

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

**Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

KWONG LUNG ENTERPRISE CO., LTD.

By

March 13, 2024

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Kwong Lung Enterprise Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2023 is described as follows:

Occurrence of Sales Revenue

Refer to Note 4 (o) to the accompanying consolidated financial statements for disclosures regarding the accounting policies and detailed information on revenue recognition.

The Group's revenue mainly comes from the production and sale of ready-made garments, down materials and home textile products. Sales revenue is one of the evaluation criteria to measure the operating performance of the Group's segment, and the occurrence of sales revenue is the main significant risk of the Group. Therefore, we identified the occurrence of revenue as a key audit matter.

In response to this key audit matter, we performed the following audit procedures:

1. We obtained an understanding and evaluated the appropriateness of the accounting policies on revenue recognition.
2. We obtained an understanding and evaluated the effectiveness of its internal control on revenue recognition to confirm the occurrence of sales.
3. We selected samples and tested the sales transactions of the current year and checked the relevant internal and external vouchers to support the facts of the shipments; we checked the sales target and the recipients of the payments and the post-receipt collections for any major abnormalities; we checked the general ledger of sales revenue for any significant debit amount; and we checked the sales returns and allowances ledger for any significant sales return and discounts to confirm that sales transactions did occur.

Other Matter

We have also audited the parent company only financial statements of Kwong Lung Enterprise Co., Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for 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 Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' 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' report and consolidated financial statements shall prevail.

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 923,081	11	\$ 1,529,546	18
Financial assets at fair value through profit or loss - current (Note 7)	6,019	-	4,873	-
Financial assets at amortized cost - current (Notes 9 and 33)	560,587	7	69,412	1
Notes receivable (Note 10)	-	-	8,925	-
Trade receivables (Notes 10 and 32)	565,631	7	969,216	11
Other receivables (Notes 10 and 32)	231,470	3	249,302	3
Inventories (Note 12)	1,579,286	20	2,117,954	25
Other current assets (Notes 11 and 19)	150,861	2	214,227	2
Total current assets	<u>4,016,935</u>	<u>50</u>	<u>5,163,455</u>	<u>60</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	367,145	5	173,383	2
Financial assets at amortized cost - non-current (Note 9)	50,000	1	50,000	1
Investments accounted for using the equity method (Note 14)	593,507	7	352,564	4
Property, plant and equipment (Notes 15, 32 and 33)	1,831,039	23	1,631,600	19
Right-of-use assets (Notes 16 and 32)	89,899	1	96,778	1
Investment properties, net (Note 17)	775,898	10	800,475	9
Intangible assets (Note 18)	27,047	-	35,280	-
Deferred tax assets (Note 25)	49,871	1	50,208	1
Other non-current assets (Notes 11 and 19)	176,724	2	213,144	3
Total non-current assets	<u>3,961,130</u>	<u>50</u>	<u>3,403,432</u>	<u>40</u>
TOTAL	<u>\$ 7,978,065</u>	<u>100</u>	<u>\$ 8,566,887</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 20 and 33)	\$ 548,697	7	\$ 799,039	9
Short-term bills payable (Note 20)	-	-	30,000	-
Financial liabilities at fair value through profit or loss - current (Note 7)	3,561	-	18,622	-
Notes payable	129	-	22,905	-
Trade payables	644,300	8	827,212	10
Other payables (Notes 21 and 32)	343,211	4	393,454	5
Current tax liabilities (Note 25)	119,039	2	221,769	3
Lease liabilities - current (Notes 16 and 32)	22,135	-	34,160	-
Current portion of long-term liabilities (Notes 20 and 33)	-	-	1,460	-
Other current liabilities	41,952	1	55,328	1
Total current liabilities	<u>1,723,024</u>	<u>22</u>	<u>2,403,949</u>	<u>28</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 20 and 33)	485,000	6	427,210	5
Deferred tax liabilities (Note 25)	123,510	2	122,999	2
Lease liabilities - non-current (Notes 16 and 32)	27,101	-	18,746	-
Net defined benefit liabilities - non-current (Note 22)	11,463	-	14,061	-
Other non-current liabilities	7,467	-	7,594	-
Total non-current liabilities	<u>654,541</u>	<u>8</u>	<u>590,610</u>	<u>7</u>
Total liabilities	<u>2,377,565</u>	<u>30</u>	<u>2,994,559</u>	<u>35</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 23, 27 and 29)				
Share capital				
Ordinary shares	1,501,139	19	1,408,331	16
Preference shares	6,954	-	96,117	1
Advance receipts for ordinary shares	-	-	279	-
Total share capital	<u>1,508,093</u>	<u>19</u>	<u>1,504,727</u>	<u>17</u>
Capital surplus	2,233,250	28	2,219,093	26
Retained earnings				
Legal reserve	668,803	8	575,708	7
Special reserve	95,491	1	182,576	2
Unappropriated earnings	1,187,483	15	1,181,999	14
Total retained earnings	<u>1,951,777</u>	<u>24</u>	<u>1,940,283</u>	<u>23</u>
Other equity interests				
Exchange differences on translation of the financial statements of foreign operations	(234,489)	(3)	(167,501)	(2)
Unrealized valuation gain on financial assets at fair value through other comprehensive income	140,484	2	72,010	1
Total other equity interests	<u>(94,005)</u>	<u>(1)</u>	<u>(95,491)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	5,599,115	70	5,568,612	65
NON-CONTROLLING INTERESTS	<u>1,385</u>	<u>-</u>	<u>3,716</u>	<u>-</u>
Total equity	<u>5,600,500</u>	<u>70</u>	<u>5,572,328</u>	<u>65</u>
TOTAL	<u>\$ 7,978,065</u>	<u>100</u>	<u>\$ 8,566,887</u>	<u>100</u>

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

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Note 32)				
Sales revenue	\$ 7,708,244	100	\$ 10,304,209	100
OPERATING COSTS (Notes 12, 24 and 32)				
Cost of goods sold	<u>(6,326,110)</u>	<u>(82)</u>	<u>(8,541,008)</u>	<u>(83)</u>
GROSS PROFIT	<u>1,382,134</u>	<u>18</u>	<u>1,763,201</u>	<u>17</u>
OPERATING EXPENSES (Notes 10, 24 and 32)				
Selling and marketing expenses	(314,438)	(4)	(391,678)	(4)
General and administrative expenses	(367,020)	(5)	(357,405)	(3)
Research and development expenses	(53,073)	(1)	(50,912)	(1)
Expected credit loss	<u>(50,370)</u>	<u>-</u>	<u>(9,495)</u>	<u>-</u>
Total operating expenses	<u>(784,901)</u>	<u>(10)</u>	<u>(809,490)</u>	<u>(8)</u>
PROFIT FROM OPERATIONS	<u>597,233</u>	<u>8</u>	<u>953,711</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Notes 24 and 32)				
Interest income	53,056	1	24,518	-
Other income	32,394	-	25,527	-
Other gains and losses	66,012	1	122,520	1
Finance costs	(25,336)	-	(20,964)	-
Share of profit of associates accounted for using the equity method	<u>23,058</u>	<u>-</u>	<u>25,772</u>	<u>1</u>
Total non-operating income and expenses	<u>149,184</u>	<u>2</u>	<u>177,373</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	746,417	10	1,131,084	11
INCOME TAX EXPENSE (Note 25)	<u>(169,268)</u>	<u>(2)</u>	<u>(213,599)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>577,149</u>	<u>8</u>	<u>917,485</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	413	-	2,195	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	20,808	-	(81,888)	(1)

(Continued)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Unrealized gain (loss) on investments in equity instruments of associates at fair value through other comprehensive income	\$ 51,125	1	\$ (1,332)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(83)</u>	<u>-</u>	<u>(439)</u>	<u>-</u>
	<u>72,263</u>	<u>1</u>	<u>(81,464)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(66,537)	(1)	173,769	2
Unrealized loss on investments in debt instrument at fair value through other comprehensive income	<u>(493)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(67,030)</u>	<u>(1)</u>	<u>173,769</u>	<u>2</u>
Other comprehensive income for the year, net of income tax	<u>5,233</u>	<u>-</u>	<u>92,305</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 582,382</u>	<u>8</u>	<u>\$ 1,009,790</u>	<u>10</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 577,696	7	\$ 919,081	9
Non-controlling interests	<u>(547)</u>	<u>-</u>	<u>(1,596)</u>	<u>-</u>
	<u>\$ 577,149</u>	<u>7</u>	<u>\$ 917,485</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 583,051	8	\$ 1,010,922	10
Non-controlling interests	<u>(669)</u>	<u>-</u>	<u>(1,132)</u>	<u>-</u>
	<u>\$ 582,382</u>	<u>8</u>	<u>\$ 1,009,790</u>	<u>10</u>
EARNINGS PER SHARE (Note 26)				
From continuing operations				
Basic	<u>\$ 3.93</u>		<u>\$ 6.54</u>	
Diluted	<u>\$ 3.79</u>		<u>\$ 5.79</u>	

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

(Concluded)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent Company								Other Equity Interests		Total	Non-controlling Interests	Total Equity
	Share Capital				Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
	Ordinary Shares	Preference Shares	Advance Receipts for Ordinary Shares	Subtotal		Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2022	\$ 1,313,228	\$ 182,000	\$ 4,348	\$ 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 year ended December 31, 2022	-	-	-	-	-	-	-	919,081	-	-	919,081	(1,596)	917,485
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	-	1,756	173,305	(83,220)	91,841	464	92,305
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	920,837	173,305	(83,220)	1,010,922	(1,132)	1,009,790
Convertible preference shares converted	85,883	(85,883)	-	-	-	-	-	-	-	-	-	-	-
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	-	-	7,113	-	7,113	-	7,113
Issuance of ordinary shares under employee share options	9,220	-	(4,069)	5,151	26,342	-	-	-	-	-	31,493	1	31,494
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(18,378)	(18,378)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	10,113	-	(10,113)	-	-	-
BALANCE AT DECEMBER 31, 2022	1,408,331	96,117	279	1,504,727	2,219,093	575,708	182,576	1,181,999	(167,501)	72,010	5,568,612	3,716	5,572,328
Appropriation of the 2022 earnings													
Legal reserve	-	-	-	-	-	93,095	-	(93,095)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	(87,085)	87,085	-	-	-	-	-
Cash dividends 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)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	-	55	-	-	(339)	-	284	-	-	-
Net profit (loss) for the year ended December 31, 2023	-	-	-	-	-	-	-	577,696	-	-	577,696	(547)	577,149
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	-	330	(66,415)	71,440	5,355	(122)	5,233
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	-	578,026	(66,415)	71,440	583,051	(669)	582,382
Convertible preference shares converted	89,163	(89,163)	-	-	-	-	-	-	-	-	-	-	-
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	3,645	-	(279)	3,366	14,102	-	-	-	-	-	17,468	-	17,468
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	3,250	-	(3,250)	-	-	-
BALANCE AT DECEMBER 31, 2023	\$ 1,501,139	\$ 6,954	\$ -	\$ 1,508,093	\$ 2,233,250	\$ 668,803	\$ 95,491	\$ 1,187,483	\$ (234,489)	\$ 140,484	\$ 5,599,115	\$ 1,385	\$ 5,600,500

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

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 746,417	\$ 1,131,084
Adjustments for:		
Depreciation expense	155,144	170,861
Amortization expense	8,433	12,192
Expected credit loss	50,370	9,495
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(2,458)	13,749
Finance costs	25,336	20,964
Interest income	(53,056)	(24,518)
Dividend income	(8,187)	(13,087)
Compensation costs of employee share options	5,104	2,461
Share of profit of associates accounted for using the equity method	(23,058)	(25,772)
(Gain) loss on disposal of property, plant and equipment	(1,017)	2,104
Property, plant and equipment reclassified as expenses	-	2,322
Gain on disposal of investment properties	-	(25,289)
Loss on disposal of associates accounted for using the equity method	-	8,733
Write-downs of inventories	18,573	40,672
Net loss on foreign currency exchange	1,942	18,620
Loss on disposal of subsidiary	2,307	54
Other gains and losses	4,972	(11)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	4,873	1,673
Notes receivable	8,423	79,499
Trade receivables	308,566	(110,805)
Other receivables	22,153	114,825
Inventories	521,502	228,218
Other current assets	36,806	(40,177)
Financial liabilities held for trading	(18,622)	(3,816)
Notes payable	(22,776)	17,633
Trade payables	(184,347)	(4,674)
Other payables	(74,355)	60,176
Other current liabilities	(13,376)	22,587
Net defined benefit liabilities	(2,185)	(2,291)
Cash generated from operations	1,517,484	1,707,482
Interest received	36,521	20,862
Interest paid	(25,343)	(20,893)
Income tax paid	(271,140)	(115,043)
Net cash generated from operating activities	<u>1,257,522</u>	<u>1,592,408</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(173,448)	-
Acquisition of financial assets at amortized cost	(573,116)	(90,142)

(Continued)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Proceeds from disposal of financial assets at amortized cost	87,244	105,978
Acquisition of investments accounted for using the equity method	(181,949)	(32,985)
Net cash inflow on disposal of investments accounted for using the equity method	-	2,243
Net cash inflow (outflow) on disposal of subsidiaries (Note 28)	9,461	(15,297)
Acquisition of property, plant and equipment	(269,853)	(275,678)
Proceeds from disposal of property, plant and equipment	47,892	25,657
Acquisition of intangible assets	(225)	(1,718)
Acquisition of investment properties	(3,276)	(421,478)
Proceeds from disposal of investment properties	-	96,195
Increase in other non-current assets	(42,292)	-
Decrease in other non-current assets	-	20,845
Dividends received	8,187	13,087
Dividends received from associates	<u>4,730</u>	<u>10,344</u>
Net cash used in investing activities	<u>(1,086,645)</u>	<u>(562,949)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(171,204)	(269,441)
Repayments of short-term bills payable	(30,000)	-
Proceeds from long-term borrowings	785,000	400,000
Repayments of long-term borrowings	(728,670)	(613,043)
Repayment of the principal portion of lease liabilities	(41,770)	(69,780)
Decrease in other non-current liabilities	(127)	-
Increase in other non-current liabilities	-	1,817
Cash dividends paid	(569,323)	(439,955)
Proceeds from share options exercised	12,364	29,033
Changes in non-controlling interests	<u>(1,775)</u>	<u>(3,551)</u>
Net cash used in financing activities	<u>(745,505)</u>	<u>(964,920)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(31,837)</u>	<u>154,216</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(606,465)	218,755
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,529,546</u>	<u>1,310,791</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 923,081</u>	<u>\$ 1,529,546</u>

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

(Concluded)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 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 March 13, 2024.

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

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

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New IFRSs, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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 IFRS Accounting Standards 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 financial statements were authorized for issue, the Group has assessed that the application of the above standards and interpretations will not have a material impact on the Group's financial position and financial performance.

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

<u>New IFRSs, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
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 IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, 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 financial statements were authorized for issue, the Group is continuously assessing the possible impact of application of the above 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

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

- 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. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

d. 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 comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

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

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

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.

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

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

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value.

f. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in a foreign currency and measured at historical cost are stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

g. Inventories

Inventories consist of raw materials, supplies, work in progress, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

h. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

i. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

1. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

m. Impairment of property, plant and equipment, right-of-use asset, investment property and intangible asset other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment property and intangible asset, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

n. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, investment in debt instruments at FVTOCI and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 31.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, as well as finance lease receivables.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables and finance lease receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

- Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the manner described in Note 31.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and currency swaps.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

o. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

- Revenue from the sale of goods

Sales of products recognized as revenue when the goods are delivered to the customer's specific location or when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods and has the primary responsibility for reselling, and bears the risks of obsolescence of the goods. Revenue and trade receivables are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

p. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the plan amendment or curtailment occurs or when the settlement occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is

recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Employee share options

Employee share options granted to employees are measured at the fair value of the equity instruments at the grant date.

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized as an expense in full at the grant date if the grants are vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

The equity instruments granted by the Company of its equity instruments to the employees of a subsidiary under equity-settled options are treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding credit to capital surplus - employee share options.

s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current tax and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 1,823	\$ 1,750
Checking accounts and demand deposits	520,186	649,144
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>401,072</u>	<u>878,652</u>
	<u>\$ 923,081</u>	<u>\$ 1,529,546</u>

The market rate intervals of cash in the bank at the end of the year were as follows:

	<u>December 31</u>	
	2023	2022
Bank balance	0%-2.5%	0%-1.05%
Time deposits	1.1%-5.65%	1.03%-5.05%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2023	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>\$ 6,019</u>	<u>\$ 4,873</u>
<u>Financial liabilities at FVTPL - current</u>		
Held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 3,561</u>	<u>\$ 18,622</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2023</u>			
Buy	EUR/USD	2024.1.26-2024.9.26	EUR3,167/USD3,466
Buy	USD/JPY	2024.3.19-2024.10.4	USD3,044/JPY413,683
Buy	USD/NTD	2024.2.6-2024.3.14	USD3,000/NTD93,589
Sell	USD/RMB	2024.2.27-2024.5.30	USD376/RMB2,709
<u>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

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Non-current</u>		
Investments in equity instruments (a)		
Domestic listed shares	\$ 194,191	\$ 150,000
Foreign unlisted shares	<u>-</u>	<u>23,383</u>
	<u>194,191</u>	<u>173,383</u>
Investments in debt instruments (b)-(f)		
Financial bonds	<u>172,954</u>	<u>-</u>
	<u>\$ 367,145</u>	<u>\$ 173,383</u>

- a. These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.
- b. In March 2023, the Group bought 8-year corporate bonds issued by Foxconn (Far East) Limited with a coupon rate of 2.5%.
- c. In June 2023, the Group bought 3-year corporate bonds issued by Shinhan Card Co., Ltd. with a coupon rate of 1.375%.
- d. In August 2023, the Group bought 7-year corporate bonds issued by TSMC Global Ltd. with a coupon rate of 1.375%.
- e. In August 2023, the Group bought 10-year corporate bonds issued by United Health Group Inc. with a coupon rate of 5.35%.
- f. In December 2023, the Group bought 10-year corporate bonds issued by American Express with a coupon rate of 5.043%.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Domestic investments		
Restricted assets - bank balance	\$ -	\$ 11,412
Time deposits with original maturities of more than 3 months (a)	<u>560,587</u>	<u>58,000</u>
	<u>\$ 560,587</u>	<u>\$ 69,412</u>
<u>Non-current</u>		
Private corporate bond with no active market (b)	<u>\$ 50,000</u>	<u>\$ 50,000</u>

- a. The range of interest rates for time deposits with original maturities of more than 3 months was approximately 1.57%-5.44% per annum as of December 31, 2023.

- b. 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.
- c. Refer to Note 33 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes receivable</u>		
At amortized cost		
Notes receivable - operating	\$ -	\$ 8,925
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 8,925</u>
<u>Trade receivables (including related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 570,075	\$ 969,297
Less: Allowance for impairment loss	<u>(4,444)</u>	<u>(81)</u>
	<u>\$ 565,631</u>	<u>\$ 969,216</u>
<u>Other receivables</u>		
Sale of raw materials	\$ 322,732	\$ 354,659
Tax refund receivable	41,400	40,107
Interest receivable	20,705	4,170
Others	1,804	620
Less: Allowance for impairment loss	<u>(155,171)</u>	<u>(150,254)</u>
	<u>\$ 231,470</u>	<u>\$ 249,302</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 to 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 trade receivables was as follows:

	December 31	
	2023	2022
Less than 30 days	\$ 327,319	\$ 370,003
31-60 days	189,442	395,282
61-120 days	46,513	204,012
More than 120 days	<u>6,801</u>	<u>-</u>
	<u>\$ 570,075</u>	<u>\$ 969,297</u>

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

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 81	\$ 81
Less: Net remeasurement of loss allowance	4,363	-
Foreign exchange gains and losses	<u>-</u>	<u>-</u>
Balance at December 31	<u>\$ 4,444</u>	<u>\$ 81</u>

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 150,254	\$ 144,913
Less: Net remeasurement of loss allowance	4,976	4,976
Foreign exchange gains and losses	<u>(59)</u>	<u>365</u>
Balance at December 31	<u>\$ 155,171</u>	<u>\$ 150,254</u>

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

11. FINANCE LEASE RECEIVABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Undiscounted lease payments</u>		
Year 1	\$ 68,579	\$ 49,861
Year 2	20,303	20,273
Year 3	<u>-</u>	<u>20,303</u>
	88,882	90,437
Less: Unearned finance income	(6,073)	(9,051)
Less: Allowance for impairment loss	<u>(51,867)</u>	<u>(10,836)</u>
Net investment in leases (presented as finance lease receivables) (Note 19)	<u>\$ 30,942</u>	<u>\$ 70,550</u>

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

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

The Group measures the loss allowance for finance lease receivables at an amount equal to lifetime ECLs. The respective leased equipment served as collateral for the finance lease receivables. As of December 31, 2023, part of finance lease receivables was past due. The Group has recognized a loss allowance of \$51,867 thousand for finance lease receivables after taking into consideration the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables.

12. INVENTORIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Merchandise	\$ 59,686	\$ 91,465
Finished goods	294,080	456,920
Work in progress	668,276	913,239
Raw materials	364,131	454,363
Goods to subcontractor	-	41
Inventory in transit	<u>193,113</u>	<u>201,926</u>
	<u>\$ 1,579,286</u>	<u>\$ 2,117,954</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$6,326,110 thousand and \$8,541,008 thousand, respectively. The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 included inventory write-downs of \$18,573 thousand and \$40,672 thousand, respectively.

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31 2023	December 31 2022	
The Company	Kwong Lung (B.V.I.) Ltd.	Overseas reinvested holding company.	100	100	Major subsidiary
	Kwong Lung Meko Co., Ltd.	Manufacturing and selling of apparel, down and bedding.	100	100	Major subsidiary
	Kwong Lung Japan Co., Ltd.	Selling of down and bedding	100	100	
	Bo Hsing Enterprise Co., Ltd.	Manufacturing and selling of apparel and bedding.	100	100	
	Toptex Garment Co., Ltd.	Manufacturing of apparel.	100	100	
	P&B Collection Co., Ltd.	Manufacturing of bedding.	100	100	
	Kwong Lung-O Mon Company Limited	Manufacturing of apparel.	100	100	
	Manumech Corporation	Wholesale	100	94.59	2)
	Fuhua Garment Co., Ltd.	Manufacturing of apparel.	100	-	4)
	Kwong Lung (B.V.I.) Ltd.	Kwong Lung Feather (B.V.I.) Limited	Overseas reinvested holding company.	100	100
Kwong Lung (Suzhou) Co., Ltd.	Kwong Lung (Suzhou) Co., Ltd.	Manufacturing and selling of down and bedding.	100	100	
	Rising Living Co., Ltd.	Selling of bedding.	51	51	
Kwong Lung Japan Co., Ltd.	Kwong Lung Meko (B.V.I.) Ltd.	Overseas reinvested holding company.	40	40	
	Bo Hsing Enterprise Co., Ltd.				
Kwong Lung Meko Co., Ltd.	Kwong Lung Meko (B.V.I.) Ltd.	Overseas reinvested holding company	60	60	
Kwong Lung (Suzhou) Co., Ltd.	Kunshan Fulong Trade Co., Ltd.	Selling of bedding.	100	100	
	Huai An He Yu Home Textile Co., Ltd	Selling of bedding.	-	-	1)
	Manumech Corporation	Wholesale	-	2.76	2)
P&B Collection Co., Ltd.	Intime Tech Co., Ltd.	Wholesale	-	100	3)

- 1) 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 for details of the transaction.
- 2) In February 2023, P&B Collection Co., Ltd. acquired a 2.65% equity interest in Manumech Corporation from non-controlling interests, and the Group's shareholding in Manumech Corporation increased from 97.35% to 100%. Refer to Note 29 for the details. P&B Collection Co., Ltd. sold 5.41% of its equity interest in Manumech Corporation to the Company in May 2023, and the Company's shareholding in Manumech Corporation became 100%.
- 3) In line with its business plan, the Group's board of directors resolved to dispose of its subsidiary, Intime Tech Co., Ltd., to the non-related parties on February 1, 2023, and the transaction was completed on May 6, 2023. The Group recognized a loss on disposal of \$2,307 thousand. Refer to Note 28 for details of the transaction.
- 4) 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.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	<u>December 31</u>	
	2023	2022
Material associate		
Snowdown Merchandise Corporation	\$ 183,667	\$ 237,026
Associate that are not individually material	<u>409,840</u>	<u>115,538</u>
	<u>\$ 593,507</u>	<u>\$ 352,564</u>

a. Material associate

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

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.

Refer to Table 7 “Information on Investees” for the nature of activities, principal place of business and country of incorporation of the associate.

Snowdown Merchandise Corporation

	<u>December 31</u>	
	2023	2022
Current assets	\$ 637,567	\$ 559,575
Non-current assets	226,464	302,470
Current liabilities	(377,545)	(204,321)
Non-current liabilities	<u>(2,494)</u>	<u>(2,487)</u>
Equity	<u>\$ 483,992</u>	<u>\$ 655,237</u>
Proportion of the Group’s ownership	39.5%	39.5%
Equity attributable to the Group	\$ 191,177	\$ 258,819
Unrealized gain or loss with associates	(4,456)	(4,552)
Other adjustment	<u>(3,054)</u>	<u>(17,241)</u>
Carrying amount	<u>\$ 183,667</u>	<u>\$ 237,026</u>

	For the Year Ended December 31	
	2023	2022
Operating revenue	\$ <u>1,488</u>	\$ <u>1,185</u>
Net profit for the year	\$ 44,607	\$ 47,460
Other comprehensive income (loss)	<u>49,340</u>	<u>(9,197)</u>
Total comprehensive income for the year	<u>\$ 93,947</u>	<u>\$ 38,263</u>

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2023	2022
The Group's share of:		
Net profit for the year	\$ 5,343	\$ 6,929
Other comprehensive income	<u>12,245</u>	<u>2,512</u>
Total comprehensive income for the year	<u>\$ 17,588</u>	<u>\$ 9,441</u>

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>

Aside from aforementioned transaction, the Group has acquired several associates which are not individually material.

Except for the financial statements of December 31, 2023 and 2022 of Lyon Ventures Holdings Ltd. and the financial statements of December 31, 2022 of O'Casa Lk Property Group Inc., 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 been audited. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the investees' financial statements which have not been audited.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Property under Construction	Total
Cost							
Balance at January 1, 2023	\$ 729,522	\$ 1,112,777	\$ 577,860	\$ 34,738	\$ 167,378	\$ 231,665	\$ 2,853,940
Additions	-	86,997	10,380	1,478	3,044	257,329	359,228
Disposals	(41,762)	(11,827)	(9,735)	(907)	(31,103)	-	(95,334)
Disposal of subsidiaries (Note 29)	-	-	-	-	(1,513)	-	(1,513)
Reclassification	-	8,230	-	-	-	(8,959)	(729)
Effects of foreign currency exchange differences	-	(7,921)	(6,162)	(243)	(696)	(4,055)	(19,077)
Balance at December 31, 2023	<u>\$ 687,760</u>	<u>\$ 1,188,256</u>	<u>\$ 572,343</u>	<u>\$ 35,066</u>	<u>\$ 137,110</u>	<u>\$ 475,980</u>	<u>\$ 3,096,515</u>
Accumulated depreciation and impairment							
Balance at January 1, 2023	\$ -	\$ 548,879	\$ 491,555	\$ 30,079	\$ 151,827	\$ -	\$ 1,222,340
Depreciation expense	-	60,826	33,646	2,392	6,460	-	103,324
Disposals	-	(7,023)	(9,735)	(907)	(30,794)	-	(48,459)
Disposal of subsidiaries (Note 29)	-	-	-	-	(649)	-	(649)
Reclassification	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	-	(4,567)	(5,700)	(188)	(625)	-	(11,080)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 598,115</u>	<u>\$ 509,766</u>	<u>\$ 31,376</u>	<u>\$ 126,219</u>	<u>\$ -</u>	<u>\$ 1,265,476</u>
Carrying amount at December 31, 2023	<u>\$ 687,760</u>	<u>\$ 590,141</u>	<u>\$ 62,577</u>	<u>\$ 3,690</u>	<u>\$ 10,891</u>	<u>\$ 475,980</u>	<u>\$ 1,831,039</u>
Cost							
Balance at January 1, 2022	\$ 750,609	\$ 1,055,946	\$ 646,956	\$ 35,816	\$ 216,326	\$ 100,135	\$ 2,805,788
Additions	-	1,257	18,444	318	5,240	158,735	183,994
Disposals	(21,240)	(14,650)	(133,387)	(4,220)	(55,671)	-	(229,168)
Disposal of subsidiaries (Note 29)	-	(1,847)	(207)	-	(1,627)	-	(3,681)
Reclassification	153	27,964	-	-	(397)	(30,042)	(2,322)
Effects of foreign currency exchange differences	-	44,107	46,054	2,824	3,507	2,837	99,329
Balance at December 31, 2022	<u>\$ 729,522</u>	<u>\$ 1,112,777</u>	<u>\$ 577,860</u>	<u>\$ 34,738</u>	<u>\$ 167,378</u>	<u>\$ 231,665</u>	<u>\$ 2,853,940</u>
Accumulated depreciation and impairment							
Balance at January 1, 2022	\$ -	\$ 476,432	\$ 545,870	\$ 29,295	\$ 196,721	\$ -	\$ 1,248,318
Disposals	-	(12,184)	(130,035)	(4,217)	(54,971)	-	(201,407)
Disposal of subsidiaries (Note 29)	-	(1,847)	(207)	-	(1,468)	-	(3,522)
Depreciation expense	-	61,129	37,674	2,624	8,443	-	109,870
Effect of foreign currency exchange differences	-	25,349	38,253	2,377	3,102	-	69,081
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 548,879</u>	<u>\$ 491,555</u>	<u>\$ 30,079</u>	<u>\$ 151,827</u>	<u>\$ -</u>	<u>\$ 1,222,340</u>
Carrying amount at December 31, 2022	<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>

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.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amount</u>		
Land	\$ 46,230	\$ 48,428
Buildings	31,256	35,955
Machinery	488	1,080
Transportation equipment	<u>11,925</u>	<u>11,315</u>
	<u>\$ 89,899</u>	<u>\$ 96,778</u>
	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Additions to right-of-use assets	<u>\$ 38,797</u>	<u>\$ 24,266</u>
Depreciation charge for right-of-use assets		
Land	\$ 2,012	\$ 2,727
Buildings	32,957	42,884
Machinery	587	857
Transportation equipment	<u>9,243</u>	<u>8,979</u>
	<u>\$ 44,799</u>	<u>\$ 55,447</u>

b. Lease liabilities

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amount</u>		
Current	<u>\$ 22,135</u>	<u>\$ 34,160</u>
Non-current	<u>\$ 27,101</u>	<u>\$ 18,746</u>

Range of discount rates for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Land	1.28%	1.28%
Buildings	0.37%-9.64%	0.37%-9.64%
Machinery	1.03%-5%	1.03%-5%
Transportation equipment	0.52%-1.60%	0.52%-1.28%

c. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ <u>32,465</u>	\$ <u>14,477</u>
Expenses relating to low-value asset leases	\$ <u>748</u>	\$ <u>868</u>
Total cash outflow for leases	\$ <u>(76,536)</u>	\$ <u>(87,080)</u>

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

17. INVESTMENT PROPERTIES

	For the Year Ended December 31	
	2023	2022
<u>Cost</u>		
Balance at January 1	\$ 813,487	\$ 470,423
Additions	3,276	421,478
Disposals	-	(71,257)
Transfers from property, plant and equipment	2,110	-
Effects of foreign currency exchange differences	<u>(23,603)</u>	<u>(7,157)</u>
Balance at December 31	<u>\$ 795,270</u>	<u>\$ 813,487</u>
<u>Accumulated depreciation</u>		
Balance at January 1	\$ 13,012	\$ 7,938
Depreciation expense	7,021	5,544
Disposals	-	(351)
Effects of foreign currency exchange differences	<u>(661)</u>	<u>(119)</u>
Balance at December 31	<u>\$ 19,372</u>	<u>\$ 13,012</u>
Carrying amount at December 31	<u>\$ 775,898</u>	<u>\$ 800,475</u>

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31	
	2023	2022
Year 1	\$ 11,958	\$ 13,173
Year 2	2,807	5,553
Year 3	129	849
Year 4	129	-
Year 5	<u>76</u>	<u>-</u>
	<u>\$ 15,099</u>	<u>\$ 19,575</u>

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

Main buildings 10-50 years

The fair value was based on the valuations carried out by independent qualified professional valuers and the evaluation basis was based on the comparison approach and income approach. The fair value as appraised was as follows:

	December 31	
	2023	2022
Fair value	<u>\$ 801,841</u>	<u>\$ 821,029</u>

18. INTANGIBLE ASSETS

	December 31	
	2023	2022
Goodwill	\$ 22,022	\$ 22,022
Cost of computer software	3,710	11,770
Others	<u>1,315</u>	<u>1,488</u>
	<u>\$ 27,047</u>	<u>\$ 35,280</u>

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

19. OTHER ASSETS

	December 31	
	2023	2022
<u>Current</u>		
Overpaid tax retained for offsetting future tax payable	\$ 54,369	\$ 43,083
Prepayments	57,116	91,461
Finance lease receivables (Note 11)	11,690	33,884
Others	<u>27,686</u>	<u>45,799</u>
	<u>\$ 150,861</u>	<u>\$ 214,227</u>
<u>Non-current</u>		
Finance lease receivables (Note 11)	\$ 19,252	\$ 36,666
Refundable deposits	26,572	26,024
Prepayments for land and building	2,000	82,129
Prepayments for investment	36,136	36,136
Prepayments for equipment	43,191	23,915
Others	<u>49,573</u>	<u>8,274</u>
	<u>\$ 176,724</u>	<u>\$ 213,144</u>

20. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2023	2022
<u>Secured borrowings</u>		
Bank loans*	\$ -	\$ 13,224
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>548,697</u>	<u>785,815</u>
	<u>\$ 548,697</u>	<u>\$ 799,039</u>
Range of interest rates	<u>0.23%-3.50%</u>	<u>0.26%-4.62%</u>

b. Short-term bills payable

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

Outstanding short-term bills payable were as follows:

December 31, 2023: None.

December 31, 2022

<u>Promissory Institution</u>	<u>Nominal Amount</u>	<u>Discount Amount</u>	<u>Carrying Amount</u>	<u>Interest Rate</u>	<u>Collateral</u>	<u>Carrying Amount of Collateral</u>
<u>Commercial paper</u>						
Mega International Commercial Bank	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ 30,000</u>	2.228%	None	<u>\$ -</u>

c. Current portion of long-term borrowings

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

d. Long-term borrowings

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Secured borrowings</u>		
Bank loans*	\$ -	\$ 28,670
<u>Unsecured borrowings</u>		
Credit borrowings	<u>485,000</u>	<u>400,000</u>
	485,000	428,670
Less: Current portion	<u>-</u>	<u>(1,460)</u>
Long-term borrowings	<u>\$ 485,000</u>	<u>\$ 427,210</u>
Range of interest rates	<u>1.46%-1.74%</u>	<u>1.66%-1.98%</u>

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

21. OTHER PAYABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Payables for payroll and employee benefits	\$ 159,829	\$ 198,833
Payables for compensation of employees	34,156	43,827
Payables for remuneration of directors and supervisors	22,000	25,000
Payables for purchase of equipment	27,008	486
Payables for fabrication expense	15,115	22,304
Payables for VAT	5,124	738
Others	<u>79,979</u>	<u>102,266</u>
	<u>\$ 343,211</u>	<u>\$ 393,454</u>

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company, P&B Collection Co., Ltd. and Manumech Corporation of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiary outside Taiwan are members of a state-managed retirement benefit plan operated by the government. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 6% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 36,898	\$ 39,594
Fair value of plan assets	<u>(25,435)</u>	<u>(25,533)</u>
Net defined benefit liabilities	<u>\$ 11,463</u>	<u>\$ 14,061</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	<u>\$ 40,266</u>	<u>\$ (21,719)</u>	<u>\$ 18,547</u>
Service cost			
Current service cost	114	-	114
Net interest expense (income)	<u>274</u>	<u>(153)</u>	<u>121</u>
Recognized in profit or loss	<u>388</u>	<u>(153)</u>	<u>235</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,916)	(1,916)
Actuarial loss - changes in demographic assumptions	1,458	-	1,458
Actuarial gain - changes in financial assumptions	<u>(1,737)</u>	<u>-</u>	<u>(1,737)</u>
Recognized in other comprehensive income	<u>(279)</u>	<u>(1,916)</u>	<u>(2,195)</u>
Contributions from the employer	-	(2,526)	(2,526)
Benefits paid - from plan assets	<u>(781)</u>	<u>781</u>	<u>-</u>
Balance at December 31, 2022	<u>39,594</u>	<u>(25,533)</u>	<u>14,061</u>
Service cost			
Current service cost	106	-	106
Net interest expense (income)	<u>483</u>	<u>(323)</u>	<u>160</u>
Recognized in profit or loss	<u>589</u>	<u>(323)</u>	<u>266</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (204)	\$ (204)
Actuarial gain - changes in demographic assumptions	(340)	-	(340)
Actuarial loss - changes in financial assumptions	<u>131</u>	<u>-</u>	<u>131</u>
Recognized in other comprehensive income	<u>(209)</u>	<u>(204)</u>	<u>(413)</u>
Contributions from the employer	-	(2,451)	(2,451)
Benefits paid - from plan assets	<u>(3,076)</u>	<u>3,076</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 36,898</u>	<u>\$ (25,435)</u>	<u>\$ 11,463</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government or corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2023	2022
Discount rate	1.20%	1.25%
Expected rate of salary increase	3.00%	3.00%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Discount rate		
0.25% increase	<u>\$ (647)</u>	<u>\$ (750)</u>
0.25% decrease	<u>\$ 667</u>	<u>\$ 774</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 653</u>	<u>\$ 759</u>
0.25% decrease	<u>\$ (637)</u>	<u>\$ (739)</u>

The above sensitivity analysis may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Expected contributions to the plan for the next year	<u>\$ 2,340</u>	<u>\$ 2,486</u>
Average duration of the defined benefit obligation	7 years	7 years

23. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Number of shares authorized (in thousands)	<u>180,000</u>	<u>180,000</u>
Shares authorized	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Number of shares issued and fully paid (in thousands)	<u>150,114</u>	<u>140,833</u>
Shares issued	<u>\$ 1,501,139</u>	<u>\$ 1,408,331</u>
Advance receipts for ordinary shares	<u>\$ -</u>	<u>\$ 279</u>

The change in the Company's share capital is mainly due to the exercise of employee share options and converted preference shares. In the fourth quarter of 2023, the employee share options of the Company exercised total 16,000 shares. The Company has not registered with the Ministry of Economic Affairs before the date at approval of issuance of the financial statements.

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 the capital increase was December 20, 2018. The payment of all issued preference shares was received, and the relevant statutory registration procedures were completed. The preference shares are classified as equity.

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

- 1) The preference shares are perpetual.
- 2) The dividends of preference shares A is capped at 5% per annum on the issue price. The dividend rate will be set as 5-year IRS + (fixed rate). The fixed rate will be reset after one business day when 7-year is due.
- 3) The fiscal year-end earnings of the Company shall be applied to the following in order: Payments of taxes, adjustments per financial and accounting principle, making-up of deficit, legal reserve, special reserve by law or reversal, and the remaining shall be paid to holders of preference shares as the current year's dividends. The Company has discretion over the dividend distribution of preference shares A. The Company may decide not to distribute dividends of preference shares in the following circumstances: (a) there are no earnings in a fiscal year, and (b) the earnings are insufficient to distribute dividends of preference shares. The cancellation of dividend payment should not constitute an event of default. The preference shares are noncumulative, and the preference shareholders do not have the right to claim any of the unpaid or omitted dividends in the future. Preference shares dividend will be paid in cash every year after the Annual General Meeting has approved on the audited financial reports. The board will decide on a payment record date for distributing the dividend. Preference shares dividend on the issued year and redeemed year will be calculated based on actual number of days issued.
- 4) Preference shareholders are not entitled to receive ordinary shares' cash or share dividends derived from earnings or capital reserve.
- 5) Preference shares may be redeemed in whole or in part at issue price 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 December 31, 2023, a total of 17,505 thousand shares of the Company's preferred share A have been converted to the Company's ordinary shares.

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 1,533,016	\$ 1,519,657
Conversion of bonds	640,431	640,431
Treasury share transactions	29,284	29,284
Expire options	21,768	20,715
<u>May only be used to offset a deficit (2)</u>		
Share of changes in capital surplus of associates	2,460	2,460
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>6,236</u>	<u>6,546</u>
	<u>\$ 2,233,250</u>	<u>\$ 2,219,093</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 24(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:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
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.

The appropriations of earnings for 2023, which were proposed by the Company's board of directors on March 13, 2024, were as follows:

	For the Year Ended December 31, 2023
Legal reserve	<u>\$ 58,082</u>
Special reserve	<u>\$ (1,486)</u>
Ordinary share dividends	<u>\$ 540,704</u>
Preference share dividends	<u>\$ 1,579</u>
Ordinary share dividends per share (NT\$)	\$ 3.6
Preference share dividends per share (NT\$)	\$ 2.5

The appropriations of earnings for 2023 are subject to the resolution in the shareholders' meeting to be held in May 2024.

d. Other equity items

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (167,501)	\$ (347,919)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(66,415)	173,305
Reclassification adjustments		
Disposal of foreign operations	(580)	7,113
Acquisition of partial interest of subsidiary	<u>7</u>	<u>-</u>
Balance at December 31	<u>\$ (234,489)</u>	<u>\$ (167,501)</u>

e. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 3,716	\$ 23,225
Share in loss for the year	(547)	(1,596)
Exchange differences on translating the financial statements of foreign entities	(122)	464
Cash dividends by the subsidiaries	-	(3,551)
Acquisition of non-controlling interests in subsidiaries (Note 29)	(1,662)	-
Disposal of subsidiaries	-	(14,827)
Employee share options	<u>-</u>	<u>1</u>
Balance at December 31	<u>\$ 1,385</u>	<u>\$ 3,716</u>

24. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	\$ 46,877	\$ 18,324
Financial assets at amortized cost	1,250	860
Investments in debt instruments measured at FVTOCI	1,951	-
Net investments in leases	<u>2,978</u>	<u>5,334</u>
	<u>\$ 53,056</u>	<u>\$ 24,518</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Rental income	\$ 24,202	\$ 12,440
Dividends	8,187	13,087
Others	<u>5</u>	<u>-</u>
	<u>\$ 32,394</u>	<u>\$ 25,527</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	\$ 392,100	\$ 679,908
Foreign exchange losses	(363,728)	(472,604)
Gain (loss) on financial assets and liabilities designated as at FVTPL	51,096	(78,802)
Gain (loss) on disposal of property, plant and equipment	1,017	(2,104)
Loss on disposal of subsidiary	(2,307)	(54)
Loss on disposal of associates accounted for using the equity method	-	(8,733)
Gain on disposal of investment properties	-	25,289
Others	<u>(12,166)</u>	<u>(20,380)</u>
	<u>\$ 66,012</u>	<u>\$ 122,520</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 23,783	\$ 19,009
Interest on lease liabilities	<u>1,553</u>	<u>1,955</u>
	<u>\$ 25,336</u>	<u>\$ 20,964</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 85,482	\$ 105,401
Operating expenses	62,641	59,916
Other gains and losses	<u>7,021</u>	<u>5,544</u>
	<u>\$ 155,144</u>	<u>\$ 170,861</u>
An analysis of amortization by function		
Operating costs	\$ -	\$ 1,864
Operating expenses	<u>8,433</u>	<u>10,328</u>
	<u>\$ 8,433</u>	<u>\$ 12,192</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plan	\$ 14,936	\$ 15,610
Defined benefit plans	<u>266</u>	<u>235</u>
	<u>15,202</u>	<u>15,845</u>
Share-based payments		
Equity-settled	5,104	2,461
Other employee benefits	<u>1,094,760</u>	<u>1,234,592</u>
Total employee benefits expense	<u>\$ 1,115,066</u>	<u>\$ 1,252,898</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 726,990	\$ 837,274
Operating expenses	<u>388,076</u>	<u>415,624</u>
	<u>\$ 1,115,066</u>	<u>\$ 1,252,898</u>

g. Compensation of employees and remuneration of directors and supervisors

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. The compensation of employees and remuneration of directors and supervisors for the years ended December 31, 2023 and 2022 which have been approved by the Company's board of directors on March 13, 2024 and March 14, 2023, respectively, were as follows:

Amount

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

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

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.

25. INCOME TAXES

a. Income tax expense recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 149,608	\$ 204,798
Income tax on unappropriated earnings	17,781	-
Adjustments for prior year	<u>1,021</u>	<u>(2,629)</u>
	<u>168,410</u>	<u>202,169</u>
Deferred tax		
In respect of the current year	<u>858</u>	<u>11,430</u>
Income tax expense recognized in profit or loss	<u>\$ 169,268</u>	<u>\$ 213,599</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax	<u>\$ 746,417</u>	<u>\$ 1,131,084</u>
Income tax expense calculated at the statutory rate (20%)	\$ 149,283	\$ 226,217
Tax-exempt income	(1,503)	(2,531)
Deductible gains in determining taxable income	(1,178)	(2,316)
Deferred tax effect of earnings of subsidiary	(3,659)	9,648
Income tax on unappropriated earnings	17,781	-
Income tax on house and land transactions	98	-
Unrecognized loss carryforwards and temporary differences	(48,233)	(73,086)
Effect of different tax rates of the entities in the Group operating in other jurisdictions	52,907	58,296
Capital gain tax on disposal of subsidiary	2,751	-
Adjustments for prior years' tax	<u>1,021</u>	<u>(2,629)</u>
Income tax expense recognized in profit or loss	<u>\$ 169,268</u>	<u>\$ 213,599</u>

b. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Disposal of Subsidiaries	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Foreign exchange losses	\$ 3,104	\$ 3,440	\$ -	\$ -	\$ 6,544
Write-down of inventories	15,348	(273)	-	-	15,075
Unrealized intercompany gain	1,979	(575)	-	-	1,404
Foreign investment profits and losses	19,232	(709)	-	-	18,523
FVTPL financial liabilities	229	245	-	-	474
Defined benefit obligations	2,772	(439)	-	(83)	2,250
Payables for annual leave	6,591	(990)	-	-	5,601
Impairment of machinery equipment	831	(831)	-	-	-
Others	122	(122)	-	-	-
	<u>\$ 50,208</u>	<u>\$ (254)</u>	<u>\$ -</u>	<u>\$ (83)</u>	<u>\$ 49,871</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Foreign exchange gains	\$ (6,080)	\$ (6,234)	\$ -	\$ -	\$ (12,314)
FVTPL financial assets	(771)	369	-	-	(402)
Foreign investment profits and losses	(115,873)	5,079	-	-	(110,794)
Others	(275)	182	93	-	-
	<u>\$ (122,999)</u>	<u>\$ (604)</u>	<u>\$ 93</u>	<u>\$ -</u>	<u>\$ (123,510)</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Exchange Difference	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Foreign exchange losses	\$ 1,709	\$ 1,395	\$ -	\$ -	\$ 3,104
Write-down of inventories	14,360	988	-	-	15,348
Unrealized intercompany gain	1,673	306	-	-	1,979
Foreign investment profits and losses	27,516	(8,284)	-	-	19,232
FVTPL financial liabilities	736	(507)	-	-	229
Defined benefit obligations	3,658	(447)	-	(439)	2,772
Payables for annual leave	5,123	1,468	-	-	6,591
Impairment of machinery equipment	1,182	(351)	-	-	831
Others	135	(13)	-	-	122
	<u>\$ 56,092</u>	<u>\$ (5,445)</u>	<u>\$ -</u>	<u>\$ (439)</u>	<u>\$ 50,208</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Foreign exchange gains	\$ (1,884)	\$ (4,196)	\$ -	\$ -	\$ (6,080)
FVTPL financial assets	(328)	(443)	-	-	(771)
Foreign investment profits and losses	(114,509)	(1,364)	-	-	(115,873)
Others	(292)	18	(1)	-	(275)
	<u>\$ (117,013)</u>	<u>\$ (5,985)</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ (122,999)</u>

c. Income tax assessments

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

26. EARNINGS PER SHARE

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

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2023	2022
Profit for the year attributable to owners of the Company	\$ 577,696	\$ 919,081
Less: Declared dividends on preference shares	<u>(2,854)</u>	<u>(45,500)</u>
Earnings used in the computation of earnings per share	<u>\$ 574,842</u>	<u>\$ 873,581</u>

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

	<u>For the Year Ended December 31</u>	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	146,410	133,618
Effect of potentially dilutive ordinary shares		
Employee share options	166	389
Compensation of employees	756	928
Convertible preference shares	<u>4,302</u>	<u>15,927</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>151,634</u>	<u>150,862</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.

27. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Option Plan of the Company

- a. Qualified employees of the Company and its subsidiaries were granted 2,200 options in June 2018 and May 2019. Each option entitles the holder to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 5 years exercisable at certain percentages after the second 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.

	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	(90)	34.33	(266)	34.80	(263)	36.47	(552)	35.22
Options forfeited	(19)	34.46	-	-	(10)	37.86	(19)	37.13
Options expired	-	-	(70)	34.80	-	-	-	-
Balance at December 31	<u>28</u>	33.20	<u>-</u>	-	<u>137</u>	35.70	<u>336</u>	34.80
Options exercisable, end of the year	<u>28</u>		<u>-</u>		<u>137</u>		<u>336</u>	

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

	December 31	
	2023	2022
Range of exercise price (\$)	\$33.2	\$34.8-\$35.7
Weighted-average remaining contractual life (in years)	0.36	0.45-1.36

Options granted in May 2019 and June 2018 were priced using the Black-Scholes pricing model and the inputs to the model were as follows:

	May 2019	June 2018
Grant-date share price	\$47.7	\$49.3
Exercise price	\$47.7	\$49.3
Expected volatility	29.52%	30.7%
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	0.57%	0.66%
Expected life	3.75 years	3.75 years

Expected volatility was based on the historical share price volatility.

- 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 Year December 31					
	2023				2022	
	Granted 2023		Granted 2022		Granted 2022	
Number of Options (In Thousands)	Weighted-average Exercise Price (\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (\$)	
Balance at January 1	-	\$ -	1,600	\$ 41.10	-	\$ -
Options granted	400	55.10	-	-	1,600	44.25
Options forfeited	(9)	54.26	(60)	40.17	-	-
Balance at December 31	<u>391</u>	51.30	<u>1,540</u>	38.30	<u>1,600</u>	41.10
Options exercisable, end of the year	<u>-</u>		<u>-</u>		<u>1,600</u>	
Weighted-average exercise price (NT\$)	<u>\$10.1182</u>				<u>\$ 6.1521</u>	

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

	December 31	
	2023	2022
Range of exercise price (\$)	\$38.30-\$51.30	\$41.10
Weighted-average remaining contractual life (in years)	3.42-4.22	4.42

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 \$5,104 thousand and \$2,461 thousand for the years ended December 31, 2023 and 2022, respectively.

The weighted-average share price at the date of exercise of share options for the years ended December 31, 2023 and 2022 were \$53.66 and \$47.88, respectively.

28. DISPOSAL OF SUBSIDIARIES

In February 2023 and September, 2022, the Group entered into a sale agreement to dispose of Intime Tech Co., Ltd. and Huai An He Yu Home Textile Co., Ltd. The total amount of disposal was \$13,463 thousand and \$15,378 thousand, respectively, with a loss of \$2,307 thousand and \$54 thousand. The Group had completed the disposal on May 6, 2023 and October 8, 2022, and lost control of the subsidiaries, respectively.

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

	Intime Tech Co., Ltd.	Huai An He Yu Home Textile Co., Ltd
Current assets		
Cash and cash equivalents	\$ 4,002	\$ 30,675
Notes receivable	502	-
Trade receivables	88,712	2,462
Other receivables	75	261
Inventories	466	-
Other current assets	2,985	34
Non-current assets		
Property, plant and equipment	864	159
Current liabilities		
Short-term borrowings	(79,138)	-
Trade payables	(717)	(523)
Other payables	(1,308)	(2,809)
Non-current liabilities		
Deferred tax liabilities	<u>(93)</u>	<u>-</u>
Net assets disposed of	<u>\$ 16,350</u>	<u>\$ 30,259</u>

b. Loss on disposal of subsidiaries

	Intime Tech Co., Ltd.	Huai An He Yu Home Textile Co., Ltd
Consideration received	\$ 13,463	\$ 15,378
Net assets disposed of	(16,350)	(30,259)
Non-controlling interests	-	14,827
Reclassification of accumulated exchange difference from equity to profit or loss due to the loss of control	<u>580</u>	<u>-</u>
Loss on disposals	<u>\$ (2,307)</u>	<u>\$ (54)</u>

c. Net cash inflow (outflow) on disposals of subsidiaries

	Intime Tech Co., Ltd.	Huai An He Yu Home Textile Co., Ltd
Consideration received in cash and cash equivalents	\$ 13,463	\$ 15,378
Less: Cash and cash equivalent balances disposed of	<u>(4,002)</u>	<u>(30,675)</u>
	<u>\$ 9,461</u>	<u>\$ (15,297)</u>

29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

The above 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 to 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>
Line items adjusted for equity transactions	
Retained earnings	<u>\$ (120)</u>

30. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy has no significant variations.

The capital structure of the Group consists of net debt (borrowings offset by cash) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

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

December 31, 2023

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

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>

There were no transfers between Levels 1 and 2 in the current and prior years.

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 6,019	\$ 4,873
Financial assets at amortized cost (1)	2,289,369	2,836,294
Financial assets at FVTOCI	367,145	173,383
<u>Financial liabilities</u>		
FVTPL		
Held for trading	3,561	18,622
Amortized cost (2)	1,805,352	2,233,620

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

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

	<u>December 31</u>	
	2023	2022
<u>Assets</u>		
USD	\$ 4,244	1,984
EUR	1,775	2,889
<u>Liabilities</u>		
USD	3,561	16,658
EUR	-	1,964

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.

	USD Impact		EUR Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Profit or loss*	\$ 28,726	\$ 45,763	\$ 303	\$ (317)

	VND Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss*	\$ (1,837)	\$ (1,452)

* 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 year.

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:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 1,018,601	\$ 1,035,861
Financial liabilities	597,933	471,615
Cash flow interest rate risk		
Financial assets	542,131	666,529
Financial liabilities	485,000	839,000

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 years ended December 31, 2023 and 2022 would have increased/decreased by \$286 thousand and decreased/increased by \$862 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 analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 10% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$19,419 thousand and \$17,397 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 year, 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 December 31, 2023 and 2022, the Group had available unutilized bank loan facilities in the amounts of \$6,610,001 thousand and \$6,073,909 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 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.

December 31, 2023

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

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

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

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>

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.

December 31, 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>15,789</u>	\$ <u>444,931</u>	\$ <u>152,017</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>

32. TRANSACTIONS WITH RELATED PARTIES

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>Relationship 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

Related Party Name/Category	For the Year Ended December 31	
	2023	2022
Associates		
Daquan Hanshi Co., Ltd.	\$ 881	\$ 608
BBL Premium Co., Ltd.	13,648	12,541
Related party in substance		
Hongze Qiyu Home Textile Co., Ltd.	-	20,761
Others	<u>39</u>	<u>26</u>
	<u>\$ 14,568</u>	<u>\$ 33,936</u>

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

c. Purchases of goods

Related Party Name	For the Year Ended December 31	
	2023	2022
Hongze Qiyu Home Textile Co., Ltd.	<u>\$ -</u>	<u>\$ 163,167</u>

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

Related Party Name/Category	December 31	
	2023	2022
<u>Trade receivables</u>		
BBL Premium Co., Ltd.	\$ 7,820	\$ 9,141
Daquan Hanshi Co., Ltd.	<u>-</u>	<u>4</u>
	<u>\$ 7,820</u>	<u>\$ 9,145</u>
<u>Other receivables</u>		
<u>Associates</u>	<u>\$ 466</u>	<u>\$ -</u>

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

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

Related Party Category	December 31	
	2023	2022
<u>Other payables</u>		
Associates	<u>\$ 443</u>	<u>\$ 420</u>

The outstanding trade payables to related parties are unsecured.

f. Disposal of property, plant and equipment

Related Party Name	Proceeds Price	
	For the Year Ended December 31	
	2023	2022
Hongze Qiyu Home Textile Co., Ltd.	\$ -	\$ 295

Related Party Name	Gain on Disposal	
	For the Year Ended December 31	
	2023	2022
Hongze Qiyu Home Textile Co., Ltd.	\$ -	\$ 34

g. Lease arrangements

Related Party Name	For the Year Ended December 31	
	2023	2022
<u>Acquisition of right-of-use assets</u>		
Gong Tong Zu Lin Co., Ltd.	\$ 9,853	\$ 6,259
Snowdown Merchandise Corporation*	12,854	-
	<u>\$ 22,707</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	December 31	
		2023	2022
Lease liabilities	Gong Tong Zu Lin Co., Ltd.	\$ 11,572	\$ 11,182
Lease liabilities	Gonglong Co., Ltd.	10,601	-
		<u>\$ 22,173</u>	<u>\$ 11,182</u>

Related Party Name	For the Year Ended December 31	
	2023	2022
<u>Interest expense</u>		
Gong Tong Zu Lin Co., Ltd.	\$ 142	\$ 85
Snowdown Merchandise Corporation	51	-
Gonglong Co., Ltd.	96	-
	<u>\$ 289</u>	<u>\$ 85</u>

h. Other income

Related Party Category	For the Year Ended December 31	
	2023	2022
Associates	\$ 1,847	\$ 1,242
Related party in substance	<u>115</u>	<u>95</u>
	<u>\$ 1,962</u>	<u>\$ 1,337</u>

i. Expenses

Related Party Category	For the Year Ended December 31	
	2023	2022
Related party in substance	\$ 6,737	\$ 7,238
Associates	<u>18,208</u>	<u>15,727</u>
	<u>\$ 24,945</u>	<u>\$ 22,965</u>

The expenses included rents, other expenses, etc.

j. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 93,745	\$ 86,892
Post-employment benefits	819	819
Share-based payments	<u>1,985</u>	<u>1,169</u>
	<u>\$ 96,549</u>	<u>\$ 88,880</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 letters of credit:

	December 31	
	2023	2022
Pledged deposits	\$ -	\$ 11,412
Land	-	41,761
Buildings, net	<u>-</u>	<u>4,739</u>
	<u>\$ -</u>	<u>\$ 57,912</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 December 31, 2023 and 2022 were as follows:

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
USD	<u>\$ 7,540</u>	<u>\$ 3,966</u>
EUR	<u>\$ 215</u>	<u>\$ 410</u>
NTD	<u>\$ -</u>	<u>\$ 33,200</u>

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

- c. Unrecognized commitments have not paid were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Acquisition of property, plant and equipment	<u>\$ 325,689</u>	<u>\$ 215,570</u>
Acquisition of investment property	<u>\$ 87,291</u>	<u>\$ -</u>

35. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On March 13, 2024, the Company's board of directors resolved to participate in the investment of the associate, PT. Tactical Garment Garut in accordance with the shareholding ratio, in the amount of US\$2,250 thousand.

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:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 61,374	30.705 (USD:NTD)	\$ 1,884,489
USD	625	7.0961 (USD:RMB)	19,191
USD	30,791	24,177 (USD:VND)	945,438
VND	21,950,308	0.000041 (VND:USD)	27,877
EUR	237	33.98 (EUR:NTD)	8,053
EUR	620	156.446 (EUR:JPY)	21,068

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
Non-monetary items			
Investments in associates accounted for using equity method			
CAD	\$ 3,169	23.2 (CAD:NTD)	\$ 73,535
IDR	62,531,373	0.00198 (IDR:NTD)	123,812

Financial liabilities

Monetary items			
USD	49,462	30.705 (USD:NTD)	1,518,731
USD	529	7.0961 (USD:RMB)	16,243
USD	8,856	24,177 (USD:VND)	271,923
USD	2,760	141.367 (USD:JPY)	84,746
VND	70,167,955	0.000041 (VND:USD)	89,113
EUR	560	1.1067 (EUR: USD)	19,029
			(Concluded)

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 92,229	30.71 (USD:NTD)	\$ 2,832,353
USD	1,935	6.9669 (USD:RMB)	59,424
USD	38,472	23,623 (USD:VND)	1,181,475
USD	663	132.143 (USD:JPY)	20,361
VND	30,949,797	0.000042 (VND:USD)	40,235
EUR	418	32.72 (EUR:NTD)	13,677
RMB	17,345	4.408 (RMB:NTD)	76,457
Non-monetary items			
Investments in associates accounted for using equity method			
CAD	1,550	22.67 (CAD:NTD)	35,149

Financial liabilities

Monetary items			
USD	56,325	30.71 (USD:NTD)	1,729,741
USD	2,134	6.9669 (USD:RMB)	65,535
USD	21,805	23,623 (USD:VND)	669,632
USD	3,363	132.143 (USD:JPY)	103,728
VND	68,196,755	0.000042 (VND:USD)	88,656
EUR	8	32.72 (EUR:NTD)	262
EUR	733	1.0655 (EUR:USD)	23,984
RMB	477	4.408 (RMB:NTD)	2,103

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

For the Year Ended December 31				
2023			2022	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
VND	0.00131 (VND:NTD)	\$ 38,268	0.00127 (VND:NTD)	\$ 9,117
NTD	1 (NTD:NTD)	48,929	1 (NTD:NTD)	183,256
USD	31.155 (USD:NTD)	2,409	29.803 (USD:NTD)	9,163
RMB	4.396 (RMB:NTD)	1,193	4.422 (RMB:NTD)	2,626
JPY	0.2221 (JPY:NTD)	<u>(62,427)</u>	0.2274 (JPY:NTD)	<u>3,142</u>
		<u>\$ 28,372</u>		<u>\$ 207,304</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 year.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
 - 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 year 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 year 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.

a. Segment revenue and results

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

	Segment Revenue		Segment Profit	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
Apparel department	\$ 4,514,309	\$ 5,804,166	\$ 425,056	\$ 729,099
Down material department	1,758,345	2,080,761	106,249	119,700
Home textile department	1,452,225	2,175,572	112,060	115,003
Others	<u>57,612</u>	<u>451,801</u>	<u>(46,132)</u>	<u>(10,091)</u>
Segment revenue	7,782,491	10,512,300	597,233	953,711
Eliminations	<u>(74,247)</u>	<u>(208,091)</u>	<u>-</u>	<u>-</u>
Segment revenue or segment income	<u>\$ 7,708,244</u>	<u>\$ 10,304,209</u>	597,233	953,711
Interest income			53,056	24,518
Other income			32,394	25,527
Other gains and losses			66,012	122,520
Finance costs			(25,336)	(20,964)
Share of profit or loss of associates			<u>23,058</u>	<u>25,772</u>
Profit before tax			<u>\$ 746,417</u>	<u>\$ 1,131,084</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.

b. Revenue from major products

The following is an analysis of the Group's revenue by major products from continuing operations.

	For the Year Ended December 31	
	2023	2022
Apparel products	\$ 4,514,309	\$ 5,799,991
Down material products	1,684,098	1,951,637
Home textile products	1,452,225	2,100,780
Others	<u>57,612</u>	<u>451,801</u>
	<u>\$ 7,708,244</u>	<u>\$ 10,304,209</u>

c. Geographical information

The Group operates in four principal geographical areas - Taiwan, China, Vietnam and Japan.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
USA	\$ 3,307,140	\$ 4,374,621	\$ -	\$ -
Taiwan	99,267	254,817	2,005,856	1,904,665
China	410,967	632,173	89,787	95,122
Vietnam	87,644	55,480	464,688	411,567
Japan	3,010,541	3,786,099	340,276	365,923
Others	<u>792,685</u>	<u>1,201,019</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,708,244</u>	<u>\$ 10,304,209</u>	<u>\$ 2,900,607</u>	<u>\$ 2,777,277</u>

Non-current assets exclude non-current assets classified as financial instruments and deferred tax assets.

d. Information on major customers

Customers that individually contributed 10% or more to the Group's revenue were as follows:

Customer	For the Year Ended December 31			
	2023		2022	
	Amount	% to Total	Amount	% to Total
A	\$ 1,171,917	15	\$ 1,609,688	16
B	788,336	10	Note	-

Note: Revenue less than 10% of the Group's revenue.

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 2)	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	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.	Other receivables from related parties	Yes	\$ 80,000	\$ -	\$ -	-	b.	\$ -	Operating capital	\$ -	N/A	\$ -	\$ 109,723	\$ 109,723	
		Manumech Corporation	Other receivables from related parties	Yes	20,000	11,000	11,000	1.55	b.	-	Operating capital	-	N/A	-	109,723	109,723	
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	-	101,939	101,939	
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	-	981,860	981,860	

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: 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 loans should not exceed 40% of the lender's net equity of the prior year. For No. 1: \$274,308 (net worth) × 40% = \$109,723; for No. 2: \$101,939 (net worth) × 100% = \$101,939; for No. 3: \$981,860 (net worth) × 100% = \$981,860.

- b. Total loans should not exceed 40% of the lender's net equity of the prior year. For No. 1: \$274,308 (net worth) × 40% = \$109,723; for No. 2: \$101,939 (net worth) × 100% = \$101,939; for No. 3: \$981,860 (net worth) × 100% = \$981,860.

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 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	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 2)										
1	Manumech Corporation	Intime Tech Co., Ltd.	b.	\$ 8,299 (Note 3)	\$ 10,000	\$ -	\$ -	\$ -	-	\$ 10,374 (Note 3)	Y	N	Y
2	Kwong Lung (Suzhou) Co., Ltd.	Kwong Lung Feather (B.V.I) Limited	d.	176,366 (Note 3)	44,450	43,270	21,243	-	24.53%	176,366 (Note 3)	N	N	N

Note 1: The numbers denote the following:

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

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

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

Note 3: a. The maximum balance of endorsement/guarantee provided by the Company and to individual company cannot exceed 40%-100% of net assets. For No. 1: \$20,748 (net worth) \times 40% = \$8,299; for No. 2: \$176,366 (net worth) \times 100% = \$176,366.
b. The maximum balance of endorsement/guarantee provided by the Company cannot exceed 50%-100% of net assets. For No. 1: \$20,748 (net worth) \times 50% = \$10,374; for No. 2: \$176,366 (net worth) \times 100% = \$176,366.
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

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares (In Thousands)	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	\$ 181,800	1.19	\$ 181,800	
	<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	12,391	1.99	12,391	
	<u>Financial bonds</u> Foxconn (Far East) Limited	-	Financial assets at FVTOCI - non-current	1,000,000	25,975	-	25,975	
	Shinhan Card Co., Ltd.	-	Financial assets at FVTOCI - non-current	1,000,000	28,006	-	28,006	
	Tsmc Global Ltd.	-	Financial assets at FVTOCI - non-current	1,000,000	24,941	-	24,941	
	United Health Group Inc.	-	Financial assets at FVTOCI - non-current	1,000,000	32,513	-	32,513	
	American Express	-	Financial assets at FVTOCI - non-current	2,000,000	61,519	-	61,519	

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Note/Trade Receivables (Payables)			Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Account	Ending Balance	% of Total	
Kwong Lung Enterprise Co., Ltd.	Bo Hsing Enterprise Co., Ltd.	Subsidiary	Purchase	\$ 1,929,083	32	T/T 30-180 days	No significant difference	No significant difference	Trade payables	\$ 759,142	49	
Bo Hsing Enterprise Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Sale	1,929,083	100	T/T 30-180 days	No significant difference	No significant difference	Trade receivables	759,142	100	
Kwong Lung Enterprise Co., Ltd.	Kwong Lung Meko Co., Ltd.	Subsidiary	Purchase	2,344,597	39	T/T 30-180 days	No significant difference	No significant difference	Trade payables	468,189	30	
Kwong Lung Meko Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Sale	2,344,597	92	T/T 30-180 days	No significant difference	No significant difference	Trade receivables	468,189	95	
Kwong Lung Enterprise Co., Ltd.	Kwong Lung Meko Co., Ltd.	Subsidiary	Sale	101,677	1	T/T 30-180 days	No significant difference	No significant difference	Trade receivables	16,541	4	
Kwong Lung Meko Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Purchase	101,677	4	T/T 30-180 days	No significant difference	No significant difference	Trade payables	16,541	5	
Kwong Lung Enterprise Co., Ltd.	Kwong Lung Japan Co., Ltd.	Subsidiary	Sale	459,660	7	T/T 30-180 days	No significant difference	No significant difference	Trade receivables	72,358	16	
Kwong Lung Japan Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Purchase	459,660	50	T/T 30-180 days	No significant difference	No significant difference	Trade payables	72,358	71	
Kwong Lung Enterprise Co., Ltd.	Kwong Lung (Suzhou) Co., Ltd.	Subsidiary	Purchase	211,990	4	Prepayment or T/T 30-180 days	No significant difference	No significant difference	Trade payables	14,774	1	
Kwong Lung (Suzhou) Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Sale	211,990	38	Sales revenue received in advance or T/T 30-180 days	No significant difference	No significant difference	Trade receivables	14,774	92	
Kwong Lung Enterprise Co., Ltd.	Toptex Garment Co., Ltd.	Subsidiary	Purchase	243,783	4	T/T 30-180 days	No significant difference	No significant difference	Trade payables	9,284	1	
Toptex Garment Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Sale	243,783	100	T/T 30-180 days	No significant difference	No significant difference	Trade receivables	9,284	100	

Note: The aforementioned intercompany transactions have been eliminated from 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

DECEMBER 31, 2023

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

Company Name	Related Party	Relationship	Receivables from Related Parties Balance		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
			Account	Ending Balance		Amount	Actions Taken		
Kwong Lung Enterprise Co., Ltd.	Bo Hsing Enterprise Co., Ltd.	Subsidiary	Other receivables	\$ 258,471	-	\$ -	-	\$ 161,829	\$ -
Bo Hsing Enterprise Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Trade receivables	759,142	2.09	-	-	352,346	-
Kwong Lung Meko Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Trade receivables	468,189	7.15	-	-	306,137	-

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

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
0	Kwong Lung Enterprise Co., Ltd.	Kwong Lung Meko Co., Ltd.	a	Sales revenue	\$ 101,677	No significant difference	1
			a	Cost of goods sold	2,344,597	No significant difference	30
			a	Trade receivables	16,541	No significant difference	-
			a	Trade payables	468,189	No significant difference	6
		Kwong Lung Japan Co., Ltd.	a	Other receivables	87,130	-	1
			a	Sales revenue	459,660	No significant difference	6
		Toptex Garment Co., Ltd.	a	Trade receivables	72,358	No significant difference	1
			a	Cost of goods sold	243,783	No significant difference	3
			a	Trade payables	9,284	No significant difference	-
		Bo Hsing Enterprise Co., Ltd.	a	Other receivables	10,216	-	-
			a	Cost of goods sold	1,929,083	No significant difference	25
			a	Trade payables	759,142	No significant difference	10
		Kwong Lung (Suzhou) Co., Ltd.	a	Other receivables	258,471	-	3
			a	Cost of goods sold	211,990	No significant difference	3
a	Trade payables		14,774	No significant difference	-		
a	Other receivables		2,767	-	-		
1	Kwong Lung Meko Co., Ltd.	Kwong Lung (Suzhou) Co., Ltd.	c	Sales revenue	54,853	No significant difference	1
			c	Trade receivables	6,092	No significant difference	-
		Bo Hsing Enterprise Co., Ltd.	c	Processing revenue	72,941	No significant difference	1
			c	Trade receivables	9,161	No significant difference	-
2	Kwong Lung-O Mon Company Limited	Bo Hsing Enterprise Co., Ltd.	c	Processing revenue	71,227	No significant difference	1
			c	Trade receivables	22,665	No significant difference	-
		Kwong Lung Meko Co., Ltd.	c	Processing revenue	34,826	No significant difference	-
3	Toptex Garment Co., Ltd.	Bo Hsing Enterprise Co., Ltd.	c	Processing revenue	45,204	No significant difference	1
4	P&B Collection Co., Ltd.	Manumech Corporation	c	Other receivables	11,000	-	-

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

- a. The parent company is coded "0".
- b. 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 the consolidated total assets as of December 31, 2023. For profit or loss items, cumulative amounts are shown as a percentage to consolidated total operating revenue for the year ended December 31, 2023.

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

(Concluded)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of 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	\$ 981,860	\$ 70,097	\$ 70,097	Subsidiary
	Kwong Lung Meko Co., Ltd.	Vietnam	Manufacturing of apparel, down and bedding	198,399	198,399	-	100.00	1,442,346	170,200	170,263	Subsidiary
	Kwong Lung Japan Co., Ltd.	Japan	Selling of down and bedding	280,977	280,977	10,500	100.00	344,998	52,957	52,957	Subsidiary
	Bo Hsing Enterprise Co., Ltd.	Vietnam	Manufacturing of apparel and bedding	386,911	386,911	-	100.00	1,177,058	(3,383)	(3,383)	Subsidiary
	Toptex Garment Co., Ltd.	Vietnam	Manufacturing of apparel	191,809	191,809	-	100.00	62,382	(10,168)	(10,168)	Subsidiary
	P&B Collection Co., Ltd.	Taiwan	Selling of bedding	260,000	260,000	20,618,088	100.00	267,448	15,802	15,802	Subsidiary
	Manumech Corporation	Taiwan	Wholesale	103,319	100,000	5,851,916	100.00	20,750	(40,366)	(40,401)	Subsidiary
	Kwong Lung-O mon Company Limited	Vietnam	Manufacturing of apparel	69,799	69,799	-	100.00	76,726	18,128	17,265	Subsidiary
	Fuhua Garment Co., Ltd.	Vietnam	Manufacturing of apparel	93,135	-	-	100.00	92,115	2,803	2,803	Subsidiary
	Snowdown Merchandise Corporation	Taiwan	Real estate rental and leasing	23,017	55,095	9,874,700	39.50	183,667	44,607	17,716	Associate
	Gonglong Co., Ltd.	Taiwan	Real estate rental and leasing	32,078	-	10,348,691	39.50	102,623	4,500	1,777	Associate
	BBL Premium Co., Ltd.	Taiwan	Selling of bedding	14,000	14,000	1,487,118	46.67	6,506	(7,464)	(3,483)	Associate
	Pt. Tactical Garment Garut	Indonesia	Manufacturing of apparel	138,060	-	4,500	45.00	123,812	(6,836)	(3,076)	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	101,939	7,679	NA	Subsidiary
Kwong Lung Japan Co., Ltd.	Rising Living Co., Ltd.	Japan	Selling of bedding	3,943	3,943	306	51.00	1,441	(1,189)	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	60,430	(1,141)	NA	Subsidiary
Kwong Lung Meko Co., Ltd.	Kwong Lung Meko (B.V.I.) Ltd.	British Virgin Islands	Overseas reinvested holding company	92,880	92,880	3,000,000	60.00	93,814	(1,141)	NA	Subsidiary
P&B Collection Co, Ltd.	Gong Tong Zu Lin Co., Ltd.	Taiwan	Rental and leasing	27,300	27,300	5,304,000	39.00	91,357	36,178	NA	Associate of subsidiary
	Daquan Hanshi Co., Ltd.	Taiwan	Food service activities	5,513	5,513	655,200	39.00	12,007	5,717	NA	Associate of subsidiary
	Manumech Corporation	Taiwan	Wholesale	-	20,000	-	-	-	(40,366)	NA	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Kwong Lung Meko (B.V.I.) Ltd.	Lyon Ventures Holding Ltd.	Canada	Selling of bedding	\$ 18,231	\$ 18,231	90,000	49.00	\$ 10,590	\$ (4,327)	NA	Associate of subsidiary
	O'casa Lk Property Group Inc.	Canada	Overseas reinvested holding company	67,114	23,225	289,100	49.00	62,945	(8,355)	NA	

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

(Concluded)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 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 December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Kwong Lung (Suzhou) Co., Ltd.	Manufacturing of apparel, down and bedding	US\$ 5,000	b. 1)	\$ 149,546	\$ -	\$ -	\$ 149,546	\$ 28,576	100	\$ 28,576 b. 2)	\$ 176,366	\$ -
Kunshan Fulong Trade Co., Ltd.	Selling of bedding	RMB 5,000	c. 1)	-	-	-	-	1,209	100	1,209 b. 2)	10,467	-
Intime Tech Co., Ltd.	Wholesale	RMB 2,400	c. 2)	10,635	-	10,635	-	1,541	-	1,541 b. 2)	-	24,605

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Kwong Lung Enterprise Co., Ltd.	\$ 598,186 (Note 3)	\$ 600,875 (US\$ 20,000)	\$ 3,360,300 (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 audited by the parent company's accounting firm.
 - 3) Other.

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

Note 4: The maximum allowable limit on investment was 60% of the consolidated net asset value of the Company \$5,600,500 (consolidated net worth) x 60% = \$3,360,300.

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 YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Trade Receivables (Payables)			Unrealized Gain
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Kwong Lung (Suzhou) Co., Ltd. (Note 1)	Purchase	\$ 211,990	4	Normal	Prepayment or T/T 30-180 days	No significant difference	Trade payables	\$ 14,774	1	\$ -
Kwong Lung (Suzhou) Co., Ltd. (Note 2)	Sale	54,853	2	Normal	Sales revenue received in advance or T/T 30-180 days	No significant difference	Trade receivables	6,092	1	-

Note 1: As of December 31, 2023 the Company had transactions with Kwong Lung (Suzhou) Co., Ltd. for processing of materials and purchasing materials amounted to \$2,767 thousand of the Company's other receivables.

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

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

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES**INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 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: 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.