

**Kwong Lung Enterprise Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Kwong Lung Enterprise Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Kwong Lung Enterprise Co., Ltd. and its subsidiaries (collectively, the “Group”) as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 14 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2023 and 2022, the combined total assets of these non-significant subsidiaries were NT\$1,832,168 thousand and NT\$2,426,932 thousand, respectively, representing 21% and 27%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$586,830 thousand and NT\$830,405 thousand, respectively, representing 16% and 22%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2023 and 2022, the amounts of combined comprehensive income or loss of these subsidiaries were NT\$16,538 thousand and NT\$17,693 thousand, respectively, representing 11% and 9%, respectively, of the consolidated total comprehensive income. In addition, as disclosed in Note 15, the investments accounted for using the equity method, as of March 31, 2023 and 2022, were NT\$402,166 thousand and NT\$322,338 thousand, respectively, and the consolidated equity in these investees' net gain (loss) for the three months ended March 31, 2023 and 2022 amounted to NT\$(258) thousand and NT\$1,760 thousand, respectively, and the related investment amounts as well as additional disclosures are based on

these investees' unreviewed financial statements for the same reporting periods as those of the Group.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and other investees accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022 and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Ching-fu Chang and Meng-chieh Chiu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 11, 2023

Notice to Readers

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

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

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 803,973	9	\$ 1,529,546	18	\$ 1,390,037	16
Financial assets at fair value through profit or loss - current (Note 7)	4,671	-	4,873	-	5,741	-
Financial assets at amortized cost - current (Notes 9 and 32)	521,108	6	69,412	1	138,097	2
Notes receivable (Note 11)	507	-	8,925	-	1,053	-
Trade receivables (Notes 11 and 31)	947,856	11	969,216	11	1,068,311	12
Other receivables (Note 11)	347,107	4	249,302	3	484,988	5
Inventories (Note 13)	2,396,384	27	2,117,954	25	2,664,165	30
Other current assets (Notes 12 and 20)	<u>208,669</u>	<u>3</u>	<u>214,227</u>	<u>2</u>	<u>261,028</u>	<u>3</u>
Total current assets	<u>5,230,275</u>	<u>60</u>	<u>5,163,455</u>	<u>60</u>	<u>6,013,420</u>	<u>68</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	321	-	-	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 10)	229,413	3	173,383	2	239,371	3
Financial assets at amortized cost - non-current (Note 9)	50,000	1	50,000	1	-	-
Investments accounted for using the equity method (Note 15)	402,166	5	352,564	4	322,338	4
Property, plant and equipment (Notes 16, 31 and 32)	1,699,779	19	1,631,600	19	1,555,639	17
Right-of-use assets (Notes 17 and 31)	105,066	1	96,778	1	110,240	1
Investment properties, net (Note 18)	793,271	9	800,475	9	384,909	4
Intangible assets (Note 19)	33,061	-	35,280	-	42,542	-
Deferred tax assets	46,304	-	50,208	1	66,870	1
Other non-current assets (Notes 12 and 20)	<u>162,635</u>	<u>2</u>	<u>213,144</u>	<u>3</u>	<u>172,004</u>	<u>2</u>
Total non-current assets	<u>3,522,016</u>	<u>40</u>	<u>3,403,432</u>	<u>40</u>	<u>2,893,913</u>	<u>32</u>
TOTAL	<u>\$ 8,752,291</u>	<u>100</u>	<u>\$ 8,566,887</u>	<u>100</u>	<u>\$ 8,907,333</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 21)	\$ 973,902	11	\$ 799,039	9	\$ 1,119,980	13
Short-term bills payable (Note 21)	-	-	30,000	-	30,000	-
Financial liabilities at fair value through profit or loss - current (Note 7)	6,625	-	18,622	-	8,568	-
Notes payable	13,236	-	22,905	-	7,934	-
Trade payables (Note 31)	822,297	9	827,212	10	1,083,140	12
Other payables (Notes 22 and 31)	924,487	11	393,454	5	333,053	4
Current tax liabilities (Note 4)	216,150	3	221,769	3	152,264	2
Lease liabilities - current (Notes 17 and 31)	32,300	-	34,160	-	50,612	1
Current portion of long-term liabilities (Notes 21 and 32)	-	-	1,460	-	-	-
Other current liabilities	<u>46,376</u>	<u>1</u>	<u>55,328</u>	<u>1</u>	<u>37,670</u>	<u>-</u>
Total current liabilities	<u>3,035,373</u>	<u>35</u>	<u>2,403,949</u>	<u>28</u>	<u>2,823,221</u>	<u>32</u>
NON-CURRENT LIABILITIES						
Financial liabilities at fair value through profit or loss - non-current (Note 7)	2,179	-	-	-	-	-
Long-term borrowings (Notes 21 and 32)	400,000	5	427,210	5	708,670	8
Deferred tax liabilities	122,360	1	122,999	2	127,211	2
Lease liabilities - non-current (Notes 17 and 31)	29,247	-	18,746	-	26,912	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	13,528	-	14,061	-	17,958	-
Other non-current liabilities	<u>7,695</u>	<u>-</u>	<u>7,594</u>	<u>-</u>	<u>5,239</u>	<u>-</u>
Total non-current liabilities	<u>575,009</u>	<u>6</u>	<u>590,610</u>	<u>7</u>	<u>885,990</u>	<u>10</u>
Total liabilities	<u>3,610,382</u>	<u>41</u>	<u>2,994,559</u>	<u>35</u>	<u>3,709,211</u>	<u>42</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 24 and 27)						
Share capital						
Ordinary shares	1,425,003	16	1,408,331	16	1,315,023	15
Preference shares	81,915	1	96,117	1	182,000	2
Advance receipts for ordinary shares	-	-	279	-	-	-
Total share capital	<u>1,506,918</u>	<u>17</u>	<u>1,504,727</u>	<u>17</u>	<u>1,497,023</u>	<u>17</u>
Capital surplus	<u>2,226,160</u>	<u>25</u>	<u>2,219,093</u>	<u>26</u>	<u>2,197,817</u>	<u>25</u>
Retained earnings						
Legal reserve	575,708	7	575,708	7	516,709	6
Special reserve	182,576	2	182,576	2	59,807	1
Unappropriated earnings	688,720	8	1,181,999	14	1,021,789	11
Total retained earnings	<u>1,447,004</u>	<u>17</u>	<u>1,940,283</u>	<u>23</u>	<u>1,598,305</u>	<u>18</u>
Other equity interests						
Exchange differences on translation of the financial statements of foreign operations	(181,402)	(2)	(167,501)	(2)	(276,159)	(3)
Unrealized valuation gain on financial assets at fair value through other comprehensive income	141,349	2	72,010	1	157,325	1
Total other equity interests	<u>(40,053)</u>	<u>-</u>	<u>(95,491)</u>	<u>(1)</u>	<u>(118,834)</u>	<u>(2)</u>
Total equity attributable to owners of the Company	5,140,029	59	5,568,612	65	5,174,311	58
NON-CONTROLLING INTERESTS	<u>1,880</u>	<u>-</u>	<u>3,716</u>	<u>-</u>	<u>23,811</u>	<u>-</u>
Total equity	<u>5,141,909</u>	<u>59</u>	<u>5,572,328</u>	<u>65</u>	<u>5,198,122</u>	<u>58</u>
TOTAL	<u>\$ 8,752,291</u>	<u>100</u>	<u>\$ 8,566,887</u>	<u>100</u>	<u>\$ 8,907,333</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated May 11, 2023)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Note 31)				
Sales revenue	\$ 1,746,053	100	\$ 2,109,941	100
OPERATING COSTS (Notes 13, 25 and 31)				
Cost of goods sold	<u>(1,450,032)</u>	<u>(83)</u>	<u>(1,829,695)</u>	<u>(87)</u>
GROSS PROFIT	<u>296,021</u>	<u>17</u>	<u>280,246</u>	<u>13</u>
OPERATING EXPENSES (Notes 25 and 31)				
Selling and marketing expenses	(73,401)	(4)	(79,210)	(4)
General and administrative expenses	(86,801)	(5)	(73,285)	(3)
Research and development expenses	(12,490)	(1)	(10,715)	(1)
Expected credit loss	<u>(985)</u>	<u>-</u>	<u>(922)</u>	<u>-</u>
Total operating expenses	<u>(173,677)</u>	<u>(10)</u>	<u>(164,132)</u>	<u>(8)</u>
PROFIT FROM OPERATIONS	<u>122,344</u>	<u>7</u>	<u>116,114</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES (Notes 25 and 31)				
Interest income	12,630	1	3,119	-
Other income	4,213	-	2,378	-
Other gains and losses	(9,630)	(1)	53,743	3
Finance costs	(6,343)	-	(4,295)	-
Share of profit of associates accounted for using the equity method	<u>(258)</u>	<u>-</u>	<u>1,760</u>	<u>-</u>
Total non-operating income and expenses	<u>612</u>	<u>-</u>	<u>56,705</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	122,956	7	172,819	8
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(27,811)</u>	<u>(1)</u>	<u>(27,470)</u>	<u>(1)</u>
NET PROFIT FOR THE PERIOD	<u>95,145</u>	<u>6</u>	<u>145,349</u>	<u>7</u>

(Continued)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ 30,300	2	\$ (15,900)	(1)
Share of the other comprehensive income of associates accounted for using the equity method	<u>39,331</u>	<u>2</u>	<u>11,472</u>	<u>1</u>
	<u>69,631</u>	<u>4</u>	<u>(4,428)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(13,939)	(1)	65,311	3
Unrealized gain on investments in debt investments at fair value through other comprehensive income	<u>337</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(13,602)</u>	<u>(1)</u>	<u>65,311</u>	<u>3</u>
Other comprehensive income for the period, net of income tax	<u>56,029</u>	<u>3</u>	<u>60,883</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 151,174</u>	<u>9</u>	<u>\$ 206,232</u>	<u>10</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 95,288	5	\$ 145,427	7
Non-controlling interests	<u>(143)</u>	<u>-</u>	<u>(78)</u>	<u>-</u>
	<u>\$ 95,145</u>	<u>5</u>	<u>\$ 145,349</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 151,348	9	\$ 205,646	10
Non-controlling interests	<u>(174)</u>	<u>-</u>	<u>586</u>	<u>-</u>
	<u>\$ 151,174</u>	<u>9</u>	<u>\$ 206,232</u>	<u>10</u>

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 27)				
From continuing operations				
Basic	\$ 0.53		\$ 1.11	
Diluted	\$ 0.52		\$ 0.97	

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

(With Deloitte & Touche auditors' review report dated May 11, 2023)

(Concluded)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Parent Company								Other Equity Interests		Total	Non-controlling Interests	Total Equity
	Share Capital				Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
	Ordinary Shares	Advance Receipts for Ordinary Shares	Preference Shares	Subtotal		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2022	\$ 1,313,228	\$ 4,348	\$ 182,000	\$ 1,499,576	\$ 2,192,751	\$ 516,709	\$ 59,807	\$ 872,772	\$ (347,919)	\$ 165,343	\$ 4,959,039	\$ 23,225	\$ 4,982,264
Net profit (loss) for the three months ended March 31, 2022	-	-	-	-	-	-	-	145,427	-	-	145,427	(78)	145,349
Other comprehensive income (loss) for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	-	-	-	64,647	(4,428)	60,219	664	60,883
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	-	-	145,427	64,647	(4,428)	205,646	586	206,232
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	-	-	7,113	-	7,113	-	7,113
Issuance of ordinary shares under employee share options	1,795	(4,348)	-	(2,553)	5,066	-	-	-	-	-	2,513	-	2,513
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	3,590	-	(3,590)	-	-	-
BALANCE AT MARCH 31, 2022	\$ 1,315,023	\$ -	\$ 182,000	\$ 1,497,023	\$ 2,197,817	\$ 516,709	\$ 59,807	\$ 1,021,789	\$ (276,159)	\$ 157,325	\$ 5,174,311	\$ 23,811	\$ 5,198,122
BALANCE AT JANUARY 1, 2023	\$ 1,408,331	\$ 279	\$ 96,117	\$ 1,504,727	\$ 2,219,093	\$ 575,708	\$ 182,576	\$ 1,181,999	\$ (167,501)	\$ 72,010	\$ 5,568,612	\$ 3,716	\$ 5,572,328
Appropriation of the 2022 earnings													
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(566,469)	-	-	(566,469)	-	(566,469)
Cash dividends of preference shares distributed by the Company	-	-	-	-	-	-	-	(22,607)	-	-	(22,607)	-	(22,607)
Net profit (loss) for the three months ended March 31, 2023	-	-	-	-	-	-	-	95,288	-	-	95,288	(143)	95,145
Other comprehensive income (loss) for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	-	-	(13,908)	69,968	56,060	(31)	56,029
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	-	-	95,288	(13,908)	69,968	151,348	(174)	151,174
Convertible preference shares converted	14,202	-	(14,202)	-	-	-	-	-	-	-	-	-	-
Actual disposal or acquisition of interests in subsidiaries	-	-	-	-	-	-	-	(120)	7	-	(113)	(1,662)	(1,775)
Issuance of ordinary shares under employee share options	2,470	(279)	-	2,191	7,067	-	-	-	-	-	9,258	-	9,258
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	629	-	(629)	-	-	-
BALANCE AT MARCH 31, 2023	\$ 1,425,003	\$ -	\$ 81,915	\$ 1,506,918	\$ 2,226,160	\$ 575,708	\$ 182,576	\$ 688,720	\$ (181,402)	\$ 141,349	\$ 5,140,029	\$ 1,880	\$ 5,141,909

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

(With Deloitte & Touche auditors' review report dated May 11, 2023)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 122,956	\$ 172,819
Adjustments for:		
Depreciation expense	38,954	43,094
Amortization expense	2,226	3,216
Expected credit loss	985	922
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	3,812	2,827
Finance costs	6,343	4,295
Interest income	(12,630)	(3,119)
Compensation costs of employee share options	914	83
Share of loss (profit) of associates accounted for using the equity method	258	(1,760)
(Gain) loss on disposal of property, plant and equipment	(1,080)	99
Gain on disposal of investment properties	-	(25,289)
Loss on disposal of associates accounted for using the equity method	-	8,516
Write-downs of inventories	8,233	30,397
Net loss (gain) on foreign currency exchange	1,756	(7,232)
Other gains	-	(73)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	4,873	1,673
Notes receivable	8,418	87,371
Trade receivables	29,415	(186,578)
Other receivables	(99,002)	(104,147)
Inventories	(286,255)	(302,001)
Other current assets	10,458	(94,340)
Financial liabilities held for trading	(18,622)	(3,816)
Notes payable	(9,669)	2,662
Trade payables	(13,837)	233,776
Other payables	(57,807)	(5,261)
Other current liabilities	(8,952)	4,929
Net defined benefit liabilities	(533)	(589)
Cash used in operations	(268,786)	(137,526)
Interest received	10,945	2,479
Interest paid	(6,128)	(4,005)
Income tax paid	(30,166)	(10,429)
	(294,135)	(149,481)
Net cash used in operating activities		(Continued)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (25,393)	\$ -
Acquisition of financial assets at amortized cost	(454,356)	(2,519)
Proceeds from disposal of financial assets at amortized cost	2,660	-
Acquisition of investments accounted for using the equity method	(10,899)	-
Acquisition of property, plant and equipment	(74,940)	(38,183)
Proceeds from disposal of property, plant and equipment	47,808	23,941
Proceeds from disposal of investment properties	-	96,195
Increase in other non-current assets	<u>(21,465)</u>	<u>(20,099)</u>
Net cash (used in) generated from investing activities	<u>(536,585)</u>	<u>59,335</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	174,863	60,513
Repayments of short-term bills payable	(30,000)	-
Proceeds from long-term borrowings	-	80,000
Repayments of long-term borrowings	(28,670)	(13,043)
Repayments of the principal portion of lease liabilities	(11,002)	(21,039)
Increase (decrease) in other non-current liabilities	101	(538)
Proceeds from share options exercised	8,344	2,430
Changes in non-controlling interests	<u>(1,775)</u>	<u>-</u>
Net cash generated from financing activities	<u>111,861</u>	<u>108,323</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(6,714)</u>	<u>61,069</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(725,573)	79,246
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,529,546</u>	<u>1,310,791</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 803,973</u>	<u>\$ 1,390,037</u>

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

(With Deloitte & Touche auditors' review report dated May 11, 2023)

(Concluded)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Kwong Lung Enterprise Co., Ltd. (the “Company”) was incorporated in February 1966 under the Company Act and related regulations of the Republic of China (ROC). The Company mainly manufactures and sells various feather products including apparel, down and bedding.

The Company’s shares have been trading on the Taipei Exchange (formerly known as Taiwan GreTai Securities Market) since April 1999.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 11, 2023.

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

b. Basis of preparation

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

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

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

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

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

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of financial assets of the cost of an investment in an associate or a joint venture.

See Note 14, Table 7 and Table 8 for detailed information on the subsidiaries (including the percentages of ownership and main businesses).

d. Other significant accounting policies

For the summary of other significant accounting policies, except for leases and the following accounting policies, refer to the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to the consolidated financial statements for the year ended December 31, 2022 for the material accounting judgments and key sources of estimation uncertainty.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 2,105	\$ 1,750	\$ 1,749
Checking accounts and demand deposits	443,167	649,144	681,757
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	<u>358,701</u>	<u>878,652</u>	<u>706,531</u>
	<u>\$ 803,973</u>	<u>\$ 1,529,546</u>	<u>\$ 1,390,037</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets at FVTPL - current</u>			
Mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	\$ 4,671	\$ 4,873	\$ 5,741
<u>Financial assets at FVTPL -non- current</u>			
Mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	\$ 321	\$ -	\$ -
<u>Financial liabilities at FVTPL - current</u>			
Held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	\$ 6,625	\$ 18,622	\$ 8,568
<u>Financial liabilities at FVTPL - non-current</u>			
Held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	\$ 2,179	\$ -	\$ -

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>March 31, 2023</u>			
Buy	USD/RMB	2024.1.16	USD1,000/RMB6,690
Buy	EUR/NTD	2023.4.20-2023.6.15	EUR402/NTD13,104
Buy	EUR/USD	2023.4.28-2023.12.28	EUR2,293/USD2,453
Buy	USD/JPY	2023.5.15-2024.6.21	USD16,055/JPY2,091,744
Buy	EUR/JPY	2023.8.21-2023.12.29	EUR1,759/JPY248,770
Sell	USD/NTD	2023.4.13-2023.5.16	USD4,000/NTD121,360
Sell	USD/RMB	2023.4.28	USD520/RMB3,579
Sell	EUR/NTD	2023.7.28	EUR240/NTD7,759

(Continued)

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2022</u>			
Buy	EUR/NTD	2023.1.6	EUR368/NTD11,826
Buy	EUR/USD	2023.1.18-2023.7.27	EUR2,855/USD3,017
Buy	USD/JPY	2023.1.20-2023.12.29	USD9,017/JPY1,234,434
Buy	EUR/JPY	2023.1.31-2023.12.29	EUR2,089/JPY290,911
Sell	EUR/NTD	2023.3.29-2023.7.28	EUR652/NTD20,455
Sell	USD/RMB	2023.2.17	USD130/RMB936
Sell	USD/NTD	2023.1.9-2023.1.31	USD4,000/NTD124,496
<u>March 31, 2022</u>			
Buy	EUR/NTD	2022.4.14	EUR64/NTD2,112
Buy	EUR/USD	2022.4.28-2022.12.28	EUR2,753/USD3,177
Buy	NTD/JPY	2022.5.25	NTD4,676/JPY19,456
Buy	USD/JPY	2022.4.4-2022.12.19	USD936/JPY109,702
Buy	EUR/JPY	2022.9.30-2023.2.28	EUR2,116/JPY269,935
Sell	EUR/NTD	2022.7.27-2022.12.28	EUR913/NTD28,892
Sell	USD/RMB	2022.4.28-2022.6.29	USD1,510/RMB9,670
Sell	USD/JPY	2022.8.23-2022.9.22	USD1,350/JPY162,590
Sell	USD/NTD	2022.4.18-2022.6.22	USD6,000/NTD166,690
(Concluded)			

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Non-current</u>			
Investments in equity instruments (a)			
Domestic listed shares	\$ 180,300	\$ 150,000	\$ 215,400
Foreign unlisted shares	<u>23,383</u>	<u>23,383</u>	<u>23,971</u>
	<u>203,683</u>	<u>173,383</u>	<u>239,371</u>
Investments in debt instruments (b)			
Financial bonds	<u>25,730</u>	-	-
	<u>\$ 229,413</u>	<u>\$ 173,383</u>	<u>\$ 239,371</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 Group's strategy of holding these investments for long-term purposes.
- In March 2023, the Group bought 8-year corporate bonds issued by Foxconn (Far East) Limited with a coupon rate of 2.5%.

9. FINANCIAL ASSETS AT AMORTIZED COST

<u>Current</u>	March 31, 2023	December 31, 2022	March 31, 2022
Domestic investments			
Restricted assets - bank balance (a)	\$ 10,012	\$ 11,412	\$ 54,097
Time deposits with original maturities of more than 3 months	511,096	58,000	24,000
Private corporate bond with no active market (b)	<u> -</u>	<u> -</u>	<u>60,000</u>
	<u>\$ 521,108</u>	<u>\$ 69,412</u>	<u>\$ 138,097</u>

Non-current

Domestic investments			
Private corporate bond with no active market (c)	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>

- a. Refer to Note 32 for information related to investments in financial assets at amortized cost pledged as security.
- b. The Group held six units of five-year unsecured corporate bonds issued by Snowdown Merchandise Corporation with a coupon rate of 2.75% as of March 31, 2022.
- c. The Group held five units of five-year unsecured corporate bonds issued by Koutou Co., Ltd. with a coupon rate of 2.5% in March 31, 2023 and December 31, 2022.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

The Group invests only in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other publicly available information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

<u>Notes receivable</u>	March 31, 2023	December 31, 2022	March 31, 2022
At amortized cost			
Gross carrying amount	\$ 507	\$ 8,925	\$ 1,053
Less: Allowance for impairment loss	<u> -</u>	<u> -</u>	<u> -</u>
	<u>\$ 507</u>	<u>\$ 8,925</u>	<u>\$ 1,053</u>

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Trade receivables (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 947,937	\$ 969,297	\$ 1,068,392
Less: Allowance for impairment loss	<u>(81)</u>	<u>(81)</u>	<u>(81)</u>
	<u>\$ 947,856</u>	<u>\$ 969,216</u>	<u>\$ 1,068,311</u>
<u>Other receivables</u>			
Sale of raw materials	\$ 447,247	\$ 354,659	\$ 565,579
Tax refund receivable	44,104	40,107	61,628
Others	6,941	4,790	3,704
Less: Allowance for impairment loss	<u>(151,185)</u>	<u>(150,254)</u>	<u>(145,923)</u>
	<u>\$ 347,107</u>	<u>\$ 249,302</u>	<u>\$ 484,988</u>
			(Concluded)

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

Except losses recognized as actual credit loss of individual customer, the Group 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 records of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. Since there are different loss patterns for customer segments of various business units of the Group, the Group uses different provision matrixes based on operating segments and recognizes the allowance for impairment loss in accordance with the expected credit loss based on operating segments. For trade receivables that are over 150 days past due, the Group recognizes loss allowance at full amount.

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

The aging of receivables was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Less than 30 days	\$ 596,531	\$ 370,003	\$ 749,602
31-60 days	262,029	395,282	183,965
61-120 days	<u>89,377</u>	<u>204,012</u>	<u>134,825</u>
	<u>\$ 947,937</u>	<u>\$ 969,297</u>	<u>\$ 1,068,392</u>

The above aging schedule was based on the number of overdue days from the posting date.

The movements of the loss allowance of trade receivables were as follows:

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 81	\$ 81
Add: Net remeasurement of loss allowance	-	-
Foreign exchange gains and losses	<u>-</u>	<u>-</u>
Balance at March 31	<u>\$ 81</u>	<u>\$ 81</u>

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

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 150,254	\$ 144,913
Add: Net remeasurement of loss allowance	985	922
Foreign exchange gains and losses	<u>(54)</u>	<u>88</u>
Balance at March 31	<u>\$ 151,185</u>	<u>\$ 145,923</u>

The Group reviews the recoverable amount of other receivables on an individual basis and evaluates whether there has been a significant increase in credit risk. An adequate allowance for expected credit loss is recognized when forward-looking information of irrecoverable amounts exists.

12. FINANCE LEASE RECEIVABLES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Undiscounted lease payments</u>			
Year 1	\$ 54,538	\$ 49,861	\$ 38,427
Year 2	20,273	20,273	20,273
Year 3	15,235	20,303	20,273
Year 4	-	-	15,235
Year 5	<u>-</u>	<u>-</u>	<u>-</u>
	90,046	90,437	94,208
Less: Unearned finance income	(7,954)	(9,051)	(12,759)
Less: Allowance for impairment loss	<u>(10,836)</u>	<u>(10,836)</u>	<u>(6,317)</u>
Net investment in leases (presented as finance lease receivables)	<u>\$ 71,256</u>	<u>\$ 70,550</u>	<u>\$ 75,132</u>

The Group entered into a finance lease arrangement for certain machinery equipment with a monthly fixed lease payment of \$1,689 thousand. All leases are denominated in New Taiwan dollars, and the average term of the finance lease is 5 years.

The implied interest rates inherent in the leases are fixed at the contract dates for the entire term of the lease. The range of implied interest rates inherent in the finance leases was approximately 9.44%-10.44% per annum as of March 31, 2023.

The Group measures the loss allowance for finance lease receivables at an amount equal to lifetime ECLs. The respective leased equipment served as collateral for the finance lease receivables. As of March 31, 2023, part of the finance lease receivables was past due. The Group has recognized a loss allowance of \$10,836 thousand for finance lease receivables after taking into consideration the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables.

13. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Merchandise	\$ 133,577	\$ 91,465	\$ 128,223
Finished goods	429,738	456,920	498,115
Work in progress	1,024,698	913,239	1,185,565
Raw materials and supplies	732,000	454,363	759,692
Goods to subcontractor	30	41	-
Inventory in transit	<u>76,341</u>	<u>201,926</u>	<u>92,570</u>
	<u>\$ 2,396,384</u>	<u>\$ 2,117,954</u>	<u>\$ 2,664,165</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2023 and 2022 included inventory write-downs of \$8,233 thousand and \$30,397 thousand, respectively.

14. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	Kwong Lung (B.V.I.) Ltd.	Overseas reinvested holding company	100.00	100.00	100.00	Major subsidiary, 1)
	Kwong Lung Meko Co., Ltd.	Manufacturing and selling of down and bedding	100.00	100.00	100.00	Major subsidiary
	Kwong Lung Japan Co., Ltd.	Manufacturing and selling of down and bedding	100.00	100.00	100.00	2)
	Bo Hsing Enterprise Co., Ltd.	Manufacturing and selling of apparel.	100.00	100.00	100.00	3)
	Toptex Garment Co., Ltd.	Manufacturing and selling of apparel.	100.00	100.00	100.00	2)
	P&B Collection Co., Ltd.	Outerwear knitting mills; apparel, clothing accessories and other textile product manufacturing; other textile products manufacturing; cleaning products manufacturing; wholesale and retail sale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories, furniture, bedclothes, kitchen equipment, fixtures, articles for daily use, cleaning preparations and other textile products; wholesale of pottery, porcelain and glassware; international trade	100.00	100.00	100.00	2)
	Kwong Lung-O Mon Company Limited	Manufacturing and selling of apparel	100.00	100.00	100.00	2)
	Manumech Corporation	Wholesale	94.59	94.59	94.59	2)
Kwong Lung (B.V.I.) Ltd.	Kwong Lung Feather (B.V.I.) Limited	Overseas reinvested holding company	100.00	100.00	100.00	2)
	Kwong Lung (Suzhou) Co., Ltd.	Manufacturing and selling of down and bedding	100.00	100.00	100.00	2)
Kwong Lung Japan Co., Ltd.	Rising Living Co., Ltd.	Manufacturing and selling of down and bedding	51.00	51.00	51.00	2)
Bo Hsing Enterprise Co., Ltd.	Kwong Lung Meko (B.V.I.) Ltd.	Overseas reinvested holding company	40.00	40.00	40.00	2)
Kwong Lung Meko Co., Ltd.	Kwong Lung Meko (B.V.I.) Ltd.	Overseas reinvested holding company	60.00	60.00	60.00	2)

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2023	December 31, 2022	March 31, 2022	
Kwong Lung (Suzhou) Co., Ltd.	Kunshan Fulong Trade Co., Ltd.	Wholesale of outdoor supplies, household wares, clothing, and related packaging materials; food; Import and export of goods and technology	100.00	100.00	100.00	2)
	Huai An Guang Long He Yu Home Textile Co., Ltd	Home textile products; textile and apparel production and sales; feather acquisition; down processing, down products production and sales; self-support and agents of various types of goods and technology import and export business	-	-	51.00	2), 4)
P&B Collection Co., Ltd.	Manumech Corporation	Wholesale	5.41	2.76	2.76	2), 5)
Manumech Corporation	Intime Tech Co., Ltd.	Wholesale	100.00	100.00	100.00	2)

(Concluded)

- 1) It is an material subsidiary since 2023, its financial statements have not reviewed as of March 31, 2022.
- 2) It is an immaterial subsidiary; its financial statements have not reviewed as of March 31, 2023 and 2022.
- 3) It is an immaterial subsidiary; its financial statements have been reviewed as of March 31, 2023 and March 31, 2022.
- 4) In line with its business plan, the Group's board of directors resolved to dispose of its subsidiary, Huai An He Yu Textile Co., Ltd. to the related party in substance, Hongze Qiyu Home Textile Co., Ltd., on September 23, 2022 and the registration change of ownership was completed on October 8, 2022. The Group recognized a loss on disposal of \$54 thousand. Refer to Note 28 to the consolidated financial statements for the year ended December 31, 2022 for details of the transaction.
- 5) In February 2023, the Group acquired 2.65% equity interest in Manumech Corporation from non-controlling interests, and the Group's shareholding in Manumech Corporation increased from 97.35% to 100%. Refer to Note 29 for the details.

b. Subsidiaries excluded from the consolidated financial statements: None.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates

	March 31, 2023	December 31, 2022	March 31, 2022
Material associate			
Snowdown Merchandise Corporation	\$ 260,150	\$ 237,026	\$ 236,974
Associates that are not individually material	<u>142,016</u>	<u>115,538</u>	<u>85,364</u>
	<u>\$ 402,166</u>	<u>\$ 352,564</u>	<u>\$ 322,338</u>

Material associates

Name of Associate	Proportion of Ownership and Voting Rights		
	December 31,		
	March 31, 2023	2022	March 31, 2022
Snowdown Merchandise Corporation	39.5%	39.5%	39.5%

The nature of activities, principal location of business and incorporation of the above associates are disclosed in Table 7.

In 2021, the Group held a 25% interest in JBV Hi-Tech Ltd. and accounted for the investment as an associate. The Group exchanged all interest held in JBV Hi-Tech Ltd. for 1.99% interest in J&B International Inc. The Group recognized J&B International Inc. as financial assets at fair value through other comprehensive income. The amount recognized in profit or loss as a result of this transaction was calculated as follows:

Fair value of interest in J&B International Inc.	\$ 23,971
Less: Carrying amount of investment on the date of loss of significant influence	(25,374)
Less: Share of other comprehensive income of the associate	<u>(7,113)</u>
Loss recognized	<u>\$ (8,516)</u>

Investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the investees' financial statements which have not been audited. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the investees' financial statements which have not been audited.

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Property under Construction	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 729,522	\$ 1,112,777	\$ 577,860	\$ 34,738	\$ 167,378	\$ 231,665	\$ 2,853,940
Additions	-	78,545	1,139	230	1,195	61,516	142,625
Disposals	(41,762)	(10,973)	(3,015)	-	(28,534)	-	(84,284)
Effects of foreign currency exchange differences	-	(2,788)	(2,655)	(173)	(112)	244	(5,484)
Balance at March 31, 2023	<u>\$ 687,760</u>	<u>\$ 1,177,561</u>	<u>\$ 573,329</u>	<u>\$ 34,795</u>	<u>\$ 139,927</u>	<u>\$ 293,425</u>	<u>\$ 2,906,797</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2023	\$ -	\$ 548,879	\$ 491,555	\$ 30,079	\$ 151,827	\$ -	\$ 1,222,340
Disposals	-	(6,294)	(3,015)	-	(28,247)	-	(37,556)
Depreciation expense	-	15,144	8,330	614	2,047	-	26,135
Effects of foreign currency exchange differences	-	(1,415)	(2,215)	(158)	(113)	-	(3,901)
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 556,314</u>	<u>\$ 494,655</u>	<u>\$ 30,535</u>	<u>\$ 125,514</u>	<u>\$ -</u>	<u>\$ 1,207,018</u>
Carrying amount at January 1, 2023	<u>\$ 729,522</u>	<u>\$ 563,898</u>	<u>\$ 86,305</u>	<u>\$ 4,659</u>	<u>\$ 15,551</u>	<u>\$ 231,665</u>	<u>\$ 1,631,600</u>
Carrying amount at March 31, 2023	<u>\$ 687,760</u>	<u>\$ 621,247</u>	<u>\$ 78,674</u>	<u>\$ 4,260</u>	<u>\$ 14,413</u>	<u>\$ 293,425</u>	<u>\$ 1,699,779</u>
<u>Cost</u>							
Balance at January 1, 2022	\$ 750,609	\$ 1,055,946	\$ 646,956	\$ 35,816	\$ 216,326	\$ 100,135	\$ 2,805,788
Additions	-	595	1,262	-	1,818	34,135	37,810
Disposals	(21,240)	(2,371)	(1,773)	(4)	(52)	-	(25,440)
Reclassification	153	22,190	-	-	-	(22,343)	-
Effects of foreign currency exchange differences	-	15,788	16,587	1,032	1,484	1,247	36,138
Balance at March 31, 2022	<u>\$ 729,522</u>	<u>\$ 1,092,148</u>	<u>\$ 663,032</u>	<u>\$ 36,844</u>	<u>\$ 219,576</u>	<u>\$ 113,174</u>	<u>\$ 2,854,296</u>

(Continued)

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Property under Construction	Total
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2022	\$ -	\$ 476,432	\$ 545,870	\$ 29,295	\$ 196,721	\$ -	\$ 1,248,318
Disposals	-	(333)	(1,067)	-	-	-	(1,400)
Depreciation expense	-	14,506	9,138	703	2,356	-	26,703
Effects of foreign currency exchange differences	-	9,188	13,766	824	1,258	-	25,036
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 499,793</u>	<u>\$ 567,707</u>	<u>\$ 30,822</u>	<u>\$ 200,335</u>	<u>\$ -</u>	<u>\$ 1,298,657</u>
Carrying amount at January 1, 2022	<u>\$ 750,609</u>	<u>\$ 579,514</u>	<u>\$ 101,086</u>	<u>\$ 6,521</u>	<u>\$ 19,605</u>	<u>\$ 100,135</u>	<u>\$ 1,557,470</u>
Carrying amount at March 31, 2022	<u>\$ 729,522</u>	<u>\$ 592,355</u>	<u>\$ 95,325</u>	<u>\$ 6,022</u>	<u>\$ 19,241</u>	<u>\$ 113,174</u>	<u>\$ 1,555,639</u>

(Concluded)

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

Building

Main buildings 3 to 51 years

Construction 1 to 26 years

Machinery equipment 2 to 20 years

Transportation equipment 4 to 12 years

Other equipment

Office equipment 3 to 13 years

Air conditioning 36 to 51 years

Utilities equipment 2 to 23 years

Others 2 to 25 years

Leasehold improvements 1 to 5 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 32.

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Land	\$ 47,539	\$ 48,428	\$ 47,345
Buildings	40,590	35,955	47,466
Machinery	904	1,080	1,899
Transportation equipment	<u>16,033</u>	<u>11,315</u>	<u>13,530</u>
	<u>\$ 105,066</u>	<u>\$ 96,778</u>	<u>\$ 110,240</u>
		For the Three Months Ended	
		March 31	
		2023	2022
Additions to right-of-use assets		<u>\$ 19,877</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets			
Land		\$ 559	\$ 689
Buildings		8,021	12,292
Machinery		177	215
Transportation equipment		<u>2,305</u>	<u>1,950</u>
		<u>\$ 11,062</u>	<u>\$ 15,146</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2023 and 2022.

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Current	<u>\$ 32,300</u>	<u>\$ 34,160</u>	<u>\$ 50,612</u>
Non-current	<u>\$ 29,247</u>	<u>\$ 18,746</u>	<u>\$ 26,912</u>

Range of discount rates for lease liabilities was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Land	1.28%	1.28%	1.28%
Buildings	0.37%-9.64%	0.37%-9.64%	0.52%-5.75%
Machinery	1.03%-5%	1.03%-5%	1.03%-5%
Transportation equipment	0.52%-1.54%	0.52%-1.28%	0.52%-1.28%

c. Other lease information

	For the Three Months Ended March 31	
	2023	2022
Expenses relating to short-term leases and department stores	<u>\$ 8,717</u>	<u>\$ 2,011</u>
Expenses relating to low-value asset leases	<u>\$ 175</u>	<u>\$ 309</u>
Total cash outflow for leases	<u>\$ (20,221)</u>	<u>\$ (23,975)</u>

The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

18. INVESTMENT PROPERTIES

	For the Three Months Ended March 31	
	2023	2022
<u>Cost</u>		
Balance at January 1	\$ 813,487	\$ 470,423
Disposals	-	(71,257)
Effects of foreign currency exchange differences	<u>(5,586)</u>	<u>(5,558)</u>
Balance at March 31	<u>\$ 807,901</u>	<u>\$ 393,608</u>

(Continued)

	For the Three Months Ended March 31	
	<u>2023</u>	<u>2022</u>
<u>Accumulated depreciation</u>		
Balance at January 1	\$ 13,012	\$ 7,938
Depreciation expense	1,757	1,245
Disposals	-	(351)
Effects of foreign currency exchange differences	<u>(139)</u>	<u>(133)</u>
Balance at March 31	<u>\$ 14,630</u>	<u>\$ 8,699</u>
Carrying amount at March 31	<u>\$ 793,271</u>	<u>\$ 384,909</u>
		(Concluded)

Investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Main buildings 10-50 years

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value	<u>\$ 815,562</u>	<u>\$ 821,029</u>	<u>\$ 400,996</u>

Management of the Group had assessed and determined that there were no significant changes in the fair value of investment properties as of March 31, 2023 and 2022, as compared to the fair values as of December 31, 2022 and 2021.

19. INTANGIBLE ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
Goodwill	\$ 22,022	\$ 22,022	\$ 22,022
Cost of computer software	9,580	11,770	19,136
Others	<u>1,459</u>	<u>1,488</u>	<u>1,384</u>
	<u>\$ 33,061</u>	<u>\$ 35,280</u>	<u>\$ 42,542</u>

Other intangible assets are amortized on a straight-line basis over their estimated useful lives of 1-5 years.

20. OTHER ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Overpaid tax retained for offsetting future tax payable	\$ 64,199	\$ 43,083	\$ 90,981
Prepayments	54,300	91,461	76,541
Finance lease receivables (Note 12)	38,784	33,884	26,488
Others	<u>51,386</u>	<u>45,799</u>	<u>67,018</u>
	<u>\$ 208,669</u>	<u>\$ 214,227</u>	<u>\$ 261,028</u>
<u>Non-current</u>			
Finance lease receivables (Note 12)	\$ 32,472	\$ 36,666	\$ 48,644
Refundable deposits	32,983	26,024	24,787
Prepayments for investment	36,136	36,136	45,900
Prepayments for equipment	37,873	23,915	15,753
Prepayments for land and building	-	82,129	30,000
Others	<u>23,171</u>	<u>8,274</u>	<u>6,920</u>
	<u>\$ 162,635</u>	<u>\$ 213,144</u>	<u>\$ 172,004</u>

21. BORROWINGS

a. Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Secured borrowings</u>			
Bank loans (1)	\$ -	\$ 13,224	\$ -
<u>Unsecured borrowings</u>			
Line of credit borrowings	894,764	785,815	1,119,980
Loans from non-related parties	<u>79,138</u>	<u>-</u>	<u>-</u>
	<u>\$ 973,902</u>	<u>\$ 799,039</u>	<u>\$ 1,119,980</u>
Range of interest rates	<u>0.25%-3.90%</u>	<u>0.26%-4.62%</u>	<u>0.27%-1.97%</u>

b. Short-term bills payable

	March 31, 2023	December 31, 2022	March 31, 2022
Commercial paper	\$ -	\$ 30,000	\$ 30,000
Less: Unamortized discounts on bills payable	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>

c. Current portion of long-term liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Current portion of long-term borrowings	\$ <u>-</u>	\$ <u>1,460</u>	\$ <u>-</u>

d. Long-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Secured borrowings			
Bank loans*	\$ -	\$ 28,670	\$ 28,670
Unsecured borrowings			
Credit borrowings	<u>400,000</u>	<u>400,000</u>	<u>680,000</u>
	400,000	428,670	708,670
Less: Current portions	<u>-</u>	<u>(1,460)</u>	<u>-</u>
Long-term borrowings	<u>\$ 400,000</u>	<u>\$ 427,210</u>	<u>\$ 708,670</u>
Range of interest rates	<u>1.83%</u>	<u>1.66%-1.98%</u>	<u>0.62%-1.45%</u>

* The bank borrowings are secured by the Group's freehold land and buildings (see Note 32).

22. OTHER PAYABLES

	March 31, 2023	December 31, 2022	March 31, 2022
Payables for payroll and employee benefit	\$ 120,306	\$ 198,833	\$ 126,068
Payables for dividends	589,076	-	-
Payables for compensation of employees	57,577	43,827	25,667
Payables for remuneration of directors and supervisors	31,000	25,000	19,750
Payables for fabrication expense	33,903	22,304	15,679
Payables for VAT	2,383	-	5,302
Payables for purchase of equipment	-	486	850
Others	<u>90,242</u>	<u>103,004</u>	<u>139,737</u>
	<u>\$ 924,487</u>	<u>\$ 393,454</u>	<u>\$ 333,053</u>

23. RETIREMENT BENEFIT PLANS

Employee benefit expenses for the three months ended March 31, 2023 and 2022 in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2022 and 2021. The Group recognized pension amount of \$66 thousand and \$59 thousand for the three months ended March 31, 2023 and 2022, respectively.

24. EQUITY

a. Share capital

Ordinary shares

	March 31, 2023	December 31, 2022	March 31, 2022
Number of shares authorized (in thousands)	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>
Shares authorized	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Number of shares issued and fully paid (in thousands)	<u>142,500</u>	<u>140,833</u>	<u>131,502</u>
Shares issued	<u>\$ 1,425,003</u>	<u>\$ 1,408,331</u>	<u>\$ 1,315,023</u>
Number of advance receipts for ordinary shares (in thousands)	<u>-</u>	<u>8</u>	<u>-</u>
Advance receipts for ordinary shares	<u>\$ -</u>	<u>\$ 279</u>	<u>\$ -</u>

The change in the Company's ordinary shares was mainly due to the exercise of employee share options and conversion of convertible preference shares. Since the delivery of shares has not been settled at the end of the reporting period, advances received from the exercise of employee share options were recognized as advance receipts for ordinary shares.

Preference shares

The board of directors resolved to issue preference shares A on September 25, 2018. The issuance of preference shares A was approved under the Rule No. 1070337798 issued by FSC on October 25, 2018. The total amount of preference share A issued was \$910,000 thousand, consisting of 18,200 thousand shares sold at \$50, with a par value of \$10. The record date of capital increase was December 20, 2018. The payment of all issued preference shares was received and the relevant statutory registration procedures were completed. The preference shares are classified as equity.

The rights and obligations of the preference shares A are as follows:

- 1) The preference shares are perpetual.
- 2) The dividends of preference shares A is capped at 5% per annum on the issue price. The dividend rate will be set as 7-year IRS + (fixed rate). The fixed rate will be reset after one business day when 5-year is due.
- 3) The fiscal year-end earnings of the Company shall be applied to the following in order: Payments of taxes, adjustments per financial and accounting principle, making-up of deficit, legal reserve, special reserve by law or reversal, and the remaining shall be paid to holders of preference shares as the current year's dividends. The Company has discretion over the dividend distribution of preference shares A. The Company may decide not to distribute dividends of preference shares in the following circumstances: (a) there are no earnings in a fiscal year, and (b) the earnings are insufficient to distribute dividends of preference shares. The cancellation of dividend payment should not constitute an event of default. The preference shares are noncumulative, and the preference shareholders do not have the right to claim any of the unpaid or omitted dividends in the future. Preference shares dividend will be paid in cash every year after the annual general meeting has approved on the audited financial reports. The board will decide on a payment record date for distributing the dividend. Preference shares dividend on the issued year and redeemed year will be calculated based on actual number of days issued.
- 4) Preference shareholders are not entitled to receive ordinary shares' cash or share dividends derived from earnings or capital reserve.

- 5) Preference shares may be redeemed in whole or in part at issue price anytime after five years of issuance at the original issued price. Unredeemed preference shares shall continue to have the rights and obligations of issuance terms prescribed in this Article. Preference shares dividend on the redeemed year will be calculated based on actual number of days issued.
- 6) The order of claim for distribution of property is prior to ordinary shares. The claim of all series of preference shareholders is equal, but subordinate to the holders of debts. The repayment shall be capped at the respective issue amount of preference shares upon liquidation.
- 7) Preference shareholders do not have voting rights or suffrage. However, they have voting rights with respect to agendas related to the rights and obligations of preference shares in shareholders' meetings.
- 8) Preference shares cannot be converted to ordinary shares within one year after the preference share issuance. The actual conversion period will be subjected to the terms approved by the chairman. Preference shareholders A then can convert partially or wholly into ordinary shares based on the approved conversion terms and period. (conversion ratio 1:1) Once preference shares shareholders A are converted to ordinary shares, it has the same rights as ordinary shareholders. The preference shares dividend will be distributed based on the actual number of days issued. Preference shares shareholders A are not entitled to preference share dividend if the preference shares are converted to ordinary share prior to the ex-dividend record date, but are entitled to ordinary shares dividend derived from earnings and capital reserve.
- 9) Preference shareholders have the same pre-emptive right as ordinary shareholders for newly issued shares.

As of March 31, 2023, a total of 10,008 thousand shares of the Company's preferred share A have been converted to the Company's ordinary shares.

b. Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to share capital (1)</u>			
Issuance of ordinary shares	\$ 1,528,712	\$ 1,519,657	\$ 1,491,952
Conversion of bonds	640,431	640,431	640,431
Treasury share transactions	29,284	29,284	29,284
Expire options	20,715	20,715	20,432
<u>May only be used to offset a deficit (2)</u>			
Share of changes in capital surplus of associates or joint ventures	2,460	2,460	2,460
<u>May not be used for any purpose</u>			
Employee share options	<u>4,558</u>	<u>6,546</u>	<u>13,258</u>
	<u>\$ 2,226,160</u>	<u>\$ 2,219,093</u>	<u>\$ 2,197,817</u>

- 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 to once a year).
 - 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.
- c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash, and a report of such distribution should be submitted in the shareholder's meeting. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors, refer to compensation of employees and remuneration of directors and supervisors in Note 25-(g).

The Company's dividends policy is designed to meet the future operating budget and measure funding requirements. When there is no cumulative loss, the Company shall set aside share dividends at no less than 50% of the net profit. Dividends can be distributed in the form of cash or shares, where cash dividends shall not be less than 30% of the total dividends distributed. If there are no retained earnings to be appropriated, or if the earnings to be appropriated are significantly lower than the prior year's actual appropriation of the earnings, or based on the consideration of the Company's financial, business, and operational factors, then part of or all of the Company's reserve can be appropriated according to the law or the competent authority.

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

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

	For the Year Ended December 31	
	2022	2021
Legal reserve	<u>\$ 93,095</u>	<u>\$ 58,998</u>
Special reserve	<u>\$ (87,085)</u>	<u>\$ 122,769</u>
Ordinary share dividends	<u>\$ 566,469</u>	<u>\$ 394,454</u>
Preference share dividends	<u>\$ 22,607</u>	<u>\$ 45,500</u>
Ordinary share dividends per share (NT\$)	\$ 4	\$ 3
Preference share dividends per share (NT\$)	\$ 2.5	\$ 2.5

The appropriations of cash dividends for 2022 had been resolved by the Company's board of directors on March 14, 2023; the other proposed appropriations for 2022 will be resolved by the shareholders in their meeting to be held on May 31, 2023. The appropriations of earnings for 2021 had been resolved by the shareholders in their meeting on May 31, 2022.

d. Other equity items

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

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ (167,501)	\$ (347,919)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(13,908)	64,647
Reclassification adjustments		
Disposal of foreign operations	-	7,113
Acquisition of partial interest of subsidiary	<u>7</u>	<u>-</u>
Balance at March 31	<u>\$ (181,402)</u>	<u>\$ (276,159)</u>

25. NET PROFIT

a. Interest income

	For the Three Months Ended March 31	
	2023	2022
Bank deposits	\$ 11,174	\$ 1,154
Financial assets at amortized cost	308	339
Investments in debt instruments measured at FVTOCI	51	-
Net investments in leases	<u>1,097</u>	<u>1,626</u>
	<u>\$ 12,630</u>	<u>\$ 3,119</u>

b. Other income

	For the Three Months Ended March 31	
	2023	2022
Rental income	<u>\$ 4,213</u>	<u>\$ 2,378</u>

c. Other gains and losses

	For the Three Months Ended March 31	
	2023	2022
Foreign exchange gains	\$ 62,381	\$ 106,462
Foreign exchange losses	(77,264)	(58,965)
Gain (loss) on financial assets and liabilities designated as at FVTPL	6,119	(1,605)
Gain (loss) on disposal of property, plant and equipment	1,080	(99)
Gain on disposal of investment properties	-	25,289
Loss on disposal of associates accounted for using the equity method	-	(8,516)
Others	<u>(1,946)</u>	<u>(8,823)</u>
	<u>\$ (9,630)</u>	<u>\$ 53,743</u>

d. Finance costs

	For the Three Months Ended March 31	
	2023	2022
Interest on bank loans	\$ 6,016	\$ 3,679
Interest on lease liabilities	<u>327</u>	<u>616</u>
	<u>\$ 6,343</u>	<u>\$ 4,295</u>

e. Depreciation and amortization

	For the Three Months Ended March 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 21,788	\$ 27,820
Operating expenses	15,409	14,029
Other gains and losses	<u>1,757</u>	<u>1,245</u>
	<u>\$ 38,954</u>	<u>\$ 43,094</u>
An analysis of amortization by function		
Operating costs	\$ -	\$ 466
Operating expenses	<u>2,226</u>	<u>2,750</u>
	<u>\$ 2,226</u>	<u>\$ 3,216</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2023	2022
Post-employment benefits		
Defined contribution plans	\$ 3,825	\$ 3,956
Defined benefit plans	<u>66</u>	<u>59</u>
	3,891	4,015
Share-based payments		
Equity-settled	914	83
Other employee benefits	<u>282,167</u>	<u>268,132</u>
Total employee benefits expense	<u>\$ 286,972</u>	<u>\$ 272,230</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 194,311	\$ 181,552
Operating expenses	<u>92,661</u>	<u>90,678</u>
	<u>\$ 286,972</u>	<u>\$ 272,230</u>

g. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrued compensation of employees and remuneration of directors and supervisors at the rates no less than 1% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. For the three months ended March 31, 2023 and 2022, the compensation of employees and remuneration of directors and supervisors are as follows:

Amount

	For the Three Months Ended March 31	
	2023	2022
	Cash	Cash
Compensation of employees	\$ 13,750	\$ 5,000
Remuneration of directors and supervisors	6,000	3,750

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of compensation of employees and remuneration of directors and supervisors for 2022 and 2021 that were resolved by the board of directors on March 14, 2023 and March 10, 2022, respectively, are as shown below:

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
Compensation of employees	\$ 43,827	\$ 20,667
Remuneration of directors and supervisors	25,000	16,000

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

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

26. INCOME TAXES

a. Income tax expense recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended March 31	
	2023	2022
Current tax		
In respect of the current period	\$ 24,547	\$ 28,050
Deferred tax		
In respect of the current period	<u>3,264</u>	<u>(580)</u>
Income tax expense recognized in profit or loss	<u>\$ 27,811</u>	<u>\$ 27,470</u>

b. Income tax assessments

The tax returns through 2019 have been assessed by the tax authorities, and the Group agrees with the assessment.

27. EARNINGS PER SHARE

Net Profit

	For the Three Months Ended March 31	
	2023	2022
Profit for the period attributable to owners of the Company	\$ 95,288	\$ 145,427
Less: Declared dividends on preference shares	<u>(20,479)</u>	<u>-</u>
Earnings used in the computation of earnings per share	<u>\$ 74,809</u>	<u>\$ 145,427</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	For the Three Months Ended March 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	141,576	131,485
Effect of potentially dilutive ordinary shares:		
Employee share options	81	122
Compensation of employees	884	490
Convertible preference shares	<u>-</u>	<u>18,200</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>142,541</u>	<u>150,297</u>

Preference shares were not included in the calculation of diluted earnings per share for the three months ended March 31, 2023 because of their anti-dilutive effect.

The Group may settle compensation paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

28. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Option Plan of the Company

- a. Qualified employees of the Company and its subsidiaries were granted 2,200 options in June 2018 and May 2019. Each option entitles the holder to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 5 years exercisable at certain percentages after the second anniversary from the grant date. The options were granted at an exercise price equal to the highest closing price of the Company's ordinary shares listed on the Taipei Exchange on the day before the grant date, on the grant date and on the day after it, or the average closing price of the three days. For any subsequent changes in the Company's capital surplus, the exercise price is adjusted accordingly.

	For the Three Months Ended March 31							
	2023				2022			
	Granted 2019		Granted 2018		Granted 2019		Granted 2018	
Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	
Balance at January 1	137	\$ 35.7	336	\$ 34.8	410	\$ 38.4	907	\$ 37.4
Options exercised	(30)	35.7	(209)	34.8	(18)	38.4	(47)	37.4
Options forfeited	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-	<u>(16)</u>	37.4
Balance at March 31	<u>107</u>	35.7	<u>127</u>	34.8	<u>392</u>	38.4	<u>844</u>	37.4
Options exercisable, end of period	<u>107</u>		<u>127</u>		<u>150</u>		<u>844</u>	

- b. In June 2022, the Company issued 2,000 employee stock options, which were granted to qualified employees of the Company and its subsidiaries in June 2022 and March 2023, respectively. Each option entitles the holder to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 5 years exercisable at certain percentages after the second year from the grant date. The options were granted at an exercise price equal to the closing price of the Company's ordinary shares listed on the GreTai Securities Market on the grant date. For any subsequent changes in the Company's capital surplus, the exercise price is adjusted accordingly.

	For the Three Months Ended March 31			
	Granted 2023		Granted 2022	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	-	\$ -	1,600	\$ 41.1
Options exercised	400	55.1	-	-
Options forfeited	<u>-</u>	-	<u>(25)</u>	-
Balance at March 31	<u>400</u>	55.1	<u>1,575</u>	41.1
Options exercisable, end of the period	<u>-</u>		<u>-</u>	
Weighted average fair value of stock options granted during the period (NT\$)	<u>\$10.1182</u>		<u>\$ -</u>	

As of March 31, 2023, information on outstanding options was as follows:

March 31, 2023	
Range of Exercise Price (\$)	Weighted- average Remaining Contractual Life (In Years)
\$41.1	4.17
\$55.1	4.97

Options granted in March 2023 and June 2022 were priced using the Black-Scholes pricing model and the inputs to the model were as follows:

	March 2023	June 2022
Grant-date share price	\$55.1	\$44.25
Exercise price	\$55.1	\$44.25
Expected volatility	21.76%	15.87%
Expected life	3.75 years	3.75 years
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	1.06%	0.99%

Expected volatility was based on the historical share price volatility.

Compensation costs recognized were \$914 thousand and \$83 thousand for the three months ended March 31, 2023 and 2022, respectively.

29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In February 2023, the Group acquired 2.65% equity interest in Manumech Corporation from non-controlling interests, and the Group's shareholding in Manumech Corporation increased from 97.35% to 100%.

The above transaction was accounted for as an equity transaction, since the Group did not cease to have control over the subsidiary.

	Manumech Corporation
Consideration paid	\$ (1,775)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	1,662
Reattribution of other equity to non-controlling interests	
Exchange differences on translating the financial statements of foreign operations	_____ (7)
Differences recognized from equity transactions	<u>\$ (120)</u>
<u>Line items adjusted for equity transactions</u>	
Retained earnings	<u>\$ (120)</u>

30. FINANCIAL INSTRUMENTS

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

The Group's management believes that the carrying amounts of the financial assets and financial liabilities that are not measured at fair value approximate their fair value or the fair value cannot be reliably measured.

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

1) Fair value hierarchy

March 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 180,300	\$ -	\$ -	\$ 180,300
Foreign unlisted shares	-	-	23,383	23,383
Investment in debt instruments				
Financial bond	<u>25,730</u>	<u>-</u>	<u>-</u>	<u>25,730</u>
	<u>\$ 206,030</u>	<u>\$ -</u>	<u>\$ 23,383</u>	<u>\$ 229,413</u>
				(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 4,992	\$ -	\$ 4,992
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	\$ -	\$ 8,804	\$ -	\$ 8,804 (Concluded)

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 150,000	\$ -	\$ -	\$ 150,000
Foreign unlisted shares	-	-	23,383	23,383
	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 23,383</u>	<u>\$ 173,383</u>

Financial assets at FVTPL

Derivative financial assets	\$ -	\$ 4,873	\$ -	\$ 4,873
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Financial liabilities at FVTPL

Derivative financial liabilities	\$ -	\$ 18,622	\$ -	\$ 18,622
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March 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 215,400	\$ -	\$ -	\$ 215,400
Foreign unlisted shares	-	-	23,971	23,971
	<u>\$ 215,400</u>	<u>\$ -</u>	<u>\$ 23,971</u>	<u>\$ 239,371</u>

Financial assets at FVTPL

Derivative financial assets	\$ -	\$ 5,741	\$ -	\$ 5,741
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Financial liabilities at FVTPL

Derivative financial liabilities	\$ -	\$ 8,568	\$ -	\$ 8,568
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There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows 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.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of foreign unlisted equity securities were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. An increase in long-term revenue growth rates or long-term pre-tax operating margin or a decrease in the weighted-average cost of capital or discount for lack of marketability used in isolation would result in an increase in the fair value.

c. Categories of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 4,992	\$ 4,873	\$ 5,741
Financial assets at amortized cost (1)	2,626,447	2,836,294	3,020,858
Financial assets at FVTOCI	229,413	173,383	239,371
<u>Financial liabilities</u>			
FVTPL			
Held for trading	8,804	18,622	8,568
Amortized cost (2)	2,925,039	2,233,620	3,111,292

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable, trade receivables and other receivables.

2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, short-term bills payable, notes, trade and other payables.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade receivable, other receivables, trade payables, other payables and borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (refer to (a) below) and interest rates (refer to (b) below). The Group entered into forward foreign exchange contracts to manage its exposure to foreign currency risk.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 35.

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Assets</u>			
EUR	\$ 2,899	\$ 2,889	4,472
USD	2,093	1,984	1,169
NTD	-	-	100
<u>Liabilities</u>			
EUR	246	1,964	3,390
USD	8,558	16,658	5,178

Sensitivity analysis

The Group is mainly exposed to the USD, JPY, VND and EUR.

The following table details the Group's sensitivity to a 3% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate of 3% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 3% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with New Taiwan dollars weakening by 3% against the relevant currency. For a 3% strengthening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	VND Impact		JPY Impact	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2023	2022	2023	2022
Profit or loss*	\$ (1,375)	\$ (2,423)	\$ 5	\$ 763

	EUR Impact		USD Impact	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2023	2022	2023	2022
Profit or loss*	\$ (234)	\$ (871)	\$ 45,428	\$ 39,077

* This was mainly attributable to the exposure on outstanding foreign currency cash, trade receivables, other receivables, borrowings, trade payables, and other payables, which were not hedged at the end of the reporting period.

b) Interest rate risk

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
Financial assets	\$ 967,053	\$ 1,035,861	\$ 886,723
Financial liabilities	376,449	471,615	271,368
Cash flow interest rate risk			
Financial assets	475,727	666,529	673,285
Financial liabilities	1,059,000	839,000	1,664,806

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2023 and 2022 would have decreased/increased by \$729 thousand and decreased/increased by \$1,239 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. The Group does not actively trade these investments. The Group's equity price risk was mainly concentrated on equity instruments operating in the ROC.

Sensitivity analysis

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

If equity prices had been 10% higher/lower, the pre-tax other comprehensive income for the three months ended March 31, 2023 and 2022 would have increased/decreased by \$20,368 thousand and \$23,937 thousand, respectively, as a result of the changes in fair value of financial assets of FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with good credit ratings assigned by international credit-rating agencies.

Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

Counterparties of trade receivables consisted of a large number of different customers, spread across apparel, down material, home textile industry and geographical areas. Ongoing credit evaluation is performed on the customers' financial condition. The Group's concentration of credit risk by geographical location was mainly in the United States and Japan.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group had available unutilized bank loan facilities in the amounts of \$6,731,956 thousand, \$6,073,909 thousand and \$5,660,564 thousand, respectively.

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

The following tables detailed the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

March 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 605,367	\$ 313,146	\$ 841,507	\$ -	\$ -
Undiscounted lease	3,896	7,142	26,062	33,735	3,858
Borrowings	<u>502,815</u>	<u>2,226</u>	<u>399,791</u>	<u>402,846</u>	<u>-</u>
	<u>\$ 1,112,078</u>	<u>\$ 322,514</u>	<u>\$ 1,267,360</u>	<u>\$ 436,581</u>	<u>\$ 3,858</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 37,100</u>	<u>\$ 33,735</u>	<u>\$ 1,702</u>	<u>\$ 2,156</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 741,236	\$ 332,545	\$ 169,790	\$ -	\$ -
Undiscounted lease	4,027	7,353	26,562	23,962	3,943
Borrowings	<u>203,614</u>	<u>87,689</u>	<u>551,565</u>	<u>436,090</u>	<u>-</u>
	<u>\$ 948,877</u>	<u>\$ 427,587</u>	<u>\$ 747,917</u>	<u>\$ 460,052</u>	<u>\$ 3,943</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 37,942</u>	<u>\$ 23,962</u>	<u>\$ 1,702</u>	<u>\$ 2,241</u>	<u>\$ -</u>	<u>\$ -</u>

March 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing Undiscounted lease Borrowings	\$ 960,917 5,209 <u>206,510</u>	\$ 324,440 10,418 <u>734,707</u>	\$ 138,770 38,796 <u>218,009</u>	\$ - 29,794 <u>689,611</u>	\$ - 3,750 <u>24,894</u>
	<u>\$ 1,172,636</u>	<u>\$ 1,069,565</u>	<u>\$ 395,575</u>	<u>\$ 719,405</u>	<u>\$ 28,644</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 54,423</u>	<u>\$ 29,794</u>	<u>\$ 1,585</u>	<u>\$ 2,165</u>	<u>\$ -</u>	<u>\$ -</u>

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

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis or on the undiscounted gross outflows on those derivatives that require gross settlement.

March 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1 Year to 5 Year
<u>Gross settled - outflows</u>				
Foreign exchange forward contracts	<u>\$ 117,591</u>	<u>\$ 75,756</u>	<u>\$ 463,064</u>	<u>\$ 129,536</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1 Year to 5 Year
<u>Gross settled - outflows</u>				
Foreign exchange forward contracts	<u>\$ 135,709</u>	<u>\$ 84,577</u>	<u>\$ 383,428</u>	<u>\$ -</u>

March 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1 Year to 5 Year
<u>Gross settled - outflows</u>				
Foreign exchange forward contracts	\$ <u>36,406</u>	\$ <u>221,969</u>	\$ <u>211,305</u>	\$ <u>-</u>

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in other notes, details of transactions between the Group and other related parties are disclosed as follows:

a. Related parties and relationships

<u>Related Parties</u>	<u>Relationships with the Group</u>
Snowdown Merchandise Corporation	Associate
Koutou Co., Ltd.	Associate
BBL Premium Co., Ltd.	Associate
Daquan Hanshi Co., Ltd.	Associate
Gong Tong Zu Lin Co., Ltd.	Associate
Kai Sheng Investment Co., Ltd.	Related party in substance
Cave & Wine Co., Ltd.	Related party in substance
Huang Lu Investment Co., Ltd.	Related party in substance
Fortune Phoenix Insurance Brokerage Service Corporation	Related party in substance
Da Fu Investment Co., Ltd.	Related party in substance
Hongze Qiyu Home Textile Co., Ltd.	Related party in substance (Note)
Li Chiou Investment Co., Ltd.	Related party in substance
Yueh Sheng Investment Co., Ltd.	Related party in substance

* Hongze Qiyu Home Textile Co. has no longer been the related party of the Group since the Group disposed of the subsidiary Huai An He Yu Home Textile Co., Ltd in October 2022.

b. Sales of goods

Related Party Name/Category	For the Three Months Ended March 31	
	2023	2022
Associates	\$ 250	\$ 91
Daquan Hanshi Co., Ltd.	2,267	1,480
BBL Premium Co., Ltd.		
Related party in substance		
Hongze Qiyu Home Textile Co., Ltd.	-	17,117
Others	<u>19</u>	<u>26</u>
	<u>\$ 2,536</u>	<u>\$ 18,714</u>

The sale of goods to related parties were made at cost plus.

c. Purchases of goods

Related Party Name	For the Three Months Ended March 31	
	2023	2022
Hongze Qiyu Home Textile Co., Ltd.	\$ <u> -</u>	\$ <u>38,375</u>

d. Receivables from related parties (not including loans to related parties)

Related Party Name	March 31, 2023	December 31, 2022	March 31, 2022
<u>Trade receivables</u>			
BBL Premium Co., Ltd.	\$ 4,660	\$ 9,141	\$ 5,110
Daquan Hanshi Co., Ltd.	<u> -</u>	<u> 4</u>	<u> -</u>
	<u>\$ 4,660</u>	<u>\$ 9,145</u>	<u>\$ 5,110</u>

The outstanding trade receivables from related parties are unsecured. For the three months ended March 31, 2023 and 2022, no impairment loss was recognized for trade receivables from related parties.

e. Payables to related parties (not including loans from related parties)

Related Party Name/Category	March 31, 2023	December 31, 2022	March 31, 2022
<u>Trade payables</u>			
Hongze Qiyu Home Textile Co., Ltd.	\$ <u> -</u>	\$ <u> -</u>	\$ <u>27,062</u>
<u>Other payables</u>			
Associates	\$ <u> -</u>	\$ <u> 420</u>	\$ <u> 84</u>

The outstanding trade payables to related parties are unsecured.

f. Disposal of property, plant and equipment

Related Party Name	Proceeds		Gain (Loss) on Disposal	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2023	2022	2023	2022
Hongze Qiyu Home Textile Co., Ltd.	\$ <u> -</u>	\$ <u> 295</u>	\$ <u> -</u>	\$ <u> 34</u>

g. Lease arrangements

Related Party Name	For the Three Months Ended March 31	
	2023	2022
<u>Acquisition of right-of-use assets</u>		
Gong Tong Zu Lin Co., Ltd.	\$ 7,023	\$ -
Snowdown Merchandise Corporation	<u>12,854</u>	<u>-</u>
	<u>\$ 19,877</u>	<u>\$ -</u>

Account	Related Party Name	March 31, 2023	December 31, 2022	March 31, 2022
Lease liabilities	Gong Tong Zu Lin Co., Ltd.	\$ 15,717	\$ 11,182	\$ 11,116
	Snowdown Merchandise Corporation	<u>12,854</u>	<u>-</u>	<u>-</u>
		<u>\$ 28,571</u>	<u>\$ 11,182</u>	<u>\$ 11,116</u>

Related Party Name	For the Three Months Ended March 31	
	2023	2022
<u>Interest expense</u>		
Gong Tong Zu Lin Co., Ltd.	<u>\$ 28</u>	<u>\$ 20</u>

h. Other income

Related Party Category	For the Three Months Ended March 31	
	2023	2022
Associates	\$ 548	\$ 342
Related party in substance	<u>29</u>	<u>29</u>
	<u>\$ 577</u>	<u>\$ 371</u>

i. Expenses

Related Party Category	For the Three Months Ended March 31	
	2023	2022
Associates	\$ 1,213	\$ 618
Related party in substance	<u>2,359</u>	<u>1,748</u>
	<u>\$ 3,572</u>	<u>\$ 2,366</u>

j. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2023	2022
Short-term employee benefits	\$ 22,314	\$ 17,219
Post-employment benefits	202	202
Share-based payments	<u>441</u>	<u>13</u>
	<u>\$ 22,957</u>	<u>\$ 17,434</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and letters of credit:

	March 31, 2023	December 31, 2022	March 31, 2022
Pledged deposits	\$ 10,012	\$ 11,412	\$ 54,097
Land	-	41,761	41,761
Buildings, net	<u>-</u>	<u>4,739</u>	<u>4,920</u>
	<u>\$ 10,012</u>	<u>\$ 57,912</u>	<u>\$ 100,778</u>

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of March 31, 2023 and 2022 were as follows:

Significant Commitments

a. Unused letters of credit for purchases of raw materials as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
USD	<u>\$ 3,317</u>	<u>\$ 3,966</u>	<u>\$ 4,678</u>
EUR	<u>\$ 225</u>	<u>\$ 410</u>	<u>\$ 56</u>
NTD	<u>\$ -</u>	<u>\$ 33,200</u>	<u>\$ 20,421</u>

b. As of March 31, 2023, December 31, 2022 and March 31 2022, guarantees issued by financial institutions for purchases of raw materials and development of technology amounted to \$16,000 thousand, \$6,000 thousand and \$36,000 thousand, respectively.

c. Unrecognized commitments were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Acquisition of property, plant, equipment	\$ <u>446,932</u>	\$ <u>215,570</u>	\$ <u>337,248</u>

34. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

March 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 63,187	30.45 (USD:NTD)	\$ 1,924,044
USD	280	6.872 (USD:RMB)	8,526
USD	1,604	23,423 (USD:VND)	48,842
JPY	720	0.2288 (JPY:NTD)	165
VND	19,691,090	0.000043 (VND:USD)	25,598
EUR	4	33.15 (EUR:NTD)	133
Non-monetary items			
Investments in associates accounted for using equity method			
CAD	1,985	22.47 (CAD:NTD)	44,602
<u>Financial liabilities</u>			
Monetary items			
USD	14,561	30.45 (USD:NTD)	443,382
USD	164	23,423 (USD:VND)	4,994
USD	623	133.086 (USD:JPY)	18,970
VND	54,948,066	0.000043 (VND:USD)	71,432
EUR	238	1.089 (EUR:USD)	7,890

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 60,116	30.71 (USD:NTD)	\$ 1,846,162
USD	175	6.9669 (USD:RMB)	5,374
USD	1,885	23,623 (USD:VND)	57,888
USD	663	132.143 (USD:JPY)	20,361
VND	15,856,643	0.000042 (VND:USD)	20,614
EUR	5	32.72 (EUR:NTD)	164
RMB	3,559	4.408 (RMB:NTD)	15,688
Non-monetary items			
Investments in associates accounted for using equity method			
CAD	1,550	22.67 (CAD:NTD)	35,149

Financial liabilities

Monetary items			
USD	11,883	30.71 (USD:NTD)	364,927
USD	76	23,623 (USD:VND)	2,334
USD	1,692	132.143 (USD:JPY)	51,961
VND	67,780,481	0.000042 (VND:USD)	88,115
EUR	8	32.72 (EUR:NTD)	262
EUR	319	1.0655 (EUR:USD)	10,438

March 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 71,786	28.625 (USD:NTD)	\$ 2,054,874
USD	3,013	6.353 (USD:RMB)	86,247
USD	467	22,900 (USD:VND)	13,368
JPY	108,150	0.2353 (JPY:NTD)	25,448
VND	14,931,328	0.000044 (VND:USD)	18,664
EUR	88	31.92 (EUR:NTD)	2,809
RMB	273	4.506 (RMB:NTD)	1,230
Non-monetary items			
Investments in associates accounted for using equity method			
CAD	206	22.88 (CAD:NTD)	4,716

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 27,985	28.625 (USD:NTD)	\$ 801,071
USD	1,588	22,900 (USD:VND)	45,457
USD	189	121.653 (USD:JPY)	5,410
VND	79,557,188	0.000044 (VND:USD)	99,446
EUR	911	31.92 (EUR:NTD)	29,079
EUR	87	1.1151 (EUR:USD)	2,777
			(Concluded)

The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Three Months Ended March 31				
2023			2022	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
VND	0.00129 (VND:NTD)	\$ (1,405)	0.00123 (VND:NTD)	\$ 1,871
NTD	1 (NTD:NTD)	(8,883)	1 (NTD:NTD)	44,698
USD	30.395 (USD:NTD)	(255)	27.987 (USD:NTD)	1,335
RMB	4.441 (RMB:NTD)	(816)	4.405 (RMB:NTD)	(147)
JPY	0.2300 (JPY:NTD)	<u>(3,524)</u>	0.2409 (JPY:NTD)	<u>(260)</u>
		<u>\$ (14,883)</u>		<u>\$ 47,497</u>

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
 - 9) Trading in derivative instruments (Note 7)
 - 10) Intercompany relationships and significant intercompany transactions (Table 6)
- b. Information on investees (Table 7)
- c. 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 8)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 9):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- d. 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 10)

37. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

Apparel department - manufacturing, developing, designing and selling of apparel.

Down material department - manufacturing, developing and selling of down.

Home textile department - manufacturing, developing, designing and selling of bedding.

Segment Revenue and Results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Segment Revenue		Segment Profit (Loss)	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2023	2022	2023	2022
Apparel department	\$ 1,040,596	\$ 1,144,833	\$ 78,698	\$ 97,849
Down material department	339,702	459,300	12,539	7,321
Home textile department	352,026	469,074	31,383	10,968
Others	57,382	90,737	(276)	(24)
Segment revenue	1,789,706	2,163,944	122,344	116,114
Eliminations	(43,653)	(54,003)	-	-
Segment revenue or segment income	<u>\$ 1,746,053</u>	<u>\$ 2,109,941</u>	122,344	116,114
Interest income			12,630	3,119
Other income			4,213	2,378
Other gains and losses			(9,630)	53,743
Finance costs			(6,343)	(4,295)
Share of profit or loss of associates			(258)	1,760
Profit before tax			<u>\$ 122,956</u>	<u>\$ 172,819</u>

Segment profit represented the profit before tax earned by each segment without allocation of share of profit or loss of associates and joint ventures, other income, other gains and losses, and finance costs. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 2)	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing (Note 3)	Business Transaction Amount (Note 4)	Reasons for Short-term Financing (Note 5)	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 6)	Aggregate Financing Limit (Note 6)	Note
													Item	Value			
1	P&B Collection Co., Ltd.	Kwong Lung Enterprise Co., Ltd. Manumech Corporation	Other receivables from related parties	Yes	\$ 80,000	\$ 75,000	\$ 75,000	1.40	b.	\$ -	Operating capital	\$ -	N/A	\$ -	\$ 102,566 (Note 6, a)	\$ 102,566 (Note 6, b)	
			Other receivables from related parties	Yes	20,000	20,000	20,000	1.55	b.	-	Operating capital	-	N/A	-	102,566 (Note 6, a)	102,566 (Note 6, b)	
2	Kwong Lung Feather (B.V.I.) Limited	Kwong Lung (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	30,480	-	-	-	b.	-	Operating capital	-	N/A	-	188,841 (Note 6, a)	188,841 (Note 6, b)	
3	Kwong Lung (B.V.I.) Ltd.	Kwong Lung (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	45,720	45,675	45,675	5.00	b.	-	Operating capital	-	N/A	-	943,091 (Note 6, a)	943,091 (Note 6, b)	

Note 1: The numbers denote the following:

- a. 0 is issuer.
- b. Investees are listed by names and numbered starting with 1.

Note 2: Fill in the name of account in which the loans are recognized, such as receivables - related parties, current account with shareholders, prepayments, temporary payments, etc.

Note 3: Purpose of fund financing for the borrower:

- a. For those companies with business transactions, please fill in 1.
- b. For those companies with short-term financing needs, please fill in 2.

Note 4: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 5: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 6: a. Individual and total loans should not exceed 40% of the lender's net equity of the prior year. For No. 1: $\$256,414 \times 40\% = \$102,566$; for No. 2: $\$188,841$ (net worth) $\times 100\% = \$188,841$; for No. 3: $\$943,091$ (net worth) $\times 100\% = \$943,091$.

b. Total loans should not exceed 40% of the lender's net equity of the prior year. For No. 1: $\$256,414$ (net worth) $\times 40\% = \$102,566$; for No. 2: $\$188,841$ (net worth) $\times 100\% = \$188,841$; for No. 3: $\$943,091$ (net worth) $\times 100\% = \$943,091$.

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party		Limited on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 2)										
1	Manumech Corporation	Intime Tech Co., Ltd.	b.	\$ 24,323 (Note 3)	\$ 10,000	\$ -	\$ -	\$ -	-	\$ 30,404 (Note 3)	Y	N	Y
2	Kwong Lung (Suzhou) Co., Ltd.	Kwong Lung Feather (B.V.I.) Limited	d.	164,769 (Note 3)	44,450	44,310	21,789	-	26.89%	164,769 (Note 3)	N	N	N

Note 1: The numbers denote the following:

- a. 0 is the issuer.
- b. Investees are listed by names and numbered starting with 1.

Note 2: Relationship information of endorser and endorsee are categorized as follows:

- a. A company with which the Corporation engages business.
- b. A company in which the Corporation directly and indirectly holds more than 50% of the voting shares.
- c. A company that directly and indirectly holds more than 50% of the voting shares in the Corporation.
- d. A company in which the Corporation directly and indirectly holds more than 90% of the voting shares.
- e. The Corporation fulfills its contractual by providing mutual endorsements/guarantees for another company in the same industry.
- f. All capital-contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentage.
- g. Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: a. The maximum balance of endorsement/guarantee provided by the Company and to individual company cannot exceed 10% of net assets for No. 1: $\$60,808 \times 40\% = \$24,323$; for No. 2: $\$164,769$ (net worth) $\times 100\% = \$164,769$.
b. The maximum balance of endorsement/guarantee provided by the Company cannot exceed 10% of net assets for No. 1: $\$60,808 \times 50\% = \$30,404$; for No. 2: $\$164,769$ (net worth) $\times 100\% = \$164,769$.
c. The endorsement/guarantee amount to subsidiaries is not limited by the above-mentioned proportion.

Note 4: The aforementioned intercompany transactions have been eliminated upon consolidation.

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2023

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Kwong Lung Enterprise Co., Ltd.	<u>Ordinary shares</u> Co-Tech Development Corporation	-	Financial assets at FVTOCI - non-current	3,000,000	\$ 180,300	1.19	\$ 180,300	
	<u>Private corporate bond</u> Koutou Co., Ltd.	Associate	Financial assets at amortized cost - non-current	-	50,000	-	50,000	
Kwong Lung (B.V.I.) Ltd.	<u>Ordinary shares</u> J&B International Inc.	-	Financial assets at FVTOCI - non-current	485,938	23,383	1.99	23,383	
	<u>Financial bonds</u> Foxconn (Far East) Limited	-	Financial assets at FVTOCI - non-current	1,000,000	25,730	-	25,730	

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Note/Trade Receivables (Payables)			Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Account	Ending Balance	% of Total	
Kwong Lung Enterprise Co., Ltd.	Bo Hsing Enterprise Co., Ltd.	Subsidiary	Purchase	\$ 460,101	32	T/T 30-180 days	No significant difference	No significant difference	Trade payables	\$ 973,066	59	
Bo Hsing Enterprise Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Sale	460,101	100	T/T 30-180 days	No significant difference	No significant difference	Trade receivables	973,066	100	
Kwong Lung Enterprise Co., Ltd.	Kwong Lung Meko Co., Ltd.	Subsidiary	Purchase	492,055	35	T/T 30-180 days	No significant difference	No significant difference	Trade payables	138,998	8	
Kwong Lung Meko Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Sale	492,055	93	T/T 30-180 days	No significant difference	No significant difference	Trade receivables	138,998	64	

Note: The aforementioned intercompany transactions have been eliminated upon consolidation.

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

MARCH 31, 2023

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

Company Name	Related Party	Relationship	Receivables from Related Parties Balance		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
			Account	Ending Balance		Amount	Actions Taken		
Kwong Lung Enterprise Co., Ltd.	Bo Hsing Enterprise Co., Ltd.	Subsidiary	Other receivables	\$ 689,962	-	\$ -	-	\$ 82,266	\$ -
	Kwong Lung Meko Co., Ltd.	Subsidiary	Other receivables	219,849	-	-	-	33,320	-
Bo Hsing Enterprise Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Trade receivables	973,066	1.79	-	-	178,468	-
Kwong Lung Meko Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Trade receivables	138,998	12.07	-	-	132,242	-

Note: The aforementioned intercompany transactions have been eliminated upon consolidation.

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
0	Kwong Lung Enterprise Co., Ltd.	Kwong Lung Meko Co., Ltd.	a	Sales revenue	\$ 61,723	No significant difference	4
			a	Cost of goods sold	492,055	No significant difference	28
			a	Trade receivables	69,745	No significant difference	1
			a	Trade payables	138,998	No significant difference	2
			a	Other receivables	219,849	-	3
		Kwong Lung Japan Co., Ltd.	a	Sales revenue	39,591	No significant difference	2
			a	Trade receivables	39,828	No significant difference	-
		Bo Hsing Enterprise Co., Ltd.	a	Cost of goods sold	460,101	No significant difference	26
			a	Trade payables	973,066	No significant difference	11
			a	Other receivables	689,962	-	8
		Toptex Garment Co., Ltd.	a	Cost of goods sold	67,640	No significant difference	4
			a	Trade payables	8,876	No significant difference	-
			a	Other receivables	43,283	-	-
		Kwong Lung (Suzhou) Co., Ltd.	a	Cost of goods sold	75,906	No significant difference	4
			a	Trade payables	52,908	No significant difference	1
a	Other receivables		13,271	No significant difference	-		
1	Kwong Lung Meko Co., Ltd.	Kwong Lung (Suzhou) Co., Ltd.	c	Sales revenue	24,442	No significant difference	1
			c	Trade receivables	16,135	No significant difference	-
		Bo Hsing Enterprise Co., Ltd.	c	Processing revenue	35,539	No significant difference	2
			c	Trade receivables	55,614	No significant difference	1
2	Kwong Long-O Mon Company Limited	Bo Hsing Enterprise Co., Ltd.	c	Processing revenue	30,022	No significant difference	2
			c	Trade receivables	37,662	No significant difference	-
3	Toptex Garment Co., Ltd.	Bo Hsing Enterprise Co., Ltd.	c	Processing revenue	14,354	No significant difference	1
			c	Trade receivables	12,662	No significant difference	-

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

- The parent company is coded "0".
- The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of relationship is as follows:

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

(Continued)

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

Note 4: The aforementioned intercompany transactions have been eliminated upon consolidation.

(Concluded)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2023	December 31, 2022	Shares	%	Carrying Amount			
Kwong Lung Enterprise Co., Ltd.	Kwong Lung (B.V.I.) Ltd.	British Virgin Islands	Overseas reinvested holding company	\$ 660,552	\$ 660,552	18,000	100.00	\$ 943,091	\$ 15,702	\$ 15,702	Subsidiary
	Kwong Lung Meko Co., Ltd.	Vietnam	Manufacturing and selling of down and bedding	198,399	198,399	-	100.00	1,309,269	45,789	45,765	Subsidiary
	Kwong Lung Japan Co., Ltd.	Japan	Manufacturing and selling of down and bedding	280,977	280,977	10,500	100.00	311,928	5,315	5,315	Subsidiary
	Bo Hsing Enterprise Co., Ltd.	Vietnam	Manufacturing and selling of apparel	386,911	386,911	-	100.00	1,199,655	(7,427)	(7,427)	Subsidiary
	Toptex Garment Co., Ltd.	Vietnam	Manufacturing and selling of apparel	191,809	191,809	-	100.00	65,602	(8,573)	(8,573)	Subsidiary
	P&B Collection Co., Ltd.	Taiwan	Outerwear knitting mills; apparel, clothing accessories and other textile product manufacturing; other textile products manufacturing; cleaning products manufacturing; wholesale and retail sale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories, furniture, bedclothes, kitchen equipment, fixtures, articles for daily use, cleaning preparations and other textile products; wholesale of pottery, porcelain and glassware; international trade	260,000	260,000	26,000,000	100.00	249,554	3,116	3,116	Subsidiary
	Manumech Corporation	Taiwan	Wholesale	100,000	100,000	10,000,000	94.59	57,492	(885)	(920)	Subsidiary
	Kwong Lung-O Mon Company Limited	Vietnam	Various selling of down and bedding	69,799	69,799	-	100.00	70,842	10,247	10,031	Subsidiary
	Snowdown Merchandise Corporation	Taiwan	Retail sale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories and other textile products; real estate rental and leasing	55,095	55,095	17,774,469	39.50	260,150	(2,218)	(877)	Associate
	BBL Premium Co., Ltd.	Taiwan	Wholesale and retail sale.	14,000	14,000	1,487,118	46.67	9,413	(1,234)	(576)	Associate
Kwong Lung (B.V.I.) Ltd	Kwong Lung Feather (B.V.I.) Limited	British Virgin Islands	Overseas reinvested holding company	82,296	82,296	3,058,735	100.00	188,841	601	NA	Subsidiary
Kwong Lung Japan Co., Ltd.	Rising Living Co., Ltd.	Japan	Manufacturing and selling of down and bedding	3,943	3,943	306	51.00	1,957	(363)	NA	Subsidiary
Bo Hsing Enterprise Co., Ltd.	Kwong Lung Meko (B.V.I.) Ltd.	British Virgin Islands	Overseas reinvested holding company	60,180	60,180	2,000,000	40.00	61,928	(1,040)	NA	Subsidiary
Kwong Lung Meko Co., Ltd.	Kwong Lung Meko (B.V.I.) Ltd.	British Virgin Islands	Overseas reinvested holding company	92,880	92,880	3,000,000	60.00	93,036	(1,040)	NA	Subsidiary
P&B Collection Co., Ltd.	Gong Tong Zu Lin Co., Ltd.	Taiwan	Wholesale of machinery and equipment	27,300	27,300	4,680,000	39.00	77,944	4,324	NA	Associate of subsidiary
	Daquan Hanshi Co., Ltd.	Taiwan	Food service activities	5,513	5,513	655,200	39.00	10,057	1,499	NA	Associate of subsidiary
	Manumech Corporation	Taiwan	Wholesale	21,775	20,000	571,498	5.41	3,318	(885)	NA	Subsidiary
Kwong Lung Meko (B.V.I.) Ltd.	Lyon Ventures Holdings Ltd.	Canada	Wholesale of household products.	18,231	18,231	90,000	49.00	11,274	(2,175)	NA	Associate of subsidiary
	Lk Pacific Investment Inc.	Canada	Overseas reinvested holding company	34,124	23,225	289,100	49.00	33,328	(22)	NA	Associate of subsidiary

Note: Refer to Table 8 for investments in mainland China.

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2023	Accumulated Repatriation of Investment Income as of March 31, 2023
					Outward	Inward						
Kwong Lung (Suzhou) Co., Ltd.	Manufacturing and selling of down and bedding.	US\$ 5,000	b. 1)	\$ 149,546	\$ -	\$ -	\$ 149,546	\$ 13,174	100	\$ 13,174 b. 3)	\$ 164,769	\$ -
Kunshan Fulong Trade Co., Ltd.	Wholesale of outdoor supplies, household wares, clothing, and related packaging materials; food; Import and export of goods and technology.	RMB 5,000	c. 1)	-	-	-	-	(872)	100	(872) b. 3)	8,580	-
Intime Tech Co., Ltd.	Wholesale.	RMB 2,400	c. 2)	10,635	-	-	10,635	1,541	100	1,541 b. 3)	15,917	24,605

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Kwong Lung Enterprise Co., Ltd.	\$ 598,186 (Note 3)	\$ 600,875 (US\$ 20,000)	\$ 3,085,145 (Note 4)
Manumech Corporation	10,635	10,635 (US\$ 350)	36,485 (Note 5)

Note 1: The way of investment in mainland China is as follows:

- a. The investment was made directly in China.
- b. The investment was made through a company registered in a third region.
 - 1) Through Kwong Lung (B.V.I.) Ltd.
- c. Other types:
 - 1) Direct investment from Kwong Lung (Suzhou) Co., Ltd.
 - 2) Direct investment from Manumech Corporation.

Note 2: Net income (loss) of the investee:

- a. If it is in preparation, there is no investment loss, it should be noted.
- b. Recognition of gains or losses was based on the following three information:
 - 1) Financial statements which were audited by an international accounting firm with a cooperative relationship with an ROC accounting firm.
 - 2) Financial statements which were audited by the parent company's accounting firm.
 - 3) Other.

Note 3: The Group disposed of the subsidiary Snowdown Merchandise (Suzhou) Co., Ltd. in December 2021. The original investment amount of \$448,640 thousand had not been remitted to the Company as of March 31, 2023.

Note 4: The maximum allowable limit on investment was 60% of the consolidated net asset value of the Company \$5,141,909 (consolidated net worth) \times 60% = \$3,085,145.

Note 5: The maximum allowable limit on investment was 60% of the net asset value of Manumech Corporation. \$60,808 (net worth) \times 60% = \$36,485.

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Note/Trade Receivables (Payables)			Unrealized Gain
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance		%	
Kwong Lung (Suzhou) Co., Ltd. (Note 1)	Purchase	\$ 75,906	5	Normal	Prepayment or T/T 30-180 days	No significant difference	Trade payables	\$ 52,908	3	\$ -
Kwong Lung (Suzhou) Co., Ltd. (Note 2)	Sale	24,442	5	Normal	Sales revenue received in advance or T/T 30-180 days	No significant difference	Trade receivables	16,135	7	-

Note 1: As of March 31, 2023, the Company had transactions with Kwong Lung (Suzhou) Co., Ltd. for processing of materials and purchasing materials amounted to \$13,271 thousand of the Company's other receivables.

Note 2: As of March 31, 2023, Kwong Lung Meko Co., Ltd., the investor company, had significant transactions with Kwong Lung (Suzhou) Co., Ltd., the investee company in mainland China.

Note 3: The aforementioned intercompany transactions have been eliminated upon consolidation.

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES**INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Kai Sheng Investment Co., Ltd.	14,873,422	9.87
Ou Li Investment Co., Ltd.	12,698,840	8.42

Note 1: The table discloses shareholding information of shareholders whose shareholding percentages are more than 5%. The Taiwan Depository & Clearing Corporation calculates the total ordinary shares and preference shares (including treasury shares) that completed the dematerialized registration and delivery on the last business day for the current quarter. The shares reported in the Company's consolidated financial statements and the actual number of shares that have completed the dematerialized and delivery may be different due to the basis of calculation.

Note 2: If the shareholders transfer the shareholding to the trust, the trustee will open the trust account to separate the account. For shareholders who handle the declaration of insiders shareholdings with ownership of more than 10% of their shares in accordance with the Securities Exchange Act, their shareholdings include their shareholdings plus the shares they delivered to the trust with the rights to make decisions on trust property. For the registration of shares held by a company insider, refer to the Market Observation Post System website of the Taiwan Stock Exchange.