

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

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2022 and 2021 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 referred to as the "Group") as of June 30, 2022 and 2021, the consolidated statements of comprehensive income for the three months and six months ended June 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65 "Review of 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 June 30, 2022 and 2021, the combined total assets of these non-significant subsidiaries were NT\$2,355,360 thousand and NT\$3,088,056 thousand, respectively, representing 27% and 36%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$657,747 thousand and NT\$855,564 thousand, respectively, representing 17% and 26%, respectively, of the consolidated total liabilities; for the three months and six months ended June 30, 2022 and 2021, the amounts of combined comprehensive income of these non-significant subsidiaries were NT\$73,335 thousand, NT\$(58,197) thousand, NT\$91,028 thousand and NT\$(78,352) thousand, respectively, representing 31%, (116%), 20% and (28%), respectively, of the consolidated total comprehensive income. In addition, as disclosed in Note 14, the investments accounted for using the equity method, as of June 30, 2022 and 2021, were NT\$311,256 thousand and NT\$106,045 thousand, respectively, and the consolidated equity in these investees' net loss and gain for the three months and six months ended

June 30, 2022 and 2021 amounted to NT\$4,916 thousand, NT\$(934) thousand, NT\$6,676 thousand and NT\$(1,011) thousand, respectively, and the related investment amounts as well as additional disclosures are based on these investees' unreviewed financial statements for the same reporting periods as those of the Group.

### **Qualified Conclusion**

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and other investees accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2022 and 2021 and of its consolidated financial performance for the three months and six months ended June 30, 2022 and 2021 and its consolidated cash flows for the six months ended June 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

August 4, 2022

### Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to 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	June 30, 2022 (Reviewed)		December 31, 2021 (Audited)		June 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 1,295,634	14	\$ 1,310,791	16	\$ 709,296	8
Financial assets at fair value through profit or loss - current (Note 7)	7,886	-	1,673	-	11,524	-
Financial assets at amortized cost - current (Notes 9 and 31)	78,390	1	133,958	2	251,514	3
Notes receivable (Note 10)	1,009	-	88,424	1	34,202	-
Trade receivables (Notes 10 and 30)	1,389,132	16	868,444	10	1,267,236	15
Other receivables (Note 10)	574,524	6	372,029	4	312,745	4
Other receivables from related parties (Note 30)	-	-	-	-	120,000	2
Inventories (Note 12)	2,493,869	28	2,395,577	29	2,317,428	27
Other current assets (Notes 11 and 19)	235,129	3	161,845	2	255,937	3
Total current assets	6,075,573	68	5,332,741	64	5,279,882	62
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	159,721	2	231,300	3	244,500	3
Investments accounted for using the equity method (Note 14)	311,256	4	331,119	4	361,012	4
Property, plant and equipment (Notes 15, 30 and 31)	1,585,713	18	1,557,470	19	1,852,121	22
Right-of-use assets (Notes 16 and 30)	104,679	1	123,098	1	137,221	2
Investment properties, net (Notes 17 and 30)	366,007	4	462,485	6	392,995	5
Intangible assets (Note 18)	39,487	-	45,758	-	51,241	-
Deferred tax assets	59,989	1	56,092	1	51,986	1
Other non-current assets (Notes 11 and 19)	172,169	2	154,273	2	133,543	1
Total non-current assets	2,799,021	32	2,961,595	36	3,224,619	38
<b>TOTAL</b>	<b>\$ 8,874,594</b>	<b>100</b>	<b>\$ 8,294,336</b>	<b>100</b>	<b>\$ 8,504,501</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 20 and 31)	\$ 1,077,874	12	\$ 1,048,621	13	\$ 988,139	12
Short-term bills payable (Note 20)	30,000	-	30,000	-	30,000	-
Financial liabilities at fair value through profit or loss - current (Note 7)	11,328	-	3,816	-	1,287	-
Notes payable	26,114	-	5,272	-	8,125	-
Trade payables (Note 30)	978,669	11	842,158	10	1,071,564	13
Other payables (Notes 21 and 30)	805,311	9	334,022	4	334,490	4
Current tax liabilities (Note 4)	161,524	2	134,643	2	99,652	1
Lease liabilities - current (Notes 16 and 30)	46,384	1	63,155	1	31,437	-
Current portion of long-term liabilities (Notes 20 and 31)	400,000	5	898	-	889	-
Other current liabilities	32,287	-	32,741	-	55,884	1
Total current liabilities	3,569,491	40	2,495,326	30	2,621,467	31
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings (Notes 20 and 31)	128,670	2	640,815	8	441,267	5
Deferred tax liabilities	130,267	2	117,013	1	142,943	2
Lease liabilities - non-current (Notes 16 and 30)	21,173	-	34,594	1	37,548	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	17,363	-	18,547	-	25,988	-
Other non-current liabilities	5,512	-	5,777	-	5,430	-
Total non-current liabilities	302,985	4	816,746	10	653,176	7
Total liabilities	3,872,476	44	3,312,072	40	3,274,643	38
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 23 and 26)</b>						
Share capital						
Ordinary shares	1,315,753	15	1,313,228	16	1,312,308	16
Preference shares	182,000	2	182,000	2	182,000	2
Advance receipts for ordinary shares	718	-	4,348	-	241	-
Total share capital	1,498,471	17	1,499,576	18	1,494,549	18
Capital surplus	2,200,304	25	2,192,751	26	2,340,671	27
Retained earnings						
Legal reserve	575,708	6	516,709	6	484,890	6
Special reserve	182,576	2	59,807	1	30,367	-
Unappropriated earnings	694,424	8	872,772	11	963,276	11
Total retained earnings	1,452,708	16	1,449,288	18	1,478,533	17
Other equity interests						
Exchange differences on translation of the financial statements of foreign operations	(238,361)	(3)	(347,919)	(4)	(279,466)	(3)
Unrealized valuation gain on financial assets at fair value through other comprehensive income	65,856	1	165,343	2	172,420	2
Total other equity interests	(172,505)	(2)	(182,576)	(2)	(107,046)	(1)
Total equity attributable to owners of the Company	4,978,978	56	4,959,039	60	5,206,707	61
<b>NON-CONTROLLING INTERESTS</b>	<b>23,140</b>	<b>-</b>	<b>23,225</b>	<b>-</b>	<b>23,151</b>	<b>1</b>
Total equity	5,002,118	56	4,982,264	60	5,229,858	62
<b>TOTAL</b>	<b>\$ 8,874,594</b>	<b>100</b>	<b>\$ 8,294,336</b>	<b>100</b>	<b>\$ 8,504,501</b>	<b>100</b>

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

(With Deloitte & Touche review report dated August 4, 2022)

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

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Note 30)								
Sales revenue	\$ 2,832,456	100	\$ 2,395,457	100	\$ 4,942,397	100	\$ 4,085,777	100
OPERATING COSTS (Notes 12, 24 and 30)								
Cost of goods sold	(2,313,578)	(82)	(2,017,817)	(84)	(4,143,273)	(84)	(3,500,385)	(86)
GROSS PROFIT	<u>518,878</u>	<u>18</u>	<u>377,640</u>	<u>16</u>	<u>799,124</u>	<u>16</u>	<u>585,392</u>	<u>14</u>
OPERATING EXPENSES (Notes 24 and 30)								
Selling and marketing expenses	(103,331)	(4)	(91,449)	(4)	(182,541)	(4)	(178,383)	(4)
General and administrative expenses	(84,701)	(3)	(73,516)	(3)	(157,986)	(3)	(143,926)	(3)
Research and development expenses	(12,852)	-	(12,757)	(1)	(23,567)	-	(24,679)	(1)
Expected credit loss	(3,840)	-	(73,269)	(3)	(4,762)	-	(75,264)	(2)
Total operating expenses	<u>(204,724)</u>	<u>(7)</u>	<u>(250,991)</u>	<u>(11)</u>	<u>(368,856)</u>	<u>(7)</u>	<u>(422,252)</u>	<u>(10)</u>
PROFIT FROM OPERATIONS	<u>314,154</u>	<u>11</u>	<u>126,649</u>	<u>5</u>	<u>430,268</u>	<u>9</u>	<u>163,140</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES (Notes 24 and 30)								
Interest income	3,685	-	3,557	-	6,804	-	9,105	-
Other income	2,631	-	3,566	-	5,009	-	6,785	-
Other gains and losses	45,986	2	(4,933)	-	99,729	2	(20,202)	-
Finance costs	(5,188)	-	(2,997)	-	(9,483)	-	(5,314)	-
Share of profit of associates accounted for using the equity method	<u>4,916</u>	<u>-</u>	<u>6,281</u>	<u>-</u>	<u>6,676</u>	<u>-</u>	<u>140,757</u>	<u>3</u>
Total non-operating income and expenses	<u>52,030</u>	<u>2</u>	<u>5,474</u>	<u>-</u>	<u>108,735</u>	<u>2</u>	<u>131,131</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	366,184	13	132,123	5	539,003	11	294,271	7
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(72,011)</u>	<u>(3)</u>	<u>(31,095)</u>	<u>(1)</u>	<u>(99,481)</u>	<u>(2)</u>	<u>(59,715)</u>	<u>(1)</u>
NET PROFIT FOR THE PERIOD	<u>294,173</u>	<u>10</u>	<u>101,028</u>	<u>4</u>	<u>439,522</u>	<u>9</u>	<u>234,556</u>	<u>6</u>

(Continued)

# KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	\$ (79,650)	(3)	\$ 11,057	-	\$ (95,550)	(2)	\$ 123,557	3
Share of the other comprehensive (loss) income of associates accounted for using the equity method	<u>(11,814)</u>	<u>-</u>	<u>(1,133)</u>	<u>-</u>	<u>(342)</u>	<u>-</u>	<u>1,382</u>	<u>-</u>
	<u>(91,464)</u>	<u>(3)</u>	<u>9,924</u>	<u>-</u>	<u>(95,892)</u>	<u>(2)</u>	<u>124,939</u>	<u>3</u>
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	<u>37,306</u>	<u>1</u>	<u>(60,688)</u>	<u>(2)</u>	<u>102,617</u>	<u>2</u>	<u>(77,379)</u>	<u>(2)</u>
Other comprehensive (loss) income for the period, net of income tax	<u>(54,158)</u>	<u>(2)</u>	<u>(50,764)</u>	<u>(2)</u>	<u>6,725</u>	<u>-</u>	<u>47,560</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 240,015</u>	<u>8</u>	<u>\$ 50,264</u>	<u>2</u>	<u>\$ 446,247</u>	<u>9</u>	<u>\$ 282,116</u>	<u>7</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 294,353	10	\$ 131,719	5	\$ 439,780	9	\$ 260,159	6
Non-controlling interests	<u>(180)</u>	<u>-</u>	<u>(30,691)</u>	<u>(1)</u>	<u>(258)</u>	<u>-</u>	<u>(25,603)</u>	<u>-</u>
	<u>\$ 294,173</u>	<u>10</u>	<u>\$ 101,028</u>	<u>4</u>	<u>\$ 439,522</u>	<u>9</u>	<u>\$ 234,556</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 240,687	8	\$ 81,096	3	\$ 446,333	9	\$ 308,090	8
Non-controlling interests	<u>(672)</u>	<u>-</u>	<u>(30,832)</u>	<u>(1)</u>	<u>(86)</u>	<u>-</u>	<u>(25,974)</u>	<u>(1)</u>
	<u>\$ 240,015</u>	<u>8</u>	<u>\$ 50,264</u>	<u>2</u>	<u>\$ 446,247</u>	<u>9</u>	<u>\$ 282,116</u>	<u>7</u>
EARNINGS PER SHARE (Note 26)								
Basic	<u>\$1.89</u>		<u>\$1.00</u>		<u>\$3.00</u>		<u>\$1.98</u>	
Diluted	<u>\$1.88</u>		<u>\$0.88</u>		<u>\$2.92</u>		<u>\$1.73</u>	

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

(With Deloitte & Touche review report dated August 4, 2022)

(Concluded)

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

	Equity Attributable to Owners of the 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 Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income
	Ordinary Shares	Preference Shares	Advance Receipts for Ordinary Shares	Subtotal	Additional Paid-in Capital	Additional Paid-in Capital - Bond Conversion	Treasury Share Transactions	Changes in Equity of Investments in Associates Accounted for Using the Equity Method	Employee Share Options	Expired Share Options	Subtotal	Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2021	\$ 1,310,623	\$ 182,000	\$ -	\$ 1,492,623	\$ 1,628,303	\$ 640,431	\$ 29,284	\$ 2,460	\$ 17,631	\$ 18,397	\$ 2,336,506	\$ 484,890	\$ 30,367	\$ 630,945	\$ (202,458)	\$ 142,651	\$ 4,915,524	\$ 22,272	\$ 4,937,796
Net profit (loss) for the six months ended June 30, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	260,159	-	-	260,159	(25,603)	234,556
Other comprehensive income (loss) for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(77,008)	124,939	47,931	(371)	47,560
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	260,159	(77,008)	124,939	308,090	(25,974)	282,116
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(22,998)	-	-	(22,998)	22,998	-
Issuance of ordinary shares under employee share options	1,685	-	241	1,926	5,666	-	-	-	(1,501)	-	4,165	-	-	-	-	-	6,091	66	6,157
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,789	3,789
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	95,170	-	(95,170)	-	-	-
BALANCE AT JUNE 30, 2021	<u>\$ 1,312,308</u>	<u>\$ 182,000</u>	<u>\$ 241</u>	<u>\$ 1,494,549</u>	<u>\$ 1,633,969</u>	<u>\$ 640,431</u>	<u>\$ 29,284</u>	<u>\$ 2,460</u>	<u>\$ 16,130</u>	<u>\$ 18,397</u>	<u>\$ 2,340,671</u>	<u>\$ 484,890</u>	<u>\$ 30,367</u>	<u>\$ 963,276</u>	<u>\$ (279,466)</u>	<u>\$ 172,420</u>	<u>\$ 5,206,707</u>	<u>\$ 23,151</u>	<u>\$ 5,229,858</u>
BALANCE AT JANUARY 1, 2022	\$ 1,313,228	\$ 182,000	\$ 4,348	\$ 1,499,576	\$ 1,484,980	\$ 640,431	\$ 29,284	\$ 2,460	\$ 15,164	\$ 20,432	\$ 2,192,751	\$ 516,709	\$ 59,807	\$ 872,772	\$ (347,919)	\$ 165,343	\$ 4,959,039	\$ 23,225	\$ 4,982,264
Appropriation of the 2021 earnings	-	-	-	-	-	-	-	-	-	-	-	58,999	-	(58,999)	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	122,769	(122,769)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	(394,455)	-	-	(394,455)	-	(394,455)
Cash dividends of preference shares distributed by the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	(45,500)	-	-	(45,500)	-	(45,500)
Net profit (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	439,780	-	-	439,780	(258)	439,522
Other comprehensive loss for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	102,445	(95,892)	6,553	172	6,725
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	439,780	102,445	(95,892)	446,333	(86)	446,247
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,113	-	7,113	-	7,113
Issuance of ordinary shares under employee share options	2,525	-	(3,630)	(1,105)	9,847	-	-	-	(2,294)	-	7,553	-	-	-	-	-	6,448	1	6,449
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	3,595	-	(3,595)	-	-	-
BALANCE AT JUNE 30, 2022	<u>\$ 1,315,753</u>	<u>\$ 182,000</u>	<u>\$ 718</u>	<u>\$ 1,498,471</u>	<u>\$ 1,494,827</u>	<u>\$ 640,431</u>	<u>\$ 29,284</u>	<u>\$ 2,460</u>	<u>\$ 12,870</u>	<u>\$ 20,432</u>	<u>\$ 2,200,304</u>	<u>\$ 575,708</u>	<u>\$ 182,576</u>	<u>\$ 694,424</u>	<u>\$ (238,361)</u>	<u>\$ 65,856</u>	<u>\$ 4,978,978</u>	<u>\$ 23,140</u>	<u>\$ 5,002,118</u>

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

(With Deloitte & Touche review report dated August 4, 2022)

# KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 539,003	\$ 294,271
Adjustments for:		
Depreciation expense	83,653	83,303
Amortization expense	6,272	6,642
Expected credit loss	4,762	75,264
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	3,442	(10,237)
Finance costs	9,483	5,314
Interest income	(6,804)	(9,105)
Compensation costs of employee share options	521	1,156
Write-downs of inventories	49,681	14,900
Share of profit of associates accounted for using the equity method	(6,676)	(140,757)
Loss (gain) on disposal of property, plant and equipment	99	(11)
Gain on disposal of investment properties	(25,289)	-
Loss on disposal of associates accounted for using the equity method	8,516	-
Net loss (gain) on foreign currency exchange	1,146	(11,018)
Other gains and losses	(73)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified at fair value through profit or loss	1,673	22,807
Notes receivable	87,415	155,523
Trade receivables	(513,388)	(524,168)
Other receivables	(189,039)	(54,404)
Inventories	(153,925)	(605,895)
Other current assets	(67,571)	(126,151)
Financial liabilities held for trading	(3,816)	(692)
Notes payable	20,842	4,662
Trade payables	134,448	381,366
Other payables	10,907	14,837
Other current liabilities	(454)	17,611
Net defined benefit liabilities	(1,184)	(2,178)
Cash used in operations	(6,356)	(406,960)
Interest received	6,024	8,774
Interest paid	(9,413)	(5,124)
Income tax paid	(62,777)	(62,322)
Net cash used in operating activities	(72,522)	(465,632)

(Continued)

# KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ -	\$ 145,557
Acquisition of financial assets at amortized cost	(3,482)	(53,000)
Proceeds from disposal of financial assets at amortized cost	60,000	10,000
Acquisition of investments accounted for using the equity method	-	(6,964)
Acquisition of property, plant and equipment	(74,553)	(142,003)
Proceeds from disposal of property, plant and equipment	23,941	12
Acquisition of intangible assets	-	(1,594)
Acquisition of investment properties	-	(90,456)
Proceeds from disposal of investment properties	96,195	-
Increase in other non-current assets	(22,564)	(7,557)
Dividends received from associates	4,455	-
Net cash generated from (used in) investing activities	<u>83,992</u>	<u>(146,005)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	9,394	222,132
Repayments of short-term bills payable	-	(50,000)
Proceeds from long-term borrowings	-	428,670
Repayments of long-term borrowings	(113,043)	(300,440)
Repayment of the principal portion of lease liabilities	(35,865)	(15,928)
Increase in other non-current liabilities	-	1,025
Decrease in other non-current liabilities	(265)	-
Proceeds from share options exercised	5,928	4,935
Changes in non-controlling interests	-	3,855
Net cash (used in) generated from financing activities	<u>(133,851)</u>	<u>294,249</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>	<u>107,224</u>	<u>(43,440)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(15,157)	(360,828)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>1,310,791</u>	<u>1,070,124</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 1,295,634</u>	<u>\$ 709,296</u>

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

(With Deloitte & Touche review report dated August 4, 2022)

(Concluded)

# KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

---

### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on August 4, 2022.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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.

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

New IFRSs	Effective Date Announced by IASB (Note)
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
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

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

- b. Basis of preparation

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

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

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

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

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

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

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

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

See Note 13 and Table 8 for detailed information on the subsidiaries (including the percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2021.

1) Retirement benefits

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

2) Taxation

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. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Refer to the consolidated financial statements for the year ended December 31, 2021 for the critical accounting judgments and key sources of estimation uncertainty.

## 6. CASH AND CASH EQUIVALENTS

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand	\$ 1,343	\$ 2,203	\$ 6,374
Checking accounts and demand deposits	461,683	482,860	524,075
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	<u>832,608</u>	<u>825,728</u>	<u>178,847</u>
	<u>\$ 1,295,634</u>	<u>\$ 1,310,791</u>	<u>\$ 709,296</u>

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

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets at FVTPL - current</u>			
Mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 7,886</u>	<u>\$ 1,673</u>	<u>\$ 11,524</u>

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial liabilities at FVTPL - current</u>			
Held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 11,328</u>	<u>\$ 3,816</u>	<u>\$ 1,287</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>June 30, 2022</u>			
Buy	EUR/USD	2022.7.26-2023.3.28	EUR3,118/USD3,475
Buy	USD/JPY	2022.10.17-2022.12.19	USD311/JPY35,791
Buy	EUR/JPY	2022.7.01-2023.2.28	EUR1,823/JPY232,475
Sell	USD/NTD	2022.7.11-2022.8.12	USD5,000/NTD147,421
Sell	USD/RMB	2022.7.29	USD1,000/RMB6,685
Sell	EUR/NTD	2022.8.30-2022.12.28	EUR917/NTD29,198
Sell	USD/JPY	2022.8.22-2022.9.22	USD1,350/JPY162,590
Sell	RMB/NTD	2022.8.01-2022.8.26	RMB1,643/NTD7,246

(Continued)

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
<u>December 31, 2021</u>			
Buy	EUR/NTD	2022.1.04-2022.4.14	EUR1,119/NTD37,016
Buy	EUR/USD	2022.4.28-2022.8.31	EUR2,350/USD2,731
Buy	EUR/JPY	2022.2.01-2022.3.31	EUR885/JPY115,929
Sell	JPY/NTD	2022.1.25-2022.3.30	JPY174,000/NTD43,431
<u>June 30, 2021</u>			
Buy	EUR/NTD	2021.8.2-2021.10.25	EUR1,650/NTD55,389
Buy	USD/JPY	2021.10.8-2022.2.18	USD7,256/JPY800,127
Sell	USD/NTD	2021.9.10	USD1,000/NTD27,911
Sell	USD/RMB	2021.7.30-2021.12.13	USD6,000/RMB41,110
Sell	JPY/NTD	2021.8.31-2022.1.25	JPY1,000,000/NTD254,109
(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>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
<u>Non-current</u>			
Domestic investments			
Listed shares	\$ 135,750	\$ 231,300	\$ 244,500
Foreign investments			
Unlisted shares	<u>23,971</u>	<u>-</u>	<u>-</u>
	<u>\$ 159,721</u>	<u>\$ 231,300</u>	<u>\$ 244,500</u>

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

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Domestic investments			
Restricted assets - bank balance	\$ 54,390	\$ 49,958	\$ -
Time deposits with original maturities of more than 3 months	24,000	24,000	191,514
Private corporate bonds with no active market (a)	<u>-</u>	<u>60,000</u>	<u>60,000</u>
	<u>\$ 78,390</u>	<u>\$ 133,958</u>	<u>\$ 251,514</u>

- a. The Group held six units of five-year unsecured corporate bonds issued by Snowdown Merchandise Corporation with a coupon rate of 2.75% as of December 31, 2021 and June 30, 2021.
- b. Refer to Note 31 for information related to investments in financial assets at amortized cost pledged as security.

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

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 1,009	\$ 88,424	\$ 34,202
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,009</u>	<u>\$ 88,424</u>	<u>\$ 34,202</u>
<u>Trade receivables (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 1,389,213	\$ 868,525	\$ 1,267,317
Less: Allowance for impairment loss	<u>(81)</u>	<u>(81)</u>	<u>(81)</u>
	<u>\$ 1,389,132</u>	<u>\$ 868,444</u>	<u>\$ 1,267,236</u>
<u>Other receivables</u>			
Sale of raw materials	\$ 673,368	\$ 462,204	\$ 429,399
Tax refund receivable	43,952	50,996	24,046
Others	4,221	3,742	1,820
Less: Allowance for impairment loss	<u>(147,017)</u>	<u>(144,913)</u>	<u>(142,520)</u>
	<u>\$ 574,524</u>	<u>\$ 372,029</u>	<u>\$ 312,745</u>

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

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

The aging of receivables was as follows:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Less than 30 days	\$ 1,004,590	\$ 632,625	\$ 991,720
31-60 days	262,408	201,557	205,243
61-120 days	121,884	34,343	70,282
More than 121 days	<u>331</u>	<u>-</u>	<u>72</u>
	<u>\$ 1,389,213</u>	<u>\$ 868,525</u>	<u>\$ 1,267,317</u>

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

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

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 81	\$ 81
Less: Net remeasurement of loss allowance	-	-
Foreign exchange gains and losses	<u>-</u>	<u>-</u>
Balance at June 30	<u>\$ 81</u>	<u>\$ 81</u>

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

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 144,913	\$ 73,573
Add: Net remeasurement of loss allowance*	1,877	68,947
Foreign exchange gains and losses	<u>227</u>	<u>-</u>
Balance at June 30	<u>\$ 147,017</u>	<u>\$ 142,520</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 basis information of irrecoverable amounts exists.

\* As of June 30, 2021, some of the Group's customers continued to delay making payments due to the COVID-19 pandemic, resulting in a significant increase in credit risk. In addition, the Group pursued a legal claim against those customers that delayed making payments. Therefore, the Group assessed that credit impairment has occurred and recognized a loss allowance of \$68,947 thousand.

## 11. FINANCE LEASE RECEIVABLES

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
<u>Undiscounted lease payments</u>			
Year 1	\$ 42,131	\$ 33,941	\$ 27,937
Year 2	20,273	20,273	20,273
Year 3	20,273	20,273	20,273
Year 4	10,167	20,303	20,273
Year 5	<u>-</u>	<u>-</u>	<u>10,167</u>
	92,844	94,790	98,923
Less: Unearned finance income	(11,534)	(14,385)	(17,886)
Less: Allowance for impairment loss	<u>(9,202)</u>	<u>(6,317)</u>	<u>(6,317)</u>
Net investment in leases presented as finance lease receivables	<u>\$ 72,108</u>	<u>\$ 74,088</u>	<u>\$ 74,720</u>

The Group entered into a finance lease arrangement for some 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 June 30, 2022.

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 June 30, 2022, part of finance lease receivables were past due. The Group has recognized a loss allowance of \$9,202 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

	June 30, 2022	December 31, 2021	June 30, 2021
Merchandise	\$ 145,502	\$ 169,355	\$ 229,861
Finished goods	489,370	378,065	207,915
Work in progress	1,267,354	997,096	1,209,502
Raw materials and supplies	532,567	622,110	520,894
Goods to subcontractor	650	27	827
Inventory in transit	<u>58,246</u>	<u>228,924</u>	<u>148,429</u>
	<u>\$ 2,493,869</u>	<u>\$ 2,395,577</u>	<u>\$ 2,317,428</u>

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2022 and 2021 included inventory write-downs of \$19,284 thousand and \$7,877 thousand, and for the six months ended June 30, 2022 and 2021 were \$49,681 thousand and \$14,900 thousand, respectively.

## 13. SUBSIDIARIES

### a. Subsidiaries included in consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			June 30, 2022	December 31, 2021	June 30, 2021	
The Company	Kwong Lung (B.V.I.) Ltd.	Overseas reinvested holding company.	100.00	100.00	100.00	1), 5)
	Kwong Lung Meko Co., Ltd.	Manufacturing and selling of down and bedding.	100.00	100.00	100.00	Major subsidiary
	Kwong Lung Japan Co., Ltd.	Manufacturing and selling of down and bedding.	100.00	100.00	100.00	1)
	Bo Hsing Enterprise Co., Ltd.	Manufacturing and selling of apparel.	100.00	100.00	100.00	2)
	Toptex Garment Co., Ltd.	Manufacturing and selling of apparel.	100.00	100.00	100.00	1)
	P&B Collection Co., Ltd.	Outerwear knitting mills; apparel, clothing accessories and other textile product manufacturing; other textile products manufacturing; cleaning products manufacturing; wholesale and retail sale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories, furniture, bedclothes, kitchen equipment, fixtures, articles for daily use, cleaning preparations and other textile products; wholesale of pottery, porcelain and glassware; international trade.	100.00	100.00	100.00	1)
Kwong Lung (B.V.I.) Ltd.	Kwong Lung Europe SP. Z O.O.	Various selling of down and bedding	-	-	100.00	1), 3)
	Kwong Lung-O Mon Company Limited	Manufacturing and selling of apparel.	100.00	100.00	100.00	1)
	Manumech Corporation	Wholesale	94.59	94.59	94.59	1), 4)
Kwong Lung Japan Co., Ltd.	Kwong Lung Feather (B.V.I.) Limited	Overseas reinvested holding company.	100.00	100.00	100.00	1), 5), 9)
	Kwong Lung (Suzhou) Co., Ltd.	Manufacturing and selling of down and bedding.	100.00	100.00	100.00	1), 6)
Kwong Lung Japan Co., Ltd.	Rising Living Co., Ltd.	Manufacturing and selling of down and bedding.	51.00	51.00	51.00	1), 7)
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 Feather (B.V.I.) Limited	Snowdown Merchandise (Suzhou) Co., Ltd.	Manufacturing and selling of down and bedding.	-	-	100.00	1), 8)
Kwong Lung (Suzhou) Co., Ltd.	Kunshan Fulong Trade Co., Ltd.	Wholesale of outdoor supplies, household wares, clothing, and related packaging materials; food; Import and export of goods and technology	100.00	100.00	100.00	1)
P&B Collection Co., Ltd.	Huai An He Yu Home Textile Co., Ltd.	Home textile products; textile and apparel production and sales; feather acquisition; down processing, down products production and sales; self-support and agents of various types of goods and technology import and export business.	51.00	51.00	51.00	1)
	Manumech Corporation	Wholesale	2.76	2.76	2.76	1), 4)
Manumech Corporation	Intime Tech Co., Ltd.	Wholesale	100.00	100.00	100.00	1)

- 1) It is an immaterial subsidiary; its financial statements have not reviewed as of June 30, 2022 and 2021.
- 2) It is an immaterial subsidiary; its financial statements as of June 30, 2022 have been reviewed; however, its financial statements as of June 30, 2021 have not been reviewed.
- 3) In May 2020, the Company's board of directors resolved to liquidate Kwong Lung Europe SP.Z O.O. The Company received the proceeds from the liquidation distribution in December 2021. The liquidation process was completed at May 20, 2022.
- 4) In 2021, the Company participated in Manumech Corporation's capital increase in cash for \$100,000 thousand and acquired 94.59% interest in Manumech Corporation. The subscription base date was June 1, 2021. After the subscription, P&B Collection Co., Ltd. reduced its continuing interest in Manumech Corporation to 2.76%.
- 5) In 2021, the Group acquired Kwong Lung (B.V.I.) Ltd. through the transfer of shares. After the transfer, Kwong Lung (B.V.I.) Ltd. holds 100% ownership of Kwong Lung Feather (B.V.I.) Limited. The base date of the transfer was January 1, 2021.
- 6) In 2021, Kwong Lung Feather (B.V.I.) Limited reduced its capital by transferring the shares of Kwong Lung (Suzhou) Co., Ltd. to Kwong Lung (B.V.I.) Ltd. The base date of the capital reduction was March 19, 2021.
- 7) In March 2021, Kwong Lung Japan Co., Ltd. acquired 51% shares of Rising Living Co., Ltd. with the original investment amount of JPY15,300 thousand.
- 8) The Group disposed of the subsidiary Snowdown Merchandise (Suzhou) Co., Ltd. ("Snowdown Merchandise Suzhou") on December 2, 2021. On September 7, 2021, the Group entered into a contract with Suzhou Longhou Machinery Co., Ltd. ("Suzhou Longhou Machinery"). According to the contract signed with Suzhou Longhou Machinery, the subsidiary Kwong Lung (Suzhou) Co., Ltd. ("Kwong Lung Suzhou") issued a performance bond for RMB10,000 thousand to Suzhou Longhou Machinery to provide guarantee of the Group's obligations and the debts of Snowdown Merchandise Suzhou before the settlement date. The expiry date is within one year from the settlement date. Refer to Note 13 of the consolidated financial statements for the year ended December 31, 2021 for details of the transaction.
- 9) On April 14, 2022, Kwong Lung Feather (B.V.I.) Limited's board of directors resolved to reduce capital by returning to the shareholders cash of US\$15,200 thousand. The share capital after the capital reduction is US\$3,059 thousand.

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

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

##### Investments in associates

	June 30, 2022	December 31, 2021	June 30, 2021
Material associate			
Snowdown Merchandise Corporation	\$ 231,778	\$ 226,889	\$ 254,967
Associates that are not individually material	<u>79,478</u>	<u>104,230</u>	<u>106,045</u>
	<u>\$ 331,256</u>	<u>\$ 331,119</u>	<u>\$ 361,012</u>

## Material associates

Name of Associate	Proportion of Ownership and Voting Rights		
	June 30, 2022	December 31, 2021	June 30, 2021
Snowdown Merchandise Corporation	39.5%	39.5%	39.5%

For the six months ended June 30, 2021, the proportionate amount of the net profit and other comprehensive income of Snowdown Merchandise Corporation (“Snowdown Merchandise”) recognized by the Group was 49% of the total consolidated comprehensive income; thus, the Group included Snowdown Merchandise as a material associate.

The nature of activities, principal location of business and incorporation of the above associates are disclosed in Table 8.

The financial statements of Snowdown Merchandise for the six months ended June 30, 2021 have been reviewed. However, its financial statements for the six months ended June 30, 2022 have not been reviewed as the proportionate amount of the net profit and other comprehensive income of Snowdown Merchandise recognized by the Group was only 1% of the total consolidated comprehensive income for the six months ended June 30, 2022 which was not material. The rest of the investments accounted for using the equity method and the Group’s share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have not been reviewed. 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 financial statements which have not been reviewed.

On May 7, 2021, the Company’s board of directors resolved to pay US\$250 thousand in cash to participate in the capital increase of JBV Hi-Tech Ltd. The subscription base date was May 27, 2021. After the subscription, the Group still holds 25% interest in JBV Hi-Tech Ltd.

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

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

## 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, 2021	\$ 715,950	\$ 1,427,432	\$ 894,045	\$ 45,185	\$ 282,279	\$ 159,169	\$ 3,524,060
Additions	41,761	4,902	9,867	37	7,339	68,562	132,468
Disposals	-	-	(4,513)	-	(76)	-	(4,589)
Reclassification	-	-	(88,850)	-	951	(2,731)	(90,630)
Effects of foreign currency exchange differences	-	(16,600)	(13,667)	(816)	(2,775)	(1,100)	(34,958)
Balance at June 30, 2021	<u>\$ 757,711</u>	<u>\$ 1,415,734</u>	<u>\$ 796,882</u>	<u>\$ 44,406</u>	<u>\$ 287,718</u>	<u>\$ 223,900</u>	<u>\$ 3,526,351</u>

(Continued)

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Property under Construction	Total
<b>Accumulated depreciation and impairment</b>							
Balance at January 1, 2021	\$ -	\$ 677,916	\$ 681,330	\$ 36,804	\$ 251,001	\$ -	\$ 1,647,051
Disposals	-	-	(4,513)	-	(75)	-	(4,588)
Reclassification	-	-	(8,503)	-	-	-	(8,503)
Depreciation expense	-	35,698	21,229	1,310	5,634	-	63,871
Effects of foreign currency exchange differences	-	(9,157)	(11,260)	(663)	(2,521)	-	(23,601)
Balance at June 30, 2021	<u>\$ -</u>	<u>\$ 704,457</u>	<u>\$ 678,283</u>	<u>\$ 37,451</u>	<u>\$ 254,039</u>	<u>\$ -</u>	<u>\$ 1,674,230</u>
Carrying amount at January 1, 2021	<u>\$ 715,950</u>	<u>\$ 749,516</u>	<u>\$ 212,715</u>	<u>\$ 8,381</u>	<u>\$ 31,278</u>	<u>\$ 159,169</u>	<u>\$ 1,877,009</u>
Carrying amount at June 30, 2021	<u>\$ 757,711</u>	<u>\$ 711,277</u>	<u>\$ 118,599</u>	<u>\$ 6,955</u>	<u>\$ 33,679</u>	<u>\$ 223,900</u>	<u>\$ 1,852,121</u>
<b>Cost</b>							
Balance at January 1, 2022	\$ 750,609	\$ 1,055,946	\$ 646,956	\$ 35,816	\$ 216,326	\$ 100,135	\$ 2,805,788
Additions	-	595	9,842	-	3,040	71,912	85,389
Disposals	(21,240)	(3,834)	(1,784)	(4)	(869)	-	(27,731)
Reclassification	153	22,190	-	-	-	(22,343)	-
Effects of foreign currency exchange differences	-	30,684	32,108	2,005	2,562	2,183	69,542
Balance at June 30, 2022	<u>\$ 729,522</u>	<u>\$ 1,105,581</u>	<u>\$ 687,122</u>	<u>\$ 37,817</u>	<u>\$ 221,059</u>	<u>\$ 151,887</u>	<u>\$ 2,932,988</u>
<b>Accumulated depreciation</b>							
Balance at January 1, 2022	\$ -	\$ 476,432	\$ 545,870	\$ 29,295	\$ 196,721	\$ -	\$ 1,248,318
Disposals	-	(1,796)	(1,078)	-	(817)	-	(3,691)
Depreciation expense	-	29,937	18,740	1,357	4,246	-	54,280
Effects of foreign currency exchange differences	-	17,757	26,685	1,670	2,256	-	48,368
Balance at June 30, 2022	<u>\$ -</u>	<u>\$ 522,330</u>	<u>\$ 590,217</u>	<u>\$ 32,322</u>	<u>\$ 202,406</u>	<u>\$ -</u>	<u>\$ 1,347,275</u>
Carrying amount at January 1, 2022	<u>\$ 750,609</u>	<u>\$ 579,514</u>	<u>\$ 101,086</u>	<u>\$ 6,521</u>	<u>\$ 19,605</u>	<u>\$ 100,135</u>	<u>\$ 1,557,470</u>
Carrying amount at June 30, 2022	<u>\$ 729,522</u>	<u>\$ 583,251</u>	<u>\$ 96,905</u>	<u>\$ 5,495</u>	<u>\$ 18,653</u>	<u>\$ 151,887</u>	<u>\$ 1,585,713</u>

(Concluded)

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

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 31.

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	June 30, 2022	December 31, 2021	June 30, 2021	
<u>Carrying amount</u>				
Land	\$ 48,305	\$ 46,463	\$ 74,544	
Buildings	38,878	59,077	49,641	
Machinery	1,706	2,078	1,321	
Transportation equipment	<u>15,790</u>	<u>15,480</u>	<u>11,715</u>	
	<u>\$ 104,679</u>	<u>\$ 123,098</u>	<u>\$ 137,221</u>	
	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2022	2021	2022	2021
Additions to right-of-use assets	<u>\$ 4,429</u>	<u>\$ 2,165</u>	<u>\$ 4,429</u>	<u>\$ 8,639</u>
Depreciation charge for right-of-use assets				
Land	\$ 711	\$ 935	\$ 1,400	\$ 1,871
Buildings	8,803	5,925	21,095	11,862
Machinery	218	221	433	442
Transportation equipment	<u>2,169</u>	<u>1,734</u>	<u>4,119</u>	<u>3,225</u>
	<u>\$ 11,901</u>	<u>\$ 8,815</u>	<u>\$ 27,047</u>	<u>\$ 17,400</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 six months ended June 30, 2022 and 2021.

### b. Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Carrying amount</u>			
Current	<u>\$ 46,384</u>	<u>\$ 63,155</u>	<u>\$ 31,437</u>
Non-current	<u>\$ 21,173</u>	<u>\$ 34,594</u>	<u>\$ 37,548</u>

Range of discount rates for lease liabilities was as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Land	1.28%	1.28%	1.28%
Buildings	0.52%-5.75%	0.52%-5.75%	0.52%-1.28%
Machinery	1.03%-5%	1.03%-5%	1.03%-1.28%
Transportation equipment	0.52%-1.28%	0.52%-1.28%	0.52%-1.28%

c. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Expenses relating to short-term leases and department stores	\$ <u>2,250</u>	\$ <u>3,273</u>	\$ <u>4,261</u>	\$ <u>6,334</u>
Expenses relating to low-value asset leases	\$ <u>310</u>	\$ <u>311</u>	\$ <u>619</u>	\$ <u>597</u>
Total cash outflow for leases	\$ <u>(17,747)</u>	\$ <u>(11,691)</u>	\$ <u>(41,722)</u>	\$ <u>(23,091)</u>

**17. INVESTMENT PROPERTIES**

	For the Six Months Ended June 30	
	2022	2021
<u>Cost</u>		
Balance at January 1	\$ 470,423	\$ 328,552
Additions	-	90,456
Disposals	(71,257)	-
Transfers from property, plant and equipment	-	2,678
Effects of foreign currency exchange differences	<u>(23,836)</u>	<u>(22,956)</u>
Balance at June 30	\$ <u>375,330</u>	\$ <u>398,730</u>
<u>Accumulated depreciation</u>		
Balance at January 1	\$ 7,938	\$ 4,078
Depreciation expense	2,326	2,032
Disposals	(351)	-
Effects of foreign currency exchange differences	<u>(590)</u>	<u>(375)</u>
Balance at June 30	\$ <u>9,323</u>	\$ <u>5,735</u>
Carrying amount at June 30	\$ <u>366,007</u>	\$ <u>392,995</u>

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

Main buildings 10-50 years

	June 30, 2022	December 31, 2021	June 30, 2021
Fair value	\$ <u>382,697</u>	\$ <u>516,661</u>	\$ <u>420,487</u>

Management of the Group had assessed and determined that there were no significant changes in the fair value of investment properties as of June 30, 2022 and 2021, as compared to that as of December 31, 2021 and 2020.

## 18. INTANGIBLE ASSETS

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Carrying amount</u>			
Goodwill	\$ 22,022	\$ 22,022	\$ 22,022
Cost of computer software	16,542	21,890	26,451
Others	<u>923</u>	<u>1,846</u>	<u>2,768</u>
	<u>\$ 39,487</u>	<u>\$ 45,758</u>	<u>\$ 51,241</u>

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

## 19. OTHER ASSETS

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Current</u>			
Overpaid tax retained for offsetting future tax payable	\$ 95,909	\$ 61,307	\$ 64,896
Prepayments	59,633	38,246	136,565
Finance lease receivables (Note 11)	27,358	21,645	7,289
Others	<u>52,229</u>	<u>40,647</u>	<u>47,187</u>
	<u>\$ 235,129</u>	<u>\$ 161,845</u>	<u>\$ 255,937</u>
<u>Non-current</u>			
Finance lease receivables (Note 11)	\$ 44,750	\$ 52,443	\$ 67,431
Refundable deposits	28,081	43,847	26,536
Prepayments for investment	45,900	36,136	36,136
Prepayments for equipment	15,983	14,904	3,086
Prepayments for building and land	30,600	-	-
Others	<u>6,855</u>	<u>6,943</u>	<u>354</u>
	<u>\$ 172,169</u>	<u>\$ 154,273</u>	<u>\$ 133,543</u>

## 20. BORROWINGS

### a. Short-term borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>\$ 1,077,874</u>	<u>\$ 1,048,621</u>	<u>\$ 988,139</u>
Range of interest rates	<u>0.28%-4.67%</u>	<u>0.28%-1.55%</u>	<u>0.28%-4.82%</u>

b. Short-term bills payable

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Commercial paper	\$ 30,000	\$ 30,000	\$ 30,000
Less: Unamortized discounts on bills payable	<u>          -</u>	<u>          -</u>	<u>          -</u>
	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>

c. Current portion of long-term liabilities

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Current portion of long-term borrowings	<u>\$ 400,000</u>	<u>\$ 898</u>	<u>\$ 889</u>

d. Long-term borrowings

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
<u>Secured borrowings</u>			
Bank loans*	\$ 28,670	\$ 41,713	\$ 42,156
<u>Unsecured borrowings</u>			
Credit borrowings	<u>500,000</u>	<u>600,000</u>	<u>400,000</u>
	528,670	641,713	442,156
Less: Current portions	<u>(400,000)</u>	<u>(898)</u>	<u>(889)</u>
Long-term borrowings	<u>\$ 128,670</u>	<u>\$ 640,815</u>	<u>\$ 441,267</u>
Range of interest rates	<u>0.90%-1.73%</u>	<u>0.62%-1.70%</u>	<u>0.62%-1.70%</u>

\* The bank borrowings are secured by the Group's freehold land and buildings (see Note 31).

**21. OTHER PAYABLES**

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Payables for payroll and employee benefit	\$ 156,839	\$ 168,680	\$ 148,711
Payables for compensation of employees	16,167	20,667	15,667
Payables for remuneration of directors and supervisors	10,833	16,000	7,055
Payables for dividends	439,955	-	-
Payables for purchase of equipment	12,289	374	1,806
Payables for fabrication expense	9,345	9,374	9,561
Payables for VAT	3,443	530	1,888
Others	<u>156,440</u>	<u>118,397</u>	<u>149,802</u>
	<u>\$ 805,311</u>	<u>\$ 334,022</u>	<u>\$ 334,490</u>

## 22. RETIREMENT BENEFIT PLANS

Employee benefit expenses for the three months and six months ended June 30, 2022 and 2021 in respect of the Corporation and its subsidiaries' defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2021 and 2020. The Group recognized pension amount of \$59 thousand, \$69 thousand, \$118 thousand and \$138 thousand for the three months and six months ended June 30, 2022 and 2021, respectively.

## 23. EQUITY

### a. Share capital

#### Ordinary shares

	June 30, 2022	December 31, 2021	June 30, 2021
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>131,575</u>	<u>131,323</u>	<u>131,231</u>
Shares issued	<u>\$ 1,315,753</u>	<u>\$ 1,313,228</u>	<u>\$ 1,312,308</u>
Advance receipts for ordinary shares	<u>\$ 718</u>	<u>\$ 4,348</u>	<u>\$ 241</u>

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

#### Preference shares

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

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

- 1) The preference shares are perpetual.
- 2) The dividends of preference shares A is capped at 5% per annum on the issue price. The dividend rate will be set as 5-year IRS + (fixed rate). The fixed rate will be reset after one business day when 7-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 any time 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.
- b. Capital surplus

The capital surplus arising from shares issued in excess of par (including share premium from issuance of ordinary shares and treasury share transactions) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, which resulted in the increase/decrease of ownership percentage but still have significant influence, the capital surplus arising from such capital changes can only be used to offset a deficit.

The capital surplus arising from employee share options may not be used for any other purposes.

c. Retained earnings and dividends policy

The shareholders of the Company held their regular meeting on May 31, 2022 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The amendments explicitly stipulate that the board of directors is authorized to adopt a special resolution to distribute dividends and bonuses or to distribute its legal reserve and capital surplus in cash, in whole or in part, as stipulated in Article 241 of the Company Act in cash and a report of such distribution should be submitted in the shareholders' meeting.

Under the dividends policy as set forth in the amended Articles and in the Articles before the amendments, 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 10% of the remaining profit, setting aside or reversing 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. 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 24-(g).

The Company's Articles also stipulate a dividends policy whereby the issuance of share dividends takes precedence over the payment of cash dividends. In principle, cash dividends are limited to 20% of the total dividends distributed.

Appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. 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 2021 and 2020 were approved in the shareholders' meeting on May 31, 2022 and July 30, 2021 respectively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Legal reserve	\$ 58,999	\$ 31,819
Special reserve	\$ 122,769	\$ 29,440
Ordinary share dividends	\$ 394,455	\$ 241,399
Preference share dividends	\$ 45,500	\$ 45,500
Ordinary share dividends per share (NT\$)	\$ 3	\$ 1.84
Preference share dividends per share (NT\$)	\$ 2.5	\$ 2.5

The Company's shareholders also resolved in the shareholders' meeting on July 30, 2021 to issue cash dividends of \$152,187 thousand from the capital surplus at \$1.16 per share.

d. Other equity items

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

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (347,919)	\$ (202,458)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	102,445	(77,008)
Reclassification adjustments		
Disposal of foreign operations	<u>7,113</u>	<u>-</u>
Balance at June 30	<u>\$ (238,361)</u>	<u>\$ (279,466)</u>

**24. NET PROFIT**

a. Interest income

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Bank deposits	\$ 2,405	\$ 841	\$ 3,559	\$ 4,209
Financial assets at amortized cost	55	467	394	806
Net investments in leases	1,225	1,871	2,851	3,162
Others	<u>-</u>	<u>378</u>	<u>-</u>	<u>928</u>
	<u>\$ 3,685</u>	<u>\$ 3,557</u>	<u>\$ 6,804</u>	<u>\$ 9,105</u>

b. Other income

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Rental income	<u>\$ 2,631</u>	<u>\$ 3,566</u>	<u>\$ 5,009</u>	<u>\$ 6,785</u>

c. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Foreign exchange gains	\$ 176,051	\$ 46,362	\$ 282,513	\$ 81,450
Foreign exchange losses	(105,954)	(51,155)	(164,919)	(100,146)
(Loss) gain on financial assets and liabilities designated as at FVTPL	(18,914)	7,612	(20,519)	7,111
Gain (loss) on disposal of property, plant and equipment	-	12	(99)	11
Gain on disposal of investment properties	-	-	25,289	-
Loss on disposal of associates accounted for using the equity method	-	-	(8,516)	-
Others	<u>(5,197)</u>	<u>(7,764)</u>	<u>(14,020)</u>	<u>(8,628)</u>
	<u>\$ 45,986</u>	<u>\$ (4,933)</u>	<u>\$ 99,729</u>	<u>\$ (20,202)</u>

d. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Interest on bank loans	\$ 4,827	\$ 2,847	\$ 8,506	\$ 5,004
Interest on lease liabilities	<u>361</u>	<u>150</u>	<u>977</u>	<u>310</u>
	<u>\$ 5,188</u>	<u>\$ 2,997</u>	<u>\$ 9,483</u>	<u>\$ 5,314</u>

e. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
An analysis of depreciation by function				
Operating costs	\$ 25,014	\$ 26,470	\$ 52,834	\$ 53,817
Operating expenses	14,464	14,981	28,493	29,486
Other gains and losses	<u>1,081</u>	<u>-</u>	<u>2,326</u>	<u>-</u>
	<u>\$ 40,559</u>	<u>\$ 41,451</u>	<u>\$ 83,653</u>	<u>\$ 83,303</u>
An analysis of amortization by function				
Operating costs	\$ 467	\$ 467	\$ 933	\$ 933
Operating expenses	<u>2,589</u>	<u>2,906</u>	<u>5,339</u>	<u>5,709</u>
	<u>\$ 3,056</u>	<u>\$ 3,373</u>	<u>\$ 6,272</u>	<u>\$ 6,642</u>

f. Employee benefits expense

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Post-employment benefits				
Defined contribution plans	\$ 4,071	\$ 3,765	\$ 8,027	\$ 7,654
Defined benefit plans	<u>59</u>	<u>69</u>	<u>118</u>	<u>138</u>
	4,130	3,834	8,145	7,792
Share-based payments				
Equity-settled	438	584	521	1,156
Other employee benefits	<u>309,311</u>	<u>282,361</u>	<u>577,443</u>	<u>540,599</u>
Total employee benefits expense	<u>\$ 313,879</u>	<u>\$ 286,779</u>	<u>\$ 586,109</u>	<u>\$ 549,547</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 208,329	\$ 191,085	\$ 389,881	\$ 366,375
Operating expenses	<u>105,550</u>	<u>95,694</u>	<u>196,228</u>	<u>183,172</u>
	<u>\$ 313,879</u>	<u>\$ 286,779</u>	<u>\$ 586,109</u>	<u>\$ 549,547</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 and six months ended June 30, 2022 and 2021, the compensation of employees and remuneration of directors and supervisors are as follows:

Amount

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>Cash</b>	<b>Cash</b>	<b>Cash</b>	<b>Cash</b>
Compensation of employees	<u>\$ 11,167</u>	<u>\$ 10,667</u>	<u>\$ 16,167</u>	<u>\$ 15,667</u>
Remuneration of directors and supervisors	<u>\$ 7,083</u>	<u>\$ 4,417</u>	<u>\$ 10,833</u>	<u>\$ 7,055</u>

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 2021 and 2020 that were resolved by the board of directors on March 10, 2022 and March 12, 2021, respectively, are as shown below:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 20,667	\$ 25,933
Remuneration of directors and supervisors	16,000	10,550

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, 2021 and 2020.

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.

## 25. INCOME TAXES

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

Major components of income tax expense are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Current tax				
In respect of the current year	\$ 61,608	\$ 33,509	\$ 89,658	\$ 64,497
Income tax on unappropriated earnings	-	-	-	-
	61,608	33,509	89,658	64,497
Deferred tax				
In respect of the current year	10,403	(2,414)	9,823	(4,782)
Income tax expense recognized in profit or loss	<u>\$ 72,011</u>	<u>\$ 31,095</u>	<u>\$ 99,481</u>	<u>\$ 59,715</u>

### b. Income tax assessments

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

## 26. EARNINGS PER SHARE

### Net Profit for the Year

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Profit for the period attributable to owners of the Company	\$ 294,353	\$ 131,719	\$ 439,780	\$ 260,159
Less: Declared dividends on preference shares	(45,500)	-	(45,500)	-
Earnings used in the computation of basic earnings per share	248,853	131,719	394,280	260,159
Add: Dividends on preference shares	-	-	45,500	-
Earnings used in the computation of diluted earnings per share	<u>\$ 248,853</u>	<u>\$ 131,719</u>	<u>\$ 439,780</u>	<u>\$ 260,159</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	131,516	131,231	131,500	131,188
Effect of potentially dilutive ordinary shares:				
Employee share options	162	75	145	58
Compensation of employees	376	357	562	608
Convertible preference shares	-	18,200	18,200	18,200
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>132,054</u>	<u>149,863</u>	<u>150,407</u>	<u>150,054</u>

Preference shares were not included in the calculation of diluted earnings per share for the three months ended June 30, 2022 because of their anti-dilutive effect.

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

## 27. SHARE-BASED PAYMENT ARRANGEMENTS

### Employee Share Option Plan of the Company

- a. Qualified employees of the Company and its subsidiaries were granted 3,926 options in April 2014 and March 2015. Each option entitles the holder to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 6 years exercisable at certain percentages after the second year from the grant date. The options were granted at an exercise price equal to the highest closing price of the Company's ordinary shares listed on the Taipei Exchange on the day before the grant date, on the grant date and on the day after it, or the average closing price of the three days. For any subsequent changes in the Company's capital surplus, the exercise price is adjusted accordingly.

	For the Six Months Ended June 30							
	2022				2021			
	Granted 2015		Granted 2014		Granted 2015		Granted 2014	
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	-	\$ -	-	\$ -	245	\$ 27.6	-	\$ -
Options exercised	-	-	-	-	(165)	27.6	-	-
Options forfeited	-	-	-	-	(80)	27.6	-	-
Balance at June 30	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-
Options exercisable, end of period	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-

- b. 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 year from the grant date. The options were granted at an exercise price equal to the highest closing price of the Company's ordinary shares listed on the Taipei Exchange on the day before the grant date, on the grant date and on the day after it, or the average closing price of the three days. For any subsequent changes in the Company's capital surplus, the exercise price is adjusted accordingly.

	For the Six Months Ended June 30							
	2022				2021			
	Granted 2019		Granted 2018		Granted 2019		Granted 2018	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)
Balance at January 1	410	\$ 38.4	907	\$ 37.4	521	\$ 41.2	1,091	\$ 40.1
Options granted	(74)	38.4	(82)	37.4	-	-	(10)	40.1
Options forfeited	(8)	38.4	(16)	37.4	(23)	41.2	(8)	40.1
Balance at June 30	<u>328</u>	38.4	<u>809</u>	37.4	<u>498</u>	41.2	<u>1,073</u>	40.1
Options exercisable, end of period	<u>328</u>		<u>809</u>		<u>249</u>		<u>532</u>	

- c. In June 2022, the Company issued 2,000 employee stock options, of which 1,600 options were granted to qualified employees of the Company and its subsidiaries. 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 Six Months Ended June 30	
	Granted 2022	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)
Balance at January 1	-	\$ -
Options granted	1,600	44.25
Options forfeited	-	-
Balance at June 30	<u>1,600</u>	44.25
Options exercisable, end of period	<u>-</u>	
Weighted-average fair value of options granted (\$)	<u>\$ 6.1521</u>	

As of June 30, 2022, information on outstanding options was as follows:

	June 30, 2022
Range of exercise price (\$)	\$44.25
Weighted-average remaining contractual life (in years)	4.92

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

	<b>June 2022</b>
Grant-date share price	\$44.25
Exercise price	\$44.25
Expected volatility	15.87%
Expected life	3.75 years
Expected dividend yield	0.00%
Risk-free interest rate	0.99%

Expected volatility was based on the historical share price volatility.

Compensation cost recognized were \$438 thousand and \$584 thousand for the three months ended June 30, 2022 and 2021, respectively and \$521 thousand and \$1,156 thousand for the six months ended June 30, 2022 and 2021, respectively.

## 28. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On June 1, 2021, the Group subscribed for additional new shares of Manumech Corporation at a percentage different from its existing ownership percentage, and increased its continuing interest from 51% to 97.35%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

	<b>Manumech Corporation</b>
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	\$ 23,085
Reattribution of other equity from non-controlling interests	
Exchange differences on translating the financial statements of foreign operations	<u>(87)</u>
Differences recognized from equity transactions	<u>\$ 22,998</u>
<u>Line items adjusted for equity transactions</u>	
Retained earnings	<u>\$ (22,998)</u>

## 29. 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

June 30, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 135,750	\$ -	\$ -	\$ 135,750
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>23,971</u>	<u>23,971</u>
	<u>\$ 135,750</u>	<u>\$ -</u>	<u>\$ 23,971</u>	<u>\$ 159,721</u>
Financial assets at FVTPL				
Derivative financial assets	<u>\$ -</u>	<u>\$ 7,886</u>	<u>\$ -</u>	<u>\$ 7,886</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 11,328</u>	<u>\$ -</u>	<u>\$ 11,328</u>

December 31, 2021

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	<u>\$ 231,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,300</u>
Financial assets at FVTPL				
Derivative financial assets	<u>\$ -</u>	<u>\$ 1,673</u>	<u>\$ -</u>	<u>\$ 1,673</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 3,816</u>	<u>\$ -</u>	<u>\$ 3,816</u>

June 30, 2021

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	<u>\$ 244,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 244,500</u>
Financial assets at FVTPL				
Derivative financial assets	<u>\$ -</u>	<u>\$ 11,524</u>	<u>\$ -</u>	<u>\$ 11,524</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 1,287</u>	<u>\$ -</u>	<u>\$ 1,287</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

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 7,886	\$ 1,673	\$ 11,524
Financial assets at amortized cost (1)	3,294,737	2,722,650	2,670,947
Financial assets at FVTOCI	159,721	231,300	244,500
<u>Financial liabilities</u>			
FVTPL			
Held for trading	11,328	3,816	1,287
Amortized cost (2)	3,262,799	2,696,439	2,703,041

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 (including current portion), 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 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 34.

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Assets</u>			
JPY	\$ -	\$ 1581	\$ 1,794
EUR	6,509	92	-
USD	1,377	-	9,730
<u>Liabilities</u>			
JPY	-	-	126
EUR	5,617	3,816	615
USD	5,674	-	546
RMB	37	-	-

Sensitivity analysis

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

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

	<b>VND Impact</b>		<b>JPY Impact</b>	
	<b>For the Six Months Ended</b>		<b>For the Six Months Ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Profit or loss*	\$ (2,364)	\$ (3,059)	\$ 43	\$ 10

  

	<b>EUR Impact</b>		<b>USD Impact</b>	
	<b>For the Six Months Ended</b>		<b>For the Six Months Ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Profit or loss*	\$ (278)	\$ (2,621)	\$ 63,290	\$ 25,593

\* This was mainly attributable to the exposure on outstanding foreign currency cash, trade receivables, other receivables, borrowings, trade payables, and other payables, that 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>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Fair value interest rate risk			
Financial assets	\$ 951,991	\$ 929,168	\$ 570,081
Financial liabilities	354,101	474,949	395,318
Cash flow interest rate risk			
Financial assets	490,667	567,087	520,867
Financial liabilities	1,350,000	1,343,134	1,133,962

### 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 six months ended June 30, 2022 and 2021 would decreased/increased by \$2,148 thousand and \$1,533 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 six months ended June 30, 2022 and 2021 would have increased/decreased by \$15,972 thousand and \$24,450 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 June 30, 2022, December 31, 2021 and June 30, 2021, the Group had available unutilized bank loan facilities in the amounts of \$5,957,028 thousand, \$5,576,287 thousand and \$5,129,323 thousand, respectively.

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

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

#### June 30, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing	\$ 812,980	\$ 863,670	\$ 133,444	\$ -	\$ -
Undiscounted lease	5,171	10,234	33,111	26,190	3,967
Borrowings	<u>125,553</u>	<u>561,545</u>	<u>829,468</u>	<u>108,234</u>	<u>24,894</u>
	<u>\$ 943,704</u>	<u>\$ 1,435,449</u>	<u>\$ 996,023</u>	<u>\$ 134,424</u>	<u>\$ 28,861</u>

#### Additional information about the maturity analysis for lease liabilities

	<b>Less than 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>\$ 48,516</u>	<u>\$ 26,190</u>	<u>\$ 1,677</u>	<u>\$ 2,290</u>	<u>\$ -</u>	<u>\$ -</u>

#### December 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 745,749	\$ 250,520	\$ 185,183	\$ -	\$ -
Undiscounted lease	7,349	14,645	44,986	37,196	3,750
Borrowings	<u>316,303</u>	<u>274,271</u>	<u>495,869</u>	<u>615,055</u>	<u>33,887</u>
	<u>\$ 1,069,401</u>	<u>\$ 539,436</u>	<u>\$ 726,038</u>	<u>\$ 652,251</u>	<u>\$ 37,637</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ <u>66,980</u>	\$ <u>37,196</u>	\$ <u>1,585</u>	\$ <u>2,165</u>	\$ <u>-</u>	\$ <u>-</u>

June 30, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing Undiscounted lease	\$ 894,292	\$ 396,382	\$ 123,505	\$ -	\$ -
Borrowings	2,889	5,622	23,332	39,492	3,987
	<u>221,592</u>	<u>188,887</u>	<u>584,678</u>	<u>443,740</u>	<u>35,417</u>
	<u>\$ 1,118,773</u>	<u>\$ 590,891</u>	<u>\$ 731,515</u>	<u>\$ 483,232</u>	<u>\$ 39,404</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ <u>31,843</u>	\$ <u>39,492</u>	\$ <u>1,584</u>	\$ <u>2,403</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.

June 30, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled - outflows</u>			
Foreign exchange forward contracts	\$ <u>144,705</u>	\$ <u>136,172</u>	\$ <u>134,988</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled - outflows</u>			
Foreign exchange forward contracts	\$ <u>41,980</u>	\$ <u>62,892</u>	\$ <u>77,702</u>

June 30, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>
<u>Gross settled - outflows</u>			
Foreign exchange forward contracts	\$ <u>27,908</u>	\$ <u>124,803</u>	\$ <u>533,011</u>

### 30. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and relationships

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

b. Sales of goods

<u>Related Party Name/Category</u>	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Associate				
Daquan Hanshi Co., Ltd.	\$ 133	\$ 226	\$ 224	\$ 461
BBL Premium Co., Ltd.	1,043	1,625	2,523	5,245
Related party in substance				
Hongze Qiyu Home Textile Co., Ltd.	1,169	-	18,286	-
Others	<u>-</u>	<u>-</u>	<u>26</u>	<u>-</u>
	<u>\$ 2,345</u>	<u>\$ 1,851</u>	<u>\$ 21,059</u>	<u>\$ 5,706</u>

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

c. Purchases of goods

Related Party Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Hongze Qiyu Home Textile Co., Ltd.	\$ 68,909	\$ -	\$ 107,284	\$ -

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

Related Party Name	June 30, 2022	December 31, 2021	June 30, 2021
BBL Premium Co., Ltd.	\$ 1,613	\$ 8,738	\$ 2,335

The outstanding trade receivables from related parties are unsecured. For the six months ended June 30, 2022 and 2021, no impairment loss was recognized for trade receivables from related parties.

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

Related Party Name/Category	June 30, 2022	December 31, 2021	June 30, 2021
<u>Trade payables</u>			
Hongze Qiyu Home Textile Co., Ltd.	\$ 24,539	\$ -	\$ -
<u>Other payables</u>			
Associates	\$ 431	\$ 398	\$ 315
Related party in substance	-	42	-
	\$ 431	\$ 440	\$ 315

The outstanding trade payables to related parties are unsecured.

f. Disposal of property, plant and equipment

Related Party Name	Proceeds		Proceeds	
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Hongze Qiyu Home Textile Co., Ltd.	\$ -	\$ -	\$ 295	\$ -

Related Party Name	Gain (Loss) on Disposal		Gain (Loss) on Disposal	
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Hongze Qiyu Home Textile Co., Ltd.	\$ -	\$ -	\$ 34	\$ -

g. Lease arrangements

		<b>For the Six Months Ended June 30</b>			
<b>Related Party Name</b>		<b>2022</b>	<b>2021</b>		
<u>Acquisition of right-of-use assets</u>					
Gong Tong Zu Lin Co., Ltd.		<u>\$ 4,429</u>	<u>\$ 6,774</u>		
<b>Account</b>	<b>Related Party Name</b>	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>	
Lease liabilities	Gong Tong Zu Lin Co., Ltd.	<u>\$ 13,664</u>	<u>\$ 12,748</u>	<u>\$ 10,552</u>	
		<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
<b>Related Party Name</b>		<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<u>Interest expense</u>					
Gong Tong Zu Lin Co., Ltd.		<u>\$ 19</u>	<u>\$ 20</u>	<u>\$ 39</u>	<u>\$ 36</u>

h. Acquisition of investment properties

		<b>Purchase Price</b>			
		<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
<b>Related Party Name</b>		<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Koutou Co., Ltd.		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,412</u>

i. Loans to related parties

		<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>	
<b>Related Party Name</b>					
<u>Other receivables</u>					
Snowdown Merchandise Corporation		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,000</u>	
		<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
<b>Related Party Name</b>		<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<u>Interest revenue</u>					
Snowdown Merchandise Corporation		<u>\$ -</u>	<u>\$ 378</u>	<u>\$ -</u>	<u>\$ 795</u>

j. Other income

Related Party Name/Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Associates				
Snowdown Merchandise Corporation	\$ 55	\$ 467	\$ 394	\$ 806
BBL Premium Co., Ltd.	-	-	3	-
Koutou Co., Ltd.	114	-	114	-
Related party in substance	<u>9</u>	<u>28</u>	<u>38</u>	<u>29</u>
	<u>\$ 178</u>	<u>\$ 495</u>	<u>\$ 549</u>	<u>\$ 835</u>

k. Expenses

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Related party in substance	\$ 729	\$ 530	\$ 1,347	\$ 1,010
Associates	<u>1,857</u>	<u>2,832</u>	<u>3,605</u>	<u>5,342</u>
	<u>\$ 2,586</u>	<u>\$ 3,362</u>	<u>\$ 4,952</u>	<u>\$ 6,352</u>

l. Remuneration of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 20,161	\$ 17,479	\$ 37,380	\$ 32,363
Post-employment benefits	213	171	415	374
Share-based payments	<u>201</u>	<u>106</u>	<u>214</u>	<u>247</u>
	<u>\$ 20,575</u>	<u>\$ 17,756</u>	<u>\$ 38,009</u>	<u>\$ 32,984</u>

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

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

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

	June 30, 2022	December 31, 2021	June 30, 2021
Pledged deposits	\$ 54,390	\$ 49,958	\$ -
Land	41,761	63,001	63,001
Buildings, net	<u>4,859</u>	<u>7,029</u>	<u>6,449</u>
	<u>\$ 101,010</u>	<u>\$ 119,988</u>	<u>\$ 69,450</u>

### 32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of June 30, 2022 and 2021 were as follows:

#### Significant Commitments

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

	June 30, 2022	December 31, 2021	June 30, 2021
USD	<u>\$ 3,798</u>	<u>\$ 5,736</u>	<u>\$ 6,518</u>
EUR	<u>\$ 4</u>	<u>\$ 851</u>	<u>\$ 262</u>
NTD	<u>\$ 20,229</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>

b. As of June 30, 2022, December 31, 2021 and June 30 2021, guarantees issued by financial institutions for purchases of raw materials and development of technology amounted to \$36,000 thousand, \$36,000 thousand and \$36,000 thousand, respectively.

c. Unrecognized commitments were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Acquisition of property, plant and equipment	<u>\$ 153,236</u>	<u>\$ 197,268</u>	<u>\$ 98,304</u>
Acquisition of investment properties	<u>\$ 275,400</u>	<u>\$ -</u>	<u>\$ -</u>

### 33. SIGNIFICANT EVENT AFTER REPORTING PERIOD:

On July 4, 2022, Kwong Lung Japan Co., Ltd.'s board of directors resolved the asset purchase in Osaka, Japan, and on July 12, 2022, signed a purchase agreement for a total consideration of JPY500,000 thousand.

### 34. 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 foreign currencies and respective functional currencies were as follows:

June 30, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 82,343	29.72 (USD:NTD)	\$ 2,447,234
USD	71	6.6952 (USD:RMB)	2,110
USD	1,789	23,219 (USD:VND)	53,169
JPY	6,525	0.2182 (JPY:NTD)	1,424
VND	20,666,248	0.000043 (VND:USD)	26,453
EUR	6	31.05 (EUR:NTD)	186

(Continued)

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
Non-monetary items			
Investments in associates accounted for using equity method			
CAD	\$ 216	23.02 (CAD:NTD)	\$ 4,964

Financial liabilities

Monetary items			
USD	12,720	29.720 (USD:NTD)	378,038
USD	129	23,219 (USD:VND)	3,834
USD	369	136.205 (USD:JPY)	10,967
VND	82,246,984	0.000043 (VND:USD)	105,276
EUR	69	31.05 (EUR:NTD)	2,142
EUR	235	1.0448 (EUR:USD)	7,297
			(Concluded)

December 31, 2021

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 63,704	27.68 (USD:NTD)	\$ 1,763,327
USD	486	6.372 (USD:RMB)	13,452
USD	1,520	22,876 (USD:VND)	42,074
JPY	1,393	0.2405 (JPY:NTD)	335
VND	4,764,403	0.000044 (VND:USD)	5,765
EUR	268	31.32 (EUR:NTD)	8,394
Non-monetary items			
Investments in associates accounted for using equity method			
USD	917	27.68 (USD:NTD)	25,375
CAD	225	21.62 (CAD:NTD)	4,857

Financial liabilities

Monetary items			
USD	23,347	27.68 (USD:NTD)	646,245
USD	309	22,876 (USD:VND)	8,553
VND	77,068,826	0.000044 (VND:USD)	93,253
EUR	820	31.32 (EUR:NTD)	25,682

June 30, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 53,386	27.86 (USD:NTD)	\$ 1,487,334
USD	46	6.4655 (USD:RMB)	1,282
USD	999	23,025 (USD:VND)	27,832
JPY	1,264	0.2521 (JPY:NTD)	319
VND	18,383,673	0.000043 (VND:USD)	22,244
EUR	5	33.15 (EUR:NTD)	166
EUR	27	4.515 (EUR:PLN)	895
RMB	14,059	4.309 (RMB:NTD)	60,850
Non-monetary items			
Investments in associates accounted for using equity method			
USD	945	27.86 (USD:NTD)	26,331
CAD	274	22.48 (CAD:NTD)	6,170

Financial liabilities

Monetary items			
USD	23,682	27.86 (USD:NTD)	659,781
USD	40	6.4655 (USD:RMB)	1,114
USD	96	23,025 (USD:VND)	2,675
VND	102,678,779	0.000043 (VND:USD)	124,241
EUR	2,428	33.15 (EUR:NTD)	80,488
EUR	239	1.1899 (EUR:USD)	7,923

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

	<b>For the Three Months Ended June 30</b>			
	<b>2022</b>		<b>2021</b>	
<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>
VND	0.00128 (VND:NTD)	\$ 6,322	0.00121 (VND:NTD)	\$ 702
NTD	1 (NTD:NTD)	55,652	1 (NTD:NTD)	(4,697)
USD	29.455 (USD:NTD)	4,332	27.977 (USD:NTD)	685
RMB	4.446 (RMB:NTD)	5,306	4.337 (RMB:NTD)	(1,445)
PLN	-	-	7.443 (PLN:NTD)	(38)
JPY	0.2270 (JPY:NTD)	(1,515)	-	-
		<u>\$ 70,097</u>		<u>\$ (4,793)</u>

<b>For the Six Months Ended June 30</b>				
		<b>2022</b>	<b>2021</b>	
<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>
VND	0.00125 (VND:NTD)	\$ 8,193	0.00122 (VND:NTD)	\$ (131)
NTD	1 (NTD:NTD)	100,350	1 (NTD:NTD)	(19,187)
USD	28.721 (USD:NTD)	5,667	28.172 (USD:NTD)	1,885
RMB	4.426 (RMB:NTD)	5,159	4.337 (RMB:NTD)	(1,257)
PLN	-	-	7.49 (PLN:NTD)	(6)
JPY	0.2340 (JPY:NTD)	<u>(1,775)</u>	-	<u>-</u>
		<u>\$ 117,594</u>		<u>\$ (18,696)</u>

### 36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 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 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 9) Trading in derivative instruments (Note 7)
- 10) Intercompany relationships and significant intercompany transactions (Table 7)

b. Information on investees (Table 8)

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 9)
- 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 10):
  - 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 11)

### 37. SEGMENT INFORMATION

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

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

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

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

## Segment Revenues and Results

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

	Segment Revenue		Segment Profit	
	For the Six Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Apparel department	\$ 2,811,901	\$ 1,921,637	\$ 371,333	\$ 141,838
Down material department	1,122,623	945,962	40,931	(8,299)
Home textile department	899,825	946,179	30,231	84,870
Others	210,424	356,043	(12,227)	(55,269)
Segment revenue	5,044,773	4,169,821	430,268	163,140
Eliminations	(102,376)	(84,044)	-	-
Segment revenue or segment income	<u>\$ 4,942,397</u>	<u>\$ 4,085,777</u>	430,268	163,140
Interest income			6,804	9,105
Other income			5,009	6,785
Other gains and losses			99,729	(20,202)
Finance costs			(9,483)	(5,314)
Share of profit or loss of associates			6,676	140,757
Profit before tax (continuing operations)			<u>\$ 539,003</u>	<u>\$ 294,271</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 SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars or Foreign Currency)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 2)	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing (Note 3)	Business Transaction Amount (Note 4)	Reasons for Short-term Financing (Note 5)	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 6)	Aggregate Financing Limit (Note 6)	Note
													Item	Value			
0	Kwong Lung Enterprise Co., Ltd.	Kwong Lung (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	\$ 180,240	\$ 66,585	\$ 66,585	1.515	b.	\$ -	Operating capital	\$ -	N/A	\$ -	\$ 1,991,591 (Note 6, a)	\$ 1,991,591 (Note 6, b)	
1	Manumech Corporation	Intime Tech Co., Ltd.	Other receivables from related parties	Yes	22,195	22,195	15,537	1.80	b.	-	Operating capital	-	Promissory note	15,537	26,140 (Note 6, a)	26,140 (Note 6, b)	
2	P&B Collection Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Other receivables from related parties	Yes	80,000	80,000	80,000	0.50	b.	-	Operating capital	-	N/A	-	88,549 (Note 6, a)	88,549 (Note 6, b)	
3	Kwong Lung Feather (B.V.I.) Limited	Kwong Lung (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	89,160	89,160	89,160	1.65	b.	-	Operating capital	-	N/A	-	179,523 (Note 6, a)	179,523 (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. 0:  $\$4,978,978 \times 40\% = \$1,991,591$ ; for No. 1:  $\$65,351$  (net worth)  $\times 40\% = \$26,140$ ; for No. 2:  $\$221,373$  (net worth)  $\times 40\% = \$88,549$ ; for No. 3:  $\$179,523$  (net worth)  $\times 100\% = \$179,523$ .  
b. Total loans should not exceed 40% of the lender's net equity of the prior year. For No. 0:  $\$4,978,978 \times 40\% = \$1,991,591$ ; for No. 1:  $\$65,351$  (net worth)  $\times 40\% = \$26,140$ ; for No. 2:  $\$221,373$  (net worth)  $\times 40\% = \$88,549$ ; for No. 3:  $\$179,523$  (net worth)  $\times 100\% = \$179,523$ .

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

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party		Limited on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 2)										
1	Manumech Corporation	Intime Tech Co., Ltd.	b.	\$ 26,140 (Note 3)	\$ 23,056	\$ 13,317	\$ 4,439	\$ -	20.38%	\$ 32,676 (Note 3)	Y	N	Y
2	Kwong Lung (Suzhou) Co., Ltd.	Kwong Lung Feather (B.V.I.) Limited	d.	170,513 (Note 3)	90,120	88,780	68,277	-	52.07%	170,513 (Note 3)	N	N	N

Note 1: The numbers denote the following:

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

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

- Business deals between the Company and guarantee party.
- Direct holding of more than 50% of the subsidiaries' ordinary shares
- Direct holding of more than 50% of the invested company's ordinary shares by the Company and its subsidiaries.
- Direct and indirect holding of more than 50% of the parent company's ordinary shares.
- Guarantee by the Company according to construction contract.
- 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 10% of net assets for No. 1:  $\$65,351 \times 40\% = \$26,140$ ; for No. 2:  $\$170,513$  (net worth)  $\times 100\% = \$170,513$ .  
b. The maximum balance of endorsement/guarantee provided by the Company cannot exceed 10% of net assets for No. 1:  $\$65,351 \times 50\% = \$32,676$ ; for No. 2:  $\$170,513$  (net worth)  $\times 100\% = \$170,513$ .  
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**

**JUNE 30, 2022**

**(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, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Kwong Lung Enterprise Co., Ltd.	Ordinary shares	Member of the board directors	Financial assets at FVTOCI - non-current	3,000,000	\$ 135,750	1.19	\$ 135,750	
	Co-Tech Development Corporation J&B International Inc.		-	Financial assets at FVTOCI - non-current	485,938	23,971	1.99	

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

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Kwong Lung Enterprise Co., Ltd.	Land located at Meiren Section, Songshan District, Taipei City and above-ground buildings	May 5, 2022	\$ 306,000	\$ 30,600	Natural person	Non-related parties	-	-	-	\$ -	Approved by the board of directors with reference to the professional appraisal price	Long-term investment	-

Note 1: Fill in the column the "Basis or reference used in setting the price" if an appraisal report issued by a professional appraiser shall be obtained.

Note 2: Paid-in capital means the shares that the Company issued and fully paid. In the case of the company whose shares have no par value or a par value other than NT\$10, the term "20% of the company's paid-in capital" used herein shall be calculated based on the equity attributable to shareholders of the parent in the balance sheet.

Note 3: "Event Date" used herein means, the contract date, the payment date, the transaction date, the title transfer date, the date of relevant board resolutions or other dates in which the transaction parties and the transaction amount can be ascertained (whichever is earlier).

## 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 SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Note/Trade Receivables (Payables)			Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Account	Ending Balance	% of Total	
Kwong Lung Enterprise Co., Ltd.	Bo Hsing Enterprise Co., Ltd.	Subsidiary	Purchase	\$ 1,323,716	35	T/T 30-180 days	No significant difference	No significant difference	Trade payables	\$ 1,120,798	59	
Bo Hsing Enterprise Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Sale	1,323,716	100	T/T 30-180 days	No significant difference	No significant difference	Trade receivables	1,120,798	100	
Kwong Lung Enterprise Co., Ltd.	Kwong Lung Meko Co., Ltd.	Subsidiary	Purchase	1,081,629	28	T/T 30-180 days	No significant difference	No significant difference	Trade payables	166,865	9	
Kwong Lung Meko Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Sale	1,081,629	92	T/T 30-180 days	No significant difference	No significant difference	Trade receivables	166,865	82	
Kwong Lung Enterprise Co., Ltd.	Kwong Lung (Suzhou) Co., Ltd.	Subsidiary	Purchase	260,674	7	Prepayment or T/T 30-180 days	No significant difference	No significant difference	Trade payables	127,749	7	
Kwong Lung (Suzhou) Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Sale	260,674	57	Sales revenue received in advance or T/T 30-180 days	No significant difference	No significant difference	Trade receivables	127,749	88	
Kwong Lung Enterprise Co., Ltd.	Toptex Garment Co., Ltd.	Subsidiary	Purchase	270,180	7	T/T 30-180 days	No significant difference	No significant difference	Trade payables	38,577	2	
Toptex Garment Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Sale	270,180	100	T/T 30-180 days	No significant difference	No significant difference	Trade receivables	38,577	69	

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**

**JUNE 30, 2022**

**(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	\$ 737,311	-	\$ -	-	\$ 188,719	\$ -
	Kwong Lung Meko Co., Ltd.	Subsidiary	Other receivables	219,226	-	-	-	43,465	-
Bo Hsing Enterprise Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Trade receivables	1,120,798	2.97	-	-	285,500	-
Kwong Lung Meko Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Trade receivables	166,865	13.55	-	-	166,865	-
Kwong Lung (Suzhou) Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Trade receivables	127,749	5.03	-	-	48,893	-

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

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

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
0	Kwong Lung Enterprise Co., Ltd.	Kwong Lung Meko Co., Ltd.	a	Sales revenue	\$ 82,741	No significant difference	2
			a	Cost of goods sold	1,081,629	No significant difference	22
			a	Trade receivables	85,115	No significant difference	1
			a	Trade payables	166,865	No significant difference	2
		Kwong Lung Japan Co., Ltd.	a	Other receivables	219,226	-	2
			a	Sales revenue	76,164	No significant difference	2
		Toptex Garment Co., Ltd.	a	Trade receivables	63,174	No significant difference	1
			a	Cost of goods sold	270,180	No significant difference	5
			a	Trade payables	38,577	No significant difference	-
		Bo Hsing Enterprise Co., Ltd.	a	Other receivables	98,123	-	1
			a	Cost of goods sold	1,323,716	No significant difference	27
			a	Trade payables	1,120,798	No significant difference	13
		Kwong Lung (Suzhou) Co., Ltd.	a	Other receivables	737,311	-	8
			a	Cost of goods sold	260,674	No significant difference	5
a	Trade payables		127,749	No significant difference	1		
a	Other receivables		7,545	-	-		
1	Manumech Corporation	Intime Tech Co., Ltd.	c	Sales revenue	9,530	No significant difference	-
			c	Trade receivables	35,446	No significant difference	-
2	Kwong Lung Meko Co., Ltd.	Kwong Lung (Suzhou) Co., Ltd.	c	Sales revenue	38,131	No significant difference	1
			c	Trade receivables	12,685	No significant difference	-
		Bo Hsing Enterprise Co., Ltd.	c	Processing revenue	34,715	No significant difference	1
			c	Trade receivables	8,382	No significant difference	-
3	Kwong Long-O Mon Company Limited	Bo Hsing Enterprise Co., Ltd.	c	Processing revenue	42,276	No significant difference	1
			c	Trade receivables	12,316	No significant difference	-
		Kwong Lung Meko Co., Ltd.	c	Processing revenue	7,536	No significant difference	-
4	Toptex Garment Co., Ltd.	Bo Hsing Enterprise Co., Ltd.	c	Processing revenue	33,594	No significant difference	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 June 30, 2022. For profit or loss items, cumulative amounts are shown as a percentage to consolidated total operating revenue for the six months ended June 30, 2022.

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

(Concluded)

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

INFORMATION ON INVESTEEES  
FOR SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2022	December 31, 2021	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	\$ 905,065	\$ 86,024	\$ 86,024	Subsidiary
	Kwong Lung Meko Co., Ltd.	Vietnam	Manufacturing and selling of down and bedding.	198,399	198,399	-	100.00	1,136,922	(28,628)	(28,584)	Subsidiary
	Kwong Lung Japan Co., Ltd.	Japan	Manufacturing and selling of down and bedding.	280,977	280,977	10,500	100.00	273,111	5,448	5,450	Subsidiary
	Bo Hsing Enterprise Co., Ltd.	Vietnam	Manufacturing and selling of apparel	386,911	386,911	-	100.00	1,102,174	118,977	118,977	Subsidiary
	Toptex Garment Co., Ltd.	Vietnam	Manufacturing and selling of apparel	191,809	191,809	-	100.00	52,536	14,728	14,728	Subsidiary
	P&B Collection Co., Ltd.	Taiwan	Outerwear knitting mills; apparel, clothing accessories and other textile product manufacturing; other textile products manufacturing; cleaning products manufacturing; wholesale and retail sale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories, furniture, bedclothes, kitchen equipment, fixtures, articles for daily use, cleaning preparations and other textile products; wholesale of pottery, porcelain and glassware; international trade.	260,000	260,000	26,000,000	100.00	216,888	(11,115)	(11,115)	Subsidiary
	Manumech Corporation	Taiwan	Wholesale.	100,000	100,000	10,000,000	94.59	62,139	4,988	4,856	Subsidiary
	Kwong Lung-O Mon Company Limited	Vietnam	Various selling of down and bedding.	69,799	69,799	-	100.00	54,282	1,248	(110)	Subsidiary
	Snowdown Merchandise Corporation	Taiwan	Retail sale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories and other textile products; real estate rental and leasing.	55,095	55,095	7,701,969	39.50	231,778	15,674	6,191	Associate
	BBL Premium Co., Ltd.	Taiwan	Wholesale and retail sale.	14,000	14,000	1,487,118	46.67	11,052	(3,500)	(1,634)	Associate
Kwong Lung (B.V.I.) Ltd.	Kwong Lung Feather (B.V.I.) Limited	British Virgin Islands	Overseas reinvested holding company.	82,296	491,255	3,058,735	100.00	179,523	38,465	NA	Subsidiary
	JBV HI-TECH Ltd.	Republic of Seychelles	Overseas reinvested holding company.	-	50,981	-	-	-	-	NA	Disposed in February 2022
Kwong Lung Japan Co., Ltd.	Rising Living Co., Ltd.	Japan	Manufacturing and selling of down and bedding.	3,943	3,943	306	51.00	2,457	(685)	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	59,576	9,556	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	88,603	9,556	NA	Subsidiary
P&B Collection Co., Ltd.	Gong Tong Zu Lin Co., Ltd.	Taiwan	Wholesale of machinery and equipment.	27,300	27,300	4,243,200	39.00	53,609	5,739	NA	Associate of subsidiary
	Daquan Hanshi Co., Ltd.	Taiwan	Food service activities.	6,927	6,927	823,200	49.00	9,853	140	NA	Associate of subsidiary
	Manumech Corporation	Taiwan	Wholesale.	20,000	20,000	291,464	2.76	1,543	4,988	NA	Subsidiary
Kwong Lung Meko (B.V.I.) Ltd.	Lyon Ventures Holdings Ltd.	Canada	Wholesale of household products.	8,471	8,471	90,000	45.00	4,964	(418)	NA	Associate of subsidiary

Note: Refer to Table 9 for investments in mainland China.

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

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars)

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, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2022	Accumulated Repatriation of Investment Income as of June 30, 2022
					Outward	Inward						
Kwong Lung (Suzhou) Co., Ltd.	Manufacturing and selling of down and bedding.	US\$ 5,000	b. 1)	\$ 149,546	\$ -	\$ -	\$ 149,546	\$ 33,644	100.00	\$ 33,644 b. 3)	\$ 170,513	\$ -
Kunshan Fulong Trade Co., Ltd.	Wholesale of outdoor supplies, household wares, clothing, and related packaging materials; food; Import and export of goods and technology.	RMB 5,000	c. 1)	-	-	-	-	(946)	100.00	(946) b. 3)	16,371	-
Huai An He Yu Home Textile Co., Ltd.	Home textile products; textile and apparel production and sales; feather acquisition; down processing, down products production and sales; self-support and agents of various types of goods and technology import and export business.	RMB 7,000	c. 1)	-	-	-	-	(112)	51.00	(57) b. 3)	19,823	-
Intime Tech Co., Ltd.	Wholesale.	RMB 2,400	c. 2)	10,635	-	-	10,635	2,305	100.00	2,305 b. 3)	33,933	-

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Kwong Lung Enterprise Co., Ltd.	\$ 598,186 (Note 3)	\$ 600,875 (US\$ 20,000)	\$ 3,001,271 (Note 4)
Manumech Corporation	10,635	10,635 (US\$ 350)	39,211 (Note 5)

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

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

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

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

Note 3: The Group disposed of the subsidiary Snowdown Merchandise (Suzhou) Co., Ltd. in December 2021. The original investment amount of \$448,640 thousand had not been remitted to the Company as of June 30, 2022.

Note 4: The maximum allowable limit on investment was 60% of the consolidated net asset value of the Company \$5,002,118 (consolidated net worth) × 60% = \$3,001,271.

Note 5: The maximum allowable limit on investment was 60% of the net asset value of Manumech Corporation. \$65,351 (net worth) × 60% = \$39,211.

## 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 SIX MONTHS ENDED JUNE 30, 2022  
(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	\$ 260,674	7	Normal	Prepayment or T/T 30-180 days	No significant difference	Trade payables	\$ 127,749	7	\$ -
Kwong Lung (Suzhou) Co., Ltd. (Note 2)	Sale	38,131	3	Normal	Sales revenue received in advance or T/T 30-180 days	No significant difference	Trade receivables	12,685	6	-
Intime Tech Co., Ltd. (Note 3)	Sale	9,530	10	Normal	Open account 150 days	No significant difference	Trade receivables	35,446	45	-

Note 1: As of June 30, 2022 the Company had transactions with Kwong Lung (Suzhou) Co., Ltd. for processing of materials and purchasing materials amounted to \$7,545 thousand of the Company's other receivables.

Note 2: As of June 30, 2022 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: As of June 30, 2022 Manumech Corporation, the investor company, had significant transactions with Intime Tech Co., Ltd., the investee company in mainland China.

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

**KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****JUNE 30, 2022**

Name of Major Shareholder	Shares	
	Number of shares	Percentage of Ownership (%)
Kai Sheng Investment Co., Ltd.	14,873,422	9.93
Ou Li Investment Co., Ltd.	12,689,840	8.47

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

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