

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

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Kwong Lung Enterprise Co., Ltd. and its subsidiaries (collectively, the "Group") as of September 30, 2023 and 2022, the consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 14 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2023 and 2022, the combined total assets of these non-significant subsidiaries were NT\$1,920,846 thousand and NT\$2,591,401 thousand, respectively, representing 23% and 29%, respectively, of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries were NT\$491,108 thousand and NT\$819,452 thousand, respectively, representing 19% and 23%, respectively, of the consolidated total liabilities; for the three months and nine months ended September 30, 2023 and 2022, the amounts of combined comprehensive income of these non-significant subsidiaries were NT\$31,845 thousand, NT\$121,007 thousand, NT\$94,449 thousand and NT\$212,035 thousand, respectively, representing 12%, 26%, 14% and 23%, respectively, of the consolidated total comprehensive income. In addition, as disclosed in Note 15 to the consolidated financial statements, the total carrying amounts of the investments accounted for using the equity method were NT\$581,442 thousand and NT\$319,464 thousand as of September 30, 2023 and 2022, respectively. The share of

profit of associates accounted for using the equity method for the three months and nine months ended September 30, 2023 and 2022 were NT\$15,940 thousand, NT\$12,465 thousand, NT\$16,230 thousand and NT\$19,141 thousand, respectively. The amounts of the related equity-method investment as well as the additional disclosures in Note 37 to the consolidated financial statements were based on the equity-method investees' unreviewed financial statements for the same reporting periods.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and other investees accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 9, 2023

Notice to Readers

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

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

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 769,850	9	\$ 1,529,546	18	\$ 1,463,113	16
Financial assets at fair value through profit or loss - current (Note 7)	48,860	1	4,873	-	5,659	-
Financial assets at amortized cost - current (Notes 9 and 33)	657,956	8	69,412	1	77,520	1
Notes receivable (Note 11)	-	-	8,925	-	15,713	-
Trade receivables (Notes 11 and 32)	1,125,476	14	969,216	11	1,438,273	16
Other receivables (Note 11)	179,536	2	249,302	3	372,797	4
Inventories (Note 13)	1,536,911	18	2,117,954	25	2,173,064	24
Other current assets (Notes 12 and 20)	140,967	2	214,227	2	220,498	3
Total current assets	4,459,556	54	5,163,455	60	5,766,637	64
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 10)	319,613	4	173,383	2	137,521	1
Financial assets at amortized cost - non-current (Note 9)	50,000	1	50,000	1	50,000	1
Investments accounted for using the equity method (Note 15)	581,442	7	352,564	4	319,464	3
Property, plant and equipment (Notes 16, 32 and 33)	1,769,187	21	1,631,600	19	1,597,675	18
Right-of-use assets (Notes 17 and 32)	95,792	1	96,778	1	107,629	1
Investment properties, net (Note 18)	772,412	9	800,475	9	783,104	9
Intangible assets (Note 19)	29,035	-	35,280	-	36,732	-
Deferred tax assets	52,145	1	50,208	1	71,580	1
Other non-current assets (Notes 12 and 20)	170,428	2	213,144	3	159,472	2
Total non-current assets	3,840,054	46	3,403,432	40	3,263,177	36
TOTAL	\$ 8,299,610	100	\$ 8,566,887	100	\$ 9,029,814	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 21)	\$ 989,120	12	\$ 799,039	9	\$ 1,065,615	12
Short-term bills payable (Note 21)	-	-	30,000	-	30,000	-
Financial liabilities at fair value through profit or loss - current (Note 7)	8,696	-	18,622	-	24,811	-
Notes payable	136	-	22,905	-	6,987	-
Trade payables (Note 32)	405,454	5	827,212	10	943,284	10
Other payables (Notes 22 and 32)	359,512	4	393,454	5	414,218	5
Current tax liabilities (Note 4)	145,673	2	221,769	3	225,354	3
Lease liabilities - current (Notes 17 and 32)	24,297	-	34,160	-	42,817	-
Current portion of long-term liabilities (Notes 21 and 33)	-	-	1,460	-	-	-
Other current liabilities	29,436	1	55,328	1	68,709	1
Total current liabilities	1,962,324	24	2,403,949	28	2,821,795	31
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 21 and 33)	450,000	5	427,210	5	528,670	6
Deferred tax liabilities	126,911	2	122,999	2	143,623	2
Lease liabilities - non-current (Notes 17 and 32)	27,745	-	18,746	-	22,573	-
Net defined benefit liabilities - non-current (Notes 4 and 23)	12,398	-	14,061	-	16,812	-
Other non-current liabilities	8,641	-	7,594	-	6,765	-
Total non-current liabilities	625,695	7	590,610	7	718,443	8
Total liabilities	2,588,019	31	2,994,559	35	3,540,238	39
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 24 and 27)						
Share capital						
Ordinary shares	1,499,987	18	1,408,331	16	1,390,327	16
Preference shares	7,946	-	96,117	1	112,571	1
Advance receipts for ordinary shares	-	-	279	-	174	-
Total share capital	1,507,933	18	1,504,727	17	1,503,072	17
Capital surplus	2,231,317	27	2,219,093	26	2,214,172	25
Retained earnings						
Legal reserve	668,803	8	575,708	7	575,708	6
Special reserve	95,491	1	182,576	2	182,576	2
Unappropriated earnings	1,172,870	14	1,181,999	14	1,067,028	12
Total retained earnings	1,937,164	23	1,940,283	23	1,825,312	20
Other equity interests						
Exchange differences on the translation of the financial statements of foreign operations	(103,180)	(1)	(167,501)	(2)	(114,135)	(1)
Unrealized gain on financial assets at fair value through other comprehensive income	136,825	2	72,010	1	42,288	-
Total other equity interests	33,645	1	(95,491)	(1)	(71,847)	(1)
Total equity attributable to owners of the Company	5,710,059	69	5,568,612	65	5,470,709	61
NON-CONTROLLING INTERESTS	1,532	-	3,716	-	18,867	-
Total equity	5,711,591	69	5,572,328	65	5,489,576	61
TOTAL	\$ 8,299,610	100	\$ 8,566,887	100	\$ 9,029,814	100

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

(With Deloitte & Touche review report dated November 9, 2023)

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 September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Note 32)								
Sales revenue	\$ 2,185,219	100	\$ 3,210,400	100	\$ 6,399,212	100	\$ 8,152,797	100
OPERATING COSTS (Notes 13, 25 and 32)								
Cost of goods sold	<u>(1,787,453)</u>	<u>(82)</u>	<u>(2,633,686)</u>	<u>(82)</u>	<u>(5,208,957)</u>	<u>(81)</u>	<u>(6,776,959)</u>	<u>(83)</u>
GROSS PROFIT	<u>397,766</u>	<u>18</u>	<u>576,714</u>	<u>18</u>	<u>1,190,255</u>	<u>19</u>	<u>1,375,838</u>	<u>17</u>
OPERATING EXPENSES (Notes 25 and 32)								
Selling and marketing expenses	(97,772)	(4)	(119,314)	(4)	(259,920)	(4)	(301,855)	(4)
General and administrative expenses	(101,238)	(5)	(92,421)	(3)	(282,138)	(4)	(250,407)	(3)
Research and development expenses	(13,639)	(1)	(13,340)	-	(39,408)	(1)	(36,907)	(1)
Expected credit loss	<u>(1,028)</u>	<u>-</u>	<u>(986)</u>	<u>-</u>	<u>(43,678)</u>	<u>(1)</u>	<u>(5,748)</u>	<u>-</u>
Total operating expenses	<u>(213,677)</u>	<u>(10)</u>	<u>(226,061)</u>	<u>(7)</u>	<u>(625,144)</u>	<u>(10)</u>	<u>(594,917)</u>	<u>(8)</u>
PROFIT FROM OPERATIONS	<u>184,089</u>	<u>8</u>	<u>350,653</u>	<u>11</u>	<u>565,111</u>	<u>9</u>	<u>780,921</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Notes 25 and 32)								
Interest income	13,821	-	6,205	-	39,245	1	13,009	-
Other income	14,280	1	16,523	1	24,778	-	21,532	1
Other gains and losses	44,075	2	76,238	2	104,941	2	175,967	2
Finance costs	(7,085)	-	(6,194)	-	(19,749)	-	(15,677)	-
Share of profit of associates accounted for using the equity method	<u>15,940</u>	<u>1</u>	<u>12,465</u>	<u>-</u>	<u>16,230</u>	<u>-</u>	<u>19,141</u>	<u>-</u>
Total non-operating income and expenses	<u>81,031</u>	<u>4</u>	<u>105,237</u>	<u>3</u>	<u>165,445</u>	<u>3</u>	<u>213,972</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	265,120	12	455,890	14	730,556	12	994,893	12
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(51,878)</u>	<u>(2)</u>	<u>(87,219)</u>	<u>(2)</u>	<u>(167,854)</u>	<u>(3)</u>	<u>(186,700)</u>	<u>(2)</u>
NET PROFIT FOR THE PERIOD	<u>213,242</u>	<u>10</u>	<u>368,671</u>	<u>12</u>	<u>562,702</u>	<u>9</u>	<u>808,193</u>	<u>10</u>
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	1,500	-	(22,200)	(1)	35,400	1	(117,750)	(2)
Share of the other comprehensive (loss) income of associates accounted for using the equity method	<u>(14,193)</u>	<u>(1)</u>	<u>1,649</u>	<u>-</u>	<u>32,339</u>	<u>-</u>	<u>1,307</u>	<u>-</u>
	<u>(12,693)</u>	<u>(1)</u>	<u>(20,551)</u>	<u>(1)</u>	<u>67,739</u>	<u>1</u>	<u>(116,443)</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 September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	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	\$ 59,840	3	\$ 124,418	4	\$ 64,765	1	\$ 227,035	3
Unrealized gain on investments in debt instrument at fair value through other comprehensive income	143	-	-	-	360	-	-	-
	<u>59,983</u>	<u>3</u>	<u>124,418</u>	<u>4</u>	<u>65,125</u>	<u>1</u>	<u>227,035</u>	<u>3</u>
Other comprehensive income for the period, net of income tax	<u>47,290</u>	<u>2</u>	<u>103,867</u>	<u>3</u>	<u>132,864</u>	<u>2</u>	<u>110,592</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>\$ 260,532</u></u>	<u><u>12</u></u>	<u><u>\$ 472,538</u></u>	<u><u>15</u></u>	<u><u>\$ 695,566</u></u>	<u><u>11</u></u>	<u><u>\$ 918,785</u></u>	<u><u>11</u></u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 213,342	10	\$ 369,587	12	\$ 563,095	9	\$ 809,367	10
Non-controlling interests	<u>(100)</u>	<u>-</u>	<u>(916)</u>	<u>-</u>	<u>(393)</u>	<u>-</u>	<u>(1,174)</u>	<u>-</u>
	<u><u>\$ 213,242</u></u>	<u><u>10</u></u>	<u><u>\$ 368,671</u></u>	<u><u>12</u></u>	<u><u>\$ 562,702</u></u>	<u><u>9</u></u>	<u><u>\$ 808,193</u></u>	<u><u>10</u></u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 260,622	12	\$ 473,262	15	\$ 696,088	11	\$ 919,595	11
Non-controlling interests	<u>(90)</u>	<u>-</u>	<u>(724)</u>	<u>-</u>	<u>(522)</u>	<u>-</u>	<u>(810)</u>	<u>-</u>
	<u><u>\$ 260,532</u></u>	<u><u>12</u></u>	<u><u>\$ 472,538</u></u>	<u><u>15</u></u>	<u><u>\$ 695,566</u></u>	<u><u>11</u></u>	<u><u>\$ 918,785</u></u>	<u><u>11</u></u>
EARNINGS PER SHARE (Note 27)								
Basic	<u>\$ 1.44</u>		<u>\$ 2.78</u>		<u>\$ 3.86</u>		<u>\$ 5.79</u>	
Diluted	<u>\$ 1.42</u>		<u>\$ 2.45</u>		<u>\$ 3.69</u>		<u>\$ 5.06</u>	

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

(With Deloitte & Touche review report dated November 9, 2023)

(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 Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
	Ordinary Shares	Advance Receipts for Ordinary Shares	Preference Shares	Subtotal		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2022	\$ 1,313,228	\$ 4,348	\$ 182,000	\$ 1,499,576	\$ 2,192,751	\$ 516,709	\$ 59,807	\$ 872,772	\$ (347,919)	\$ 165,343	\$ 4,959,039	\$ 23,225	\$ 4,982,264
Appropriation of the 2021 earnings													
Legal reserve	-	-	-	-	-	58,999	-	(58,999)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	122,769	(122,769)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(394,455)	-	-	(394,455)	-	(394,455)
Cash dividends of preference shares distributed by the Company	-	-	-	-	-	-	-	(45,500)	-	-	(45,500)	-	(45,500)
Net profit (loss) for the nine months ended September 30, 2022	-	-	-	-	-	-	-	809,367	-	-	809,367	(1,174)	808,193
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	-	-	226,671	(116,443)	110,228	364	110,592
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	-	-	809,367	226,671	(116,443)	919,595	(810)	918,785
Convertible preference shares converted	69,429	-	(69,429)	-	-	-	-	-	-	-	-	-	-
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	-	-	7,113	-	7,113	-	7,113
Issuance of ordinary shares under employee share options	7,670	(4,174)	-	3,496	21,421	-	-	-	-	-	24,917	1	24,918
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(3,549)	(3,549)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	6,612	-	(6,612)	-	-	-
BALANCE AT SEPTEMBER 30, 2022	\$ 1,390,327	\$ 174	\$ 112,571	\$ 1,503,072	\$ 2,214,172	\$ 575,708	\$ 182,576	\$ 1,067,028	\$ (114,135)	\$ 42,288	\$ 5,470,709	\$ 18,867	\$ 5,489,576
BALANCE AT JANUARY 1, 2023	\$ 1,408,331	\$ 279	\$ 96,117	\$ 1,504,727	\$ 2,219,093	\$ 575,708	\$ 182,576	\$ 1,181,999	\$ (167,501)	\$ 72,010	\$ 5,568,612	\$ 3,716	\$ 5,572,328
Appropriation of the 2022 earnings													
Legal reserve	-	-	-	-	-	93,095	-	(93,095)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	(87,085)	87,085	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(566,469)	-	-	(566,469)	-	(566,469)
Cash dividends of preference shares distributed by the Company	-	-	-	-	-	-	-	(2,854)	-	-	(2,854)	-	(2,854)
Change in other capital surplus:													
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	-	55	-	-	-	-	(55)	-	-	-
Net profit (loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	-	563,095	-	-	563,095	(393)	562,702
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	-	-	-	64,894	68,099	132,993	(129)	132,864
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	-	563,095	64,894	68,099	696,088	(522)	695,566
Convertible preference shares converted	88,171	-	(88,171)	-	-	-	-	-	-	-	-	-	-
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	3,485	(279)	-	3,206	12,169	-	-	-	-	-	15,375	-	15,375
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	3,229	-	(3,229)	-	-	-
BALANCE AT SEPTEMBER 30, 2023	\$ 1,499,987	\$ -	\$ 7,946	\$ 1,507,933	\$ 2,231,317	\$ 668,803	\$ 95,491	\$ 1,172,870	\$ (103,180)	\$ 136,825	\$ 5,710,059	\$ 1,532	\$ 5,711,591

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

(With Deloitte & Touche review report dated November 9, 2023)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 730,556	\$ 994,893
Adjustments for:		
Depreciation expense	116,475	127,859
Amortization expense	6,427	9,252
Expected credit loss	43,678	5,748
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(40,164)	19,152
Finance costs	19,749	15,677
Interest income	(39,245)	(13,009)
Dividend income	(8,187)	(13,087)
Compensation costs of employee share options	3,542	1,476
Write-downs of inventories	12,126	61,327
Share of profit of associates accounted for using the equity method	(16,230)	(19,141)
(Gain) loss on disposal of property, plant and equipment	(974)	547
Gain on disposal of investment properties	-	(25,289)
Loss on disposal of associates accounted for using the equity method	-	8,516
Net gain on foreign currency exchange	(45,017)	(18,870)
Loss on disposal of subsidiary	2,307	-
Other (gains) and losses	-	(73)
Changes in operating assets and liabilities		
Financial assets mandatorily classified at fair value through profit or loss	4,873	1,673
Notes receivable	8,423	72,711
Trade receivables	(217,147)	(524,883)
Other receivables	80,631	17,150
Inventories	565,062	148,546
Other current assets	43,701	(48,633)
Financial liabilities held for trading	(18,622)	(3,816)
Notes payable	(22,769)	1,715
Trade payables	(439,816)	82,919
Other payables	(33,214)	65,579
Other current liabilities	(25,892)	35,968
Net defined benefit liabilities	(1,663)	(1,735)
Cash generated from operations	728,610	1,002,172
Interest received	28,814	10,532
Interest paid	(18,866)	(15,582)
Income tax paid	(241,882)	(84,867)
Net cash generated from operating activities	<u>496,676</u>	<u>912,255</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(110,470)	-

(Continued)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2023	2022
Acquisition of financial assets at amortized cost	\$ (573,116)	\$ (53,482)
Proceeds from disposal of financial assets at amortized cost	14,931	61,210
Acquisition of investments accounted for using the equity method	(181,949)	-
Net cash inflow on disposal of subsidiary (Note 29)	9,461	-
Acquisition of property, plant and equipment	(190,572)	(109,393)
Proceeds from disposal of property, plant and equipment	47,847	25,100
Acquisition of intangible assets	(180)	(225)
Acquisition of investment properties	(825)	(421,008)
Disposal of investment properties	-	96,195
Increase in other non-current assets	(32,824)	(13,356)
Dividends received from associates	3,753	9,294
Dividends received	8,187	13,087
Net cash used in investing activities	(1,005,757)	(392,578)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	269,219	-
Repayments of short-term borrowings	-	(2,865)
Repayments of short-term bills payable	(30,000)	-
Proceeds from long-term borrowings	600,000	400,000
Repayments of long-term borrowings	(578,670)	(513,043)
Repayments of the principal portion of lease liabilities	(31,244)	(53,005)
Increase in other non-current liabilities	1,047	988
Cash dividends paid	(569,323)	(439,955)
Proceeds from share options exercised	11,833	23,442
Changes in non-controlling interests	(1,775)	(3,549)
Net cash used in financing activities	(328,913)	(587,987)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	78,298	220,632
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(759,696)	152,322
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,529,546	1,310,791
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$ 769,850	\$ 1,463,113

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

(With Deloitte & Touche review report dated November 9, 2023)

(Concluded)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (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 November 9, 2023.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2024

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

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

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other 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 date of acquisition up to the effective date of disposal, as appropriate.

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

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

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

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

d. Other material accounting policy information

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

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

2) Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

6. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 2,303	\$ 1,750	\$ 2,604
Checking accounts and demand deposits	539,311	649,144	592,947
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	<u>228,236</u>	<u>878,652</u>	<u>867,562</u>
	<u>\$ 769,850</u>	<u>\$ 1,529,546</u>	<u>\$ 1,463,113</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets at FVTPL - current</u>			
Mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 48,860</u>	<u>\$ 4,873</u>	<u>\$ 5,659</u>
<u>Financial liabilities at FVTPL - current</u>			
Held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 8,696</u>	<u>\$ 18,622</u>	<u>\$ 24,811</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>September 30, 2023</u>			
Buy	EUR/USD	2023.10.26-2024.4.26	EUR2,435/USD2,683
Buy	USD/JPY	2023.11.20-2024.8.20	USD13,749/JPY1,805,930
Buy	EUR/JPY	2023.12.5-2023.12.29	EUR903/JPY127,061
Sell	USD/NTD	2023.10.6-2023.12.18	USD7,000/NTD220,279
Sell	EUR/NTD	2023.10.26-2024.1.26	EUR695/NTD23,696
Sell	USD/RMB	2023.10.26-2024.3.28	USD587/RMB4,250
<u>December 31, 2022</u>			
Buy	EUR/NTD	2023.1.6	EUR368/NTD11,826
Buy	EUR/USD	2023.1.18-2023.7.27	EUR2,855/USD3,017
Buy	USD/JPY	2023.1.20-2023.12.29	USD9,017/JPY1,234,434
Buy	EUR/JPY	2023.1.31-2023.12.29	EUR2,089/JPY290,911
Sell	EUR/NTD	2023.3.29-2023.7.28	EUR652/NTD20,455
Sell	USD/RMB	2023.2.17	USD130/RMB936
Sell	USD/NTD	2023.1.9-2023.1.31	USD4,000/NTD124,496
<u>September 30, 2022</u>			
Buy	EUR/USD	2022.10.28-2023.3.28	EUR1,985/USD2,163
Buy	USD/JPY	2022.12.19-2023.6.30	USD814/JPY105,175
Buy	EUR/JPY	2023.1.31-2023.2.28	EUR932/JPY118,869
Sell	USD/NTD	2022.10.14-2022.11.25	USD14,000/NTD427,723
Sell	EUR/NTD	2022.12.28-2023.3.29	EUR1,126/NTD35,438
Sell	USD/JPY	2022.10.26	USD400/JPY47,752

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Non-current</u>			
Investments in equity instruments (a)			
Domestic listed shares	\$ 185,400	\$ 150,000	\$ 113,550
Foreign unlisted shares	<u>23,383</u>	<u>23,383</u>	<u>23,971</u>
	<u>208,783</u>	<u>173,383</u>	<u>137,521</u>
Investments in debt instruments (b)-(e)			
Financial bonds	<u>110,830</u>	<u>-</u>	<u>-</u>
	<u>\$ 319,613</u>	<u>\$ 173,383</u>	<u>\$ 137,521</u>

- a. These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.
- b. In March 2023, the Group bought 8-year corporate bonds issued by Foxconn (Far East) Limited with a coupon rate of 2.5%.
- c. In June 2023, the Group bought 3-year corporate bonds issued by Shinhan Card Co., Ltd. with a coupon rate of 1.375%.
- d. In August 2023, the Group bought 7-year corporate bonds issued by TSMC Global Ltd. with a coupon rate of 1.375%.
- e. In August 2023, the Group bought 10-year corporate bonds issued by United Health Group Inc. with a coupon rate of 5.35%.

9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Domestic investments			
Restricted assets - bank balance	\$ -	\$ 11,412	\$ 53,520
Time deposits with original maturities of more than 3 months	<u>657,956</u>	<u>58,000</u>	<u>24,000</u>
	<u>\$ 657,956</u>	<u>\$ 69,412</u>	<u>\$ 77,520</u>
<u>Non-current</u>			
Domestic investments			
Private corporate bond with no active market*	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>

* The Group subscribed five units of five-year unsecured corporate bonds issued by Koutou Co., Ltd. in the principal amount of 10,000 thousand with a coupon rate of 2.5% in August 2022.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

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

11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ -	\$ 8,925	\$ 15,713
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 8,925</u>	<u>\$ 15,713</u>
<u>Trade receivables (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 1,125,557	\$ 969,297	\$ 1,438,354
Less: Allowance for impairment loss	<u>(81)</u>	<u>(81)</u>	<u>(81)</u>
	<u>\$ 1,125,476</u>	<u>\$ 969,216</u>	<u>\$ 1,438,273</u>
<u>Other receivables</u>			
Sale of raw materials	\$ 254,981	\$ 354,659	\$ 468,494
Tax refund receivable	58,154	40,107	44,986
Others	20,131	4,790	7,670
Less: Allowance for impairment loss	<u>(153,730)</u>	<u>(150,254)</u>	<u>(148,353)</u>
	<u>\$ 179,536</u>	<u>\$ 249,302</u>	<u>\$ 372,797</u>

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

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

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

The aging of receivables was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Less than 30 days	\$ 665,793	\$ 370,003	\$ 1,075,246
31-60 days	209,174	395,282	238,545
61-120 days	132,287	204,012	124,563
More than 120 days	<u>118,303</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,125,557</u>	<u>\$ 969,297</u>	<u>\$ 1,438,354</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 Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 81	\$ 81
Add: Net remeasurement of loss allowance	-	-
Foreign exchange gains and losses	<u>-</u>	<u>-</u>
Balance at September 30	<u>\$ 81</u>	<u>\$ 81</u>

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

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 150,254	\$ 144,913
Add: Net remeasurement of loss allowance*	3,009	2,863
Foreign exchange gains and losses	<u>467</u>	<u>577</u>
Balance at September 30	<u>\$ 153,730</u>	<u>\$ 148,353</u>

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

12. FINANCE LEASE RECEIVABLES

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Undiscounted lease payments</u>			
Year 1	\$ 63,701	\$ 49,861	\$ 46,226
Year 2	20,273	20,273	20,273
Year 3	5,098	20,303	20,273
Year 4	<u>-</u>	<u>-</u>	<u>5,098</u>
	89,072	90,437	91,870
Less: Unearned finance income	(6,489)	(9,051)	(10,245)
Less: Allowance for impairment loss	<u>(51,505)</u>	<u>(10,836)</u>	<u>(9,202)</u>
Net investment in leases (presented as finance lease receivables)	<u>\$ 31,078</u>	<u>\$ 70,550</u>	<u>\$ 72,423</u>

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

The implied interest rates inherent in the leases are fixed at the contract dates for the entire term of the lease. The range of implied interest rates inherent in the finance leases was 9.44%-10.44% per annum as of September 30, 2023.

The Group measures the loss allowance for finance lease receivables at an amount equal to lifetime ECLs. The respective leased equipment served as collateral for the finance lease receivables. As of September 30, 2023, part of finance lease receivables were past due. The Group has recognized a loss allowance of \$51,505 thousand for finance lease receivables after taking into consideration the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables.

13. INVENTORIES

	September 30, 2023	December 31, 2022	September 30, 2022
Merchandise	\$ 133,576	\$ 91,465	\$ 161,614
Finished goods	339,628	456,920	439,977
Work in progress	624,429	913,239	945,926
Raw materials and supplies	377,621	454,363	511,671
Goods to subcontractor	67	41	2,655
Inventory in transit	<u>61,590</u>	<u>201,926</u>	<u>111,221</u>
	<u>\$ 1,536,911</u>	<u>\$ 2,117,954</u>	<u>\$ 2,173,064</u>

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2023 and 2022 included inventory write-downs of \$8,632 thousand and \$11,646 thousand, and for the nine months ended September 30, 2023 and 2022 were \$12,126 thousand and \$61,327 thousand, respectively.

14. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark	
			September 30, 2023	December 31, 2022	September 30, 2022		
The Company	Kwong Lung (B.V.I.) Ltd.	Overseas reinvested holding company.	100.00	100.00	100.00	Major subsidiary, 1)	
	Kwong Lung Meko Co., Ltd.	Manufacturing and selling of down and bedding.	100.00	100.00	100.00	Major subsidiary	
	Kwong Lung Japan Co., Ltd.	Manufacturing and selling of down and bedding.	100.00	100.00	100.00	2)	
	Bo Hsing Enterprise Co., Ltd.	Manufacturing and selling of apparel.	100.00	100.00	100.00	3)	
	Toptex Garment Co., Ltd.	Manufacturing and selling of apparel.	100.00	100.00	100.00	2)	
P&B Collection Co., Ltd.	P&B Collection Co., Ltd.	Outerwear knitting mills; apparel, clothing accessories and other textile product manufacturing; other textile products manufacturing; cleaning products manufacturing; wholesale and retail sale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories, furniture, bedclothes, kitchen equipment, fixtures, articles for daily use, cleaning preparations and other textile products; wholesale of pottery, porcelain and glassware; international trade.	100.00	100.00	100.00	2)	
	Kwong Lung-O Mon Company Limited	Manufacturing and selling of apparel.	100.00	100.00	100.00	2)	
	Manumech Corporation	Wholesale	100.00	94.59	94.59	2), 5)	
	Fuhua Garment Co., Ltd.	Manufacturing and selling of apparel.	100.00	-	-	2), 7)	
	Kwong Lung Feather (B.V.I.) Limited	Overseas reinvested holding company.	100.00	100.00	100.00	2)	
	Kwong Lung (Suzhou) Co., Ltd.	Manufacturing and selling of down and bedding.	100.00	100.00	100.00	2)	
	Kwong Lung Japan Co., Ltd.	Rising Living Co., Ltd.	Manufacturing and selling of down and bedding.	51.00	51.00	51.00	2)
	Bo Hsing Enterprise Co., Ltd.	Kwong Lung Meko (B.V.I.) Ltd.	Overseas reinvested holding company.	40.00	40.00	40.00	2)
	Kwong Lung Meko Co., Ltd.	Kwong Lung Meko (B.V.I.) Ltd.	Overseas reinvested holding company	60.00	60.00	60.00	2)
	Kwong Lung (Suzhou) Co., Ltd.	Kunshan Fulong Trade Co., Ltd.	Wholesale of outdoor supplies, household wares, clothing, and related packaging materials; food; Import and export of goods and technology	100.00	100.00	100.00	2)
P&B Collection Co., Ltd.	Huai An He Yu Home Textile Co., Ltd	Home textile products; textile and apparel production and sales; feather acquisition; down processing, down products production and sales; self-support and agents of various types of goods and technology import and export business.	-	-	51.00	2), 4)	
	Manumech Corporation	Wholesale	-	2.76	2.76	2), 5)	
Manumech Corporation	Intime Tech Co., Ltd.	Wholesale	-	100.00	100.00	2), 6)	

- 1) It is a material subsidiary since 2023; its financial statements have not been reviewed as of September 30, 2022.
- 2) It is an immaterial subsidiary; its financial statements have not been reviewed as of September 30, 2023 and 2022.
- 3) It is an immaterial subsidiary; its financial statements have been reviewed as of September 30, 2023 and 2022.
- 4) In line with its business plan, the Group's board of directors resolved to dispose of its subsidiary, Huai An He Yu Textile Co., Ltd. to the related party in substance, Hongze Qiyu Home Textile Co., Ltd., on September 23, 2022 and the registration change of ownership was completed on October 8, 2022. The Group recognized a loss on disposal of \$54 thousand. Refer to Note 28 to the consolidated financial statements for the year ended December 31, 2022 for details of the transaction.
- 5) In February 2023, 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 30 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%.

- 6) 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 29 for details of the transaction.
- 7) In July 2023, the Company incorporated Fuhua Garment Co., Ltd. with the amount of US\$3,000 thousand.

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

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates

	September 30, 2023	December 31, 2022	September 30, 2022
Material associate			
Snowdown Merchandise Corporation	\$ 168,208	\$ 237,026	\$ 234,847
Associates that are not individually material	<u>413,234</u>	<u>115,538</u>	<u>84,617</u>
	<u>\$ 581,442</u>	<u>\$ 352,564</u>	<u>\$ 319,464</u>

Material associates

Name of Associate	<u>Proportion of Ownership and Voting Rights</u>		
	September 30, 2023	December 31, 2022	September 30, 2022
Snowdown Merchandise Corporation	39.5%	39.5%	39.5%

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

Snowdown Merchandise Corporation ("Snowdown Merchandise") had spun-off and incorporated Gonglong Co., Ltd. ("Gonglong"), which was approved by the shareholders in their extraordinary shareholders' meeting on June 13, 2023. Gonglong issued the new shares to Snowdown Merchandise's shareholders as consideration for the transfer. The base date of the spin-off was July 1, 2023. After the spin-off, the Company held a 39.5% interest in Gonglong.

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

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

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

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Property under Construction	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 729,522	\$ 1,112,777	\$ 577,860	\$ 34,738	\$ 167,378	\$ 231,665	\$ 2,853,940
Additions	-	83,584	6,786	230	2,294	161,420	254,314
Disposals	(41,762)	(11,827)	(9,735)	(907)	(30,778)	-	(95,009)
Disposal of subsidiaries	-	-	-	-	(1,513)	-	(1,513)
Reclassification	-	8,230	-	-	-	(9,061)	(831)
Effects of foreign currency exchange differences	-	17,255	17,969	1,218	1,095	1,328	38,865
Balance at September 30, 2023	<u>\$ 687,760</u>	<u>\$ 1,210,019</u>	<u>\$ 592,880</u>	<u>\$ 35,279</u>	<u>\$ 138,476</u>	<u>\$ 385,352</u>	<u>\$ 3,049,766</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 548,879	\$ 491,555	\$ 30,079	\$ 151,827	\$ -	\$ 1,222,340
Depreciation expense	-	45,678	25,298	1,819	5,203	-	77,998
Disposals	-	(7,023)	(9,735)	(907)	(30,471)	-	(48,136)
Disposal of subsidiaries	-	-	-	-	649	-	(649)
Effects of foreign currency exchange differences	-	11,140	15,742	1,131	1,013	-	29,026
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 598,674</u>	<u>\$ 522,860</u>	<u>\$ 32,122</u>	<u>\$ 126,923</u>	<u>\$ -</u>	<u>\$ 1,280,579</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 September 30, 2023	<u>\$ 687,760</u>	<u>\$ 611,345</u>	<u>\$ 70,020</u>	<u>\$ 3,157</u>	<u>\$ 11,553</u>	<u>\$ 385,352</u>	<u>\$ 1,769,187</u>
<u>Cost</u>							
Balance at January 1, 2022	\$ 750,609	\$ 1,055,946	\$ 646,956	\$ 35,816	\$ 216,326	\$ 100,135	\$ 2,805,788
Additions	-	595	17,534	318	4,002	86,315	108,764
Disposals	(21,240)	(13,832)	(40,664)	(4)	(6,148)	-	(81,888)
Reclassification	153	27,566	-	-	-	(27,719)	-
Effects of foreign currency exchange differences	-	58,723	61,880	3,833	4,693	3,743	132,872
Balance at September 30, 2022	<u>\$ 729,522</u>	<u>\$ 1,128,998</u>	<u>\$ 685,706</u>	<u>\$ 39,963</u>	<u>\$ 218,873</u>	<u>\$ 162,474</u>	<u>\$ 2,965,536</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ 476,432	\$ 545,870	\$ 29,295	\$ 196,721	\$ -	\$ 1,248,318
Depreciation expense	-	45,461	28,642	2,002	6,373	-	82,478
Disposals	-	(11,366)	(38,972)	-	(5,903)	-	(56,241)
Effects of foreign currency exchange differences	-	34,254	51,640	3,254	4,158	-	93,306
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 544,781</u>	<u>\$ 587,180</u>	<u>\$ 34,551</u>	<u>\$ 201,349</u>	<u>\$ -</u>	<u>\$ 1,367,861</u>
Carrying amount at January 1, 2022	<u>\$ 750,609</u>	<u>\$ 579,514</u>	<u>\$ 101,086</u>	<u>\$ 6,521</u>	<u>\$ 19,605</u>	<u>\$ 100,135</u>	<u>\$ 1,557,470</u>
Carrying amount at September 30, 2022	<u>\$ 729,522</u>	<u>\$ 584,217</u>	<u>\$ 98,526</u>	<u>\$ 5,412</u>	<u>\$ 17,524</u>	<u>\$ 162,474</u>	<u>\$ 1,597,675</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

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 33.

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Land	\$ 48,983	\$ 48,428	\$ 50,569
Buildings	34,092	35,955	40,347
Machinery	636	1,080	1,522
Transportation equipment	<u>12,081</u>	<u>11,315</u>	<u>15,191</u>
	<u>\$ 95,792</u>	<u>\$ 96,778</u>	<u>\$ 107,629</u>
	For the Three Months Ended September 30	For the Nine Months Ended September 30	
	2023	2022	2023
	2022	2023	2022
Additions to right-of-use assets	<u>\$ 9,528</u>	<u>\$ 13,416</u>	<u>\$ 30,180</u>
Depreciation charge for right-of-use assets			
Land	\$ 494	\$ 745	\$ 1,530
Buildings	7,512	11,130	24,217
Machinery	137	221	451
Transportation equipment	<u>2,333</u>	<u>2,430</u>	<u>7,033</u>
	<u>\$ 10,476</u>	<u>\$ 14,526</u>	<u>\$ 33,231</u>
	<u>\$ 41,573</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 nine months ended September 30, 2023 and 2022.

b. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Current	<u>\$ 24,297</u>	<u>\$ 34,160</u>	<u>\$ 42,817</u>
Non-current	<u>\$ 27,745</u>	<u>\$ 18,746</u>	<u>\$ 22,573</u>

Range of discount rates for lease liabilities was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Land	1.28%	1.28%	1.28%
Buildings	0.37%-9.64%	0.37%-9.64%	0.37%-5.75%
Machinery	1.03%-5.00%	1.03%-5.00%	1.03%-5.00%
Transportation equipment	0.52%-1.54%	0.52%-1.28%	0.52%-1.28%

c. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	<u>\$ 7,227</u>	<u>\$ 5,930</u>	<u>\$ 22,287</u>	<u>\$ 10,191</u>
Expenses relating to low-value asset leases	<u>\$ 289</u>	<u>\$ 39</u>	<u>\$ 524</u>	<u>\$ 658</u>
Total cash outflow for leases	<u>\$ (18,208)</u>	<u>\$ (23,355)</u>	<u>\$ (54,969)</u>	<u>\$ (65,077)</u>

Some of the Group's leases qualified as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

18. INVESTMENT PROPERTIES

	For the Nine Months Ended September 30	
	2023	2022
<u>Cost</u>		
Balance at January 1	\$ 813,487	\$ 470,423
Additions	825	421,008
Disposals	-	(71,257)
Reclassification	831	-
Effects of foreign currency exchange differences	<u>(25,193)</u>	<u>(26,228)</u>
Balance at September 30	<u>\$ 789,950</u>	<u>\$ 793,946</u>

(Continued)

	For the Nine Months Ended September 30	
	2023	2022
<u>Accumulated depreciation</u>		
Balance at January 1	\$ 13,012	\$ 7,938
Depreciation expense	5,246	3,808
Disposals	-	(351)
Effects of foreign currency exchange differences	<u>(720)</u>	<u>(553)</u>
Balance at September 30	<u>\$ 17,538</u>	<u>\$ 10,842</u>
Carrying amount at September 30	<u>\$ 772,412</u>	<u>\$ 783,104</u>

(Concluded)

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

Main buildings			10-50 years
	September 30, 2023	December 31, 2022	September 30, 2022
Fair value	<u>\$ 796,429</u>	<u>\$ 821,029</u>	<u>\$ 816,604</u>

Management of the Group had assessed and determined that there were no significant changes in the fair value of investment properties as of September 30, 2023 and 2022, as compared to that as of December 31, 2022 and 2021.

19. INTANGIBLE ASSETS

	September 30, 2023	December 31, 2022	September 30, 2022
Goodwill	\$ 22,022	\$ 22,022	\$ 22,022
Cost of computer software	5,634	11,770	14,249
Others	<u>1,379</u>	<u>1,488</u>	<u>461</u>
	<u>\$ 29,035</u>	<u>\$ 35,280</u>	<u>\$ 36,732</u>

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

20. OTHER ASSETS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Overpaid tax retained for offsetting future tax payable	\$ 44,294	\$ 43,083	\$ 88,975
Prepayments	47,492	91,461	47,093
Finance lease receivables (Note 12)	7,310	33,884	31,665
Others	<u>41,871</u>	<u>45,799</u>	<u>52,765</u>
	<u>\$ 140,967</u>	<u>\$ 214,227</u>	<u>\$ 220,498</u>
<u>Non-current</u>			
Finance lease receivables (Note 12)	\$ 23,768	\$ 36,666	\$ 40,758
Refundable deposits	27,115	26,024	27,021
Prepayments for investment	36,136	36,136	69,395
Prepayments for equipment	42,037	23,915	15,512
Prepayments for land and building	-	82,129	-
Others	<u>41,372</u>	<u>8,274</u>	<u>6,786</u>
	<u>\$ 170,428</u>	<u>\$ 213,144</u>	<u>\$ 159,472</u>

21. BORROWINGS

a. Short-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured borrowings</u>			
Bank loans*	\$ -	\$ 13,224	\$ -
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>989,120</u>	<u>785,815</u>	<u>1,065,615</u>
	<u>\$ 989,120</u>	<u>\$ 799,039</u>	<u>\$ 1,065,615</u>
Range of interest rates	0.23%-3.5%	0.26%-4.62%	0.26%-4.67%

b. Short-term bills payable

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

c. Current portion of long-term liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Current portion of long-term borrowings	\$ <u>-</u>	\$ <u>1,460</u>	\$ <u>-</u>

d. Long-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured borrowings</u>			
Bank loans*	\$ -	\$ 28,670	\$ 28,670
<u>Unsecured borrowings</u>			
Credit borrowings	<u>450,000</u>	<u>400,000</u>	<u>500,000</u>
	450,000	428,670	528,670
Less: Current portions	<u>-</u>	<u>(1,460)</u>	<u>-</u>
Long-term borrowings	<u>\$ 450,000</u>	<u>\$ 427,210</u>	<u>\$ 528,670</u>
Range of interest rates	1.74%-1.79%	1.66%-1.98%	1.31%-1.73%

* The bank borrowings are secured by the Group's freehold land and buildings (see Note 33).

22. OTHER PAYABLES

	September 30, 2023	December 31, 2022	September 30, 2022
Payables for payroll and employee benefits	\$ 173,783	\$ 198,833	\$ 194,476
Payables for compensation of employees	44,250	43,827	40,833
Payables for remuneration of directors and supervisors	22,500	25,000	17,917
Payables for fabrication expense	24,718	22,304	46,598
Payables for VAT	7,597	-	5,194
Payables for purchase of equipment	221	486	353
Others	<u>86,443</u>	<u>103,004</u>	<u>108,847</u>
	<u>\$ 359,512</u>	<u>\$ 393,454</u>	<u>\$ 414,218</u>

23. RETIREMENT BENEFIT PLANS

Employee benefit expenses for the three months and nine months ended September 30, 2023 and 2022 in respect of the Company and its subsidiaries' defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2022 and 2021. The Group recognized pension amounts of \$66 thousand, \$59 thousand, \$199 thousand and \$177 thousand for the three months and nine months ended September 30, 2023 and 2022, respectively.

24. EQUITY

a. Share capital

Ordinary shares

	September 30, 2023	December 31, 2022	September 30, 2022
Number of shares authorized (in thousands)	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>
Shares authorized	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Number of shares issued and fully paid (in thousands)	<u>149,999</u>	<u>140,833</u>	<u>139,033</u>
Shares issued	<u>\$ 1,499,987</u>	<u>\$ 1,408,331</u>	<u>\$ 1,390,327</u>
Number of advance receipts for ordinary shares (in thousands)	<u>-</u>	<u>8</u>	<u>5</u>
Advance receipts for ordinary shares	<u>\$ -</u>	<u>\$ 279</u>	<u>\$ 174</u>

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

Preference shares

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

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

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

As of September 30, 2023, a total of 17,405 thousand shares of the Company's preferred share A have been converted to the Company's ordinary shares.

b. Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Issuance of ordinary shares	\$ 1,532,342	\$ 1,519,657	\$ 1,513,798
Conversion of bonds	640,431	640,431	640,431
Treasury share transactions	29,284	29,284	29,284
Expire options	20,715	20,715	20,432
<u>May only be used to offset a deficit</u>			
Share of changes in capital surplus of associates or joint ventures (2)	2,460	2,460	2,460
Changes in net assets of affiliated companies recognized under the equity method	55	-	-
<u>May not be used for any purpose</u>			
Employee share options	<u>6,030</u>	<u>6,546</u>	<u>7,767</u>
	<u>\$ 2,231,317</u>	<u>\$ 2,219,093</u>	<u>\$ 2,214,172</u>

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

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved by the shareholders in their 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 a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 were approved by the shareholders in their meetings on May 31, 2023 and May 31, 2022, respectively, were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Legal reserve	<u>\$ 93,095</u>	<u>\$ 58,999</u>
Special reserve	<u>\$ (87,085)</u>	<u>\$ 122,769</u>
Ordinary share dividends	<u>\$ 566,469</u>	<u>\$ 394,455</u>
Preference share dividends	<u>\$ 2,854</u>	<u>\$ 45,500</u>
Ordinary share dividends per share (NT\$)	\$ 4	\$ 3
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 Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ (167,501)	\$ (347,919)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	64,894	226,671
Reclassification adjustments		
Disposal of foreign operations	(580)	7,113
Acquisition of partial interest of subsidiary	<u>7</u>	<u>-</u>
Balance at September 30	<u>\$ (103,180)</u>	<u>\$ (114,135)</u>

25. NET PROFIT

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Bank deposits	\$ 12,186	\$ 4,916	\$ 34,620	\$ 8,475
Financial assets at amortized cost	315	-	935	394
Investments in debt instruments measured at FVTOCI	854	-	1,128	-
Net investments in leases	<u>466</u>	<u>1,289</u>	<u>2,562</u>	<u>4,140</u>
	<u>\$ 13,821</u>	<u>\$ 6,205</u>	<u>\$ 39,245</u>	<u>\$ 13,009</u>

b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Rental income	\$ 6,780	\$ 3,436	\$ 16,591	\$ 8,445
Dividends	<u>7,500</u>	<u>13,087</u>	<u>8,187</u>	<u>13,087</u>
	<u>\$ 14,280</u>	<u>\$ 16,523</u>	<u>\$ 24,778</u>	<u>\$ 21,532</u>

c. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Foreign exchange gains	\$ 174,120	\$ 322,228	\$ 376,205	\$ 604,741
Foreign exchange losses	(133,486)	(193,355)	(314,258)	(358,274)
Gain (loss) on financial assets and liabilities designated as at FVTPL	8,175	(48,037)	51,359	(68,556)
(Loss) gain on disposal of property, plant and equipment	(2)	(448)	974	(547)
Gain on disposal of investment properties	-	-	-	25,289
Loss on disposal of associates accounted for using the equity method	-	-	-	(8,516)
Loss on disposal of subsidiary	-	-	(2,307)	-
Others	<u>(4,732)</u>	<u>(4,150)</u>	<u>(7,032)</u>	<u>(18,170)</u>
	<u>\$ 44,075</u>	<u>\$ 76,238</u>	<u>\$ 104,941</u>	<u>\$ 175,967</u>

d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest on bank loans	\$ 6,818	\$ 5,948	\$ 18,835	\$ 14,454
Interest on lease liabilities	<u>267</u>	<u>246</u>	<u>914</u>	<u>1,223</u>
	<u>\$ 7,085</u>	<u>\$ 6,194</u>	<u>\$ 19,749</u>	<u>\$ 15,677</u>

e. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
An analysis of depreciation by function				
Operating costs	\$ 20,689	\$ 27,787	\$ 64,187	\$ 80,621
Operating expenses	15,444	14,937	47,042	43,430
Other gains and losses	<u>1,740</u>	<u>1,482</u>	<u>5,246</u>	<u>3,808</u>
	<u>\$ 37,873</u>	<u>\$ 44,206</u>	<u>\$ 116,475</u>	<u>\$ 127,859</u>
An analysis of amortization by function				
Operating costs	\$ -	\$ 466	\$ -	\$ 1,399
Operating expenses	<u>2,058</u>	<u>2,514</u>	<u>6,427</u>	<u>7,853</u>
	<u>\$ 2,058</u>	<u>\$ 2,980</u>	<u>\$ 6,427</u>	<u>\$ 9,252</u>

f. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Post-employment benefits				
Defined contribution plans	\$ 3,750	\$ 3,743	\$ 11,296	\$ 11,770
Defined benefit plans	<u>66</u>	<u>59</u>	<u>199</u>	<u>177</u>
	3,816	3,802	11,495	11,947
Share-based payments				
Equity-settled	1,292	955	3,542	1,476
Other employee benefits	<u>299,632</u>	<u>362,690</u>	<u>887,121</u>	<u>940,133</u>
Total employee benefits expense	<u>\$ 304,740</u>	<u>\$ 367,447</u>	<u>\$ 902,158</u>	<u>\$ 953,556</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 186,442	\$ 242,718	\$ 583,592	\$ 632,599
Operating expenses	<u>118,298</u>	<u>124,729</u>	<u>318,566</u>	<u>320,957</u>
	<u>\$ 304,740</u>	<u>\$ 367,447</u>	<u>\$ 902,158</u>	<u>\$ 953,556</u>

g. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrued compensation of employees and remuneration of directors and supervisors at the rates no less than 1% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. For the three months and nine months ended September 30, 2023 and 2022, the compensation of employees and remuneration of directors and supervisors are as follows:

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
	Cash	Cash	Cash	Cash
Compensation of employees	<u>\$ 13,750</u>	<u>\$ 24,666</u>	<u>\$ 44,250</u>	<u>\$ 40,833</u>
Remuneration of directors and supervisors	<u>\$ 7,500</u>	<u>\$ 7,084</u>	<u>\$ 22,500</u>	<u>\$ 17,917</u>

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

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

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

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

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

26. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
Current tax				
In respect of the current period	\$ 54,170	\$ 85,920	\$ 146,984	\$ 175,578
Income tax on unappropriated earnings	110	-	17,781	-
Adjustments for prior period	<u>1,021</u>	<u>-</u>	<u>1,021</u>	<u>-</u>
	55,301	85,920	165,786	175,578
Deferred tax				
In respect of the current period	<u>(3,423)</u>	<u>1,299</u>	<u>2,068</u>	<u>11,122</u>
Income tax expense recognized in profit or loss	<u>\$ 51,878</u>	<u>\$ 87,219</u>	<u>\$ 167,854</u>	<u>\$ 186,700</u>

b. Income tax assessments

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

27. EARNINGS PER SHARE

Net Profit

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Profit for the period attributable to owners of the Company	\$ 213,342	\$ 369,587	\$ 563,095	\$ 809,367
Less: Declared dividends on preference shares	<u>2,203</u>	<u>-</u>	<u>(2,854)</u>	<u>(45,500)</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 215,545</u>	<u>\$ 369,587</u>	<u>\$ 560,241</u>	<u>\$ 763,867</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	149,578	132,763	145,179	131,926
Effect of potentially dilutive ordinary shares:				
Employee share options	37	94	15	286
Compensation of employees	836	704	1,045	827
Convertible preference shares	<u>1,191</u>	<u>17,106</u>	<u>5,502</u>	<u>17,805</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>151,642</u>	<u>150,667</u>	<u>151,741</u>	<u>150,844</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

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

	For the Nine Months Ended September 30							
	2023				2022			
	Granted 2019		Granted 2018		Granted 2019		Granted 2018	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)
Balance at January 1	137	\$ 35.70	336	\$ 34.80	410	\$ 38.40	907	\$ 37.40
Options exercised	(74)	34.58	(266)	34.80	(160)	36.95	(496)	35.27
Options forfeited	(19)	33.46	-	-	(10)	37.86	(19)	37.13
Options expired	-	-	(70)	34.80	-	-	-	-
Balance at September 30	<u>44</u>	33.20	<u>-</u>	-	<u>240</u>	35.70	<u>392</u>	34.80
Options exercisable, end of period	<u>44</u>	-	<u>-</u>	-	<u>240</u>	-	<u>392</u>	-

- b. In June 2022, the Company issued 2,000 employee stock options, which were granted to qualified employees of the Company and its subsidiaries in June 2022 and March 2023. 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 Nine Months Ended September 30					
	2023			2022		
	Granted 2023		Granted 2022		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\$)
Balance at January 1	-	\$ -	1,600	\$ 41.10	-	\$ -
Options exercised	400	55.10	-	-	1,600	44.25
Options forfeited	(7)	55.10	(60)	40.17	-	-
Balance at June 30	<u>393</u>	51.30	<u>1,540</u>	38.30	<u>1,600</u>	44.10
Options exercisable, end of period	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-
Weighted average fair value of share options granted during the period (NT\$)	<u>\$ 10.1182</u>				<u>\$ 6.1521</u>	

As of September 30, 2023, information on outstanding options was as follows:

September 30, 2023	
Range of Exercise Price (\$)	Weighted-average Remaining Contractual Life (In Years)
\$38.3	3.67
51.3	4.47

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 cost recognized were \$1,292 thousand and \$955 thousand for the three months ended September 30, 2023 and 2022, respectively and \$3,542 thousand and \$1,476 thousand for the nine months ended September 30, 2023 and 2022, respectively.

29. 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>

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

	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>

31. 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

September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 185,400	\$ -	\$ -	\$ 185,400
Foreign unlisted shares	-	-	23,383	23,383
Investment in debt instruments				
Financial bonds	<u>110,830</u>	<u>-</u>	<u>-</u>	<u>110,830</u>
	<u>\$ 296,230</u>	<u>\$ -</u>	<u>\$ 23,383</u>	<u>\$ 319,613</u>

Financial assets at FVTPL

Derivative financial assets	<u>\$ -</u>	<u>\$ 48,860</u>	<u>\$ -</u>	<u>\$ 48,860</u>
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Financial liabilities at FVTPL

Derivative financial liabilities	<u>\$ -</u>	<u>\$ 8,696</u>	<u>\$ -</u>	<u>\$ 8,696</u>
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December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 150,000	\$ -	\$ -	\$ 150,000
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>23,383</u>	<u>23,383</u>
	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 23,383</u>	<u>\$ 173,383</u>
<u>Financial assets at FVTPL</u>				
Derivative financial assets	<u>\$ -</u>	<u>\$ 4,873</u>	<u>\$ -</u>	<u>\$ 4,873</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 18,622</u>	<u>\$ -</u>	<u>\$ 18,622</u>

September 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 113,550	\$ -	\$ -	\$ 113,550
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>23,971</u>	<u>23,971</u>
	<u>\$ 113,550</u>	<u>\$ -</u>	<u>\$ 23,971</u>	<u>\$ 137,521</u>
<u>Financial assets at FVTPL</u>				
Derivative financial assets	<u>\$ -</u>	<u>\$ 5,659</u>	<u>\$ -</u>	<u>\$ 5,659</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 24,811</u>	<u>\$ -</u>	<u>\$ 24,811</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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 48,860	\$ 4,873	\$ 5,659
Financial assets at amortized cost (1)	2,724,664	2,836,294	3,372,430
Financial assets at FVTOCI	319,613	173,383	137,521
<u>Financial liabilities</u>			
FVTPL			
Held for trading	8,696	18,622	24,811
Amortized cost (2)	1,963,689	2,233,620	2,735,548

- 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 payables and other payables.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade receivables, other receivables, trade payables, other payables, 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 and cross-currency swap 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 upon consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 36.

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Assets</u>			
EUR	\$ 3,739	\$ 2,889	\$ 3,232
USD	45,121	1,984	2,427
<u>Liabilities</u>			
EUR	3,548	1,964	6,232
USD	5,148	16,658	18,579

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

	VND Impact		JPY Impact	
	For the Nine Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Profit or loss*	\$ (1,535)	\$ (2,946)	\$ 53,099	\$ 59,043
			EUR Impact	
			For the Nine Months Ended September 30	
			2023	2022
Profit or loss*			\$ (508)	\$ (158)

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

b) Interest rate risk

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risk			
Financial assets	\$ 943,270	\$ 1,035,861	\$ 1,034,715
Financial liabilities	1,041,162	471,615	410,675
Cash flow interest rate risk			
Financial assets	562,586	666,529	615,831
Financial liabilities	450,000	839,000	1,279,000

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 nine months ended September 30, 2023 and 2022 would have decreased/increased by \$422 thousand and \$2,487 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 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 nine months ended September 30, 2023 and 2022 would have increased/decreased by \$20,878 thousand and \$13,752 thousand, respectively, as a result of the changes in fair value of financial assets at 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 September 30, 2023, December 31, 2022 and September 30, 2022, the Group had available unutilized bank loan facilities in the amounts of \$6,886,076 thousand, \$6,073,909 thousand and \$6,538,744 thousand, respectively.

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

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

September 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	\$ 208,806	\$ 369,448	\$ 186,848	\$ -	\$ -
Undiscounted lease	4,045	8,090	23,275	39,152	3,918
Borrowings	<u>325,074</u>	<u>103,228</u>	<u>578,793</u>	<u>455,489</u>	<u>-</u>
	<u>\$ 537,925</u>	<u>\$ 480,766</u>	<u>\$ 788,916</u>	<u>\$ 494,641</u>	<u>\$ 3,918</u>

Additional information about the maturity analysis for lease liabilities is as follows.

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 35,410</u>	<u>\$ 39,152</u>	<u>\$ 1,729</u>	<u>\$ 2,189</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

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

Additional information about the maturity analysis for lease liabilities is as follows.

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

September 30, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing Undiscounted lease Borrowings	\$ 749,648 5,549 <u>387,889</u>	\$ 341,568 11,098 <u>58,823</u>	\$ 273,273 27,225 <u>663,731</u>	\$ - 29,319 <u>517,920</u>	\$ - 4,122 <u>24,894</u>
	<u>\$ 1,143,086</u>	<u>\$ 411,489</u>	<u>\$ 964,229</u>	<u>\$ 547,239</u>	<u>\$ 29,016</u>

Additional information about the maturity analysis for lease liabilities is as follows.

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 43,872</u>	<u>\$ 29,319</u>	<u>\$ 1,742</u>	<u>\$ 2,380</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.

September 30, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled - outflows</u>			
Foreign exchange forward contracts	<u>\$ 116,607</u>	<u>\$ 248,558</u>	<u>\$ 406,944</u>

December 31, 2022

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

September 30, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled - outflows</u>			
Foreign exchange forward contracts	\$ 332,613	\$ 195,159	\$ 82,100

32. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and relationships

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

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

b. Sales of goods

<u>Related Party Name/Category</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2023	2022	2023	2022
Associate				
Daquan Hanshi Co., Ltd.	\$ 144	\$ 227	\$ 721	\$ 451
BBL Premium Co., Ltd.	3,656	2,096	6,837	4,619
Related party in substance				
Hongze Qiyu Home Textile Co., Ltd.	-	2,475	-	20,761
Others	-	-	19	26
	<u>\$ 3,800</u>	<u>\$ 4,798</u>	<u>\$ 7,577</u>	<u>\$ 25,857</u>

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

c. Purchases of goods

Related Party Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Hongze Qiyu Home Textile Co., Ltd.	\$ -	\$ 55,883	\$ -	\$ 163,167

d. Receivables from related parties

Related Party Name	September 30, 2023	December 31, 2022	September 30, 2022
BBL Premium Co., Ltd.	\$ 4,045	\$ 9,141	\$ 2,368
Daquan Hanshi Co., Ltd.	-	4	-
Hongze Qiyu Home Textile Co., Ltd.	-	-	55
	<u>\$ 4,045</u>	<u>\$ 9,145</u>	<u>\$ 2,423</u>

The outstanding trade receivables from related parties are unsecured. For the nine months ended September 30, 2023 and 2022, no impairment loss was recognized for trade receivables from related parties.

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

Related Party Name/Category	September 30, 2023	December 31, 2022	September 30, 2022
<u>Trade payables</u>			
Hongze Qiyu Home Textile Co., Ltd.	\$ -	\$ -	\$ 48,969
<u>Other payables</u>			
Associates	\$ 420	\$ 420	\$ -
Related party in substance	207	-	-
	<u>\$ 627</u>	<u>\$ 420</u>	<u>\$ -</u>

The outstanding trade payables to related parties are unsecured.

f. Disposal of property, plant and equipment

Related Party Name	Proceeds			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Hongze Qiyu Home Textile Co., Ltd.	\$ -	\$ -	\$ -	\$ 295

Related Party Name	Gain (Loss) on Disposal			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Hongze Qiyu Home Textile Co., Ltd.	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>34</u>

g. Lease arrangements

Related Party Name	For the Nine Months Ended September 30	
	2023	2022
<u>Acquisition of right-of-use assets</u>		
Gong Tong Zu Lin Co., Ltd.	\$ 7,798	\$ 6,259
Snowdown Merchandise Corporation*	<u>12,854</u>	<u>-</u>
	<u>\$ 20,652</u>	<u>\$ 6,259</u>

* The right-of-use assets was transferred by Snowdown Merchandise Corporation to Gonglong Co., Ltd. The related rights and obligations were transferred on July 1, 2023, which was the base date of the spin-off.

Account	Related Party Name	September 30, 2023	December 31, 2022	September 30, 2022
Lease liabilities	Gong Tong Zu Lin Co., Ltd.	\$ 11,780	\$ 11,182	\$ 13,339
Lease liabilities	Gonglong Co., Ltd.	<u>11,755</u>	<u>-</u>	<u>-</u>
		<u>\$ 23,535</u>	<u>\$ 11,182</u>	<u>\$ 13,339</u>

Related Party Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
<u>Interest expense</u>				
Gong Tong Zu Lin Co., Ltd.	\$ 36	\$ 25	\$ 105	\$ 64
Snowdown Merchandise Corporation	-	-	51	-
Gonglong Co., Ltd.	<u>51</u>	<u>-</u>	<u>51</u>	<u>-</u>
	<u>\$ 87</u>	<u>\$ 25</u>	<u>\$ 207</u>	<u>\$ 64</u>

h. Other income

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Associates	\$ 429	\$ 115	\$ 1,403	\$ 626
Related party in substance	<u>29</u>	<u>29</u>	<u>86</u>	<u>67</u>
	<u>\$ 458</u>	<u>\$ 144</u>	<u>\$ 1,489</u>	<u>\$ 693</u>

i. Expenses

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Related party in substance	\$ 3,621	\$ 1,304	\$ 5,407	\$ 2,651
Associates	<u>8,343</u>	<u>1,998</u>	<u>15,149</u>	<u>5,603</u>
	<u>\$ 11,964</u>	<u>\$ 3,302</u>	<u>\$ 20,556</u>	<u>\$ 8,254</u>

The expenses included rents, other expenses, etc.

j. Remuneration of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 24,594	\$ 22,821	\$ 69,618	\$ 60,201
Post-employment benefits	202	202	617	617
Share-based payments	<u>516</u>	<u>576</u>	<u>1,465</u>	<u>790</u>
	<u>\$ 25,312</u>	<u>\$ 23,599</u>	<u>\$ 71,700</u>	<u>\$ 61,608</u>

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and performance bonds of transactions under the equity transfer:

	September 30, 2023	December 31, 2022	September 30, 2022
Pledged deposits	\$ -	\$ 11,412	\$ 53,520
Land	-	41,761	41,761
Buildings, net	<u>-</u>	<u>4,739</u>	<u>4,799</u>
	<u>\$ -</u>	<u>\$ 57,912</u>	<u>\$ 100,080</u>

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of September 30, 2023 and 2022 were as follows:

Significant Commitments

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

	September 30, 2023	December 31, 2022	September 30, 2022
USD	<u>\$ 1,417</u>	<u>\$ 3,966</u>	<u>\$ 2,243</u>
EUR	<u>\$ 108</u>	<u>\$ 410</u>	<u>\$ 4</u>
NTD	<u>\$ -</u>	<u>\$ 33,200</u>	<u>\$ 19,931</u>

b. As of September 30, 2023, December 31, 2022 and September 30, 2022, guarantees issued by financial institutions for purchases of raw materials and development of technology amounted to \$16,000 thousand, \$6,000 thousand and \$36,000 thousand, respectively.

c. Unrecognized commitments were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Acquisition of property, plant and equipment	<u>\$ 416,754</u>	<u>\$ 215,570</u>	<u>\$ 140,437</u>

35. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

September 30, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 55,805	32.27 (USD:NTD)	\$ 1,800,827
USD	727	7.3092 (USD:RMB)	23,460
USD	4,065	24,447 (USD:VND)	131,178
VND	17,970,600	0.000041 (VND:USD)	23,721
EUR	489	33.91 (EUR:NTD)	16,582
Non-monetary items			
Investments in associates accounted for using the equity method			
CAD	3,353	23.9 (CAD:NTD)	80,138
IDR	62,478,375	0.00208 (IDR:NTD)	136,043

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 3,239	32.27 (USD:NTD)	\$ 104,523
USD	103	24,447 (USD:VND)	3,324
USD	2,402	149.26 (USD:JPY)	77,513
VND	56,742,320	0.000041 (VND:USD)	74,900
EUR	213	33.91 (EUR:NTD)	7,223
EUR	492	1.0508 (EUR:USD)	16,684
			(Concluded)

December 31, 2022

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

Financial liabilities

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

September 30, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 75,903	31.75 (USD:NTD)	\$ 2,409,920
USD	65	7.0981 (USD:RMB)	2,064
USD	1,294	23,872 (USD:VND)	41,085
VND	10,824,128	0.000042 (VND:USD)	14,396
VND	12,698	0.00133 (VND:NTD)	17
EUR	3	31.26 (EUR:NTD)	94
RMB	2,062	4.473 (RMB:NTD)	9,223
Non-monetary items			
Investments in associates accounted for using the equity method			
CAD	197	23.24 (CAD:NTD)	4,582

Financial liabilities

Monetary items			
USD	12,654	31.75 (USD:NTD)	401,765
USD	77	23,872 (USD:VND)	2,445
USD	2,544	144.253 (USD:JPY)	80,772
VND	84,670,250	0.000042 (VND:USD)	112,611
EUR	5	31.26 (EUR:NTD)	156
EUR	166	0.9846 (EUR:USD)	5,189

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

For the Three Months Ended September 30				
2023			2022	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
VND	0.00132 (VND:NTD)	\$ 29,600	0.0013 (VND:NTD)	\$ 6,853
NTD	1 (NTD:NTD)	46,414	1 (NTD:NTD)	123,852
USD	31.684 (USD:NTD)	1,629	30.404 (USD:NTD)	5,431
RMB	4.367 (RMB:NTD)	1,134	4.431 (RMB:NTD)	(3,059)
JPY	0.2194 (JPY:NTD)	<u>(38,143)</u>	0.2199 (JPY:NTD)	<u>(4,204)</u>
		<u>\$ 40,634</u>		<u>\$ 128,873</u>

For the Nine Months Ended September 30				
2023			2022	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
VND	0.00131 (VND:NTD)	\$ 36,089	0.00127 (VND:NTD)	\$ 15,046
NTD	1 (NTD:NTD)	74,780	1 (NTD:NTD)	224,202
USD	30.928 (USD:NTD)	2,312	29.282 (USD:NTD)	11,098
RMB	4.394 (RMB:NTD)	1,628	4.428 (RMB:NTD)	2,100
JPY	0.2244 (JPY:NTD)	<u>(52,862)</u>	0.2293 (JPY:NTD)	<u>(5,979)</u>
		<u>\$ 61,947</u>		<u>\$ 246,467</u>

37. 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)

38. SEGMENT INFORMATION

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

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

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

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

Segment Revenues and Results

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

	Segment Revenue		Segment Profit	
	For the Nine Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Apparel department	\$ 3,934,176	\$ 4,532,776	\$ 447,341	\$ 616,753
Down material department	1,401,421	1,803,084	89,643	91,519
Home textile department	1,067,520	1,640,326	72,156	79,753
Others	57,532	317,793	(44,029)	(7,104)
Segment revenue	6,460,649	8,293,979	565,111	780,921
Eliminations	(61,437)	(141,182)	-	-
Segment revenue or segment income	<u>\$ 6,399,212</u>	<u>\$ 8,152,797</u>	565,111	780,921
Interest income			39,245	13,009
Other income			24,778	21,532
Other gains and losses			104,941	175,967
Finance costs			(19,749)	(15,677)
Share of profit or loss of associates			16,230	19,141
Profit before tax			<u>\$ 730,556</u>	<u>\$ 994,893</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 NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars or Foreign Currency)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 2)	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing (Note 3)	Business Transaction Amount (Note 4)	Reasons for Short-term Financing (Note 5)	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 6)	Aggregate Financing Limit (Note 6)	Note
													Item	Value			
1	P&B Collection Co., Ltd.	Kwong Lung Enterprise Co., Ltd. Manumech Corporation	Other receivables from related parties Other receivables from related parties	Yes	\$ 80,000	\$ 75,000	\$ 75,000	1.40	b.	\$ -	Operating capital	\$ -	N/A	\$ -	\$ 104,550 (Note 6, a)	\$ 104,550 (Note 6, b)	
				Yes	20,000	11,000	11,000	1.55	b.	-	Operating capital	-	N/A	-	104,550 (Note 6, a)	104,550 (Note 6, b)	
2	Kwong Lung Feather (B.V.I.) Limited	Kwong Lung (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	30,480	-	-	-	b.	-	Operating capital	-	N/A	-	105,398 (Note 6, a)	105,398 (Note 6, b)	
3	Kwong Lung (B.V.I.) Ltd.	Kwong Lung (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	45,720	-	-	-	b.	-	Operating capital	-	N/A	-	1,026,816 (Note 6, a)	1,026,816 (Note 6, b)	

Note 1: The numbers denote the following:

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

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

Note 3: Purpose of fund financing for the borrower:

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

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

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

Note 6: a. Individual and total loans should not exceed 40% of the lender's net equity of the prior year. For No. 1: \$261,374 (net worth) × 40% = \$104,550; for No. 2: \$105,398 (net worth) × 100% = \$105,398; for No. 3: \$1,026,816 (net worth) × 100% = \$1,026,816.
b. Total loans should not exceed 40% of the lender's net equity of the prior year. For No. 1: \$261,374 (net worth) × 40% = \$104,550; for No. 2: \$105,398 (net worth) × 100% = \$105,398; for No. 3: \$1,026,816 (net worth) × 100% = \$1,026,816.

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party		Limited on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 2)										
1	Manumech Corporation	Intime Tech Co., Ltd.	2	\$ 6,834 (Note 3)	\$ 10,000	\$ - (Note 4)	\$ -	\$ -	-	\$ 8,543 (Note 3)	Y	N	Y
2	Kwong Lung (Suzhou) Co., Ltd.	Kwong Lung Feather (B.V.I.) Limited	4	186,087 (Note 3)	44,450	44,150	21,675	-	23.73%	186,087 (Note 3)	N	N	N

Note 1: The numbers denote the following:

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

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

- a. Business deals between the Company and guarantee party.
- b. Direct holding of more than 50% of the subsidiaries' ordinary shares.
- c. Direct holding of more than 50% of the invested company's ordinary shares by the Company and its subsidiaries.
- d. Direct and indirect holding of more than 50% of the parent company's ordinary shares.
- e. Guarantee by the Company according to construction contract.
- f. All capital contributing shareholders make endorsements on guarantees for their jointly invested company in proportion to their shareholding percentage.

Note 3: a. The maximum balance of endorsement/guarantee provided by the Company and to individual company cannot exceed 10% of net assets for No. 1: $\$17,086$ (net worth) \times 40% = $\$6,834$; for No. 2: $\$186,087$ (net worth) \times 100% = $\$186,087$.
b. The maximum balance of endorsement/guarantee provided by the Company cannot exceed 10% of net assets for No. 1: $\$17,086$ (net worth) \times 50% = $\$8,543$; for No. 2: $\$186,087$ (net worth) \times 100% = $\$186,087$.
c. The endorsement/guarantee amount to subsidiaries is not limited by the above-mentioned proportion.

Note 4: Manumech Corporation's endorsement/guarantee balance to Intime Tech Co., Ltd. had expired in January 2023, and Intime Tech Co., Ltd. was disposed of in May 2023.

Note 5: The aforementioned intercompany transactions have been eliminated upon consolidation.

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
 SEPTEMBER 30, 2023
 (In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Kwong Lung Enterprise Co., Ltd.	<u>Ordinary shares</u> Co-Tech Development Corporation	-	Financial assets at FVTOCI - non-current	3,000,000	\$ 185,400	1.19	\$ 185,400	
	<u>Private corporate bond</u> Koutou Co., Ltd.	Associate	Financial assets at amortized cost - non-current	-	50,000	-	50,000	
Kwong Lung (B.V.I.) Ltd.	<u>Ordinary shares</u> J&B International Inc.	-	Financial assets at FVTOCI - non-current	485,938	23,383	1.99	23,383	
	<u>Financial bonds</u> Foxconn (Far East) Limited	-	Financial assets at FVTOCI - non-current	1,000,000	25,903	-	25,903	
	Shinhan Card Co., Ltd.	-	Financial assets at FVTOCI - non-current	1,000,000	28,505	-	28,505	
	Tsmc Global Ltd.	-	Financial assets at FVTOCI - non-current	1,000,000	24,528	-	24,528	
	United Health Group Inc.	-	Financial assets at FVTOCI - non-current	1,000,000	31,894	-	31,894	

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars or Foreign Currency)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Note/Trade Receivables (Payables)			Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Account	Ending Balance	% of Total	
Kwong Lung Enterprise Co., Ltd.	Bo Hsing Enterprise Co., Ltd.	Subsidiary	Purchase	\$ 1,637,447	33	T/T 30-180 days	No significant difference	No significant difference	Trade payables	\$ 995,673	63	
Bo Hsing Enterprise Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Sale	1,637,447	100	T/T 30-180 days	No significant difference	No significant difference	Trade receivables	995,673	100	
Kwong Lung Enterprise Co., Ltd.	Kwong Lung Meko Co., Ltd.	Subsidiary	Purchase	1,888,146	38	T/T 30-180 days	No significant difference	No significant difference	Trade payables	424,619	27	
Kwong Lung Meko Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Sale	1,888,146	92	T/T 30-180 days	No significant difference	No significant difference	Trade receivables	424,619	98	
Kwong Lung Enterprise Co., Ltd.	Kwong Lung Japan Co., Ltd.	Subsidiary	Sale	384,152	7	T/T 30-180 days	No significant difference	No significant difference	Trade receivables	255,369	24	
Kwong Lung Japan Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Purchase	384,152	63	T/T 30-180 days	No significant difference	No significant difference	Trade payables	255,369	74	
Kwong Lung Enterprise Co., Ltd.	Kwong Lung (Suzhou) Co., Ltd.	Subsidiary	Purchase	188,526	4	Prepayment or T/T 30-180 days	No significant difference	No significant difference	Trade payables	25,918	2	
Kwong Lung (Suzhou) Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Sale	188,526	44	Sales revenue received in advance or T/T 30-180 days	No significant difference	No significant difference	Trade receivables	25,918	85	
Kwong Lung Enterprise Co., Ltd.	Toptex Garment Co., Ltd.	Subsidiary	Purchase	210,955	4	T/T 30-180 days	No significant difference	No significant difference	Trade payables	3,922	-	
Toptex Garment Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Sale	210,955	100	T/T 30-180 days	No significant difference	No significant difference	Trade receivables	3,922	20	

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

SEPTEMBER 30, 2023

(In Thousands of New Taiwan Dollars or Foreign Currency)

Company Name	Related Party	Relationship	Receivables from Related Parties		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	\$ 264,034	-	\$ -	-	\$ 68,177	\$ -
	Kwong Lung Japan Co., Ltd.	Subsidiary	Trade receivables	255,369	3.34	-	-	74,939	-
Bo Hsing Enterprise Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Trade receivables	995,673	2.10	-	-	186,863	-
Kwong Lung Meko Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Trade receivables	424,619	8.23	-	-	203,278	-

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 NINE MONTHS ENDED SEPTEMBER 30, 2023

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
0	Kwong Lung Enterprise Co., Ltd.	Kwong Lung Meko Co., Ltd.	a	Sales revenue	\$ 82,659	No significant difference	1
			a	Cost of goods sold	1,888,146	No significant difference	30
			a	Trade receivables	5,112	No significant difference	-
			a	Trade payables	424,619	No significant difference	5
			a	Other receivables	56,135	-	1
		Kwong Lung Japan Co., Ltd.	a	Sales revenue	384,152	No significant difference	6
			a	Trade receivables	255,369	No significant difference	3
			a	Cost of goods sold	210,955	No significant difference	3
		Toptex Garment Co., Ltd.	a	Trade payables	3,922	No significant difference	-
			a	Other receivables	5,271	-	-
			a	Cost of goods sold	1,637,447	No significant difference	26
		Bo Hsing Enterprise Co., Ltd.	a	Trade payables	995,673	No significant difference	12
			a	Other receivables	264,034	-	3
			a	Cost of goods sold	188,526	No significant difference	3
			a	Trade payables	25,918	No significant difference	-
Kwong Lung (Suzhou) Co., Ltd.	a	Other receivables	6,902	-	-		
1	Kwong Lung Meko Co., Ltd.	Kwong Lung (Suzhou) Co., Ltd. Bo Hsing Enterprise Co., Ltd.	c	Sales revenue	41,438	No significant difference	1
			c	Processing revenue	62,397	No significant difference	1
			c	Trade receivables	6,610	No significant difference	-
2	Kwong Lung-O Mon Co., Ltd.	Bo Hsing Enterprise Co., Ltd.	c	Processing revenue	59,819	No significant difference	1
			c	Trade receivables	32,701	No significant difference	-
		Kwong Lung Meko Co., Ltd.	c	Processing revenue	34,826	No significant difference	1
			c	Trade receivables	3,363	No significant difference	-
3	Toptex Garment Co., Ltd.	Bo Hsing Enterprise Co., Ltd.	c	Processing revenue	45,139	No significant difference	1
			c	Trade receivables	15,539	No significant difference	-

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

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

(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 September 30, 2023. For profit or loss items, cumulative amounts are shown as a percentage to consolidated total operating revenue for the nine months ended September 30, 2023.

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

(Concluded)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2023	December 31, 2022	Shares	%	Carrying Amount			
Kwong Lung Enterprise Co., Ltd.	Kwong Lung (B.V.I.) Ltd.	British Virgin Islands	Overseas reinvested holding company	\$ 660,552	\$ 660,552	18,000	100.00	\$ 1,026,815	\$ 99,654	\$ 99,654	Subsidiary
	Kwong Lung Meko Co., Ltd.	Vietnam	Manufacturing and selling of down and bedding	198,399	198,399	-	100.00	1,466,667	124,780	124,789	Subsidiary
	Kwong Lung Japan Co., Ltd.	Japan	Manufacturing and selling of down and bedding	280,977	280,977	10,500	100.00	327,788	49,030	49,030	Subsidiary
	Bo Hsing Enterprise Co., Ltd.	Vietnam	Manufacturing and selling of apparel	386,911	386,911	-	100.00	1,244,034	18,323	18,323	Subsidiary
	Toptex Garment Co., Ltd.	Vietnam	Manufacturing and selling of apparel	191,809	191,809	-	100.00	78,772	3,524	3,524	Subsidiary
	P&B Collection Co, Ltd.	Taiwan	Outerwear knitting mills; apparel, clothing accessories and other textile product manufacturing; other textile products manufacturing; cleaning products manufacturing; wholesale and retail sale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories, furniture, bedclothes, kitchen equipment, fixtures, articles for daily use, cleaning preparations and other textile products; wholesale of pottery, porcelain and glassware; international trade	260,000	260,000	20,618,088	100.00	254,515	12,152	12,152	Subsidiary
	Manumech Corporation	Taiwan	Wholesale	103,319	100,000	5,851,916	100.00	17,088	(44,027)	(44,063)	Subsidiary
	Kwong Lung-O Mon Company Limited	Vietnam	Various selling of down and bedding	69,799	69,799	-	100.00	83,986	23,040	22,392	Subsidiary
	Fuhua Garment Co., Ltd	Vietnam	Various selling of down and bedding	93,135	-	-	100.00	92,874	-	-	Subsidiary
	Snowdown Merchandise Corporation	Taiwan	Retail sale of clothes, clothing accessories and other textile products; real estate rental and leasing	23,017	55,095	9,874,700	39.50	168,208	28,893	11,413	Associate
	Gonglong Co., Ltd.	Taiwan	Retail sale of clothes, clothing accessories and other textile products; real estate rental and leasing	32,078	-	10,348,691	39.50	100,465	92	36	Associate
	BBL Premium Co., Ltd.	Taiwan	Wholesale and retail sale	14,000	14,000	1,487,118	46.67	6,296	(7,912)	(3,693)	Associate
	Pt. Tactical Garment Garut	Indonesia	Textile mills and leather manufacturing	138,060	-	4,500	45.00	136,043	(4,659)	(2,096)	Associate
Kwong Lung (B.V.I.) Ltd.	Kwong Lung Feather (B.V.I.) Limited	British Virgin Islands	Overseas reinvested holding company	-	82,296	1	100.00	105,398	11,138	NA	Subsidiary
Kwong Lung Japan Co., Ltd.	Rising Living Co., Ltd.	Japan	Manufacturing and selling of down and bedding	3,943	3,943	306	51.00	1,595	(875)	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	65,833	6,312	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	103,155	6,312	NA	Subsidiary
P&B Collection Co, Ltd.	Gong Tong Zu Lin Co., Ltd.	Taiwan	Wholesale of machinery and equipment	27,300	27,300	5,304,000	39.00	79,264	26,843	NA	Associate of subsidiary
	Daquan Hanshi Co., Ltd.	Taiwan	Food service activities	5,513	5,513	655,200	39.00	11,028	5,162	NA	Associate of subsidiary
	Manumech Corporation	Taiwan	Wholesale	-	20,000	-	-	-	(44,027)	NA	Subsidiary
Kwong Lung Meko (B.V.I.) Ltd.	Lyon Ventures Holdings Ltd.	Canada	Wholesale of household products	18,231	18,231	90,000	49.00	10,803	(4,535)	NA	Associate of subsidiary
	Lk Pacific Investment Inc.	Canada	Overseas reinvested holding company	67,114	23,225	289,100	49.00	69,335	635	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 NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Paid in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2023	Accumulated Repatriation of Investment Income as of September 30, 2023
					Outward	Inward						
Kwong Lung (Suzhou) Co., Ltd.	Manufacturing and selling of down and bedding	US\$ 5,000	b. 1)	\$ 149,546	\$ -	\$ -	\$ 149,546	\$ 34,744	100.00	\$ 34,744 b. 3)	\$ 186,087	\$ -
Kunshan Fulong Trade Co., Ltd.	Wholesale of outdoor supplies, household wares, clothing, and related packaging materials; food; Import and export of goods and technology	RMB 5,000	c. 1)	-	-	-	-	(1,616)	100.00	(1,616) b. 3)	7,796	-
Intime Tech Co., Ltd.	Wholesale	RMB 2,400	c. 2)	10,635	-	10,635	-	1,541	-	1,541 b. 3)	-	24,605

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
Kwong Lung Enterprise Co., Ltd.	\$ 598,186 (Note 3)	\$ 600,875 (US\$ 20,000)	\$ 3,426,955 (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.
 - 2) Direct investment from Manumech Corporation.

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

- a. If it is in preparation, there is no investment loss, it should be noted.
- b. Recognition of gains or losses was based on the following three information:
 - 1) Financial statements which were audited by an international accounting firm with a cooperative relationship with an ROC accounting firm.
 - 2) Financial statements which were reviewed by the parent company's accounting firm.
 - 3) Financial statements which were not reviewed by accounting firm.

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 September 30, 2023.

Note 4: The maximum allowable limit on investment was 60% of the consolidated net asset value of the Company \$5,711,591 (consolidated net worth) × 60% = \$3,426,955.

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 NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Note/Trade Receivables (Payables)			Unrealized Gain
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance		%	
Kwong Lung (Suzhou) Co., Ltd. (Note 1)	Purchase	\$ 188,526	4	Normal	Prepayment or T/T 30-180 days	No significant difference	Trade payables	\$ 25,918	2	\$ -
Kwong Lung (Suzhou) Co., Ltd. (Note 2)	Sale	41,438	2	Normal	Sales revenue received in advance or T/T 30-180 days	No significant difference	Trade receivables	487	-	-

Note 1: As of September 30, 2023 the Company had transactions with Kwong Lung (Suzhou) Co., Ltd. for processing of materials and purchasing materials amounted to \$6,902 thousand of the Company's other receivables.

Note 2: As of September 30, 2023 Kwong Lung Meko Co., Ltd., the investor company, had significant transactions with Kwong Lung (Suzhou) Co., Ltd., the investee company in mainland China.

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

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

**INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Kai Sheng Investment Co., Ltd.	14,879,755	9.86
Ou Li Investment Co., Ltd.	12,700,000	8.42

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

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