

Pou Chen Corporation and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

POU CHEN CORPORATION

By

March 14, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Pou Chen Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Write-downs of Inventory

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

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

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

Impairment of Goodwill

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

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

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

Other Matter

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

Notice to Readers

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

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

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

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

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

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

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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

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

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

(Concluded)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity	Others	Total			
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income					
BALANCE AT JANUARY 1, 2022	\$ 29,467,872	\$ 4,419,400	\$ 16,547,491	\$ -	\$ 69,179,387	\$ (7,414,850)	\$ 14,613,616	\$ 12,620,038	\$ 139,432,954	\$ 68,063,798	\$ 207,496,752	
Appropriation of 2021 earnings (Note 24)												
Legal reserve	-	-	1,439,249	-	(1,439,249)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(4,420,181)	-	-	-	(4,420,181)	-	(4,420,181)	
	-	-	1,439,249	-	(5,859,430)	-	-	-	(4,420,181)	-	(4,420,181)	
Net profit for the year ended December 31, 2022	-	-	-	-	12,644,855	-	-	-	12,644,855	4,244,611	16,889,466	
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	502,829	7,140,956	(18,141,486)	(30,148,895)	(40,646,596)	4,925,728	(35,720,868)	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	13,147,684	7,140,956	(18,141,486)	(30,148,895)	(28,001,741)	9,170,339	(18,831,402)	
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates (Notes 4 and 24)	-	-	-	-	(7,027)	-	7,027	-	-	-	-	
Changes in capital surplus from investments in associates accounted for using the equity method (Notes 4 and 24)	-	(239)	-	-	-	-	-	-	(239)	-	(239)	
Unclaimed dividends by shareholders	-	1,228	-	-	-	-	-	-	1,228	-	1,228	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(2,118,680)	(2,118,680)	
Changes in equity for the year ended December 31, 2022	-	989	1,439,249	-	7,281,227	7,140,956	(18,134,459)	(30,148,895)	(32,420,933)	7,051,659	(25,369,274)	
BALANCE AT DECEMBER 31, 2022	29,467,872	4,420,389	17,986,740	-	76,460,614	(273,894)	(3,520,843)	(17,528,857)	107,012,021	75,115,457	182,127,478	
Appropriation of 2022 earnings (Note 24)												
Legal reserve	-	-	1,314,066	-	(1,314,066)	-	-	-	-	-	-	
Special reserve	-	-	-	57,646,766	(57,646,766)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(3,830,823)	-	-	-	(3,830,823)	-	(3,830,823)	
	-	-	1,314,066	57,646,766	(62,791,655)	-	-	-	(3,830,823)	-	(3,830,823)	
Net profit for the year ended December 31, 2023	-	-	-	-	10,623,608	-	-	-	10,623,608	5,349,873	15,973,481	
Other comprehensive (loss) income for the year ended December 31, 2023	-	-	-	-	(194,112)	(468,025)	5,957,448	7,099,342	12,394,653	(1,137,008)	11,257,645	
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	10,429,496	(468,025)	5,957,448	7,099,342	23,018,261	4,212,865	27,231,126	
Disposal of associates accounted for using the equity method	-	(11,213)	-	-	(170)	-	170	-	(11,213)	(5)	(11,218)	
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by subsidiaries and associates (Notes 4 and 24)	-	-	-	-	3,712	-	(3,712)	-	-	-	-	
Unclaimed dividends by shareholders	-	1,116	-	-	-	-	-	-	1,116	-	1,116	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(2,854,400)	(2,854,400)	
Changes in equity for the year ended December 31, 2023	-	(10,097)	1,314,066	57,646,766	(52,358,617)	(468,025)	5,953,906	7,099,342	19,177,341	1,358,460	20,535,801	
BALANCE AT DECEMBER 31, 2023	<u>\$ 29,467,872</u>	<u>\$ 4,410,292</u>	<u>\$ 19,300,806</u>	<u>\$ 57,646,766</u>	<u>\$ 24,101,997</u>	<u>\$ (741,919)</u>	<u>\$ 2,433,063</u>	<u>\$ (10,429,515)</u>	<u>\$ 126,189,362</u>	<u>\$ 76,473,917</u>	<u>\$ 202,663,279</u>	

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

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

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

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

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

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

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

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

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

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

(Concluded)

POU CHEN CORPORATION AND SUBSIDIARIES

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

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

Refer to Note 4 for related accounting policy information.

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

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

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

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

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

Impact on assets, liabilities and equity for the current year

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

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

Impact on assets, liabilities and equity for the prior year

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2) Amendments to IAS 21 “Lack of Exchangeability”

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

d. Presentation reclassification

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

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

d. Basis of consolidation

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

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

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

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

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

e. Business combinations

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

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

f. Foreign currencies

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

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

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

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

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

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

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

g. Inventories

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

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

h. Investments in associates and joint ventures

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

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

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

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

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

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

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

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

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

i. Property, plant and equipment

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

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

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

j. Investment properties

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

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

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

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

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

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

k. Goodwill

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

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

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

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

l. Intangible assets

1) Intangible assets acquired separately

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

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

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

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

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

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

3) Intangible assets acquired in a business combination

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

4) Derecognition of intangible assets

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

m. Assets related to contract costs

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

n. Impairment of tangible and intangible assets other than goodwill

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

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

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

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

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

o. Financial instruments

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

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

Financial assets

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

1) Measurement category

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

a) Financial assets at FVTPL

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

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

b) Financial assets at amortized cost

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

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

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

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

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

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

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

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

c) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets

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

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

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

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

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

3) Derecognition of financial assets

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

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

Equity instruments

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

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

Financial liabilities

1) Subsequent measurement

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

a) Financial liabilities at FVTPL

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

b) Financial guarantee contracts

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

2) Derecognition of financial liabilities

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

Derivative financial instruments

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

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

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

p. Levies

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

q. Revenue recognition

1) Sale of goods

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

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

2) Dividend and interest income

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

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

r. Leases

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

1) The Group as lessor

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

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

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

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

2) The Group as lessee

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

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

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

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

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

s. Government grants

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

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

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

t. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

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

4) Termination benefits

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

u. Share-based payment arrangements

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

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

v. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

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

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Write-down of inventory

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

b. Impairment of goodwill and intangible assets

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

6. CASH AND CASH EQUIVALENTS

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

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

(Continued)

	December 31	
	2023	2022
Current	\$ 945,643	\$ 2,783,815
Non-current	<u>889,745</u>	<u>761,033</u>
	<u>\$ 1,835,388</u>	<u>\$ 3,544,848</u>

Financial liabilities at FVTPL

Financial liabilities held for trading

Derivative financial liabilities (not under hedge accounting)

Forward exchange contracts (c)	\$ 99,812	\$ 57,479
Exchange rate option contracts (d)	19,420	60,252
Exchange rate swap contracts (e)	<u>210,238</u>	<u>37,543</u>
	<u>\$ 329,470</u>	<u>\$ 155,274</u>

Current	<u>\$ 329,470</u>	<u>\$ 155,274</u> (Concluded)
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a. Structured deposits

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

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

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

December 31, 2022

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

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

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

December 31, 2023

Notional Amount (In Thousands)		Forward Exchange Rates
US\$	91,775	Sell US\$/Buy IDR at 15,250 to 15,450
NT\$	60,000	Sell NT\$/Buy US\$ at 32.500 to 33.500

December 31, 2022

Notional Amount (In Thousands)		Forward Exchange Rates
US\$	95,320	Sell US\$/Buy IDR at 14,540 to 15,800
RMB	126,210	Sell RMB/Buy US\$ at 6.928 to 6.995

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

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

December 31, 2023

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

December 31, 2022

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

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

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

December 31, 2023

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

December 31, 2022

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

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

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

December 31, 2023

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

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

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

9. FINANCIAL ASSETS AT AMORTIZED COST

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

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

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

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

a. Notes receivable

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

b. Accounts receivable

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

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

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

December 31, 2023

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

December 31, 2022

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

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

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

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

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

11. INVENTORIES

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

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

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

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

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

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

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

12. OTHER ASSETS

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

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Continued)

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

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

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

a. Investments in associates

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

1) Material associate

	Proportion of Ownership and Voting Rights (%)	
	December 31	
Name of Associate	2023	2022
Ruen Chen Investment Holding Co., Ltd.	20	20
a) As of October 18, 2023 and December 6, 2022, the Company purchased 10,000 thousand and 8,000 thousand issued ordinary shares with \$10 per share with the amount of \$100,000 thousand and \$80,000 thousand, respectively.		
b) Due to supply chain disruption caused by the global pandemic and the Russo-Ukrainian war during the past two years, inflation has risen and thus resulted in an extreme spike in the annual interest rate defined by ICS. Therefore, on September 29, 2022, the board of directors of Nan Shan Life Insurance Company Ltd., the subsidiary of Ruen Chen Investment Holding Co., Ltd., approved the resolution in accordance with the provisions of IFRS 9 to change the business model of financial assets management and set October 1, 2022 as the date of reclassification of financial assets.		
c) The summarized financial information below represents amounts shown in the material associate's financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.		

Ruen Chen Investment Holding Co., Ltd.

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

2) Associates that are not individually material

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

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

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

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

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

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

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

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

b. Investments in joint ventures

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

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

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

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

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

15. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

16. LEASE ARRANGEMENTS

a. Right-of-use assets

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

b. Lease liabilities

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

Range of discount rates for lease liabilities was as follows:

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

c. Other lease information

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

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

17. INVESTMENT PROPERTIES

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

(Continued)

	Rights of Land	Land	Buildings	Total
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2023	\$ (6,480)	\$ -	\$ (1,294,083)	\$ (1,300,563)
Depreciation expenses	(6,866)	-	(122,623)	(129,489)
Disposal	-	-	2,442	2,442
Reclassification	-	-	2,652	2,652
Effects of foreign currency exchange differences	<u>112</u>	<u>-</u>	<u>1,192</u>	<u>1,304</u>
Balance at December 31, 2023	<u>\$ (13,234)</u>	<u>\$ -</u>	<u>\$ (1,410,420)</u>	<u>\$ (1,423,654)</u>
Carrying amount at December 31, 2023	<u>\$ 489,990</u>	<u>\$ 1,928,968</u>	<u>\$ 3,615,995</u>	<u>\$ 6,034,953</u> (Concluded)

- a. The investment properties are depreciated using the straight-line method over 30-55 years.
- b. The fair value of investment properties is comprehensively evaluated by the management of the Group, who use the evaluation model adopted by the market review and independent evaluators. The fair value of the Group's investment properties as of December 31, 2023 and 2022 was \$13,033,458 thousand and \$12,967,385 thousand, respectively.
- c. The maturity analysis of lease payments receivable under operating leases of investment properties at December 31, 2023 and 2022 was as follows:

	December 31	
	2023	2022
Year 1	\$ 854,116	\$ 884,927
Year 2	826,861	760,686
Year 3	623,001	714,226
Year 4	441,255	538,645
Year 5	267,307	384,568
Year 6 onwards	<u>288,048</u>	<u>502,464</u>
	<u>\$ 3,300,588</u>	<u>\$ 3,785,516</u>

18. GOODWILL

	2023	2022
<u>Cost</u>		
Balance at January 1	\$ 8,734,770	\$ 8,029,090
Effects of foreign currency exchange differences	<u>(67,207)</u>	<u>705,680</u>
Balance at December 31	<u>\$ 8,667,563</u>	<u>\$ 8,734,770</u> (Continued)

	2023	2022
<u>Accumulated impairment</u>		
Balance at January 1	\$ (282,747)	\$ (254,905)
Effects of foreign currency exchange differences	<u>(5,420)</u>	<u>(27,842)</u>
Balance at December 31	<u>\$ (288,167)</u>	<u>\$ (282,747)</u>
Carrying amount at December 31	<u>\$ 8,379,396</u>	<u>\$ 8,452,023</u> (Concluded)

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

	December 31	
	2023	2022
<u>Goodwill</u>		
Manufacturing and marketing of footwear materials	\$ 5,630,959	\$ 5,631,876
Manufacturing and marketing of sports apparel	10,624	10,626
Retailing business - retail and distribution of sportswear products	2,287,584	2,353,707
Others	<u>450,229</u>	<u>455,814</u>
	<u>\$ 8,379,396</u>	<u>\$ 8,452,023</u>

The Group has evaluated the recoverable amount of these cash-generating units for the years ended December 31, 2023 and 2022, and the recoverable amount of these cash-generating units was determined based on the value in use. The value in use was calculated based on used cash flow forecasts of the financial budgets approved by the management covering a five-year period. The growth rates were based on the forecasts of the relevant industries.

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

	December 31			
	2023		2022	
	Discount Rate	Growth Rate	Discount Rate	Growth Rate
Manufacturing and marketing of footwear materials	18%-22%	2%	18%-22%	2%
Manufacturing and marketing of sports apparel	18%-22%	1%	18%-22%	1%
Retailing business - retail and distribution of sportswear products	18%-22%	2%	18%-22%	3%

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

19. OTHER INTANGIBLE ASSETS

	Patents	Trademarks	Computer Software	Brand Names	Licensing Agreements	Non-compete Agreements	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 160	\$ 98	\$ 1,437,387	\$ 2,032,210	\$ 437,123	\$ 689,398	\$ 4,596,376
Additions	213	-	317,475	-	-	-	317,688
Disposal	-	-	(230)	-	(311,023)	-	(311,253)
Effect of foreign currency exchange differences	-	-	885	40,193	39,396	13,646	94,120
Balance at December 31, 2022	<u>\$ 373</u>	<u>\$ 98</u>	<u>\$ 1,755,517</u>	<u>\$ 2,072,403</u>	<u>\$ 165,496</u>	<u>\$ 703,044</u>	<u>\$ 4,696,931</u>
<u>Accumulated amortization and impairment</u>							
Balance at January 1, 2022	\$ (20)	\$ (13)	\$ (135,846)	\$ (2,032,210)	\$ (437,123)	\$ (383,894)	\$ (2,989,106)
Amortization expenses	(18)	(10)	(78,026)	-	-	(37,278)	(115,332)
Disposal	-	-	230	-	311,023	-	311,253
Effect of foreign currency exchange differences	-	-	(238)	(40,193)	(39,396)	(7,755)	(87,582)
Balance at December 31, 2022	<u>\$ (38)</u>	<u>\$ (23)</u>	<u>\$ (213,880)</u>	<u>\$ (2,072,403)</u>	<u>\$ (165,496)</u>	<u>\$ (428,927)</u>	<u>\$ (2,880,767)</u>
Carrying amount at December 31, 2022	<u>\$ 335</u>	<u>\$ 75</u>	<u>\$ 1,541,637</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 274,117</u>	<u>\$ 1,816,164</u>
<u>Cost</u>							
Balance at January 1, 2023	\$ 373	\$ 98	\$ 1,755,517	\$ 2,072,403	\$ 165,496	\$ 703,044	\$ 4,696,931
Additions	-	-	352,455	-	-	-	352,455
Disposal	-	-	(1,587)	-	-	-	(1,587)
Effect of foreign currency exchange differences	-	-	(4,056)	(59,168)	(4,725)	(20,072)	(88,021)
Balance at December 31, 2023	<u>\$ 373</u>	<u>\$ 98</u>	<u>\$ 2,102,329</u>	<u>\$ 2,013,235</u>	<u>\$ 160,771</u>	<u>\$ 682,972</u>	<u>\$ 4,959,778</u>
<u>Accumulated amortization and impairment</u>							
Balance at January 1, 2023	\$ (38)	\$ (23)	\$ (213,880)	\$ (2,072,403)	\$ (165,496)	\$ (428,927)	\$ (2,880,767)
Amortization expenses	(24)	(10)	(92,012)	-	-	(39,859)	(131,905)
Disposal	-	-	1,587	-	-	-	1,587
Effect of foreign currency exchange differences	-	-	44	59,168	4,725	13,062	76,999
Balance at December 31, 2023	<u>\$ (62)</u>	<u>\$ (33)</u>	<u>\$ (304,261)</u>	<u>\$ (2,013,235)</u>	<u>\$ (160,771)</u>	<u>\$ (455,724)</u>	<u>\$ (2,934,086)</u>
Carrying amount at December 31, 2023	<u>\$ 311</u>	<u>\$ 65</u>	<u>\$ 1,798,068</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,248</u>	<u>\$ 2,025,692</u>

The abovementioned items of other intangible assets are amortized on a straight-line basis over their estimated useful life as follows:

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

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
<u>Unsecured borrowings</u>		
Credit borrowings	<u>\$ 26,665,698</u>	<u>\$ 20,611,809</u>

The range of effective interest rate on bank borrowings was 1.61%-6.38% and 1.00%-7.47% per annum as of December 31, 2023 and 2022, respectively.

b. Short-term bills payable

December 31, 2023

	Properties	Annual Interest Rate	Amount
Commercial papers	Unsecured	1.45%-1.70%	\$ 1,892,500
Less: Unamortized discount on bills payable			<u>(734)</u>
			<u>\$ 1,891,766</u>

December 31, 2022

	Properties	Annual Interest Rate	Amount
Commercial papers	Unsecured	1.38%-2.15%	\$ 1,581,000
Less: Unamortized discount on bills payable			<u>(899)</u>
			<u>\$ 1,580,101</u>

c. Long-term borrowings

	December 31	
	2023	2022
<u>Unsecured borrowings</u>		
Bank loans	\$ 41,292,068	\$ 61,981,571
Less: Expenses for long-term borrowings	(29,722)	(55,923)
Less: Current portion	<u>(13,210,895)</u>	<u>(11,923,464)</u>
	<u>\$ 28,051,451</u>	<u>\$ 50,002,184</u>

Maturity dates and ranges of annual interest rate:

	December 31	
	2023	2022
<u>Maturity date</u>		
Long-term borrowings	2025.01.03- 2027.05.03	2024.01.15- 2026.11.29
Current portion of long-term borrowings	2024.01.15- 2024.12.20	2023.01.15- 2023.12.20
Range of interest rate	0.95%-6.23%	0.94%-5.54%

21. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2023	2022
<u>Notes payable</u>		
Operating	\$ 2,297	\$ 2,671
Non-operating	<u>1,311</u>	<u>1,323</u>
	<u>\$ 3,608</u>	<u>\$ 3,994</u>
Accounts payable (including related parties)	<u>\$ 14,246,431</u>	<u>\$ 12,536,177</u>

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

22. OTHER PAYABLES

	December 31	
	2023	2022
Payables for salaries	\$ 9,600,928	\$ 11,006,308
Payables for purchase of property, plant and equipment	972,672	1,297,784
Compensation due to directors	134,446	178,867
Compensation of employees	468,604	483,415
Interest payables	122,976	292,424
Payables for annual leave	953,707	1,015,231
Others	<u>5,489,583</u>	<u>7,421,424</u>
	<u>\$ 17,742,916</u>	<u>\$ 21,695,453</u>
Current	\$ 17,587,766	\$ 21,540,287
Non-current	<u>155,150</u>	<u>155,166</u>
	<u>\$ 17,742,916</u>	<u>\$ 21,695,453</u>

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

The net amounts in respect of the defined benefit liabilities were \$2,888,757 thousand and \$2,583,417 thousand as of December 31, 2023 and 2022, respectively. Movements in the net defined benefit liabilities were as follows:

Present Value of Defined Benefit Obligation	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 2,583,417	\$ 3,661,094
Current service cost	305,007	346,293
Past service gain	(28,164)	(981,803)
Net interest expense	181,789	183,265
Others	(1,150)	(57,568)
Recognized in profit or loss	457,482	(509,813)
Remeasurement		
Actuarial loss arising from changes in demographic assumptions	1,658	-
Actuarial loss (gain) arising from changes in financial assumptions	123,465	(299,730)
Actuarial loss (gain) arising from experience adjustments	5,895	(21,343)
Effect of exchange rate changes of remeasurement	13,971	(102,019)
Recognized in other comprehensive loss (income)	144,989	(423,092)
Benefits paid	(335,944)	(333,954)
Effect of exchange rate changes on foreign plans	38,813	189,182
Balance at December 31	\$ 2,888,757	\$ 2,583,417

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

	December 31	
	2023	2022
Discount rate	6.75%-7.10%	7.25%-7.50%
Expected rate of salary increase	4.00%-7.00%	4.00%-7.00%

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

	December 31	
	2023	2022
Discount rate		
0.25% increase	<u>\$ (59,638)</u>	<u>\$ (55,584)</u>
0.25% decrease	<u>\$ 67,949</u>	<u>\$ 63,527</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 72,513</u>	<u>\$ 67,640</u>
0.25% decrease	<u>\$ (64,444)</u>	<u>\$ (59,943)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plans for the next year	<u>\$ 149,840</u>	<u>\$ 106,042</u>
Average duration of the defined benefit obligation	12.8-32.8 years	14.3-33.8 years

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

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

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

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 607,283	\$ 567,459
Fair value of plan assets	<u>(375,767)</u>	<u>(465,195)</u>
Net defined benefit liabilities	<u>\$ 231,516</u>	<u>\$ 102,264</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 605,528</u>	<u>\$ (350,235)</u>	<u>\$ 255,293</u>
Current service cost	1,341	-	1,341
Net interest expense (income)	3,278	(1,907)	1,371
Others	<u>(54,929)</u>	<u>-</u>	<u>(54,929)</u>
Recognized in profit or loss	<u>(50,310)</u>	<u>(1,907)</u>	<u>(52,217)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(31,447)	(31,447)
Actuarial loss arising from changes in demographic assumptions	31	-	31
Actuarial gain arising from changes in financial assumptions	(42,226)	-	(42,226)
Actuarial loss arising from experience adjustments	25,827	-	25,827
Exchange differences on foreign plans	<u>491</u>	<u>-</u>	<u>491</u>
Recognized in other comprehensive income	<u>(15,877)</u>	<u>(31,447)</u>	<u>(47,324)</u>
Contributions from the employer	-	(75,285)	(75,285)
Benefits paid	(29,327)	29,327	-
Others	<u>57,445</u>	<u>(35,648)</u>	<u>21,797</u>
Balance at December 31, 2022	<u>\$ 567,459</u>	<u>\$ (465,195)</u>	<u>\$ 102,264</u>
Balance at January 1, 2023	<u>\$ 567,459</u>	<u>\$ (465,195)</u>	<u>\$ 102,264</u>
Current service cost	966	-	966
Past service cost	1,495	-	1,495
Net interest expense (income)	8,786	(7,259)	1,527
Others	<u>(3,209)</u>	<u>-</u>	<u>(3,209)</u>
Recognized in profit or loss	<u>8,038</u>	<u>(7,259)</u>	<u>779</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,426)	(2,426)
Actuarial loss arising from changes in financial assumptions	13,142	-	13,142
Actuarial loss arising from experience adjustments	<u>130,281</u>	<u>-</u>	<u>130,281</u>
Recognized in other comprehensive loss (income)	<u>143,423</u>	<u>(2,426)</u>	<u>140,997</u>
Contributions from the employer	-	(12,711)	(12,711)
Benefits paid	(119,853)	119,853	-
Others	<u>8,216</u>	<u>(8,029)</u>	<u>187</u>
Balance at December 31, 2023	<u>\$ 607,283</u>	<u>\$ (375,767)</u>	<u>\$ 231,516</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2023	2022
Discount rate	1.25%-1.38%	1.50%
Expected rate of salary increase	2.25%-3.25%	2.25%-3.25%

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

	December 31	
	2023	2022
Discount rate		
0.25% increase	<u>\$ (13,521)</u>	<u>\$ (12,518)</u>
0.25% decrease	<u>\$ 13,957</u>	<u>\$ 12,935</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 13,584</u>	<u>\$ 12,607</u>
0.25% decrease	<u>\$ (13,210)</u>	<u>\$ (12,249)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
The expected contributions to the plan for the next year	<u>\$ 26,591</u>	<u>\$ 27,793</u>
The average duration of the defined benefit obligation	8.1-11.6 years	8.8-11.8 years

d. Defined benefit plans - domestic subsidiaries

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

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit liabilities (assets) under the Labor Standards Act (excluding Yue Yuen and its subsidiaries) were as follows:

	December 31	
	2023	2022
Defined benefit liabilities	\$ 263,846	\$ 376,170
Less: Defined benefit assets (Note 12)	<u>(43,754)</u>	<u>(43,754)</u>
	<u>\$ 220,092</u>	<u>\$ 332,416</u>

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

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 1,244,475	\$ 1,325,198
Fair value of plan assets	<u>(1,024,383)</u>	<u>(992,782)</u>
Net defined benefit liabilities	<u>\$ 220,092</u>	<u>\$ 332,416</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 1,412,321</u>	<u>\$ (890,028)</u>	<u>\$ 522,293</u>
Current service cost	7,319	-	7,319
Past service cost	(319)	-	(319)
Net interest expense (income)	<u>7,036</u>	<u>(4,244)</u>	<u>2,792</u>
Recognized in profit or loss	<u>14,036</u>	<u>(4,244)</u>	<u>9,792</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(65,634)	(65,634)
Actuarial loss arising from changes in demographic assumptions	459	-	459

(Continued)

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Actuarial gain arising from changes in financial assumptions	\$ (107,622)	\$ -	\$ (107,622)
Actuarial loss arising from experience adjustments	<u>68,892</u>	<u>-</u>	<u>68,892</u>
Recognized in other comprehensive income	<u>(38,271)</u>	<u>(65,634)</u>	<u>(103,905)</u>
Contributions from the employer	-	(152,558)	(152,558)
Benefits paid	(119,682)	119,682	-
Others	<u>56,794</u>	<u>-</u>	<u>56,794</u>
Balance at December 31, 2022	<u>\$ 1,325,198</u>	<u>\$ (992,782)</u>	<u>\$ 332,416</u>
Balance at January 1, 2023	<u>\$ 1,325,198</u>	<u>\$ (992,782)</u>	<u>\$ 332,416</u>
Current service cost	5,511	-	5,511
Past service cost	(367)	-	(367)
Net interest expense (income)	<u>19,794</u>	<u>(14,276)</u>	<u>5,518</u>
Recognized in profit or loss	<u>24,938</u>	<u>(14,276)</u>	<u>10,662</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,489)	(6,489)
Actuarial loss arising from changes in financial assumptions	30,221	-	30,221
Actuarial gain arising from experience adjustments	<u>(11,238)</u>	<u>-</u>	<u>(11,238)</u>
Recognized in other comprehensive loss (income)	<u>18,983</u>	<u>(6,489)</u>	<u>12,494</u>
Contributions from the employer	-	(138,972)	(138,972)
Benefits paid	(128,136)	128,136	-
Others	<u>3,492</u>	<u>-</u>	<u>3,492</u>
Balance at December 31, 2023	<u>\$ 1,244,475</u>	<u>\$ (1,024,383)</u>	<u>\$ 220,092</u>

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plan is as follows:

	For the Year Ended December 31	
	2023	2022
Operating costs	\$ 50	\$ 48
Selling and marketing expenses	8	7
General and administrative expenses	5,804	5,521
Research and development expenses	<u>4,800</u>	<u>4,216</u>
	<u>\$ 10,662</u>	<u>\$ 9,792</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2023	2022
Discount rate	1.25%	1.38%-1.50%
Expected rate of salary increase	2.00%-2.25%	2.00%-2.25%

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

	December 31	
	2023	2022
Discount rate		
0.25% increase	<u>\$ (30,271)</u>	<u>\$ (32,948)</u>
0.25% decrease	<u>\$ 31,378</u>	<u>\$ 34,185</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 30,519</u>	<u>\$ 33,323</u>
0.25% decrease	<u>\$ (29,596)</u>	<u>\$ (32,283)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
The expected contributions to the plan for the next year	<u>\$ 15,934</u>	<u>\$ 16,401</u>
The average duration of the defined benefit obligation	8.2-10.0 years	8.5-11.0 years

24. EQUITY

a. Share capital

	December 31	
	2023	2022
Number of shares authorized (in thousands)	<u>4,500,000</u>	<u>4,500,000</u>
Amount of 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>
Amount of shares issued	<u>\$ 29,467,872</u>	<u>\$ 29,467,872</u>

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)		
Recognized from issuance of ordinary shares	\$ 848,603	\$ 848,603
Recognized from conversion of bonds	1,447,492	1,447,492
Recognized from treasury share transactions	1,824,608	1,824,608
Recognized from the excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	109,637	109,637
<u>May only be used to offset a deficit</u>		
Recognized from the changes in ownership to subsidiaries (Note 2)	27,234	27,234
Recognized from the share of changes in net assets of associates and joint ventures	121,958	133,171
Others	<u>30,760</u>	<u>29,644</u>
	<u>\$ 4,410,292</u>	<u>\$ 4,420,389</u>

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

Note 2: Such capital surplus are the changes in equity transactions recognized from the equity changes of subsidiaries when the Company does not actually receive or dispose of subsidiaries' shares.

c. Retained earnings and dividend policy

Under the dividend policy of the Articles, the Company should make appropriations from the annual net profit in the following order:

- 1) For paying taxes.
- 2) For offsetting deficit.
- 3) For the legal reserve at 10% of the remaining profit, and for the special reserve to be appropriated and distributed according to regulations or upon request by the FSC.

- 4) The total of any remaining profit after the appropriations mentioned above plus any accumulated unappropriated earnings from prior years may be partially retained and then the remainder distributed as proposed according to the share ownership proportion.

The board of directors proposes an earnings distribution in the form of new shares shall be approved following the resolution of the shareholders' meetings. Distribution of dividends and bonuses or distribution of the legal reserve and capital surplus in whole or in part by cash shall be resolved by a majority vote at a meeting attended by more than two thirds of the total number of directors, and such distribution shall be reported at the shareholders' meeting.

For information about the accrual basis of the compensation of employees and remuneration of directors and supervisors and the actual appropriations, refer to Note 26 (h) to the consolidated financial statements.

In accordance with the "Articles", profit may be distributed after taking into consideration the future development plan, financial condition, business and operational status, and so on. The distribution of profit shall be proposed by the board of directors, and submitted to the shareholders' meeting for approval. The ratio of distribution shall be no less than 30% of the net profit for each fiscal year, and the proportion of cash dividends distributed shall be no less than 30% of total dividends distributed. If there are material changes in the operating environment, the Company can adjust the ratio and amounts of distribution of profit.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings	
	For Year 2022	For Year 2021
Legal reserve	\$ 1,314,066	\$ 1,439,249
Special reserve	\$ 57,646,766	\$ -
Cash dividends	\$ 3,830,823	\$ 4,420,181
Dividends Per Share (NT\$)	\$ 1.30	\$ 1.50

The above 2022 and 2021 appropriations for cash dividends were resolved by the Company's board of directors on April 26, 2023 and April 28, 2022, respectively; the other proposed appropriations were resolved by the shareholders at their meeting on June 15, 2023 and June 15, 2022.

d. Special reserve

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ -	\$ -
Appropriations in respect of		
Debits to other equity items	21,323,594	-
Change in the fair value of the financial assets reclassified	36,323,172	-
Balance at December 31	\$ 57,646,766	\$ -

The Group's associate, Nan Shan Life Insurance Co., Ltd., is an insurance company, and on October 1, 2022, Nan Shan Life Insurance Co., Ltd. reclassified the financial assets at fair value through other comprehensive income to financial assets at amortized cost. In accordance with Rule No. 11104942741 issued by the Insurance Bureau of the FSC, Nan Shan Life Insurance Co., Ltd. shall appropriate its earnings as a special reserve. When distributing the distributable retained earnings, the Group shall appropriate as a special reserve the amount of changes in the fair value of the financial assets reclassified by Nan Shan Life Insurance Co., Ltd. based on the Group's shareholding percentage of Nan Shan Life Insurance Co., Ltd. If there is a reversal in the changes in the fair value of the financial assets reclassified by Nan Shan Life Insurance Co., Ltd. subsequently, the appropriated special reserve may be reversed based on the Group's shareholding percentage of Nan Shan Life Insurance Co., Ltd. and is thereafter distributed. The balance of the special reserve appropriated or reversed by the Group shall not exceed the carrying amount of the Group's investment in Nan Shan Life Insurance Co., Ltd.

e. Other equity item

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

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ (273,894)	\$ (7,414,850)
Exchange differences on translation of the financial statements of foreign operations	(485,466)	7,455,985
Share of exchange differences of associates and joint ventures accounted for using the equity method	<u>17,441</u>	<u>(315,029)</u>
Balance at December 31	<u>\$ (741,919)</u>	<u>\$ (273,894)</u>

2) Unrealized gain or loss on financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ (3,520,843)	\$ 14,613,616
Unrealized gain (loss) from equity instruments	5,181,352	(2,548,098)
Cumulative unrealized (loss) gain on equity instruments transferred to retained earnings due to disposal	(3,712)	7,027
Disposal of associates accounted for using the equity method	170	-
Share of gain (loss) from associates and joint ventures accounted for using the equity method	<u>776,096</u>	<u>(15,593,388)</u>
Balance at December 31	<u>\$ 2,433,063</u>	<u>\$ (3,520,843)</u>

3) Others

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ (17,528,857)	\$ 12,620,038
Share of gain (loss) from associates and joint ventures accounted for using the equity method	<u>7,099,342</u>	<u>(30,148,895)</u>
Balance at December 31	<u>\$ (10,429,515)</u>	<u>\$ (17,528,857)</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 75,115,457	\$ 68,063,798
Share of non-controlling interests		
Net profit	5,349,873	4,244,611
Exchange differences on translation of the financial statements of foreign operations	(881,708)	5,024,816
Unrealized loss on financial assets at FVTOCI	(141,418)	(283,665)
Others	138	(587)
Remeasurement of defined benefit plans	(114,020)	185,164
Accumulated loss from disposal of equity instruments shifted to retained earnings	(5)	-
Changes in non-controlling interests	<u>(2,854,400)</u>	<u>(2,118,680)</u>
Balance at December 31	<u>\$ 76,473,917</u>	<u>\$ 75,115,457</u>

25. REVENUE

	For the Year Ended December 31	
	2023	2022
Sales revenue	\$ 245,691,352	\$ 266,754,592
Revenue from entertainment and resort	556,898	481,492
Others	<u>385,464</u>	<u>260,716</u>
	<u>\$ 246,633,714</u>	<u>\$ 267,496,800</u>

26. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consisted of the following:

a. Interest income

	For the Year Ended December 31	
	2023	2022
Interest income		
Cash in bank	\$ 1,552,682	\$ 749,201
Repurchase agreements collateralized by bonds	105	1,201
Financial assets at amortized cost	227,561	187,806
Others	<u>96</u>	<u>43</u>
	<u>\$ 1,780,444</u>	<u>\$ 938,251</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Rental income from operating lease	\$ 846,294	\$ 854,819
Dividend income	738,845	818,175
Others	<u>1,794,540</u>	<u>1,932,754</u>
	<u>\$ 3,379,679</u>	<u>\$ 3,605,748</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net gain (loss) on disposal of property, plant and equipment	\$ 53,562	\$ (196,303)
Net gain on disposal of investment properties	7,915	-
Net foreign exchange gain	89,239	1,390,715
Net gain on disposal of subsidiaries, associates and joint ventures	970,895	97,664
Net gain on financial assets at FVTPL	957,319	490,749
Recognized of impairment loss	(124,775)	(119,597)
Others	<u>(323,941)</u>	<u>(366,656)</u>
	<u>\$ 1,630,214</u>	<u>\$ 1,296,572</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank borrowings	\$ 2,832,814	\$ 2,018,368
Interest on short-term bills payable	57,784	27,535
Lease liabilities	397,259	486,239
Other interest expense	<u>105</u>	<u>81</u>
	<u>\$ 3,287,962</u>	<u>\$ 2,532,223</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 8,776,418	\$ 9,945,058
Right-of-use assets	4,180,368	5,053,848
Investment properties	129,489	156,230
Other intangible assets	131,905	115,332
Other prepaid expenses	<u>-</u>	<u>1,586</u>
	<u>\$ 13,218,180</u>	<u>\$ 15,272,054</u>

(Continued)

		For the Year Ended December 31	
		2023	2022
An analysis of depreciation by function			
Operating costs		\$ 5,237,051	\$ 5,900,903
Operating expenses		7,733,713	9,105,713
Non-operating expenses		<u>115,511</u>	<u>148,520</u>
		<u>\$ 13,086,275</u>	<u>\$ 15,155,136</u>
An analysis of amortization by function			
Operating expenses		<u>\$ 131,905</u>	<u>\$ 116,918</u>
			(Concluded)
f. Direct operating expenses from investment properties			
		For the Year Ended December 31	
		2023	2022
Direct operating expenses from investment properties that generated rental income		<u>\$ 50,324</u>	<u>\$ 45,953</u>
g. Employee benefits expense			
		For the Year Ended December 31	
		2023	2022
Short-term benefits		\$ 57,049,238	\$ 62,240,570
Post-employment benefits			
Defined contribution plans		7,672,753	9,002,126
Defined benefit plans		<u>468,923</u>	<u>(552,238)</u>
		8,141,676	8,449,888
Share-based payments			
Equity-settled		106,342	119,868
Termination benefits		<u>17,322</u>	<u>11,443</u>
		<u>\$ 65,314,578</u>	<u>\$ 70,821,769</u>
An analysis of employee benefits expense by function			
Operating costs		\$ 42,998,556	\$ 47,917,974
Operating expenses		<u>22,316,022</u>	<u>22,903,795</u>
		<u>\$ 65,314,578</u>	<u>\$ 70,821,769</u>

As of December 31, 2023 and 2022, there were 268,690 and 314,352 employees, respectively, in the Group. The Group accounts for employee benefits expense based on the number of employees.

h. Employee's compensation and remuneration of directors

According to the Company's Articles, the Company shall distribute employees' compensation and remuneration of directors at rates of 1%-5% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employee's compensation is approved by the board of directors to be distributed by shares or by cash, and the receivers should be those employees who meet certain criteria. In the case of an accumulated loss, the Company shall allocate an amount to recover such loss before appropriating any employees' compensation and remuneration of directors.

The employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022 which were approved by the Company's board of directors on March 14, 2024 and March 16, 2023, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Employees' compensation	1.6%	1.6%
Remuneration of directors	0.8%	0.8%

Amount

	For the Year Ended December 31			
	2023		2022	
	Cash	Shares	Cash	Shares
Employees' compensation	\$ 189,119	\$ -	\$ 221,811	\$ -
Remuneration of directors	94,560	-	110,906	-

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate and will be adjusted in the following year.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on employees' compensation and remuneration of directors resolved by the Company's board of directors in 2024 and 2023 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

27. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current period	\$ 3,265,782	\$ 4,429,634
Income tax expense of unappropriated earnings	-	423,888
Land value increment tax	1,355	-
Adjustments for prior year's income tax	659	(8,941)
	<u>3,267,796</u>	<u>4,844,581</u>
Deferred tax		
In respect of the current period	<u>225,404</u>	<u>(302,470)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,493,200</u>	<u>\$ 4,542,111</u>

As the status of 2024 shareholders' meeting regarding the appropriations of earnings is uncertain, the potential income tax consequences of 2023 unappropriated earnings are not reliably determinable.

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

	For the Year Ended December 31	
	2023	2022
Income before income tax	<u>\$ 19,466,681</u>	<u>\$ 21,431,577</u>
Income tax expense calculated at the statutory rate	\$ 3,893,336	\$ 4,286,315
Tax effect of adjusting items		
Tax-exempt income	(137,739)	(160,305)
Investment income recognized under equity method	(1,165,822)	(1,508,154)
Others	888,823	1,509,308
Additional income tax under the Alternative Minimum Tax Act	12,588	-
Income tax on unappropriated earnings	-	423,888
Land value increment tax	1,355	-
Adjustments for prior years' income tax	<u>659</u>	<u>(8,941)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,493,200</u>	<u>\$ 4,542,111</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year	<u>\$ (87,120)</u>	<u>\$ 85,872</u>
Total income tax recognized in other comprehensive income or loss	<u>\$ (87,120)</u>	<u>\$ 85,872</u>

c. Deferred tax assets and liabilities

The details of deferred tax assets and liabilities were as follows:

	December 31	
	2023	2022
<u>Deferred tax assets</u>		
Temporary differences		
Others	<u>\$ 5,483,415</u>	<u>\$ 6,188,604</u>
<u>Deferred tax liabilities</u>		
Temporary differences		
Land value increment tax	\$ 86,547	\$ 86,547
Others	<u>2,664,345</u>	<u>3,231,250</u>
	<u>\$ 2,750,892</u>	<u>\$ 3,317,797</u>

The application of amendment to IAS 12 has been applied since 2023. Please refer to Note 3 to the consolidated financial statements for information of the effects of retrospective application on January 1 and December 31, 2022, respectively.

d. Income tax assessments

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

28. EARNINGS PER SHARE

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

	For the Year Ended December 31	
	2023	2022
<u>Net profit (in thousand dollars)</u>		
Earnings used in the computation of earnings per share	<u>\$ 10,623,608</u>	<u>\$ 12,644,855</u>
<u>Weighted average number of shares outstanding (in thousand shares)</u>		
Weighted average number of common shares used in the computation of basic earnings per share	2,946,787	2,946,787
Effect of potentially dilutive common shares:		
Employees' compensation	<u>7,521</u>	<u>8,037</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>2,954,308</u>	<u>2,954,824</u>
<u>Earnings per share (in dollars)</u>		
Basic earnings per share	<u>\$3.61</u>	<u>\$4.29</u>
Diluted earnings per share	<u>\$3.60</u>	<u>\$4.28</u>

The Company may settle the compensation paid to employees by cash or shares; therefore, the Company assumes the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

29. SHARE-BASED PAYMENT ARRANGEMENTS

a. Information about Yue Yuen's employee share options

On January 28, 2014 and amended on March 23, 2016 and September 28, 2018, the board of directors of Yue Yuen adopted a share award scheme. Under the share award scheme, a trustee which is independent of Yue Yuen purchased Yue Yuen shares from the secondary market, and the shares will vest to the selected participants through a trust agreement. The awarded shares shall not exceed 2% of the issued share capital of Yue Yuen as of the date of grant (January 28, 2014) during the valid period (from January 28, 2014 to January 27, 2024). The maximum number of shares which may be awarded to all participants under the award scheme shall not exceed 1% of the issued share capital of Yue Yuen. The share award scheme amended and restated on November 13, 2023 by the board of directors of Yue Yuen for an extra 10-year extension, which will be validated on January 28, 2024.

Information about the granted Yue Yuen's employee share options was as follows:

	Number of Shares (In Thousands)	
	2023	2022
Balance at January 1	1,470	1,740
Options granted	2,935	1,184
Options cancelled	(91)	(270)
Options exercised	<u>(2,609)</u>	<u>(1,184)</u>
Balance at December 31	<u>1,705</u>	<u>1,470</u>

Information about the employee share options on the grant date during the years ended December 31, 2023 and 2022, was as follows:

	Granted on June 28, 2023	Granted on March 31, 2023	Granted on March 23, 2023	Granted on January 18, 2023	Granted on March 23, 2022	Granted on January 27, 2022
Grant date share price	HK\$ 10.34	HK\$ 11.06	HK\$ 11.14	HK\$ 11.78	HK\$ 12.78	HK\$ 12.64
Number of shares (in thousand shares)	1,665	85	727	458	830	354

Yue Yuen recognized \$95,671 thousand and \$105,271 thousand compensation cost for the years ended December 31, 2023 and 2022, respectively.

b. Information about Pou Sheng's employee share options

On May 9, 2014 and amended on November 11, 2016, the board of directors of Pou Sheng adopted a share award scheme. Under the share award scheme, a trustee which is independent of Pou Sheng purchased Pou Sheng shares from the secondary market, and the shares will vest to the selected participants through a trust agreement. The awarded shares shall not exceed 4% of the issued share capital of Pou Sheng as at the date of grant during the valid period (from May 9, 2014 to May 9, 2024). The maximum number of shares which may be awarded to all participants under the award scheme shall not exceed 1% of the issued share capital of Pou Sheng. The share award scheme amended and restated on November 13, 2023 by the board of directors of Pou Sheng for an extra 10-year extension, which will be validated on May 9, 2024.

On November 13, 2013, the board of directors of Pou Sheng adopted a share award scheme, extend the period of the plan to ten years, and the scheme are effective for May 9, 2024.

Information about the granted employee share options during the years ended December 31, 2023 and 2022 was as follows:

	Number of Shares (In Thousands)	
	2023	2022
Balance at January 1	8,163	15,968
Options granted	-	1,200
Options cancelled	(403)	(2,228)
Options exercised	<u>(2,533)</u>	<u>(6,777)</u>
Balance at December 31	<u>5,227</u>	<u>8,163</u>

Information about the employee share options on the grant date during the years ended December 31, 2023 and 2022, was as follows:

	Granted on November 11, 2022
Grant date share price	HK\$ 0.465
Number of shares (in thousand shares)	1,200

Pou Sheng recognized \$10,671 thousand and \$14,597 thousand compensation cost for the years ended December 31, 2023 and 2022, respectively.

30. DISPOSAL OF SUBSIDIARIES

The Group disposed the subsidiaries and lost control in 2022. The assets and liabilities of the subsidiaries on the date of disposal were as follows:

Assets

Cash and cash equivalents	\$ 30,512
Receivables and other receivables	41,783
Inventories	21,241
Other current assets	5,588
Other assets	12,573
Deferred tax assets	286
	(Continued)

Liabilities

Payables and other payables	\$ (25,273)
Lease liabilities	<u>(17,780)</u>
	<u>\$ 68,930</u>
	(Concluded)

a. Gain on disposal of subsidiaries

Consideration received in cash and cash equivalents	\$ 48,070
Net value of net assets disposed of	(68,930)
Non-controlling interests	<u>20,860</u>
Gain on disposal	<u>\$ -</u>

b. Net cash inflow on disposal of subsidiaries

Consideration received in cash and cash equivalents	\$ 48,070
Less: Cash and cash equivalents balance disposed of	<u>(30,512)</u>
	<u>\$ 17,558</u>

31. CAPITAL MANAGEMENT

The Group's capital management policy is to ensure that the Group has sufficient financial resources and operating plans to balance the working capital, capital expenditure, research and development expenditure, repayment of debt and dividends paid to shareholders within twelve months.

32. FINANCIAL INSTRUMENTS

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

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

December 31, 2023

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
Corporate bonds	\$ 2,636,501	\$ -	\$ 2,565,508	\$ -	\$ 2,565,508

December 31, 2022

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
Corporate bonds	\$ 2,819,889	\$ -	\$ 2,675,680	\$ -	\$ 2,675,680

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

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

1) The fair value hierarchy is as follows:

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 176,759	\$ -	\$ 176,759
Domestic listed shares	7,286	-	-	7,286
Mutual funds	862,152	-	789,191	1,651,343
	<u>\$ 869,438</u>	<u>\$ 176,759</u>	<u>\$ 789,191</u>	<u>\$ 1,835,388</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 23,299,045	\$ -	\$ -	\$ 23,299,045
Domestic unlisted shares	-	-	73,608	73,608
Foreign unlisted shares	-	-	135,741	135,741
	<u>\$ 23,299,045</u>	<u>\$ -</u>	<u>\$ 209,349</u>	<u>\$ 23,508,394</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ -	\$ 329,470	\$ -	\$ 329,470

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 360,499	\$ -	\$ 360,499
Structured deposits	-	2,254,267	-	2,254,267
Mutual funds	300,373	-	629,709	930,082
	<u>\$ 300,373</u>	<u>\$ 2,614,766</u>	<u>\$ 629,709</u>	<u>\$ 3,544,848</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 18,042,399	\$ -	\$ -	\$ 18,042,399
Domestic unlisted shares	-	-	66,792	66,792
Foreign unlisted shares	-	-	232,838	232,838
	<u>\$ 18,042,399</u>	<u>\$ -</u>	<u>\$ 299,630</u>	<u>\$ 18,342,029</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ -	\$ 155,274	\$ -	\$ 155,274

- 2) There were no transfers between Levels 1 and 2 in the current and prior periods.
- 3) There was no reconciliation of Level 3 fair value measurements of financial assets except for additions, disposals, and changes in fair value recognized in other comprehensive income.
- 4) The fair value of Level 2 financial assets and financial liabilities is determined as follows:
 - a) The fair value of financial instruments with standard terms and conditions and traded in active liquid markets is determined with reference to the quoted market prices.
 - b) The future cash flows of derivatives are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
- 5) Valuation techniques and assumptions applied for Level 3 fair value measurement is as follows:

The fair values of unlisted shares and funds with no active market is determined using the asset approach, income approach and market approach.

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily at FVTPL	\$ 1,835,388	\$ 3,544,848
Financial assets at amortized cost (Note 1)	86,195,573	78,139,109
Financial assets at FVTOCI	23,508,394	18,342,029
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	329,470	155,274
Financial liabilities at amortized cost (Note 2)	101,864,752	118,402,239

Note 1: The balance included financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables and refundable deposits.

Note 2: The balances included financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, accounts payable, other payables, long-term borrowings, long-term payables and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity investments, borrowings, receivables, payables, lease liabilities, refundable deposits and guarantee deposits. The Group's treasury function monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts and other derivative instruments.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and the carrying amount of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 36 to the consolidated financial statements.

Sensitivity analysis

The Group was mainly exposed to the USD, RMB, HKD, VND and IDR.

The following table details the Group's sensitivity to 1% increase (decrease) in New Taiwan dollars (the functional currency) against the relevant foreign currencies. A positive (negative) number below indicates an increase (decrease) in pre-tax profit with New Taiwan dollars strengthening 1% against the relevant currency. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	For the Year Ended December 31	
	2023	2022
USD	\$ 12,953	\$ 35,717
RMB	17,294	(83,698)
HKD	412	(2,336)
VND	5,887	3,275
IDR	195	(2,287)

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts and forward interest rate contracts.

The carrying amounts of the Group's financial liabilities with exposure to interest rates at the end of the reporting periods were as follows:

	December 31	
	2023	2022
Cash flow interest rate risk		
Financial liabilities	\$ 65,888,744	\$ 75,530,185

Sensitivity analysis

The sensitivity analysis below was based on the Group's floating rate liabilities. The analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole period. If there had been a 1%-increase in interest rates, the Group's income before income tax would have decreased by \$658,887 thousand and \$755,302 thousand during the years ended December 31, 2023 and 2022, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities and mutual funds. The investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had declined by 1%, income before income tax for the years ended December 31, 2023 and 2022 would have decreased by \$16,586 thousand and \$9,301 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income for the years ended December 31, 2023 and 2022 would have decreased by \$233,180 thousand and \$180,613 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to equity securities investment has not changed significantly from the previous year.

2) Credit risk

Financial instruments are evaluated for credit risk (which represents the potential loss that would be incurred by the Company if a counterparty or third party were to breach a contract). The risk includes the centralization of credit risk, components, contract figures, and accounts receivable. Besides, the Company requires significant clients to provide guarantees of a credit rating of intermediate or higher issued by a bank so as to effectively reduce its credit risk.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The tables have been drawn up based on the undiscounted cash flows of financial liabilities including both interest and principal from the earliest date on which the Group may be required to pay.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 17,511,401	\$ 6,351,405	\$ 7,979,642	\$ 144,305	\$ 58,189
Lease liabilities	226,092	918,716	1,908,224	4,938,277	1,259,028
Floating interest rate liabilities	13,532,982	10,605,481	14,141,389	27,608,892	-
Fixed interest rate liabilities	119,197	2,110,865	2,500,000	1,430,000	-
Financial guarantee contracts	<u>1,479,983</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 32,869,655</u>	<u>\$ 19,986,467</u>	<u>\$ 26,529,255</u>	<u>\$ 34,121,474</u>	<u>\$ 1,317,217</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 16,968,010	\$ 8,259,348	\$ 8,854,020	\$ 143,150	\$ 60,154
Lease liabilities	347,271	1,102,741	2,406,212	5,917,883	1,557,611
Floating interest rate liabilities	7,943,134	6,325,400	13,675,710	47,585,941	-
Fixed interest rate liabilities	2,504,900	1,989,712	3,537,000	3,930,000	-
Financial guarantee contracts	<u>1,323,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 29,086,437</u>	<u>\$ 17,677,201</u>	<u>\$ 28,472,942</u>	<u>\$ 57,576,974</u>	<u>\$ 1,617,765</u>

The amounts included above for floating interest rate instruments for non-derivative financial liabilities were subject to change if floating interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Liquidity and interest rate risk tables for derivative financial liabilities

The following table details the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Forward exchange contracts	\$ 79,663	\$ 3,347	\$ 20,802	\$ -	\$ -
Exchange rate option contracts	-	8,486	10,934	-	-
Exchange rate swap contracts	<u>-</u>	<u>154,792</u>	<u>55,446</u>	<u>-</u>	<u>-</u>
	<u>\$ 79,663</u>	<u>\$ 166,625</u>	<u>\$ 87,182</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Forward exchange contracts	\$ 535	\$ 55,011	\$ 1,933	\$ -	\$ -
Exchange rate option contracts	2,615	5,727	51,910	-	-
Exchange rate swap contracts	<u>-</u>	<u>6,040</u>	<u>31,503</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,150</u>	<u>\$ 66,778</u>	<u>\$ 85,346</u>	<u>\$ -</u>	<u>\$ -</u>

33. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and categories

Name	Related Party Category
Oftenrich Holdings Limited	Associate
San Fang Chemical Industry Co., Ltd.	Associate
Ka Yuen Rubber Factory Limited	Joint venture
Twinways Investments Limited	Joint venture
Shandong Liwei Economic and Trade Co., Ltd.	Other related party

b. Operating revenue

Account Item	Related Party Category	For the Year Ended December 31	
		2023	2022
Sales	Associates	\$ 98,539	\$ 193,651
	Joint ventures	379,459	377,504
	Others	<u>141,853</u>	<u>99,643</u>
		<u>\$ 619,851</u>	<u>\$ 670,798</u>

The sales prices and receivable terms to related parties were not significantly different from those of non-related parties.

c. Purchases

Account Item	Related Party Category	For the Year Ended December 31	
		2023	2022
Purchases	Associates	\$ 3,168,608	\$ 3,166,329
	Joint ventures	<u>4,499,946</u>	<u>5,088,976</u>
		<u>\$ 7,668,554</u>	<u>\$ 8,255,305</u>

The purchase prices and payment terms from related parties were not significantly different from those of non-related parties.

d. Receivables from related parties

Account Item	Related Party Category	December 31	
		2023	2022
Accounts receivable	Associates	\$ 19,703	\$ 21,439
	Joint ventures	40,383	10,686
	Others	<u>4,637</u>	<u>-</u>
		<u>\$ 64,723</u>	<u>\$ 32,125</u>

No bad debt expense was recognized for the years ended December 31, 2023 and 2022 for the amounts owed by related parties.

e. Payables to related parties

Account Item	Related Party Category	December 31	
		2023	2022
Accounts payable	Associates	\$ 611,861	\$ 575,581
	Joint ventures	<u>900,229</u>	<u>1,011,328</u>
		<u>\$ 1,512,090</u>	<u>\$ 1,586,909</u>

f. Financing provided

Refer to Table 1 “Financing provided to others” of Note 37 to the consolidated financial statements.

g. Endorsements/guarantees provided

Refer to Table 2 “Endorsements/guarantees provided” of Note 37 to the consolidated financial statements.

h. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	<u>\$ 247,595</u>	<u>\$ 283,197</u>

The remuneration of directors and key management personnel was determined by the remuneration committee with regard to the performance of individuals and market trends.

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the issuance of gift vouchers:

	December 31	
	2023	2022
Financial assets at amortized cost	<u>\$ 52,384</u>	<u>\$ 59,292</u>

35. SIGNIFICANT COMMITMENTS AND UNRECOGNIZED LIABILITIES

- a. Outstanding letters of credit of the Group at the end of reporting period were as follows:

(Unit: In Thousands Foreign Currencies)

Foreign Currency	December 31	
	2023	2022
USD	\$ 1,545	\$ 1,491
VND	14,685,381	9,185,381

- b. The Company entered into project agreements with the Taiwan Small & Medium Enterprise Counseling Foundation. According to the project agreements, the Company has to provide promissory notes and the bank's guaranteed letter to Taiwan Small & Medium Enterprise Counseling Foundation as a guarantee.
- c. The Group entered into a memorandum of cooperation with the government of Tamil Nadu, India, on April 17, 2023. According to the memorandum, the Group will invest approximately INR23 billion (approximately US\$276 million) in two stages during the 12-year investment period from 2023 to 2035 to set up a production base in the Special Economic Zone of Tamil Nadu.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the functional currencies of the Group entities and the exchange rates between the foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 44,102	30.705	\$ 1,354,146
NTD	206,153	1	206,153
RMB	1,151,633	4.327	4,983,117
HKD	12,243	3.929	48,101
VND	382,117,600	0.00125	477,647
IDR	136,838,889	0.00198	270,941
Non-monetary items			
USD	4,626	30.705	142,045
NTD	675,541	1	675,541
RMB	24,538	4.327	106,178
VND	124,736,000	0.00125	155,920

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 86,263	30.705	\$ 2,648,707
NTD	2,139,544	1	2,139,544
RMB	1,551,332	4.327	6,712,614
HKD	22,713	3.929	89,238
VND	970,820,800	0.00125	1,213,526
IDR	146,572,727	0.00198	290,214
Non-monetary items			
USD	6.738	30.705	206,885 (Concluded)

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 65,989	30.71	\$ 2,026,513
NTD	292,083	1	292,083
RMB	2,944,840	4.408	12,980,856
HKD	65,125	3.938	256,462
VND	609,899,225	0.00129	786,770
IDR	258,398,485	0.00198	511,629
Non-monetary items			
USD	4,647	30.71	142,719
NTD	1,089,222	1	1,089,222
RMB	411,326	4.408	1,813,123

Financial liabilities

Monetary items			
USD	182,273	30.71	5,597,601
NTD	1,445,804	1	1,445,804
RMB	1,046,122	4.408	4,611,305
HKD	5,762	3.938	22,692
VND	937,428,682	0.00129	1,209,283
IDR	144,059,091	0.00198	285,237
Non-monetary items			
USD	790	30.71	24,249

For the years ended December 31, 2023 and 2022, net foreign exchange gains were \$89,239 thousand and \$1,390,715 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the functional currencies of the Group's entities.

37. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital (Table 5)
- 6) Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital (Table 6)
- 7) Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital (Table 7)
- 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital (Table 8)
- 9) Trading in derivative instruments (Notes 7 and 32)
- 10) Intercompany relationships and significant intercompany transactions (Table 9)
- 11) Information on investees (Table 10)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 11)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party: (None).

c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 12)

38. SEGMENT INFORMATION

Information about reportable segments

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

- Manufacturing of shoes;
- Retail of sporting goods and
- Others.

a. Segment revenue and results

The Group's revenue and results by reportable segment were as follows:

For the year ended December 31, 2023

	Manufacturing of Shoes	Retail of Sporting Goods	Others	Total
Revenues from external customers	<u>\$ 157,726,049</u>	<u>\$ 87,972,900</u>	<u>\$ 934,765</u>	<u>\$ 246,633,714</u>
Segment income	<u>\$ 22,645,777</u>	<u>\$ 5,206,348</u>	<u>\$ 612,453</u>	<u>\$ 28,464,578</u>
Administrative cost, remuneration of directors				(18,248,985)
Interest income				1,780,444
Rental income				846,294
Dividend income				738,845
Other income				1,794,540
Net gain on disposal of property, plant and equipment				53,562
Net gain on disposal of investment properties				7,915
Net foreign exchange gain				89,239
Net gain on disposal of associates				970,895
Net gain on financial assets at FVTPL				957,319
Recognized of impairment loss				(124,775)
Other loss				(323,941)
Net loss on derecognition of financial assets at amortized cost				(80,397)
Finance costs				(3,287,962)
Share of profit of associates and joint ventures				<u>5,829,110</u>
Income before income tax				<u>\$ 19,466,681</u>

For the year ended December 31, 2022

	Manufacturing of Shoes	Retail of Sporting Goods	Others	Total
Revenues from external customers	<u>\$ 184,653,213</u>	<u>\$ 81,992,394</u>	<u>\$ 851,193</u>	<u>\$ 267,496,800</u>
Segment income	<u>\$ 25,228,939</u>	<u>\$ 4,009,926</u>	<u>\$ 596,904</u>	\$ 29,835,769
Administrative cost, remuneration of directors				(19,239,699)
Interest income				938,251
Rental income				854,819
Dividend income				818,175
Other income				1,932,754
Net loss on disposal of property, plant and equipment				(196,303)
Net foreign exchange gain				1,390,715
Net gain on disposal of joint ventures				97,664
Net gain on financial assets at FVTPL				490,749
Recognized of impairment loss				(119,597)
Other loss				(366,656)
Net loss on derecognition of financial assets at amortized cost				(13,610)
Finance costs				(2,532,223)
Share of profit of associates and joint ventures				<u>7,540,769</u>
Income before income tax				<u>\$ 21,431,577</u>

1) Sales between segments were made at market price.

2) Segment profit represented the profit before income tax earned by each segment without allocation of administration costs, remuneration of directors, interest income, rental income, dividend income, other income, net gain (loss) on disposal of property, plant and equipment, gain from disposal of investment properties, net gain on disposal of associates and joint ventures, net foreign exchange gain, net gain on financial instruments, recognized of impairment loss, other loss, finance costs, net loss on derecognition of financial assets at amortized cost and the share of profit of associates and joint ventures. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Geographical information

The Group's revenues from continuing operations from external customers by location of operations were detailed below.

	Revenues from External Customers For the Year Ended December 31	
	2023	2022
Asia	\$ 149,173,023	\$ 140,818,785
USA	43,873,966	60,900,301
Europe	40,095,239	49,579,789
Others	<u>13,491,486</u>	<u>16,197,925</u>
	<u>\$ 246,633,714</u>	<u>\$ 267,496,800</u>

c. Information on major customers

Revenue recognized from the manufacture of shoes in 2023 and 2022, amounted to \$157,726,049 thousand and \$184,653,213 thousand, respectively. Except as detailed in the following table, no other single customer contributed 10% or more to the Group's revenue in both 2023 and 2022.

	For the Year Ended December 31			
	2023		2022	
	Amount	% of Total	Amount	% of Total
Customer A	\$ 63,495,043	26	\$ 65,648,198	25
Customer B	<u>32,151,212</u>	<u>13</u>	<u>40,988,517</u>	<u>15</u>
	<u>\$ 95,646,255</u>	<u>39</u>	<u>\$ 106,636,715</u>	<u>40</u>

TABLE 1

POU CHEN CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	Collateral		Financing Limit for Each Borrower (Notes 3 and 4)	Aggregate Financing Limit (Notes 3 and 4)	Note
													Item	Value			
1	Dong Guan Baoqiao Electronic Technology Co., Ltd.	Kunshan Yuanying Electronics Technology Co., Ltd. Shanggao Yisen Industry Co., Ltd.	Accounts receivable from related parties	Yes	\$ 12,224 (RMB 2,750,000)	\$ -	\$ -	-	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 245,565	\$ 245,565	
			Accounts receivable from related parties	Yes	175,440 (RMB 40,000,000)	86,540 (RMB 20,000,000)	86,540 (RMB 20,000,000)	2.65	2	-	Operating capital	-	-	-	245,565	245,565	
2	Dongguan Yuming Electronic Technology Co., Ltd.	Shanggao Yisen Industry Co., Ltd.	Accounts receivable from related parties	Yes	87,720 (RMB 20,000,000)	43,270 (RMB 10,000,000)	43,270 (RMB 10,000,000)	2.65	2	-	Operating capital	-	-	-	318,530	318,530	
3	Wang Yi Construction Co., Ltd.	Barits Development Corporation	Accounts receivable from related parties	Yes	22,000	22,000	22,000	1.58	2	-	Operating capital	-	-	-	24,899	24,899	
4	Orisol Asia Limited	Orisol Vietnam Co., Ltd.	Accounts receivable from related parties	Yes	35,025 (US\$ 1,100,000)	18,423 (US\$ 600,000)	18,423 (US\$ 600,000)	3.00	2	-	Operating capital	-	-	-	537,141	537,141	
5	Prime Asia (S.E. Asia) Leather Corporation	Prime Asia (Vietnam) Co., Ltd.	Accounts receivable from related parties	Yes	573,923 (US\$ 17,700,000)	543,479 (US\$ 17,700,000)	543,479 (US\$ 17,700,000)	1.50	2	-	Operating capital	-	-	-	1,458,699	1,458,699	
6	Yue Yuen Industrial (Holdings) Limited	Pt. Pou Yuen Indonesia	Accounts receivable from related parties	Yes	8,559,186 (US\$ 269,000,000)	4,129,823 (US\$ 134,500,000)	4,129,823 (US\$ 134,500,000)	3.00	2	-	Operating capital	-	-	-	52,078,972	52,078,972	
		Pt. Glostar Indonesia	Accounts receivable from related parties	Yes	4,352,220 (US\$ 137,000,000)	1,535,250 (US\$ 50,000,000)	1,535,250 (US\$ 50,000,000)	3.00	2	-	Operating capital	-	-	-	52,078,972	52,078,972	
		Pt. Nikomas Gemilang	Accounts receivable from related parties	Yes	8,410,675 (US\$ 265,000,000)	3,224,025 (US\$ 105,000,000)	3,224,025 (US\$ 105,000,000)	3.00	2	-	Operating capital	-	-	-	52,078,972	52,078,972	
		Pt. Pou Chen Indonesia	Accounts receivable from related parties	Yes	2,114,955 (US\$ 61,000,000)	951,855 (US\$ 26,000,000)	951,855 (US\$ 26,000,000)	3.00	2	-	Operating capital	-	-	-	52,078,972	52,078,972	
		Pt. Selalu Cinta Indonesia	Accounts receivable from related parties	Yes	1,134,391 (US\$ 35,450,000)	-	-	-	2	-	Operating capital	-	-	-	52,078,972	52,078,972	
		Prime Asia (Vietnam) Co., Ltd.	Accounts receivable from related parties	Yes	439,450 (US\$ 14,000,000)	61,410 (US\$ 2,000,000)	61,410 (US\$ 2,000,000)	3.00	2	-	Operating capital	-	-	-	52,078,972	52,078,972	
		Pouyuen Vietnam Company Limited	Accounts receivable from related parties	Yes	13,091,035 (US\$ 412,000,000)	6,632,280 (US\$ 216,000,000)	6,632,280 (US\$ 216,000,000)	3.00	2	-	Operating capital	-	-	-	52,078,972	52,078,972	
		Pou Hung Vietnam Company Limited	Accounts receivable from related parties	Yes	3,182,615 (US\$ 103,000,000)	1,320,315 (US\$ 43,000,000)	1,320,315 (US\$ 43,000,000)	3.00	2	-	Operating capital	-	-	-	52,078,972	52,078,972	
		Pou Li Vietnam Company Limited	Accounts receivable from related parties	Yes	1,670,880 (US\$ 53,000,000)	798,330 (US\$ 26,000,000)	798,330 (US\$ 26,000,000)	3.00	2	-	Operating capital	-	-	-	52,078,972	52,078,972	
		Pou Phong Vietnam Company Limited	Accounts receivable from related parties	Yes	2,116,028 (US\$ 67,000,000)	997,913 (US\$ 32,500,000)	997,913 (US\$ 32,500,000)	3.00	2	-	Operating capital	-	-	-	52,078,972	52,078,972	
		Yue De Vietnam Company Limited	Accounts receivable from related parties	Yes	3,784,800 (US\$ 122,000,000)	1,504,545 (US\$ 49,000,000)	1,504,545 (US\$ 49,000,000)	3.00	2	-	Operating capital	-	-	-	52,078,972	52,078,972	
		Pt. Shoenary Javanusia Inc.	Accounts receivable from related parties	Yes	891,688 (US\$ 27,500,000)	-	-	-	2	-	Operating capital	-	-	-	52,078,972	52,078,972	
		Pou Sung Vietnam Company Limited	Accounts receivable from related parties	Yes	11,496,995 (US\$ 363,000,000)	5,465,490 (US\$ 178,000,000)	5,465,490 (US\$ 178,000,000)	3.00	2	-	Operating capital	-	-	-	52,078,972	52,078,972	
		Pou Chen Vietnam Enterprise Ltd.	Accounts receivable from related parties	Yes	1,175,160 (US\$ 38,000,000)	-	-	-	2	-	Operating capital	-	-	-	52,078,972	52,078,972	
		Pro Kingtex Industrial Company Limited	Accounts receivable from related parties	Yes	146,044 (US\$ 4,605,000)	69,700 (US\$ 2,270,000)	69,700 (US\$ 2,270,000)	3.00	2	-	Operating capital	-	-	-	52,078,972	52,078,972	
		Precious Full Investments Ltd.	Accounts receivable from related parties	Yes	1,784,823 (US\$ 56,270,000)	1,037,215 (US\$ 33,780,000)	647,261 (US\$ 21,080,000)	3.00	2	-	Operating capital	-	-	-	52,078,972	52,078,972	
		Solar Link International Inc.	Accounts receivable from related parties	Yes	381,577 (US\$ 12,080,000)	185,458 (US\$ 6,040,000)	185,458 (US\$ 6,040,000)	3.00	2	-	Operating capital	-	-	-	52,078,972	52,078,972	
		Ct TNHH Mtv Dich Vu Thuong Mai Tu Van	Accounts receivable from related parties	Yes	14,591 (US\$ 450,000)	13,817 (US\$ 450,000)	13,817 (US\$ 450,000)	3.00	2	-	Operating capital	-	-	-	52,078,972	52,078,972	
		Xuat Nhap Khau Van Thuan	Accounts receivable from related parties	Yes	260,993 (US\$ 8,500,000)	260,993 (US\$ 8,500,000)	260,993 (US\$ 8,500,000)	3.00	2	-	Operating capital	-	-	-	52,078,972	52,078,972	
		Pt. Hardases Abadi Indonesia	Accounts receivable from related parties	Yes	699,590 (US\$ 22,000,000)	245,640 (US\$ 8,000,000)	245,640 (US\$ 8,000,000)	3.00	2	-	Operating capital	-	-	-	52,078,972	52,078,972	
		Yang Xin Pou Jia Shoes Manufacturing Co., Ltd.	Accounts receivable from related parties	Yes	622,813 (US\$ 10,000,000)	298,563 (RMB 69,000,000)	298,563 (RMB 69,000,000)	2.42	2	-	Operating capital	-	-	-	52,078,972	52,078,972	
		Shanggao Yisen Industry Co., Ltd.	Accounts receivable from related parties	Yes	342,265 (RMB 77,000,000)	-	-	-	2	-	Operating capital	-	-	-	52,078,972	52,078,972	
		Dongguan Yu Xiang Shoes Material Co., Ltd.	Accounts receivable from related parties	Yes	82,701 (RMB 2,620,000)	40,224 (US\$ 1,310,000)	40,224 (US\$ 1,310,000)	3.00	2	-	Operating capital	-	-	-	52,078,972	52,078,972	
		Yisen (YiFeng) Mould Co., Ltd.	Accounts receivable from related parties	Yes	-	-	-	-	-	-	Operating capital	-	-	-	-	-	
7	Idea (Macao Commercial Offshore) Limited	Tech Mastery Vietnam Company Limited	Accounts receivable from related parties	Yes	121,920 (US\$ 4,000,000)	-	-	-	2	-	Operating capital	-	-	-	4,054,807	4,054,807	
8	Mega International Trading Ltd.	Prodigy Management Ltd.	Accounts receivable from related parties	Yes	88,520 (US\$ 2,730,000)	-	-	-	2	-	Operating capital	-	-	-	212,879	212,879	
		United Ally Global Ltd.	Accounts receivable from related parties	Yes	8,755 (US\$ 270,000)	-	-	-	2	-	Operating capital	-	-	-	212,879	212,879	
9	Hero Luck Group Ltd.	High Glory Footwear India Private Ltd.	Accounts receivable from related parties	Yes	3,186,000 (US\$ 100,000,000)	675,510 (US\$ 22,000,000)	675,510 (US\$ 22,000,000)	3.00	2	-	Operating capital	-	-	-	3,581,800	3,581,800	
10	Pou Chien Enterprise Co., Ltd.	I-Tech. Sporting Enterprise Ltd.	Accounts receivable from related parties	Yes	800,000	-	-	-	2	-	Operating capital	-	-	-	2,232,535	2,232,535	
		Yue Yuen Industrial (Holdings) Limited	Accounts receivable from related parties	Yes	2,241,216 (US\$ 69,120,000)	1,823,877 (US\$ 59,400,000)	1,823,877 (US\$ 59,400,000)	3.00	2	-	Operating capital	-	-	-	2,232,535	2,232,535	

(Continued)

No. (Note 1)	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3 and 4)	Aggregate Financing Limit (Notes 3 and 4)	Note
													Item	Value			
11	Dongguan Yusheng Shoe Industry Co., Ltd.	Dong Guan Pou Chen Footwear Company Limited	Accounts receivable from related parties	Yes	\$ 1,111,250 (RMB 250,000,000)	\$ 1,038,480 (RMB 240,000,000)	\$ 562,510 (RMB 130,000,000)	2.42	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,643,202	\$ 1,643,202	
		Shanggao Yisen Industry Co., Ltd.	Accounts receivable from related parties	Yes	131,580 (RMB 30,000,000)	64,905 (RMB 15,000,000)	64,905 (RMB 15,000,000)	2.42	2	-	Operating capital	-	-	-	1,643,202	1,643,202	
		Yichun Yisen Industry Co., Ltd.	Accounts receivable from related parties	Yes	111,125 (RMB 25,000,000)	-	-	-	2	-	Operating capital	-	-	-	1,643,202	1,643,202	
		Dongguan Yu Xiang Shoes Material Co., Ltd.	Accounts receivable from related parties	Yes	479,510 (RMB 110,000,000)	346,160 (RMB 80,000,000)	259,620 (RMB 60,000,000)	2.42	2	-	Operating capital	-	-	-	1,643,202	1,643,202	
12	Rui Jin Pou Yuen Footwear Development Co., Ltd.	Yu Xing (Jishui) Footwear Co., Ltd.	Accounts receivable from related parties	Yes	60,402 (RMB 13,700,000)	31,587 (RMB 7,300,000)	31,587 (RMB 7,300,000)	2.42	2	-	Operating capital	-	-	-	240,552	240,552	
13	Yiyang Yujing Shoes Industrial Co., Ltd.	Yisen (YiFeng) Mould Co., Ltd.	Accounts receivable from related parties	Yes	31,115 (RMB 7,000,000)	-	-	-	2	-	Operating capital	-	-	-	145,010	145,010	
14	Yichun Yisen Industry Co., Ltd.	Yisen (YiFeng) Mould Co., Ltd.	Accounts receivable from related parties	Yes	22,225 (RMB 5,000,000)	12,981 (RMB 3,000,000)	12,981 (RMB 3,000,000)	3.33	2	-	Operating capital	-	-	-	555,495	555,495	
15	Shanggao Yisen Industry Co., Ltd.	Yang Xin Pou Jia Shoes Manufacturing Co., Ltd.	Accounts receivable from related parties	Yes	88,900 (RMB 20,000,000)	-	-	-	2	-	Operating capital	-	-	-	1,414,326	1,414,326	
16	Yue Yuen (Anfu) Footwear Co., Ltd.	Yang Xin Pou Jia Shoes Manufacturing Co., Ltd.	Accounts receivable from related parties	Yes	444,500 (RMB 100,000,000)	-	-	-	2	-	Operating capital	-	-	-	1,953,399	1,953,399	
17	Bao Hong (Yangzhou) Shoes Co., Ltd.	Shanggao Yisen Industry Co., Ltd.	Accounts receivable from related parties	Yes	181,734 (RMB 42,000,000)	181,734 (RMB 42,000,000)	181,734 (RMB 42,000,000)	2.42	2	-	Operating capital	-	-	-	799,815	799,815	
18	Pouyuen Vietnam Company Limited	Powerknit Vietnam Company Limited	Accounts receivable from related parties	Yes	304,567 (US\$ 10,140,416)	-	-	-	2	-	Operating capital	-	-	-	5,374,543	5,374,543	
		Tech Mastery Vietnam Company Limited	Accounts receivable from related parties	Yes	312,506 (US\$ 9,741,998)	299,128 (US\$ 9,741,998)	299,128 (US\$ 9,741,998)	2.5	2	-	Operating capital	-	-	-	5,374,543	5,374,543	
19	Pou Sung Vietnam Company Limited	Tech Mastery Vietnam Company Limited	Accounts receivable from related parties	Yes	185,194 (US\$ 5,781,540)	177,266 (US\$ 5,773,196)	177,266 (US\$ 5,773,196)	2.5	2	-	Operating capital	-	-	-	3,917,528	3,917,528	
20	Pou Chen Vietnam Enterprise Ltd.	Tech Mastery Vietnam Company Limited	Accounts receivable from related parties	Yes	158,737 (US\$ 4,948,454)	151,942 (US\$ 4,948,454)	151,942 (US\$ 4,948,454)	2.5	2	-	Operating capital	-	-	-	1,537,095	1,537,095	
21	Precious Full Investments Limited	Bangladesh Pou Hung Industrial Limited	Accounts receivable from related parties	Yes	1,443,288 (US\$ 45,440,000)	697,618 (US\$ 22,720,000)	307,050 (US\$ 10,000,000)	-	2	-	Operating capital	-	-	-	5,285,122	5,285,122	
22	Pt. Hardases Abadi Indonesia	Pt. Nikomas Gemilang	Accounts receivable from related parties	Yes	304,800 (US\$ 10,000,000)	-	-	-	2	-	Operating capital	-	-	-	1,078,760	1,078,760	
23	Wealthplus Holdings Limited	Pou Chen Corporation	Accounts receivable from related parties	Yes	20,155,020 (RMB 2,330,000,000) (US\$ 268,000,000) (NT\$ 1,398,011,764)	10,053,172 (RMB 1,390,000,000) (US\$ 86,000,000) (NT\$ 1,398,011,764)	10,053,172 (RMB 1,390,000,000) (US\$ 86,000,000) (NT\$ 1,398,011,764)	-	2	-	Operating capital	-	-	-	162,609,631	162,609,631	
24	Pou Sheng (China) Investment Group Co., Ltd.(Formerly known as Pou Sheng (China) Investment Co., Ltd.)	Qingdao Pou-Sheng International Sport Products Co., Ltd.	Loans receivable	Yes	1,337,637 (RMB 300,930,700)	1,302,127 (RMB 300,930,700)	31,154 (RMB 7,200,000)	3.65	2	-	Operating capital	-	-	-	2,083,404	2,083,404	

Note 1: The Company is coded as follows:

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

Note 2: The nature of financing is code as follows:

- Business relationship is coded 1.
- The need for short-term financing is coded 2.

Note 3: According to the Company’s policy, procedure of financing provided to others as follows:

- The maximum amount permitted to a single borrower is listed based on the types of financing reasons as follows:
 - Business relationship: Each of the financing amount shall not exceed 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.
 - The need for short-term financing: Each of the financing amount shall not exceed 10% of the Company’s net worth.
- The total maximum amount permitted to a single borrower is listed based on the types of financing reasons as follows:
 - Business relationship: Each of the financing amount shall not exceed 10% of the Company’s net worth.
 - The need for short-term financing: Each of the financing amount shall not exceed 40% of the Company’s net worth.
 - Among foreign companies which the Company holds 100% voting rights directly and indirectly, when financing is necessary, the amount is not limited by the above information. However, the limit amount of financing to others during one year shall not exceed the borrowers’ net worth.

Note 4: Dongguan Baoqiao Electronic Technology Co., Ltd. for subsidiaries in which Pou Chen holds 100% voting rights directly and indirectly: The financing amount and each of the financing amount shall not exceed 100% of total equity of Dongguan Baoqiao Electronic Technology Co., Ltd.’s financial statement. Dongguan Yuming Electronic Technology Co., Ltd. for subsidiaries in which Pou Chen holds 100% voting rights directly and indirectly: The financing amount and each of the financing amount shall not exceed 100% of total equity of Dongguan Yuming Electronic Technology Co., Ltd.’s financial statement. When Wang Yi Construction Co., Ltd. engages in fund lending, the financing amount shall not exceed 40% of total equity in the Wang Yi Construction Co., Ltd.’s 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’s consolidated financial statements. Foreign companies on which Yue Yuen Industrial (Holdings) Limited holds 100% voting rights directly and indirectly: The financing amount shall not exceed 100% of total equity of lender’s consolidated financial statement. If the lender or the borrower is registered in Taiwan, the financing amount shall not exceed 40% of total equity of lender’s financial statement. When Wealthplus Holdings Limited engages in fund lending, the financing amount shall not exceed 100% of total equity in the Wealthplus Holdings Limited’s consolidated financial statements. For subsidiaries in which Pou Sheng (China) Investment Group Co., Ltd. holds not 100% voting rights directly. The financing amount shall not exceed 40% of total equity of lender’s financial statement.

(Concluded)

POU CHEN CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorsement/ Guarantee Provider	Endorsee/Guaranteee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 4)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 4)	Note
		Name	Relationship (Note 2)											
0	Pou Chen Corporation	Wealthplus Holdings Limited Pro Arch International Development Enterprise Inc. Barits Development Corporation Windsor Entertainment Co., Ltd. Yue Hong Realty Development Co., Ltd. Pou Shine Investment Co., Ltd. Pou Yuen Technology Co., Ltd. Pou Yui Development Co., Ltd.	b b b b b b b b	\$ 126,189,362 126,189,362 126,189,362 126,189,362 1,100,000 126,189,362 126,189,362 126,189,362	\$ 30,479,500 87,091 8,645,500 80,000 1,100,000 1,750,000 100,000 400,000	\$ 28,862,700 87,091 8,542,500 80,000 1,100,000 1,750,000 100,000 400,000	\$ - 87,091 2,268,500 30,000 539,500 561,000 - 63,100	\$ - - - - - - - -	23 - 7 - 1 1 - -	\$ 252,378,724 252,378,724 252,378,724 252,378,724 252,378,724 252,378,724 252,378,724 252,378,724	Y Y Y Y Y Y Y Y	N N N N N N N N	N N N N N N N N	
1	Yue Yuen Industrial (Holdings) Limited	Cohen Enterprises Inc. Innovative Track Limited Oftenrich Holdings Limited Pt. Selalu Cinta Indonesia Orisol Taiwan Limited Prime Asia Leather Corporation Prime Asia Leather (Vietnam) Company Limited Pou Chien Enterprise Co., Ltd. Pou Phong Vietnam Company Ltd. Pt. KMK Global Sports Pt. Shoenary Javanesia Inc. Yue Dean Technology Corporation I-Tech Sporting Enterprises Ltd. Pou Chen (Cambodia) Co., Ltd. Yue Yuen Industrial Limited	f f f b b b b b b b b b b b b	78,118,457 78,118,457 78,118,457 78,118,457 78,118,457 78,118,457 78,118,457 78,118,457 78,118,457 78,118,457 78,118,457 78,118,457 78,118,457 78,118,457 78,118,457 78,118,457 78,118,457	1,026,888 (US\$ 32,500,000) 615,875 (NTS 300,000,000) (US\$ 10,000,000) 809,574 (US\$ 25,200,000) 3,319,509 (US\$ 102,375,000) 90,000 2,402,700 (US\$ 75,000,000) 648,500 (US\$ 20,000,000) 260,000 291,825 (US\$ 9,000,000) 2,188,688 (US\$ 67,500,000) 1,288,894 (US\$ 39,750,000) 6,700,000 3,500,000 3,513,475 (US\$ 110,000,000) 324,250 (US\$ 10,000,000)	844,388 (US\$ 27,500,000) - 635,595 (US\$ 20,700,000) 3,143,424 (US\$ 102,375,000) 90,000 1,228,200 (US\$ 40,000,000) - - 276,345 (US\$ 9,000,000) 2,072,588 (US\$ 67,500,000) 1,220,524 (US\$ 39,750,000) 2,900,000 1,700,000 1,688,775 (US\$ 55,000,000) 307,050 (US\$ 10,000,000)	311,656 (US\$ 10,150,000) - 4,560 (US\$ 148,500) 2,214,622 (US\$ 72,125,777) 90,000 516,000 - - - 542,054 (US\$ 17,653,619) 1,106,370 (US\$ 36,032,248) 751,000 850,000 - 306,000 -	- -	1 - - 2 - 1 - - - - 2 1 1 2 1 1 - -	195,296,143 195,296,143 195,296,143 195,296,143 195,296,143 195,296,143 195,296,143 195,296,143 195,296,143 195,296,143 195,296,143 195,296,143 195,296,143 195,296,143 195,296,143 195,296,143	N N N N N N N N N N N N N N N	N N N N N N N N N N N N N N N	N N N N N N N N N N N N N N N	
2	Pou Sheng International (Holdings) Limited	Shaanxi Pousheng Trading Co., Ltd. Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd. Hefei Pouxun Sporting Goods Co., Ltd. Henan YYSPO RTS 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. Bao Sheng Dao Ji (Beijing) Trading Company Ltd. Pou Yuen Trading Corporation Taiwan Taisong Trading Co., Ltd. Guangzhou Pou-Yuen Trading Co., Ltd. Pou Sheng (China) Investment Group Co., Ltd. Taicang Yue-Shen Sporting Goods Co., Ltd. Yue-Shen (Taicang) Footwear Co., Ltd. PCG Bros Sports Management Co., Ltd. Hainan Baoxun Electronic Commerce Co., Ltd.	b b b b b b b b b b b b b b b b	73,715,906 73,715,906 73,715,906 73,715,906 73,715,906 73,715,906 73,715,906 73,715,906 73,715,906 73,715,906 73,715,906 73,715,906 73,715,906 73,715,906 73,715,906 73,715,906 73,715,906	4,013,110 (RMB 421,415,350) (US\$ 66,000,000) 11,774,763 (RMB 2,169,328,631) (US\$ 66,000,000) 93,616 (RMB 21,114,334) 120,165 (RMB 27,072,536) 2,599,731 (RMB 103,418,736) (US\$ 66,000,000) 4,112,116 (RMB 926,979,714) 72,884 (RMB 16,428,828) 4,579,244 (RMB 548,782,418) (US\$ 66,000,000) 767,620 (NTS 516,000,000) (US\$ 8,000,000) 130,000 2,140,050 (US\$ 66,000,000) 8,682,998 (RMB 1,472,000,000) (US\$ 66,000,000) 2,197,099 (RMB 12,858,946) (US\$ 66,000,000) 55,470 (RMB 12,505,083) 297,125 (NTS 135,000,000) (US\$ 5,000,000) 21,794,761 (RMB 4,431,800,000) (US\$ 66,000,000)	3,781,999 (RMB 405,701,422) (US\$ 66,000,000) 9,554,311 (RMB 1,739,723,044) (US\$ 66,000,000) 44,528 (RMB 10,290,839) 32,520 (RMB 7,515,578) 2,461,970 (RMB 100,633,258) (US\$ 66,000,000) 2,428,557 (RMB 561,256,637) 26,693 (RMB 6,168,997) 4,346,887 (RMB 536,250,852) (US\$ 66,000,000) 472,820 (NTS 350,000,000) (US\$ 4,000,000) 40,000 2,026,530 (US\$ 66,000,000) 8,317,988 (RMB 1,454,000,000) (US\$ 66,000,000) 2,047,081 (RMB 4,749,548) (US\$ 66,000,000) 21,635 (RMB 4,999,971) 153,525 (US\$ 5,000,000) 12,804,654 (RMB 2,490,900,000) (US\$ 66,000,000)	- 32,201 (RMB 7,441,734) 5,380 (RMB 1,243,405) 8,302 (RMB 1,918,626) 286 (RMB 66,127) 67,496 (RMB 15,598,891) - 680 (RMB 157,224) 227,870 - - 1,625,326 (RMB 375,624,258) - - - 1,087 (RMB 251,199) - 1,548,690 (RMB 357,913,182)	- - - - - - - - - - - - - - - - - - - -	10 26 - - 7 7 - - 12 1 - 5 23 6 - - 35	147,431,812 147,431,812 147,431,812 147,431,812 147,431,812 147,431,812 147,431,812 147,431,812 147,431,812 147,431,812 147,431,812 147,431,812 147,431,812 147,431,812 147,431,812	N N N N N N N N N N N N N N N	N N N N N N N N N N N N N N N	Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y	

(Continued)

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 on Behalf of Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 4)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 4)	Note
		Name	Relationship (Note 2)											
2	Pou Sheng International (Holdings) Limited	Hainan Shengwei Electronic Commerce Co., Ltd.	b	\$ 73,715,906	\$ 16,130,357 (RMB 3,147,425,675) (US\$ 66,000,000)	\$ 15,645,441 (RMB 3,147,425,675) (US\$ 66,000,000)	\$ 449,343 (RMB 103,846,229)	\$ -	42	\$ 147,431,812	N	N	Y	
		Dalian YYSPTS Sport Industrial Development Co., Ltd.	b	73,715,906	19,148 (RMB 4,330,230)	18,737 (RMB 4,330,230)	-	-	-	147,431,812	N	N	Y	
3	Pou Sheng (China) Investment Group Co., Ltd.	Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	b	28,651,196	1,387,639 (RMB 312,220,000)	1,254,831 (RMB 290,000,000)	-	-	9	57,302,392	N	N	Y	
		Hefei Pouxun Sporting Goods Co., Ltd.	b	28,651,196	93,687 (RMB 21,100,000)	43,271 (RMB 10,000,000)	-	-	-	57,302,392	N	N	Y	
		Jiangxi Bao Yuan Trade Co., Ltd.	b	28,651,196	7,912 (RMB 1,780,000)	-	-	-	-	57,302,392	N	N	Y	
		Shaanxi Pousheng Trading Co., Ltd.	b	28,651,196	97,658 (RMB 22,000,000)	47,597 (RMB 11,000,000)	-	-	-	57,302,392	N	N	Y	
		Taican Yue-Shen Sporting Goods Co., Ltd.	b	28,651,196	28,893 (RMB 6,500,000)	28,126 (RMB 6,500,000)	-	-	-	57,302,392	N	N	Y	
		Henan YYSPTS Sport Products Co., Ltd.	b	28,651,196	177,340 (RMB 40,000,000)	86,540 (RMB 20,000,000)	-	-	1	57,302,392	N	N	Y	
		Qingdao Pou-Sheng International Sport Products Co., Ltd.	b	28,651,196	137,795 (RMB 31,000,000)	134,137 (RMB 31,000,000)	-	-	1	57,302,392	N	N	Y	
		Shenzhen Pou-Yuen Sport Products Co., Ltd.	b	28,651,196	889 (RMB 200,000)	-	-	-	-	57,302,392	N	N	Y	
		Shanghai Shengdao Sports Goods Company Limited	b	28,651,196	1,754,400 (RMB 597,620,000)	865,400 (RMB 397,620,000)	235,110 (RMB 54,335,589)	-	6	57,302,392	N	N	Y	
		Shanghai Shengjie Sports Goods Company Limited	b	28,651,196	1,733,523 (RMB 197,620,000)	855,102	-	-	6	57,302,392	N	N	Y	
		Changsha Shengdao Sports Goods Co.	b	28,651,196	48,763 (RMB 11,000,000)	47,597 (RMB 11,000,000)	-	-	-	57,302,392	N	N	Y	
		Kunshan Bao Kuen Smart Chain Information Technology Co.	b	28,651,196	101,791 (RMB 22,900,000)	99,088 (RMB 22,900,000)	-	-	1	57,302,392	N	N	Y	
		Shanghai Dongzhijie Sporting Goods Development Co., Ltd.	b	28,651,196	4,422 (RMB 1,000,000)	4,327 (RMB 1,000,000)	-	-	-	57,302,392	N	N	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 undertaking a construction project.

f. A company where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

g. 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. 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 Pou Sheng International (Holdings) Limited 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 Pou Sheng (China) Investment Group 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.

Note 4:

Endorsement/guarantee given by listed parent on behalf of subsidiaries, by subsidiaries on behalf of listed parent, and on behalf of companies in mainland China is coded “Y”.

TABLE 3

POU CHEN CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Pou Chen Corporation	<u>Ordinary shares</u>							
	Mega Financial Holding Company Ltd.	None	Financial assets at FVTOCI - current	198,095,937	\$ 7,765,361	1.41	\$ 7,765,361	
	Taiwan Paiho Limited	None	Financial assets at FVTOCI - current	615,473	35,451	0.21	35,451	
	Zhiyuan Venture Capital Co., Ltd.	None	Financial assets at FVTOCI - non-current	4,633,929	52,224	10.71	52,224	
	New Loulan Corporation., Ltd.	None	Financial assets at FVTOCI - non-current	100,000	790	4.00	790	
Wealthplus Holdings Limited	<u>Ordinary shares</u>							
	Golden Brands Developments Ltd.	None	Financial assets at FVTOCI - non-current	15,199,445	92,904	5.88	92,904	
					(US\$ 3,025,678)		(US\$ 3,025,678)	
	Great Team Backend Foundry, Inc.	None	Financial assets at FVTOCI - non-current	1,352,511	42,837	7.01	42,837	
					(US\$ 1,395,129)		(US\$ 1,395,129)	
	<u>Bonds</u>							
	Natwest Markets PL	None	Financial assets at amortized cost - current	-	430,791	-	432,364	
					(US\$ 14,030,000)		(US\$ 14,081,210)	
	Emirates Nbd Bank Pjsc. Senior Bond	None	Financial assets at amortized cost - non-current	-	137,689	-	139,307	
					(US\$ 4,484,240)		(US\$ 4,536,951)	
	Qatar National Bank Senior Bond	None	Financial assets at amortized cost - non-current	-	218,869	-	220,186	
					(US\$ 7,128,109)		(US\$ 7,171,026)	
	Standard Chartered Perpetual Bond	None	Financial assets at amortized cost - non-current	-	334,952	-	301,677	
					(US\$ 10,908,716)		(US\$ 9,825,000)	
	Barclay & Co., Ltd. Perpetual Bond	None	Financial assets at amortized cost - non-current	-	97,612	-	91,585	
					(US\$ 3,179,039)		(US\$ 2,982,750)	
	Natwest Markets PL Perpetual Bond	None	Financial assets at amortized cost - non-current	-	115,423	-	108,220	
					(US\$ 3,759,104)		(US\$ 3,524,500)	
	Deutsche Bank Perpetual Bond	None	Financial assets at amortized cost - non-current	-	120,229	-	114,256	
					(US\$ 3,915,619)		(US\$ 3,721,074)	
	Societe Generale Perpetual Bond	None	Financial assets at amortized cost - non-current	-	98,838	-	92,161	
					(US\$ 3,218,957)		(US\$ 3,001,500)	
	Swedbank Perpetual Bond	None	Financial assets at amortized cost - non-current	-	93,512	-	90,339	
					(US\$ 3,045,498)		(US\$ 2,942,160)	
	BNP Paribas Perpetual Bond	None	Financial assets at amortized cost - non-current	-	95,616	-	92,115	
					(US\$ 3,114,024)		(US\$ 3,000,000)	
	Bank Of America Senior Bond	None	Financial assets at amortized cost - non-current	-	296,255	-	291,713	
					(US\$ 9,648,419)		(US\$ 9,500,500)	
	The Goldman Sachs Group Inc. Senior Bond	None	Financial assets at amortized cost - non-current	-	302,268	-	298,419	
					(US\$ 9,844,255)		(US\$ 9,718,900)	
	HSBC Holdings Senior Bond	None	Financial assets at amortized cost - non-current	-	264,206	-	263,081	
					(US\$ 8,604,647)		(US\$ 8,568,033)	
	Groupe BPCE Subordinated Bond	None	Financial assets at amortized cost - non-current	-	30,241	-	30,085	
					(US\$ 984,894)		(US\$ 979,820)	
Win Fortune Investments Limited	<u>Fund</u>							
	Prodigy Strategic Investment Fund XXII Segregated Portfolio	None	Financial assets mandatorily at FVTPL - non-current	32,700	100,554	-	100,554	
					(US\$ 3,274,830)		(US\$ 3,274,830)	
Pou Shine Investment Co., Ltd.	<u>Ordinary shares</u>							
	Elitegroup Computer Systems Co., Ltd.	None	Financial assets mandatorily at FVTPL - current	41,715	1,314	0.01	1,314	
	Taiwan Paiho Limited	None	Financial assets at FVTOCI - current	775,170	44,650	0.26	44,650	
	Mega Financial Holding Company Ltd.	None	Financial assets at FVTOCI - current	129,277,128	5,067,663	0.92	5,067,663	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Pou Yuen Technology Co., Ltd.	<u>Fund</u> Cathay Taiwan Money Market Fund	None	Financial assets mandatorily at FVTPL - current	1,102,083	\$ 14,066	-	\$ 14,066	
	<u>Ordinary shares</u> Mega Financial Holding Company Ltd.	None	Financial assets at FVTOCI - current	17,605,078	690,119	0.13	690,119	
Barits Development Corporation	<u>Ordinary shares</u> Elitegroup Computer Systems Co., Ltd.	None	Financial assets mandatorily at FVTPL - current	189,597	5,972	0.03	5,972	
	Mega Financial Holding Company Ltd.	None	Financial assets at FVTOCI - current	138,160,477	5,415,891	0.98	5,415,891	
	Shey Yu Co., Ltd.	None	Financial assets at FVTOCI - non-current	32,000	320	1.07	320	
	Environment In Assistant Engineering Corp.	None	Financial assets at FVTOCI - non-current	20,000	-	1.00	-	
Song Ming Investments Co., Ltd.	<u>Fund</u> Cathay Taiwan Money Market Fund	None	Financial assets mandatorily at FVTPL - current	5,574,888	71,151	-	71,151	
	<u>Ordinary shares</u> Mega Financial Holding Company Ltd.	None	Financial assets at FVTOCI - current	51,056,740	2,001,424	0.36	2,001,424	
Pro Arch International Development Enterprise Inc.	<u>Fund</u> Cathay Taiwan Money Market Fund	None	Financial assets mandatorily at FVTPL - current	2,199,305	28,069	-	28,069	
Pou Chin Development Co., Ltd.	<u>Fund</u> Cathay Taiwan Money Market Fund	None	Financial assets mandatorily at FVTPL - current	930,135	11,871	-	11,871	
Wang Yi Construction Co., Ltd.	<u>Fund</u> Cathay Taiwan Money Market Fund	None	Financial assets mandatorily at FVTPL - current	166,917	2,131	-	2,131	
Windsor Entertainment Co., Ltd.	<u>Fund</u> Jih Sun Money Market Fund	None	Financial assets mandatorily at FVTPL - current	626,303	9,554	-	9,554	
	Fuh Hwa You Li Money Market	None	Financial assets mandatorily at FVTPL - current	619,026	8,549	-	8,549	
	<u>Ordinary shares</u> Taichung International Entertainment Corporation	None	Financial assets at FVTOCI - non-current	3	12,000	0.09	12,000	
	<u>Ordinary shares</u> Mega Financial Holding Company Ltd.	None	Financial assets at FVTOCI - current	41,399,755	1,622,870	0.29	1,622,870	
Yue Yuen Industrial (Holdings) Limited	<u>Fund</u> Cathay Taiwan Money Market Fund	None	Financial assets mandatorily at FVTPL - current	48,086,529	616,207 (US\$ 20,068,609)	-	616,207 (US\$ 20,068,609)	
	BPEA Asia Private Equity	None	Financial assets mandatorily at FVTPL - non-current	-	789,191 (US\$ 25,702,370)	-	789,191 (US\$ 25,702,370)	
	<u>Ordinary shares</u> Evermore Chemical Industry Co., Ltd.	None	Financial assets at FVTOCI - current	7,068,281	123,487 (US\$ 4,021,711)	7.11	123,487 (US\$ 4,021,711)	
	Taiwan Paiho Limited	None	Financial assets at FVTOCI - non-current	9,528,228	551,051 (US\$ 17,946,608)	3.20	551,051 (US\$ 17,946,608)	
	Keg Big Dome Sports Co., Ltd.	None	Financial assets at FVTOCI - non-current	-	8,274 (US\$ 269,482)	11.76	8,274 (US\$ 269,482)	

Note: The marketable securities stated here are related to shares, debentures and beneficiary certificates and the derivative products caused by those of “IFRS 9 Financial Instruments”. For information on the investments in subsidiaries, associates and joint ventures refer to Tables 10 and 11.

(Concluded)

TABLE 4

POU CHEN CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Company Name	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Yue Yuen Industrial (Holdings) Limited	Cathay Taiwan Money Market Fund	Financial assets measured at fair value through profit and loss - current	-	None	609,448	\$ 7,685 (US\$ 250,258)	87,674,624	\$ 1,106,048 (US\$ 36,025,389) (Note 1)	40,197,543	\$ 497,526 (US\$ 16,207,038)	\$ 497,526 (US\$ 16,207,038)	\$ -	48,086,529	\$ 616,207 (US\$ 20,068,609)
Pou Chen Corporation	Elitegroup Computer Systems Co., Ltd.	Investments accounted for using the equity method	-	None	68,884,949	1,425,936	-	66,682 (Note 2)	68,884,949	2,059,057	1,492,618	566,439	-	-
Barits Development Corporation	Elitegroup Computer Systems Co., Ltd.	Investments accounted for using the equity method	-	None	9,237,451	191,214	-	794 (Note 2)	9,047,854	303,126	192,008	111,156	-	-

Note 1: Include acquisition and valuation adjustments for fair value.

Note 2: Include acquisition, dividend, investment profit (loss) for using the equity method and share of other comprehensive income (loss).

TABLE 5

POU CHEN CORPORATION AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Yue Yuen Industrial (Holdings) Limited	Public construction such as factories and dormitories	2023.01-2023.12	\$ 5,531,009 (US\$ 180,133,838)	Accumulated payment as of December 31, 2023 \$ 3,100,375 (US\$ 100,972,976)	-	None	-	-	-	\$ -	Market price	Plant expansion	

POU CHEN CORPORATION AND SUBSIDIARIES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Pou Chien Enterprise Co., Ltd.	Real estate in Wukuaicuo Section, Dayuan District, Taoyuan City	2023.3	2018.2-2022.6	\$ 2,048,308	\$ 2,352,000	Received	\$ 303,692	Two natural persons and Juliens Entertainment Group Co., Ltd.	Non-relatives	Disposal of idle assets	Price evaluation report and mutual bargaining decision	

TABLE 7

POU CHEN CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	The subsidiary	Sale	\$ (8,076,848)	(98)	D/A 45 days	-	-	\$ 1,451,690	99	
	Chang Yang Material Corp.	The associate	Purchase	175,042	5	D/A 45 days	-	-	(10,229)	(2)	
Yue Yuen Industrial (Holdings) Limited	Pou Chen Corporation	The parent company	Purchase	8,076,848 (US\$ 59,085,635)	5	D/A 45 days	-	-	(1,451,690) (US\$ (47,278,619))	(10)	
	Ka Yuen Rubber Factory Limited	Investee accounted for by the equity method	Purchase	1,858,943 (US\$ 59,685,000)	1	D/A 45 days	-	-	(485,354) (US\$ (15,807,000))	(3)	
	Twinways Investments Limited	Investee accounted for by the equity method	Purchase	1,587,414 (US\$ 50,962,000)	1	D/A 45 days	-	-	(272,169) (US\$ (8,864,000))	(2)	
	Cohen Enterprises Inc.	Investee accounted for by the equity method	Purchase	153,334 (US\$ 4,985,000)	-	D/A 45 days	-	-	(10,440) (US\$ (340,000))	-	
	Top Units Developments Ltd.	Investee accounted for by the equity method	Purchase	717,770 (US\$ 23,044,000)	-	D/A 45 days	-	-	(121,930) (US\$ (3,971,000))	(1)	
	San Fang Chemical Industry Co., Ltd.	Investee accounted for by the equity method	Purchase	1,715,848 (US\$ 55,131,000)	1	D/A 45 days	-	-	(243,644) (US\$ (7,935,000))	(2)	
	Eastlion Industrial Ltd.	Investee accounted for by the equity method	Purchase	1,300,136 (US\$ 41,704,000)	1	D/A 45 days	-	-	(338,338) (US\$ (11,019,000))	(2)	
	Cohen Enterprises Inc.	Investee accounted for by the equity method	Sale	(318,296) (US\$ (10,231,000))	-	D/A 45 days	-	-	13,265 (US\$ 432,000)	-	
Pou Sheng International (Holdings) Limited	Shandong Liwei Economic and Trade Co., Ltd.	Other related party	Sale	(141,853) (US\$ (4,562,000))	-	D/A 30 days	-	-	4,636 (US\$ 151,000)	-	

TABLE 8

POU CHEN CORPORATION AND SUBSIDIARIES

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

DECEMBER 31, 2023

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

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	The subsidiary in which the Company holds 51.11% indirectly at December 31, 2023	\$ 1,451,690	5	\$ -	-	\$ 1,153,017	\$ -

POU CHEN CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	a	Operating revenue	\$ 8,076,848	D/A 45 days	3
		Yue Yuen Industrial (Holdings) Limited	a	Accounts receivable	1,451,690	D/A 45 days	-

Note 1: The Company and its subsidiaries are coded as follows:

- a. The Company is coded “0”.
- b. The subsidiaries are coded consecutively beginning from “1” in the order presented in the table above.

Note 2: Nature of relationship is as follows:

- a. From the parent company to its subsidiary.
- b. From a subsidiary to its parent company.
- c. Between subsidiaries.

Note 3: The percentage calculation is based on the consolidated total operating revenue or total assets. For balance sheet items, each item’s period-end balance is shown as a percentage to consolidated total assets as of December 31, 2023. For profit or loss items, cumulative amounts are shown as a percentage to the consolidated total operating revenue as of December 31, 2023.

TABLE 10

POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Shares	%	Carrying Amount			
Pou Chen Corporation	Wealthplus Holdings Limited	British Virgin Islands	Investing in footwear, electronic and peripheral products	\$ 295,429 (US\$ 9,222,000)	\$ 295,429 (US\$ 9,222,000)	9,222,000	100.00	\$ 90,675,239 (US\$ 2,953,109,871)	\$ 5,081,097 (US\$ 161,653,641)	\$ 5,050,101 (US\$ 160,682,292)	
	Win Fortune Investments Limited	British Virgin Islands	Investing activities	3,230 (US\$ 100,000)	3,230 (US\$ 100,000)	100,000	100.00	2,304,697 (US\$ 75,059,338)	77,570 (US\$ 2,472,065)	77,023 (US\$ 2,455,049)	
	Windsor Entertainment Co., Ltd.	ROC	Entertainment and resort operations	71,000	71,000	7,100,000	100.00	111,006	12,083	(14,636)	
	Pou Shine Investment Co., Ltd.	ROC	Investing activities	1,124,667	1,124,667	133,094,460	100.00	4,875,141	184,680	186,081	
	Pan Asia Insurance Services Co., Ltd.	ROC	Agency of property and casualty insurance	5,000	5,000	-	100.00	7,698	(2,413)	(2,413)	
	Barits Development Corporation	ROC	Import and export of shoe-related materials and investing activities	2,117,292	2,117,292	322,719,192	99.49	11,674,051	392,924	396,389	
	Pou Yuen Technology Co., Ltd.	ROC	Rental of real estate	966,450	966,450	30,456,252	97.82	571,312	31,860	61,889	
	Pro Arch International Development Enterprise Inc.	ROC	Design and manufacture of footwear products	2,643,184	2,643,184	20,000,000	100.00	254,025	12,825	12,793	
	Pou Yii Development Co., Ltd.	ROC	Rental and sale of real estate	40,320	40,320	7,875,000	15.00	242,604	89,241	13,386	
	Wang Yi Construction Co., Ltd.	ROC	Construction	5,356	5,356	367,305	7.82	-	4,927	845	
	Elitegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	-	3,245,815	-	-	-	723,763	89,444	
	Ruen Chen Investment Holding Co., Ltd.	ROC	Investment holding	15,552,000	15,452,000	6,237,400,000	20.00	47,687,183	18,736,949	3,747,390	
	Nan Shan Life Insurance Co., Ltd.	ROC	Sale of life insurance	370	370	10,000	-	364	21,436,021	21	
Wealthplus Holdings Limited	Yue Yuen Industrial (Holdings) Limited	Hong Kong	Manufacturing and sale of athletic and casual footwear and sports apparel	24,199,976 (US\$ 747,132,133)	24,199,976 (US\$ 747,132,133)	806,836,663	50.04	64,072,962 (US\$ 2,086,727,324)	8,646,136 (US\$ 275,218,891)	4,319,974 (US\$ 137,508,015)	
	Venture Well Holdings Ltd.	British Virgin Islands	Sale of electronic components	160,000 (US\$ 4,933,705)	160,000 (US\$ 4,933,705)	4,798,114	31.55	9,429 (US\$ 307,088)	734 (US\$ 24,288)	232 (US\$ 7,664)	
Win Fortune Investments Limited	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)	17,307,172	1.07	1,375,028 (US\$ 44,781,878)	8,646,136 (US\$ 275,218,891)	92,665 (US\$ 2,949,615)	
Pou Shine Investment Co., Ltd.	Barits Development Corporation	ROC	Import and export of shoe-related materials and investing activities	2,583	2,583	414,662	0.13	14,949	392,924	502	
	Elitegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	-	23,637	-	-	-	723,763	870	
	Nan Shan Life Insurance Co., Ltd.	ROC	Sale of life insurance	189,772	189,772	12,811,208	0.09	263,912	21,436,021	19,871	
Barits Development Corporation	Song Ming Investments Co., Ltd.	ROC	Investing activities	1,218,879	1,218,879	120,486,400	100.00	3,354,446	150,968	150,968	
	Wang Yi Construction Co., Ltd.	ROC	Construction	62,787	62,787	4,218,250	89.75	60,289	4,927	4,422	
	Pou Chin Development Co., Ltd.	ROC	Agency of land demarcation	200,000	200,000	20,000,000	100.00	198,990	(40)	(40)	
	Yue Hong Realty Development Co., Ltd.	ROC	Development of real estate	240,000	240,000	24,000,000	100.00	126,261	(15,718)	(15,718)	
	Elitegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	-	125,083	-	-	-	723,763	8,951	
	Nan Shan Life Insurance Co., Ltd.	ROC	Sale of life insurance	189,920	189,920	12,821,208	0.09	264,197	21,436,021	19,893	
Song Ming Investments Co., Ltd.	Pou Yii Development Co., Ltd.	ROC	Rental and sale of real estate	262,500	262,500	39,375,000	75.00	1,213,020	89,241	66,931	
	Pou Yuen Technology Co., Ltd.	ROC	Rental of real estate	21,240	21,240	619,220	1.99	18,004	31,860	634	
	Elitegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	-	19,792	-	-	-	723,763	2,789	
Pou Yuen Technology Co., Ltd.	Pearl Dove International Limited	British Virgin Islands	Investment holding	78,348 (US\$ 2,573,883)	78,348 (US\$ 2,573,883)	25,901	100.00	14,136 (US\$ 460,377)	2,590 (US\$ 81,194)	2,590 (US\$ 81,194)	
Yue Yuen Industrial (Holdings) Limited	Eagle Nice (International) Holdings Limited	British Cayman Islands	Manufacturing of wearing apparel and clothing accessories	1,297,712 (US\$ 39,972,084)	1,297,712 (US\$ 39,972,084)	192,000,000	35.97	2,628,677 (US\$ 85,610,732)	1,151,691 (US\$ 36,553,489)	414,263 (US\$ 13,148,290)	
	Full Pearl International Ltd.	British Virgin Islands	Sale of women's shoes	-	381,878 (US\$ 12,226,424)	-	-	-	-	-	
	Oftenrich Holdings Limited	Bermuda	Manufacturing and sale of footwear	1,339,783 (US\$ 42,210,159)	1,339,783 (US\$ 42,210,159)	5,400	45.00	2,893,747 (US\$ 94,243,526)	367,569 (US\$ 11,979,922)	165,406 (US\$ 5,390,965)	
	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	22.50	595,796 (US\$ 20,283,883)	528,241 (US\$ 16,997,200)	118,854 (US\$ 3,824,370)	
	San Fang Chemical Industry Co., Ltd.	ROC	Manufacturing and sale of synthetic leather	2,696,757 (US\$ 83,192,794)	2,696,757 (US\$ 83,192,794)	177,908,075	44.72	4,781,685 (US\$ 155,729,851)	777,756 (US\$ 24,940,602)	347,812 (US\$ 11,153,437)	
	Nan Pao Resins Chemical Co., Ltd.	ROC	Manufacturing and sale of chemical materials	528,749 (US\$ 16,528,579)	539,797 (US\$ 16,873,924)	20,771,248	17.23	2,209,736 (US\$ 71,966,646)	2,536,669 (US\$ 81,375,917)	436,874 (US\$ 14,021,071)	
	Just Lucky Investments Limited	British Virgin Islands	Property management	26,207 (US\$ 808,130)	26,207 (US\$ 808,130)	808,130	38.30	53,587 (US\$ 1,745,212)	1,964 (US\$ 61,824)	752 (US\$ 23,679)	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Shares	%	Carrying Amount			
Yue Yuen Industrial (Holdings) Limited	Natural Options Limited	British Virgin Islands	Manufacturing of foam	\$ 11,144 (US\$ 343,638)	\$ 11,144 (US\$ 343,638)	340,870	38.30	\$ 7,179 (US\$ 233,801)	\$ 165 (US\$ 5,126)	\$ 63 (US\$ 1,963)	
	Rise Bloom International Limited	Hong Kong	Processing and sale of foam	24,312 (US\$ 760,000)	24,312 (US\$ 760,000)	760,000	38.00	32,478 (US\$ 1,057,740)	(1,397) (US\$ (41,188))	(531) (US\$ (15,651))	
	Prosperlink Limited	Samoa	Processing and sale of foam	17,432 (US\$ 570,000)	17,432 (US\$ 570,000)	570,000	38.00	20,716 (US\$ 674,676)	3,583 (US\$ 114,087)	1,362 (US\$ 43,353)	
	Pou Ming Paper Products Manufacturing Co., Ltd.	British Virgin Islands	Manufacturing of paper products	66,937 (US\$ 2,163,800)	66,937 (US\$ 2,163,800)	1,000,000	20.00	5,638 (US\$ 183,611)	21,329 (US\$ 681,455)	4,266 (US\$ 136,291)	
	Brandblack Inc.	USA	Sale of footwear	68,762 (US\$ 2,275,000)	68,762 (US\$ 2,275,000)	1,135,796	31.25	47,990 (US\$ 1,562,925)	-	-	
	Jumbo Power Enterprises Limited	British Virgin Islands	Manufacturing and sale of footwear	259,742 (US\$ 8,000,000)	259,742 (US\$ 8,000,000)	8,000,000	50.00	475,839 (US\$ 15,497,108)	(54,108) (US\$ (1,637,076))	(27,054) (US\$ (818,538))	
	Ka Yuen Rubber Factory Limited	British Virgin Islands	Manufacturing and sale of rubber sole	371,142 (US\$ 11,500,000)	371,142 (US\$ 11,500,000)	11,500,000	50.00	826,950 (US\$ 26,932,091)	349,812 (US\$ 11,190,898)	174,906 (US\$ 5,595,449)	
	Hua Jian Industrial Holding Co., Limited	British Virgin Islands	Manufacturing and sale of women's clothing and footwear	460,031 (US\$ 13,684,113)	460,031 (US\$ 13,684,113)	2,241	22.41	-	(641,424) (US\$ (20,606,042))	(143,743) (US\$ (4,617,814))	
	Cohen Enterprises Inc.	British Virgin Islands	Manufacturing and sale of footwear leather products	623,276 (US\$ 20,215,015)	623,276 (US\$ 20,215,015)	20,000,000	50.00	519,153 (US\$ 16,907,772)	(91,188) (US\$ (2,912,551))	(45,594) (US\$ (1,456,275))	
	Twinways Investments Limited	British Virgin Islands	Manufacturing and sale of footwear accessory injection crepe	551,432 (US\$ 17,500,000)	551,432 (US\$ 17,500,000)	17,500,000	50.00	1,061,629 (US\$ 34,575,116)	538,034 (US\$ 17,189,320)	269,017 (US\$ 8,594,660)	
	Top Units Developments Ltd.	British Virgin Islands	Manufacturing of footwear accessories	418,997 (US\$ 14,079,196)	418,997 (US\$ 14,079,196)	5,390,000	49.00	1,119,258 (US\$ 36,451,967)	501,510 (US\$ 16,064,704)	245,740 (US\$ 7,871,705)	

(Concluded)

POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Great Team Backend Foundry, Inc.	Processing and manufacturing of transistors	\$ 2,642,140 (US\$ 88,116,600)	b	\$ -	\$ -	\$ -	\$ -	\$ -	2.01	\$ - (RMB 10,338,970)	\$ 44,737 (RMB 10,338,970)	\$ -	(Note 3)
Yue-Shen (Taicang) Footwear Co., Ltd.	Finished shoes, semi-finished products, components and production and marketing of moulds	554,646 (US\$ 17,100,000)	b	-	-	-	-	(2,119) (RMB (478,306))	31.97	(678) (RMB (152,915)) b, 1)	246,267 (RMB 56,914,127)	-	
Dongguan Yuming Electronic Technology Co., Ltd.	Production and marketing of over 17 inches color-image monitor, motherboards and other products	475,745 (US\$ 14,500,000)	b	-	-	-	-	7,163 (RMB 1,630,165)	100.00	7,163 (RMB 1,630,165) b, 1)	325,583 (RMB 75,244,625)	-	
Yue Cheng (Kun Shan) Sports Co., Ltd.	Operating sporting goods and equipment, spare parts production and marketing business	435,402 (US\$ 14,200,000)	b	-	-	-	-	244,253 (RMB 55,475,027)	31.97	78,088 (RMB 17,735,366) b,1)	1,133,481 (RMB 261,955,364)	-	
Dongguan Baoqiao Electronic Technology Co., Ltd.	Production and marketing of other optical appliances and instruments	147,645 (US\$ 4,500,000)	b	-	-	-	-	77,467 (RMB 17,624,099)	100.00	77,467 (RMB 17,624,099) b, 1)	318,824 (RMB 73,682,538)	-	
Poushun Paper Products Manufacturing Co., Ltd.	Production and sale of shoe inner boxes, cartons	68,901 (US\$ 2,100,000)	b	-	-	-	-	11,749 (RMB 2,677,336)	10.22	1,201 (RMB 273,624) b, 1)	7,917 (RMB 1,829,652)	-	
Pouhong Footwear Industrial Ltd.	Production and operation of casual shoes, sports shoes	49,215 (US\$ 1,500,000)	b	-	-	-	-	(4,512) (RMB (1,023,721))	51.11	(2,306) (RMB (523,224)) b, 1)	20,993 (RMB 4,851,613)	-	
Shanggao Yisen Industry Co., Ltd.	Production and sale of finished shoes, semi-finished products, components and moulds	945,204 (US\$ 30,390,000)	b	-	-	-	-	241,988 (RMB 55,151,361)	51.11	123,680 (RMB 28,187,861) b, 1)	844,831 (RMB 195,246,390)	-	
Bao Hong (Yangzhou) Shoes Co., Ltd.	Production of needles, woven garments, footwear and sales of self-produce products	2,591,184 (US\$ 85,291,730)	b	-	-	-	-	(70,931) (RMB (16,136,537))	51.11	(36,253) (RMB (8,247,384)) b, 1)	373,099 (RMB 86,225,747)	-	
Dong Guan Yu Yuen Mold Co., Ltd.	Production and sale of molds for non-metallic products	62,011 (US\$ 1,890,000)	b	-	-	-	-	1,421 (RMB 323,131)	51.11	726 (RMB 165,152) b, 1)	31,048 (RMB 7,175,412)	-	
Zhong Shan Glory Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	951,490 (US\$ 29,000,000)	b	-	-	-	-	30,136 (RMB 6,865,299)	23.00	6,931 (RMB 1,579,019) b, 1)	277,062 (RMB 64,030,861)	-	
Zhong Shan Lu Mei Da Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	39,372 (US\$ 1,200,000)	b	-	-	-	-	(21,563) (RMB (4,938,126))	23.00	(4,959) (RMB (1,135,769)) b, 1)	10,129 (RMB 2,340,987)	-	
Zhong Ao Multiplex Management Group Co., Ltd.	Stadium management, wholesale and retail of clothing and footwear accessories	2,055,560 (RMB 431,795,000)	b	-	-	-	-	(21,075) (RMB (4,774,407))	20.34	(4,287) (RMB (971,114)) b, 1)	590,096 (RMB 136,375,320)	-	
ShangGao Yisen Ka Yuen Industry Co., Ltd.	Production and sale of footwear products	77,432 (US\$ 2,360,000)	b	-	-	-	-	76,405 (RMB 17,406,431)	25.56	19,529 (RMB 4,449,084) b,1)	60,028 (RMB 13,872,960)	-	
Bao Sheng Dao Ji (BeiJing) Trading Company Ltd.	Retail business of sports goods and accessories	1,988,061 (US\$ 65,000,000)	b	-	-	-	-	(142,216) (RMB (32,439,837))	31.97	(45,467) (RMB (10,371,016)) b, 1)	547,503 (RMB 126,531,714)	-	
Qingdao Pou-Sheng International Sport Products Co., Ltd.	Sales of sports and casual shoes and accessories	94,800 (RMB 20,000,000)	b	-	-	-	-	509,450 (RMB 115,801,549)	23.02	117,275 (RMB 26,657,516) b, 1)	288,740 (RMB 66,729,798)	-	
Guizhou Pou-Sheng Sport Products Co., Ltd.	Sales of sports and casual shoes and accessories	322,886 (US\$ 10,000,000)	b	-	-	-	-	(28,980) (RMB (6,580,653))	31.97	(9,265) (RMB (2,103,835)) b, 1)	133,232 (RMB 30,790,749)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Nanning Pou-Kung Sport Products Co., Ltd.	Retail business of sports goods and accessories	\$ 42,653 (US\$ 1,300,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 26,396 (RMB 6,009,422)	31.97	\$ 8,439 (RMB 1,921,212) b, 1)	\$ (30,956) (RMB (7,154,141))	\$ -	Cancellation
Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	Retail business of sports goods and accessories	1,567,250 (US\$ 50,000,000)	b	-	-	-	-	477,450 (RMB 108,521,491)	31.97	152,641 (RMB 34,694,321) b, 1)	1,695,883 (RMB 391,930,406)	-	
Taicang YYSPO RTS Business Trading Co., Ltd.	Retail business of sports goods and accessories series products	-	b	-	-	-	-	2,450 (RMB 555,295)	31.97	783 (RMB 177,528) b, 1)	-	-	
Yangzhou Baoyi Shoes Manufacturing Co., Ltd.	Vulcanized shoes, sports shoes, casual shoes and other footwear manufacturing, marketing	729,906 (US\$ 22,456,800)	b	-	-	-	-	(23,749) (RMB (5,321,468))	25.56	(6,070) (RMB (1,360,167)) b, 1)	246,236 (RMB 56,906,871)	-	
Dalian YYSPO RTS Sport Industrial Development Co., Ltd.	Development and sale of sports goods, clothing, shoes and hats, fitness equipment and related products	928,000 (RMB 200,000,000)	b	-	-	-	-	(7,411) (RMB (1,799,151))	31.97	(2,369) (RMB (575,189)) b, 1)	533,766 (RMB 123,357,174)	-	
YYSPO RTS (Chengdu) Business Trading Co., Ltd.	Retail business of sports goods and accessories	689,194 (US\$ 22,400,000)	b	-	-	-	-	103,785 (RMB 23,590,479)	31.97	33,180 (RMB 7,541,876) b, 1)	184,717 (RMB 42,689,419)	-	
Fujian Baomin Sporting Goods Co., Ltd.	Retail business of sports goods and accessories	147,645 (US\$ 4,500,000)	b	-	-	-	-	(9,582) (RMB (2,167,792))	28.77	(2,757) (RMB (623,674)) b, 1)	66,113 (RMB 15,279,176)	-	
Guangzhou Pou-Yuen Trading Co., Ltd.	Retail business of sports goods and accessories	710,251 (US\$ 23,310,000)	b	-	-	-	-	(15,609) (RMB (3,592,529))	31.97	(4,990) (RMB (1,148,531)) b, 1)	206,676 (RMB 47,764,259)	-	
Dragon Light (China) Sporting Goods Co., Ltd.	Development and sale of sports goods, clothing, shoes and hats, fitness equipment and related products	2,111,340 (US\$ 66,000,000)	b	-	-	-	-	44,088 (RMB 9,872,884)	31.97	14,095 (RMB 3,156,361) b, 1)	784,651 (RMB 181,338,443)	-	
Shend Dao (Yang Zhou) Sporting Goods Dev Co., Ltd.	Shopping mall management and property management	2,111,340 (US\$ 66,000,000)	b	-	-	-	-	15,636 (RMB 3,558,815)	31.97	4,999 (RMB 1,137,753) b, 1)	706,851 (RMB 163,358,259)	-	
Zhong Shan O Li Su Shoe Making Machine Ltd.	Manufacturing shoes and boots or repairing machinery	-	b	-	-	-	-	(1,221) (RMB (274,382))	51.11	(624) (RMB (140,237)) b, 1)	-	-	
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	-	-	-	-	55,369 (RMB 12,450,516)	31.97	17,702 (RMB 3,980,430) b, 1)	1,362,409 (RMB 314,862,339)	-	
Taicang Yue-Shen Sporting Goods Co., Ltd.	Engaged in the production and sales of shoe products, semi-finished products, moulds and related sports goods.	393,720 (US\$ 12,000,000)	b	-	-	-	-	70,043 (RMB 15,911,544)	31.97	22,393 (RMB 5,086,920) b, 1)	356,131 (RMB 82,304,382)	-	
Hangzhou Pou-Hung Sport Products Co., Ltd.	Design, development, production and processing of sports goods, sports instruments, sportswear, sports shoes and accessories	67,308 (RMB 14,200,000)	b	-	-	-	-	-	15.90	- b, 1)	-	-	
Rui Jin Pou Yuen Footwear Development Co., Ltd.	Production and sale of sports shoes, casual shoes and semi-finished products	356,697 (US\$ 12,000,000)	b	-	-	-	-	(5,581) (RMB (1,269,703))	51.11	(2,853) (RMB (648,945)) b, 1)	120,138 (RMB 27,764,803)	-	
Yang Xin Pou Jia Shoes Manufacturing Co., Ltd.	Production and sale of shoes uppers, footwear and garments	1,676,479 (US\$ 55,517,000)	b	-	-	-	-	166,983 (RMB 38,084,635)	51.11	85,345 (RMB 19,465,057) b, 1)	633,809 (RMB 146,477,666)	-	
Jiangxi Province Yutai Shoe Co., Ltd.	Production and sale of footwear products and semi-finished products	918,125 (US\$ 30,000,000)	b	-	-	-	-	(20,588) (RMB (4,683,876))	51.11	(10,522) (RMB (2,393,929)) b, 1)	110,372 (RMB 25,507,711)	-	
Dongguan Yu Xiang Shoes Material Co., Ltd.	Production and sale of footwear products	295,820 (US\$ 9,500,000)	b	-	-	-	-	44,519 (RMB 10,235,561)	51.11	22,754 (RMB 5,231,395) b, 1)	211,431 (RMB 48,863,282)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Jiang Xi Hwa Ching Foam Ltd.	Manufacturing and sale of plastic foam, plastic packaging materials and other plastic products	\$ 63,600 (US\$ 2,000,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 1,925 (RMB 441,296)	19.42	\$ 374 (RMB 85,700) b, 1)	\$ 14,780 (RMB 3,415,648)	\$ -	
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	-	-	-	-	328,599 (RMB 74,893,659)	51.11	167,947 (RMB 38,278,149) b, 1)	1,164,012 (RMB 269,011,247)	-	
Dong Guan Bao Yu Shoes Co., Ltd.	Production and sale of sports shoes, casual shoes, leather shoes, children's shoes, semi-finished footwear and footwear materials	66,780 (US\$ 2,100,000)	b	-	-	-	-	(2,285) (RMB (519,762))	51.11	(1,168) (RMB (265,650)) b, 1)	3,800 (RMB 878,222)	-	
Kun Shan Pou-chi Sports Co., Ltd.	Wholesale, commission agency, import and export business of sports goods, sports equipment, clothing, shoes, caps and packaging and related design, technical consultation and services	399,539 (US\$ 13,500,000)	b	-	-	-	-	1,651 (RMB 378,910)	31.97	528 (RMB 121,137) b, 1)	144,018 (RMB 33,283,672)	-	
Dongguan De Chang Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US\$ 350,000)	b	-	-	-	-	6,911 (RMB 1,571,456)	51.11	3,532 (RMB 803,171) b, 1)	16,417 (RMB 3,794,187)	-	
Zhong Shan Bao Song Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US\$ 350,000)	b	-	-	-	-	2,462 (RMB 558,855)	51.11	1,258 (RMB 285,631) b, 1)	11,700 (RMB 2,703,902)	-	
Yiyang Yujing Shoes Industrial Co., Ltd.	Production and sale of finished and semi-finished sports shoes and casual shoes	743,983 (US\$ 24,000,000)	b	-	-	-	-	(15,158) (RMB (3,448,292))	51.11	(7,747) (RMB (1,762,422)) b, 1)	66,489 (RMB 15,366,024)	-	
Jiangxi Uniscien Consulting Co., Ltd.	Business management consultation, marketing planning and other services	10,442 (US\$ 350,000)	b	-	-	-	-	2,566 (RMB 583,843)	51.11	1,311 (RMB 298,402) b, 1)	8,831 (RMB 2,040,814)	-	
Yu Xing (Jishui) Footwear Co., Ltd.	Production and sale of sports shoes	183,840 (US\$ 6,400,000)	b	-	-	-	-	(6,351) (RMB (1,444,850))	51.11	(3,246) (RMB (738,463)) b, 1)	33,364 (RMB 7,710,626)	-	
Yang Xin Zhang Yuan Shoe Co., Ltd.	Production and sale of footwear products	61,029 (US\$ 2,100,000)	b	-	-	-	-	(1,475) (RMB (335,804))	51.11	(754) (RMB (171,629)) b, 1)	10,830 (RMB 2,502,833)	-	
YangXin Pou Jia Yuen Shoes Manufacturing Co., Ltd.	Production and sale of rubber soles	87,258 (US\$ 3,000,000)	b	-	-	-	-	(10,319) (RMB (2,347,699))	25.56	(2,638) (RMB (600,072)) b, 1)	6,649 (RMB 1,536,586)	-	
Pou Sheng (China) Investment Group Co., Ltd	Business of investment, technical services and wholesale, import and export sports goods, sportswear, sports shoes and leisure shoes	4,550,741 (US\$ 152,922,400)	b	-	-	-	-	1,133,960 (RMB 259,701,961)	31.97	362,527 (RMB 83,026,717) b, 1)	4,905,297 (RMB 1,133,648,451)	-	
Yichun Yisen Industry Co., Ltd.	Production and sale of footwear and mold products	410,130 (US\$ 14,000,000)	b	-	-	-	-	84,000 (RMB 19,109,915)	51.11	42,932 (RMB 9,767,077) b, 1)	326,176 (RMB 75,381,478)	-	
Zhong Xiang Yue-Shen Sporting Goods Co., Ltd.	Production, processing of shoes, semi-finished products, moulds and related sporting goods, sales of self-produce products	-	b	-	-	-	-	(470) (RMB (107,569))	51.11	(240) (RMB (54,978)) b, 1)	-	-	Cancellation
Dong Guan Pou Chen Footwear Company Limited	Production and sale of footwear products, semi-finished footwear products and accessories, moulding tools and engaged in the wholesale and import and export business of footwear products	1,223,925 (RMB 263,827,800)	b	-	-	-	-	87,444 (RMB 19,913,800)	51.11	44,693 (RMB 10,177,943) b, 1)	757,471 (RMB 175,056,901)	-	
Dongguan Yusheng Shoe Industry Co., Ltd.	Production and sale of finished shoes, semi-finished shoes and mold products and engaged in research and development of shoes, finished shoes, mold products	1,469,176 (RMB 319,970,250)	b	-	-	-	-	118,528 (RMB 26,933,440)	51.11	60,580 (RMB 13,765,681) b, 1)	899,404 (RMB 207,858,671)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Dong Guan Yue Yuan Footwear Products Company Limited	Production and sale of footwear products, semi-finished footwear products, mold products and engaged in wholesale and import and export business of footwear products	\$ 1,026,777 (RMB 217,720,430)	b	\$ -	\$ -	\$ -	\$ -	\$ (77,030) (RMB (17,589,125))	51.11	\$ (39,370) (RMB (8,989,802)) b, 1)	\$ 169,731 (RMB 39,226,101)	\$ -	
Jilin Xinfangwei Sports Goods Company Limited	Sports goods sales	196,160 (RMB 40,000,000)	b	-	-	-	-	-	15.90	- b, 1)	-	-	
Dong Guan Yue Guan Paper Products Co., Ltd.	Production and sale of cartons and engaged in research and development of cartons	48,693 (RMB 10,000,000)	b	-	-	-	-	2,986 (RMB 674,310)	10.22	305 (RMB 68,915) b, 1)	4,606 (RMB 1,064,484)	-	
Kun Shan YYSports E-Commerce Co., Ltd.	Network technology development, technical consultation, technical services and retail and wholesale of sports goods, sports equipment	89,367 (US\$ 3,000,000)	b	-	-	-	-	(24,319) (RMB (5,595,164))	31.97	(7,775) (RMB (1,788,774)) b, 1)	13,484 (RMB 3,116,194)	-	
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	-	-	-	-	(1,169) (RMB (265,598))	6.80	(79) (RMB (18,061)) b, 1)	3,261 (RMB 753,552)	-	
Kun Shan Taisong Trading Co., Ltd.	Wholesale and retail of clothing, footwear, glasses and watches	790,110 (US\$ 26,500,000)	b	-	-	-	-	(68,662) (RMB (15,547,986))	31.97	(21,951) (RMB (4,970,691)) b, 1)	(206,504) (RMB (47,724,502))	-	
Kun Shan 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	-	-	-	-	1,414 (RMB 322,974)	31.97	452 (RMB 103,255) b, 1)	11,783 (RMB 2,723,090)	-	
Yisen (YiFeng) Mould Co., Ltd.	Production and sale of mould products	479,284 (US\$ 14,850,000)	b	-	-	-	-	(4,177) (RMB (942,510))	51.11	(2,135) (RMB (481,717)) b, 1)	140,426 (RMB 32,453,452)	-	
Zhu Hai Yu Yuan Industrial Co., Ltd.	Processing, production and sale of footwear products	1,408 (RMB 300,000)	b	-	-	-	-	1,618 (RMB 382,420)	51.11	827 (RMB 195,455) b, 1)	5,061 (RMB 1,169,617)	-	
Yang Xin Pou Shou Sporting Goods Co., Ltd.	Processing, production and sale of footwear products	-	b	-	-	-	-	(10,743) (RMB (2,419,068))	51.11	(5,491) (RMB (1,236,386)) b, 1)	-	-	Cancellation
Changsha YYSports Sport Products Co., Ltd.	Sales of sports goods and equipment	22,825 (RMB 5,000,000)	b	-	-	-	-	17,628 (RMB 3,899,799)	31.97	5,636 (RMB 1,246,766) b, 1)	(5,674) (RMB (1,311,338))	-	
Henan YYSports Sport Products Co., Ltd.	Retail business of sports goods and accessories	9,130 (RMB 2,000,000)	b	-	-	-	-	82,964 (RMB 18,799,649)	31.97	26,524 (RMB 6,010,248) b, 1)	22,811 (RMB 5,271,748)	-	
Shenyang Pou-Yi Trading Co., Ltd.	Retail business of sports goods and accessories	182,600 (RMB 40,000,000)	b	-	-	-	-	(4,129) (RMB (973,772))	31.97	(1,320) (RMB (311,315)) b, 1)	(17,723) (RMB (4,095,916))	-	
Zhejiang Shengdao Sporting-Goods Co., Ltd.	Retail business of sports goods and accessories	228,250 (RMB 50,000,000)	b	-	-	-	-	132,818 (RMB 30,021,492)	31.97	42,462 (RMB 9,597,871) b, 1)	273,797 (RMB 63,276,425)	-	
Mudanjiang YYSports Sport Technology Co., Ltd.	Sports services, research and development of sports fitness equipment and retail business of sports goods	4,565 (RMB 1,000,000)	b	-	-	-	-	11,274 (RMB 2,565,206)	31.97	3,604 (RMB 820,096) b, 1)	12,315 (RMB 2,846,129)	-	
Widevision Investment (Shenzhen) Co., Ltd.	Business management consulting, economic information consulting and market management planning	13,833 (RMB 3,000,000)	b	-	-	-	-	3,318 (RMB 754,250)	100.00	3,318 (RMB 754,250) b, 1)	19,305 (RMB 4,461,628)	-	
Chongqing Baoyu Sports Goods Company Limited	Wholesale and retail of sports goods, sports equipment, clothing, shoes, caps and accessories and premises leasing	8,994 (RMB 2,000,000)	b	-	-	-	-	(25,940) (RMB (5,939,472))	31.97	(8,293) (RMB (1,898,849)) b, 1)	(26,769) (RMB (6,186,541))	-	
Kuo Yuen Tannery	Production, processing, sales, research and development of shoe materials, import and export goods or technic	176,844 (RMB 41,047,490)	b	-	-	-	-	(11,235) (RMB (2,550,875))	25.56	(2,872) (RMB (652,004)) b, 1)	25,766 (RMB 5,954,689)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Yangzhou Yuhong Garment Co., Ltd.	Engaged in the processing and production of apparel, apparel accessories, and selling our own products	\$ 588,725 (US\$ 19,749,000)	b	\$ -	\$ -	\$ -	\$ -	\$ (10,019) (RMB (2,285,862))	51.11	\$ (5,121) (RMB (1,168,304)) b, 1)	\$ 278,718 (RMB 64,413,580)	\$ -	
Yifeng Kun Ching Foam Ltd.	Production, sales, processing of plastic foam and foam daily products	8,994 (US\$ 300,000)	b	-	-	-	-	4,678 (RMB 1,066,191)	19.42	908 (RMB 207,054) b, 1)	3,608 (RMB 833,782)	-	
Zhongshan Hwa Ching Foam Co., Ltd.	Production of foam products	29,980 (US\$ 1,000,000)	b	-	-	-	-	11,444 (RMB 2,608,296)	19.58	2,241 (RMB 510,704) b, 1)	12,494 (RMB 2,887,421)	-	
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	-	-	-	-	(13,616) (RMB (3,100,476))	31.97	(4,353) (RMB (991,222)) b, 1)	(11,678) (RMB (2,698,944))	-	
Dong Guan Orisol Trading Company Ltd.	Wholesale or repair of shoe-related machinery and parts	27,850 (US\$ 1,000,000)	b	-	-	-	-	2,320 (RMB 530,029)	51.11	1,186 (RMB 270,898) b, 1)	16,323 (RMB 3,772,269)	-	
Shanghai Shengjie Sports Goods Co., Ltd.	Retail business of sports goods and accessories	67,095 (RMB 15,000,000)	b	-	-	-	-	120,683 (RMB 27,442,621)	31.97	38,582 (RMB 8,773,406) b,1)	68,612 (RMB 15,856,629)	-	
Suzhou Baocheng Sports Goods Trading Co., Ltd.	Retail business of sports goods and accessories	2,204 (RMB 500,000)	b	-	-	-	-	8,147 (RMB 1,859,172)	31.97	2,604 (RMB 594,377) b,1)	2,413 (RMB 557,681)	-	
Fujian Pou Yuan Sporting Goods Co., Ltd.	Retail business of sports goods and accessories	856,400 (RMB 200,000,000)	b	-	-	-	-	54,103 (RMB 12,307,122)	31.97	17,297 (RMB 3,934,587) b,1)	293,693 (RMB 67,874,587)	-	
Xinjiang Shengdao Sporting-Goods Co., Ltd.	Retail business of sports goods and accessories	21,635 (RMB 5,000,000)	b	-	-	-	-	(4,578) (RMB (1,040,427))	31.97	(1,464) (RMB (332,624)) b,1)	5,477 (RMB 1,265,876)	-	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
\$ -	\$ 22,595,460 (US\$ 735,888,606)	\$ 75,713,617

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 the Examination of Investment or Technical Cooperation in Mainland China” which was passed on August 29, 2008.

TABLE 11-1

POU CHEN CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Kunshan Yuanying Electronics Technology Co., Ltd.	Manufacturing and sale of alloy	\$ 85,936 (US\$ 2,620,000)	b	\$ -	\$ -	\$ -	\$ -	\$ (405) (RMB (88,937))	100	\$ (405) (RMB (88,937)) b, 2)	\$ 53,666 (RMB 12,402,592)	\$ -	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
\$ -	\$ 177,168 (US\$ 5,770,000)	\$ 543,137

Note 1: Methods of investments have following types:

- a. Direct investment in mainland China.
- b. Indirect investment in the Company located in mainland China through a third region of Pearl Dove International 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 on 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: The limitation of the amount is in accordance with the provisions of the “Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China” which was passed on August 29, 2008.

TABLE 12**POU CHEN CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
PC Holdings Limited	213,270,710	7.24
Chuan Mou Investments Co., Limited	163,425,022	5.55

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.