	Accounts receivable from related parties	Yes	\$ 30,000,000 (US\$ 30,000,000)	\$ 26,000,000 (US\$ 26,000,000)	\$ 26,000,000 (US\$ 26,000,000)	1.00	2	-	- Operating capital	-	-	-	\$ 45,378,127	\$ 45,378,127	
		Precision Full Investments Ltd.	Accounts receivable from related parties	Yes	\$ 628,890 (US\$ 22,387,520)	\$ 628,890 (US\$ 22,387,520)	\$ 628,890 (US\$ 22,387,520)	1.00	2	-	- Operating capital	-	-	-	\$ 45,378,127	\$ 45,378,127	
		Yang Xin Yui Ju Shoes Manufacturing Co., Ltd.	Accounts receivable from related parties	Yes	\$ 387,520 (US\$ 14,000,000)	\$ 387,520 (US\$ 14,000,000)	\$ 387,520 (US\$ 14,000,000)	1.00	2	-	- Operating capital	-	-	-	\$ 45,378,127	\$ 45,378,127	
7	Tap Galaxy Group Limited	Yue Yuen (Africa) Footwear Co., Ltd.	Accounts receivable from related parties	Yes	\$ 343,430 (US\$ 12,000,000)	\$ 333,100 (US\$ 12,000,000)	\$ 333,100 (US\$ 12,000,000)	1.33	2	-	- Operating capital	-	-	-	\$ 3,485,235	\$ 3,485,235	
8	Idea (Mexico Commercial Offshore) Limited	Tech Mastery Vietnam Company Limited	Accounts receivable from related parties	Yes	\$ 142,675 (US\$ 5,000,000)	\$ 138,400 (US\$ 5,000,000)	\$ 138,400 (US\$ 5,000,000)	1.30	2	-	- Operating capital	-	-	-	\$ 3,655,335	\$ 3,655,335	
9	Shanggan Yuen Industry Co., Ltd.	Yi Xing (Jhuu) Footwear Co., Ltd.	Accounts receivable from related parties	Yes	\$ 364,442 (RMB 83,130,000)	-	-	-	2	-	- Operating capital	-	-	-	\$ 1,718,666	\$ 1,718,666	
10	Dong Guan Yue Yuen Footwear Products Company Limited	Dong Guan Pou Chen Footwear Company Limited	Accounts receivable from related parties	Yes	\$ 131,440 (RMB 35,000,000)	\$ 131,440 (RMB 35,000,000)	\$ 131,440 (RMB 35,000,000)	3.33	2	-	- Operating capital	-	-	-	\$ 522,571	\$ 522,571	
		Yang Xin Yui Ju Shoes Manufacturing Co., Ltd.	Accounts receivable from related parties	Yes	\$ 173,760 (RMB 40,000,000)	\$ 173,760 (RMB 40,000,000)	\$ 173,760 (RMB 40,000,000)	3.33	2	-	- Operating capital	-	-	-	\$ 522,571	\$ 522,571	

(Continued)



POU CHEN CORPORATION

No. (Note 1)	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Short-term Financing (Notes 2 and 4)	Aggregate Financing Limit (Notes 2 and 4)	Note
													Item	Value			
11	Pou Chen Enterprise Co., Ltd.	I-Tech. Sporting Enterprise Ltd. Yue Yuen Industrial (Holdings) Limited	Accounts receivable from related parties	Yes	\$ 1,600,000 (US\$ 798,980)	\$ 800,000 (US\$ 775,040)	\$ 800,000 (US\$ 775,040)	0.55 0.50	2	\$ -	- Operating capital	\$ -	-	\$ -	\$ 1,964,445	\$ 1,964,445	
12	Dongguan Yuehang Shoes Industry Co., Ltd.	Yue Xing (dhuu) Footwear Co., Ltd. Dongguan Yuehang Shoes Manufacturing Co., Ltd. Dongguan Yuehang Shoes Material Co., Ltd. Shuangao Yuehang Shoes Industry Co., Ltd. Yue Xing (dhuu) Footwear Co., Ltd.	Accounts receivable from related parties Accounts receivable from related parties Accounts receivable from related parties Accounts receivable from related parties Accounts receivable from related parties	Yes Yes Yes Yes Yes	(RMB 30,000,000) 131,520 (RMB 30,000,000) (RMB 108,000,000) (RMB 25,000,000) (RMB 30,688) (RMB 7,000,000)	(RMB 30,000,000) 138,320 (RMB 30,000,000) -	(RMB 30,000,000) 138,320 (RMB 30,000,000) -	3.33 -	2 2 2 2 2	- Operating capital Operating capital Operating capital Operating capital Operating capital	- Operating capital Operating capital Operating capital Operating capital Operating capital	- Operating capital Operating capital Operating capital Operating capital Operating capital	-	-	1,593,283 1,593,283 1,593,283 1,593,283 1,593,283	1,593,283	
13	Dongguan De Chang Zi Xun Co., Ltd.	Dongguan Yue Yuen Footwear Products Company Limited	Accounts receivable from related parties	Yes	(RMB 17,536) (RMB 4,000,000)	-	-	-	2	-	- Operating capital	-	-	-	41,225	41,225	
14	Dongguan Yuehang Consulting Co., Ltd.	Dongguan Yue Yuen Footwear Products Company Limited	Accounts receivable from related parties	Yes	(RMB 30,688) (RMB 60,000,000)	-	-	-	2	-	- Operating capital	-	-	-	67,670	67,670	
15	Bao Hong (Yingzhou) Shoes Co., Ltd.	Shuangao Yuehang Shoes Co., Ltd. Dongguan Yuehang Shoes Industry Co., Ltd.	Accounts receivable from related parties Accounts receivable from related parties	Yes Yes	(RMB 265,448) (RMB 265,040) (RMB 60,000,000)	(RMB 265,448) (RMB 60,000,000)	(RMB 265,448) (RMB 60,000,000)	3.33 -	2 2	- Operating capital	- Operating capital	- Operating capital	-	-	961,028 961,028	961,028	
16	Yue Yuen (Jiaji) Footwear Co., Ltd.	Dongguan Yuehang Shoes Industry Co., Ltd.	Accounts receivable from related parties	Yes	-	-	-	-	2	-	- Operating capital	-	-	-	2,070,689	2,070,689	
17	Bao Hong Yuehang Footwear Development Co., Ltd.	Dongguan Yuehang Shoes Industry Co., Ltd. Yue Xing (dhuu) Footwear Co., Ltd.	Accounts receivable from related parties Accounts receivable from related parties	Yes Yes	(RMB 43,848) (RMB 10,000,000) (RMB 26,304) (RMB 6,000,000)	(RMB 26,664) (RMB 6,000,000)	(RMB 26,664) (RMB 6,000,000)	- 3.33	2 2	- Operating capital	- Operating capital	- Operating capital	-	-	258,244 258,244	258,244	
18	Yuehang Yuehang Shoes Industrial Co., Ltd.	Yuehang Yuehang Shoes Industrial Co., Ltd.	Accounts receivable from related parties	Yes	(RMB 30,688) (RMB 7,000,000)	(RMB 30,408) (RMB 7,000,000)	(RMB 30,408) (RMB 7,000,000)	3.33 -	2 2	- Operating capital	- Operating capital	- Operating capital	-	-	125,264 125,264	125,264	
19	Yuehang Yuehang Shoes Co., Ltd.	Dongguan Yuehang Shoes Industry Co., Ltd. Yuehang Yuehang Shoes Industry Co., Ltd.	Accounts receivable from related parties Accounts receivable from related parties	Yes Yes	(RMB 131,520) (RMB 30,000,000) (RMB 8,000,000)	(RMB 34,732) (RMB 8,000,000)	(RMB 34,732) (RMB 8,000,000)	- 3.33	2 2	- Operating capital	- Operating capital	- Operating capital	-	-	696,179 696,179	696,179	
20	Jiangxi Yuehang Consulting Co., Ltd.	Dongguan Yuehang Shoes Industry Co., Ltd.	Accounts receivable from related parties	Yes	(RMB 21,920) (RMB 5,000,000)	-	-	-	2	-	- Operating capital	-	-	-	32,983	32,983	
21	Orion Taiwan Limited	Orion Taiwan Limited	Accounts receivable from related parties	Yes	(US\$ 125,380) (US\$ 4,400,000)	-	-	-	2	-	- Operating capital	-	-	-	97,368	97,368	
22	Yuehang Technology Corporation	I-Tech. Sporting Enterprise Ltd.	Accounts receivable from related parties	Yes	500,000	-	-	-	2	-	- Operating capital	-	-	-	659,083	659,083	
23	Bowen Yuehang Company Limited	Bowen Yuehang Company Limited	Accounts receivable from related parties	Yes	(US\$ 275,230) (US\$ 9,900,000)	(US\$ 274,032) (US\$ 9,900,000)	(US\$ 274,032) (US\$ 9,900,000)	6.00	2	-	- Operating capital	-	-	-	6,701,079	6,701,079	
24	Precision Full Investments Limited	Bangladesh Pou Hang Industrial Limited	Accounts receivable from related parties	Yes	(US\$ 628,800) (US\$ 22,720,000)	(US\$ 628,800) (US\$ 22,720,000)	(US\$ 628,800) (US\$ 22,720,000)	-	2	-	- Operating capital	-	-	-	4,769,066	4,769,066	
25	Wenplus (Holding) Limited	Barts Development Corporation	Accounts receivable from related parties	Yes	(US\$ 2,418,400) (US\$ 40,000,000) (US\$ 120,000)	(US\$ 1,107,200) (US\$ 40,000,000)	(US\$ 1,107,200) (US\$ 40,000,000)	0.55	2	-	- Operating capital	-	-	-	41,522,179	41,522,179	
		Pou Yi Development Co., Ltd.	Accounts receivable from related parties	Yes	(US\$ 400,000)	-	-	-	2	-	- Operating capital	-	-	-	41,522,179	41,522,179	
		Yue Hang Realty Development Co., Ltd.	Accounts receivable from related parties	Yes	400,000	-	-	-	2	-	- Operating capital	-	-	-	41,522,179	41,522,179	
		Pou Shine Investment Co., Ltd.	Accounts receivable from related parties	Yes	500,000	-	-	-	2	-	- Operating capital	-	-	-	138,407,263	138,407,263	
		Pou Chen Corporation	Accounts receivable from related parties	Yes	(US\$ 2,352,800) (US\$ 85,000,000)	(US\$ 2,352,800) (US\$ 85,000,000)	(US\$ 2,352,800) (US\$ 85,000,000)	-	2	-	- Operating capital	-	-	-	13,182,538	13,182,538	
26	Pou Sheng (China) Investment Co., Ltd.	Qingdao Pou Sheng International Sport Products Co., Ltd.	Loans receivable	Yes	(RMB 1,498,126) (RMB 344,612,000)	(RMB 1,498,126) (RMB 344,612,000)	(RMB 1,498,126) (RMB 344,612,000)	4.35	2	-	- Operating capital	-	-	-	1,208,980	1,208,980	
27	Yue Cheng (Kun Shan) Sport Co., Ltd.	Kunshan Bowell Information Technology Co., Ltd.	Loans receivable	Yes	(RMB 264,000,000)	-	-	-	2	-	- Operating capital	-	-	-	-	-	

Note 1: The Company is coded as follows:

a. The Company is coded "P".

b. The investor is coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The nature of financing is coded as follows:

a. Business relationship is coded 1.

b. The need for short-term financing is coded 2.

(Continued)

Note 3: According to the Company's policy, procedure of financing provided to others as follows:

- a. The maximum amount permitted to a single borrower is listed based on the types of financing reasons as follows:
- 1) Business relationship: Each of the financing amount shall not exceed the amount of our business relationship. Business relationship means higher amount of the purchases from or sales to both sides in the current year or in the future year and shall not exceed 10% of the Company's net worth.
 - 2) The need for short-term financing: Each of the financing amount shall not exceed 10% of the Company's net worth.
- b. The total maximum amount permitted to a single borrower is listed based on the types of financing reasons as follows:
- 1) Business relationship: Each of the financing amount shall not exceed 10% of the Company's net worth.
 - 2) The need for short-term financing: Each of the financing amount shall not exceed 40% of the Company's net worth.
 - 3) Among foreign companies which the Company holds 100% voting rights directly and indirectly, when financing is necessary, the amount is not limited by the above information. However, the limit amount of financing to others during one year shall not exceed the borrowers' net worth.

Note 4: When Dong Guan Baotiao Electronic Technology Co., Ltd. engages in fund lending, for subsidiaries in which Pou Chen Corporation holds 100% interest directly or indirectly, each of the financing amount shall not exceed 100% of total equity of Pou Chen's consolidated financial statements. When Yue Yuen Industrial (Holdings) Limited engages in fund lending, the financing amount shall not exceed 40% of total equity in the Yue Yuen Industrial (Holdings) Limited's financial statement. For subsidiaries in which Weidaphus Limited holds 100% voting rights directly and indirectly, the financing amount shall not exceed 100% of total equity of Weidaphus Limited's financial statement. For subsidiaries in which Pou Shing International (Holdings) Limited holds not 100% voting rights directly, the financing amount shall not exceed 40% of total equity of lender's financial statement. For subsidiaries in which Pou Shing International (Holdings) Limited holds not 100% voting rights directly, the financing amount shall not exceed 40% of total equity of lender's financial statement. Each of the financing amount shall not exceed 30% of total equity of lender's financial statement.

(Continued)

**POU CHEN CORPORATION AND SUBSIDIARIES**

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

No. (Note 1)	Endorsment/ Guarantee Provider	Endorse/Guarantee		Limit on Endorsment/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsment/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Adjusted Endorsment/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Guarantee Limit (Note 3)	Endorsment/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 4)	Endorsment/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 4)	Endorsment/ Guarantee Given by Companies in Materiality (Note 4)	Note
		Name	Relationship (Note 2)											
0	Pou Chen Corporation	Wanphat Holdings Limited Pro Arch International Development Enterprise Inc. Baris Development Corporation Winkler Entertainment Co., Ltd. Yue Hong Realty Development Co., Ltd. Pou Shue Investments Co., Ltd. Pou Shue Technology Co., Ltd. Pou Yit Development Co., Ltd.	b b b b b b b b	\$ 139,432,954 139,432,954 139,432,954 139,432,954 139,432,954 139,432,954 139,432,954	\$ 24,253,475 82,722 8,877,600 100,000 550,000 1,700,000 300,000 300,000	\$ 23,251,200 62,370 8,860,800 80,000 550,000 1,700,000 300,000 300,000	\$ - 623,370 1,543,500 - - 378,500 - 165,000	\$ - - - - - - - -	- 17 - 6 - - 1 - -	\$ 278,865,908 278,865,908 278,865,908 278,865,908 278,865,908 278,865,908 278,865,908 278,865,908	Y Y Y Y Y Y Y Y	N N N N N N N N		
1	Yue Yuan Industrial (Holdings) Limited	Cohen Enterprises Inc. Innovative Track Limited PT. Ka Yuen Indonesia Pine Wood Industries Ltd. Offenrich Holdings Limited Chang Yang Material Corp. Vietnam Tong Long Industrial Co., Ltd. PT. Sekolah Cina Indonesia Onsol Taiwan Limited Prime Asia Leather Corporation Pou Chen Enterprise Co., Ltd. Pou Phong Vietnam Company Ltd. Pou Sung Vietnam Co., Ltd.	f f f f f f f f b b b b b	68,067,190 68,067,190 68,067,190 68,067,190 68,067,190 68,067,190 68,067,190 68,067,190 68,067,190 68,067,190 68,067,190 68,067,190 68,067,190	(US\$ (US\$ (NTS (US\$ (US\$ (US\$ (US\$ (US\$ (US\$ (US\$ (US\$ (US\$ (US\$	484,400 17,300,000 288,400 150,000 2,950 5,000,000 1,000,000 1,850,000 448,416 16,200,000 7,500 1,881,400 57,375,000 90,000 968,800 252,000 18,333,300 1,300,000 193,760 7,000,000 993,760 13,000,000 46,000,000 4,409,269 52,425,000 3,800,000 313,885 11,000,000 6,000,000 256,815 9,344,865	178,920 6,500,000 109,156 2,950 27,500,000 - - - 435,960 15,750,000 4,411 - 1,052,157 38,011,448 760,573 252,000 78,000,000 - - - - - - - - - - - -	- -	N N					
2	Pou Sheng International (Holdings) Limited	Shanxi Pousheng Trading Co., Ltd. Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd. Hefei Pouuan Sporting Goods Co., Ltd. Heuan YYSORTS Sport Products Co., Ltd. Zhejiang Shengdao Sporting-Goods Co., Ltd. Yue Cheng (Kun Shan) Sports Co., Ltd. Qingdao Pou-Sheng International Sport Products Co., Ltd.	b b b b b b b	70,333,391 70,333,391 70,333,391 70,333,391 70,333,391 70,333,391 70,333,391	(RMB (US\$ (RMB (US\$ (RMB (RMB (US\$ (RMB (RMB (US\$ (RMB (RMB	5,144,996 763,838,928 66,000,000 3,601,853 2,145,455 66,000,000 199,057 45,823,495 114,820 26,431,958 2,295,555 1,000,000 66,000,000 2,476,330 565,723,077 1,525,225 348,529,859	- - 1,617,011 397,292,000 75,000,000 - - - 347,520 80,000,000 - - - -	- - - - - - - - - - - - -	N N	Y Y Y Y Y Y Y				

(Continued)

No. (Note 1)	Endorsement/ Guarantee Provider	Endorsee/Guarantee Name	Relationship (Note 2)	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 Actual 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 Subsidiaries Maintain China (Note 4)	Note
2	Pou Sheng International (Holdings) Limited	Bao Sheng Dao Ji (Beijing) Trading Company Ltd. Pou Yuen Trading Corporation Taizung Taizung Trading Co., Ltd. Kan Shan Pao-Chi Sports Co., Ltd. Kan Shan YYSPORTS E-Commerce Co., Ltd. Guizhou Pou-Sheng Sport Products Co., Ltd. Jiangxi Bao Yuen Trade Co., Ltd. Guangzhou Pou-Yuen Trading Co., Ltd. Pou Sheng (China) Investment Co., Ltd. Taizung Yue-Shen Sporting Goods Co., Ltd. Yue-Shen (Taizung) Footwear Co., Ltd. Nanning Pou-Kung Sport Products Co., Ltd. Kan Shan Taizung Trading Co., Ltd. Shenzhen Pou-Yuen Sport Products Co., Ltd. PCG Bros Sports Management Co., Ltd. Fujian Pou Sheng Sporting Goods Co., Ltd. Hainan Baoxuan Electronic Commerce Co., Ltd. Hainan Shengwei Electronic Commerce Co., Ltd.	b b b b b b b b b b b b b b b b b b b	\$ 70,333,391 70,333,391 70,333,391 70,333,391 70,333,391 70,333,391 70,333,391 70,333,391 70,333,391 70,333,391 70,333,391 70,333,391 70,333,391 70,333,391 70,333,391 70,333,391 70,333,391 70,333,391	\$ 8,277,041 (RMB 905,532,768) \$ 527,840 (NT\$ 416,000) \$ 4,000,000 (US\$ 560,000) \$ 57,222 (RMB 131,437,500) \$ 3,872,736 (RMB 885,625,000) \$ 350,119 (RMB 79,954,117) \$ 43,440 (RMB 9,652,500) \$ 8,625,000 (RMB 1,883,310) \$ 6,486,510 (US\$ 66,000,000) \$ 6,388,080 (RMB 1,050,000,000) \$ 64,595,671 (US\$ 21,609,583) \$ 24,435 (RMB 58,666) \$ 64,595,671 (RMB 13,505,112) \$ 21,964 (RMB 50,000,000) \$ 219,642 (RMB 50,200,000) \$ 100,000 (RMB 2,700,000) \$ 459,613 (RMB 1,760,270) \$ 3,082,370 (RMB 9,682,570) \$ 4,788,600,000 (RMB 2,090,900,000) \$ 11,976,376 (RMB 2,747,425,675)	\$ 2,673,011 (RMB 194,781,566) \$ 476,720 (US\$ 66,000,000) \$ 366,000 (NT\$ 4,000,000) \$ 1,901 (RMB 437,500) \$ 452,319 (RMB 104,125,000) \$ 43,440 (RMB 10,000,000) \$ 8,625,000 (RMB 1,826,880) \$ 6,000,000 (US\$ 66,000,000) \$ 6,388,080 (RMB 1,050,000,000) \$ 21,609,583 (US\$ 66,000,000) \$ 58,666 (RMB 13,505,112) \$ 24,435 (RMB 5,625,000) \$ 11,729 (RMB 2,700,000) \$ 100,000 (RMB 75,000) \$ 7,602 (RMB 1,760,270) \$ 9,682,570 (RMB 2,090,900,000) \$ 11,944,817 (RMB 2,747,425,675)	\$ 282,340 (US\$ 65,000,000) 165,000 20,000 - - - - - - - - - - - - - - 3,535,168 (RMB 813,804,851)	- - - - - - - - - - - - - - - - - -	8 1 - - 1 - - 5 18 - 5 - - - - - 26 34	\$ 140,666,782 140,666,782 140,666,782 140,666,782 140,666,782 140,666,782 140,666,782 140,666,782 140,666,782 140,666,782 140,666,782 140,666,782 140,666,782 140,666,782 140,666,782 140,666,782 140,666,782	N N N N N N N N N N N N N N N N N N	Y N N N Y Y Y Y Y Y Y Y Y Y Y Y Y Y		
3	Pou Sheng (China) Investment Co., Ltd.	Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd. Hefei Paoxuan Sporting Goods Co., Ltd. Jiangxi Bao Yuen Trade Co., Ltd. Zhejiang Shengdao Sporting-Goods Co., Ltd. Shanxi Pousheng Trading Co., Ltd. Bao Sheng Dao Ji (Beijing) Trading Company Ltd. Taizung Yue-Shen Sporting Goods Co., Ltd. Henan YYSPORTS Sport Products Co., Ltd. Guizhou Pou-Sheng Sport Products Co., Ltd. Qingdao Pou-Sheng International Sport Products Co., Ltd. Shenzhen Pou-Yuen Sport Products Co., Ltd.	b b b b b b b b b b b b	7,591,288 7,591,288 7,591,288 7,591,288 7,591,288 7,591,288 7,591,288 7,591,288 7,591,288 7,591,288 7,591,288 7,591,288	1,388,545 (RMB 316,790,000) \$ 141,280 (RMB 32,350,000) \$ 16,880 (RMB 3,860,000) \$ 21,525 (RMB 4,910,000) \$ 21,920 (RMB 23,000,000) \$ 21,920 (RMB 5,000,000) \$ 30,688 (RMB 7,000,000) \$ 78,432 (RMB 18,000,000) \$ 52,608 (RMB 12,000,000) \$ 86,321 (RMB 19,690,000) \$ 872 (RMB 200,000)	1,338,907 (RMB 308,226,000) \$ 141,280 (RMB 16,000,000) \$ 7,732 (RMB 1,780,000) - \$ 99,912 (RMB 23,000,000) \$ 21,720 (RMB 5,000,000) \$ 30,408 (RMB 7,000,000) \$ 52,128 (RMB 12,000,000) \$ 52,608 (RMB 12,000,000) \$ 84,708 (RMB 19,500,000) \$ 869 (RMB 200,000)	- - - - - - - - - - - -	- 2 - - 3 1 1 1 1 2 200,000	15,182,575 15,182,575 15,182,575 15,182,575 15,182,575 15,182,575 15,182,575 15,182,575 15,182,575 15,182,575 15,182,575	N N N N N N N N N N N N	Y Y Y Y Y Y Y Y Y Y Y Y			

Note 1: The Company is coded as follows:

- a. The Company is coded "0".
b. 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:

- a. Business relationship.
b. A company in which the Company directly and indirectly holds more than 50% of the voting shares.
c. A company that directly and indirectly holds more than 50% of the voting shares in the Company.
d. A company in which the Company directly and indirectly holds more than 90% of the voting shares.
e. 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 underwriting a construction project.
f. 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 underwriting a construction project.
g. A company whose companies in the same industry provide 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.

(Continued)



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. The aggregate amount of endorsements/guarantees provided by the Yue Yuen Industrial (Holdings) Limited shall not exceed 150% of its net worth. Meanwhile, the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed 60% of the Company's net worth. The aggregate amount of endorsements/guarantees provided by the Pui Sheng (China) Investment Co., Ltd. shall not exceed 400% of its net worth. Meanwhile, the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed 200% of the Company's net worth. The aggregate amount of endorsements/guarantees provided by the Pui Sheng (China) Investment Co., Ltd. shall not exceed 400% of its 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".

(Concluded)

TABLE 3

POU CHEN CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(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, 2021			Note
				Shares	Carrying Amount	Percentage of Ownership	
Pou Chen Corporation	Ordinary shares Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	191,730,486	\$ 6,816,019	1.41	\$ 6,816,019
	Taiwan Pailho Limited		Financial assets at FVTOCI - current	615,473	50,284	0.21	
	Zhiyuan Venture Capital Co., Ltd.		Financial assets at FVTOCI - non-current	4,907,143	48,700	10.71	
	New Loulan Corporation, Ltd.		Financial assets at FVTOCI - non-current	100,000	796	4.00	
	Structured product						
	CIB Callable Structured Deposit		Financial assets at amortized cost - non-current	-	112,510	-	
	Fund						
	CID Greater China Venture Capital Fund II, L.P.		Financial assets mandatorily at FVTPL - non-current	-	23,592	-	
					(US\$ 852,310)		
Wealthplus Holdings Limited	Ordinary shares Golden Brands Developments Ltd.		Financial assets at FVTOCI - non-current	17,086,572	67,498	5.88	67,498 (US\$ 2,438,495)
	Great Team Backend Foundry, Inc.		Financial assets at FVTOCI - non-current	1,624,353	40,329	6.69	
					(US\$ 1,456,985)		
	Bonds						
	Narwest Markets PL		Financial assets at amortized cost - non-current	-	434,853	-	
					(US\$ 15,710,000)		
	Standard Chartered Perpetual Bond		Financial assets at amortized cost - non-current	-	305,849	-	
					(US\$ 11,049,461)		
	Swedbank Perpetual Bond		Financial assets at amortized cost - non-current	-	141,972	-	
					(US\$ 5,129,040)		
Win Fortune Investments Limited	ING Groep Perpetual Bond		Financial assets at amortized cost - non-current	-	245,016	-	245,016 (US\$ 8,851,740)
					(US\$ 8,851,740)		
	Bills						
	Deutsche Bank-Anleihe		Financial assets at amortized cost - non-current	-	1,856,821	-	
					(US\$ 67,081,700)		
	Fund						
	Prodigy Strategic Investment Fund XXII Segregated Portfolio		Financial assets mandatorily at FVTPL - non-current	36,100	122,252	-	
					(US\$ 4,416,604)		
	Ordinary shares Taiwan Pailho Limited		Financial assets at FVTOCI - current	775,170	63,331	0.26	
	Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	125,123,044	4,448,124	0.92	
Pou Yuen Technology Co., Ltd.	Fund						7,602
	Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	605,324	7,602	-	
	Ordinary shares Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	17,039,372	605,750	0.13	605,750

(Continued)



POU CHEN CORPORATION

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021			Note
				Shares	Carrying Amount	Percentage of Ownership	
Barits Development Corporation	Ordinary shares Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	133,720,943	\$ 4,753,780	0.98	\$ 4,753,780
	Sheng Yu Co., Ltd.		Financial assets at FVTOCI - non-current	32,000	320	1.07	
Song Ming Investments Co., Ltd.	Environment In Assistant Engineering Corp.		Financial assets at FVTOCI - non-current	20,000	-	1.00	-
	Fund Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	5,749,745	72,210	-	
Pro Arch International Development Enterprise Inc.	Ordinary shares Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	49,416,125	1,756,743	0.36	1,756,743
	Fund Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	2,199,305	27,621	-	
Pou Chin Development Co., Ltd.	Structured product 12 months Dual Currency Investment		Financial assets mandatorily at FVTPL - current	-	148,288	-	148,288
	Fund Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	1,250,066	15,699	-	
Wang Yi Construction Co., Ltd.	Fund Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	1,823,362	22,899	-	22,899
	Fund Evermore Money Market Fund		Financial assets mandatorily at FVTPL - current	2,802,995	42,009	-	
Windsor Entertainment Co., Ltd.	Ordinary shares Taichung International Entertainment Corporation		Financial assets at FVTOCI - non-current	3	9,090	0.09	9,090
	Ordinary shares Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	40,069,450	1,424,469	0.29	
Pan Asia Insurance Services Co., Ltd.	Fund Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	1,116,383	14,020	-	14,020
	Fund Cathay Taiwan Money Market Fund		Financial assets mandatorily at FVTPL - current	15,329,281	192,586	-	
Yue Yuen Industrial (Holdings) Limited	BPEA Asia Private Equity		Financial assets mandatorily at FVTPL - non-current	-	(US\$ 6,957,578)	-	(US\$ 6,957,578)
	Ordinary shares Evermore Chemical Industry Co., Ltd.		Financial assets at FVTOCI - current	7,321,281	135,858	8.13	
Keg Big Dome Sports Co., Ltd.	Taiwan Palho Limited		Financial assets at FVTOCI - non-current	9,528,228	(US\$ 4,908,166)	3.20	(US\$ 4,908,166)
	Fund Cathay Taiwan Money Market Fund		Financial assets at FVTOCI - non-current	-	(US\$ 28,133,408)	11.76	
			Financial assets at FVTOCI - non-current	-	(US\$ 13,128)	-	(US\$ 13,128)
			Financial assets at FVTOCI - non-current	-	(US\$ 474,267)	-	(US\$ 474,267)

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021			Note
				Shares	Carrying Amount	Percentage of Ownership	
Yue Yuen Industrial (Holdings) Limited	Structured product 12 months Auto Callable Accumulated Note		Financial assets mandatorily at FVTPL - current	-	\$ 1,683,529 (US\$ 60,821,149)	-	\$ 1,683,529 (US\$ 60,821,149)
	12 months Dual Currency Investment		Financial assets mandatorily at FVTPL - current	-	438,684 (US\$ 15,848,395)	-	438,684 (US\$ 15,848,395)
	JP Morgan Credit Linked Note		Financial assets mandatorily at FVTPL - current	-	560,908 (US\$ 20,264,000)	-	560,908 (US\$ 20,264,000)
	Bonds China Construct Bank Macau		Financial assets at amortized cost - current	-	260,865 (US\$ 9,424,329)	-	260,865 (US\$ 9,424,329)

Note: The marketable securities stated here are related to shares, debentures and beneficiary certificates and the derivative products caused by those of "IFRS 9 Financial Instruments". For information on the investments in subsidiaries, associates and joint ventures refer to Tables 9 and 10.

(Concluded)



POU CHEN CORPORATION

TABLE 4

POU CHEN CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal		Gain (Loss) on Disposal		Company Name	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount		Number of Shares	Amount
Yue Yuen Industrial (Holdings) Limited	Cathay Taiwan Money Market Fund	Financial assets measured at fair value through profit and loss - current	-	None	7,200,147	\$ 91,476 (US\$ 3,211,930)	21,551,215	\$ 269,938 (US\$ 9,796,143) (Note 1)	13,422,081	\$ 168,828 (US\$ 6,050,495)	\$ 168,828 (US\$ 6,050,495)	\$ -	15,329,281	\$ 192,586 (US\$ 6,957,578)
	Pine Wood Industries Limited	Investments accounted for using the equity method	-	None	2,849,000	201,735 (US\$ 7,083,408)	-	(US\$ (1,613,885)) (Note 2)	2,849,000	315,429 (US\$ 11,322,740)	152,370 (US\$ 5,469,523)	163,059 (US\$ 5,853,217)	-	-
	Willpower Industries Limited	Investments accounted for using the equity method	-	None	6,950,000	1,031,026 (US\$ 36,201,760)	-	33,752 (US\$ 2,019,870) (Note 2)	6,950,000	1,741,125 (US\$ 62,500,000)	1,064,778 (US\$ 38,221,630)	676,347 (US\$ 24,278,370)	-	-
	Kunshan Baowei Information Technology Co., LTD.	Investments accounted for using the equity method	-	None	-	1,659,123 (US\$ 58,255,707)	-	42,865 (US\$ 3,232,293) (Note 2)	-	-	-	-	-	1,701,988 (US\$ 61,888,000)
	Pou Shine Investments Co., Ltd.	Investments accounted for using the equity method	-	None	11,457,179	226,423	-	3,111 (US\$ 4,369) (Note 2)	10,711,201	361,173	215,563	145,610	745,978	13,971
Baris Development Corporation	Elitegroup Computer System Co., Ltd.	Investments accounted for using the equity method	-	None	24,109,451	476,452	-	(4,369) (Note 2)	14,872,000	476,546	299,043	177,503	9,237,451	173,040

Note 1: Include acquisition and valuation adjustments for fair value.

Note 2: Include acquisition, dividend, investment profit (loss) for using equity method and share of other comprehensive income (loss).

TABLE 5

POU CHEN CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021

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

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party			Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount		
Yue Yuen Industrial (Holdings) Limited	Public construction such as factories and dormitories	2021.01-2021.12	\$ 2,230,184 (US\$ 80,570,225)	Accumulated payment as of December 31, 2021 \$ 1,734,980 (US\$ 62,679,902)	-	None	-	-	-	\$ -	Market price	Plant expansion



TABLE 6

POU CHEN CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021
(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 Corp.	The subsidiary in which the Company holds 51.11% indirectly at December 31, 2021 The associate in which the Company holds 50% indirectly at December 31, 2021	Sale	\$ (8,221,626)	(99)	D/A 45 days	-	-	\$ 1,729,022	99
			Purchase	115,486	3	D/A 45 days	-	-	(7,956)	(2)
Yue Yuen Industrial (Holdings) Limited	Pou Chen Corporation	The parent company	Purchase	8,221,626	6	D/A 45 days	-	-	(1,729,022)	(10)
			Purchase	(US\$ 293,723,305)	1	D/A 45 days	-	-	(US\$ 62,464,668)	(2)
	Ka Yuen Rubber Factory Limited	Investee accounted for by the equity method	Purchase	1,265,631	1	D/A 45 days	-	-	(330,167)	(2)
			Purchase	(US\$ 45,187,000)	1	D/A 45 days	-	-	(US\$ 11,928,000)	(2)
	Twinways Investments Limited	Investee accounted for by the equity method	Purchase	832,729	-	D/A 45 days	-	-	(275,527)	-
			Purchase	(US\$ 29,705,000)	-	D/A 45 days	-	-	(US\$ 9,954,000)	-
	Cohen Enterprises Inc.	Investee accounted for by the equity method	Purchase	241,987	-	D/A 45 days	-	-	(70,639)	-
			Purchase	(US\$ 8,654,000)	-	D/A 45 days	-	-	(US\$ 2,552,000)	(1)
	Top Units Developments Ltd.	Investee accounted for by the equity method	Purchase	575,904	1	D/A 45 days	-	-	(153,015)	(1)
			Purchase	(US\$ 20,547,000)	1	D/A 45 days	-	-	(US\$ 5,528,000)	(1)
	San Fang Chemical Industry Co., Ltd.	Investee accounted for by the equity method	Purchase	1,251,395	1	D/A 45 days	-	-	(239,294)	(1)
			Purchase	(US\$ 44,627,000)	1	D/A 45 days	-	-	(US\$ 8,645,000)	(1)
Pou Sheng International (Holdings) Limited	Eastlion Industrial Ltd.	Investee accounted for by the equity method	Purchase	933,271	-	D/A 45 days	-	-	(251,390)	(1)
			Purchase	(US\$ 33,310,000)	-	D/A 45 days	-	-	(US\$ 9,082,000)	(1)
	Great Skill Industrial Limited	Investee accounted for by the equity method	Purchase	367,709	-	D/A 45 days	-	-	(110,775)	(1)
			Purchase	(US\$ 13,140,000)	-	D/A 45 days	-	-	(US\$ 4,002,000)	-
	Prime Glorious Limited	Investee accounted for by the equity method	Purchase	117,432	-	D/A 45 days	-	-	(34,323)	-
			Purchase	(US\$ 4,219,000)	-	D/A 45 days	-	-	(US\$ 1,240,000)	-
	Cohen Enterprises Inc.	Investee accounted for by the equity method	Sale	(197,337)	-	D/A 45 days	-	-	4,318	-
			Sale	(US\$ 7,030,000)	-	D/A 45 days	-	-	(US\$ 156,000)	-
	Oftenrich Holdings Limited	Investee accounted for by the equity method	Sale	(102,627)	-	D/A 45 days	-	-	16,774	-
			Sale	(US\$ 3,666,000)	-	D/A 45 days	-	-	(US\$ 606,000)	-
	Kunshan Baowei Information Technology Co., Ltd.	Investee accounted for by the equity method	Sale	(7,081,106)	(3)	D/A 60 days	-	-	691,724	3
			Purchase	(US\$ 251,682,000)	1	D/A 60 days	-	-	(US\$ 24,990,046)	(1)
				1,023,407					(243,560)	
				(US\$ 36,500,000)					(US\$ 8,799,130)	

TABLE 7

POU CHEN CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	The subsidiary in which the Company holds 51.11% indirectly at December 31, 2021	\$ 1,729,022	5.07	\$ -	-	\$ 1,181,294	\$ -
Pou Sheng International (Holdings) Limited	Kunshan Baowei Information Technology Co., Ltd.	Investee accounted for by the equity method	691,724	5.53	-	-	133,119	-



TABLE 8

POU CHEN CORPORATION AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details		
				Financial Statement Accounts	Amount	Payment Terms % of Total Sales or Assets (Note 3)
0	Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited Yue Yuen Industrial (Holdings) Limited	a a	Operating revenue Accounts receivable	\$ 8,221,626 1,729,022	D/A 45 days D/A 45 days 3 -

Note 1: The Company and its subsidiaries are coded as follows:

- a. The Company is coded "0".
- b. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of relationship is as follows:

- a. From the parent company to its subsidiary.
- b. From a subsidiary to its parent company.
- c. Between subsidiaries.

Note 3: The percentage calculation is based on the consolidated total operating revenue or total assets. For balance sheet items, each item's period-end balance is shown as a percentage to consolidated total assets as of December 31, 2021. For profit or loss items, cumulative amounts are shown as a percentage to the consolidated total operating revenue as of December 31, 2021.

TABLE 9

POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021

(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, 2021		Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	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	\$ 75,039,693 (US\$ 2,710,971,585)	\$ 2,109,760 (US\$ 74,676,579)	\$ 2,093,842 (US\$ 74,122,550)	
	Win Fortune Investments Limited	British Virgin Islands	Investing activities	\$ 3,230 (US\$ 100,000)	\$ 3,230 (US\$ 100,000)	100,000	1,966,657 (US\$ 71,049,752)	47,110 (US\$ 1,667,696)	46,768 (US\$ 1,655,812)	
	Winkor Entertainment Co., Ltd.	ROC	Entertainment and resort operations	\$ 500,000 (US\$ 100,000)	\$ 500,000 (US\$ 100,000)	100,000	110,625 (US\$ 72,536)	395,823 (US\$ 14,508)	395,823 (US\$ 14,508)	
	Pou Shue Investment Co., Ltd.	ROC	Investing activities	\$ 1,124,667 (US\$ 530,000)	\$ 1,124,667 (US\$ 530,000)	100,000	46,164,556 (US\$ 1,667,696)	18,770 (US\$ 722,074)	18,770 (US\$ 722,074)	
	Pan Asia Insurance Services Co., Ltd.	ROC	Agency of property and casualty insurance	\$ 5,000 (US\$ 1,117,292)	\$ 5,000 (US\$ 1,117,292)	100,000	29,134 (US\$ 10,567,005)	52,074 (US\$ 18,770)	52,074 (US\$ 18,770)	
	Barrie Development Corporation	ROC	Import and export of shoe-related materials and investing activities	\$ 966,450 (US\$ 2,643,184)	\$ 966,450 (US\$ 2,643,184)	99.49	30,456,252 (US\$ 2,000,000)	34,334 (US\$ 917)	34,334 (US\$ 917)	
	Pou Yuen Technology Co., Ltd.	ROC	Rental of real estate	\$ 40,320 (US\$ 1,700)	\$ 40,320 (US\$ 1,700)	15,000	206,631 (US\$ 8,820)	58,797 (US\$ 2,441)	58,797 (US\$ 2,441)	
	Pro Arch International Development Enterprise Inc.	ROC	Rental and sale of real estate	\$ 3,245,813 (US\$ 1,372,000)	\$ 3,245,813 (US\$ 1,372,000)	12.36	1,290,411 (US\$ 238,866)	71,927 (US\$ 238,866)	71,927 (US\$ 238,866)	
	Pou Yi Development Co., Ltd.	ROC	Construction	\$ 15,372,000 (US\$ 241,999,976)	\$ 15,372,000 (US\$ 241,999,976)	20.00	76,419,271 (US\$ 55,979,839)	52,526,803 (US\$ 2,821,347)	10,505,301 (US\$ 1,411,977)	Already dismissed
	Winkor Entertainment Co., Ltd.	ROC	Manufacturing of electronic components	\$ 230,305 (US\$ 7,101,621)	\$ 230,305 (US\$ 7,101,621)	31.56	2,531,398 (US\$ 43,401,896)	7,092 (US\$ 2,473,814)	253,620 (US\$ 1,066,607)	
Win Fortune Investments Limited	Yue Yuen Industrial (Holdings) Limited	Hong Kong	Manufacturing and sale of athletic and casual footwear and sports apparel	\$ 241,999,976 (US\$ 747,132,133)	\$ 241,999,976 (US\$ 747,132,133)	50.04	55,979,839 (US\$ 2,022,393,043)	2,821,347 (US\$ 99,357,891)	1,411,977 (US\$ 49,724,849)	
	Venture Well Holdings Ltd.	British Virgin Islands	Sale of electronic components	\$ 230,305 (US\$ 7,101,621)	\$ 230,305 (US\$ 7,101,621)	31.56	2,531,398 (US\$ 43,401,896)	7,092 (US\$ 2,473,814)	253,620 (US\$ 1,066,607)	
	Yue Yuen Industrial (Holdings) Limited	Hong Kong	Manufacturing and sale of athletic and casual footwear and sports apparel	\$ 404,026 (US\$ 12,769,118)	\$ 404,026 (US\$ 12,769,118)	1.07	1,196,450 (US\$ 43,401,896)	2,821,347 (US\$ 99,357,891)	30,286 (US\$ 1,066,607)	
	Barrie Development Corporation	ROC	Import and export of shoe-related materials and investing activities	\$ 2,583 (US\$ 23,637)	\$ 2,583 (US\$ 23,637)	0.13	13,534 (US\$ 13,971)	522,074 (US\$ 29,806)	667 (US\$ 3,534)	
	Elitegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	\$ 34,296 (US\$ 189,920)	\$ 34,296 (US\$ 189,920)	0.13	413,288 (US\$ 13,971)	1,422 (US\$ 59,047,040)	1,422 (US\$ 59,047,040)	Already dismissed
	Techview International Technology Inc.	ROC	Development and sales of TFT-LCD display	\$ 189,920 (US\$ 1,218,879)	\$ 189,920 (US\$ 1,218,879)	0.09	413,288 (US\$ 13,971)	59,047,040 (US\$ 122,955)	54,795 (US\$ 122,955)	
	Nan Shan Life Insurance Company, Ltd.	ROC	Sale of life insurance	\$ 1,218,879 (US\$ 89,712)	\$ 1,218,879 (US\$ 89,712)	100.00	2,905,447 (US\$ 82,121)	122,955 (US\$ 5,461)	122,955 (US\$ 5,461)	
	Song Ming Investments Co., Ltd.	ROC	Construction	\$ 89,712 (US\$ 200,000)	\$ 89,712 (US\$ 200,000)	89.75	6,910,750 (US\$ 199,174)	4,902 (US\$ 176)	4,902 (US\$ 176)	
	Pou Chin Development Co., Ltd.	ROC	Agency of land demarcation	\$ 240,000 (US\$ 125,083)	\$ 240,000 (US\$ 125,083)	100.00	153,337 (US\$ 173,040)	(5,202) (US\$ 21,527)	(5,202) (US\$ 21,527)	
	Yue Hong Realty Development Co., Ltd.	ROC	Development of real estate	\$ 348,159 (US\$ 128,610)	\$ 348,159 (US\$ 128,610)	1.66	173,040 (US\$ 413,288)	71,527 (US\$ 29,806)	(4,106) (US\$ 54,796)	Already dismissed
	Elitegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	\$ 189,920 (US\$ 308,38)	\$ 189,920 (US\$ 308,38)	0.09	413,288 (US\$ 1,033,155)	59,047,040 (US\$ 16,345)	54,795 (US\$ 16,345)	
Wang Yi Construction Co., Ltd.	Elitegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	\$ 262,500 (US\$ 21,240)	\$ 262,500 (US\$ 21,240)	75.00	1,033,155 (US\$ 16,345)	58,797 (US\$ 34,334)	44,098 (US\$ 683)	
	Pou Yuen Technology Co., Ltd.	ROC	Rental and sale of real estate	\$ 21,240 (US\$ 19,792)	\$ 21,240 (US\$ 19,792)	1.99	619,220 (US\$ 2,147,558)	34,334 (US\$ 71,527)	683 (US\$ 275)	
	Elitegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	\$ 19,792 (US\$ 77,796)	\$ 19,792 (US\$ 77,796)	0.39	40,252 (US\$ 25,901)	71,527 (US\$ 2,978)	275 (US\$ 2,978)	
	Pou Yuen Technology Co., Ltd.	British Virgin Islands	Investment holding	\$ 77,796 (US\$ 2,573,883)	\$ 77,796 (US\$ 2,573,883)	100.00	19,170 (US\$ 692,554)	(2,978) (US\$ 106,349)	(2,978) (US\$ 106,349)	Already dismissed
Pou Yuen Technology Co., Ltd.	Pearl Dove International Limited	ROC	Development and sales of TFT-LCD display	\$ 128,597 (US\$ 128,597)	\$ 128,597 (US\$ 128,597)	-	-	2,252 (US\$ 2,252)	2,252 (US\$ 2,252)	
	Techview International Technology Inc.	ROC	Development and sales of TFT-LCD display	\$ 128,597 (US\$ 128,597)	\$ 128,597 (US\$ 128,597)	-	-	2,252 (US\$ 2,252)	2,252 (US\$ 2,252)	

(Continued)



POU CHEN CORPORATION

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021		Net Income (Loss) of the Investee		Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Shares	Carrying Amount	\$	(US\$)		
Yue Yuen Industrial (Holdings) Limited	Eagle Nice (International) Holdings Limited	British Cayman Islands	Manufacturing of wearing apparel and clothing accessories	\$ 1,297,712 (US\$ 3,972,084)	\$ 1,297,712 (US\$ 40,015,775)	192,000,000	\$ 2,420,953 (US\$ 87,462,194)	\$ 1,015,520 (US\$ 36,355,827)	\$ 366,501 (US\$ 13,120,818)		
	Full Pearl International Ltd.	British Virgin Islands	Sale of women's shoes	\$ 381,878 (US\$ 1,222,642)	\$ 381,878 (US\$ 12,226,424)	1,319	-	6,868 (US\$ 243,344)	2,750 (US\$ 97,435)		
	Ofterrich Holdings Limited	Bermuda	Manufacturing and sale of footwear	\$ 1,339,783 (US\$ 4,221,015)	\$ 1,339,783 (US\$ 4,221,015)	5,400	2,409,818 (US\$ 87,059,888)	349,877 (US\$ 12,463,580)	157,444 (US\$ 5,608,611)		
	Pine Wood Industries Limited	British Virgin Islands	Manufacturing and sale of fabric	-	\$ 92,393 (US\$ 2,849,000)	-	-	9,603 (US\$ 322,534)	3,553 (US\$ 119,338)		
	Prosperous Industrial (Holdings) Ltd.	British Cayman Islands	Manufacturing and sale of gym bags	\$ 583,740 (US\$ 18,000,000)	\$ 583,740 (US\$ 18,000,000)	252,000,000	459,165 (US\$ 17,468,337)	106,913 (US\$ 3,800,267)	24,056 (US\$ 855,060)		
	Supplyline Logistics Ltd.	Hong Kong	Logistics service provider	-	\$ 262,297 (US\$ 8,206,672)	-	-	(21,544) (US\$ 768,055)	-		
	San Fang Chemical Industry Co., Ltd.	ROC	Manufacturing and sale of synthetic leather	\$ 2,696,757 (US\$ 8,319,794)	\$ 2,696,757 (US\$ 8,319,794)	177,908,075	4,046,377 (US\$ 146,184,142)	84,669 (US\$ 2,922,876)	37,864 (US\$ 1,307,110)		
	Nan Pao Resins Chemical Co., Ltd.	ROC	Manufacturing and sale of chemical materials	\$ 539,797 (US\$ 1,687,924)	\$ 539,797 (US\$ 1,687,924)	21,205,248	2,412,909 (US\$ 87,171,557)	874,062 (US\$ 31,150,590)	153,748 (US\$ 5,479,389)		
	Just Lucky Investments Limited	British Virgin Islands	Property management	\$ 26,207 (US\$ 808,130)	\$ 26,207 (US\$ 808,130)	808,130	46,081 (US\$ 1,664,770)	(8,292) (US\$ 297,701)	(3,175) (US\$ 114,019)		
	Natural Options Limited	British Virgin Islands	Manufacturing of foam	\$ 11,144 (US\$ 343,638)	\$ 11,144 (US\$ 343,638)	340,870	6,358 (US\$ 229,695)	162 (US\$ 57,661)	61 (US\$ 2,209)		
	Rise Bloom International Limited	Hong Kong	Processing and sale of foam	\$ 24,312 (US\$ 760,000)	\$ 24,312 (US\$ 760,000)	760,000	33,332 (US\$ 1,204,191)	(14,628) (US\$ 522,611)	(5,559) (US\$ 198,592)		
	Prosperlink Limited	Samoa	Processing and sale of foam	\$ 17,432 (US\$ 570,000)	\$ 17,432 (US\$ 570,000)	570,000	17,059 (US\$ 616,298)	(583) (US\$ 20,770)	(222) (US\$ 7,893)		
	Pou Ming Paper Products Manufacturing Co., Ltd.	British Virgin Islands	Manufacturing of paper products	\$ 66,937 (US\$ 21,63,800)	\$ 66,937 (US\$ 21,63,800)	1,000,000	332,464 (US\$ 1,064,783)	26,119 (US\$ 934,814)	3,224 (US\$ 186,963)		
	Brandblack Inc.	USA	Sale of footwear	\$ 68,575 (US\$ 2,278,590)	\$ 68,575 (US\$ 2,278,590)	1,135,796	1,664,184 (US\$ 58,899)	(4,012) (US\$ 147,460)	(1,401) (US\$ 51,809)		
	Great Skill Industrial Limited	British Virgin Islands	Manufacturing and sale of plastic shoe material	\$ 48,508 (US\$ 1,500,000)	\$ 48,508 (US\$ 1,500,000)	2,130,000	70,993 (US\$ 2,564,783)	58,899 (US\$ 2,106,516)	29,449 (US\$ 1,053,258)		
	Jumbo Power Enterprises Limited	British Virgin Islands	Injection crepe	\$ 259,742 (US\$ 8,000,000)	\$ 259,742 (US\$ 8,000,000)	8,000,000	446,677 (US\$ 16,137,623)	42,718 (US\$ 1,501,490)	21,359 (US\$ 750,745)		
	Ka Yuen Rubber Factory Limited	British Virgin Islands	Manufacturing and sale of rubber sole	\$ 371,142 (US\$ 11,500,000)	\$ 371,142 (US\$ 11,500,000)	11,500,000	629,404 (US\$ 22,738,587)	287,037 (US\$ 10,238,512)	143,519 (US\$ 5,119,256)		
	Willpower Industries Limited	British Virgin Islands	Manufacturing and sale of paper products	-	\$ 221,001 (US\$ 6,950,000)	-	-	123,065 (US\$ 4,368,392)	55,183 (US\$ 1,958,787)		
	Prime Glorious Limited	British Virgin Islands	Manufacturing knitted uppers	\$ 352,484 (US\$ 11,662,000)	\$ 352,484 (US\$ 11,662,000)	11,662,000	293,125 (US\$ 10,589,771)	(70,862) (US\$ 2,553,159)	(34,723) (US\$ 1,251,048)		
	Hua Jian Industrial Holding Co., Limited	British Virgin Islands	Manufacturing and sale of women cloth and footwear	\$ 366,779 (US\$ 16,942,980)	\$ 366,779 (US\$ 16,942,980)	16,942,980	353,127 (US\$ 12,757,463)	(819,784) (US\$ 29,452,610)	(183,714) (US\$ 6,600,330)		
	Cohen Enterprises Inc.	British Virgin Islands	Manufacturing and sale of footwear leather products	\$ 623,276 (US\$ 20,215,015)	\$ 623,276 (US\$ 20,215,015)	20,000,000	517,875 (US\$ 18,709,355)	356,616 (US\$ 12,799,812)	178,308 (US\$ 6,399,906)		
	Twinnways Investments Limited	British Virgin Islands	Manufacturing and sale of footwear accessory	\$ 551,432 (US\$ 17,500,000)	\$ 551,432 (US\$ 17,500,000)	17,500,000	1,004,907 (US\$ 36,307,777)	11,070 (US\$ 307,034)	5,535 (US\$ 153,517)		
	Top Units Developments Ltd.	British Virgin Islands	Manufacturing of footwear accessories	\$ 418,997 (US\$ 14,079,196)	\$ 418,997 (US\$ 14,079,196)	5,390,000	720,084 (US\$ 26,014,585)	161,216 (US\$ 5,735,088)	78,996 (US\$ 2,810,193)		

(Continued)

TABLE 10

POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Great Team Backend Foundry, Inc.	Processing and manufacturing of transistors	\$ 2,642,140 (US\$ 88,116,600)	b	\$ -	\$ -	\$ -	\$ -	\$ -	2.01	\$ -	\$ 403,329 (RMB 9,283,919)	\$ -	(Note 3)
Yue-Shen (Taichang) Footwear Co., Ltd.	Finished shoes, semi-finished products, components and production and marketing of molds	554,646 (US\$ 17,100,000)	b	-	-	-	-	(2,665) (RMB (610,707))	31.97	(848) (RMB (194,418))	249,553 (RMB 57,447,851)	-	
Dongguan Yuning Electronic Technology Co., Ltd.	Production and marketing of over 17 inches color-image monitor, motherboard and other products	475,745 (US\$ 14,500,000)	b	-	-	-	-	3,983 (RMB 917,403)	100.00	3,983 (RMB 917,403)	314,740 (RMB 72,453,924)	-	
Dongguan Gaosheng Precision Injection Molding Technology Co., Ltd.	Mould, plastic case for mobile phones	305,526 (US\$ 12,055,034)	b	-	-	-	-	975 (RMB 225,242)	100.00	975 (RMB 225,242)	-	-	
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	-	-	-	-	240,383 (RMB 55,272,571)	31.97	76,433 (RMB 17,574,547)	1,045,043 (RMB 240,111,243)	-	
Dongguan Baoqiao Electronic Technology Co., Ltd.	Production and marketing of other optical appliances and instruments	147,645 (US\$ 4,500,000)	b	-	-	-	-	58,302 (RMB 13,433,971)	100.00	88,302 (RMB 13,433,971)	248,614 (RMB 57,231,604)	-	
Poushun Paper Products Manufacturing Co., Ltd.	Production and sale of shoe inner boxes, cartons	68,901 (US\$ 2,100,000)	b	-	-	-	-	8,529 (RMB 1,965,681)	10.22	872 (RMB 200,893)	5,783 (RMB 1,331,303)	-	
Beijing Advazone Electronic Limited Company	Development and production of computer software	512,019 (US\$ 16,100,000)	b	-	-	-	-	4 (RMB 863)	-	1 (RMB 276)	-	-	
Puohong Footwear Industrial Ltd.	Production and operation of casual shoes, sports shoes	49,215 (US\$ 1,500,000)	b	-	-	-	-	(35,075) (RMB (8,079,831))	51.11	(17,927) (RMB (4,129,601))	24,718 (RMB 5,690,227)	-	
Shangqiao Yisen Industry Co., Ltd.	Production and sale of finished shoes, semi-finished products, components and moulds	945,204 (US\$ 30,390,000)	b	-	-	-	-	134,802 (RMB 31,625,393)	51.11	68,898 (RMB 16,163,738)	948,626 (RMB 218,376,052)	-	
Bao Hong (Yangzhou) Shoes Co., Ltd.	Production of needles, woven garments, footwear and sales of self-produce products	2,591,184 (US\$ 86,291,730)	b	-	-	-	-	(64,745) (RMB (14,912,594))	51.11	(33,091) (RMB (7,621,827))	458,072 (RMB 105,449,361)	-	
Dong Guan Yu Yuen Mold Co., Ltd.	Production and sale of molds for non-metallic products	62,011 (US\$ 1,890,000)	b	-	-	-	-	(13,481) (RMB (3,094,785))	51.11	(6,890) (RMB (1,581,741))	31,988 (RMB 7,365,807)	-	
Zhong Shan Glory Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	951,490 (US\$ 29,000,000)	b	-	-	-	-	(29,501) (RMB (6,867,486))	23.00	(6,785) (RMB (1,579,522))	445,573 (RMB 102,560,439)	-	

(Continued)



POU CHEN CORPORATION

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Zhong Shan Lu Mei Da Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	\$ 39,372 (US\$ 1,200,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 227 (RMB 523,19)	23.00	\$ 52 (RMB 12,033)	\$ 101,08 (RMB 2,326,790)	\$ -	
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	-	-	-	-	24,800 (RMB 5,662,571)	20.34	5,044 (RMB 1,151,167)	603,518 (RMB 138,931,350)	-	
ShangGao Yisen Ka Yuen Industry Co., Ltd.	Production and sale of footwear products	77,432 (US\$ 2,560,000)	b	-	-	-	-	82,273 (RMB 18,953,516)	25.56	21,029 (RMB 4,844,519)	44,393 (RMB 10,219,399)	-	
Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	Retail business of sports goods and accessories	1,988,061 (US\$ 65,000,000)	b	-	-	-	-	(518,977) (RMB (119,967,269))	31.97	(165,041) (RMB (38,150,981))	753,118 (RMB 173,369,689)	-	
Qingdao Pou-Sheng International Sport Products Co., Ltd.	Sales of sports and casual shoes and accessories	94,800 (RMB 20,000,000)	b	-	-	-	-	358,142 (RMB 82,234,694)	23.02	82,001 (RMB 18,828,619)	243,125 (RMB 55,967,938)	-	
Guizhou Pou-Sheng Sport Products Co., Ltd.	Sales of sports and casual shoes and accessories	322,886 (US\$ 10,000,000)	b	-	-	-	-	36,830 (RMB 8,390,550)	31.97	11,719 (RMB 2,669,822)	162,056 (RMB 37,305,651)	-	
Nanning Pou-Kung Sport Products Co., Ltd.	Retail business of sports goods and accessories	42,653 (US\$ 1,300,000)	b	-	-	-	-	(33,402) (RMB (7,724,761))	31.97	(10,625) (RMB (2,457,314))	(11,396) (RMB (2,623,280))	-	
Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	Retail business of sports goods and accessories	1,567,250 (US\$ 50,000,000)	b	-	-	-	-	649,905 (RMB 149,123,930)	31.97	206,745 (RMB 47,438,603)	2,387,806 (RMB 549,678,988)	-	
Diodite (China) Sports Good Co., Ltd.	Retail and wholesale business of sporting goods and accessories	639,800 (US\$ 20,000,000)	b	-	-	-	-	425 (RMB 96,884)	31.97	135 (RMB 30,791)	45,343 (RMB 10,457,969)	-	
Tiangang YYSports Business Trading Co., Ltd.	Retail business of sports goods and accessories series products	164,050 (US\$ 5,000,000)	b	-	-	-	-	7,080 (RMB 1,630,484)	31.97	2,252 (RMB 518,317)	137,013 (RMB 31,540,714)	-	
Yangzhou Baoyi Shoes Manufacturing Co., Ltd.	Vulcanized shoes, sports shoes, casual shoes and other footwear manufacturing, marketing	729,906 (US\$ 22,456,800)	b	-	-	-	-	73,169 (RMB 16,681,614)	25.56	18,702 (RMB 4,263,520)	231,165 (RMB 53,214,885)	-	
Dalian YYSports 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	-	-	-	-	4,819 (RMB 1,105,720)	31.97	1,531 (RMB 351,361)	458,085 (RMB 105,452,390)	-	
YYSports (Chengdu) Business Trading Co., Ltd.	Retail business of sports goods and accessories	689,194 (US\$ 22,400,000)	b	-	-	-	-	3,273 (RMB 750,392)	31.97	1,041 (RMB 238,706)	147,574 (RMB 33,971,982)	-	
Fujian Baomin Sporting Goods Co., Ltd.	Retail business of sports goods and accessories	147,645 (US\$ 4,500,000)	b	-	-	-	-	295 (RMB 67,894)	28.77	84 (RMB 19,432)	68,980 (RMB 15,879,300)	-	
Guangzhou Pou-Yuen Trading Co., Ltd.	Retail business of sports goods and accessories	710,251 (US\$ 23,310,000)	b	-	-	-	-	9,525 (RMB 2,198,039)	31.97	3,035 (RMB 700,269)	254,341 (RMB 58,549,894)	-	

(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, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
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	\$ -	\$ -	\$ -	\$ -	\$ 17,201 (RMB 3,964,464)	31.97	\$ 5,470 (RMB 1,260,688)	\$ 487,718 (RMB 112,273,842)	\$ -	-
Sheng Dao (Yang Zhou) Sporting Goods Dev Co., Ltd.	Shopping mall management and property management	2,111,340 (US\$ 66,000,000)	b	-	-	-	-	38,895 (RMB 8,954,340)	31.97	12,368 (RMB 2,847,410)	697,040 (RMB 160,460,378)	-	-
Zhong Shan O Li Su Shoe Making Machine Ltd.	Manufacturing shoes and boots or repairing machinery	181,314 (US\$ 5,900,000)	b	-	-	-	-	4,451 (RMB 1,026,943)	51.11	2,275 (RMB 524,871)	13,249 (RMB 3,049,982)	-	-
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	-	-	-	-	361,846 (RMB 82,845,303)	31.97	115,088 (RMB 263,49,647)	2,640,169 (RMB 607,773,765)	-	-
Taiwang 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	-	-	-	-	(29,442) (RMB 6,747,868)	31.97	(9,360) (RMB 2,145,215)	479,753 (RMB 110,440,416)	-	-
Huangzhou Pou-Hung Sport Products Co., Ltd.	Design, development, production and processing of sports goods, sports instruments, sportswear, sports shoes and accessories	67,308 (RMB 14,200,000)	b	-	-	-	-	-	15.90	-	-	-	-
Rui Jin Pou Yuan Footwear Development Co., Ltd.	Production and sale of sports shoes, casual shoes and semi-finished products	356,697 (US\$ 12,000,000)	b	-	-	-	-	(10,992) (RMB 2,527,304)	51.11	(5,638) (RMB 1,291,705)	126,377 (RMB 29,092,401)	-	-
Yang Xin Pou Jin Shoes Manufacturing Co., Ltd.	Production and sale of shoes uppers, footwear and garments	1,676,479 (US\$ 55,517,000)	b	-	-	-	-	(278,463) (RMB 64,024,044)	51.11	(142,323) (RMB 32,722,689)	615,427 (RMB 141,672,879)	-	-
Jiangxi Province Yutai Shoe Co., Ltd.	Production and sale of footwear products and semi-finished products	918,125 (US\$ 30,000,000)	b	-	-	-	-	151,091 (RMB 34,694,990)	51.11	77,223 (RMB 17,732,610)	149,269 (RMB 34,362,155)	-	-
Dongguan Yu Xiang Shoes Material Co., Ltd.	Production and sale of footwear products	295,820 (US\$ 9,500,000)	b	-	-	-	-	29,094 (RMB 6,856,884)	51.11	14,870 (RMB 3,504,553)	296,633 (RMB 68,285,665)	-	-
Jiang Xi Hua Chang Foam Ltd.	Manufacturing and sale of plastic foam, plastic packaging materials and other plastic products	63,600 (US\$ 2,000,000)	b	-	-	-	-	(43,999) (RMB 1,011,236)	19.42	(854) (RMB 196,382)	15,006 (RMB 3,454,467)	-	-
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	-	-	-	-	134,170 (RMB 30,910,176)	51.11	68,574 (RMB 15,798,191)	1,186,271 (RMB 273,082,598)	-	-
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	-	-	-	-	-	51.11	-	35,781 (RMB 8,236,989)	-	-
Kun Shan Pou-chi Sports Co., Ltd.	Wholesale, commission agency, import and export business of sports goods, sports equipment, clothing, shoes, caps and packaging and related design, technical consultation and services	399,539 (US\$ 13,500,000)	b	-	-	-	-	55,999 (RMB 12,816,340)	31.97	17,803 (RMB 4,074,563)	144,514 (RMB 33,267,545)	-	-

(Continued)



POU CHEN CORPORATION

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Dongguan De Chang Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	\$ 10,290 (US\$ 350,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 6,059 (RMB 1,396,112)	51.11	\$ 3,097 (RMB 713,553)	\$ 27,077 (RMB 6,233,283)	\$ -	-
Zhong Shan Bao Sang Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US\$ 350,000)	b	-	-	-	-	3,204 (RMB 739,011)	51.11	1,637 (RMB 377,709)	24,441 (RMB 5,626,368)	-	-
Yiyang Yuying Shoes Industrial Co., Ltd.	Production and sale of finished and semi-finished sports shoes and casual shoes	743,983 (US\$ 24,000,000)	b	-	-	-	-	35,103 (RMB 8,054,876)	51.11	17,941 (RMB 4,116,847)	81,906 (RMB 18,855,003)	-	-
Jiangxi Uniscien Consulting Co., Ltd.	Business management consultation, marketing planning and other services	10,442 (US\$ 350,000)	b	-	-	-	-	1,837 (RMB 423,104)	51.11	939 (RMB 216,249)	17,797 (RMB 4,096,953)	-	-
Yu Xing (Jishui) Footwear Co., Ltd.	Production and sale of sports shoes	183,840 (US\$ 6,400,000)	b	-	-	-	-	(584) (RMB (137,579))	51.11	(298) (RMB (70,317))	42,865 (RMB 9,867,731)	-	-
Dongguan Xingnai Consulting Co., Ltd.	Business management consultation, marketing planning and other services	30,805 (US\$ 1,000,000)	b	-	-	-	-	950 (RMB 218,178)	51.11	486 (RMB 111,511)	31,151 (RMB 7,170,960)	-	-
Yang Xin Zhang Yun Shoe Co., Ltd.	Production and sale of footwear products	61,029 (US\$ 2,100,000)	b	-	-	-	-	(1,537) (RMB (354,048))	25.56	(393) (RMB (90,495))	6,214 (RMB 1,430,564)	-	-
YangXin POU Jia Yuen Shoes Manufacturing Co., Ltd.	Production and sale of rubber soles	87,258 (US\$ 3,000,000)	b	-	-	-	-	(13,597) (RMB (3,132,260))	25.56	(3,475) (RMB (800,606))	13,085 (RMB 3,012,226)	-	-
Pou Sheng (China) Investment Co., Ltd.	Business of investment, technical services and wholesale, import and export sports goods, sportswear, sports shoes and leisure shoes	4,550,741 (US\$ 152,922,400)	b	-	-	-	-	1,424,391 (RMB 326,094,801)	31.97	453,296 (RMB 104,412,153)	1,671,966 (RMB 384,890,850)	-	-
Yichuan Yisen Industry Co., Ltd.	Production and sale of footwear and mold products	410,130 (US\$ 14,000,000)	b	-	-	-	-	47,555 (RMB 11,046,367)	51.11	24,305 (RMB 5,645,798)	380,342 (RMB 87,555,779)	-	-
Zhong Xiang Yue-Shen Sporting Goods Co., Ltd.	Production, processing of shoes, semi-finished products, moulds and related sporting goods, sales of self-produce products	94,380 (US\$ 3,250,000)	b	-	-	-	-	(91) (RMB (20,899))	51.11	(46) (RMB (10,681))	368 (RMB 84,711)	-	-
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	-	-	-	-	75,825 (RMB 17,558,510)	51.11	38,754 (RMB 8,974,155)	791,278 (RMB 182,154,124)	-	-
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	-	-	-	-	(42,457) (RMB (9,696,869))	51.11	(21,700) (RMB (4,956,070))	790,164 (RMB 181,897,848)	-	-

(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, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
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	\$ -	\$ -	\$ -	\$ -	\$ (43,360) (RMB 9,974,315)	51.11	\$ (221,62) (RMB 5,097,872) b, 1)	\$ 244,941 (RMB 56,386,063)	\$ -	
Jilin Xinfaingwei Sports Goods Company Limited	Sports goods sales	196,160 (RMB 40,000,000)	b	-	-	-	-	-	15.90	-	-	-	
Zhang Yuan (Dong Guan) Shoe Materials Co., Ltd.	Prepare for research and development of shoe materials and composite materials	114,804 (RMB 23,000,000)	b	-	-	-	-	(8,543) (RMB 1,959,939)	25.56	(2,183) (RMB 500,960) b, 1)	34,549 (RMB 7,953,256)	-	
Dong Guan Jia Yuan Shoe Materials Products Company Limited	Prepare shoe material	108,805 (RMB 21,600,000)	b	-	-	-	-	(10,462) (RMB 2,393,490)	51.11	(5,347) (RMB 1,224,335) b, 1)	645 (RMB 148,395)	-	
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	-	-	-	-	(1,047) (RMB 240,019)	10.22	(107) (RMB 24,530) b, 1)	4,223 (RMB 972,106)	-	
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	-	-	-	-	259,314 (RMB 59,817,191)	31.97	82,412 (RMB 19,010,454) b, 1)	177,819 (RMB 40,934,477)	-	
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	-	-	-	-	(1,799) (RMB 414,303)	6.80	(122) (RMB 28,173) b, 1)	3,379 (RMB 777,884)	-	
Kun Shan Taisong Trading Co., Ltd.	Wholesale and retail of clothing, footwear, glasses and watches	790,110 (US\$ 26,500,000)	b	-	-	-	-	(66,587) (RMB 15,420,555)	31.97	(21,182) (RMB 4,905,300) b, 1)	(162,732) (RMB 37,461,281)	-	
Shanghai Pou-Lo Sport Culture Co., Ltd.	Management consultants, wholesale of sports goods and equipment wholesale, other sports services and other art performance assistant services	16,093 (US\$ 500,000)	b	-	-	-	-	14,651 (RMB 3,404,538)	-	3,821 (RMB 887,866) b, 1)	-	-	
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	-	-	-	-	(258) (RMB 58,308)	26.22	(67) (RMB 15,198) b, 1)	9,555 (RMB 2,199,482)	-	
Yisen (YiFeng) Mould Co., Ltd.	Production and sale of mould products	479,284 (US\$ 14,850,000)	b	-	-	-	-	(39,250) (RMB 9,050,859)	51.11	(20,061) (RMB 4,625,894) b, 1)	138,008 (RMB 31,769,821)	-	
Zhu Hai Yu Yuan Industrial Co., Ltd.	Processing, production and sale of footwear products	1,408 (RMB 300,000)	b	-	-	-	-	6,772 (RMB 1,559,761)	51.11	3,461 (RMB 797,194) b, 1)	12,456 (RMB 2,867,477)	-	
Yang Xin Pou Shou Sporting Goods Co., Ltd.	Processing, production and sale of footwear products	236,574 (US\$ 7,800,000)	b	-	-	-	-	(34,901) (RMB 8,036,181)	51.11	(17,584) (RMB 4,107,292) b, 1)	37,764 (RMB 8,693,469)	-	

(Continued)



POU CHEN CORPORATION

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Changsha YYSPO RTS Sport Products Co., Ltd.	Sales of sports goods and equipment	\$ 22,825 (RMB 5,000,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 18,932 (RMB 4,350,510)	31.97	\$ 6,016 (RMB 1,382,506) b, 1)	\$ 28,315 (RMB 6,518,122)	\$ -	
Henan YYSPO RTS Sport Products Co., Ltd.	Retail business of sports goods and accessories	9,130 (RMB 2,000,000)	b	-	-	-	-	149,141 (RMB 34,288,759)	31.97	47,428 (RMB 10,904,047) b, 1)	217,184 (RMB 49,996,354)	-	
Shenyang Dou-Yi Trading Co., Ltd.	Retail business of sports goods and accessories	182,600 (RMB 40,000,000)	b	-	-	-	-	153,74 (RMB 3,481,896)	31.97	4,877 (RMB 1,104,560) b, 1)	27,728 (RMB 628,093)	-	
Zhejiang Shengdao Sporting Goods Co., Ltd.	Retail business of sports goods and accessories	228,250 (RMB 50,000,000)	b	-	-	-	-	546,289 (RMB 125,634,273)	31.97	173,736 (RMB 39,955,360) b, 1)	772,503 (RMB 177,832,261)	-	
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	-	-	-	-	11,655 (RMB 2,693,417)	31.97	3,706 (RMB 856,520) b, 1)	6,056 (RMB 1,394,169)	-	
Widvision Investment (Shenzhen) Co., Ltd.	Widvision Investment (Shenzhen) Co., Ltd.	13,833 (RMB 3,000,000)	b	-	-	-	-	5,228 (RMB 1,201,712)	100.00	5,228 (RMB 1,201,712) b, 1)	24,464 (RMB 5,631,712)	-	
Chongqing Baoyu Sports Goods Company Limited	Chongqing Baoyu Sports Goods Company Limited	4,521 (RMB 1,000,000)	b	-	-	-	-	(575) (RMB (132,542))	31.97	(178) (RMB (41,034)) b, 1)	(11,945) (RMB (2,749,717))	-	
Kuo Yuan Tannery	Kuo Yuan Tannery	176,844 (RMB 41,047,490)	b	-	-	-	-	8,146 (RMB 1,917,633)	25.56	2,082 (RMB 490,147) b, 1)	29,046 (RMB 6,686,363)	-	
Akenz (ShangHai) Trading Co., Ltd.	Akenz (ShangHai) Trading Co., Ltd.	233,522 (RMB 54,000,000)	b	-	-	-	-	(46,000) (RMB (10,617,440))	22.30	(9,769) (RMB (2,254,830)) b, 1)	28,606 (RMB 6,585,140)	-	
Yangzhou Yuhong Garment Co., Ltd.	Yangzhou Yuhong Garment Co., Ltd.	588,725 (US\$ 19,749,000)	b	-	-	-	-	(71,594) (RMB (16,458,214))	51.11	(36,591) (RMB (8,411,795)) b, 1)	311,509 (RMB 71,710,168)	-	
Yifeng Kun Ching Foam Ltd.	Production, sales, processing of plastic foam and foam daily products	8,994 (US\$ 300,000)	b	-	-	-	-	(1,549) (RMB (358,168))	19.42	(301) (RMB (69,556)) b, 1)	2,945 (RMB 677,956)	-	
Zhongshan Hua Ching Foam Co., Ltd.	Production of foam products	29,980 (US\$ 1,000,000)	b	-	-	-	-	4,544 (RMB 1,042,510)	19.58	890 (RMB 204,123) b, 1)	10,897 (RMB 2,508,552)	-	
Hubei Poushou Sports Goods Trading Company Limited	Management consultants, wholesale of sports goods, sports equipment, clothing, shoes, caps and accessories and advertising design agency	4,191 (RMB 1,000,000)	b	-	-	-	-	(12,938) (RMB (2,986,554))	31.97	(4,115) (RMB (949,881)) b, 1)	(4,024) (RMB (926,262))	-	
Dong Guan Oriso Trading Company Ltd.	Wholesale or repair of shoe-related machinery and parts	27,850 (US\$ 1,000,000)	b	-	-	-	-	(2,241) (RMB (513,212))	51.11	(629) (RMB (144,524)) b, 1)	90,208 (RMB 20,766,066)	-	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
\$ -	\$ 20,007,600 (US\$ 718,408,989)	\$ 83,659,772

(Continued)

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.

(Continued)



POU CHEN CORPORATION

TABLE 10-1

POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of		Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
				January 1, 2021	December 31, 2021	Outward	Inward							
Kunshan Yanying Electronics Technology Co., Ltd.	Manufacturing and sale of alloy	\$ 85,936 (US\$ 2,620,000)	b	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,656) (RMB 1,302,738))	100.00	\$ (5,656) (RMB 1,302,738)) b, 2)	\$ 59,791 (RMB 13,764,046)	\$ -	
Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021		Investment Amount Authorized by Investment Commission, MOEA		Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)										
\$ -		\$ 159,714 (US\$ 5,770,000)		\$ -	\$ 493,099									

Note 1: Methods of investments have following types:

- Direct investment in mainland China.
- Indirect investment in the Company located in mainland China through a third region of Pearl Dove International Limited.
- Other.

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

- If it is in the preparation stage, there is no investment gains and losses, it should be noted.
- The amount of investment gain (loss) was recognized on following bases:

- Based on the financial statements audited by an ROC CPA firm cooperating with an international CPA firm.
- Based on the financial statements audited by the auditor of parent company.

Note 3: The limitation of the amount is in accordance with the provisions of the "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area" which was passed on August 29, 2008.

TABLE 11**POU CHEN CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
PC Brothers Corporation	213,280,710	7.24
Chuan Mou Investments Co., Limited	163,425,022	5.55

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.



6.5 Separate Financial Statements Audited by Independent Auditors for the Most Recent Fiscal Year

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Pou Chen Corporation

Opinion

We have audited the accompanying financial statements of Pou Chen Corporation (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 financial statements for the year ended December 31, 2021. This matter was addressed in the context of our audit of the 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, 2021 are stated as follows:

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

As described in Notes 4, 5, and 14 (Table 5) to the 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, 2021.

For this key audit matter, we evaluated the reasonableness of the significant assumptions, the basis of the evaluation 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, 2021 and 2020 were based on the financial statements audited by other independent auditors. Our opinion, insofar as it relates to the Company's investments in certain corporation, is based solely on the report of other auditors. As of December 31, 2021 and 2020, the carrying amounts of the investments were \$77,244,269 thousand and \$75,850,094 thousand, which constituted 40.99% and 41.48%, of the Company's total assets, respectively. For the years ended December 31, 2021 and 2020, the profit of the associate which the Company recognized amounted to \$10,614,743 thousand and \$6,452,341 thousand, which constituted 75.93% and 103.63%, of the income before income tax, respectively.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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

1. Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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 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 financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 16, 2022

Notice to Readers

The accompanying 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying 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 financial statements shall prevail.



POU CHEN CORPORATION

POU CHEN CORPORATION

BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 73,956	-	\$ 365,489	-
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	15,174	-	120,828	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 9)	6,866,303	4	5,759,113	3
Financial assets at amortized cost - current (Notes 4 and 10)	127,889	-	134,438	-
Notes receivable (Notes 4 and 11)	54	-	19	-
Accounts receivable (Notes 4 and 11)	9,477	-	1,880	-
Accounts receivable from related parties (Notes 4, 11 and 30)	1,736,755	1	1,698,354	1
Other receivables (Notes 4 and 11)	32,091	-	54,112	-
Inventories (Notes 4 and 12)	110,061	-	69,731	-
Other current assets (Notes 4 and 13)	57,131	-	30,297	-
Total current assets	9,028,891	5	8,234,261	4
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	49,496	-	63,791	-
Financial assets at amortized cost - non-current (Notes 4 and 10)	112,510	-	113,364	-
Investments accounted for using the equity method (Notes 4 and 14)	170,931,577	91	166,240,256	91
Property, plant and equipment (Notes 4 and 15)	4,812,331	2	5,035,178	3
Right-of-use asset (Notes 4 and 16)	145,775	-	118,371	-
Investment properties (Notes 4 and 17)	1,983,165	1	1,884,398	1
Intangible assets (Notes 4 and 18)	1,293,976	1	1,083,212	1
Deferred tax assets (Notes 4 and 26)	71,620	-	47,626	-
Other non-current assets (Notes 4 and 13)	18,486	-	30,734	-
Total non-current assets	179,418,936	95	174,616,930	96
TOTAL	\$ 188,447,827	100	\$ 182,851,191	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	\$ 9,652,000	5	\$ 9,377,291	5
Short-term bills payable (Note 19)	999,699	1	2,099,687	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	11,104	-	704	-
Financial liabilities for hedging - current (Notes 4 and 8)	-	-	278	-
Notes payable (Notes 4 and 20)	3,735	-	6,173	-
Accounts payable (Notes 4 and 20)	491,192	-	624,913	-
Accounts payable to related parties (Notes 4, 20 and 30)	20,570	-	28,196	-
Other payables (Note 21)	1,656,309	1	1,687,351	1
Current tax liabilities (Notes 4 and 26)	148,562	-	1,368,814	1
Lease liabilities - current (Notes 4 and 16)	33,933	-	31,050	-
Current portion of long-term borrowings (Note 19)	6,503,796	3	2,513,796	2
Other current liabilities	185,149	-	170,294	-
Total current liabilities	19,706,049	10	17,908,547	10
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 19)	27,011,714	15	29,495,510	16
Deferred tax liabilities (Notes 4 and 26)	86,547	-	646,685	1
Lease liabilities - non-current (Notes 4 and 16)	113,608	-	91,071	-
Long-term accounts payable to related parties (Note 30)	1,522,400	1	-	-
Net defined benefit liabilities (Notes 4 and 22)	556,401	-	567,040	-
Other non-current liabilities (Note 14)	18,154	-	32,879	-
Total non-current liabilities	29,308,824	16	30,833,185	17
Total liabilities	49,014,873	26	48,741,732	27
EQUITY (Notes 4 and 23)				
Share capital				
Ordinary shares	29,467,872	16	29,467,872	16
Capital surplus	4,419,400	2	4,389,862	2
Retained earnings				
Legal reserve	16,547,491	9	16,064,775	9
Special reserve	-	-	-	-
Unappropriated earnings	69,179,387	36	56,743,003	31
Total retained earnings	85,726,878	45	72,807,778	40
Other equity	19,818,804	11	27,443,947	15
Total equity	139,432,954	74	134,109,459	73
TOTAL	\$ 188,447,827	100	\$ 182,851,191	100

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

(With Deloitte & Touche audit report dated March 16, 2022)

POU CHEN CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 30)	\$ 8,310,049	100	\$ 8,219,523	100
OPERATING COSTS (Notes 25 and 30)	<u>3,829,477</u>	<u>46</u>	<u>4,294,515</u>	<u>52</u>
GROSS PROFIT	<u>4,480,572</u>	<u>54</u>	<u>3,925,008</u>	<u>48</u>
OPERATING EXPENSES (Notes 22 and 25)				
Selling and marketing expenses	36,221	-	30,108	-
General and administrative expenses	2,392,911	29	1,984,045	24
Research and development expenses	<u>1,545,982</u>	<u>19</u>	<u>1,435,939</u>	<u>18</u>
Total operating expenses	<u>3,975,114</u>	<u>48</u>	<u>3,450,092</u>	<u>42</u>
INCOME FROM OPERATIONS	<u>505,458</u>	<u>6</u>	<u>474,916</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 25)	4,337	-	15,610	-
Other income (Notes 25 and 30)	486,866	6	566,630	7
Other gains and (losses) (Note 25)	(252,720)	(3)	(808,773)	(10)
Finance costs (Note 25)	(377,745)	(5)	(396,194)	(5)
Share of profit of subsidiaries and associates (Notes 4 and 14)	<u>13,613,033</u>	<u>164</u>	<u>6,374,111</u>	<u>78</u>
Total non-operating income and expenses	<u>13,473,771</u>	<u>162</u>	<u>5,751,384</u>	<u>70</u>
INCOME BEFORE INCOME TAX	13,979,229	168	6,226,300	76
INCOME TAX (BENEFIT) EXPENSE (Notes 4 and 26)	<u>(460,078)</u>	<u>(6)</u>	<u>1,386,116</u>	<u>17</u>
NET INCOME FOR THE YEAR	<u>14,439,307</u>	<u>174</u>	<u>4,840,184</u>	<u>59</u>
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 22)	(59,545)	-	94,922	1
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	1,103,823	13	(148,916)	(2)
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	2,679,954	32	(473,503)	(6)

(Continued)



POU CHEN CORPORATION

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
(Loss) gain on hedging instruments	\$ (1,195)	-	\$ 1,195	-
Share of the other comprehensive (loss) income of subsidiaries and associates accounted for using the equity method	<u>(11,388,849)</u>	<u>(137)</u>	<u>16,273,815</u>	<u>198</u>
Other comprehensive income for the year, net of income tax	<u>(7,665,812)</u>	<u>(92)</u>	<u>15,747,513</u>	<u>191</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 6,773,495</u>	<u>82</u>	<u>\$ 20,587,697</u>	<u>250</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 4.90</u>		<u>\$ 1.64</u>	
Diluted	<u>\$ 4.89</u>		<u>\$ 1.64</u>	

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

(With Deloitte & Touche auditors' report dated March 16, 2022)

(Concluded)

POU CHEN CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Share Capital	Capital Surplus	Retained Earnings			Other Equity				Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Gain on Hedging Instruments	Others	
BALANCE AT JANUARY 1, 2020	\$ 29,467,872	\$ 4,592,397	\$ 14,881,914	\$ 22,293,369	\$ 34,488,820	\$ (2,498,149)	\$ 13,759,473	\$ -	\$ 423,243	\$ 117,408,939
Appropriation of 2019 earnings (Note 23)	-	-	-	-	(1,182,861)	-	-	-	-	-
Legal reserve	-	-	1,182,861	-	-	-	-	-	-	-
Special reserve	-	-	-	(22,293,369)	22,293,369	-	-	-	-	-
Cash dividends	-	-	-	-	(3,683,484)	-	-	-	-	(3,683,484)
Net profit for the year ended December 31, 2020	-	-	1,182,861	(22,293,369)	17,427,024	-	-	-	-	(3,683,484)
Other comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	4,840,184	-	-	-	-	4,840,184
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	(163,929)	(2,993,220)	10,697,670	1,195	8,205,797	15,747,513
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 4 and 23)	-	-	-	-	4,676,255	(2,993,220)	10,697,670	1,195	8,205,797	20,587,697
Share of changes in equities of subsidiaries (Notes 4 and 23)	-	(230,093)	-	-	-	-	-	-	-	(230,093)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by subsidiaries and associates (Notes 4 and 23)	-	-	-	-	(1,158)	-	-	-	-	(1,158)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method (Notes 4 and 23)	-	-	-	-	152,062	-	(152,062)	-	-	-
Unclaimed dividends by shareholders	-	335	-	-	-	-	-	-	-	335
BALANCE AT DECEMBER 31, 2020	29,467,872	4,389,862	16,064,775	-	56,743,003	(5,491,369)	24,305,081	1,195	8,629,040	134,109,459
Appropriation of 2020 earnings (Note 23)	-	-	-	-	(482,716)	-	-	-	-	-
Legal reserve	-	-	482,716	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,473,394)	-	-	-	-	(1,473,394)
Net profit for the year ended December 31, 2021	-	-	-	-	14,439,307	-	-	-	-	14,439,307
Other comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	(35,243)	(1,923,481)	(9,696,891)	(1,195)	3,990,998	(7,665,812)
Total comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	14,404,064	(1,923,481)	(9,696,891)	(1,195)	3,990,998	6,773,495
Disposal of investments accounted for using the equity method	-	(2,717)	-	-	235	-	(235)	-	-	(2,717)
Share of changes in equities of subsidiaries (Notes 4 and 23)	-	27,234	-	-	(8,723)	-	-	-	-	18,511
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by subsidiaries and associates (Notes 4 and 23)	-	-	-	-	(5,661)	-	5,661	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method (Notes 4 and 23)	-	3,828	-	-	2,579	-	-	-	-	6,407
Unclaimed dividends by shareholders	-	1,193	-	-	-	-	-	-	-	1,193
BALANCE AT DECEMBER 31, 2021	\$ 29,467,872	\$ 4,419,400	\$ 16,547,491	\$ -	\$ 69,179,387	\$ (7,414,850)	\$ 14,613,616	\$ -	\$ 12,620,038	\$ 139,432,954

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche auditors' report dated March 16, 2022)



POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 13,979,229	\$ 6,226,300
Adjustments for:		
Depreciation expense	351,725	374,060
Amortization expense	64,930	40,925
Expected credit loss reversed on accounts receivable	-	(48,234)
Net loss (gain) on fair value changes of financial instruments at FVTPL	89,671	(217,870)
Finance costs	377,745	396,194
Interest income	(4,337)	(15,610)
Dividend income	(304,781)	(327,788)
Share of profit of subsidiaries and associates	(13,613,033)	(6,374,111)
Net (gain) loss on disposal of property, plant and equipment	(1,791)	1,215
Gain on disposal of investment properties	(123,568)	-
Gain on lease modifications	-	(28)
Gain on disposal of investments accounted for using equity method	(12,708)	-
Unrealized (gain) loss on foreign currency exchange	(10,948)	4,028
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	134,225	108,693
Notes receivable	(35)	443
Accounts receivable	(7,597)	273
Accounts receivable from related parties	(38,401)	(58,469)
Other receivables	24,981	51,790
Inventories	(40,330)	(10,505)
Other current assets	(28,154)	6,515
Other operating assets	14,167	15,147
Financial liability held for trading	(114,632)	(36,049)
Notes payable	(2,438)	(3,851)
Accounts payable	(133,721)	(426,465)
Accounts payable to related parties	(7,626)	5,384
Other payables	(31,692)	(253,112)
Other current liabilities	14,855	(3,648)
Net defined benefit liabilities	(87,796)	(53,532)
Cash generated from (used in) operations	487,940	(598,305)
Interest paid	(373,232)	(398,218)
Income tax paid	(1,326,696)	(41,959)
Net cash used in operating activities	(1,211,988)	(1,038,482)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from return of capital of financial assets at fair value through other comprehensive income	10,929	-
Purchases of financial assets at amortized cost	(533,485)	(755,653)
Proceeds from sale of financial assets at amortized cost	543,312	795,816

(Continued)

POU CHEN CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
Acquisition of associates and joint ventures	\$ (102,001)	\$ (170,204)
Disposal of associates and joint ventures	36,422	-
Acquisition of property, plant and equipment	(96,140)	(124,135)
Proceeds from disposal of property, plant and equipment	16,581	36,053
Decrease in refundable deposits	1,443	805
Decrease in loans to related parties	-	175,000
Payments for intangible assets	(275,694)	(196,118)
Proceeds from disposal of intangible asset	-	1,253
Payments for investment properties	-	(240)
Proceeds from disposal of investment properties	738	-
Increase in prepayments for equipment	-	(4,453)
Interest received	4,519	16,079
Dividends received	<u>617,621</u>	<u>1,184,001</u>
Net cash generated from investing activities	<u>224,245</u>	<u>958,204</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	273,145	-
Repayments of short-term borrowings	-	(10,533,973)
Proceeds from short-term bills payable	-	2,100,000
Repayments of short-term bills payable	(1,100,000)	-
Derecognition of financial liabilities for hedging	6,791	-
Proceeds from long-term borrowings	88,290,000	66,640,000
Repayments of long-term borrowings	(86,783,796)	(54,213,796)
Decrease in guarantee deposits	(13,788)	(13,451)
Proceeds from other payables to related parties	1,530,925	-
Repayments of principal portion of lease liabilities	(34,866)	(30,468)
Cash dividends	(1,473,394)	(3,683,484)
Other financing activities	<u>1,193</u>	<u>27,223</u>
Net cash generated from financing activities	<u>696,210</u>	<u>292,051</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(291,533)	211,773
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>365,489</u>	<u>153,716</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 73,956</u>	<u>\$ 365,489</u>

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

(With Deloitte & Touche auditors' report dated March 16, 2022)

(Concluded)



POU CHEN CORPORATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (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 also invests significantly in the shoes and electronics industries to diversify its business operations. The Company invested 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 16, 2022.

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

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

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies:

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

- Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.
- Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.
- Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
- Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

1) Annual Improvements to IFRS Standards 2018-2020

Several standards, including IFRS 9 “Financial Instruments”, were amended in the annual improvements. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

2) Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 “Levies” to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

3) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

4) Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”

The amendments specify that when assessing whether a contract is onerous, the “cost of fulfilling a contract” includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

Except for the above impact, as of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.



- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

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

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

2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

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

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

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

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

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

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



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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liability which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

When preparing its financial statements, the Company used the equity method to account for its investment in subsidiaries and associates. The amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements are the same with the amounts attributable to the owner of the Company in its financial statements.

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

Current assets include:

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

Current liabilities include:

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

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

d. Foreign currencies

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

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

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

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

For the purposes of presenting the parent company only financial statements, the assets and liabilities of the Company's foreign subsidiaries (in other countries or currencies used are different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.



On the disposal of a foreign subsidiary and the Company loss of control over the subsidiary, all of the exchange differences accumulated in equity are reclassified to profit or loss.

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

e. Inventories

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

f. Investment in subsidiaries

Subsidiaries are the entities controlled by the Company. Investments in subsidiaries are accounted for by the equity method.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in subsidiary accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the

Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements.

g. Investments in an associate

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments in associates are accounted for by the equity method.

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

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

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

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

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from investment and the carrying amount is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.



h. Property, plant and equipment

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

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

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

i. Investment properties

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

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

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

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

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

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

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.

- The intention to complete the intangible asset and use or sell it.
- The ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The ability to measure reliably the expenditures attributable to the intangible asset during its development.

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

3) Derecognition of intangible assets

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

k. Impairment of tangible and intangible assets

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

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

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

l. Financial instruments

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

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



1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value. Any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 29 to the financial statements: Financial Instruments.

ii. Financial assets at amortized cost

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

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

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

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

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

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;

- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized costs (including accounts receivable).

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

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

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

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.



c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

3) Financial liabilities

a) Subsequent measurement

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

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading. Such financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 29 to the financial statements.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

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

m. Hedge accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges.

Gains or losses on derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Company discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

n. Revenue recognition

1) Sale of goods

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

The Company's revenue from the sale of goods comes from footwear sales. Sales of products are recognized as revenue when the goods are delivered to the customer 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.

o. Leasing

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



1) The Company as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

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

2) The Company as lessee

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

Right-of-use assets are initially measured at cost. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets. Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in 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.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

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

4) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Company recognizes any related restructuring costs.

q. Taxation

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

1) Current tax

The Company which established in the ROC according to the Income Tax Act of the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

2) Deferred tax

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

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

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



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

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

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. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the adoption of the Company's accounting policies, management is required to make judgments, estimations and assumptions about 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.

The Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed 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 Equity Method

The Company immediately recognizes impairment losses on its net investment accounted for using equity method when there is any indication that the investment may be impaired and the carrying amounts may not be recoverable. The Company's management evaluates the impairment based on the estimated future cash flow expected to be generated by the investment. The Company also takes into consideration the market conditions and industry development to evaluate the appropriateness of the relevant assumptions.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	\$ 420	\$ 465
Checking accounts and demand deposits	<u>73,536</u>	<u>365,024</u>
	<u>\$ 73,956</u>	<u>\$ 365,489</u>

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial assets mandatorily as at FVTPL</u>		
Derivative financial assets (not under hedge accounting)		
Exchange rate swap contracts	\$ <u>15,174</u>	\$ <u>120,828</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
Exchange rate swap contracts	\$ <u>11,104</u>	\$ <u>704</u>

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

December 31, 2021

Notional Amount (In Thousands)		Maturity Date	Rate
US\$	9,200	2022.03	US\$:NT\$ 27.7285
US\$	5,800	2022.03	US\$:NT\$ 27.7285
US\$	55,000	2022.12	US\$:NT\$ 27.6630
US\$	2,000	2022.03	US\$:NT\$ 27.8058
US\$	19,000	2022.03	US\$:NT\$ 27.7960
US\$	98,000	2022.06	US\$:NT\$ 27.6925
US\$	23,000	2022.06	US\$:NT\$ 27.6925
US\$	16,600	2022.06	US\$:NT\$ 27.6930
US\$	55,000	2022.06	US\$:NT\$ 27.6930
US\$	20,400	2022.06	US\$:NT\$ 27.6930
US\$	9,000	2022.06	US\$:NT\$ 27.6930
US\$	20,000	2022.06	US\$:NT\$ 27.6930
US\$	17,500	2022.06	US\$:NT\$ 27.6930
US\$	10,000	2022.06	US\$:NT\$ 27.6930
US\$	15,000	2022.06	US\$:NT\$ 27.6930
US\$	43,000	2022.06	US\$:NT\$ 27.6470
US\$	36,000	2022.06	US\$:NT\$ 27.6470
US\$	7,500	2022.06	US\$:NT\$ 27.6470
US\$	7,000	2022.06	US\$:NT\$ 27.6470
US\$	5,000	2022.06	US\$:NT\$ 27.6470
US\$	31,900	2022.06	US\$:NT\$ 27.6470
US\$	21,000	2022.06	US\$:NT\$ 27.6470
US\$	72,600	2022.06	US\$:NT\$ 27.6470
US\$	20,196	2022.01	US\$:NT\$ 27.8370
US\$	15,143	2022.01	US\$:NT\$ 27.8357
US\$	15,195	2022.01	US\$:NT\$ 27.7373
RMB	42,860	2022.03	RMB:NT\$ 4.2453
RMB	900	2022.03	RMB:NT\$ 4.2453



December 31, 2020

Notional Amount (In Thousands)	Maturity Date	Rate
US\$ 5,800	2021.03	US\$:NT\$ 28.2830
US\$ 19,000	2021.03	US\$:NT\$ 28.1035
US\$ 38,000	2021.03	US\$:NT\$ 28.0970
US\$ 15,000	2021.03	US\$:NT\$ 28.0970
US\$ 60,000	2021.03	US\$:NT\$ 28.0960
US\$ 72,600	2021.03	US\$:NT\$ 28.0860
US\$ 31,900	2021.03	US\$:NT\$ 28.0860
US\$ 43,000	2021.03	US\$:NT\$ 28.0860
US\$ 21,000	2021.03	US\$:NT\$ 28.0860
US\$ 36,000	2021.03	US\$:NT\$ 28.0860
US\$ 2,000	2021.03	US\$:NT\$ 28.1040
US\$ 16,600	2021.03	US\$:NT\$ 28.0970
US\$ 20,000	2021.03	US\$:NT\$ 28.0970
US\$ 9,000	2021.03	US\$:NT\$ 28.0960
US\$ 20,400	2021.03	US\$:NT\$ 28.0960
US\$ 55,000	2021.03	US\$:NT\$ 28.0960
RMB 42,860	2021.03	RMB:NT\$ 4.2233

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

8. DERIVATIVE FINANCIAL LIABILITY FOR HEDGING - CURRENT

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial liability - current</u>		
Fair value hedge - cross-currency swap contracts	\$ -	\$ 278

The Company entered into cross-currency swap contracts to manage its exposures to exchange rate and interest rate fluctuations of foreign currency denominated borrowings. The aforementioned cross-currency swap contracts share the same features with relative financial liabilities; therefore, the management of the Company believes that such cross-currency swap contracts could be used as highly effective hedging instruments. At the end of the reporting period, outstanding cross-currency swap contracts were as follows:

December 31, 2020

Notional Amount (In Thousands)	Maturity Date	Exchange Rate	Interest %
US\$ 9,200	2021.12	US\$:NT\$ 28.300	0.450

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
<u>Current</u>		
Domestic investments		
Listed shares	<u>\$ 6,866,303</u>	<u>\$ 5,759,113</u>
<u>Non-current</u>		
Domestic investments		
Unlisted shares	<u>\$ 49,496</u>	<u>\$ 63,791</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.

10. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
Domestic investments		
Restricted deposits of repatriated offshore funds	<u>\$ 127,889</u>	<u>\$ 134,438</u>
Foreign investments		
Structured products	<u>\$ 112,510</u>	<u>\$ 113,364</u>
Current	<u>\$ 127,889</u>	<u>\$ 134,438</u>
Non-current	<u>112,510</u>	<u>113,364</u>
	<u>\$ 240,399</u>	<u>\$ 247,802</u>

11. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2021	2020
<u>Notes receivable (including related parties)</u>		
At amortized cost		
Notes receivable - operating	\$ 42	\$ 19
Notes receivable - non-operating	<u>12</u>	<u>-</u>
	<u>\$ 54</u>	<u>\$ 19</u>
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Gross carrying amount	<u>\$ 1,746,232</u>	<u>\$ 1,700,234</u>

(Continued)



POU CHEN CORPORATION

	December 31	
	2021	2020
<u>Other receivables (including related parties)</u>		
Tax refund receivables	\$ 9,436	\$ 16,006
Others	<u>22,655</u>	<u>38,106</u>
	<u>\$ 32,091</u>	<u>\$ 54,112</u> (Concluded)

a. Notes receivable

The notes receivable balances at December 31, 2021 and 2020 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.

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

December 31, 2021

	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 1,193,267	\$ 524,192	\$ 28,773	\$ 1,746,232
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 1,193,267</u>	<u>\$ 524,192</u>	<u>\$ 28,773</u>	<u>\$ 1,746,232</u>

December 31, 2020

	Less than 30 Days	31 to 90 Days	Over 91 Days	Total
Gross carrying amount	\$ 1,065,374	\$ 495,198	\$ 139,662	\$ 1,700,234
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 1,065,374</u>	<u>\$ 495,198</u>	<u>\$ 139,662</u>	<u>\$ 1,700,234</u>

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

	December 31	
	2021	2020
Balance at January 1	\$ -	\$ 17,354
Less: Impairment losses reversal	<u>-</u>	<u>(17,354)</u>
Balance at December 31	<u>\$ -</u>	<u>\$ -</u>

12. INVENTORIES

	December 31	
	2021	2020
Raw materials	\$ 86,305	\$ 62,607
Supplies	606	348
Work in progress	8,908	554
Finished goods	10,231	4,868
Merchandise	1,049	569
Goods in transit	<u>2,962</u>	<u>785</u>
	<u>\$ 110,061</u>	<u>\$ 69,731</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$3,829,477 thousand and \$4,294,515 thousand, respectively.

The cost of goods sold included inventory write-downs for the years ended December 31, 2021 and 2020 was \$9,476 thousand and \$342 thousand, respectively.

13. OTHER ASSETS

	December 31	
	2021	2020
<u>Current</u>		
Prepayments	\$ 51,378	\$ 22,331
Supplies inventory	1,043	2,852
Temporary payments	1,672	945
Value-added tax retained	<u>3,038</u>	<u>4,169</u>
	<u>\$ 57,131</u>	<u>\$ 30,297</u>
<u>Non-current</u>		
Prepayments	\$ 7,241	\$ 12,528
Prepayments for equipment	-	5,518
Refundable deposits	2,376	3,819
Others	<u>8,869</u>	<u>8,869</u>
	<u>\$ 18,486</u>	<u>\$ 30,734</u>



14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2021	2020
Investments in subsidiaries	\$ 93,221,895	\$ 89,816,230
Investments in associates	<u>77,709,682</u>	<u>76,424,026</u>
	<u>\$ 170,931,577</u>	<u>\$ 166,240,256</u>

a. Investments in subsidiaries

	December 31	
	2021	2020
Unlisted companies	<u>\$ 93,221,895</u>	<u>\$ 89,816,230</u>

At the end of the reporting period, the proportion of ownership and voting rights in subsidiary held by the Company were as follows:

Name of Subsidiary	December 31	
	2021	2020
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 to the financial statements (Information on investees).
- 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, 2021 and 2020. Therefore, the Company recognized \$14,324 thousand and \$15,261 thousand, in "other non-current liabilities", respectively.
- 3) The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2021 and 2020 was based on the subsidiaries' financial statements audited by their auditors for the same years.

b. Investments in associates

	December 31	
	2021	2020
Material associates		
Ruen Chen Investment Holding Co., Ltd.	\$ 76,419,271	\$ 75,039,348
Associates that are not individually material	<u>1,290,411</u>	<u>1,384,678</u>
	<u>\$ 77,709,682</u>	<u>\$ 76,424,026</u>

1) Material associates

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	2021	2020
Ruen Chen Investment Holding Co., Ltd.	20%	20%
a) As of July 29, 2021, the Company purchasing 7,200 thousand issued ordinary shares with \$10 per share with the amount of \$72,000 thousand.		
b) For the information of the associate's business location and business item, please refer to Table 5 (Information on investees).		
c) The summarized financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.		

Ruen Chen Investment Holding Co., Ltd.

	December 31	
	2021	2020
Assets	\$ 5,279,608,077	\$ 5,160,470,282
Liabilities	(4,846,656,016)	(4,734,749,393)
Non-controlling interests	<u>(50,559,148)</u>	<u>(50,227,590)</u>
Owners of Ruen Chen Investment Holding Co., Ltd.	<u>\$ 382,392,913</u>	<u>\$ 375,493,299</u>
Proportion of the Company	20.00%	20.00%
Equity attributable to the Company	\$ 76,478,583	\$ 75,098,660
Other adjustments	<u>(59,312)</u>	<u>(59,312)</u>
Carrying amount	<u>\$ 76,419,271</u>	<u>\$ 75,039,348</u>
	For the Year Ended December 31	
	2021	2020
Operating revenue	<u>\$ 570,159,159</u>	<u>\$ 579,075,147</u>
Net income	\$ 58,697,320	\$ 35,695,200
Other comprehensive (loss) income	<u>(51,367,996)</u>	<u>104,899,215</u>
Total comprehensive income	<u>\$ 7,329,324</u>	<u>\$ 140,594,415</u>



2) Associates that are not individually material

Name of Associate	Proportion of Ownership and Voting Rights	
	December 31	
	2021	2020
Elitegroup Computer Systems Co., Ltd.	12.36%	12.57%
Techview International Technology Inc.	-	30.00%

- a) For the information of the associates' business location and business item, please refer to Table 5 to the financial statements (Information on investees).
- b) The summarized financial information below represents amounts shown in the financial statements of associates that are not individually material which were prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

	For the Year Ended December 31	
	2021	2020
The Company's share of:		
Net income	\$ 17,254	\$ 7,804
Other comprehensive (loss) income	<u>(13,001)</u>	<u>212</u>
Total comprehensive income	<u>\$ 4,253</u>	<u>\$ 8,016</u>

- c) On December 21, 2020, the shareholders meeting decided to liquidate Techview International Technology Inc., starting from December 31, 2020. The dissolution registration was completed on January 18, 2021, and the related procedures of the liquidation were completed on October 19, 2021.
- d) In 2021, the Company disposed partial shares of Elitegroup Computer Systems Co., Ltd. in the public market. A total of 1,182 thousand shares were disposed of. The disposition consideration was \$36,422 thousand, and the profit recognized amounted to \$12,708 thousand which was classified as "non-operating income and expenses - net gain on disposal of investment". After the transaction, the shareholding ratio of the Company on Elitegroup Computer Systems Co., Ltd. dropped from 12.57% to 12.36%. The Company holds less than 20% interest of Elitegroup Computer Systems Co., Ltd. However, the Company has the power to appoint two out of the nine directors of Elitegroup Computer Systems Co., Ltd. Therefore, the Company is able to exercise significant influence over Elitegroup Computer Systems Co., Ltd.
- e) Fair values (Level 1) of investments in associates that are not individually material with available published price quotation are summarized as follows:

	December 31	
	2021	2020
Elitegroup Computer Systems Co., Ltd.	<u>\$ 1,549,911</u>	<u>\$ 1,818,237</u>

15. 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, 2020	\$ 1,660,726	\$ 4,882,792	\$ 808,683	\$ 170,417	\$ 385,445	\$ 157,753	\$ 118,156	\$ 8,183,972
Additions	-	9,259	48,253	6,840	23,807	14,653	15,899	118,711
Disposals	-	(2,270)	(13,711)	(15,565)	(13,669)	(1,775)	-	(46,990)
Transfers from prepayments for equipment	-	-	654	1,570	-	-	-	2,224
Reclassified	-	110,894	2,110	-	-	-	(113,004)	-
Transfers to investment property	-	-	-	-	-	-	(2,776)	(2,776)
Urban renewal	(5,942)	-	-	-	-	-	-	(5,942)
Balance at December 31, 2020	\$ 1,654,784	\$ 5,000,675	\$ 845,989	\$ 163,262	\$ 395,583	\$ 170,631	\$ 18,275	\$ 8,249,199
<u>Accumulated depreciation</u>								
Balance at January 1, 2020	\$ -	\$ 1,986,850	\$ 460,367	\$ 129,024	\$ 296,949	\$ 90,645	\$ -	\$ 2,963,835
Disposals	-	(652)	(11,476)	(13,724)	(13,427)	(1,328)	-	(40,607)
Depreciation expenses	-	129,706	91,736	12,478	37,724	19,149	-	290,793
Balance at December 31, 2020	\$ -	\$ 2,115,904	\$ 540,627	\$ 127,778	\$ 321,246	\$ 108,466	\$ -	\$ 3,214,021
Carrying amount at December 31, 2020	\$ 1,654,784	\$ 2,884,771	\$ 305,362	\$ 35,484	\$ 74,337	\$ 62,165	\$ 18,275	\$ 5,035,178
<u>Cost</u>								
Balance at January 1, 2021	\$ 1,654,784	\$ 5,000,675	\$ 845,989	\$ 163,262	\$ 395,583	\$ 170,631	\$ 18,275	\$ 8,249,199
Additions	-	8,674	43,757	4,342	18,389	14,624	3,918	93,704
Disposals	-	(263)	(16,131)	(15,959)	(16,596)	(36)	(8,881)	(57,866)
Transfers from prepayments for equipment	-	-	5,319	200	-	-	-	5,519
Reclassification	-	6,868	-	-	-	-	(6,868)	-
Urban renewal	(11,648)	-	-	-	-	-	-	(11,648)
Transfers to investment property	(14,472)	-	-	-	-	-	-	(14,472)
Balance at December 31, 2021	\$ 1,628,664	\$ 5,015,954	\$ 878,934	\$ 151,845	\$ 397,376	\$ 185,219	\$ 6,444	\$ 8,264,436
<u>Accumulated depreciation</u>								
Balance at January 1, 2021	\$ -	\$ 2,115,904	\$ 540,627	\$ 127,778	\$ 321,246	\$ 108,466	\$ -	\$ 3,214,021
Disposals	-	(135)	(11,624)	(13,834)	(16,595)	(36)	-	(42,224)
Depreciation expenses	-	120,855	92,366	11,008	31,663	24,416	-	280,308
Balance at December 31, 2021	\$ -	\$ 2,236,624	\$ 621,369	\$ 124,952	\$ 336,314	\$ 132,846	\$ -	\$ 3,452,105
Carrying amount at December 31, 2021	\$ 1,628,664	\$ 2,779,330	\$ 257,565	\$ 26,893	\$ 61,062	\$ 52,373	\$ 6,444	\$ 4,812,331

- Except for depreciation expenses recognized the Company had neither significant disposal nor impairment of properties in 2021 and 2020.
- The Company participated in an urban renewal project with a parcel of land located in Songshan District, Taipei City. The carrying amount of old building was reduced by the compensation for rights transformation plan, rent and removal, which was recorded as a reduction of the initial carrying amount of urban renewal land.
- The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life as follows:

Items	Estimated Useful Life
Buildings and improvements	
Main buildings	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



- d. The Company has land located in Changhwa County with a carrying amount of \$56,102 thousand. Due to certain restrictions under the land regulations, the ownership for these parcels of land resides with a trustee through a trust agreement which prohibits the trustee from selling, pledging or hypothecating the property.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amount</u>		
Land	\$ 90,505	\$ 99,746
Buildings	50,734	13,251
Transportation equipment	-	-
Other equipment	<u>4,536</u>	<u>5,374</u>
	<u>\$ 145,775</u>	<u>\$ 118,371</u>
	<u>For the Year Ended December 31</u>	
	2021	2020
Additions to right-of-use assets	<u>\$ 60,286</u>	<u>\$ 100,128</u>
Depreciation charge for right-of-use assets		
Land	\$ 13,941	\$ 9,044
Buildings	18,103	18,999
Transportation equipment	-	11
Other equipment	<u>838</u>	<u>823</u>
	<u>\$ 32,882</u>	<u>\$ 28,877</u>

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amount</u>		
Current	\$ 33,933	\$ 31,050
Non-current	<u>113,608</u>	<u>91,071</u>
	<u>\$ 147,541</u>	<u>\$ 122,121</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Land	1.10-1.34%	1.228%-1.34%
Buildings	1.10-1.34%	1.34%
Transportation equipment	-	1.34%
Other equipment	1.34%	1.34%

c. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	\$ 470	\$ 301
Expenses relating to low-value asset leases	\$ -	\$ -
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ -	\$ -
Total cash outflow for leases	\$ 36,799	\$ 31,673

The Company has elected to exempt from recognizing right-of-use assets and lease liabilities for the leases which qualify as short-term leases and low-value asset leases.

17. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1,2020	\$ 1,005,176	\$ 1,657,714	\$ 2,662,890
Additions	-	240	240
Reclassification	-	2,776	2,776
Balance at December 31,2020	\$ 1,005,176	\$ 1,660,730	\$ 2,665,906
<u>Accumulated depreciation and impairment</u>			
Balance at January 1,2020	\$ -	\$ 727,118	\$ 727,118
Depreciation expenses	-	54,390	54,390
Balance at December 31,2020	\$ -	\$ 781,508	\$ 781,508
Carrying amount at December 31,2020	\$ 1,005,176	\$ 879,222	\$ 1,884,398
<u>Cost</u>			
Balance at January 1,2021	\$ 1,005,176	\$ 1,660,730	\$ 2,665,906
Reclassification	14,472	-	14,472
Disposals	(738)	-	(738)
Urban renewal - buildings and land exchange	(14,134)	137,702	123,568
Balance at December 31,2021	\$ 1,004,776	\$ 1,798,432	\$ 2,803,208
<u>Accumulated depreciation and impairment</u>			
Balance at January 1,2021	\$ -	\$ 781,508	\$ 781,508
Depreciation expenses	-	38,535	38,535
Balance at December 31,2021	\$ -	\$ 820,043	\$ 820,043
Carrying amount at December 31,2021	\$ 1,004,776	\$ 978,389	\$ 1,983,165



- a. Except for depreciation expenses recognized, the Company had neither significant disposal nor impairment of properties in 2021 and 2020.
- b. The Company participated in an urban renewal project, which included the Company's land and buildings, with Huaku Development Co., Ltd. on a parcel of land located in Songshan District, Taipei City. After the completion of the construction project in December 2021, the Company acquired the new buildings and land while Huaku Development Co., Ltd. also acquired some of the new buildings which belong to the Company according to the agreement. The gain from disposal of investment properties was \$123,568 thousand by exchanging the land at the original cost of \$14,134 thousand for the buildings and land with a total fair value of \$137,702 thousand. The gain was recorded as "gain from disposal of investment properties" under non-operating income and expense.
- c. The maturity analysis of lease payments receivable under operating leases of investment properties at December 31, 2021 and 2020 was as follows:

	December 31	
	2021	2020
Year 1	\$ 105,722	\$ 123,670
Year 2	122,183	119,574
Year 3	116,800	118,052
Year 4	116,459	112,669
Year 5	44,629	112,012
Year 6 onwards	<u>23,832</u>	<u>63,505</u>
	<u>\$ 529,625</u>	<u>\$ 649,482</u>

- d. The above items of investment properties are depreciated on a straight-line method over the estimated useful life of the asset:

Items	Estimated Useful Life
Buildings	
Main buildings	50-55 years
Elevators	15 years

- e. 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:

	December 31	
	2021	2020
Investment property	<u>\$ 3,506,620</u>	<u>\$ 3,318,727</u>

18. INTANGIBLE ASSETS

	2021	2020
<u>Cost</u>		
Balance at January 1	\$ 1,151,238	\$ 956,499
Acquisitions	275,694	196,118
Disposal	<u>-</u>	<u>(1,379)</u>
Balance at December 31	<u>\$ 1,426,932</u>	<u>\$ 1,151,238</u>
<u>Accumulated amortization and impairment</u>		
Balance at January 1	\$ 68,026	\$ 27,227
Amortization expenses	64,930	40,925
Disposal	<u>-</u>	<u>(126)</u>
Balance at December 31	<u>\$ 132,956</u>	<u>\$ 68,026</u>
Carrying amount at December 31	<u>\$ 1,293,976</u>	<u>\$ 1,083,212</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	10-20 years

19. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2021	2020
<u>Unsecured borrowings</u>		
Credit borrowings	<u>\$ 9,652,000</u>	<u>\$ 9,377,291</u>

The range of effective interest rate of New Taiwan dollar and U.S. dollar on bank borrowings was 0.65%-0.72% and 0.55%-0.78% per annum as of December 31, 2021 and 2020, respectively.



POU CHEN CORPORATION

b. Short-term bills payables

	Annual Interest Rate (%)	Amount
<u>December 31, 2021</u>		
Commercial papers	0.35	\$ 1,000,000
Less: Unamortized discount on bills payable		<u>(301)</u>
		<u>\$ 999,699</u>
<u>December 31, 2020</u>		
Commercial papers	0.24-0.29	\$ 2,100,000
Less: Unamortized discount on bills payable		<u>(313)</u>
		<u>\$ 2,099,687</u>

c. Long-term borrowings

	<u>December 31</u>	
	2021	2020
<u>Unsecured borrowings</u>		
Bank loans	\$ 33,515,510	\$ 32,009,306
Less: Current portion	<u>(6,503,796)</u>	<u>(2,513,796)</u>
	<u>\$ 27,011,714</u>	<u>\$ 29,495,510</u>

Maturity date and range of annual interest rate:

	<u>December 31</u>	
	2021	2020
<u>Maturity date</u>		
Long-term borrowings	2023.01.15- 2026.11.29	2022.01.15- 2026.07.15
Current portion of long-term borrowings	2022.01.15- 2022.12.09	2021.01.15- 2021.10.15
<u>Range of interest rates</u>	0.67%-1.60%	0.68%-1.60%

20. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2021	2020
<u>Notes payable (including related parties)</u>		
Operating	\$ 947	\$ 865
Non-operating	<u>2,788</u>	<u>5,308</u>
	<u>\$ 3,735</u>	<u>\$ 6,173</u>
Accounts payable (including related parties)	<u>\$ 511,762</u>	<u>\$ 653,109</u>

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

21. OTHER PAYABLES

	December 31	
	2021	2020
Payables for salaries	\$ 441,875	\$ 393,407
Payables for purchase of property, plant and equipment	22,881	27,446
Compensation due to directors and supervisors	114,584	51,035
Employee compensation payables	506,175	646,013
Interest payables	38,983	33,768
Payables for annual leave	114,854	112,750
Others	<u>416,957</u>	<u>422,932</u>
	<u>\$ 1,656,309</u>	<u>\$ 1,687,351</u>

22. RETIREMENT BENEFIT PLANS**Defined Contribution Plan**

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Based on the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Defined Benefit Plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated based on the years of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.



POU CHEN CORPORATION

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

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 1,389,587	\$ 1,296,010
Fair value of plan assets	<u>(833,186)</u>	<u>(728,970)</u>
Net defined benefit liability	<u>\$ 556,401</u>	<u>\$ 567,040</u>

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2020	<u>\$ 1,520,908</u>	<u>\$ (816,195)</u>	<u>\$ 704,713</u>
Service cost	9,534	-	9,534
Past service cost	9,018	-	9,018
Net interest expense (income)	<u>11,073</u>	<u>(5,853)</u>	<u>5,220</u>
Recognized in profit or loss	<u>29,625</u>	<u>(5,853)</u>	<u>23,772</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(27,698)	(27,698)
Actuarial loss arising from changes in demographic assumptions	1,186	-	1,186
Actuarial loss arising from changes in financial assumptions	36,946	-	36,946
Actuarial loss arising from experience adjustments	<u>(94,575)</u>	<u>-</u>	<u>(94,575)</u>
Recognized in other comprehensive income (loss)	<u>(56,443)</u>	<u>(27,698)</u>	<u>(84,141)</u>
Contributions from the employer	-	(77,673)	(77,673)
Benefits paid	(198,449)	198,449	-
Others	<u>369</u>	<u>-</u>	<u>369</u>
Balance at December 31, 2020	<u>\$ 1,296,010</u>	<u>\$ (728,970)</u>	<u>\$ 567,040</u>
Balance at January 1, 2021	<u>\$ 1,296,010</u>	<u>\$ (728,970)</u>	<u>\$ 567,040</u>
Current service cost	6,605	-	6,605
Past service cost	22,694	-	22,694
Net interest expense (income)	<u>6,480</u>	<u>(3,679)</u>	<u>2,801</u>
Recognized in profit or loss	<u>35,779</u>	<u>(3,679)</u>	<u>32,100</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(10,515)	(10,515)
Actuarial loss arising from changes in demographic assumptions	28,883	-	28,883
Actuarial loss arising from experience adjustments	<u>58,789</u>	<u>-</u>	<u>58,789</u>
Recognized in other comprehensive income (loss)	<u>87,672</u>	<u>(10,515)</u>	<u>77,157</u>
Contributions from the employer	-	(120,161)	(120,161)
Benefits paid	(30,139)	30,139	-
Others	<u>265</u>	<u>-</u>	<u>265</u>
Balance at December 31, 2021	<u>\$ 1,389,587</u>	<u>\$ (833,186)</u>	<u>\$ 556,401</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	
	2021	2020
Operating costs	\$ 42	\$ 51
Selling and marketing expenses	22	15
General and administrative expenses	18,558	13,858
Research and development expenses	<u>13,478</u>	<u>9,848</u>
	<u>\$ 32,100</u>	<u>\$ 23,772</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	
	2021	2020
Discount rate	0.50%	0.50%
Expected rate of salary increase	2.00%	2.00%

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	
	2021	2020
Discount rate		
0.25% increase	<u>\$ (37,695)</u>	<u>\$ (37,049)</u>
0.25% decrease	<u>\$ 39,201</u>	<u>\$ 38,592</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 37,956</u>	<u>\$ 37,362</u>
0.25% decrease	<u>\$ (36,697)</u>	<u>\$ (36,066)</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	
	2021	2020
The expected contributions to the plan for the next year	<u>\$ 15,169</u>	<u>\$ 13,305</u>
The average duration of the defined benefit obligation	11.1 years	11.6 years

23. EQUITY

a. Share capital

	December 31	
	2021	2020
Number of shares authorized (in thousands)	4,500,000	4,500,000
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	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)		
Recognized from issuance of ordinary shares	\$ 848,603	\$ 848,603
Recognized from conversion of bonds	1,447,492	1,447,492
Recognized from treasury share transactions	1,824,608	1,824,608
Recognized from the excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	109,637	109,637
<u>May only be used to offset a deficit</u>		
Recognized from the changes in ownership to subsidiaries (Note 2)	27,234	-
Recognized from the share of changes in net assets of associates	133,410	132,299
Others	<u>28,416</u>	<u>27,223</u>
	<u>\$ 4,419,400</u>	<u>\$ 4,389,862</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, refer to Note 25 (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.

Under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve.

The appropriations of earnings for 2020 and 2019, which were approved in the shareholders' meetings on April 28, 2021 and April 28, 2020, respectively, were as follows:

	Appropriation of Earnings	
	For Year 2020	For Year 2019
Legal reserve	\$ 482,716	\$ 1,182,861
Special reserve	\$ -	\$ (22,293,369)
Cash dividends	\$ 1,473,394	\$ 3,683,484
Dividends Per Share (NT\$)	\$ 0.50	\$ 1.25



d. Other equity item

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (5,491,369)	\$ (2,498,149)
Share of exchange differences of subsidiaries and associates accounted for using the equity method	<u>(1,923,481)</u>	<u>(2,993,220)</u>
Balance at December 31	<u>\$ (7,414,850)</u>	<u>\$ (5,491,369)</u>

2) Unrealized gain or loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 24,305,081	\$ 13,759,473
Unrealized gain (loss) from equity instruments	1,103,823	(148,916)
Cumulative unrealized gain (loss) on equity instruments transferred to retained earnings due to disposal	5,661	(152,062)
Disposal of associates accounted for using the equity method	(235)	-
Share of (loss) gain from associates and joint ventures accounted for using the equity method	<u>(10,800,714)</u>	<u>10,846,586</u>
Balance at December 31	<u>\$ 14,613,616</u>	<u>\$ 24,305,081</u>

3) Cash flow hedge

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 1,195	\$ -
(Loss) or gain on changes in the fair value of hedging instruments	<u>(1,195)</u>	<u>1,195</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 1,195</u>

4) Others

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 8,629,040	\$ 423,243
Share of loss from associates and joint ventures accounted for using the equity method	<u>3,990,998</u>	<u>8,205,797</u>
Balance at December 31	<u>\$ 12,620,038</u>	<u>\$ 8,629,040</u>

24. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from the sale of goods	\$ 4,223,317	\$ 5,126,472
Revenue from the rendering of services	<u>4,086,732</u>	<u>3,093,051</u>
	<u>\$ 8,310,049</u>	<u>\$ 8,219,523</u>

25. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consisted of the following:

a. Interest income

	For the Year Ended December 31	
	2021	2020
Interest income		
Cash in bank	\$ 642	\$ 4,886
Repurchase agreements collateralized by bonds	7	2,118
Financial assets at amortized cost	3,688	7,322
Others	<u>-</u>	<u>1,284</u>
	<u>\$ 4,337</u>	<u>\$ 15,610</u>

b. Other income

	For the Year Ended December 31	
	2021	2020
Rental income (Note 30)		
Rental income from operating lease		
Investment properties	\$ 88,161	\$ 121,869
Others	<u>13,679</u>	<u>18,914</u>
	<u>101,840</u>	<u>140,783</u>
Dividends income	<u>304,781</u>	<u>327,788</u>
Others	<u>80,245</u>	<u>98,059</u>
	<u>\$ 486,866</u>	<u>\$ 566,630</u>

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net gain on disposal of investment properties	\$ 123,568	\$ -
Net gain (loss) on disposal of property, plant and equipment	1,791	(1,215)
Net gain on disposal of investment recognized under equity method	12,708	-
Net foreign exchange loss	(242,737)	(966,662)
		(Continued)



POU CHEN CORPORATION

	For the Year Ended December 31	
	2021	2020
Net (loss) gain on financial assets at FVTPL	\$ (82,871)	\$ 183,552
Net (loss) gain on financial liabilities at FVTPL	(6,800)	34,318
Others	<u>(58,379)</u>	<u>(58,766)</u>
	<u>\$ (252,720)</u>	<u>\$ (808,773)</u> (Concluded)

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank borrowings	\$ 370,549	\$ 393,008
Interest on short-term bills payable	5,704	2,247
Lease liabilities	1,463	904
Other interest expense	<u>29</u>	<u>35</u>
	<u>\$ 377,745</u>	<u>\$ 396,194</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	\$ 280,308	\$ 290,793
Investment properties	38,535	54,390
Right-of-use assets	32,882	28,877
Intangible assets	<u>64,930</u>	<u>40,925</u>
	<u>\$ 416,655</u>	<u>\$ 414,985</u>
An analysis of depreciation by function		
Operating costs	\$ 4,407	\$ 4,470
Operating expenses	308,783	315,200
Non-operating expenses	<u>38,535</u>	<u>54,390</u>
	<u>\$ 351,725</u>	<u>\$ 374,060</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 64,930</u>	<u>\$ 40,925</u>

f. Direct operating expenses from investment properties

	For the Year Ended December 31	
	2021	2020
Direct operating expenses from investment properties that generate rental income	\$ 51,514	\$ 69,541
Direct operating expenses from investment properties that did not generate rental income	<u>65</u>	<u>65</u>
	<u>\$ 51,579</u>	<u>\$ 69,606</u>

g. Employee benefits expense

	2021			2020		
	Operating Cost	Operating Expenses	Total	Operating Cost	Operating Expenses	Total
Salary						
Termination benefits	\$ -	\$ 8,063	\$ 8,063	\$ -	\$ 17,302	\$ 17,302
Remuneration of directors and supervisors	-	119,342	119,342	-	55,880	55,880
Others	11,576	2,400,652	2,412,228	11,542	2,018,230	2,029,772
	11,576	2,528,057	2,539,633	11,542	2,091,412	2,102,954
Labor and health insurance	1,506	228,655	230,161	1,346	220,834	222,180
Post-employment benefit						
Defined contribution plans	690	109,519	110,209	635	114,457	115,092
Defined benefit plans	42	32,058	32,100	50	23,722	23,772
	732	141,577	142,309	685	138,179	138,864
Other employee benefits	440	45,349	45,789	416	47,627	48,043
Total employee benefits expense	\$ 14,254	\$ 2,943,638	\$ 2,957,892	\$ 13,989	\$ 2,498,052	\$ 2,512,041

As of December 31, 2021 and 2020, there were 3,078 and 3,219 employees, respectively, in the Company. Among the Company's directors, there were five who were not employees. The Company accounts for employee benefits expense based on the number of employees.

As of December 31, 2021 and 2020, the average employee benefits and average salaries and wages were \$924 thousand, \$764 thousand, \$788 thousand and \$637 thousand, respectively. The average salaries and wages increase 23.7%.

h. Employee's compensation and remuneration of directors

According to the Company's Articles, the Company shall distribute employees' compensation and remuneration of directors and supervisors at rates of 1%-5% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employee's compensation is approved by the board of directors to be distributed by shares or by cash, and the receivers should be those employees who meet certain criteria. In the case of an accumulated loss, the Company shall allocate an amount to recover such loss before appropriating any employees' compensation and remuneration of directors and supervisors.

The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2021 and 2020 which were approved by the Company's board of directors on March 16, 2022 and March 24, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Employees' compensation	1.6%	1.6%
Remuneration of directors	0.8%	0.8%

Amount

	For the Year Ended December 31			
	2021		2020	
	Cash	Shares	Cash	Shares
Employees' compensation	\$ 229,168	\$ -	\$ 102,070	\$ -
Remuneration of directors	114,584	-	51,035	-



If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate, and will be adjusted in the following year.

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

Information on employees' compensation and remuneration of directors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

26. 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	
	2021	2020
Current tax		
In respect of the current period	\$ 9,173	\$ -
Income tax expense of unappropriated earnings	139,469	1,370,055
Adjustments for prior year's income tax	(42,200)	5,351
Foreign taxes paid	-	6
Repatriation of offshore funds	-	25,992
	<u>106,442</u>	<u>1,401,404</u>
Deferred tax		
In respect of the current period	<u>(566,520)</u>	<u>(15,288)</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (460,078)</u>	<u>\$ 1,386,116</u>

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

	For the Year Ended December 31	
	2021	2020
Income before income tax	<u>\$ 13,979,229</u>	<u>\$ 6,226,300</u>
Income tax expense calculated at the statutory rate	\$ 2,795,846	\$ 1,245,260
Tax effect of adjusting items		
Tax-exempt income	(60,956)	(65,558)
Investment income recognized under equity method	(2,722,607)	(1,274,822)
Others	(569,630)	105,830
Income tax on unappropriated earnings	139,469	1,370,055
Adjustments for prior years' income tax	<u>(42,200)</u>	<u>5,351</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (460,078)</u>	<u>\$ 1,386,116</u>

In July 2019, the president of the ROC announced of “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act”. Within two years from the enforcement of this Act, profit-seeking enterprises may assess tax under this Act by the approval of the tax authority. Instead of assessing tax in accordance with the legal tax rate of 20%, the tax rate of the fund repatriated for the first year from the enforcement of this Act is 8% and the tax rate of the fund repatriated for the second year from the date following the last day of the first year from the enforcement of this Act is 10%. If profit-seeking enterprises complete the plan of substantive investment, an application for a 50% refund of the tax paid under this Act should be submitted to the tax authority-in-charge.

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

As the status of 2022 appropriations of earnings is uncertain, the potential income tax consequences of 2021 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year	<u>\$ (17,612)</u>	<u>\$ (10,781)</u>
Total income tax recognized in other comprehensive income	<u>\$ (17,612)</u>	<u>\$ (10,781)</u>

c. Deferred tax assets and liabilities

The details of deferred tax assets and liabilities were as follows:

	December 31	
	2021	2020
<u>Deferred tax assets</u>		
Temporary differences		
Payables for annual leave	\$ 22,971	\$ 22,550
Defined benefit obligations	44,501	44,501
Others	<u>4,148</u>	<u>(19,425)</u>
	<u>\$ 71,620</u>	<u>\$ 47,626</u>
<u>Deferred tax liabilities</u>		
Temporary differences		
Land value increment tax	\$ 86,547	\$ 86,547
Unappropriated earnings of subsidiaries	<u>-</u>	<u>560,138</u>
	<u>\$ 86,547</u>	<u>\$ 646,685</u>



d. Income tax assessments

The income tax returns of the Company through 2018 have been assessed and approved by the tax authorities.

27. EARNINGS PER SHARE

The basic earnings per share and diluted earnings per share for the years ended December 31, 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
<u>Net profit (in thousand dollars)</u>		
Earnings used in the computation of earnings per share	<u>\$ 14,439,307</u>	<u>\$ 4,840,184</u>
<u>Weighted average number of shares outstanding (in thousand shares)</u>		
Weighted average number of common shares used in the computation of basic earnings per share	2,946,787	2,946,787
Effect of potentially dilutive common shares:		
Employees' compensation	<u>7,622</u>	<u>5,143</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>2,954,409</u>	<u>2,951,930</u>
<u>Earnings per share (in dollars)</u>		
Basic earnings per share	<u>\$4.90</u>	<u>\$1.64</u>
Diluted earnings per share	<u>\$4.89</u>	<u>\$1.64</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.

28. 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.

29. FINANCIAL INSTRUMENTS

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

The Company's management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

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

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

1) The fair value hierarchy is as follows:

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 15,174	\$ -	\$ 15,174
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 6,866,303	\$ -	\$ -	\$ 6,866,303
Domestic unlisted shares	-	-	49,496	49,496
	<u>\$ 6,866,303</u>	<u>\$ -</u>	<u>\$ 49,496</u>	<u>\$ 6,915,799</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ -	\$ 11,104	\$ -	\$ 11,104

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 120,828	\$ -	\$ 120,828
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 5,759,113	\$ -	\$ -	\$ 5,759,113
Domestic unlisted shares	-	-	63,791	63,791
	<u>\$ 5,759,113</u>	<u>\$ -</u>	<u>\$ 63,791</u>	<u>\$ 5,822,904</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ -	\$ 704	\$ -	\$ 704
Derivative financial liabilities for hedging	-	-	278	278
	<u>\$ -</u>	<u>\$ 704</u>	<u>\$ 278</u>	<u>\$ 982</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.

The future cash flow of the contingent consideration of the receivables from disposal of subsidiary is estimated using the expected revenue growth rate. It is discounted at a discount rate that reflects the credit risk of the counterparty. Significant unobservable inputs include discount rate and operating income growth rate.

c. Categories of financial instruments

	December 31	
	2021	2020
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily at FVTPL	\$ 15,174	\$ 120,828
Financial assets at amortized cost (Note 1)	2,095,108	2,371,475
Financial assets at FVTOCI	6,915,799	5,822,904
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	11,104	704
Financial liabilities for hedging	-	278
Financial liabilities at amortized cost (Note 2)	47,865,245	45,850,535

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 32 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	
	2021	2020
USD	\$ 21,376	\$ (56,466)
RMB	(74)	(87)

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	
	2021	2020
Cash flow interest rate risk		
Financial liabilities	\$ 32,365,510	\$ 30,561,322



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 \$323,655 thousand and \$305,613 thousand during the years ended December 31, 2021 and 2020, 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, 2021 would have decreased by \$68,663 thousand as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had declined by 1%, the other comprehensive income for the year ended December 31, 2020 would have decreased by \$57,591 thousand as a result of the changes in fair value of financial assets at FVTOCI.

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, 2021

	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	\$ 774,639	\$ 586,447	\$ 814,550	\$ 1,522,400	\$ -
Lease liabilities	4,737	5,802	24,944	79,483	38,251
Floating interest rate liabilities	7,003,449	3,990,000	10,347	21,361,714	-
Fixed interest rate liabilities	-	475,000	5,677,000	5,650,000	-
	<u>\$ 7,782,825</u>	<u>\$ 5,057,249</u>	<u>\$ 6,526,841</u>	<u>\$ 28,613,597</u>	<u>\$ 38,251</u>

December 31, 2020

	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	\$ 465,675	\$ 774,623	\$ 1,123,953	\$ -	\$ -
Lease liabilities	3,636	9,601	19,095	46,436	49,466
Floating interest rate liabilities	4,553,449	2,162,016	990,347	22,845,184	10,326
Fixed interest rate liabilities	-	-	6,285,275	6,640,000	-
	<u>\$ 5,022,760</u>	<u>\$ 2,946,240</u>	<u>\$ 8,418,670</u>	<u>\$ 29,531,620</u>	<u>\$ 59,792</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, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Exchange rate swap contracts	\$ -	\$ 3,400	\$ 7,704	\$ -	\$ -



POU CHEN CORPORATION

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Exchange rate swap contracts	\$ -	\$ 704	\$ -	\$ -	\$ -
Cross-currency swap contracts	-	-	278	-	-
	<u>\$ -</u>	<u>\$ 704</u>	<u>\$ 278</u>	<u>\$ -</u>	<u>\$ -</u>

30. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties are disclosed below.

a. Related party name and categories

Name	Related Party Category
Yue Yuen Industrial (Holdings) Limited	Subsidiary
Barits Development Corporation	Subsidiary
Pan Asia Insurance Services Co., Ltd.	Subsidiary
Pou Yii Development Co., Ltd.	Subsidiary
Pou Shine Investments Co., Ltd.	Subsidiary
Pou Chin Development Co., Ltd.	Subsidiary
Song Ming Investments Co., Ltd.	Subsidiary
Wang Yi Construction Co., Ltd.	Subsidiary
Windsor Entertainment Co., Ltd.	Subsidiary
Pro Arch International Development Enterprise Inc.	Subsidiary
Wealthplus Holdings Limited	Subsidiary
Chang Yang Material Corporation	Associate
High Shine Investments Ltd.	Associate
San Fang Chemical Industry Co., Ltd.	Associate
Nan Pao Resins Chemical Co., Ltd.	Associate
Platinum Long John Co., Ltd.	Associate
Sheachang Enterprise Corporation	Other related party

b. Operating revenue

Account	Related Parties Category	For the Year Ended December 31	
		2021	2020
Sales and service revenue	Yue Yuen Industrial (Holdings) Limited	\$ 8,221,626	\$ 8,136,210
	Subsidiaries	16,839	9,886
	Associates	14,138	19,595
		<u>\$ 8,252,603</u>	<u>\$ 8,165,691</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 (Holdings) 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, 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 through sourcing services provided by the Company, 0.5% of the supplier's invoice amounts.

c. Purchases

Account	Related Party Category/Name	December 31	
		2021	2020
Purchases	Subsidiaries	\$ 7,082	\$ 3,273
	Associates	<u>200,120</u>	<u>172,037</u>
		<u>\$ 207,202</u>	<u>\$ 175,310</u>

The purchase prices and payment terms from related parties were not significantly different from those of non-related parties.

d. Rental income

Account	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Rent income	Windsor Entertainment Co., Ltd.	\$ 70,562	\$ 105,594
	Yue Yuen Industrial (Holdings) Limited	9,659	14,017
	Subsidiaries	769	1,090
	Associates	180	180
	Other related parties	<u>23</u>	<u>23</u>
		<u>\$ 81,193</u>	<u>\$ 120,904</u>

e. Receivables from related parties

Account	Related Party Category/Name	December 31	
		2021	2020
Notes receivable and accounts receivable	Yue Yuen Industrial (Holdings) Limited	\$ 1,729,022	\$ 1,694,739
	Subsidiaries	4,321	2,223
	Associates	<u>3,412</u>	<u>1,392</u>
		<u>\$ 1,736,755</u>	<u>\$ 1,698,354</u>



f. Payables to related parties

Account	Related Party Category/Name	December 31	
		2021	2020
Notes payable and accounts payable	Subsidiaries	\$ 1,757	\$ 3,396
	Associates	<u>18,813</u>	<u>24,800</u>
		<u>\$ 20,570</u>	<u>\$ 28,196</u>

g. Loans to related parties

Account	Related Party Category/Name	December 31	
		2021	2020
Long-term accounts payable	Wealthplus Holdings Limited	<u>\$ 1,522,400</u>	<u>\$ -</u>

h. Endorsements/guarantees provided

Refer to Table 1 “Endorsements/guarantees provided” of Note 33 to the financial statements.

i. Compensation of key management personnel

The remuneration of directors and other members of key management personnel were as follows:

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	<u>\$ 194,732</u>	<u>\$ 105,326</u>

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

31. SIGNIFICANT COMMITMENTS AND UNRECOGNIZED LIABILITIES

- The Company’s investment in Nan Shan Life Insurance Co., Ltd. was through Ruen Chen Investment Holding Co., Ltd. Accordingly, the Company has received a request from the FSC to provide 490,000 thousand ordinary shares of Ruen Chen in the custody of the trust department of First Commercial Bank for ten years. The trust was already expired, and the shares were collected on September 15, 2021.
- The Company entered into project agreements with the Institute for Information Industry (“III”). According to the project agreements, the Company has to provide promissory notes and bank guarantees to Taipei Computer Association as guarantee.

32. 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, 2021

	Foreign Currency (In Thousand)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 39,951	27.680	\$ 1,105,855
RMB	341	4.344	1,479
Non-monetary items			
USD	2,819	27.680	78,023
RMB	25,900	4.344	112,510

Financial liabilities

Monetary items			
USD	55,413	27.680	1,533,820
Non-monetary items			
USD	401	27.680	11,104

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 49,609	28.480	\$ 1,412,864
RMB	396	4.377	1,732
Non-monetary items			
USD	8,963	28.480	255,266
RMB	25,900	4.377	113,364

Financial liabilities

Monetary items			
USD	9,955	28.480	283,519
JPY	4,284	0.276	1,184
Non-monetary items			
USD	25	28.480	704

33. 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 (Note 29)
 - 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)

TABLE 1

POU CHEN CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorsement/ Guarantee Provider	Endorsee/Guaranteee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent or Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 4)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 4)	Note
		Name	Relationship (Note 2)											
0	Pou Chen Corporation	Wealthplus Holdings Limited Pro Arch International Development Enterprise Inc. Windsor Entertainment Co., Ltd. Pou Yuen Technology Co., Ltd. Pou Yit Development Co., Ltd. Yue Hong Realty Development Co., Ltd. Pou Shine Investments Co., Ltd. Barits Development Corp.	b b b b b b b b	\$ 139,432,954 139,432,954 139,432,954 139,432,954 139,432,954 139,432,954 139,432,954 139,432,954	\$ 25,253,475 82,722 100,000 300,000 300,000 550,000 1,700,000 8,877,600	\$ 23,251,200 62,370 80,000 300,000 300,000 550,000 1,700,000 8,860,800	\$ 62,370 - - 165,000 512,000 378,500 1,543,500	\$ - - - - - - -	17 - - - - - 1 6	\$ 278,865,908 278,865,908 278,865,908 278,865,908 278,865,908 278,865,908 278,865,908 278,865,908	Y Y Y Y Y Y Y Y	N N N N N N N N	N N N N N N N N	

Note 1: The Company is coded as follows:

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

Note 2: Relationships for guarantee provider and guaranteee are as follows:

- Business relationship.
- A company in which the Company directly and indirectly holds more than 50% of the voting shares.
- A company that directly and indirectly holds more than 50% of the voting shares in the Company.
- A company in which the Company directly and indirectly holds more than 50% of the voting shares.
- A company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- A company fulfills its contractual obligations by providing mutual 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

TABLE 2

POU CHEN CORPORATION

MARKETABLE SECURITIES HELD DECEMBER 31, 2021

(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, 2021			Note
				Shares	Carrying Amount	Percentage of Ownership	
Pou Chen Corporation	Ordinary shares						
	Mega Financial Holding Company Ltd.		Financial assets at FVTOCI - current	191,730,486	\$ 6,816,019	1.41	
	Taiwan Paiho Limited		Financial assets at FVTOCI - current	615,473	50,284	0.21	\$ 6,816,019
	Zhiyuan Venture Capital Co., Ltd.		Financial assets at FVTOCI - non-current	4,907,143	48,700	10.71	50,284
	New Loulan Corporation., Ltd.		Financial assets at FVTOCI - non-current	100,000	796	4.00	48,700
	Structured product						796
	CIB Callable Structured Deposit		Financial assets at amortized cost - non-current	-	112,510	-	112,510

TABLE 3

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, 2021

(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	The subsidiary in which the Company holds 51.11% indirectly at December 31, 2021	Sale	\$ (8,221,626)	(99)	D/A 45 days	-	-	\$ 1,729,022	99
	Chang Yang Material Corp.	The associate in which the Company holds 50% indirectly at December 31, 2021	Purchase	115,486	3	D/A 45 days	-	-	(7,956)	(2)



TABLE 4

POU CHEN CORPORATION

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	The subsidiary in which the Company holds 51.11% indirectly at December 31, 2021	\$ 1,729,022	5.07	\$ -	-	\$ 1,181,294	\$ -

TABLE 5

POU CHEN CORPORATION

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2021

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Shares	As of December 31, 2021 %	Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020						
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	\$ 75,039,693 (US\$ 2,710,971,585)	\$ 2,109,760 (US\$ 74,676,579)	\$ 2,093,842 (US\$ 74,122,580)	
	Win Fortune Investments Limited	British Virgin Islands	Investing activities	\$ 3,230 (US\$ 100,000)	\$ 3,230 (US\$ 100,000)	100,000	100.00	\$ 1,966,657 (US\$ 71,949,752)	\$ 1,471,110 (US\$ 1,667,696)	\$ 46,768 (US\$ 1,655,812)	
	Windsor Entertainment Co., Ltd.	ROC	Entertainment and resort operations	\$ 530,000 (US\$ 1,124,667)	\$ 500,000 (US\$ 1,124,667)	14,300,000	100.00	\$ 110,625 (US\$ 4,616,456)	\$ (72,536) (US\$ 395,823)	\$ (45,508) (US\$ 395,823)	
	Pou Shine Investment Co., Ltd.	ROC	Agency of property and casualty insurance	\$ 5,000 (US\$ 2,117,292)	\$ 5,000 (US\$ 2,117,292)	133,094,460	100.00	\$ 29,134 (US\$ 10,567,005)	\$ 18,770 (US\$ 522,074)	\$ 18,770 (US\$ 520,043)	
	Pou Asia Insurance Services Co., Ltd.	ROC	Import and export of shoe-related materials and investing activities	\$ 5,000 (US\$ 2,117,292)	\$ 5,000 (US\$ 2,117,292)	294,451,784	99.49	\$ 10,567,005 (US\$ 469,017)	\$ 522,074 (US\$ 34,334)	\$ 520,043 (US\$ 764)	
	Barits Development Corporation	ROC	Rental of real estate	\$ 966,450 (US\$ 2,643,184)	\$ 966,449 (US\$ 2,643,184)	30,456,252	97.82	\$ 469,017 (US\$ 216,677)	\$ 34,334 (US\$ 917)	\$ 50,209 (US\$ 764)	
	Pou Yuen Technology Co., Ltd.	ROC	Design and manufacture of footwear products	\$ 966,450 (US\$ 2,643,184)	\$ 966,449 (US\$ 2,643,184)	20,000,000	100.00	\$ 216,677 (US\$ 206,631)	\$ 917 (US\$ 58,797)	\$ 764 (US\$ 8,820)	
	Pro Arch International Development Enterprise Inc.	ROC	Rental and sale of real estate	\$ 40,320 (US\$ 7,700)	\$ 40,320 (US\$ 7,700)	7,875,000	15.00	\$ 206,631 (US\$ 1,290,411)	\$ 58,797 (US\$ 5,461)	\$ 8,820 (US\$ 887)	
	Pou Yit Development Co., Ltd.	ROC	Construction	\$ 40,320 (US\$ 7,700)	\$ 40,320 (US\$ 7,700)	601,755	7.82	\$ 206,631 (US\$ 1,290,411)	\$ 58,797 (US\$ 5,461)	\$ 8,820 (US\$ 887)	
	Wang Yi Construction Co., Ltd.	ROC	Manufacturing of electronic components	\$ 7,700 (US\$ 3,245,815)	\$ 7,700 (US\$ 3,364,570)	68,884,949	12.36	\$ 1,290,411 (US\$ -)	\$ 5,461 (US\$ 29,806)	\$ 83,664 (US\$ 8,890)	
	Elitegroup Computer Systems Co., Ltd.	ROC	Development and sales of TFT-LCD display	\$ 3,245,815 (US\$ -)	\$ 3,364,570 (US\$ 380,115)	-	-	\$ - (US\$ -)	\$ (29,806) (US\$ -)	\$ 8,890 (US\$ -)	Already dismissed
	Techview International Technology Inc.	ROC	Investment holding	\$ - (US\$ 15,372,000)	\$ 380,115 (US\$ 15,300,000)	-	-	\$ - (US\$ 76,419,271)	\$ - (US\$ 52,526,803)	\$ - (US\$ 10,505,361)	
	Ruen Chen Investment Holding Co., Ltd.	ROC	Investment holding	\$ 15,372,000 (US\$ -)	\$ 15,300,000 (US\$ -)	4,477,000,000	20.00	\$ 76,419,271 (US\$ -)	\$ 52,526,803 (US\$ -)	\$ 10,505,361 (US\$ -)	



POU CHEN CORPORATION

TABLE 6

POU CHEN CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Great Team Backend Foundry, Inc.	Processing and manufacturing of transistors	\$ 2,642,140 (US\$ 88,116,600)	b	\$ -	\$ -	-	\$ -	\$ -	2.01	\$ -	\$ 40,329 (RMB 9,283,919)	\$ -	(Note 3)
Yue-Shen (Taichang) Footwear Co., Ltd.	Finished shoes, semi-finished products, components and production and marketing of molds	554,646 (US\$ 17,100,000)	b	-	-	-	-	(2,665) (RMB (610,707))	31.97	(848) (RMB (194,418)) b, 1)	249,553 (RMB 57,447,851)	-	
Dongguan Yunning 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	-	-	-	-	3,983 (RMB 917,403)	100.00	3,983 (RMB 917,403) b, 1)	314,740 (RMB 72,453,924)	-	
Dongguan Guocheng Precision Injection Molding Technology Co., Ltd.	Mould, plastic case for mobile phones	395,526 (US\$ 12,055,034)	b	-	-	-	-	975 (RMB 225,242)	100.00	975 (RMB 225,242) b, 2)	-	-	
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	-	-	-	-	240,383 (RMB 55,272,571)	31.97	76,433 (RMB 17,574,547) b, 1)	1,043,043 (RMB 240,111,243)	-	
Dongguan Baoqiao Electronic Technology Co., Ltd.	Production and marketing of other optical appliances and instruments	147,645 (US\$ 4,500,000)	b	-	-	-	-	58,302 (RMB 13,433,971)	100.00	58,302 (RMB 13,433,971) b, 2)	248,614 (RMB 57,231,604)	-	
Poushan Paper Products Manufacturing Co., Ltd.	Production and sale of shoe inner boxes, cartons	68,901 (US\$ 2,100,000)	b	-	-	-	-	8,529 (RMB 1,965,681)	10.22	872 (RMB 200,893) b, 1)	5,783 (RMB 1,331,303)	-	
Beijing Advazone Electronic Limited Company	Development and production of computer software	512,019 (US\$ 16,100,000)	b	-	-	-	-	4 (RMB 863)	-	1 (RMB 276)	-	-	
Puohang Footwear Industrial Ltd.	Production and operation of casual shoes, sports shoes	49,215 (US\$ 1,500,000)	b	-	-	-	-	(35,075) (RMB (8,079,831))	51.11	(17,927) (RMB (4,129,601)) b, 1)	24,718 (RMB 5,690,227)	-	
Shanggao Yisen Industry Co., Ltd.	Production and sale of finished shoes, semi-finished products, components and moulds	945,204 (US\$ 30,390,000)	b	-	-	-	-	134,802 (RMB 31,625,393)	51.11	68,898 (RMB 16,163,738) b, 1)	948,626 (RMB 218,376,052)	-	
Bao Hong (Yangzhou) Shoes Co., Ltd.	Production of needles, woven garments, footwear and sales of self-produce products	2,591,184 (US\$ 86,291,730)	b	-	-	-	-	(64,745) (RMB (14,912,594))	51.11	(33,091) (RMB (7,621,827)) b, 1)	458,072 (RMB 105,449,361)	-	
Dong Guan Yu Yuen Mold Co., Ltd.	Production and sale of molds for non-metallic products	62,011 (US\$ 1,890,000)	b	-	-	-	-	(13,481) (RMB (3,094,785))	51.11	(6,890) (RMB (1,581,744)) b, 1)	31,988 (RMB 7,363,807)	-	
Zhong Shan Glory Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	951,490 (US\$ 29,000,000)	b	-	-	-	-	(29,501) (RMB (6,867,486))	23.00	(6,785) (RMB (1,579,522)) b, 2)	445,523 (RMB 102,560,439)	-	
Zhong Shan Lu Mei Da Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	39,372 (US\$ 1,200,000)	b	-	-	-	-	227 (RMB 52,319)	23.00	52 (RMB 12,033) b, 2)	10,108 (RMB 2,326,790)	-	

(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, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
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	\$ -	\$ -	\$ -	\$ -	\$ 24,800 (RMB 5,662,571)	20.34	\$ 5,044 (RMB 1,151,767)	\$ 603,518 (RMB 138,931,350)	\$ -	-
ShangGao Yisen Ka Yuen Industry Co., Ltd.	Production and sale of footwear products	77,432 (US\$ 2,360,000)	b	-	-	-	-	822,73 (RMB 18,953,516)	25.56	21,029 (RMB 4,844,519)	44,393 (RMB 10,219,399)	-	-
Bao Sheng Dao Ji (Beijing) Trading Company Ltd.	Retail business of sports goods and accessories	1,988,061 (US\$ 65,000,000)	b	-	-	-	-	(518,977) (RMB (119,967,269))	31.97	(165,041) (RMB (38,150,981))	753,118 (RMB 173,369,689)	-	-
Qingdao Pou-Shang International Sport Products Co., Ltd.	Sales of sports and casual shoes and accessories	94,800 (RMB 20,000,000)	b	-	-	-	-	358,142 (RMB 82,234,694)	23.02	82,001 (RMB 18,828,619)	243,125 (RMB 55,967,938)	-	-
Guizhou Pou-Shang Sport Products Co., Ltd.	Sales of sports and casual shoes and accessories	322,886 (US\$ 10,000,000)	b	-	-	-	-	36,830 (RMB 8,390,550)	31.97	11,719 (RMB 2,669,822)	162,056 (RMB 37,305,651)	-	-
Nanning Pou-Kung Sport Products Co., Ltd.	Retail business of sports goods and accessories	42,653 (US\$ 1,300,000)	b	-	-	-	-	(33,402) (RMB (7,724,761))	31.97	(10,625) (RMB (2,457,314))	(11,396) (RMB (2,623,280))	-	-
Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	Retail business of sports goods and accessories	1,567,250 (US\$ 50,000,000)	b	-	-	-	-	649,905 (RMB 149,123,930)	31.97	206,745 (RMB 47,438,603)	2,387,806 (RMB 549,678,988)	-	-
Diedie (China) Sports Good Co., Ltd.	Retail and wholesale business of sporting goods and accessories	639,800 (US\$ 20,000,000)	b	-	-	-	-	425 (RMB 96,884)	31.97	135 (RMB 30,791)	45,343 (RMB 10,437,969)	-	-
Taiwang YYSPTS Sports Trading Co., Ltd.	Retail business of sports goods and accessories series products	164,050 (US\$ 5,000,000)	b	-	-	-	-	7,080 (RMB 1,630,484)	31.97	2,252 (RMB 518,517)	137,013 (RMB 31,540,714)	-	-
Yangzhou Baoyi Shoes Manufacturing Co., Ltd.	Vulcanized shoes, sports shoes, casual shoes and other footwear manufacturing, marketing	729,906 (US\$ 22,456,800)	b	-	-	-	-	73,169 (RMB 16,681,614)	25.56	18,702 (RMB 4,263,820)	231,165 (RMB 53,214,885)	-	-
Dalian YYSPTS Sport Industrial Development Co., Ltd.	Development and sale of sports goods, clothing, shoes and hats, fitness equipment and related products	928,000 (RMB 200,000,000)	b	-	-	-	-	4,819 (RMB 1,105,720)	31.97	1,531 (RMB 351,361)	458,085 (RMB 105,452,390)	-	-
YYSPTS (Changdu) Business Trading Co., Ltd.	Retail business of sports goods and accessories	689,194 (US\$ 22,400,000)	b	-	-	-	-	3,273 (RMB 750,392)	31.97	1,041 (RMB 238,706)	147,574 (RMB 33,971,582)	-	-
Fujian Baomin Sporting Goods Co., Ltd.	Retail business of sports goods and accessories	147,645 (US\$ 4,500,000)	b	-	-	-	-	205 (RMB 67,894)	28.77	84 (RMB 19,432)	68,980 (RMB 15,879,300)	-	-
Guangzhou Pou-Yuen Trading Co., Ltd.	Retail business of sports goods and accessories	710,251 (US\$ 23,310,000)	b	-	-	-	-	9,525 (RMB 2,198,039)	31.97	3,035 (RMB 700,269)	254,341 (RMB 58,549,894)	-	-
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	-	-	-	-	17,201 (RMB 3,964,464)	31.97	5,470 (RMB 1,260,688)	487,718 (RMB 112,273,842)	-	-
Shend Dao (Yang Zhou) Sporting Goods Dev Co., Ltd.	Shopping mall management and property management	2,111,340 (US\$ 66,000,000)	b	-	-	-	-	38,895 (RMB 8,954,340)	31.97	12,568 (RMB 2,847,410)	697,040 (RMB 160,460,378)	-	-

(Continued)



POU CHEN CORPORATION

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Zhong Shan O.Li Su Shoe Making Machine Ltd.	Manufacturing shoes and boots or repairing machinery	\$ (US\$ 181,314 5,900,000)	b	\$ -	\$ -	\$ -	\$ -	\$ (4,451) (RMB 1,026,943)	51.11	\$ 2,275 (RMB 524,871) b, 2)	\$ 13,249 (RMB 3,049,582)	\$ -	-
Shanxi Pousheng Trading Co., Ltd.	Engaged in wholesale, retail and import and export business of sports goods, fitness equipment and sportswear	2,012,320 (US\$ 66,000,000)	b	-	-	-	-	361,846 (RMB 82,845,303)	31.97	115,088 (RMB 26,349,647) b, 1)	2,640,169 (RMB 607,773,765)	-	-
Taiyang Yue-Shan 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	-	-	-	-	(29,442) (RMB 6,747,868)	31.97	(9,360) (RMB 2,145,215) b, 1)	479,753 (RMB 110,440,416)	-	-
Hangzhou Poo-Hung Sport Products Co., Ltd.	Design, development, production and processing of sports goods, sports instruments, sportswear, sports shoes and accessories	67,308 (RMB 14,200,000)	b	-	-	-	-	-	15.90	- b, 1)	-	-	-
Rui Jin Pui Yuen Footwear Development Co., Ltd.	Production and sale of sports shoes, casual shoes and semi-finished products	356,697 (US\$ 12,000,000)	b	-	-	-	-	(10,992) (RMB 2,527,304)	51.11	(5,618) (RMB 1,291,705) b, 1)	126,377 (RMB 29,092,401)	-	-
Yang Xin Pui Jia Shoes Manufacturing Co., Ltd.	Production and sale of shoes uppers, footwear and garments	1,676,479 (US\$ 55,517,000)	b	-	-	-	-	(278,463) (RMB 64,024,044)	51.11	(142,323) (RMB 32,722,689) b, 1)	615,427 (RMB 141,672,879)	-	-
Jiangxi Province Yutai Shoe Co., Ltd.	Production and sale of footwear products and semi-finished products	918,125 (US\$ 30,000,000)	b	-	-	-	-	151,091 (RMB 34,694,990)	51.11	77,223 (RMB 17,732,610) b, 1)	149,269 (RMB 34,362,155)	-	-
Dongguan Yu Xiang Shoes Material Co., Ltd.	Production and sale of footwear products	295,820 (US\$ 9,500,000)	b	-	-	-	-	29,094 (RMB 6,856,884)	51.11	14,870 (RMB 3,504,553) b, 1)	296,633 (RMB 68,285,665)	-	-
Jiang Xi Hua Ching Foam Ltd.	Manufacturing and sale of plastic foam, plastic packaging materials and other plastic products	63,600 (US\$ 2,000,000)	b	-	-	-	-	(43,999) (RMB 1,011,236)	19.42	(854) (RMB 196,382) b, 1)	15,006 (RMB 3,454,467)	-	-
Yue Yuen (Aifu) Footwear Co., Ltd.	Production and marketing of finished shoes, semi-finished products and components and modules	1,763,350 (US\$ 60,000,000)	b	-	-	-	-	134,170 (RMB 30,910,176)	51.11	68,574 (RMB 15,798,191) b, 1)	1,186,271 (RMB 273,082,598)	-	-
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	-	-	-	-	-	51.11	- b, 1)	35,781 (RMB 8,236,989)	-	-
Kun Shan Poo-chi Sports Co., Ltd.	Wholesale, commission agency, import and export business of sports goods, sports equipment, clothing, shoes, caps and packaging and related design, technical consultation and services	399,539 (US\$ 13,500,000)	b	-	-	-	-	55,999 (RMB 12,816,340)	31.97	17,803 (RMB 4,074,563) b, 1)	144,514 (RMB 33,267,545)	-	-
Dongguan De Chang Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US\$ 350,000)	b	-	-	-	-	6,059 (RMB 1,396,112)	51.11	3,097 (RMB 713,553) b, 1)	27,077 (RMB 6,233,283)	-	-
Zhong Shan Bao Song Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US\$ 350,000)	b	-	-	-	-	3,204 (RMB 739,011)	51.11	1,637 (RMB 377,709) b, 1)	24,441 (RMB 5,626,368)	-	-
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	-	-	-	-	35,103 (RMB 8,054,876)	51.11	17,941 (RMB 4,116,847) b, 1)	81,906 (RMB 18,855,003)	-	-

(Continued)

Investor Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount December 31, 2021	Accumulated Replication of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Jiangxi Uniscien Consulting Co., Ltd.	Business management consultation, marketing planning and other services	\$ 10,442 (US\$ 350,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 1,837 (RMB 423,104)	51.11	\$ 939 (RMB 216,249)	\$ 17,797 (RMB 4,096,953)	\$ -	-
Yu Xing (Jishu) Footwear Co., Ltd.	Production and sale of sports shoes	183,840 (US\$ 6,400,000)	b	-	-	-	-	(584) (RMB 137,579)	51.11	(298) (RMB 70,317)	42,865 (RMB 9,867,731)	-	-
Dongguan Xingtan Consulting Co., Ltd.	Business management consultation, marketing planning and other services	30,805 (US\$ 1,000,000)	b	-	-	-	-	950 (RMB 218,178)	51.11	486 (RMB 111,511)	31,151 (RMB 7,170,960)	-	-
Yang Xin Zhong Yuan Shoe Co., Ltd.	Production and sale of footwear products	61,029 (US\$ 2,100,000)	b	-	-	-	-	(1,537) (RMB 354,048)	25.56	(393) (RMB 90,495)	6,214 (RMB 1,430,564)	-	-
Yang Xin Pui Jin Yuan Shoes Manufacturing Co., Ltd.	Production and sale of rubber soles	87,258 (US\$ 3,000,000)	b	-	-	-	-	(13,597) (RMB 3,132,260)	25.56	(3,475) (RMB 800,606)	13,085 (RMB 3,012,226)	-	-
Pou Sheng (China) Investment Co., Ltd.	Business of investment, technical services and wholesale, import and export sports goods, sportswear, sports shoes and leisure shoes	4,550,741 (US\$ 152,922,400)	b	-	-	-	-	1,424,391 (RMB 328,094,801)	31.97	453,296 (RMB 104,412,153)	1,671,966 (RMB 384,890,850)	-	-
Yichun Yisen Industry Co., Ltd.	Production and sale of footwear and mold products	410,130 (US\$ 14,000,000)	b	-	-	-	-	47,555 (RMB 11,046,367)	51.11	24,305 (RMB 5,645,798)	380,342 (RMB 87,555,779)	-	-
Zhong Xiang Yue-Shen Sporting Goods Co., Ltd.	Production, processing of shoes, semi-finished products, moulds and related sporting goods, sales of self-produce products	94,380 (US\$ 3,250,000)	b	-	-	-	-	(91) (RMB 20,899)	51.11	(46) (RMB 10,681)	368 (RMB 84,711)	-	-
Dong Guan Pui 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	-	-	-	-	75,825 (RMB 17,558,510)	51.11	38,754 (RMB 8,974,155)	791,278 (RMB 182,154,124)	-	-
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	-	-	-	-	(42,457) (RMB 9,696,869)	51.11	(21,700) (RMB 4,956,070)	790,164 (RMB 181,897,848)	-	-
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 217,720,450)	b	-	-	-	-	(43,360) (RMB 9,974,515)	51.11	(22,162) (RMB 5,097,872)	244,941 (RMB 56,386,063)	-	-
Jilin Xinfangwei Sports Goods Company Limited	Sports goods sales	196,160 (RMB 40,000,000)	b	-	-	-	-	-	15.90	-	-	-	-
Zhang Yuan (Dong Guan) Shoe Materials Co., Ltd.	Prepare for research and development of shoe materials and composite materials	114,804 (RMB 23,000,000)	b	-	-	-	-	(8,543) (RMB 1,959,939)	25.56	(2,183) (RMB 500,960)	34,549 (RMB 7,953,256)	-	-
Dong Guan Jin Yuan Shoe Materials Products Company Limited	Prepare shoe material	108,805 (RMB 21,600,000)	b	-	-	-	-	(10,462) (RMB 2,395,490)	51.11	(5,347) (RMB 1,224,335)	645 (RMB 148,395)	-	-

(Continued)



POU CHEN CORPORATION

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
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	\$ -	\$ -	\$ -	\$ -	\$ (1,047) (SRMB 240,019)	10.22	\$ (107) (SRMB 24,530)	\$ 4,223 (RMB 972,106)	\$ -	
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	-	-	-	-	259,314 (RMB 59,817,191)	31.97	82,412 (RMB 19,010,454)	177,819 (RMB 40,934,477)	-	
Human Huangjiao Foam Products Co., Ltd.	Processing and production of plastic foam, foam daily products, shoe products and composite products	76,819 (US\$ 2,500,000)	b	-	-	-	-	(1,799) (RMB 414,303)	6.80	(122) (RMB 28,173)	3,379 (RMB 777,884)	-	
Kun Shan Taisong Trading Co., Ltd.	Wholesale and retail of clothing, footwear, glasses and watches	790,110 (US\$ 26,500,000)	b	-	-	-	-	(66,587) (RMB 15,420,555)	31.97	(21,182) (RMB 4,905,300)	(162,732) (RMB 37,461,281)	-	
Shanghai Pou-Lo Sport Culture Co., Ltd.	Management consultants, wholesale of sports goods and equipment wholesale, other sports services and other air performance assistant services	16,693 (US\$ 500,000)	b	-	-	-	-	14,651 (RMB 3,404,538)	-	3,821 (RMB 887,866)	-	-	
Kun Shan Pou-Han Sport Culture Development Co., Ltd.	Management consultants, wholesale of sports goods and equipment wholesale, other sports services and other air performance assistant services	48,278 (US\$ 1,500,000)	b	-	-	-	-	(258) (RMB 58,308)	26.22	(67) (RMB 15,198)	9,555 (RMB 2,199,482)	-	
Yisen (YiFeng) Mould Co., Ltd.	Production and sale of mould products	479,284 (US\$ 14,500,000)	b	-	-	-	-	(39,250) (RMB 9,050,859)	51.11	(20,061) (RMB 4,625,894)	138,008 (RMB 31,769,821)	-	
Zhu Hai Yu Yuan Industrial Co., Ltd.	Processing, production and sale of footwear products	1,408 (RMB 300,000)	b	-	-	-	-	6,772 (RMB 1,559,761)	51.11	3,461 (RMB 797,194)	12,456 (RMB 2,867,477)	-	
Yang Xin Pou Shou Sporting Goods Co., Ltd.	Processing, production and sale of footwear products	236,574 (US\$ 7,800,000)	b	-	-	-	-	(34,991) (RMB 8,036,181)	51.11	(17,884) (RMB 4,107,292)	37,764 (RMB 8,693,469)	-	
Changsha YYSPO RTS Sport Products Co., Ltd.	Sales of sports goods and equipment	22,825 (RMB 5,000,000)	b	-	-	-	-	18,932 (RMB 4,350,510)	31.97	6,016 (RMB 1,382,506)	28,315 (RMB 6,518,122)	-	
Henan YYSPO RTS Sport Products Co., Ltd.	Retail business of sports goods and accessories	9,130 (RMB 2,000,000)	b	-	-	-	-	149,141 (RMB 34,288,759)	31.97	47,428 (RMB 10,904,047)	217,184 (RMB 49,996,354)	-	
Shenyang Pou-Yi Trading Co., Ltd.	Retail business of sports goods and accessories	182,600 (RMB 40,000,000)	b	-	-	-	-	15,374 (RMB 3,481,896)	31.97	4,877 (RMB 1,104,560)	2,728 (RMB 628,093)	-	
Zhejiang Shengdao Sporting-Goods Co., Ltd.	Retail business of sports goods and accessories	228,250 (RMB 50,000,000)	b	-	-	-	-	546,289 (RMB 125,634,273)	31.97	173,736 (RMB 39,955,560)	772,503 (RMB 177,832,261)	-	
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	-	-	-	-	11,655 (RMB 2,693,417)	31.97	3,706 (RMB 856,520)	6,056 (RMB 1,394,169)	-	
Wide-vision Investment (Shenzhen) Co., Ltd.	Wide-vision Investment (Shenzhen) Co., Ltd.	13,833 (RMB 3,000,000)	b	-	-	-	-	5,228 (RMB 1,201,712)	100.00	5,228 (RMB 1,201,712)	24,464 (RMB 5,631,712)	-	

(Continued)

6.6 If the Company or Its Affiliates Have Experienced Financial Difficulties for the Most Recent Fiscal Year or during the Current Fiscal Year up to the Publication date of this Annual Report, the Annual Report Shall Explain How The Difficulties Affected the Company's Financial Situation: N/A.



VII. REVIEW AND ANALYSIS OF FINANCIAL CONDITIONS, FINANCIAL PERFORMANCE AND RISK MANAGEMENT

7.1 Financial Conditions

(In NT\$ thousands)

Item \ Year	2020	2021	Difference	
			Amount	Percentage
Current Assets	155,495,896	162,894,673	7,398,777	4.76%
Non-Current Assets	213,418,663	203,996,153	(9,422,510)	(4.42%)
Total Assets	368,914,559	366,890,826	(2,023,733)	(0.55%)
Current Liabilities	85,408,436	88,808,973	3,400,537	3.98%
Non-Current Liabilities	82,262,921	70,585,101	(11,677,820)	(14.20%)
Total Liabilities	167,671,357	159,394,074	(8,277,283)	(4.94%)
Share Capital	29,467,872	29,467,872	-	-
Capital Surplus	4,389,862	4,419,400	29,538	0.67%
Retained Earnings	72,807,778	85,726,878	12,919,100	17.74%
Other Equity	27,443,947	19,818,804	(7,625,143)	(27.78%)
Non-Controlling Interests	67,133,743	68,063,798	930,055	1.39%
Total Equity	201,243,202	207,496,752	6,253,550	3.11%

(1) Analysis of changes in financial ratios:

Other equity decreased by NT\$7.625 billion mainly due to the NT\$8.937 billion share of loss of associates and joint ventures accounted for using the equity method, the NT\$3.236 billion unrealized gain on financial assets at fair value through other comprehensive profit or loss, and the NT\$1.923 billion exchange loss on translation of foreign financial statements.

(2) Impact: no material impact.

(3) Action plan(s) for the future: N/A.

7.2 Financial Performance

(In NT\$ thousands)

Item \ Year	2020	2021	Difference	
			Amount	Percentage
Operating Revenue	249,954,311	239,884,409	(10,069,902)	(4.03%)
Operating Costs	195,203,206	181,661,384	(13,541,822)	(6.94%)
Operating Expenses	56,862,183	55,747,316	(1,114,867)	(1.96%)
Income (Loss) from Operations	(2,111,078)	2,475,709	4,586,787	217.27%
Non-operating Income and Expenses	8,072,404	14,681,025	6,608,621	81.87%
Income Before Income Tax	5,961,326	17,156,734	11,195,408	187.80%
Income Tax Expense	2,041,909	553,291	(1,488,618)	(72.90%)
Net Income For the Year	3,919,417	16,603,443	12,684,026	323.62%
Other Comprehensive Net Income (Loss)	13,761,868	(8,615,977)	(22,377,845)	(162.61%)
Total Comprehensive Income For the Year	17,681,285	7,987,466	(9,693,819)	(54.83%)

(1) Analysis of changes in financial ratios :

A. NT\$11.196 billion increased in net profit before tax for the year mainly due to NT\$4.587 billion increase in income from operations and NT\$6.609 billion increase in non-operating Income and Expenses. Explanations are as follows:

(A) Reduction of NT\$10.07 billion in operating revenue of the footwear manufacturing business for the year was due to a number of factors, such as work stoppage in Vietnam, market fluctuation that has constantly affected the retailing of sporting goods and brand licensing business since the second quarter, and recurrent epidemic outbreaks. However, income from operations increased by NT\$4.587 billion. Such improvement was attributed to increased production efficiency and capacity utilization of footwear manufacturing. In addition, the retailing of sporting goods and brand licensing business continued to improve its sales discount and sales mix under rigorous cost control.

(B) Non-operating income and expenditure increase 6.609 billion, mainly due to the NT\$3.08 billion increase in profit from equity-accounted investments, NT\$1.403 billion increase in profit from evaluation of financial instruments, NT\$702 million gain on disposal of investment, NT\$605 million increase in foreign currency exchange and NT\$539 million decrease in finance cost.

B. Decrease in income tax expense:

Income tax expense decreased by NT\$1.488 billion, mainly due to decrease NT\$1.231 billion in additional tax on unappropriated earnings.

C. Other Comprehensive Net Loss increased NT\$22.378 billion. Explanations are as follows:

(A) the share of profit of associates and joint ventures accounted for using the equity method increased by NT\$27.525 billion, which is mainly due to the increase in unrealized gain on financial assets at fair value through other comprehensive profit or loss, as recognized by Ruen Chen Investment and Nan Shan Life Insurance Co., Ltd. of the Pou Chen Group compared to the corresponding period last year;

(B) Unrealized revaluation income on investments in equity instruments that are measured at fair value through the statement of other comprehensive income increased by NT\$3.627 billion, mainly due to the rise in the prices of the shares of Mega Financial Holdings and Paiho Group held by the Group in 2021, whereas the stocks prices decreased in the corresponding period last year, which caused the unrealized revaluation income on investments in equity instruments that are measured at fair value through the statement of other comprehensive income, and it was unrealized revaluation loss compared to the corresponding period last year;

(C) exchange loss on translation of foreign financial statements decreased by NT\$1.35 billion, primarily because the functional currency in foreign operations is USD, and the appreciation of exchange rate in USD to NTD decrease from 5% from the previous year to 2.81% this year, which caused a decrease in the year's exchange loss on translation of foreign financial statements for the year, compared to the corresponding period last year, when the subsidiary converted USD to NTD.



(2) Sales conditions forecast :

Regarding shoe manufacturing business, the Company will continue to invest in strategic areas, expand advantages in technology, constantly improve production efficiency, maximize production capacity, and meanwhile, launch plans to raise production capacity, improve the flexibility and diversity of production allocation, and seek the deployment of capacity for long-term and steady growth to fortify the Company's leading status in the industry chain. In retailing of sporting goods and brand licensing business, the Company will proactively create a consumer-oriented omni-channel ecosystem that provides warm and seamless service experiences. The Company will also apply multiple digital tools to cultivate key markets and refine operation management to achieve precise marketing for maximum benefits of channel operations.

(3) Impact on future financial operations of the Company: no material impact.

(4) Action plan(s) for the future: N/A

7.3 Cash Flow

Analysis and discussion of changes in cash flow over the fiscal year, improvement plan(s) for inadequate liquidity and cash liquidity forecast analysis and discussion for the next year as follows:

(1) Analysis of changes in cash flow in 2021

(In NT\$ thousands)

Cash and Cash Equivalents at the Beginning of the Year	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Effects of exchange rate changes on the balance of cash held in foreign currencies	Cash and Cash Equivalents at the End of the Year
32,108,725	12,628,877	(2,974,286)	(12,744,278)	(568,692)	28,450,346

A. Operating activities:

Net cash inflow from operating activities is NT\$12.629 billion, mainly due to the NT\$17.157 billion operating income before tax. Adding NT\$16.777 billion depreciation expenses and amortization expense, NT\$1.869 billion finance costs, deducting the NT\$10.977 billion share of the profit of associates and joint ventures accounted for using the equity method and NT\$1.238 billion disposal of associates and joint ventures, those amount are adjusted by items that do not affect cash flow. NT\$5.162 billion decrease in account receivables and NT\$1.5 billion decrease in other receivables which affected cash inflow, and the cash outflow from NT\$9.48 billion increase in inventory, NT\$1.986 million increase in other current assets, NT\$1.188 billion decrease in other payables, NT\$1.834 billion in interest paid and NT\$3.71 billion in income tax paid.

B. Investing activities:

Net cash outflow from investing activities is NT\$2.974 billion, mainly due to the NT\$7.315 billion cash outflow for acquisition and disposal of property, plant, and equipment; NT\$1.134 billion cash outflow from acquisition and disposal of financial assets carried at cost after amortization; NT\$3.104 billion cash inflow from acquisition and disposal of equity-accounted investments; NT\$2.04 billion cash inflow from collection of dividends; and NT\$744 million cash inflow from collection of interest.

C. Financing activities:

Net cash outflow from financing activities is NT\$12.744 billion, mainly due to the NT\$6.078 billion cash outflow for long-term borrowings, NT\$798 million cash outflow for paying short-term bills payable, NT\$5.143 billion cash outflow for paying lease liability principals, NT\$1.473 billion cash outflow for distribution of cash dividends by Pou Chen Corporation and NT\$1.168 million cash inflow proceeds from short-term bills.

(2) Improvement plan(s) for inadequate liquidity: N/A.



(3) Liquidity forecast analysis for the next year

(In NT\$ thousands)

Cash Balance Amount at the Beginning of the Year	Net Cash Provided by Operating Activities	Net Cash Provided by Investing and Financing Activities	Cash Surplus (Deficit)	Measures for Managing Cash Deficit	
				Investment Plans	Financing Plans
28,450,346	26,409,896	(16,006,691)	38,853,551	-	-

A. Net cash flow from operating activities for the whole year:

Mainly forecasting cash flow from accounts receivable and the accounts payable, operating expenses paid in cash, income tax payable and bank loan interest paid in cash generated during the operation.

B. Net cash flow from investing and financing activities for the whole year:

(A) Investing activities: mainly forecasting capital expenditures and receiving cash dividends, etc.

(B) Financing activities: mainly forecasting bank loan repayments, paying cash dividends, etc.

7.4 Impact of Significant Capital Expenditures on the Financial Operations of the Company for the Most Recent Fiscal Year: N/A.

7.5 Investment Policy for the Most Recent Fiscal Year, Reasons for Profit (Loss), Improvement Plan and Investment Plan for the Coming Year:

Our company's investment plan is mainly to cultivate the footwear manufacturing business and the sporting goods retailing and brand licensing business, to expand our operating scale, with the aim of bolstering our competitiveness in the industry, and to raise reinvestment income to increase shareholders equity.

(1) The share of the profit associates and joint ventures accounted for using the equity method, recognized by our company in 2021, is NT\$10.977 billion, an increase of NT\$3.08 billion compared to 2020. This increase is mainly attributed to the NT\$412 million increase in investment income recognized by Ruen Chen Investment Co., Ltd. and the NT\$767 million decrease in investment income recognized by Kunshan Baowei Information Technology Co. Ltd..

(2) The investment plan for the coming year will continue to involve focusing on footwear manufacturing and sporting goods retailing and brand licensing, cautiously responding to the changes and challenges in the operating environment, and ensuring that the steady development of overall operation is maintained in hopes of creating greater investment income.

7.6 Analysis and Evaluation of Risk Factors

Information pertaining to the risk factors of the Company over the latest year and up to the publication date of this annual report is as follows:

(1) Risk Management Structure and Duty

The company has always adopted a global diversified layout and is an important partner of dozens of international brands. In view of the constant competition and challenges in the business environment, the company ensures the sustainable development of the Company by focusing its attention on corporate risk management to conduct risk assessment of economic, environmental, and social issues. The Risk Management Regulations established in 2015 have been approved by the Board of Directors. The Board of Directors is the highest governing body of risk management and plans to develop applicable risk management strategies. Various functional managements through to units in charge of managing day-to-day operations are responsible for reducing potential business discontinuity risks by identifying every level of risk that may critically influence corporate operations and formulating plans in response to the identified

risks. At the end of every year, the implementation of risk management activities is summarized and used as the basis for next year's strategic management, performance evaluation, and audit planning. In 2021, the status of risk management operations for the year was reported to the Board of Directors in December.

Our risk management structure is as follows:

Title of Body	Scope of Responsibilities and Functions
Board of Directors	The board is the highest governing body of risk management of the Company, and its objective is to promote and implement risk management practices pursuant to applicable laws and regulations, fully understand the risks the Company is exposed to its operations and ensure the effectiveness of risk management mechanism, taking the ultimate responsibility in risk management of the Company.
Audit Committee	The Committee shall, pursuant to its organizational rules, adopt independent and professional opinions to conduct prudent risk assessment and supervise the fair representation of the Company's financial report, appointment or dismissal of an attesting CPA and its independence and performance, compliance to relevant regulations and rules, effective implementation of the Company's internal control system, and control of existing or latent risks of the Company. The Committee shall propose suitable suggestions that facilitate the board's decision-making.
President	A. Responsible for implementing risk management decisions of the board and coordinating the risk management between different departments. B. Responsible for reviewing the strategies of each risk management program and project risk evaluations.
President of Administration Management Department, and Managers of each department	A. Responsible for supporting and overseeing risk management practices by their respective departments and business units. B. Responsible for adjusting risk categories due to changes in conditions and recommending responses. C. Responsible for providing executive summaries of implementation of risk management processes. D. Responsible for performance assessment and coordination of adjusted risk categories.
Individual departments and business units	Responsible for day-to-day risk management practices.

Five major risks to the company were identified:

- A. Business management risks: Consideration for the impacts and effects of domestic and foreign economy, science and technologies, environment, consumer markets for sporting goods, and various other factors.
- B. Strategic investment risks: The effects of short-term investments on the fluctuation of market prices for securities, and on the operational management of long-term investments.
- C. Credit management risks: The risks of a loss resulting from counterparty's failure to repay a loan or meet contractual obligations.
- D. Operational management risks: The risks of losses to the company caused by negligence in the internal control of operating processes and improper or incorrect information systems.



E. Legal risks: The risks of financial or reputational loss resulting from failure to restrict counterparty's contract performance due to incomplete contract, false authorization, incomplete laws or regulations, legal invalidity of counterparty, or other factors.

The Company extensively analyzes the efficiency and effectiveness of business goals, the reliability of financial reporting, and the degree of influence of compliance matters, as well as risk events that are likely to cause damage. Using risk matrix diagrams, functional units identify key risks, then comprehensively assess the degree of influence on organizational units and the probability of loss from damage, and propose plans in response to identified risks. These efforts serve to ensure the identification and management of every operational risks, prevent possible losses within the scope of bearable risk, increase shareholder equity, and thereby optimize the allocation of company resources.

(2) Impact of Interest Rate/Exchange Rate Fluctuations and Inflation on the Company's Profitability and Future Action Plans

A. Interest Rate Fluctuation

Under the impact of the COVID-19 pandemic since 2020, countries worldwide have initiated a series of relief measures. Along with the strong recovery of major economies, the global economies reached record-breaking growth rates in 2021. However, the pandemic's impact continues. Labor shortage, port congestion, and strong demand for post-pandemic recovery have created supply chain shortages such as shortage of materials and chips, which in turn leads to an increase in raw material prices and wages, pushing up prices of final consumer products and causing global inflation that exerts impact on monetary policies of central banks in the world.

In 2022, in addition to the issues of the pandemic, port congestion and shipping container shortage have not yet been alleviated, the West made its moves in an attempt to checkmate Russia through its financial sector, as the Russia-Ukraine war is raging on, which caused the commodities price of crude oil, grains, and base metals, were elevated. The price boost has deteriorated inflation, with U.S. inflation hitting a new 40-year high. As expected by the market, the Fed announced a 0.25 percentage point rate hike on March 17, the first rate hike since the end of December 2018. The Central Bank of the Republic of China (Taiwan) also announced a 0.25 percentage point rate hike on March 18, the first raising by the bank in the past ten years. Based on the dot plot released by the Fed in March, the market expects The Fed Reserve to deliver rate hikes in the following six FOMC meetings in 2022, which could raise a further 6 to 7 times rate hikes this year.

Interest rate fluctuation affects the cost of floating-rate financing of the Company and its consolidated companies, as well as the interest earned on the Company's cash and fixed income securities. The Company regularly assesses and compares the costs of various funding sources. In addition to appropriately allocating debt durations, the Company also utilizes interest rate swaps, cross-currency swaps, or raises fixed-rate loans to lower the effect of interest rate fluctuations on the financing cost. The Company will continue to monitor the market interest rate trends and utilize various financing instruments to lower the Company's funding cost. In order to preserve principal and maintain liquidity requirements, the Company mainly invests in time deposits, repurchase bond/note, money market funds, and investment grade securities.

B. Exchange Rate Fluctuation

Global growth and significant countries' monetary policy in 2021 depend on whether the Pandemic abatement, supply chain crisis lessens, and inflation is under control. The market expects that with the normalization of U.S. monetary policies and the alleviation of the pandemic in 2022, global capital flows will certainly be affected.

The Company follows its conservative nature hedging policy by offsetting foreign currency assets and liabilities. And uses spot, forward contract, options or other financial instruments to hedge, or reduce the

risk of exchange rate fluctuations based on exchange rate trends and booking costs of assets and liabilities for each currency.

In a volatile economic environment, foreign exchange rate trends are unpredictable. Still, the Company will continue closely monitoring changes in the financial market, follow its nature hedging policy, and utilize the appropriate financial instrument to hedge its net position to reduce the effects of exchange rate fluctuations on the Company's profits and loss.

C. Inflation

High-priced for food, crude oil, and raw materials, coupled with soaring shipping costs, all led to inflation in 2021. The Company will keep abreast of changes in raw material supply and prices, control the sources of raw material supplies, manage our raw materials inventory, and flexibly adjust our business strategy to lower the effects of changes in raw material supplies on the company's operations.

(3) Policies and Future Action Plans for High-risk, High-Leveraged Investments, Fund Lending to Third Parties, Endorsements or Guarantees, Transactions in Financial Derivatives, Main Reasons for Profit (Loss)

A. The Company focuses on its core business and does not engage in high-risk or high-leverage investments. The Company has stipulated guidelines on the "Procedures for Acquisition and Disposal of Assets" as its guidance for investments or disposals.

B. To support its affiliates' operation, the Company has stipulated guidelines on the "Operational Procedures for Loaning of Company Funds" and "Operational Procedures for Making Endorsements and Guarantees," which comply with relevant rules and regulations issued by authority. The Company has explicitly assigned internal units and personnel to evaluate and audit periodically.

C. In the future, the Company will conduct all of the transactions following the Company's internal guidelines.

(4) Future Research and Development Programs and Projected Expenses

For future research and development programs of the Company, please refer to Section 5.1 (3) R&D Overview on page 108. The future R&D expenses are estimated to account for 3% of the Company's annual revenue generated from manufacturing of shoes.

(5) Impact of Important Policy and Regulatory Changes in Taiwan and Overseas on the Financial Condition and Operations of the Company and Action Plans

The business activities of the Company are in compliance with the policies and regulations in effect in each jurisdiction we operate. We also have administrative centers in each location to provide timely updates on local policy and regulatory changes, allowing us to take proper action as may be required.

(6) Impact of Changes in Technology and Industry on the Financial Condition and Operations of the Company and Action Plans

We have introduced an electronic operating system and established an online information network for the management of the group. By integrating with the upstream and downstream industries, we are able to shorten the information transfer process and lead time, therefore improving operating efficiency. In response to changing industry conditions, we also commit our efforts to the development of new products, improvement of manufacturing process and technology to strengthen our competitiveness. Therefore, we expect these changes in technology and industry to have a positive impact on the Company's financial condition and operations.

(7) Impact of Change in Corporate Image to Crises Management and Action Plans

To implement enterprise sustainability management, our company has always upheld the management principles of professionalism and integrity and adhered to the social responsibilities of corporate citizens.



As testament to our long-term commitment to corporate governance, social engagement, and environmental protection, the Company was ranked within 6% to 20% of the listed companies and also ranked top 10% of the 「non financial and non-electronics industry with a market value above NT\$10 billion」 by Taiwan Stock Exchange in 2022. We continued to be included as a constituent of the FTSE4Good Emerging Index and the FTSE4Good TIP Taiwan ESG Index. The Company's continued focus on the robust management of its core business activities received the recognition of Common Wealth magazine in the Top 2000 Survey, which ranked 20th in the manufacturing industry in 2020. The Company continuously strengthens its performance in business development, corporate governance, social welfare, environmental protection, and corporate sustainability to create and maintain a positive corporate image. There is currently no foreseeable change.

(8) Expected Benefits of Mergers and Acquisitions, Associated Risks and Action Plans

The Company had no plans for mergers or acquisitions for the past fiscal year and up to the publication date of this Annual Report.

(9) Expected Benefits of Capacity Expansion, Associated Risks and Action Plans

We carefully evaluate our factory expansion plans based on current production capacity and potential growth in operations, and submit major capital expenditures to the board of directors for review and resolution after taking into account investment efficiency and potential risks.

(10) Risks Associated with Concentration of Supply and Sales and Action Plans

We have a diversified base of suppliers and customers and have established long-term partnerships with our suppliers and good relations with customers; therefore, we are currently not exposed to any supply or sales concentration risk.

(11) Impact of Transfer of Significant Number of Shares by Directors, and/or Major Shareholders Holding 10% or More of the Total Outstanding Shares, Risks Associated and Action Plans

The Company's Directors and shareholders holding more than 10% of the outstanding shares did not transferred significant number of shares in the most recent year and up to the publication date of this Annual Report.

(12) Impact of Change in Ownership, Associated Risks and Action Plans

Management of the Company has been stable in the latest fiscal year and up to the publication date of this annual report, and committed to creating a robust performance and maximizing value for the shareholders, therefore having a positive impact on the operations of the Company.

(13) Disclosure of issues in dispute, monetary amount of claims, filing date, parties involved, and status of any litigation or other legal proceedings within the latest fiscal year and up to the publication date of this annual report where the Company and/or any of its directors, president, person in charge, shareholders with 10% or more share ownership, or affiliates are involved in a pending litigation, legal proceedings, or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the Company's shareholder equity or price of securities: N/A.

(14) Other Significant Risks and Action Plans: N/A.

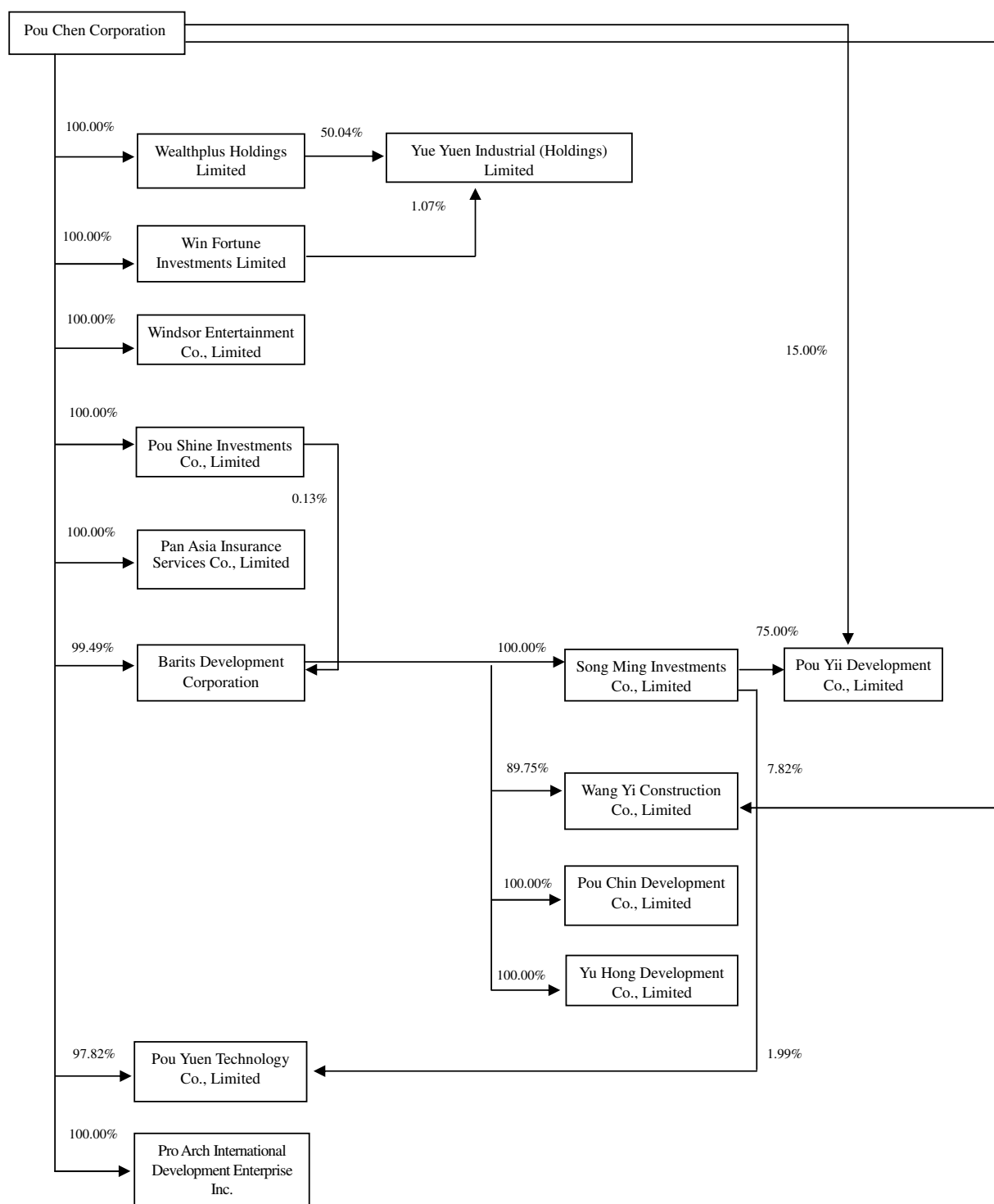
7.7 Other Material Items: N/A

VIII. SPECIAL DISCLOSURE

8.1 Affiliated Enterprises

(1) Consolidated Results of Operations

A. Group Organizational Chart





B. Affiliates Profiles

Amount in NT thousands or US dollars

Entity Name	Establishment	Address	Paid-in Capital	Main Business and/or Products
Wealthplus Holdings Limited	August 28, 1991	British Virgin Islands	US\$9,222,000	Investing in footwear, electronics and peripheral activities
Win Fortune Investments Limited	January 25, 1994	British Virgin Islands	US\$100,000	Investing activities
Windsor Entertainment Co., Limited	July 15, 2003	No.610, Sec. 4, Taiwan Blvd., Taichung City, Taiwan	143,000	Entertainment and resort operations
Pou Shine Investments Co., Limited	March 19, 1990	No.2, Fu Kong Rd., Fu Hsin Hsian, Chang Hwa, Taiwan	1,330,945	Investing activities
Pan Asia Insurance Services Co., Limited	May 14, 1999	7F., No.59, Songjiang Rd., Zhongshan Dist., Taipei City, Taiwan	5,000	Agency of property and casualty insurance
Barits Development Corporation	November 21, 1985	No.2, Fu Kong Rd., Fu Hsin Hsian, Chang Hwa, Taiwan	2,959,531	Import and export of shoe related materials and investing activities
Pou Yuen Technology Co., Limited	December 22, 1993	No.4, Fu Kong Rd., Fu Hsin Hsian, Chang Hwa, Taiwan	311,340	Rental of real estate
Pro Arch International Development Enterprise Inc.	June 22, 1999	No.8, Gongyequ 11th Rd., Xitun Dist., Taichung City, Taiwan	200,000	Design and manufacture of footwear products
Song Ming Investments Co., Limited	September 26, 1996	No.2, Fu Kong Rd., Fu Hsin Hsian, Chang Hwa, Taiwan	1,204,864	Investing activities
Wang Yi Construction Co., Limited	May 23, 1984	6F-1, No.600, Sec. 4, Taiwan Blvd., Taichung City, Taiwan	77,000	Construction
Pou Yui Development Co., Limited	October 18, 1996	1F, No.71, Dadun 4 th St., Taichung City, Taiwan	525,000	Rental and sale of real estate
Pou Chin Development Co., Limited	December 27, 2007	10F, No.600, Sec. 4, Taiwan Blvd., Taichung City, Taiwan	200,000	Agency of land demarcation
Yu Hong Development Co., Limited	October 18, 2012	13F, No.600, Sec. 4, Taiwan Blvd., Taichung City, Taiwan	240,000	Development of real estate
Yue Yuen Industrial (Holdings) Limited	May 11, 1992	22F, C-BONS International Center, 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong	US\$52,040,000	Manufacturing and sale of athletic and casual footwear and sporting goods

C. Disclosure of Information on Overlapping Shareholders where Control is Presumed between the Company and any Group Companies: N/A

D. Industries in which the Group Companies Operate

The business activities of the group companies primarily involve the following industries:

- (A) Main business activities: import and export of footwear products and raw materials, manufacturing and design of footwear, and investments in other related business, etc.
 - (B) Investment activities
 - (C) Building and construction: construction business activities, real estate leasing, sales and development, etc.
 - (D) Other business activities: entertainment and resort operations, and insurance agencies, etc.
- For main business and/or products of each group company, please refer to “B. Group Company Profiles”.



E. Directors, Supervisors, and Presidents of Affiliates

Entity Name	Title	Name/Representative	Share Ownership	
			Number of Shares	Percentage
Wealthplus Holdings Limited	Director	Chan, Lu-Min	-	-
	Director	Lu, Chin-Chu	-	-
	Director	Tsai, Pei-Chun	-	-
	Director	Ho, Yue-Ming	-	-
	Director	Ho, Ming-Kun	-	-
	Director	Chan, Lu-Min	-	-
	Director	Lu, Chin-Chu	-	-
	Director	Ho, Ming-Kun	-	-
Win Fortune Investments Limited	Chairman	Pou Chen Corporation, represented by Lu, Chin-Chu	14,300,000	100.00
	Director	Pou Chen Corporation, represented by Chan, Lu-Min	14,300,000	100.00
	Director	Pou Chen Corporation, represented by Ho, Ming-Kun	14,300,000	100.00
	Supervisor	Pou Chen Corporation, represented by Wu, Huei-Ju	14,300,000	100.00
Pou Shine Investments Co., Limited	Chairman	Pou Chen Corporation, represented by Chan, Lu-Min	133,094,460	100.00
Pan Asia Insurance Services Co., Limited	Chairman	Pou Chen Corporation, represented by Young, Hung-Bin	-	100.00
	Director	Pou Chen Corporation, represented by Chen, Yuh-Jiun	-	100.00
	Director	Pou Chen Corporation, represented by Chuang, Shao-Jung	-	100.00
Barits Development Corporation	Chairman	Pou Chen Corporation, represented by Ho, Ming-Kun	294,451,784	99.49
	Director	Pou Chen Corporation, represented by Wu, Huei-Ju	294,451,784	99.49
	Director	Pou Chen Corporation, represented by Hsiao, Hsiu-Chen	294,451,784	99.49

Entity Name	Title	Name/Representative	Share Ownership	
			Number of Shares	Percentage
Pou Yuen Technology Co., Limited	Supervisor	Pou Shine Investments Co., Limited, represented by Liu, Shu-Hsuan	378,342	0.13
	Chairman	Pou Chen Corporation, represented by Ho, Ming-Kun	30,456,252	97.82
	Supervisor	Song Ming Investments Co., Limited, represented by Liu, Shu-Hsuan	619,220	1.99
Pro Arch International Development Enterprise Inc.	Chairman	Pou Chen Corporation, represented by Ho, Ming-Kun	20,000,000	100.00
Song Ming Investments Co., Limited	Chairman	Barits Development Corporation, represented by Ho, Ming-Kun	120,486,400	100.00
Wang Yi Construction Co., Limited	Chairman	Barits Development Corporation, represented by Su, Po-Wei	6,910,750	89.75
	Director	Barits Development Corporation, represented by Lin, Ding	6,910,750	89.75
	Director	Yeh, Sheng-Fa	-	-
Pou Yui Development Co., Limited	Supervisor	Yu, Ming-Ju	-	-
	Chairman	Song Ming Investments Co., Limited, represented by Wu, Chin-Tiao	39,375,000	75.00
	Director	Song Ming Investments Co., Limited, represented by Hsiao, Hsiu-Chen	39,375,000	75.00
Pou Chin Development Co., Limited	Director	Song Ming Investments Co., Limited, represented by Shih, Ching-Yi	39,375,000	75.00
	Supervisor	Pou Chen Corporation, represented by Ho, Ming-Kun	7,875,000	15.00
	Chairman	Barits Development Corporation, represented by Chen, Yuh-Iiun	20,000,000	100.00
Yu Hong Development Co., Limited	Chairman	Barits Development Corporation, represented by Chan, Lu-Min	24,000,000	100.00
Yue Yuen Industrial (Holdings) Limited	Executive Director and Chairman	Lu, Chin-Chu	-	-
	Executive Director and Managing Director	Tsai, Pei-Chun	-	-
	Executive Director	Chan, Lu-Min	-	-
	Executive Director	Lin, Cheng-Tien	-	-
	Executive Director			
	Executive Director			



Entity Name	Title	Name/Representative	Share Ownership	
			Number of Shares	Percentage
	Executive Director	Hu, Chia-Ho	-	-
	Executive Director	Yu Huan-Chang	-	-
	Executive Director	Liu, Hong-Chih	-	-
	Independent Non-executive Director	Ho, Lai-Hong	-	-
	Independent Non-executive Director	Wong Hak Kun	-	-
	Independent Non-executive Director	Lin Shei Yuan	-	-
	Independent Non-executive Director	Chen Chia-Shen	-	-

F. Financial Highlights of Affiliates

(In NT\$ thousands)

Entity Name	Capital	Total Assets	Total Liabilities	Net Asset Value	Operating Revenue	Profit(Loss) From Operations	Net Income (Loss) after tax	Basic Earnings Per Share (\$)
Wealthplus Holdings Limited	\$ 295,429	\$ 75,092,539	\$ 56,509	\$ 75,036,030	\$ 192,415	\$ 122,914	\$ 2,109,760	N/A
Win Fortune Investments Limited	3,230	1,941,381	50	1,941,331	47,221	41,221	47,110	N/A
Windsor Entertainment Co., Limited	143,000	609,623	532,898	76,725	365,431	(66,829)	(72,536)	N/A
Pou Shine Investments Co., Limited	1,330,945	4,981,925	378,607	4,603,318	399,485	399,026	395,823	N/A
Pan Asia Insurance Services Co., Limited	5,000	48,802	19,688	29,134	44,644	23,027	18,770	N/A
Baritis Development Corporation	2,959,531	13,288,677	2,742,522	10,546,155	144,063	(30,427)	522,074	N/A
Pou Yuen Technology Co., Limited	311,340	822,990	1,158	821,832	15,078	10,343	34,334	N/A
Pro Arch International Development Enterprise Inc.	200,000	298,280	81,659	216,621	117,007	5,269	917	N/A
Song Ming Investments Co., Limited	1,204,864	2,919,066	126	2,918,940	123,305	122,955	122,955	N/A
Wang Yi Construction Co., Limited	77,000	92,991	1,492	91,499	-	(4,538)	5,461	N/A
Pou Yui Development Co., Limited	525,000	1,669,967	292,427	1,377,540	3,178	(3,311)	58,797	N/A
Pou Chin Development Co., Limited	200,000	203,633	4,459	199,174	3,771	(242)	(176)	N/A
Yu Hong Development Co., Limited	240,000	665,054	511,717	153,337	-	(715)	(5,202)	N/A
Yue Yuen Industrial (Holdings) Limited	1,666,437	239,102,165	111,650,961	127,451,204	239,213,416	1,783,686	3,258,777	2.02

Note: The amount of assets and liabilities of foreign affiliates and subsidiaries are calculated at the foreign exchange rate on the date of the balance sheets; whereas profit and loss amounts are calculated at a weighted average foreign exchange rate for the period of the income statements.



(2) Declaration of Consolidated Financial Statements of Affiliates

Representation Statement

March 16, 2022

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Hereby declared

Pou Chen Corporation

Chan, Lu-Min

Chairman



(3) Consolidated Financial Statements of Group Companies

A. Consolidated Balance Sheets: see page 141

B. Consolidated Income Statements: see page 142~143.

C. Information of Group Companies Required to be Disclosed under Article 13 of the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises

(A) List of subsidiaries

Entity Name	Relationship with the Parent	Business Activities	Percentage of Ownership
Wealthplus Holdings Limited	Wholly owned subsidiary	Investing in footwear, electronics and peripheral activities	100.00%
Win Fortune Investments Limited	Wholly owned subsidiary	Investing activities	100.00%
Windsor Entertainment Co., Limited	Wholly owned subsidiary	Entertainment and resort operations	100.00%
Pou Shine Investments Co., Limited	Wholly owned subsidiary	Investing activities	100.00%
Pan Asia Insurance Services Co., Limited	Wholly owned subsidiary	Agency of property and casualty insurance	100.00%
Pro Arch International Development Enterprise Inc.	Wholly owned subsidiary	Design and manufacture of footwear products	100.00%
Pou Yuen Technology Co., Limited	99.81% owned subsidiary	Rental of real estate	99.81%
Vantage Capital Investments Limited	99.81% owned subsidiary	Investment holding	99.81%
Barits Development Corporation	99.62% owned subsidiary	Import and export of shoe related materials and investing activities	99.62%
Song Ming Investments Co., Limited	99.62% owned subsidiary	Investing activities	99.62%
Pou Chin Development Co., Limited	99.62% owned subsidiary	Agency of land demarcation	99.62%
Yu Hong Development Co., Limited	99.62% owned subsidiary	Development of real estate	99.62%
Wang Yi Construction Co., Limited	97.22% owned subsidiary	Construction	97.22%
Pou Yii Development Co., Limited	89.71% owned subsidiary	Rental and sale of real estate	89.71%
Yue Yuen Industrial (Holdings) Limited	51.11% owned subsidiary	Manufacture and sale of athletic and casual footwear and sporting goods.	51.11%
Pou Sheng International (Holdings) Limited	31.97% owned subsidiary	Retail of sporting goods and brand licensing business	31.97%



- (B) Changes in the numbers of subsidiaries included in the Consolidated Financial Statements: N/A
- (C) Subsidiaries not included in the Consolidated Financial Statements: N/A
- (D) Method used and adjustments made in response to the different fiscal year-ends between the parent and its subsidiaries: N/A
- (E) Method used and adjustments made in response to the different accounting policies between the parent and its subsidiaries:
The certified public accountants in Hong Kong who audited the financial statements of our subsidiaries, Yue Yuen Industrial (Holdings) Limited and Pou Sheng International (Holdings) Limited, have taken the different accounting principles applied into consideration and have made adjustments accordingly. After inquiring and reviewing the financial information of our other subsidiaries, we have not found significant differences between the accounting policies that would require adjustments.
- (F) Risks associated with the operations of foreign subsidiaries: N/A
- (G) Legal or contractual restrictions on profit distribution of each group company:

Entities	Legal or Contractual Restrictions
Barits Development Corporation, Pou Shine Investments Co., Limited, Wang Yi Construction Co., Limited, Pou Chin Development Co., Limited, Pou Yui Development Co., Limited, Song Ming Investments Co., Limited, Yu Hong Development Co., Limited, Pou Yuen Technology Co., Limited	The Company's annual net profits should be appropriated as follows: 1. For paying taxes. 2. For offsetting deficits. 3. For legal reserve at 10% of the remaining profits, and for special reserve to be appropriated and distributed according to regulations or upon request by the FSC. 4. The total of any remaining profits after the appropriations mentioned above plus any accumulated unappropriated earnings from prior years may be partially retained and then distributed the remainder as proposed according to stock ownership proportion.
Pro Arch International Development Enterprise Inc., Windsor Entertainment Co., Limited, Pan Asia Insurance Services Co., Limited	If the company has pre-tax surplus earnings for the fiscal year after the accounts are closed, the company shall, after setting aside an amount to pay taxes due, first offset accumulated losses, then set aside 10% of such amount for its legal reserve; provided, however, the appropriation of legal reserve is not mandatory where the balance of the legal reserve is equal to the amount of its paid-in capital. The company shall also allocate or reverse a portion of the earnings as special reserve as required by the operations of the company and in accordance with applicable laws and regulations. To the extent that there is any balance of the earnings remaining, the chairman shall propose a profit distribution plan to the shareholders' meeting for the distribution of dividends.

- (H) Amortization method and period for borrowings (loans) on a consolidated basis: Please refer to Note 4 — Summary of Significant Accounting Policies in the accompanying notes to the Consolidated Financial Statements.
- (I) Separate disclosures:
- a. Transactions eliminated: Please refer to Table 10 of Note 39 in the accompanying notes to the Consolidated Financial Statements.
 - b. Financing provides to others: Please refer to Table 1 of Note 39 in the accompanying notes to the Consolidated Financial Statements.
 - c. Endorsements and guarantees provided: Please refer to Table 2 of Note 39 in the accompanying notes to the Consolidated Financial Statements.
 - d. Financial instruments: Please refer to Note 34 in the accompanying notes to the Consolidated Financial Statements.
 - e. Significant Commitments and unrecognized liabilities: Please refer to Note 37 in the accompanying notes to the Consolidated Financial Statements.
 - f. Significant events after reporting period: N/A.
 - g. Marketable securities and bills held: Please refer to Table 3 and Table 9 of Note 39 in the accompanying notes to the Consolidated Financial Statements.
- (J) Other : N/A

8.2 Any Private Placement of Securities for the Most Recent Fiscal Year and during the Current Fiscal Year up to the Publication date of this Annual Report: N/A.

8.3 Summary of Shareholding or Disposal of Shares of the Company by Subsidiaries for the Most Recent Fiscal Year and during the Current Fiscal Year up to the Publication date of this Annual Report: N/A.

8.4 Additional Information Required to be Disclosed: N/A

8.5 Other Disclosures

There has not been any event occurred within the latest fiscal year and up to the publication date of this annual report which would materially affect the shareholder equity or price of securities of the Company according to Item 2 Paragraph 3 of Article 36 of the Securities and Exchange Act.



POU CHEN CORPORATION

POU CHEN CORPORATION

Chan, Lu-Min
Chairman