

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

**Consolidated Financial Statements for the
Six Months Ended June 30, 2024 and 2023 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Kwong Lung Enterprise Co., Ltd. and its subsidiaries (collectively, the "Group") as of June 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, 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 material accounting policy information (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 13 to the consolidated financial statements, the financial statements of non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of June 30, 2024 and 2023, the combined total assets of these non-significant subsidiaries were NT\$2,901,354 thousand and NT\$1,547,928 thousand, respectively, representing 28% and 17%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$1,043,590 thousand and NT\$408,412 thousand, respectively, representing 22% and 11%, respectively, of the consolidated total liabilities; for the three months ended June 30, 2024 and 2023, the amounts of combined comprehensive income of these non-significant subsidiaries were NT\$25,834 thousand and NT\$46,066 thousand, respectively, representing 9% and 16%, respectively, of the consolidated total comprehensive income, and for the six months ended June 30, 2024 and 2023, the amounts of combined comprehensive income of these non-significant subsidiaries were NT\$45,228 thousand and NT\$62,604 thousand, respectively, representing 9% and 14%, 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, 2024 and 2023, were NT\$374,033 thousand and NT\$542,924 thousand, respectively, and the consolidated equity in these investees' net (loss) gain for the three months ended June 30, 2024 and 2023 amounted to NT\$(8,058) thousand and NT\$548 thousand, respectively, and the consolidated equity in these investees' net (loss) gain for the six months ended June 30, 2024 and 2023 amounted to NT\$(13,329) thousand and NT\$290 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 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, 2024 and 2023, its consolidated financial performance for the three months ended June 30, 2024 and 2023, and its consolidated financial performance and consolidated cash flows for the six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Ming-Hsien Liu and Yung-Hsiang Chao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 8, 2024

Notice to Readers

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

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

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 645,853	6	\$ 923,081	11	\$ 879,959	10
Financial assets at fair value through profit or loss - current (Note 7)	3,980	-	6,019	-	38,175	-
Financial assets at amortized cost - current (Notes 9 and 34)	541,255	5	560,587	7	633,669	7
Trade receivables (Notes 10 and 33)	1,320,528	13	565,631	7	1,358,759	15
Other receivables (Notes 10 and 33)	377,271	4	231,470	3	325,860	4
Inventories (Note 12)	2,286,701	22	1,579,286	20	2,018,930	22
Other current assets (Notes 11 and 19)	261,253	2	150,861	2	168,074	2
Total current assets	5,436,841	52	4,016,935	50	5,423,426	60
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	-	-	-	-	2,603	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	675,619	7	367,145	5	260,508	3
Financial assets at amortized cost - non-current (Note 9)	-	-	50,000	1	50,000	1
Investments accounted for using the equity method (Notes 14 and 33)	374,033	4	593,507	7	542,924	6
Property, plant and equipment (Note 15)	2,179,159	21	1,831,039	23	1,699,261	19
Right-of-use assets (Notes 16 and 33)	130,098	1	89,899	1	94,993	1
Investment properties, net (Notes 17 and 34)	1,413,642	14	775,898	10	772,321	8
Intangible assets (Note 18)	25,256	-	27,047	-	30,871	-
Deferred tax assets	44,256	-	49,871	1	47,446	-
Other non-current assets (Notes 11 and 19)	126,880	1	176,724	2	155,134	2
Total non-current assets	4,968,943	48	3,961,130	50	3,656,061	40
TOTAL	\$ 10,405,784	100	\$ 7,978,065	100	\$ 9,079,487	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 20)	\$ 1,385,613	13	\$ 548,697	7	\$ 1,309,021	14
Short-term bills payable (Note 20)	145,845	1	-	-	-	-
Financial liabilities at fair value through profit or loss - current (Note 7)	5,567	-	3,561	-	5,856	-
Contract liabilities - current (Notes 24 and 33)	190,531	2	34,793	1	49,951	1
Notes payable	5,640	-	129	-	129	-
Trade payables (Note 33)	989,049	10	644,300	8	608,915	7
Other payables (Notes 21 and 33)	888,981	9	343,211	4	891,234	10
Current tax liabilities (Note 4)	90,875	1	119,039	2	109,104	1
Lease liabilities - current (Notes 16 and 33)	27,883	-	22,135	-	27,427	-
Current portion of long-term liabilities (Note 20)	200,989	2	-	-	-	-
Other current liabilities	9,112	-	7,159	-	10,408	-
Total current liabilities	3,940,085	38	1,723,024	22	3,012,045	33
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 20)	518,694	5	485,000	6	450,000	5
Deferred tax liabilities	119,000	1	123,510	2	125,635	2
Lease liabilities - non-current (Notes 16 and 33)	60,546	1	27,101	-	25,011	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	10,237	-	11,463	-	12,935	-
Other non-current liabilities (Note 33)	28,749	-	7,467	-	7,695	-
Total non-current liabilities	737,226	7	654,541	8	621,276	7
Total liabilities	4,677,311	45	2,377,565	30	3,633,321	40
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 23, 28 and 31)						
Share capital						
Ordinary shares	1,507,776	14	1,501,139	19	1,487,289	17
Preference shares	3,533	-	6,954	-	20,229	-
Advance receipts for ordinary shares	1,819	-	-	-	-	-
Total share capital	1,513,128	14	1,508,093	19	1,507,518	17
Capital surplus	2,245,428	22	2,233,250	28	2,228,987	24
Retained earnings						
Legal reserve	726,885	7	668,803	8	668,803	7
Special reserve	94,005	1	95,491	1	95,491	1
Unappropriated earnings	1,007,678	10	1,187,483	15	957,315	11
Total retained earnings	1,828,568	18	1,951,777	24	1,721,609	19
Other equity interests						
Exchange differences on translation of the financial statements of foreign operations	(166,141)	(2)	(234,489)	(3)	(163,010)	(2)
Unrealized valuation gain on financial assets at fair value through other comprehensive income	163,340	2	140,484	2	149,440	2
Total other equity interests	(2,801)	-	(94,005)	(1)	(13,570)	-
Total equity attributable to owners of the Company	5,584,323	54	5,599,115	70	5,444,544	60
NON-CONTROLLING INTERESTS	144,150	1	1,385	-	1,622	-
Total equity	5,728,473	55	5,600,500	70	5,446,166	60
TOTAL	\$ 10,405,784	100	\$ 7,978,065	100	\$ 9,079,487	100

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

(With Deloitte & Touche review report dated August 8, 2024)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Note 33)	\$ 2,515,866	100	\$ 2,467,940	100	\$ 4,026,852	100	\$ 4,213,993	100
OPERATING COSTS (Notes 12, 25 and 33)	<u>(2,049,742)</u>	<u>(81)</u>	<u>(1,971,472)</u>	<u>(80)</u>	<u>(3,314,766)</u>	<u>(82)</u>	<u>(3,421,504)</u>	<u>(81)</u>
GROSS PROFIT	<u>466,124</u>	<u>19</u>	<u>496,468</u>	<u>20</u>	<u>712,086</u>	<u>18</u>	<u>792,489</u>	<u>19</u>
OPERATING EXPENSES (Notes 25 and 33)								
Selling and marketing expenses	(80,796)	(3)	(88,747)	(3)	(158,738)	(4)	(162,148)	(4)
General and administrative expenses	(99,583)	(4)	(94,099)	(4)	(195,215)	(5)	(180,900)	(4)
Research and development expenses	(12,621)	(1)	(13,279)	-	(25,202)	(1)	(25,769)	(1)
Expected credit gain (loss)	<u>2,491</u>	<u>-</u>	<u>(41,665)</u>	<u>(2)</u>	<u>(894)</u>	<u>-</u>	<u>(42,650)</u>	<u>(1)</u>
Total operating expenses	<u>(190,509)</u>	<u>(8)</u>	<u>(237,790)</u>	<u>(9)</u>	<u>(380,049)</u>	<u>(10)</u>	<u>(411,467)</u>	<u>(10)</u>
PROFIT FROM OPERATIONS	<u>275,615</u>	<u>11</u>	<u>258,678</u>	<u>11</u>	<u>332,037</u>	<u>8</u>	<u>381,022</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Notes 25 and 33)								
Interest income	12,309	-	12,794	-	27,365	1	25,424	1
Other income	5,330	-	6,285	-	10,390	-	10,498	-
Other gains and losses	25,882	1	70,496	3	153,299	4	60,866	1
Finance costs	(8,894)	-	(6,321)	-	(18,263)	(1)	(12,664)	-
Share of profit of associates accounted for using the equity method	<u>(8,058)</u>	<u>-</u>	<u>548</u>	<u>-</u>	<u>(13,329)</u>	<u>-</u>	<u>290</u>	<u>-</u>
Total non-operating income and expenses	<u>26,569</u>	<u>1</u>	<u>83,802</u>	<u>3</u>	<u>159,462</u>	<u>4</u>	<u>84,414</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	302,184	12	342,480	14	491,499	12	465,436	11
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(55,750)</u>	<u>(2)</u>	<u>(88,165)</u>	<u>(3)</u>	<u>(98,553)</u>	<u>(2)</u>	<u>(115,976)</u>	<u>(3)</u>
NET PROFIT FOR THE PERIOD	<u>246,434</u>	<u>10</u>	<u>254,315</u>	<u>11</u>	<u>392,946</u>	<u>10</u>	<u>349,460</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	34,042	1	3,600	-	29,803	1	33,900	1
Unrealized gain on investments in equity instruments of associates at fair value through other comprehensive income	<u>2,065</u>	<u>-</u>	<u>7,201</u>	<u>-</u>	<u>11,234</u>	<u>-</u>	<u>46,532</u>	<u>1</u>
	<u>36,107</u>	<u>1</u>	<u>10,801</u>	<u>-</u>	<u>41,037</u>	<u>1</u>	<u>80,432</u>	<u>2</u>

(Continued)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	\$ (8,022)	-	\$ 18,864	1	\$ 68,287	2	\$ 4,925	-
Unrealized gain (loss) on investments in debt investments at fair value through other comprehensive income	<u>283</u>	-	<u>(120)</u>	-	<u>6,263</u>	-	<u>217</u>	-
	<u>(7,739)</u>	-	<u>18,744</u>	1	<u>74,550</u>	2	<u>5,142</u>	-
Other comprehensive income for the period, net of income tax	<u>28,368</u>	1	<u>29,545</u>	1	<u>115,587</u>	3	<u>85,574</u>	2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 274,802</u>	<u>11</u>	<u>\$ 283,860</u>	<u>12</u>	<u>\$ 508,533</u>	<u>13</u>	<u>\$ 435,034</u>	<u>10</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 246,200	10	\$ 254,465	10	\$ 394,744	10	\$ 349,753	8
Non-controlling interests	<u>234</u>	-	<u>(150)</u>	-	<u>(1,798)</u>	-	<u>(293)</u>	-
	<u>\$ 246,434</u>	<u>10</u>	<u>\$ 254,315</u>	<u>10</u>	<u>\$ 392,946</u>	<u>10</u>	<u>\$ 349,460</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 274,592	11	\$ 284,118	12	\$ 510,392	13	\$ 435,466	10
Non-controlling interests	<u>210</u>	-	<u>(258)</u>	-	<u>(1,859)</u>	-	<u>(432)</u>	-
	<u>\$ 274,802</u>	<u>11</u>	<u>\$ 283,860</u>	<u>12</u>	<u>\$ 508,533</u>	<u>13</u>	<u>\$ 435,034</u>	<u>10</u>
EARNINGS PER SHARE (Note 27)								
From continuing operations								
Basic	<u>\$ 1.64</u>		<u>\$ 1.87</u>		<u>\$ 2.62</u>		<u>\$ 2.41</u>	
Diluted	<u>\$ 1.62</u>		<u>\$ 1.68</u>		<u>\$ 2.60</u>		<u>\$ 2.31</u>	

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

(With Deloitte & Touche review report dated August 8, 2024)

(Concluded)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company								Other Equity Interests		Total	Non-controlling Interests	Total Equity
	Share Capital				Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
	Ordinary Shares	Preference Shares	Advance Receipts for Ordinary Shares	Subtotal		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2023	\$ 1,408,331	\$ 96,117	\$ 279	\$ 1,504,727	\$ 2,219,093	\$ 575,708	\$ 182,576	\$ 1,181,999	\$ (167,501)	\$ 72,010	\$ 5,568,612	\$ 3,716	\$ 5,572,328
Appropriation of the 2022 earnings													
Legal reserve	-	-	-	-	-	93,095	-	(93,095)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	(87,085)	87,085	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	(566,469)	-	-	(566,469)	-	(566,469)
Cash dividends of preference shares	-	-	-	-	-	-	-	(5,057)	-	-	(5,057)	-	(5,057)
Net profit (loss) for the six months ended June 30, 2023	-	-	-	-	-	-	-	349,753	-	-	349,753	(293)	349,460
Other comprehensive income (loss) for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	-	-	-	5,064	80,649	85,713	(139)	85,574
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	-	-	349,753	5,064	80,649	435,466	(432)	435,034
Convertible preference shares converted	75,888	(75,888)	-	-	-	-	-	-	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(580)	-	(580)	-	(580)
Actual disposal or acquisition of interests in subsidiaries	-	-	-	-	-	-	-	(120)	7	-	(113)	(1,662)	(1,775)
Issuance of ordinary shares under employee share options	3,070	-	(279)	2,791	9,894	-	-	-	-	-	12,685	-	12,685
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	3,219	-	(3,219)	-	-	-
BALANCE AT JUNE 30, 2023	<u>\$ 1,487,289</u>	<u>\$ 20,229</u>	<u>\$ -</u>	<u>\$ 1,507,518</u>	<u>\$ 2,228,987</u>	<u>\$ 668,803</u>	<u>\$ 95,491</u>	<u>\$ 957,315</u>	<u>\$ (163,010)</u>	<u>\$ 149,440</u>	<u>\$ 5,444,544</u>	<u>\$ 1,622</u>	<u>\$ 5,446,166</u>
BALANCE AT JANUARY 1, 2024	\$ 1,501,139	\$ 6,954	\$ -	\$ 1,508,093	\$ 2,233,250	\$ 668,803	\$ 95,491	\$ 1,187,483	\$ (234,489)	\$ 140,484	\$ 5,599,115	\$ 1,385	\$ 5,600,500
Appropriation of the 2023 earnings													
Legal reserve	-	-	-	-	-	58,082	-	(58,082)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	(1,486)	1,486	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	(540,704)	-	-	(540,704)	-	(540,704)
Cash dividends of preference shares	-	-	-	-	-	-	-	(1,579)	-	-	(1,579)	-	(1,579)
Changes in capital surplus from investment in associates accounted for using the equity method	-	-	-	-	1,166	-	-	-	-	-	1,166	-	1,166
Net profit (loss) for the six months ended June 30, 2024	-	-	-	-	-	-	-	394,744	-	-	394,744	(1,798)	392,946
Other comprehensive income (loss) for the six months ended June 30, 2024, net of income tax	-	-	-	-	-	-	-	-	68,348	47,300	115,648	(61)	115,587
Total comprehensive income (loss) for the six months ended June 30, 2024	-	-	-	-	-	-	-	394,744	68,348	47,300	510,392	(1,859)	508,533
Convertible preference shares converted	3,421	(3,421)	-	-	-	-	-	-	-	-	-	-	-
Actual disposal or acquisition of interests in subsidiaries	-	-	-	-	-	-	-	(114)	-	-	(114)	(1,208)	(1,322)
Issuance of ordinary shares under employee share options	3,216	-	1,819	5,035	11,012	-	-	-	-	-	16,047	-	16,047
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	24,444	-	(24,444)	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	145,832	145,832
BALANCE AT JUNE 30, 2024	<u>\$ 1,507,776</u>	<u>\$ 3,533</u>	<u>\$ 1,819</u>	<u>\$ 1,513,128</u>	<u>\$ 2,245,428</u>	<u>\$ 726,885</u>	<u>\$ 94,005</u>	<u>\$ 1,007,678</u>	<u>\$ (166,141)</u>	<u>\$ 163,340</u>	<u>\$ 5,584,323</u>	<u>\$ 144,150</u>	<u>\$ 5,728,473</u>

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

(With Deloitte & Touche review report dated August 8, 2024)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 491,499	\$ 465,436
Adjustments for:		
Depreciation expense	75,693	78,602
Amortization expense	2,281	4,369
Expected credit loss	894	42,650
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	1,587	(34,922)
Finance costs	18,263	12,664
Interest income	(27,365)	(25,424)
Dividend income	-	(687)
Compensation costs of employee share options	2,041	2,250
Share of loss (profit) of associates accounted for using the equity method	13,329	(290)
Loss (gain) on disposal of property, plant and equipment	211	(976)
Gain on disposal of associates accounted for using the equity method	(83,401)	-
Write-downs of inventories	2,018	3,494
Net gain on foreign currency exchange	(38,537)	(28,544)
Loss on disposal of subsidiary	-	2,307
Other gains	(7,570)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	6,019	4,873
Notes receivable	-	8,423
Trade receivables	(735,594)	(452,423)
Other receivables	(130,844)	(65,580)
Inventories	(346,970)	94,381
Other current assets	(45,481)	12,304
Financial liabilities held for trading	(3,561)	(18,622)
Notes payable	(5,266)	(22,776)
Trade payables	314,013	(231,959)
Contract liabilities	19,765	6,183
Other payables	(63,147)	(72,742)
Other current liabilities	1,313	(1,152)
Net defined benefit liabilities	(1,226)	(1,126)
Cash used in operations	(540,036)	(219,287)
Interest received	28,311	17,023
Interest paid	(17,638)	(12,064)
Income tax paid	(126,218)	(223,150)
Net cash used in operating activities	(655,581)	(437,478)

(Continued)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (242,198)	\$ (53,008)
Acquisition of financial assets at amortized cost	(146,925)	(566,662)
Proceeds from disposal of financial assets at amortized cost	207,151	12,672
Acquisition of associates	(72,383)	(148,959)
Net cash inflow on disposal of associates	210,811	-
Net cash outflow on acquisition of subsidiaries (Note 29)	(215,659)	-
Net cash inflow on disposal of subsidiary (Note 30)	-	9,461
Acquisition of property, plant and equipment	(211,965)	(101,572)
Proceeds from disposal of property, plant and equipment	2	47,829
Acquisition of intangible assets	(455)	-
Acquisition of investment properties	(96,851)	(825)
Increase in other non-current assets	(2,696)	(15,435)
Dividends received from associates	-	3,296
Dividends received	-	687
	<u>(571,168)</u>	<u>(812,516)</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	836,916	589,120
Repayments of short-term bills payable	(26,255)	(30,000)
Proceeds from long-term borrowings	361,937	450,000
Repayments of long-term borrowings	(300,000)	(428,670)
Repayments of the principal portion of lease liabilities	(17,622)	(20,819)
Increase in other non-current liabilities	-	101
Decrease in other non-current liabilities	(437)	-
Proceeds from share options exercised	14,006	10,435
Changes in non-controlling interests	(1,322)	(1,775)
	<u>867,223</u>	<u>568,392</u>
Net cash generated from financing activities		
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>82,298</u>	<u>32,015</u>

(Continued)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended	
	June 30	
	2024	2023
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (277,228)	\$ (649,587)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>923,081</u>	<u>1,529,546</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 645,853</u>	<u>\$ 879,959</u>

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

(With Deloitte & Touche review report dated August 8, 2024)

(Concluded)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 8, 2024.

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

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

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)

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

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note)</u>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
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 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

IFRS 18 “Presentation and Disclosure in Financial Statements”

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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 dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

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

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

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

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

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

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

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

2) Retirement benefits

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

3) Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to the consolidated financial statements for the year ended December 31, 2023 for the material accounting judgments and key sources of estimation uncertainty.

6. CASH AND CASH EQUIVALENTS

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand	\$ 4,904	\$ 1,823	\$ 1,705
Checking accounts and demand deposits	628,293	520,186	592,059
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	<u>12,656</u>	<u>401,072</u>	<u>286,195</u>
	<u>\$ 645,853</u>	<u>\$ 923,081</u>	<u>\$ 879,959</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets at FVTPL - current</u>			
Mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 3,980</u>	<u>\$ 6,019</u>	<u>\$ 38,175</u>
<u>Financial assets at FVTPL - non-current</u>			
Mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,603</u>
<u>Financial liabilities at FVTPL - current</u>			
Held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 5,567</u>	<u>\$ 3,561</u>	<u>\$ 5,856</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>June 30, 2024</u>			
Buy	EUR/USD	2024.7.25-2025.4.29	EUR3,193/USD3,504
Buy	USD/JPY	2024.10.4-2025.6.6	USD1,886/JPY283,886
Buy	EUR/JPY	2025.1.22-2025.4.30	EUR1,375/JPY227,864
Sell	USD/NTD	2024.7.15-2024.9.27	USD7,000/NTD223,512
Sell	USD/RMB	2024.10.24	USD200/RMB1,437

(Continued)

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2023</u>			
Buy	EUR/USD	2024.1.26-2024.9.26	EUR3,167/USD3,466
Buy	USD/JPY	2024.3.19-2024.10.4	USD3,044/JPY413,683
Buy	USD/NTD	2024.2.6-2024.3.14	USD3,000/NTD93,589
Sell	USD/RMB	2024.2.27-2024.5.30	USD376/RMB2,709
<u>June 30, 2023</u>			
Buy	EUR/USD	2023.7.27-2024.3.28	EUR2,481/USD2,679
Buy	USD/JPY	2023.8.31-2024.8.20	USD16,821/JPY2,198,846
Buy	EUR/JPY	2023.10.5-2023.12.29	EUR1,190/JPY167,675
Sell	USD/NTD	2023.7.11-2023.9.22	USD11,000/NTD336,970
Sell	USD/RMB	2023.7.27	USD220/RMB1,550
Sell	EUR/NTD	2023.7.28-2023.10.26	EUR490/NTD16,093

(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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Non-current</u>			
Investments in equity instruments (a)			
Domestic listed shares	\$ 254,204	\$ 194,191	\$ 183,900
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>23,383</u>
	<u>254,204</u>	<u>194,191</u>	<u>207,283</u>
Investments in debt instruments (b)-(h)			
Bonds	<u>421,415</u>	<u>172,954</u>	<u>53,225</u>
	<u>\$ 675,619</u>	<u>\$ 367,145</u>	<u>\$ 260,508</u>

- These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.
- In March 2023, the Group bought 8-year corporate bonds issued by Foxconn (Far East) Limited with a coupon rate of 2.5%.
- In June 2023, the Group bought 3-year corporate bonds issued by Shinhan Card Co., Ltd. with a coupon rate of 1.375%.
- In August 2023, the Group bought 7-year corporate bonds issued by TSMC Global Ltd. with a coupon rate of 1.375%.

- e. In August 2023, the Group bought 10-year corporate bonds issued by United Health Group Inc. with a coupon rate of 5.35%.
- f. In December 2023, January 2024 and May 2024, the Group bought 10-year corporate bonds issued by American Express with a coupon rate of 5.043%.
- g. In March 2024, the Group bought 29-year international bonds issued by the Chilean government with a coupon rate of 3.5%.
- h. In May 2024, the Group bought 13-year corporate bonds issued by Broadcom Corporation with a coupon rate of 4.926%.

9. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Domestic investments			
Restricted assets - bank balance (a)	\$ 10,571	\$ -	\$ -
Time deposits with original maturities of more than 3 months	<u>530,684</u>	<u>560,587</u>	<u>633,669</u>
	<u>\$ 541,255</u>	<u>\$ 560,587</u>	<u>\$ 633,669</u>

Non-current

Domestic investments			
Private corporate bond with no active market (b)	\$ _____	\$ 50,000	\$ 50,000

- a. Refer to Note 34 for information related to investments in financial assets at amortized cost pledged as security.
- b. The Group held five units of five-year unsecured corporate bonds issued by Koutou Co., Ltd. with a coupon rate of 2.5% in December 31, 2023 and June 30, 2023.

10. TRADE RECEIVABLES AND OTHER RECEIVABLES

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Trade receivables (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 1,323,778	\$ 570,075	\$ 1,358,840
Less: Allowance for impairment loss	<u>(3,250)</u>	<u>(4,444)</u>	<u>(81)</u>
	<u>\$ 1,320,528</u>	<u>\$ 565,631</u>	<u>\$ 1,358,759</u>

(Continued)

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Other receivables</u>			
Sale of raw materials	\$ 454,835	\$ 322,732	\$ 409,253
Tax refund receivable	52,699	41,400	52,683
Interest receivable	19,759	20,705	12,571
Others	7,155	1,804	3,719
Less: Allowance for impairment loss	<u>(157,177)</u>	<u>(155,171)</u>	<u>(152,366)</u>
	<u>\$ 377,271</u>	<u>\$ 231,470</u>	<u>\$ 325,860</u>
			(Concluded)

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

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

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

The aging of receivables was as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Less than 30 days	\$ 1,020,657	\$ 327,319	\$ 1,139,287
31-60 days	228,637	189,442	161,884
61-120 days	71,585	46,513	57,669
More than 121 days	<u>2,899</u>	<u>6,801</u>	<u>-</u>
	<u>\$ 1,323,778</u>	<u>\$ 570,075</u>	<u>\$ 1,358,840</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:

	For the Six Months Ended June 30	
	2024	2023
Balance at January 1	\$ 4,444	\$ 81
Less: Net remeasurement of loss allowance	<u>(1,194)</u>	<u>-</u>
Balance at June 30	<u>\$ 3,250</u>	<u>\$ 81</u>

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

	For the Six Months Ended June 30	
	2024	2023
Balance at January 1	\$ 155,171	\$ 150,254
Add: Net remeasurement of loss allowance	1,369	1,981
Foreign exchange gains and losses	<u>637</u>	<u>131</u>
Balance at June 30	<u>\$ 157,177</u>	<u>\$ 152,366</u>

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

11. FINANCE LEASE RECEIVABLES

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Undiscounted lease payments</u>			
Year 1	\$ 78,334	\$ 68,579	\$ 59,214
Year 2	10,167	20,303	20,273
Year 3	<u>-</u>	<u>-</u>	<u>10,167</u>
	88,501	88,882	89,654
Less: Unearned finance income	(5,396)	(6,073)	(6,955)
Less: Allowance for impairment loss	<u>(52,586)</u>	<u>(51,867)</u>	<u>(51,505)</u>
Net investment in leases (presented as finance lease receivables)	<u>\$ 30,519</u>	<u>\$ 30,942</u>	<u>\$ 31,194</u>

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

The implied interest rates inherent in the leases are fixed at the contract dates for the entire term of the lease. The range of implied interest rates inherent in the finance leases was approximately 9.44%-10.44% per annum as of June 30, 2024.

The Group measures the loss allowance for finance lease receivables at an amount equal to lifetime ECLs. The respective leased equipment served as collateral for the finance lease receivables. As of June 30, 2024, part of the finance lease receivables was past due. The Group has recognized a loss allowance of \$52,586 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, 2024	December 31, 2023	June 30, 2023
Merchandise	\$ 31,144	\$ 59,686	\$ 127,999
Finished goods	452,274	294,080	402,325
Work in progress	735,926	668,276	867,955
Raw materials and supplies	585,199	364,131	556,194
Goods to subcontractor	2,735	-	1,267
Inventory in transit	50,407	193,113	63,190
Lands and buildings under construction	429,016	-	-
	<u>\$ 2,286,701</u>	<u>\$ 1,579,286</u>	<u>\$ 2,018,930</u>

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2024 and for the six months ended June 30, 2024 included inventories (reserved) write-downs of \$(3,064) thousand and \$2,018 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2023 and for the six months ended June 30, 2023 included inventories (reserved) write-downs of \$(4,739) thousand and \$3,494 thousand, respectively

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company	Kwong Lung (B.V.I.) Ltd.	Overseas reinvested holding company.	100.00	100.00	100.00	Major subsidiary
	Kwong Lung Meko Co., Ltd.	Manufacturing and selling of apparel, down and bedding.	100.00	100.00	100.00	Major subsidiary
	Kwong Lung Japan Co., Ltd.	Selling of down and bedding.	100.00	100.00	100.00	1)
	Bo Hsing Enterprise Co., Ltd.	Manufacturing and selling of apparel and bedding.	100.00	100.00	100.00	Major subsidiary
	Toptex Garment Co., Ltd.	Manufacturing of apparel.	100.00	100.00	100.00	1)
	P&B Collection Co., Ltd.	Investment activities and manufacturing of bedding.	100.00	100.00	100.00	1)
	Kwong Lung-O Mon Company Limited	Manufacturing of apparel.	100.00	100.00	100.00	1)
	Manumech Corporation	Wholesale.	100.00	100.00	100.00	1)
	Fuhua Garment Co., Ltd.	Manufacturing of apparel.	100.00	100.00	-	1), 4)
	Gonglong Co., Ltd.	Gonglong Co., Ltd.	Real estate rental and leasing.	100.00	-	-
Gonglong Co., Ltd.	Koutou Co., Ltd.	Construction business.	60.00	-	-	1), 5)
	Kwong Lung Feather (B.V.I.) Limited	Overseas reinvested holding company.	100.00	100.00	100.00	1)
Kwong Lung (B.V.I.) Ltd.	Kwong Lung (Suzhou) Co., Ltd.	Manufacturing and selling of down and bedding.	100.00	100.00	100.00	1)
	Kwong Lung Japan Co., Ltd.	Rising Living Co., Ltd.	100.00	51.00	51.00	1), 6)
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.	60.00	60.00	60.00	1)
Kwong Lung (Suzhou) Co., Ltd.	Kunshan Fulong Trade Co., Ltd.	Selling of bedding.	100.00	100.00	100.00	1)
	P&B Collection Co., Ltd.	Manumech Corporation	-	-	-	1), 2)
Manumech Corporation	Intime Tech Co., Ltd.	Wholesale.	-	-	-	1), 3)

- 1) It is an immaterial subsidiary; its financial statements have not reviewed as of June 30, 2024 and 2023.
- 2) In February 2023, P&B Collection Co., Ltd. acquired a 2.65% equity interest in Manumech Corporation from non-controlling interests, and the Group's shareholding in Manumech Corporation increased from 97.35% to 100%. Refer to Note 31 for the details. P&B Collection Co., Ltd. sold 5.41% of its equity interest in Manumech Corporation to the Company in May 2023, and the Company's shareholding in Manumech Corporation became 100%.
- 3) In line with its business plan, the Group's board of directors resolved to dispose of its subsidiary, Intime Tech Co., Ltd., to the non-related parties on February 1, 2023, and the transaction was completed on May 6, 2023. The Group recognized a loss on disposal of \$2,307 thousand. Refer to Note 30 for details of the transaction.
- 4) In July 2023, the Company incorporated Fuhua Garment Co., Ltd. with the amount of US\$3,000 thousand.
- 5) In January 2024, the Group acquired 15,851 thousand shares of Gonglong Co., Ltd., the investment accounted for using the equity method, in the amount of \$237,100 thousand. This acquisition resulted in an increase in shareholding from 39.5% to 100% granting the Group control over Gonglong Co., Ltd. Consequently, Koutou Co., Ltd. (Koutou), a subsidiary of Gonglong Co., Ltd. with a 60% shareholding, became a subsidiary of the Group in January 2024. Refer to Note 29 for the details.
- 6) In May 2024, the Group acquired a 49% equity interest in Rising Living Co., Ltd. from non-controlling interests, and the Group's shareholding in Rising Living Co., Ltd. increased from 51% to 100%. Refer to Note 31 for the details.

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

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates

	June 30, 2024	December 31, 2023	June 30, 2023
Material associate			
Snowdown Merchandise Corporation	\$ -	\$ 183,667	\$ 265,956
Associates that are not individually material	<u>374,033</u>	<u>409,840</u>	<u>276,968</u>
	<u>\$ 374,033</u>	<u>\$ 593,507</u>	<u>\$ 542,924</u>

Material associates

Name of Associate	<u>Proportion of Ownership and Voting Rights</u>		
	June 30, 2024	December 31, 2023	June 30, 2023
Snowdown Merchandise Corporation	-	39.5%	39.5%

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

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

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

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Property under Construction	Total
Cost							
Balance at January 1, 2024	\$ 687,760	\$ 1,188,256	\$ 572,343	\$ 35,066	\$ 137,110	\$ 475,980	\$ 3,096,515
Additions	-	18	5,469	1,521	2,912	183,393	193,313
Disposals	-	(3,214)	(4,315)	(2,285)	(786)	-	(10,600)
Acquisitions through business combinations	-	152,578	-	-	302	-	152,880
Reclassification	-	-	43,361	-	1,800	(1,970)	43,191
Effects of foreign currency exchange differences	-	19,993	17,963	1,357	978	1,156	41,447
Balance at June 30, 2024	<u>\$ 687,760</u>	<u>\$ 1,357,631</u>	<u>\$ 634,821</u>	<u>\$ 35,659</u>	<u>\$ 142,316</u>	<u>\$ 658,559</u>	<u>\$ 3,516,746</u>
Accumulated depreciation							
Balance at January 1, 2024	\$ -	\$ 598,115	\$ 509,766	\$ 31,376	\$ 126,219	\$ -	\$ 1,265,476
Depreciation expense	-	29,014	17,865	836	2,309	-	50,024
Disposals	-	(3,214)	(4,314)	(2,285)	(574)	-	(10,387)
Acquisitions through business combinations	-	2,695	-	-	167	-	2,862
Effects of foreign currency exchange differences	-	11,416	16,074	1,224	898	-	29,612
Balance at June 30, 2024	<u>\$ -</u>	<u>\$ 638,026</u>	<u>\$ 539,391</u>	<u>\$ 31,151</u>	<u>\$ 129,019</u>	<u>\$ -</u>	<u>\$ 1,337,587</u>
Carrying amount at January 1, 2024	<u>\$ 687,760</u>	<u>\$ 590,141</u>	<u>\$ 62,577</u>	<u>\$ 3,690</u>	<u>\$ 10,891</u>	<u>\$ 475,980</u>	<u>\$ 1,831,039</u>
Carrying amount at June 30, 2024	<u>\$ 687,760</u>	<u>\$ 719,605</u>	<u>\$ 95,430</u>	<u>\$ 4,508</u>	<u>\$ 13,297</u>	<u>\$ 658,559</u>	<u>\$ 2,179,159</u>
Cost							
Balance at January 1, 2023	\$ 729,522	\$ 1,112,777	\$ 577,860	\$ 34,738	\$ 167,378	\$ 231,665	\$ 2,853,940
Additions	-	78,929	4,181	230	1,735	81,901	166,976
Disposals	(41,762)	(11,827)	(4,472)	-	(29,761)	-	(87,822)
Disposal of subsidiaries	-	-	-	-	(1,513)	-	(1,513)
Reclassification	-	2,943	-	-	-	(3,774)	(831)
Effects of foreign currency exchange differences	-	4,074	7,008	393	524	1,348	13,347
Balance at June 30, 2023	<u>\$ 687,760</u>	<u>\$ 1,186,896</u>	<u>\$ 584,577</u>	<u>\$ 35,361</u>	<u>\$ 138,363</u>	<u>\$ 311,140</u>	<u>\$ 2,944,097</u>
Accumulated depreciation							
Balance at January 1, 2023	\$ -	\$ 548,879	\$ 491,555	\$ 30,079	\$ 151,827	\$ -	\$ 1,222,340
Depreciation expense	-	30,459	16,872	1,231	3,779	-	52,341
Disposals	-	(7,023)	(4,472)	-	(29,474)	-	(40,969)
Disposal of subsidiaries	-	-	-	-	(649)	-	(649)
Effects of foreign currency exchange differences	-	4,685	6,188	384	516	-	11,773
Balance at June 30, 2023	<u>\$ -</u>	<u>\$ 577,000</u>	<u>\$ 510,143</u>	<u>\$ 31,694</u>	<u>\$ 125,999</u>	<u>\$ -</u>	<u>\$ 1,244,836</u>
Carrying amount at January 1, 2023	<u>\$ 729,522</u>	<u>\$ 563,898</u>	<u>\$ 86,305</u>	<u>\$ 4,659</u>	<u>\$ 15,551</u>	<u>\$ 231,665</u>	<u>\$ 1,631,600</u>
Carrying amount at June 30, 2023	<u>\$ 687,760</u>	<u>\$ 609,896</u>	<u>\$ 74,434</u>	<u>\$ 3,667</u>	<u>\$ 12,364</u>	<u>\$ 311,140</u>	<u>\$ 1,699,261</u>

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

Building	
Main buildings	3 to 51 years
Construction	1 to 26 years
Machinery equipment	2 to 20 years
Transportation equipment	4 to 12 years
Other equipment	
Office equipment	3 to 13 years
Air conditioning	36 to 51 years
Utilities equipment	2 to 23 years
Others	2 to 25 years
Leasehold improvements	1 to 5 years

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Carrying amount</u>			
Land	\$ 47,438	\$ 46,230	\$ 48,068
Buildings	59,519	31,256	31,738
Machinery	535	488	773
Transportation equipment	<u>22,606</u>	<u>11,925</u>	<u>14,414</u>
	<u>\$ 130,098</u>	<u>\$ 89,899</u>	<u>\$ 94,993</u>
	For the Three Months Ended June 30	For the Six Months Ended June 30	
	2024	2023	2024
			2023
Additions to right-of-use assets			<u>\$ 71,926</u>
			<u>\$ 20,652</u>
Depreciation charge for right-of-use assets			
Land	\$ 497	\$ 477	\$ 984
Buildings	5,185	8,684	11,260
Machinery	195	137	389
Transportation equipment	<u>4,119</u>	<u>2,395</u>	<u>6,938</u>
	<u>\$ 9,996</u>	<u>\$ 11,693</u>	<u>\$ 19,571</u>
			<u>\$ 22,755</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, 2024 and 2023.

b. Lease liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Carrying amount</u>			
Current	\$ 27,883	\$ 22,135	\$ 27,427
Non-current	\$ 60,546	\$ 27,101	\$ 25,011

Range of discount rates for lease liabilities was as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Land	1.28%	1.28%	1.28%
Buildings	0.37%-9.64%	0.37%-9.64%	0.37%-9.64%
Machinery	1.03%-5%	1.03%-5%	1.03%-5%
Transportation equipment	0.52%-1.64%	0.52%-1.6%	0.52%-1.54%

c. Other lease information

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	2024	2023	2024	2023
Expenses relating to short-term leases	\$ 4,276	\$ 6,343	\$ 13,481	\$ 15,060
Expenses relating to low-value asset leases	\$ 220	\$ 60	\$ 366	\$ 235
Total cash outflow for leases	\$ (14,403)	\$ (16,540)	\$ (32,616)	\$ (36,761)

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

17. INVESTMENT PROPERTIES

	<u>For the Six Months Ended June 30</u>	
	2024	2023
<u>Cost</u>		
Balance at January 1	\$ 795,270	\$ 813,487
Additions	98,851	825
Acquisitions through business combinations	574,199	-
Reclassification	-	831
Effects of foreign currency exchange differences	(24,461)	(27,064)
Balance at June 30	\$ 1,443,859	\$ 788,079

(Continued)

	For the Six Months Ended June 30	
	2024	2023
<u>Accumulated depreciation</u>		
Balance at January 1	\$ 19,372	\$ 13,012
Depreciation expense	6,098	3,506
Acquisitions through business combinations	5,721	-
Effects of foreign currency exchange differences	<u>(974)</u>	<u>(760)</u>
Balance at June 30	<u>\$ 30,217</u>	<u>\$ 15,758</u>
Carrying amount at June 30	<u>\$ 1,413,642</u>	<u>\$ 772,321</u>
		(Concluded)

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

Main buildings 10-50 years

	June 30, 2024	December 31, 2023	June 30, 2023
Fair value	<u>\$ 1,444,720</u>	<u>\$ 801,841</u>	<u>\$ 794,607</u>

Except for the acquisitions through business combinations for the six months ended June 30, 2024, management of the Group had assessed and determined that there were no significant changes in the fair value of remaining investment properties as of June 30, 2024 and 2023, as compared to the fair values as of December 31, 2023 and 2022.

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

18. INTANGIBLE ASSETS

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Carrying amount</u>			
Goodwill	\$ 22,022	\$ 22,022	\$ 22,022
Cost of computer software	1,958	3,710	7,476
Others	<u>1,276</u>	<u>1,315</u>	<u>1,373</u>
	<u>\$ 25,256</u>	<u>\$ 27,047</u>	<u>\$ 30,871</u>

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

19. OTHER ASSETS

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Overpaid tax retained for offsetting future tax payable	\$ 102,633	\$ 54,369	\$ 61,910
Prepayments	40,461	57,116	52,196
Finance lease receivables (Note 11)	20,641	11,690	3,020
Incremental costs of obtaining a contract	34,776	-	-
Others	<u>62,742</u>	<u>27,686</u>	<u>50,948</u>
	<u>\$ 261,253</u>	<u>\$ 150,861</u>	<u>\$ 168,074</u>
<u>Non-current</u>			
Finance lease receivables (Note 11)	\$ 9,878	\$ 19,252	\$ 28,174
Refundable deposits	25,969	26,572	27,383
Prepayments for investment	36,136	36,136	36,136
Prepayments for equipment	204	43,191	40,308
Prepayments for land and building	-	2,000	-
Others	<u>54,693</u>	<u>49,573</u>	<u>23,133</u>
	<u>\$ 126,880</u>	<u>\$ 176,724</u>	<u>\$ 155,134</u>

20. BORROWINGS

a. Short-term borrowings

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>\$ 1,385,613</u>	<u>\$ 548,697</u>	<u>\$ 1,309,021</u>
Range of interest rates	0.4%-3%	0.23%-3.5%	0.23%-3.9%

b. Short-term bills payable

	June 30, 2024	December 31, 2023	June 30, 2023
Commercial paper	\$ 146,000	\$ -	\$ -
Less: Unamortized discounts on bills payable	<u>(155)</u>	<u>-</u>	<u>-</u>
	<u>\$ 145,845</u>	<u>\$ -</u>	<u>\$ -</u>

Outstanding short-term bills payable were as follows:

June 30, 2024

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
<u>Commercial paper</u>						
CBF Bills	\$ <u>146,000</u>	\$ <u>155</u>	\$ <u>145,845</u>	2.82%-2.92%	Investment properties	\$ <u>565,874</u>

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

c. Long-term borrowings

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Unsecured borrowings</u>			
Credit borrowings	\$ 719,683	\$ 485,000	\$ 450,000
Less: Current portions	<u>(200,989)</u>	<u>-</u>	<u>-</u>
Long-term borrowings	\$ <u>518,694</u>	\$ <u>485,000</u>	\$ <u>450,000</u>
Range of interest rates	0.5%-2.87%	1.46%-1.74%	1.74%-1.80%

21. OTHER PAYABLES

	June 30, 2024	December 31, 2023	June 30, 2023
Payables for payroll and employee benefit	\$ 146,888	\$ 159,829	\$ 146,253
Payables for dividends	542,283	-	571,526
Payables for compensation of employees	25,000	34,156	30,500
Payables for remuneration of directors	15,000	22,000	15,000
Payables for fabrication expense	44,020	15,115	38,150
Payables for purchase of equipment	8,560	27,008	154
Payables for VAT	6,213	5,124	5,763
Others	<u>101,017</u>	<u>79,979</u>	<u>83,888</u>
	\$ <u>888,981</u>	\$ <u>343,211</u>	\$ <u>891,234</u>

22. RETIREMENT BENEFIT PLANS

Employee benefit expenses for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023 in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2023 and 2022. The Group recognized the pension amounts of \$58 thousand and \$67 thousand for the three months ended June 30, 2024 and 2023, respectively, and the pension amounts of \$115 thousand and \$133 thousand for the six months ended June 30, 2024 and 2023, respectively.

23. EQUITY

a. Share capital

Ordinary shares

	June 30, 2024	December 31, 2023	June 30, 2023
Number of shares authorized (in thousands)	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>
Shares authorized	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Number of shares issued and fully paid (in thousands)	<u>150,778</u>	<u>150,114</u>	<u>148,729</u>
Shares issued	<u>\$ 1,507,776</u>	<u>\$ 1,501,139</u>	<u>\$ 1,487,289</u>
Number of advance receipts for ordinary shares	<u>47,500</u>	<u>-</u>	<u>-</u>
Advance receipts for ordinary shares	<u>\$ 1,819</u>	<u>\$ -</u>	<u>\$ -</u>

The change in the Company's share capital is mainly due to the exercise of employee share options and converted preference shares. In the second quarter of 2024, the employee share options of the Company exercised total 344,000 shares. The Company has not registered with the Ministry of Economic Affairs before the date at approval of issuance of the financial statements.

Preference shares

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

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

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

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

As of June 30, 2024, a total of 17,847 thousand shares of the Company's preferred share A have been converted to the Company's ordinary shares.

b. Capital surplus

	June 30, 2024	December 31, 2023	June 30, 2023
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to share capital (1)</u>			
Issuance of ordinary shares	\$ 1,543,989	\$ 1,533,016	\$ 1,530,916
Conversion of bonds	640,431	640,431	640,431
Treasury share transactions	29,284	29,284	29,284
Expire options	21,768	21,768	20,715
<u>May only be used to offset a deficit (2)</u>			
Share of changes in capital surplus of associates	2,460	2,460	2,460
Changes in net assets of affiliated companies recognized under the equity method	1,221	55	-
<u>May not be used for any purpose</u>			
Employee share options	6,275	6,236	5,181
	<u>\$ 2,245,428</u>	<u>\$ 2,233,250</u>	<u>\$ 2,228,987</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
 - 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.
- c. Retained earnings and dividends policy

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

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

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

The appropriations of earnings for 2023 and 2022 were approved in the shareholders' meeting on May 31, 2024 and May 31, 2023 respectively, were as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Legal reserve	\$ 58,082	\$ 93,095
Special reserve	\$ (1,486)	\$ (87,085)
Ordinary share dividends	\$ 540,704	\$ 566,469
Preference share dividends (*)	\$ 1,579	\$ 2,854
Ordinary share dividends per share (NT\$)	\$ 3.6	\$ 4
Preference share dividends per share (NT\$)	\$ 2.5	\$ 2.5

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

d. Other equity items

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

	For the Six Months Ended June 30	
	2024	2023
Balance at January 1	\$ (234,489)	\$ (167,501)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	68,348	5,064
Reclassification adjustments		
Disposal of foreign operations	-	(580)
Acquisition of partial interest of subsidiary	-	7
Balance at June 30	<u>\$ (166,141)</u>	<u>\$ (163,010)</u>

e. Non-controlling interests

	For the Six Months Ended June 30	
	2024	2023
Balance at January 1	\$ 1,385	\$ 3,716
Share in loss for the year	(1,798)	(293)
Exchange differences on translating the financial statements of foreign entities	(61)	(139)
Acquisition of non-controlling interests in subsidiaries (Note 31)	(1,208)	(1,662)
Non-controlling interests arising from acquisition of subsidiaries (Note 29)	<u>145,832</u>	<u>-</u>
Balance at June 30	<u>\$ 144,150</u>	<u>\$ 1,622</u>

24. REVENUE

a. Contract balances

	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Notes receivable and trade receivables (Note 10)	<u>\$ 1,320,528</u>	<u>\$ 565,631</u>	<u>\$ 1,358,759</u>	<u>\$ 978,141</u>
Contract liabilities				
Sale of textile	\$ 54,068	\$ 34,793	\$ 49,951	\$ 43,768
Sale of land and buildings	<u>136,463</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contract liabilities - current	<u>\$ 190,531</u>	<u>\$ 34,793</u>	<u>\$ 49,951</u>	<u>\$ 43,768</u>

b. Assets related to contract costs

	June 30, 2024	December 31, 2023	June 30, 2023
Current			
Incremental costs of obtaining a contract	<u>\$ 34,776</u>	<u>\$ _____</u>	<u>\$ _____</u>

25. NET PROFIT

a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Bank deposits	\$ 9,118	\$ 11,260	\$ 21,890	\$ 22,434
Financial assets at amortized cost	-	312	-	620
Investments in debt instruments measured at FVTOCI	2,879	223	4,798	274
Net investments in leases	<u>312</u>	<u>999</u>	<u>677</u>	<u>2,096</u>
	<u>\$ 12,309</u>	<u>\$ 12,794</u>	<u>\$ 27,365</u>	<u>\$ 25,424</u>

b. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Rental income	\$ 4,884	\$ 5,598	\$ 9,930	\$ 9,811
Dividend income	-	687	-	687
Others	<u>446</u>	<u>-</u>	<u>460</u>	<u>-</u>
	<u>\$ 5,330</u>	<u>\$ 6,285</u>	<u>\$ 10,390</u>	<u>\$ 10,498</u>

c. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Foreign exchange gains	\$ 77,437	\$ 139,704	\$ 152,562	\$ 202,085
Foreign exchange losses	(56,501)	(103,508)	(102,686)	(180,772)
(Loss) gain on financial assets and liabilities designated as at FVTPL	(839)	37,065	6,089	43,184
(Loss) gain on disposal of property, plant and equipment	(1)	(104)	(211)	976
Gain on disposal of associates	-	-	83,401	-
Loss on disposal of subsidiary	-	(2,307)	-	(2,307)

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Gain from bargain purchases on acquisition of subsidiaries	\$ -	\$ -	\$ 6,248	\$ -
Others	<u>5,786</u>	<u>(354)</u>	<u>7,896</u>	<u>(2,300)</u>
	<u>\$ 25,882</u>	<u>\$ 70,496</u>	<u>\$ 153,299</u>	<u>\$ 60,866</u>

(Concluded)

d. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Interest on bank loans	\$ 9,669	\$ 6,001	\$ 19,666	\$ 12,017
Interest on lease liabilities	560	320	1,147	647
Less: Amounts included in the cost of qualifying assets	<u>(1,335)</u>	<u>-</u>	<u>(2,550)</u>	<u>-</u>
	<u>\$ 8,894</u>	<u>\$ 6,321</u>	<u>\$ 18,263</u>	<u>\$ 12,664</u>

Information about capitalized interest is as follows:

	For the Six Months Ended June 30	
	2024	2023
Capitalized interest amount	\$ 2,550	\$ -
Capitalization rate	2.745%-2.865%	-

e. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
An analysis of depreciation by function				
Operating costs	\$ 19,278	\$ 21,710	\$ 38,495	\$ 43,498
Operating expenses	17,626	16,189	34,249	31,598
Other gains and losses	<u>1,740</u>	<u>1,749</u>	<u>2,949</u>	<u>3,506</u>
	<u>\$ 38,644</u>	<u>\$ 39,648</u>	<u>\$ 75,693</u>	<u>\$ 78,602</u>
An analysis of amortization by function				
Operating costs	\$ -	\$ -	\$ -	\$ -
Operating expenses	<u>451</u>	<u>2,143</u>	<u>2,281</u>	<u>4,369</u>
	<u>\$ 451</u>	<u>\$ 2,143</u>	<u>\$ 2,281</u>	<u>\$ 4,369</u>

f. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Post-employment benefits				
Defined contribution plans	\$ 3,558	\$ 3,721	\$ 7,069	\$ 7,546
Defined benefit plans	<u>58</u>	<u>67</u>	<u>115</u>	<u>133</u>
	3,616	3,788	7,184	7,679
Share-based payments				
Equity-settled	1,020	1,336	2,041	2,250
Other employee benefits	<u>298,119</u>	<u>305,322</u>	<u>571,717</u>	<u>587,489</u>
Total employee benefits expense	<u>\$ 302,755</u>	<u>\$ 310,446</u>	<u>\$ 580,942</u>	<u>\$ 597,418</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 198,245	\$ 202,839	\$ 373,232	\$ 397,150
Operating expenses	<u>104,510</u>	<u>107,607</u>	<u>207,710</u>	<u>200,268</u>
	<u>\$ 302,755</u>	<u>\$ 310,446</u>	<u>\$ 580,942</u>	<u>\$ 597,418</u>

g. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrued compensation of employees and remuneration of directors 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. For the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, the compensation of employees and remuneration of directors are as follows:

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
	Cash	Cash	Cash	Cash
Compensation of employees	<u>\$ 12,500</u>	<u>\$ 16,750</u>	<u>\$ 25,000</u>	<u>\$ 30,500</u>
Remuneration of directors	<u>\$ 7,500</u>	<u>\$ 9,000</u>	<u>\$ 15,000</u>	<u>\$ 15,000</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 for 2023 and 2022 that were resolved by the board of directors on March 13, 2024 and March 14, 2023, respectively, are as shown below:

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Compensation of employees	\$ 34,156	\$ 43,827
Remuneration of directors	22,000	25,000

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

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

26. INCOME TAXES

a. Income tax expense recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2024	2023	2024	2023
Current tax				
In respect of the current period	\$ 52,933	\$ 68,267	\$ 91,225	\$ 92,814
Adjustments for prior year	-	-	6,222	-
Income tax on unappropriated earnings	-	17,671	-	17,671
Deferred tax				
In respect of the current period	<u>2,817</u>	<u>2,227</u>	<u>1,106</u>	<u>5,491</u>
Income tax expense recognized in profit or loss	<u>\$ 55,750</u>	<u>\$ 88,165</u>	<u>\$ 98,553</u>	<u>\$ 115,976</u>

b. Income tax assessments

The income tax returns through 2021, has been assessed by the tax authorities, and the Group agrees with the assessment.

27. EARNINGS PER SHARE

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

Net Profit

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Profit for the period attributable to owners of the Company	\$ 246,200	\$ 254,465	\$ 394,744	\$ 349,753
Less: Declared dividends on preference shares	<u>396</u>	<u>15,422</u>	<u>(883)</u>	<u>(5,057)</u>
Earnings used in the computation of basic earnings per share	246,596	269,887	393,861	344,696
Add: Dividends on preference shares	<u>(396)</u>	<u>(15,422)</u>	<u>883</u>	<u>5,057</u>
Earnings used in the computation of earnings per share	<u>\$ 246,200</u>	<u>\$ 254,465</u>	<u>\$ 394,744</u>	<u>\$ 349,753</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	150,438	144,297	150,319	142,944
Effect of potentially dilutive ordinary shares:				
Employee share options	281	56	280	34
Compensation of employees	411	547	645	861
Convertible preference shares	<u>469</u>	<u>6,410</u>	<u>546</u>	<u>7,693</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>151,599</u>	<u>151,310</u>	<u>151,790</u>	<u>151,532</u>

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

28. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Option Plan of the Company

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

	For the Six Months Ended June 30							
	2024				2023			
	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	28	\$ 33.2	-	\$ -	137	\$ 35.7	336	\$ 34.8
Options exercised	(25)	33.2	-	-	(33)	35.7	(266)	34.8
Options forfeited	(3)	33.2	-	-	(2)	35.7	-	-
Options expired	-	-	-	-	-	-	(70)	34.8
Balance at June 30	-	-	-	-	102	35.7	-	-
Options exercisable, end of period	-	-	-	-	102	-	-	-

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

	For the Six Months Ended June 30							
	2024				2023			
	Granted 2023		Granted 2022		Granted 2023		Granted 2022	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)
Balance at January 1	391	\$ 51.3	1,540	\$ 38.3	-	\$ -	1,600	\$ 41.1
Options granted	-	-	-	-	400	55.1	-	-
Options exercised	-	-	(344)	38.3	-	-	-	-
Options forfeited	(14)	51.3	(12)	38.3	(5)	55.1	(25)	41.1
Balance at June 30	377	51.3	1,184	38.3	395	55.1	1,575	41.1
Options exercisable, end of period	-	-	420	-	-	-	-	-
Weighted average fair value of share options granted during the period (NT\$)	\$ -	-	\$ -	-	\$ 10.1182	-	\$ -	-

As of June 30, 2024, information on outstanding options was as follows:

	<u>June 30, 2024</u>	
	Range of Exercise Price (\$)	Weighted- average Remaining Contractual Life (In Years)
	\$38.3	2.92
	51.3	3.72

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

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

Expected volatility was based on the historical share price volatility.

Compensation costs recognized were \$1,020 thousand and \$1,336 thousand for the three months ended June 30, 2024 and 2023, respectively and \$2,041 thousand and \$2,250 thousand for the six months ended June 30, 2024 and 2023, respectively.

29. BUSINESS COMBINATIONS

a. Subsidiaries acquired

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

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

b. Consideration Transferred

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

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

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

d. Gain from bargain purchases on acquisition of subsidiaries

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

e. Net cash outflow on acquisition of subsidiaries

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

f. Impact of acquisitions on the results of the Group

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

	Gonglong Co., Ltd.
Operating revenue	<u>\$ 1,648</u>
Net loss	<u>\$ (6,050)</u>

30. DISPOSAL OF SUBSIDIARIES

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

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

	Intime Tech Co., Ltd.
Current assets	
Cash and cash equivalents	\$ 4,002
Notes receivable	502
Trade receivables	88,712
Other receivables	75
Inventories	466
Other current assets	2,985
Non-current assets	
Property, plant and equipment	864
Current liabilities	
Short-term borrowings	(79,138)
Trade payables	(717)
Other payables	(1,308)
Non-current liabilities	
Deferred tax liabilities	<u>(93)</u>
Net assets disposed of	<u>\$ 16,350</u>

b. Loss on disposal of subsidiary

	Intime Tech Co., Ltd.
Consideration received	\$ 13,463
Net assets disposed of	(16,350)
Net assets of subsidiaries	
Cumulative exchange differences from reclassification of equity to profit or loss due to loss control of subsidiary	<u>580</u>
Loss on disposal	<u>\$ (2,307)</u>

c. Net cash inflow on disposals of subsidiary

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

31. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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

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

In May 2024, the Group acquired 49% equity interest in Rising Living Co., Ltd. from non-controlling interests, and the Group's shareholding in Rising Living Co., Ltd. increased from 51% to 100%.

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

	Rising Living Co., Ltd.
Consideration paid	\$ (1,322)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	<u>1,208</u>
Differences recognized from equity transactions	<u>\$ (114)</u>
<u>Line items adjusted for equity transactions</u>	
Retained earnings	<u>\$ (114)</u>

32. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

June 30, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 254,204	\$ -	\$ -	\$ 254,204
Investment in debt instruments				
Bonds	<u>421,415</u>	<u>-</u>	<u>-</u>	<u>421,415</u>
	<u>\$ 675,619</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 675,619</u>

Financial assets at FVTPL

Derivative financial assets	<u>\$ -</u>	<u>\$ 3,980</u>	<u>\$ -</u>	<u>\$ 3,980</u>
-----------------------------	-------------	-----------------	-------------	-----------------

Financial liabilities at FVTPL

Derivative financial liabilities	<u>\$ -</u>	<u>\$ 5,567</u>	<u>\$ -</u>	<u>\$ 5,567</u>
----------------------------------	-------------	-----------------	-------------	-----------------

December 31, 2023

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

June 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 183,900	\$ -	\$ -	\$ 183,900
Foreign unlisted shares	-	-	23,383	23,383
Investment in debt instruments				
Bonds	<u>53,225</u>	<u>-</u>	<u>-</u>	<u>53,225</u>
	<u>\$ 237,125</u>	<u>\$ -</u>	<u>\$ 23,383</u>	<u>\$ 260,508</u>
<u>Financial assets at FVTPL</u>				
Derivative financial assets	<u>\$ -</u>	<u>\$ 40,778</u>	<u>\$ -</u>	<u>\$ 40,778</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 5,856</u>	<u>\$ -</u>	<u>\$ 5,856</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, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 3,980	\$ 6,019	\$ 40,778
Financial assets at amortized cost (1)	2,832,208	2,289,369	3,195,564
Financial assets at FVTOCI	675,619	367,145	260,508

(Continued)

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial liabilities</u>			
FVTPL			
Held for trading	\$ 5,567	\$ 3,561	\$ 5,856
Amortized cost (2)	3,967,923	1,805,352	3,067,546 (Concluded)

- 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 payable, trade and other payables.

d. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 37.

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Assets</u>			
EUR	\$ 1,390	\$ 1,775	\$ 4,978
USD	2,590	4,244	35,800
<u>Liabilities</u>			
EUR	2,074	-	417
USD	3,493	3,561	5,439

Sensitivity analysis

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

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

	<u>VND Impact</u>		<u>USD Impact</u>	
	<u>For the Six Months Ended</u>		<u>For the Six Months Ended</u>	
	<u>June 30</u>		<u>June 30</u>	
	2024	2023	2024	2023
Profit or loss*	\$ (1,235)	\$ (1,926)	\$ 43,418	\$ 36,901
			<u>EUR Impact</u>	
			<u>For the Six Months Ended</u>	
			<u>June 30</u>	
			2024	2023
Profit or loss*			\$ (42)	\$ (143)

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

b) Interest rate risk

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

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

	June 30, 2024	December 31, 2023	June 30, 2023
Fair value interest rate risk			
Financial assets	\$ 553,578	\$ 1,018,601	\$ 977,058
Financial liabilities	1,394,043	597,933	1,221,459
Cash flow interest rate risk			
Financial assets	658,467	542,131	614,245
Financial liabilities	965,529	485,000	590,000

Sensitivity analysis

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2024 and 2023 would have decreased/increased by \$768 thousand and would have increased/decreased by \$61 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, 2024 and 2023 would have increased/decreased by \$25,420 thousand and \$20,728 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, 2024, December 31, 2023 and June 30, 2023, the Group had available unutilized bank loan facilities in the amounts of \$5,960,126 thousand, \$6,610,001 thousand and \$6,379,631 thousand, respectively.

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

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

June 30, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 665,307	\$ 1,064,636	\$ 153,727	\$ -	\$ -
Undiscounted lease	2,836	5,618	23,885	63,182	3,464
Borrowings	990,783	403,602	358,230	533,451	-
Other long-term liabilities	42	84	374	20,894	-
	<u>\$ 1,658,968</u>	<u>\$ 1,473,940</u>	<u>\$ 536,216</u>	<u>\$ 617,527</u>	<u>\$ 3,464</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>\$ 32,339</u>	<u>\$ 63,182</u>	<u>\$ 1,676</u>	<u>\$ 1,788</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2023

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

Additional information about the maturity analysis for lease liabilities

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

June 30, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 687,987	\$ 703,508	\$ 108,783	\$ -	\$ -
Undiscounted lease	2,974	5,923	21,614	28,861	3,918
Borrowings	<u>550,077</u>	<u>575,075</u>	<u>196,646</u>	<u>457,077</u>	<u>-</u>
	<u>\$ 1,241,038</u>	<u>\$ 1,284,506</u>	<u>\$ 327,043</u>	<u>\$ 485,938</u>	<u>\$ 3,918</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>\$ 30,511</u>	<u>\$ 28,861</u>	<u>\$ 1,729</u>	<u>\$ 2,189</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, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Gross settled - outflows</u>				
Foreign exchange forward contracts	\$ <u>75,267</u>	\$ <u>201,848</u>	\$ <u>173,194</u>	\$ <u>-</u>

December 31, 2023

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

June 30, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Gross settled - outflows</u>				
Foreign exchange forward contracts	\$ <u>216,066</u>	\$ <u>171,888</u>	\$ <u>552,377</u>	\$ <u>43,067</u>

33. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and relationships

<u>Related Parties</u>	<u>Relationships with the Group</u>
BBL Premium Co., Ltd.	Associate
Daquan Hanshi Co., Ltd.	Associate

(Continued)

Related Parties	Relationships with the Group
Gonglong Co., Ltd.	Associate (became a subsidiary since January 2024)
Koutou Co., Ltd.	Associate (became a subsidiary since January 2024)
Gong Tong Zu Lin Co., Ltd.	Associate
Snowdown Merchandise Corporation	Related party in substance (it was an associate, but became a related party in substance after the disposal in January 2024)
Kai Sheng Investment Co., Ltd.	Related party in substance
Cave & Wine Co., Ltd.	Related party in substance
Huang Lu Investment Co., Ltd.	Related party in substance
Fortune Phoenix Insurance Brokerage Service Corporation	Related party in substance
Da Fu Investment Co., Ltd.	Related party in substance
Li Chiou Investment Co., Ltd.	Related party in substance
Yueh Sheng Investment Co., Ltd.	Related party in substance
Modern Boutique Investment Co., Ltd.	Related party in substance
Zhonglu Investment Co., Ltd.	Related party in substance
Ou Li Investment Co., Ltd.	Related party in substance
JHAN, CI-JHE	Related party in substance
HSU, LI-HONG	Related party in substance

(Concluded)

b. Sales of goods

Related Party Name/Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Associates				
Daquan Hanshi Co., Ltd.	\$ 14	\$ 327	\$ 133	\$ 577
BBL Premium Co., Ltd.	457	914	1,214	3,181
Related party in substance	-	-	-	19
	<u>\$ 471</u>	<u>\$ 1,241</u>	<u>\$ 1,347</u>	<u>\$ 3,777</u>

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

c. Contract liabilities

Related Party Category	June 30, 2024	December 31, 2023	June 30, 2023
Related party in substance	<u>\$ 16,977</u>	<u>\$ -</u>	<u>\$ -</u>

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

Related Party Name/Category	June 30, 2024	December 31, 2023	June 30, 2023
<u>Trade receivables</u>			
BBL Premium Co., Ltd.	\$ <u>752</u>	\$ <u>7,820</u>	\$ <u>1,797</u>
<u>Other receivables</u>			
Associates	\$ <u>-</u>	\$ <u>466</u>	\$ <u>-</u>

The outstanding trade receivables from related parties are unsecured. For the six months ended June 30, 2024 and 2023, no impairment loss was recognized for trade receivables from related parties.

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

Related Party Category	June 30, 2024	December 31, 2023	June 30, 2023
<u>Other payables</u>			
Associates	\$ <u>210</u>	\$ <u>443</u>	\$ <u>533</u>

The outstanding trade payables to related parties are unsecured.

f. Lease arrangements

Related Party Name	For the Six Months Ended June 30			
	2024	2023		
<u>Acquisition of right-of-use assets</u>				
Gong Tong Zu Lin Co., Ltd.	\$ 18,729	\$ 7,798		
Snowdown Merchandise Corporation	<u>-</u>	<u>12,854</u>		
	\$ <u>18,729</u>	\$ <u>20,652</u>		
Account	Related Party Name	June 30, 2024	December 31, 2023	June 30, 2023
Lease liabilities	Gong Tong Zu Lin Co., Ltd.	\$ 22,492	\$ 11,572	\$ 14,107
	Snowdown Merchandise Corporation	-	-	12,905
	Gonglong Co., Ltd.	<u>-</u>	<u>10,601</u>	<u>-</u>
		\$ <u>22,492</u>	\$ <u>22,173</u>	\$ <u>27,012</u>

Related Party Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
<u>Interest expense</u>				
Gong Tong Zu Lin Co., Ltd.	\$ 138	\$ 41	\$ 199	\$ 69
Snowdown Merchandise Corporation	-	51	-	51
	<u>\$ 138</u>	<u>\$ 92</u>	<u>\$ 199</u>	<u>\$ 120</u>

g. Acquisition of financial assets

For the six months ended June 30, 2024

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

For the six months ended June 30, 2023: None

h. Disposal of financial assets

For the three months ended June 30, 2024: None

For the six months ended June 30, 2024

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

For the three months ended June 30, 2023: None

For the six months ended June 30, 2023: None

i. Non-current liabilities

Related Party Name	June 30, 2024	December 31, 2023	June 30, 2023
Zhonglu Investment Co., Ltd.	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ -</u>

j. Other income

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Associates	\$ -	\$ 426	\$ 163	\$ 974
Related party in substance	<u>28</u>	<u>28</u>	<u>57</u>	<u>57</u>
	<u>\$ 28</u>	<u>\$ 454</u>	<u>\$ 220</u>	<u>\$ 1,031</u>

k. Expenses

Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Related party in substance	\$ 671	\$ 573	\$ 1,376	\$ 1,786
Associates	<u>614</u>	<u>4,447</u>	<u>1,320</u>	<u>6,806</u>
	<u>\$ 1,285</u>	<u>\$ 5,020</u>	<u>\$ 2,696</u>	<u>\$ 8,592</u>

The expenses included rents, other expenses, etc.

l. Remuneration of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 23,331	\$ 22,710	\$ 47,556	\$ 45,024
Post-employment benefits	125	213	302	415
Share-based payments	<u>382</u>	<u>508</u>	<u>816</u>	<u>949</u>
	<u>\$ 23,838</u>	<u>\$ 23,431</u>	<u>\$ 48,674</u>	<u>\$ 46,388</u>

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

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	June 30, 2024	December 31, 2023	June 30, 2023
Pledged deposits	\$ 10,571	\$ -	\$ -
Investment properties	<u>565,874</u>	<u>-</u>	<u>-</u>
	<u>\$ 576,445</u>	<u>\$ -</u>	<u>\$ -</u>

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of June 30, 2024 and 2023 were as follows:

Significant Commitments

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

	June 30, 2024	December 31, 2023	June 30, 2023
USD	<u>\$ 1,677</u>	<u>\$ 7,540</u>	<u>\$ 1,104</u>
EUR	<u>\$ -</u>	<u>\$ 215</u>	<u>\$ 114</u>

- b. As of June 30, 2024, December 31, 2023 and June 30, 2023, guarantees issued by financial institutions for purchases of raw materials and development of technology all amounted to \$16,000 thousand.

- c. Unrecognized commitments were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Acquisition of property, plant and equipment	<u>\$ 224,420</u>	<u>\$ 325,689</u>	<u>\$ 435,714</u>
Acquisition of investment properties	<u>\$ -</u>	<u>\$ 87,291</u>	<u>\$ -</u>

36. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

June 30, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 87,576	32.45 (USD:NTD)	\$ 2,841,841
USD	2,012	7.3003 (USD:RMB)	65,289
USD	28,637	25,352 (USD:VND)	929,271
VND	58,584,071	0.000039 (VND:USD)	74,988
EUR	348	172.087 (EUR:JPY)	12,079
Non-monetary items			
Investments in associates accounted for using equity method			
CAD	2,966	23.67 (CAD:NTD)	70,187
IDR	93,330,227	0.00198 (IDR:NTD)	184,793

Financial liabilities

Monetary items			
USD	58,683	32.45 (USD:NTD)	1,904,263
USD	1,220	7.3003 (USD:RMB)	39,589
USD	13,148	25,352 (USD:VND)	426,653
USD	575	160.882 (USD:JPY)	18,659
VND	90,771,165	0.000039 (VND:USD)	116,187
EUR	389	1.0696 (EUR:USD)	13,502

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 61,374	30.705 (USD:NTD)	\$ 1,884,489
USD	625	7.0961 (USD:RMB)	19,191
USD	30,791	24,177 (USD:VND)	945,438
VND	21,950,308	0.000041 (VND:USD)	27,877
EUR	237	33.98 (EUR:NTD)	8,053
EUR	620	156.446 (EUR:JPY)	21,068
Non-monetary items			
Investments in associates accounted for using equity method			
CAD	3,169	23.2 (CAD:NTD)	73,535
IDR	62,531,373	0.00198 (IDR:NTD)	123,812

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 49,462	30.705 (USD:NTD)	\$ 1,518,731
USD	529	7.0961 (USD:RMB)	16,243
USD	8,856	24,177 (USD:VND)	271,923
USD	2,760	141.367 (USD:JPY)	84,746
VND	70,167,955	0.000041 (VND:USD)	89,113
EUR	560	1.1067 (EUR:USD)	19,029
			(Concluded)

June 30, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 86,992	31.14 (USD:NTD)	\$ 2,708,931
USD	25,583	23,591 (USD:VND)	796,665
VND	18,637,763	0.000042 (VND:USD)	24,602
EUR	909	33.81 (EUR:NTD)	30,733
Non-monetary items			
Investments in associates accounted for using equity method			
CAD	1,962	23.48 (CAD:NTD)	46,066
IDR	64,575,000	0.00208 (IDR:NTD)	134,316

Financial liabilities

Monetary items			
USD	52,981	31.14 (USD:NTD)	1,649,828
USD	16,244	23,591 (USD:VND)	505,838
USD	3,528	144.837 (USD:JPY)	109,862
USD	361	7.2723 (USD:RMB)	11,242
VND	67,275,201	0.000042 (VND:USD)	88,803
EUR	196	33.81 (EUR:NTD)	6,627
EUR	854	1.0857 (EUR:USD)	28,874

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

For the Three Months Ended June 30				
2024			2023	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
VND	0.00128 (VND:NTD)	\$ 7,540	0.00131 (VND:NTD)	\$ 7,894
NTD	1 (NTD:NTD)	11,326	1 (NTD:NTD)	37,249
USD	32.355 (USD:NTD)	735	30.705 (USD:NTD)	938
RMB	4.458 (RMB:NTD)	1,512	4.374 (RMB:NTD)	1,310
JPY	0.2076 (JPY:NTD)	<u>(177)</u>	0.2238 (JPY:NTD)	<u>(11,195)</u>
		<u>\$ 20,936</u>		<u>\$ 36,196</u>

For the Six Months Ended June 30				
2024			2023	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
VND	0.00128 (VND:NTD)	\$ 21,049	0.0013 (VND:NTD)	\$ 6,489
NTD	1 (NTD:NTD)	31,027	1 (NTD:NTD)	28,366
USD	31.901 (USD:NTD)	2,488	30.55 (USD:NTD)	683
RMB	4.412 (RMB:NTD)	1,406	4.408 (RMB:NTD)	494
JPY	0.2098 (JPY:NTD)	<u>(6,094)</u>	0.2269 (JPY:NTD)	<u>(14,719)</u>
		<u>\$ 49,876</u>		<u>\$ 21,313</u>

38. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

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

- 9) Trading in derivative instruments (Note 7)
- 10) Intercompany relationships and significant intercompany transactions (Table 6)
- b. Information on investees (Table 7)
- c. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 9):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

39. SEGMENT INFORMATION

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

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

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

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

Others

Segment revenue and results

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

	<u>Segment Revenue</u>		<u>Segment Profit (Loss)</u>	
	<u>For the Six Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Apparel department	\$ 2,432,277	\$ 2,739,624	\$ 256,581	\$ 316,806
Down material department	1,075,892	868,050	44,680	70,299
Home textile department	608,161	604,600	32,900	35,797
Others	<u>6,647</u>	<u>57,464</u>	<u>(2,124)</u>	<u>(41,880)</u>
Segment revenue	4,122,977	4,269,738	332,037	381,022
Eliminations	<u>(96,125)</u>	<u>(55,745)</u>	<u>-</u>	<u>-</u>
Segment revenue or segment income	<u>\$ 4,026,852</u>	<u>\$ 4,213,993</u>	332,037	381,022
Interest income			27,365	25,424
Other income			10,390	10,498
Other gains and losses			153,299	60,866
Finance costs			(18,263)	(12,664)
Share of profit or loss of associates			<u>(13,329)</u>	<u>290</u>
Profit before tax			<u>\$ 491,499</u>	<u>\$ 465,436</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, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 2)	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing (Note 3)	Business Transaction Amount (Note 4)	Reasons for Short-term Financing (Note 5)	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 6)	Aggregate Financing Limit (Note 6)	Note
													Item	Value			
0	Kwong Lung Enterprise Co., Ltd.	Manumech Corporation	Other receivables from related parties	Yes	\$ 51,000	\$ 51,000	\$ -	-	b	\$ -	Operating capital	\$ -	N/A	\$ -	\$ 2,233,729 (Note 6, a)	\$ 2,233,729 (Note 6, b)	
1	P&B Collection Co., Ltd.	Koutou Co., Ltd.	Other receivables from related parties	Yes	75,000	75,000	75,000	2.20	b	-	Operating capital	-	N/A	-	110,298 (Note 6, a)	110,298 (Note 6, b)	
		Manumech Corporation	Other receivables from related parties	Yes	12,000	12,000	12,000	2.20	b	-	Operating capital	-	N/A	-	110,298 (Note 6, a)	110,298 (Note 6, b)	
2	Bo Hsing Enterprise Co., Ltd.	Fuhua Garment Co., Ltd.	Other receivables from related parties	Yes	97,350	97,350	-	-	b	-	Operating capital	-	N/A	-	1,196,842 (Note 6, a)	1,196,842 (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 shall not exceed either 40% or 100% of the lender's net equity of the prior year. For No. 0: \$5,584,323 (net worth) \times 40% = \$2,233,729; for No. 1: \$275,744 (net worth) \times 40% = \$110,298; for No. 2: \$1,196,842 (net worth) \times 100% = \$1,196,842.
b. Total loans shall not exceed either 40% or 100% of the lender's net equity of the prior year. For No. 0: \$5,584,323 (net worth) \times 40% = \$2,233,729; for No. 1: \$275,744 (net worth) \times 40% = \$110,298; for No. 2: \$1,196,842 (net worth) \times 100% = \$1,196,842.

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party		Limited on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 2)										
1	Kwong Lung (Suzhou) Co., Ltd.	Kwong Lung Feather (B.V.I.) Limited	d.	\$ 206,792 (Note 3)	\$ 44,870	\$ 44,450	\$ 21,822	\$ -	21.50%	\$ 206,792 (Note 3)	N	N	N

Note 1: The numbers denote the following:

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

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

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

- Note 3:
- a. The maximum balance of endorsement/guarantee provided by the Company and to individual company cannot exceed 100% of net assets for No. 1: \$206,792 (net worth) × 100% = \$206,792.
 - b. The maximum balance of endorsement/guarantee provided by the Company cannot exceed 100% of net assets for No. 1: \$206,792 (net worth) × 100% = \$206,792.
 - 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, 2024

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2024				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Kwong Lung Enterprise Co., Ltd.	<u>Ordinary shares</u> Co-Tech Development Corporation	-	Financial assets at FVTOCI - non-current	3,000,000	\$ 210,600	1.19	\$ 210,600	
Gonglong Co., Ltd.	<u>Ordinary shares</u> Speed Tech Corporation	-	Financial assets at FVTOCI - non-current	300,000	17,040	0.17	17,040	
	Taihan Precision Technology Co., Ltd.	-	Financial assets at FVTOCI - non-current	600,000	12,180	0.77	12,180	
Kwong Lung (B.V.I.) Ltd.	<u>Ordinary shares</u> J&B International Inc.	-	Financial assets at FVTOCI - non-current	485,938	14,384	1.77	14,384	
	<u>Financial bonds</u> Foxconn (Far East) Limited	-	Financial assets at FVTOCI - non-current	1,000,000	27,762	-	27,762	
	Shinhan Card Co., Ltd.	-	Financial assets at FVTOCI - non-current	1,000,000	30,002	-	30,002	
	Tsmc Global Ltd.	-	Financial assets at FVTOCI - non-current	1,000,000	26,323	-	26,323	
	United Health Group Inc.	-	Financial assets at FVTOCI - non-current	1,000,000	33,051	-	33,051	
	American Express	-	Financial assets at FVTOCI - non-current	5,600,000	177,557	-	177,557	
	Chilean government international bonds	-	Financial assets at FVTOCI - non-current	200,000	4,646	-	4,646	
	Broadcom Corporation	-	Financial assets at FVTOCI - non-current	4,000,000	122,074	-	122,074	

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

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Note/Trade Receivables (Payables)			Note
			Purchase/ 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	\$ 924,562	31	T/T 30-180 days	No significant difference	No significant difference	Trade payables	\$ 831,256	43	
Bo Hsing Enterprise Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Sale	924,562	100	T/T 30-180 days	No significant difference	No significant difference	Trade receivables	831,256	100	
Kwong Lung Enterprise Co., Ltd.	Kwong Lung Meko Co., Ltd.	Subsidiary	Purchase	953,093	32	T/T 30-180 days	No significant difference	No significant difference	Trade payables	545,057	28	
Kwong Lung Meko Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Sale	953,093	78	T/T 30-180 days	No significant difference	No significant difference	Trade receivables	545,057	83	
Kwong Lung Enterprise Co., Ltd.	Kwong Lung (Suzhou) Co., Ltd.	Subsidiary	Purchase	133,449	5	Prepayment or T/T 30-180 days	No significant difference	No significant difference	Trade payables	59,911	3	
Kwong Lung (Suzhou) Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Sale	133,449	21	Sales revenue received in advance or T/T 30-180 days	No significant difference	No significant difference	Trade receivables	59,911	96	

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, 2024

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

Company Name	Related Party	Relationship	Receivables from Related Parties Balance		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
			Account	Ending Balance		Amount	Actions Taken		
Kwong Lung Enterprise Co., Ltd.	Bo Hsing Enterprise Co., Ltd.	Subsidiary	Other receivables	\$ 364,562	-	\$ -	-	\$ 71,267	\$ -
	Kwong Lung Meko Co., Ltd.	Subsidiary	Other receivables	190,369	-	-	-	46,397	-
Bo Hsing Enterprise Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Trade receivables	831,256	2.33	-	-	172,471	-
Kwong Lung Meko Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Trade receivables	545,057	3.76	-	-	128,688	-

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

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(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	\$ 39,919	No significant difference	1
			a	Cost of goods sold	953,093	No significant difference	24
			a	Trade receivables	40,195	No significant difference	-
			a	Trade payables	545,057	No significant difference	5
		Kwong Lung Japan Co., Ltd.	a	Other receivables	190,369	-	2
			a	Sales revenue	23,325	No significant difference	1
		Toptex Garment Co., Ltd.	a	Trade receivables	18,650	No significant difference	-
			a	Cost of goods sold	93,932	No significant difference	2
			a	Trade payables	34,610	No significant difference	-
		Bo Hsing Enterprise Co., Ltd.	a	Other receivables	59,922	-	1
			a	Cost of goods sold	924,562	No significant difference	23
			a	Trade payables	831,256	No significant difference	8
		Kwong Lung (Suzhou) Co., Ltd.	a	Other receivables	364,562	-	4
			a	Cost of goods sold	133,449	No significant difference	3
a	Trade payables		59,911	No significant difference	1		
1	Kwong Lung Meko Co., Ltd.	Kwong Lung (Suzhou) Co., Ltd.	c	Sales revenue	57,000	No significant difference	1
			c	Trade receivables	35,117	No significant difference	-
		Bo Hsing Enterprise Co., Ltd.	c	Processing revenue	28,452	No significant difference	1
			c	Sales revenue	34,447	No significant difference	1
			c	Trade receivables	55,708	No significant difference	1
2	Kwong Long-O Mon Company Limited	Bo Hsing Enterprise Co., Ltd.	c	Processing revenue	31,912	No significant difference	1
			c	Trade receivables	34,152	No significant difference	-
		Kwong Lung Meko Co., Ltd.	c	Processing revenue	18,724	No significant difference	-
			c	Trade receivables	13,136	No significant difference	-
3	Toptex Garment Co., Ltd.	Bo Hsing Enterprise Co., Ltd.	c	Processing revenue	36,167	No significant difference	1
			c	Trade receivables	23,195	No significant difference	-
4	P&B Collection CO., LTD	Manumech Corporation Koutou Co., Ltd.	c	Other receivables	12,000	-	-
			c	Other receivables	75,000	-	1

Note 1: The parent company and its subsidiaries are coded as follows:

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

(Continued)

Note 2: Nature of relationship is as follows:

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

Note 3: The percentage calculation is based on the consolidated total operating revenue or total assets. For balance sheet items, each item's period-end balance is shown as a percentage to consolidated total assets as of June 30, 2024. For profit or loss items, cumulative amounts are shown as a percentage to consolidated total operating revenue for the six months ended June 30, 2024.

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

(Concluded)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2024	December 31, 2023	Shares	%	Carrying Amount			
Kwong Lung Enterprise Co., Ltd.	Kwong Lung (B.V.I.) Ltd.	British Virgin Islands	Overseas reinvested holding company	\$ 660,552	\$ 660,552	18,000	100.00	\$ 1,030,350	\$ 76,969	\$ 76,969	Subsidiary
	Kwong Lung Meko Co., Ltd.	Vietnam	Manufacturing of apparel, down and bedding	198,399	198,399	-	100.00	1,609,045	87,187	87,354	Subsidiary
	Kwong Lung Japan Co., Ltd.	Japan	Selling of down and bedding	280,977	280,977	10,500	100.00	335,847	15,949	15,949	Subsidiary
	Bo Hsing Enterprise Co., Ltd.	Vietnam	Manufacturing of apparel and bedding	386,911	386,911	-	100.00	1,196,842	10,708	10,708	Subsidiary
	Toptex Garment Co., Ltd.	Vietnam	Manufacturing of apparel	191,809	191,809	-	100.00	68,715	5,836	5,836	Subsidiary
	P&B Collection Co., Ltd.	Taiwan	Selling of bedding	260,000	260,000	20,618,088	100.00	268,884	4,358	4,358	Subsidiary
	Manumech Corporation	Taiwan	Wholesale	103,319	103,319	5,851,916	100.00	20,363	(387)	(387)	Subsidiary
	Kwong Lung-O Mon Company Limited	Vietnam	Manufacturing of apparel	69,799	69,799	-	100.00	75,805	(894)	(1,324)	Subsidiary
	Fuhua Garment Co., Ltd.	Vietnam	Manufacturing of apparel	93,135	93,135	-	100.00	95,499	2,666	2,666	Subsidiary
	Snowdown Merchandise Corporation	Taiwan	Real estate rental and leasing	-	23,017	-	-	-	-	-	Associate (disposed in January 2024)
	Gonglong Co., Ltd.	Taiwan	Real estate rental and leasing	269,178	32,078	26,200,000	100.00	393,885	(3,156)	(4,548)	Subsidiary
	BBL Premium Co., Ltd.	Taiwan	Selling of bedding	14,000	14,000	700,000	20.00	5,939	(4,246)	(1,733)	Associate
	PT. Tactical Garment Garut	Indonesia	Manufacturing of apparel	210,443	138,060	6,750	45.00	184,793	(24,381)	(10,972)	Associate
	Kwong Lung (B.V.I.) Ltd.	Kwong Lung Feather (B.V.I.) Limited	British Virgin Islands	Overseas reinvested holding company	-	-	1	100.00	111,050	9,111	NA
Kwong Lung Japan Co., Ltd.	Rising Living Co., Ltd.	Japan	Selling of bedding	5,265	3,943	600	100.00	2,378	(256)	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	62,077	2,928	NA	Subsidiary
Kwong Lung Meko Co., Ltd.	Kwong Lung Meko (B.V.I.) Ltd.	British Virgin Islands	Overseas reinvested holding company	92,880	92,880	3,000,000	60.00	100,987	2,928	NA	Subsidiary
Gonglong Co., Ltd.	Koutou Co., Ltd.	Taiwan	Construction business	79,952	79,952	8,928,673	60.00	83,962	(2,475)	NA	Subsidiary
P&B Collection Co., Ltd.	Gong Tong Zu Lin Co., Ltd.	Taiwan	Wholesale of machinery and equipment	27,300	27,300	6,084,000	39.00	99,912	8,649	NA	Associate of subsidiary
	Daquan Hanshi Co., Ltd.	Taiwan	Food service activities	5,513	5,513	655,200	39.00	13,202	103	NA	Associate of subsidiary
Kwong Lung Meko (B.V.I.) Ltd.	Lyon Ventures Holdings Ltd.	Canada	Selling of bedding	18,231	18,231	90,000	49.00	8,608	(2,837)	NA	Associate of subsidiary
	O'casa Lk Property Group Inc.	Canada	Overseas reinvested holding company	67,114	67,114	289,100	49.00	61,579	(5,404)	NA	Associate of subsidiary

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

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2024	Accumulated Repatriation of Investment Income as of June 30, 2024
					Outward	Inward						
Kwong Lung (Suzhou) Co., Ltd.	Manufacturing and selling of down and bedding	US\$ 5,000	b. 1)	\$ 149,546	\$ -	\$ -	\$ 149,546	\$ 25,639	100	\$ 25,639 b. 3)	\$ 206,792	\$ -
Kunshan Fulong Trade Co., Ltd.	Selling of bedding	RMB 5,000	c. 1)	-	-	-	-	(1,383)	100	(1,383) b. 3)	9,334	-

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Kwong Lung Enterprise Co., Ltd.	\$ 598,186 (Note 3)	\$ 600,875 (US\$ 20,000)	\$ 3,437,084 (Note 4)

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

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

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

- a. If it is in preparation, there is no investment loss, it should be noted.
- b. Recognition of gains or losses was based on the following three information:
 - 1) Financial statements which were audited by an international accounting firm with a cooperative relationship with an ROC accounting firm.
 - 2) Financial statements which were audited by the parent company's accounting firm.
 - 3) 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, 2024.

Note 4: The maximum allowable limit on investment was 60% of the consolidated net asset value of the Company \$5,728,473 (consolidated net worth) × 60% = \$3,437,084.

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, 2024 (In Thousands of New Taiwan Dollars)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized Gain
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Kwong Lung (Suzhou) Co., Ltd. (Note 1)	Purchase	\$ 133,449	5	Normal	Prepayment or T/T 30-180 days	No significant difference	Trade payables \$ 59,911	3	\$ -
Kwong Lung (Suzhou) Co., Ltd. (Note 2)	Sale	57,000	5	Normal	Sales revenue received in advance or T/T 30-180 days	No significant difference	Trade receivables 35,117	5	-

Note 1: As of June 30, 2024, the Company had transactions with Kwong Lung (Suzhou) Co., Ltd. for processing of materials and purchasing materials amounted to \$4,404 thousand of the Company's other receivables.

Note 2: As of June 30, 2024, Kwong Lung Meko Co., Ltd., the investor company, had significant transactions with Kwong Lung (Suzhou) Co., Ltd., the investee company in mainland China.

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

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES**INFORMATION OF MAJOR SHAREHOLDERS****JUNE 30, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Kai Sheng Investment Co., Ltd.	14,879,755	9.84
Ou Li Investment Co., Ltd.	12,700,000	8.40

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