

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Kwong Lung Enterprise Co., Ltd. and its subsidiaries (collectively, the "Group") as of March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 13 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2022 and 2021, the combined total assets of these non-significant subsidiaries were NT\$2,426,932 thousand and NT\$3,054,434 thousand, respectively, representing 27% and 38%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$830,405 thousand and NT\$801,598 thousand, respectively, representing 22% and 29%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2022 and 2021, the amounts of combined comprehensive income or loss of these subsidiaries were NT\$17,693 thousand and NT\$(20,155) thousand, respectively, representing 9% and (9%), respectively, of the consolidated total comprehensive income. In addition, as disclosed in Note 14, the investments accounted for using the equity method, as of March 31, 2022 and 2021, were NT\$322,338 thousand and NT\$100,649 thousand, respectively, and the consolidated equity in these investees' net gain (loss) for the three months ended March 31, 2022 and 2021 amounted to NT\$1,760 thousand and NT\$(77) thousand, respectively, and the related investment amounts as well as additional disclosures are based on

these investees' unreviewed financial statements for the same reporting periods as those of the Group.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and other investees accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022 and 2021 and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 5, 2022

Notice to Readers

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

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

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,390,037	16	\$ 1,310,791	16	\$ 785,488	10
Financial assets at fair value through profit or loss - current (Note 7)	5,741	-	1,673	-	13,773	-
Financial assets at amortized cost - current (Notes 9 and 30)	138,097	2	133,958	2	187,822	2
Notes receivable (Note 10)	1,053	-	88,424	1	63,122	1
Trade receivables (Notes 10 and 29)	1,068,311	12	868,444	10	688,556	9
Other receivables (Note 10)	484,988	5	372,029	4	301,795	4
Other receivables from related parties (Note 29)	-	-	-	-	120,000	1
Inventories (Note 12)	2,664,165	30	2,395,577	29	2,144,310	27
Other current assets (Notes 11 and 19)	261,028	3	161,845	2	269,941	3
Total current assets	6,013,420	68	5,332,741	64	4,574,807	57
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	239,371	3	231,300	3	379,000	5
Financial assets at amortized cost - non-current (Note 9)	-	-	-	-	60,000	1
Investments accounted for using the equity method (Note 14)	322,338	4	331,119	4	349,656	4
Property, plant and equipment (Notes 15, 29 and 30)	1,555,639	17	1,557,470	19	1,844,765	23
Right-of-use assets (Notes 16 and 29)	110,240	1	123,098	1	145,656	2
Investment properties, net (Note 17)	384,909	4	462,485	6	400,002	5
Intangible assets (Note 18)	42,542	-	45,758	-	53,270	1
Deferred tax assets	66,870	1	56,092	1	49,414	1
Other non-current assets (Notes 11 and 19)	172,004	2	154,273	2	126,666	1
Total non-current assets	2,893,913	32	2,961,595	36	3,408,429	43
TOTAL	\$ 8,907,333	100	\$ 8,294,336	100	\$ 7,983,236	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 20)	\$ 1,119,980	13	\$ 1,048,621	13	\$ 653,913	8
Short-term bills payable (Note 20)	30,000	-	30,000	-	30,000	-
Financial liabilities at fair value through profit or loss - current (Note 7)	8,568	-	3,816	-	19	-
Notes payable	7,934	-	5,272	-	17,238	-
Trade payables (Note 29)	1,083,140	12	842,158	10	1,067,680	13
Other payables (Notes 21 and 29)	333,053	4	334,022	4	273,650	4
Current tax liabilities (Note 4)	152,264	2	134,643	2	120,658	2
Lease liabilities - current (Notes 16 and 29)	50,612	1	63,155	1	31,734	-
Current portion of long-term liabilities (Notes 20 and 30)	-	-	898	-	300,885	4
Other current liabilities	37,670	-	32,741	-	48,612	1
Total current liabilities	2,823,221	32	2,495,326	30	2,544,389	32
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 20 and 30)	708,670	8	640,815	8	41,491	-
Deferred tax liabilities	127,211	2	117,013	1	142,785	2
Lease liabilities - non-current (Notes 16 and 29)	26,912	-	34,594	1	43,658	1
Net defined benefit liabilities - non-current (Notes 4 and 21)	17,958	-	18,547	-	26,643	-
Other non-current liabilities	5,239	-	5,777	-	5,528	-
Total non-current liabilities	885,990	10	816,746	10	260,105	3
Total liabilities	3,709,211	42	3,312,072	40	2,804,494	35
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 23 and 26)						
Share capital						
Ordinary shares	1,315,023	15	1,313,228	16	1,312,308	17
Preference shares	182,000	2	182,000	2	182,000	2
Advance receipts for ordinary shares	-	-	4,348	-	-	-
Total share capital	1,497,023	17	1,499,576	18	1,494,308	19
Capital surplus	2,197,817	25	2,192,751	26	2,340,087	29
Retained earnings						
Legal reserve	516,709	6	516,709	6	484,890	6
Special reserve	59,807	1	59,807	1	30,367	-
Unappropriated earnings	1,021,789	11	872,772	11	761,970	10
Total retained earnings	1,598,305	18	1,449,288	18	1,277,227	16
Other equity interests						
Exchange differences on translation of the financial statements of foreign operations	(276,159)	(3)	(347,919)	(4)	(218,919)	(2)
Unrealized valuation gain on financial assets at fair value through other comprehensive income	157,325	1	165,343	2	255,081	3
Total other equity interests	(118,834)	(2)	(182,576)	(2)	36,162	1
Total equity attributable to owners of the Company	5,174,311	58	4,959,039	60	5,147,784	65
NON-CONTROLLING INTERESTS	23,811	-	23,225	-	30,958	-
Total equity	5,198,122	58	4,982,264	60	5,178,742	65
TOTAL	\$ 8,907,333	100	\$ 8,294,336	100	\$ 7,983,236	100

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

(With Deloitte & Touche auditors' review report dated May 5, 2022)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Note 29)				
Sales revenue	\$ 2,109,941	100	\$ 1,690,320	100
OPERATING COSTS (Notes 12, 24 and 29)				
Cost of goods sold	<u>(1,829,695)</u>	<u>(87)</u>	<u>(1,482,568)</u>	<u>(88)</u>
GROSS PROFIT	<u>280,246</u>	<u>13</u>	<u>207,752</u>	<u>12</u>
OPERATING EXPENSES (Notes 24 and 29)				
Selling and marketing expenses	(79,210)	(4)	(86,934)	(5)
General and administrative expenses	(73,285)	(3)	(70,410)	(4)
Research and development expenses	(10,715)	(1)	(11,922)	(1)
Expected credit loss	<u>(922)</u>	<u>-</u>	<u>(1,995)</u>	<u>-</u>
Total operating expenses	<u>(164,132)</u>	<u>(8)</u>	<u>(171,261)</u>	<u>(10)</u>
PROFIT FROM OPERATIONS	<u>116,114</u>	<u>5</u>	<u>36,491</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES (Notes 24 and 29)				
Interest income	3,119	-	5,548	1
Other gains and losses	56,121	3	(12,050)	(1)
Finance costs	(4,295)	-	(2,317)	-
Share of profit of associates accounted for using the equity method	<u>1,760</u>	<u>-</u>	<u>134,476</u>	<u>8</u>
Total non-operating income and expenses	<u>56,705</u>	<u>3</u>	<u>125,657</u>	<u>8</u>
PROFIT BEFORE INCOME TAX	172,819	8	162,148	10
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(27,470)</u>	<u>(1)</u>	<u>(28,620)</u>	<u>(2)</u>
NET PROFIT FOR THE PERIOD	<u>145,349</u>	<u>7</u>	<u>133,528</u>	<u>8</u>

(Continued)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	\$ (15,900)	(1)	\$ 112,500	7
Share of the other comprehensive income of associates accounted for using the equity method	<u>11,472</u>	<u>1</u>	<u>2,515</u>	<u>-</u>
	<u>(4,428)</u>	<u>-</u>	<u>115,015</u>	<u>7</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>65,311</u>	<u>3</u>	<u>(16,691)</u>	<u>(1)</u>
Other comprehensive income for the period, net of income tax	<u>60,883</u>	<u>3</u>	<u>98,324</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 206,232</u>	<u>10</u>	<u>\$ 231,852</u>	<u>14</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 145,427	7	\$ 128,440	8
Non-controlling interests	<u>(78)</u>	<u>-</u>	<u>5,088</u>	<u>-</u>
	<u>\$ 145,349</u>	<u>7</u>	<u>\$ 133,528</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 205,646	10	\$ 226,994	14
Non-controlling interests	<u>586</u>	<u>-</u>	<u>4,858</u>	<u>-</u>
	<u>\$ 206,232</u>	<u>10</u>	<u>\$ 231,852</u>	<u>14</u>
EARNINGS PER SHARE (Note 26)				
From continuing operations				
Basic	<u>\$ 1.11</u>		<u>\$ 0.98</u>	
Diluted	<u>\$ 0.97</u>		<u>\$ 0.86</u>	

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

(With Deloitte & Touche auditors' review report dated May 5, 2022)

(Concluded)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company																Total	Non-controlling Interests	Total Equity		
	Share Capital				Capital Surplus							Retained Earnings								Other Equity Interests	
	Ordinary Shares	Advance Receipts for Ordinary Shares	Preference Shares	Subtotal	Additional Paid-in Capital	Additional Paid-in Capital Bond Conversion	Treasury Share Transactions	Changes in Equity of Investments in Associates Accounted for Using the Equity Method	Employee Share Options	Expired Share Options	Subtotal	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income					
BALANCE AT JANUARY 1, 2021	\$ 1,310,623	\$ -	\$ 182,000	\$ 1,492,623	\$ 1,628,303	\$ 640,431	\$ 29,284	\$ 2,460	\$ 17,631	\$ 18,397	\$ 2,336,506	\$ 484,890	\$ 30,367	\$ 630,945	\$ (202,458)	\$ 142,651	\$ 4,915,524	\$ 22,272	\$ 4,937,796		
Net profit for the three months ended March 31, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	128,440	-	-	128,440	5,088	133,528		
Other comprehensive income (loss) for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(16,461)	115,015	98,554	(230)	98,324		
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	128,440	(16,461)	115,015	226,994	4,858	231,852		
Issuance of ordinary shares under employee share options	1,685	-	-	1,685	5,666	-	-	-	(2,085)	-	3,581	-	-	-	-	-	5,266	39	5,305		
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,789	3,789		
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	2,585	-	(2,585)	-	-	-		
BALANCE AT MARCH 31, 2021	<u>\$ 1,312,308</u>	<u>\$ -</u>	<u>\$ 182,000</u>	<u>\$ 1,494,308</u>	<u>\$ 1,633,969</u>	<u>\$ 640,431</u>	<u>\$ 29,284</u>	<u>\$ 2,460</u>	<u>\$ 15,546</u>	<u>\$ 18,397</u>	<u>\$ 2,340,087</u>	<u>\$ 484,890</u>	<u>\$ 30,367</u>	<u>\$ 761,970</u>	<u>\$ (218,919)</u>	<u>\$ 255,081</u>	<u>\$ 5,147,784</u>	<u>\$ 30,958</u>	<u>\$ 5,178,742</u>		
BALANCE AT JANUARY 1, 2022	\$ 1,313,228	\$ 4,348	\$ 182,000	\$ 1,499,576	\$ 1,484,980	\$ 640,431	\$ 29,284	\$ 2,460	\$ 15,164	\$ 20,432	\$ 2,192,751	\$ 516,709	\$ 59,807	\$ 872,772	\$ (347,919)	\$ 165,343	\$ 4,959,039	\$ 23,225	\$ 4,982,264		
Net profit (loss) for the three months ended March 31, 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	145,427	-	-	145,427	(78)	145,349		
Other comprehensive income (loss) for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64,647	(4,428)	60,219	664	60,883		
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	145,427	64,647	(4,428)	205,646	586	206,232		
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,113	-	7,113	-	7,113		
Issuance of ordinary shares under employee share options	1,795	(4,348)	-	(2,553)	6,972	-	-	-	(1,906)	-	5,066	-	-	-	-	-	2,513	-	2,513		
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	3,590	-	(3,590)	-	-	-		
BALANCE AT MARCH 31, 2022	<u>\$ 1,315,023</u>	<u>\$ -</u>	<u>\$ 182,000</u>	<u>\$ 1,497,023</u>	<u>\$ 1,491,952</u>	<u>\$ 640,431</u>	<u>\$ 29,284</u>	<u>\$ 2,460</u>	<u>\$ 13,258</u>	<u>\$ 20,432</u>	<u>\$ 2,197,817</u>	<u>\$ 516,709</u>	<u>\$ 59,807</u>	<u>\$ 1,021,789</u>	<u>\$ (276,159)</u>	<u>\$ 157,325</u>	<u>\$ 5,174,311</u>	<u>\$ 23,811</u>	<u>\$ 5,198,122</u>		

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

(With Deloitte & Touche review report dated May 5, 2022)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 172,819	\$ 162,148
Adjustments for:		
Depreciation expense	43,094	41,852
Amortization expense	3,216	3,269
Expected credit loss	922	1,995
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	2,827	(13,754)
Finance costs	4,295	2,317
Interest income	(3,119)	(5,548)
Compensation costs of employee share options	83	572
Write-downs of inventories	30,397	7,023
Share of profit of associates accounted for using the equity method	(1,760)	(134,476)
Loss on disposal of property, plant and equipment	99	1
Gain on disposal of investment properties	(25,289)	-
Loss on disposal of associates accounted for using the equity method	8,516	-
Net gain on foreign currency exchange	(7,232)	(13,016)
Other gains and losses	(73)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	1,673	22,807
Notes receivable	87,371	126,603
Trade receivables	(186,578)	56,530
Other receivables	(104,147)	29,377
Inventories	(302,001)	(426,496)
Other current assets	(94,340)	(136,642)
Financial liabilities held for trading	(3,816)	(692)
Notes payable	2,662	13,775
Trade payables	233,776	372,531
Other payables	(5,261)	(45,618)
Other current liabilities	4,929	10,339
Net defined benefit liabilities	(589)	(1,523)
Cash (used in) generated from operations	(137,526)	73,374
Interest received	2,479	5,045
Interest paid	(4,005)	(2,343)
Income tax paid	(10,429)	(7,807)
Net cash (used in) generated from operating activities	<u>(149,481)</u>	<u>68,269</u>

(Continued)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	\$ (2,519)	\$ (36,000)
Acquisition of property, plant and equipment	(38,183)	(93,215)
Proceeds from disposal of property, plant and equipment	23,941	-
Acquisition of investment properties	-	(90,456)
Proceeds from disposal of investment properties	96,195	-
Increase in other non-current assets	(20,099)	-
Decrease in other non-current assets	<u>-</u>	<u>2,095</u>
Net cash generated from (used in) investing activities	<u>59,335</u>	<u>(217,576)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments of) short-term borrowings	60,513	(114,139)
Repayments of short-term bills payable	-	(50,000)
Proceeds from long-term borrowings	80,000	28,670
Repayments of long-term borrowings	(13,043)	(220)
Repayments of the principal portion of lease liabilities	(21,039)	(7,893)
(Decrease) increase in other non-current liabilities	(538)	1,123
Proceeds from share options exercised	2,430	4,694
Changes in non-controlling interests	<u>-</u>	<u>3,828</u>
Net cash generated from (used in) financing activities	<u>108,323</u>	<u>(133,937)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>61,069</u>	<u>(1,392)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	79,246	(284,636)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,310,791</u>	<u>1,070,124</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,390,037</u>	<u>\$ 785,488</u>

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

(With Deloitte & Touche auditors' review report dated May 5, 2022)

(Concluded)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 5, 2022.

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

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

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

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

<u>New IFRSs</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 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

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

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

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

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

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

d. Other significant accounting policies

For the summary of other significant accounting policies, except for leases and the following accounting policies, refer to the consolidated financial statements for the year ended December 31, 2021.

1) Retirement benefits

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

2) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

6. CASH AND CASH EQUIVALENTS

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand	\$ 1,749	\$ 2,203	\$ 2,605
Checking accounts and demand deposits	681,757	482,860	591,242
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	<u>706,531</u>	<u>825,728</u>	<u>191,641</u>
	<u>\$ 1,390,037</u>	<u>\$ 1,310,791</u>	<u>\$ 785,488</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets at FVTPL - current</u>			
Mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 5,741</u>	<u>\$ 1,673</u>	<u>\$ 13,773</u>
<u>Financial liabilities at FVTPL - current</u>			
Held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 8,568</u>	<u>\$ 3,816</u>	<u>\$ 19</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>March 31, 2022</u>			
Buy	EUR/NTD	2022.4.14	EUR64/NTD2,112
Buy	EUR/USD	2022.4.28-2022.12.28	EUR2,753/USD3,177
Buy	NTD/JPY	2022.5.25	NTD4,676/JPY19,456
Buy	USD/JPY	2022.4.4-2022.12.19	USD936/JPY109,702
Buy	EUR/JPY	2022.9.30-2023.2.28	EUR2,116/JPY269,935
Sell	EUR/NTD	2022.7.27-2022.12.28	EUR913/NTD28,892
Sell	USD/RMB	2022.4.28-2022.6.29	USD1,510/RMB9,670
Sell	USD/JPY	2022.8.23-2022.9.22	USD1,350/JPY162,590
Sell	USD/NTD	2022.4.18-2022.6.22	USD6,000/NTD166,690

(Continued)

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2021</u>			
Buy	EUR/NTD	2022.1.4-2022.4.14	EUR1,119/NTD37,016
Buy	EUR/USD	2022.4.28-2022.8.31	EUR2,350/USD2,731
Buy	EUR/JPY	2022.2.1-2022.3.31	EUR885/JPY115,929
Sell	JPY/NTD	2022.1.25-2022.3.30	JPY174,000/NTD43,431
<u>March 31, 2021</u>			
Buy	EUR/NTD	2021.5.5	EUR500/NTD16,713
Sell	USD/RMB	2021.4.26-2021.11.9	USD8,000/RMB56,168
Sell	JPY/NTD	2021.4.8-2021.5.10	JPY200,000/NTD51,837
Sell	RMB/NTD	2021.4.8	RMB763/NTD3,321
Sell	USD/NTD	2021.4.30	USD119/NTD3,378
(Concluded)			

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Non-current</u>			
Domestic investments			
Listed shares	\$ 215,400	\$ 231,300	\$ 379,000
Foreign investments			
Unlisted shares	<u>23,971</u>	<u>-</u>	<u>-</u>
	<u>\$ 239,371</u>	<u>\$ 231,300</u>	<u>\$ 379,000</u>

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Domestic investments			
Restricted assets - bank balance (a)	\$ 54,097	\$ 49,958	\$ 10,000
Time deposits with original maturities of more than 3 months	24,000	24,000	177,822
Private corporate bond with no active market (b)	<u>60,000</u>	<u>60,000</u>	<u>-</u>
	<u>\$ 138,097</u>	<u>\$ 133,958</u>	<u>\$ 187,822</u>

Non-current

Domestic investments			
Private corporate bond with no active market (b)	\$ -	\$ -	\$ 60,000

- a. Refer to Note 30 for information related to investments in financial assets at amortized cost pledged as security.
- b. The Group held six units of five-year unsecured corporate bonds issued by Snowdown Merchandise Corporation with a coupon rate of 2.75% as of March 31, 2022, December 31, 2021 and March 31, 2021.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 1,053	\$ 88,424	\$ 63,122
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,053</u>	<u>\$ 88,424</u>	<u>\$ 63,122</u>
<u>Trade receivables (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 1,068,392	\$ 868,525	\$ 688,637
Less: Allowance for impairment loss	<u>(81)</u>	<u>(81)</u>	<u>(81)</u>
	<u>\$ 1,068,311</u>	<u>\$ 868,444</u>	<u>\$ 688,556</u>

(Continued)

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Other receivables</u>			
Sale of raw materials	\$ 565,579	\$ 462,204	\$ 344,334
Tax refund receivable	61,628	50,996	27,675
Others	3,704	3,742	5,354
Less: Allowance for impairment loss	<u>(145,923)</u>	<u>(144,913)</u>	<u>(75,568)</u>
	<u>\$ 484,988</u>	<u>\$ 372,029</u>	<u>\$ 301,795</u> (Concluded)

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

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

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

The aging of receivables was as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Less than 30 days	\$ 749,602	\$ 632,625	\$ 542,575
31-60 days	183,965	201,557	87,407
61-120 days	134,825	34,343	57,035
More than 121 days	<u>-</u>	<u>-</u>	<u>1,620</u>
	<u>\$ 1,068,392</u>	<u>\$ 868,525</u>	<u>\$ 688,637</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 Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ 81	\$ 81
Less: Net remeasurement of loss allowance	-	-
Foreign exchange gains and losses	<u>-</u>	<u>-</u>
Balance at March 31	<u>\$ 81</u>	<u>\$ 81</u>

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

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ 144,913	\$ 73,573
Less: Net remeasurement of loss allowance	922	1,995
Foreign exchange gains and losses	<u>88</u>	<u>-</u>
Balance at March 31	<u>\$ 145,923</u>	<u>\$ 75,568</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

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Undiscounted lease payments</u>			
Year 1	\$ 38,427	\$ 33,941	\$ 25,342
Year 2	20,273	20,273	20,273
Year 3	20,273	20,273	20,273
Year 4	15,235	20,303	20,273
Year 5	<u>-</u>	<u>-</u>	<u>15,235</u>
	94,208	94,790	101,396
Less: Unearned finance income	(12,759)	(14,385)	(19,758)
Less: Allowance for impairment loss	<u>(6,317)</u>	<u>(6,317)</u>	<u>-</u>
Net investment in leases presented as finance lease receivables	<u>\$ 75,132</u>	<u>\$ 74,088</u>	<u>\$ 81,638</u>

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

The implied interest rates inherent in the leases are fixed at the contract dates for the entire term of the lease. The range of implied interest rates inherent in the finance leases was approximately 9.44%-10.44% per annum as of March 31, 2022.

The Group measures the loss allowance for finance lease receivables at an amount equal to lifetime ECLs. The respective leased equipment served as collateral for the finance lease receivables. As of December 31, 2021, part of the finance lease receivables was past due. The Group has recognized a loss allowance of \$6,317 thousand for finance lease receivables after taking into consideration the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables.

12. INVENTORIES

	March 31, 2022	December 31, 2021	March 31, 2021
Merchandise	\$ 128,223	\$ 169,355	\$ 170,756
Finished goods	498,115	378,065	185,884
Work in progress	1,185,565	997,096	1,116,546
Raw materials and supplies	759,692	622,110	553,731
Goods to subcontractor	-	27	5,824
Inventory in transit	<u>92,570</u>	<u>228,924</u>	<u>111,569</u>
	<u>\$ 2,664,165</u>	<u>\$ 2,395,577</u>	<u>\$ 2,144,310</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2022 and 2021 included inventory write-downs of \$30,397 thousand and \$7,023 thousand, respectively.

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2022	December 31, 2021	March 31, 2021	
The Company	Kwong Lung (B.V.I.) Ltd.	Overseas reinvested holding company.	100.00	100.00	100.00	1)
	Kwong Lung Meko Co., Ltd.	Manufacturing and selling of down and bedding.	100.00	100.00	100.00	Major subsidiary, 1)
	Kwong Lung Japan Co., Ltd.	Manufacturing and selling of down and bedding.	100.00	100.00	100.00	1)
	Bo Hsing Enterprise Co., Ltd.	Manufacturing and selling of apparel.	100.00	100.00	100.00	2)
	Toptex Garment Co., Ltd.	Manufacturing and selling of apparel.	100.00	100.00	100.00	1)
	P&B Collection Co., Ltd.	Outerwear knitting mills; apparel, clothing accessories and other textile product manufacturing; other textile products manufacturing; cleaning products manufacturing; wholesale and retail sale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories, furniture, bedclothes, kitchen equipment, fixtures, articles for daily use, cleaning preparations and other textile products; wholesale of pottery, porcelain and glassware; international trade.	100.00	100.00	100.00	1)
	Kwong Lung Europe SP. Z O.O.	Various selling of down and bedding	-	-	100.00	1), 3)
	Kwong Lung-O Mon Company Limited	Manufacturing and selling of apparel.	100.00	100.00	100.00	1)
	Manumech Corporation	Wholesale	94.59	94.59	-	1), 4)

(Continued)

Investor	Investee	Nature of Activities	March 31, 2022	December 31, 2021	March 31, 2021	Remark
Kwong Lung (B.V.I.) Ltd.	Kwong Lung Feather (B.V.I.) Limited	Overseas reinvested holding company.	100.00	100.00	100.00	1), 5)
	Kwong Lung (Suzhou) Co., Ltd.	Manufacturing and selling of down and bedding.	100.00	100.00	100.00	1), 6)
Kwong Lung Japan Co., Ltd.	Rising Living Co., Ltd.	Manufacturing and selling of down and bedding.	51.00	51.00	51.00	1), 7)
Bo Hsing Enterprise Co., Ltd.	Kwong Lung Meko (B.V.I.) Ltd.	Overseas reinvested holding company.	40.00	40.00	40.00	1)
Kwong Lung Meko Co., Ltd.	Kwong Lung Meko (B.V.I.) Ltd.	Overseas reinvested holding company	60.00	60.00	60.00	1)
Kwong Lung Feather (B.V.I.) Limited	Snowdown Merchandise (Suzhou) Co., Ltd.	Manufacturing and selling of down and bedding.	-	-	100.00	1), 8)
Kwong Lung (Suzhou) Co., Ltd.	Kunshan Fulong Trade Co., Ltd.	Wholesale of outdoor supplies, household wares, clothing, and related packaging materials; food; Import and export of goods and technology	100.00	100.00	100.00	1)
	Huai An Guang Long He Yu Home Textile Co., Ltd	Home textile products; textile and apparel production and sales; feather acquisition; down processing, down products production and sales; self-support and agents of various types of goods and technology import and export business.	51.00	51.00	51.00	1)
P&B Collection Co., Ltd.	Manumech Corporation	Wholesale	2.76	2.76	51.00	1), 4)
Manumech Corporation	Intime Tech Co., Ltd.	Wholesale	100.00	100.00	100.00	1)

(Concluded)

- 1) It is an immaterial subsidiary; its financial statements have not reviewed as of March 31, 2022 and 2021.
- 2) It is an immaterial subsidiary; its financial statements as of March 31, 2022 have been reviewed; however, its financial statements as of March 31, 2021 have not been reviewed.
- 3) In May 2020, the Company's board of directors resolved to liquidate Kwong Lung Europe SP.Z O.O. The Company received the proceeds from the liquidation distribution in December 2021. However, the liquidation process has not been completed as of March 31, 2022.
- 4) In 2021, the Company participated in Manumech Corporation's capital increase in cash for \$100,000 thousand and acquired 94.59% interest in Manumech Corporation. The subscription base date was June 1, 2021. After the subscription, P&B Collection Co., Ltd. reduced its continuing interest in Manumech Corporation to 2.76%.
- 5) In 2021, the Group acquired Kwong Lung (B.V.I.) Ltd. through the transfer of shares. After the transfer, Kwong Lung (B.V.I.) Ltd. holds 100% ownership of Kwong Lung Feather (B.V.I.) Limited. The base date of the transfer was January 1, 2021.
- 6) In 2021, Kwong Lung Feather (B.V.I.) Limited reduced its capital by transferring the shares of Kwong Lung (Suzhou) Co., Ltd to Kwong Lung Feather (B.V.I.) Ltd. The base date of the capital reduction was March 19, 2021.
- 7) In March 2021, Kwong Lung Japan Co., Ltd. acquired 51% shares of Rising Living Co., Ltd. with the original investment amount of JPY15,300 thousand.

- 8) The Group disposed of the subsidiary Snowdown Merchandise (Suzhou) Co., Ltd. (“Snowdown Merchandise Suzhou”) on December 2, 2021. On September 7, 2021, the Group entered into a contract with Suzhou Longhou Machinery Co., Ltd. (“Suzhou Longhou Machinery”). According to the contract signed with Suzhou Longhou Machinery, the subsidiary Kwong Lung (Suzhou) Co., Ltd. (“Kwong Lung Suzhou”) issued a performance bond for RMB10,000 thousand to Suzhou Longhou Machinery to provide guarantee of the Group’s obligations and the debts of Snowdown Merchandise Suzhou before the settlement date. The expiry date is within one year from the settlement date. Refer to Note 13 of the consolidated financial statements for the year ended December 31, 2021 for details of the transaction.

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

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates

	March 31, 2022	December 31, 2021	March 31, 2021
Material associate			
Snowdown Merchandise Corporation	\$ 236,974	\$ 226,889	\$ 249,007
Associates that are not individually material	<u>85,364</u>	<u>104,230</u>	<u>100,649</u>
	<u>\$ 322,338</u>	<u>\$ 331,119</u>	<u>\$ 349,656</u>

Material associates

Name of Associate	<u>Proportion of Ownership and Voting Rights</u>		
	March 31, 2022	December 31, 2021	March 31, 2021
Snowdown Merchandise Corporation	39.5%	39.5%	39.5%

For the three months ended March 31, 2021, the proportionate amount of the net profit and other comprehensive income of Snowdown Merchandise Corporation recognized by the Group was 59% of the total consolidated comprehensive income; thus, the Group included Snowdown Merchandise Corporation as a material associate.

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

The financial statements of Snowdown Merchandise Corporation for the three months ended March 31, 2021 have been reviewed. However, its financial statements for the three months ended March 31, 2022 have not been reviewed as the proportionate amount of the net profit and other comprehensive income of Snowdown Merchandise Corporation recognized by the Group was only 5% of the total consolidated comprehensive income for the three months ended March 31, 2022 which was not material. The rest of the investments accounted for using the equity method and the Group’s share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have not been reviewed. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements which have not been reviewed.

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

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

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Other Equipment	Property under Construction	Total
<u>Cost</u>							
Balance at January 1, 2021	\$ 715,950	\$ 1,427,432	\$ 894,045	\$ 45,185	\$ 282,279	\$ 159,169	\$ 3,524,060
Additions	41,761	4,902	3,828	-	1,845	30,485	82,821
Disposals	-	-	-	-	(51)	-	(51)
Reclassification	-	-	(88,850)	-	951	(2,731)	(90,630)
Effects of foreign currency exchange differences	-	(1,620)	597	8	(691)	292	(1,414)
Balance at March 31, 2021	<u>\$ 757,711</u>	<u>\$ 1,430,714</u>	<u>\$ 809,620</u>	<u>\$ 45,193</u>	<u>\$ 284,333</u>	<u>\$ 187,215</u>	<u>\$ 3,514,786</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2021	\$ -	\$ 677,916	\$ 681,330	\$ 36,804	\$ 251,001	\$ -	\$ 1,647,051
Disposals	-	-	-	-	(50)	-	(50)
Reclassification	-	-	(8,503)	-	-	-	(8,503)
Depreciation expense	-	17,961	10,862	687	2,844	-	32,354
Effects of foreign currency exchange differences	-	(678)	517	(8)	(662)	-	(831)
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ 695,199</u>	<u>\$ 684,206</u>	<u>\$ 37,483</u>	<u>\$ 253,133</u>	<u>\$ -</u>	<u>\$ 1,670,021</u>
Carrying amount at January 1, 2021	<u>\$ 715,950</u>	<u>\$ 749,516</u>	<u>\$ 212,715</u>	<u>\$ 8,381</u>	<u>\$ 31,278</u>	<u>\$ 159,169</u>	<u>\$ 1,877,009</u>
Carrying amount at March 31, 2021	<u>\$ 757,711</u>	<u>\$ 735,515</u>	<u>\$ 125,414</u>	<u>\$ 7,710</u>	<u>\$ 31,200</u>	<u>\$ 187,215</u>	<u>\$ 1,844,765</u>
<u>Cost</u>							
Balance at January 1, 2022	\$ 750,609	\$ 1,055,946	\$ 646,956	\$ 35,816	\$ 216,326	\$ 100,135	\$ 2,805,788
Additions	-	595	1,262	-	1,818	34,135	37,810
Disposals	(21,240)	(2,371)	(1,773)	(4)	(52)	-	(25,440)
Reclassification	153	22,190	-	-	-	(22,343)	-
Effects of foreign currency exchange differences	-	15,788	16,587	1,032	1,484	1,247	36,138
Balance at March 31, 2022	<u>\$ 729,522</u>	<u>\$ 1,092,148</u>	<u>\$ 663,032</u>	<u>\$ 36,844</u>	<u>\$ 219,576</u>	<u>\$ 113,174</u>	<u>\$ 2,854,296</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2022	\$ -	\$ 476,432	\$ 545,870	\$ 29,295	\$ 196,721	\$ -	\$ 1,248,318
Disposals	-	(333)	(1,067)	-	-	-	(1,400)
Depreciation expense	-	14,506	9,138	703	2,356	-	26,703
Effects of foreign currency exchange differences	-	9,188	13,766	824	1,258	-	25,036
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 499,793</u>	<u>\$ 567,707</u>	<u>\$ 30,822</u>	<u>\$ 200,335</u>	<u>\$ -</u>	<u>\$ 1,298,657</u>
Carrying amount at January 1, 2022	<u>\$ 750,609</u>	<u>\$ 579,514</u>	<u>\$ 101,086</u>	<u>\$ 6,521</u>	<u>\$ 19,605</u>	<u>\$ 100,135</u>	<u>\$ 1,557,470</u>
Carrying amount at March 31, 2022	<u>\$ 729,522</u>	<u>\$ 592,355</u>	<u>\$ 95,325</u>	<u>\$ 6,022</u>	<u>\$ 19,241</u>	<u>\$ 113,174</u>	<u>\$ 1,555,639</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 30.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amount</u>			
Land	\$ 47,345	\$ 46,463	\$ 76,867
Buildings	47,466	59,077	55,299
Machinery	1,899	2,078	1,546
Transportation equipment	<u>13,530</u>	<u>15,480</u>	<u>11,944</u>
	<u>\$ 110,240</u>	<u>\$ 123,098</u>	<u>\$ 145,656</u>
		For the Three Months Ended March 31	
		2022	2021
Additions to right-of-use assets		<u>\$ -</u>	<u>\$ 6,474</u>
Depreciation charge for right-of-use assets			
Land		\$ 689	\$ 936
Buildings		12,292	5,937
Machinery		215	221
Transportation equipment		<u>1,950</u>	<u>1,491</u>
		<u>\$ 15,146</u>	<u>\$ 8,585</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2022 and 2021.

b. Lease liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amount</u>			
Current	<u>\$ 50,612</u>	<u>\$ 63,155</u>	<u>\$ 31,734</u>
Non-current	<u>\$ 26,912</u>	<u>\$ 34,594</u>	<u>\$ 43,658</u>

Range of discount rates for lease liabilities was as follows:

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

c. Other lease information

	For the Three Months Ended March 31	
	2022	2021
Expenses relating to short-term leases and department stores	<u>\$ 2,011</u>	<u>\$ 3,061</u>
Expenses relating to low-value asset leases	<u>\$ 309</u>	<u>\$ 286</u>
Total cash outflow for leases	<u>\$ (23,975)</u>	<u>\$ (11,400)</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 Three Months Ended March 31	
	2022	2021
<u>Cost</u>		
Balance at January 1	\$ 470,423	\$ 328,552
Additions	-	90,456
Disposals	(71,257)	-
Transfers from property, plant and equipment	-	2,678
Effects of foreign currency exchange differences	<u>(5,558)</u>	<u>(16,970)</u>
Balance at March 31	<u>\$ 393,608</u>	<u>\$ 404,716</u>

(Continued)

	For the Three Months Ended March 31	
	2022	2021
<u>Accumulated depreciation</u>		
Balance at January 1	\$ 7,938	\$ 4,078
Depreciation expense	1,245	913
Disposals	(351)	-
Effects of foreign currency exchange differences	<u>(133)</u>	<u>(277)</u>
Balance at March 31	<u>\$ 8,699</u>	<u>\$ 4,714</u>
Carrying amount at March 31	<u>\$ 384,909</u>	<u>\$ 400,002</u>

(Concluded)

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

Main buildings 10-50 years

	March 31, 2022	December 31, 2021	March 31, 2021
Fair value	<u>\$ 400,996</u>	<u>\$ 516,661</u>	<u>\$ 420,487</u>

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

18. INTANGIBLE ASSETS

	March 31, 2022	December 31, 2021	March 31, 2021
Goodwill	\$ 22,022	\$ 22,022	\$ 22,022
Cost of computer software	19,136	21,890	28,019
Others	<u>1,384</u>	<u>1,846</u>	<u>3,229</u>
	<u>\$ 42,542</u>	<u>\$ 45,758</u>	<u>\$ 53,270</u>

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

19. OTHER ASSETS

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Overpaid tax retained for offsetting future tax payable	\$ 90,981	\$ 61,307	\$ 49,710
Prepayments	76,541	38,246	153,372
Finance lease receivables (Note 11)	26,488	21,645	13,275
Others	<u>67,018</u>	<u>40,647</u>	<u>53,584</u>
	<u>\$ 261,028</u>	<u>\$ 161,845</u>	<u>\$ 269,941</u>
<u>Non-current</u>			
Finance lease receivables (Note 11)	\$ 48,644	\$ 52,443	\$ 68,363
Refundable deposits	24,787	43,847	16,807
Prepayments for investment	45,900	36,136	36,136
Prepayments for equipment	15,753	14,904	4,927
Prepayments for building and land	30,000	-	-
Others	<u>6,920</u>	<u>6,943</u>	<u>433</u>
	<u>\$ 172,004</u>	<u>\$ 154,273</u>	<u>\$ 126,666</u>

20. BORROWINGS

a. Short-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>\$ 1,119,980</u>	<u>\$ 1,048,621</u>	<u>\$ 653,913</u>
Range of interest rates	<u>0.27%-1.97%</u>	<u>0.28%-1.55%</u>	<u>0.29%-4.82%</u>

b. Short-term bills payable

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

c. Current portion of long-term liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
Current portion of long-term borrowings	\$ <u>-</u>	\$ <u>898</u>	\$ <u>300,885</u>

d. Long-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
Secured borrowings			
Bank loans*	\$ 28,670	\$ 41,713	\$ 42,376
Unsecured borrowings			
Credit borrowings	<u>680,000</u>	<u>600,000</u>	<u>300,000</u>
	708,670	641,713	342,376
Less: Current portions	<u>-</u>	<u>(898)</u>	<u>(300,885)</u>
Long-term borrowings	<u>\$ 708,670</u>	<u>\$ 640,815</u>	<u>\$ 41,491</u>
Range of interest rates	<u>0.62%-1.45%</u>	<u>0.62%-1.70%</u>	<u>0.62%-1.70%</u>

* The bank borrowings are secured by the Group's freehold land and buildings (see Note 30).

21. OTHER PAYABLES

	March 31, 2022	December 31, 2021	March 31, 2021
Payables for payroll and employee benefit	\$ 126,068	\$ 168,680	\$ 121,406
Payables for compensation of employees	25,667	20,667	30,933
Payables for remuneration of directors and supervisors	19,750	16,000	13,188
Payables for fabrication expense	15,679	9,374	10,007
Payables for VAT	5,302	530	2,339
Payables for purchase of equipment	850	374	2,789
Others	<u>139,737</u>	<u>118,397</u>	<u>92,988</u>
	<u>\$ 333,053</u>	<u>\$ 334,022</u>	<u>\$ 273,650</u>

22. RETIREMENT BENEFIT PLANS

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

23. EQUITY

a. Share capital

Ordinary shares

	March 31, 2022	December 31, 2021	March 31, 2021
Number of shares authorized (in thousands)	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>
Shares authorized	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Number of shares issued and fully paid (in thousands)	<u>131,502</u>	<u>131,323</u>	<u>131,231</u>
Shares issued	<u>\$ 1,315,023</u>	<u>\$ 1,313,228</u>	<u>\$ 1,312,308</u>
Advance receipts for ordinary shares	<u>\$ -</u>	<u>\$ 4,348</u>	<u>\$ -</u>

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

Preference shares

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

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

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

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

b. Capital surplus

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

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

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. 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-(f).

The Company's dividends policy is to allocate no less than 50% of the annual net profit as shareholder dividends, based on the Company's future operating budget and working capital needs, if there is no deficit in the prior year. Dividends can be distributed in the form of cash or shares, with cash dividends no less than 30% of the total dividends distributed. If the Company has no distributable earnings for the current year, or if the amount of distributable earnings is significantly lower than the actual distribution of earnings in the previous year, or in consideration of factors such as the Company's financial, business and operating conditions, the Company can distribute all or any portion of the capital surplus according to the regulations of the authorities.

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

The appropriations of earnings for 2021 and 2020, which were proposed by the Company's board of directors on March 10, 2022 and approved in the shareholders' meeting on July 30, 2021, were as follows:

	For the Year Ended December 31	
	2021	2020
Legal reserve	<u>\$ 58,998</u>	<u>\$ 31,819</u>
Special reserve	<u>\$ 122,769</u>	<u>\$ 29,440</u>
Ordinary share dividends	<u>\$ 394,454</u>	<u>\$ 241,399</u>
Preference share dividends	<u>\$ 45,500</u>	<u>\$ 45,500</u>
Ordinary share dividends per share (NT\$)	\$ 3	\$ 1.84
Preference share dividends per share (NT\$)	\$ 2.5	\$ 2.5

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

The appropriations of earnings for 2021 are subject to the resolution of the shareholders in their meeting to be held in May 2022.

d. Other equity items

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

	For the Three Months Ended	
	March 31	
	2022	2021
Balance at January 1	\$ (347,919)	\$ (202,458)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	64,647	(16,461)
Reclassification adjustments		
Disposal of foreign operations	<u>7,113</u>	<u>-</u>
Balance at March 31	<u>\$ (276,159)</u>	<u>\$ (218,919)</u>

24. NET PROFIT

a. Interest income

	For the Three Months Ended March 31	
	2022	2021
Bank deposits	\$ 1,154	\$ 3,501
Financial assets at amortized cost	339	339
Net investments in leases	1,626	1,291
Others	<u>-</u>	<u>417</u>
	<u>\$ 3,119</u>	<u>\$ 5,548</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	2022	2021
Foreign exchange gains	\$ 106,462	\$ 35,088
Foreign exchange losses	(58,965)	(48,991)
Loss on financial assets and liabilities designated as at FVTPL	(1,605)	(501)
Loss on disposal of property, plant and equipment	(99)	(1)
Gain on disposal of investment properties	25,289	-
Loss on disposal of associates accounted for using the equity method	(8,516)	-
Others	<u>(6,445)</u>	<u>2,355</u>
	<u>\$ 56,121</u>	<u>\$ (12,050)</u>

c. Finance costs

	For the Three Months Ended March 31	
	2022	2021
Interest on bank loans	\$ 3,679	\$ 2,157
Interest on lease liabilities	<u>616</u>	<u>160</u>
	<u>\$ 4,295</u>	<u>\$ 2,317</u>

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	\$ 27,820	\$ 27,347
Operating expenses	14,029	14,505
Other gains and losses	<u>1,245</u>	<u>-</u>
	<u>\$ 43,094</u>	<u>\$ 41,852</u>
An analysis of amortization by function		
Operating costs	\$ 466	\$ 466
Operating expenses	<u>2,750</u>	<u>2,803</u>
	<u>\$ 3,216</u>	<u>\$ 3,269</u>

e. Employee benefits expense

	For the Three Months Ended March 31	
	2022	2021
Post-employment benefits		
Defined contribution plans	\$ 3,956	\$ 3,889
Defined benefit plans	<u>59</u>	<u>69</u>
	4,015	3,958
Share-based payments		
Equity-settled	83	572
Other employee benefits	<u>268,132</u>	<u>258,238</u>
Total employee benefits expense	<u>\$ 272,230</u>	<u>\$ 262,768</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 181,552	\$ 175,290
Operating expenses	<u>90,678</u>	<u>87,478</u>
	<u>\$ 272,230</u>	<u>\$ 262,768</u>

f. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrued compensation of employees and remuneration of directors and supervisors at the rates no less than 1% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. For the three months ended March 31, 2022 and 2021, the compensation of employees and remuneration of directors and supervisors are as follows:

Amount

	For the Three Months Ended March 31	
	2022	2021
	Cash	Cash
Compensation of employees	\$ 5,000	\$ 5,000
Remuneration of directors and supervisors	3,750	2,638

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

The appropriations of compensation of employees and remuneration of directors and supervisors for 2021 and 2020 that were resolved by the board of directors on March 10, 2022 and March 12, 2021, respectively, are as shown below:

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

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

25. INCOME TAXES

a. Income tax expense recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended March 31	
	2022	2021
Current tax		
In respect of the current period	\$ 28,050	\$ 30,988
Deferred tax		
In respect of the current period	<u>(580)</u>	<u>(2,368)</u>
Income tax expense recognized in profit or loss	<u>\$ 27,470</u>	<u>\$ 28,620</u>

b. Income tax assessments

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

26. EARNINGS PER SHARE

Net Profit

	For the Three Months Ended March 31	
	2022	2021
Profit for the period attributable to owners of the Company	<u>\$ 145,427</u>	<u>\$ 128,440</u>

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

	For the Three Months Ended March 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	131,485	131,144
Effect of potentially dilutive ordinary shares:		
Employee share options	122	8
Compensation of employees	490	622
Convertible preference shares	<u>18,200</u>	<u>18,200</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>150,297</u>	<u>149,974</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 are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Option Plan of the Company

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

	For the Three Months Ended March 31							
	2022				2021			
	Granted 2015		Granted 2014		Granted 2015		Granted 2014	
Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	
Balance at January 1	-	\$ -	-	\$ -	245	\$ 27.6	-	\$ -
Options exercised	-	-	-	-	(165)	27.6	-	-
Options forfeited	-	-	-	-	(80)	27.6	-	-
Balance at March 31	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-
Options exercisable, end of period	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-

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

	For the Three Months Ended March 31							
	2022				2021			
	Granted 2019		Granted 2018		Granted 2019		Granted 2018	
Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	
Balance at January 1	410	\$ 38.4	907	\$ 37.4	521	\$ 41.2	1,091	\$ 40.1
Options exercised	(18)	38.4	(47)	37.4	-	-	(4)	40.1
Options forfeited	-	-	(16)	37.4	-	-	(2)	40.1
Balance at March 31	<u>392</u>	38.4	<u>844</u>	37.4	<u>521</u>	41.2	<u>1,085</u>	40.1
Options exercisable, end of period	<u>150</u>	-	<u>844</u>	-	<u>-</u>	-	<u>541</u>	-

Compensation costs recognized were \$83 thousand and \$572 thousand for the three months ended March 31, 2022 and 2021, respectively.

28. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

March 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 215,400	\$ -	\$ -	\$ 215,400
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>23,971</u>	<u>23,971</u>
	<u>\$ 215,400</u>	<u>\$ -</u>	<u>\$ 23,971</u>	<u>\$ 239,371</u>
Financial assets at FVTPL				
Derivative financial assets	<u>\$ -</u>	<u>\$ 5,741</u>	<u>\$ -</u>	<u>\$ 5,741</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 8,568</u>	<u>\$ -</u>	<u>\$ 8,568</u>

December 31, 2021

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

March 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 379,000	\$ -	\$ -	\$ 379,000
Financial assets at FVTPL				
Derivative financial assets	<u>\$ -</u>	<u>\$ 13,773</u>	<u>\$ -</u>	<u>\$ 13,773</u>
Financial liabilities at FVTPL				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ 19</u>

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

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of foreign unlisted equity securities were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. An increase in long-term revenue growth rates or long-term pre-tax operating margin or a decrease in the weighted-average cost of capital or discount for lack of marketability used in isolation would result in an increase in the fair value.

c. Categories of financial instruments

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 5,741	\$ 1,673	\$ 13,773
Financial assets at amortized cost (1)	3,020,858	2,722,650	2,179,108
Financial assets at FVTOCI	239,371	231,300	379,000
<u>Financial liabilities</u>			
FVTPL			
Held for trading	8,568	3,816	19
Amortized cost (2)	3,111,292	2,696,439	2,219,330

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

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 33.

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Assets</u>			
JPY	\$ -	\$ 1,581	\$ 243
EUR	4,472	92	46
USD	1,169	-	13,474
RMB	-	-	10
NTD	100	-	-
<u>Liabilities</u>			
JPY	-	-	6
EUR	3,390	3,816	-
USD	5,178	-	13

Sensitivity analysis

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

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

	VND Impact		JPY Impact	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2022	2021	2022	2021
Profit or loss*	\$ (2,423)	\$ (2,151)	\$ 763	\$ 2,105

	EUR Impact		USD Impact	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2022	2021	2022	2021
Profit or loss*	\$ (871)	\$ (1,411)	\$ 39,077	\$ 11,141

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

b) Interest rate risk

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

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

	March 31, 2022	December 31, 2021	March 31, 2021
Fair value interest rate risk			
Financial assets	\$ 886,723	\$ 929,168	\$ 502,100
Financial liabilities	271,368	474,949	476,627
Cash flow interest rate risk			
Financial assets	673,285	567,087	721,237
Financial liabilities	1,664,806	1,343,134	625,054

Sensitivity analysis

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2022 and 2021 would have decreased/increased by \$1,239 thousand and increased/decreased by \$120 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. The Group does not actively trade these investments. The Group's equity price risk was mainly concentrated on equity instruments operating in the ROC.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 10% higher/lower, the pre-tax other comprehensive income for the three months ended March 31, 2022 and 2021 would have increased/decreased by \$23,937 thousand and \$37,900 thousand, respectively, as a result of the changes in fair value of financial assets of FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

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

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with good credit ratings assigned by international credit-rating agencies.

Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

Counterparties of trade receivables consisted of a large number of different customers, spread across apparel, down material, home textile industry and geographical areas. Ongoing credit evaluation is performed on the customers' financial condition. The Group's concentration of credit risk by geographical location was mainly in the United States and Japan.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group had available unutilized bank loan facilities in the amounts of \$5,660,564 thousand, \$5,576,287 thousand and \$6,259,535 thousand, respectively.

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

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

March 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	\$ 960,917	\$ 324,440	\$ 138,770	\$ -	\$ -
Undiscounted lease	5,209	10,418	38,796	29,794	3,750
Borrowings	<u>206,510</u>	<u>734,707</u>	<u>218,009</u>	<u>689,611</u>	<u>24,894</u>
	<u>\$ 1,172,636</u>	<u>\$ 1,069,565</u>	<u>\$ 395,575</u>	<u>\$ 719,405</u>	<u>\$ 28,644</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 54,423</u>	<u>\$ 29,794</u>	<u>\$ 1,585</u>	<u>\$ 2,165</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021

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

Additional information about the maturity analysis for lease liabilities:

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

March 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing Undiscounted lease Borrowings	\$ 918,473 2,910 <u>175,699</u>	\$ 357,675 5,664 <u>363,921</u>	\$ 82,420 23,504 <u>448,174</u>	\$ - 39,720 <u>12,694</u>	\$ - 4,086 <u>34,721</u>
	<u>\$ 1,097,082</u>	<u>\$ 727,260</u>	<u>\$ 554,098</u>	<u>\$ 52,414</u>	<u>\$ 38,807</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 32,078</u>	<u>\$ 39,720</u>	<u>\$ 1,624</u>	<u>\$ 2,462</u>	<u>\$ -</u>	<u>\$ -</u>

b) Liquidity and interest rate risk tables for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis or on the undiscounted gross outflows on those derivatives that require gross settlement.

March 31, 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>\$ 36,406</u>	<u>\$ 221,969</u>	<u>\$ 211,305</u>

December 31, 2021

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

March 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>Gross settled - outflows</u>			
Foreign exchange forward contracts	<u>\$ 147,310</u>	<u>\$ 186,950</u>	<u>\$ 144,615</u>

29. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and relationships

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

b. Sales of goods

Related Party Name/Category	For the Three Months Ended March 31	
	2022	2021
Daquan Hanshi Co., Ltd.	\$ 91	\$ 235
BBL Premium Co., Ltd.	1,480	3,620
Hongze Qiyu Home Textile Co., Ltd.	17,117	-
Associate	<u>26</u>	<u>-</u>
	<u>\$ 18,714</u>	<u>\$ 3,855</u>

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

c. Purchases of goods

Related Party Name	For the Three Months Ended March 31	
	2022	2021
Hongze Qiyu Home Textile Co., Ltd.	\$ <u>38,375</u>	\$ <u>-</u>

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

Related Party Name	March 31, 2022	December 31, 2021	March 31, 2021
BBL Premium Co., Ltd.	\$ <u>5,110</u>	\$ <u>8,738</u>	\$ <u>8,296</u>

The outstanding trade receivables from related parties are unsecured. For the three months ended March 31, 2022 and 2021, no impairment loss was recognized for trade receivables from related parties.

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

Related Party Name/Category	March 31, 2022	December 31, 2021	March 31, 2021
<u>Trade payables</u>			
Hongze Qiyu Home Textile Co., Ltd.	\$ <u>27,062</u>	\$ <u>-</u>	\$ <u>-</u>
<u>Other payables</u>			
Associates	\$ 84	\$ 398	\$ 4,625
Related party in substance	<u>-</u>	<u>42</u>	<u>-</u>
	\$ <u>84</u>	\$ <u>440</u>	\$ <u>4,625</u>

The outstanding trade payables to related parties are unsecured.

f. Disposal of property, plant and equipment

Related Party Name	Proceeds		Gain (Loss) on Disposal	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2022	2021	2022	2021
Hongze Qiyu Home Textile Co., Ltd.	\$ <u>295</u>	\$ <u>-</u>	\$ <u>34</u>	\$ <u>-</u>

g. Lease arrangements

Related Party Name	For the Three Months Ended March 31	
	2022	2021
<u>Acquisition of right-of-use assets</u>		
Gong Tong Zu Lin Co., Ltd.	\$ <u>-</u>	\$ <u>5,270</u>

Account	Related Party Name	March 31, 2022	December 31, 2021	March 31, 2021
Lease liabilities	Gong Tong Zu Lin Co., Ltd.	\$ <u>11,116</u>	\$ <u>12,748</u>	\$ <u>10,503</u>
		For the Three Months Ended March 31		
Related Party Name			2022	2021
<u>Interest expense</u>				
Gong Tong Zu Lin Co., Ltd.			\$ <u>20</u>	\$ <u>16</u>

h. Acquisition of investment properties

Related Party Name	Purchase Price For the Three Months Ended March 31	
	2022	2021
Koutou Co., Ltd.	\$ <u>-</u>	\$ <u>1,412</u>

i. Loans to related parties

Related Party Name	March 31, 2022	December 31, 2021	March 31, 2021
<u>Other receivables</u>			
Snowdown Merchandise Corporation	\$ <u>-</u>	\$ <u>-</u>	\$ <u>120,000</u>
		For the Three Months Ended March 31	
Related Party Name		2022	2021
<u>Interest income</u>			
Snowdown Merchandise Corporation		\$ <u>-</u>	\$ <u>417</u>

j. Other income

Account	Related Party Name/Category	For the Three Months Ended March 31	
		2022	2021
Miscellaneous income	Snowdown Merchandise Corporation	339	339
	BBL Premium Co., Ltd.	3	-
	Related party in substance	<u>29</u>	<u>-</u>
		\$ <u>371</u>	\$ <u>339</u>

k. Expenses

Related Party Category	For the Three Months Ended March 31	
	2022	2021
Related party in substance	\$ 618	\$ 480
Associates	<u>1,748</u>	<u>1,299</u>
	<u>\$ 2,366</u>	<u>\$ 1,779</u>

The expenses included rents, other expenses, etc.

l. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2022	2021
Short-term employee benefits	\$ 17,219	\$ 14,884
Post-employment benefits	202	203
Share-based payments	<u>13</u>	<u>141</u>
	<u>\$ 17,434</u>	<u>\$ 15,228</u>

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

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	March 31, 2022	December 31, 2021	March 31, 2021
Pledged deposits	\$ 54,097	\$ 49,958	\$ 10,000
Land	41,761	63,001	63,001
Buildings, net	<u>4,920</u>	<u>7,029</u>	<u>6,483</u>
	<u>\$ 100,778</u>	<u>\$ 119,988</u>	<u>\$ 79,484</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of March 31, 2022 and 2021 were as follows:

Significant Commitments

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

	March 31, 2022	December 31, 2021	March 31, 2021
USD	<u>\$ 4,678</u>	<u>\$ 5,736</u>	<u>\$ 6,987</u>
EUR	<u>\$ 56</u>	<u>\$ 851</u>	<u>\$ 430</u>
NTD	<u>\$ 20,421</u>	<u>\$ 40,000</u>	<u>\$ 41,881</u>

- b. As of March 31, 2022, December 31, 2021 and March 31 2021, guarantees issued by financial institutions for purchases of raw materials and development of technology amounted to \$36,000 thousand, \$36,000 thousand and \$36,000 thousand, respectively.
- c. As of March 31, 2022, December 31, 2021 and March 31 2021, commitments for purchases of machinery and equipment were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Unpaid amounts of the purchases NTD	\$ 337,248	\$ 197,268	\$ 23,839

32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- a. On May 5, 2022, the Company's board of directors resolved the asset purchase of Nanjing E. Rd., and the estimated purchase price is \$105,825 thousand.
- b. On April 14, 2022, Kwong Lung Feather (B.V.I.) Limited's board of directors resolved to distribute cash dividends of US\$280 thousand and reduce capital by returning cash of US\$15,200 thousand. The share capital after the capital reduction is US\$3,059 thousand.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

March 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 71,786	28.625 (USD:NTD)	\$ 2,054,874
USD	3,013	6.353 (USD:RMB)	86,247
USD	467	22,900 (USD:VND)	13,368
JPY	108,150	0.2353 (JPY:NTD)	25,448
VND	14,931,328	0.000044 (VND:USD)	18,664
EUR	88	31.92 (EUR:NTD)	2,809
RMB	273	4.506 (RMB:NTD)	1,230
Non-monetary items			
Investments in associates accounted for using equity method			
CAD	206	22.88 (CAD:NTD)	4,716

Financial liabilities

Monetary items			
USD	27,985	28.625 (USD:NTD)	801,071
USD	1,588	22,900 (USD:VND)	45,457
USD	189	121.653 (USD:JPY)	5,410
VND	79,557,188	0.000044 (VND:USD)	99,446
EUR	911	31.92 (EUR:NTD)	29,079
EUR	87	1.1151 (EUR:USD)	2,777

December 31, 2021

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

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 23,347	27.68 (USD:NTD)	\$ 646,245
USD	309	22,876 (USD:VND)	8,553
VND	77,068,826	0.000044 (VND:USD)	93,253
EUR	820	31.32 (EUR:NTD)	25,682
			(Concluded)

March 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 32,266	28.535 (USD:NTD)	\$ 920,710
USD	308	6.5688 (USD:RMB)	8,789
USD	1,019	23,012 (USD:VND)	29,077
JPY	272,237	0.2577 (JPY:NTD)	70,155
VND	30,801,559	0.000043 (VND:USD)	38,194
EUR	8	33.48 (EUR:NTD)	268
EUR	35	4.659 (EUR:PLN)	1,172
RMB	11,945	4.344 (RMB:NTD)	51,889
Non-monetary items			
Investments in associates accounted for using equity method			
USD	780	28.535 (USD:NTD)	22,269
CAD	289	22.65 (CAD:NTD)	6,543

Financial liabilities

Monetary items			
USD	20,271	28.535 (USD:NTD)	578,433
USD	2	6.5688 (USD:RMB)	57
USD	314	23,012 (USD:VND)	8,960
VND	88,636,667	0.000043 (VND:USD)	109,909
EUR	1,123	33.48 (EUR:NTD)	37,598
EUR	325	1.1733(EUR:USD)	10,881

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

Foreign Currency	For the Three Months Ended March 31			
	2022		2021	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
VND	0.00123 (VND:NTD)	\$ 1,871	0.00123 (VND:NTD)	\$ (833)
NTD	1 (NTD:NTD)	44,698	1 (NTD:NTD)	(14,490)
USD	27.987 (USD:NTD)	1,335	28.366 (USD:NTD)	1,200
RMB	4.405 (RMB:NTD)	(147)	4.376 (RMB:NTD)	188
PLN	- (PLN:NTD)	-	7.537 (PLN:NTD)	32
JPY	0.2409 (JPY:NTD)	(260)	0.2678 (JPY:NTD)	-
		<u>\$ 47,497</u>		<u>\$ (13,903)</u>

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

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

b. Information on investees (Table 7)

c. Information on investments in mainland China

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

35. SEGMENT INFORMATION

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

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

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

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

Segment 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 Three Months Ended March 31		For the Three Months Ended March 31	
	2022	2021	2022	2021
Apparel department	\$ 1,144,833	\$ 654,186	\$ 97,849	\$ (14,090)
Down material department	459,300	423,680	7,321	(10,695)
Home textile department	469,074	500,873	10,968	50,821
Others	90,737	177,154	(24)	10,455
Segment revenue	2,163,944	1,755,893	116,114	36,491
Eliminations	(54,003)	(65,573)	-	-
Segment revenue or segment income	<u>\$ 2,109,941</u>	<u>\$ 1,690,320</u>	116,114	36,491
Interest income			3,119	5,548
Other gains and losses			56,121	(12,050)
Finance costs			(4,295)	(2,317)
Share of profit or loss of associates			1,760	134,476
Profit before tax			<u>\$ 172,819</u>	<u>\$ 162,148</u>

Segment profit represented the profit before tax earned by each segment without allocation of share of profit or loss of associates and joint ventures, other income, other gains and losses, and finance costs. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 2)	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing (Note 3)	Business Transaction Amount (Note 4)	Reasons for Short-term Financing (Note 5)	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 6)	Aggregate Financing Limit (Note 6)	Note
													Item	Value			
0	Kwong Lung Enterprise Co., Ltd.	Kwong Lung (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	\$ 180,240	\$ 180,240	\$ 180,240	1.515	b.	\$ -	Operating capital	\$ -	N/A	\$ -	\$ 2,069,724 (Note 6, a)	\$ 2,069,724 (Note 6, b)	
1	Manumech Corporation	Intime Tech Co., Ltd.	Other receivables from related parties	Yes	15,771	15,771	15,771	1.80	b.	-	Operating capital	-	Promissory note	15,771	25,906 (Note 6, a)	25,906 (Note 6, b)	
2	P&B Collection Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Other receivables from related parties	Yes	80,000	80,000	80,000	0.50	b.	-	Operating capital	-	N/A	-	93,538 (Note 6, a)	93,538 (Note 6, b)	
3	Kwong Lung Feather (B.V.I.) Limited	Kwong Lung (Suzhou) Co., Ltd.	Other receivables from related parties	Yes	85,875	85,875	85,875	1.65	b.	-	Operating capital	-	N/A	-	687,533 (Note 6, a)	687,533 (Note 6, b)	

Note 1: The numbers denote the following:

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

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

Note 3: Purpose of fund financing for the borrower:

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

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

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

Note 6: a. Individual and total loans should not exceed 40% of the lender's net equity of the prior year. For No. 0: $\$5,174,311 \times 40\% = \$2,069,724$; for No. 1: $\$64,764$ (net worth) $\times 40\% = \$25,906$; for No. 2: $\$233,845$ (net worth) $\times 40\% = \$93,538$; for No. 3: $\$687,533$ (net worth) $\times 100\% = \$687,533$.

- b. Total loans should not exceed 40% of the lender's net equity of the prior year. For No. 0: $\$5,174,311 \times 40\% = \$2,069,724$; for No. 1: $\$64,764$ (net worth) $\times 40\% = \$25,906$; for No. 2: $\$233,845$ (net worth) $\times 40\% = \$93,538$; for No. 3: $\$687,533$ (net worth) $\times 50\% = \$687,533$.

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party		Limited on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 2)										
1	Manumech Corporation	Intime Tech Co., Ltd.	b.	\$ 25,906 (Note 3)	\$ 10,000	\$ 10,000	\$ -	\$ -	15.44%	\$ 32,382 (Note 3)	Y	N	Y
2	Kwong Lung (Suzhou) Co., Ltd.	Kwong Lung Feather (B.V.I.) Limited	d.	142,339 (Note 3)	90,120	90,120	69,308	-	63.31%	142,339 (Note 3)	N	N	N

Note 1: The numbers denote the following:

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

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

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

Note 3: a. The maximum balance of endorsement/guarantee provided by the Company and to individual company cannot exceed 10% of net assets for No. 1: $\$64,764 \times 40\% = \$25,906$; for No. 2: $\$142,339$ (net worth) $\times 100\% = \$142,339$.
b. The maximum balance of endorsement/guarantee provided by the Company cannot exceed 10% of net assets for No. 1: $\$64,764 \times 50\% = \$32,382$; for No. 2: $\$142,339$ (net worth) $\times 100\% = \$142,339$.
c. The endorsement/guarantee amount to subsidiaries is not limited by the above-mentioned proportion.

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

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2022

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Kwong Lung Enterprise Co., Ltd.	<u>Ordinary shares</u> Co-Tech Development Corporation	Member of the board directors	Financial assets at FVTOCI - non-current	3,000,000	\$ 215,400	1.19	\$ 215,400	
	J&B International Inc.	-	Financial assets at FVTOCI - non-current	485,938	23,971	1.99	23,971	
Manumech Corporation	<u>Private corporate bond</u> Snowdown Merchandise Corporation	Investments in associates	Financial assets at amortized cost - current	-	50,000	-	-	
	<u>Private corporate bond</u> Snowdown Merchandise Corporation	Investments in associates (parent company)	Financial assets at amortized cost - current	-	10,000	-	-	

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Note/Trade Receivables (Payables)			Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Account	Ending Balance	% of Total	
Kwong Lung Enterprise Co., Ltd.	Bo Hsing Enterprise Co., Ltd.	Subsidiary	Purchase	\$ 588,001	37	T/T 30-180 days	No significant difference	No significant difference	Trade payables	\$ 854,262	50	
Bo Hsing Enterprise Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Sale	588,001	100	T/T 30-180 days	No significant difference	No significant difference	Trade receivables	854,262	100	
Kwong Lung Enterprise Co., Ltd.	Kwong Lung Meko Co., Ltd.	Subsidiary	Purchase	460,204	29	T/T 30-180 days	No significant difference	No significant difference	Trade payables	135,719	8	
Kwong Lung Meko Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Sale	460,204	97	T/T 30-180 days	No significant difference	No significant difference	Trade receivables	135,719	85	
Kwong Lung Enterprise Co., Ltd.	Kwong Lung (Suzhou) Co., Ltd.	Subsidiary	Purchase	135,572	9	Prepayment or T/T 30-180 days	No significant difference	No significant difference	Trade payables	84,261	5	
Kwong Lung (Suzhou) Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Sale	135,572	59	Sales revenue received in advance or T/T 30-180 days	No significant difference	No significant difference	Trade receivables	84,261	99	
Kwong Lung Enterprise Co., Ltd.	Toptex Garment Co., Ltd.	Subsidiary	Purchase	119,191	7	T/T 30-180 days	No significant difference	No significant difference	Trade payables	30,530	2	
Toptex Garment Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Sale	119,191	100	T/T 30-180 days	No significant difference	No significant difference	Trade receivables	30,530	79	

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

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

MARCH 31, 2022

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

Company Name	Related Party	Relationship	Receivables from Related Parties Balance		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
			Account	Ending Balance		Amount	Actions Taken		
Kwong Lung Enterprise Co., Ltd.	Bo Hsing Enterprise Co., Ltd.	Subsidiary	Other receivables	\$ 645,350	-	\$ -	-	\$ 32,596	\$ -
	Kwong Lung Meko Co., Ltd.	Subsidiary	Other receivables	338,413	-	-	-	38,700	-
Bo Hsing Enterprise Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Trade receivables	854,262	3.10	-	-	126,357	-
Kwong Lung Meko Co., Ltd.	Kwong Lung Enterprise Co., Ltd.	Parent company	Trade receivables	135,719	12.78	-	-	131,132	-

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

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
0	Kwong Lung Enterprise Co., Ltd.	Kwong Lung Meko Co., Ltd.	a	Sales revenue	\$ 24,318	No significant difference	1
			a	Cost of goods sold	460,204	No significant difference	22
			a	Trade receivables	25,212	No significant difference	-
			a	Trade payables	135,719	No significant difference	2
			a	Other receivables	338,413	-	4
		Kwong Lung Japan Co., Ltd.	a	Sales revenue	13,479	No significant difference	1
			a	Trade receivables	13,726	No significant difference	-
		Toptex Garment Co., Ltd.	a	Cost of goods sold	119,191	No significant difference	6
			a	Trade payables	30,530	No significant difference	-
			a	Other receivables	91,504	-	1
		Bo Hsing Enterprise Co., Ltd.	a	Cost of goods sold	588,001	No significant difference	28
			a	Trade payables	854,262	No significant difference	10
			a	Other receivables	645,350	-	7
		Kwong Lung (Suzhou) Co., Ltd.	a	Cost of goods sold	135,572	No significant difference	6
a	Trade payables		84,261	No significant difference	1		
1	Manumech Corporation	Intime Tech Co., Ltd.	a	Sales revenue	8,070	No significant difference	-
			a	Trade receivables	35,352	No significant difference	-
2	Kwong Lung Meko Co., Ltd.	Bo Hsing Enterprise Co., Ltd.	c	Processing revenue	16,666	No significant difference	1
			c	Trade receivables	13,946	No significant difference	-
3	Kwong Long-O Mon Company Limited	Bo Hsing Enterprise Co., Ltd.	c	Processing revenue	16,345	No significant difference	1
			c	Trade receivables	15,229	No significant difference	-
4	Toptex Garment Co., Ltd.	Bo Hsing Enterprise Co., Ltd.	c	Processing revenue	9,304	No significant difference	-
			c	Trade receivables	8,295	No significant difference	-

Note 1: The Parent Company and its subsidiaries are coded as follows:

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

Note 2: Nature of relationship is as follows:

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

(Continued)

Note 3: The percentage calculation is based on the consolidated total operating revenue or total assets. For balance sheet items, each item's period-end balance is shown as a percentage to consolidated total assets as of March 31, 2021. For profit or loss items, cumulative amounts are shown as a percentage to consolidated total operating revenue for the three months ended March 31, 2022.

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

(Concluded)

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2022	December 31, 2021	Shares	%	Carrying Amount			
Kwong Lung Enterprise Co., Ltd.	Kwong Lung (B.V.I.) Ltd.	British Virgin Islands	Overseas reinvested holding company	\$ 660,552	\$ 660,552	18,000	100.00	\$ 845,971	\$ 25,085	\$ 25,085	Subsidiary
	Kwong Lung Meko Co., Ltd.	Vietnam	Manufacturing and selling of down and bedding	198,399	198,399	-	100.00	1,074,581	(53,970)	(53,950)	Subsidiary
	Kwong Lung Japan Co., Ltd.	Japan	Manufacturing and selling of down and bedding	280,977	280,977	10,500	100.00	306,011	6,243	6,246	Subsidiary
	Bo Hsing Enterprise Co., Ltd.	Vietnam	Manufacturing and selling of apparel	386,911	386,911	-	100.00	1,003,146	42,830	42,830	Subsidiary
	Toptex Garment Co., Ltd.	Vietnam	Manufacturing and selling of apparel	191,809	191,809	-	100.00	35,804	(1,074)	(1,074)	Subsidiary
	P&B Collection Co, Ltd.	Taiwan	Outerwear knitting mills; apparel, clothing accessories and other textile product manufacturing; other textile products manufacturing; cleaning products manufacturing; wholesale and retail sale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories, furniture, bedclothes, kitchen equipment, fixtures, articles for daily use, cleaning preparations and other textile products; wholesale of pottery, porcelain and glassware; international trade	260,000	260,000	26,000,000	100.00	229,605	238	238	Subsidiary
	Manumech Corporation	Taiwan	Wholesale	100,000	100,000	10,000,000	94.59	61,569	3,915	3,811	Subsidiary
	Kwong Lung-O Mon Company Limited	Vietnam	Various selling of down and bedding	69,799	69,799	-	100.00	50,795	(2,351)	(3,030)	Subsidiary
	Snowdown Merchandise Corporation	Taiwan	Retail sale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories and other textile products; real estate rental and leasing	55,095	55,095	7,701,969	39.50	236,974	2,416	954	Associate
	BBL Premium Co., Ltd.	Taiwan	Wholesale and retail sale.	14,000	14,000	1,487,118	46.67	12,707	45	21	Associate
Kwong Lung (B.V.I.) Ltd	Kwong Lung Feather (B.V.I.) Limited	British Virgin Islands	Overseas reinvested holding company	491,255	491,255	18,258,735	100.00	687,533	23,125	NA	Subsidiary
	JBV HI-TECH Ltd.	Republic of Seychelles	Overseas reinvested holding company	-	50,981	-	-	-	-	NA	Disposed in February 2022
Kwong Lung Japan Co., Ltd.	Rising Living Co., Ltd.	Japan	Manufacturing and selling of down and bedding	3,943	3,943	306	51.00	2,799	(402)	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	56,014	4,042	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	82,107	4,042	NA	Subsidiary
P&B Collection Co, Ltd.	Gong Tong Zu Lin Co., Ltd.	Taiwan	Wholesale of machinery and equipment	27,300	27,300	4,243,000	39.00	55,994	2,271	NA	Associate of subsidiary
	Daquan Hanshi Co., Ltd.	Taiwan	Food service activities	6,927	6,927	823,200	49.00	11,947	630	NA	Associate of subsidiary
	Manumech Corporation	Taiwan	Wholesale	20,000	20,000	291,464	2.76	1,543	3,915	NA	Subsidiary
Kwong Lung Meko (B.V.I.) Ltd.	Lyon Ventures Holdings Ltd.	Canada	Wholesale of household products.	8,471	8,471	90,000	45.00	4,716	(910)	NA	Associate of subsidiary

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

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2022	Accumulated Repatriation of Investment Income as of March 31, 2022
					Outward	Inward						
Kwong Lung (Suzhou) Co., Ltd.	Manufacturing and selling of down and bedding.	US\$ 5,000	b. 1)	\$ 149,546	\$ -	\$ -	\$ 149,546	\$ 3,625	100	\$ 3,625 b. 3)	\$ 142,339	\$ -
Kunshan Fulong Trade Co., Ltd.	Wholesale of outdoor supplies, household wares, clothing, and related packaging materials; food; Import and export of goods and technology.	RMB 5,000	c. 1)	-	-	-	-	(290)	100	(290) b. 3)	17,282	-
Huai An Guang Long He Yu Home Textile Co., Ltd.	Home textile products; textile and apparel production and sales; feather acquisition; down processing, down products production and sales; self-support and agents of various types of goods and technology import and export business.	RMB 7,000	c. 1)	-	-	-	-	30	51	16 b. 3)	20,196	-
Intime Tech Co., Ltd.	Wholesale.	RMB 2,400	c. 2)	10,635	-	-	10,635	743	100	743 b. 3)	32,900	-

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Kwong Lung Enterprise Co., Ltd.	\$ 598,186 (Note 3)	\$ 600,875 (US\$ 20,000)	\$ 3,118,873 (Note 4)
Manumech Corporation	10,635	10,635 (US\$ 350)	38,858 (Note 5)

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

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

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

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

Note 3: The Group disposed of the subsidiary Snowdown Merchandise (Suzhou) Co., Ltd. in December 2021. The original investment amount of \$448,640 thousand had not been remitted to the Company as of March 31, 2022.

Note 4: The maximum allowable limit on investment was 60% of the consolidated net asset value of the Company \$5,198,122 (consolidated net worth) × 60% = \$3,118,873

Note 5: The maximum allowable limit on investment was 60% of the net asset value of Manumech Corporation. \$64,764 (net worth) × 60% = \$38,858

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Note/Trade Receivables (Payables)			Unrealized Gain
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance		%	
Kwong Lung (Suzhou) Co., Ltd. (Note 1)	Purchase	\$ 135,572	9	Normal	Prepayment or T/T 30-180 days	No significant difference	Trade payables	\$ 84,261	5	\$ -
Intime Tech Co., Ltd. (Note 2)	Sale	8,070	17	Normal	Open account 150 days	No significant difference	Trade receivables	35,352	50	-

Note 1: As of March 31, 2022, the Company had transactions with Kwong Lung (Suzhou) Co., Ltd. for processing of materials and purchasing materials amounted to \$4,810 thousand of the Company's other receivables.

Note 2: As of March 31, 2022, Manumech Corporation, the investor company, had significant transactions with Intime Tech Co., Ltd., the investee company in mainland China.

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

KWONG LUNG ENTERPRISE CO., LTD. AND SUBSIDIARIES**INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Kai Sheng Investment Co., Ltd.	14,873,422	9.93
Ou Li Investment Co., Ltd.	12,698,840	8.48

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

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