

# **Pou Chen Corporation**

**Financial Statements for the  
Years Ended December 31, 2021 and 2020 and  
Independent Auditors' Report**

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Pou Chen Corporation

### Opinion

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

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

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

### Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2021. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

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

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

As described in Notes 4, 5, and 14 (Table 5) to the financial statements, any excess of investment cost over the fair value of the investee's net identifiable assets is recognized as goodwill. Management shall perform impairment test on goodwill on a regular basis in accordance with IAS 36.

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

For this key audit matter, we evaluated the reasonableness of the significant assumptions, the basis of the evaluation model, the reasonableness of the basic information, and the appropriateness of impairment.

### **Other Matter**

Certain investments accounted for using the equity method in the Company's financial statements for the years ended December 31, 2021 and 2020 were based on the financial statements audited by other independent auditors. Our opinion, insofar as it relates to the Company's investments in certain corporation, is based solely on the report of other auditors. As of December 31, 2021 and 2020, the carrying amounts of the investments were \$77,244,269 thousand and \$75,850,094 thousand, which constituted 40.99% and 41.48%, of the Company's total assets, respectively. For the years ended December 31, 2021 and 2020, the profit of the associate which the Company recognized amounted to \$10,614,743 thousand and \$6,452,341 thousand, which constituted 75.93% and 103.63%, of the income before income tax, respectively.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 16, 2022

Notice to Readers

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

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

# POU CHEN CORPORATION

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

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 73,956	-	\$ 365,489	-
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	15,174	-	120,828	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 9)	6,866,303	4	5,759,113	3
Financial assets at amortized cost - current (Notes 4 and 10)	127,889	-	134,438	-
Notes receivable (Notes 4 and 11)	54	-	19	-
Accounts receivable (Notes 4 and 11)	9,477	-	1,880	-
Accounts receivable from related parties (Notes 4, 11 and 30)	1,736,755	1	1,698,354	1
Other receivables (Notes 4 and 11)	32,091	-	54,112	-
Inventories (Notes 4 and 12)	110,061	-	69,731	-
Other current assets (Notes 4 and 13)	57,131	-	30,297	-
Total current assets	<u>9,028,891</u>	<u>5</u>	<u>8,234,261</u>	<u>4</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	49,496	-	63,791	-
Financial assets at amortized cost - non-current (Notes 4 and 10)	112,510	-	113,364	-
Investments accounted for using the equity method (Notes 4 and 14)	170,931,577	91	166,240,256	91
Property, plant and equipment (Notes 4 and 15)	4,812,331	2	5,035,178	3
Right-of-use asset (Notes 4 and 16)	145,775	-	118,371	-
Investment properties (Notes 4 and 17)	1,983,165	1	1,884,398	1
Intangible assets (Notes 4 and 18)	1,293,976	1	1,083,212	1
Deferred tax assets (Notes 4 and 26)	71,620	-	47,626	-
Other non-current assets (Notes 4 and 13)	18,486	-	30,734	-
Total non-current assets	<u>179,418,936</u>	<u>95</u>	<u>174,616,930</u>	<u>96</u>
<b>TOTAL</b>	<u>\$ 188,447,827</u>	<u>100</u>	<u>\$ 182,851,191</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 19)	\$ 9,652,000	5	\$ 9,377,291	5
Short-term bills payable (Note 19)	999,699	1	2,099,687	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	11,104	-	704	-
Financial liabilities for hedging - current (Notes 4 and 8)	-	-	278	-
Notes payable (Notes 4 and 20)	3,735	-	6,173	-
Accounts payable (Notes 4 and 20)	491,192	-	624,913	-
Accounts payable to related parties (Notes 4, 20 and 30)	20,570	-	28,196	-
Other payables (Note 21)	1,656,309	1	1,687,351	1
Current tax liabilities (Notes 4 and 26)	148,562	-	1,368,814	1
Lease liabilities - current (Notes 4 and 16)	33,933	-	31,050	-
Current portion of long-term borrowings (Note 19)	6,503,796	3	2,513,796	2
Other current liabilities	185,149	-	170,294	-
Total current liabilities	<u>19,706,049</u>	<u>10</u>	<u>17,908,547</u>	<u>10</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 19)	27,011,714	15	29,495,510	16
Deferred tax liabilities (Notes 4 and 26)	86,547	-	646,685	1
Lease liabilities - non-current (Notes 4 and 16)	113,608	-	91,071	-
Long-term accounts payable to related parties (Note 30)	1,522,400	1	-	-
Net defined benefit liabilities (Notes 4 and 22)	556,401	-	567,040	-
Other non-current liabilities (Note 14)	18,154	-	32,879	-
Total non-current liabilities	<u>29,308,824</u>	<u>16</u>	<u>30,833,185</u>	<u>17</u>
Total liabilities	<u>49,014,873</u>	<u>26</u>	<u>48,741,732</u>	<u>27</u>
<b>EQUITY (Notes 4 and 23)</b>				
Share capital				
Ordinary shares	<u>29,467,872</u>	<u>16</u>	<u>29,467,872</u>	<u>16</u>
Capital surplus	<u>4,419,400</u>	<u>2</u>	<u>4,389,862</u>	<u>2</u>
Retained earnings				
Legal reserve	16,547,491	9	16,064,775	9
Special reserve	-	-	-	-
Unappropriated earnings	<u>69,179,387</u>	<u>36</u>	<u>56,743,003</u>	<u>31</u>
Total retained earnings	<u>85,726,878</u>	<u>45</u>	<u>72,807,778</u>	<u>40</u>
Other equity	<u>19,818,804</u>	<u>11</u>	<u>27,443,947</u>	<u>15</u>
Total equity	<u>139,432,954</u>	<u>74</u>	<u>134,109,459</u>	<u>73</u>
<b>TOTAL</b>	<u>\$ 188,447,827</u>	<u>100</u>	<u>\$ 182,851,191</u>	<u>100</u>

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

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

# POU CHEN CORPORATION

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

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 30)	\$ 8,310,049	100	\$ 8,219,523	100
OPERATING COSTS (Notes 25 and 30)	<u>3,829,477</u>	<u>46</u>	<u>4,294,515</u>	<u>52</u>
GROSS PROFIT	<u>4,480,572</u>	<u>54</u>	<u>3,925,008</u>	<u>48</u>
OPERATING EXPENSES (Notes 22 and 25)				
Selling and marketing expenses	36,221	-	30,108	-
General and administrative expenses	2,392,911	29	1,984,045	24
Research and development expenses	<u>1,545,982</u>	<u>19</u>	<u>1,435,939</u>	<u>18</u>
Total operating expenses	<u>3,975,114</u>	<u>48</u>	<u>3,450,092</u>	<u>42</u>
INCOME FROM OPERATIONS	<u>505,458</u>	<u>6</u>	<u>474,916</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 25)	4,337	-	15,610	-
Other income (Notes 25 and 30)	486,866	6	566,630	7
Other gains and (losses) (Note 25)	(252,720)	(3)	(808,773)	(10)
Finance costs (Note 25)	(377,745)	(5)	(396,194)	(5)
Share of profit of subsidiaries and associates (Notes 4 and 14)	<u>13,613,033</u>	<u>164</u>	<u>6,374,111</u>	<u>78</u>
Total non-operating income and expenses	<u>13,473,771</u>	<u>162</u>	<u>5,751,384</u>	<u>70</u>
INCOME BEFORE INCOME TAX	13,979,229	168	6,226,300	76
INCOME TAX (BENEFIT) EXPENSE (Notes 4 and 26)	<u>(460,078)</u>	<u>(6)</u>	<u>1,386,116</u>	<u>17</u>
NET INCOME FOR THE YEAR	<u>14,439,307</u>	<u>174</u>	<u>4,840,184</u>	<u>59</u>
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 22)	(59,545)	-	94,922	1
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	1,103,823	13	(148,916)	(2)
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	2,679,954	32	(473,503)	(6)

(Continued)

# POU CHEN CORPORATION

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

	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
(Loss) gain on hedging instruments	\$ (1,195)	-	\$ 1,195	-
Share of the other comprehensive (loss) income of subsidiaries and associates accounted for using the equity method	<u>(11,388,849)</u>	<u>(137)</u>	<u>16,273,815</u>	<u>198</u>
Other comprehensive income for the year, net of income tax	<u>(7,665,812)</u>	<u>(92)</u>	<u>15,747,513</u>	<u>191</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 6,773,495</u>	<u>82</u>	<u>\$ 20,587,697</u>	<u>250</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 4.90</u>		<u>\$ 1.64</u>	
Diluted	<u>\$ 4.89</u>		<u>\$ 1.64</u>	

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

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

(Concluded)



**POU CHEN CORPORATION**

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

	Retained Earnings					Other Equity				Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Gain on Hedging Instruments	Others	
BALANCE AT JANUARY 1, 2020	\$ 29,467,872	\$ 4,592,397	\$ 14,881,914	\$ 22,293,369	\$ 34,488,820	\$ (2,498,149)	\$ 13,759,473	\$ -	\$ 423,243	\$ 117,408,939
Appropriation of 2019 earnings (Note 23)										
Legal reserve	-	-	1,182,861	-	(1,182,861)	-	-	-	-	-
Special reserve	-	-	-	(22,293,369)	22,293,369	-	-	-	-	-
Cash dividends	-	-	-	-	(3,683,484)	-	-	-	-	(3,683,484)
	-	-	1,182,861	(22,293,369)	17,427,024	-	-	-	-	(3,683,484)
Net profit for the year ended December 31, 2020	-	-	-	-	4,840,184	-	-	-	-	4,840,184
Other comprehensive (loss) income for the year ended December 31, 2020	-	-	-	-	(163,929)	(2,993,220)	10,697,670	1,195	8,205,797	15,747,513
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	4,676,255	(2,993,220)	10,697,670	1,195	8,205,797	20,587,697
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 4 and 23)	-	(230,093)	-	-	-	-	-	-	-	(230,093)
Share of changes in equities of subsidiaries (Notes 4 and 23)	-	-	-	-	(1,158)	-	-	-	-	(1,158)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by subsidiaries and associates (Notes 4 and 23)	-	-	-	-	152,062	-	(152,062)	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method (Notes 4 and 23)	-	335	-	-	-	-	-	-	-	335
Unclaimed dividends by shareholders	-	27,223	-	-	-	-	-	-	-	27,223
BALANCE AT DECEMBER 31, 2020	29,467,872	4,389,862	16,064,775	-	56,743,003	(5,491,369)	24,305,081	1,195	8,629,040	134,109,459
Appropriation of 2020 earnings (Note 23)										
Legal reserve	-	-	482,716	-	(482,716)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,473,394)	-	-	-	-	(1,473,394)
	-	-	482,716	-	(1,956,110)	-	-	-	-	(1,473,394)
Net profit for the year ended December 31, 2021	-	-	-	-	14,439,307	-	-	-	-	14,439,307
Other comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	(35,243)	(1,923,481)	(9,696,891)	(1,195)	3,990,998	(7,665,812)
Total comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	14,404,064	(1,923,481)	(9,696,891)	(1,195)	3,990,998	6,773,495
Disposal of investments accounted for using the equity method	-	(2,717)	-	-	235	-	(235)	-	-	(2,717)
Share of changes in equities of subsidiaries (Notes 4 and 23)	-	27,234	-	-	(8,723)	-	-	-	-	18,511
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by subsidiaries and associates (Notes 4 and 23)	-	-	-	-	(5,661)	-	5,661	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method (Notes 4 and 23)	-	3,828	-	-	2,579	-	-	-	-	6,407
Unclaimed dividends by shareholders	-	1,193	-	-	-	-	-	-	-	1,193
BALANCE AT DECEMBER 31, 2021	\$ 29,467,872	\$ 4,419,400	\$ 16,547,491	\$ -	\$ 69,179,387	\$ (7,414,850)	\$ 14,613,616	\$ -	\$ 12,620,038	\$ 139,432,954

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

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

# POU CHEN CORPORATION

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

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 13,979,229	\$ 6,226,300
Adjustments for:		
Depreciation expense	351,725	374,060
Amortization expense	64,930	40,925
Expected credit loss reversed on accounts receivable	-	(48,234)
Net loss (gain) on fair value changes of financial instruments at FVTPL	89,671	(217,870)
Finance costs	377,745	396,194
Interest income	(4,337)	(15,610)
Dividend income	(304,781)	(327,788)
Share of profit of subsidiaries and associates	(13,613,033)	(6,374,111)
Net (gain) loss on disposal of property, plant and equipment	(1,791)	1,215
Gain on disposal of investment properties	(123,568)	-
Gain on lease modifications	-	(28)
Gain on disposal of investments accounted for using equity method	(12,708)	-
Unrealized (gain) loss on foreign currency exchange	(10,948)	4,028
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	134,225	108,693
Notes receivable	(35)	443
Accounts receivable	(7,597)	273
Accounts receivable from related parties	(38,401)	(58,469)
Other receivables	24,981	51,790
Inventories	(40,330)	(10,505)
Other current assets	(28,154)	6,515
Other operating assets	14,167	15,147
Financial liability held for trading	(114,632)	(36,049)
Notes payable	(2,438)	(3,851)
Accounts payable	(133,721)	(426,465)
Accounts payable to related parties	(7,626)	5,384
Other payables	(31,692)	(253,112)
Other current liabilities	14,855	(3,648)
Net defined benefit liabilities	(87,796)	(53,532)
Cash generated from (used in) operations	487,940	(598,305)
Interest paid	(373,232)	(398,218)
Income tax paid	(1,326,696)	(41,959)
Net cash used in operating activities	<u>(1,211,988)</u>	<u>(1,038,482)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from return of capital of financial assets at fair value through other comprehensive income	10,929	-
Purchases of financial assets at amortized cost	(533,485)	(755,653)
Proceeds from sale of financial assets at amortized cost	543,312	795,816

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# POU CHEN CORPORATION

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

	2021	2020
Acquisition of associates and joint ventures	\$ (102,001)	\$ (170,204)
Disposal of associates and joint ventures	36,422	-
Acquisition of property, plant and equipment	(96,140)	(124,135)
Proceeds from disposal of property, plant and equipment	16,581	36,053
Decrease in refundable deposits	1,443	805
Decrease in loans to related parties	-	175,000
Payments for intangible assets	(275,694)	(196,118)
Proceeds from disposal of intangible asset	-	1,253
Payments for investment properties	-	(240)
Proceeds from disposal of investment properties	738	-
Increase in prepayments for equipment	-	(4,453)
Interest received	4,519	16,079
Dividends received	<u>617,621</u>	<u>1,184,001</u>
Net cash generated from investing activities	<u>224,245</u>	<u>958,204</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	273,145	-
Repayments of short-term borrowings	-	(10,533,973)
Proceeds from short-term bills payable	-	2,100,000
Repayments of short-term bills payable	(1,100,000)	-
Derecognition of financial liabilities for hedging	6,791	-
Proceeds from long-term borrowings	88,290,000	66,640,000
Repayments of long-term borrowings	(86,783,796)	(54,213,796)
Decrease in guarantee deposits	(13,788)	(13,451)
Proceeds from other payables to related parties	1,530,925	-
Repayments of principal portion of lease liabilities	(34,866)	(30,468)
Cash dividends	(1,473,394)	(3,683,484)
Other financing activities	<u>1,193</u>	<u>27,223</u>
Net cash generated from financing activities	<u>696,210</u>	<u>292,051</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(291,533)</b>	<b>211,773</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b><u>365,489</u></b>	<b><u>153,716</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b><u>\$ 73,956</u></b>	<b><u>\$ 365,489</u></b>

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

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

(Concluded)

# POU CHEN CORPORATION

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

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### 1. GENERAL INFORMATION

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

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

The financial statements are presented in New Taiwan dollars, the functional currency of the Company.

### 2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

1) Annual Improvements to IFRS Standards 2018-2020

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liability which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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



When preparing its financial statements, the Company used the equity method to account for its investment in subsidiaries and associates. The amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements are the same with the amounts attributable to the owner of the Company in its financial statements.

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

Current assets include:

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

Current liabilities include:

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

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

d. Foreign currencies

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

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

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

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

For the purposes of presenting the parent company only financial statements, the assets and liabilities of the Company's foreign subsidiaries (in other countries or currencies used are different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

On the disposal of a foreign subsidiary and the Company loss of control over the subsidiary, all of the exchange differences accumulated in equity are reclassified to profit or loss.

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

e. Inventories

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

f. Investment in subsidiaries

Subsidiaries are the entities controlled by the Company. Investments in subsidiaries are accounted for by the equity method.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in subsidiary accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the

Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements.

g. Investments in an associate

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments in associates are accounted for by the equity method.

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

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

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

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

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from investment and the carrying amount is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

h. Property, plant and equipment

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

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

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

i. Investment properties

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

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

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

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

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

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

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.

- The intention to complete the intangible asset and use or sell it.
- The ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The ability to measure reliably the expenditures attributable to the intangible asset during its development.

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

### 3) Derecognition of intangible assets

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

#### k. Impairment of tangible and intangible assets

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

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

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

#### l. Financial instruments

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

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

## 1) Financial assets

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

### a) Measurement categories

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

#### i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value. Any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 29 to the financial statements: Financial Instruments.

#### ii. Financial assets at amortized cost

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

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

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

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

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

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;

- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

### iii. Investments in equity instruments at FVTOCI

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

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

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

### b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized costs (including accounts receivable).

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

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

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

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

3) Financial liabilities

a) Subsequent measurement

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

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading. Such financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 29 to the financial statements.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.



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

m. Hedge accounting

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

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

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

n. Revenue recognition

1) Sale of goods

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

The Company's revenue from the sale of goods comes from footwear sales. Sales of products are recognized as revenue when the goods are delivered to the customer because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

2) Rendering of services

Service income is recognized when services are provided. Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

3) Dividend and interest income

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

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

o. Leasing

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

1) The Company as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

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

2) The Company as lessee

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

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

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

### 3) Other long-term employee benefits

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

### 4) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Company recognizes any related restructuring costs.

## q. Taxation

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

### 1) Current tax

The Company which established in the ROC according to the Income Tax Act of the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

### 2) Deferred tax

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

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

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

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

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

### 3) Current and deferred taxes

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

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

### Investments Accounted for Using Equity Method

The Company immediately recognizes impairment losses on its net investment accounted for using equity method when there is any indication that the investment may be impaired and the carrying amounts may not be recoverable. The Company's management evaluates the impairment based on the estimated future cash flow expected to be generated by the investment. The Company also takes into consideration the market conditions and industry development to evaluate the appropriateness of the relevant assumptions.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Cash on hand	\$ 420	\$ 465
Checking accounts and demand deposits	<u>73,536</u>	<u>365,024</u>
	<u>\$ 73,956</u>	<u>\$ 365,489</u>

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial assets mandatorily as at FVTPL</u>		
Derivative financial assets (not under hedge accounting)		
Exchange rate swap contracts	\$ <u>15,174</u>	\$ <u>120,828</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
Exchange rate swap contracts	\$ <u>11,104</u>	\$ <u>704</u>

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

December 31, 2021

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Rate</b>
US\$ 9,200	2022.03	US\$:NT\$ 27.7285
US\$ 5,800	2022.03	US\$:NT\$ 27.7285
US\$ 55,000	2022.12	US\$:NT\$ 27.6630
US\$ 2,000	2022.03	US\$:NT\$ 27.8058
US\$ 19,000	2022.03	US\$:NT\$ 27.7960
US\$ 98,000	2022.06	US\$:NT\$ 27.6925
US\$ 23,000	2022.06	US\$:NT\$ 27.6925
US\$ 16,600	2022.06	US\$:NT\$ 27.6930
US\$ 55,000	2022.06	US\$:NT\$ 27.6930
US\$ 20,400	2022.06	US\$:NT\$ 27.6930
US\$ 9,000	2022.06	US\$:NT\$ 27.6930
US\$ 20,000	2022.06	US\$:NT\$ 27.6930
US\$ 17,500	2022.06	US\$:NT\$ 27.6930
US\$ 10,000	2022.06	US\$:NT\$ 27.6930
US\$ 15,000	2022.06	US\$:NT\$ 27.6930
US\$ 43,000	2022.06	US\$:NT\$ 27.6470
US\$ 36,000	2022.06	US\$:NT\$ 27.6470
US\$ 7,500	2022.06	US\$:NT\$ 27.6470
US\$ 7,000	2022.06	US\$:NT\$ 27.6470
US\$ 5,000	2022.06	US\$:NT\$ 27.6470
US\$ 31,900	2022.06	US\$:NT\$ 27.6470
US\$ 21,000	2022.06	US\$:NT\$ 27.6470
US\$ 72,600	2022.06	US\$:NT\$ 27.6470
US\$ 20,196	2022.01	US\$:NT\$ 27.8370
US\$ 15,143	2022.01	US\$:NT\$ 27.8357
US\$ 15,195	2022.01	US\$:NT\$ 27.7373
RMB 42,860	2022.03	RMB:NT\$ 4.2453
RMB 900	2022.03	RMB:NT\$ 4.2453

December 31, 2020

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Rate</b>
US\$ 5,800	2021.03	US\$:NT\$ 28.2830
US\$ 19,000	2021.03	US\$:NT\$ 28.1035
US\$ 38,000	2021.03	US\$:NT\$ 28.0970
US\$ 15,000	2021.03	US\$:NT\$ 28.0970
US\$ 60,000	2021.03	US\$:NT\$ 28.0960
US\$ 72,600	2021.03	US\$:NT\$ 28.0860
US\$ 31,900	2021.03	US\$:NT\$ 28.0860
US\$ 43,000	2021.03	US\$:NT\$ 28.0860
US\$ 21,000	2021.03	US\$:NT\$ 28.0860
US\$ 36,000	2021.03	US\$:NT\$ 28.0860
US\$ 2,000	2021.03	US\$:NT\$ 28.1040
US\$ 16,600	2021.03	US\$:NT\$ 28.0970
US\$ 20,000	2021.03	US\$:NT\$ 28.0970
US\$ 9,000	2021.03	US\$:NT\$ 28.0960
US\$ 20,400	2021.03	US\$:NT\$ 28.0960
US\$ 55,000	2021.03	US\$:NT\$ 28.0960
RMB 42,860	2021.03	RMB:NT\$ 4.2233

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

#### 8. DERIVATIVE FINANCIAL LIABILITY FOR HEDGING - CURRENT

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

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

December 31, 2020

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

## 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2021	2020
<u>Current</u>		
Domestic investments		
Listed shares	<u>\$ 6,866,303</u>	<u>\$ 5,759,113</u>
<u>Non-current</u>		
Domestic investments		
Unlisted shares	<u>\$ 49,496</u>	<u>\$ 63,791</u>

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

## 10. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2021	2020
Domestic investments		
Restricted deposits of repatriated offshore funds	<u>\$ 127,889</u>	<u>\$ 134,438</u>
Foreign investments		
Structured products	<u>\$ 112,510</u>	<u>\$ 113,364</u>
Current	\$ 127,889	\$ 134,438
Non-current	<u>112,510</u>	<u>113,364</u>
	<u>\$ 240,399</u>	<u>\$ 247,802</u>

## 11. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	2021	2020
<u>Notes receivable (including related parties)</u>		
At amortized cost		
Notes receivable - operating	\$ 42	\$ 19
Notes receivable - non-operating	<u>12</u>	<u>-</u>
	<u>\$ 54</u>	<u>\$ 19</u>
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Gross carrying amount	<u>\$ 1,746,232</u>	<u>\$ 1,700,234</u>

(Continued)

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Other receivables (including related parties)</u>		
Tax refund receivables	\$ 9,436	\$ 16,006
Others	<u>22,655</u>	<u>38,106</u>
	<u>\$ 32,091</u>	<u>\$ 54,112</u> (Concluded)

a. Notes receivable

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

b. Accounts receivable

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

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

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

December 31, 2021

	<b>Less than 30 Days</b>	<b>31 to 90 Days</b>	<b>Over 91 Days</b>	<b>Total</b>
Gross carrying amount	\$ 1,193,267	\$ 524,192	\$ 28,773	\$ 1,746,232
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 1,193,267</u>	<u>\$ 524,192</u>	<u>\$ 28,773</u>	<u>\$ 1,746,232</u>

December 31, 2020

	<b>Less than 30 Days</b>	<b>31 to 90 Days</b>	<b>Over 91 Days</b>	<b>Total</b>
Gross carrying amount	\$ 1,065,374	\$ 495,198	\$ 139,662	\$ 1,700,234
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 1,065,374</u>	<u>\$ 495,198</u>	<u>\$ 139,662</u>	<u>\$ 1,700,234</u>



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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ -	\$ 17,354
Less: Impairment losses reversal	<u>-</u>	<u>(17,354)</u>
Balance at December 31	<u>\$ -</u>	<u>\$ -</u>

## 12. INVENTORIES

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Raw materials	\$ 86,305	\$ 62,607
Supplies	606	348
Work in progress	8,908	554
Finished goods	10,231	4,868
Merchandise	1,049	569
Goods in transit	<u>2,962</u>	<u>785</u>
	<u>\$ 110,061</u>	<u>\$ 69,731</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$3,829,477 thousand and \$4,294,515 thousand, respectively.

The cost of goods sold included inventory write-downs for the years ended December 31, 2021 and 2020 was \$9,476 thousand and \$342 thousand, respectively.

## 13. OTHER ASSETS

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Current</u>		
Prepayments	\$ 51,378	\$ 22,331
Supplies inventory	1,043	2,852
Temporary payments	1,672	945
Value-added tax retained	<u>3,038</u>	<u>4,169</u>
	<u>\$ 57,131</u>	<u>\$ 30,297</u>
<u>Non-current</u>		
Prepayments	\$ 7,241	\$ 12,528
Prepayments for equipment	-	5,518
Refundable deposits	2,376	3,819
Others	<u>8,869</u>	<u>8,869</u>
	<u>\$ 18,486</u>	<u>\$ 30,734</u>

#### 14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Investments in subsidiaries	\$ 93,221,895	\$ 89,816,230
Investments in associates	<u>77,709,682</u>	<u>76,424,026</u>
	<u>\$ 170,931,577</u>	<u>\$ 166,240,256</u>

a. Investments in subsidiaries

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Unlisted companies	<u>\$ 93,221,895</u>	<u>\$ 89,816,230</u>

At the end of the reporting period, the proportion of ownership and voting rights in subsidiary held by the Company were as follows:

Name of Subsidiary	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Wealthplus Holdings Limited	100.00%	100.00%
Win Fortune Investments Limited	100.00%	100.00%
Windsor Entertainment Co., Ltd.	100.00%	100.00%
Pou Shine Investments Co., Ltd.	100.00%	100.00%
Pan Asia Insurance Services Co., Ltd.	100.00%	100.00%
Pro Arch International Development Enterprise Inc.	100.00%	100.00%
Barits Development Corporation	99.49%	99.49%
Pou Yuen Technology Co., Ltd.	97.82%	97.82%
Pou Yii Development Co., Ltd.	15.00%	15.00%
Wang Yi Construction Co., Ltd.	7.82%	7.82%

- 1) For the information of subsidiaries' nature of business, business location and registered country, please refer to Table 5 to the financial statements (Information on investees).
- 2) The Company holds less than 50% interest in Pou Yii and Wang Yi, but the Company and its subsidiaries hold more than 50% interest in Pou Yii and Wang Yi; therefore, the Company has control over Pou Yii and Wang Yi. Furthermore, the carrying amount of investment in Wang Yi is negative for the years ended December 31, 2021 and 2020. Therefore, the Company recognized \$14,324 thousand and \$15,261 thousand, in "other non-current liabilities", respectively.
- 3) The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2021 and 2020 was based on the subsidiaries' financial statements audited by their auditors for the same years.

b. Investments in associates

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Material associates		
Ruen Chen Investment Holding Co., Ltd.	\$ 76,419,271	\$ 75,039,348
Associates that are not individually material	<u>1,290,411</u>	<u>1,384,678</u>
	<u>\$ 77,709,682</u>	<u>\$ 76,424,026</u>

1) Material associates

<b>Name of Associate</b>	<b>Proportion of Ownership and Voting Rights</b>	
	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Ruen Chen Investment Holding Co., Ltd.	20%	20%

- a) As of July 29, 2021, the Company purchasing 7,200 thousand issued ordinary shares with \$10 per share with the amount of \$72,000 thousand.
- b) For the information of the associate's business location and business item, please refer to Table 5 (Information on investees).
- c) The summarized financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

Ruen Chen Investment Holding Co., Ltd.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Assets	\$ 5,279,608,077	\$ 5,160,470,282
Liabilities	(4,846,656,016)	(4,734,749,393)
Non-controlling interests	<u>(50,559,148)</u>	<u>(50,227,590)</u>
Owners of Ruen Chen Investment Holding Co., Ltd.	<u>\$ 382,392,913</u>	<u>\$ 375,493,299</u>
Proportion of the Company	20.00%	20.00%
Equity attributable to the Company	\$ 76,478,583	\$ 75,098,660
Other adjustments	<u>(59,312)</u>	<u>(59,312)</u>
Carrying amount	<u>\$ 76,419,271</u>	<u>\$ 75,039,348</u>
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Operating revenue	<u>\$ 570,159,159</u>	<u>\$ 579,075,147</u>
Net income	\$ 58,697,320	\$ 35,695,200
Other comprehensive (loss) income	<u>(51,367,996)</u>	<u>104,899,215</u>
Total comprehensive income	<u>\$ 7,329,324</u>	<u>\$ 140,594,415</u>

2) Associates that are not individually material

Name of Associate	Proportion of Ownership and Voting Rights	
	December 31	
	2021	2020
Elitegroup Computer Systems Co., Ltd.	12.36%	12.57%
Techview International Technology Inc.	-	30.00%

- a) For the information of the associates' business location and business item, please refer to Table 5 to the financial statements (Information on investees).
- b) The summarized financial information below represents amounts shown in the financial statements of associates that are not individually material which were prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

	For the Year Ended December 31	
	2021	2020
The Company's share of:		
Net income	\$ 17,254	\$ 7,804
Other comprehensive (loss) income	<u>(13,001)</u>	<u>212</u>
Total comprehensive income	<u>\$ 4,253</u>	<u>\$ 8,016</u>

- c) On December 21, 2020, the shareholders meeting decided to liquidate Techview International Technology Inc., starting from December 31, 2020. The dissolution registration was completed on January 18, 2021, and the related procedures of the liquidation were completed on October 19, 2021.
- d) In 2021, the Company disposed partial shares of Elitegroup Computer Systems Co., Ltd. in the public market. A total of 1,182 thousand shares were disposed of. The disposition consideration was \$36,422 thousand, and the profit recognized amounted to \$12,708 thousand which was classified as "non-operating income and expenses - net gain on disposal of investment". After the transaction, the shareholding ratio of the Company on Elitegroup Computer Systems Co., Ltd. dropped from 12.57% to 12.36%. The Company holds less than 20% interest of Elitegroup Computer Systems Co., Ltd. However, the Company has the power to appoint two out of the nine directors of Elitegroup Computer Systems Co., Ltd. Therefore, the Company is able to exercise significant influence over Elitegroup Computer Systems Co., Ltd.
- e) Fair values (Level 1) of investments in associates that are not individually material with available published price quotation are summarized as follows:

	December 31	
	2021	2020
Elitegroup Computer Systems Co., Ltd.	<u>\$ 1,549,911</u>	<u>\$ 1,818,237</u>

## 15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>								
Balance at January 1, 2020	\$ 1,660,726	\$ 4,882,792	\$ 808,683	\$ 170,417	\$ 385,445	\$ 157,753	\$ 118,156	\$ 8,183,972
Additions	-	9,259	48,253	6,840	23,807	14,653	15,899	118,711
Disposals	-	(2,270)	(13,711)	(15,565)	(13,669)	(1,775)	-	(46,990)
Transfers from prepayments for equipment	-	-	654	1,570	-	-	-	2,224
Reclassified	-	110,894	2,110	-	-	-	(113,004)	-
Transfers to investment property	-	-	-	-	-	-	(2,776)	(2,776)
Urban renewal	(5,942)	-	-	-	-	-	-	(5,942)
Balance at December 31, 2020	\$ 1,654,784	\$ 5,000,675	\$ 845,989	\$ 163,262	\$ 395,583	\$ 170,631	\$ 18,275	\$ 8,249,199
<u>Accumulated depreciation</u>								
Balance at January 1, 2020	\$ -	\$ 1,986,850	\$ 460,367	\$ 129,024	\$ 296,949	\$ 90,645	\$ -	\$ 2,963,835
Disposals	-	(652)	(11,476)	(13,724)	(13,427)	(1,328)	-	(40,607)
Depreciation expenses	-	129,706	91,736	12,478	37,724	19,149	-	290,793
Balance at December 31, 2020	\$ -	\$ 2,115,904	\$ 540,627	\$ 127,778	\$ 321,246	\$ 108,466	\$ -	\$ 3,214,021
Carrying amount at December 31, 2020	\$ 1,654,784	\$ 2,884,771	\$ 305,362	\$ 35,484	\$ 74,337	\$ 62,165	\$ 18,275	\$ 5,035,178
<u>Cost</u>								
Balance at January 1, 2021	\$ 1,654,784	\$ 5,000,675	\$ 845,989	\$ 163,262	\$ 395,583	\$ 170,631	\$ 18,275	\$ 8,249,199
Additions	-	8,674	43,757	4,342	18,389	14,624	3,918	93,704
Disposals	-	(263)	(16,131)	(15,959)	(16,596)	(36)	(8,881)	(57,866)
Transfers from prepayments for equipment	-	-	5,319	200	-	-	-	5,519
Reclassification	-	6,868	-	-	-	-	(6,868)	-
Urban renewal	(11,648)	-	-	-	-	-	-	(11,648)
Transfers to investment property	(14,472)	-	-	-	-	-	-	(14,472)
Balance at December 31, 2021	\$ 1,628,664	\$ 5,015,954	\$ 878,934	\$ 151,845	\$ 397,376	\$ 185,219	\$ 6,444	\$ 8,264,436
<u>Accumulated depreciation</u>								
Balance at January 1, 2021	\$ -	\$ 2,115,904	\$ 540,627	\$ 127,778	\$ 321,246	\$ 108,466	\$ -	\$ 3,214,021
Disposals	-	(135)	(11,624)	(13,834)	(16,595)	(36)	-	(42,224)
Depreciation expenses	-	120,855	92,366	11,008	31,663	24,416	-	280,308
Balance at December 31, 2021	\$ -	\$ 2,236,624	\$ 621,369	\$ 124,952	\$ 336,314	\$ 132,846	\$ -	\$ 3,452,105
Carrying amount at December 31, 2021	\$ 1,628,664	\$ 2,779,330	\$ 257,565	\$ 26,893	\$ 61,062	\$ 52,373	\$ 6,444	\$ 4,812,331

- Except for depreciation expenses recognized the Company had neither significant disposal nor impairment of properties in 2021 and 2020.
- The Company participated in an urban renewal project with a parcel of land located in Songshan District, Taipei City. The carrying amount of old building was reduced by the compensation for rights transformation plan, rent and removal, which was recorded as a reduction of the initial carrying amount of urban renewal land.
- The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life as follows:

<u>Items</u>	<u>Estimated Useful Life</u>
Buildings and improvements	
Main buildings	50-55 years
Elevators	15 years
Machinery and equipment	5-12 years
Transportation equipment	5 years
Office equipment	3-7 years
Other equipment	3-10 years

- d. The Company has land located in Changhwa County with a carrying amount of \$56,102 thousand. Due to certain restrictions under the land regulations, the ownership for these parcels of land resides with a trustee through a trust agreement which prohibits the trustee from selling, pledging or hypothecating the property.

## 16. LEASE ARRANGEMENTS

- a. Right-of-use assets

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
<u>Carrying amount</u>		
Land	\$ 90,505	\$ 99,746
Buildings	50,734	13,251
Transportation equipment	-	-
Other equipment	<u>4,536</u>	<u>5,374</u>
	<u>\$ 145,775</u>	<u>\$ 118,371</u>
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Additions to right-of-use assets	<u>\$ 60,286</u>	<u>\$ 100,128</u>
Depreciation charge for right-of-use assets		
Land	\$ 13,941	\$ 9,044
Buildings	18,103	18,999
Transportation equipment	-	11
Other equipment	<u>838</u>	<u>823</u>
	<u>\$ 32,882</u>	<u>\$ 28,877</u>

- b. Lease liabilities

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
<u>Carrying amount</u>		
Current	\$ 33,933	\$ 31,050
Non-current	<u>113,608</u>	<u>91,071</u>
	<u>\$ 147,541</u>	<u>\$ 122,121</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
Land	1.10-1.34%	1.228%-1.34%
Buildings	1.10-1.34%	1.34%
Transportation equipment	-	1.34%
Other equipment	1.34%	1.34%

c. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Expenses relating to short-term leases	\$ 470	\$ 301
Expenses relating to low-value asset leases	<u>\$ -</u>	<u>\$ -</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ -</u>	<u>\$ -</u>
Total cash outflow for leases	<u>\$ 36,799</u>	<u>\$ 31,673</u>

The Company has elected to exempt from recognizing right-of-use assets and lease liabilities for the leases which qualify as short-term leases and low-value asset leases.

**17. INVESTMENT PROPERTIES**

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1,2020	\$ 1,005,176	\$ 1,657,714	\$ 2,662,890
Additions	-	240	240
Reclassification	<u>-</u>	<u>2,776</u>	<u>2,776</u>
Balance at December 31,2020	<u>\$ 1,005,176</u>	<u>\$ 1,660,730</u>	<u>\$ 2,665,906</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1,2020	\$ -	\$ 727,118	\$ 727,118
Depreciation expenses	<u>-</u>	<u>54,390</u>	<u>54,390</u>
Balance at December 31,2020	<u>\$ -</u>	<u>\$ 781,508</u>	<u>\$ 781,508</u>
Carrying amount at December 31,2020	<u>\$ 1,005,176</u>	<u>\$ 879,222</u>	<u>\$ 1,884,398</u>
<u>Cost</u>			
Balance at January 1,2021	\$ 1,005,176	\$ 1,660,730	\$ 2,665,906
Reclassification	14,472	-	14,472
Disposals	(738)	-	(738)
Urban renewal - buildings and land exchange	<u>(14,134)</u>	<u>137,702</u>	<u>123,568</u>
Balance at December 31,2021	<u>\$ 1,004,776</u>	<u>\$ 1,798,432</u>	<u>\$ 2,803,208</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1,2021	\$ -	\$ 781,508	\$ 781,508
Depreciation expenses	<u>-</u>	<u>38,535</u>	<u>38,535</u>
Balance at December 31,2021	<u>\$ -</u>	<u>\$ 820,043</u>	<u>\$ 820,043</u>
Carrying amount at December 31,2021	<u>\$ 1,004,776</u>	<u>\$ 978,389</u>	<u>\$ 1,983,165</u>

- a. Except for depreciation expenses recognized, the Company had neither significant disposal nor impairment of properties in 2021 and 2020.
- b. The Company participated in an urban renewal project, which included the Company's land and buildings, with Huaku Development Co., Ltd. on a parcel of land located in Songshan District, Taipei City. After the completion of the construction project in December 2021, the Company acquired the new buildings and land while Huaku Development Co., Ltd. also acquired some of the new buildings which belong to the Company according to the agreement. The gain from disposal of investment properties was \$123,568 thousand by exchanging the land at the original cost of \$14,134 thousand for the buildings and land with a total fair value of \$137,702 thousand. The gain was recorded as "gain from disposal of investment properties" under non-operating income and expense.
- c. The maturity analysis of lease payments receivable under operating leases of investment properties at December 31, 2021 and 2020 was as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Year 1	\$ 105,722	\$ 123,670
Year 2	122,183	119,574
Year 3	116,800	118,052
Year 4	116,459	112,669
Year 5	44,629	112,012
Year 6 onwards	<u>23,832</u>	<u>63,505</u>
	<u>\$ 529,625</u>	<u>\$ 649,482</u>

- d. The above items of investment properties are depreciated on a straight-line method over the estimated useful life of the asset:

<u>Items</u>	<u>Estimated Useful Life</u>
Buildings	
Main buildings	50-55 years
Elevators	15 years

- e. Instead of being valued by any independent valuer, the management of the Company used the valuation model that market participants often use to determine the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices of similar properties. The fair value as appraised was as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Investment property	<u>\$ 3,506,620</u>	<u>\$ 3,318,727</u>



## 18. INTANGIBLE ASSETS

	2021	2020
<u>Cost</u>		
Balance at January 1	\$ 1,151,238	\$ 956,499
Acquisitions	275,694	196,118
Disposal	<u>-</u>	<u>(1,379)</u>
Balance at December 31	<u>\$ 1,426,932</u>	<u>\$ 1,151,238</u>
<u>Accumulated amortization and impairment</u>		
Balance at January 1	\$ 68,026	\$ 27,227
Amortization expenses	64,930	40,925
Disposal	<u>-</u>	<u>(126)</u>
Balance at December 31	<u>\$ 132,956</u>	<u>\$ 68,026</u>
Carrying amount at December 31	<u>\$ 1,293,976</u>	<u>\$ 1,083,212</u>

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

<u>Items</u>	<u>Estimated Useful Life</u>
Computer software	10-20 years

## 19. BORROWINGS

### a. Short-term borrowings

	<u>December 31</u>	
	2021	2020
<u>Unsecured borrowings</u>		
Credit borrowings	<u>\$ 9,652,000</u>	<u>\$ 9,377,291</u>

The range of effective interest rate of New Taiwan dollar and U.S. dollar on bank borrowings was 0.65%-0.72% and 0.55%-0.78% per annum as of December 31, 2021 and 2020, respectively.

b. Short-term bills payables

	<b>Annual Interest Rate (%)</b>	<b>Amount</b>
<u>December 31, 2021</u>		
Commercial papers	0.35	\$ 1,000,000
Less: Unamortized discount on bills payable		<u>(301)</u>
		<u>\$ 999,699</u>
<u>December 31, 2020</u>		
Commercial papers	0.24-0.29	\$ 2,100,000
Less: Unamortized discount on bills payable		<u>(313)</u>
		<u>\$ 2,099,687</u>

c. Long-term borrowings

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Unsecured borrowings</u>		
Bank loans	\$ 33,515,510	\$ 32,009,306
Less: Current portion	<u>(6,503,796)</u>	<u>(2,513,796)</u>
	<u>\$ 27,011,714</u>	<u>\$ 29,495,510</u>

Maturity date and range of annual interest rate:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Maturity date</u>		
Long-term borrowings	2023.01.15- 2026.11.29	2022.01.15- 2026.07.15
Current portion of long-term borrowings	2022.01.15- 2022.12.09	2021.01.15- 2021.10.15
<u>Range of interest rates</u>	0.67%-1.60%	0.68%-1.60%

## 20. NOTES PAYABLE AND ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Notes payable (including related parties)</u>		
Operating	\$ 947	\$ 865
Non-operating	<u>2,788</u>	<u>5,308</u>
	<u>\$ 3,735</u>	<u>\$ 6,173</u>
Accounts payable (including related parties)	<u>\$ 511,762</u>	<u>\$ 653,109</u>

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

## 21. OTHER PAYABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Payables for salaries	\$ 441,875	\$ 393,407
Payables for purchase of property, plant and equipment	22,881	27,446
Compensation due to directors and supervisors	114,584	51,035
Employee compensation payables	506,175	646,013
Interest payables	38,983	33,768
Payables for annual leave	114,854	112,750
Others	<u>416,957</u>	<u>422,932</u>
	<u>\$ 1,656,309</u>	<u>\$ 1,687,351</u>

## 22. RETIREMENT BENEFIT PLANS

### Defined Contribution Plan

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

### Defined Benefit Plan

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

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

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
Present value of defined benefit obligation	\$ 1,389,587	\$ 1,296,010
Fair value of plan assets	<u>(833,186)</u>	<u>(728,970)</u>
Net defined benefit liability	<u>\$ 556,401</u>	<u>\$ 567,040</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Balance at January 1, 2020	<u>\$ 1,520,908</u>	<u>\$ (816,195)</u>	<u>\$ 704,713</u>
Service cost	9,534	-	9,534
Past service cost	9,018	-	9,018
Net interest expense (income)	<u>11,073</u>	<u>(5,853)</u>	<u>5,220</u>
Recognized in profit or loss	<u>29,625</u>	<u>(5,853)</u>	<u>23,772</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(27,698)	(27,698)
Actuarial loss arising from changes in demographic assumptions	1,186	-	1,186
Actuarial loss arising from changes in financial assumptions	36,946	-	36,946
Actuarial loss arising from experience adjustments	<u>(94,575)</u>	<u>-</u>	<u>(94,575)</u>
Recognized in other comprehensive income (loss)	<u>(56,443)</u>	<u>(27,698)</u>	<u>(84,141)</u>
Contributions from the employer	-	(77,673)	(77,673)
Benefits paid	(198,449)	198,449	-
Others	<u>369</u>	<u>-</u>	<u>369</u>
Balance at December 31, 2020	<u>\$ 1,296,010</u>	<u>\$ (728,970)</u>	<u>\$ 567,040</u>
Balance at January 1, 2021	<u>\$ 1,296,010</u>	<u>\$ (728,970)</u>	<u>\$ 567,040</u>
Current service cost	6,605	-	6,605
Past service cost	22,694	-	22,694
Net interest expense (income)	<u>6,480</u>	<u>(3,679)</u>	<u>2,801</u>
Recognized in profit or loss	<u>35,779</u>	<u>(3,679)</u>	<u>32,100</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(10,515)	(10,515)
Actuarial loss arising from changes in demographic assumptions	28,883	-	28,883
Actuarial loss arising from experience adjustments	<u>58,789</u>	<u>-</u>	<u>58,789</u>
Recognized in other comprehensive income (loss)	<u>87,672</u>	<u>(10,515)</u>	<u>77,157</u>
Contributions from the employer	-	(120,161)	(120,161)
Benefits paid	(30,139)	30,139	-
Others	<u>265</u>	<u>-</u>	<u>265</u>
Balance at December 31, 2021	<u>\$ 1,389,587</u>	<u>\$ (833,186)</u>	<u>\$ 556,401</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Operating costs	\$ 42	\$ 51
Selling and marketing expenses	22	15
General and administrative expenses	18,558	13,858
Research and development expenses	<u>13,478</u>	<u>9,848</u>
	<u>\$ 32,100</u>	<u>\$ 23,772</u>

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

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

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate	0.50%	0.50%
Expected rate of salary increase	2.00%	2.00%

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate		
0.25% increase	<u>\$ (37,695)</u>	<u>\$ (37,049)</u>
0.25% decrease	<u>\$ 39,201</u>	<u>\$ 38,592</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 37,956</u>	<u>\$ 37,362</u>
0.25% decrease	<u>\$ (36,697)</u>	<u>\$ (36,066)</u>

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
The expected contributions to the plan for the next year	\$ <u>15,169</u>	\$ <u>13,305</u>
The average duration of the defined benefit obligation	11.1 years	11.6 years

## 23. EQUITY

### a. Share capital

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Number of shares authorized (in thousands)	<u>4,500,000</u>	<u>4,500,000</u>
Shares authorized	\$ <u>45,000,000</u>	\$ <u>45,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>2,946,787</u>	<u>2,946,787</u>
Shares issued	\$ <u>29,467,872</u>	\$ <u>29,467,872</u>

### b. Capital surplus

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)</u>		
Recognized from issuance of ordinary shares	\$ 848,603	\$ 848,603
Recognized from conversion of bonds	1,447,492	1,447,492
Recognized from treasury share transactions	1,824,608	1,824,608
Recognized from the excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	109,637	109,637
<u>May only be used to offset a deficit</u>		
Recognized from the changes in ownership to subsidiaries (Note 2)	27,234	-
Recognized from the share of changes in net assets of associates	133,410	132,299
Others	<u>28,416</u>	<u>27,223</u>
	<u>\$ 4,419,400</u>	<u>\$ 4,389,862</u>

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

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

c. Retained earnings and dividend policy

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

- 1) For paying taxes.
- 2) For offsetting deficits.
- 3) For the legal reserve at 10% of the remaining profit, and for the special reserve to be appropriated and distributed according to regulations or upon request by the FSC.
- 4) The total of any remaining profit after the appropriations mentioned above plus any accumulated unappropriated earnings from prior years may be partially retained and then the remainder distributed as proposed according to the share ownership proportion.

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

For information about the accrual basis of the compensation of employees and remuneration of directors and supervisors and the actual appropriations, refer to Note 25 (h) to the financial statements.

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

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

Under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve.

The appropriations of earnings for 2020 and 2019, which were approved in the shareholders' meetings on April 28, 2021 and April 28, 2020, respectively, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For Year 2020</b>	<b>For Year 2019</b>
Legal reserve	<u>\$ 482,716</u>	<u>\$ 1,182,861</u>
Special reserve	<u>\$ -</u>	<u>\$ (22,293,369)</u>
Cash dividends	<u>\$ 1,473,394</u>	<u>\$ 3,683,484</u>
Dividends Per Share (NT\$)	<u>\$ 0.50</u>	<u>\$ 1.25</u>

d. Other equity item

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

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ (5,491,369)	\$ (2,498,149)
Share of exchange differences of subsidiaries and associates accounted for using the equity method	<u>(1,923,481)</u>	<u>(2,993,220)</u>
Balance at December 31	<u>\$ (7,414,850)</u>	<u>\$ (5,491,369)</u>

2) Unrealized gain or loss on financial assets at FVTOCI

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 24,305,081	\$ 13,759,473
Unrealized gain (loss) from equity instruments	1,103,823	(148,916)
Cumulative unrealized gain (loss) on equity instruments transferred to retained earnings due to disposal	5,661	(152,062)
Disposal of associates accounted for using the equity method	(235)	-
Share of (loss) gain from associates and joint ventures accounted for using the equity method	<u>(10,800,714)</u>	<u>10,846,586</u>
Balance at December 31	<u>\$ 14,613,616</u>	<u>\$ 24,305,081</u>

3) Cash flow hedge

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 1,195	\$ -
(Loss) or gain on changes in the fair value of hedging instruments	<u>(1,195)</u>	<u>1,195</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 1,195</u>

4) Others

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 8,629,040	\$ 423,243
Share of loss from associates and joint ventures accounted for using the equity method	<u>3,990,998</u>	<u>8,205,797</u>
Balance at December 31	<u>\$ 12,620,038</u>	<u>\$ 8,629,040</u>



## 24. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Revenue from the sale of goods	\$ 4,223,317	\$ 5,126,472
Revenue from the rendering of services	<u>4,086,732</u>	<u>3,093,051</u>
	<u>\$ 8,310,049</u>	<u>\$ 8,219,523</u>

## 25. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consisted of the following:

a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Interest income		
Cash in bank	\$ 642	\$ 4,886
Repurchase agreements collateralized by bonds	7	2,118
Financial assets at amortized cost	3,688	7,322
Others	<u>-</u>	<u>1,284</u>
	<u>\$ 4,337</u>	<u>\$ 15,610</u>

b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Rental income (Note 30)		
Rental income from operating lease		
Investment properties	\$ 88,161	\$ 121,869
Others	<u>13,679</u>	<u>18,914</u>
	<u>101,840</u>	<u>140,783</u>
Dividends income	<u>304,781</u>	<u>327,788</u>
Others	<u>80,245</u>	<u>98,059</u>
	<u>\$ 486,866</u>	<u>\$ 566,630</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Net gain on disposal of investment properties	\$ 123,568	\$ -
Net gain (loss) on disposal of property, plant and equipment	1,791	(1,215)
Net gain on disposal of investment recognized under equity method	12,708	-
Net foreign exchange loss	(242,737)	(966,662)

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Net (loss) gain on financial assets at FVTPL	\$ (82,871)	\$ 183,552
Net (loss) gain on financial liabilities at FVTPL	(6,800)	34,318
Others	<u>(58,379)</u>	<u>(58,766)</u>
	<u>\$ (252,720)</u>	<u>\$ (808,773)</u>
		(Concluded)

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Interest on bank borrowings	\$ 370,549	\$ 393,008
Interest on short-term bills payable	5,704	2,247
Lease liabilities	1,463	904
Other interest expense	<u>29</u>	<u>35</u>
	<u>\$ 377,745</u>	<u>\$ 396,194</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Property, plant and equipment	\$ 280,308	\$ 290,793
Investment properties	38,535	54,390
Right-of-use assets	32,882	28,877
Intangible assets	<u>64,930</u>	<u>40,925</u>
	<u>\$ 416,655</u>	<u>\$ 414,985</u>
An analysis of depreciation by function		
Operating costs	\$ 4,407	\$ 4,470
Operating expenses	308,783	315,200
Non-operating expenses	<u>38,535</u>	<u>54,390</u>
	<u>\$ 351,725</u>	<u>\$ 374,060</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 64,930</u>	<u>\$ 40,925</u>

f. Direct operating expenses from investment properties

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Direct operating expenses from investment properties that generate rental income	\$ 51,514	\$ 69,541
Direct operating expenses from investment properties that did not generate rental income	<u>65</u>	<u>65</u>
	<u>\$ 51,579</u>	<u>\$ 69,606</u>

g. Employee benefits expense

	2021			2020		
	Operating Cost	Operating Expenses	Total	Operating Cost	Operating Expenses	Total
Salary						
Termination benefits	\$ -	\$ 8,063	\$ 8,063	\$ -	\$ 17,302	\$ 17,302
Remuneration of directors and supervisors	-	119,342	119,342	-	55,880	55,880
Others	11,576	2,400,652	2,412,228	11,542	2,018,230	2,029,772
	11,576	2,528,057	2,539,633	11,542	2,091,412	2,102,954
Labor and health insurance	1,506	228,655	230,161	1,346	220,834	222,180
Post-employment benefit						
Defined contribution plans	690	109,519	110,209	635	114,457	115,092
Defined benefit plans	42	32,058	32,100	50	23,722	23,772
	732	141,577	142,309	685	138,179	138,864
Other employee benefits	440	45,349	45,789	416	47,627	48,043
Total employee benefits expense	\$ 14,254	\$ 2,943,638	\$ 2,957,892	\$ 13,989	\$ 2,498,052	\$ 2,512,041

As of December 31, 2021 and 2020, there were 3,078 and 3,219 employees, respectively, in the Company. Among the Company's directors, there were five who were not employees. The Company accounts for employee benefits expense based on the number of employees.

As of December 31, 2021 and 2020, the average employee benefits and average salaries and wages were \$924 thousand, \$764 thousand, \$788 thousand and \$637 thousand, respectively. The average salaries and wages increase 23.7%.

h. Employee's compensation and remuneration of directors

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

The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2021 and 2020 which were approved by the Company's board of directors on March 16, 2022 and March 24, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Employees' compensation	1.6%	1.6%
Remuneration of directors	0.8%	0.8%

Amount

	For the Year Ended December 31			
	2021		2020	
	Cash	Shares	Cash	Shares
Employees' compensation	\$ 229,168	\$ -	\$ 102,070	\$ -
Remuneration of directors	114,584	-	51,035	-

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

Information on employees' compensation and remuneration of directors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 26. INCOME TAXES

### a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
Current tax		
In respect of the current period	\$ 9,173	\$ -
Income tax expense of unappropriated earnings	139,469	1,370,055
Adjustments for prior year's income tax	(42,200)	5,351
Foreign taxes paid	-	6
Repatriation of offshore funds	-	<u>25,992</u>
	<u>106,442</u>	<u>1,401,404</u>
Deferred tax		
In respect of the current period	<u>(566,520)</u>	<u>(15,288)</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (460,078)</u>	<u>\$ 1,386,116</u>

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

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
Income before income tax	<u>\$ 13,979,229</u>	<u>\$ 6,226,300</u>
Income tax expense calculated at the statutory rate	\$ 2,795,846	\$ 1,245,260
Tax effect of adjusting items		
Tax-exempt income	(60,956)	(65,558)
Investment income recognized under equity method	(2,722,607)	(1,274,822)
Others	(569,630)	105,830
Income tax on unappropriated earnings	139,469	1,370,055
Adjustments for prior years' income tax	<u>(42,200)</u>	<u>5,351</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (460,078)</u>	<u>\$ 1,386,116</u>

In July 2019, the president of the ROC announced of “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act”. Within two years from the enforcement of this Act, profit-seeking enterprises may assess tax under this Act by the approval of the tax authority. Instead of assessing tax in accordance with the legal tax rate of 20%, the tax rate of the fund repatriated for the first year from the enforcement of this Act is 8% and the tax rate of the fund repatriated for the second year from the date following the last day of the first year from the enforcement of this Act is 10%. If profit-seeking enterprises complete the plan of substantive investment, an application for a 50% refund of the tax paid under this Act should be submitted to the tax authority-in-charge.

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

As the status of 2022 appropriations of earnings is uncertain, the potential income tax consequences of 2021 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
<u>Deferred tax</u>		
In respect of the current year	<u>\$ (17,612)</u>	<u>\$ (10,781)</u>
Total income tax recognized in other comprehensive income	<u>\$ (17,612)</u>	<u>\$ (10,781)</u>

c. Deferred tax assets and liabilities

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

	<b><u>December 31</u></b>	
	<b>2021</b>	<b>2020</b>
<u>Deferred tax assets</u>		
Temporary differences		
Payables for annual leave	\$ 22,971	\$ 22,550
Defined benefit obligations	44,501	44,501
Others	<u>4,148</u>	<u>(19,425)</u>
	<u>\$ 71,620</u>	<u>\$ 47,626</u>
<u>Deferred tax liabilities</u>		
Temporary differences		
Land value increment tax	\$ 86,547	\$ 86,547
Unappropriated earnings of subsidiaries	<u>-</u>	<u>560,138</u>
	<u>\$ 86,547</u>	<u>\$ 646,685</u>

d. Income tax assessments

The income tax returns of the Company through 2018 have been assessed and approved by the tax authorities.

## 27. EARNINGS PER SHARE

The basic earnings per share and diluted earnings per share for the years ended December 31, 2021 and 2020 were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Net profit (in thousand dollars)</u>		
Earnings used in the computation of earnings per share	<u>\$ 14,439,307</u>	<u>\$ 4,840,184</u>
<u>Weighted average number of shares outstanding (in thousand shares)</u>		
Weighted average number of common shares used in the computation of basic earnings per share	2,946,787	2,946,787
Effect of potentially dilutive common shares:		
Employees' compensation	<u>7,622</u>	<u>5,143</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>2,954,409</u>	<u>2,951,930</u>
<u>Earnings per share (in dollars)</u>		
Basic earnings per share	<u>\$4.90</u>	<u>\$1.64</u>
Diluted earnings per share	<u>\$4.89</u>	<u>\$1.64</u>

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

## 28. CAPITAL MANAGEMENT

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

## 29. FINANCIAL INSTRUMENTS

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

The Company's management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

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

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

1) The fair value hierarchy is as follows:

December 31, 2021

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Derivative financial assets	<u>\$ -</u>	<u>\$ 15,174</u>	<u>\$ -</u>	<u>\$ 15,174</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 6,866,303	\$ -	\$ -	\$ 6,866,303
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>49,496</u>	<u>49,496</u>
	<u>\$ 6,866,303</u>	<u>\$ -</u>	<u>\$ 49,496</u>	<u>\$ 6,915,799</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 11,104</u>	<u>\$ -</u>	<u>\$ 11,104</u>

December 31, 2020

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Derivative financial assets	<u>\$ -</u>	<u>\$ 120,828</u>	<u>\$ -</u>	<u>\$ 120,828</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 5,759,113	\$ -	\$ -	\$ 5,759,113
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>63,791</u>	<u>63,791</u>
	<u>\$ 5,759,113</u>	<u>\$ -</u>	<u>\$ 63,791</u>	<u>\$ 5,822,904</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ -	\$ 704	\$ -	\$ 704
Derivative financial liabilities for hedging	<u>-</u>	<u>-</u>	<u>278</u>	<u>278</u>
	<u>\$ -</u>	<u>\$ 704</u>	<u>\$ 278</u>	<u>\$ 982</u>

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

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

The future cash flow of the contingent consideration of the receivables from disposal of subsidiary is estimated using the expected revenue growth rate. It is discounted at a discount rate that reflects the credit risk of the counterparty. Significant unobservable inputs include discount rate and operating income growth rate.

c. Categories of financial instruments

	<u>December 31</u>	
	2021	2020
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily at FVTPL	\$ 15,174	\$ 120,828
Financial assets at amortized cost (Note 1)	2,095,108	2,371,475
Financial assets at FVTOCI	6,915,799	5,822,904
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	11,104	704
Financial liabilities for hedging	-	278
Financial liabilities at amortized cost (Note 2)	47,865,245	45,850,535

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

Note 2: The balances included financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings(including the portion due within one year) and guarantee deposits.



d. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts and other derivative instruments. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and the carrying amount of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 32 to the financial statements.

Sensitivity analysis

The Company was mainly exposed to the USD and RMB.

The following table details the Company's sensitivity to 5% increase (decrease) in New Taiwan dollars (the functional currency) against the relevant foreign currencies. A positive (negative) number below indicates an increase (decrease) in pre-tax profit with New Taiwan dollars strengthening 5% against the relevant currency. For a 5% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
USD	\$ 21,376	\$ (56,466)
RMB	(74)	(87)

b) Interest rate risk

The Company was exposed to interest rate risk because it borrowed funds at floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings, and also using interest rate swap contracts.

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Cash flow interest rate risk		
Financial liabilities	\$ 32,365,510	\$ 30,561,322

### Sensitivity analysis

The sensitivity analysis below was based on the Company's floating rate liabilities. The analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole period. If there had been a 1%-increase in interest rates, the Company's income before income tax would have decreased by \$323,655 thousand and \$305,613 thousand during the years ended December 31, 2021 and 2020, respectively.

#### c) Other price risk

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

### Sensitivity analysis

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

If equity prices had declined by 1%, the other comprehensive income for the year ended December 31, 2021 would have decreased by \$68,663 thousand as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had declined by 1%, the other comprehensive income for the year ended December 31, 2020 would have decreased by \$57,591 thousand as a result of the changes in fair value of financial assets at FVTOCI.

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

#### 2) Credit risk

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

#### 3) Liquidity risk

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

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

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

December 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 774,639	\$ 586,447	\$ 814,550	\$ 1,522,400	\$ -
Lease liabilities	4,737	5,802	24,944	79,483	38,251
Floating interest rate liabilities	7,003,449	3,990,000	10,347	21,361,714	-
Fixed interest rate liabilities	-	475,000	5,677,000	5,650,000	-
	<u>\$ 7,782,825</u>	<u>\$ 5,057,249</u>	<u>\$ 6,526,841</u>	<u>\$ 28,613,597</u>	<u>\$ 38,251</u>

December 31, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 465,675	\$ 774,623	\$ 1,123,953	\$ -	\$ -
Lease liabilities	3,636	9,601	19,095	46,436	49,466
Floating interest rate liabilities	4,553,449	2,162,016	990,347	22,845,184	10,326
Fixed interest rate liabilities	-	-	6,285,275	6,640,000	-
	<u>\$ 5,022,760</u>	<u>\$ 2,946,240</u>	<u>\$ 8,418,670</u>	<u>\$ 29,531,620</u>	<u>\$ 59,792</u>

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

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

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

December 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Exchange rate swap contracts	<u>\$ -</u>	<u>\$ 3,400</u>	<u>\$ 7,704</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Exchange rate swap contracts	\$ -	\$ 704	\$ -	\$ -	\$ -
Cross-currency swap contracts	-	-	278	-	-
	<u>\$ -</u>	<u>\$ 704</u>	<u>\$ 278</u>	<u>\$ -</u>	<u>\$ -</u>

### 30. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties are disclosed below.

a. Related party name and categories

<u>Name</u>	<u>Related Party Category</u>
Yue Yuen Industrial (Holdings) Limited	Subsidiary
Barits Development Corporation	Subsidiary
Pan Asia Insurance Services Co., Ltd.	Subsidiary
Pou Yii Development Co., Ltd.	Subsidiary
Pou Shine Investments Co., Ltd.	Subsidiary
Pou Chin Development Co., Ltd.	Subsidiary
Song Ming Investments Co., Ltd.	Subsidiary
Wang Yi Construction Co., Ltd.	Subsidiary
Windsor Entertainment Co., Ltd.	Subsidiary
Pro Arch International Development Enterprise Inc.	Subsidiary
Wealthplus Holdings Limited	Subsidiary
Chang Yang Material Corporation	Associate
High Shine Investments Ltd.	Associate
San Fang Chemical Industry Co., Ltd.	Associate
Nan Pao Resins Chemical Co., Ltd.	Associate
Platinum Long John Co., Ltd.	Associate
Sheachang Enterprise Corporation	Other related party

b. Operating revenue

<b>Account</b>	<b>Related Parties Category</b>	<b>For the Year Ended December 31</b>	
		<b>2021</b>	<b>2020</b>
Sales and service revenue	Yue Yuen Industrial (Holdings) Limited	\$ 8,221,626	\$ 8,136,210
	Subsidiaries	16,839	9,886
	Associates	<u>14,138</u>	<u>19,595</u>
		<u>\$ 8,252,603</u>	<u>\$ 8,165,691</u>

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

The Company entered into a technical service agreement with Yue Yuen Industrial (Holdings) Limited. According to the agreement, the service fees that the Company will receive from Yue Yuen are determined by:

- 1) For products developed by the Company and sold by Yue Yuen, 0.5% of net sales invoice amounts.
- 2) For materials, machines and other goods purchased, inspected and arranged for shipment through the Company from Taiwan suppliers, 1% of supplier's invoice amounts.
- 3) For materials, machines and other goods purchased from Taiwan or overseas directly by Yue Yuen through sourcing services provided by the Company, 0.5% of the supplier's invoice amounts.

c. Purchases

Account	Related Party Category/Name	December 31	
		2021	2020
Purchases	Subsidiaries	\$ 7,082	\$ 3,273
	Associates	<u>200,120</u>	<u>172,037</u>
		<u>\$ 207,202</u>	<u>\$ 175,310</u>

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

d. Rental income

Account	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Rent income	Windsor Entertainment Co., Ltd.	\$ 70,562	\$ 105,594
	Yue Yuen Industrial (Holdings) Limited	9,659	14,017
	Subsidiaries	769	1,090
	Associates	180	180
	Other related parties	<u>23</u>	<u>23</u>
		<u>\$ 81,193</u>	<u>\$ 120,904</u>

e. Receivables from related parties

Account	Related Party Category/Name	December 31	
		2021	2020
Notes receivable and accounts receivable	Yue Yuen Industrial (Holdings) Limited	\$ 1,729,022	\$ 1,694,739
	Subsidiaries	4,321	2,223
	Associates	<u>3,412</u>	<u>1,392</u>
		<u>\$ 1,736,755</u>	<u>\$ 1,698,354</u>

f. Payables to related parties

Account	Related Party Category/Name	December 31	
		2021	2020
Notes payable and accounts payable	Subsidiaries	\$ 1,757	\$ 3,396
	Associates	<u>18,813</u>	<u>24,800</u>
		<u>\$ 20,570</u>	<u>\$ 28,196</u>

g. Loans to related parties

Account	Related Party Category/Name	December 31	
		2021	2020
Long-term accounts payable	Wealthplus Holdings Limited	<u>\$ 1,522,400</u>	<u>\$ -</u>

h. Endorsements/guarantees provided

Refer to Table 1 “Endorsements/guarantees provided” of Note 33 to the financial statements.

i. Compensation of key management personnel

The remuneration of directors and other members of key management personnel were as follows:

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	<u>\$ 194,732</u>	<u>\$ 105,326</u>

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

### 31. SIGNIFICANT COMMITMENTS AND UNRECOGNIZED LIABILITIES

- The Company’s investment in Nan Shan Life Insurance Co., Ltd. was through Ruen Chen Investment Holding Co., Ltd. Accordingly, the Company has received a request from the FSC to provide 490,000 thousand ordinary shares of Ruen Chen in the custody of the trust department of First Commercial Bank for ten years. The trust was already expired, and the shares were collected on September 15, 2021.
- The Company entered into project agreements with the Institute for Information Industry (“IIP”). According to the project agreements, the Company has to provide promissory notes and bank guarantees to Taipei Computer Association as guarantee.

### 32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

	<b>Foreign Currency (In Thousand)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 39,951	27.680	\$ 1,105,855
RMB	341	4.344	1,479
Non-monetary items			
USD	2,819	27.680	78,023
RMB	25,900	4.344	112,510
<u>Financial liabilities</u>			
Monetary items			
USD	55,413	27.680	1,533,820
Non-monetary items			
USD	401	27.680	11,104

December 31, 2020

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 49,609	28.480	\$ 1,412,864
RMB	396	4.377	1,732
Non-monetary items			
USD	8,963	28.480	255,266
RMB	25,900	4.377	113,364
<u>Financial liabilities</u>			
Monetary items			
USD	9,955	28.480	283,519
JPY	4,284	0.276	1,184
Non-monetary items			
USD	25	28.480	704

### 33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (Table 1)

- 3) Marketable securities held (Table 2)
  - 4) Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital (None)
  - 5) Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital (None)
  - 6) Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital (None)
  - 7) Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital (Table 3)
  - 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital (Table 4)
  - 9) Trading in derivative instruments (Note 29)
  - 10) Information on investees (Table 5)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party: (None).
- c. Information of major shareholders

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)



## POU CHEN CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorsement/ Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 4)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 4)	Note
		Name	Relationship (Note 2)											
0	Pou Chen Corporation	Wealthplus Holdings Limited	b	\$ 139,432,954	\$ 25,253,475	\$ 23,251,200	\$ -	\$ -	17	\$ 278,865,908	Y	N	N	
		Pro Arch International Development Enterprise Inc.	b	139,432,954	82,722	62,370	62,370	-	-	278,865,908	Y	N	N	
		Windsor Entertainment Co., Ltd.	b	139,432,954	100,000	80,000	-	-	-	278,865,908	Y	N	N	
		Pou Yuen Technology Co., Ltd.	b	139,432,954	300,000	300,000	-	-	-	278,865,908	Y	N	N	
		Pou Yii Development Co., Ltd.	b	139,432,954	300,000	300,000	165,000	-	-	278,865,908	Y	N	N	
		Yue Hong Realty Development Co., Ltd.	b	139,432,954	550,000	550,000	512,000	-	-	278,865,908	Y	N	N	
		Pou Shine Investments Co., Ltd.	b	139,432,954	1,700,000	1,700,000	378,500	-	1	278,865,908	Y	N	N	
		Barits Development Corp.	b	139,432,954	8,877,600	8,860,800	1,543,500	-	6	278,865,908	Y	N	N	

Note 1: The Company is coded as follows:

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

Note 2: Relationships for guarantee provider and guarantee are as follows:

- Business relationship.
- A company in which the Company directly and indirectly holds more than 50% of the voting shares.
- A company that directly and indirectly holds more than 50% of the voting shares in the Company.
- A company in which the Company directly and indirectly holds more than 90% of the voting shares.
- A company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- A company where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- A company where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: According to the Company's procedures for the Management of Endorsements and Guarantees, the aggregate amount of endorsements/guarantees provided by the Company shall not exceed 200% of its net worth. Meanwhile, the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed 100% of the Company's net worth.

Note 4: Endorsement/guarantee given by listed parent on behalf of subsidiaries, by subsidiaries on behalf of listed parent, and on behalf of companies in mainland China is coded "Y".

**POU CHEN CORPORATION**

**MARKETABLE SECURITIES HELD  
DECEMBER 31, 2021**

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Pou Chen Corporation	<u>Ordinary shares</u> Mega Financial Holding Company Ltd. Taiwan Paiho Limited Zhiyuan Venture Capital Co., Ltd. New Loulan Corporation., Ltd.		Financial assets at FVTOCI - current	191,730,486	\$ 6,816,019	1.41	\$ 6,816,019	
			Financial assets at FVTOCI - current	615,473	50,284	0.21	50,284	
			Financial assets at FVTOCI - non-current	4,907,143	48,700	10.71	48,700	
			Financial assets at FVTOCI - non-current	100,000	796	4.00	796	
	<u>Structured product</u> CIB Callable Structured Deposit		Financial assets at amortized cost - non-current	-	112,510	-	112,510	

**POU CHEN CORPORATION**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	The subsidiary in which the Company holds 51.11% indirectly at December 31, 2021	Sale	\$ (8,221,626)	(99)	D/A 45 days	-	-	\$ 1,729,022	99	
	Chang Yang Material Corp.	The associate in which the Company holds 50% indirectly at December 31, 2021	Purchase	115,486	3	D/A 45 days	-	-	(7,956)	(2)	

**POU CHEN CORPORATION**

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

**DECEMBER 31, 2021**

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

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Pou Chen Corporation	Yue Yuen Industrial (Holdings) Limited	The subsidiary in which the Company holds 51.11% indirectly at December 31, 2021	\$ 1,729,022	5.07	\$ -	-	\$ 1,181,294	\$ -

## POU CHEN CORPORATION

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Shares	%	Carrying Amount			
Pou Chen Corporation	Wealthplus Holdings Limited	British Virgin Islands	Investing in footwear, electronic and peripheral products	\$ 295,429 (US\$ 9,222,000)	\$ 295,429 (US\$ 9,222,000)	9,222,000	100.00	\$ 75,039,693 (US\$ 2,710,971,585)	\$ 2,109,760 (US\$ 74,676,579)	\$ 2,093,842 (US\$ 74,122,550)	
	Win Fortune Investments Limited	British Virgin Islands	Investing activities	3,230 (US\$ 100,000)	3,230 (US\$ 100,000)	100,000	100.00	1,966,657 (US\$ 71,049,752)	47,110 (US\$ 1,667,696)	46,768 (US\$ 1,655,812)	
	Windsor Entertainment Co., Ltd.	ROC	Entertainment and resort operations	530,000	500,000	14,300,000	100.00	110,625	(72,536)	(45,508)	
	Pou Shine Investment Co., Ltd.	ROC	Investing activities	1,124,667	1,124,667	133,094,460	100.00	4,616,456	395,823	395,823	
	Pan Asia Insurance Services Co., Ltd.	ROC	Agency of property and casualty insurance	5,000	5,000	-	100.00	29,134	18,770	18,770	
	Barits Development Corporation	ROC	Import and export of shoe-related materials and investing activities	2,117,292	2,117,292	294,451,784	99.49	10,567,005	522,074	520,043	
	Pou Yuen Technology Co., Ltd.	ROC	Rental of real estate	966,450	966,449	30,456,252	97.82	469,017	34,334	50,209	
	Pro Arch International Development Enterprise Inc.	ROC	Design and manufacture of footwear products	2,643,184	2,643,184	20,000,000	100.00	216,677	917	764	
	Pou Yii Development Co., Ltd.	ROC	Rental and sale of real estate	40,320	40,320	7,875,000	15.00	206,631	58,797	8,820	
	Wang Yi Construction Co., Ltd.	ROC	Construction	7,700	7,700	601,755	7.82	-	5,461	887	
	Elitegroup Computer Systems Co., Ltd.	ROC	Manufacturing of electronic components	3,245,815	3,364,570	68,884,949	12.36	1,290,411	71,527	8,364	
	Techview International Technology Inc.	ROC	Development and sales of TFT-LCD display	-	380,115	-	-	-	(29,806)	8,890	Already dismissed
Ruen Chen Investment Holding Co., Ltd.	ROC	Investment holding	15,372,000	15,300,000	4,477,000,000	20.00	76,419,271	52,526,803	10,505,361		

## POU CHEN CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Great Team Backend Foundry, Inc.	Processing and manufacturing of transistors	\$ 2,642,140 (US\$ 88,116,600)	b	\$ -	\$ -	\$ -	\$ -	\$ -	2.01	\$ -	\$ 40,329 (RMB 9,283,919)	\$ -	(Note 3)
Yue-Shen (Taicang) Footwear Co., Ltd.	Finished shoes, semi-finished products, components and production and marketing of moulds	554,646 (US\$ 17,100,000)	b	-	-	-	(RMB (2,665) (610,707))	(RMB (2,665) (610,707))	31.97	(RMB (848) (194,418)) b, 1)	249,553 (RMB 57,447,851)	-	
Dongguan Yuming Electronic Technology Co., Ltd.	Production and marketing of over 17 inches color-image monitor, motherboards and other products	475,745 (US\$ 14,500,000)	b	-	-	-	(RMB 3,983 917,403)	(RMB 3,983 917,403)	100.00	(RMB 3,983 917,403) b, 1)	314,740 (RMB 72,453,924)	-	
Dongguan Gaocheng Precision Injection Molding Technology Co., Ltd.	Mould, plastic case for mobile phones	395,526 (US\$ 12,055,034)	b	-	-	-	(RMB 975 225,242)	(RMB 975 225,242)	100.00	(RMB 975 225,242) b, 2)	-	-	
Yue Cheng (Kun Shan) Sports Co., Ltd.	Operating sporting goods and equipment, spare parts production and marketing business	435,402 (US\$ 14,200,000)	b	-	-	-	(RMB 240,383 55,272,571)	(RMB 240,383 55,272,571)	31.97	(RMB 76,433 17,574,547) b, 1)	1,043,043 (RMB 240,111,243)	-	
Dongguan Baoqiao Electronic Technology Co., Ltd.	Production and marketing of other optical appliances and instruments	147,645 (US\$ 4,500,000)	b	-	-	-	(RMB 58,302 13,433,971)	(RMB 58,302 13,433,971)	100.00	(RMB 58,302 13,433,971) b, 2)	248,614 (RMB 57,231,604)	-	
Poushun Paper Products Manufacturing Co., Ltd.	Production and sale of shoe inner boxes, cartons	68,901 (US\$ 2,100,000)	b	-	-	-	(RMB 8,529 1,965,681)	(RMB 8,529 1,965,681)	10.22	(RMB 872 200,893) b, 1)	5,783 (RMB 1,331,303)	-	
Beijing Advazone Electronic Limited Company	Development and production of computer software	512,019 (US\$ 16,100,000)	b	-	-	-	(RMB 4 863)	(RMB 4 863)	-	(RMB 1 276) b, 2)	-	-	
Pouhong Footwear Industrial Ltd.	Production and operation of casual shoes, sports shoes	49,215 (US\$ 1,500,000)	b	-	-	-	(RMB (35,075) (8,079,831))	(RMB (35,075) (8,079,831))	51.11	(RMB (17,927) (4,129,601)) b, 1)	24,718 (RMB 5,690,227)	-	
Shanggao Yisen Industry Co., Ltd.	Production and sale of finished shoes, semi-finished products, components and moulds	945,204 (US\$ 30,390,000)	b	-	-	-	(RMB 134,802 31,625,393)	(RMB 134,802 31,625,393)	51.11	(RMB 68,898 16,163,738) b, 1)	948,626 (RMB 218,376,052)	-	
Bao Hong (Yangzhou) Shoes Co., Ltd.	Production of needles, woven garments, footwear and sales of self-produce products	2,591,184 (US\$ 86,291,730)	b	-	-	-	(RMB (64,745) (14,912,594))	(RMB (64,745) (14,912,594))	51.11	(RMB (33,091) (7,621,827)) b, 1)	458,072 (RMB 105,449,361)	-	
Dong Guan Yu Yuen Mold Co., Ltd.	Production and sale of molds for non-metallic products	62,011 (US\$ 1,890,000)	b	-	-	-	(RMB (13,481) (3,094,785))	(RMB (13,481) (3,094,785))	51.11	(RMB (6,890) (1,581,744)) b, 1)	31,988 (RMB 7,363,807)	-	
Zhong Shan Glory Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	951,490 (US\$ 29,000,000)	b	-	-	-	(RMB (29,501) (6,867,486))	(RMB (29,501) (6,867,486))	23.00	(RMB (6,785) (1,579,522)) b, 2)	445,523 (RMB 102,560,439)	-	
Zhong Shan Lu Mei Da Shoes Ind., Ltd.	Production and operation of various types of leather shoes products	39,372 (US\$ 1,200,000)	b	-	-	-	(RMB 227 52,319)	(RMB 227 52,319)	23.00	(RMB 52 12,033) b, 2)	10,108 (RMB 2,326,790)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Zhong Ao Multiplex Management Group Co., Ltd.	Stadium management, wholesale and retail of clothing and footwear accessories	\$ 2,055,560 (RMB 431,795,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 24,800 (RMB 5,662,571)	20.34	\$ 5,044 (RMB 1,151,767) b, 1)	\$ 603,518 (RMB 138,931,350)	\$ -	
ShangGao Yisen Ka Yuen Industry Co., Ltd.	Production and sale of footwear products	77,432 (US\$ 2,360,000)	b	-	-	-	-	82,273 (RMB 18,953,516)	25.56	21,029 (RMB 4,844,519) b, 1)	44,393 (RMB 10,219,399)	-	
Bao Sheng Dao Ji (BeiJing) Trading Company Ltd.	Retail business of sports goods and accessories	1,988,061 (US\$ 65,000,000)	b	-	-	-	-	(518,977) (RMB (119,967,269))	31.97	(165,041) (RMB (38,150,981)) b, 1)	753,118 (RMB 173,369,689)	-	
Qingdao Pou-Sheng International Sport Products Co., Ltd.	Sales of sports and casual shoes and accessories	94,800 (RMB 20,000,000)	b	-	-	-	-	358,142 (RMB 82,234,694)	23.02	82,001 (RMB 18,828,619) b, 1)	243,125 (RMB 55,967,938)	-	
Guizhou Pou-Sheng Sport Products Co., Ltd.	Sales of sports and casual shoes and accessories	322,886 (US\$ 10,000,000)	b	-	-	-	-	36,830 (RMB 8,390,550)	31.97	11,719 (RMB 2,669,822) b, 1)	162,056 (RMB 37,305,651)	-	
Nanning Pou-Kung Sport Products Co., Ltd.	Retail business of sports goods and accessories	42,653 (US\$ 1,300,000)	b	-	-	-	-	(33,402) (RMB (7,724,761))	31.97	(10,625) (RMB (2,457,314)) b, 1)	(11,396) (RMB (2,623,280))	-	
Shanghai Pou-Yuen Sport Products Business Trading Co., Ltd.	Retail business of sports goods and accessories	1,567,250 (US\$ 50,000,000)	b	-	-	-	-	649,905 (RMB 149,123,930)	31.97	206,745 (RMB 47,438,603) b, 1)	2,387,806 (RMB 549,678,988)	-	
Diodite (China) Sports Good Co., Ltd.	Retail and wholesale business of sporting goods and accessories	639,800 (US\$ 20,000,000)	b	-	-	-	-	425 (RMB 96,884)	31.97	135 (RMB 30,791) b, 1)	45,343 (RMB 10,437,969)	-	
Taicang YYSPO RTS Business Trading Co., Ltd.	Retail business of sports goods and accessories series products	164,050 (US\$ 5,000,000)	b	-	-	-	-	7,080 (RMB 1,630,484)	31.97	2,252 (RMB 518,517) b, 1)	137,013 (RMB 31,540,714)	-	
Yangzhou Baoyi Shoes Manufacturing Co., Ltd.	Vulcanized shoes, sports shoes, casual shoes and other footwear manufacturing, marketing	729,906 (US\$ 22,456,800)	b	-	-	-	-	73,169 (RMB 16,681,614)	25.56	18,702 (RMB 4,263,820) b, 1)	231,165 (RMB 53,214,885)	-	
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	-	-	-	-	4,819 (RMB 1,105,720)	31.97	1,531 (RMB 351,361) b, 1)	458,085 (RMB 105,452,390)	-	
YYSPO RTS (Chengdu) Business Trading Co., Ltd.	Retail business of sports goods and accessories	689,194 (US\$ 22,400,000)	b	-	-	-	-	3,273 (RMB 750,392)	31.97	1,041 (RMB 238,706) b, 1)	147,574 (RMB 33,971,982)	-	
Fujian Baomin Sporting Goods Co., Ltd.	Retail business of sports goods and accessories	147,645 (US\$ 4,500,000)	b	-	-	-	-	295 (RMB 67,894)	28.77	84 (RMB 19,432) b, 1)	68,980 (RMB 15,879,300)	-	
Guangzhou Pou-Yuen Trading Co., Ltd.	Retail business of sports goods and accessories	710,251 (US\$ 23,310,000)	b	-	-	-	-	9,525 (RMB 2,198,039)	31.97	3,035 (RMB 700,269) b, 1)	254,341 (RMB 58,549,894)	-	
Dragon Light (China) Sporting Goods Co., Ltd.	Development and sale of sports goods, clothing, shoes and hats, fitness equipment and related products	2,111,340 (US\$ 66,000,000)	b	-	-	-	-	17,201 (RMB 3,964,464)	31.97	5,470 (RMB 1,260,688) b, 1)	487,718 (RMB 112,273,842)	-	
Shend Dao (Yang Zhou) Sporting Goods Dev Co., Ltd.	Shopping mall management and property management	2,111,340 (US\$ 66,000,000)	b	-	-	-	-	38,895 (RMB 8,954,340)	31.97	12,368 (RMB 2,847,410) b, 1)	697,040 (RMB 160,460,378)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Zhong Shan O Li Su Shoe Making Machine Ltd.	Manufacturing shoes and boots or repairing machinery	\$ 181,314 (US\$ 5,900,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 4,451 (RMB 1,026,943)	51.11	\$ 2,275 (RMB 524,871) b, 2)	\$ 13,249 (RMB 3,049,982)	\$ -	
Shaanxi Pousheng Trading Co., Ltd.	Engaged in wholesale, retail and import and export business of sports goods, fitness equipment and sportswear	2,012,320 (US\$ 66,000,000)	b	-	-	-	-	361,846 (RMB 82,845,303)	31.97	115,088 (RMB 26,349,647) b, 1)	2,640,169 (RMB 607,773,765)	-	
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	-	-	-	-	(29,442) (RMB (6,747,868))	31.97	(9,360) (RMB (2,145,215)) b, 1)	479,753 (RMB 110,440,416)	-	
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	-	-	-	-	(10,992) (RMB (2,527,304))	51.11	(5,618) (RMB (1,291,705)) b, 1)	126,377 (RMB 29,092,401)	-	
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	-	-	-	-	(278,463) (RMB (64,024,044))	51.11	(142,323) (RMB (32,722,689)) b, 1)	615,427 (RMB 141,672,879)	-	
Jiangxi Province Yutai Shoe Co., Ltd.	Production and sale of footwear products and semi-finished products	918,125 (US\$ 30,000,000)	b	-	-	-	-	151,091 (RMB 34,694,990)	51.11	77,223 (RMB 17,732,610) b, 1)	149,269 (RMB 34,362,155)	-	
Dongguan Yu Xiang Shoes Material Co., Ltd.	Production and sale of footwear products	295,820 (US\$ 9,500,000)	b	-	-	-	-	29,094 (RMB 6,856,884)	51.11	14,870 (RMB 3,504,553) b, 1)	296,633 (RMB 68,285,665)	-	
Jiang Xi Hwa Ching Foam Ltd.	Manufacturing and sale of plastic foam, plastic packaging materials and other plastic products	63,600 (US\$ 2,000,000)	b	-	-	-	-	(4,399) (RMB (1,011,236))	19.42	(854) (RMB (196,382)) b, 1)	15,006 (RMB 3,454,467)	-	
Yue Yuen (Anfu) Footwear Co., Ltd.	Production and marketing of finished shoes, semi-finished products and components and modules	1,763,350 (US\$ 60,000,000)	b	-	-	-	-	134,170 (RMB 30,910,176)	51.11	68,574 (RMB 15,798,191) b, 1)	1,186,271 (RMB 273,082,598)	-	
Dong Guan Bao Yu Shoes Co., Ltd.	Production and sale of sports shoes, casual shoes, leather shoes, children's shoes, semi-finished footwear and footwear materials	66,780 (US\$ 2,100,000)	b	-	-	-	-	-	51.11	- b, 1)	35,781 (RMB 8,236,989)	-	
Kun Shan Pou-chi Sports Co., Ltd.	Wholesale, commission agency, import and export business of sports goods, sports equipment, clothing, shoes, caps and packaging and related design, technical consultation and services	399,539 (US\$ 13,500,000)	b	-	-	-	-	55,999 (RMB 12,816,340)	31.97	17,803 (RMB 4,074,563) b, 1)	144,514 (RMB 33,267,545)	-	
Dongguan De Chang Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US\$ 350,000)	b	-	-	-	-	6,059 (RMB 1,396,112)	51.11	3,097 (RMB 713,553) b, 1)	27,077 (RMB 6,233,283)	-	
Zhong Shan Bao Song Zi Xun Co., Ltd.	Business management consultation, marketing planning and other services	10,290 (US\$ 350,000)	b	-	-	-	-	3,204 (RMB 739,011)	51.11	1,637 (RMB 377,709) b, 1)	24,441 (RMB 5,626,368)	-	
Yiyang Yujing Shoes Industrial Co., Ltd.	Production and sale of finished and semi-finished sports shoes and casual shoes	743,983 (US\$ 24,000,000)	b	-	-	-	-	35,103 (RMB 8,054,876)	51.11	17,941 (RMB 4,116,847) b, 1)	81,906 (RMB 18,855,003)	-	

(Continued)



Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Jiangxi Uniscien Consulting Co., Ltd.	Business management consultation, marketing planning and other services	\$ 10,442 (US\$ 350,000)	b	\$ -	\$ -	\$ -	\$ -	\$ 1,837 (RMB 423,104)	51.11	\$ 939 (RMB 216,249) b, 1)	\$ 17,797 (RMB 4,096,953)	\$ -	
Yu Xing (Jishui) Footwear Co., Ltd.	Production and sale of sports shoes	183,840 (US\$ 6,400,000)	b	-	-	-	-	(584) (RMB (137,579))	51.11	(298) (RMB (70,317)) b, 1)	42,865 (RMB 9,867,731)	-	
Dongguan Xingtai Consulting Co., Ltd.	Business management consultation, marketing planning and other services	30,805 (US\$ 1,000,000)	b	-	-	-	-	950 (RMB 218,178)	51.11	486 (RMB 111,511) b, 1)	31,151 (RMB 7,170,960)	-	
Yang Xin Zhang Yuan Shoe Co., Ltd.	Production and sale of footwear products	61,029 (US\$ 2,100,000)	b	-	-	-	-	(1,537) (RMB (354,048))	25.56	(393) (RMB (90,495)) b, 1)	6,214 (RMB 1,430,564)	-	
YangXin Pou Jia Yuen Shoes Manufacturing Co., Ltd.	Production and sale of rubber soles	87,258 (US\$ 3,000,000)	b	-	-	-	-	(13,597) (RMB (3,132,260))	25.56	(3,475) (RMB (800,606)) b, 1)	13,085 (RMB 3,012,226)	-	
Pou Sheng (China) Investment Co., Ltd.	Business of investment, technical services and wholesale, import and export sports goods, sportswear, sports shoes and leisure shoes	4,550,741 (US\$ 152,922,400)	b	-	-	-	-	1,424,391 (RMB 328,094,801)	31.97	453,296 (RMB 104,412,153) b, 1)	1,671,966 (RMB 384,890,850)	-	
Yichun Yisen Industry Co., Ltd.	Production and sale of footwear and mold products	410,130 (US\$ 14,000,000)	b	-	-	-	-	47,555 (RMB 11,046,367)	51.11	24,305 (RMB 5,645,798) b, 1)	380,342 (RMB 87,555,779)	-	
Zhong Xiang Yue-Shen Sporting Goods Co., Ltd.	Production, processing of shoes, semi-finished products, moulds and related sporting goods, sales of self-produce products	94,380 (US\$ 3,250,000)	b	-	-	-	-	(91) (RMB (20,899))	51.11	(46) (RMB (10,681)) b, 1)	368 (RMB 84,711)	-	
Dong Guan Pou Chen Footwear Company Limited	Production and sale of footwear products, semi-finished footwear products and accessories, moulding tools and engaged in the wholesale and import and export business of footwear products	1,223,925 (RMB 263,827,800)	b	-	-	-	-	75,825 (RMB 17,558,510)	51.11	38,754 (RMB 8,974,155) b, 1)	791,278 (RMB 182,154,124)	-	
Dongguan Yusheng Shoe Industry Co., Ltd.	Production and sale of finished shoes, semi-finished shoes and mold products and engaged in research and development of shoes, finished shoes, mold products	1,469,176 (RMB 319,970,250)	b	-	-	-	-	(42,457) (RMB (9,696,869))	51.11	(21,700) (RMB (4,956,070)) b, 1)	790,164 (RMB 181,897,848)	-	
Dong Guan Yue Yuan Footwear Products Company Limited	Production and sale of footwear products, semi-finished footwear products, mold products and engaged in wholesale and import and export business of footwear products	1,026,777 (RMB 217,720,430)	b	-	-	-	-	(43,360) (RMB (9,974,315))	51.11	(22,162) (RMB (5,097,872)) b, 1)	244,941 (RMB 56,386,063)	-	
Jilin Xinfangwei Sports Goods Company Limited	Sports goods sales	196,160 (RMB 40,000,000)	b	-	-	-	-	-	15.90	- b, 1)	-	-	
Zhang Yuan (Dong Guan) Shoe Materials Co., Ltd.	Prepare for research and development of shoe materials and composite materials	114,804 (RMB 23,000,000)	b	-	-	-	-	(8,543) (RMB (1,959,939))	25.56	(2,183) (RMB (500,960)) b, 1)	34,549 (RMB 7,953,256)	-	
Dong Guan Jia Yuan Shoe Materials Products Company Limited	Prepare shoe material	108,805 (RMB 21,600,000)	b	-	-	-	-	(10,462) (RMB (2,395,490))	51.11	(5,347) (RMB (1,224,335)) b, 1)	645 (RMB 148,395)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Dong Guan Yue Guan Paper Products Co., Ltd.	Production and sale of cartons and engaged in research and development of cartons	\$ 48,693 (RMB 10,000,000)	b	\$ -	\$ -	\$ -	\$ -	\$ (1,047) (\$RMB (240,019))	10.22	\$ (107) (\$RMB (24,530)) b, 1)	\$ 4,223 (RMB 972,106)	\$ -	
Kun Shan YYSPO RTS E-Commerce Co., Ltd.	Network technology development, technical consultation, technical services and retail and wholesale of sports goods, sports equipment	89,367 (US\$ 3,000,000)	b	-	-	-	-	259,314 (RMB 59,817,191)	31.97	82,412 (RMB 19,010,454) b, 1)	177,819 (RMB 40,934,477)	-	
Hunan Huaqing Foam Products Co., Ltd.	Processing and production of plastic foam, foam daily products, shoe products and composite products	76,819 (US\$ 2,500,000)	b	-	-	-	-	(1,799) (RMB (414,303))	6.80	(122) (RMB (28,173)) b, 1)	3,379 (RMB 777,884)	-	
Kun Shan Taisong Trading Co., Ltd.	Wholesale and retail of clothing, footwear, glasses and watches	790,110 (US\$ 26,500,000)	b	-	-	-	-	(66,587) (RMB (15,420,555))	31.97	(21,182) (RMB (4,905,300)) b, 1)	(162,732) (RMB (37,461,281))	-	
Shanghai Pou-Lo Sport Culture Co., Ltd.	Management consultants, wholesale of sports goods and equipment wholesale, other sports services and other art performance assistant services	16,093 (US\$ 500,000)	b	-	-	-	-	14,651 (RMB 3,404,538)	-	3,821 (RMB 887,866) b, 1)	-	-	
Kun Shan Pou-Han Sport Culture Development Co., Ltd.	Management consultants, wholesale of sports goods and equipment wholesale, other sports services and other art performance assistant services	48,278 (US\$ 1,500,000)	b	-	-	-	-	(258) (RMB (58,308))	26.22	(67) (RMB (15,198)) b, 1)	9,555 (RMB 2,199,482)	-	
Yisen (YiFeng) Mould Co., Ltd.	Production and sale of mould products	479,284 (US\$ 14,850,000)	b	-	-	-	-	(39,250) (RMB (9,050,859))	51.11	(20,061) (RMB (4,625,894)) b, 1)	138,008 (RMB 31,769,821)	-	
Zhu Hai Yu Yuan Industrial Co., Ltd.	Processing, production and sale of footwear products	1,408 (RMB 300,000)	b	-	-	-	-	6,772 (RMB 1,559,761)	51.11	3,461 (RMB 797,194) b, 1)	12,456 (RMB 2,867,477)	-	
Yang Xin Pou Shou Sporting Goods Co., Ltd.	Processing, production and sale of footwear products	236,574 (US\$ 7,800,000)	b	-	-	-	-	(34,991) (RMB (8,036,181))	51.11	(17,884) (RMB (4,107,292)) b, 1)	37,764 (RMB 8,693,469)	-	
Changsha YYSPO RTS Sport Products Co., Ltd.	Sales of sports goods and equipment	22,825 (RMB 5,000,000)	b	-	-	-	-	18,932 (RMB 4,350,510)	31.97	6,016 (RMB 1,382,506) b, 1)	28,315 (RMB 6,518,122)	-	
Henan YYSPO RTS Sport Products Co., Ltd.	Retail business of sports goods and accessories	9,130 (RMB 2,000,000)	b	-	-	-	-	149,141 (RMB 34,288,759)	31.97	47,428 (RMB 10,904,047) b, 1)	217,184 (RMB 49,996,354)	-	
Shenyang Pou-Yi Trading Co., Ltd.	Retail business of sports goods and accessories	182,600 (RMB 40,000,000)	b	-	-	-	-	15,374 (RMB 3,481,896)	31.97	4,877 (RMB 1,104,560) b, 1)	2,728 (RMB 628,093)	-	
Zhejiang Shengdao Sporting-Goods Co., Ltd.	Retail business of sports goods and accessories	228,250 (RMB 50,000,000)	b	-	-	-	-	546,289 (RMB 125,634,273)	31.97	173,736 (RMB 39,955,360) b, 1)	772,503 (RMB 177,832,261)	-	
Mudanjiang YYSPO RTS Sport Technology Co., Ltd.	Sports services, research and development of sports fitness equipment and retail business of sports goods	4,565 (RMB 1,000,000)	b	-	-	-	-	11,655 (RMB 2,693,417)	31.97	3,706 (RMB 856,520) b, 1)	6,056 (RMB 1,394,169)	-	
Widevision Investment (Shenzhen) Co., Ltd.	Widevision Investment (Shenzhen) Co., Ltd.	13,833 (RMB 3,000,000)	b	-	-	-	-	5,228 (RMB 1,201,712)	100.00	5,228 (RMB 1,201,712) b, 1)	24,464 (RMB 5,631,712)	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Chongqing Baoyu Sports Goods Company Limited	Chongqing Baoyu Sports Goods Company Limited	\$ 4,521 (RMB 1,000,000)	b	\$ -	\$ -	\$ -	\$ -	\$ (575) (\$RMB (132,542))	31.97	\$ (178) (\$RMB (41,034)) b, 1)	\$ (11,945) (\$RMB (2,749,717))	\$ -	
Kuo Yuen Tannery	Kuo Yuen Tannery	176,844 (RMB 41,047,490)	b	-	-	-	-	8,146 (RMB 1,917,633)	25.56	2,082 (RMB 490,147) b, 1)	29,046 (RMB 6,686,363)	-	
Akenz (ShangHai) Trading Co., Ltd.	Akenz (ShangHai) Trading Co., Ltd.	233,522 (RMB 54,000,000)	b	-	-	-	-	(46,000) (RMB (10,617,440))	22.30	(9,769) (RMB (2,254,830)) b, 1)	28,606 (RMB 6,585,140)	-	
Yangzhou Yuhong Garment Co., Ltd.	Yangzhou Yuhong Garment Co., Ltd.	588,725 (US\$ 19,749,000)	b	-	-	-	-	(71,594) (RMB (16,458,214))	51.11	(36,591) (RMB (8,411,793)) b, 1)	311,509 (RMB 71,710,168)	-	
Yifeng Kun Ching Foam Ltd.	Production, sales, processing of plastic foam and foam daily products	8,994 (US\$ 300,000)	b	-	-	-	-	(1,549) (RMB (358,168))	19.42	(301) (RMB (69,556)) b, 1)	2,945 (RMB 677,956)	-	
Zhongshan Hwa Ching Foam Co., Ltd.	Production of foam products	29,980 (US\$ 1,000,000)	b	-	-	-	-	4,544 (RMB 1,042,510)	19.58	890 (RMB 204,123) b, 1)	10,897 (RMB 2,508,552)	-	
Hubei PouShou Sports Goods Trading Company Limited	Management consultants, wholesale of sports goods, sports equipment, clothing, shoes, caps and accessories and advertising design agency	4,191 (RMB 1,000,000)	b	-	-	-	-	(12,938) (RMB (2,986,554))	31.97	(4,115) (RMB (949,881)) b, 1)	(4,024) (RMB (926,262))	-	
Dong Guan Orisol Trading Company Ltd.	Wholesale or repair of shoe-related machinery and parts	27,850 (US\$ 1,000,000)	b	-	-	-	-	(2,241) (RMB (513,212))	51.11	(629) (RMB (144,324)) b, 1)	90,208 (RMB 20,766,066)	-	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
\$ -	\$ 20,007,690 (US\$ 718,408,989)	\$ 83,659,772

Note 1: Methods of investments have following types:

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

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

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

Note 3: Financial assets at FVTOCI

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

(Concluded)

**TABLE 7****POU CHEN CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
PC Brothers Corporation	213,280,710	7.24
Chuan Mou Investments Co., Limited	163,425,022	5.55

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

# POU CHEN CORPORATION

## THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

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**POU CHEN CORPORATION**

**STATEMENT OF CASH AND CASH EQUIVALENTS**

**DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Amount</b>
Cash on hand and petty cash		\$ 420
Checking accounts and demand deposits		<u>73,536</u>
		<u>\$ 73,956</u>

**POU CHEN CORPORATION**

**STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT**

**DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

Investees	Balance at January 1, 2021		Additions		Decrease		Balance at December 31, 2021			Collateral
	Shares	Amount (Note 1)	Shares	Amount	Shares	Amount	Shares	%	Amount	
Mega Financial Holding Company Ltd.	191,730,486	\$ 5,713,568	-	\$ 1,102,451	-	\$ -	191,730,486	1.41	\$ 6,816,019	None
Taiwan Paiho Limited	615,473	<u>45,545</u>	-	<u>4,739</u>	-	<u>-</u>	615,473	0.21	<u>50,284</u>	"
		<u>\$ 5,759,113</u>		<u>\$ 1,107,190</u>		<u>\$ -</u>			<u>\$ 6,866,303</u>	

**POU CHEN CORPORATION****STATEMENT OF NOTES RECEIVABLE****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Carrying Amount</b>
Notes receivable - unrelated parties		
Operating activities:		
Yin Li Co., Ltd.	Purchase	<u>\$ 42</u>
Non-operating activities:		
Household Registration Office of Fuxing Township, Changhua	Guarantee deposits	<u>\$ 12</u>



**POU CHEN CORPORATION****STATEMENT OF ACCOUNTS RECEIVABLE****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Carrying Amount</b>
Accounts receivable - unrelated parties		
Asif plastic (PVT) Limited	Purchase	\$ 4,512
Champion Glory Trading	"	3,857
Yin Li Co., Ltd.	"	<u>1,108</u>
		<u>\$ 9,477</u>
Accounts receivable - related parties		
Yue Yuen Industrial (Holdings) Limited	Purchase	\$ 1,729,022
Other (Note)	"	<u>7,733</u>
		<u>\$ 1,736,755</u>

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

**POU CHEN CORPORATION****STATEMENT OF INVENTORIES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	
		Cost	Net Realizable Value (Note)
Raw material		\$ 96,250	\$ 89,267
Materials		617	606
Work in process		12,124	8,908
Finished goods		16,748	10,231
Merchandises		2,366	1,049
Less: Allowance for impairment losses		<u>(18,044)</u>	<u>-</u>
		<u>\$ 110,061</u>	<u>\$ 110,061</u>

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

## POU CHEN CORPORATION

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

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2021		Additions		Decrease		Balance, December 31, 2021			Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	
Zhiyuan Venture Capital Co., Ltd.	6,000,000	\$ 62,993	-	\$ -	1,092,857	\$ 14,293	4,907,143	10.71	\$ 48,700	None
New Loulan Corporation., Ltd.	100,000	<u>798</u>	-	<u>-</u>	-	<u>2</u>	100,000	4.00	<u>796</u>	"
		<u>\$ 63,791</u>		<u>\$ -</u>		<u>\$ 14,295</u>			<u>\$ 49,496</u>	

## POU CHEN CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2021		Additions		Decrease		Balance, December 31, 2021			Market Value or Net Assets Value		
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit Price (Dollar)	Total	Collateral
Wealthplus Holding Ltd. (Note 1)	9,222,000	\$ 74,385,844	-	\$ 653,849	-	\$ -	9,222,000	100.00	\$ 75,039,693		\$ 75,026,782	None
Win Fortune Investment Limited (Note 1)	100,000	1,960,393	-	6,264	-	-	100,000	100.00	1,966,657		1,941,331	"
Windsor Entertainment Co., Ltd. (Note 1)	15,000,000	125,293	3,000,000	30,000	3,700,000	44,668	14,300,000	100.00	110,625		76,724	"
Pou Shine Investment Co., Ltd. (Note 1)	133,094,460	3,754,451	-	1,082,505	-	220,500	133,094,000	100.00	4,616,456		4,603,318	"
Pan Asia Insurance Services Co., Ltd. (Note 1)	-	16,731	-	18,693	-	6,290	-	100.00	29,134		29,134	"
Barits Development Corp. (Note 1)	251,668,150	8,863,622	42,783,634	1,703,383	-	-	294,451,784	99.49	10,567,005		10,492,655	"
Pou Yuen Technology Co., Ltd. (Note 1)	28,437,147	322,280	2,019,105	146,737	-	-	30,456,252	97.82	469,017		803,942	"
Pro Arch International Development Enterprise Inc. (Note 1)	20,000,000	216,288	-	489	-	-	20,000,000	100.00	216,677		216,621	"
Pou Yii Development Co., Ltd. (Note 1)	7,875,000	171,428	-	43,379	-	8,176	7,875,000	15.00	206,631		206,631	"
Wang Yi Construction Co., Ltd. (Note 2)	601,755	-	-	-	-	-	601,755	7.82	-		7,151	"
Techview International Technology Inc.	75	-	-	-	75	-	-	-	-		-	"
Ruen Chen Investment Holding Co., Ltd. (Note 1)	3,900,600,000	75,039,348	576,400,000	10,630,291	-	9,250,368	4,477,000,000	20.00	76,419,271		76,478,583	"
Elitegroup Computer Systems Co., Ltd. (Note 1)	70,066,949	2,711,112	-	-	1,182,000	94,267	68,884,949	12.36	2,616,845	\$ 22.5	1,549,911	"
Less: Accumulated impairment of investment for using equity method		(1,326,434)		-		-			(1,326,434)		-	
		<u>\$ 166,240,256</u>		<u>\$ 14,315,590</u>		<u>\$ 9,624,269</u>			<u>\$ 170,931,577</u>		<u>\$ 171,432,783</u>	

Note 1: Included distribution of current profit and investment gain or loss using the equity method.

Note 2: The carrying amount of investment in Wang Yi is negative for the year ended December 31, 2021. Therefore, the Company recognized \$14,324 thousand in "other non-current liabilities" and referred to Exhibit 16 for the information.

**POU CHEN CORPORATION****STATEMENT OF CHANGES IN RIGHT-OF-USE****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

	<b>Land</b>	<b>Buildings</b>	<b>Other Equipment</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2021	\$ 110,010	\$ 48,068	\$ 6,636	\$ 164,714
Additions	4,700	55,586	-	60,286
Disposals	<u>(4,096)</u>	<u>(48,068)</u>	<u>-</u>	<u>(52,164)</u>
Balance at December 31, 2021	<u>\$ 110,614</u>	<u>\$ 55,586</u>	<u>\$ 6,636</u>	<u>\$ 172,836</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2021	\$ 10,264	\$ 34,817	\$ 1,262	\$ 46,343
Depreciation expenses	13,941	18,103	838	32,882
Disposals	<u>(4,096)</u>	<u>(48,068)</u>	<u>-</u>	<u>(52,164)</u>
Balance at December 31, 2021	<u>\$ 20,109</u>	<u>\$ 4,852</u>	<u>\$ 2,100</u>	<u>\$ 27,061</u>
Carrying amount at December 31, 2021	<u>\$ 90,505</u>	<u>\$ 50,734</u>	<u>\$ 4,536</u>	<u>\$ 145,775</u>

## POU CHEN CORPORATION

STATEMENT OF SHORT-TERM BORROWINGS  
DECEMBER 31, 2021

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

Creditor	Description	Balance, December 31, 2021	Period	Rate (%)	Financing Facilities	Collateral
Bank loans						
Bank of China	Credit borrowings	\$ 2,600,000	2021.12.17-2022.02.21	Note	US\$ 100,000,000	None
E.Sun Commercial Bank, Ltd.	"	2,000,000	2021.12.15-2022.01.27	"	2,000,000	"
MUFG Bank, Ltd.	"	1,390,000	2021.11.26-2022.02.25	"	US\$ 50,000,000	"
Mizuho Bank, Ltd.	"	1,000,000	2021.08.19-2022.03.25	"	1,000,000	"
Standard Chartered Bank (Taiwan) Ltd.	"	1,662,000	2021.04.20-2022.04.20	"	US\$ 60,000,000	"
Taishin International Bank Co., Ltd.	"	<u>1,000,000</u>	2021.12.15-2022.01.14	"	1,000,000	"
		<u>\$ 9,652,000</u>				

Note: The range of effective interest rate on bank borrowings was 0.65%-0.72%.

**POU CHEN CORPORATION**

**STATEMENT OF COMMERCIAL PAPERS**

**DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

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<b>Creditor</b>	<b>Period</b>	<b>Rate (%)</b>	<b>Face Value</b>	<b>Amount</b>	<b>Book Value</b>
				<b>Unamortized Discounts on Bills Payable</b>	
Bank Sinopac Company Limited	2021.12.17-2022.01.14	0.35	<u>\$ 1,000,000</u>	<u>\$ (301)</u>	<u>\$ 999,699</u>

**POU CHEN CORPORATION****STATEMENT OF NOTES PAYABLE****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Description</b>	<b>Carrying Amount</b>
Notes payable - unrelated parties		
Operating activities:		
Yi Tzung Precision Machinery Corporation	Purchase	\$ 673
Chief Lion Enterprise Co., Ltd.	"	230
Others (Note)	"	<u>44</u>
		<u>947</u>
Non-operating activities:		
Shi, Jun-Yi	Rents	210
Li, Ming-Cheng	"	210
Li, Sha	"	210
Huang, Jin-Huo	"	208
Others (Note)	"	<u>1,950</u>
		<u>2,788</u>
		<u>\$ 3,735</u>

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



**POU CHEN CORPORATION****STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Description</b>	<b>Carrying Amount</b>
Accounts payable - unrelated parties		
Others (Note)	Purchase	<u>\$ 491,192</u>
Accounts payable - related parties		
Chang Yang Material Corp.	Purchase	\$ 7,956
Nan Pao Resins Chemical Co., Ltd.	"	6,125
San Fang Chemical Industry Co., Ltd.	"	4,732
Others (Note)	"	<u>1,757</u>
		<u>\$ 20,570</u>

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

**POU CHEN CORPORATION**

**STATEMENT OF OTHER CURRENT LIABILITIES**

**DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Carrying Amount</b>
Temporary credits		\$ 3,457
Receipts under custody		12,371
Advance receipts		160,121
Others		<u>9,200</u>
		<u>\$ 185,149</u>

## POU CHEN CORPORATION

## STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Creditor	Description	Amount	Period	Annual Rate (%)	Collateral
Long-term bank loans					
Yuanta Commercial Bank	Long-term borrowings	\$ 2,000,000	2019.12.10-2022.12.09	Note	None
Bank of Taiwan	"	4,000,000	2019.09.16-2025.05.13	"	"
Banco Bilbao Vizcaya Argentaria, S.A.	"	7,000,000	2019.09.20-2023.03.24	"	"
Chang Hwa Commercial Bank Ltd.	"	1,000,000	2019.12.20-2024.12.20	"	"
DBS Bank (Taiwan) Ltd.	"	1,500,000	2021.12.24-2023.11.12	"	"
Hua Nan Commercial Bank, Ltd.	"	1,000,000	2021.12.28-2024.12.27	"	"
O-Bank	"	1,395,510	2016.08.03-2026.11.29	"	"
MUFG Bank, Ltd.	"	3,500,000	2021.04.16-2024.10.22	"	"
Mizuho Bank, Ltd.	"	4,500,000	2018.09.27-2023.11.30	"	"
Sumitomo Mitsui Banking Corporation	"	4,620,000	2021.11.08-2023.11.12	"	"
Taishin International Bank Co., Ltd.	"	1,000,000	2021.12.03-2023.12.03	"	"
Taipei Fubon Commercial Bank Co., Ltd.	"	<u>2,000,000</u>	2021.12.03-2024.11.12	"	"
		33,515,510			
Less: Current portion recognized in current liabilities		<u>(6,503,796)</u>			
		<u>\$ 27,011,714</u>			

Note: The range of effective interest rate on long-term borrowings was 0.67%-1.60%.

**POU CHEN CORPORATION****STATEMENT OF CHANGES IN LEASE LIABILITY****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Description</b>	<b>Period</b>	<b>Discount Rate (%)</b>	<b>Amount</b>	<b>Note</b>
Land	Parking lot	2013.04.01-2030.08.31	1.1-1.34	\$ 91,609	None
Buildings	Rental of office	2021.07.01-2024.09.30	1.1-1.34	51,026	"
Other equipment	Rental of communication equipment	2019.06.01-2027.05.31	1.34	<u>4,906</u>	"
				<u>\$ 147,541</u>	

**POU CHEN CORPORATION****STATEMENT OF OTHER NON-CURRENT LIABILITIES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Description</b>	<b>Carrying Amount</b>
Guarantee deposits		\$ 3,830
Others	Credit balance of investments accounted for using equity method	<u>14,324</u>
		<u>\$ 18,154</u>

**POU CHEN CORPORATION****STATEMENT OF NET OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Carrying Amount</b>
Sales revenue		
Shoes material trade		\$ 4,226,021
Less: Sales return		(2,701)
Sales discounts and allowances		<u>(3)</u>
		<u>4,223,317</u>
Service revenue		
Technical service revenue		1,779,472
Others		<u>2,307,260</u>
		<u>4,086,732</u>
		<u>\$ 8,310,049</u>

**POU CHEN CORPORATION****STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw material	
Balance at January 1, 2021	\$ 66,618
Add: Raw material purchased	250,565
Less: Raw material at December 31, 2021	(96,250)
Raw material sold	(7,803)
Sample transfer to operating expenses	(4,212)
Disposal	<u>(278)</u>
Consumption of raw material for the year	<u>208,640</u>
Indirect raw material	
Balance at January 1, 2021	348
Supplies inventory at January 1, 2021	2,852
Add: Material purchased for the year	3,306
Less: Indirect raw material at December 31, 2021	(617)
Supplies inventory at December 31, 2021	(1,043)
Materials sold	(96)
Sample transfer to operating expenses	<u>(2,695)</u>
Consumption of indirect raw material for the year	<u>2,055</u>
Direct labor	8,816
Manufacturing expenses	<u>20,182</u>
Manufacturing cost	239,693
Add: Work in progress at January 1, 2021	3,588
Less: Work in progress at December 31, 2021	(12,124)
Sample transfer to operating expenses	(797)
Disposal	<u>(104)</u>
Costs of finished goods for the year	230,256
Add: Finished goods at January 1, 2021	4,954
Less: Finished goods at December 31, 2021	(16,748)
Sample transfer to operating expenses	<u>(3,603)</u>
Costs of finished goods for the year	<u>214,859</u>
Merchandise at January 1, 2021	2,791
Merchandise purchased	3,597,220
Less: Merchandise at December 31, 2021	(2,366)
Sample transfer to operating expenses	(1)
Disposal	<u>(671)</u>
Cost of goods sold	<u>3,596,973</u>
Deduction of production costs for the year	
Revenue of sold scrap	(296)
Compensation income	<u>(590)</u>
	<u>(886)</u>
Others operating cost	
Raw material sold	7,899
Losses on inventory valuation loss and obsolescence	9,476
Losses on inventory scrap	1,053
Others	<u>103</u>
	<u>18,531</u>
Operating costs	<u>\$ 3,829,477</u>

**POU CHEN CORPORATION**

**STATEMENT OF SELLING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Description</b>	<b>Amount</b>
Salary and wages		\$ 2,811
Freight		26,052
Entertainment expenses		432
Other expenses		<u>6,926</u>
		<u>\$ 36,221</u>



**POU CHEN CORPORATION****STATEMENT OF ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Amount</b>
Salary and wages		\$ 1,563,158
Insurance		154,091
Depreciation expenses		159,485
Other expenses		<u>516,177</u>
		<u>\$ 2,392,911</u>

**POU CHEN CORPORATION**

**STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Description</b>	<b>Amount</b>
Salary and wages		\$ 962,088
Insurance		110,151
Depreciation expenses		149,297
Other expenses		<u>324,446</u>
		<u>\$ 1,545,982</u>

## POU CHEN CORPORATION

## STATEMENT OF EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION BY FUNCTION

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2021			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Employee benefits expense				
Salaries and wages expense	\$ 11,576	\$ 2,408,715	\$ -	\$ 2,420,291
Labor/health insurance	\$ 1,506	\$ 228,655	\$ -	\$ 230,161
Pension expense	\$ 732	\$ 141,577	\$ -	\$ 142,309
Directors' remuneration	\$ -	\$ 119,342	\$ -	\$ 119,342
Others	\$ 440	\$ 45,349	\$ -	\$ 45,789
Depreciation				
Property, plant and equipment	\$ 4,407	\$ 275,901	\$ -	\$ 280,308
Right-of-use assets	-	32,882	-	32,882
Investment property	-	-	38,535	38,535
	\$ 4,407	\$ 308,783	\$ 38,535	\$ 351,725
Amortization expense	\$ -	\$ 64,930	\$ -	\$ 64,930
	For the Year Ended December 31, 2020			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Employee benefits expense				
Salaries and wages expense	\$ 11,542	\$ 2,035,532	\$ -	\$ 2,047,074
Labor/health insurance	\$ 1,346	\$ 220,834	\$ -	\$ 222,180
Pension expense	\$ 685	\$ 138,179	\$ -	\$ 138,864
Directors' remuneration	\$ -	\$ 55,880	\$ -	\$ 55,880
Others	\$ 416	\$ 47,627	\$ -	\$ 48,043
Depreciation				
Property, plant and equipment	\$ 4,470	\$ 286,323	\$ -	\$ 290,793
Right-of-use assets	-	28,877	-	28,877
Investment property	-	-	54,390	54,390
	\$ 4,470	\$ 315,200	\$ 54,390	\$ 374,060
Amortization expense	\$ -	\$ 40,925	\$ -	\$ 40,925

(Continued)

Note 1: As of December 31, 2021 and 2020, the number of employees was 3,078 and 3,219, respectively. Among them, there were five directors who did not serve concurrently as employees for both years.

Note 2: As of December 31, 2021 and 2020, the average employee benefits were \$924 thousand and \$764 thousand, respectively; the average salaries and wages amounted to \$788 thousand and \$637 thousand, respectively. The average salaries and wages decreased by 23.7%.

Note 3: The Company's compensation policies:

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

(Concluded)