

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

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2024 and 2023 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, 2024 and 2023, 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 material accounting policy information (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 13 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, 2024 and 2023, the combined total assets of these non-significant subsidiaries were NT\$2,793,066 thousand and NT\$1,832,168 thousand, respectively, representing 29% and 21%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$942,711 thousand and NT\$586,830 thousand, respectively, representing 22% and 16%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2024 and 2023, the amounts of combined comprehensive income or loss of these subsidiaries were NT\$19,394 thousand and NT\$16,538 thousand, respectively, representing 8% and 11%, respectively, of the consolidated total comprehensive income. In addition, as disclosed in Note 14 to the consolidated financial statements, as of March 31, 2024 and 2023, the total carrying amounts of the investments accounted for using the equity method were NT\$314,780 thousand and NT\$402,166 thousand, respectively. For the three months ended March 31, 2024 and 2023, the share of profit of associates accounted for using the equity method was NT\$(5,271) thousand, NT\$(258) thousand, respectively. The amounts of the related

equity-method investment as well as the additional disclosures in Note 38 to the consolidated financial statements were based on the equity-method investees' unreviewed financial statements for the same reporting periods.

### **Qualified Conclusion**

Based on our reviews, except for 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, 2024 and 2023 and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 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 Ming-Hsien Liu and Yung-Hsiang Chao.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 9, 2024

### Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to 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, 2024      |            | December 31, 2023   |            | March 31, 2023      |            |
|--|---------------------|------------|---------------------|------------|---------------------|------------|
|  | Amount              | %          | Amount              | %          | Amount              | %          |
| <b>CURRENT ASSETS</b>  |                     |            |                     |            |                     |            |
| Cash and cash equivalents (Note 6)   | \$ 803,126          | 8          | \$ 923,081          | 11         | \$ 803,973          | 9          |
| Financial assets at fair value through profit or loss - current (Note 7)                       | 1,072               | -          | 6,019               | -          | 4,671               | -          |
| Financial assets at amortized cost - current (Notes 9 and 34)                                  | 539,161             | 6          | 560,587             | 7          | 521,108             | 6          |
| Notes receivable (Note 10)   | 12                  | -          | -                   | -          | 507                 | -          |
| Trade receivables (Notes 10 and 33)  | 729,748             | 8          | 565,631             | 7          | 947,856             | 11         |
| Other receivables (Notes 10 and 33)  | 329,358             | 3          | 231,470             | 3          | 347,107             | 4          |
| Inventories (Note 12)  | 2,520,004           | 26         | 1,579,286           | 20         | 2,396,384           | 27         |
| Other current assets (Notes 11 and 19)   | 233,018             | 2          | 150,861             | 2          | 208,669             | 3          |
| Total current assets   | 5,155,499           | 53         | 4,016,935           | 50         | 5,230,275           | 60         |
| <b>NON-CURRENT ASSETS</b>  |                     |            |                     |            |                     |            |
| 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 (Note 8)       | 435,095             | 4          | 367,145             | 5          | 229,413             | 3          |
| Financial assets at amortized cost - non-current (Note 9)                                      | -                   | -          | 50,000              | 1          | 50,000              | 1          |
| Investments accounted for using the equity method (Notes 14 and 33)                            | 314,780             | 3          | 593,507             | 7          | 402,166             | 5          |
| Property, plant and equipment (Note 15)  | 2,095,903           | 22         | 1,831,039           | 23         | 1,699,779           | 19         |
| Right-of-use assets (Notes 16 and 33)  | 132,733             | 1          | 89,899              | 1          | 105,066             | 1          |
| Investment properties, net (Notes 17 and 34)   | 1,429,104           | 15         | 775,898             | 10         | 793,271             | 9          |
| Intangible assets (Note 18)  | 25,418              | -          | 27,047              | -          | 33,061              | -          |
| Deferred tax assets  | 47,696              | 1          | 49,871              | 1          | 46,304              | -          |
| Other non-current assets (Notes 11 and 19)   | 130,467             | 1          | 176,724             | 2          | 162,635             | 2          |
| Total non-current assets   | 4,611,196           | 47         | 3,961,130           | 50         | 3,522,016           | 40         |
| <b>TOTAL</b>   | <b>\$ 9,766,695</b> | <b>100</b> | <b>\$ 7,978,065</b> | <b>100</b> | <b>\$ 8,752,291</b> | <b>100</b> |
| <b>LIABILITIES AND EQUITY</b>  |                     |            |                     |            |                     |            |
| <b>CURRENT LIABILITIES</b>   |                     |            |                     |            |                     |            |
| Short-term borrowings (Note 20)  | \$ 1,116,505        | 12         | \$ 548,697          | 7          | \$ 973,902          | 11         |
| Short-term bills payable (Note 20)   | 160,816             | 2          | -                   | -          | -                   | -          |
| Financial liabilities at fair value through profit or loss - current (Note 7)                  | 2,096               | -          | 3,561               | -          | 6,625               | -          |
| Contract liabilities - current (Notes 24 and 33)   | 236,574             | 2          | 34,793              | 1          | 38,074              | 1          |
| Notes payable  | 4,691               | -          | 129                 | -          | 13,236              | -          |
| Trade payables (Note 33)   | 829,644             | 9          | 644,300             | 8          | 822,297             | 9          |
| Other payables (Notes 21 and 33)   | 899,057             | 9          | 343,211             | 4          | 924,487             | 11         |
| Current tax liabilities (Note 26)  | 130,363             | 1          | 119,039             | 2          | 216,150             | 3          |
| Lease liabilities - current (Notes 16 and 33)  | 28,320              | -          | 22,135              | -          | 32,300              | -          |
| Other current liabilities  | 8,966               | -          | 7,159               | -          | 8,302               | -          |
| Total current liabilities  | 3,417,032           | 35         | 1,723,024           | 22         | 3,035,373           | 35         |
| <b>NON-CURRENT LIABILITIES</b>   |                     |            |                     |            |                     |            |
| Financial liabilities at fair value through profit or loss - non-current (Note 7)              | -                   | -          | -                   | -          | 2,179               | -          |
| Long-term borrowings (Note 20)   | 687,452             | 7          | 485,000             | 6          | 400,000             | 5          |
| Deferred tax liabilities   | 119,624             | 1          | 123,510             | 2          | 122,360             | 1          |
| Lease liabilities - non-current (Notes 16 and 33)  | 62,615              | 1          | 27,101              | -          | 29,247              | -          |
| Net defined benefit liabilities - non-current (Note 22)  | 10,853              | -          | 11,463              | -          | 13,528              | -          |
| Other non-current liabilities (Note 33)  | 29,488              | -          | 7,467               | -          | 7,695               | -          |
| Total non-current liabilities  | 910,032             | 9          | 654,541             | 8          | 575,009             | 6          |
| Total liabilities  | 4,327,064           | 44         | 2,377,565           | 30         | 3,610,382           | 41         |
| <b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 23, 28 and 31)</b>                      |                     |            |                     |            |                     |            |
| Share capital  |                     |            |                     |            |                     |            |
| Ordinary shares  | 1,503,226           | 15         | 1,501,139           | 19         | 1,425,003           | 16         |
| Preference shares  | 5,117               | -          | 6,954               | -          | 81,915              | 1          |
| Total share capital  | 1,508,343           | 15         | 1,508,093           | 19         | 1,506,918           | 17         |
| Capital surplus  | 2,234,851           | 23         | 2,233,250           | 28         | 2,226,160           | 25         |
| Retained earnings  |                     |            |                     |            |                     |            |
| Legal reserve  | 668,803             | 7          | 668,803             | 8          | 575,708             | 7          |
| Special reserve  | 95,491              | 1          | 95,491              | 1          | 182,576             | 2          |
| Unappropriated earnings  | 817,608             | 8          | 1,187,483           | 15         | 688,720             | 8          |
| Total retained earnings  | 1,581,902           | 16         | 1,951,777           | 24         | 1,447,004           | 17         |
| Other equity interests   |                     |            |                     |            |                     |            |
| Exchange differences on translation of the financial statements of foreign operations          | (158,143)           | (1)        | (234,489)           | (3)        | (181,402)           | (2)        |
| Unrealized valuation gain on financial assets at fair value through other comprehensive income | 127,530             | 1          | 140,484             | 2          | 141,349             | 2          |
| Total other equity interests   | (30,613)            | -          | (94,005)            | (1)        | (40,053)            | -          |
| Total equity attributable to owners of the Company   | 5,294,483           | 54         | 5,599,115           | 70         | 5,140,029           | 59         |
| <b>NON-CONTROLLING INTERESTS (Notes 23 and 29)</b>   | <b>145,148</b>      | <b>2</b>   | <b>1,385</b>        | <b>-</b>   | <b>1,880</b>        | <b>-</b>   |
| Total equity   | 5,439,631           | 56         | 5,600,500           | 70         | 5,141,909           | 59         |
| <b>TOTAL</b>   | <b>\$ 9,766,695</b> | <b>100</b> | <b>\$ 7,978,065</b> | <b>100</b> | <b>\$ 8,752,291</b> | <b>100</b> |

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

(With Deloitte & Touche review report dated May 9, 2024)

# KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

|   | <b>For the Three Months Ended March 31</b> |             |                    |             |
|---|--|-------------|--------------------|-------------|
|   | <b>2024</b>                                |             | <b>2023</b>        |             |
|   | <b>Amount</b>                              | <b>%</b>    | <b>Amount</b>      | <b>%</b>    |
| OPERATING REVENUE (Note 33)   | \$ 1,510,986                               | 100         | \$ 1,746,053       | 100         |
| OPERATING COSTS (Notes 12, 25 and 33)   | <u>(1,265,024)</u>                         | <u>(84)</u> | <u>(1,450,032)</u> | <u>(83)</u> |
| GROSS PROFIT  | <u>245,962</u>                             | <u>16</u>   | <u>296,021</u>     | <u>17</u>   |
| OPERATING EXPENSES (Notes 25 and 33)  |  |             |                    |             |
| Selling and marketing expenses  | (77,942)                                   | (5)         | (73,401)           | (4)         |
| General and administrative expenses   | (95,632)                                   | (7)         | (86,801)           | (5)         |
| Research and development expenses   | (12,581)                                   | (1)         | (12,490)           | (1)         |
| Expected credit loss  | <u>(3,385)</u>                             | <u>-</u>    | <u>(985)</u>       | <u>-</u>    |
| Total operating expenses  | <u>(189,540)</u>                           | <u>(13)</u> | <u>(173,677)</u>   | <u>(10)</u> |
| PROFIT FROM OPERATIONS  | <u>56,422</u>                              | <u>3</u>    | <u>122,344</u>     | <u>7</u>    |
| NON-OPERATING INCOME AND EXPENSES<br>(Notes 25 and 33)  |  |             |                    |             |
| Interest income   | 15,056                                     | 1           | 12,630             | 1           |
| Other income  | 5,060                                      | -           | 4,213              | -           |
| Other gains and losses  | 127,417                                    | 9           | (9,630)            | (1)         |
| Finance costs   | (9,369)                                    | (1)         | (6,343)            | -           |
| Share of loss of associates accounted for using the<br>equity method  | <u>(5,271)</u>                             | <u>-</u>    | <u>(258)</u>       | <u>-</u>    |
| Total non-operating income and expenses   | <u>132,893</u>                             | <u>9</u>    | <u>612</u>         | <u>-</u>    |
| PROFIT BEFORE INCOME TAX  | 189,315                                    | 12          | 122,956            | 7           |
| INCOME TAX EXPENSE (Note 26)  | <u>(42,803)</u>                            | <u>(3)</u>  | <u>(27,811)</u>    | <u>(1)</u>  |
| NET PROFIT FOR THE PERIOD   | <u>146,512</u>                             | <u>9</u>    | <u>95,145</u>      | <u>6</u>    |
| OTHER COMPREHENSIVE INCOME  |  |             |                    |             |
| Items that will not be reclassified subsequently to<br>profit or loss:  |  |             |                    |             |
| Unrealized (loss) gain on investments in equity<br>instruments at fair value through other<br>comprehensive income        | (4,239)                                    | -           | 30,300             | 2           |
| Unrealized gain on investments in equity<br>instruments of associates at fair value through<br>other comprehensive income | <u>9,169</u>                               | <u>-</u>    | <u>39,331</u>      | <u>2</u>    |
|   | <u>4,930</u>                               | <u>-</u>    | <u>69,631</u>      | <u>4</u>    |

(Continued)

# KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

|   | <b>For the Three Months Ended March 31</b> |           |                   |            |
|---|--|-----------|-------------------|------------|
|   | <b>2024</b>                                |           | <b>2023</b>       |            |
|   | <b>Amount</b>                              | <b>%</b>  | <b>Amount</b>     | <b>%</b>   |
| Items that may be reclassified subsequently to profit or loss:                                      |  |           |                   |            |
| Exchange differences on translation of the financial statements of foreign operations               | \$ 76,309                                  | 5         | \$ (13,939)       | (1)        |
| Unrealized gain on investments in debt investments at fair value through other comprehensive income | <u>5,980</u>                               | <u>1</u>  | <u>337</u>        | <u>-</u>   |
|   | <u>82,289</u>                              | <u>6</u>  | <u>(13,602)</u>   | <u>(1)</u> |
| Other comprehensive income for the period, net of income tax  | <u>87,219</u>                              | <u>6</u>  | <u>56,029</u>     | <u>3</u>   |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>  | <u>\$ 233,731</u>                          | <u>15</u> | <u>\$ 151,174</u> | <u>9</u>   |
| <b>NET PROFIT (LOSS) ATTRIBUTABLE TO:</b>   |  |           |                   |            |
| Owners of the Company   | \$ 148,544                                 | 10        | \$ 95,288         | 5          |
| Non-controlling interests   | <u>(2,032)</u>                             | <u>-</u>  | <u>(143)</u>      | <u>-</u>   |
|   | <u>\$ 146,512</u>                          | <u>10</u> | <u>\$ 95,145</u>  | <u>5</u>   |
| <b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>   |  |           |                   |            |
| Owners of the Company   | \$ 235,800                                 | 15        | \$ 151,348        | 9          |
| Non-controlling interests   | <u>(2,069)</u>                             | <u>-</u>  | <u>(174)</u>      | <u>-</u>   |
|   | <u>\$ 233,731</u>                          | <u>15</u> | <u>\$ 151,174</u> | <u>9</u>   |
| <b>EARNINGS PER SHARE (Note 27)</b>   |  |           |                   |            |
| From continuing operations  |  |           |                   |            |
| Basic   | <u>\$ 0.98</u>                             |           | <u>\$ 0.53</u>    |            |
| Diluted   | <u>\$ 0.97</u>                             |           | <u>\$ 0.52</u>    |            |

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

(With Deloitte & Touche review report dated May 9, 2024)

(Concluded)

**KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands of New Taiwan Dollars)

|  | 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, 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)   | -                   | -                         | -                   |
| <b>BALANCE AT MARCH 31, 2023</b>   | <b>\$ 1,425,003</b>                                 | <b>\$ -</b>                          | <b>\$ 81,915</b>  | <b>\$ 1,506,918</b> | <b>\$ 2,226,160</b> | <b>\$ 575,708</b> | <b>\$ 182,576</b> | <b>\$ 688,720</b>       | <b>\$ (181,402)</b>   | <b>\$ 141,349</b>   | <b>\$ 5,140,029</b> | <b>\$ 1,880</b>           | <b>\$ 5,141,909</b> |
| BALANCE AT JANUARY 1, 2024   | \$ 1,501,139  | \$ -                                 | \$ 6,954          | \$ 1,508,093        | \$ 2,233,250        | \$ 668,803        | \$ 95,491         | \$ 1,187,483            | \$ (234,489)  | \$ 140,484  | \$ 5,599,115        | \$ 1,385                  | \$ 5,600,500        |
| Appropriation of the 2023 earnings   |   |                                      |                   |                     |                     |                   |                   |                         |   |   |                     |                           |                     |
| Cash dividends distributed by the Company  | -   | -                                    | -                 | -                   | -                   | -                 | -                 | (540,704)               | -   | -   | (540,704)           | -                         | (540,704)           |
| Cash dividends of preference shares distributed by the Company   | -   | -                                    | -                 | -                   | -                   | -                 | -                 | (1,579)                 | -   | -   | (1,579)             | -                         | (1,579)             |
| Net profit (loss) for the three months ended March 31, 2024  | -   | -                                    | -                 | -                   | -                   | -                 | -                 | 148,544                 | -   | -   | 148,544             | (2,032)                   | 146,512             |
| Other comprehensive income (loss) for the three months ended March 31, 2024, net of income tax               | -   | -                                    | -                 | -                   | -                   | -                 | -                 | -                       | 76,346  | 10,910  | 87,256              | (37)                      | 87,219              |
| Total comprehensive income (loss) for the three months ended March 31, 2024                                  | -   | -                                    | -                 | -                   | -                   | -                 | -                 | 148,544                 | 76,346  | 10,910  | 235,800             | (2,069)                   | 233,731             |
| Convertible preference shares converted  | 1,837   | -                                    | (1,837)           | -                   | -                   | -                 | -                 | -                       | -   | -   | -                   | -                         | -                   |
| Issuance of ordinary shares under employee share options   | 250   | -                                    | -                 | 250                 | 1,601               | -                 | -                 | -                       | -   | -   | 1,851               | -                         | 1,851               |
| Disposal of investments in equity instruments designated as at fair value through other comprehensive income | -   | -                                    | -                 | -                   | -                   | -                 | -                 | 23,864                  | -   | (23,864)  | -                   | -                         | -                   |
| Non-controlling interests  | -   | -                                    | -                 | -                   | -                   | -                 | -                 | -                       | -   | -   | -                   | 145,832                   | 145,832             |
| <b>BALANCE AT MARCH 31, 2024</b>   | <b>\$ 1,503,226</b>                                 | <b>\$ -</b>                          | <b>\$ 5,117</b>   | <b>\$ 1,508,343</b> | <b>\$ 2,234,851</b> | <b>\$ 668,803</b> | <b>\$ 95,491</b>  | <b>\$ 817,608</b>       | <b>\$ (158,143)</b>   | <b>\$ 127,530</b>   | <b>\$ 5,294,483</b> | <b>\$ 145,148</b>         | <b>\$ 5,439,631</b> |

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

(With Deloitte &amp; Touche review report dated May 9, 2024)

# KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

|  | For the Three Months Ended<br>March 31 |            |
|--|--|------------|
|  | 2024                                   | 2023       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |  |            |
| Income before income tax   | \$ 189,315                             | \$ 122,956 |
| Adjustments for:   |  |            |
| Depreciation expense   | 37,049                                 | 38,954     |
| Amortization expense   | 1,830                                  | 2,226      |
| Expected credit loss   | 3,385                                  | 985        |
| Net loss on fair value changes of financial assets and liabilities at<br>fair value through profit or loss | 1,024                                  | 3,812      |
| Finance costs  | 9,369                                  | 6,343      |
| Interest income  | (15,056)                               | (12,630)   |
| Compensation costs of employee share options   | 1,021                                  | 914        |
| Share of loss of associates accounted for using the equity method  | 5,271                                  | 258        |
| Loss (gain) on disposal of property, plant and equipment   | 210                                    | (1,080)    |
| Gain on disposal of associates accounted for using the equity<br>method                                    | (83,401)                               | -          |
| Write-downs of inventories   | 5,082                                  | 8,233      |
| Net (gain) loss on foreign currency exchange   | (29,460)                               | 1,756      |
| Other gains  | (7,447)                                | -          |
| Changes in operating assets and liabilities  |  |            |
| Financial assets mandatorily classified as at fair value through profit<br>or loss                         | 6,019                                  | 4,873      |
| Notes receivable   | (12)                                   | 8,418      |
| Trade receivables  | (143,145)                              | 29,415     |
| Other receivables  | (91,673)                               | (99,002)   |
| Inventories  | (582,927)                              | (286,255)  |
| Other current assets   | (21,203)                               | 10,458     |
| Financial liabilities held for trading   | (3,561)                                | (18,622)   |
| Notes payable  | (6,215)                                | (9,669)    |
| Trade payables   | 149,327                                | (13,837)   |
| Contract liabilities   | 65,808                                 | (5,694)    |
| Other payables   | (66,998)                               | (57,807)   |
| Other current liabilities  | 1,167                                  | (3,258)    |
| Net defined benefit liabilities  | (610)                                  | (533)      |
| Cash used in operations  | (575,831)                              | (268,786)  |
| Interest received  | 18,640                                 | 10,945     |
| Interest paid  | (8,362)                                | (6,128)    |
| Income tax paid  | (33,796)                               | (30,166)   |
| Net cash used in operating activities  | (599,349)                              | (294,135)  |

(Continued)

# KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

|  | For the Three Months Ended<br>March 31 |                   |
|--|--|-------------------|
|  | 2024                                   | 2023              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |  |                   |
| Acquisition of financial assets at fair value through other comprehensive income                               | \$ (36,000)                            | \$ (25,393)       |
| Acquisition of financial assets at amortized cost  | (143,680)                              | (454,356)         |
| Proceeds from disposal of financial assets at amortized cost   | 199,601                                | 2,660             |
| Acquisition of associates  | -                                      | (10,899)          |
| Net cash inflow on disposal of associates  | 210,811                                | -                 |
| Net cash outflow on acquisition of subsidiaries (Note 29)  | (215,659)                              | -                 |
| Acquisition of property, plant and equipment   | (90,480)                               | (74,940)          |
| Proceeds from disposal of property, plant and equipment  | 1                                      | 47,808            |
| Acquisition of intangible assets   | (178)                                  | -                 |
| Acquisition of investment properties   | (94,441)                               | -                 |
| Increase in other non-current assets   | <u>(2,123)</u>                         | <u>(21,465)</u>   |
| Net cash used in investing activities  | <u>(172,148)</u>                       | <u>(536,585)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |  |                   |
| Proceeds from short-term borrowings  | 567,808                                | 174,863           |
| Repayments of short-term bills payable   | (11,284)                               | (30,000)          |
| Proceeds from long-term borrowings   | 29,706                                 | -                 |
| Repayments of long-term borrowings   | -                                      | (28,670)          |
| Repayments of the principal portion of lease liabilities   | (8,275)                                | (11,002)          |
| Increase in other non-current liabilities  | 302                                    | 101               |
| Proceeds from share options exercised  | 830                                    | 8,344             |
| Changes in non-controlling interests   | <u>-</u>                               | <u>(1,775)</u>    |
| Net cash generated from financing activities   | <u>579,087</u>                         | <u>111,861</u>    |
| <b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b> |  |                   |
|  | <u>72,455</u>                          | <u>(6,714)</u>    |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>   | (119,955)                              | (725,573)         |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>  | <u>923,081</u>                         | <u>1,529,546</u>  |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>  | <u>\$ 803,126</u>                      | <u>\$ 803,973</u> |

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

(With Deloitte & Touche review report dated May 9, 2024)

(Concluded)

# KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 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 9, 2024.

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

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

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

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

| <u>New, Amended and Revised Standards and Interpretations</u>  | <u>Effective Date<br/>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                             |
| 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                                      |
| IFRS 18 “Presentation and Disclosures in Financial Statements”   | January 1, 2027                                      |
| Amendments to IAS 21 “Lack of Exchangeability”   | January 1, 2025 (Note 2)                             |

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

#### IFRS 18 “Presentation and Disclosures in Financial Statements”

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

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

Except for the above impact, as of the date the 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 MATERIAL ACCOUNTING POLICY INFORMATION**

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

d. Other material accounting policies

For the summary of other material accounting policies, except for leases and the following accounting policies, refer to the consolidated financial statements for the year ended December 31, 2023.

1) Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and

- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

## 2) 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.

## 3) 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, 2023 for the material accounting judgments and key sources of estimation uncertainty.

## 6. CASH AND CASH EQUIVALENTS

|   | <b>March 31, 2024</b> | <b>December 31,<br/>2023</b> | <b>March 31, 2023</b> |
|---|-----------------------|------------------------------|-----------------------|
| Cash on hand  | \$ 4,241              | \$ 1,823                     | \$ 2,105              |
| Checking accounts and demand deposits                                       | 587,685               | 520,186                      | 443,167               |
| Cash equivalents (investments with original maturities of 3 months or less) |                       |                              |                       |
| Time deposits   | <u>211,200</u>        | <u>401,072</u>               | <u>358,701</u>        |
|   | <u>\$ 803,126</u>     | <u>\$ 923,081</u>            | <u>\$ 803,973</u>     |

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

|   | March 31, 2024  | December 31,<br>2023 | March 31, 2023  |
|---|-----------------|----------------------|-----------------|
| <u>Financial assets at FVTPL - current</u>                    |                 |                      |                 |
| Mandatorily classified as at FVTPL                            |                 |                      |                 |
| Derivative financial assets (not under hedge accounting)      |                 |                      |                 |
| Foreign exchange forward contracts                            | \$ <u>1,072</u> | \$ <u>6,019</u>      | \$ <u>4,671</u> |
| <u>Financial assets at FVTPL - non-current</u>                |                 |                      |                 |
| Mandatorily classified as at FVTPL                            |                 |                      |                 |
| Derivative financial assets (not under hedge accounting)      |                 |                      |                 |
| Foreign exchange forward contracts                            | \$ <u>-</u>     | \$ <u>-</u>          | \$ <u>321</u>   |
| <u>Financial liabilities at FVTPL - current</u>               |                 |                      |                 |
| Held for trading  |                 |                      |                 |
| Derivative financial liabilities (not under hedge accounting) |                 |                      |                 |
| Foreign exchange forward contracts                            | \$ <u>2,096</u> | \$ <u>3,561</u>      | \$ <u>6,625</u> |
| <u>Financial liabilities at FVTPL - non-current</u>           |                 |                      |                 |
| Held for trading  |                 |                      |                 |
| Derivative financial liabilities (not under hedge accounting) |                 |                      |                 |
| Foreign exchange forward contracts                            | \$ <u>-</u>     | \$ <u>-</u>          | \$ <u>2,179</u> |

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

|                          | Currency | Maturity Date        | Notional Amount<br>(In Thousands) |
|--------------------------|----------|----------------------|-----------------------------------|
| <u>March 31, 2024</u>    |          |                      |                                   |
| Buy                      | USD/NTD  | 2024.4.10            | USD1,000/NTD30,997                |
| Buy                      | EUR/USD  | 2024.4.26-2024.12.27 | EUR2,519/USD2,774                 |
| Buy                      | USD/JPY  | 2024.7.22-2025.3.27  | USD703/JPY102,937                 |
| Sell                     | USD/NTD  | 2024.7.22-2024.8.29  | USD3,000/NTD94,755                |
| Sell                     | USD/RMB  | 2024.4.26-2024.7.26  | USD370/RMB2,652                   |
| Sell                     | EUR/NTD  | 2024.7.17            | EUR215/NTD7,405                   |
| <u>December 31, 2023</u> |          |                      |                                   |
| Buy                      | EUR/NTD  | 2024.2.6-2024.3.14   | EUR3,000/NTD93,589                |
| Buy                      | EUR/USD  | 2024.1.26-2024.9.26  | EUR3,167/USD3,466                 |
| Buy                      | USD/JPY  | 2024.3.19-2024.10.4  | USD3,044/JPY43,683                |
| Sell                     | USD/RMB  | 2024.2.27-2024.5.30  | USD376/RMB2,709                   |

(Continued)

|                       | <b>Currency</b> | <b>Maturity Date</b> | <b>Notional Amount<br/>(In Thousands)</b> |
|-----------------------|-----------------|----------------------|---|
| <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                           |
| (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

|   | <b>March 31, 2024</b> | <b>December 31,<br/>2023</b> | <b>March 31, 2023</b> |
|---|-----------------------|------------------------------|-----------------------|
| <u>Non-current</u>                      |                       |                              |                       |
| Investments in equity instruments (a)   |                       |                              |                       |
| Domestic listed shares                  | \$ 220,162            | \$ 194,191                   | \$ 180,300            |
| Foreign unlisted shares                 | <u>-</u>              | <u>-</u>                     | <u>23,383</u>         |
|   | <u>220,162</u>        | <u>194,191</u>               | <u>203,683</u>        |
| Investments in debt instruments (b)-(g) |                       |                              |                       |
| Bonds                                   | <u>214,933</u>        | <u>172,954</u>               | <u>25,730</u>         |
|   | <u>\$ 435,095</u>     | <u>\$ 367,145</u>            | <u>\$ 229,413</u>     |

- a. 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.
- b. In March 2023, the Group bought 8-year corporate bonds issued by Foxconn (Far East) Limited with a coupon rate of 2.5%.
- c. In June 2023, the Group bought 3-year corporate bonds issued by Shinhan Card Co., Ltd. with a coupon rate of 1.375%.
- d. In August 2023, the Group bought 7-year corporate bonds issued by TSMC Global Ltd. with a coupon rate of 1.375%.
- e. In August 2023, the Group bought 10-year corporate bonds issued by United Health Group Inc. with a coupon rate of 5.35%.

- f. In December 2023 and January 2024, the Group bought 10-year corporate bonds issued by American Express with a coupon rate of 5.043%.
- g. In March 2024, the Group bought 29-year international bonds issued by the Chilean government with a coupon rate of 3.5%.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

|  | March 31, 2024    | December 31,<br>2023 | March 31, 2023    |
|--|-------------------|----------------------|-------------------|
| <u>Current</u>   |                   |                      |                   |
| Domestic investments   |                   |                      |                   |
| Restricted assets - bank balance (a)                         | \$ 18,121         | \$ -                 | \$ 10,012         |
| Time deposits with original maturities of more than 3 months | <u>521,040</u>    | <u>560,587</u>       | <u>511,096</u>    |
|  | <u>\$ 539,161</u> | <u>\$ 560,587</u>    | <u>\$ 521,108</u> |
| <u>Non-current</u>   |                   |                      |                   |
| Domestic investments   |                   |                      |                   |
| Private corporate bond with no active market (b)             | <u>\$ -</u>       | <u>\$ 50,000</u>     | <u>\$ 50,000</u>  |

- a. Refer to Note 34 for information related to investments in financial assets at amortized cost pledged as security.
- b. The Group held five units of five-year unsecured corporate bonds issued by Koutou Co., Ltd. with a coupon rate of 2.5% as of March 31, 2023 and December 31, 2023.

## 10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

|  | March 31, 2024    | December 31,<br>2023 | March 31, 2023    |
|--|-------------------|----------------------|-------------------|
| <u>Notes receivable</u>                              |                   |                      |                   |
| At amortized cost                                    |                   |                      |                   |
| Gross carrying amount                                | \$ 12             | \$ -                 | \$ 507            |
| Less: Allowance for impairment loss                  | <u>-</u>          | <u>-</u>             | <u>-</u>          |
|  | <u>\$ 12</u>      | <u>\$ -</u>          | <u>\$ 507</u>     |
| <u>Trade receivables (including related parties)</u> |                   |                      |                   |
| At amortized cost                                    |                   |                      |                   |
| Gross carrying amount                                | \$ 736,557        | \$ 570,075           | \$ 947,937        |
| Less: Allowance for impairment loss                  | <u>(6,809)</u>    | <u>(4,444)</u>       | <u>(81)</u>       |
|  | <u>\$ 729,748</u> | <u>\$ 565,631</u>    | <u>\$ 947,856</u> |

(Continued)

|                                     | <b>March 31, 2024</b> | <b>December 31,<br/>2023</b> | <b>March 31, 2023</b> |
|-------------------------------------|-----------------------|------------------------------|-----------------------|
| <u>Other receivables</u>            |                       |                              |                       |
| Sale of raw materials               | \$ 429,191            | \$ 322,732                   | \$ 447,247            |
| Tax refund receivable               | 37,813                | 41,400                       | 44,104                |
| Interest receivable                 | 17,121                | 20,705                       | 5,855                 |
| Others                              | 1,889                 | 1,804                        | 1,086                 |
| Less: Allowance for impairment loss | <u>(156,656)</u>      | <u>(155,171)</u>             | <u>(151,185)</u>      |
|                                     | <u>\$ 329,358</u>     | <u>\$ 231,470</u>            | <u>\$ 347,107</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 matrices 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:

|                    | <b>March 31, 2024</b> | <b>December 31,<br/>2023</b> | <b>March 31, 2023</b> |
|--------------------|-----------------------|------------------------------|-----------------------|
| Less than 30 days  | \$ 576,115            | \$ 327,319                   | \$ 596,531            |
| 31-60 days         | 138,067               | 189,442                      | 262,029               |
| 61-120 days        | 15,447                | 46,513                       | 89,377                |
| More than 120 days | <u>6,928</u>          | <u>6,801</u>                 | <u>-</u>              |
|                    | <u>\$ 736,557</u>     | <u>\$ 570,075</u>            | <u>\$ 947,937</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:

|  | <b>For the Three Months Ended<br/>March 31</b> |              |
|--|--|--------------|
|  | <b>2024</b>                                    | <b>2023</b>  |
| Balance at January 1                     | \$ 4,444                                       | \$ 81        |
| Add: Net remeasurement of loss allowance | <u>2,365</u>                                   | <u>-</u>     |
| Balance at March 31                      | <u>\$ 6,809</u>                                | <u>\$ 81</u> |

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

|  | <b>For the Three Months Ended<br/>March 31</b> |                   |
|--|--|-------------------|
|  | <b>2024</b>                                    | <b>2023</b>       |
| Balance at January 1                     | \$ 155,171                                     | \$ 150,254        |
| Add: Net remeasurement of loss allowance | 1,020  | 985               |
| Foreign exchange gains and losses        | <u>465</u>                                     | <u>(54)</u>       |
| Balance at March 31                      | <u>\$ 156,656</u>                              | <u>\$ 151,185</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.

## 11. FINANCE LEASE RECEIVABLES

|   | <b>March 31, 2024</b> | <b>December 31,<br/>2023</b> | <b>March 31, 2023</b> |
|---|-----------------------|------------------------------|-----------------------|
| <u>Undiscounted lease payments</u>                                |                       |                              |                       |
| Year 1  | \$ 73,647             | \$ 68,579                    | \$ 54,538             |
| Year 2  | 15,235                | 20,303                       | 20,273                |
| Year 3  | <u>-</u>              | <u>-</u>                     | <u>15,235</u>         |
|   | 88,882                | 88,882                       | 90,046                |
| Less: Unearned finance income                                     | (5,708)               | (6,073)                      | (7,954)               |
| Less: Allowance for impairment loss                               | <u>(51,867)</u>       | <u>(51,867)</u>              | <u>(10,836)</u>       |
| Net investment in leases (presented as finance lease receivables) | <u>\$ 31,307</u>      | <u>\$ 30,942</u>             | <u>\$ 71,256</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, 2024.

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, 2024, part of the finance lease receivables was past due. The Group has recognized a loss allowance of \$51,867 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.

## 12. INVENTORIES

|  | March 31, 2024      | December 31,<br>2023 | March 31, 2023      |
|--|---------------------|----------------------|---------------------|
| Merchandise                            | \$ 42,146           | \$ 59,686            | \$ 133,577          |
| Finished goods                         | 501,892             | 294,080              | 429,738             |
| Work in progress                       | 792,308             | 668,276              | 1,024,698           |
| Raw materials and supplies             | 717,421             | 364,131              | 732,000             |
| Goods to subcontractor                 | 1,759               | -                    | 30                  |
| Inventory in transit                   | 71,431              | 193,113              | 76,341              |
| Lands and buildings under construction | <u>393,047</u>      | <u>-</u>             | <u>-</u>            |
|  | <u>\$ 2,520,004</u> | <u>\$ 1,579,286</u>  | <u>\$ 2,396,384</u> |

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2024 and 2023 included inventory write-downs of \$5,082 thousand and \$8,233 thousand, respectively.

## 13. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

| Investor                      | Investee                         | Nature of Activities                                    | Proportion of Ownership (%)     |                      |                   | Remark           |
|-------------------------------|----------------------------------|---|---------------------------------|----------------------|-------------------|------------------|
|                               |                                  |   | March 31,<br>2024               | December 31,<br>2023 | March 31,<br>2023 |                  |
| The Company                   | Kwong Lung (B.V.I.) Ltd.         | Overseas reinvested holding company.                    | 100.00                          | 100.00               | 100.00            | Major subsidiary |
|                               | Kwong Lung Meko Co., Ltd.        | Manufacturing and selling of apparel, down and bedding. | 100.00                          | 100.00               | 100.00            | Major subsidiary |
|                               | Kwong Lung Japan Co., Ltd.       | Selling of down and bedding.                            | 100.00                          | 100.00               | 100.00            | 1                |
|                               | Bo Hsing Enterprise Co., Ltd.    | Manufacturing and selling of apparel and bedding.       | 100.00                          | 100.00               | 100.00            | Major subsidiary |
|                               | Toptex Garment Co., Ltd.         | Manufacturing of apparel.                               | 100.00                          | 100.00               | 100.00            | 1                |
|                               | P&B Collection Co., Ltd.         | Investment activities and manufacturing of bedding.     | 100.00                          | 100.00               | 100.00            | 1                |
|                               | Kwong Lung-O Mon Company Limited | Manufacturing of apparel.                               | 100.00                          | 100.00               | 100.00            | 1                |
|                               | Manumech Corporation             | Wholesale.  | 100.00                          | 100.00               | 94.59             | 1                |
|                               | Fuhua Garment Co., Ltd.          | Manufacturing of apparel.                               | 100.00                          | 100.00               | -                 | 1, 4             |
|                               | Gonglong Co., Ltd.               | Gonglong Co., Ltd.                                      | Real estate rental and leasing. | 100.00               | -                 | -                |
| Gonglong Co., Ltd.            | Koutou Co., Ltd.                 | Construction business.                                  | 60.00                           | -                    | -                 | 1, 5             |
|                               | Kwong Lung (B.V.I.) Ltd.         | Kwong Lung Feather (B.V.I.) Limited                     | 100.00                          | 100.00               | 100.00            | 1                |
| Kwong Lung (B.V.I.) Ltd.      | Kwong Lung (Suzhou) Co., Ltd.    | Manufacturing and selling of down and bedding.          | 100.00                          | 100.00               | 100.00            | 1                |
|                               | Kwong Lung Japan Co., Ltd.       | Rising Living Co., Ltd.                                 | 51.00                           | 51.00                | 51.00             | 1                |
| Bo Hsing Enterprise Co., Ltd. | Kwong Lung Meko (B.V.I.) Ltd.    | Overseas reinvested holding company.                    | 40.00                           | 40.00                | 40.00             | 1                |
| Kwong Lung Meko Co., Ltd.     | Kwong Lung Meko (B.V.I.) Ltd.    | Overseas reinvested holding company.                    | 60.00                           | 60.00                | 60.00             | 1                |
| Kwong Lung (Suzhou) Co., Ltd. | Kunshan Fulong Trade Co., Ltd.   | Selling of bedding.                                     | 100.00                          | 100.00               | 100.00            | 1                |
| P&B Collection Co., Ltd.      | Manumech Corporation             | Wholesale.  | -                               | -                    | 5.41              | 1, 2             |
| Manumech Corporation          | Intime Tech Co., Ltd.            | Wholesale.  | -                               | -                    | 100.00            | 1, 3             |

1) It is an immaterial subsidiary; its financial statements have not reviewed as of March 31, 2024 and 2023.

- 2) In February 2023, P&B Collection Co., Ltd. acquired a 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 31 for the details. P&B Collection Co., Ltd. sold 5.41% of its equity interest in Manumech Corporation to the Company in May 2023, and the Company's shareholding in Manumech Corporation became 100%.
- 3) In line with its business plan, the Group's board of directors resolved to dispose of its subsidiary, Intime Tech Co., Ltd., to the non-related parties on February 1, 2023, and the transaction was completed on May 6, 2023. The Group recognized a loss on disposal of \$2,307 thousand. Refer to Note 30 for details of the transaction.
- 4) In July 2023, the Company incorporated Fuhua Garment Co., Ltd. with the amount of US\$3,000 thousand.
- 5) In January 2024, the Group acquired 15,851 thousand shares of Gonglong Co., Ltd., the investment accounted for using the equity method, in the amount of \$237,100 thousand. This acquisition resulted in an increase in shareholding from 39.5% to 100% granting the Group control over Gonglong Co., Ltd. Consequently, Koutou Co., Ltd. (Koutou), a subsidiary of Gonglong Co., Ltd. with a 60% shareholding, became a subsidiary of the Group in January 2024. Refer to Note 29 for the details.

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

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

##### Investments in associates

|   | March 31, 2024    | December 31,<br>2023 | March 31, 2023    |
|---|-------------------|----------------------|-------------------|
| Material associate                            |                   |                      |                   |
| Snowdown Merchandise Corporation              | \$ -              | \$ 183,667           | \$ 260,150        |
| Associates that are not individually material | <u>314,780</u>    | <u>409,840</u>       | <u>142,016</u>    |
|   | <u>\$ 314,780</u> | <u>\$ 593,507</u>    | <u>\$ 402,166</u> |

##### Material associates

| Name of Associate                | <u>Proportion of Ownership and Voting Rights</u> |                      |                |
|----------------------------------|--|----------------------|----------------|
|                                  | March 31, 2024                                   | December 31,<br>2023 | March 31, 2023 |
| Snowdown Merchandise Corporation | -  | 39.5%                | 39.5%          |

In January 2024, the Group disposed all the shares of Snowdown Merchandise Corporation for \$210,811 thousand. The disposal was completed on January 8, 2024 and resulted in the recognition of gain on disposal of \$27,144 thousand.

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.

## 15. PROPERTY, PLANT AND EQUIPMENT

|  | Freehold Land     | Buildings           | Machinery Equipment | Transportation Equipment | Other Equipment   | Property under Construction | Total               |
|--|-------------------|---------------------|---------------------|--------------------------|-------------------|-----------------------------|---------------------|
| <u>Cost</u>                                      |                   |                     |                     |                          |                   |                             |                     |
| Balance at January 1, 2024                       | \$ 687,760        | \$ 1,188,256        | \$ 572,343          | \$ 35,066                | \$ 137,110        | \$ 475,980                  | \$ 3,096,515        |
| Additions  | -                 | 18                  | 5,238               | -                        | 2,433             | 77,302                      | 84,991              |
| Disposals  | -                 | (3,214)             | (4,315)             | (2,285)                  | (784)             | -                           | (10,598)            |
| Acquisitions through business combinations       | -                 | 152,578             | -                   | -                        | 302               | -                           | 152,880             |
| Reclassification                                 | -                 | -                   | 43,361              | -                        | 1,800             | (1,970)                     | 43,191              |
| Effects of foreign currency exchange differences | -                 | 17,113              | 15,906              | 1,068                    | 1,013             | 2,539                       | 37,639              |
| Balance at March 31, 2024                        | <u>\$ 687,760</u> | <u>\$ 1,354,751</u> | <u>\$ 632,533</u>   | <u>\$ 33,849</u>         | <u>\$ 141,874</u> | <u>\$ 553,851</u>           | <u>\$ 3,404,618</u> |
| <u>Accumulated depreciation and impairment</u>   |                   |                     |                     |                          |                   |                             |                     |
| Balance at January 1, 2024                       | \$ -              | \$ 598,115          | \$ 509,766          | \$ 31,376                | \$ 126,219        | \$ -                        | \$ 1,265,476        |
| Depreciation expense                             | -                 | 14,645              | 8,160               | 457                      | 1,156             | -                           | 24,418              |
| Disposals  | -                 | (3,214)             | (4,314)             | (2,285)                  | (574)             | -                           | (10,387)            |
| Acquisitions through business combinations       | -                 | 2,695               | -                   | -                        | 167               | -                           | 2,862               |
| Effects of foreign currency exchange differences | -                 | 10,232              | 14,221              | 962                      | 931               | -                           | 26,346              |
| Balance at March 31, 2024                        | <u>\$ -</u>       | <u>\$ 622,473</u>   | <u>\$ 527,833</u>   | <u>\$ 30,510</u>         | <u>\$ 127,899</u> | <u>\$ -</u>                 | <u>\$ 1,308,715</u> |
| Carrying amount at January 1, 2024               | <u>\$ 687,760</u> | <u>\$ 590,141</u>   | <u>\$ 62,577</u>    | <u>\$ 3,690</u>          | <u>\$ 10,891</u>  | <u>\$ 475,980</u>           | <u>\$ 1,831,039</u> |
| Carrying amount at March 31, 2024                | <u>\$ 687,760</u> | <u>\$ 732,278</u>   | <u>\$ 104,700</u>   | <u>\$ 3,339</u>          | <u>\$ 13,975</u>  | <u>\$ 553,851</u>           | <u>\$ 2,095,903</u> |
| <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> |

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

|                                 |                |
|---------------------------------|----------------|
| <b>Building</b>                 |                |
| Main buildings                  | 3 to 51 years  |
| Construction                    | 1 to 26 years  |
| <b>Machinery equipment</b>      | 2 to 20 years  |
| <b>Transportation equipment</b> | 4 to 12 years  |
| <b>Other equipment</b>          |                |
| 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   |

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

|   | March 31, 2024    | December 31,<br>2023                           | March 31, 2023    |
|---|-------------------|--|-------------------|
| <u>Carrying amount</u>                      |                   |  |                   |
| Land  | \$ 47,459         | \$ 46,230                                      | \$ 47,539         |
| Buildings                                   | 68,789            | 31,256   | 40,590            |
| Machinery                                   | 948               | 488  | 904               |
| Transportation equipment                    | <u>15,537</u>     | <u>11,925</u>                                  | <u>16,033</u>     |
|   | <u>\$ 132,733</u> | <u>\$ 89,899</u>                               | <u>\$ 105,066</u> |
|   |                   | <b>For the Three Months Ended<br/>March 31</b> |                   |
|   |                   | <b>2024</b>                                    | <b>2023</b>       |
| Additions to right-of-use assets            |                   | <u>\$ 60,192</u>                               | <u>\$ 19,877</u>  |
| Depreciation charge for right-of-use assets |                   |  |                   |
| Land  |                   | \$ 487   | \$ 559            |
| Buildings                                   |                   | 6,075  | 8,021             |
| Machinery                                   |                   | 358  | 177               |
| Transportation equipment                    |                   | <u>2,655</u>                                   | <u>2,305</u>      |
|   |                   | <u>\$ 9,575</u>                                | <u>\$ 11,062</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, 2024 and 2023.

### b. Lease liabilities

|                        | March 31, 2024   | December 31,<br>2023 | March 31, 2023   |
|------------------------|------------------|----------------------|------------------|
| <u>Carrying amount</u> |                  |                      |                  |
| Current                | <u>\$ 28,320</u> | <u>\$ 22,135</u>     | <u>\$ 32,300</u> |
| Non-current            | <u>\$ 62,615</u> | <u>\$ 27,101</u>     | <u>\$ 29,247</u> |

Range of discount rates for lease liabilities was as follows:

|                          | March 31, 2024 | December 31,<br>2023 | March 31, 2023 |
|--------------------------|----------------|----------------------|----------------|
| Land                     | 1.28%          | 1.28%                | 1.28%          |
| Buildings                | 0.37%-9.64%    | 0.37%-9.64%          | 0.37%-9.64%    |
| Machinery                | 0.52%-5%       | 1.03%-5%             | 1.03%-5%       |
| Transportation equipment | 0.52%-1.64%    | 0.52%-1.6%           | 0.52%-1.54%    |

c. Other lease information

|  | <b>For the Three Months Ended<br/>March 31</b> |                    |
|--|--|--------------------|
|  | <b>2024</b>                                    | <b>2023</b>        |
| Expenses relating to short-term leases and department stores | <u>\$ 9,205</u>                                | <u>\$ 8,717</u>    |
| Expenses relating to low-value asset leases                  | <u>\$ 146</u>                                  | <u>\$ 175</u>      |
| Total cash outflow for leases                                | <u>\$ (18,213)</u>                             | <u>\$ (20,221)</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.

**17. INVESTMENT PROPERTIES**

|  | <b>For the Three Months Ended<br/>March 31</b> |                   |
|--|--|-------------------|
|  | <b>2024</b>                                    | <b>2023</b>       |
| <u>Cost</u>                                      |  |                   |
| Balance at January 1                             | \$ 795,270                                     | \$ 813,487        |
| Additions  | 96,441   | -                 |
| Acquisitions through business combinations       | 574,199  | -                 |
| Effects of foreign currency exchange differences | <u>(8,986)</u>                                 | <u>(5,586)</u>    |
| Balance at March 31                              | <u>\$ 1,456,924</u>                            | <u>\$ 807,901</u> |
| <u>Accumulated depreciation</u>                  |  |                   |
| Balance at January 1                             | \$ 19,372                                      | \$ 13,012         |
| Depreciation expense                             | 3,056  | 1,757             |
| Acquisitions through business combinations       | 5,721  | -                 |
| Effects of foreign currency exchange differences | <u>(329)</u>                                   | <u>(139)</u>      |
| Balance at March 31                              | <u>\$ 27,820</u>                               | <u>\$ 14,630</u>  |
| Carrying amount at March 31                      | <u>\$ 1,429,104</u>                            | <u>\$ 793,271</u> |

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

Main buildings 10-50 years

|            | <b>March 31, 2024</b> | <b>December 31,<br/>2023</b> | <b>March 31, 2023</b> |
|------------|-----------------------|------------------------------|-----------------------|
| Fair value | <u>\$ 1,457,916</u>   | <u>\$ 801,841</u>            | <u>\$ 815,562</u>     |

Except for the acquisitions through business combinations for the three months ended March 31, 2024, management of the Group had assessed and determined that there were no significant changes in the fair value of remaining investment properties as of March 31, 2024 and 2023, as compared to the fair values as of December 31, 2023 and 2022.

The investment properties pledged as collateral for bank borrowings are set out in Note 34.

## 18. INTANGIBLE ASSETS

|                           | March 31, 2024   | December 31,<br>2023 | March 31, 2023   |
|---------------------------|------------------|----------------------|------------------|
| Goodwill                  | \$ 22,022        | \$ 22,022            | \$ 22,022        |
| Cost of computer software | 2,094            | 3,710                | 9,580            |
| Others                    | <u>1,302</u>     | <u>1,315</u>         | <u>1,459</u>     |
|                           | <u>\$ 25,418</u> | <u>\$ 27,047</u>     | <u>\$ 33,061</u> |

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

## 19. OTHER ASSETS

|   | March 31, 2024    | December 31,<br>2023 | March 31, 2023    |
|---|-------------------|----------------------|-------------------|
| <u>Current</u>  |                   |                      |                   |
| Overpaid tax retained for offsetting future tax payable | \$ 87,064         | \$ 54,369            | \$ 64,199         |
| Prepayments   | 22,542            | 57,116               | 54,300            |
| Finance lease receivables (Note 11)                     | 16,684            | 11,690               | 38,784            |
| Incremental costs of obtaining a contract               | 34,776            | -                    | -                 |
| Others  | <u>71,952</u>     | <u>27,686</u>        | <u>51,386</u>     |
|   | <u>\$ 233,018</u> | <u>\$ 150,861</u>    | <u>\$ 208,669</u> |
| <u>Non-current</u>                                      |                   |                      |                   |
| Finance lease receivables (Note 11)                     | \$ 14,623         | \$ 19,252            | \$ 32,472         |
| Refundable deposits                                     | 26,346            | 26,572               | 32,983            |
| Prepayments for investment                              | 36,136            | 36,136               | 36,136            |
| Prepayments for equipment                               | -                 | 43,191               | 37,873            |
| Prepayments for land and buildings                      | -                 | 2,000                | -                 |
| Others  | <u>53,362</u>     | <u>49,573</u>        | <u>23,171</u>     |
|   | <u>\$ 130,467</u> | <u>\$ 176,724</u>    | <u>\$ 162,635</u> |

## 20. BORROWINGS

### a. Short-term borrowings

|                                | March 31, 2024      | December 31,<br>2023 | March 31, 2023     |
|--------------------------------|---------------------|----------------------|--------------------|
| <u>Secured borrowings</u>      |                     |                      |                    |
| Bank loans                     | \$ -                | \$ -                 | \$ -               |
| <u>Unsecured borrowings</u>    |                     |                      |                    |
| Line of credit borrowings      | 1,116,505           | 548,697              | 894,764            |
| Loans from non-related parties | <u>-</u>            | <u>-</u>             | <u>79,138</u>      |
|                                | <u>\$ 1,116,505</u> | <u>\$ 548,697</u>    | <u>\$ 973,902</u>  |
| Range of interest rates        | <u>0.28%-3.50%</u>  | <u>0.23%-3.50%</u>   | <u>0.25%-3.90%</u> |

### b. Short-term bills payable

|  | March 31, 2024    | December 31,<br>2023 | March 31, 2023 |
|--|-------------------|----------------------|----------------|
| Commercial paper                             | \$ 161,000        | \$ -                 | \$ -           |
| Less: Unamortized discounts on bills payable | <u>(184)</u>      | <u>-</u>             | <u>-</u>       |
|  | <u>\$ 160,816</u> | <u>\$ -</u>          | <u>\$ -</u>    |

Outstanding short-term bills payable were as follows:

#### March 31, 2024

| Promissory<br>Institution | Nominal<br>Amount | Discount<br>Amount | Carrying<br>Amount | Interest Rate | Collateral               | Carrying<br>Amount of<br>Collateral |
|---------------------------|-------------------|--------------------|--------------------|---------------|--------------------------|-------------------------------------|
| <u>Commercial paper</u>   |                   |                    |                    |               |                          |                                     |
| CBF Bills                 | <u>\$ 161,000</u> | <u>\$ 184</u>      | <u>\$ 160,816</u>  | 2.688%        | Investment<br>properties | <u>\$ 568,042</u>                   |

The short-term bills payable secured by collateral of the investment properties of the Group are set out in Note 34.

c. Long-term borrowings

|                         | <b>March 31, 2024</b> | <b>December 31,<br/>2023</b> | <b>March 31, 2023</b> |
|-------------------------|-----------------------|------------------------------|-----------------------|
| Secured borrowings      |                       |                              |                       |
| Bank loans              | \$ -                  | \$ -                         | \$ -                  |
| Unsecured borrowings    |                       |                              |                       |
| Credit borrowings       | <u>687,452</u>        | <u>485,000</u>               | <u>400,000</u>        |
|                         | 687,452               | 485,000                      | 400,000               |
| Less: Current portions  | <u>-</u>              | <u>-</u>                     | <u>-</u>              |
|                         | -                     | -                            | -                     |
| Long-term borrowings    | <u>\$ 687,452</u>     | <u>\$ 485,000</u>            | <u>\$ 400,000</u>     |
| Range of interest rates | <u>0.5%-2.75%</u>     | <u>1.46%-1.74%</u>           | <u>1.83%</u>          |

**21. OTHER PAYABLES**

|  | <b>March 31, 2024</b> | <b>December 31,<br/>2023</b> | <b>March 31, 2023</b> |
|--|-----------------------|------------------------------|-----------------------|
| Payables for payroll and employee benefit              | \$ 124,987            | \$ 159,829                   | \$ 120,306            |
| Payables for dividends                                 | 542,283               | -                            | 589,076               |
| Payables for compensation of employees                 | 44,858                | 34,156                       | 57,577                |
| Payables for remuneration of directors and supervisors | 29,500                | 22,000                       | 31,000                |
| Payables for fabrication expense                       | 34,441                | 15,115                       | 33,903                |
| Payables for purchase of equipment                     | 21,519                | 27,008                       | -                     |
| Payables for VAT                                       | 3,574                 | 5,124                        | 2,383                 |
| Others   | <u>97,895</u>         | <u>79,979</u>                | <u>90,242</u>         |
|  | <u>\$ 899,057</u>     | <u>\$ 343,211</u>            | <u>\$ 924,487</u>     |

**22. RETIREMENT BENEFIT PLANS**

Employee benefit expenses for the three months ended March 31, 2024 and 2023 in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2023 and 2022. The Group recognized pension amount of \$57 thousand and \$66 thousand for the three months ended March 31, 2024 and 2023, respectively.

## 23. EQUITY

### a. Share capital

#### Ordinary shares

|   | March 31, 2024      | December 31,<br>2023 | March 31, 2023      |
|---|---------------------|----------------------|---------------------|
| 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>150,323</u>      | <u>150,114</u>       | <u>142,500</u>      |
| Shares issued   | <u>\$ 1,503,226</u> | <u>\$ 1,501,139</u>  | <u>\$ 1,425,003</u> |

The change in the Company's share capital is mainly due to the exercise of employee share options and converted preference shares. In the first quarter of 2024, the employee share options of the Company exercised total 25,000 shares. The Company has not registered with the Ministry of Economic Affairs before the date at approval of issuance of the financial statements.

#### 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, 2024, a total of 17,688 thousand shares of the Company's preference share A have been converted to the Company's ordinary shares.

b. Capital surplus

|  | <b>March 31, 2024</b> | <b>December 31,<br/>2023</b> | <b>March 31, 2023</b> |
|--|-----------------------|------------------------------|-----------------------|
| <u>May be used to offset a deficit,<br/>distributed as cash dividends, or<br/>transferred to share capital (1)</u> |                       |                              |                       |
| Issuance of ordinary shares  | \$ 1,533,868          | \$ 1,533,016                 | \$ 1,528,712          |
| Conversion of bonds  | 640,431               | 640,431                      | 640,431               |
| Treasury share transactions  | 29,284                | 29,284                       | 29,284                |
| Expire options   | 21,768                | 21,768                       | 20,715                |
| <u>May only be used to offset a deficit (2)</u>  |                       |                              |                       |
| Share of changes in capital surplus of<br>associates   | 2,460                 | 2,460                        | 2,460                 |
| Changes in net assets of affiliated companies<br>recognized under the equity method                                | 55                    | 55                           | -                     |
| <u>May not be used for any purpose</u>   |                       |                              |                       |
| Employee share options   | <u>6,985</u>          | <u>6,236</u>                 | <u>4,558</u>          |
|  | <u>\$ 2,234,851</u>   | <u>\$ 2,233,250</u>          | <u>\$ 2,226,160</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 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 2023 and 2022, were as follows:

|   | <b>For the Year Ended December 31</b> |                    |
|---|---------------------------------------|--------------------|
|   | <b>2023</b>                           | <b>2022</b>        |
| Legal reserve                               | <u>\$ 58,082</u>                      | <u>\$ 93,095</u>   |
| Special reserve                             | <u>\$ (1,486)</u>                     | <u>\$ (87,085)</u> |
| Ordinary share dividends                    | <u>\$ 540,704</u>                     | <u>\$ 566,469</u>  |
| Preference share dividends (*)              | <u>\$ 1,579</u>                       | <u>\$ 2,854</u>    |
| Ordinary share dividends per share (NT\$)   | \$ 3.6                                | \$ 4.0             |
| Preference share dividends per share (NT\$) | \$ 2.5                                | \$ 2.5             |

\* Since December 21, 2019, the conversion rights of the Company's preference shares can be exercised. Preference shareholders are not entitled to a preference share dividend if preference shares are converted to ordinary shares prior to the ex-dividend record date. As of August 21, 2023, a total of 1,142 thousand preference shares of the Company had not been converted. Since the board of directors resolved to distribute preference share dividends of 2.5 per share, the Company distributed \$2,854 thousand for preference share dividends.

The appropriations of cash dividends for 2023 were resolved by the Company's board of directors on March 13, 2024; the other proposed appropriations for 2023 will be resolved by the shareholders in their meeting to be held on May 31, 2024. The appropriations of earnings for 2022 were resolved by the shareholders in their meeting on May 31, 2023.

d. Other equity items

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

|   | <b>For the Three Months Ended<br/>March 31</b> |                     |
|---|--|---------------------|
|   | <b>2024</b>                                    | <b>2023</b>         |
| Balance at January 1  | \$ (234,489)                                   | \$ (167,501)        |
| Recognized for the year   |  |                     |
| Exchange differences on the translation of the financial statements of foreign operations | 76,346   | (13,908)            |
| Acquisition of partial interest of subsidiary   | <u>-</u>                                       | <u>7</u>            |
| Balance at March 31   | <u>\$ (158,143)</u>                            | <u>\$ (181,402)</u> |

e. Non-controlling interests

|  | <b>For the Three Months Ended<br/>March 31</b> |                 |
|--|--|-----------------|
|  | <b>2024</b>                                    | <b>2023</b>     |
| Balance at January 1   | \$ 1,385                                       | \$ 3,716        |
| Share in loss for the year   | (2,032)  | (143)           |
| Exchange differences on translating the financial statements of foreign entities | (37)   | (31)            |
| Acquisition of non-controlling interests in subsidiaries (Note 31)               | -  | (1,662)         |
| Non-controlling interests arising from acquisition of subsidiaries (Note 29)     | <u>145,832</u>                                 | <u>-</u>        |
| Balance at March 31  | <u>\$ 145,148</u>                              | <u>\$ 1,880</u> |

## 24. REVENUE

a. Contract balances

|   | <b>March 31,<br/>2024</b> | <b>December 31,<br/>2023</b> | <b>March 31,<br/>2023</b> | <b>January 1,<br/>2023</b> |
|---|---------------------------|------------------------------|---------------------------|----------------------------|
| Notes and accounts receivable (Note 10) | <u>\$ 729,760</u>         | <u>\$ 565,631</u>            | <u>\$ 948,363</u>         | <u>\$ 978,141</u>          |
| Contract liabilities                    |                           |                              |                           |                            |
| Sale of textile                         | \$ 100,334                | \$ 34,793                    | \$ 38,074                 | \$ 43,768                  |
| Sale of land and buildings              | <u>136,240</u>            | <u>-</u>                     | <u>-</u>                  | <u>-</u>                   |
| Contract liabilities - current          | <u>\$ 236,574</u>         | <u>\$ 34,793</u>             | <u>\$ 38,074</u>          | <u>\$ 43,768</u>           |

b. Assets related to contract costs

|   | March 31, 2024   | December 31,<br>2023 | March 31, 2023 |
|---|------------------|----------------------|----------------|
| Current                                   |                  |                      |                |
| Incremental costs of obtaining a contract | <u>\$ 34,776</u> | <u>\$ -</u>          | <u>\$ -</u>    |

**25. NET PROFIT**

a. Interest income

|  | For the Three Months Ended<br>March 31 |                  |
|--|--|------------------|
|  | 2024                                   | 2023             |
| Bank deposits                                      | \$ 12,772                              | \$ 11,174        |
| Financial assets at amortized cost                 | -                                      | 308              |
| Investments in debt instruments measured at FVTOCI | 1,919                                  | 51               |
| Net investments in leases                          | <u>365</u>                             | <u>1,097</u>     |
|  | <u>\$ 15,056</u>                       | <u>\$ 12,630</u> |

b. Other income

|               | For the Three Months Ended<br>March 31 |                 |
|---------------|--|-----------------|
|               | 2024                                   | 2023            |
| Rental income | \$ 5,046                               | \$ 4,213        |
| Others        | <u>14</u>                              | <u>-</u>        |
|               | <u>\$ 5,060</u>                        | <u>\$ 4,213</u> |

c. Other gains and losses

|   | For the Three Months Ended<br>March 31 |                   |
|---|--|-------------------|
|   | 2024                                   | 2023              |
| Foreign exchange gains  | \$ 75,125                              | \$ 62,381         |
| Foreign exchange losses   | (46,185)                               | (77,264)          |
| Gain on financial assets and liabilities designated as at FVTPL | 6,928                                  | 6,119             |
| (Loss) gain on disposal of property, plant and equipment        | (210)                                  | 1,080             |
| Gain on disposal of associates                                  | 83,401                                 | -                 |
| Gain from bargain purchases on acquisition of subsidiaries      | 6,248                                  | -                 |
| Others  | <u>2,110</u>                           | <u>(1,946)</u>    |
|   | <u>\$ 127,417</u>                      | <u>\$ (9,630)</u> |

d. Finance costs

|   | <b>For the Three Months Ended<br/>March 31</b> |                 |
|---|--|-----------------|
|   | <b>2024</b>                                    | <b>2023</b>     |
| Interest on bank loans                                  | \$ 9,997                                       | \$ 6,016        |
| Interest on lease liabilities                           | 587  | 327             |
| Less: Amounts included in the cost of qualifying assets | <u>(1,215)</u>                                 | <u>-</u>        |
|   | <u>\$ 9,369</u>                                | <u>\$ 6,343</u> |

Information about capitalized interest is as follows:

|                             | <b>For the Three Months Ended<br/>March 31</b> |             |
|-----------------------------|--|-------------|
|                             | <b>2024</b>                                    | <b>2023</b> |
| Capitalized interest amount | \$ 1,215                                       | \$ -        |
| Capitalization rate         | 2.745%   | -           |

e. Depreciation and amortization

|   | <b>For the Three Months Ended<br/>March 31</b> |                  |
|---|--|------------------|
|   | <b>2024</b>                                    | <b>2023</b>      |
| An analysis of depreciation by function |  |                  |
| Operating costs                         | \$ 19,217                                      | \$ 21,788        |
| Operating expenses                      | 16,623   | 15,409           |
| Other gains and losses                  | <u>1,209</u>                                   | <u>1,757</u>     |
|   | <u>\$ 37,049</u>                               | <u>\$ 38,954</u> |
| An analysis of amortization by function |  |                  |
| Operating costs                         | \$ -   | \$ -             |
| Operating expenses                      | <u>1,830</u>                                   | <u>2,226</u>     |
|   | <u>\$ 1,830</u>                                | <u>\$ 2,226</u>  |

f. Employee benefits expense

|  | <b>For the Three Months Ended<br/>March 31</b> |                   |
|--|--|-------------------|
|  | <b>2024</b>                                    | <b>2023</b>       |
| Post-employment benefits                             |  |                   |
| Defined contribution plans                           | \$ 3,511                                       | \$ 3,825          |
| Defined benefit plans                                | <u>57</u>                                      | <u>66</u>         |
|  | 3,568  | 3,891             |
| Share-based payments                                 |  |                   |
| Equity-settled                                       | 1,021  | 914               |
| Other employee benefits                              | <u>273,598</u>                                 | <u>282,167</u>    |
| Total employee benefits expense                      | <u>\$ 278,187</u>                              | <u>\$ 286,972</u> |
| An analysis of employee benefits expense by function |  |                   |
| Operating costs                                      | \$ 174,987                                     | \$ 194,311        |
| Operating expenses                                   | <u>103,200</u>                                 | <u>92,661</u>     |
|  | <u>\$ 278,187</u>                              | <u>\$ 286,972</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, 2024 and 2023, the compensation of employees and remuneration of directors and supervisors are as follows:

Amount

|   | <b>For the Three Months Ended<br/>March 31</b> |             |
|---|--|-------------|
|   | <b>2024</b>                                    | <b>2023</b> |
|   | <b>Cash</b>                                    | <b>Cash</b> |
| Compensation of employees                 | \$ 12,500                                      | \$ 13,750   |
| Remuneration of directors and supervisors | 7,500  | 6,000       |

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 2023 and 2022 that were resolved by the board of directors on March 13, 2024 and March 14, 2023, respectively, are as shown below:

|   | <b>For the Year Ended December 31</b> |             |
|---|---------------------------------------|-------------|
|   | <b>2023</b>                           | <b>2022</b> |
|   | <b>Cash</b>                           | <b>Cash</b> |
| Compensation of employees                 | \$ 34,156                             | \$ 43,827   |
| Remuneration of directors and supervisors | 22,000                                | 25,000      |

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, 2023 and 2022.

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:

|   | <b>For the Three Months Ended<br/>March 31</b> |                  |
|---|--|------------------|
|   | <b>2024</b>                                    | <b>2023</b>      |
| Current tax                                     |  |                  |
| In respect of the current period                | \$ 38,292                                      | \$ 24,547        |
| Adjustments for prior year                      | 6,222  | -                |
| Deferred tax                                    |  |                  |
| In respect of the current period                | <u>(1,711)</u>                                 | <u>3,264</u>     |
| Income tax expense recognized in profit or loss | <u>\$ 42,803</u>                               | <u>\$ 27,811</u> |

### b. Income tax assessments

The tax returns through 2021, except 2020, have been assessed by the tax authorities, and the Company agrees with the assessment.

## 27. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

### Net Profit

|   | <b>For the Three Months Ended<br/>March 31</b> |                  |
|---|--|------------------|
|   | <b>2024</b>                                    | <b>2023</b>      |
| Profit for the period attributable to owners of the Company | \$ 148,544                                     | \$ 95,288        |
| Less: Declared dividends on preference shares               | <u>(1,279)</u>                                 | <u>(20,479)</u>  |
| Earnings used in the computation of earnings per share      | <u>\$ 147,265</u>                              | <u>\$ 74,809</u> |

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

|  | <b>For the Three Months Ended<br/>March 31</b> |                |
|--|--|----------------|
|  | <b>2024</b>                                    | <b>2023</b>    |
| Weighted average number of ordinary shares used in the computation of basic earnings per share   | 150,199  | 141,576        |
| Effect of potentially dilutive ordinary shares:  |  |                |
| Employee share options   | 8  | 81             |
| Compensation of employees  | 672  | 884            |
| Convertible preference shares  | <u>623</u>                                     | <u>-</u>       |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | <u>151,502</u>                                 | <u>142,541</u> |

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 will be 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.

|                                    | <b>For the Three Months Ended March 31</b> |                                  |  |                                  |  |                                  |  |         |
|------------------------------------|--|----------------------------------|--|----------------------------------|--|----------------------------------|--|---------|
|                                    | <b>2024</b>                                |                                  |  |                                  | <b>2023</b>                            |                                  |  |         |
|                                    | <b>Granted 2019</b>                        |                                  | <b>Granted 2018</b>                    |                                  | <b>Granted 2019</b>                    |                                  | <b>Granted 2018</b>                    |         |
| 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               | 28   | \$ 33.2                          | -                                      | \$ -                             | 137                                    | \$ 35.7                          | 336                                    | \$ 34.8 |
| Options exercised                  | (25)                                       | 33.2                             | -                                      | -                                | (30)                                   | 35.7                             | (209)                                  | 34.8    |
| Options forfeited                  | -  | -                                | -                                      | -                                | -                                      | -                                | -                                      | -       |
| Balance at March 31                | <u>3</u>                                   | 33.2                             | <u>-</u>                               | <u>-</u>                         | <u>107</u>                             | 35.7                             | <u>127</u>                             | 34.8    |
| Options exercisable, end of period | <u>3</u>                                   |                                  | <u>-</u>                               |                                  | <u>107</u>                             |                                  | <u>127</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    |                                  |  |                                  |  |                                  |  |         |
|---|--|----------------------------------|--|----------------------------------|--|----------------------------------|--|---------|
|   | 2024                                   |                                  |  |                                  | 2023                                   |                                  |  |         |
|   | Granted 2023                           |                                  | Granted 2022                           |                                  | Granted 2023                           |                                  | Granted 2022                           |         |
| 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  | 391                                    | \$ 51.3                          | 1,540                                  | \$ 38.3                          | -                                      | \$ -                             | 1,600                                  | \$ 41.1 |
| Options granted   | -                                      | -                                | -                                      | -                                | 400                                    | 55.1                             | -                                      | -       |
| Options forfeited   | (12)                                   | 51.3                             | (5)                                    | 38.3                             | -                                      | -                                | (25)                                   | 41.1    |
| Balance at March 31   | <u>379</u>                             | 51.3                             | <u>1,535</u>                           | 38.3                             | <u>400</u>                             | 55.1                             | <u>1,575</u>                           | 41.1    |
| Options exercisable, end of period  | <u>-</u>                               |                                  | <u>-</u>                               |                                  | <u>-</u>                               |                                  | <u>-</u>                               |         |
| Weighted average fair value of stock options granted during the period (NT\$) | <u>\$ -</u>                            |                                  | <u>\$ -</u>                            |                                  | <u>\$10.1182</u>                       |                                  | <u>\$ -</u>                            |         |

As of March 31, 2024, information on outstanding options was as follows:

| March 31, 2024               |  |
|------------------------------|--|
| Range of Exercise Price (\$) | Weighted-average Remaining Contractual Life (In Years) |
| \$38.3                       | 3.17   |
| \$51.3                       | 3.97   |

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 \$1,021 thousand and \$914 thousand for the three months ended March 31, 2024 and 2023, respectively.

## 29. BUSINESS COMBINATIONS

### a. Subsidiaries acquired

| Subsidiary         | Principal Activity | Date of Acquisition | Proportion of Voting Equity Interests Acquired (%) | Consideration Transferred |
|--------------------|--------------------|---------------------|--|---------------------------|
| Gonglong Co., Ltd. | Leasing business   | January 5, 2024     | 60.50  | <u>\$ 237,100</u>         |

Gonglong Co., Ltd. was acquired in order to optimize the Group's organization and maximize resource efficiency.

### b. Consideration Transferred

|      |                           |
|------|---------------------------|
|      | <b>Gonglong Co., Ltd.</b> |
| Cash | <u>\$ 237,100</u>         |

### c. Assets acquired and liabilities assumed at the date of acquisition

|   |                           |
|---|---------------------------|
|   | <b>Gonglong Co., Ltd.</b> |
| Current assets  |                           |
| Cash  | \$ 21,441                 |
| Financial assets at amortized cost - current                      | 21,895                    |
| Trade receivables   | 1,577                     |
| Other receivables   | 1,818                     |
| Inventories   | 366,381                   |
| Incremental costs of obtaining a contract                         | 34,776                    |
| Other current assets  | 21,183                    |
| Non-current assets  |                           |
| Financial assets at fair value through other comprehensive income | 30,209                    |
| Property, plant and equipment                                     | 150,018                   |
| Investment properties   | 568,478                   |
| Other non-current assets  | 1,440                     |
| Current liabilities   |                           |
| Contract liabilities  | (136,240)                 |
| Short-term bills payable  | (172,100)                 |
| Notes payable   | (10,777)                  |
| Trade payables  | (22,573)                  |
| Other payables  | (83,756)                  |
| Current tax liabilities   | (606)                     |
| Other current liabilities   | (640)                     |
| Non-current liabilities   |                           |
| Long-term borrowings  | (172,746)                 |
| Other non-current liabilities                                     | <u>(71,719)</u>           |
|   | <u>\$ 548,059</u>         |

d. Gain from bargain purchases on acquisition of subsidiaries

|  | <b>Gonglong Co.,<br/>Ltd.</b> |
|--|-------------------------------|
| Fair value of previous acquisitions                        | \$ 158,879                    |
| Consideration transferred                                  | 237,100                       |
| Plus: Non-controlling interests (40% in Koutou)            | 145,832                       |
| Less: Fair value of identifiable net assets acquired       | <u>(548,059)</u>              |
| Gain from bargain purchases on acquisition of subsidiaries | <u>\$ (6,248)</u>             |

e. Net cash outflow on acquisition of subsidiaries

|  | <b>Gonglong Co.,<br/>Ltd.</b> |
|--|-------------------------------|
| Consideration paid in cash                       | \$ 237,100                    |
| Less: Cash and cash equivalent balances acquired | <u>(21,441)</u>               |
|  | <u>\$ 215,659</u>             |

f. Impact of acquisitions on the results of the Group

The results of operations since the acquisition date were as follows:

|                   | <b>Gonglong Co.,<br/>Ltd.</b> |
|-------------------|-------------------------------|
| Operating revenue | <u>\$ 824</u>                 |
| Net loss          | <u>\$ (5,708)</u>             |

### 30. DISPOSAL OF SUBSIDIARIES

In February 2023, the Group entered into a sale agreement to dispose of Intime Tech Co., Ltd. The total amount of disposal was \$13,463 thousand, with a loss of \$2,307 thousand. The Group had completed the disposal on May 6, 2023, and lost control of the subsidiaries.

a. Analysis of assets and liabilities on the date control was lost

|                               | <b>Intime Tech<br/>Co., Ltd.</b> |
|-------------------------------|----------------------------------|
| Current assets                |                                  |
| Cash and cash equivalents     | \$ 4,002                         |
| Notes receivable              | 502                              |
| Trade receivables             | 88,712                           |
| Other receivables             | 75                               |
| Inventories                   | 466                              |
| Other current assets          | 2,985                            |
| Non-current assets            |                                  |
| Property, plant and equipment | 864                              |

(Continued)

|                          | <b>Intime Tech<br/>Co., Ltd.</b> |
|--------------------------|----------------------------------|
| Current liabilities      |                                  |
| Short-term borrowings    | \$ (79,138)                      |
| Trade payables           | (717)                            |
| Other payables           | (1,308)                          |
| Non-current liabilities  |                                  |
| Deferred tax liabilities | <u>(93)</u>                      |
| Net assets disposed of   | <u>\$ 16,350</u><br>(Concluded)  |

b. Loss on disposal of subsidiaries

|   | <b>Intime Tech<br/>Co., Ltd.</b> |
|---|----------------------------------|
| Consideration received  | \$ 13,463                        |
| Net assets disposed of  | (16,350)                         |
| Non-controlling interests   | -                                |
| Reclassification of accumulated exchange difference from equity<br>to profit or loss due to the loss of control | <u>580</u>                       |
| Loss on disposals   | <u>\$ (2,307)</u>                |

c. Net cash inflow on disposals of subsidiaries

|   | <b>Intime Tech<br/>Co., Ltd.</b> |
|---|----------------------------------|
| Consideration received in cash and cash equivalents | \$ 13,463                        |
| Less: Cash and cash equivalent balances disposed of | <u>(4,002)</u>                   |
|   | <u>\$ 9,461</u>                  |

### 31. 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.

|   | <b>Manumech Corporation</b> |
|---|-----------------------------|
| 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  | <u>(7)</u>                  |
| Differences recognized from equity transactions   | <u>\$ (120)</u>             |
| <u>Line items adjusted for equity transactions</u>  |                             |
| Retained earnings   | <u>\$ (120)</u>             |

### 32. 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, 2024

|                                       | <b>Level 1</b>    | <b>Level 2</b>  | <b>Level 3</b> | <b>Total</b>      |
|---------------------------------------|-------------------|-----------------|----------------|-------------------|
| <u>Financial assets at FVTOCI</u>     |                   |                 |                |                   |
| Investments in equity instruments     |                   |                 |                |                   |
| Domestic listed shares                | \$ 220,162        | \$ -            | \$ -           | \$ 220,162        |
| Investment in debt instruments        |                   |                 |                |                   |
| Bonds                                 | <u>214,933</u>    | <u>-</u>        | <u>-</u>       | <u>214,933</u>    |
|                                       | <u>\$ 435,095</u> | <u>\$ -</u>     | <u>\$ -</u>    | <u>\$ 435,095</u> |
| <u>Financial assets at FVTPL</u>      |                   |                 |                |                   |
| Derivative financial assets           | <u>\$ -</u>       | <u>\$ 1,072</u> | <u>\$ -</u>    | <u>\$ 1,072</u>   |
| <u>Financial liabilities at FVTPL</u> |                   |                 |                |                   |
| Derivative financial liabilities      | <u>\$ -</u>       | <u>\$ 2,096</u> | <u>\$ -</u>    | <u>\$ 2,096</u>   |

December 31, 2023

|                                       | <b>Level 1</b>    | <b>Level 2</b>  | <b>Level 3</b> | <b>Total</b>      |
|---------------------------------------|-------------------|-----------------|----------------|-------------------|
| <u>Financial assets at FVTOCI</u>     |                   |                 |                |                   |
| Investments in equity instruments     |                   |                 |                |                   |
| Domestic listed shares                | \$ 194,191        | \$ -            | \$ -           | \$ 194,191        |
| Investment in debt instruments        |                   |                 |                |                   |
| Bonds                                 | <u>172,954</u>    | <u>-</u>        | <u>-</u>       | <u>172,954</u>    |
|                                       | <u>\$ 367,145</u> | <u>\$ -</u>     | <u>\$ -</u>    | <u>\$ 367,145</u> |
| <u>Financial assets at FVTPL</u>      |                   |                 |                |                   |
| Derivative financial assets           | <u>\$ -</u>       | <u>\$ 6,019</u> | <u>\$ -</u>    | <u>\$ 6,019</u>   |
| <u>Financial liabilities at FVTPL</u> |                   |                 |                |                   |
| Derivative financial liabilities      | <u>\$ -</u>       | <u>\$ 3,561</u> | <u>\$ -</u>    | <u>\$ 3,561</u>   |

March 31, 2023

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

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

|  | <b>March 31, 2024</b> | <b>December 31,<br/>2023</b> | <b>March 31, 2023</b> |
|--|-----------------------|------------------------------|-----------------------|
| <u>Financial assets</u>                |                       |                              |                       |
| FVTPL                                  |                       |                              |                       |
| Mandatorily classified as at FVTPL     | \$ 1,072              | \$ 6,019                     | \$ 4,992              |
| Financial assets at amortized cost (1) | 2,363,592             | 2,289,369                    | 2,626,447             |
| Financial assets at FVTOCI             | 435,095               | 367,145                      | 229,413               |
| <u>Financial liabilities</u>           |                       |                              |                       |
| FVTPL                                  |                       |                              |                       |
| Held for trading                       | 2,096                 | 3,561                        | 8,804                 |
| Amortized cost (2)                     | 3,518,820             | 1,805,352                    | 2,925,039             |

- 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 37.

|                    | March 31, 2024 | December 31,<br>2023 | March 31, 2023 |
|--------------------|----------------|----------------------|----------------|
| <u>Assets</u>      |                |                      |                |
| EUR                | \$ 48          | \$ 1,775             | \$ 2,899       |
| USD                | 1,024          | 4,244                | 2,093          |
| <u>Liabilities</u> |                |                      |                |
| EUR                | 1,492          | -                    | 246            |
| USD                | 604            | 3,561                | 8,558          |

Sensitivity analysis

The Group is mainly exposed to the USD, 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 their adjusted 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.

|                 | <u>USD Impact</u>                              |           | <u>EUR Impact</u>                              |         |
|-----------------|--|-----------|--|---------|
|                 | <u>For the Three Months Ended<br/>March 31</u> |           | <u>For the Three Months Ended<br/>March 31</u> |         |
|                 | 2024   | 2023      | 2024   | 2023    |
| Profit or loss* | \$ 34,875                                      | \$ 22,375 | \$ (4)   | \$ (59) |

**VND Impact**  
**For the Three Months Ended**  
**March 31**

|                 | 2024     | 2023       |
|-----------------|----------|------------|
| Profit or loss* | \$ (759) | \$ (1,499) |

\* 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:

|                               | <b>March 31, 2024</b> | <b>December 31,<br/>2023</b> | <b>March 31, 2023</b> |
|-------------------------------|-----------------------|------------------------------|-----------------------|
| Fair value interest rate risk |                       |                              |                       |
| Financial assets              | \$ 742,547            | \$ 1,018,601                 | \$ 967,053            |
| Financial liabilities         | 1,007,440             | 597,933                      | 376,449               |
| Cash flow interest rate risk  |                       |                              |                       |
| Financial assets              | 626,583               | 542,131                      | 475,727               |
| Financial liabilities         | 1,068,268             | 485,000                      | 1,059,000             |

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, 2024 and 2023 would have decreased/increased by \$552 thousand and \$729 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, 2024 and 2023 would have increased/decreased by \$22,016 thousand and \$20,368 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, 2024, December 31, 2023 and March 31, 2023, the Group had available unutilized bank loan facilities in the amounts of \$6,096,981 thousand, \$6,610,001 thousand and \$6,731,956 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 have 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, 2024

|                             | <b>On Demand<br/>or Less than<br/>1 Month</b> | <b>1-3 Months</b> | <b>3 Months to<br/>1 Year</b> | <b>1-5 Years</b>  | <b>5+ Years</b> |
|-----------------------------|---|-------------------|-------------------------------|-------------------|-----------------|
| Non-interest bearing        | \$ 715,019                                    | \$ 339,633        | \$ 678,740                    | \$ -              | \$ -            |
| Undiscounted lease          | 3,025   | 6,051             | 23,558                        | 63,848            | 3,491           |
| Borrowings                  | 863,812                                       | 253,476           | 176,843                       | 718,130           | -               |
| Other long-term liabilities | <u>41</u>                                     | <u>84</u>         | <u>252</u>                    | <u>20,229</u>     | <u>-</u>        |
|                             | <u>\$ 1,581,897</u>                           | <u>\$ 599,244</u> | <u>\$ 879,393</u>             | <u>\$ 802,207</u> | <u>\$ 3,491</u> |

Additional information about the maturity analysis for lease liabilities:

|                   | <b>Less than<br/>1 Year</b> | <b>1-5 Years</b> | <b>5-10 Years</b> | <b>10-15 Years</b> | <b>15-20 Years</b> | <b>20+ Years</b> |
|-------------------|-----------------------------|------------------|-------------------|--------------------|--------------------|------------------|
| Lease liabilities | <u>\$ 32,634</u>            | <u>\$ 63,848</u> | <u>\$ 1,689</u>   | <u>\$ 1,802</u>    | <u>\$ -</u>        | <u>\$ -</u>      |

December 31, 2023

|                      | <b>On Demand<br/>or Less than<br/>1 Month</b> | <b>1-3 Months</b> | <b>3 Months to<br/>1 Year</b> | <b>1-5 Years</b>  | <b>5+ Years</b> |
|----------------------|---|-------------------|-------------------------------|-------------------|-----------------|
| Non-interest bearing | \$ 312,697                                    | \$ 650,784        | \$ 24,159                     | \$ -              | \$ -            |
| Undiscounted lease   | 2,884   | 4,904             | 18,303                        | 27,701            | 3,520           |
| Borrowings           | <u>328,319</u>                                | <u>1,979</u>      | <u>230,241</u>                | <u>492,914</u>    | <u>-</u>        |
|                      | <u>\$ 643,900</u>                             | <u>\$ 657,667</u> | <u>\$ 272,703</u>             | <u>\$ 520,615</u> | <u>\$ 3,520</u> |

Additional information about the maturity analysis for lease liabilities:

|                   | <b>Less than<br/>1 Year</b> | <b>1-5 Years</b> | <b>5-10 Years</b> | <b>10-15 Years</b> | <b>15-20 Years</b> | <b>20+ Years</b> |
|-------------------|-----------------------------|------------------|-------------------|--------------------|--------------------|------------------|
| Lease liabilities | <u>\$ 26,091</u>            | <u>\$ 27,701</u> | <u>\$ 1,663</u>   | <u>\$ 1,857</u>    | <u>\$ -</u>        | <u>\$ -</u>      |

March 31, 2023

|                      | <b>On Demand<br/>or Less than<br/>1 Month</b> | <b>1-3 Months</b> | <b>3 Months to<br/>1 Year</b> | <b>1-5 Years</b>  | <b>5+ Years</b> |
|----------------------|---|-------------------|-------------------------------|-------------------|-----------------|
| 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:

|                   | <b>Less than<br/>1 Year</b> | <b>1-5 Years</b> | <b>5-10 Years</b> | <b>10-15 Years</b> | <b>15-20 Years</b> | <b>20+ Years</b> |
|-------------------|-----------------------------|------------------|-------------------|--------------------|--------------------|------------------|
| Lease liabilities | <u>\$ 37,100</u>            | <u>\$ 33,735</u> | <u>\$ 1,702</u>   | <u>\$ 2,156</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, 2024

|                                    | <b>On Demand<br/>or Less than<br/>1 Month</b> | <b>1-3 Months</b> | <b>3 Months to<br/>1 Year</b> | <b>1 Year to<br/>5 Year</b> |
|------------------------------------|---|-------------------|-------------------------------|-----------------------------|
| <u>Gross settled - outflows</u>    |   |                   |                               |                             |
| Foreign exchange forward contracts | <u>\$ 150,949</u>                             | <u>\$ 39,347</u>  | <u>\$ 171,190</u>             | <u>\$ -</u>                 |

December 31, 2023

|                                    | <b>On Demand<br/>or Less than<br/>1 Month</b> | <b>1-3 Months</b> | <b>3 Months to<br/>1 Year</b> | <b>1 Year to<br/>5 Year</b> |
|------------------------------------|---|-------------------|-------------------------------|-----------------------------|
| <u>Gross settled - outflows</u>    |   |                   |                               |                             |
| Foreign exchange forward contracts | <u>\$ 15,789</u>                              | <u>\$ 444,931</u> | <u>\$ 152,017</u>             | <u>\$ -</u>                 |

March 31, 2023

|                                    | <b>On Demand<br/>or Less than<br/>1 Month</b> | <b>1-3 Months</b> | <b>3 Months to<br/>1 Year</b> | <b>1 Year to<br/>5 Year</b> |
|------------------------------------|---|-------------------|-------------------------------|-----------------------------|
| <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>           |

### 33. TRANSACTIONS WITH RELATED PARTIES

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

| Related Parties   | Relationships with the Group   |
|---|--|
| BBL Premium Co., Ltd.                                   | Associate  |
| Daquan Hanshi Co., Ltd.                                 | Associate  |
| Gonglong Co., Ltd.                                      | Associate (became a subsidiary since January 2024)   |
| Koutou Co., Ltd.  | Associate (became a subsidiary since January 2024)   |
| Gong Tong Zu Lin Co., Ltd.                              | Associate  |
| Snowdown Merchandise Corporation                        | Related party in substance (it was an associate, but became a related party in substance after the disposal in January 2024) |
| 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   |
| Li Chiou Investment Co., Ltd.                           | Related party in substance   |
| Yueh Sheng Investment Co., Ltd.                         | Related party in substance   |
| Modern Boutique Investment Co., Ltd.                    | Related party in substance   |
| Zhonglu Investment Co., Ltd.                            | Related party in substance   |
| Ou Li Investment Co., Ltd.                              | Related party in substance   |
| JHAN, CI-JHE  | Related party in substance   |
| HSU, LI-HONG  | Related party in substance   |

b. Sales of goods

| Related Party Name/Category | For the Three Months Ended<br>March 31 |                 |
|-----------------------------|--|-----------------|
|                             | 2024                                   | 2023            |
| Associates                  |  |                 |
| Daquan Hanshi Co., Ltd.     | \$ 119                                 | \$ 250          |
| BBL Premium Co., Ltd.       | 757                                    | 2,267           |
| Related party in substance  | <u>-</u>                               | <u>19</u>       |
|                             | <u>\$ 876</u>                          | <u>\$ 2,536</u> |

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

c. Contract liabilities

| Related Party Category     | March 31, 2024   | December 31,<br>2023 | March 31, 2023 |
|----------------------------|------------------|----------------------|----------------|
| Related party in substance | <u>\$ 16,977</u> | <u>\$ -</u>          | <u>\$ -</u>    |

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

| <b>Related Party Name/Category</b> | <b>March 31, 2024</b> | <b>December 31,<br/>2023</b> | <b>March 31, 2023</b> |
|------------------------------------|-----------------------|------------------------------|-----------------------|
| <u>Trade receivables</u>           |                       |                              |                       |
| BBL Premium Co., Ltd.              | \$ <u>4,827</u>       | \$ <u>7,820</u>              | \$ <u>4,660</u>       |
| <u>Other receivables</u>           |                       |                              |                       |
| Associates                         | \$ <u>-</u>           | \$ <u>466</u>                | \$ <u>-</u>           |

The outstanding trade receivables from related parties are unsecured. For the three months ended March 31, 2024 and 2023, no impairment loss was recognized for trade receivables from related parties.

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

| <b>Related Party Category</b> | <b>March 31, 2024</b> | <b>December 31,<br/>2023</b> | <b>March 31, 2023</b> |
|-------------------------------|-----------------------|------------------------------|-----------------------|
| <u>Other payables</u>         |                       |                              |                       |
| Associates                    | \$ <u>210</u>         | \$ <u>443</u>                | \$ <u>-</u>           |

The outstanding trade payables to related parties are unsecured.

f. Lease arrangements

| <b>Related Party Name</b>                 | <b>For the Three Months Ended<br/>March 31</b> |                       |                              |                       |
|---|--|-----------------------|------------------------------|-----------------------|
|   | <b>2024</b>                                    | <b>2023</b>           |                              |                       |
| <u>Acquisition of right-of-use assets</u> |  |                       |                              |                       |
| Gong Tong Zu Lin Co., Ltd.                | \$ 6,995                                       | \$ 7,023              |                              |                       |
| Snowdown Merchandise Corporation          | <u>-</u>                                       | <u>12,854</u>         |                              |                       |
|   | \$ <u>6,995</u>                                | \$ <u>19,877</u>      |                              |                       |
| <b>Account</b>                            | <b>Related Party Name</b>                      | <b>March 31, 2024</b> | <b>December 31,<br/>2023</b> | <b>March 31, 2023</b> |
| Lease liabilities                         | Gong Tong Zu Lin Co., Ltd.                     | \$ 15,594             | \$ 11,572                    | \$ 15,717             |
|   | Snowdown Merchandise Corporation               | -                     | -                            | 12,854                |
|   | Gonglong Co., Ltd.                             | <u>-</u>              | <u>10,601</u>                | <u>-</u>              |
|   |  | \$ <u>15,594</u>      | \$ <u>22,173</u>             | \$ <u>28,571</u>      |

| <b>Related Party Name</b>  | <b>For the Three Months Ended<br/>March 31</b> |              |
|----------------------------|--|--------------|
|                            | <b>2024</b>                                    | <b>2023</b>  |
| <u>Interest expense</u>    |  |              |
| Gong Tong Zu Lin Co., Ltd. | <u>\$ 61</u>                                   | <u>\$ 28</u> |

g. Acquisition of financial assets

For the three months ended March 31, 2024

| <b>Related Party Name</b>            | <b>Line Item</b>                                  | <b>Number of<br/>Shares</b> | <b>Underlying<br/>Assets</b> | <b>Purchase Price</b> |
|--------------------------------------|---|-----------------------------|------------------------------|-----------------------|
| Kai Sheng Investment Co., Ltd.       | Investments accounted for using the equity method | 7,074,309                   | Gonglong Co., Ltd.           | \$ 105,815            |
| Modern Boutique Investment Co., Ltd. | Investments accounted for using the equity method | 5,240,000                   | Gonglong Co., Ltd.           | 78,378                |
| HSU, LI-HONG                         | Investments accounted for using the equity method | 3,537,000                   | Gonglong Co., Ltd.           | <u>52,907</u>         |
|                                      |   |                             |                              | <u>\$ 237,100</u>     |

For the three months ended March 31, 2023: None

h. Disposal of financial assets

For the three months ended March 31, 2024

| <b>Related Party Name</b>      | <b>Line Item</b>                                  | <b>Number of<br/>Shares</b> | <b>Underlying<br/>Assets</b>     | <b>Proceeds</b>   | <b>Gain (Loss)<br/>on Disposal</b> |
|--------------------------------|---|-----------------------------|----------------------------------|-------------------|------------------------------------|
| Kai Sheng Investment Co., Ltd. | Investments accounted for using the equity method | 7,374,700                   | Snowdown Merchandise Corporation | \$ 157,439        | \$ 20,272                          |
| Ou Li Investment Co., Ltd.     | Investments accounted for using the equity method | 2,500,000                   | Snowdown Merchandise Corporation | <u>53,372</u>     | <u>6,872</u>                       |
|                                |   |                             |                                  | <u>\$ 210,811</u> | <u>\$ 27,144</u>                   |

For the three months ended March 31, 2023: None

i. Non-current liabilities

| <b>Related Party Name</b>    | <b>March 31, 2024</b> | <b>December 31,<br/>2023</b> | <b>March 31, 2023</b> |
|------------------------------|-----------------------|------------------------------|-----------------------|
| Zhonglu Investment Co., Ltd. | <u>\$ 20,000</u>      | <u>\$ -</u>                  | <u>\$ -</u>           |

j. Other income

| <b>Related Party Category</b> | <b>For the Three Months Ended<br/>March 31</b> |               |
|-------------------------------|--|---------------|
|                               | <b>2024</b>                                    | <b>2023</b>   |
| Associates                    | \$ 163   | \$ 548        |
| Related party in substance    | <u>29</u>                                      | <u>29</u>     |
|                               | <u>\$ 192</u>                                  | <u>\$ 577</u> |

k. Expenses

| <b>Related Party Category</b> | <b>For the Three Months Ended<br/>March 31</b> |                 |
|-------------------------------|--|-----------------|
|                               | <b>2024</b>                                    | <b>2023</b>     |
| Related party in substance    | \$ 705   | \$ 1,213        |
| Associates                    | <u>706</u>                                     | <u>2,359</u>    |
|                               | <u>\$ 1,411</u>                                | <u>\$ 3,572</u> |

l. Remuneration of key management personnel

|                              | <b>For the Three Months Ended<br/>March 31</b> |                  |
|------------------------------|--|------------------|
|                              | <b>2024</b>                                    | <b>2023</b>      |
| Short-term employee benefits | \$ 28,668                                      | \$ 22,314        |
| Post-employment benefits     | 353  | 202              |
| Share-based payments         | <u>434</u>                                     | <u>441</u>       |
|                              | <u>\$ 29,455</u>                               | <u>\$ 22,957</u> |

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

### 34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

|                       | <b>March 31, 2024</b> | <b>December 31,<br/>2023</b> | <b>March 31, 2023</b> |
|-----------------------|-----------------------|------------------------------|-----------------------|
| Pledged deposits      | \$ 18,121             | \$ -                         | \$ 10,012             |
| Investment properties | <u>568,042</u>        | <u>-</u>                     | <u>-</u>              |
|                       | <u>\$ 586,163</u>     | <u>\$ -</u>                  | <u>\$ 10,012</u>      |

### 35. 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, 2024 and 2023 were as follows:

#### Significant Commitments

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

|     | March 31, 2024  | December 31,<br>2023 | March 31, 2023  |
|-----|-----------------|----------------------|-----------------|
| USD | <u>\$ 3,112</u> | <u>\$ 7,540</u>      | <u>\$ 3,317</u> |
| EUR | <u>\$ -</u>     | <u>\$ 215</u>        | <u>\$ 225</u>   |

b. As of March 31, 2024, December 31, 2023 and March 31 2023, guarantees issued by financial institutions for purchases of raw materials and development of technology all amounted to \$16,000 thousand.

c. Unrecognized commitments have not paid were as follows:

|   | March 31, 2024    | December 31,<br>2023 | March 31, 2023    |
|---|-------------------|----------------------|-------------------|
| Acquisition of property, plant, equipment | <u>\$ 329,577</u> | <u>\$ 325,689</u>    | <u>\$ 446,932</u> |
| Acquisition of investment property        | <u>\$ -</u>       | <u>\$ 87,291</u>     | <u>\$ -</u>       |

### 36. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On May 9, 2024, the board of directors of the Group resolved to lease the real estate assets of Kwong Lung Meko Co., Ltd. and Bo Hsing Enterprise Co., Ltd. to other subsidiaries, Kwong Lung-O Mon Company Limited and Fuhua Garment Co., Ltd., for a consideration of US \$530 thousand and US \$2,122 thousand, respectively.

### 37. 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, 2024

|                         | Foreign<br>Currency | Exchange Rate     | Carrying<br>Amount |
|-------------------------|---------------------|-------------------|--------------------|
| <u>Financial assets</u> |                     |                   |                    |
| Monetary items          |                     |                   |                    |
| USD                     | \$ 77,558           | 32 (USD:NTD)      | \$ 2,481,856       |
| USD                     | 1,062               | 7.2595 (USD:RMB)  | 33,984             |
| USD                     | 24,421              | 24,806 (USD:VND)  | 781,472            |
| VND                     | 38,810,105          | 0.00004 (VND:USD) | 50,065             |

(Continued)

|  | <b>Foreign<br/>Currency</b> | <b>Exchange Rate</b> | <b>Carrying<br/>Amount</b> |
|--|-----------------------------|----------------------|----------------------------|
| EUR  | \$ 226                      | 34.46 (EUR:NTD)      | \$ 7,788                   |
| EUR  | 348                         | 162.931 (EUR:JPY)    | 11,922                     |
| <b>Non-monetary items</b>                                      |                             |                      |                            |
| Investments in associates accounted for<br>using equity method |                             |                      |                            |
| CAD  | 3,123                       | 23.62 (CAD:NTD)      | 73,778                     |
| IDR  | 60,158,814                  | 0.00203 (IDR:NTD)    | 122,122                    |
| <b><u>Financial liabilities</u></b>                            |                             |                      |                            |
| <b>Monetary items</b>  |                             |                      |                            |
| USD  | 51,974                      | 32 (USD:NTD)         | 1,663,168                  |
| USD  | 1,034                       | 7.2595 (USD:RMB)     | 33,088                     |
| USD  | 13,542                      | 24,806 (USD:VND)     | 433,344                    |
| USD  | 165                         | 151.3 (USD:JPY)      | 5,280                      |
| VND  | 58,435,405                  | 0.00004 (VND:USD)    | 75,382                     |
| EUR  | 578                         | 1.0769 (EUR:USD)     | 19,918                     |
|  |                             |                      | (Concluded)                |

December 31, 2023

|  | <b>Foreign<br/>Currency</b> | <b>Exchange Rate</b> | <b>Carrying<br/>Amount</b> |
|--|-----------------------------|----------------------|----------------------------|
| <b><u>Financial assets</u></b>                                 |                             |                      |                            |
| <b>Monetary items</b>  |                             |                      |                            |
| USD  | \$ 61,374                   | 30.705 (USD:NTD)     | \$ 1,884,489               |
| USD  | 625                         | 7.0961 (USD:RMB)     | 19,191                     |
| USD  | 30,791                      | 24,177 (USD:VND)     | 945,438                    |
| VND  | 21,950,308                  | 0.000041 (VND:USD)   | 27,877                     |
| EUR  | 237                         | 33.98 (EUR:NTD)      | 8,053                      |
| EUR  | 620                         | 156.446 (EUR:JPY)    | 21,068                     |
| <b>Non-monetary items</b>                                      |                             |                      |                            |
| Investments in associates accounted for<br>using equity method |                             |                      |                            |
| CAD  | 3,169                       | 23.2 (CAD:NTD)       | 73,535                     |
| IDR  | 62,531,373                  | 0.00198 (IDR:NTD)    | 123,812                    |
| <b><u>Financial liabilities</u></b>                            |                             |                      |                            |
| <b>Monetary items</b>  |                             |                      |                            |
| USD  | 49,462                      | 30.705 (USD:NTD)     | 1,518,731                  |
| USD  | 529                         | 7.0961 (USD:RMB)     | 16,243                     |
| USD  | 8,856                       | 24,177 (USD:VND)     | 271,923                    |
| USD  | 2,760                       | 141.367 (USD:JPY)    | 84,746                     |
| VND  | 70,167,955                  | 0.000041 (VND:USD)   | 89,113                     |
| EUR  | 560                         | 1.1067 (EUR:USD)     | 19,029                     |

March 31, 2023

|  | <b>Foreign<br/>Currency</b> | <b>Exchange Rate</b> | <b>Carrying<br/>Amount</b> |
|--|-----------------------------|----------------------|----------------------------|
| <u>Financial assets</u>  |                             |                      |                            |
| Monetary items   |                             |                      |                            |
| USD  | \$ 80,526                   | 30.45 (USD:NTD)      | \$ 2,452,017               |
| USD  | 25,517                      | 23,423 (USD:VND)     | 776,993                    |
| USD  | 282                         | 6.872 (USD:RMB)      | 8,587                      |
| JPY  | 914,165                     | 0.2288 (JPY:NTD)     | 209,161                    |
| VND  | 18,637,763                  | 0.000043 (VND:USD)   | 24,229                     |
| EUR  | 461                         | 33.15 (EUR:NTD)      | 15,282                     |
| RMB  | 25,555                      | 4.431 (RMB:NTD)      | 113,234                    |
| Non-monetary items   |                             |                      |                            |
| Investments in associates accounted for<br>using equity method |                             |                      |                            |
| CAD  | 1,985                       | 22.47 (CAD:NTD)      | 44,602                     |
| <u>Financial liabilities</u>                                   |                             |                      |                            |
| Monetary items   |                             |                      |                            |
| USD  | 53,198                      | 30.45 (USD:NTD)      | 1,619,879                  |
| USD  | 24,245                      | 23,423 (USD:VND)     | 738,260                    |
| USD  | 2,467                       | 6.872 (USD:RMB)      | 75,120                     |
| USD  | 1,930                       | 133.086 (USD:JPY)    | 58,769                     |
| VND  | 57,083,431                  | 0.000043 (VND:USD)   | 74,208                     |
| EUR  | 519                         | 1.089 (EUR:USD)      | 17,205                     |

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

| <b>For the Three Months Ended March 31</b> |                      |   |                      |   |
|--|----------------------|---|----------------------|---|
| <b>2024</b>                                |                      |   | <b>2023</b>          |   |
| <b>Foreign<br/>Currency</b>                | <b>Exchange Rate</b> | <b>Net Foreign<br/>Exchange Gain<br/>(Loss)</b> | <b>Exchange Rate</b> | <b>Net Foreign<br/>Exchange Gain<br/>(Loss)</b> |
| VND  | 0.00128 (VND:NTD)    | \$ 13,509                                       | 0.00129 (VND:NTD)    | \$ (1,405)                                      |
| NTD  | 1 (NTD:NTD)          | 19,701  | 1 (NTD:NTD)          | (8,883)   |
| USD  | 31.448 (USD:NTD)     | 1,753   | 30.395 (USD:NTD)     | (255)   |
| RMB  | 4.366 (RMB:NTD)      | (106)   | 4.441 (RMB:NTD)      | (816)   |
| JPY  | 0.212 (JPY:NTD)      | <u>(5,917)</u>                                  | 0.23 (JPY:NTD)       | <u>(3,524)</u>                                  |
|  |                      | <u>\$ 28,940</u>                                |                      | <u>\$ (14,883)</u>                              |

### 38. 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)

### 39. 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.

Others

#### Segment revenue and results

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

|                                       | <b>Segment Revenue</b>                         |                     | <b>Segment Profit (Loss)</b>                   |                   |
|---------------------------------------|--|---------------------|--|-------------------|
|                                       | <b>For the Three Months Ended<br/>March 31</b> |                     | <b>For the Three Months Ended<br/>March 31</b> |                   |
|                                       | <b>2024</b>                                    | <b>2023</b>         | <b>2024</b>                                    | <b>2023</b>       |
| Apparel department                    | \$ 867,582                                     | \$ 1,040,596        | \$ 31,312                                      | \$ 78,698         |
| Down material department              | 332,761  | 339,702             | 1,891  | 12,539            |
| Home textile department               | 348,655  | 352,026             | 25,045   | 31,383            |
| Others                                | 3,325  | 57,382              | (1,826)  | (276)             |
| Segment revenue                       | 1,552,323                                      | 1,789,706           | 56,422   | 122,344           |
| Eliminations                          | (41,337)                                       | (43,653)            | -  | -                 |
| Segment revenue or segment income     | <u>\$ 1,510,986</u>                            | <u>\$ 1,746,053</u> | 56,422   | 122,344           |
| Interest income                       |  |                     | 15,056   | 12,630            |
| Other income                          |  |                     | 5,060  | 4,213             |
| Other gains and losses                |  |                     | 127,417  | (9,630)           |
| Finance costs                         |  |                     | (9,369)  | (6,343)           |
| Share of profit or loss of associates |  |                     | (5,271)  | (258)             |
| Profit before tax                     |  |                     | <u>\$ 189,315</u>                              | <u>\$ 122,956</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, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No.<br>(Note 1) | Lender                      | Borrower  | Financial Statement<br>Account<br>(Note 2)   | Related Party  | Highest<br>Balance for<br>the Period | Ending<br>Balance       | Actual<br>Borrowing<br>Amount | Interest Rate<br>(%) | Nature of<br>Financing<br>(Note 3) | Business<br>Transaction<br>Amount<br>(Note 4) | Reasons for<br>Short-term<br>Financing<br>(Note 5) | Allowance for<br>Impairment<br>Loss | Collateral     |               | Financing<br>Limit for<br>Each<br>Borrower<br>(Note 6) | Aggregate<br>Financing<br>Limit<br>(Note 6)         | Note |
|-----------------|-----------------------------|---|--|----------------|--------------------------------------|-------------------------|-------------------------------|----------------------|------------------------------------|---|--|-------------------------------------|----------------|---------------|--|---|------|
|                 |                             |   |  |                |                                      |                         |                               |                      |                                    |   |  |                                     | Item           | Value         |  |   |      |
| 1               | P&B Collection Co.,<br>Ltd. | Koutou Co., Ltd.<br><br>Manumech<br>Corporation | Other receivables<br>from related parties<br>Other receivables<br>from related parties | Yes<br><br>Yes | \$ 75,000<br><br>12,000              | \$ 75,000<br><br>12,000 | \$ 75,000<br><br>12,000       | 2.20<br><br>2.20     | b.<br><br>b.                       | \$ -<br><br>-                                 | Operating<br>capital<br>Operating<br>capital       | \$ -<br><br>-                       | N/A<br><br>N/A | \$ -<br><br>- | \$ 108,473<br>(Note 6, a)<br>108,473<br>(Note 6, a)    | \$ 108,473<br>(Note 6, b)<br>108,473<br>(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:  $\$271,182$  (net worth)  $\times$  40% =  $\$108,473$ .
  - b. Total loans should not exceed 40% of the lender's net equity of the prior year. For No. 1:  $\$271,182$  (net worth)  $\times$  40% =  $\$108,473$ .

Note 7: On May 9, 2024, the Company's board of directors resolved to approve a financing amount of  $\$51,000$  thousand to the subsidiary, Manumech Corporation.

## KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

| No.<br>(Note 1) | Endorsement/Guarantee<br>Provider | Guaranteed Party                       |                                       | Limited on<br>Endorsement/<br>Guarantee Amount<br>Provided to Each<br>Guaranteed Party | Maximum Balance<br>for the Period | Ending Balance | Amount Actually<br>Drawn | Amount of<br>Endorsement/<br>Guarantee<br>Collateralized by<br>Properties | Ratio of<br>Accumulated<br>Endorsement/<br>Guarantee to Net<br>Equity per Latest<br>Financial<br>Statements | Maximum<br>Endorsement/<br>Guarantee Amount<br>Allowable | Guarantee<br>Provided by Parent<br>Company | Guarantee<br>Provided by A<br>Subsidiary | Guarantee<br>Provided to<br>Subsidiaries in<br>Mainland China |
|-----------------|-----------------------------------|--|---------------------------------------|--|-----------------------------------|----------------|--------------------------|---|---|--|--|--|---|
|                 |                                   | Name                                   | Nature of<br>Relationship<br>(Note 2) |  |                                   |                |                          |   |   |  |  |  |   |
| 1               | Kwong Lung (Suzhou) Co.,<br>Ltd.  | Kwong Lung Feather<br>(B.V.I.) Limited | d.                                    | \$ 184,036<br>(Note 3)   | \$ 44,080                         | \$ 44,080      | \$ 21,641                | \$ -  | 23.95%  | \$ 184,036<br>(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. Business deals between the Company and guarantee party.
- b. Direct holding of more than 50% of the subsidiaries' ordinary shares.
- c. Direct holding of more than 50% of the invested company's ordinary shares by the Company and its subsidiaries.
- d. Direct and indirect holding of more than 50% of the parent company's ordinary shares.
- e. Guarantee by the Company according to construction contract.
- f. All capital contributing shareholders make endorsements on guarantees for their jointly invested company in proportion to their shareholding percentage.

Note 3: a. The maximum balance of endorsement/guarantee provided by the Company and to individual company cannot exceed 100% of net assets for No. 1: \$184,036 (net worth) × 100% = \$184,036.  
b. The maximum balance of endorsement/guarantee provided by the Company cannot exceed 100% of net assets for No. 1: \$184,036 (net worth) × 100% = \$184,036.  
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, 2024

(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, 2024         |                 |                             |            | Note |
|---------------------------------|---|---------------------------------------|--|------------------------|-----------------|-----------------------------|------------|------|
|                                 |   |                                       |  | Number of Shares/Units | Carrying Amount | Percentage of Ownership (%) | Fair Value |      |
| Kwong Lung Enterprise Co., Ltd. | <u>Ordinary shares</u><br>Co-Tech Development Corporation | -                                     | Financial assets at FVTOCI - non-current | 3,000,000              | \$ 178,500      | 1.19                        | \$ 178,500 |      |
| Gonglong Co., Ltd.              | <u>Ordinary shares</u><br>Speed Tech Corporation          | -                                     | Financial assets at FVTOCI - non-current | 300,000                | 18,210          | 0.17                        | 18,210     |      |
|                                 | Taihan Precision Technology Co., Ltd.                     | -                                     | Financial assets at FVTOCI - non-current | 600,000                | 12,300          | 0.77                        | 12,300     |      |
| Kwong Lung (B.V.I.) Ltd.        | <u>Ordinary shares</u><br>J&B International Inc.          | -                                     | Financial assets at FVTOCI - non-current | 485,938                | 11,152          | 1.77                        | 11,152     |      |
|                                 | <u>Financial bonds</u><br>Foxconn (Far East) Limited      | -                                     | Financial assets at FVTOCI - non-current | 1,000,000              | 27,126          | -                           | 27,126     |      |
|                                 | Shinhan Card Co., Ltd.                                    | -                                     | Financial assets at FVTOCI - non-current | 1,000,000              | 29,310          | -                           | 29,310     |      |
|                                 | Tsmc Global Ltd.  | -                                     | Financial assets at FVTOCI - non-current | 1,000,000              | 25,928          | -                           | 25,928     |      |
|                                 | United Health Group Inc.                                  | -                                     | Financial assets at FVTOCI - non-current | 1,000,000              | 32,935          | -                           | 32,935     |      |
|                                 | American Express  | -                                     | Financial assets at FVTOCI - non-current | 3,000,000              | 94,975          | -                           | 94,975     |      |
|                                 | Chilean government international bonds                    | -                                     | Financial assets at FVTOCI - non-current | 200,000                | 4,659           | -                           | 4,659      |      |

## 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, 2024  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Company Name                    | Related Party                   | Relationship   | Transaction Details |            |               |                 | Abnormal Transaction      |                           | Note/Trade Receivables (Payables) |                |               | Note |
|---------------------------------|---------------------------------|----------------|---------------------|------------|---------------|-----------------|---------------------------|---------------------------|-----------------------------------|----------------|---------------|------|
|                                 |                                 |                | Purchase/<br>Sale   | Amount     | % of<br>Total | Payment Terms   | Unit Price                | Payment Terms             | Account                           | Ending Balance | % of<br>Total |      |
| Kwong Lung Enterprise Co., Ltd. | Bo Hsing Enterprise Co., Ltd.   | Subsidiary     | Purchase            | \$ 324,842 | 29            | T/T 30-180 days | No significant difference | No significant difference | Trade payables                    | \$ 678,076     | 41            |      |
| Bo Hsing Enterprise Co., Ltd.   | Kwong Lung Enterprise Co., Ltd. | Parent company | Sale                | 324,842    | 100           | T/T 30-180 days | No significant difference | No significant difference | Trade receivables                 | 678,076        | 100           |      |
| Kwong Lung Enterprise Co., Ltd. | Kwong Lung Meko Co., Ltd.       | Subsidiary     | Purchase            | 449,965    | 40            | T/T 30-180 days | No significant difference | No significant difference | Trade payables                    | 458,867        | 27            |      |
| Kwong Lung Meko Co., Ltd.       | Kwong Lung Enterprise Co., Ltd. | Parent company | Sale                | 449,965    | 85            | T/T 30-180 days | No significant difference | No significant difference | Trade receivables                 | 458,867        | 89            |      |

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, 2024**

**(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                        | \$ 383,912     | -             | \$ -    | -             | \$ 115,745                           | \$ -                          |
|                                 | Kwong Lung Meko Co., Ltd.       | Subsidiary     | Other receivables                        | 217,354        | -             | -       | -             | 14,106                               | -                             |
| Bo Hsing Enterprise Co., Ltd.   | Kwong Lung Enterprise Co., Ltd. | Parent company | Trade receivables                        | 678,076        | 1.81          | -       | -             | 194,378                              | -                             |
| Kwong Lung Meko Co., Ltd.       | Kwong Lung Enterprise Co., Ltd. | Parent company | Trade receivables                        | 458,867        | 3.88          | -       | -             | 169,608                              | -                             |

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, 2024

(In Thousands of New Taiwan Dollars)

| No.<br>(Note 1) | Company Name                     | Counterparty                             | Relationship<br>(Note 2) | Transaction Details         |            |                           |   |
|-----------------|----------------------------------|--|--------------------------|-----------------------------|------------|---------------------------|---|
|                 |                                  |  |                          | Financial Statement Account | Amount     | Payment Terms             | % to Total<br>Sales or Assets<br>(Note 3) |
| 0               | Kwong Lung Enterprise Co., Ltd.  | Kwong Lung Meko Co., Ltd.                | a                        | Cost of goods sold          | \$ 449,965 | No significant difference | 30  |
|                 |                                  |  | a                        | Trade receivables           | 19,239     | No significant difference | -   |
|                 |                                  |  | a                        | Trade payables              | 458,867    | No significant difference | 5   |
|                 |                                  |  | a                        | Other receivables           | 217,354    | -                         | 2   |
|                 |                                  | Bo Hsing Enterprise Co., Ltd.            | a                        | Cost of goods sold          | 324,842    | No significant difference | 21  |
|                 |                                  |  | a                        | Trade payables              | 678,076    | No significant difference | 7   |
|                 |                                  |  | a                        | Other receivables           | 383,912    | -                         | 4   |
|                 |                                  | Toptex Garment Co., Ltd.                 | a                        | Cost of goods sold          | 9,446      | No significant difference | 1   |
|                 |                                  |  | a                        | Trade payables              | 9,583      | No significant difference | -   |
|                 |                                  |  | a                        | Other receivables           | 43,399     | -                         | -   |
|                 |                                  | Kwong Lung (Suzhou) Co., Ltd.            | a                        | Cost of goods sold          | 39,890     | No significant difference | 3   |
|                 |                                  |  | a                        | Trade payables              | 31,566     | No significant difference | -   |
| a               | Other receivables                |  | 21,129                   | -                           | -          |                           |   |
| 1               | Kwong Lung Meko Co., Ltd.        | Kwong Lung (Suzhou) Co., Ltd.            | c                        | Sales revenue               | 11,695     | No significant difference | 1   |
|                 |                                  |  | c                        | Trade receivables           | 11,756     | No significant difference | -   |
|                 |                                  | Bo Hsing Enterprise Co., Ltd.            | c                        | Processing revenue          | 7,358      | No significant difference | -   |
|                 |                                  |  | c                        | Sales revenue               | 22,059     | No significant difference | 1   |
|                 |                                  |  | c                        | Trade receivables           | 31,721     | No significant difference | -   |
| 2               | Kwong Long-O Mon Company Limited | Bo Hsing Enterprise Co., Ltd.            | c                        | Processing revenue          | 19,440     | No significant difference | 1   |
|                 |                                  |  | c                        | Trade receivables           | 27,189     | No significant difference | -   |
| 3               | Toptex Garment Co., Ltd.         | Bo Hsing Enterprise Co., Ltd.            | c                        | Processing revenue          | 25,380     | No significant difference | 3   |
|                 |                                  |  | c                        | Trade receivables           | 23,541     | No significant difference | -   |
| 4               | P&B Collection CO., LTD          | Manumech Corporation<br>Koutou Co., Ltd. | c                        | Other receivables           | 12,000     | -                         | -   |
|                 |                                  |  | c                        | Other receivables           | 75,000     | -                         | 1   |

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.

(Continued)

Note 2: Nature of relationship is as follows:

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

Note 3: The percentage calculation is based on the consolidated total operating revenue or total assets. For balance sheet items, each item's period-end balance is shown as a percentage to consolidated total assets as of March 31, 2024. For profit or loss items, cumulative amounts are shown as a percentage to consolidated total operating revenue for the three months ended March 31, 2024.

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, 2024  
(In Thousands of New Taiwan Dollars)

| Investor Company                | Investee Company                 | Location                            | Main Businesses and Products               | Original Investment Amount          |                      | As of March 31, 2024 |        |                 | Net Income (Loss)<br>of the Investee | Share of Profit<br>(Loss) | Note                                 |
|---------------------------------|----------------------------------|-------------------------------------|--|-------------------------------------|----------------------|----------------------|--------|-----------------|--------------------------------------|---------------------------|--------------------------------------|
|                                 |                                  |                                     |  | March 31, 2024                      | December 31,<br>2023 | 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 | \$ 987,537      | \$ 39,150                            | \$ 39,150                 | Subsidiary                           |
|                                 | Kwong Lung Meko Co., Ltd.        | Vietnam                             | Manufacturing of apparel, down and bedding | 198,399                             | 198,399              | -                    | 100.00 | 1,543,678       | 42,125                               | 42,313                    | Subsidiary                           |
|                                 | Kwong Lung Japan Co., Ltd.       | Japan                               | Selling of down and bedding                | 280,977                             | 280,977              | 10,500               | 100.00 | 342,307         | 5,042                                | 5,042                     | Subsidiary                           |
|                                 | Bo Hsing Enterprise Co., Ltd.    | Vietnam                             | Manufacturing of apparel and bedding       | 386,911                             | 386,911              | -                    | 100.00 | 1,185,494       | (9,238)                              | (9,238)                   | Subsidiary                           |
|                                 | Toptex Garment Co., Ltd.         | Vietnam                             | Manufacturing of apparel                   | 191,809                             | 191,809              | -                    | 100.00 | 57,510          | (5,809)                              | (5,809)                   | Subsidiary                           |
|                                 | P&B Collection Co., Ltd.         | Taiwan                              | Selling of bedding                         | 260,000                             | 260,000              | 20,618,088           | 100.00 | 264,322         | 1,894                                | 1,894                     | Subsidiary                           |
|                                 | Manumech Corporation             | Taiwan                              | Wholesale                                  | 103,319                             | 103,319              | 5,851,916            | 100.00 | 20,783          | 33                                   | 33                        | Subsidiary                           |
|                                 | Kwong Lung-O Mon Company Limited | Vietnam                             | Manufacturing of apparel                   | 69,799                              | 69,799               | -                    | 100.00 | 77,199          | (130)                                | (346)                     | Subsidiary                           |
|                                 | Fuhua Garment Co., Ltd.          | Vietnam                             | Manufacturing of apparel                   | 93,135                              | 93,135               | -                    | 100.00 | 94,832          | 1,257                                | 1,257                     | Subsidiary                           |
|                                 | Snowdown Merchandise Corporation | Taiwan                              | Real estate rental and leasing             | -                                   | 23,017               | -                    | -      | -               | -                                    | -                         | Associate (disposed in January 2024) |
|                                 | Gonglong Co., Ltd.               | Taiwan                              | Real estate rental and leasing             | 269,178                             | 32,078               | 26,200,000           | 100.00 | 395,919         | (3,109)                              | (3,803)                   | Subsidiary                           |
|                                 | BBL Premium Co., Ltd.            | Taiwan                              | Selling of bedding                         | 14,000                              | 14,000               | 1,487,118            | 46.67  | 5,702           | (1,723)                              | (804)                     | Associate                            |
|                                 | Pt. Tactical Garment Garut       | Indonesia                           | Manufacturing of apparel                   | 138,060                             | 138,060              | 4,500                | 45.00  | 122,122         | (10,688)                             | (4,809)                   | Associate                            |
|                                 | Kwong Lung (B.V.I.) Ltd.         | Kwong Lung Feather (B.V.I.) Limited | British Virgin Islands                     | Overseas reinvested holding company | -                    | -                    | 1      | 100.00          | 107,924                              | 5,985                     | NA                                   |
| Kwong Lung Japan Co., Ltd.      | Rising Living Co., Ltd.          | Japan                               | Selling of bedding                         | 3,943                               | 3,943                | 306                  | 51.00  | 1,362           | (81)                                 | 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  | 63,144          | 4,373                                | 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  | 100,445         | 4,373                                | NA                        | Subsidiary                           |
| Gonglong Co., Ltd.              | Koutou Co., Ltd.                 | Taiwan                              | Construction business                      | 79,952                              | 79,952               | 8,508,000            | 60.00  | 82,978          | (4,116)                              | NA                        | Subsidiary                           |
| P&B Collection Co., Ltd.        | Gong Tong Zu Lin Co., Ltd.       | Taiwan                              | Wholesale of machinery and equipment       | 27,300                              | 27,300               | 5,304,000            | 39.00  | 100,841         | 2,473                                | NA                        | Associate of subsidiary              |
|                                 | Daquan Hanshi Co., Ltd.          | Taiwan                              | Food service activities                    | 5,513                               | 5,513                | 655,200              | 39.00  | 12,337          | (818)                                | NA                        | Associate of subsidiary              |
| Kwong Lung Meko (B.V.I.) Ltd.   | Lyon Ventures Holdings Ltd.      | Canada                              | Selling of bedding                         | 18,231                              | 18,231               | 90,000               | 49.00  | 8,418           | (3,188)                              | NA                        | Associate of subsidiary              |
|                                 | O'casa Lk Property Group Inc.    | Canada                              | Overseas reinvested holding company        | 67,114                              | 67,114               | 289,100              | 49.00  | 65,360          | 2,569                                | 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, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Investee Company               | Main Businesses and Products                   | Paid in Capital | Method of Investment (Note 1) | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024 | Remittance of Funds |        | Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 2) | Carrying Amount as of March 31, 2024 | Accumulated Repatriation of Investment Income as of March 31, 2024 |
|--------------------------------|--|-----------------|-------------------------------|---|---------------------|--------|--|-----------------------------------|--|---------------------------------|--------------------------------------|--|
|                                |  |                 |                               |   | Outward             | Inward |  |                                   |  |                                 |                                      |  |
| Kwong Lung (Suzhou) Co., Ltd.  | Manufacturing and selling of down and bedding. | US\$ 5,000      | b. 1)                         | \$ 149,546  | -                   | -      | \$ 149,546   | \$ 4,362                          | 100  | \$ 4,362<br>b. 3)               | \$ 184,036                           | \$ -   |
| Kunshan Fulong Trade Co., Ltd. | Selling of bedding                             | RMB 5,000       | c. 1)                         | -   | -                   | -      | -  | (1,385)                           | 100  | (1,385)<br>b. 3)                | 9,254                                | -  |

| Investor Company                | Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2024 | 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<br>(Note 3)   | \$ 600,875<br>(US\$ 20,000)                                  | \$ 3,263,779<br>(Note 4)  |

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.

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) Not been reviewed.

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, 2024.

Note 4: The maximum allowable limit on investment was 60% of the consolidated net asset value of the Company \$5,439,631 (consolidated net worth)  $\times$  60% = \$3,263,779.

**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, 2024 (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         | \$ 39,890     | 4 | Normal | Prepayment or T/T 30-180 days                        | No significant difference           | Trades payable                    | \$ 31,566 | 2 | \$ -            |
| Kwong Lung (Suzhou) Co., Ltd. (Note 2) | Sale             | 11,695        | 2 | Normal | Sales revenue received in advance or T/T 30-180 days | No significant difference           | Trades receivable                 | 11,756    | 2 | -               |

Note 1: As of March 31, 2024, the Company had transactions with Kwong Lung (Suzhou) Co., Ltd. for processing of materials and purchasing materials amounted to \$21,129 thousand of the Company's other receivables.

Note 2: As of March 31, 2024, 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, 2024**

| Name of Major Shareholder      | Shares           |                             |
|--------------------------------|------------------|-----------------------------|
|                                | Number of Shares | Percentage of Ownership (%) |
| Kai Sheng Investment Co., Ltd. | 14,879,755       | 9.86                        |
| Ou Li Investment Co., Ltd.     | 12,700,000       | 8.41                        |

Note: 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.