

Stock code: 4438



# Quang Viet Enterprise Co., Ltd.

2021

## Annual Report

### Notice to readers

**This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.**

Annual Report website and link as follows:

Market Observation Post System website: <http://mops.twse.com.tw>

Company's annual report disclosure website: <http://www.qve.com.tw>

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Attachment 1. 2021 Consolidated Financial Statements and Auditor's Report

Attachment 2. 2021 Standalone Financial Statements and Auditor's Report

## **CH1. Letter to Shareholders**

Dear Shareholders,

### **Introduction**

First of all, I'd like to thank the support of our shareholders over the years, enabling Quang Viet Enterprise to continue to grow and thrive, and maintain a leading position in the world's high-end down apparel OEM industry.

Thank you very much.

Quang Viet continues to invest in the research and development of down apparel manufacturing and high-tech products, development of innovative new models and expansion of customer base. We integrate with upstream down raw materials suppliers to provide the Company with stable raw materials supply. In terms of downstream development strategy, we expand product lines, diversify production bases and provide tariff-free production bases for customers, by investing in Romanian plant (Biancospino S.R.L.), Jordan plant (Atlanta), knitting plant (King Hamm) and Xingxing Garments.

In 2021, the economies of various countries gradually restarted and anti-epidemic measures were loosened, leading to the increase in outdoor, leisure and sports activities, and the strong recovery of consumer demand for outdoor and sports apparel. However, due to the impact of the new coronavirus, different countries have their own degrees of leniency and strictness towards the preventive measures, and the Company's Vietnam production base suffered a certain degree of impact.

### **Finance Performance**

The Company's 2021 net operating revenue was NTD 13,022,416 thousand, a 6.84% growth compared to 2020's NTD 12,188,857 thousand; 2021's gross profit was NTD 1,871,626 thousand, a 45.58% increase compared to 2020's NTD 1,285,610 thousand; 2021's net profit after taxes was NTD 726,258 thousand, a 30.19% increase compared to 2020's NTD 557,830 thousand; the net profit attributable to owners of the Company was NTD 630,502 thousand in 2021, a 17.35% growth from 2020's NTD 537,296 thousand. Though all operating performance indicators improved in 2021 compared to 2020, the strict anti-pandemic measures imposed by the Vietnamese government had affected order delivery, resulting in the failure to meet the Company's targeted net operating revenue growth, which affected the operating performance.

Unit: NTD thousands; Earnings Per Share NTD

Item		Year	2021	2020
Business Performance	Operating revenue		13,022,416	12,188,857
	Gross profit		1,871,626	1,285,610
	Profit from operations		684,715	280,398
	Profit before income tax		974,082	686,398
	Net profit		726,258	557,830
	Net profit attributable to owners of the Company		630,502	537,296
Profitability	Return on assets (%)		5.54	4.90
	Return on equity (%)		8.78	7.00
	Profit from operations to paid-up capital (%)		66.24	27.12
	Profit before income tax as a percentage of paid-up capital (%)		94.23	66.40
	Net profit margin (%)		5.58	4.58
	After-tax basic earnings per share (\$)		6.10	5.20

### **Business Plan and Development Strategy**

- I. Continue to attract new customers:** Actively maintain long-term related party with quality customers, and continue to develop innovative models to increase customer stickiness. Will also actively develop 2 to 3 and more customers of world's renowned brands per year, so as to develop stable customer relationships, and effectively diversify operational risks.
- II. Optimize production efficiency and quality:** Increase the use of automated production equipment and real-time production information systems. The Company's management will also continue to adopt lean management and ERP, thereby reducing production cost and effectively increasing actual production efficiency and capacity. Together with workflow improvement and continued push for internal audit and internal control, the Group's competitiveness will be strengthened.
- III. Develop upstream supply chain:** Considering the risk of stability in quality, price volatility and supply of goose feather and duck feather in the world, the Company has in 2014, set up an automated and high-quality feather factory (Top One Down & Feather Shu Yang) in China, the world's largest feather supplier, to increase the quality of down garment, reduce raw materials stockout risk, stabilize production cost, and continue to raise Quang Viet's overall competitiveness.

## **The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions**

### **I. Impact of external competitive environment and regulatory environment:**

(I) Wages of major manufacturing countries continue to rise, resulting in increase in production cost.

#### **Countermeasures:**

1. Continue to refine the automated equipment and optimize ERP to increase the operational efficiency of production lines;
2. Continue to target international outdoor recreational brands as viable customers to sustain the momentum of operational growth;
3. Evaluate the feasibility of investing in countries with low labor cost.

(II) Over-concentration of product lines in autumn and winter garments has subsided, but there is still room to reduce volatility between peak and off-peak seasons.

#### **Countermeasures:**

1. Execute a vertical integration strategy that generates revenues from diverse sources;
2. Invest in the production of new high-end products, popular spring/summer garments, and knitwear to increase off-peak revenue;
3. Invest in garment factories that have peak and off-peak seasons different from that of Quang Viet, and thereby reduce revenue volatility.

(III) With the ongoing trade protection war, tariffs have become a tool for trade barriers.

#### **Countermeasures:**

The Company has set up production/tariff-free bases in various countries, such as: Vietnam, China, Romania and Jordan; with the signing of EVFTA with the European Union, Vietnam enjoys preferential tariff for export to the European Union; Jordan enjoys tariff exemption for export to the United States, Canada and the European Union; China's production base targets China's domestic market.

### **II. Impact of overall economic environment:**

The global economy underwent strong recovery in 2021 due to the restart of economies across the world, increase in vaccination coverage, progressive return to normal life, and loose monetary policy. However, supply chain shortage and the emergence of new coronavirus variants still have negative impacts on economic growth. The IMF projected a 5.9% global economic growth rate for 2021. Though universal vaccination and the gradual loosening of anti-pandemic measures enable the global economy to maintain its pace of recovery, inflation, gradual tightening of



the fiscal and monetary policies, fluctuations in raw material price and economic sanctions will slow down 2022 global economic growth. The IMF predicts that the global economy will grow by 4.4% in 2022. Economy recovery will drive consumer spending, and the Company is optimistic about the operations in 2022.

### **Prospect and outlook**

In response to the challenges and opportunities in next three to five years, and to strengthen the business niche, the Company's mid and long-term business strategies in recent years are as follows:

- I. Continue to research and develop and innovate: The Company continues to invest in high-end down apparel manufacturing and the research and development and innovation of high-tech products. Besides strengthening the basic requirements of warmth retention, we also improve the sense of fashion and functionality, becoming an important support for brand customers in expanding their markets and increasing market share, and thereby create more stunning profitability performance.
- II. Expand investment in tariff-free production bases: Decentralizing production bases can improve the coping capacity for natural disaster and geopolitics tension, and tariff-free production bases can generate cost-saving benefits for customers. By expanding investment in tariff-free production bases, not only can the Company balance the production base regions to reduce customers' supply chain risk, it can also bring additional benefits to customers, thereby gaining more orders.
- III. Expand customer base: In addition to the existing internationally renowned sports and outdoor brands customers, the Company is also actively contacting and acquiring potential customers this year, which not only improves operational performance, but will also diversify the risk of receiving orders.
- IV. Optimize production efficiency and quality: Continue to improve on raw materials procurement and on-site quality inspection, quality inspection on each section of the production line, transportation efficiency, and punctuality in delivery; and enhance production efficiency management in Vietnam, China, Middle East Jordanian and Romanian plants.

Lastly, I'd like to wish everyone

good health and all the best!

Chairman, Yang Wen-Hsien



## CH2. Company Profile

### I. Date of Incorporation

October 30, 1995

### II. Company history

Year	Milestones
1995	The Company was established, with Yang Wen-Hsien as Chairman, Charles Wu as President and Tsai Shih-Ping as Vice President.
1996	Kwang Viet Garment Co., Ltd. (QVN) officially opened.
1997	Obtained the certification of the world's largest sports brand, Nike, joined Nike's supply chain, and authorized to manufacture its down jacket.
1998	Expanded QVN by setting up Plant II.
1999	Awarded "Best Delivery" Vietnam supplier award by Nike.
2000	<ol style="list-style-type: none"> <li>1. Expanded operation with the establishment of QVN Plant III.</li> <li>2. Formosa Plastics Group Chairman Mr. Wang Yung-ching and his wife visited QVN in Cu Chi Vietnam.</li> <li>3. Once again awarded "Best Delivery" Vietnam supplier award by Nike.</li> </ol>
2001	<ol style="list-style-type: none"> <li>1. Set up QVN Plant V and VI, and expanded operation in the same year.</li> <li>2. On November 25, Formosa Plastics Group's Vice Chairman Mr. Wang Yung-tsai and Formosa Plastics Corporation's President Mr. Wang Wen-yuan visited QVN in Cu Chi, Vietnam.</li> <li>3. Awarded Vietnam Supplier's Best Social Welfare Contribution Award by Nike.</li> </ol>
2002	<ol style="list-style-type: none"> <li>1. On March 30, Nike's CEO, Mr. Mark Parker and his team visited QVN, Cu Chi Vietnam.</li> <li>2. Awarded Vietnam Supplier "Outstanding Performance" by Nike.</li> <li>3. On February 19, QVN was awarded the Best Social Contribution Award by the Vietnam government.</li> </ol>
2003	<ol style="list-style-type: none"> <li>1. In February, Jiaxing Quang Viet Garment Co., Ltd. (QVC) in Jiaxing China was officially set up.</li> <li>2. Certified by world-renowned outdoor brand, Columbia, and authorized to manufacture its down jackets.</li> <li>3. Formosa Plastics' affiliated company, Formosa Taffeta, invested NT\$ 85,000,000 in Quang Viet Enterprise, owning a stake of 24.49%.</li> </ol>
2004	<ol style="list-style-type: none"> <li>1. Expanded QVN's operations by setting up Plant VII and VIII.</li> <li>2. QVC added a second production workshop. In the same year, manufacture FILA, NET, etc. garments.</li> </ol>
2005	<ol style="list-style-type: none"> <li>1. Obtained the certification of the world's renowned brand, Puma, and authorized to manufacture its down jackets.</li> <li>2. Acquired all shares from China's representative of QVC, officially obtained 100% ownership of QVC.</li> <li>3. Formosa Plastics Group's CEO, Mr. Wang Wen-yuan, visited QVC.</li> </ol>

Year	Milestones
2006	Obtained certification from the world's renowned sports brand, Reebok, and authorized to manufacture its down jackets and sports wear.
2007	<ol style="list-style-type: none"> <li>1. Obtained certificates from Adidas, and Under Armour, and was authorized to manufacture their down jackets and sports wear.</li> <li>2. QVC became an important supplier of Puma, and received up to 1,000,000 orders of down jackets and sports wear.</li> </ol>
2008	<ol style="list-style-type: none"> <li>1. Obtained certification from world's renowned outdoor brand, The North Face, and authorized to manufacture its down jackets.</li> <li>2. QVC added a third production workshop, and received orders from Nike and Kappa in the same year.</li> </ol>
2009	<ol style="list-style-type: none"> <li>1. In June, Taipei Head Office moved to a new building in Ruiguang Road, Neihu Technology Park, Neihu District, Taipei City.</li> <li>2. Obtained certification from the world's renowned brand, Patagonia, and authorized to manufacture its down jackets.</li> </ol>
2010	<ol style="list-style-type: none"> <li>1. Started to set up Tien Giang plant, QVT, in Vietnam.</li> <li>2. Expanded QVC, and purchased from the People's Government of Pinghu Xindaizhen, Jiaxing City, Zhejiang Province, a land of area 25,110 sqm, 50 years, at a total price of RMB 7.5 million.</li> <li>3. QVC received the Star Enterprise Award from Pinghu City Government, and SMP Best Continuous Improvement Award from Nike.</li> </ol>
2011	<ol style="list-style-type: none"> <li>1. In Q1, QVT was completed and went into production.</li> <li>2. Obtained certification from Japan's renowned brand, Montbell, and authorized to manufacture its down jackets.</li> <li>3. QVC's production line expanded to 5 production workshops.</li> </ol>
2012	<ol style="list-style-type: none"> <li>1. Through a third-area oversea company, set up Jiangsu Q GEAR OUTDOOR CO.,LTD. in China; in September, obtained The North Face's retail distribution rights in China Guangxi Province.</li> <li>2. Prepared for the investment of Top One Apparel Shu Yang Co., Ltd.; in April, began production and increased capacity.</li> <li>3. QVC achieved an annual value of output of more than USD 86,680,000, and has 3,000 employees.</li> </ol>
2013	<ol style="list-style-type: none"> <li>1. Obtained certification from US renowned brand, Merrell, and authorized to manufacture its down jackets.</li> <li>2. Jiangsu Q GEAR OUTDOOR CO.,LTD. obtained Timberland's exclusive retail distribution rights in China's Henan Province, Jiangsu Province, and Zhejiang Province.</li> <li>3. QVC awarded China's Advanced Unit for Open and Democratic Management of Factory Affairs.</li> <li>4. Awarded Global Supplier Best Innovative Technology Award by Adidas.</li> </ol>

Year	Milestones
2014	<ol style="list-style-type: none"> <li>1. Obtained certification from the world's renowned brand, Timberland, and authorized to manufacture its down jackets.</li> <li>2. Obtained certification from renowned Canadian outdoor brand, Arc'teryx, and US fashion brand, Ralph Lauren (POLO), to manufacture high-priced down jackets and high-end fashion garment.</li> <li>3. Awarded Best Global Supplier Award from The North Face.</li> <li>4. Invested and set up Top One Down &amp; Feather Co., Ltd., and invested in Top One Down &amp; Feather Shu Yang Co., Ltd. through T.O.D. Limited., and set up a plant in Suqian City, Shuyang County, Jiangsu Province, with a capital of RMB 36,000,000, which officially went into production in 2015.</li> <li>5. QVC was awarded the highest 4C Social Responsibility award by Adidas.</li> <li>6. Awarded Outside magazine's 2015 Gear Award (First Choice for Outdoor Fitting).</li> </ol>
2015	<ol style="list-style-type: none"> <li>1. On June 15, 2015, approved for public listing.</li> <li>2. On July 28, 2015, listed on the emerging OTC market.</li> <li>3. Obtained certification from the renowned brand, Eddie Bauer, and authorized to manufacture its down jackets.</li> <li>4. Obtained certification from renowned brand, Lafuma, and authorized to manufacture its down jackets.</li> <li>5. Obtained certification from renowned brand, Hurley, and authorized to manufacture its down jackets.</li> <li>6. In line with Macquarie Securities and Taipei Exchange, conducted investor conferences in Singapore and Hong Kong.</li> </ol>
2016	<ol style="list-style-type: none"> <li>1. Obtained certification from renowned brand, Converse, and authorized to manufacture its down jackets.</li> <li>2. On May 31, 2016, submitted IPO application to Taiwan Stock Exchange.</li> <li>3. On July 25, 2016, the Company's listing application was approved by Taiwan Stock Exchange Review Committee.</li> <li>4. On October 18, 2016, Taiwan Stock Exchange approved the Company's shares to be officially listed, at a listing price of NTD 156. On November 29, 2016, officially signed a contract to obtain 51% securities ownership of Romanian Biancospino S.R.L., and in February 2017, officially completed shareholding transfer registration, obtaining 51% ownership.</li> </ol>
2017	<ol style="list-style-type: none"> <li>1. On August 21, 2017, signed a memorandum of understanding with Textile Industry Research Institute Foundation, and together developed "A+ Industrial Innovation R&amp;D Program" — "Smart Outdoor Garment Integrated Technology R&amp;D Project".</li> <li>2. On September 23, 2017, signed a memorandum of understanding with Atlanta Garment Manufacturing Company LLC, and on December 19, 2017, officially completed the shareholding transfer registration and obtained 60% of its securities.</li> <li>3. On November 8, 2017, Quang Viet passed a board resolution of shares participation in King Hamm Industrial Co., Ltd., and on April 25, 2018, participated in King</li> </ol>

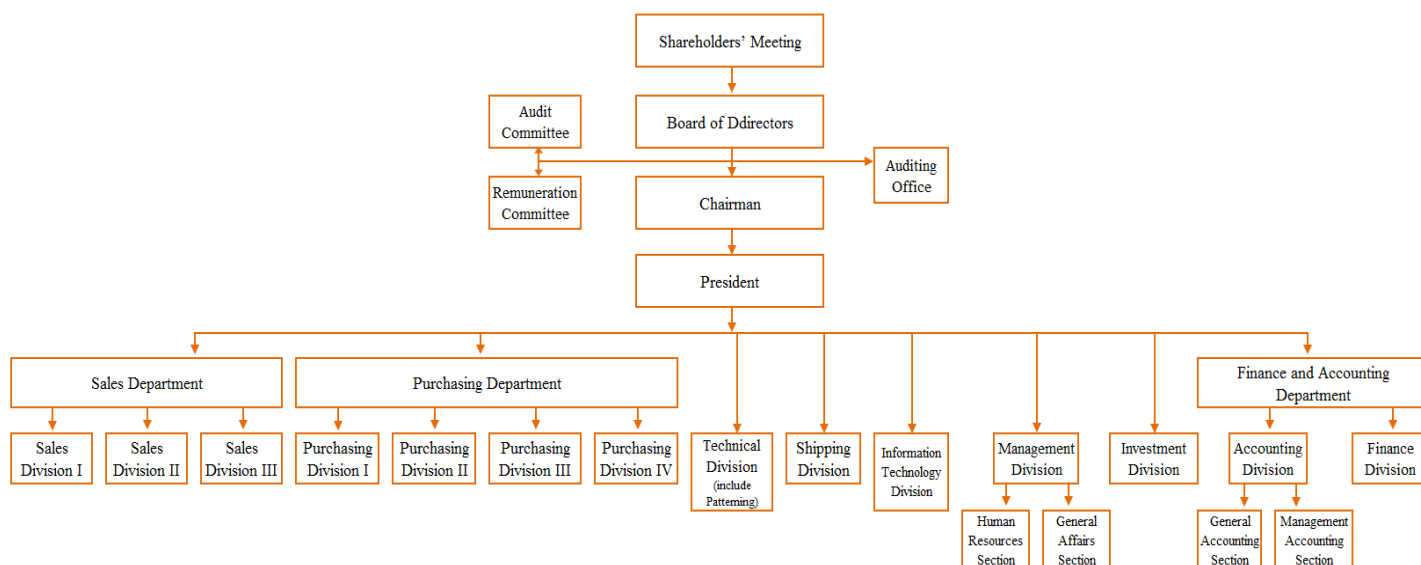
Year	Milestones
	<p>Hamm's cash capital increase, directly holding 42% of its shares and taking 3 of the 5 seats of the board of directors, and Quang Viet's Charles Wu was nominated as Chairman of King Hamm.</p>
2018	<ol style="list-style-type: none"> <li>1. In February 2018, participated in USD300,000 cash capital increase of Atlanta Garment Manufacturing Company LLC, and on February 28, 2018, completed the registration and obtained 60% shareholding in the cash capital increase.</li> <li>2. In April 2018, invested in China's Baoji Xinyue Garment Co., Ltd. through third-area Spring Co., Ltd. set up a plant in Baoji City of Shaanxi Province with a capital of USD 1,500,000, which officially went into production in May 2018.</li> <li>3. Letter Jing-Shou-Shang No.10701133780 dated October 25, 2018, approved Quang Viet's capital reduction since the treasury stocks purchased in August 2015 were to be retired after 3 year according to the law, and the original share capital of NTD 1,037,639,420 was reduced to NTD 1,033,752,920.</li> </ol>
2019	<ol style="list-style-type: none"> <li>1. On March 9, 2019, signed contract with Well &amp; David Corporation, expected to acquire 65% securities ownership in W&amp;D Apparel (Jordan) Corp.</li> <li>2. On March 28, 2019, QVC signed a share transfer agreement with Anhui Xingxing Garment Co., Ltd., obtaining 5.5 million shares and 24.34% ownership of Anhui Xingxing Garment Co., Ltd.</li> <li>3. On May 29, 2019, conducted a capital increase of USD 5 million in Quang Viet (Long An) Co., Ltd. (QVL).</li> <li>4. On September 27, 2019, Quang Viet was awarded the 2019 TOG Gold Award for the development of A+ Project's Smart Temperature Control of Outdoor Garment by the Ministry of Economic Affairs.</li> <li>5. On September 16, 2019, applied to the Securities and Futures Bureau for the issuance of the first domestic unsecured convertible corporate bond. On October 3, 2019, an effective registration has been obtained with the Financial Supervisory Commission for a maximum issuance of 15,000 bonds at NTD 100,000 par value, and cap of NTD 1,500,000,000, handled in accordance with Article 27, Paragraph 3 of the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers".</li> <li>6. Obtained exclusive cooperation with Mammut in developing laser fused down jackets, and won ISPO Outdoor Sports Best Product Award.</li> </ol>
2020	<ol style="list-style-type: none"> <li>1. On November 17, 2020, a board resolution was passed to expand the business scope to medical garment, by obtaining 50% ownership in Principle &amp; Will Co., Ltd. through a USD 14.77 million investment by subsidiary, Q.V.P. Limited.</li> <li>2. On November 23, 2020, Q.V.S. Limited reduced capital by USD 10.3 million, and canceled the registration of the China investment, sub-subsidiary Q GEAR OUTDOOR CO.,LTD..</li> <li>3. Cooperated with Taiwan Textile Research Institute in the development of second generation full-function smart clothing, and in November 2020, won 2020 TOG Smart Mountaineering Clothing System Award.</li> </ol>

Year	Milestones
2021	<ol style="list-style-type: none"> <li data-bbox="300 152 1449 286">1. On August 24, 2021, Spring Co., Ltd. reduced capital by USD 470,000, and canceled the registration of China investment, sub-subsidiary Baoji Xinyue Garment Co., Ltd. in Shaanxi.</li> <li data-bbox="300 297 1449 427">2. On November 5, 2021, a board resolution was passed to expand the garment manufacturing operations by setting up a 100% wholly-owned subsidiary, Sidney Apparels LLC, in Jordan, a tariff-free country.</li> </ol>

## CH.3 Corporate Governance Report

### I. Organization

#### (I) Organization Chart



#### (II) Major Corporate Functions

Department	Functions
President/ Investment Division	<ul style="list-style-type: none"> <li>Establish the Company's operational goals, and business and organizational strategies.</li> <li>Execute the resolutions of the board of directors, and manage the Company's affairs.</li> <li>Set and manage the Company's main sales target plan.</li> <li>Responsible for pre-investment planning, due diligence and confidentiality and post-investment management.</li> </ul>
Auditing Office	<ul style="list-style-type: none"> <li>Plan, establish, amend, evaluate, and check the internal control system and internal audit system.</li> <li>Responsible for the communication of audit results, and the follow-up actions and improvements.</li> <li>Check and assess the Company's internal control system to ensure the continued effectiveness of the implementation.</li> </ul>
Sales Department	<ul style="list-style-type: none"> <li>Responsible for the implementation, confirmation and achievement of the sales target plan.</li> <li>Coordinate with the customers and Company in achieving the goals expected internally.</li> <li>Contact, assess and manage customers, and handle customer complaints.</li> <li>Responsible for the planning of business forecasts, and coordination</li> </ul>

<b>Department</b>	<b>Functions</b>
	<p>of inventory management.</p> <ul style="list-style-type: none"> <li>• Reconcile and manage accounts receivables.</li> </ul>
Purchasing Department	<ul style="list-style-type: none"> <li>• Plan and execute purchasing strategies.</li> <li>• Manage the inventory to meet sales plans.</li> <li>• Coordinate with Vietnam and China plants in managing the inventory.</li> </ul>
Technical Division (include Patterning)	<ul style="list-style-type: none"> <li>• Responsible for new product development and technical support.</li> <li>• Execute the research and development projects system.</li> <li>• Confirm customers' pattern diagram.</li> <li>• Act as the technical support department for Vietnam and China plants.</li> <li>• Develop and execute customers' new models.</li> </ul>
Shipping Division	<ul style="list-style-type: none"> <li>• Manage import and export related matters.</li> <li>• Support and manage domestic shipping related matters.</li> <li>• Act as the shipping and technical support department for Vietnam and China plants.</li> </ul>
Information Technology Division	<ul style="list-style-type: none"> <li>• Establish and execute the information management system.</li> <li>• Maintain, control and manage hardware and software such as computers and information systems.</li> <li>• Develop system software.</li> <li>• Point of contact for external systems software vendors.</li> </ul>
Management Division	<ul style="list-style-type: none"> <li>• Plan, execute and manage human resource related matters. (Include training)</li> <li>• Plan, execute and manage administrative related matters.</li> <li>• Plan, execute and manage general affairs related matters.</li> <li>• Responsible for occupational safety and health administration related matters.</li> <li>• Management of fixed assets.</li> </ul>
Finance and Accounting Department	<ul style="list-style-type: none"> <li>• Responsible for the planning, transfer and consolidating of the Group's fund and risk management.</li> <li>• Prepare and analyze financial reports of the Group and parent company.</li> <li>• Communicate and safeguard the interests of the shareholders.</li> <li>• Plan and consolidate the Group's tax matters (include transfer pricing related planning).</li> </ul>



## II. Directors and Management Team

### (I) Directors

#### 1. Directors:

April 17, 2022; Unit: Shares, %

Title	Nationality or Place of Incorporation	Name	Gender Age	Date Elected	Term	Date of First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							shares	%	shares	%	shares	%	shares	%			Title	Name	Relation
Chairman	Republic of China	Wen Cheun Paper Industrial Co., Ltd.		2020.06.18	3 years	2014.11.21	3,232,808	3.13	3,232,808	3.13	—	—	—	—	—	—	None	None	None
	Republic of China	Representative of juristic person: Yang Wen-Hsien	Male 69 years old	2020.06.18	3 years	2014.11.21	308,657	0.30	308,657	0.30	—	—	2,287,532	2.21	Studied at Liou-Guei Junior High Chairman, Wen Chuen Garment Co., Ltd.	(Note 1)	Vice President	Yang Kun-Hsien	Brother
Director	Republic of China	Formosa Taffeta Co., Ltd.		2020.06.18	3 years	2003.01.29	18,595,352	17.99	18,595,352	17.99	—	—	—	—	—	—	None	None	None
	Republic of China	Representative of juristic person: Lee, Min-Chang	Male 71 years old	2020.06.18	3 years	2014.11.21	56,525	0.05	56,525	0.05	—	—	—	—	Department of Textiles, Feng Chia University Assistant Vice President, Formosa Taffeta Co., Ltd. Vice President, Formosa Taffeta Co., Ltd. Director, Formosa Taffeta Co., Ltd.	(Note 2)	None	None	None
Director	Republic of China	Top One Investment Co., Ltd.		2020.06.18	3 years	2014.11.21	15,630,419	15.12	15,683,419	15.17	—	—	—	—	—	—	None	None	None
	Republic of China	Representative of juristic person: Charles Wu	Male 66 years old	2020.06.18	3 years	2014.11.21	9,036	0.01	71,036	0.07	388,949	0.38	—	—	Department of Business Administration, Feng Jen Catholic University Chairman, Top One Down & Feather Co., Ltd.	(Note 3)	Vice President Vice President	Tien, Mei-Fen Wu, Yang-Han	Spouse Father and son
Director	Republic of China	Shang YUN Investment Co., Ltd		2020.06.18	3 years	2014.11.21	3,860,537	3.73	4,108,537	3.97	—	—	—	—	—	—	None	None	None
	Republic of China	Representative of juristic person: Liao, Ping-Jung	Male 75 years old	2020.06.18	3 years	2014.11.21	822,777	0.80	822,777	0.80	822,070	0.80	—	—	Department of Accounting, Ling Tung University President, Hong De Weaving Co., Ltd. President, East Way Enterprise Co., Ltd. Chairman, Little King Ind. Co., Ltd.	Chairman, Shang Yun Investment Co., Ltd. Chairman, Little King Ind. Co., Ltd. Supervisor, Liken International Co., Ltd. Supervisor, Swap Loop Tech. Co., Ltd.	None	None	None
Independent Director	Republic of China	Lee, Chin-Kung	Male 66 years old	2020.06.18	3 years	2015.10.14	—	—	—	—	—	—	—	Department of Shipping and Transportation Management, National Taiwan Ocean University Manufacturing Manager, United Microelectronics Corporation President, King Yuan Electronics Co., Ltd.	(Note 4)	None	None	None	
Independent Director	Republic of China	Suen, Jy-Pyng	Male 66 years old	2020.06.18	3 years	2015.10.14	—	—	—	—	—	—	—	Department of Business Administration, Feng Jen Catholic University Group Leader, Deputy Section Chief Section Chief and Auditor, Central Deposit Insurance Corporation Senior Executive Officer, Financial Supervisory Commission	—	None	None	None	

Title	Nationality or Place of Incorporation	Name	Gender Age	Date Elected	Term	Date of First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							shares	%	shares	%	shares	%	shares	%			Title	Name	Relation
Independent Director	Republic of China	Fan, Hung-Ta	Male 67 years old	2020.06.18	3 years	2020.06.18	—	—	—	—	—	—	—	—	Department of Electronic Engineering Feng Chia University Council Member, Taipei Electronic Components Suppliers' Association Chairman and President, Zheng Da International Co., Ltd. Director and President, Zenitron Corporation	Chairman, Goldenflash Electronics Co., Ltd.	None	None	None

Note 1: Representative of juristic person director of Top One Down & Feather Co., Ltd., Chairman of Wen Cheun Paper Industrial Co., Ltd., Director of Wen Cheun Investment Co., Ltd., Chairman of ULITE Tech Co., Ltd., Director of Spring Co., Ltd., Chairman of Jiaxing Quang Viet garment Co., Ltd., Director of Top One Apparel Shu Yang Co., Ltd., Director of Top One Down & Feather Shu Yang Co., Ltd., Director of Kwang Viet Garment Co., Ltd.

Note 2: President of Formosa Taffeta Co., Ltd., representative of juristic person director of Formosa Taffeta Co., Ltd., (Formosa Chemicals & Fibre Corporation), representative of juristic person director of Formosa Advanced Technologies Co., Ltd., representative of juristic person director and Vice President of Formosa Taffeta (Zhong Shan) Co., Ltd., representative of juristic person director of Formosa Taffeta (Hong Kong) Co., Ltd., representative of juristic person director and Chairman of Formosa Taffeta Vietnam Co., Ltd., representative of juristic person director and Chairman of Formosa Taffeta Dong-Nai Co., Ltd., representative of juristic person director and Vice President of Formosa Taffeta (Changshu) Co., Ltd., representative of juristic person director of King Hamm Industrial Co., Ltd., representative of juristic person director of Formosa Industries Corporation, and representative of juristic person director Schoeller Textil AG.

Note 3: President of Quang Viet Enterprise Co., Ltd., Chairman of Top One Down & Feather Co., Ltd., Director of Q.V.S. Limited, Director of Spring Co., Ltd., Director of Jiaxing Quang Viet Garment Co., Ltd., Director of Top One Apparel Shu Yang Co., Ltd., Chairman of Top One Down & Feather Shu Yang Co., Ltd., Director of Kwang Viet Garment Co., Ltd., Director of Q Gear Limited, representative of juristic person director of Biancospino S.R.L., representative of juristic person director of Atlanta Garment Manufacturing Company LLC, representative of juristic person director of Xingxing Garments Co., Ltd., representative of juristic person director and Chairman of King Hamm Industrial Co., Ltd., Chairman of Principle & Will Co., Ltd., Chairman of Sidney Apparels LLC, Chairman of Joykey Industrial Limited, Director of Principle & Will Biotech (Pinghu) Co., Ltd., Director of Principle & Will Biotech (Xiantao) Co., Ltd., and Director of Jokey Industrial (Ping Hu) Limited.

Note 4: Chairman of King Yuan Electronics Co., Ltd., Chairman of KYEC Investment International Co., Ltd., Chairman of KYEC Technology Management Co., Ltd., Chairman of KYEC Microelectronics Co., Ltd., and Chairman of King Ding Precision Incorporated Company.

2. Major shareholders of institutional shareholders:

April 17, 2022

Name of Institutional Shareholders	Major Shareholdersr	Shareholding ratio
Formosa Taffeta Co., Ltd.	Formosa Chemicals & Fibre Corporation	37.40%
	Chang Gung Medical Foundation	5.79%
	Yu Yuang Textile Co., Ltd.	2.55%
	Lai, Min-Hsiung	2.25%
	Chang Gung University	2.20%
	Chang Gung University of Science and Technology	2.13%
	Ming Chi University of Technology	1.87%
	Taiwan Life Insurance Co., Ltd.	1.59%
	Asia Pacific Investment Corporation	1.43%
	Chunghwa Post Co., Ltd.	1.08%
Top One Investment Co., Ltd.	Tien, Mei-Fen	70.14%
	Wu, Yang-Sen	8.46%
	Wu, Yang-Han	8.38%
	Wu, Yang-Chen	8.38%
	Charles Wu	3.70%
Wen Cheun Paper Industrial Co., Ltd.	Yang Wen-Hsien	40.00%
	Yang, Yueh-Hsiao	36.00%
	Yang Chang, Chun-Mei	16.00%
	Chang, Shuang-Chuan	4.00%
	Yang, Huan-Hsien	4.00%
Shang Yun Investment Co., Ltd	Liao, Shuo-Yen	20.83%
	Liao, Yung-Cheng	19.03%
	Liao, Chia-I	18.83%
	Liao Chang, Hsiu-Yun	15.80%
	Liao, Ping-Jung	14.84%
	Wang, Min-Jung	4.83%

3. Major shareholders of the Company's major institutional shareholder:

April 17, 2022

Name of Institutional Shareholders	Major Shareholdersr	Shareholding ratio
Formosa Chemicals & Fibre Corporation	Chang Gung Medical Foundation	18.58%
	Chingdwell International Investment Corp.	6.35%
	Vason International Investment Corp.	3.80%
	Formosa Plastics Corporation	3.39%
	Nan Ya Plastics Corporation	2.40%
	Fubon Life Insurance Co., Ltd.	2.22%
	Wang Wen-yuan	2.20%
	Consolidated Power Development Corp	1.63%
	Standard Chartered Bank (Taiwan) Ltd.In Custody for Genesis Equity Group Inc.	1.51%
	HSBC Bank (Taiwan) Limited In Custody for Consolidated Power Development Corp.	1.45%
Chang Gung Medical Foundation	Not applicable	Not applicable
Yu Yuang Textile Co., Ltd.	Hsieh, Ming-Te	16.75%
	Chung, Chiu-Min	7.16%
	Hsieh, I-Chen	6.78%
	Stable Full Industrial Co., Ltd.	5.92%
Chang Gung University	Not applicable	Not applicable
Chang Gung University of Science and Technology	Not applicable	Not applicable
Ming Chi University of Technology	Not applicable	Not applicable
Taiwan Life Insurance Co., Ltd.	CTBC Financial Holding Co., Ltd.	100%
Asia Pacific Investment Corporation	Formosa Plastics Corporation	16.17%
	Nan Ya Plastics Corporation	14.99%
	Formosa Chemicals & Fibre Corporation	14.97%
	Formosa Plastics Transport Corporation	0.42%
Chunghwa Post Co., Ltd.	Ministry of Transportation and Communication	100.00%

4. Disclosure of professional qualifications of directors and independence of independent directors:

Qualifications Name	Professional Qualifications and Experience (Note 1)	Independence Status (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Wen Cheun Paper Industrial Co., Ltd. Representative of juristic person: Yang, Wen-Hsien	Has work experience in the area of commerce and operations management necessary for the business of the Company. Chairman, Wen Chuen Garment Co., Ltd.	-	None
Formosa Taffeta Co., Ltd. Representative of juristic person: Lee, Ming-Chang	Has work experience in the area of commerce and operations management necessary for the business of the Company. President, Formosa Taffeta Co., Ltd.	-	None
Top One Investment Co., Ltd. Representative of juristic person: Charles Wu	Has work experience in the area of commerce and operations management necessary for the business of the Company. Chairman, Top One Down & Feather Co., Ltd.	-	None
Shang Yun Investment Co., Ltd Representative of juristic person: Liao, Ping-Jung	Has work experience in the area of commerce and operations management necessary for the business of the Company. Chairman, Little King Co., Ltd.	-	None
Lee, Chin-Kung	Has work experience in the area of commerce and operations management necessary for the business of the Company. Manufacturing Manager, United Microelectronics Corporation Chairman, King Yuan Electronics Co., Ltd.	Compliance of independence Does not meet any of the conditions stated in Note 2	None
Suen, Jy-Pyng	Has work experience in commerce, finance and accounting necessary for the business of the Company Section Chief and Auditor, Central Deposit Insurance Corporation Senior Executive Officer, Financial Supervisory Commission	Compliance of independence Does not meet any of the conditions stated in Note 2	None

Fan, Hung-Ta	Has work experience in the area of commerce and operations management necessary for the business of the Company. Director and President, Zenitron Corporation Chairman, Goldenflash Electronics Co., Ltd.	Compliance of independence Does not meet any of the conditions stated in Note 2	None
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Note 1: The above directors and independent directors do not meet any of the conditions stated in Article 30 of the Company Act.

Note 2: The independence of the independent directors shall be specified, include but not limited to

- (1) Whether self, spouse or relative within the second degree of kinship is a director, supervisor or employee of the Company or its affiliates.
- (2) Number of Company's shares held by self, spouse and relative within the second degree of kinship (or under other's name), and the shareholding.
- (3) Whether the director is a director, supervisor, or employee of a company with specified relationship with the Company (refer to Article 3, paragraph 1, sub-paragraphs 5 - 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).
- (4) Compensation received for providing commercial, legal, financial, accounting or related services to the Company or any affiliates in the past two years.

#### 5. Diversity and independence of board of directors:

##### (I) Diversity of board of directors:

According to the Company's "Corporate Governance Practices", the composition of the board of directors shall be determined by taking diversity into consideration, without being limited to, the following two general standards:

- (1) Basic requirements and values: Gender, age, nationality, and culture.
- (2) Professional knowledge and skills:
  - Ability to make operational judgments
  - Ability to perform accounting and financial analysis.
  - Ability to conduct management administration
  - Ability to conduct crisis management.
  - Knowledge of the industry
  - An international market perspective.
  - Ability to lead.
  - Ability to make policy decisions.

Policy on diversification of board members, and implementation:

Core Diversity Parameters  Director's Name	Basic Composition							Professional Background				Professional Knowledge and Skills								
	Nationality	Gender	Age			Independent director's term of office			Textile manufacturing	Finance and accounting	Business management	Electronic technology	Ability to make operational	Ability to perform	Ability to conduct	Ability to conduct crisis	Industrial knowledge	An international market	Ability to lead	Decision-making ability
			51 to 60 years old	61 to 70 years old	Above 71 years old	Below 3 years	3 to 9 years	Above 9 years												
Wen Cheun Paper Industrial Co., Ltd. Representative: Yang, Wen-Hsien	Republic of China	Male		●					●				●		●	●	●	●	●	●
Formosa Taffeta Co., Ltd. Representative: Lee, Ming-Chang	Republic of China	Male		●					●				●		●	●	●	●	●	●
Top One Investment Co., Ltd. Representative: Charles Wu	Republic of China	Male		●					●		●		●	●	●	●	●	●	●	●
Shang Yun Investment Co., Ltd Representative: Liao, Ping-Jung	Republic of China	Male			●				●	●			●	●	●	●	●	●	●	●
Lee, Chin-Kung	Republic of China	Male		●							●		●		●	●		●	●	●
Suen, Jy-Pyng	Republic of China	Male		●						●	●		●	●	●	●		●	●	●
Fan, Hung-Ta	Republic of China	Male		●			●				●		●		●	●		●	●	●

(II) Independence of the board of directors:

The Company's board of directors is formed by 7 directors with outstanding professional background and extensive experience in industry, finance, commerce and management, and it comprises 3 independent directors which constitutes 43% of the board, with terms of office not exceeding 3 terms. As of the end of 2021, the independent directors are in compliance with the independent directors regulations of the Securities and Futures Bureau, Financial Supervisory Commission; and none of the conditions as specified in paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act exists among the directors and independent directors; for the independence of the Company's board of directors, please refer to Page 13- "Disclosure of professional qualifications of directors and independence of independent directors" of the Annual Report, and for the directors' experience, education, gender and work experience, please refer to Page 9-10- "Directors' Information" of the Annual Report.

## (II) Management Team

Date: April 17, 2022; Unit: Shares, %

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					shares	%	shares	%	shares	%			Title	Name	Relation
President	Republic of China	Charles Wu	Male	1995.10.30	71,036	0.07	388,949	0.38	—	—	Department of Business Administration, Fu Jen Catholic University Chairman, Top One Down & Feather Co., Ltd.	(Note)	Vice President Vice President	Tien, Mei-Fen Wu, Yang-Han	Spouse Father and son
Plant Vice President	Republic of China	Tsai, Shih-Ping	Male	1995.10.30	48,574	0.05	512,678	0.50	—	—	Department of Electronic Engineering, Cheng Shiu University Director, Cu Chi Investment Co., Ltd.	Director, Cu Chi Investment Co., Ltd. Chairman, Kwang Viet Garment Co., Ltd.	None	None	None
Plant Vice President	Republic of China	Hung, Shen-Wen	Male	2011.01.05	169,884	0.16	—	—	177,000	0.17	Department of Garment Engineering, Asia Eastern University of Science and Technology Plant Manager, Zhu Xing (Vietnam) Co., Ltd.	Chairman, Quang Viet (Tien Giang) Co., Ltd. Director, Xinxiang Investment Co., Ltd.	Assistant Vice President	Hung, Cheng-Wei	Father and son
Plant Vice President	Republic of China	Yang, Kun-Hsien	Male	2015.01.12	161,000	0.16	—	—	—	—	Chi-Mei Senior High Plant Manager, Wen Cheun Paper Industrial Co., Ltd.	None	Chairman	Yang Wen-Hsien	Brother
Plant Vice President	Republic of China	Lee, Chia-Hsing	Male	2015.01.12	11,496	0.01	—	—	—	—	Department of Garment Engineering, Asia Eastern University of Science and Technology Vietnam Plant Manager, Shiung Fu Enterprise Co., Ltd.	None	Assistant Vice President	Lee, I-Lun	Father and son
Plant Vice President	Republic of China	Tien, Wan-Hsin	Male	2004.06.01	—	—	166,231	0.16	—	—	Master of Business Administration, Fu Jen Catholic University Vice President, Jin Tong Trade Co., Ltd.	Chairman, Top One Apparel Shu Yang Co., Ltd. Director, Jiaxing Quang Viet garment Co., Ltd.	None	None	None



Vice President of Sales Division	Republic of China	Tang, Hsiang-Mei	Female	2015.07.01	136,334	0.13	82,856	0.08	—	—	Department of Industrial Management, Minghsin University of Science and Technology Senior sales executive, Tainan Enterprises Co., Ltd.	Director, T.O.D. Limited Representative of juristic person director, King Hamm Industrial Co., Ltd.	None	None	None
Vice President of Sales Department	Republic of China	Wu, Yang-Han	Male	2015.07.01	768,920	0.74	28,978	0.03	—	—	Department of Fashion Design, Shih Chien University Quality Control Manager, Jiaxing Quang Viet Garment Co., Ltd.	Director, Spring Printing Co., Ltd. Director, Top One Investment Co., Ltd. Chairman and President, Quang Viet (Long An) Co., Ltd.	President Vice President	Charles Wu Tien, Mei-Fen	Father and son Mother and son
Vice President of Management Department	Republic of China	Tien, Mei-Fen	Female	2015.06.11	388,949	0.38	71,036	0.07	—	—	Department of Business Administration, Ling Tung University Assistant Vice President of Finance, Quang Viet Enterprise Co., Ltd.	Chairman, Top One Investment Co., Ltd.	President Vice President	Charles Wu Wu, Yang-Han	Spouse Mother and son
Assistant Vice President of Finance and Accounting Department	Republic of China	Huang, Shu-Jung	Female	2020.12.01	6,000	0.01	—	—	—	—	Master of Accounting, National Taiwan University Investment Manager, Quang Viet Enterprise Co., Ltd.	Head of Finance and Accounting, Top One Down & Feather Co., Ltd. Representative of juristic person director, Principle & Will Co., Ltd.	None	None	None
Assistant Plant Vice President	Republic of China	Lu, Ping-Hsien	Male	2018.08.16	—	—	—	—	—	—	Department of Economics, University of Free State Plant Manager, Master & Frank Enterprise (Pinghu) Co., Ltd.	None	None	None	None
Assistant Plant Vice President	Republic of China	Hung, Cheng-Wei	Male	2018.11.01	2,808	0.00	6,000	0.01	—	—	Department of Economics, Tunghai University	None	Vice President	Hung, Shen-Wen	Father and son
Assistant Plant Vice President	Republic of China	Chen, Wei-Che	Male	2020.10.16	1,000	0.00	—	—	—	—	Master of Sport Management, University of Northern Colorado Business Development, Deputy Quality Manager, Quang Viet Enterprise Co., Ltd.,	Director, Chuan-Yu Technology Co., Ltd.	None	None	None

Assistant Plant Vice President	Republic of China	Lee, I-Lun	Male	2021.05.01	10,009	0.01	17	—	—	—	Department of Environmental Science and Occupational Safety and Hygiene, Tajen University Production Manager, Quang Viet Enterprise Co., Ltd.	None	Vice President	Lee, Chia-Hsing	Father and son
Assistant Plant Vice President	Republic of China	Lin, Wei-Sheng	Male	2022.01.01	36,488	0.04	—	—	—	—	Department of Fashion Business Management, Asia Eastern University of Science and Technology Deputy Director, Tainan Enterprises Co. Ltd	None	None	None	None

Note: Representative of juristic person director of Quang Viet Enterprise Co., Ltd., Chairman of Top One Down & Feather Co., Ltd., Director of Q.V.S. Limited, Director of Spring Co., Ltd., Director of Jiaxing Quang Viet garment Co., Ltd., Director of Top One Apparel Shu Yang Co., Ltd., Chairman of Top One Down & Feather Shu Yang Co., Ltd., Director of Kwang Viet Garment Co., Ltd., Director of Q Gear Limited, representative of juristic person director of Biancospino S.R.L., representative of juristic person director of Atlanta Garment Manufacturing Company LLC, representative of juristic person director of Xingxing Garments Co., Ltd., representative of juristic person director and Chairman of King Hamm Industrial Co., Ltd., Chairman of Principle & Will Co., Ltd., Chairman of Sidney Apparels LLC, Chairman of Joykey Industrial Limited, Director of Principle & Will Biotech (Pinghu) Co., Ltd., Director of Principle & Will Biotech (Xiantao) Co., Ltd., and Director of Jokey Industrial (Ping Hu) Limited

(III) Remuneration of Directors, Independent Directors, President, and Vice Presidents

1. Remuneration of directors and independent directors (disclose aggregate remuneration information, with the name(s) indicated for each remuneration range)

Date: December 31, 2021 Unit: NTD Thousand; %

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Profit (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Profit (Note 10)		Remuneration from ventures other than subsidiaries or from the parent company (Note 11)							
		Base Compensation (A) (Note2)		Severance Pay (B)		Directors Compensation (C) (Note3)		Allowances (D) (Note4)				Salary, bonuses, and allowances (E) (Note 5)		Severance Pay (F)		Employee Compensation (G) (Note 6)													
		The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The Company		Companies in the consolidated financial statements (Note 7)		The company	Companies in the consolidated financial statements (Note 7)										
Director	Wen Cheun Paper Industrial Co., Ltd. Representative: Yang, Wen-Hsien	20	4,800	-	-	2,352	2,352	1,440	1,440	3,812	8,592	20	10,399	-	-	-	-	-	-	3,832	18,991	-							
Formosa Taffeta Co., Ltd. Representative: Lee, Ming-Chang	0.60%																						1.36%	Cash	Stock	Cash	Stock	0.60%	3.01%
Top One Investment Co., Ltd. Representative: Charles Wu																													



Table of Remuneration Scale

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	Companies in the consolidated financial statements (Note 9) H	The Company (Note 8)	Companies in the consolidated financial statements (Note 9) I
Less than NTD 1,000,000	Wen Cheun Paper Industrial Co., Ltd., Formosa Taffeta Co., Ltd., Top One Investment Co., Ltd., Shang Yun Investment Co., Ltd, Yang Wun-Sian, Li Min-Jhang, Charles Wu, Liao Ping-Jung, Li Jin-Gong, Sun Jhieh-Pingg, Fan Hung-Ta	Wen Cheun Paper Industrial Co., Ltd., Formosa Taffeta Co., Ltd., Top One Investment Co., Ltd., Shang Yun Investment Co., Ltd, Li Min-Jhang, Charles Wu, Liao Ping-Jung, Li Jin-Gong, Sun Jhieh-Pingg, Fan Hung-Ta	Wen Cheun Paper Industrial Co., Ltd., Formosa Taffeta Co., Ltd., Top One Investment Co., Ltd., Shang Yun Investment Co., Ltd, Yang Wun-Sian, Li Min-Jhang, Charles Wu, Liao Ping-Jung, Li Jin-Gong, Sun Jhieh-Pingg, Fan Hung-Ta	Wen Cheun Paper Industrial Co., Ltd., Formosa Taffeta Co., Ltd., Top One Investment Co., Ltd., Shang Yun Investment Co., Ltd, Li Min-Jhang, Liao Ping-Jung, Li Jin-Gong, Sun Jhieh-Pingg, Fan Hung-Ta
NTD 1,000,000 (include) - NTD 2,000,000 (exclude)	-	-	-	-
NTD 2,000,000 (include) - NTD 3,500,000 (exclude)	-	-	-	-
NTD 3,500,000 (include) - NTD 5,000,000 (exclude)	-	-	-	-
NTD 5,000,000 (include) - NTD 10,000,000 (exclude)	-	Yang, Wen-Hsien	-	Yang, Wen-Hsien
NTD 10,000,000 (include) - NTD 15,000,000 (exclude)	-	-	-	Charles Wu
NTD 15,000,000 (include) - NTD 30,000,000 (exclude)	-	-	-	-
NTD 30,000,000 (include) - NTD 50,000,000 (exclude)	-	-	-	-
NTD 50,000,000 (include) - NTD 100,000,000 (exclude)	-	-	-	-
Greater than or equal to NTD 100,000,000	-	-	-	-
Total	11	11	11	11

Note 1: Names of directors shall be listed separately (names of corporate shareholders and representatives of corporate shareholders shall be listed separately), and the various amounts paid shall be disclosed in aggregate method. If the director holds the positions of the President or Vice President concurrently, this table and following tables (3-1) or (3-2) shall be filled in.

Note 2: Remuneration of directors for the most recent year (including director salary, duty allowance, severance pay, various bonuses, or incentive payments).

Note 3: Fill in the proposed distribution of directors' remuneration approved by the board of directors in the most recent year.

Note 4: Refers to business expenses of directors in the most recent year (including transportation allowance, special allowance, subsidy, benefits in kind such as lodging, vehicle, etc.) In case of housing, vehicle, and other transportation or exclusive individual expenditures, the nature and costs, actual rents or those calculated based on fair market prices, gas fees, and other payments of the assets provided must be disclosed. If a chauffeur is provided, please note the relevant compensation paid by the Company, but exclude the remuneration.

Note 5: All payments to directors who are also employees of the Company (including the position of President, Vice President, other manager, and staff), including salary, duty allowance, severance pay, bonuses, rewards, transportation allowance, special allowance, subsidy, benefits in kind such as lodging, vehicle, etc. In case of housing, vehicle, and other transportation or exclusive individual expenditures, the nature and costs, actual rents or those calculated based on fair market prices, gas fees, and other payments of the assets provided must be disclosed. If a chauffeur is provided, please note the relevant compensation paid by the Company, but exclude the remuneration. Salary expenses recognized in accordance with IFRS 2 Share-based Payment shall also include employee stock option certificates, restricted stock awards, and share subscription in capital increase by cash.

Note 6: For directors who concurrently hold the position as an employee (including concurrent positions as President, Vice President, other managerial officer and employee), the employee remuneration (including shares and cash) approved by the board of directors in the most recent year shall be disclosed. If the amount cannot be estimated, calculate the value intended to be distributed this year according to the actual value distributed last year, and fill in Table 1-3.

Note 7: The total pay to the directors from all companies in the consolidated statements (including the Company).

Note 8: The names of every director shall be disclosed in the respective remuneration scale for the total remuneration received.

Note 9: The names of every director of the Company shall be disclosed in the respective remuneration scale, for the total remuneration received from all companies (including the Company) in the consolidated report.

Note 10: Net profit after tax refers to the net profit after tax from the most recent year; If IFRS has been adopted, net profit after tax refers to the net profit after tax from the most recent standalone or individual financial report.

Note 11: a. This column shall clearly indicate the amount of remuneration that the directors of the Company received from investments other than the subsidiaries.

b. If the Company's directors receive remuneration from investees other than subsidiaries, the remuneration received shall be incorporated into Column I of the Table of Remuneration Scale, and the field name shall be renamed as "All investments".

c. Remuneration refers to the compensation, remuneration (include remuneration of employees, directors and supervisors) and business expenses received by the Company's directors for their positions as director in investees other than subsidiaries.

\* The content of the remuneration disclosed in this table is different from the concept of income in the Income Tax Act, hence the purpose of this table is used for information disclosure and not for tax purposes.

2. Remuneration of President and Vice Presidents (disclose aggregate remuneration information, with the name(s) indicated for each remuneration range)

Date: December 31, 2021 Unit: NTD Thousand; %

Title	Name	Salary(A) (Note2)		Severance Pay (B)		Bonuses and Allowances (C) (Note3)		Employee Compensation (D) (Note4)				Ratio of Total Compensation (A+B+C+D) to Net Profit (%)(Note 8)		Remuneration from ventures other than subsidiaries or from the parent company (Note 9)
		The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidate d financial statements (Note 5)	The Company	Companies in the consolidate d financial statements (Note 5)	The Company		Companies in the consolidated financial statements (Note 5)		The Company	Companies in the consolidate d financial statements (Note 5)	
								Cash	Stock	Cash	Stock			
President	Charles Wu	7,239	24,017	424	424	1,337	5,233	413	-	413	-	9,413 1.49%	30,087 4.77%	-
Vice President	Tsai, Shih-Ping													
Vice President	Hung, Shen-Wen													
Vice President	Yang, Kun-Hsien													
Vice President	Lee, Chia-Hsing													
Vice President	Tien, Wan-Hsin													
Vice President	Tang, Hsiang-Mei													

\* Positions equivalent to President and Vice President, regardless of title (example: President, Chief Executive Officer, Director, etc.), shall be disclosed.

## Table of Remuneration Scale

Range of Remuneration	Name of President and Vice Presidents	
	The Company (Note 6)	Companies in the consolidated financial statements (Note 7) E
Less than NTD 1,000,000	Charles Wu	-
NTD 1,000,000 (include) - NTD 2,000,000 (exclude)	Tsai Shih-Ping, Hung, Shen-Wen, Yang Kun-Hsien, Lee Chia-Hsing, Tien, Wan-Hsin	Tien, Wan-Hsin
NTD 2,000,000 (include) - NTD 3,500,000 (exclude)	Tang, Hsiang-Mei	Lee Chia-Hsing, Tang, Hsiang-Mei
NTD 3,500,000 (include) - NTD 5,000,000 (exclude)	-	Tsai Shih-Ping, Hung Shen-Wen, Yang Kun-Hsien
NTD 5,000,000 (include) - NTD 10,000,000 (exclude)	-	-
NTD 10,000,000 (include) - NTD 15,000,000 (exclude)	-	Charles Wu
NTD 15,000,000 (include) - NTD 30,000,000 (exclude)	-	-
NTD 30,000,000 (include) - NTD 50,000,000 (exclude)	-	-
NTD 50,000,000 (include) - NTD 100,000,000 (exclude)	-	-
Greater than or equal to NTD 100,000,000	-	-
Total	7	7

Note 1: Names of President and Vice Presidents shall be listed separately, and the various amounts paid shall be disclosed in aggregate method. If the director holds the positions of the President or Vice President concurrently, this table and following tables (1-1) or (1-2) shall be filled in.

Note 2: Salary, duty allowance and severance pay of President and Vice Presidents for the most recent year.

Note 3: Benefits in kind and other remuneration of President and Vice Presidents, including bonuses, rewards, transportation allowance, special allowance, subsidies, lodging and vehicle for the most recent year. In case of housing, vehicle, and other transportation or exclusive individual expenditures, the nature and costs, actual rents or those calculated based on fair market prices, gas fees, and other payments of the assets provided must be disclosed. If a chauffeur is provided, please note the relevant



compensation paid by the Company, but exclude the remuneration. Salary expenses recognized in accordance with IFRS 2 Share-based Payment shall also include employee stock option certificates, restricted stock awards, and share subscription in capital increase by cash.

Note 4: Provide the employee remunerations approved by the board of directors and distributed to the President and Vice Presidents in the most recent year (including shares and cash); if they cannot be estimated, calculate the value intended to be distributed this year according to the actual value distributed last year, and fill in Table 1-3. Net profit after tax refers to the net profit after tax from the most recent year; If IFRS has been adopted, net profit after tax refers to the net profit after tax from the most recent standalone or individual financial report.

Note 5: The total remuneration of the President and Vice Presidents received from all companies in the consolidated statements (including the Company) shall be disclosed.

Note 6: The names of every President and Vice Presidents shall be disclosed in the respective remuneration scale for the total remuneration received.

Note 7: The names of every President and Vice Presidents of the Company shall be disclosed in the respective remuneration scale, for the total remuneration received from all companies (including the Company) in the consolidated report.

Note 8: Net profit after tax refers to the net profit after tax from the most recent year; If IFRS has been adopted, net profit after tax refers to the net profit after tax from the most recent standalone or individual financial report.

Note 9: a. This column shall clearly indicate the amount of remuneration that the President and Vice Presidents of the Company received from investees other than the subsidiaries.

b. If the Company's President and Vice Presidents receive remuneration from investees other than subsidiaries, the remuneration received shall be incorporated into Column E of the Table of Remuneration Scale, and the field name shall be renamed as "All investments".

c. Remuneration refers to the compensation, remuneration (include remuneration of employees, directors and supervisors) and business expenses received by the Company's President and Vice Presidents for their positions as director in investees other than subsidiaries.

\* The content of the remuneration disclosed in this table is different from the concept of income in the Income Tax Act, hence the purpose of this table is used for information disclosure and not for tax purpose.

3. Names of managerial officers provided with employee's compensation and state of distribution:

Unit: NTD Thousand; %

	Title (Note 1)	Name (Note 1)	Share Amount	Cash Amount	Total	Percentage of Total Bonuses to Net profit (%)
Managerial officer	President	Charles Wu	-	1,043	1,043	0.17%
	Plant Vice President	Tsai, Shih-Ping				
	Plant Vice President	Hung, Shen-Wen				
	Plant Vice President	Yang Kun-Hsien				
	Plant Vice President	Lee, Chia-Hsing				
	Plant Vice President	Tien, Wan-Hsin				
	Vice President, Sales Department	Tang, Hsiang-Mei				
	Vice President, Management Department	Tien, Mei-Fen				
	Assistant Plant VP	Lee, Chin-Tan				
	Vice President, Sales Department	Wu, Yang-Han				
	Assistant Plant Vice President	Lu, Ping-Hsien				
	Assistant Plant Vice President	Hung, Cheng-Wei				
	Assistant Plant Vice President	Chen, Wei-Che				
	Assistant Vice President, Finance & Accounting Department	Huang, Shu-Jung				
	Assistant Plant Vice President	Lee, I-Lun				
Assistant Plant Vice President	Lin, Wei-Sheng					

Note 1: Shall disclose the individual's name and title, but distribution to be disclosed using the aggregate method.

Note 2: Provide the employee remunerations approved by the board of directors and distributed to the managerial officers in the most recent year (including shares and cash); if they cannot be estimated, calculate the value intended to be distributed this year according to the actual value distributed last year. Net profit after tax refers to the net profit after tax from the most recent financial report; If IFRS has been adopted, net profit after tax refers to the net profit after tax from the most recent standalone or individual financial report.

Note 3: Pursuant to Order Tai-Cai-Zheng-San-Zi No. 0920001301 dated March 27, 2003, the scope of managerial officer is as follows:

- (1) President and equivalent position
- (2) Vice President and equivalent position
- (3) Assistant Vice President and equivalent position
- (4) Head of Finance
- (5) Head of Accounting
- (6) Other persons with the authority to manage the Company's affairs and sign agreements on behalf of the Company

Note 4: If the director, President and Vice Presidents receive employees' compensation (including shares and cash), apart from Table 1-2, this table shall be filled in.

4. Comparison of remuneration for Directors, President and Vice Presidents in the most recent two fiscal years and remuneration policy for Directors, President and Vice Presidents:

(1) The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net profit

Year/Item	2021		2020	
	The Company	All companies included in the consolidated statements	The Company	All companies included in the consolidated statements
Ratio of directors' remuneration	1.05%	3.46%	1.08%	3.35%
Ratio of supervisors' remuneration	0%	0%	0.25%	0.25%
Ratio of remuneration of President and Vice Presidents	1.49%	4.77%	2.30%	6.55%

(2) Policies, standards, and packages for payment of remuneration, as well as the procedures for determining remuneration, and its linkage to business performance and future risk exposure

- ① The Remuneration of the Company's directors and supervisors are paid in accordance with the Company's Articles of Incorporation; while the remuneration of the President and Vice Presidents are paid in accordance with the Company's Personnel Charter.
- ② The remuneration structure mainly comprises salary, duty allowance, reward, subsidy and employee bonus, and is based on the duties and responsibilities assumed, and with reference to industry standard.
- ③ The Company's salary adjustment, year-end bonus and profit sharing are based on the Company's business performance and individual's performance, implemented upon approval by the appropriate responsible unit.

### III. Implementation of Corporate Governance

#### (I) Operations of the Board of Directors

The board of directors has held 6 board meetings (A) in the most recent year (2021), and the directors' attendance are as follows:

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note 2)	Remarks
Chairman	Wen Cheun Paper Industrial Co., Ltd. Representative of juristic person: Yang, Wen-Hsien	6	0	100%	
Director	Top One Investment Co., Ltd. Representative of juristic person Charles Wu	6	0	100%	
Director	Formosa Taffeta Co., Ltd. Representative of juristic person Lee, Ming-Chang	6	0	100%	
Director	Shang Yun Investment Co., Ltd Representative of juristic person Liao, Ping-Jung	6	0	100%	
Independent Director	Lee, Chin-Kung	6	0	100%	
Independent Director	Suen, Jy-Pyng	6	0	100%	
Independent Director	Fan, Hung-Ta	6	0	100%	

Any other matters that require reporting:

- I. If any of the following circumstances occurs in the operations of the board meeting, the date of the board meeting, the term, contents of the proposals, opinions of all independent directors, and the Company's handling of the opinion of the independent director, shall be recorded:
  - (1) Items specified in Article 14-3 of the Securities and Exchange Act: The Company's independent directors do not have dissenting or qualified opinions.
  - (2) In addition to the aforementioned motions, other board meeting motions where an independent director expressed a dissenting or qualified opinion that have been recorded or stated in writing: The Company's independent directors do not have dissenting or qualified opinions.
- II. For the implementation and state of director's recusal for conflict of interest, describe the director's name, contents of the motion, reasons for the required recusal, and participation in the voting process:
  - (1) 11th meeting of the 10th board of directors, on December 29, 2021:
    - (1) Director's name: Charles Wu
    - (2) Content of motion: The Company's 2021 managerial officers' year-end bonus distribution proposal.
    - (3) Reasons for recusal: The above directors, being the parties involved, recuse from the discussion and voting.
    - (4) Participation in voting: Upon consultation by the Chairman, all attending directors except the above recused directors, passed the proposal without objection.
- III. Assessment of implementation status of goals for strengthening the functions of the board of directors (such as setting up an audit committee, improving transparency, etc.) for the current and most recent year: To strengthen the functions of the board of directors, a remuneration committee and audit committee have been set up to assist the board of directors in performing its supervisory duties, and performance evaluations of the board of directors and functional committees are conducted annually. Established "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles" and "Sustainable Development Best Practice Principles" to strengthen the effectiveness of the Company's ethical corporate management and corporate governance. The Company continues to prepare monthly revenue and financial information reports, and publishes the major resolutions of the board of directors, to increase information transparency.

Note 1: If the director is a juristic person, the name of the corporate shareholder and its representative shall be disclosed.

Note 2: (1) If a director resigns before the end of the year, the resignation date shall be indicated in the remarks column, the actual attendance rate (%) shall be calculated based on the actual times of attendance out of the number of board meetings during the term of office.

(2) If there is re-election of director before the end of the year, the new and old directors shall be listed, and in the remarks column, indicate whether the member is an old, new or re-elected director, and the re-election date. The actual attendance rate (%) shall be calculated based on the actual times of attendance out of the number of board meetings during the term of office.

## (II) Implementation Status of Board Evaluation

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Scope of evaluation (Note 3)	Evaluation method (Note 4)	Evaluation items (Note 5)
Implemented once a year	January 1 to December 31, 2021	Board of directors, every functional committee, every director	Self-evaluation of the board of directors and self-evaluation of the board members	Evaluate based on the standard version of scope published by the competent authority

Note 1: Fill in the execution cycle of the board evaluation, example: Execute once per year.

Note 2: Fill in the period covered in the board evaluation, example: Evaluate the performance of the board of directors from January 1, 2021 to December 31, 2021.

Note 3: Evaluation scope comprises performance evaluation of the board of directors, individual board members, and functional committees.

Note 4: Evaluation methods comprise self-evaluation of the board of directors, self-evaluation of the board members, peer evaluation, delegating external professional agencies or experts to conduct evaluation, or other methods.

Note 5: The evaluation content shall include at least the following items based on the evaluation scope:

- (1) Performance evaluation of the board of directors: At least the level of participation in the Company's operations, improving the quality of board decision-making, board composition and structure, appointment of directors and their continuing studies, and internal controls.
- (2) Performance evaluation of the individual board members: At least the familiarity of goals and missions of the Company, understanding of director's responsibilities, level of participation in the Company's operations, internal relationship management and communication, and professionalism and continuing studies, and internal controls.
- (3) Performance evaluation of the functional committees: Participation level in the Company's operations, understanding of the roles and responsibilities of the functional committee, improvement of the quality of committee decisions, composition of the functional committee and the selection of its members, and internal controls.

(III) Audit Committee

The Audit Committee has held 6 (A) meetings in the most recent year (2021), and the independent directors' attendance are as follows:

Title	Name	Attendance in Person (B)	By proxy	Attendance Rate (%) (B/A) (Note 1, Note 2)	Remarks
Independent Director	Lee, Chin-Kung	6	0	100%	
Independent Director	Suen, Jy-Pyng	6	0	100%	
Independent Director	Fan, Hung-Ta	6	0	100%	

Other disclosures:

I. During the operation of the audit committee meeting, if any of the following circumstances occur, record the date of the audit committee meeting, the term, contents of the proposals, independent director's dissenting and qualified opinion or content of major recommendation, resolutions of the audit committee, and the Company's handling of the resolutions of the audit committee.

(1) Items specified in Article 14-5 of the Securities and Exchange Act: The Company's Audit Committee does not have dissenting or qualified opinion on the proposals.

(2) In addition to matters above, other resolutions that have not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire board of directors: None.

II. When there are recusals of independent directors due to conflicts of interests, names of the independent directors, contents of resolutions, reasons of recusal, and voting participation should be stated: None.

III. Independent directors' communication with internal auditors and certified public accountants (shall include major matters, methods, and results of communication regarding the Company's financial position and business operations):

(1) The Company' internal auditors submit monthly audit reports (including audit findings and recommendations) to the independent directors, and discuss related issues by phone or email from time to time. The Head of Internal Audit discusses the results of the audit report with the Audit Committee members regularly, prepares internal audit reports in the quarterly Audit Committee meeting, and reports to the members of the Audit Committee immediately if there are special circumstances. The above-mentioned special circumstances did not occur in 2021, the Company's Audit Committee has good communication with the Head of Internal Audit.

(2) The Company's certified public accountants report the audited or reviewed results of the current quarter's financial statements and matters of communication required by other relevant laws and regulations during the quarterly Audit Committee meeting, and immediately report to the Audit Committee for any special circumstances. The above-mentioned special circumstances did not occur in 2021, and the Company's Audit Committee has good communication with the certified public accounts.

(3) The communication matters between the independent directors and Head of Internal Audit or certified public accounts are as follows:

Date of Audit Committee meeting (Session)	Major matters communicated with the Head of Internal Audit	Major matters communicated with the certified public accounts
March 25, 2021 (4th meeting of the 1st term)	- 2020 Statement on Internal Control. - Review the proposal of loan to subsidiaries.	- Discuss the status of checking of 2020 Standalone and Consolidated Financial Statements.
May 5, 2021 (5th meeting of the 1st term)	- Review the proposal of loan to subsidiaries.	- Discuss the status of review of 2021 Q1 financial statements.

June 17, 2021 (6th meeting of the 1st term)	<ul style="list-style-type: none"> <li>- Review Internal Audit Report.</li> <li>- Review the proposal of loan to subsidiaries.</li> </ul>	<ul style="list-style-type: none"> <li>- Discuss recent investment plans.</li> </ul>
August 11, 2021 (7th meeting of the 1st term)	<ul style="list-style-type: none"> <li>- Review Internal Audit Report.</li> </ul>	<ul style="list-style-type: none"> <li>- Discuss the status of review of 2021 Q2 financial statements.</li> </ul>
November 5, 2021 (8th meeting of the 1st term)	<ul style="list-style-type: none"> <li>- Review Internal Audit Report.</li> </ul>	<ul style="list-style-type: none"> <li>- Discuss the status of review of 2021 Q3 financial statements.</li> </ul>
December 29, 2021 (9th meeting of the 1st term)	<ul style="list-style-type: none"> <li>- Review Internal Audit Report.</li> <li>- Establish 2022 Audit Plan.</li> <li>- Review the proposal of loan to subsidiaries.</li> </ul>	

Audit Committee Results: The above have been reviewed or approved by the Audit Committee, with no dissenting opinion from the independent directors.

Note 1: If an independent director resigns before the end of the year, the resignation date shall be indicated in the remarks column. The actual attendance rate (%) shall be calculated based on the actual times of attendance out of the number of meetings of the Audit Committee during the term of office.

Note 2: If there is re-election of an independent director before the end of the year, the new and old independent directors shall be listed, and in the remarks column, indicate whether the independent director is an old, new or re-elected independent director, and the re-election date. The actual attendance rate (%) shall be calculated based on the actual times of attendance out of the number of meetings of the Audit Committee during the term of office.

(IV)Corporate Governance Implementation and Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation item	State of Implementation (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Explanatory Notes	
1. Has the company defined and disclosed its corporate governance best practice principles in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company has formulated a "Corporate Governance Best Practice Principles" and disclosed it in the Investors section of the Company's website.	None
2. Company's shareholding structure & shareholders' equity (1) Has the company defined internal operating procedures for dealing with shareholder proposals, doubts, disputes, and litigation as well as implemented those procedures? (2) Does the company have a list of major shareholders that have actual control over the company and a list of ultimate owners of those major shareholders? (3) Has the company established and implemented risk management and firewall systems within its conglomerate structure? (4) Does the company have internal regulations in place to prevent its internal staff from trading securities based on information yet to be public on the market?	V		(1) The Company has set up a stock affairs unit and appointed a spokesperson to handle shareholders recommendations and disputes; if the dispute involves legal issues, they are handled by legal consultants. (2) Handled by stocks affairs personnel and stock transfer agent. (3) The Company has established and implemented firewall mechanisms in the Internal Control System's computerized information system processing and handling procedures of major internal information. (4) The Company has established the Regulations for Prevention of Insider Trading, prohibiting internal personnel against using information not yet disclosed to the market for securities trading.	None
3. Composition and responsibilities of the board of directors (1) Has the board of directors established diversification policies and specific management goals, and implemented them?	V		(1) When setting up the board of directors, the Company will consider the diversity of the board members from various aspects, and all appointments are based on meritocracy.	None



Evaluation item	State of Implementation (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Explanatory Notes	
<p>(2) In addition to the salary and remuneration committee and audit committee established according to law, has the company voluntarily established other functional committees?</p> <p>(3) Has the company established guidelines and methods for evaluating the performance of the board of directors, and conducted performance evaluation annually?</p> <p>(4) Does the company regularly evaluate the independence of the certified public accountants?</p>			<p>(2) The Company, has in accordance with the law, set up a Remuneration Committee and Audit Committee, and has not set up nomination or other functional committees. However, the Company's various business functions are managed in accordance with the Company's regulations and control mechanism, and the heads of each unit are responsible for the control of various functions according to their powers and responsibilities.</p> <p>(3) The Company has established the guidelines and methods for evaluating the performance of the board of directors and conducts performance evaluation annually.</p> <p>(4) The Company has appointed a reputed accounting firm which holds no interest in the Company, and is strictly independent, and the board of directors conducts yearly assessment of the independence of the certified public accounts.</p>	
<p>4. Does the TWSE/TPEX listed company have an adequate number of corporate governance personnel with appropriate qualifications, and appoint a chief corporate governance officer to be in charge of corporate governance affairs (include but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings according to laws, handling</p>	V		<p>The Company has an adequate number of dedicated and non-dedicated corporate governance personnel with appropriate qualifications to be in charge of corporate governance affairs. (The Company has not reached a paid-in capital of NTD 2 billion or more, for mandatory appointment of corporate governance personnel as required by the law) (the Company's dedicated and non-dedicated corporate governance personnel are from various departments including: President Office/Investment Division, Finance</p>	None



Evaluation item	State of Implementation (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Explanatory Notes	
<p>website)?</p> <p>(3) Does the company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the Q1, Q2 and Q3 financial reports and operating status of each month within the prescribed deadline?</p>		V	<p>set up an English website.</p> <p>(3) The Company has not, within two months after the end of the financial year, announced and declared the annual financial report, but has, according to the Securities and Exchange Act and relevant laws and regulations, completed the announcement and declaration of the quarterly reports and revenue within the stipulated dates.</p>	
<p>8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?</p>	V		<p>(1) Employees' rights and interests: The Company protects the rights and interests of its employees in accordance with the Labor Standards Act.</p> <p>(2) Employee wellness: The Company provides relevant staff welfare (such as employee travel insurance, group insurance, business travel insurance, and the benefits required by the labor laws of the countries where the subsidiaries' production plants are located, and establishes a mutual trust relationship with the employees). In addition, the Company has set up an employee welfare committee according to the Employee Welfare Fund Act to organize various employee benefits, and provides funding for the setting up of clubs.</p> <p>(3) Dedicated stock affairs unit handles shareholders' recommendations.</p> <p>(4) Suppliers relationship: The main raw materials required for the Company's production are specified by the brand customers, where they will conduct regular</p>	None

Evaluation item	State of Implementation (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Explanatory Notes	
			<p>supplier comparisons, and both parties fully communicate, maintaining good customer-supplier relationships.</p> <p>(5) Rights of stakeholders: Stakeholders can communicate and make suggestions to the Company in order to protect their legal rights.</p> <p>(6) The Company provides information on the relevant laws and regulations that directors need to pay attention to, and continuing studies courses of professional knowledge conducted by the relevant units from time to time, and conducts continuing studies according to the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies". (Note 2)</p> <p>(7) The Company always manages its risk based on the principle of prudence, and has established a sound internal control system to avoid all risks. Besides implementing regular and irregular reviews of the internal control system conducted by the internal audit unit, it has also purchased property insurance.</p> <p>(8) Implementation status of customer policies: The Company and the Group have professional sales personnel serving all customers to ensure prompt response to customers' requirements, maintaining stable and good relationships with them.</p>	

Evaluation item	State of Implementation (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Explanatory Notes	
			(9) Directors and Officers Liability Insurance: Report on the renewal of liability insurance for the Company's directors and supervisors during the 8th board meeting of the 10th board of directors on June 17, 2021.	
9. Explain improvements made according to the Corporate Governance Evaluation results released in the most recent year by the Corporate Governance Center of Taiwan Stock Exchange and provide priorities to be reinforced and measures among those pending improvement. (not required as the Company is not an assessed company)	V		The 8th round of Corporate Governance Evaluation Results and Evaluation Procedures published by the Corporate Governance Center of Taiwan Stock Exchange on April 30, 2022, shows that the Company has made improvements and enhancement on several indicators, and has since 2019, prepared the English consolidated financial statements. Also, the Company has in 2020, set up an Audit Committee, and the shareholders' meeting has approved the adoption of the candidate nomination system for directors election. In line with the bilingual policy in the capital market, the Company has begun to assess the English version of the annual report and agenda handbook.	None

Note 1: Regardless of ticking "Yes" or "No" for the state of implementation, it should be described in the Explanatory Notes column.

Note 2: Training progress of directors:

Title	Name	Training Date	Organizer	Course Name	Hours
Representative of juristic person director	Lee, Ming-Chang	2021/11/22	Securities & Futures Institute	Post-pandemic Global Risk Trend	3
		2021/11/22	Securities & Futures Institute	Value of Information Security in Post-pandemic Era and US-China Trade War	3

Note 3: Training progress of internal audit personnel:

Internal Audit Personnel	Organizer	Course Name	Training Hours
Audit Supervisor, Kang, Li-Te	Internal Audit Association of the Republic of China	Audit Supervisor's Management Skills III: (Auditing Techniques and Tools)	12
Audit personnel, Weng, Yu-Hsiu	Internal Audit Association of the Republic of China	Practical operation of Internal Audit and Internal Control in Personal Data Protection Act	6
	Internal Audit Association of the Republic of China	Making use of digital technology to improve operational processes and fraud detection -- Discussion on auditing practice	6

(V) Composition, Responsibilities and Operations of the Remuneration Committee

1. Professional qualifications and independence analysis of remuneration committee

Members

December 31, 2021

Identity Type (Note 1)	Name	Qualifications	Professional qualifications and experience (Note 2)	Independence status (Note 3)	Number of other public companies in which the member also serves as a member of their remuneration committee
Independent Director (Convener)	Lee, Chin-Kung		Please refer to Attachment 1 on Page 12. Directors' information (1):	Compliance of independence Does not meet any of the conditions stated in Note 3	None
Independent Director	Suen, Jy-Pyng		Please refer to Attachment 1 on Page 12. Directors' information (1):	Compliance of independence Does not meet any of the conditions stated in Note 3	None
Independent Director	Fan, Hung-Ta		Please refer to Attachment 1 on Page 12. Directors' information (1):	Compliance of independence Does not meet any of the conditions stated in Note 3	None

Note 1: Please specify in detail, the years of experience, professional qualifications and experience, and independence of the members of the Remuneration Committee.

For independent directors, may indicate to reference Attachment 1 of Page OO Directors and Supervisors Information (1). For type of director, fill in independent director or others (add a note for convener).

Note 2: Professional qualifications and experience: Specify the professional qualifications and experience of members of the Remuneration Committee.

Note 3: Compliance of independence: Specify the state of independence of the members of the Remuneration Committee, include but not limited to

- (1) Whether self, spouse or relative within the second degree of kinship is a director, supervisor or employee of the Company or its affiliates.
- (2) Number of Company's shares held by self, spouse and relative within the second degree of kinship (or under other's name), and the shareholding.
- (3) Whether the member is a director, supervisor, or employee of a company with specified relationship with the Company (refer to Article 6, paragraph 1, sub-paragraphs 5 - 8 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange").
- (4) Compensation received for providing commercial, legal, financial, accounting or related services to the Company or any affiliates in the past two years.

## 2. Attendance of members at remuneration committee meetings

(1) The Company's Remuneration Committee comprises 3 committee members.

(2) Term of current committee members: From June 18, 2020 to June 17, 2023, the Remuneration Committee of the most recent year (2021) has convened 2 meetings (A). The committee members' qualifications and attendance as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance rate (%) (B/A)(Note)	Note
Convener	Lee, Chin-Kung	2	0	100%	
Committee Member	Suen, Jy-Pyng	2	0	100%	
Committee Member	Fan, Hung-Ta	2	0	100%	
Other disclosures:					
1. In the event that a Remuneration Committee recommendation is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, content of motion, the board's resolution, and the way the company handled the Remuneration Committee's opinions (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None.					
2. If a member had dissenting or qualified opinions on record or stated in writing regarding any resolution passed by the Remuneration Committee, describe the date of committee meeting, term of the committee, content of motion, opinions of all members, and actions taken by the company in response to the opinion of members: None.					

Note: (1) If a member of the Remuneration Committee resigns before the end of the year, the resignation date shall be indicated in the remarks column, and the actual attendance rate (%) shall be calculated based on the actual times of attendance out of the number of meetings of the Remuneration Committee during the term of office.

(2) If there is re-election of the Remuneration Committee before the end of the year, the new and old members of the Remuneration Committee shall be listed, and in the remarks column, indicate whether the member is an old, new or re-elected member, and the re-election date. The actual attendance rate (%) shall be calculated based on the actual times of attendance out of the number of meetings of the Remuneration Committee during the term of office.



(VI) Implementation Status of Promotion of Sustainable Development and Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”

Evaluation item	Implementation Status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Explanatory Notes	
1. Has the company established a governance structure to promote sustainable development, and established a dedicated (non-dedicated) unit for promoting sustainable development, and with the authorization of the board of directors, to be managed by the senior management and supervised by the board of directors?	V		Though the Company has not established a dedicated (non-dedicated) unit to promote corporate sustainable development, but each department fulfill its sustainable development according to its scope of duties.	None
2. Does the company perform assessments of risks in environmental, social, and corporate governance issues relevant to its business activities and devise risk management policies and strategies accordingly? (Note 2)	V		The Company has established the “Sustainable Development Best Practice Principle” and disclosed it in the Company Regulations under the Investors section of the Company's website.	None
3. Environmental issue				None
(1) Has the company developed an appropriate environmental management system, given its distinctive characteristics?	V		(1) The Company has based on the industrial characteristics of down clothing and garment industry, established self-management procedures on environmental protection, occupational health and safety, and will conduct audits on environment, safety and health from time to time, and continue to maintain the effectiveness of the system.	
(2) Is the company committed to achieving efficient use of energy resources, and using renewable materials that produce less impact on the environment?	V		(2) 1. Waste management: The Company's plants continue to promote waste classification, reduction, recycling and reuse, and have also joined the Zero Landfill project promoted by the brand companies in recycling industrial and toxic waste. It has also delegated waste management units approved by the environmental protection agencies to clear the waste, to ensure that waste is	

Evaluation item	Implementation Status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Explanatory Notes	
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter the issues?	V		<p>handled in accordance with the law.</p> <p>2. Air and water pollution prevention: The Company has set up air and water pollution control equipment in the plants. Besides complying with the legal emission standard, wastewater is treated and recycled. A dedicated unit is also set up to monitor, ensuring the emission quality of air and wastewater.</p> <p>3. Recycle down: After processing the recycled down garments, the down can be reused.</p> <p>(3) The Company strengthens the promotion of energy conservation and carbon reduction, and puts up slogans to raise the employees' environmental awareness and concept of sustainable environment. Responding to the advocacy of the use of renewable energy by brand customers, solar panels are laid on the roofs of the plants, and the use of renewable energy such as photovoltaic power generation and biomass fuel is increased. It is assessed that climate change has not caused a significant impact on the Company at present.</p>	
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon reduction, greenhouse gas reduction, water use reduction, or waste management?	V		<p>(4) The Company, besides advocating energy conservation and carbon reduction and putting up slogans to raise the employees' environmental protection awareness in the plants, also establishes and implements waste management policies. It is committed to energy conservation and carbon reduction, water conservation, greenhouse gas reduction, and according to statistics of the plants in the past two years, the emission and usage have dropped.</p>	

Evaluation item	Implementation Status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Explanatory Notes	
4. Social topics				None
(1) Has the company developed its policies and procedures in accordance with laws and the International Bill of Human Rights?	V		(1) The Company complies with the various labor laws and the global guidelines required by its brand customers, and is committed to increasing employee benefits. With humanized and rational management, employees' opinions are given full attention and improved.	
(2) Does the company establish and implement reasonable employee benefits (including remuneration, leave, and other benefits), and ensure business performance or results are reflected adequately in employee remuneration?	V		(2) The Company complies with the various labor laws and the requirements of the brand customers and is committed to improving employees welfare. Also, in accordance with the Company's Articles of Incorporation, not less than 1% of profit is allocated as employee remuneration, and salary adjustment and bonus distribution are based on the operational performance and staff performance. Please refer to P102 for details of the employee welfare.	
(3) Does the company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	V		(3) The Company's plants have established the "Code of Practice for Occupational Safety and Health", specifying the environmental safety and health of the employees and their training. Regular annual medical examinations are also conducted for employees, for employees to be aware of their health status.	
(4) Has the company implemented an effective training program that helps employees develop skills over the course of their career?	V		(4) The Company has established orientation training for new employees, strengthens functional training for existing employees, and actively cooperates in the manpower training programs such as management skills training, women executives forum, etc., promoted by the various brands. The plants also comply with the relevant local laws	

Evaluation item	Implementation Status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Explanatory Notes	
(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer or customer protection and grievance procedure policies implemented?	V		and regulations and develop training programs to facilitate career development. (5) With regards to the customers' health and safety, customer privacy, marketing and labeling of the products and services, the Company has complied with the relevant laws and regulations and international brand customers' global guidelines. However, as the Company is an OEM and ODM company, the brand companies are responsible for establishing the relevant consumer rights protection policies and complaint procedures, and the Company cooperates with the brand companies in the execution.	
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		(6) Most of the Company's suppliers are designated and contracted by the international brand customers, and the customers will first conduct factory inspection with regards to quality, environment and society. If upon on-site evaluation of suppliers by the brand customer, it is discovered that there is violation of social responsibility policies which significantly impact the environment and society, business dealings with the suppliers may be suspended or terminated.	
5. Does the company prepare reports such as the sustainable development that discloses non-financial information by following international reporting standards or guidelines? Does the company obtain third-party assurance or guarantees for the reports above?		V	The Company has not met the criteria for preparing a sustainable development report, and has hence not prepared any sustainable development report based on international reporting standards or guidelines.	None
6. Describe the deviations, if any, between actual practice and the sustainable development practice, if	V		The Company has formulated a "Sustainable Development Best Practice Principle" and disclosed it in the	None

Evaluation item	Implementation Status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Explanatory Notes	
the company has formulated such principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies":			Investors section of the Company's website.	
7. Other important information to facilitate a better understanding of the company's promotion of sustainable development:	V		The Company cooperates with customer, renowned US outdoor brand, Patagonia, and Fairtrade International, in promoting a workers' living subsidy program in Vietnam for the first time. The project allocates 1% of the FOB amount of all Patagonia products produced and exported from Company QVE Vietnam, and staff from the plant form PMT (Premium Management Team) committed to utilize the fund according to the organizations' regulations and prepare results reports. (Refer to P89)	None

Note 1: If the implementation status is "Yes", please specify in detail, the important policies adopted, strategies, measures and implementation status; If implementation status is "No", describe the deviation and reasons in the "Deviations from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons" column, and specify the plan for future adoption of relevant policies, strategies and measures.

Note 2: Materiality principle refers to environment, social and corporate governance issues that have significant impact on the Company's investors and other stakeholders.

(VII) Implementation of Ethical Corporate Management and Measures and Deviations from “Ethical Corporate Management Best Practice Principles” for TWSE/TPEX Listed Companies and reasons

Evaluation item	State of implementation (Note)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Explanatory Notes	
<p>1. Establishment of ethical corporate management policy and approaches</p> <p>(1) Has the company implemented a board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the board of directors and management towards enforcement of such policy?</p> <p>(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?</p>	V		<p>(1) The Company's board of directors has approved the "Procedures for Ethical Management" and " Ethical Corporate Management Best Practice Principles ", requiring all employees to uphold integrity and fairness in the course of work, and comply with the government's laws and regulations. Ethical management by the members of the board of directors and management has always been the business philosophy of the Company since its establishment.</p> <p>(2) The Company has established the "Procedures for Ethical Management" and " Ethical Corporate Management Best Practice Principles ", stipulating the Company's policies on ethical corporate management, and has announced to its employees. Also performs regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business, and implemented programs to prevent unethical conduct described in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies".</p>	None

Evaluation item	State of implementation (Note)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Explanatory Notes	
(3) Does the company clearly provide the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?			(3) The Company, in accordance with the "Procedures for Ethical Management" and " Ethical Corporate Management Best Practice Principles", before developing a commercial relationship with another party, shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.	
2. Implementation of ethical corporate management (1) Does the company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?  (2) Does the company have a dedicated unit responsible for ethical corporate management under the board of directors which reports the ethical management policy and programs against unethical conduct regularly (at least once a year) to the board of	V		(1) The Company, in accordance with the "Procedures for Ethical Management" and " Ethical Corporate Management Best Practice Principles ", upon discovering that the counterparty or partner in cooperation engages in unethical conduct, shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement the Company's ethical management policy.  (2) The Management Division is in charge of the advocacy and execution of the Company's ethical corporate management matters. With the assistance of the Audit Office, the unethical conducts, its actions taken and subsequent reviews and corrective measures, are reported	None

Evaluation item	State of implementation (Note)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Explanatory Notes	
<p>directors while overseeing such operations?</p> <p>(3) Has the company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?</p> <p>(4) Does the company have effective accounting and internal control systems in place to implement ethical management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise relevant audit plans to audit the systems accordingly and prevent unethical conduct, or engage external accountants to perform the audits?</p> <p>(5) Does the company organize internal and external education and training periodically to help enforce honest operations?</p>			<p>to the board of directors on a regular/irregular basis.</p> <p>(3) For matters relating to conflict of interest, the Company's internal staff may report to their direct supervisors or the head of the Management Division directly.</p> <p>(4) The Company has established an Internal Audit Plan, which is the basis for the internal audit unit in performing the various review procedures. In the event of special circumstances, special reviews will be arranged.</p> <p>(5) The Company conveys to the employees through staff meetings and irregular meetings, to enable the employees to better understand the concept and regulations of ethical management.</p>	
<p>3. State of implementation of the Company's whistleblowing system</p> <p>(1) Does the company provide incentives and means for employees to report malpractices? Does the company assign dedicated personnel to investigate the reported malpractices?</p> <p>(2) Does the company have in place standard operating procedures for investigating</p>	V		<p>(1) The unethical conduct can be reported through "hotline", "suggestion box" and "dedicated email account", which will be handled by a dedicated personnel from the Management Division.</p> <p>(2) The Company has not established standard operating procedures for investigations of</p>	None



Evaluation item	State of implementation (Note)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Explanatory Notes	
<p>and processing reports, as well as follow-up actions and relevant post-investigation confidentiality measures?</p> <p>(3) Has the company set up protection for whistleblowers to prevent them from being subjected to inappropriate measures as a result of reporting such incidents?</p>			<p>matters reported and the relevant confidentiality measures. However, the Company has set up "hotline", "suggestion box" and "dedicated email account", and all staff involved in handling the cases are responsible for the complete confidentiality of their processes.</p> <p>(3) The Company is responsible for protecting the confidentiality of the whistleblower, and has not imposed any inappropriate measures on the whistleblower.</p>	
<p>4. Information disclosure improvement. Has the company disclosed the contents or its ethical corporate management principles as well as relevant implementation results on its website and on the Market Observation Post System?</p>	V		<p>The Company discloses information related to ethical management on the Market Observation Post System and the Company's website in a timely manner.</p>	None
<p>5. Describe the deviations, if any, between actual practice and the ethical corporate management principles, if the company has formulated such principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies":</p>	V		<p>The Company has established its regulations for ethical management based on "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", and there is no significant difference between the relevant operations and the regulations established by the Company.</p>	None
<p>6. Other important information to facilitate a better understanding of the Company's implementation of ethical corporate management: (such as review and amendment of Ethical</p>	V		<p>Besides establishing the Ethical Corporate Management Practice according to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and implementing them, the Company also reviews the need of</p>	None

Evaluation item	State of implementation (Note)			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Explanatory Notes	
Corporate Management Best Practice Principles):			amending the content from time to time.	

Note: Regardless of ticking "Yes" or "No" for the state of implementation, it should be described in the Explanatory Notes column.

#### (VIII) Corporate Governance Guidelines and Regulations

The Company's Corporate Governance Practices and relevant regulations are disclosed in the Market Observation Post System, under the Corporate Governance section, as well as the Company's website, under the Corporate Governance section. The Company had, during the 12th meeting of 7th board of directors, on October 29, 2014, passed the "Regulations for Prevention of Insider Trading". To establish sound mechanisms for handling and disclosing material inside information, and prevent improper information disclosures and insider trading, the Company, in accordance with "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities", approved the amendment of the "Procedures for Prevention of Insider Trading and Handling Major Internal Information" during the 11th meeting of the 8th board of directors, on March 4, 2016, ensuring the consistency and accuracy of information released by the Company to the public.

#### (IX) Other Important Information Regarding Corporate Governance

Not applicable.

#### (X) Internal Control System

## 1. Statement on Internal Control:

### Quang Viet Enterprise Co., Ltd.

#### Internal Control System Declaration

Date: March 8, 2022

The Company hereby makes the following statement about its internal control system for the year 2021 based on the assessments it performed:

- I. The Company is highly aware that establishing, implementing and maintaining the internal control system are the responsibilities of the Company's board of directors and managerial officers; the such system has been implemented throughout the Company. The purpose is to provide reasonable assurance to the effectiveness and efficiency of business operations (including profitability, performance, and security of assets), reliability, promptness, and transparency of reports, and compliance with relevant regulatory requirements in reaching compliance targets.
- II. There are inherent limitations to even the most well designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the three aforementioned goals. Moreover, the operating environment and situation may change, impacting the effectiveness of the internal control system. However, self-supervision measures were implemented within the Company's internal control system to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company determines the effectiveness of the design and operation of its internal control system in accordance with the items in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter called the "Regulations") that are related to the effectiveness of internal control systems. The criteria of the internal control system adopted for the "Regulations" is according to the management processes, and the internal control system comprises five constituent elements:
  1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communications, and 5. Monitoring activities.Every constituent element comprises several items. Please refer to the "Regulations" for the items in the preceding paragraph.
- IV. The Company has adopted the aforementioned control system criteria to assess the effectiveness of the design and operation of the internal control system.
- V. Based on the findings of the aforementioned assessment, the Company believes it can reasonably assure that the design and operation of its internal control system as of December 31, 2021 (including supervision and management of subsidiaries), including the effectiveness and efficiency of operation, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable laws and regulations, have achieved the aforementioned objectives.

- VI. This statement constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. The Company shall be legally liable under Articles 20, 32, 171 and 174 of the Securities and Exchange Act with respect to any unlawful aspects such as falsehood or concealment of facts in relation to the aforesaid statement.
- VII. This statement was approved unanimously by all the 7 directors present at the meeting of the board on March 8, 2022.

Quang Viet Enterprise Co., Ltd.

Chairman: Yang, Wen-Hsien

President: Charles Wu

2. Where a certified public accountant has been hired to carry out a special audit of the internal control system, furnish the audit report: Not applicable.

(XI) Penal Provisions :

If there has been any legal penalty against the company and its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder interests or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

(XII) Major Resolutions of Shareholders' Meeting and Board Meetings

1. 2021 Shareholders' Meeting was held on August 11, 2021. Resolutions passed at the shareholders' meeting and the implementation statuses are as follows:

- (1) Ratification of 2020 Business Report and Financial Statements.

Implementation status: Resolution passed

- (2) Ratification of 2020 Earnings Distribution Proposal.

Implementation status: Resolution passed, and based on the resolution of the shareholders' meeting, cash dividend of NTD 330,800,934 (NTD 3.20/share) has been paid with September 23, 2021 as the ex-dividend date.

- (3) Approval of the amendment of the Company's operating as follows:

- Proposal for the amendment to the Company's " Rules of Procedure for Shareholders Meetings " was passed.

- (4) Proposal for the release of prohibition on competitive activities of the Company's representative of juristic person director was passed.

The Company's representative of juristic person director, Charles Wu, represents the Company's wholly-owned subsidiary (Q.V.P. Limited), in assuming the role of representative of juristic person director of Principle & Will Co., Ltd.

2. Important resolutions made during board of directors' meetings in 2021 and up to the publication date of this annual report

**(1) The 6th board meeting of the 10th board of directors on March 25, 2021**

- Proposal for 2020 Directors and Supervisors Remuneration Distribution, as reviewed by the Company's Remuneration Committee, was passed.
- Proposal for 2020 Employee Remuneration Distribution and Managerial Officer Remuneration Distribution, as reviewed by the Company's Remuneration Committee, was passed.
- 2020 Financial Statements, reviewed by the Audit Committee, was passed.
- 2020 Business Report, reviewed by the Audit Committee, was passed.
- 2020 Profits Distribution Proposal, reviewed by the Audit Committee, was passed.
- Proposal for the amendment to the Company's " Rules of Procedure for Shareholders Meetings " was passed.
- Proposal for the release of prohibition on competitive activities of the Company's

managerial officers was passed.

President, Charles Wu: Represents the Company's wholly-owned subsidiary (Q.V.P. LIMITED) in assuming the role of the representative of juristic person director of Principle & Will Co., Ltd.

Assistant Vice President of Finance and Accounting, Huang, Shu-Jun: Represents the Company's wholly-owned subsidiary (Q.V.P. LIMITED), in assuming the role of representative of juristic person director of Principle & Will Co., Ltd.

- Proposal for the release of prohibition on competitive activities of the Company's representative of juristic person director was passed.

Representative of juristic person director, Charles Wu: Represents the Company's wholly-owned subsidiary (Q.V.P. LIMITED), in assuming the role of representative of juristic person director of Principle & Will Co., Ltd.

- Proposal to convene the Company's 2021 Shareholders' Meeting and accept shareholders proposals was passed.
- Proposal to authorize the Company's President and the management departments to assess the local and overseas and other legal investments (include equity participation), merger and acquisition and/or strategic alliance, as reviewed by the Audit Committee, was passed.
- Proposal to appoint Deloitte Taiwan to be the auditors of the Company's 2021 Financial Statements, as reviewed by the Audit Committee, was passed.
- Appoint Ming-Chung Hsieh CPA and Yi-Chen Lu CPA to be the auditors of the Company's 2021 Financial Statements.
- 2020 Statement on Internal Control, as reviewed by the Audit Committee, was passed.
- Proposal of loan by the Company to investee, Atlanta Garment Manufacturing Company LLC (hereafter referred to as "Atlanta"), as reviewed by the Audit Committee, was passed.

The Company makes a loan of USD 6 million to Atlanta, and the natures of the loan are: (1) USD 3 million for business transactions, and (2) USD 3 million for short-term financing. The loan period is one year, and the Chairman is authorized to give loans in installments or to make a revolving credit line for a period not exceeding one year.

- Proposal to apply banking facilities from the bank for the Company's operational requirements, was passed.
- Proposal to apply derivatives facilities from the bank to hedge exchange rate risk, was passed.
- 2021 Managerial Officers' Salary Adjustment proposal, as reviewed by the Company's Remuneration Committee, was passed.

## **(2) The 7th board meeting of the 10th board of directors on May 5, 2021**

- Proposal of loan by the Company to investee, Atlanta Garment Manufacturing Company LLC (hereafter referred to as "Atlanta"), as reviewed by the Audit Committee, was passed.

The Company makes a loan of USD 6 million to Atlanta, with a loan period of one

year, and authorizes the Company's Chairman to give loans in installments or to make a revolving credit line for a period not exceeding one year.

- Proposal to change the auditors in line with Deloitte Taiwan's internal rotation, as reviewed by the Audit Committee, was passed.

In line with the requirements of the internal rotation, Ming-Chung Hsieh CPA and Yi-Chen Lu CPA, will be replaced by Yi-Chen Lu CPA and Yi-Min Huang CPA starting 2021.

**(3) The 8th board meeting of the 10th board of directors on June 17, 2021**

- Proposal to change the date and venue of 2021 Shareholders' Meeting was passed with the cooperation of the Company.

Due to the new coronavirus and in line with the instructions of the Financial Supervisory Commission, the originally scheduled 2021 Shareholders' Meeting (Date: June 17, 2021) is postponed to 10am, Wednesday, August 11, 2021 (Venue: R Floor Conference Room, No. 607, Ruiguang Road, Neihu District, Taipei City).

- Proposal of loan by the Company to subsidiary Quang Viet (Long An) Co., Ltd. was passed.

The Company makes a loan of USD 5 million to Quang Viet (Long An) Co., Ltd., with a loan period of one year, and authorizes the Chairman to give loans in installments or to make a revolving credit line for a period not exceeding one year.

**(4) The 9th board meeting of the 10th board of directors on August 11, 2021**

- Proposal to set the ex-dividend date and close conversion period of convertible bond was passed.

Close conversion period of convertible bond: August 30, 2021 to September 23, 2021.

Ex-dividend date (Effective date of bond conversion price): September 23, 2021.

Cash dividend payment date: October 21, 2021.

- Proposal to apply banking facilities from the bank for the Company's operational requirements, was passed.

**(5) The 10th board meeting of the 10th board of directors on November 5, 2021**

- Proposal to apply banking facilities from the bank for the Company's operational requirements, was passed.

**(6) The 11th board meeting of the 10th board of directors on December 29, 2021**

- The Company 2022's Business Plan and Budget were passed.
- The Company's 2022 Audit Plan was passed.
- 2021 Directors and Supervisors Remuneration Distribution proposal, as reviewed by the Company's Remuneration Committee, was passed.
- 2021 Managerial Officers' Year-End Bonus Distribution proposal, as reviewed by the Company's Remuneration Committee, was passed.
- Proposal of loan by the Company to subsidiary Sidney Apparels LLC, was passed.

The Company makes a loan of USD 3 million to Sidney Apparels LLC, with a loan period of one year, and authorizes the Company's Chairman to give loans in

installments or to make a revolving credit line for a period not exceeding one year.

- Proposal to authorize sub-subsidiary Jiaxing Quang Viet garment Co., Ltd. and Top One Apparel Shu Yang Co., Ltd., in purchasing derivatives was passed.

**(7) The 12th board meeting of the 10th board of directors on March 8, 2022**

- Proposal for 2021 Directors Remuneration Distribution, as reviewed by the Company's Remuneration Committee, was passed.
- Proposal for 2021 Employee Remuneration Distribution and Managerial Officer Remuneration Distribution reviewed by the Company's Remuneration Committee, was passed.
- 2021 Financial Statements, reviewed by the Audit Committee, was passed.
- 2021 Business Report, reviewed by the Audit Committee, was passed.
- 2021 Profits Distribution Proposal, reviewed by the Audit Committee, was passed.
- Proposal for the amendment to the Company's " Corporate Governance Best Practice Principles " was passed.
- Proposal to amend the Company's " Corporate Social Responsibility Best Practice Principle " and rename it to "Sustainable Development Best Practice Principles" was passed.
- Proposal for the amendment to the Company's " The Procedure of the Acquisition and Disposal of Assets " was passed.
- Proposal to convene the Company's 2022 Shareholders' Meeting and accept shareholders proposals was passed.
- Proposal to appoint Deloitte Taiwan to be the auditors of the Company's 2022 Financial Statements, as reviewed by the Audit Committee, was passed.
- Appoint Yi-Chen Lu CPA and Yi-Min Huang CPA to be the auditors of the Company's 2022 Financial Statements
- 2021 Statement on Internal Control, as reviewed by the Audit Committee, was passed.
- Proposal of acquiring real estate by the Company's subsidiary, Atlanta Garment Manufacturing Company LLC, as reviewed by the Audit Committee, was passed.
- Considering the operational stability of the plant, it is proposed to purchase the land and buildings currently leased by Atlanta in Jordan, and that Atlanta's President, Awadallah D'yab Awadallah Abu-Zaid, be authorized to handle all matters regarding the purchase of the land and plant located in Jordan, at a price not more than USD 3.5 million.
- Proposal to apply banking facilities from the bank for the Company's operational requirements, was passed.
- Proposal to apply derivatives facilities from the bank to hedge exchange rate risk, was passed.
- 2022 Managerial Officers' Salary Adjustment proposal, as reviewed by the Company's Remuneration Committee, was passed.

**(8) The 13th board meeting of the 10th board of directors on May 5, 2022**

- Proposal of establishing the "Employee Stock Ownership Trust" by the Company and



allocation of bonus, as reviewed by the Audit Committee, was passed.

- Proposal of offering and issuance of 2nd Domestic Unsecured Convertible Bonds, as reviewed by the Audit Committee, was passed.
- Proposal of loan by the Company to subsidiary, Atlanta Garment Manufacturing Company LLC (hereafter referred to as "Atlanta"), as reviewed by the Audit Committee, was passed.

The Company makes a loan of USD 5 million to Atlanta, with a loan period of one year, and authorizes the Company's Chairman to give loans in installments or to make a revolving credit line for a period not exceeding one year.

- Proposal of loan by the Company to subsidiary, Quang Viet (Long An) Co., Ltd., as reviewed by the Audit Committee, was passed.

The Company makes a loan of USD 4.5 million to Quang Viet (Long An) Co., Ltd., with a loan period of one year, and authorizes the Chairman to give loans in installments or to make a revolving credit line for a period not exceeding one year.

(XIII) Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors

None.

(XIV) Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D

Summary of resignation or dismissal of the Company's personnel

April 30, 2022

Title	Name	Date of appointment	Date of dismissal	Reason for resignation or dismissal
Head of Internal Audit	Kang, Li-Te	2013/4/8	2022/3/11	Resignation/career planning

#### IV. Information Regarding the Company's Audit Fee and Independence

(I) Audit Fee:

Unit: Thousand NTD

Name of accounting firm	Name of certified public accountant	Auditing period	Audit fee	Non-audit fees	Total	Remarks
Deloitte Taiwan	Yi-Chen Lu and Yi-Min Huang	January 1, 2021 to December 31, 2021	4,290	874	5,164	Non-audit fee is the fee for transfer pricing report

Note: For any change in the Company's accounting firm or certified public accountants during the year, the auditing period shall be separately listed, and the reasons of change specified in the remarks column, and audit and non-audit fees shall be disclosed in a sequential order. The type of service of the non-audit fees shall be specified in the notes.

(II) If the Accounting Firm has been changed and the audit fees were lower for the year of the firm change compared to that of the previous year, audit fees before and after the changes and the reason for such changes should be disclosed: Not applicable.

(III) If the Audit Fees have decreased by more than 10% compared to the previous year, the amount, ratio, and reason for the reduction in audit fee should be disclosed: Not applicable.

## V. Information on Change of Certified Public Accountants

### (I) Information Regarding the Former Certified Public Accountants

Date of Change	2021.05.05		
Reason and description of change	Internal rotation of the accounting firm		
Whether the appointed person or certified public accountant terminates or rejects the appointment	Party concerned	Certified public accountant	Appointed person
	Voluntarily terminate appointment	Not applicable	Not applicable
	No longer accept (continue) appointment	Not applicable	Not applicable
Opinion and reason for issuance of audit report during the most recent two years containing an opinion other than an unqualified opinion	None		
Has different opinion from issuer	Yes		Accounting principle or practice
			Disclosure of financial report
			Audit scope or procedures
			Others
	None		v
Description: None			
Other disclosure matters (Items to be disclosed according to Item 1-4 to 1-7, Paragraph 6, Article 10 of the Guidelines)	None.		

### (II) Information Regarding the Succeeding Certified Public Accountants

Name of accounting firm	Deloitte Taiwan
Name of certified public accountant	Yi-Chen Lu and Yi-Min Huang
Date of appointment	2021.05.05
Prior to the appointment, the consultation items and results on the accounting treatment or accounting principle regarding a specific transaction, and opinion that may be rendered on the financial report	None
Written opinion from succeeding certified public accountant regarding disagreement of opinions from the former certified public accountant	None

**V. If the Company's Chairman, President, manager officer of finance or accounting, has worked at the firm of the certified public accountants or its affiliates within the last year, their name, position, and position at the firm of the certified public accountant or its affiliates should be disclosed**

None.

**VII.Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders**

**(I) Share Transfers by Directors, Managerial Officers and Major Shareholders:**

Title	Name	2021		2022 up to April 17	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Wen Cheun Paper Industrial Co., Ltd.	-	-	-	-
	Representative of juristic person: Yang, Wen-Hsien	-	-	-	-
Director	Formosa Taffeta Co., Ltd.	-	-	-	-
	Representative of juristic person: Lee, Ming-Chang	-	-	-	-
Director	Top One Investment Co., Ltd.	-	-	-	-
	Representative of juristic person: Charles Wu	-	-	-	-
Director	Shang YUN Investment Co., Ltd	-	-	-	-
	Representative of juristic person: Liao, Ping-Jung	-	-	-	-
Independent Director	Lee, Chin-Kung	-	-	-	-
Independent Director	Suen, Jy-Pyng	-	-	-	-
Independent Director	Fan, Hung-Ta	-	-	-	-
President	Charles Wu	-	-	-	-
Sun, Jhih-Ping	Tsai, Shih-Ping	-	-	-	-
Vice President	Hung, Shen-Wen	-	-	-	-
Vice President	Yang Kun-Hsien	-	-	-	-
Vice President	Lee, Chia-Hsing	-	-	-	-
Vice President	Tien, Wan-Hsin	-	-	-	-

Title	Name	2021		2022 up to April 17	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Vice President	Tang, Hsiang-Mei	(40,000)	-	-	-
Vice President	Tien, Mei-Fen	-	-	-	-
Vice President	Wu, Yang-Han	-	-	-	-
Assistant Vice President	Lee, Chin-Tan (Retired on 2021.09.30)	-	-	-	-
Assistant Vice President	Lu, Ping-Hsien	-	-	-	-
Assistant Vice President	Hung, Cheng-Wei	(21,000)	-	-	-
Senior Assistant Vice President	Yen, Cheng-Chun (Resigned on 2021.09.30)	-	-	-	-
Assistant Vice President	Chen, Wei-Che	1,000	-	-	-
Assistant Vice President	Huang, Shu-Jung	-	-	-	-
Assistant Vice President	Lee, I-Lun (Appointed 2021.05.01)				
Assistant Vice President	Lin, Wei-Sheng (Appointed 2022.01.01)				

(II) Share Transfer Information:

Name (Note 1)	Reason for transfer (Note 2)	Transaction date	Transferee	Relationship between Transferee and Directors, Supervisors, Managers and Major Shareholders	Shares	Transaction price
Tang, Hsiang-Mei	Disposal (gift)	January 13, 2021	Wei, Tzu-Kai	Mother and son	20,000	N/A
Tang, Hsiang-Mei	Disposal (gift)	January 14, 2021	Wei, Tzu-Kai	Mother and son	20,000	N/A

Note 1: Fill in the name of the Company's directors, supervisors, managerial officers and shareholders with more than 10% shareholding.

Note 2: Whether acquisition or disposal.

(III) Share Pledging Information: None.

### VIII. Information among the Top Ten Shareholders

April 17, 2022; Unit: Shares, %

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Formosa Taffeta Co., Ltd.	18,595,352	17.99	—	—	—	—	None	None	
Formosa Taffeta Co., Ltd. Person in charge: Wang Wen-yuan	—	—	—	—	—	—	None	None	
Top One Investment Co., Ltd.	15,683,419	15.17	—	—	—	—	None	None	
Top One Investment Co., Ltd. Person in charge: Tien, Mei-Fen	388,949	0.38	71,036	0.07	—	—	None	None	
Fubon Life Insurance Co., Ltd.	4,667,000	4.51	—	—	—	—	None	None	
Fubon Life Insurance Co., Ltd. person in charge: Richard M. Tsai	—	—	—	—	—	—	None	None	
Da Fang Investment Co., Ltd.	4,122,579	3.99	—	—	—	—	None	None	
Da Fang Investment Co., Ltd. Person in charge: Wei, Chu-Hsien	333,491	0.32	61,574	0.06	—	—	None	None	
Shang Yun Investment Co., Ltd	4,108,537	3.97	—	—	—	—	None	None	
Shang Yun Investment Co., Ltd Person in charge: Liao, Ping-Jung	822,777	0.80	822,070	0.80	—	—	Liao, Shuo-Yen	Father and son	
Wen Cheun Paper Industrial Co., Ltd.	3,232,808	3.13	—	—	—	—	Wen Cheun Investment Co., Ltd.	Same person in charge	
Wen Cheun Paper Industrial Co., Ltd. Person in charge: Yang, Wen-Hsien	308,657	0.30	—	—	2,287,532	2.21	Wen Cheun Investment Co., Ltd.	Same person in charge	
Wen Cheun Investment Co., Ltd.	2,287,532	2.21	—	—	—	—	Wen Cheun Paper Industrial Co., Ltd.	Same person in charge	
Wen Cheun Investment Co., Ltd.	308,657	0.30	—	—	2,287,532	2.21	Wen Cheun Paper Industrial Co., Ltd.	Same person in charge	

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Person in charge: Yang, Wen-Hsien									
Project Investment Limited	1,526,112	1.48	—	—	—	—	Cu Chi Investment Co., Ltd. Person in charge: Tsai, Shih-Ping	Person in charge is each other's spouse	
Project Investment Limited Person in charge: Ku, Li-Chu	512,678	0.50	48,574	0.05	—	—	Cu Chi Investment Co., Ltd. Person in charge: Tsai, Shih-Ping	Person in charge is each other's spouse	
Cu Chi Investment Co., Ltd.	1,321,158	1.28	—	—	—	—	Project Investment Limited Person in charge: Ku, Li-Chu	Person in charge is each other's spouse	
Cu Chi Investment Co., Ltd. Person in charge: Tsai, Shih-Ping	48,574	0.05	512,678	0.50	—	—	Project Investment Limited Person in charge: Ku, Li-Chu	Person in charge is each other's spouse	
Liao, Shuo-Yen	1,256,877	1.22	692,442	0.67	—	—	Shang Yun Investment Co., Ltd Person in charge: Liao, Ping-Jung	Father and son	

## IX. Ownership of Shares in Affiliated Enterprises

Date: December 31, 2021; Unit: Thousand shares

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Kwang Viet Garment., Ltd.	Note 1	100%	—	—	Note 1	100%
Spring Co., Ltd.	15,230	100%	—	—	15,230	100%
Quang Viet(Tien Giang)Co., Ltd	Note 1	100%	—	—	Note 1	100%
Q Gear Limited	50	100%	—	—	50	100%
Quang Viet(Long An)Co., Ltd	Note 1	100%	—	—	Note 1	100%
Q.V.S. Limited	2,100	100%	—	—	2,100	100%
Top One Down & Feather Co., Ltd.	47,838	95.68%	650	1.3%	48,488	96.98%
Jiaxing Quang Viet garment Co., Ltd.	—	—	Note 1	100%	Note 1	100%
Top One Apparel Shu Yang Co., Ltd.	—	—	Note 1	100%	Note 1	100%
T.O.D. Limited	—	—	9,000	100%	9,000	100%
Top One Down & Feather Shu Yang Co., Ltd.	—	—	Note 1	100%	Note 1	100%
Biancospino S.R.L.	Note 1	51%	—	—	Note 1	51%
Atlanta Garment Manufacturing Company LLC	Note 1	60%	—	—	Note 1	60%
Baoji Xinyue Garment Co., Ltd	—	—	—	Note 2	—	Note 2
King Hamm Industrial Co., Ltd.	13,650	42%	—	—	13,650	42%
King Hung Garments Industrial Co., Ltd.	—	—	Note 1	100%	Note 1	100%
King Hamm Industrial Co., Ltd. (VN)	—	—	Note 1	100%	Note 1	100%
W&D Apparel(Jordan)Corp.	Note 1	65%	—	—	Note 1	65%
Anhui Xingxing Garment Co., Ltd.	—	—	11,000	18.97%	11,000	18.97%
Q.V.P. Limited	14,780	100%	—	—	14,780	100%
Principle&Will Co., Ltd.	—	—	10,000	50%	10,000	50%
Joykey Industrial Limited	—	—	Note 1	100%	Note 1	100%
Principle & Will Biotech (Pinghu) Co., Ltd.	—	—	Note 1	100%	Note 1	100%
Principle & Will Biotech (Xiantao) Co., Ltd.	—	—	Note 1	100%	Note 1	100%
Jokey Industrial (Ping Hu) Limited	—	—	Note 1	100%	Note 1	100%
Sidney Apparels LLC	2,593	100%	—	—	2,593	100%

Note 1: There are no shares as the limited company has not issued shares, and the shareholding ratio column is expressed in terms of investment amount.

Note 2: The cancellation of registration of Shaanxi's Baoji Xinyue Garment Co., Ltd. was completed on 2021.8.24 in Shaanxi, China, and hence there are no shareholding ratio.



## CH 4. Capital Overview

### I. Capital and Shares

#### (I) Type of Shares

Date: April 17, 2022

Unit: Shares

Type of Shares	Authorized Capital			Remarks
	Shares Issued and Outstanding	Unissued Shares	Total Shares	
Ordinary shares	103,375,292	46,624,708	150,000,000	–

Note: The authorized capital in the Company's Articles of Incorporation has been amended and increased to 150,000,000 shares on October 14, 2015.

#### (II) Capital Formation Process

##### 1. Capital formation:

The most recent year up to April 17, 2022 Unit: Shares; NTD

Year Month	Issue Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increased by Assets Other	Others
2015/01	10	100,000,000	1,000,000,000	80,203,428	802,034,280	Cash capital increase	None	Approved by Letter Jing-Shou-Shang No.10401005150 dated 2015.01.15
2015/07	10	100,000,000	1,000,000,000	92,233,942	922,339,420	Capitalization of profits	None	Approved by Letter Jing-Shou-Shang No.10401133090 dated 2015.07.13
2016/11	10	150,000,000	1,500,000,000	103,763,942	1,037,639,420	Cash capital increase	None	Approved by Letter Jing-Shou-Shang No.10501261540 dated 2016.11.10
2018/10	10	150,000,000	1,500,000,000	103,375,292	1,033,752,920	Capital reduction	None	Approved by Letter Jing-Shou-Shang No.10701133780 dated 2018.10.25

2. Shareholder structure:

Date: April 17, 2022

Unit: Shares

Shareholder structure Quantity	Government agencies	Financial institutions	Other juristic persons	Individuals	Foreign institutions and foreigners	Total
No. of Shareholders	0	3	40	3,342	59	3,444
Shares held	0	5,427,000	54,494,272	41,470,551	1,983,469	103,375,292
Shareholding ratio	0%	5.25%	52.71%	40.12%	1.92%	100%

3. Shareholding distribution:

Date: April 17, 2022

Class of Shareholding (Unit: Share)	No. of shareholders	Shares held	Shareholding ratio
1 to 999	386	43,779	0.04%
1,000 to 5,000	2,251	4,328,663	4.19%
5,001 to 10,000	295	2,305,952	2.23%
10,001 to 15,000	124	1,584,264	1.53%
15,001 to 20,000	63	1,129,434	1.09%
20,001 to 30,000	77	1,944,906	1.88%
30,001 to 40,000	42	1,485,246	1.44%
40,001 to 50,000	37	1,659,285	1.61%
50,001 to 100,000	65	4,471,849	4.33%
100,001 to 200,000	49	7,268,861	7.03%
200,001 to 400,000	24	6,965,338	6.74%
400,001 to 600,000	10	4,689,868	4.54%
600,001 to 800,000	6	4,182,401	4.05%
800,001 to 1,000,000	4	3,389,631	3.28%
Above 1,000,001	11	57,925,815	56.02%
Total	3,444	103,375,292	100.00%

## 4. List of major shareholders:

Date: April 17, 2022

Shares Name of major shareholders	Shares held	Shareholding ratio
Formosa Taffeta Co., Ltd.	18,595,352	17.99%
Top One Investment Co., Ltd.	15,683,419	15.17%
Fubon Life Insurance Co., Ltd.	4,667,000	4.51%
Da Fang Investment Co., Ltd.	4,122,579	3.99%
Shang Yun Investment Co., Ltd	4,108,537	3.97%
Wen Cheun Paper Industrial Co., Ltd.	3,232,808	3.13%
Wen Cheun Investment Co., Ltd.	2,287,532	2.21%
Project Investment Limited	1,526,112	1.48%
Cu Chi Investment Co., Ltd.	1,321,158	1.28%
Liao, Shuo-Yen	1,256,877	1.22%

## 5. Market Price, Net Worth, Earnings, and Dividends per Share :

Unit: %; NTD Thousand; Thousand shares

Item		Year	2020	2021	Current year up to April 30 (Note 8)
Market price per share (Note 1)	Highest		153.00	146.00	132.00
	Lowest		100.00	102.50	106.50
	Average		122.18	121.24	119.16
Net worth per share (Note 2)	Before distribution		64.39	66.66	68.18
	After distribution		61.19	(Note 2)	—
Earnings per share (Note 3)	Weighted average shares		103,375	103,375	103,375
	Earnings per share before adjustments		5.20	6.10	0.10
Dividends per share	Cash dividends		3.20	(Note 2)	—
	Stock Dividends	Dividend from retained earnings	—	(Note 2)	—
		Dividend from capital surplus	—	(Note 2)	—
	Accumulated undistributed dividends (Note 4)		—	—	—
Return on investment analysis	Price to earning ratio (Note 5)		23.50	19.88	—
	Price to dividend ratio (Note 6)		38.18	(Note 2)	—
	Cash dividend yield rate (Note 7)		2.62	(Note 2)	—

Note 1: List the highest and lowest market prices per common share for each year, and calculate each year's average market price based upon that year's transaction value and transaction volume.

Note 2: To be finalized after the resolution of the shareholders' meeting.

Note 3: If retrospective adjustment is required due to issuance of bonus shares, earnings per share before and after the adjustment shall be listed.

Note 4: If the criteria of the issuance of equity securities specifies that the current year's unpaid dividend is to be accumulated till the year with surplus, the accumulated unpaid dividend as of the current year shall be separately disclosed.

Note 5: Price-earnings ratio = Average market price / Earnings per share.

Note 6: Price-dividend ratio = Average market price / Cash dividends per share.

Note 7: Cash dividend yield rate = Cash dividend per share / Average market price.

Note 8: The net worth per share and earnings per share shall be based on the audited (reviewed) information by the certified public accountant in the latest quarterly report as of the publication date of the annual report; For the remaining fields, information up to the publication date of the annual report shall be filled in.

## 6. Dividend policy and implementation

### (1) Dividend policy adopted in the Company's Articles of Incorporation

Annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for legal reserves; however, no further provision is needed when legal reserves have accumulated to the same amount as the Company's paid-up capital. Any surpluses remaining shall then be subject to provision or reversal of special reserves, as the laws may require. The residual balance can then be added to undistributed earnings carried from previous years and distributed as shareholder dividends or retained at board of directors' proposal, subject to resolution in a shareholders' meeting.

The Company's dividend policy has been established to accommodate current and future development plans after taking into consideration the investment environment, capital requirement, domestic/foreign competition, and shareholders' interests. No less than 40% of distributable earnings shall be paid as dividend each year, but the Company may decide to withhold earnings if the amount of distributable earnings is less than 5% of paid-up capital. Dividends can be paid in cash or in shares, with cash dividends amounting to no less than 20% of total dividends. However, the form and percentage of dividends may be adjusted depending on the Company's profitability and liquidity, subject to resolution in a shareholders' meeting.

### (2) Dividend distribution proposed (or resolved) for this year

The Company's 2021 Profits Distribution proposal has been approved during the 12th board meeting of the 10th board of directors on March 8, 2022. After allocating NT\$61,374,333 of legal reserve in accordance with laws and regulations and the Articles of Incorporation, a proposal has been made to pay cash dividends totaling NT\$434,176,226 or NT\$4.20 per share from the remaining balance. However, a resolution has not been passed in the shareholders' meeting.

7. Effect of stock dividends on the Company's business performance and earnings per share: No issuance of stock dividends was proposed in the Company's 2021 Profits Distribution Proposal.

## 8. Compensation of employees, directors, and supervisors

### (1) Percentages and ranges of compensation to employees, directors, and supervisors, as specified in the Company's Articles of Incorporation:

① Compensation of directors, and supervisors shall not exceed 2%.

② Employee bonus shall not be less than 1%, and not more than 8%. The board of directors shall decide whether to distribute share or cash dividend to Company employees who comply with certain conditions.

### (3) Basis for estimating the amount of compensation of employees, directors and supervisors; basis for calculating the number of shares to be distributed as employee compensation; and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:

If the Company has gained profit, it shall according to the above standards set in the Articles of Incorporation and considering the overall business structure and industry standards authority, estimate employee compensation and directors and supervisors compensation, calculated based on the net worth in the most recent year's financial report audited by the certified public accountants.

However, any difference between the actual distribution amount resolved in the shareholders' meeting and the estimated amount shall be accounted for as changes in accounting estimates, and recognized as profit and loss for the year resolved by the shareholders' meeting, without affecting the approved financial statements.

(3) Compensation proposals passed by the board of directors:

The Company 2021 directors compensation and employee compensation has been approved in the 12th board meeting of the 10th board of directors on March 8, 2022, with NTD 4,116,000 as directors compensation, which is lower than 2% of current net profit before tax ( $736,136,850 \times 2\% = \text{NTD } 14,722,737$ ) as stipulated in the Articles of Incorporation. Employee compensation distribution amount is NTD 7,792,474, which is higher than the minimum 1% of current year's profit before tax ( $\text{NTD } 736,136,850 \times 1\% = \text{NTD } 7,361,368$ ) as stipulated in the Articles of Incorporation.

(4) Any discrepancy between actual compensation distribution of employees, directors, and supervisors (including the number of shares, the amount and share price) and the recognized compensation of employees, directors, and supervisors, and disclosure of the differences, reasons, and responses:

The Company's 2020 directors and supervisors compensation of NTD 4,388,767 and employee compensation of NTD 6,532,706 are distributed in cash, and there is no difference between the actual distribution amount and estimates.

9. Status of repurchase of shares by Company:

As of April 17, 2022

Term of repurchase	1st time (Term)
Repurchase purpose	Transfer shares to employees
Repurchase period	Planned repurchase period in original announcement: 2015/08/17-2015/10/16 Actual repurchase period: 2015/08/17-2015/10/12
Price range of the shares to be repurchased	NTD 210~260
Type and number of shares repurchased	388,650 ordinary shares
Amount of share repurchased	NTD 92,336,722
Number of shares repurchased to number of shares planned to be repurchased (%)	21.59%
Number of shares canceled and transferred	388,650 ordinary shares
Cumulative number of own shares that the Company holds	0 shares
Ratio of cumulative number of own shares that the Company holds to the total number of issued shares (%)	0%

## II. Corporate bonds (include overseas corporate bonds)

### (I) Issuance of Corporate Bonds

Types of Corporate Bonds		First domestic unsecured convertible bonds
Date of issuance (processing)		October 29, 2019
Denomination		NTD 100,000
Place of issuance and trading		Republic of China
Issue price		Issued at 101% of denomination
Total amount		Total de of NTD 1,500,000,000
Coupon rate		Coupon rate is 0%
Duration		3 years Maturity date: October 29, 2022
Guarantee agency		None
Trustee		KGI Bank Co., Ltd.
Underwriting agency		KGI Securities Co. Ltd.
Certifying lawyer		Lawyer Peg, Yi-Cheng, Handsome Attorneys at Law
Certified public accounts		Deloitte Taiwan Kuo Nai-Hua CPA, Chen Hui-Ming CPA
Repayment method		1. Duration: 3 years 2. Repayment method: Besides converting the bonds to the Company's ordinary shares by the holder of the convertible bonds according to Article 10 of the Rules of Issuance and Conversion of 1st Domestic Unsecured Convertible Bonds, or an early redemption by the Company according to Article 18 of the Rules, or buying back from the securities firm and canceling them by the Company, the Company, upon maturity of the convertible bonds, shall based on the face value of the bond, make a one time lump sum repayment to the holder of the convertible bonds in cash.
Outstanding principal		NTD 1,500,000,000
Terms of redemption or advance repayment		Please refer to Rules of Issuance and Conversion of 1st Domestic Unsecured Convertible Bonds
Restrictive clauses		None
Name of credit rating agency, rating date, corporate bond rating results		None
Additional rights	Amount of converted (exchange or subscription) ordinary shares, overseas depositary receipts or other securities as of publication date of annual report	0
	Rules of issuance and conversion (exchange or subscription)	Please refer to Rules of Issuance and Conversion of 1st Domestic Unsecured Convertible Bonds
Rules of issuance and conversion, exchange or subscription, and issuance conditions that may dilute		The face value of the current issuance of convertible corporate bonds is NTD 1,500,000,000. As the duration of the corporate bonds issuance is 3 years, and the time



Types of Corporate Bonds	First domestic unsecured convertible bonds
the equity and have other possible impacts on shareholders' interests	of request of conversion by bondholders is different, the results of earnings per share shall be postponed, and will not have significant impact on the rights of existing shareholders.
Name of custodian institution of exchange	Not applicable

(II) Information of Convertible Corporate Bonds

Types of Corporate Bonds		First domestic Unsecured Convertible Bonds	
		Year	
Item		2021	Current year up to April 17, 2022
Market price of convertible corporate bonds	Highest	114.25	110.00
	Lowest	102.60	103.55
	Average	109.27	107.50
Convertible price		149.1	149.1
Date of issuance (processing) and conversion price at issuance		163	163
Fulfillment of conversion obligations		Issuance of new shares	Issuance of new shares

**IV. Issuance of preferred stocks**

None.

**V. Issuance of global depositary receipts**

None.

**VI. Exercise of employee share option plan**

None.

**VII. New restricted employee shares**

None.

**VIII. Mergers and acquisitions, or issuance of new shares for acquisition of shares of other companies**

None.

## VIII. Implementation of capital allocation plan

- 1st Issuance of Domestic Unsecured Convertible Bonds

### (I) Plan description

- Competent authority's approval date and document number: October 3, 2019, Jin-Guan-Zheng No.1080331835
- Total fund required for this plan: NTD 1,515,016,000.
- Source of funds
  - Issuance of first domestic unsecured convertible bonds, with a total of 15,000 bonds, NTD 100,000 face value, NTD 1,500,000,000 total face value, issued based on 101% of face value, 3 years duration, and 0% coupon rate.
  - The remaining NTD 16,000 with own fund.
- Project item, projected progress and projected effects

Unit: NTD Thousand

Project Item	Projected Date of Completion	Total Fund Required	Projected Fund Utilization Progress
			2019 Q4
Repay bank loan	2019 Q4	1,515,016	1,515,016
Projected effects	The current fundraising plan aims to repay the bank loan in full, to reduce interest burden and improve financial structure. By calculating the repayment based on the bank borrowing rate of 0.79% to 2.55%, it is expected to save an interest expense of about NTD 2,762,000 in 2019, and about NTD 16,574,000 every subsequent year, which can moderately reduce the Company's financial burden and improve the financial structure and solvency.		

- Content of change in plan, reason for change and the effects before and after the change: Not applicable.
- Date of entry of project into the information disclosure website designated by the Financial Supervisory Commission: October 3, 2019

### (II) Implementation Status

Unit: NTD Thousand

Project item	Implementation Status as of 2019 Q4			Reasons for Ahead or Behind of Schedule and Improvement Plans
	Amount to be paid	Planned	Actual	
Repay bank loan	Amount to be paid	Planned	1,515,016	Completed on schedule in 2019 Q4.
		Actual	1,515,016	
	Execution progress	Planned	100.00%	
		Actual	100.00%	
Total	Amount to be paid	Planned	1,515,016	
		Actual	1,515,016	
	Execution progress	Planned	100.00%	
		Actual	100.00%	

(III) Effectiveness evaluation:

Unit: NTD Thousand

Item		Year	2018/12/31 (After capital increase)	2019/12/31 (After capital increase)
		Basic financial information	Current assets	
Current liabilities			2,556,364	1,271,036
Total liabilities			2,885,551	3,025,780
Operating revenue			8,348,581	10,876,502
Interest expenses			28,635	38,252
Earnings per share (NTD)			7.43	9.73
Financial structure	Debt ratio		30.34	49.90
	Long-term capital to property, plant and equipment ratio		1,222.45	1,540.27
Solvency	Current ratio		162.25	308.17
	Quick ratio		97.48	187.49

Source of Information: Audited standalone financial reports for the respective years

The Company has completed the offering and issuance of the 1st Domestic Unsecured Convertible Bonds in 2019 Q4 according to the original schedule. The financial status and various financial ratios are higher after the capital increase compared to before, hence the effectiveness of this financing is apparent.

## CH 5. Operational Highlights

### I. Business Activities

#### (I) Business Scope

##### 1. The Company's business scope

- (1) C306010 Wearing Apparel.
- (2) C399990 Other Textile and Products Manufacturing.
- (3) F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories.
- (4) F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories.
- (5) F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures.
- (6) F205040 Retail Sale of Furniture, Bedding Kitchen Utensils and Fixtures.
- (7) F108031 Wholesale of Medical Devices.
- (8) F208031 Retail Sale of Medical Apparatus.
- (9) F199990 Other Wholesale Trade.
- (10) F299990 Retail Sale of Other Products.
- (11) F401010 International Trade.
- (12) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

##### 2. Proportion of sales of main products

Unit: NTD Thousand

Year \ Product Item	2020		2021	
	Net operating income	Ratio (%)	Net operating income	Ratio (%)
Down jacket	5,912,055	48.50%	5,244,405	40.27%
Resin cotton jacket	2,794,217	22.93%	2,484,639	19.08%
Light jacket, coat	1,228,943	10.08%	1,591,231	12.22%
Others (Include knitwear, raw materials, etc.)	2,253,642	18.49%	3,702,141	28.43%
Total	12,188,857	100.00%	13,022,416	100.00%

##### 3. The Company's current products (services)

Down apparel, resin cotton apparel, various types of high-end knitwear, other general jacket, high-tech functional jacket, suit, long pants, short pants, high-end swimwear, aerobic wear, high-end pajamas, etc.; Various high-end down raw materials, such as: goose down, duck down, etc.

##### 4. New product plan

The Company specializes in manufacturing products such as high-end down garment for internationally renowned outdoor, recreational and sports wear, and has not engaged in the product development of its own brand of ready-to-wear garment. The designs are provided

by the brand manufacturer, while the Company will assist the international downstream manufacturers in developing high-performance products using technologies such as laser cutting, special cutting, large-scale sewing, water-proof laminate and auto filling. Since last year, it has been developing new products such as smart garments (signed a memorandum of cooperation with Taiwan Textile Research Institute in August 2017), sleeping bags and thermal wear with major sports and outdoor companies.

## (II) Industry Overview

### 1. Current status and development of the industry

Taiwan's textile and garment industry has developed from the early stage of Original Equipment Manufacturing (OEM), to the current stage of Original Design Manufacturer (ODM) and Own Branding & Manufacturing (OBM). Over a long period of more than half a century, it has since accumulated world-class technological expertise in manufacturing technologies such as fabric manufacturing, dyeing and finishing, processing, filling, etc. In recent years, in order to increase global competitiveness, domestic textile and garment manufacturers have been accelerating their regional layout by establishing in China, Vietnam, Cambodia, etc. The business model of enterprises has also gradually transformed from small and medium enterprise to multinational enterprise.

In recent years, the global textile and garment industry has been affected by factors such as urbanization, rise of outdoor recreational activities, and abnormal climate change. As such, consumers' demand in clothing has gradually shifted from the past's single purpose or function such as fighting the cold or keeping warm, to multi-function and diversity which incorporates aesthetic, fashion and function. The various leading international apparel brands, including the low-priced H&M and Zara apparels which started as fast-fashion, Adidas, Nike and Puma which started as professional sports brands, and the mid to high range international brands such as The North Face, Arc'teryx and Patagonia which started as professional outdoor brands, in order to meet the customer demand for diversity and multi-function in apparel, are incorporating "fashion" and "function" elements into their products. With their own core expertise as foundation, they extend into the textile product market of functional fashion, and develop garments suitable for various occasions such as sports, recreational, outdoor and metropolis.

## Development trend of international apparel brands



Source of Information: Textile Industry Research Institute Foundation's ITIS Project.

According to the definition of global sports apparel by the Industry & Technology Intelligence Service (ITIS), the Ministry of Economic Affairs, sports apparel is categorized into three major groups, the functional sports apparel, outdoor apparel and lifestyle apparel, whereby functional apparel refers to garment specially designed for the various types of sports activities, outdoor apparel refers to garment specially designed to facilitate certain outdoor activities, while lifestyle apparel is closest to the latest fashion trend, where its main purpose is not for improving sports performance, but for wearing in urban or casual occasions.

The market share of global sports apparel in 2021 was USD 16,433 million, expecting to reach USD 22,514 million by 2028, and the compound annual growth rate for the 2021 to 2028 is projected at 4.6%. The growth of outdoor sports apparel market is attributed to the popularity of global sports and fitness and increase in disposable income of the middle class. North America and Europe account for a significant proportion of the global outdoor sports apparel market. As these markets are in the mature stage, the future market growth will be quite stable. With the steady economic growth in Asia Pacific, it will be a high growth market in the forecast period. Due to the change in lifestyle and higher emphasis on personal health and recreational activities, wearing sports and leisure and lifestyle outfit has become a trend, creating new demand for the garment industry, where products are expected to be lightweight, highly functional and fashionable.

The recovery of the economy, increase in vaccine coverage and loose monetary policies in several countries have led to a strong global economic growth in 2021. However, with the rampant COVID-19 variant, increase in raw materials price, supply chain shortage and tightening of the loose monetary policies, major economic forecasters predict that 2022

global economic growth will be more moderate compared to 2021.

**Economic growth rate forecast of the world's major regions and countries**

Unit: %				
Geographical location	IMF		OECD	
	2021	2022	2021	2022
<b>Worldwide</b>	5.9	4.4	5.3	3.9
<b>Advanced economies</b>	5.0	3.9	-	-
United States	5.6	4.0	5.6	3.7
Eurozone	5.2	3.9	5.2	4.3
Japan	1.6	3.3	1.8	3.4
<b>Emerging and developing economies*</b>	6.5	4.8	-	-
China	8.1	4.8	8.1	5.1

Note: \*Emerging economies growth rate by IMF.

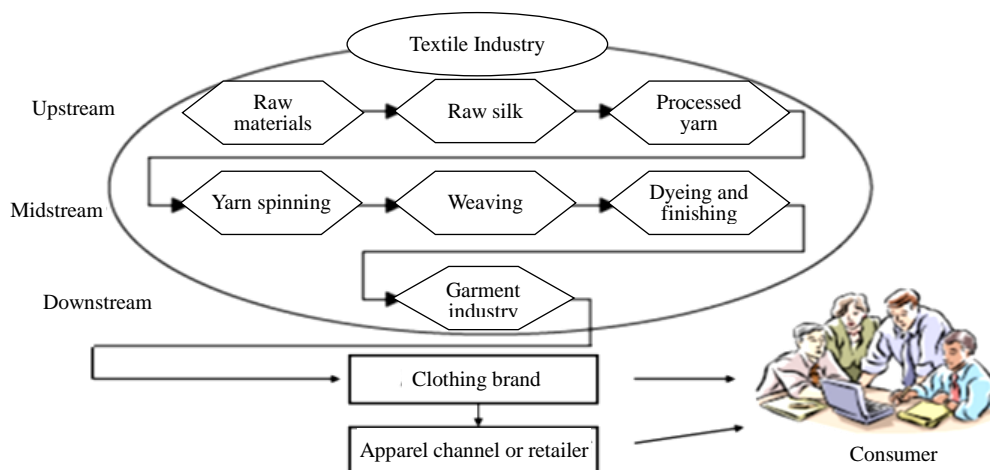
Source of information: 1. IMF, World Economic Outlook Update, Jan. 25, 2022.

2. OECD, Economic Outlook: Statistics and Projections.

2. Relationship of the industry's upstream, midstream, and downstream

The process of ready-to-wear involves refining the upstream raw materials such as wool, cotton or petrochemical raw materials, and then making them into fiber, which is then spun into yarn and woven into fabric. After dyeing and finishing or processing, the woven and knitted fabrics are cut and sewed into ready-to-wear products and other related textile products. Finally through brands, channels and retailers, they are sold to end-consumers. The up, mid and downstream relation diagram is as follows:

**Textile and garment industry's upstream, midstream and downstream relation diagram**



Source of information: Taiwan Industry Economics Services

Throughout Taiwan's textile and garment industrial chain development, small and medium enterprises still focus on development in their respective domains. However, large-scale textile companies (example: Nan Ya Plastics, Formosa Chemicals & Fibre, FTC Group, Far Eastern Group, Tainan Spinning Group, Nien Hsing Textiles Group, Makalot, Eclat Textile Group and Quang Viet Enterprise, etc.), in order to improve their competitiveness, besides adopting transnational strategy to increase market competitiveness, have also in recent years, been cutting into the upstream or downstream domains from their areas of expertise (for example, the Company enters the upstream raw materials and downstream channel domains from mid-stream processing), attaining the benefits of vertical integration of up and downstream, thereby increasing the global position of textile industry.

### 3. Product development trends:

#### (1) Diversified development to meet consumers' demand for apparel

The rise in income level, urbanization and increase in outdoor recreational activities have driven the rise in the level of customer demand for clothing. Hence, besides providing the basic functions of keeping warm and fighting cold in product design, manufacturers also need to incorporate elements such as aesthetic, fashion and function in the fabric and design cutting, so as to satisfy end-consumers' demand for garment in the future.

#### (2) Revolutionary development of fabric and manufacturing technologies

In view of the rapid growth of the sports and recreational apparel market and outdoor apparel market in the future and consumers' increasing strict demand for functional products, local and overseas manufacturers are continuously and actively investing in innovative research and development in production technologies, such as adopting low denier or other special auxiliaries in weaving, dyeing and finishing processes to meet such trend. In terms of ready-to-wear, technologies such as special cutting, laminating, etc. are adopted for functional effects such as abrasion resistant, high tenacity, lightweight, keep warm, absorbent and quick drying, moisture permeable and waterproof, and antibacterial and deodorant.

#### (3) Raise in awareness of environmental protection and energy conservation

With global climate change, environmental protection and humaneness have become issues every earth citizen pays attention to. Hence, environmental protection has become the development trend of the consumer market of global apparel and household textile. In addition to emphasizing ergonomics requirements and functionalities, textile need to meet the requirements of humaneness, environmental protection, low pollution and low energy consumption, from raw materials acquisition to the manufacturing process (Example: goose down raw materials for manufacturing down jackets need to comply with Responsible Down Standard (RDS), in order to ensure the methods of obtaining raw materials comply with the requirements of humaneness and environmental protection). Hence, with the global trend of environmental protection and energy conservation awareness, environmentally



friendly textile products will become a consideration for consumers in choosing products in the future, and will be the future development trend of textile products.

(4) Automated production, rapid customization capability

In line with the increasing demand of future global ready-to-wear market and increase in manpower cost, as well as the cross-domain development of international brands, textile and garment manufacturers, besides having to accelerate the implementation of automated production equipment (example: automated down filling) in production lines so as to increase capacity level, also need to work with the international brands in meeting cross-domain development requirements (example: incorporate both fashion and function), providing them with rapid cross-domain customization capability, and thereby satisfying future development trend of textile industry and product.

4. Competitiveness:

The Company's competitiveness

(1) Quality

The Company has been specializing in the premium down apparel industry for more than 20 years, and the members of the management team have strong experience in the industrial technologies. The world-renowned brands have their own quality standards and systems, which the Company always fully cooperates with to meet the relevant quality requirements. The Company's continued improvement and progress have gained the recognition of the world-renowned brands.

(2) Technology

① Raw materials (down)

To achieve the greatest benefit of vertical integration, the Company invested in Top One Down & Feather Co., Ltd. to obtain better quality down raw materials for the manufacturing of high-tech down apparel, and also researches and develops high-end down raw materials such as water-repellent down, colored down, anti-mite down, etc.

② Raw materials (fabric)

All outer and inner fabric used by the Company are high-grade fabric designated by the various brands which are of high functionality and fashion sense, and a lot are high-end fabric from Japan's renowned textile manufacturers, which increases product value and establishes the image of high-end down apparel.

③ Delivery

Cooperate with brand customers in shortening delivery time, achieving prompt delivery within deadline, thereby increasing the plant's production efficiency and shortening the period of financial returns.

④ Research and development

Besides strengthening product design cooperation capability, the Company spares no effort in the research and development of manufacturing technologies, such as the use of special embroidery machines in production and large-scale use of template production lines and automated machines, thereby reducing manpower cost, and using it for manufacturing special high quality and high-tech down apparel.

(III) Overview of Technology and Research and Development

1. Research and development expenditure in the most recent year up to the publication date of the annual report:

Unit: NTD Thousand

Item \ Year	2020 (IFRSs)	2021 (IFRSs)	2022 Q1 (IFRSs)
Research and development expenditure	165,814	166,226	45,158
Consolidated net revenue	12,188,857	13,022,416	3,006,549
Research and development expenditure to net revenue ratio (%)	1.360%	1.276%	1.502%

Source of Information: Audited/reviewed financial reports for the respective years.

2. Successfully developed technologies or products:

List of the Company's successfully developed technologies or co-developed new customer products in the past five years are as follows:

Year	Research and Development Achievement
2015	Researched and developed a special three-dimensional template for bonding inner and outer fabric, and hydrophobic filling material (Primaloft) that keeps warm.
2016	<ol style="list-style-type: none"> <li>1. Developed and produced wind-proof and water-proof Stormdrift series, comprising advanced adhesive technologies.</li> <li>2. Developed special machines and axillary tools such as Seam Sealed, Gore-Tex Bonding, etc., to raise production quality and efficiency, and has obtained orders from major brands such as Puma, VF (The North Face), Helly Hansen, Nike, etc.</li> <li>3. Developed large-scale crimping and laser cutting template machines, reducing processes, and accelerating and raising quality, thereby facilitating order taking and fast completion of samples.</li> </ol>
2017	<ol style="list-style-type: none"> <li>1. Exclusive co-development of the new thermal apparel, Micro Puff series, with Patagonia. With innovative thermal fiber and Quang Viet's exclusive template automation technologies, it gives the apparel high thermal effect comparable to down's thermal insulation, as well as water-repellent and sustainable insulating features. This revolutionary product has won the best thermal apparel in 2017 Outdoor by ISPO, and has been officially launched and well received by the</li> </ol>

Year	Research and Development Achievement
	<p>market, obtaining at least 3 years of exclusive guaranteed orders from Patagonia.</p> <ol style="list-style-type: none"> <li>2. The design of The North Face's latest generation ThermoBall completely breaks away from the traditional square design, as the Company breaks the limitations of traditional technologies in developing the most advanced production technology. The more lively product is expected to set a new trend and create another sales peak.</li> <li>3. Developed super large-scale heating, cutting and pressing machines, and the new processes of template machines provide more diversified usage, which break through the production bottleneck of small-scale machines.</li> <li>4. Added various types of new machines, reducing development process and time, so as to meet customer requirements and shorten delivery.</li> </ol>
2018	<ol style="list-style-type: none"> <li>1. Switzerland's high-end outdoor brand, Mammut, is well-known for its premium technology. While providing maximum comfort, the product can also withstand harsh environments. Products co-developed by the Company and Mammut in end of 2018, and awarded 2019 ISPO Design Award: Photics HS Thermo hooded down jacket not only uses laser fusion technology for freely assembling and controlling the size and shape of every down compartment of the different parts, also accurately controls the amount of down required for every part of the body. The pinhole-free feature and self-protective function of the fabric provide outstanding wind-proof, water-proof and thermal functionalities. The first batch comprising 500 pieces of limited Photics HS Thermo hooded down jackets will be launched in 2019 autumn-winter.</li> <li>2. Co-designed sleeping bag with Mammut. The latest design is innovative, which gained recognition from Mammut for the structure of the different styles, and the processing technique and design, which better meet consumers requirements and practicality.</li> <li>3. Updated manufacturing technologies by transforming the various processes and high-tech processes into simple processes, and automating them, which increase efficiency and quality and reduce the need for skilled workers.</li> <li>4. Purchased various types of machines required for the development stage's pattern making, fabric cutting and template cutting. By computerizing all processes, paper template, manual fabric cutting and markings are not required, which reduces processing time and increases quality.</li> </ol>
2019	<ol style="list-style-type: none"> <li>1. Introduced brand new automated machines and equipment, simplifying and resolving production bottleneck. The upgraded complex engineering technologies increase production capacity, removing the reliance on skilled workers, and completely lessened the problem of high-end garments requiring skilled workers.</li> <li>2. Reduced the manpower required for sewing to 60%, with the remaining 40% using</li> </ol>

Year	Research and Development Achievement
	<p>automated machines. Time is no longer required to train the large number of sewing machine operators, as they can go to production line the following day after reporting to work, which thoroughly reduced manpower training time.</p> <ol style="list-style-type: none"> <li>3. Production line is like arrayed production in modern electronics plant. Sewing machine operators and machines were progressively phased out, and replaced by automated sewing machines and special machines to assist in production and standardization.</li> <li>4. New generation digital printing combined with fabric produces three-dimensional graphics for feather coats. Its special and beautiful style has been approved by Nike for production.</li> </ol>
2020	<p>With the various previously developed modules, the automated machines and GSD, the processes are integrated and simplified, thereby increasing efficiency and standardizing quality. Unskilled personnel can start work immediately, and the garment industry has moved from the reliance on skilled workers, to automation and modular production, effectively reducing manpower cost and increasing production efficiency.</p>
2021	<ol style="list-style-type: none"> <li>1. To serve customers and strengthen own capabilities, the Company researched on the various combinations of structures and materials, such as the three-dimensional method of fur with cotton, and cotton with cotton ball, water-proofing method and multi-layer insulation structure, which are currently adopted by brands such as The North Face, Nike and Helly Hansen, providing consumers with more options.</li> <li>2. Due to the increase in production cost and relative difficulty in recruiting skilled sewing machine operators, the plants have been continuing to research and develop modular automated systems, and 70% automation in garment manufacturing has been achieved at present. Various types of new automated machines and equipment have also been introduced to simplify difficult structures, thereby standardizing them, and attaining quality consistency. It increases customer satisfaction and makes up for the lack of skills of personnel, thereby reducing cost. More than 80% in automated modular operations is expected to be achieved by the following year.</li> </ol>

#### (IV) Long and Short-term Business Development Plans

##### 1. Short-term business development

(1) Keep abreast of the latest technological development direction of down apparel, continue to innovate, and increase productivity and competitiveness; stay rooted in Taiwan and expand globally, keeping the main design, development and production technologies in Taiwan, and serving world-renowned customers with high-end down raw materials and high quality down apparels.

(2) Cooperation of up, mid and downstream industries

① Formosa Plastics's affiliate company, Formosa Taffeta, is a major shareholder of the Company. Based on the long-term supplier relationship, the Company can ensure it can obtain more reasonable raw materials price and delivery time.

② Increase quantity and quality, thereby increase supplier value.

③ The Company conducts evaluation and has expectations on suppliers, strengthening supply chain capabilities.

(3) Vertical integration, provide customers with higher value services

① Provide customers with one-stop service from duck down, goose down, fabric, to ready-to-wear, and establish a joint order-taking business model; hence invested in Top One Down & Feather to obtain priority supply of raw materials, attaining the benefits of vertical integration, and increasing product competitiveness.

② Adopt the trend of complying with customer requirements, which at the same time can better ensure quality, shorten delivery, and meeting customers' requirements.

③ Cooperate with world's top customers and suppliers, incorporate innovative technologies in the research and development of fabrics and new down apparels, thereby better differentiate from the peers, and increase overall value in the value chain.

##### 2. Long-term development plan

(1) Co-design with customers, co-create values

① Lay foundation in world-renowned brands, cultivate world-renowned fashion brands (example: Moncler, Zegna, Belstaff, Paul & Shark, etc.), develop 2 to 3 renowned brand customers every year, driving the Company's sales performance through the growth of customers.

② Cultivate designers to co-design garments, assist customers in developing new garment brands or new markets.

③ Research and development personnel co-develop fabric samples with customers, and predict customer requirements, changing the way where customers place early orders during off-peak season, to planned production to accelerate supply capacity, which strengthens the relationship with customers, and co-create values.

- (2) Develop the concept of sustainability in environmental protection, attaining win-win situation

The Company, in line with the global trend of environmental protection awareness, actively develops regenerated fiber and recycles products, and together with Patagonia, develops recycled resin cotton and fabric, promotes environmental protection awareness, and recycles regenerated fiber products to protect the earth.

- (3) Implement global environmental awareness

The Company's investee, Top One Down & Feather Co., Ltd., has in 2014, obtained down environmental certification, RDS (Responsible Down Standard), establishing close cooperative relationship in fulfilling global social responsibilities with the brand customers.

- (4) Promote the concept of fair trade

The Company cooperates with customer, renowned US outdoor brand, Patagonia, and Fairtrade International, in promoting a workers' living subsidy program in Vietnam for the first time. The project allocates 1% of the FOB amount of all Patagonia products produced and exported from QVN , and the staff from the plant form PMT (Premium Management Team) committee to utilize the fund according to the organizations' regulations and prepare results report.

## II. Market and Sales Overview

### (I) Market Analysis

#### 1. Main products' sales regions:

Unit: NTD Thousand

Region \ Year	2020		2021	
	Amount	%	Amount	%
North America	3,982,128	32.67	4,953,135	38.04
China (include Hong)	3,772,765	30.95	3,592,923	27.59
Europe	2,206,286	18.10	2,564,068	19.69
Japan	912,332	7.49	512,026	3.93
Russia	355,727	2.92	190,249	1.46
Others	959,619	7.87	1,210,015	9.29
Total	12,188,857	100.00	13,022,416	100.00

Note: The above are classified according to the products' shipping destinations.

#### 2. Market share:

The Company's main products are down apparel, high-tech jackets and thermal apparel, and it is also the down apparel manufacturer for world-renowned sports and outdoor brands. Its production volume and value for this product category have been in the leading position in the world for several years. In 2021, the Group's consolidated sales value amounted to NTD 13,022,416,000, and the annual sales volume was 59,208,000, continued growth of output capacity and output value of down apparel in the world's mid and high-end renowned brands.

#### 3. State and growth of market supply and demand:

In terms of demand, due to the global climate change in recent years, winter has been extremely cold, leading to the boom in demand for down apparel. Coupled with the rapid increase in China's national income, demand continues to increase, leading to the increase in supply of the Company's China plant over the years. Also, with the fast-increasing demand of outdoor brand's down apparel in North America, the output of the Company's Vietnam plants have also been increasing over the years to meet the customers' growing demand. In terms of supply, though the demand of down apparel continues to increase, the price of feather raw materials fluctuates. Hence, OEM companies need to continue to advance and break through in terms of acquisition of raw materials, production technologies, capacity and quality, in order to gain recognition from the leading brands and thus be able to continue to cooperate and maintain profit growth.

Hence, in the past few years, the Company's business has grown year by year, and it is predicted that in the next few years, the demand for outdoor brands will continue to boom. The Company's plants will continue to expand, and will continue to research and develop lightweight and functional down apparel. The market which the Company belongs to has high growth potential, and the future industrial outlook is still promising.

#### 4. Competitive niche and main competitive advantages:

##### (1) Competitive niche

The Company's main products are down apparel and high-tech jackets. With special processing technologies, duck down, goose down and high-quality fabric are made into high quality down apparel with insulating, functional and lightweight features, incorporating fashion elements at the same time. Also, the Company has leading manufacturing technologies in down apparel, which will be promoted to world-renowned brands and largest retailers.

##### (2) Main competitive advantage

- ① Provide customers with good quality products so as to establish reliable partnership.
- ② One-stop vertically integrated plant (from duck down, goose down raw materials, fabric, auxiliary material to ready-to-wear).
- ③ Production has reached economies of scale, centralized production strengthen productivity, and has price advantage for raw materials procurement.
- ④ Work closely with upstream suppliers to reduce production exception, increasing products' competitiveness.
- ⑤ Product innovative and high added value, has higher competitiveness, high and stable product quality, prompt delivery, strong logistics management capabilities, able to satisfy customer requirements with comprehensive services from raw materials to ready-to-wear.
- ⑥ The Company's management has more than 20 years of textile and garment manufacturing experience. Its strong foundation in the market and professionalism have gained high recognition from major brands.

#### 5. Favorable and unfavorable factors for future development and countermeasures:

##### (1) Favorable factors:

##### ① Stable raw materials source

- A. The supply of raw materials such as duck down and goose down are mainly from the Company's associated company, Top One Down & Feather Co., Ltd., unless otherwise specified by the brand customers.
- B. Formosa Taffeta is the main fabric supplier and its delivery is stable. Other fabric and auxiliary material suppliers (such as zipper manufacturer, YKK) are long-term suppliers of the brand customers, and they have stable delivery and quality.

##### ② Leading technology

The management of the Company's plants have more than 20 years of experience in the down industry, and their manufacturing skills, research and development capabilities and management capabilities exceed that of their peers.

##### ③ Regionalization

Besides Taiwan's Neihu Head Office, the Company has established production bases in various regions, including five Vietnam plants, three China plants, one Romanian plant and four Jordanian plants. Establishing multiple production bases enables the



Company to obtain preferential tariff and serve main neighboring retail markets.

The European Union–Vietnam Free Trade Agreement (EVFTA) signed by the European Union and Vietnam took effect on August 1, 2020, and textile products are one of the main products benefiting from it, as tariffs are reduced when customers purchase textile products from Vietnam and sell to the European Union. To supply Greater China's down apparel market from neighboring areas and to meet the needs of brand customers, garment and down raw materials plants were set up in China, making it a trusted strategic partner of customers. The Romanian plant meets the production need of providing luxury brands to Europe, and enjoys free tariff for selling to the European Union. In addition, Jordanian plant enjoys free tariff for export to the United States and European Union, enabling the Company to provide customers other options of tariff-free production bases during the China-US trade war. The above will make the Company's global establishment more complete.

(2) Unfavorable factors impacting future development and countermeasures:

① The increasing wages in China and Vietnam results in the continued increase in production cost

Due to labor shortage in China plants, labor cost continues to increase; and the large number of foreign investors in Vietnam causes labor costs to continue to increase.

**Countermeasures:**

A. Implement automated equipment and ERP to increase operational efficiency of production lines:

Invest in the development of various types of special machinery, automated machines and auxiliary tools to increase production lines' operational efficiency and reduce reliance on direct manpower. Also, the Company continues to strengthen plant management and implement digitization through the establishment of ERP, increasing production efficiency and reducing wastage and loss.

B. Continue to develop high quality international brand customers, maintain growth momentum:

Actively establish globally and diversify customers, which comprises world-renowned sports and outdoor brands and high-end fashion brands. The production bases are distributed, where competitive production regions are chosen for manufacturing. Strategically, Taiwan is the operation center, in charge of design, development, receiving orders, distributing orders and customer service. With the global regional economic development, production plants are set up in countries with preferential tariff, or raw materials purchased from the exporting countries' suppliers to obtain tariff relief, thereby increasing price competitiveness.

② Over-concentration of product line in autumn and winter garments leads to higher volatility between peak and off-peak seasons

The Company's main customers are major international companies, and its main products are down and resin cotton jackets, accounting to more than 70% to 80% of annual revenue. As the product lines are concentrated in autumn-winter garments, there is significant difference in operating cycle between peak and off-peak seasons, and significant fluctuation of revenue and profit performance across different seasons. In view of this, the Company will adopt the following two countermeasures to reduce the impact of peak and off-peak operations.

**Countermeasures:**

A. Implement vertical integration strategy, create diverse source of revenue:

To strengthen the Group's operations and provide customers with better service quality, the Company adopts vertical integration strategy, by entering the up and downstream distribution and retail and down manufacturing domains. It brings in a diverse source of revenue and profit for Quang Viet, and helps to balance the revenue in the different seasons, reducing the impact of concentrating the operations in autumn-winter garments at present.

B. Invest into the production of high-end garments or popular spring-summer garments, to increase off-peak revenues:

The Company is an important partner of the main world-renowned brand customers. However, the Company will actively expand into existing customers' high-end new products or popular spring-summer garment product lines, to improve the operating revenue and profitability during off-peak season, and reduce the impact of operations due to peak and off-peak seasons.

③ Environmental protection and animal protection awareness increase cost of product raw materials

Down is one of the important raw materials of the Company's down garments. However, the increase in awareness of environmental protection and animal protection in recent years in the consumers' countries, and the bird flu incident in 2016, result in the unstable supply of duck down and goose down raw material and fluctuating prices, which impact the cost of down raw materials. In view of this, the Company establishes the following two countermeasures to reduce the impact of fluctuating costs of down raw materials on operations.

**Countermeasures:**

A. Continue to develop resin cotton garment, diverse down apparel's shipping ratio:

In recent years, the Company has continued to strengthen the cooperation with international brand customers in developing resin cotton jackets, and has attained international brand customers' resin cotton jacket orders, driving the continued growth of resin cotton jacket revenue, which can effectively diversify the unfavorable impact due to down raw materials fluctuation.

B. Vertically integrate by setting up down factory to stabilize the source of raw materials:

The Company's subsidiary, Top One Down & Feather Co., Ltd. (TOD), has obtained Responsible Down Standard (RDS) in 2014, ensuring the source obtained and processes comply with the requirements of major brands; In addition, TOD will strictly implement diversified purchase policies, to avoid the impact of supply shortage due to single place of supply of down.

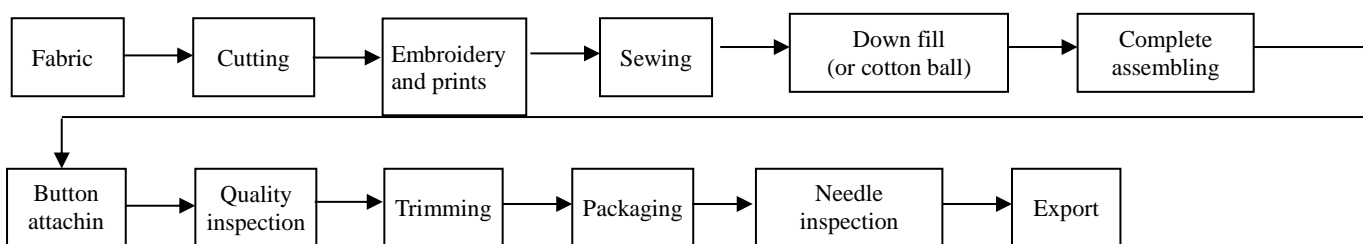
(II) Usage and Manufacturing Processes for the Company's Main Products

1. Usage for the Company's main products

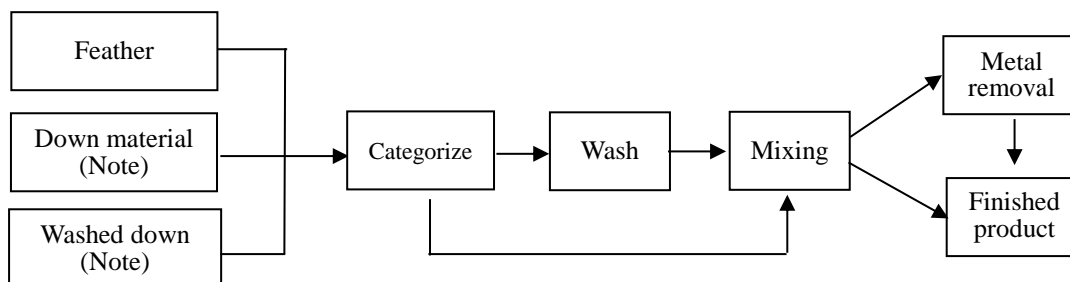
Main products	Usage
Garment	Outdoor, sports, thermal, safety, comfort
Down raw materials	Filling material of functional apparel in outdoor recreational market.

2. Manufacturing process of main products

Down garment as example:



Down raw materials as example:



Note: Down material refers to rinsed raw down; washed down refers to down after wash

(III) Supply Status of Main Materials

Raw materials	Source of supply	Supply status
Main materials (fabric, all types of fabric)	Fabric manufacturers from all over the world	Good supply status
Auxiliary materials (zip, button, thread and label)	Auxiliary manufacturers from all over the world	Good supply status
Down and all types of cotton	Subsidiary Top One Down & Feather, Europe, United State, China, Taiwan	Good supply status

#### (IV) Major Suppliers and Clients

1. Names of suppliers accounting for 10% or more of the Company's total procurement amount of the last 2 fiscal years, the amount purchased and its ratio, and an explanation of the reason for the increase or decrease in the figures

Unit: NTD Thousand

Item	2020				2021				2022 up to Q1			
	Company Name	Amount	Percent	Relation with issuer	Company Name	Amount	Percent	Relation with issuer	Company Name	Amount	Percent	Relation with issuer
1	FTC Group	857,070	15.98%	(Note)	FTC Group	793,834	11.05%	(Note)	FTC Group	327,557	11.74%	(Note)
-	Others	4,506,881	84.02%	-	Others	6,387,324	88.95%	-	Others	2,463,421	88.26%	-
-	Net purchases	5,363,951	100.00%	-	Net purchases	7,181,158	100.00%	-	Net purchases	2,790,978	100.00%	-

Note: The Company's juristic person director.

**Reason for increase and decrease:** The Company adopts a Make to Order business model, where the purchase amount is linked to the customers' order volume. In 2020, the purchase amount from Formosa Taffeta and the overall purchase amount is lower than that of 2021, which is due to the impact of the new coronavirus on the number of orders placed by customers.

2. Names of customers accounting for 10% or more of the Company's total sales amount in either of the 2 most recent fiscal years, the amount sales and its ratio, and an explanation of the reason for the increase or decrease in the figures

Unit: NTD Thousand

Item	2020				2021				2022 up to Q1			
	Company Name	Amount	Percent	Relation with issuer	Company Name	Amount	Percent	Relation with issuer	Company Name	Amount	Percent	Relation with issuer
1	Adidas Group	4,580,483	38%	None	Adidas Group	3,668,696	28%	None	Patagonia	452,528	15%	None
2	Patagonia	1,830,879	15%	None	VF Group	2,609,609	20%	None	Adidas Group	356,488	12%	None
3	VF Group	1,216,242	10%	None	Patagonia	1,344,722	10%	None	VF Group	281,429	9%	None
-	Others	4,561,253	37%	-	Others	5,399,389	42%	-	Others	1,916,104	64%	-
-	Net sales	12,188,857	100%	-	Net sales	13,022,416	100%	-	Net sales	3,006,549	100%	-

**Reason for increase and decrease:** Due to the impact of the new coronavirus, only the sales amount of VF Group doubled in 2021, while orders from other brands were mostly reduced or deferred, resulting in the increase in revenue in 2022 Q1.

(V) Production in the Last Two Years

Unit: Thousand pieces; NTD Thousand

Year	2020			2021		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Main products						
Down apparel	4,427	4,427	5,197,522	4,556	4,556	4,560,335
Resin cotton apparel	2,743	2,743	2,390,233	2,861	2,861	2,250,136
Others	2,599	2,599	1,393,078	4,096	4,096	1,820,173
Total	9,769	9,769	8,980,833	11,513	11,513	8,630,644

**Reason for increase and decrease:** The Company adopts a Make to Order business model. In 2021, due to the impact of new coronavirus which led to the uncertainty of terminal demand, there was a change in the customers' ordering strategies, resulting in the drop of production volume and value in 2020 compared to 2021. With the slowing down of impact of the pandemic in 2021, production volume and value increased compared to 2020.

(VI) Shipments and Sales in the Last Two Years

Year Shipments and Sales Main products	2020				2021			
	Domestic Sales		Export		Domestic Sales		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Down apparel	-	-	4,430	5,912,055	-	-	4,435	5,244,405
Resin cotton apparel	-	-	2,900	2,794,217	-	-	2,807	2,484,639
Others	86	9,012	11,675	3,473,573	685	35,038	51,281	5,258,334
Total	86	9,012	19,005	12,179,845	685	35,038	58,523	12,987,378

**Reason for increase and decrease:** In 2021, with the restart of economies in the European countries and the United States, and the increase in vaccine coverage, life returns to normal progressively, and hence the demand for sports, outdoor and leisure apparel increased, leading to increase in sales volume and value in 2021 compared to 2020.

**III. Human Resources**

Year		2020	2021	2022 up to April 30
No. of Employees	Research and Development Division	380	406	419
	Sales Division	198	203	213
	Management Division	1,034	1,131	1,169
	Manufacturing Division	17,098	18,066	20,187
	Total	18,710	19,806	21,988
Average Age		36.36	36.56	36.06
Average Years of Service		5.02	5.12	5.09
Education Background	Ph.D	-	-	-
	Masters	0.17	0.16	0.15
	Bachelor's Degree	6.55	6.57	6.17
	Senior High School	23.07	24.64	23.58
	Below Senior High School	70.21	68.63	70.10

#### **IV. Environmental Protection Expenditure**

The Company mainly engages in sewing, embroidery, hot pressing, high frequency seamless lamination and other technologies entrusted by world-renowned brands (example: Nike, Adidas, Puma, Under Armour, The North Face and Patagonia), and processes them into finished products such as jackets and down apparels. In terms of environmental protection, according to the ISO international standard, in addition to the annual regular inspections by the relevant departments of the OEM brands responsible for sustainable manufacturing management and corporate social responsibility, and continuing to improve, the environmental protection department of the local government where the plant is located conducts regular reviews and tracks the various performance indicators. The Company values the importance of environmental protection concepts and goals in sustainable manufacturing and sustainable operations, and actively promotes and accepts direct or indirect counseling from third-party professional environment protection organizations delegated by the world-renowned brands or international non-profit organizations or associations that promote sustainability.

The Company's subsidiaries, Vietnam's QVN and QVT and China's QVT, have obtained two certifications, ISO 14001 environmental management and OHSAS 18001 (Vietnam plant)/ISO45001 (China plant) occupational health and safety, from British Standards Institution (BSI). Under the guiding principles of sustainable operations and energy conservation and carbon reduction, the guidance, supervision and inspection provided by the various brands, the brands' outsourced units or the brands' CSR units for the Company's plants are as follows:

- Nike delegates H2O Insight Team (online reporting system at [www.h2oinsight.com](http://www.h2oinsight.com)) to conduct supervision and reporting on usage of water resources, and update the environment, hygiene and safety KPIs on [nikeconnect.com](http://nikeconnect.com) website on a monthly basis, as well as implements Integration Point System, and engages independent third party at own expense, to conduct a final verification based on the self-evaluation report.
- Adidas outsources an independent third party to execute environmental inspection program, Independent External Environmental Monitor (IEEM), where the Company engages an independent third party at own expense to the plants to inspect the results, and include them into annual environmental key performance indicator, E-KPI. For Adidas, the Company's plants have since 2010, been making use of Environmental Metrics Reporting Tool (EMeReT) online reporting system to monitor energy conservation and carbon reduction, water resources, waste management, etc.
- VF (main OEM brand, The North Face) is supervised by SO (Sustainable Operation Team), and the environmental assessment and energy consumption efficiency scientific data reports are outsourced to Vietnam's local experts and environmental inspection units, while the Vietnam plants execute improvement plans and continue to monitor.
- Besides implementing CONSERV (Conservation of Environmental Resources in Vietnam) sustainable operation strategic plan to reduce energy consumption, Puma also guides the Company's plants to continually submit improvement reports in terms of environmental, hygiene and safety aspects in [www.enablon.com](http://www.enablon.com) (Enablon is the world's leading provider of



Sustainability, EH&S and Operational Risk Management Software) website.

With the concept of sustainable operation, the Company's plants are rigorous on how to enhance production to improve high-efficient use of energy, energy conservation and carbon reduction, and fulfill the responsibilities of an earth citizen.

In recent years, HIGG Index, promoted by the Sustainable Apparel Coalition (SAC), is highly recognized by world-renowned brands, and with the recommendations of VF and brands such as Patagonia, Adidas and Puma, the Company's plants have been registered as Facility Module (manufacturer mode), where it will track and improve on seven major items (environmental management system, energy consumption and greenhouse gas emission, water resources usage, sewage emission, gas emission, waste management and chemical product management). These seven items are also the environmental control indicators in the Company's policies.

In 2016 and 2017, the Company's plants replaced all traditional fluorescent lamps and majority of the energy-efficient lamps in the production lines with LED energy-saving lamps. All production lines are modified by hiding the wires and cables to attain the effects of aesthetics and high efficiency in production lines. Some traditional boilers which provide steam energy are continuously being replaced with the new fixed point electrothermal ironing machines to meet the requirements of energy conservation and high efficiency. In April 2017, the new Long An plant went into production. The plant adopts new plant design by incorporating the recycling and reuse of rainwater into the main design improvement item.

1. Status of application for permit of setting up anti-pollution facilities or permit for pollution emission, or payment of pollution control fee, or setting up of environmental dedicated personnel, as required by the laws and regulations:

The Company's overseas subsidiary, Top One Down & Feather Shu Yang Co., Ltd., invested RMB 2,650,000 in wastewater treatment equipment, which started to operate on November 30, 2015. Washing a tank of down consumes 50~60 tons of water. In 2019, it is estimated that the output of washing line is 80 tons, and washing 150 liters of down with a tank consumes 26,666 tons of water. As the operation of the wastewater treatment equipment can recycle and reuse two-third of wastewater, it is expected to save 17,777 T of water (able to save 17,777 T \* RMB1.8 = RMB31,998) per year. The sewage discharge permit has been obtained in June 2020.

The Company's overseas subsidiary, China Jiaying Quang Viet Garment Co., Ltd., invested RMB 400,000 in November 2011 in the discharge project of the park's sewer network. The plant's daily wastewater generated is transported directly to the city government's wastewater treatment company through the sewer network. The discharge costs RMB2.4 per ton, and is reported based on the Company's emission and reviewed by the local environmental protection unit. The emission fee is paid to the environmental protection department every quarterly, and the sewage discharge permit has been obtained.

2. The company's investment on the major anti-pollution facilities, the purpose and the possible benefits of such facilities:

**Details of pollution control equipment**

December 31, 2021

Equipment name	Quantity	Date acquired	Cost of investment	Undiscounted balance	Usage and projected effects
Top One Down & Feather Shu Yang Co., Ltd.					
Wastewater treatment equipment	1 set	November 2015	RMB 2.65 million	RMB 1.48 million. Note: Classified as fixed asset in February 2017.	Maximum wastewater treatment capacity for down washing is 40 tons/hour, and the maximum wastewater treatment is 150 tons/hour, which can be reused after treatment.
Jiaying Quang Viet Garment Co., Ltd.					
Boiler bag dust removal system	1 set	November 2018	About RMB 110,000	—	Used in collecting dust emitted from boilers, attaining the objective of environmentally friendly emissions.

Actively cooperates with OEM brand customers to meet the high standard of environmental protection and pollution control. The Company's plants have set up a domestic water discharge treatment facility for the production environment's "domestic water discharge". If the location of the plant is an industrial area, the industrial park's standard shall be adopted for environmental pollution control on the pollution control facility supervised by the industrial park's management department (such as QVT). If the plant is situated outside the industrial park (such as QVN and QVC), pollution control equipment for general domestic water discharge shall be used, and the plant shall receive regular and irregular inspection and supervision from the government's relevant environmental protection agencies.

3. Process undertaken by the company on environmental pollution improvement for the most recent 2 years and up to the publication date of the annual report; If there had been any pollution dispute, its handling process shall also be described: None.
4. Losses (include compensation) suffered by the company in the most recent 2 years and up to the publication date of the annual report due to environmental pollution incidents, total penalty, and future countermeasures (include improvement measures) and possible expenses (include estimated possible loss, penalty and compensation for failure to impose countermeasures; if the amount cannot be estimated, explain why it cannot be reasonably estimated): None.
5. Current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the company, as well as the projected major environment-related capital expenses to be made for the coming 2 fiscal years: None.

## V. Labor Relations

### (I) Employee Welfare:

#### 1. Employee benefit plans:

(1) The employee's benefits: Labor and health insurance, group insurance, business travel insurance, year-end bonus and the benefits stipulated in the local labor law where the production plants of the subsidiaries are located.

(2) Employee Welfare Committee: The Company has, in accordance with the Employee Welfare Fund Act, set up an Employee Welfare Committee to handle various employee welfare matters, and promote the setting up of clubs and providing funding. Annual budgets and welfare programs are prepared, which comprise subsidies for employees' wedding, funeral, sickness and childbirth, gifts for birthday and festive, and organizing various travel activities regularly to strengthen the employees' body and soul and the relationship among them. The production plants of overseas subsidiaries have set up labor unions and confederations according to the local labor laws, and allocated labor union fees for the labor union and confederation in improving employee welfare according to the law.

#### 2. Continuing studies and training:

The Company provides pre-employment training for its new employees to help them familiarize with the workplace and start work quickly. Also, according to the employees' work requirements and specialization, trainings within and outside their job scope are provided so as to increase their work performance. All trainings for current and new employees, professional operations, and environment health and safety, have to be reported to the corporate responsibilities departments of all OEM customers regularly, and regular performance evaluation and rating will be conducted. The overseas production plants also actively cooperate with the brand customers in promoting various programs, such as management skills training and women executives forum.

#### 3. Employee retirement system and its implementation:

To enable the Company's employees to work with peace of mind during their employment, and maintain their livelihood after retirement, the employee retirement system is implemented in accordance with the Labor Pension Act and relevant laws and regulations. The Labor Pension Act applies to all employees of the Company, and based on the individual's salary, 6% is credited into the individual's pension account of the Bureau of Labor Insurance. Any voluntary contribution by the employee shall be credited into the same account. Production plants invested by overseas subsidiary shall, in accordance with the local labor laws, have their implementation results and reports regularly reviewed by the respective corporate responsibilities departments of the OEM customers, or reviewed and evaluated by third-party consulting companies, and all works shall be executed according to the local labor laws.

#### 4. Labor-management agreement and employee rights protection measures

The Company upholds the philosophy of "labor-management cooperation", and emphasizes rationalization and people-oriented management. It establishes a smooth communication channel and maintains good labor-management relationships, and works together to create productivity, share profit, and establish stable and harmonious labor-management relationships. Hence, in the most recent year up to the publication date of the annual report, the Company has not encountered any significant labor disputes. Besides setting up unions for employees to raise or appeal on any rights issues, the overseas plants have to complete collective wage agreement every year and report to the labor department of the local government according to the local labor laws. Labor rights protection is provided according to local labor law, and is reviewed regularly by the OEM brand customers.

#### (II) Labor Disputes:

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including labor inspection results found in violation of the Labor Standards Act, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions): None

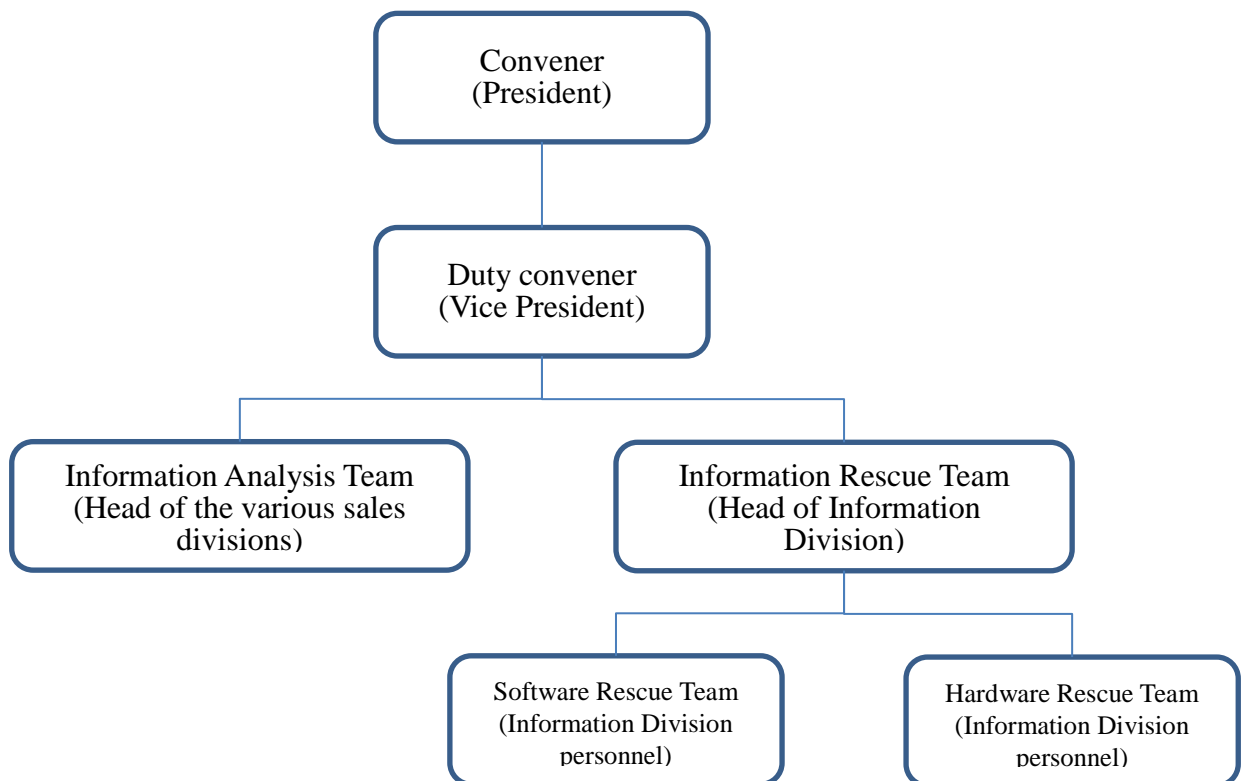
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## VI. Information Communication Security Management

(I) Describe the information communication security risk management framework, information communication security policies, concrete management programs, and investments in resources for information communication security management

The responsible unit for the Company's information security is the Information Division, where the head of the division and a few professional information personnel are in charge of establishing internal information security policies, planning and execution of information security operations, and the promotion and implementation of information security policies.

The Company's risk management framework is as follows:



The Company's information security management mechanism comprises the following key factors:

- Systems and regulations: The Company has established several internal information security regulations and systems to regulate information security behavior of the Company's employees, conduct regularly reviews on the compliance of the relevant system with the change in operating environment, and make adjustment where necessary; Annual risk assessments are conducted on internal and external accountants to strengthen the Company's management of confidentiality information.
- Technology usage: To prevent against various types of external information security threats, besides implementing multilayer network architecture design, the Company also establishes various types of information security protection systems to strengthen the overall information security; To ensure the operations of internal staff comply with the

Company's systems and regulations, staff information security management is implemented, where operating procedures are designed and information security tools implemented.

- Staff training: The Company conducts regular new staff pre-employment practical safety training, and publishes electronic information security periodicals from time to time, so as to raise internal staff's information security awareness and professional skills.

The information security management measures implemented by the Company are as follows:

1. Rights management

Description: Management measures of personnel account, rights management and system operation.

Related operations: Personnel accounts' rights management and regular checks.

2. Access control

Description: Control measures for access of internal and external system, and data transmission channel.

Related operations: Control measures of internal and external access.

Control measures for data leakage pipelines.

Operational behavior tracking analysis.

3. External threat

Description: Internal system's potential vulnerabilities, virus channel, and preventive measures.

Related operations: Host and computer vulnerability detection and update measures.

Virus protection and malware detection.

4. System availability

Description: System availability status and handling measures during service disruption.

Related operations: System and network availability status monitoring and reporting mechanism.

Countermeasures for service disruption.

Data backup, backup measures, local and remote backup mechanism.

Regular disaster recovery drills.

- (II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant information communication security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, provide an explanation of the facts of why it cannot be made
- No significant information communication security incident.

## VII. Important Contracts

Contractor	Contractee	Contract start and end date	Main content	Restrictive clauses
Quang Viet Enterprise Co., Ltd.	Adidas Sourcing Limited	2013/06/17~	Authorized manufacturer of brand apparel	None
Quang Viet Enterprise Co., Ltd.	VF Corporation	2007/08/08~	Authorized manufacturer of brand apparel (The North Face, Timberland)	None
Quang Viet Enterprise Co., Ltd.	NIKE Trading Company BV Singapore	2011/02/17~	Authorized manufacturer of brand apparel	None
Quang Viet Enterprise Co., Ltd.	Patagonia Inc	2022/01/01~	Authorized manufacturer of brand apparel	None
Quang Viet Enterprise Co., Ltd.	World Cat Limited	2021/05/07~	Authorized manufacturer of brand apparel (Puma)	None
Quang Viet Enterprise Co., Ltd.	Mont Bell Co., Ltd	2011/01/01-	Authorized manufacturer of brand apparel	None
Quang Viet Enterprise Co., Ltd.	Under Armour, Inc.	2017/10/11~	Authorized manufacturer of brand apparel	None
Quang Viet Enterprise Co., Ltd.	Mammut Sports Group AG.	2016/12/09~	Authorized manufacturer of brand apparel	None
Quang Viet Enterprise Co., Ltd.	Helly Hansen Far East Ltd	2021/04/01~	Authorized manufacturer of brand apparel	None
Quang Viet Enterprise Co., Ltd.	New Balance Athletics, Inc.	2022/01/02~	Authorized manufacturer of brand apparel	None
Quang Viet Enterprise Co., Ltd.	ARITZIA LP	2021/04/19~	Authorized manufacturer of brand apparel	None
Quang Viet Enterprise Co., Ltd.	Marmot Mountain LLC	2022/01/01~	Authorized manufacturer of brand apparel	None
Quang Viet Enterprise Co., Ltd.	BIANCOSPINO S.R.L.	2016/11/29	Shares Purchase Agreement	None
Quang Viet Enterprise Co., Ltd.	Principle&Will Co., Ltd.	2020/11/18	Stock Subscription Agreement	None
Quang Viet Enterprise Co., Ltd.	Sidney Apparels LLC	2021/10/15	Shares Purchase Agreement , obtained 100% shareholding	None

Note: Contract date is based on the latest valid contract (authorization agreement is signed every year, and end dates are not specified in the rest of the supply/manufacturing contracts).

## CH 6. Financial Information

### I. Condensed Balance Sheets and Statements of Comprehensive Income, Names of Certified Public Accountants, and Audit Opinions for the Last Five Years

(I) Condensed Balance Sheets and Comprehensive Income Statements for the last five years

1. International Financial Reporting Standards – Consolidated

Consolidated Condensed Balance Sheet – Based on IFRS

Unit: NTD Thousand

Item	Year	Financial Summary for The Last Five Years					Financial Information for the Current Year up to March 31
		2017	2018	2019	2020	2021	
Current assets		5,987,697	7,612,631	7,897,890	8,258,585	10,067,437	11,669,709
Property, plant and equipment		2,080,491	2,319,671	2,321,702	2,764,845	2,938,161	2,997,965
Intangible asset		282,084	411,350	385,712	396,530	359,695	367,645
Other assets		343,034	484,070	1,049,951	1,450,043	1,474,011	1,666,639
Total assets		8,693,306	10,827,722	11,655,255	12,870,003	14,839,304	16,701,958
Current liabilities	Before distribution	2,064,121	3,043,953	2,021,980	2,642,800	5,816,994	7,297,245
	After distribution	2,535,512	3,664,205	2,797,295	2,973,601	Undistributed	Undistributed
Non-current liabilities		52,152	329,187	1,837,355	2,073,862	630,741	764,177
Total liabilities	Before distribution	2,116,273	3,373,140	3,859,335	4,716,662	6,447,735	8,061,422
	After distribution	2,587,664	3,993,392	4,634,650	5,047,463	Undistributed	Undistributed
Total equity attributable to owners of the Company		6,325,244	6,626,249	6,954,469	6,656,239	6,890,951	7,047,835
Ordinary shares		1,037,639	1,033,753	1,033,753	1,033,753	1,033,753	1,033,753
Capital surplus		2,873,215	2,868,874	2,939,320	2,939,320	2,951,918	2,951,918
Retained earnings	Before distribution	2,753,260	2,974,086	3,358,791	3,119,074	3,402,017	3412,045
	After distribution	2,281,869	2,353,834	2,583,476	2,788,273	Undistributed	Undistributed
Other equity		(246,533)	(250,464)	(377,395)	(435,908)	(496,737)	(349,881)
Treasury stock		(92,337)	-	-	-	-	-
Non-controlling interests		251,789	828,333	841,451	1,497,102	1,500,618	1,592,701
Total equity	Before distribution	6,577,033	7,454,582	7,795,920	8,153,341	8,391,569	8,640,536
	After distribution	6,105,642	6,834,330	7,020,605	7,822,540	Undistributed	Undistributed

Note: The above financial information has been audited or reviewed by the certified public accountants.



Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NTD thousands; Earnings Per Share NTD

Item \ Year	Financial Summary for The Last Five Years					Financial information for current year up to March 31
	2017	2018	2019	2020	2021	
Operating revenue	10,203,655	13,280,440	16,259,317	12,188,857	13,022,416	3,006,549
Gross profit	1,423,082	2,210,347	2,545,181	1,285,610	1,871,626	416,522
Profit from operation	655,338	1,106,144	1,382,354	280,398	684,715	74,450
Non-operating income and expenses	27,658	9,572	2,937	406,000	289,367	21,647
Profit before income tax	682,996	1,115,716	1,385,291	686,398	974,082	96,097
Net profit for the year from continuing operations	546,996	857,041	1,097,607	557,830	726,258	63,884
Losses from discontinued operations	-	-	-	-	-	-
Net profit (loss) for the year	546,996	857,041	1,097,607	557,830	726,258	63,884
Other comprehensive income (net amount after tax)	(110,617)	4,405	(151,872)	(66,165)	(117,823)	185,083
Total comprehensive income	436,379	861,446	945,735	491,665	608,435	248,967
Net Profit attributable to owners of the Company	523,945	768,584	1,006,033	537,296	630,502	10,028
Net profit attributable to non-controlling interests	23,051	88,457	91,574	20,534	95,756	53,856
Total comprehensive income attributable to owners of the Company	409,542	771,500	878,026	477,085	557,687	156,884
Total comprehensive income attributable to non-controlling interests	26,837	89,946	67,709	14,580	50,748	92,083
Earnings per share	5.07	7.43	9.73	5.20	6.10	0.10

Note 1: The above financial information has been audited or reviewed by the certified public accountants.

2. International Financial Reporting Standards – Standalone  
 Standalone Condensed Balance Sheet – Based on IFRS

Unit: NTD Thousand

Item	Year	Financial Summary for The Last Five Years					Financial information for the current year up to March 31
		2017	2018	2019	2020	2021	
Current assets		3,814,881	4,147,574	3,916,942	3,968,717	5,204,655	Not applicable
Property, plant and equipment		569,641	568,973	565,433	648,375	654,869	
Intangible assets		6,270	7,944	5,736	4,179	3,766	
Other assets		3,742,561	4,787,309	5,492,138	6,024,365	6,008,047	
Total assets		8,133,353	9,511,800	9,980,249	10,645,636	11,871,337	
Current liabilities	Before distribution	1,755,957	2,556,364	1,271,036	2,146,557	4,593,490	
	After distribution	2,227,348	3,176,616	2,046,351	2,477,358	Undistributed	
Non-current liabilities		52,152	329,187	1,754,744	1,842,840	386,896	
Total liabilities	Before distribution	1,808,109	2,885,551	3,025,780	3,989,397	4,980,386	
	After distribution	2,279,500	3,505,803	3,801,095	4,320,198	Undistributed	
Total equity attributable to owners of the Comany		Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
Ordinary shares		1,037,639	1,033,753	1,033,753	1,033,753	1,033,753	
Capital surplus		2,873,215	2,868,874	2,939,320	2,939,320	2,951,918	
Retained earnings	Before distribution	2,753,260	2,974,086	3,358,791	3,119,074	3,402,017	
	After distribution	2,281,869	2,353,834	2,583,476	2,788,273	Undistributed	
Other equity		(246,533)	(250,464)	(377,395)	(435,908)	(496,737)	
Treasury stock		(92,337)	-	-	-	-	
Non-controlling interests		Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
Total equity	Before distribution	6,325,244	6,626,249	6,954,469	6,656,239	6,890,951	
	After distribution	5,853,853	6,005,997	6,179,154	6,325,438	Undistributed	

Note: The above financial information have been audited by the certified public accountants.

Standalone Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NTD thousands; Earnings Per Share NTD

Item \ Year	Financial Summary for The Last Five Years					Financial information for the current year up to March 31
	2017	2018	2019	2020	2021	
Operating revenue	7,321,359	8,348,581	10,876,502	7,854,318	7,206,565	Not applicable
Gross profit	634,315	564,979	766,479	399,207	461,356	
Profit from operation	398,350	276,969	452,038	124,588	189,292	
Non-operating income and expenses	219,485	667,952	733,316	445,566	534,937	
Profit before income tax	617,835	944,921	1,185,354	570,154	724,229	
Net profit for the year from continuing operations	523,945	768,584	1,006,033	537,296	630,502	
Losses from discontinued operations	-	-	-	-	-	
Net profit (loss) for the year	523,945	768,584	1,006,033	537,296	630,502	
Other comprehensive income (net amount after tax)	(114,403)	2,916	(128,007)	(60,211)	(72,815)	
Total comprehensive income	409,542	771,500	878,026	477,085	557,687	
Net Profit attributable to owners of the Company	Not applicable					
Net profit attributable to non-controlling interests						
Total comprehensive income attributable to owners of the Company						
Total comprehensive income attributable to non-controlling interests						
Earnings per share	5.07	7.43	9.73	5.20	6.10	

Note: The above financial information have been audited by the certified public accountants.

(II) Names of Certified Public Accounts and Audit's Opinions for The Last Five Years

Year	Name of accounting firm	Name of certified public accountants	Audit opinion
2017	Deloitte Taiwan	I-Hui Lin, Hui-Ming Chen	unmodified opinion
2018	Deloitte Taiwan	Nai-Hua Kuo, Hui-Ming Chen	unmodified opinion
2019	Deloitte Taiwan	Ming-Chung Hsieh Yi-Chen Lu	unmodified opinion
2020	Deloitte Taiwan	Ming-Chung Hsieh Yi-Chen Lu	unmodified opinion
2021	Deloitte Taiwan	Yi-Chen Lu, Yi-Min Huang	unmodified opinion

## II. Five-Year Financial Analysis

### (I) International Financial Reporting Standards – Consolidated

Item(Note 2)		Financial Analysis for the Last Five Years (Note 1)					
		2017	2018	2019	2020	2021	Financial information for the current year up to March 31
Financial Structure (%)	Debt ratio	24.34	31.15	33.11	36.65	43.45	48.27
	Ratio of long-term capital to property, plant and equipment	318.64	335.55	414.92	369.90	307.07	313.70
Solvency (%)	Current ratio	290.08	250.09	390.60	312.49	173.07	159.92
	Quick ratio	180.52	127.44	213.40	195.84	98.54	75.03
	Interest earned ratio	27.21	26.16	20.92	13.91	20.06	8.14
Operating aBility	Receivables turnover (times)	10.69	10.39	12.86	11.73	8.66	6.84
	Average collection period (days)	34.14	35.12	28.38	31.12	42.15	53.36
	Inventory turnover ratio (times)	5.19	3.89	3.93	3.39	3.09	2.03
	Payables turnover (times)	21.57	17.04	20.19	16.82	14.28	9.73
	Average days in sales	70.32	93.83	92.88	107.67	118.12	179.80
	Property, plant and equipment turnover ratio (times)	5.02	6.04	7.01	4.79	4.57	4.05
	Total asset turnover rate (times)	1.22	1.36	1.45	0.99	0.94	0.76
Profitability	Return on total assets (%)	6.77	9.14	10.26	4.90	5.54	1.89
	Return on equity (%)	8.32	12.22	14.39	7.00	8.78	3.00
	Net profit before incom tax to paid-in capital (%)	65.82	107.97	134.01	66.40	94.23	37.18
	Profit ratio (%)	5.36	6.45	6.75	4.58	5.58	2.12
	Earnings per share (NTD)	5.07	7.43	9.73	5.20	6.10	0.10
Cash flow	Cash flow ratio (%)	(22.22)	1.84	77.85	66.06	(21.93)	(7.27)
	Cash flow adequacy ratio (%)	31.38	23.36	36.84	49.83	22.19	19.39
	Cash reinvestment ratio (%)	(16.08)	(5.25)	9.72	9.03	(16.33)	(5.21)
Leverage	Operating leverage	1.26	1.21	1.20	1.92	1.44	2.14
	Financial leverage	1.04	1.04	1.05	1.23	1.08	1.22

Please explain the reasons for changes in financial ratios in the past two years. (Exempted if increase and decrease is less than 20%)

1. Current ratio and quick ratio decrease year-over-year, mainly due to increase in purchase of materials in current year, leading to increase in bank's letter of credit, as well as the maturing of corporate bonds in 2022, and the payables recognized as current liabilities.
2. Increase in interest earned ratio, return on equity, profit before tax to paid-in capital ratio and profit ratio year-over-year, mainly due to the impact of COVID-19 on last year's overall operations, where some customers changed their original order plans, resulting in overall drop in revenue and net profit. The gradual recovery of customer orders this year and continued control of production cost significantly increased overall net profit.
3. The drop in accounts receivable turnover and increase in average collection period are mainly due to the recovery of orders and production this year end, which increase accounts receivable and inventory.
4. For cash flow ratio variance analysis, refer to "3. Cash Flow Analysis" of "VII. Review, analysis, and risks of financial position and performance".

Note 1: The financial ratios are calculated based on financial statements audited or reviewed by the certified public accountants.

Note 2: For the above formula, refer to (2) International Financial Reporting Standards—— Standalone Note 2.

(II) International Financial Reporting Standards – Standalone

Item(Note 2)		Year	Financial Analysis for the Last Five Years (Note 1)					Financial information for the current year up to March 31
			2017	2018	2019	2020	2021	
Financial Structure (%)	Debt ratio		22.23	30.34	30.32	37.47	41.95	Not applicable
	Ratio of long-term capital to property, plant and equipment		1119.55	1222.45	1540.27	1310.83	1111.34	
Solvency (%)	Current ratio		217.25	162.25	308.17	184.89	113.31	
	Quick ratio		154.96	97.75	187.49	137.76	70.73	
	Interest earned ratio		47.34	34.00	31.99	18.62	23.53	
Operating Ability	Receivables turnover (times)		10.07	9.88	15.32	15.83	8.62	
	Average collection period (days)		36.25	36.94	23.83	23.06	42.34	
	Inventory turnover ratio (times)		7.44	5.69	6.37	5.88	4.56	
	Payables turnover (times)		14.16	14.35	20.74	17.40	11.18	
	Average days in sales		49.06	64.15	57.30	62.07	80.04	
	Property, plant and equipment turnover ratio (times)		12.81	14.66	19.18	12.94	11.06	
	Total asset turnover rate (times)		0.89	0.95	1.12	0.76	0.64	
Profitability	Return on total assets (%)		6.53	8.97	10.65	5.47	5.84	
	Return on equity (%)		8.13	11.87	14.82	7.90	9.31	
	Net profit before income tax to paid-in capital (%)		59.54	91.41	114.67	55.15	70.06	
	Profit ratio (%)		7.16	9.21	9.25	6.84	8.75	
	Earnings per share (NTD)		5.07	7.43	9.73	5.20	6.10	
Cash Flow	Cash flow ratio (%)		(22.93)	(11.01)	49.37	36.88	(21.38)	
	Cash flow adequacy ratio (%)		32.94	15.61	26.39	18.32	(5.00)	
	Cash reinvestment ratio (%)		(16.28)	(11.10)	0.09	0.20	(18.72)	
Leverage	Operating leverage		1.02	1.04	1.02	1.08	1.05	
	Financial leverage		1.03	1.12	1.09	1.35	1.20	
<p>Explain the reasons for changes in financial ratios in the past two years. (Exempted if increase and decrease is less than 20%)</p> <ol style="list-style-type: none"> <li>Current ratio and quick ratio decrease year-over-year, mainly due to increase in purchase of materials in current year, leading to increase in bank's letter of credit, as well as the maturing of corporate bonds in 2022, and the bond repayment recognized as current liabilities.</li> <li>Interest earned ratio, net profit before income tax to paid-in capital ratio and profit ratio increase year-over-year, mainly due to the impact of COVID-19 on last year's overall operations, where some customers changed their original order plans, leading to a drop in overall revenue and profit. The gradual recovery of customer orders this year and continued control of production cost significantly increased overall net profit.</li> <li>The drop in accounts receivable turnover, increase in average collection period, drop in inventory turnover, and increase in average days in sales are mainly due to the recovery of orders and production at the end of this year, which increases accounts payable and inventory.</li> <li>The drop in accounts payable turnover is mainly due to the increase in purchase of materials and processing operations to meet the increase in orders, resulting in an increase in payables at the end of period.</li> <li>For cash flow ratio variance analysis, refer to "3. Cash Flow Analysis" of "VII. Review, analysis, and risks of financial position and performance".</li> </ol>								

Note 1: The financial ratios are calculated based on financial statements audited or reviewed by the certified public accountants.

Note 2: Calculations of the analysis items are as follows:

## 1. Financial structure

(1) Debt ratio = total liabilities / total assets.

(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

## 2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - Prepayments) / current liabilities.

(3) Interest earned ratio (times) = profit before income tax and interest expenses / interest expenses for this period.

## 3. Operating ability

(1) Receivables (including trade receivable and business-related notes receivable) turnover (times) = operating revenue / average balance of receivables for each period (including trade receivables and business-related notes receivable).

(2) Average collection period = 365 / Receivables turnover.

(3) Inventory turnover (times) = operating costs / average amount of inventory.

(4) Payables (including accounts payable and business-related notes payable) turnover (times) = operating costs / average balance of payables for each period (including trade payables and business-related notes payables).

(5) Average days in sales = 365 / inventory turnover.

(6) Property, plant and equipment turnover (times) = operating revenue / average net amount of property, plant and equipment.

(7) Total assets turnover (times) = operating revenue / average amount of total assets.

## 4. Profitability

(1) Return on total assets = [net profit + interest expenses \* (1 - tax rate)] / average amount of total assets.

(2) Return on equity = net profit / average amount of total equity.

(3) Net profit before income tax to paid-in capital ratio = net profit before income tax / paid-in capital ratio

(4) Profit Ratio = net profit / operating revenue.

(5) Earnings per share = (net profit attributable to owners of the company - dividends of preferred stocks) / weighted average number of outstanding shares.

## 5. Cash flow

(1) Cash flow ratio = net cash flow from operating activities / current liabilities.

(2) Cash flow adequacy ratio = net cash flow from operating activities in the past five years / most recent five years (capital expenditure + increase in inventory + cash dividends).

(3) Cash reinvestment ratio = (net cash flows from operating activities - cash dividends) / (gross amount of property, plant and equipment + long-term investment + other non-current assets + operating capital).

## 6. Leverage:

(1) Operating leverage = (net operating income - current operating costs and expenses) / operating profit.

(2) Financial leverage = operating profit / (operating profit - interest expenses).

### **III. Review Report by Audit Committee for the Most Recent Year's Financial Statements**

#### **Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2021 business report, financial statements, and profits distribution proposal. The financial statements have been audited by CPA Yi-Chen Lu and CPA Yi-Min Huang of Deloitte Taiwan, to which the firm issued an independent auditor's report. The Audit Committee found no misstatement in the above business report, financial statements, or profits distribution, and hereby issues its report as presented above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of The Company Act.

For

2022 Annual General Shareholders' Meeting

Quang Viet Enterprise Co., Ltd.

Audit Committee convener: Chin-Kung Lee

March 8, 2022

**III. Financial Reports of the Most Recent Year**

Refer to Attachment 1.

**IV. Audited Standalone Financial Report for the Most Recent Year**

Refer to Attachment 2.

**VI. Impact of the Financial Distress Occurred to the Company and Affiliates in the the Most Recent Year until the Annual Report being published**

None.



## CH 7. Review of Financial Conditions, Financial Performance, and Risk Management

### I. Analysis of Financial Status

Unit: NTD Thousand

Item \ Year	2020		2021		Difference	
	Amount	%	Amount	%	Amount	%
Current assets	8,258,585	64.17	10,067,437	67.84	1,808,852	21.90
Property, plant and equipment	2,764,845	21.48	2,938,161	19.80	173,316	6.27
Intangible asset	396,530	3.08	359,695	2.42	(36,835)	(9.29)
Other assets	1,450,043	11.27	1,474,011	9.93	23,968	1.65
Total assets	12,870,003	100.00	14,839,304	100.00	1,969,301	15.30
Current liabilities	2,642,800	20.53	5,816,994	39.21	3,174,194	120.11
Non-current liabilities	2,073,862	16.11	630,741	4.25	(1,443,121)	(69.59)
Total liabilities	4,716,662	36.65	6,447,735	43.45	1,731,073	36.70
Ordinary shares	1,033,753	8.03	1,033,753	6.97	0	0.00
Capital surplus	2,939,320	22.84	2,951,918	19.89	12,598	0.43
Retained earnings	3,119,074	24.24	3,402,017	22.93	282,943	9.07
Other equity	(435,908)	(3.39)	(496,737)	(3.35)	(60,829)	13.95
Treasury stock	—	—	—	0.00	—	—
Non-controlling interests	1,497,102	11.63	1,500,618	10.11	3,516	0.23
Total equity	8,153,341	63.35	8,391,569	56.55	238,228	2.92
<p>Analysis of change in increase and decrease ratio (change of above 20%, and amount of change exceeds NTD 10,000,000):</p> <ol style="list-style-type: none"> <li>1.Current assets increase: Mainly due to the increasing of orders and recovering of production at the end of 2021, leading to the increase in accounts receivable and inventory.</li> <li>2.Current liabilities increase: Mainly due to the increase in bank loans and recognition of corporate bonds maturing within a year as liabilities.</li> <li>3.Non-current liabilities decrease: Mainly due to recognition of corporate bonds maturing in 2022 as current liabilities.</li> </ol>						

## II. Analysis of Financial Performance

Unit: NTD Thousand

Item \ Year	2020		2021		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
Operating revenue	12,188,857	100.00	13,022,416	100.00	833,559	6.84
Operating costs	10,903,247	89.45	11,150,790	85.63	247,543	2.27
Gross profit	1,285,610	10.55	1,871,626	14.37	586,016	45.58
Operating expenses	1,005,212	8.25	1,186,911	9.11	181,699	18.08
Profit from Operations	280,398	2.30	684,715	5.26	404,317	144.19
Non-operating income and expenses	406,000	3.33	289,367	2.22	(116,633)	(28.73)
Profit before income tax	686,398	5.63	974,082	7.48	287,684	41.91
Income tax expense	128,568	1.05	247,824	1.90	119,256	92.76
Net profit for the year	557,830	4.58	726,258	5.58	168,428	30.19
Other comprehensive income (net amount after tax)	(66,165)	(0.54)	(117,823)	(0.90)	(51,658)	78.07
Total comprehensive income	491,665	4.04	608,435	4.68	116,770	23.75
<p>Analysis of change in increase and decrease ratio (change of above 20%, and amount of change exceeds NTD 10,000,000):</p> <ol style="list-style-type: none"> <li>1.Increase in gross profit: Mainly due to the gradual recovering of customer orders in 2021 and continued control of production cost.</li> <li>2.Increase in profit from Operations: Mainly due to increase in 2021's revenue and decrease in cost.</li> <li>3.Decrease in non-operating income and expenses: Mainly due to decrease both in bargain purchase gain and investment gain from equity method 2021.</li> <li>4.Income tax expense increases: Mainly due to 2021's increase in net profit before tax.</li> <li>5.Decrease in other comprehensive income (net amount after tax) : Mainly due to end-of-period exchange rate adjustment for foreign investment amounts recognized as long-term equity investment using equity method.</li> </ol>						

### III. Analysis of Cash Flow

#### (I) Liquidity Analysis for the Last Two Years:

Item	Year	2020	2021	Increase (decrease) %
Cash Flow Ratio		66.06	(21.93)	(133.20)
Cash Flow Adequacy Ratio		49.83	22.19	(55.47)
Cash Reinvestment Ratio		9.03	(16.33)	280.84

Reasons for more than 20% changes:

##### (1) Cash flow ratio:

Mainly due to 2021's net cash outflow from operating activities and increase in current liabilities, resulting in decrease in cash flow ratio.

##### (2) Cash flow adequacy ratio:

Mainly due to net cash flow from operating activities decreases and inventory increases in the past five years.

##### (3) Cash reinvestment ratio:

Mainly due to 2021 net cash outflow from operating activities.

#### (II) Cash Liquidity Analysis for the Following Year:

Unit: NTD Thousand

Cash Balance at Beginning of Period	Expected Net Cash flow from Operating Activities for the Year	Net Cash Flow From Investing and Financing Activities for the Year	Cash Surplus (inadequacy)	Remedial Measures for Cash Inadequacy	
				Investment Plan	Financial Plan
1,819,400	1,812,934	(1,076,432)	2,555,902	—	—

#### Cash liquidity analysis for the following year:

- Operating activities: Future revenue is expected to continue to grow and will improve cost control to generate cash inflow.
- Investment activities: Expansion of plants and purchase of machinery and equipment caused investment activities to generate net cash outflow.
- Financing activities: Repayment of Company's debts and loans and cash dividend payment caused financing activities to generate net cash outflow.

#### IV. Impact of Major Capital Expenditures on Finance and Business in the Most Recent Year

None.

#### V. Investment Policies in the Most Recent Year, Main Causes for Profits or Losses, Improvement Plans, and Investment Plans for the Coming Year

##### (I) Investment Policies in the Most Recent Year

The Company's investment policies in the recent years are: (1) expand production capacity, expand existing processing plants' capacity or invest in plant expansion; (2) vertically integrate with upstream, increase revenue source and enter the upstream sector of the Company's industry; (3) increase product lines and invest in knitted products companies and medical products industry to slow down the excessive seasonal fluctuations of the Company,

and fulfill corporate social responsibility; (4) increase tariff-free production base and decentralize production base can increase the coping capacity for natural disaster and geopolitics tension, and generate cost-saving benefits for customers.

(II) Main Causes for Profits or Losses in the Most Recent Year and Improvement Plans

In 2021, the investment gains recognized by the Company for long-term equity investments under equity method was NTD 266,654 thousand, a decrease of 27% compared to 2020's investment gain of NTD 367,476 thousand, mainly due to the inclusion of bargain purchase gain in 2020's investment gain. In 2021, with the restart of economy, increase in vaccine coverage, and progressive returning of life to normal, terminal consumers' demand for outdoors and sports apparel revived. However, the strict anti-pandemic measures imposed by the Vietnamese government have affected the profit of some of the investee companies. In 2022, as orders gradually resume, the Company will continue to be committed to increasing productivity and cost control, so as to continue to improve investment performance.

The details are as follows:

Investments	Investment Policies	Main Business Activities	2021 Investment Profits (Loss) Recognized	Reasons for Gain or loss	Improvement Plans
Kwang Viet Garment Co., Ltd.	The Group's first down apparel production plant	Garment processing and manufacturing	(28,455)	Affected by the new coronavirus, the operating conditions are not up to expectations.	Orders resume, continue to increase productivity and expense control
Spring Co., Ltd.	Holding company of Jiaxing QVC	Investment holding business	235,385	Executed according to the original direction of the budget set by the Group	N/A
Jiaxing Quang Viet Garment Co., Ltd.	A down garment production plant built to expand China market	Garment processing and manufacturing	238,263	Executed according to the original direction of the budget set by the Group	N/A
Anhui Xingxing Garment Co., Ltd.	To increase the down garment production line in mainland China	Garment processing , manufacturing and sales	104,750	Executed according to the budget set by the company	N/A
Quang Viet (Tien Giang)Co., Ltd.	Expand the Vietnam plant and set it as a flagship factory in the aim to increase production volume and sales	Garment processing and manufacturing	(143,624)	Affected by the new coronavirus, the operating conditions are not up to expectations.	Orders resume, continue to increase productivity and expense control

Investments	Investment Policies	Main Business Activities	2021 Investment Profits (Loss) Recognized	Reasons for Gain or loss	Improvement Plans
Q Gear Limited	To effectively expand QVC's order taking purpose.	Export sales agency	13,974	Executed according to the original direction of the budget set by the Group	N/A
Quang Viet (Long An)Co.,Ltd	To expand the production capacity of the Vietnam production base, to meet future customer demand.	Garment processing and manufacturing	23,155	Executed according to the original direction of the budget set by the Group	N/A
Q.V.S. Limited	Holding company of Top One Garment Shuyang	Investment holding business	316	Executed according to the original direction of the budget set by the Group	N/A
Top One Apparel Shu Yang Co., Ltd.	To effectively fulfill the order volume which QVC has difficulty in undertaking	Garment processing and manufacturing	414	Executed according to the original direction of the budget set by the Group	N/A
Top One Down & Feather Co., Ltd.	The Taipei parent company of the important down raw materials production plant designated by the Group, to ensure quality and price of the most important raw materials	Down products trading	45,218	Executed according to the original direction of the budget set by the Group; affected by the new coronavirus, the operating conditions are not up to expectations.	N/A
T.O.D. Limited	Offshore holding company of Top One Down & Feather	Investment holding business	34,414	Executed according to the original direction of the budget set by the Group	N/A
Top One Down & Feather Shu Yang Co., Ltd.	Manufacturing plant of down raw materials	Manufacturing, processing and trade of down products	34,156	Executed according to the original direction of the budget set by the Group	N/A
Biancospino S.R.L	Enters the European luxury brand market to cater to future development requirements	Specializes in luxury brand garment processing and manufacturing	22,824	Executed according to the original direction of the budget set by the Group	N/A

Investments	Investment Policies	Main Business Activities	2021 Investment Profits (Loss) Recognized	Reasons for Gain or loss	Improvement Plans
Atlanta Garment Manufacturing Company LLC	Expand product lines (knitwear) and tariff-free production bases in the United States, Canada and European Union	Garment processing and manufacturing	80,029	Executed according to the original direction of the budget set by the Group	N/A
King Hamm Industrial Co., Ltd.	Expand product line (knitwear)	Garment processing and manufacturing	22,715	Executed according to the original direction of the budget set by the Group	N/A
King Hung Garments Industrial Co., Ltd.	Expand product line (knitwear)	Garment processing and manufacturing	2,746	Executed according to the original direction of the budget set by the Group	N/A
King Hamm Industrial Co., Ltd. (VN)	Expand product line (knitwear)	Garment processing and manufacturing	(1,569)	Affected by the new coronavirus, the operating conditions are not up to expectations.	Orders resume, continue to increase productivity and expense control
W&D Apparel(Jordan) Corp.	Expand product line (knitwear) and tariff-free production bases in the United States, Canada and European Union	Garment processing and manufacturing	(769)	Affected by the new coronavirus, the operating conditions are not up to expectations.	Orders resume, continue to increase productivity and expense control
Q.V.P. Limited	Offshore holding company of Principle & Will	Investment holding business	(12,623)	Loss in investee company	N/A
Principle&Will Co., Ltd.	Offshore holding company of Hong Chang Group	Investment holding business	(12,521)	Affected by the post-pandemic era, operating conditions are not up to expectations, and investee company suffered loss	Enhance the order structure and continue to improve production efficiency and expenditure control
Joykey Industrial Limited	Offshore holding company of Xiantau Hong Chang and Pinghu Qixin	Investment holding business	(31,638)	Loss in investee company	N/A
Principle & Will Biotech (Pinghu) Co., Ltd.	Establish medical equipment market	Medical garment manufacturing	28,680	Executed according to the original direction of the	N/A

Investments	Investment Policies	Main Business Activities	2021 Investment Profits (Loss) Recognized	Reasons for Gain or loss	Improvement Plans
				budget set by the Group	
Principle & Will Biotech (Xiantao) Co., Ltd.	Establish medical equipment market	Medical garment manufacturing	(30,470)	Affected by the post-pandemic era, the operating conditions are not up to expectations.	Enhance the order structure and continue to improve production efficiency and expenditure control
Jokey Industrial (Ping Hu) Limited	Establish medical equipment market	Medical garment manufacturing	(1,167)	Affected by the post-pandemic era, the operating conditions are not up to expectations.	Enhance the order structure and continue to improve production efficiency and expenditure control
Sidney Apparels LLC	Expand product line (knitwear) and tariff-free production bases in the United States, Canada and European Union	Garment processing and manufacturing	(8,510)	Executed according to the direction set by the Group	N/A

### (III) Investment Plans for the Coming Year

In response to customers' demand for production capacity in tariff-free production bases, 40 production lines will be added to the Jordanian plant in 2022. To meet the demand of customer orders, the Romanian plant will be added with 2 production lines, Vietnam plant expanded to 10 production lines and China plant added with 8 production lines in 2022.

The Medical Device Business Group launched two investment projects in 2022. The first is the Ethylene Oxide Sterilization Upgrade Program, where China Jiaying's sterilization plant equipment and automated warehouse equipment will be gradually upgraded over 5 years, which will increase the business group's high-margin revenue and increase the use of automated equipment. The second investment project is the building of a plant in Xiantao of Hubei Province, China, to expand the operating capacity, increase sterilization services and target high-end disposable personal protective equipment.

## VI. Analysis of Risk Management

### (I) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

#### 1. Interest rate

The Company's interest income to operating revenue for 2021 and 2020 was 0.403% and 0.545%, while interest expense to operating revenue was 0.392% and 0.436% respectively. The ratio of interest income and expense to operating revenue was not high, and part of the Company's funds for purchasing are from the bank's letter of credit. The Company maintains good and stable relationships with the banks at all times, so as to obtain funds at lower cost. With stable growth in operational scale and profitability, the Company's own funds are becoming more abundant. Hence, interest rate changes have limited impact on the Company's revenue and profitability.

#### 2. Exchange rate

The Company's 2021 and 2020 exchange gain (loss) were NTD 5,165,000 and (71,514) thousand respectively, accounting to 0.04% and -0.587% of operating revenue respectively. The Company's exchange gain and loss were mainly due to purchase and sale transactions quoted in foreign currencies. However, export and overseas purchases quoted in USD can generate a certain natural hedging effect. Also, based on the principle of conservatism, the Company did not engage in any derivatives products operations. Exchange gain and loss is within 0.5% of revenue, hence there is limited impact on the Company.

Exchange rate fluctuation has a certain impact on the Company's revenue and profitability. However, natural hedging is attained after the Company offset the receipts and payments of sales and purchases in foreign currencies. To effectively reduce the impact of exchange rate changes on revenue and profit, the Company adopts the following countermeasures in net foreign asset position:

- (1) When preparing quotations for customers, business units fully consider the price adjustment due to exchange rate fluctuation to ensure profitability, and eliminate the adverse impact of exchange rate fluctuation on profitability.
- (2) The finance unit pays close attention to the international financial situation, seeks professional consultation from banks, compiles relevant information on exchange rate changes at all times, and adjusts its foreign currency position where necessary, to reduce the adverse impact of exchange rate fluctuation.
- (3) The finance department collates the financial market information, studies the trend in capital flow, and determines the measures and attitudes the competent authority will adopt on exchange rate adjustment.
- (4) The Company has established " The Procedure of the Acquisition and Disposal of Assets " to regulate the transactions, risk management, supervision and audit of derivative financial products. Based on the foreign currency position and exchange rate fluctuation situation, it may implement the necessary procedures to reduce the exchange rate risk during the Company's operations.



### 3. Inflation

Since the establishment of the Company, there has been no significant impact due to inflation. The Company pays close attention to the raw materials' market price changes during normal times, and maintains good relationships with major suppliers, so as to obtain stable and competitive purchase prices. In the future, it will continue to closely monitor the trend of changes in raw materials prices. If the purchase cost increases due to inflation, the Company will communicate with some customers for consent to adjust the selling price and raw materials inventory appropriately, and purchase them at appropriate low price to meet the order demand.

#### (II) Policies on High-risk, Highly Leveraged Investments, Loans to Other Parties, Endorsements, Guarantees, and Derivatives Transactions, Main Reasons for Profits or Losses generated thereby, and Future Countermeasures to be Undertaken

1. The Company focuses on its main business, and has not engaged in high-risk, highly leveraged investments.
2. The Company has established regulations such as " The Procedure of the Acquisition and Disposal of Assets ", "The Regulations of Making Endorsements and Guarantees" and "The Procedure of Loaning Funds to Other Parties", to serve as basis for the Company and its subsidiaries in performing the related matters. As of the date of publication of the prospectus, they have been handled in accordance with the above stipulated policies and countermeasures.
3. The Company focuses on its main business, and does not engage in arbitrage and speculation, hence the risk from derivatives related products is limited.

#### (III) Future Research and Development Projects, and Expected Expenditures

Besides assisting world-renowned customers in continuing to invest in the development of various types of special specifications, such as: Pocketable down apparel, high puffer down vest and jacket, water repellent and breathable down vest and jacket, rapid cooling vest series, and high-end waterproof and permeable outdoor jacket, according to their requirements, the Company continues to develop high-tech outdoor down apparel series with special specifications, and various types of cotton ball jacket series and sports vest series, including product applications for various types of outdoor jackets, example: the research and development and innovation of North Face's 4th generation ThermoBall (completely breaks away from the traditional square design) and exclusive co-development of the new thermal apparel, Micro Puff series, with Patagonia. With innovative thermal fiber and Quang Viet's exclusive template automation technologies, it gives the apparel high thermal effect comparable to down's thermal insulation, as well as water-repellent and sustainable insulating features. This revolutionary product has won the best thermal apparel in 2017 Outdoor by ISPO, and has been officially launched and well received by the market, obtaining at least 3 years of exclusive guaranteed orders from Patagonia. In August 2017, the Company signed a memorandum of cooperation with Textile Industry Research Institute Foundation, to co-develop "A+ Industrial Innovation R&D Program"— "Smart Outdoor

Garment Integrated Technology R&D Project", and will invest in the development of new products such as smart garment, sleeping bag and thermal wear, etc. Hence, the research and development expenses will increase by a certain amount.

In addition, the products from Switzerland's high-end outdoor brand, Mammut, well-known for its premium technologies, provide maximum comfort and are able to withstand harsh environments. Mammut's latest research and development and products awarded 2019 ISPO Design Award: Photics HS Thermo hooded down jacket not only uses laser fusion technology for freely assembling and controlling the size and shape of every down compartment of the different parts, but also accurately controls the amount of down required for every part of the body. The pinhole-free feature and self-protective function of the fabric provide outstanding wind-proof, water-proof and thermal functionalities. The first batch comprising 500 pieces of limited Photics HS Thermo hooded down jackets was launched in 2019 autumn-winter.

By integrating various modules and automated machinery and equipment, and making use of GSD digitalization, various processes are made into three-dimensional and are simplified, thereby increasing production efficiency and standardizing quality, and transforming the garment industry from heavy reliance on skilled workers, to automated and modular production.

The ratio of the Company's research and development expenditure to operating revenue in 2021 and 2020 were 1.28% and 1.36% respectively. For two consecutive years, research and development expenditure has exceeded NTD 150 million, which shows the Company's determination in strengthening its research and development capabilities. In the future, it will continue to invest in research and development based on its progress and results.

#### (IV) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Saless

At present, the major changes in policies and laws announced by the government have no significant impact on the Company's finance and business. In addition, the Company's operations comply with the laws and regulations of governments at home and abroad, and the Company's personnel gather relevant information of policies and laws at all times, to serve as reference for the management. Hence, the Company is aware of the major changes in polices and laws at home and abroad, and adopts necessary countermeasures to reduce adverse effect. Also, international agreements such as the Generalized System of Preferences (GSP+) and Regional Comprehensive Economic Partnership (RCEP) in Southeast Asia, which are more related to the Company, will increase regional trade development with the preferential tariffs agreed between the member countries. Once the negotiation of these two agreements are completed, the signing of contracts by the member countries will generate a certain degree of profitability and benefits for the Company's two important subsidiaries in Vietnam and one important subsidiary in China.

(V) Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales

The Company keeps abreast of the technological changes and technical development of its industry at all times, to fully grasp the pulse and changes of industry, and continue to invest in the development of products that meet customer requirements. As of the date of publication of the annual report, the Company did not encounter any technological and industrial changes which significantly impact the Company's finance and business.

(VI) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

The Company manages in a steady and pragmatic approach, and has established a good corporate image. In the most recent year up to the publication date of the annual report, there was no change in corporate image which led to significant impact on the Company's operations or risk management.

(VII) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans  
None.

(VIII) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

The Company expanded its production lines to cater to the requirements of existing and new customer orders, and there was no risk of large-scale expansion which led to idle capacity. Also, according to the estimates of the research institution, IndustryARC, the scale of global sports apparel market from 2021 to 2026 will reach USD 25,985 million. In the next 6 years, the overall outdoor sports apparel's average compound annual growth rate is about 6.8%. The Company's customers are mainly world-renowned sports and outdoor brand companies. With the good long-term cooperation model established with the international companies, no significant risk is expected with the Company's plant expansion.

(IX) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

1. Purchase

In the past two years and 2022 Q1, the ratio of the Company's top 10 suppliers to the total net purchase decreases over the years. The ratio of purchase amount to total net purchase is maintained at not more than 20% with FTC Group, while for the remaining suppliers, at a ratio of less than 10% as FTC Group is the designated fabric supplier of various international brand customers. In the future, with the increase in customers and diversification, the purchase ratio for FTC Group is expected to remain the same or drop slightly. In addition, the fabric required by the Company's products normally changes with market trends or customers' designed raw materials suppliers. Hence, the Company does not face the risk of concentration of purchase.

2. Sales

The Company's main business comprises two categories, garment manufacturing and

down moderate, and majority of its top 10 customers are leading manufacturers of international renowned sports or outdoor apparel brands. In the past two years and 2022 Q1, besides no single customer contributing to more than 50% of overall revenue, the top 7 customers in the past three years contributed to 3%~40% of revenue, which shows that the Company's revenue is distributed across customers and not concentrated in a single customer. Hence, the Company does not face the risk of concentration of sales.

(X) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in

Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

In the most recent year up to the publication date of the annual report, there were no large-scale share transfers or conversions by the Company's directors, supervisors or major shareholders with more than 10% shareholding.

(XI) Effects of, Risks Relating to and Response to the Changes in Management Rights

In the most recent year up to the publication date of the annual report, there were no change in ownership in the Company.

(XII) Litigation or Non-litigation Matters

None.

(XIII) Other significant risks and countermeasures

None.

**VI. Other Important Matters**

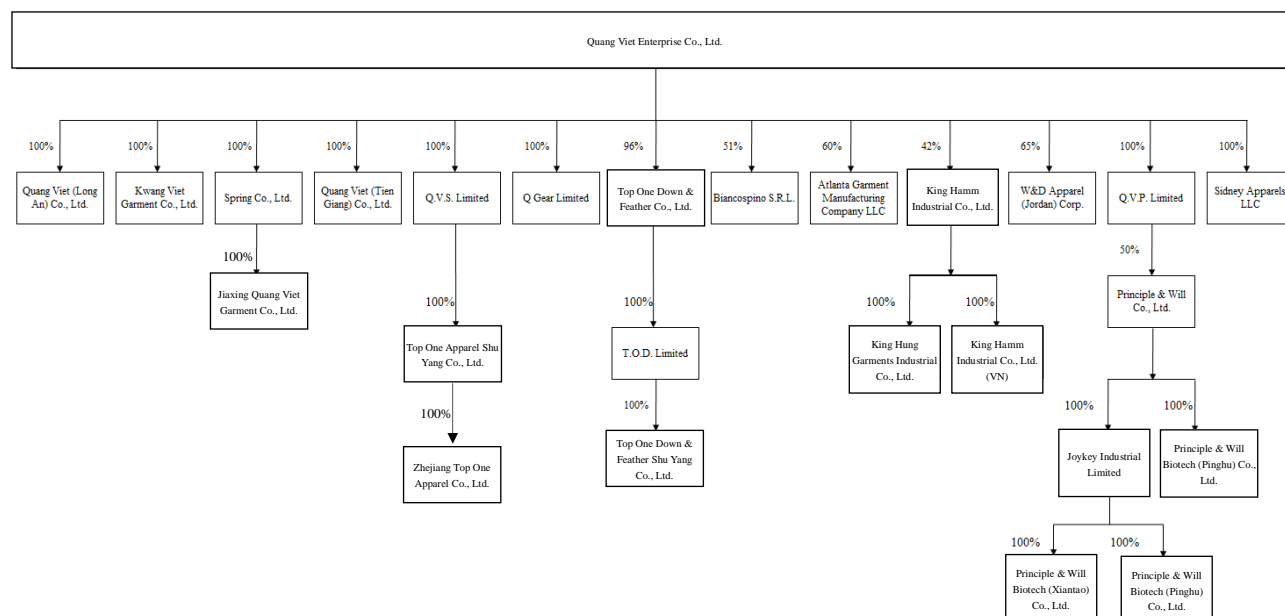
None.

## CH 8. Special Disclosure

### I. Information of Affiliates

#### (I) Consolidated Business Reports of Affiliates

##### 1. Organizational chart of the affiliates:



##### 2. Information of affiliates:

Unit: NTD thousand / RMB thousand / USD thousand / RON Romanian / JOD Jordanian

Company name	Date of establishment:	Address	Paid-in capital	Main business or products
Kwang Viet Garment Co., Ltd.	1997.09	Group 10, Quarter 2, Cu Chi Town, Cu Chi District, Ho Chi Minh City, Vietnam	USD 10,000	Garment processing and manufacturing
Spring Co.Ltd.	2003.01	Offshore Chambers,P.O.Box 217,Apia,Samoa.	USD 15,230	Investment holding business
Jiaxing Quang Viet Garment Co., Ltd.	2003.02	No.318, Tongxin Section, Pingxing Road, Xindai Town, Pinghu City, Jiaxing, Zhejiang Province, China	USD 14,200	Garment processing, manufacturing and trade
Quang Viet (Tien Giang)Co., Ltd.	2011.02	Lot KI-1,2, Tan Huong Industrial Zone, Tan Huong Commune, Chau Thanh District, Tien Giang Province, Vietnam	USD 25,000	Garment processing and manufacturing
Q.V.S. Limited	2012.02	Offshore Chambers,P.O.Box 217,Apia,Samoa.	USD 2,100	Investment holding business
Q Gear Limited	2013.07	Offshore Chambers,P.O.Box 217,Apia,Samoa.	USD 50	Export sales agency
Top One Apparel Shu Yang Co., Ltd.	2012.04	Industrial Park, Tanggou Town, Shuyang County, Suqian City, Jiangsu Province, China	USD 2,100	Garment processing and manufacturing

Company name	Date of establishment:	Address	Paid-in capital	Main business or products
Top One Down & Feather Co., Ltd.	2013.12	6F, No.607, Ruiguang Road, Neihu District, Taipei City	NTD500,000	Down products trading
T.O.D. Limited	2013.12	Offshore Chambers,P.O.Box 217,Apia,Samoa.	USD9,000	Investment holding business
Top One Down & Feather Shu Yang Co., Ltd.	2014.02	East side of Zhangtang Road, Tanggou Town, Suqian City, Shuyang County, Jiangsu Province, China	RMB 56,000	Manufacturing, processing and trade of down products
Quang Viet (Long An)Co., Ltd.	2015.08	Lot NL1, Duc Hoa III Industrial Zone, Duc Hoa District, Long An Province, Vietnam	USD 15,000	Garment processing and manufacturing
Biancospino S.R.L.	1998.10	Breaza, 2B Ocinei street, Prahova county, Romania	RON 36,100	Garment processing and manufacturing
Atlanta Garment Manufacturing Company LLC	2001.10.	Industrial Building H, Al Tajamouat Industrial City(QIZ), P.O. Box 40, Amman, Jordan, 11636	JOD 550,001	Garment processing and manufacturing
Baoji Xinyue Garment Co., Ltd (Company registration has been canceled on 2021.8.24)	2018.03	Famen Temple, Hetai Worsted Project, Famen town, Fufeng County, Fufeng Industrial Park, Baoji City, Shaanxi Province	USD 1,500	Garment processing and manufacturing
King Hamm Industrial Co., Ltd.	1991.05	4F, No.312, Section 2, New Taipei Boulevard, Xinzhuang District, New Taipei City	NTD 325,000	Garment processing, manufacturing and trade
King Hung Garments Industrial Co., Ltd.	2002.04	Lot 61, Linh Trung Export Processing Zone II, Ho Chi Minh City	USD 2,250	Garment processing and manufacturing
King Hamm Industrial Co., Ltd. (VN)	2011.08	No. A1, Xinxiang Industrial Zone, Xinxiangshe, Chaucheng County, Tien Giang Province, Vietnam	USD 6,750	Garment processing and manufacturing
W&D Apparel(Jordan)Corp.	2004.08	Industrial Building G1, Al Tajamouat Industrial City(QIZ), P.O. Box 28, Amman, Jordan, 11636	JOD2,000	Garment processing and manufacturing
Q.V.P. Limited	2020.09	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road,Apia,Samoa.	USD 14,780	Investment holding business
Principle&Will Co., Ltd.	2018.07	Level 2, Lotemau Centre Building, Vaea Street, Apia Samoa.	USD 20,000	Investment holding business

Company name	Date of establishment:	Address	Paid-in capital	Main business or products
Joykey Industrial Limited	2003.08	Room 1204, Yu Sung Boon Bldg., 107-111 Des Voeux Road Central, Hong Kong.	CNY 0.00214	Investment holding business
Principle & Will Biotech (Pinghu) Co., Ltd.	2003.07	No. 2000, Xingping 2nd Road, Pinghu Economic Development Zone, Jiaxing City, Zhejiang Province	CNY 161,189	Medical garment processing and manufacturing
Principle & Will Biotech (Xiantao) Co., Ltd.	2008.11	No. 16, South Ring Road, Sanfutan Town Industrial Park, Xiantao City, Hubei Province	CNY 11,873	Medical garment processing and manufacturing
Jokey Industrial (Ping Hu) Limited	2007.04	East of 2nd Floor, Building 2, No. 2000, Xingping 2nd Road, Pinghu Economic Development Zone, Jiaxing City, Zhejiang Province	CNY 3,579	Medical garment processing and manufacturing
Sidney LLC	2017.02	Sector 25, Plot # 910, Aqaba International Industrial Estate (AIIE), New Dead Sea Highway, P.O.Box 2393, Jordan, Aqaba 77110	JOD2,593,086	Garment processing and manufacturing
Zhejiang Top One Apparel Co., Ltd	2022.01	1st Floor, Building 6, No. 388, Hauni Section, Zhawang Line, Danghu Street, Pinghu City, Jiaxing City, Zhejiang Province	RMB 10,000	Garment processing and manufacturing

Note: Exchange rate on the date of report on December 31, 2021 are as follows:

USD 1 = NTD 27.68, CNY1 = NTD 4.344, VND 1 = NTD 0.0012187, RON 1 = NTD 6.3282956, EUR 1 = NTD 31.32, JOD 1 = NTD 39.0960452.

3. Controlling and subordinate companies with identical shareholders: Not applicable.

4. Overall businesses covered by affiliates and description of the mutual dealings and division of work:

(1) Kwang Viet Garment Co., Ltd., Quang Viet(Long An)Co., Ltd., Quang Viet(Tien Giang)Co., Ltd., and Biancospino S.R.L.: Overseas processing and manufacturing base of the Company's garment orders.

(2) The Company invested in Jiaxing Quang Viet Garment Co., Ltd. and Baoji Xinyue Garment Co., Ltd through Spring Co. Ltd.:

①Jiaxing Quang Viet Garment Co., Ltd.: Overseas production base of the Company's garment orders, and garment sales in China.

②Baoji Xinyue Garment Co., Ltd: The overseas production base for the Company's garment orders. Has completed the cancellation in August 2021.

(3) The Company invested in Top One Apparel Shu Yang Co., Ltd. through Q.V.S. Limited:

①Top One Apparel Shu Yang Co., Ltd.: Current main business is to assist Jiaxing Quang Viet Garment Co., Ltd. in processing.

- ②Zhejiang Top One Apparel Co., Ltd: The overseas production base for the Company's garment orders.
- (4) Top One Down & Feather Co., Ltd.: In charge of the Group's down raw materials trading, and invested in Top One Down & Feather Shu Yang Co., Ltd. through T.O.D. Limited.
- ①Top One Down & Feather Shu Yang Co., Ltd.: Top One Down & Feather Shu Yang is the down manufacturing and processing plant, which provides down raw materials required by the Group's garment manufacturing.
- (5) Q GEAR: The Company's wholly-owned investment holding company.
- (6) Atlanta Garment Manufacturing Company LLC: The overseas production base for the Company's garment orders.
- (7) King Hamm Industrial Co., Ltd.: The strategic partner of the Company in expanding into knitwear, and holds an important position for the Company in balancing the off-peak season in the future.
- (8) Q.V.P. Limited: The Company's wholly-owned investment company for expanding into the medical garment industry. Obtained 50% ownership in Principle & Will Co., Ltd. through investment by Q.V.P. Limited.
- (9) Principle & Will Co., Ltd.: The holding company of the Group's disposable medical device business group.
- ①Principle & Will Biotech (Pinghu) Co., Ltd.: The business entity for the order taking, procurement and production of disposable medical devices.
- ②Principle & Will Biotech (Xiantao) Co., Ltd.: The production base for disposable medical device.
- ③Jokey Industrial (Ping Hu) Limited: Specializes in the sterilization of disposable medical devices.
- (10) Sidney Apparels LLC: The overseas production base for the Company's garment orders.

5. Information of the directors, supervisors and presidents of the affiliates:

Unit: NTD Thousand; Shares; %

Company name	Title (Note 1)	Name or representative	Shareholding (Note 2) (Note 3)	
			No. of shares	Shareholding ratio
Kwang Viet Garment Co., Ltd.	Chairman	Tsai, Shih-Ping	—	—
	Director	Yang, Wen-Hsien	—	—
	Director	Charles Wu	—	—
Quang Viet (Long An)Co., Ltd.	Chairman and President	Wu, Yang-Han	—	—
Spring Co.Ltd.	Director	Yang, Wen-Hsien	—	—
	Director	Charles Wu	—	—
Quang Viet (Tien Giang)Co., Ltd.	Chairman	Hung, Shen-Wen	—	—



Q.V.S. Limited	Director	Charles Wu	—	—
Q Gear Limited	Director	Charles Wu	—	—
Top One Down & Feather Co., Ltd.	Chairman	Charles Wu	50,000	0.1%
	Director - representative of juristic person	Quang Viet Enterprise Co., Ltd. - Yang, Wen-Hsien	—	—
	Director - representative of juristic person	Quang Viet Enterprise Co., Ltd. - Huang, Chiu-Hsun	600,000	1.20%
	Supervisor	Wei, Chu-Hsien	—	—
Jiaxing Quang Viet Garment Co., Ltd.	Director	Yang, Wen-Hsien	—	—
	Director	Charles Wu	—	—
	Director	Tien, Wan-Hsin	—	—
	Supervisor	Wei, Kun-Chen	—	—
Top One Apparel Shu Yang Co., Ltd.	Chairman	Tien, Wan-Hsin	—	—
	Director	Yang, Wen-Hsien	—	—
	Director and President	Charles Wu	—	—
	Supervisor	Wei, Kun-Chen	—	—
T.O.D. Limited	Director	Tang, Hsiang-Mei	—	—
Top One Down & Feather Shu Yang Co., Ltd.	Chairman	Charles Wu	—	—
	Director	Yang, Wen-Hsien	—	—
	Director and President	Huang, Chiu-Hsun	—	—
	Supervisor	Wei, Kun-Chen	—	—
Biancospino S.R.L.	Director	Charles Wu	—	—
Atlanta Garment Manufacturing Company LLC	Chairman	Quang Viet Enterprise Co., Ltd. - Charles Wu	—	—
	Director	Manal.Salih Mohammad Al-Zyod	—	—
	Director	Alliance International Enterprise Ltd. - Liao, Shuo-Yen	—	—
	President	Awadallah D'yab Awadallah Abu-Zaid	—	—
Baoji Xinyue Garment Co., Ltd.	Legal representative	Tien, Dai-Chun		
	Director	Charles Wu		
	Director	Yang, Wen-Hsien		
	Supervisor	Tien, Wan-Hsin		
King Hamm Industrial Co., Ltd.	Chairman - representative of juristic person	Quang Viet Enterprise Co., Ltd. - Charles Wu	—	—
	Director	Liu, Chien-Neng	—	—
	Director	Liu, Hai-Po	—	—
	Director - representative of juristic person	Quang Viet Enterprise Co., Ltd. - Lee, Ming-Chang	—	—
	Director - representative of juristic person	Quang Viet Enterprise Co., Ltd. - Tang, Hsiang-Mei	—	—
	Supervisor	Lu, Po-Chih	—	—
	Supervisor	Liao, Shuo-Yen	—	—
King Hung Garments Industrial Co., Ltd.	Director	Liu, Chien-Neng	—	—

King Hamm Industrial Co., Ltd. (VN)	Director	Liu, Chien-Neng	—	—
W&D Apparel(Jordan)Corp.	President	Awadallah D'yab Awadallah Abu-Zaid	—	—
Q.V.P. Limited	Director	Charles Wu	—	—
Principle&Will Co., Ltd.	Director - representative of juristic person	Q.V.P. Limited - Charles Wu	—	—
	Director - representative of juristic person	Q.V.P. Limited - Lin, Shui-Yung	—	—
	Director	Chuang, I-Chun	—	—
	Director - representative of juristic person	Nanliu Enterprise(Samoa)Co., Ltd. - Huang, Jen-Tsung	—	—
	Director - representative of juristic person	Q.V.P. Limited - Huang, Shu-Jung	—	—
Joykey Industrial Limited	Chairman	Charles Wu	—	—
Principle & Will Biotech (Pinghu) Co., Ltd.	Chairman	Chuang, I-Chun	—	—
	Director	Charles Wu	—	—
	Director	Tien, Wan-Hsin	—	—
Principle & Will Biotech (Xiantao) Co., Ltd.	Chairman	Chuang, I-Chun	—	—
	Director	Charles Wu	—	—
	Director	Tien, Wan-Hsin	—	—
Jokey Industrial (Ping Hu) Limited	Chairman	Chuang, I-Chun	—	—
	Director	Charles Wu	—	—
	Director	Tien, Wan-Hsin	—	—
Sidney Apparels LLC	Chairman	Charles Wu	—	—
	Vice Chairman	Awadallah D'yab Awadallah Abu-Zaid	—	—
Zhejiang Top One Apparel Co., Ltd.	Executive Director	Tien, Dai-Chun	—	—
	Supervisor	Hsieh, Guan-cheng	—	—

Note 1: If the affiliate company is an overseas company, list the equivalent position.

Note 2: If the investee company is a company limited by shares, fill in the number of shares and shareholding ratio, else fill in the investment amount and ratio.

Note 3: If the director or supervisor is a juristic person, the information of the representative shall also be disclosed.

6. Operational overview of each affiliate:

Unit: NTD Thousand

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Net profit or loss for the year (after tax)	Earnings per share (NTD) (after tax)
Kwang Viet Garment Co., Ltd.	303,219	1,033,946	661,545	372,401	1,364,515	605	(23,607)	-
Spring Co., Ltd.	476,343	1,958,645	-	1,958,645	-	(89)	235,579	-
Quang Viet (Tien Giang)Co., Ltd.	761,563	1,267,230	765,753	501,477	892,635	(164,624)	(150,425)	-
Q.V.S. Limited	77,450	86,929	31,417	55,512	-	(106)	316	-
Top One Down & Feather Co., Ltd.	500,000	719,424	154,984	564,440	296,800	20,126	50,093	-
Q Gear Limited	1,510	77,863	2,357	75,506	31,193	18,948	13,974	-
Quang Viet (Long An)Co., Ltd.	482,716	790,774	144,276	646,498	299,103	32,232	26,035	-
Biancospino S.R.L.	271	209,073	43,508	165,565	480,752	49,714	44,753	-
Atlanta Garment Manufacturing Company LLC	23,065	648,757	444,258	204,499	1,349,251	143,627	133,348	-
King Hamm Industrial Co., Ltd.	325,000	1,305,902	514,261	791,641	1,521,642	77,762	56,330	-
W&D Apparel(Jordan)Corp.	87,467	54,174	26,305	27,869	49,504	(1,239)	(1,183)	-
Q.V.P. Limited	420,934	671,493	-	671,493	-	(102)	(12,623)	-
Sidney Apparels LLC	101,680	586,101	404,636	181,465	122,302	3,408	8,114	-
Jiaxing Quang Viet Garment Co., Ltd.	445,785	2,211,724	253,429	1,958,295	3,161,127	170,511	238,263	-
Anhui Xingxing Garment Co., Ltd.	253,170	-	-	-	-	-	526,991	-
Top One Apparel Shu Yang Co., Ltd.	61,693	116,245	33,295	82,950	81,210	(1,104)	414	-
T.O.D. Limited	271,666	510,410	-	510,410	-	-	34,173	-
Top One Down & Feather Shu Yang Co., Ltd.	267,934	816,107	311,192	504,915	630,837	49,854	33,915	-
King Hung Garments Industrial Co., Ltd.	67,740	104,891	31,626	73,265	323,273	5,879	4,316	-
King Hamm Industrial Co., Ltd. (VN)	204,375	244,129	67,911	176,218	196,401	(4,303)	(2,544)	-
Principle&Will Co., Ltd.	561,900	1,462,662	355,664	1,106,998	239,844	(13,457)	(15,472)	-
Joykey Industrial Limited.	-	52,641	-	52,641	-	-	(31,638)	-
Principle & Will Biotech (Pinghu) Co., Ltd.	740,363	962,864	360,600	602,264	801,003	5,929	28,680	-
Principle & Will Biotech (Xiantao) Co., Ltd.	57,572	82,981	51,585	31,396	109,868	(26,179)	(30,470)	-
Jokey Industrial (Ping Hu) Limited	16,568	25,744	4,499	21,245	-	(1,395)	(1,167)	-

Note: Exchange rate on the date of report on December 31, 2021 are as follows:

USD 1 = NTD 27.68, CNY 1 = NTD 4.3415, VND 1 = NTD 0.001219, RON 1 = NTD 6.328296, JOD 1 = NTD 39.096045.

## (II) Consolidated Financial Statements of Affiliates

### Statement

In 2021 (from January 1 to December 31, 2021), if the companies required to be included in the consolidated financial statements of affiliates under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are all the same as companies required to be included in the consolidated financial as provided in International Financial Reporting Standards Gazette No. 10, and if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements, the Company shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declares

Company name: Quang Viet Enterprise Co., Ltd.

Person in charge: Yang, Wen-Hsien

March 8, 2022

(III) Reports of Relationship of Affiliates

According to Paragraph 12, Article 369 of the Company Act, the Company is not required to prepare a report regarding the relationship as it is not a subsidiary of a company who publicly issues shares.

**II. Private Placement Securities in the Most Recent Year**

In the last year up to the publication date of the Annual Report, there has been no private placement of securities.

**III. Holding or Disposal of stocks of the Company by Subsidiaries in the Most Recent Year and up to the Publication Date of the Annual Report**

In the past year and up to the publication date of the Annual Report, there has been no holding or disposal of stocks of the Company by subsidiaries.

**IV. Other Supplemental Information**

None.

**V. Corporate events with material impact on shareholders' equity or stock prices set forth in Article 36 Paragraph 3 Subparagraph 2 of the Securities and Exchange Act in the most recent year and up to the publication date of the Annual Report**

None.

Attachment 1.

2021 Consolidated Financial Statements  
and Auditor's Report

**Quang Viet Enterprise Co., Ltd. and  
Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2021 and 2020 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Quang Viet Enterprise Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of Quang Viet Enterprise Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2021 is described as follows:

#### Validity of Revenue Recognized from Specific Customers

The Group's main source of revenue is the sale of garment products. Since the customer base is highly concentrated, the validity of revenue recognized from main customers whose change in the amount of revenue meets certain criteria has been identified as a key audit matter.

Refer to Note 4 (o) of the consolidated financial statements for the related accounting policies.

Our main audit procedures performed in response to the aforementioned key audit matter are as follows:

1. We understood the internal controls related to revenue recognized from customers, evaluated the design of the controls and tested the operating effectiveness of the controls.
2. We performed substantive tests of details of revenue.
3. We checked for significant sales returns after the reporting periods, took samples and validated that revenue was reasonably recognized in the appropriate reporting periods.

#### **Other Matter**

We have also audited the parent company only financial statements of Quang Viet Enterprise Co., Ltd. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yi-Chen Lu and Yi-Min Huang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 8, 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 audit such consolidated financial statements are those generally applied in the Republic of China.*

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

**QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 1,819,400	12	\$ 2,345,941	18
Financial assets at fair value through profit or loss - current (Note 7)	80,295	1	9,185	-
Financial assets at amortized cost - current (Notes 9, 10 and 36)	1,695,166	12	1,630,992	13
Notes receivable (Note 26)	12	-	-	-
Trade receivables (Notes 11, 26 and 35)	2,034,524	14	973,039	8
Current tax assets (Note 28)	3,452	-	46,207	-
Inventories (Note 12)	4,201,067	28	3,005,780	23
Prepayments (Note 19)	199,239	1	119,009	1
Other current assets (Notes 19 and 35)	34,282	-	128,432	1
Total current assets	<u>10,067,437</u>	<u>68</u>	<u>8,258,585</u>	<u>64</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Note 7)	-	-	61,887	1
Financial assets at fair value through other comprehensive income - non-current (Note 8)	87,247	1	176,248	1
Financial asset at amortized cost - non-current (Notes 9 and 10)	60,000	-	81,500	1
Investments accounted for using the equity method (Note 14)	501,523	3	462,991	4
Property, plant and equipment (Note 15)	2,938,161	20	2,764,845	22
Right-of-use assets (Note 16)	430,387	3	411,780	3
Investment properties (Note 17)	107,068	1	-	-
Other intangible assets (Note 18)	359,695	3	396,530	3
Deferred tax assets (Note 28)	207,993	1	186,133	1
Prepayments for equipment	14,335	-	13,822	-
Refundable deposits	36,492	-	20,159	-
Net defined benefit assets - non-current (Note 24)	4,194	-	2,234	-
Other non-current assets (Note 19)	24,772	-	33,289	-
Total non-current assets	<u>4,771,867</u>	<u>32</u>	<u>4,611,418</u>	<u>36</u>
<b>TOTAL</b>	<u>\$ 14,839,304</u>	<u>100</u>	<u>\$ 12,870,003</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 20)	\$ 1,926,201	13	\$ 450,717	4
Contract liabilities - current (Note 26)	171,616	1	360,774	3
Notes payable (Note 22)	7,402	-	6,890	-
Trade payables to unrelated parties (Note 22)	727,483	5	555,153	4
Trade payables to related parties (Notes 22 and 35)	117,125	1	110,648	1
Other payables (Note 23)	999,711	7	849,202	7
Other payables to related parties (Note 35)	155,538	1	161,920	1
Current tax liabilities (Note 28)	166,751	1	124,534	1
Lease liabilities - current (Note 16)	34,004	-	16,609	-
Current portion of bonds payable (Note 21)	1,483,103	10	-	-
Current portion of long-term borrowings (Note 20)	20,372	-	-	-
Other current liabilities	7,688	-	6,353	-
Total current liabilities	<u>5,816,994</u>	<u>39</u>	<u>2,642,800</u>	<u>21</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 21)	-	-	1,462,934	11
Long-term borrowings (Note 20)	167,928	1	188,300	2
Deferred tax liabilities (Note 28)	403,168	3	396,070	3
Lease liabilities - non-current (Note 16)	58,655	-	25,432	-
Guarantee deposits received	990	-	1,126	-
Total non-current liabilities	<u>630,741</u>	<u>4</u>	<u>2,073,862</u>	<u>16</u>
Total liabilities	<u>6,447,735</u>	<u>43</u>	<u>4,716,662</u>	<u>37</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)</b>				
Ordinary shares	1,033,753	7	1,033,753	8
Capital surplus	2,951,918	20	2,939,320	23
Retained earnings				
Legal reserve	794,021	5	740,461	6
Special reserve	435,908	3	377,395	3
Unappropriated earnings	2,172,088	15	2,001,218	15
Total retained earnings	<u>3,402,017</u>	<u>23</u>	<u>3,119,074</u>	<u>24</u>
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(468,043)	(3)	(405,262)	(3)
Unrealized loss on financial assets at fair value through other comprehensive income	(28,694)	-	(30,646)	-
Total other equity	<u>(496,737)</u>	<u>(3)</u>	<u>(435,908)</u>	<u>(3)</u>
Total equity attributable to owners of the Company	6,890,951	47	6,656,239	52
<b>NON-CONTROLLING INTERESTS (Note 25)</b>	<u>1,500,618</u>	<u>10</u>	<u>1,497,102</u>	<u>11</u>
Total equity	<u>8,391,569</u>	<u>57</u>	<u>8,153,341</u>	<u>63</u>
<b>TOTAL</b>	<u>\$ 14,839,304</u>	<u>100</u>	<u>\$ 12,870,003</u>	<u>100</u>

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

# QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 26 and 35)	\$ 13,022,416	100	\$ 12,188,857	100
OPERATING COSTS (Notes 12, 27 and 35)	<u>(11,150,790)</u>	<u>(85)</u>	<u>(10,903,247)</u>	<u>(90)</u>
GROSS PROFIT	<u>1,871,626</u>	<u>15</u>	<u>1,285,610</u>	<u>10</u>
OPERATING EXPENSES (Notes 24 and 27)				
Selling and marketing expenses	(192,526)	(2)	(137,754)	(1)
General and administrative expenses	(818,874)	(6)	(702,082)	(6)
Research and development expenses	(166,226)	(1)	(165,814)	(1)
Expected credit (loss) gain (Note 11)	<u>(9,285)</u>	<u>-</u>	<u>438</u>	<u>-</u>
Total operating expenses	<u>(1,186,911)</u>	<u>(9)</u>	<u>(1,005,212)</u>	<u>(8)</u>
PROFIT FROM OPERATIONS	<u>684,715</u>	<u>6</u>	<u>280,398</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES (Notes 27 and 35)				
Interest income	52,543	-	66,454	1
Other income	183,821	1	330,381	3
Other gains and losses	(647)	-	(102,295)	(1)
Finance costs	(51,100)	-	(53,155)	-
Share of profit of associates	<u>104,750</u>	<u>1</u>	<u>164,615</u>	<u>1</u>
Total non-operating income and expenses	<u>289,367</u>	<u>2</u>	<u>406,000</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	974,082	8	686,398	6
INCOME TAX EXPENSE (Note 28)	<u>(247,824)</u>	<u>(2)</u>	<u>(128,568)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>726,258</u>	<u>6</u>	<u>557,830</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 24 and 28)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(683)	-	4,620	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(9,488)	-	(18,434)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>137</u>	<u>-</u>	<u>(924)</u>	<u>-</u>
	<u>(10,034)</u>	<u>-</u>	<u>(14,738)</u>	<u>-</u>

(Continued)

# QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ (124,370)	(1)	\$ (64,332)	(1)
Income tax related to items that may be reclassified subsequently to profit or loss	<u>16,581</u>	<u>-</u>	<u>12,905</u>	<u>-</u>
	<u>(107,789)</u>	<u>(1)</u>	<u>(51,427)</u>	<u>(1)</u>
Other comprehensive loss for the year, net of income tax	<u>(117,823)</u>	<u>(1)</u>	<u>(66,165)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 608,435</u>	<u>5</u>	<u>\$ 491,665</u>	<u>4</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 630,502	5	\$ 537,296	5
Non-controlling interests	<u>95,756</u>	<u>1</u>	<u>20,534</u>	<u>-</u>
	<u>\$ 726,258</u>	<u>6</u>	<u>\$ 557,830</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 557,687	4	\$ 477,085	4
Non-controlling interests	<u>50,748</u>	<u>1</u>	<u>14,580</u>	<u>-</u>
	<u>\$ 608,435</u>	<u>5</u>	<u>\$ 491,665</u>	<u>4</u>
EARNINGS PER SHARE (Note 29)				
Basic	<u>\$ 6.10</u>		<u>\$ 5.20</u>	
Diluted	<u>\$ 5.70</u>		<u>\$ 4.91</u>	

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

(Concluded)

**QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company								Other Equity		Non-controlling Interests	Total Equity
	Shares (In Thousands)	Share Capital	Capital Surplus			Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
			Issuance of Ordinary Shares	Changes in Percentage of Ownership Interests in Subsidiaries	Stock Warrants	Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2020	103,375	\$ 1,033,753	\$ 2,868,317	\$ 557	\$ 70,446	\$ 639,965	\$ 250,464	\$ 2,468,362	\$ (359,833)	\$ (17,562)	\$ 841,451	\$ 7,795,920
Appropriation of 2019 earnings												
Legal reserve	-	-	-	-	-	100,496	-	(100,496)	-	-	-	-
Special reserve	-	-	-	-	-	-	126,931	(126,931)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(775,315)	-	-	-	(775,315)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(51,832)	(51,832)
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	-	537,296	-	-	20,534	557,830
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	-	3,696	(45,429)	(18,478)	(5,954)	(66,165)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-	540,992	(45,429)	(18,478)	14,580	491,665
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	692,903	692,903
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	(5,394)	-	5,394	-	-
BALANCE AT DECEMBER 31, 2020	103,375	1,033,753	2,868,317	557	70,446	740,461	377,395	2,001,218	(405,262)	(30,646)	1,497,102	8,153,341
Appropriation of 2020 earnings												
Legal reserve	-	-	-	-	-	53,560	-	(53,560)	-	-	-	-
Special reserve	-	-	-	-	-	-	58,513	(58,513)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(330,801)	-	-	-	(330,801)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(47,232)	(47,232)
Changes in percentage of ownership interests in associates	-	-	-	12,598	-	-	-	(4,772)	-	-	-	7,826
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	-	630,502	-	-	95,756	726,258
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	-	(546)	(62,781)	(9,488)	(45,008)	(117,823)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	629,956	(62,781)	(9,488)	50,748	608,435
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	(11,440)	-	11,440	-	-
BALANCE AT DECEMBER 31, 2021	103,375	\$ 1,033,753	\$ 2,868,317	\$ 13,155	\$ 70,446	\$ 794,021	\$ 435,908	\$ 2,172,088	\$ (468,043)	\$ (28,694)	\$ 1,500,618	\$ 8,391,569

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

# QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 974,082	\$ 686,398
Adjustments for:		
Depreciation expense	294,225	250,326
Amortization expense	7,321	6,856
Expected credit loss recognized (reversed) on trade receivables	9,285	(438)
Net (gain) loss on fair value changes of financial assets at fair value through profit or loss	(1,039)	6,526
Finance costs	51,100	53,155
Interest income	(52,543)	(66,454)
Dividend income	(3,522)	(9,652)
Share of profit of associates	(104,750)	(164,615)
Loss on disposal of property, plant and equipment	804	15,156
Write-down of inventories	47,671	129,825
Gain on bargain purchase	(122,432)	(272,253)
Gain on lease modifications	(29)	(1,613)
Changes in operating assets and liabilities		
Notes receivable	(12)	-
Trade receivables	(1,039,518)	327,884
Inventories	(1,209,732)	475,903
Prepayments	(69,782)	87,810
Other current assets	90,512	(9,945)
Other non-current assets	(9,560)	42
Contract liabilities	(189,158)	306,369
Notes payable	512	(16,888)
Trade payables to unrelated parties	107,577	110,835
Trade payables to related parties	6,477	(41,604)
Other payables to unrelated parties	134,999	(30,621)
Other payables to related parties	(6,382)	(5,367)
Other current liabilities	1,335	(7,760)
Net defined benefit liabilities	(2,643)	(2,665)
Cash (used in) generated from operations	(1,085,202)	1,827,210
Interest paid	(29,950)	(33,282)
Income tax paid	(160,481)	(48,005)
Net cash (used in) generated from operating activities	<u>(1,275,633)</u>	<u>1,745,923</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	-	(74,119)
Proceeds from sale of financial assets at fair value through other comprehensive income	79,512	35,237
Purchase of financial assets at fair value through profit or loss	(175,274)	(14,078)
Proceeds from sale of financial assets at fair value through profit or loss	167,066	14,871

(Continued)



# QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Purchase of financial assets at amortized cost	\$ (42,674)	\$ (817,568)
Acquisition of subsidiaries (Note 31)	26,103	149,308
Payments for property, plant and equipment	(174,147)	(261,549)
Proceeds from disposal of property, plant and equipment	5,716	10,543
Increase in refundable deposits	(16,333)	-
Decrease in refundable deposits	-	7,687
Payments for intangible assets	(3,800)	(5,173)
Increase in prepayments for equipment	(7,618)	(8,923)
Interest received	56,394	69,886
Dividends received from associates	71,638	14,133
Other dividends received	<u>3,310</u>	<u>9,652</u>
Net cash used in investing activities	<u>(10,107)</u>	<u>(870,093)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	1,206,215	20,858
Proceeds from long-term borrowings	-	188,300
Repayments of long-term borrowings	-	(106,500)
Repayments of the principal portion of lease liabilities	(16,564)	(21,612)
Proceeds from guarantee deposits received	-	1
Refund of guarantee deposits received	(136)	-
Dividends paid to owners of the Company	(330,801)	(775,315)
Dividends paid to non-controlling interests	<u>(45,566)</u>	<u>(51,832)</u>
Net cash generated from (used in) financing activities	<u>813,148</u>	<u>(746,100)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>(53,949)</u>	<u>(16,860)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(526,541)</b>	<b>112,870</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b><u>2,345,941</u></b>	<b><u>2,233,071</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b><u>\$ 1,819,400</u></b>	<b><u>\$ 2,345,941</u></b>

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

(Concluded)

# QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Quang Viet Enterprise Co., Ltd. (the “Company”) was incorporated in the Republic of China (ROC) in October 1995. The Company and its subsidiaries (the “Group”) is mainly engaged in the manufacturing, processing and sale of garments, raw material such as feather and down and medical products.

The Company’s shares were listed and have been trading on the Taiwan Stock Exchange (TWSE) since October 18, 2016.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 8, 2022.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2022

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. 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.

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated.

## 2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

## 3) Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;

- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
  - e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.
- 4) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

Except for the above impact, 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

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

b. Basis of preparation

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

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

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and

- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

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

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

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

See Note 13, Table 6 and Table 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

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

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

f. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

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

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

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

g. Inventories

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

h. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Group uses the equity method to account for its investments in associates.

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

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

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

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

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

i. Property, plant and equipment

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

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

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

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



j. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Investment properties acquired through leases are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made on or before the commencement date, plus initial direct costs incurred and an estimate of costs needed to restore the underlying assets, less any lease incentives received. These investment properties are subsequently measured at cost less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liabilities.

Depreciation is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment and right-of-use assets to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

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

k. Goodwill

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

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

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

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

l. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

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

m. Impairment of property, plant and equipment, right-of-use assets, investment properties, and intangible assets

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

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

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

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

n. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 33.

ii. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, notes receivable, other receivables, time deposits with original maturities within 3 months from the date of acquisition, and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

- iii. Investments in equity instruments at FVTOCI

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

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

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

- b) Impairment of financial assets

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

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

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

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

- c) Derecognition of financial assets

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

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

## 2) Equity instruments

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

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

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

## 3) Financial liabilities

### a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

### b) Derecognition of financial liabilities

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

## 4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

o. Revenue recognition

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

Revenue from the sale of goods

The sale of goods is recognized as revenue when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

p. Lease

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

1) The Group as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group

remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

q. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

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

t. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.



## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the possible impact of the recent development of the COVID-19 pandemic in Taiwan as well as Vietnam and its economic environment implications when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2021	2020
Cash on hand	\$ 9,352	\$ 3,742
Checking accounts and demand deposits	914,411	1,250,515
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>895,637</u>	<u>1,091,684</u>
	<u>\$ 1,819,400</u>	<u>\$ 2,345,941</u>

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

	<u>December 31</u>	
	2021	2020
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	\$ 69,150	\$ 4,820
Domestic bonds	11,190	-
Trust funds	<u>-</u>	<u>4,365</u>
	<u>\$ 80,295</u>	<u>\$ 9,185</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Foreign unlisted shares	<u>\$ -</u>	<u>\$ 61,887</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Investments in equity instruments at FVTOCI - non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 80,755	\$ 166,627
Unlisted shares	<u>6,492</u>	<u>9,621</u>
	<u>\$ 87,247</u>	<u>\$ 176,248</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.

During 2021 and 2020, the Group sold its shares in order to manage credit concentration risk. The shares sold had fair value of \$79,512 thousand and \$35,237 thousand and its related unrealized valuation loss of \$11,440 thousand and \$5,394 thousand were transferred from other equity to retained earnings, respectively.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 1,688,166	\$ 1,623,992
Pledged time deposits	<u>7,000</u>	<u>7,000</u>
	<u>\$ 1,695,166</u>	<u>\$ 1,630,992</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 60,000</u>	<u>\$ 81,500</u>

- a. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.
- b. Refer to Note 36 for information relating to investments in financial assets at amortized cost pledged as security.

## 10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at amortized cost were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Gross carrying amount		
Current	\$ 1,695,166	\$ 1,630,992
Non-current	60,000	81,500
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 1,755,166</u>	<u>\$ 1,712,492</u>

In order to minimize credit risk, the Group has tasked its credit management committee to develop and maintain a credit risk grading framework to categorize exposures according to the degree of risk of default. The credit rating information may be obtained from independent rating agencies where available, and if such information is not available, the credit management committee uses other publicly available financial information to rate the debtors.

In determining the expected credit losses for debt instrument investments, the Group considers the historical default rates of investments in each credit rating supplied by external rating agencies and the current financial condition of debtors. The Group's current credit risk grading mechanism is as follows:

<b>Category</b>	<b>Description</b>	<b>Basis for Recognizing Expected Credit Losses (ECLs)</b>
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs

The gross carrying amounts of debt instrument investments classified by credit category and the corresponding expected loss rates were shown below:

<b>Category</b>	<b>Expected Loss Rate</b>	<b>Gross Carrying Amount at Amortized Cost</b>	
		<b>December 31</b>	
		<b>2021</b>	<b>2020</b>
Performing	0%-0.01%	<u>\$ 1,755,166</u>	<u>\$ 1,712,492</u>

## 11. TRADE RECEIVABLES

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 2,062,499	\$ 991,908
Less: Allowance for impairment loss	<u>(27,975)</u>	<u>(18,869)</u>
	<u>\$ 2,034,524</u>	<u>\$ 973,039</u>

The average credit period of sales of goods is 30-90 days.

In order to minimize credit risk, the management of the Company 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 year 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.

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 prepared by reference to 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. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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. 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 following table details the loss allowance of trade receivables based on the Group's provision matrix:

December 31, 2021

	1-30 Days	31-60 Days	61-90 Days	91-180 Days	181-365 Days	Over 365 Days	Total
Expect credit loss rate	0.01%-1.18%	0.01%-2.36%	0.01%-11.82%	0.01%-42.33%	0.01%-73.31%	100%	
Gross carrying amount	\$ 1,332,345	\$ 623,739	\$ 70,035	\$ 16,738	\$ 12,797	\$ 6,845	\$ 2,062,499
Loss allowance (Lifetime ECLs)	<u>(2,947)</u>	<u>(3,658)</u>	<u>(2,681)</u>	<u>(2,463)</u>	<u>(9,381)</u>	<u>(6,845)</u>	<u>(27,975)</u>
Amortized cost	<u>\$ 1,329,398</u>	<u>\$ 620,081</u>	<u>\$ 67,354</u>	<u>\$ 14,275</u>	<u>\$ 3,416</u>	<u>\$ -</u>	<u>\$ 2,034,524</u>

December 31, 2020

	1-30 Days	31-60 Days	61-90 Days	91-180 Days	181-365 Days	Over 365 Days	Total
Expect credit loss rate	0.01%-6.16%	0.01%-6.73%	0.01%-6.88%	0.01%-23.26%	0.01%-39.82%	100%	
Gross carrying amount	\$ 567,994	\$ 219,140	\$ 131,520	\$ 63,125	\$ 2,765	\$ 7,364	\$ 991,908
Loss allowance (Lifetime ECLs)	<u>(3,068)</u>	<u>(2,119)</u>	<u>(2,038)</u>	<u>(3,648)</u>	<u>(632)</u>	<u>(7,364)</u>	<u>(18,869)</u>
Amortized cost	<u>\$ 564,926</u>	<u>\$ 217,021</u>	<u>\$ 129,482</u>	<u>\$ 59,477</u>	<u>\$ 2,133</u>	<u>\$ -</u>	<u>\$ 973,039</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 18,869	\$ 6,357
Business combinations	-	9,837
Add: Amounts recovered	-	3,113
Add: Impairment losses recognized	9,285	-
Less: Amounts written off	(87)	-
Less: Impairment losses reversed	-	(438)
Foreign exchange gains and losses	<u>(92)</u>	<u>-</u>
Balance at December 31	<u>\$ 27,975</u>	<u>\$ 18,869</u>

## 12. INVENTORIES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Raw materials	\$ 1,773,395	\$ 1,418,789
Work in progress	1,850,952	1,197,110
Finished goods	<u>576,720</u>	<u>389,881</u>
	<u>\$ 4,201,067</u>	<u>\$ 3,005,780</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$11,150,790 thousand and \$10,903,247 thousand, respectively.

The cost of goods sold included inventory write-downs of \$47,671 thousand and \$129,825 thousand for the years ended December 31, 2021 and 2020, respectively.

## 13. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

Investor	Investee	<u>Proportion of Ownership (%)</u>		Remark
		<u>December 31</u>		
		<u>2021</u>	<u>2020</u>	
Quang Viet Enterprise Co., Ltd.	Kwang Viet Garment Co., Ltd.	100.00	100.00	
Quang Viet Enterprise Co., Ltd.	Quang Viet (Long An) Co., Ltd.	100.00	100.00	
Quang Viet Enterprise Co., Ltd.	Spring Co., Ltd.	100.00	100.00	
Quang Viet Enterprise Co., Ltd.	Quang Viet (Tien Giang) Co., Ltd.	100.00	100.00	
Quang Viet Enterprise Co., Ltd.	Q.V.S. Limited	100.00	100.00	
Quang Viet Enterprise Co., Ltd.	Q Gear Limited	100.00	100.00	
Quang Viet Enterprise Co., Ltd.	Top One Down & Feather Co., Ltd.	95.68	95.68	
Quang Viet Enterprise Co., Ltd.	Biancospino S.R.L.	51.00	51.00	
Quang Viet Enterprise Co., Ltd.	Atlanta Garment Manufacturing Company LLC	60.00	60.00	
Quang Viet Enterprise Co., Ltd.	King Hamm Industrial Co., Ltd.	42.00	42.00	1)
Quang Viet Enterprise Co., Ltd.	W&D Apparel (Jordan) Corp.	65.00	65.00	
Quang Viet Enterprise Co., Ltd.	Q.V.P. Limited	100.00	100.00	2)
Quang Viet Enterprise Co., Ltd.	Sidney Apparels LLC	100.00	-	3)
Spring Co., Ltd.	Jiaxing Quang Viet Garment Co., Ltd.	100.00	100.00	
Spring Co., Ltd.	Baoji Xinyue Garment Co., Ltd.	-	100.00	
Q.V.S. Limited	Top One Apparel Shu Yang Co., Ltd.	100.00	100.00	
Top One Down & Feather Co., Ltd.	T.O.D. Limited	100.00	100.00	
T.O.D. Limited	Top One Down & Feather Shu Yang Co., Ltd.	100.00	100.00	
King Hamm Industrial Co., Ltd.	King Hung Garments Industrial Co., Ltd.	100.00	100.00	
King Hamm Industrial Co., Ltd.	King Hamm Industrial Co., Ltd. (VN)	100.00	100.00	
Q.V.P. Limited	Principle & Will Co., Ltd.	50.00	50.00	2)
Principle & Will Co., Ltd.	Joykey Industrial Limited	100.00	100.00	
Principle & Will Co., Ltd.	Principle & Will Biotech (Pinghu) Co., Ltd.	100.00	100.00	
Joykey Industrial Limited	Principle & Will Biotech (Xiantao) Co., Ltd.	100.00	100.00	
Joykey Industrial Limited	Joykey Industrial (Pinghu) Limited	100.00	100.00	

- 1) The Company holds a 42% interest in King Hamm Industrial Co., Ltd., and the remaining 58% interest is dispersed and held by other shareholders. Considering the Group's absolute size of holding, the relative size of and dispersion of the shareholdings owned by the other shareholders, the directors of the company concluded that the Group has the practical ability to direct the relevant activities of King Hamm Industrial Co., Ltd. and, therefore, the Group has control over King Hamm Industrial Co., Ltd. and deems it a subsidiary.

- 2) The Company established subsidiary Q.V.P. Limited with 100% ownership in October 2020. Q.V.P. Limited acquired 50% ownership of Principle & Will Co., Ltd. and its subsidiaries on December 31, 2020, the acquisition date, by cash in the amount of US\$14,770,000 for 10,000,000 newly issued shares. Based on the contractual agreements between the Group and other investors, the Group has the power to appoint and remove the majority of the board of directors of Principle & Will Co., Ltd. and has the practical ability to direct its relevant activities, therefore, the Group has control over Principle & Will Co., Ltd. and deems it a subsidiary.
- 3) The Company acquired 100% ownership of Sidney Apparels LLC on October 15, 2021 by cash in the amount of US\$1 for 2,593,086 shares. As of December 31, 2021, even though the registration of the equity interest transfer has not yet been settled, the Group has the practical ability to direct the relevant activities of Sidney Apparels LLC; therefore, the Group has control over Sidney Apparels LLC and deems it a subsidiary. (Note 31)
- 4) Refer to Tables 6 and 7 for information relating to the nature of activities of subsidiaries.
- b. Subsidiaries excluded from the consolidated financial statements: None.
- c. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
		December 31 2021	December 31 2020
King Hamm Industrial Co., Ltd. and subsidiaries	Taiwan and Vietnam	58%	58%
Principle & Will Co., Ltd. and subsidiaries	China	50%	50%

See Table 6 and 7 for the information on the places of incorporation and principal places of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
	For the Year Ended December 31		December 31	
	2021	2020	2021	2020
King Hamm Industrial Co., Ltd. and subsidiaries	\$ 32,671	\$ 1,982	\$ 459,152	\$ 439,357
Principle & Will Co., Ltd. and subsidiaries	\$ (7,736)	\$ -	\$ 553,499	\$ 569,642

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

King Hamm Industrial Co., Ltd. and subsidiaries:

	December 31	
	2021	2020
Current assets	\$ 1,073,968	\$ 849,934
Non-current assets	219,729	233,340
Current liabilities	(451,127)	(254,462)
Non-current liabilities	(50,929)	(71,300)
Equity	\$ 791,641	\$ 757,512

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Equity attributable to:		
Owners of King Hamm Industrial Co., Ltd.	\$ 332,489	\$ 318,155
Non-controlling interests of King Hamm Industrial Co., Ltd.	<u>459,152</u>	<u>439,357</u>
	<u>\$ 791,641</u>	<u>\$ 757,512</u>
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Revenue	\$ <u>1,556,688</u>	\$ <u>1,213,018</u>
Profit for the year	\$ 56,330	\$ 3,418
Other comprehensive loss for the year	<u>(5,950)</u>	<u>(11,126)</u>
Total comprehensive income (loss) for the year	<u>\$ 50,380</u>	<u>\$ (7,708)</u>
Profit attributable to:		
Owners of King Hamm Industrial Co., Ltd.	\$ 23,659	\$ 1,436
Non-controlling interests of King Hamm Industrial Co., Ltd.	<u>32,671</u>	<u>1,982</u>
	<u>\$ 56,330</u>	<u>\$ 3,418</u>
Total comprehensive income (loss) attributable to:		
Owners of King Hamm Industrial Co., Ltd.	\$ 21,160	\$ (3,237)
Non-controlling interests of King Hamm Industrial Co., Ltd.	<u>29,220</u>	<u>(4,471)</u>
	<u>\$ 50,380</u>	<u>\$ (7,708)</u>
Dividends paid to non-controlling interests of: King Hamm Industrial Co., Ltd.	<u>\$ 9,425</u>	<u>\$ 22,620</u>
Principle & Will Co., Ltd. and subsidiaries:		
	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Current assets	\$ 1,026,310	\$ 1,073,486
Non-current assets	383,211	386,293
Current liabilities	(299,390)	(319,357)
Non-current liabilities	<u>(3,133)</u>	<u>(1,138)</u>
Equity	<u>\$ 1,106,998</u>	<u>\$ 1,139,284</u>
Equity attributable to:		
Owners of Principle & Will Co., Ltd.	\$ 553,499	\$ 569,642
Non-controlling interests of Principle & Will Co., Ltd.	<u>553,499</u>	<u>569,642</u>
	<u>\$ 1,106,998</u>	<u>\$ 1,139,284</u>

	<b>For the Year Ended December 31, 2021</b>
Revenue	<u>\$ 831,225</u>
Loss for the year	\$ (15,472)
Other comprehensive income for the year	<u>15,186</u>
Total comprehensive loss for the year	<u>\$ (286)</u>
Profit attributable to:	
Owners of Principle & Will Co., Ltd.	\$ (7,736)
Non-controlling interests of Principle & Will Co., Ltd.	<u>(7,736)</u>
	<u>\$ (15,472)</u>
Total comprehensive loss attributable to:	
Owners of Principle & Will Co., Ltd.	\$ (143)
Non-controlling interests of Principle & Will Co., Ltd.	<u>(143)</u>
	<u>\$ (286)</u>

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

	<u>December 31</u>	
	2021	2020
Investments in associate		
Anhui Xingxing Garment Co., Ltd.	<u>\$ 501,523</u>	<u>\$ 462,991</u>
<b>Material Associate</b>		
	<u>Proportion of Ownership and Voting Rights</u>	
	<u>December 31</u>	
	2021	2020
Investments in associate		
Anhui Xingxing Garment Co., Ltd.	18.97%	24.34%

In August of 2021, Anhui Xingxing Garment Co., Ltd. issued 12,780 thousand employee restricted shares. After the issuance of shares, the Group owned 18.97% of Anhui Xingxing Garment Co., Ltd. and is able to exercise significant influence over Anhui Xingxing Garment Co., Ltd. because it has the power to appoint one director and one supervisor of Anhui Xingxing Garment Co., Ltd.

Refer to Tables 6 and 7 for the nature of activities, principal place of business and country of incorporation of the associate.



## 15. PROPERTY, PLANT AND EQUIPMENT

	Land	Building and Construction	Equipment	Transportation	Other Equipment	Leasehold Improvements	Construction Work in Progress	Total
<b>Cost</b>								
Balance at January 1, 2021	\$ 614,454	\$ 2,519,586	\$ 905,414	\$ 75,937	\$ 442,613	\$ -	\$ 75,674	\$ 4,633,678
Additions	29,430	808	68,831	24,379	36,454	171	14,056	174,129
Disposals	-	-	(22,302)	(13,802)	(11,640)	-	-	(47,744)
Acquisitions through business combinations (Note 31)	-	-	389,471	5,035	70,285	4,267	-	469,058
Reclassification	-	17,981	24,843	-	5,439	-	-	48,263
Reclassified as investment properties	-	(151,443)	-	-	-	-	-	(151,443)
Effect of foreign currency exchange differences	(2,916)	(32,237)	(18,366)	(1,668)	(5,334)	(20)	(1,893)	(62,434)
Balance at December 31, 2021	<u>\$ 640,968</u>	<u>\$ 2,354,695</u>	<u>\$ 1,347,891</u>	<u>\$ 89,881</u>	<u>\$ 537,817</u>	<u>\$ 4,418</u>	<u>\$ 87,837</u>	<u>\$ 5,063,507</u>
<b>Accumulated depreciation</b>								
Balance at January 1, 2021	\$ -	\$ 949,305	\$ 591,082	\$ 43,716	\$ 284,730	\$ -	\$ -	\$ 1,868,833
Depreciation expenses	-	113,721	88,713	9,480	50,898	93	-	262,905
Disposals	-	-	(18,391)	(11,634)	(11,199)	-	-	(41,224)
Acquisitions through business combinations (Note 31)	-	-	70,387	2,104	20,742	1,137	-	94,370
Reclassification	-	-	24,458	-	-	-	-	23,458
Reclassified as investment properties	-	(54,165)	-	-	-	-	-	(54,165)
Effect of foreign currency exchange differences	-	(12,587)	(11,557)	(1,031)	(3,650)	(6)	-	(28,831)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 996,274</u>	<u>\$ 743,692</u>	<u>\$ 42,635</u>	<u>\$ 341,521</u>	<u>\$ 1,224</u>	<u>\$ -</u>	<u>\$ 2,125,346</u>
Carrying amount at December 31, 2021	<u>\$ 640,968</u>	<u>\$ 1,358,421</u>	<u>\$ 604,199</u>	<u>\$ 47,246</u>	<u>\$ 196,296</u>	<u>\$ 3,194</u>	<u>\$ 87,837</u>	<u>\$ 2,938,161</u>
<b>Cost</b>								
Balance at January 1, 2020	\$ 528,215	\$ 1,643,401	\$ 846,574	\$ 76,187	\$ 408,857	\$ 4,036	\$ 124,488	\$ 3,631,758
Additions	87,901	39,441	54,664	3,990	25,038	-	33,995	245,029
Disposals	-	(46,222)	(76,578)	(14,216)	(51,439)	(4,023)	-	(192,478)
Acquisitions through business combinations (Note 31)	-	852,347	88,139	10,818	61,824	-	2,608	1,015,736
Reclassification	-	70,912	20,532	140	7,392	-	(81,498)	17,478
Effect of foreign currency exchange differences	(1,662)	(40,293)	(27,917)	(982)	(9,059)	(13)	(3,919)	(83,845)
Balance at December 31, 2020	<u>\$ 614,454</u>	<u>\$ 2,519,586</u>	<u>\$ 905,414</u>	<u>\$ 75,937</u>	<u>\$ 442,613</u>	<u>\$ -</u>	<u>\$ 75,674</u>	<u>\$ 4,633,678</u>
<b>Accumulated depreciation</b>								
Balance at January 1, 2020	\$ -	\$ 502,060	\$ 503,296	\$ 42,319	\$ 261,337	\$ 1,044	\$ -	\$ 1,310,056
Depreciation expenses	-	76,224	94,678	8,305	45,591	490	-	225,288
Disposals	-	(46,222)	(55,915)	(12,513)	(50,598)	(1,531)	-	(166,779)
Acquisitions through business combinations (Note 31)	-	430,010	67,108	6,037	34,498	-	-	537,653
Effect of foreign currency exchange differences	-	(12,767)	(18,085)	(432)	(6,098)	(3)	-	(37,385)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 949,305</u>	<u>\$ 591,082</u>	<u>\$ 43,716</u>	<u>\$ 284,730</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,868,833</u>
Carrying amount at December 31, 2020	<u>\$ 614,454</u>	<u>\$ 1,570,281</u>	<u>\$ 314,332</u>	<u>\$ 32,221</u>	<u>\$ 157,883</u>	<u>\$ -</u>	<u>\$ 75,674</u>	<u>\$ 2,764,845</u>

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

Building and construction	
Main buildings	51 years
Renovations	5-25 years
Machinery	3-11 years
Transportation equipment	4-10 years
Other equipment	3-11 years
Leasehold improvements	1-10 years

No impairment assessment was performed for the years ended December 31, 2021 and 2020.

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Carrying amount</u>		
Land	\$ 350,912	\$ 379,167
Buildings	<u>79,475</u>	<u>32,613</u>
	<u>\$ 430,387</u>	<u>\$ 411,780</u>
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Additions to right-of-use assets	<u>\$ 5,590</u>	<u>\$ 5,354</u>
Acquisitions through business combinations	<u>\$ 59,079</u>	<u>\$ 189,227</u>
Depreciation charge for right-of-use assets		
Land	\$ 12,498	\$ 7,665
Buildings	<u>16,857</u>	<u>17,373</u>
	<u>\$ 29,355</u>	<u>\$ 25,038</u>

The Group has been subleasing its right-of-use assets located in mainland China to several companies since September 2021 under operating leases. The related right-of-use assets are presented as investment properties (as set out in Note 17). The amounts disclosed above with respect to the right-of-use assets do not include right-of-use assets that meet the definition of investment properties.

### b. Lease liabilities

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Carrying amount</u>		
Current	\$ 34,004	\$ 16,609
Non-current	<u>58,655</u>	<u>25,432</u>
	<u>\$ 92,659</u>	<u>\$ 42,041</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Land	6.25%	6.25%
Buildings	3.85%-9.57%	4.35%-9.57%

c. Material lease-in activities and terms

The Group also leases land and buildings for the use of plants and offices with lease terms of 2 to 50 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Expenses relating to short-term leases	<u>\$ 1,928</u>	<u>\$ 3,583</u>
Expenses relating to low-value asset leases	<u>\$ 570</u>	<u>\$ 599</u>
Total cash outflow for leases	<u>\$ (22,219)</u>	<u>\$ (30,336)</u>

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

## 17. INVESTMENT PROPERTIES

	<b>Completed Investment Properties</b>	<b>Right-of-use Assets</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2021	\$ -	\$ -	\$ -
Transfers from property, plant and equipment	151,443	12,989	164,432
Effects of foreign currency exchange differences	<u>(751)</u>	<u>(140)</u>	<u>(891)</u>
Balance at December 31, 2021	<u>\$ 150,692</u>	<u>\$ 12,849</u>	<u>\$ 163,541</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2021	\$ -	\$ -	\$ -
Depreciation expenses	1,638	327	1,965
Transfers from property, plant and equipment	54,165	382	54,547
Effects of foreign currency exchange differences	<u>(34)</u>	<u>(5)</u>	<u>(39)</u>
Balance at December 31, 2021	<u>\$ 55,769</u>	<u>\$ 704</u>	<u>\$ 56,473</u>
Carrying amount at December 31, 2021	<u>\$ 94,923</u>	<u>\$ 12,145</u>	<u>\$ 107,068</u>

Right-of-use assets included in investment properties are land located in mainland China and subleased under operating leases to several companies.

The investment properties are leased out for 3 to 15 years, and the lessees have renewal options to lease the investment properties again at the expiry of the lease periods.

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

	<b>December 31, 2021</b>
Year 1	\$ 21,992
Year 2	21,992
Year 3	21,991
Year 4	21,971
Year 5	21,691
Year 6 onwards	<u>556,858</u>
	<u>\$ 666,495</u>

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

Main buildings	50 years
Right-of-use assets	30 years

The determination of fair value was not performed by independent qualified professional valuers. The management of the Company used the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The fair value as appraised was as follows:

	<b>December 31, 2021</b>
Fair value	<u>\$ 111,729</u>

## 18. OTHER INTANGIBLE ASSETS

	<b>Customer Relationships</b>	<b>Value of QIZ Tax Free Trade</b>	<b>Computer Software</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2021	\$ 257,952	\$ 117,317	\$ 50,901	\$ 426,170
Additions	-	-	3,800	3,800
Acquisitions through business combinations	-	-	1,211	1,211
Disposals	-	-	(5,315)	(5,315)
Effect of foreign currency exchange differences	<u>(31,015)</u>	<u>(3,296)</u>	<u>(675)</u>	<u>(34,986)</u>
Balance at December 31, 2021	<u>\$ 226,937</u>	<u>\$ 114,021</u>	<u>\$ 49,922</u>	<u>\$ 390,880</u> (Continued)

	Customer Relationships	Value of QIZ Tax Free Trade	Computer Software	Total
<u>Accumulated amortization</u>				
Balance at January 1, 2021	\$ -	\$ -	\$ 29,640	\$ 29,640
Amortization expenses	-	-	7,321	7,321
Acquisitions through business combinations	-	-	125	125
Disposals	-	-	(5,315)	(5,315)
Effect of foreign currency exchange differences	-	-	(586)	(586)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,185</u>	<u>\$ 31,185</u>
Carrying amount at December 31, 2021	<u>\$ 226,937</u>	<u>\$ 114,021</u>	<u>\$ 18,737</u>	<u>\$ 359,695</u>
<u>Cost</u>				
Balance at January 1, 2020	\$ 251,606	\$ 123,496	\$ 43,262	\$ 418,364
Additions	-	-	5,173	5,173
Acquisitions through business combinations	-	-	14,380	14,380
Disposals	-	-	(11,555)	(11,555)
Effect of foreign currency exchange differences	6,346	(6,179)	(359)	(192)
Balance at December 31, 2020	<u>\$ 257,952</u>	<u>\$ 117,317</u>	<u>\$ 50,901</u>	<u>\$ 426,170</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2020	\$ -	\$ -	\$ 32,652	\$ 32,652
Amortization expenses	-	-	6,856	6,856
Acquisitions through business combinations	-	-	2,035	2,035
Disposals	-	-	(11,555)	(11,555)
Effect of foreign currency exchange differences	-	-	(348)	(348)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,640</u>	<u>\$ 29,640</u>
Carrying amount at December 31, 2020	<u>\$ 257,952</u>	<u>\$ 117,317</u>	<u>\$ 21,261</u>	<u>\$ 396,530</u> (Concluded)

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1-5 years
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## Customer Relationships

The value of the customer relationships arising from the acquisition of Biancospino S.R.L. was mainly determined through the difference between the acquisition costs and the fair value of the net identifiable assets.

The Group also acquired the purchase price allocation report for valuing intangible assets and deemed the useful life of the customer relationships to be indefinite.

## Value of QIZ Tax Free Trade

The value of QIZ tax free trade arising from the acquisition of Atlanta Garment Manufacturing LLC was mainly generated from the expected benefits of the free trade agreement within the Qualified Industrial Zone (QIZ).

## 19. OTHER ASSETS

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Prepayments		
Prepayments for suppliers	\$ 65,188	\$ 41,991
Overpaid sales tax	75,308	39,704
Others	<u>58,743</u>	<u>37,314</u>
	<u>\$ 199,239</u>	<u>\$ 119,009</u>
Other assets		
Sales tax receivable	\$ 6,227	\$ 4,764
Other receivables	22,826	32,389
Share subscriptions receivable-related parties (a) (Note 35)	-	84,130
Other receivables-related parties (Note 35)	-	2,078
Others	<u>5,229</u>	<u>5,071</u>
	<u>\$ 34,282</u>	<u>\$ 128,432</u>
<u>Non-current</u>		
Other assets		
Prepayments for right-of-use assets (b)	\$ 24,768	\$ 33,283
Others	<u>4</u>	<u>6</u>
	<u>\$ 24,772</u>	<u>\$ 33,289</u>

- a. Share subscriptions receivable are outstanding receivables of the issuance of ordinary shares by Principle & Will Co., Ltd.
- b. Prepayments for right-of-use assets are land located in the People's Republic of China, in which the Group expects to acquire and build plants to meet the Group's long-term development. As the rights have not transferred to the Group yet, they are classified as other assets as of December 31, 2021.

## 20. BORROWINGS

### a. Short-term borrowings

	<u>December 31</u>	
	2021	2020
<u>Unsecured borrowings</u>		
Operating loans	\$ 1,121,611	\$ 297,457
Letter of credit payables	<u>804,590</u>	<u>153,260</u>
	<u>\$ 1,926,201</u>	<u>\$ 450,717</u>
Range of interest rates	0.48%-3.75%	0.25%-1.52%

### b. Long-term borrowings

	<u>December 31</u>	
	2021	2020
<u>Unsecured borrowings</u>		
Bank loans	\$ 188,300	\$ 188,300
Less: Current portion	<u>(20,372)</u>	<u>-</u>
Long-term borrowings	<u>\$ 167,928</u>	<u>\$ 188,300</u>

		<u>December 31</u>	
<b>Unsecured Borrowings</b>	<b>Main terms</b>	2021	2020
Export-Import Bank of the Republic of China	Long-term borrowings; the loan limit is US\$4,000 thousand, the interest is paid every three months at the interest rate which is LIBOR rate plus 0.38% (adjusted every six months; 0.7566% this period), and the principal is paid every six months from February 2023	\$ 117,000	\$ 117,000
Export-Import Bank of the Republic of China	Long-term borrowings, the loan limit is \$72,000 thousand, the interest is paid every three months at the interest rate of TAIBOR rate plus 0.18% (adjusted every three months, 0.7939% this period), and the principal is paid every six months from May 2022	<u>71,300</u>	<u>71,300</u>
Less: Current portion		<u>(20,372)</u>	<u>-</u>
		<u>\$ 167,928</u>	<u>\$ 188,300</u>

## 21. BONDS PAYABLE

	<u>December 31</u>	
	2021	2020
Unsecured domestic bonds	\$ 1,483,103	\$ 1,462,934
Less: Current portion	<u>(1,483,103)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 1,462,934</u>

In October 2019, the Company issued 15 thousand, 3 years and an interest rate of 0% NTD-denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of \$1,500,000 thousand.

The major terms of redemption and conversion of unsecured domestic convertible bonds are as follows:

- a. From 3 months after the date of issuance to 40 days before the maturity date, which is from January 30, 2020 to September 19, 2022, the Company has the right to redeem its bonds from bondholders at the contract price under specific conditions.
- b. From 3 months after the date of issuance to the maturity date, which is from January 30, 2020 to October 29, 2022, each bondholder has the right to convert their bonds into ordinary shares at the conversion price of NT\$163 per share. If the bonds have not been converted, they will be redeemed at contract price at the maturity date.
- c. The Company will repay the bonds at face value by cash at the maturity date.

The effective interest rate of the liability component was 1.37% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,478 thousand)	\$ 1,509,522
Conversion value (less transaction costs allocated to the equity component of \$204 thousand)	(70,446)
Redemption value	<u>450</u>
Liability component at the date of issue (less transaction costs allocated to the liability component of \$5,274 thousand)	1,439,526
Interest charged at an effective interest rate of 1.37%	<u>3,460</u>
Liability component at December 31, 2019	1,442,986
Interest charged at an effective interest rate of 1.37%	<u>19,948</u>
Liability component at December 31, 2020	1,462,934
Interest charged at an effective interest rate of 1.37%	<u>20,169</u>
Liability component at December 31, 2021	<u>\$ 1,483,103</u>



## 22. NOTES PAYABLE AND TRADE PAYABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Notes payable</u>		
Operating		
To unrelated parties	\$ <u>7,402</u>	\$ <u>6,890</u>
<u>Trade payables</u>		
Operating		
To unrelated parties	\$ 727,483	\$ 592,497
To related parties (Note 35)	<u>117,125</u>	<u>110,648</u>
	<u>\$ 844,608</u>	<u>\$ 703,145</u>

The Group's credit terms with suppliers are net 30-90 days.

## 23. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 487,668	\$ 412,038
Payables for labor insurance	95,432	95,737
Payables for processing fees	77,996	17,868
Payables for purchases of equipment	13,761	13,779
Payables for employees' compensation and remuneration of directors	19,680	24,090
Payables for annual leave	1,807	1,205
Payables for sales tax	52,127	76,630
Payables for product insurance	26,752	27,070
Others	<u>224,308</u>	<u>143,441</u>
	<u>\$ 999,711</u>	<u>\$ 811,858</u>

## 24. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

The Company, Top One Down & Feather Co., Ltd. and King Hamm Industrial Co., Ltd. adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Present value of defined benefit obligation	\$ 25,772	\$ 24,983
Fair value of plan assets	<u>(29,966)</u>	<u>(27,217)</u>
Net defined benefit assets	<u>\$ (4,194)</u>	<u>\$ (2,234)</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2021	<u>\$ 24,983</u>	<u>\$ (27,217)</u>	<u>\$ (2,234)</u>
Service cost			
Current service cost	157	-	157
Net interest expense (income)	<u>94</u>	<u>(108)</u>	<u>(14)</u>
Recognized in profit or loss	<u>251</u>	<u>(108)</u>	<u>143</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(408)	(408)
Actuarial loss (gain)			
Changes in demographic assumptions	289	-	289
Changes in financial assumptions	(435)	-	(435)
Experience adjustments	<u>1,237</u>	<u>-</u>	<u>1,237</u>
Recognized in other comprehensive income	<u>1,091</u>	<u>(408)</u>	<u>683</u>
Contributions from the employer	-	(2,786)	(2,786)
Benefits paid	<u>(553)</u>	<u>553</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 25,772</u>	<u>\$ (29,966)</u>	<u>\$ (4,194)</u> (Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2020	<u>\$ 33,481</u>	<u>\$ (28,430)</u>	<u>\$ 5,051</u>
Service cost			
Current service cost	276	-	276
Net interest expense (income)	<u>209</u>	<u>(187)</u>	<u>22</u>
Recognized in profit or loss	<u>485</u>	<u>(187)</u>	<u>298</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(908)	(908)
Actuarial (gain) loss			
Changes in demographic assumptions	26	-	26
Changes in financial assumptions	467	-	467
Experience adjustments	<u>(4,205)</u>	<u>-</u>	<u>(4,205)</u>
Recognized in other comprehensive income	<u>(3,712)</u>	<u>(908)</u>	<u>(4,620)</u>
Contributions from the employer	-	(2,963)	(2,963)
Benefits paid	<u>(5,271)</u>	<u>5,271</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 24,983</u>	<u>\$ (27,217)</u>	<u>\$ (2,234)</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plan is as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
Selling and marketing expenses	\$ 36	\$ 75
General and administrative expenses	71	148
Research and development expenses	<u>36</u>	<u>75</u>
	<u>\$ 143</u>	<u>\$ 298</u>

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

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

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate	0.625%	0.375%
Expected rate of salary increase	2.000%	2.000%

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate		
0.25% increase	<u>\$ (423)</u>	<u>\$ (467)</u>
0.25% decrease	<u>\$ 438</u>	<u>\$ 484</u>
Expected rate of salary increase/decrease		
0.25% increase	<u>\$ 425</u>	<u>\$ 468</u>
0.25% decrease	<u>\$ (413)</u>	<u>\$ (454)</u>

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Expected contributions to the plans for the next year	<u>\$ 2,885</u>	<u>\$ 2,875</u>
Average duration of the defined benefit obligation	6.6 years	7.4 years

## 25. EQUITY

### a. Share capital

#### Ordinary shares

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Shares authorized (in thousands of shares)	<u>150,000</u>	<u>150,000</u>
Shares authorized	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Shares issued and fully paid (in thousands of shares)	<u>103,375</u>	<u>103,375</u>
Shares issued	<u>\$ 1,033,753</u>	<u>\$ 1,033,753</u>

A holder of issued common shares with a par value of NT\$10 per share is entitled to vote and to receive dividends.

b. Capital surplus

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 2,868,317	\$ 2,868,317
<u>May only be used to offset a deficit (2)</u>		
Changes in percentage of ownership interests in subsidiaries	13,155	557
<u>May not be used for any purpose</u>		
Share warrants	<u>70,446</u>	<u>70,446</u>
	<u>\$ 2,951,918</u>	<u>\$ 2,939,320</u>

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's articles of incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside a legal reserve 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 after the amendment, refer to "Employee benefits expense" in Note 27 (g).

According to the Company's Articles, the dividends policy should align with current and future development plans, taking the investment environment, capital needs and domestic and international competition into consideration, while sustaining shareholders' interests. Distribution of dividends and bonuses to shareholders must not be less than 40% of distributable earnings, except when distributable earnings is less than 5% of shares issued and fully paid, in which case no distribution shall occur. Distribution of dividends and bonuses to shareholders may be distributed by way of cash dividends or stock dividends, however, cash dividends shall not be less than 20% of total dividends distributed. The type of distribution may change according to circumstances of profitability and capital, and may be adjusted during the annual shareholders' meeting.

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 deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2020 and 2019, which were approved in the shareholders' meetings on August 11, 2021 and June 18, 2020, respectively, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Legal reserve	<u>\$ 53,560</u>	<u>\$ 100,496</u>
Special reserve	<u>\$ 58,513</u>	<u>\$ 126,931</u>
Cash dividends	<u>\$ 330,801</u>	<u>\$ 775,315</u>
Cash dividends per share (NT\$)	<u>\$ 3.20</u>	<u>\$ 7.50</u>

The appropriations of earnings for 2021, which were proposed by the Company's board of directors on March 8, 2022, were as follows:

	<b>For the Year Ended December 31, 2021</b>
Legal reserve	<u>\$ 61,374</u>
Special reserve	<u>\$ 60,829</u>
Cash dividends	<u>\$ 434,176</u>
Cash dividends per share (NT\$)	<u>\$ 4.20</u>

The appropriation of earnings for 2021 will be resolved by the shareholders in their meeting to be held on June 15, 2022.

d. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 1,497,102	\$ 841,451
Cash dividends received from subsidiaries	(47,232)	(51,832)
Share in profit for the year	95,756	20,534
Other comprehensive income (loss) during the year		
Exchange differences on the translation of the financial statements of foreign operations	(45,894)	(7,546)
Unrealized gain on financial assets at FVTOCI	-	44
Related income tax	886	1,548
Acquisition of non-controlling interests in subsidiaries	<u>-</u>	<u>692,903</u>
Balance at December 31	<u>\$ 1,500,618</u>	<u>\$ 1,497,102</u>

**26. REVENUE**

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 13,022,416</u>	<u>\$ 12,188,857</u>

a. Contract information

Revenue from the sale of goods

The Group generates revenue from the sale of garments, feather and down and medical products. The sale of goods is recognized as revenue when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

Refer to Note 41 for information about the disaggregation of revenue.

b. Contract balances

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Trade receivables (Note 11)	<u>\$ 2,034,536</u>	<u>\$ 973,039</u>
Contract liabilities-current		
Sale of goods	<u>\$ 171,616</u>	<u>\$ 360,774</u>

**27. NET PROFIT FROM CONTINUING OPERATIONS**

a. Interest income

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Bank deposits	\$ 24,551	\$ 39,500
Financial assets at amortized cost	<u>27,992</u>	<u>26,954</u>
	<u>\$ 52,543</u>	<u>\$ 66,454</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Rental income		
Other operating leases	\$ 16,736	\$ 337
Dividends	3,522	9,652
Government grant income (Note 30)	12,537	29,028
Gain on bargain purchase (Note 31)	122,432	272,253
Others	<u>28,594</u>	<u>19,111</u>
	<u>\$ 183,821</u>	<u>\$ 330,381</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ 1,039	\$ (6,376)
Financial assets designated as at FVTPL	-	(150)
Gain on disposal of property, plant and equipment	(804)	(15,156)
Net foreign exchange gains (losses)	5,165	(71,514)
Gain on lease modifications	29	1,613
Others	<u>(6,076)</u>	<u>(10,712)</u>
	<u>\$ (647)</u>	<u>\$ (102,295)</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Interest on bank loans	\$ (27,774)	\$ (28,665)
Interest on lease liabilities	(3,157)	(4,542)
Interest on convertible bonds	<u>(20,169)</u>	<u>(19,948)</u>
	<u>\$ (51,100)</u>	<u>\$ (53,155)</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
An analysis of depreciation by function		
Operating costs	\$ 241,945	\$ 196,664
Operating expenses	<u>52,280</u>	<u>53,662</u>
	<u>\$ 294,225</u>	<u>\$ 250,326</u>
An analysis of amortization by function		
Operating costs	\$ 119	\$ 157
Operating expenses	<u>7,202</u>	<u>6,699</u>
	<u>\$ 7,321</u>	<u>\$ 6,856</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Short-term benefits	\$ 3,707,975	\$ 3,637,331
Post-employment benefits		
Defined contribution plans	12,918	12,482
Defined benefit plans (Note 24)	<u>143</u>	<u>298</u>
Total employee benefits expense	<u>\$ 3,721,036</u>	<u>\$ 3,650,111</u>

(Continued)



	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
An analysis of employee benefits expense by function		
Operating costs	\$ 2,955,589	\$ 2,954,201
Operating expenses	<u>765,447</u>	<u>695,910</u>
	<u>\$ 3,721,036</u>	<u>\$ 3,650,111</u>
		(Concluded)

g. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 8% for employees, and no less than 2% for directors, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 8, 2022 and March 25, 2021, respectively, are as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Compensation of employees	1.06%	1.12%
Remuneration of directors	0.56%	0.76%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	<u>\$ 7,792</u>	<u>\$ 6,533</u>
Remuneration of directors	<u>\$ 4,116</u>	<u>\$ 4,389</u>

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

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, 2020 and 2019.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors for 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Foreign exchange gains	\$ 55,250	\$ 44,791
Foreign exchange losses	<u>(50,085)</u>	<u>(116,305)</u>
Net gains (losses)	<u>\$ 5,165</u>	<u>\$ (71,514)</u>

## 28. INCOME TAX

- a. Major components of income tax recognized in profit or loss

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax		
In respect of the current year	\$ 184,215	\$ 99,912
Income tax on unappropriated earnings	4,656	537
Adjustments for prior years	<u>56,680</u>	<u>(5,407)</u>
	<u>245,551</u>	<u>95,042</u>
Deferred tax		
In respect of the current year	2,273	26,107
Adjustments for prior years	<u>-</u>	<u>7,509</u>
	<u>2,273</u>	<u>33,616</u>
Income tax expense recognized in profit or loss	<u>\$ 247,824</u>	<u>\$ 128,568</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit before tax from continuing operations	<u>\$ 974,082</u>	<u>\$ 686,398</u>
Income tax expense calculated at the statutory rate	\$ 261,716	\$ 211,898
Nondeductible expenses in determining taxable income	9,802	22,079
Tax-exempt income	(43,657)	(109,849)
Income tax on unappropriated earnings	4,656	537
Adjustments for prior years	56,680	2,102
Unrecognized deductible temporary differences	(49,677)	(45,718)
Unrecognized loss carryforwards	<u>8,304</u>	<u>47,519</u>
Income tax expense recognized in profit or loss	<u>\$ 247,824</u>	<u>\$ 128,568</u>

According to the Income Tax Act of the Republic of China, the tax rate applicable to the Group is 20%. The tax rate applicable to subsidiaries in China is 25%, while the tax rate applicable to subsidiaries in Vietnam is 20%. Tax rates used by other entities of the Group are based on the applicable tax laws of each tax jurisdiction.

- b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Deferred tax</u>		
In respect of the current year:		
Translation of foreign operations	\$ (16,581)	\$ (12,905)
Remeasurement of defined benefit plan	<u>(137)</u>	<u>924</u>
Total income tax recognized in other comprehensive income	<u>\$ (16,718)</u>	<u>\$ (11,981)</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax assets		
Tax refund receivable	<u>\$ 3,452</u>	<u>\$ 46,207</u>
Current tax liabilities		
Income tax payable	<u>\$ 166,751</u>	<u>\$ 124,534</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Unrealized loss on inventory	\$ 61,718	\$ 7,406	\$ -	\$ (98)	\$ 69,026
Unrealized exchange differences	4,647	(3,171)	-	(1)	1,475
Payables for social insurance	9,159	(222)	-	(48)	8,889
Allowance for accounts receivable	1,162	762	-	(1)	1,923
Payables for salaries	-	748	-	-	748
Exchange differences on the translation of the financial statements of foreign operations	103,530	-	16,581	-	120,111
Unappropriated earnings of subsidiaries	4,908	(235)	-	(1)	4,672
Defined benefit obligations	826	-	-	(5)	821
Others	<u>183</u>	<u>145</u>	<u>-</u>	<u>-</u>	<u>328</u>
	<u>\$ 186,133</u>	<u>\$ 5,433</u>	<u>\$ 16,581</u>	<u>\$ (154)</u>	<u>\$ 207,993</u>
Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Unrealized exchange differences	\$ (5,482)	\$ 144	\$ -	\$ 6	\$ (5,332)
Defined benefit obligations	(447)	(529)	137	-	(839)
Unappropriated earnings of subsidiaries	(300,703)	8,413	-	-	(292,290)
Unrealized valuation gain on financial assets at FVTPL	(2,572)	2,572	-	-	-
Adjustments on revenues and expenses extending multiple periods	(4,677)	2,976	-	25	(1,676)
Differences between fair value and costs of property, plant and equipment	(82,173)	3,190	-	438	(78,545)
Bargain purchase	-	(24,486)	-	-	(24,486)
Others	<u>(16)</u>	<u>14</u>	<u>-</u>	<u>2</u>	<u>-</u>
	<u>\$ (396,070)</u>	<u>\$ (7,706)</u>	<u>\$ 137</u>	<u>\$ 471</u>	<u>\$ (403,168)</u>

For the year ended December 31, 2020

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Exchange Differences</b>	<b>Business Combinations</b>	<b>Closing Balance</b>
Temporary differences						
Unrealized loss on inventory	\$ 43,174	\$ 17,822	\$ -	\$ 295	\$ 427	\$ 61,718
Unrealized exchange differences	6,541	(1,895)	-	1	-	4,647
Payables for social insurance	14,330	(5,294)	-	123	-	9,159
Allowance for accounts receivable	244	603	-	(1)	316	1,162
Exchange differences on the translation of the financial statements of foreign operations	90,625	-	12,905	-	-	103,530
Unappropriated earnings of subsidiaries	5,362	(455)	-	1	-	4,908
Unused loss carryforwards	4,709	(4,693)	-	(16)	-	-
Defined benefit obligations	1,010	(474)	(536)	-	826	826
Others	<u>166</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>183</u>
	<u>\$ 166,161</u>	<u>\$ 5,631</u>	<u>\$ 12,369</u>	<u>\$ 403</u>	<u>\$ 1,569</u>	<u>\$ 186,133</u>

<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Exchange Differences</b>	<b>Business Combinations</b>	<b>Closing Balance</b>
Temporary differences						
Unrealized exchange differences	\$ (3,184)	\$ (2,283)	\$ -	\$ (15)	\$ -	\$ (5,482)
Defined benefit obligations	-	(59)	(388)	-	-	(447)
Unappropriated earnings of subsidiaries	(263,659)	(37,045)	-	1	-	(300,703)
Unrealized valuation gain on financial assets at FVTPL	(4,006)	1,434	-	-	-	(2,572)
Adjustments on revenues and expenses extending multiple periods	(3,305)	(1,294)	-	(78)	-	(4,677)
Differences between fair value and costs of property, plant and equipment	-	-	-	-	(82,173)	(82,173)
Others	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16)</u>	<u>(16)</u>
	<u>\$(274,154)</u>	<u>\$(39,247)</u>	<u>\$(388)</u>	<u>\$(92)</u>	<u>\$(82,189)</u>	<u>\$(396,070)</u>

e. Information about unused loss carryforwards

<b>Expiry Year</b>	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
2022	\$ 55,544	\$ 2,181
2023	-	17,213
2024	28,994	1,796
2025	<u>-</u>	<u>11,979</u>
	<u>\$ 84,538</u>	<u>\$ 33,169</u>

f. Income tax assessments

Income tax returns of the Company, Top One Down & Feather Co., Ltd. and King Hamm Industrial Co., Ltd. have been assessed by the local tax authorities through 2019.

**29. EARNINGS PER SHARE**

**Unit: NT\$ Per Share**

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Basic earnings per share	<u>\$ 6.10</u>	<u>\$ 5.20</u>
Diluted earnings per share	<u>\$ 5.70</u>	<u>\$ 4.91</u>

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

**Net Profit for the Year**

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit for the year attributable to owners of the Company	\$ 630,502	\$ 537,296
Effect of potentially dilutive ordinary shares		
Interest on convertible bonds (after tax)	<u>16,135</u>	<u>15,959</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 646,637</u>	<u>\$ 553,255</u>

**Weighted Average Number of Ordinary Shares Outstanding (In Thousands of Shares)**

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	103,375	103,375
Effect of potentially dilutive ordinary shares		
Compensation of employees	72	77
Convertible bonds	<u>10,060</u>	<u>9,202</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>113,507</u>	<u>112,654</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation 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, as 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.

### 30. GOVERNMENT GRANTS

The Company received a government grant from the Ministry of Economic Affairs (MOEA) for the R&D foundation program, and recognized \$3,000 thousand as other income during the year ended December 31, 2021.

The Group's subsidiaries in China recognized grant income of \$9,537 thousand and \$15,382 thousand as other income from local governments during the years ended December 31, 2021 and 2020, respectively.

Since August 2018, the Company started receiving government grants from the MOEA for the research and development of intellectual outdoor apparel using integrated technology. The Company recognized \$8,151 thousand as other income during the year ended December 31, 2020.

For the year ended December 31, 2020, the Company recognized grant income of \$5,495 thousand as other income from MOEA for salary and working capital subsidies due to the impact of COVID-19 on manufacturing and its technical service industry.

### 31. BUSINESS COMBINATIONS

#### a. Subsidiaries acquired

<b>Subsidiary</b>	<b>Principal Activity</b>	<b>Date of Acquisition</b>	<b>Proportion of Voting Equity Interests Acquired (%)</b>	<b>Consideration Transferred</b>
Sidney Apparels LLC	Manufacture of apparel	October 15, 2021	100.00	<u>\$ -</u>
Principle & Will Co., Ltd. and its subsidiaries	Manufacture of medical products	December 31, 2020	50.00	<u>\$ 420,650</u>

Sidney Apparels LLC was acquired to continue the growth of the Group's operations in the manufacturing of apparel. Principle & Will Co., Ltd. and its subsidiaries were acquired in order to expand the Group's business.

#### b. Consideration transferred

	<b>Sidney Apparels LLC</b>	<b>Principle &amp; Will Co., Ltd. and Its Subsidiaries</b>
Cash	<u>\$ -</u>	<u>\$ 420,650</u>

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

	<b>Sidney Apparels LLC</b>	<b>Principle &amp; Will Co., Ltd. and Its Subsidiaries</b>
Current assets		
Cash and cash equivalents	\$ 26,103	\$ 149,308
Trade receivables	31,160	196,092
Other receivables	-	511,667
Inventories	29,533	191,942
Other current assets	10,448	24,477
Non-current assets		
Property, plant and equipment	374,688	478,083
Right-of-use assets	59,079	189,227
Other intangible assets	1,086	12,345
Other non-current assets	-	35,332
Current liabilities		
Short-term borrowings	(269,269)	-
Contract liabilities	-	(19,919)
Trade payables	(27,409)	(38,473)
Other payables	(50,225)	(254,809)
Current tax liabilities	-	(2,849)
Other current liabilities	(62,762)	(3,306)
Non-current liabilities		
Deferred tax liabilities	-	(82,189)
Other non-current liabilities	-	(1,122)
	<u>\$ 122,432</u>	<u>\$ 1,385,806</u>

The property, plant and equipment acquired at \$478,083 thousand in the acquisition price of Principle & Will Co., Ltd. and its subsidiaries included a premium of \$153,357 thousand attributable to the difference between the fair value and carrying amount of buildings and construction and equipment. In addition, the right-of-use assets at \$189,227 thousand included a premium of \$175,338 thousand attributable to the difference between the fair value and carrying amount of land located in the People's Republic of China. Deferred tax liabilities were recognized at \$82,174 thousand due to the premium of property, plant and equipment and right-of-use assets.

The property, plant and equipment acquired at \$374,688 thousand in the acquisition price of Sidney Apparels LLC included a discount of \$51,971 thousand attributable to the difference between the fair value and carrying amount of property, plant and equipment. In addition, the intangible assets at \$1,086 thousand included a premium of \$142 thousand attributable to the difference between the fair value and carrying amount of computer software.

d. Bargain purchase recognized on acquisitions

	<b>Sidney Apparels LLC</b>	<b>Principle &amp; Will Co., Ltd. and Its Subsidiaries</b>
Consideration transferred	\$ -	\$ 420,650
Plus: Non-controlling interests from the acquisition of subsidiaries	-	692,903
Less: Fair value of identifiable net assets acquired	<u>(122,432)</u>	<u>(1,385,806)</u>
Gain on bargain purchase	<u>\$ 122,432</u>	<u>\$ 272,253</u>

e. Non-controlling interests

The non-controlling interests of Principle & Will Co., Ltd. and its subsidiaries recognized at the acquisition date were measured by reference to the fair value of the identifiable net assets attributable to non-controlling interests.

f. Net cash inflow (outflow) on the acquisition of subsidiaries

	<b>Sidney Apparels LLC</b>	<b>Principle &amp; Will Co., Ltd. and Its Subsidiaries</b>
Consideration paid in cash	\$ -	\$ 420,650
Less: Cash and cash equivalent balances acquired	<u>(26,103)</u>	<u>(149,308)</u>
	(26,103)	271,342
Investment payable, end of year	<u>-</u>	<u>(420,650)</u>
	<u>\$ (26,103)</u>	<u>\$ (149,308)</u>

g. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, were as follows:

	<b>Sidney Apparels LLC October 16, 2021 to December 31, 2021</b>	<b>Principle &amp; Will Co., Ltd. and Its Subsidiaries December 31, 2020</b>
Revenue	<u>\$ 122,302</u>	<u>\$ -</u>
Profit attributable to the Company	<u>\$ 8,114</u>	<u>\$ -</u>



### 32. NON-CASH TRANSACTIONS

The Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows for the years ended December 31, 2021 and 2020:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
a. Additions to property, plant and equipment		
Increase in property, plant and equipment	\$ 174,129	\$ 245,029
Add: Payables for equipment, beginning of year	13,779	30,299
Less: Payables for equipment, end of year	<u>(13,761)</u>	<u>(13,779)</u>
Cash paid	<u>\$ 174,147</u>	<u>\$ 261,549</u>
b. Acquisition of subsidiaries		
Current assets	\$ 97,244	\$ 1,073,486
Non-current assets	434,853	714,987
Current liabilities	(409,665)	(319,356)
Non-current liabilities	<u>-</u>	<u>(83,311)</u>
	122,432	1,385,806
Non-controlling interests	-	(692,903)
Gain on bargain purchase	<u>(122,432)</u>	<u>(272,253)</u>
Total acquisition price	-	420,650
Less: Cash and cash equivalents received on acquisition date	(26,103)	(149,308)
Investment payable, end of year	<u>-</u>	<u>(420,650)</u>
Cash paid on acquisition of subsidiaries	<u>\$ (26,103)</u>	<u>\$ (149,308)</u>

### 33. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

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

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

### 34. FINANCIAL INSTRUMENTS

#### a. Fair value of financial instruments not measured at fair value

The management of the Group believes the carrying amount of the Group's financial instruments not measured at fair value are close to the fair value.

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL -				
current				
Domestic listed shares	\$ 69,105	\$ -	\$ -	\$ 69,105
Domestic bonds	<u>11,190</u>	<u>-</u>	<u>-</u>	<u>11,190</u>
	<u>\$ 80,295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,295</u>
Financial assets at FVTOCI -				
non-current				
Equity instruments				
Domestic listed shares and emerging market shares	\$ 80,755	\$ -	\$ -	\$ 80,755
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>6,492</u>	<u>6,492</u>
	<u>\$ 80,755</u>	<u>\$ -</u>	<u>\$ 6,492</u>	<u>\$ 87,247</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL -				
current				
Domestic listed shares	\$ 4,820	\$ -	\$ -	\$ 4,820
Trust funds	<u>-</u>	<u>-</u>	<u>4,365</u>	<u>4,365</u>
	<u>\$ 4,820</u>	<u>\$ -</u>	<u>\$ 4,365</u>	<u>\$ 9,185</u>
Financial assets at FVTPL -				
non-current				
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>\$ 61,887</u>	<u>\$ 61,887</u>
Financial assets at FVTOCI -				
non-current				
Equity instruments				
Domestic listed shares and emerging market shares	\$ 166,627	\$ -	\$ -	\$ 166,627
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>9,621</u>	<u>9,621</u>
	<u>\$ 166,627</u>	<u>\$ -</u>	<u>\$ 9,621</u>	<u>\$ 176,248</u>

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

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2021

<b>Financial Assets</b>	<b>Financial Assets at FVTPL Equity Instruments</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>	<b>Total</b>
Balance at January 1, 2021	\$ 66,252	\$ 9,621	\$ 75,873
Recognized in profit or loss (included in other gains and losses)	(11,198)	-	(11,198)
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	-	(3,129)	(3,129)
Settlements	(55,031)	-	(55,031)
Foreign currency exchange differences	(23)	-	(23)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 6,492</u>	<u>\$ 6,492</u>
Unrealized loss for the current year included in profit or loss	<u>\$ -</u>	<u>\$ (3,129)</u>	<u>\$ (3,129)</u>

For the year ended December 31, 2020

<b>Financial Assets</b>	<b>Financial Assets at FVTPL Equity Instruments</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>	<b>Total</b>
Balance at January 1, 2020	\$ 69,056	\$ 10,517	\$ 79,573
Business combinations	4,365	-	4,365
Recognized in profit or loss (included in other gains and losses)	(7,169)	-	(7,169)
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	-	(896)	(896)
Balance at December 31, 2020	<u>\$ 66,252</u>	<u>\$ 9,621</u>	<u>\$ 75,873</u>
Unrealized loss for the current year included in profit or loss	<u>\$ -</u>	<u>\$ (896)</u>	<u>\$ (896)</u>

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

The fair values of domestic and foreign unlisted shares are determined using the market approach with reference to the types of industry, similar companies in the same industry, and the operating conditions of the Company.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Mandatorily classified as at FVTPL	\$ 80,295	\$ 71,072
Financial assets at amortized cost (1)	5,631,928	5,150,069
Financial assets at FVTOCI		
Equity instruments	87,247	176,248

Financial liabilities

Amortized cost (2)	5,776,479	4,146,538
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- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable and trade receivables, other receivables and time deposits with original maturities of more than 3 months.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, notes payable, trade and other payables, contract liabilities, bonds payable and guarantee deposits.

d. Financial risk management objectives and policies

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

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Company had foreign currency denominated sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 39.

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the USD. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan

dollar strengthening 1% against the USD. For a 1% weakening of the New Taiwan dollar against the USD, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	<b>USD Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit or loss	\$ 4,702	\$ 3,339

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow 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 year were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Cash flow interest rate risk		
Financial assets	\$ 914,411	\$ 1,250,515
Financial liabilities	2,114,501	639,017

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the year.

A 0.1% increase or decrease is 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 0.1% higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would have decreased by \$1,200 thousand and increased by \$611 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. The Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 1% higher, pre-tax profit for the years ended December 31, 2021 and 2020 would have increased by \$691 thousand and \$711 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased by \$872 thousand and \$1,762 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group is mainly from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties. 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 allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

## 3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Group had available unutilized short-term bank loan facilities set out in (b) below.

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

The table has 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.

#### December 31, 2021

	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1 Year+</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 320,997	\$ 1,605,204	\$ -	\$ 1,926,201
Bonds payable	-	1,483,103	-	1,483,103
Current portion of long-term borrowings	-	20,372	-	20,372
Long-term borrowings	<u>-</u>	<u>-</u>	<u>167,928</u>	<u>167,928</u>
	<u>\$ 320,997</u>	<u>\$ 3,108,679</u>	<u>\$ 167,928</u>	<u>\$ 3,597,604</u>

December 31, 2020

	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1 Year+</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 206,498	\$ 244,219	\$ -	\$ 450,717
Bonds payable	-	-	1,462,934	1,462,934
Long-term borrowings	<u>-</u>	<u>-</u>	<u>188,300</u>	<u>188,300</u>
	<u>\$ 206,498</u>	<u>\$ 244,219</u>	<u>\$ 1,651,234</u>	<u>\$ 2,101,951</u>

Taking into account the Group's financial position, management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment.

b) Financing facilities

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
Unsecured bank overdraft facilities, reviewed annually		
Amount used	\$ 2,114,501	\$ 639,017
Amount unused	<u>7,830,704</u>	<u>8,098,962</u>
	<u>\$ 9,945,205</u>	<u>\$ 8,737,979</u>
Secured bank overdraft facilities		
Amount used	\$ -	\$ -
Amount unused	<u>110,720</u>	<u>-</u>
	<u>\$ 110,720</u>	<u>\$ -</u>

### 35. 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 the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Formosa Taffeta Co., Ltd. (Group company)	Investor with significant influence - corporate director of the Company
Top One Investment Co., Ltd.	Related party in substance - corporate director of the Company
Wen Chun Investment, Ltd.	Related party in substance
Cu Chi Investment, Ltd.	Related party in substance
Xin Xiang Investment, Ltd.	Related party in substance
Best One Investment Co., Ltd.	Related party in substance

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
Da Fang Investment Co., Ltd.	Related party in substance
Spring Printing (Pinghu) Co., Ltd.	Related party in substance
Asia Healthcare (Dalian) Co., Ltd.	Related party in substance
Nanliu Enterprise (Samoa) Co., Ltd.	Related party in substance - director of the subsidiary
I-Chun Chuang	Related party in substance - director of the subsidiary
Anhui Xingxing Garment Co., Ltd.	Associate

(Concluded)

b. Sales of goods

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Related party in substance	\$ 55,354	\$ -
Investor with significant influence	<u>21</u>	<u>11</u>
	<u>\$ 55,375</u>	<u>\$ 11</u>

The goods sold by the Group to the related parties and the credit terms granted were made at the Group's usual prices and terms.

c. Processing fees

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Related party in substance	\$ 30,851	\$ 58,863
Associate	<u>178,513</u>	<u>117,934</u>
	<u>\$ 209,364</u>	<u>\$ 176,797</u>

The processing fees charged by the related parties in substance and associate to the Group and the credit terms granted were made at the Group's usual prices and terms.

d. Purchases of goods

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Investor with significant influence		
Formosa Taffeta Co., Ltd. (Group company)	<u>\$ 793,833</u>	<u>\$ 857,070</u>

The purchases of goods from the related parties to the Group and the credit terms granted were made at the Group's usual prices and terms.



e. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31	
		2021	2020
Trade receivables	Related party in substance	\$ 22,654	\$ 21,844
Other receivables	Investor with significant influence	\$ -	\$ 769
	Related party in substance		
	Nanliu Enterprise (Samoa) Co., Ltd.	-	84,130
	Others	-	1,309
		<u>\$ -</u>	<u>\$ 86,208</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment losses were recognized for trade receivables from related parties.

f. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31	
		2021	2020
Trade payables	Investor with significant influence Formosa Taffeta Co., Ltd. (Group company)	\$ 117,125	\$ 110,648
Other payables	Related party in substance		
	I-Chun Chuang	\$ 145,310	\$ 154,501
	Others	10,228	7,419
		<u>\$ 155,538</u>	<u>\$ 161,920</u>

The outstanding trade payables to related parties are unsecured.

g. Disposal of property, plant and equipment

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Related party in substance	\$ 286	\$ -	\$ 144	\$ -

h. Other transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Other income (rent revenue)	Related party in substance	\$ 114	\$ 114

The rental revenue received from the corporate director of the Company and related parties in substance were due to the rental of office space at prices negotiated between the transacting parties, and rental payments are received semiannually.

i. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 60,314	\$ 62,841
Post-employment benefits	<u>1,057</u>	<u>1,157</u>
	<u>\$ 61,371</u>	<u>\$ 63,998</u>

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

**36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY**

The following assets were provided as collateral for purchases from suppliers:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Pledged deposits (classified as financial assets at amortized cost - current)	<u>\$ 7,000</u>	<u>\$ 7,000</u>

**37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS**

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

- a. As of December 31, 2021, the Group had unused letters of credit for purchases of raw materials that amounted to \$303,176 thousand.
- b. As of December 31, 2021, guarantee notes submitted by the Group for loan applications and borrowings amounted to \$7,049,096 thousand.
- c. As of December 31, 2021, the Group's unrecognized commitments for the purchase of property, plant and equipment amounted to \$35,029 thousand.

**38. OTHER ITEMS**

With the easing of the COVID-19 pandemic, increase in the vaccine coverage rate and the loosening of government policies, the Group expects that operations will gradually return to normal.

### 39. 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:

December 31, 2021

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 84,063	27.680 (USD:NTD)	\$ 2,326,861
USD	22,989	22,713 (USD:VND)	636,348
USD	11,483	6.3757 (USD:RMB)	317,861
USD	256	4.374 (USD:RON)	7,068
USD	12,687	0.708 (USD:JOD)	351,165
RMB	33,878	4.3415 (RMB:NTD)	147,166
RMB	1,260	0.1568 (RMB:USD)	5,470
EUR	517	31.32 (EUR:NTD)	16,182
EUR	579	04.9492 (EUR:RON)	18,137

Financial liabilities

Monetary items			
USD	91,687	27.680 (USD:NTD)	2,537,890
USD	4,129	22,713 (USD:VND)	114,300
USD	5,702	6.3757 (USD:RMB)	157,824
USD	12,973	0.708 (USD:JOD)	359,084
VND	21,783,361	0.000044 (VND:USD)	26,391

December 31, 2020

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 44,403	28.480 (USD:NTD)	\$ 1,264,598
USD	14,926	23,095 (USD:VND)	425,098
USD	7,907	6.5249 (USD:RMB)	225,186
USD	409	3.966 (USD:RON)	11,656
USD	4,485	0.708 (USD:JOD)	127,721
RMB	57,019	4.377 (RMB:NTD)	249,571
RMB	1,224	0.153 (RMB:USD)	5,343
EUR	1,471	4.8694 (EUR:RON)	51,557
VND	66,911,033	0.000043 (VND:USD)	82,178
			(Continued)

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 40,980	28.480 (USD:NTD)	\$ 1,167,106
USD	7,186	23,095 (USD:VND)	204,640
USD	3,645	6.5249 (USD:RMB)	103,808
USD	8,597	0.708 (USD:JOD)	244,848
VND	44,213,011	0.000043 (VND:USD)	54,301 (Concluded)

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange gains (losses) were \$5,165 thousand and \$(71,514) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

#### **40. SEPARATELY DISCLOSED ITEMS**

a. Information about significant transactions:

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

- b. Information on investees (Table 6)
- 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 year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)
  - 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 8):
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
    - c) The amount of property transactions and the amount of the resultant gains or losses
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes
    - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
    - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

#### **41. 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. The Group's reportable segments were as follows:

Garment business  
Down feather business  
Medical business  
Retail business

a. Segment revenue and results

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

	<b>Garment</b>	<b>Down Feather</b>	<b>Medical</b>	<b>Total</b>
For the year ended				
<u>December 31, 2021</u>				
Revenue from external customers	\$ 12,019,307	\$ 171,884	\$ 831,225	\$ 13,022,416
Inter-segment revenue	<u>4,575,536</u>	<u>755,753</u>	<u>-</u>	<u>5,331,289</u>
Segment revenue	<u>16,594,843</u>	<u>927,637</u>	<u>831,225</u>	18,353,705
Eliminations				<u>(5,331,289)</u>
Consolidated revenue				<u>\$ 13,022,416</u>
Segment income	<u>\$ 665,291</u>	<u>\$ 67,386</u>	<u>\$ (47,962)</u>	\$ 684,715
Dividend income				3,522
Interest income				52,543
Grant income				12,537
Loss on disposal of property, plant and equipment				(804)
Financial assets measured at FVTPL				1,039
Net exchange gain				5,165
Other income and gains				45,330
Other losses				(6,047)
Share of profit or loss of associates accounted for using the equity method				104,750
Gain on bargain purchase				122,432
Finance costs				<u>(51,100)</u>
Profit before tax from continuing operations				<u>\$ 974,082</u>
For the year ended				
<u>December 31, 2020</u>				
Revenue from external customers	\$ 12,142,616	\$ 46,241	\$ -	\$ 12,188,857
Inter-segment revenue	<u>3,880,919</u>	<u>964,919</u>	<u>-</u>	<u>4,845,838</u>
Segment revenue	<u>16,023,535</u>	<u>1,011,160</u>	<u>-</u>	17,034,695
Eliminations				<u>(4,845,838)</u>
Consolidated revenue				<u>\$ 12,188,857</u>

(Continued)

	<b>Garment</b>	<b>Down Feather</b>	<b>Medical</b>	<b>Total</b>
Segment income	\$ <u>93,464</u>	\$ <u>187,219</u>	\$ <u>(285)</u>	\$ 280,398
Dividend income				9,652
Interest income				66,454
Grant income				29,028
Loss on disposal of property, plant and equipment				(15,156)
Financial assets measured at FVTPL				(6,526)
Net exchange loss				(71,514)
Other income and gains				21,061
Other losses				(10,712)
Share of profit or loss of associates accounted for using the equity method				164,615
Gain on bargain purchase				272,253
Finance costs				<u>(53,155)</u>
Profit before tax from continuing operations				\$ <u>686,398</u> (Concluded)

The above revenue was generated from transactions with external customers.

Segment income represents the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profit or loss of associates accounted for using the equity method, lease income, interest income, gains or losses on disposal of property, plant and equipment, gains or losses on disposal of financial instruments, exchange gains or losses, gains or losses on valuation of financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Total segment assets and liabilities

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Segment assets</u>		
Garment	\$ 12,278,252	\$ 10,704,870
Medical product	1,723,878	1,367,824
Down feather	<u>837,174</u>	<u>797,309</u>
Consolidated total assets	<u>\$ 14,839,304</u>	<u>\$ 12,870,003</u>
<u>Segment liabilities</u>		
Garment	\$ 5,757,925	\$ 4,168,182
Medical product	381,067	402,667
Down feather	<u>308,743</u>	<u>145,813</u>
Consolidated total liabilities	<u>\$ 6,447,735</u>	<u>\$ 4,716,662</u>

c. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Down jackets	\$ 5,244,405	\$ 5,912,055
Fiberfill jackets	2,484,639	2,794,217
Light jackets and parka	1,591,231	1,228,943
Others	<u>3,702,141</u>	<u>2,253,642</u>
	<u>\$ 13,022,416</u>	<u>\$ 12,188,857</u>

d. Geographical information

The Group's revenue from continuing operations from external customers by location of operations is detailed below:

	<b>Revenue from External Customers</b>	
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
North America	\$ 4,953,135	\$ 3,982,128
China	3,592,923	3,772,765
Europe	2,564,068	2,206,286
Japan	512,026	912,332
Russia	190,249	355,727
Others	<u>1,210,015</u>	<u>959,619</u>
	<u>\$ 13,022,416</u>	<u>\$ 12,188,857</u>

e. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2021</b>	<b>% of Total Sales</b>	<b>2020</b>	<b>% of Total Sales</b>
ADIDAS (Group company)	\$ 3,668,696	28	\$ 4,580,483	38
VF (Group company)	2,609,609	20	1,216,242	10
PATAGONIA	<u>1,344,722</u>	<u>10</u>	<u>1,830,879</u>	<u>15</u>
	<u>\$ 7,623,027</u>	<u>58</u>	<u>\$ 7,627,604</u>	<u>63</u>



## QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2021

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

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3a)	Aggregate Financing Limit (Note 3b)	Note
													Item	Value			
0	Quang Viet Enterprise Co., Ltd.	Quang Viet (Long An) Co., Ltd.	Other receivables - related parties	Yes	\$ 253,940 (US\$ 9,000)	\$ 138,400 (US\$ 5,000)	\$ 100,797 (US\$ 3,642)	-	1	\$ 283,625	Business	\$ -	None	-	\$ 283,625	\$ 2,756,380	Note 5
		Atlanta Garment Manufacturing Company LLC	Other receivables - related parties	Yes	256,815 (US\$ 9,000)	83,040 (US\$ 3,000)	77,532 (US\$ 2,801)	1.60	1	849,988	Business	-	"	-	849,988	2,756,380	Note 6
		Atlanta Garment Manufacturing Company LLC	Other receivables - related parties	Yes	253,365 (US\$ 9,000)	249,120 (US\$ 9,000)	-	-	2	-	Turnover	-	"	-	2,067,285	2,756,380	-
		Sidney Apparels LLC	Other receivables - related parties	Yes	83,040 (US\$ 3,000)	83,040 (US\$ 3,000)	-	-	2	-	Turnover	-	"	-	2,067,285	2,756,380	-
1	Top One Down & Feather Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Other receivables - related parties	Yes	214,979 (RMB 49,000)	117,221 (RMB 27,000)	117,221 (RMB 27,000)	2.50	1	242,689	Business	-	"	-	242,689	225,776	Note 7
2	King Hamm Industrial Co., Ltd.	King Hamm Industrial Co., Ltd. (VN)	Other receivables - related parties	Yes	99,873 (US\$ 3,500)	-	-	3.00	2	-	Turnover	-	"	-	237,492	316,657	-
		King Hamm Industrial Co., Ltd. (VN)	Other receivables - related parties	Yes	85,605 (US\$ 3,000)	83,040 (US\$ 3,000)	45,672 (US\$ 1,650)	3.00	1	124,665	Business	-	"	-	124,665	316,657	Note 8
3	Atlanta Garment Manufacturing Company LLC	W&D Apparel (Jordan) Corp.	Other receivables - related parties	Yes	12,841 (US\$ 450)	-	-	-	2	-	Turnover	-	"	-	61,350	81,800	-

Note 1: Numbering sequence is as follows:

- The issuer is numbered 0.
- Investees are numbered sequentially starting from 1.

Note 2: The nature of financing is as follows:

- Borrowers with business relationships are numbered 1.
- Borrowers with short term financing needs are numbered 2.

- Note 3:
- The amount available for the Company lending to individual borrowers shall not exceed the amount of business transactions between the two parties within the most recent year in the case of business transaction; The amount available for the Company lending to individual borrowers shall not exceed 30% of the net worth of the parent company on its most recent financial statements in the case of operating turnover. In addition, the total amount lendable shall not exceed 40% of net worth of the parent company on its most recent financial statements.
  - The amount that Top One Down & Feather Co., Ltd. can provide to any individual borrower shall not exceed the amount of business transactions between the two parties within the most recent year. The total amount lendable shall not exceed 40% of its net worth on its most recent financial statements.
  - The amount that King Hamm Industrial Co., Ltd., can provide to any individual borrower shall not exceed the amount of business transactions between the two parties within the most recent year in the case of business transaction, and the amount that King Hamm Industrial Co., Ltd., can provide to any individual borrower shall not exceed 30% of its net worth on its most recent financial statements in the case of operating turnover; the total amount lendable shall not exceed 40% of its net worth on its most recent financial statements.
  - The amount that Atlanta Garment Manufacturing Company LLC can provide to any individual borrower shall not exceed of 30% of its net worth on its most recent financial statements; the amount of total financing provided shall not exceed 40% of its net worth on its most recent financial statements.

Note 4: The above transactions have been eliminated on the preparation of the consolidated financial statements.

Note 5: In the most recent fiscal year, the amount transacted between the Company and Quang Viet (Long An) Co., Ltd. were processing fee of \$283,625 thousand.

Note 6: In the most recent fiscal year, the amounts transacted between the Company and Atlanta Garment Manufacturing Company LLC were purchases of \$849,988 thousand.

Note 7: The amounts transacted between Top One Down &amp; Feather Co., Ltd. and Top One Down &amp; Feather Shu Yang Co., Ltd. in the most recent fiscal year were purchases amounting to \$242,689 thousand.

Note 8: The amounts transacted between King Hamm Industrial Co., Ltd. and King Hamm Industrial Co., Ltd. (VN) in the most recent fiscal year were processing fee of \$124,665 thousand.

## QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

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

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Quang Viet Enterprise Co., Ltd.	Publicly traded shares Formosa Taffeta Co., Ltd.	Director of the Company	Financial assets at fair value through other comprehensive income - non-current	817,000	\$ 23,816		\$ 23,816	
Quang Viet Enterprise Co., Ltd.	Publicly traded shares Macauto Industrial Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	68,000	\$ 5,365		\$ 5,365	
Quang Viet Enterprise Co., Ltd.	Publicly traded shares Formosa Chemicals & Fibre Corp.	-	Financial assets at fair value through other comprehensive income - non-current	100,000	\$ 8,080		\$ 8,080	
Quang Viet Enterprise Co., Ltd.	Publicly traded shares Yageo Corporation	-	Financial assets at fair value through other comprehensive income - non-current	25,000	\$ 11,988		\$ 11,988	
Quang Viet Enterprise Co., Ltd.	Publicly traded shares Unicon Optical Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	106,278	\$ 1,056		\$ 1,056	
Quang Viet Enterprise Co., Ltd.	Non-publicly traded shares Spring Printing Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	793,250	\$ 6,492	19.00	\$ 6,492	
Quang Viet Enterprise Co., Ltd.	Publicly traded preferred shares Chailease Holding Company Limited	-	Financial assets at fair value through other comprehensive income - non-current	300,000	\$ 30,450		\$ 30,450	
Quang Viet Enterprise Co., Ltd.	Publicly traded shares Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at fair value through profit or loss - current	77,000	\$ 47,355		\$ 47,355	
Quang Viet Enterprise Co., Ltd.	Publicly traded shares Elite Semiconductor Microelectronics Technology Inc.	-	Financial assets at fair value through profit or loss - current	20,000	\$ 3,300		\$ 3,300	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Quang Viet Enterprise Co., Ltd.	Publicly traded convertible bonds Chailease Holding Company Limited 1st Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	100,000	\$ 11,190		\$ 11,190	
King Hamm Industrial Co., Ltd.	Publicly traded shares Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at fair value through profit or loss - current	30,000	\$ 18,450		\$ 18,450	
Jiaying Quang Viet Garment Co., Ltd.	Non-publicly traded shares Anhui Xingxing Garment Co., Ltd.	Associate	Investment accounted for using equity method	11,000,000	\$ 501,523	18.97	\$ 501,523	

Note 1: The term “Marketable Securities” in this table refers to the IFRS No. 9 “Financial Instruments”, which refers to the stocks, bonds, beneficiary certificates and derivatives of the above items.

Note 2: For information on subsidiaries, affiliates, and interests in joint ventures, refer to Tables 6 and 7.

(Concluded)

## QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Quang Viet Enterprise Co., Ltd.	Kwang Viet Garment Co., Ltd.	Subsidiary	Processing fee	\$ 1,350,864	20	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	\$ (132,803)	17	Note
	Quang Viet (Tien Giang) Co., Ltd.	Subsidiary	Processing fee	889,096	13	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	-	-	Note
	Quang Viet (Long An) Co., Ltd.	Subsidiary	Processing fee	283,625	4	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(493,289)	62	Note
	Jiaxing Quang Viet Garment Co., Ltd.	Subsidiary	Purchases	521,561	8	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(106,375)	14	Note
	Atlanta Garment Manufacturing Company LLC	Subsidiary	Purchases	849,988	13	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(156,279)	20	Note
	Top One Down & Feather Co., Ltd.	Subsidiary	Purchases	185,306	3	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(35,664)	5	Note
	Formosa Taffeta Co., Ltd. (Group company)	Corporate director of the Company and its subsidiary	Purchases	493,510	7	Net 75 days from the end of the month when the invoice is issued	Normal transaction price	Net 75 days from the end of the month when the invoice is issued	(114,239)	15	-
Jiaxing Quang Viet Garment Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Brother company	Purchases	328,283	12	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(1,601)	3	Note
	Formosa Taffeta Co., Ltd. (Group company)	Corporate director of the Company and its subsidiary	Purchases	298,764	11	Net 75 days from the end of the month when the invoice is issued	Normal transaction price	Net 75 days from the end of the month when the invoice is issued	(2,886)	5	-
	Anhui Xingxing Garment Co., Ltd.	Associate	Processing fee	178,513	7	Net 60 days from the end of the month when the invoice is issued	Normal transaction price	Net 60 days from the end of the month when the invoice is issued	-	-	-
Top One Down & Feather Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Subsidiary	Purchases	242,689	92	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(32,571)	61	Note
King Hamm Industrial Co., Ltd.	King Hamm Industrial Co., Ltd. (VN)	Subsidiary	Processing fee	124,665	9	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(19,906)	19	Note
	King Hung Garments Industrial Co., Ltd.	Subsidiary	Processing fee	313,832	24	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(41,531)	40	Note
	King Hung Garments Industrial Co., Ltd.	Brother company	Purchases	401,685	30	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(107,425)	48	Note

Note: The above transactions have been eliminated during the preparation of the consolidated financial statements.

## QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Quang Viet Enterprise Co., Ltd.	Quang Viet (Long An) Co., Ltd.	Subsidiary	Other receivables - related parties \$ 100,797	-	\$ -	-	\$ -	\$ -
Quang Viet Enterprise Co., Ltd.	Atlanta Garment Manufacturing Company LLC	Subsidiary	Other receivables - related parties 178,136	-	-	-	25,876	-
Kwang Viet Garment Co., Ltd.	Quang Viet Enterprise Co., Ltd.	Subsidiary	Other receivables - related parties 132,803	20.34	-	-	132,803	-
Quang Viet (Tien Giang) Co., Ltd.	Kwang Viet Garment Co., Ltd.	Brother company	Trade receivables - related parties 430,826	-	-	-	-	-
Quang Viet (Long An) Co., Ltd.	Quang Viet Enterprise Co., Ltd.	Subsidiary	Other receivables - related parties 493,289	0.63	-	-	43,834	-
Jiaxing Quang Viet Garment Co., Ltd.	Quang Viet Enterprise Co., Ltd.	Subsidiary	Trade receivables - related parties 106,375	6.54	-	-	62,814	-
Top One Down & Feather Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Subsidiary	Other receivables - related parties 123,606	-	-	-	-	-
Atlanta Garment Manufacturing Company LLC	Quang Viet Enterprise Co., Ltd.	Subsidiary	Trade receivables - related parties 156,279	8.75	-	-	107,585	-
Atlanta Garment Manufacturing Company LLC	King Hamm Industrial Co., Ltd.	Brother company	Trade receivables - related parties 107,425	4.86	-	-	61,738	-

Note: The above transactions have been eliminated during the preparation of the consolidated financial statements.

## QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2021  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Quang Viet Enterprise Co., Ltd.	Kwang Viet Garment Co., Ltd.	1	Cost of goods sold (processing fee)	\$ 1,350,864	Mutual agreement on internal transfer pricing	10
		Kwang Viet Garment Co., Ltd.	1	Other payables	132,803	"	1
		Quang Viet (Tien Giang) Co., Ltd.	1	Cost of goods sold (processing fee)	889,096	"	7
		Quang Viet (Tien Giang) Co., Ltd.	1	Prepayments for inventory	604,402	"	4
		Quang Viet (Long An) Co., Ltd.	1	Cost of goods sold (processing fee)	283,625	"	2
		Quang Viet (Long An) Co., Ltd.	1	Other receivables	100,797	"	1
		Quang Viet (Long An) Co., Ltd.	1	Other payables	493,289	"	3
		Jiaxing Quang Viet Garment Co., Ltd.	1	Cost of goods sold (purchase of finished goods)	521,561	"	4
		Jiaxing Quang Viet Garment Co., Ltd.	1	Technical service revenue	148,278	"	1
		Jiaxing Quang Viet Garment Co., Ltd.	1	Other receivables	18,151	"	-
		Jiaxing Quang Viet Garment Co., Ltd.	1	Trade payables	106,375	"	1
		Atlanta Garment Manufacturing Company LLC	1	Cost of goods sold (purchase of finished goods)	849,988	"	7
		Atlanta Garment Manufacturing Company LLC	1	Interest income	1,634	"	-
		Atlanta Garment Manufacturing Company LLC	1	Other receivables	178,136	"	1
		Atlanta Garment Manufacturing Company LLC	1	Trade payables	156,279	"	1
		Top One Down & Feather Co., Ltd.	1	Cost of goods sold (purchase of raw material)	185,306	"	1
		Top One Down & Feather Co., Ltd.	1	Trade payables	35,664	"	-
		King Hamm Industrial Co., Ltd.	1	Cost of goods sold (purchase of finished goods)	10,745	"	-
		King Hamm Industrial Co., Ltd.	1	Trade payables	10,689	"	-
		Q.V.S. Limited	1	Other receivables	31,417	"	-
1	Kwang Viet Garment Co., Ltd.	Quang Viet (Long An) Co., Ltd.	3	Processing revenue	13,473	"	-
		Quang Viet (Long An) Co., Ltd.	3	Cost of goods sold (processing fee)	15,709	"	-
		Quang Viet (Long An) Co., Ltd.	3	Other payables	1,058	"	-
		Quang Viet (Tien Giang) Co., Ltd.	3	Other payables	430,826	"	3
2	Jiaxing Quang Viet Garment Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	3	Cost of goods sold (purchase of raw material)	328,283	"	3
		Top One Down & Feather Shu Yang Co., Ltd.	3	Trade payables	1,601	"	-
		Top One Apparel Shu Yang Co., Ltd.	3	Cost of goods sold (processing fee)	81,210	"	1
		Top One Apparel Shu Yang Co., Ltd.	3	Other payables	26,804	"	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 3)
				Financial Statement Account	Amount	Payment Terms	
2	Jiaxing Quang Viet Garment Co., Ltd.	Q Gear Limited	3	Commission expense	\$ 24,354	Mutual agreement on internal transfer pricing	-
3	Top One Down & Feather Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	3	Cost of goods sold (purchases)	242,689	//	2
		Top One Down & Feather Shu Yang Co., Ltd.	3	Interest income	3,227	//	-
		Top One Down & Feather Shu Yang Co., Ltd.	3	Other receivables	123,606	//	1
		Top One Down & Feather Shu Yang Co., Ltd.	3	Trade payables	32,571	//	-
		Q Gear Limited	3	Other income	5,024	//	-
4	Top One Down & Feather Shu Yang Co., Ltd.	Q Gear Limited	3	Commission expense	6,839	//	-
		Q Gear Limited	3	Other payables	1,256	//	-
5	King Hamm Industrial Co., Ltd.	King Hamm Industrial Co., Ltd. (VN)	3	Cost of goods sold (processing fee)	124,665	//	1
		King Hamm Industrial Co., Ltd. (VN)	3	Interest income	1,477	//	-
		King Hamm Industrial Co., Ltd. (VN)	3	Other receivables	47,933	//	-
		King Hamm Industrial Co., Ltd. (VN)	3	Other payables	19,906	//	-
		King Hung Garments Industrial Co., Ltd.	3	Cost of goods sold (processing fee)	313,832	//	2
		King Hung Garments Industrial Co., Ltd.	3	Other payables	41,531	//	-
		Atlanta Garment Manufacturing Company LLC	3	Cost of goods sold (purchase of finished goods)	401,685	//	3
		Atlanta Garment Manufacturing Company LLC	3	Other receivables	82,954	//	1
		Atlanta Garment Manufacturing Company LLC	3	Trade payables	107,425	//	1
6	King Hamm Industrial Co., Ltd. (VN)	King Hung Garments Industrial Co., Ltd.	3	Processing revenue	45,038	//	-
		King Hung Garments Industrial Co., Ltd.	3	Cost of goods sold (processing fee)	1,709	//	-
		King Hung Garments Industrial Co., Ltd.	3	Trade receivables	2,089	//	-
7	Atlanta Garment Manufacturing Company LLC	W&D Apparel (Jordan) Corp.	3	Cost of goods sold (processing fee)	49,504	//	-
		W&D Apparel (Jordan) Corp.	3	Other receivables	10,301	//	-
		W&D Apparel (Jordan) Corp.	3	Other payables	6,512	//	-
8	Principle & Will Co., Ltd.	Principle & Will Biotech (Pinghu) Co., Ltd.	3	Cost of goods sold (purchases)	83,629	//	1
		Principle & Will Biotech (Pinghu) Co., Ltd.	3	Other receivables	34,833	//	-
		Principle & Will Biotech (Xiantao) Co., Ltd.	3	Other receivables	14,893	//	-
		Joykey Industrial (Pinghu) Limited	3	Other receivables	4,593	//	-
9	Principle & Will Biotech (Pinghu) Co., Ltd.	Principle & Will Biotech (Xiantao) Co., Ltd.	3	Cost of goods sold (processing fee)	70,507	//	1
		Principle & Will Biotech (Xiantao) Co., Ltd.	3	Trade payables	7,322	//	-

(Continued)

Note 1: The numbering sequence for transactions between the parent company and its subsidiaries is as follows:

- a. The parent company is numbered 0.
- b. Subsidiaries are numbered sequentially from 1.

Note 2: The three types of relationships between transacting parties are as follows, the same transaction between the parent company and its subsidiary or between subsidiaries is only listed on one end.

- a. Parent company to subsidiary.
- b. Subsidiary to parent company.
- c. Between subsidiaries.

Note 3: Transaction price as a percentage of total sales or total assets is calculated based on the percentage of the ending balance to consolidated total assets for balance sheet items, and calculated based on the interim amount as a percentage of consolidated total revenue for income statement line items.

Note 4: The transactions of this table are listed based on materiality as determined by the Company.

(Concluded)



## QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

## INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2021

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note	
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount				
Quang Viet Enterprise Co., Ltd.	Kwang Viet Garment Co., Ltd.	Vietnam	Manufacturing and processing of apparel	\$ 303,219 (VND 172,313,196)	\$ 303,219 (VND 172,313,196)	-	100.00	\$ 370,312 (VND 303,861,547)	\$ (23,607) (VND -19,332,055)	\$ (28,455) (VND -23,302,218)	-	
	Spring Co., Ltd.	Samoa	Holding company	476,343 (US\$ 15,230,000)	489,503 (US\$ 15,700,000)	15,230,000	100.00	1,958,451 (US\$ 70,753,295)	235,579 (US\$ 8,410,829)	235,385 (US\$ 8,403,895)	-	
	Quang Viet (Tien Giang) Co., Ltd.	Vietnam	Manufacturing and processing of apparel	761,563 (VND 521,418,024)	761,563 (VND 521,418,024)	-	100.00	504,693 (VND 414,128,873)	(150,425) (VND-123,185,443)	(143,624) (VND-117,615,784)	-	
	Q.V.S. Limited	Samoa	Holding company	77,450 (US\$ 2,100,000)	373,987 (US\$ 12,400,000)	2,100,000	100.00	55,512 (US\$ 2,005,491)	316 (US\$ 11,280)	316 (US\$ 11,280)	-	
	Top One Down & Feather Co., Ltd.	Taiwan	Sale of down products	478,385	478,385	47,838,480	95.68	534,617	50,093	45,218	-	
	Q Gear Limited	Samoa	Agency for sale to external parties	1,510 (US\$ 50,000)	1,510 (US\$ 50,000)	50,000	100.00	75,506 (US\$ 2,727,814)	13,974 (US\$ 498,901)	13,974 (US\$ 498,901)	-	
	Quang Viet (Long An) Co., Ltd.	Vietnam	Manufacturing and processing of apparel	482,716 (VND 341,987,000)	482,716 (VND 341,987,000)	-	100.00	643,393 (VND 527,940,314)	26,035 (VND 21,320,012)	23,155 (VND 18,961,624)	-	
	Biancospino S.R.L.	Romania	Manufacturing and processing of apparel	274,104 (RON 36,554,700)	274,104 (RON 36,554,700)	-	51.00	200,176 (RON 31,631,950)	44,753 (RON 6,642,030)	22,824 (RON 3,387,436)	-	
	Atlanta Garment Manufacturing Company LLC	Jordan	Manufacturing and processing of apparel	13,839 (JOD 330,000)	13,839 (JOD 330,000)	-	60.00	191,110 (JOD 4,888,217)	133,348 (JOD 3,370,709)	80,029 (JOD 2,022,945)	-	
	King Hamm Industrial Co., Ltd.	Taiwan	Manufacturing, processing, and sale of apparel	334,425	334,425	13,650,000	42.00	341,747	56,330	22,715	-	
	W&D Apparel (Jordan) Corp.	Jordan	Manufacturing and processing of apparel	34,214 (JOD 782,340)	34,214 (JOD 782,340)	-	65.00	25,059 (JOD 640,969)	(1,183) (JOD -29,914)	(769) (JOD -19,444)	-	
	Q.V.P. Limited	Samoa	Holding company	420,934 (US\$ 14,780,000)	420,934 (US\$ 14,780,000)	14,780,000	100.00	671,493 (US\$ 24,259,151)	(12,623) (US\$ -450,669)	(12,623) (US\$ -450,669)	-	
	Sidney Apparels LLC	Jordan	Manufacturing and processing of apparel	- (JOD 1)	- (JOD -)	2,593,086	100.00	130,270 (JOD 3,337,791)	8,114 (JOD 205,462)	8,510 (JOD 215,489)	-	
	Spring Co., Ltd.	Jiaxing Quang Viet Garment Co., Ltd.	China	Manufacturing, processing, and sale of apparel	445,785 (RMB 98,939,650)	445,785 (RMB 98,939,650)	-	100.00	1,958,295 (RMB 451,065,925)	238,263 (RMB 54,878,231)	238,263 (RMB 54,878,231)	-
		Baoji Xinyue Garment Co., Ltd.	China	Manufacturing and processing of apparel	- (RMB -)	43,718 (RMB 9,424,800)	-	100.00	- (RMB -)	- (RMB 134)	- (RMB 134)	-
Jiaxing Quang Viet Garment Co., Ltd.	Anhui Xingxing Garment Co., Ltd.	China	Manufacturing, processing, and sale of apparel	273,340 (RMB 60,000,000)	273,340 (RMB 60,000,000)	11,000,000	18.97	501,523 (RMB 115,518,848)	526,991 (RMB 121,379,677)	104,750 (RMB 24,126,629)	-	
Q.V.S. Limited	Top One Apparel Shu Yang Co., Ltd.	China	Manufacturing and processing of apparel	61,693 (RMB 13,228,560)	61,693 (RMB 13,228,560)	-	100.00	82,950 (RMB 19,106,337)	414 (RMB 95,390)	414 (RMB 95,390)	-	
Top One Down & Feather Co., Ltd.	T.O.D. Limited	Samoa	Holding company	271,666 (US\$ 9,000,000)	271,666 (US\$ 9,000,000)	9,000,000	100.00	507,617 (US\$ 18,338,749)	34,173 (US\$ 1,220,079)	34,414 (US\$ 1,228,668)	-	
T.O.D. Limited	Top One Down & Feather Shu Yang Co., Ltd.	China	Manufacturing, processing and sale of down products	267,934 (RMB 56,000,000)	267,934 (RMB 56,000,000)	-	100.00	504,915 (RMB 116,300,010)	33,915 (RMB 7,811,597)	34,156 (RMB 7,867,008)	-	
King Hamm Industrial Co., Ltd.	King Hung Garments Industrial Co., Ltd.	Vietnam	Manufacturing and processing of apparel	87,634 (US\$ 2,910,000)	87,634 (US\$ 2,910,000)	-	100.00	74,298 (US\$ 2,684,172)	4,316 (US\$ 154,076)	2,746 (US\$ 98,028)	-	
	King Hamm Industrial Co., Ltd. (VN)	Vietnam	Manufacturing and processing of apparel	214,322 (US\$ 7,080,000)	214,322 (US\$ 7,080,000)	-	100.00	180,140 (US\$ 6,507,959)	(2,544) (US\$ -90,829)	(1,569) (US\$ -56,008)	-	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
Q.V.P. Limited	Principle & Will Co., Ltd.	Samoa	Holding company	\$ 420,650 (US\$ 14,770,000)	\$ 420,650 (US\$ 14,770,000)	10,000,000	50.00	\$ 617,317 (US\$ 24,252,777)	\$ (15,472) (US\$ -552,448)	\$ (12,521) (US\$ -447,043)	-
Principle & Will Co., Ltd.	Joykey Industrial Limited	Hong Kong	Holding company	66,848 (RMB 15,453,317)	66,848 (RMB 15,453,317)	-	100.00	52,641 (RMB 12,125,081)	(31,638) (RMB -7,286,958)	(31,638) (RMB -7,286,958)	-
	Principle & Will Biotech (Pinghu) Co., Ltd.	China	Manufacturing, processing and sale of medical products	740,363 (RMB 161,189,287)	740,363 (RMB 161,189,287)	-	100.00	602,264 (RMB 138,723,147)	28,680 (RMB 6,605,735)	28,680 (RMB 6,605,735)	-
Joykey Industrial Limited	Principle & Will Biotech (Xiantao) Co., Ltd.	China	Manufacturing, processing and sale of medical products	57,572 (RMB 11,873,793)	57,572 (RMB 11,873,793)	-	100.00	31,396 (RMB 7,231,550)	(30,470) (RMB -7,018,069)	(30,470) (RMB -7,018,069)	-
	Joykey Industrial (Pinghu) Limited	China	Manufacturing and sale of medical products	16,568 (RMB 3,579,524)	16,568 (RMB 3,579,524)	-	100.00	21,245 (RMB 4,893,531)	(1,167) (RMB -268,889)	(1,167) (RMB -268,889)	-

(Concluded)

## QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(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, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2(b))	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Jiaxing Quang Viet Garment Co., Ltd.	Manufacturing and processing, and sale of apparel	\$ 445,785 (RMB 98,939,650)	(b) Spring Co., Ltd.	\$ 445,785 (US\$ 14,200,000)	\$ -	\$ -	\$ 445,785 (US\$ 14,200,000)	\$ 238,263 (RMB 54,878,231)	100.00	\$ 238,263 (RMB 54,878,231) 2)	\$ 1,958,295 (RMB 451,065,925)	\$ -	-
Baoji Xinyue Garment Co., Ltd.	Manufacturing and processing of apparel	- (RMB -)	(b) Spring Co., Ltd.	43,718 (US\$ 1,500,000)	-	43,718 (US\$ 1,500,000)	- (US\$ -)	- (RMB 134)	-	- (RMB 134) 2)	- (RMB -)	-	-
Top One Apparel Shu Yang Co., Ltd.	Manufacturing and processing of apparel	61,693 (RMB 13,228,560)	(b) Q.V.S. Limited	61,693 (US\$ 2,100,000)	-	-	61,693 (US\$ 2,100,000)	414 (RMB 95,390)	100.00	414 (RMB 95,390) 2)	82,950 (RMB 19,106,337)	-	-
Top One Down & Feather Shu Yang Co., Ltd.	Manufacturing, processing and sale of down products	267,934 (RMB 56,000,000)	(b) T.O.D. Limited	267,934 (US\$ 8,877,506)	-	-	267,934 (US\$ 8,877,506)	33,915 (RMB 7,811,597)	95.68	32,680 (RMB 7,527,153) 2)	504,915 (RMB 116,300,010)	-	-
Principle & Will Biotech (Pinghu) Co., Ltd.	Manufacturing, processing and sale of medical products	740,363 (RMB 161,189,287)	(b) Principle & Will Co., Ltd.	-	-	-	-	26,680 (RMB 6,605,735)	50.00	13,340 (RMB 3,302,868) 2)	602,264 (RMB 138,723,147)	-	-
Principle & Will Biotech (Xiantao) Co., Ltd.	Manufacturing, processing and sale of medical products	57,572 (RMB 11,873,793)	(b) Joykey Industrial Limited	-	-	-	-	(30,470) (RMB -7,018,069)	50.00	(15,235) (RMB -3,509,035) 2)	31,396 (RMB 7,231,550)	-	-
Joykey Industrial (Pinghu) Limited	Manufacturing and sale of medical products	16,568 (RMB 3,579,524)	(b) Joykey Industrial Limited	-	-	-	-	(1,167) (RMB -268,889)	50.00	(584) (RMB -134,445) 2)	21,245 (RMB 4,893,531)	-	-
Anhui Xingxing Garment Co., Ltd.	Manufacturing and processing of apparel	253,170 (RMB 57,980,000)	(c) Jiaxing Quang Viet Garment Co., Ltd.	-	-	-	-	526,991 (RMB 121,379,677)	18.97	104,750 (RMB 24,126,629) 3)	501,523 (RMB 115,518,848)	-	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by Investment Commission, MOEA (Note 3)
\$775,412 (US\$25,177,506)	\$1,617,218 (US\$58,425,494) (Exchange rate: 27.68)	\$4,134,570

Note 1: The three methods of investment are as follows:

- Direct investment in China
- Indirect investment through a company registered in a third region
- Others

Note 2: The amount recognized in investment income in the current year:

- Should be indicated if currently under preparation and not generating investment income.
- The basis of recognition of investment profit (loss) should be indicated and is classified as follows:
  - Amount was recognized based on the financial statements audited by international audit firms with business relationships with audit firms in the ROC.
  - Amount was recognized based on the parent company's audited financial statements.
  - Others.

Note 3: According to Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China administered by the Foreign Investment Commission, the amount is limited to the higher of the net worth of the investor company or 60% of the consolidated net worth.

**QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES**

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Transaction Type	Purchase/Sale		Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%	Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Jiaxing Quang Viet Garment Co., Ltd.	Purchases	\$ 521,561	8	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	\$ (106,375)	14	\$ -	Notes 1 and 2
	Technical service revenue	148,278	81	"	-	6,740	23	-	
Top One Down & Feather Shu Yang Co., Ltd.	Purchase of raw material	242,689	92	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(32,571)	61	1,716	

Note 1: The proportion of technical service revenue to purchases/sales is calculated based on its percentage to consolidated other income.

Note 2: The proportion of technical service receivable to receivables is calculated based on its percentage to consolidated other receivables.

**TABLE 9****QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Formosa Taffeta Co., Ltd.	18,595,352	17.98
Top One Investment Co., Ltd.	15,683,419	15.17

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Securities and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have the rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System website of the Taiwan Stock Exchange.

## Attachment 2.

# 2021 Standalone Financial Statements and Auditor's Report

**Quang Viet Enterprise Co., Ltd.**

**Financial Statements for the  
Years Ended December 31, 2021 and 2020 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Quang Viet Enterprise Co., Ltd.

### **Opinion**

We have audited the accompanying financial statements of Quang Viet Enterprise Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



The key audit matter of the Company's financial statements for the year ended December 31, 2021 is described as follows:

#### Validity of Revenue Recognized from Specific Customers

The Company's main source of revenue is the sale of garment products. Since the customer base is highly concentrated, the validity of revenue recognized from main customers whose change in the amount of revenue meets certain criteria has been identified as a key audit matter.

Refer to Note 4 (1) of the financial statements for the related accounting policies.

Our main audit procedures performed in response to the aforementioned key audit matter are as follows:

1. We understood the internal controls related to revenue recognized from customers, evaluated the design of the controls and tested the operating effectiveness of the controls.
2. We performed substantive tests of details of revenue.
3. We checked for significant sales returns after the reporting periods, took samples and validated that revenue was reasonably recognized in the appropriate reporting periods.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yi-Chen Lu and Yi-Min Huang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 8, 2022

Notice to Readers

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

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

**QUANG VIET ENTERPRISE CO., LTD.**

**BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
**(In Thousands of New Taiwan Dollars)**

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 257,229	2	\$ 394,751	4
Financial assets at fair value through profit or loss - current (Note 7)	61,845	1	-	-
Financial assets at amortized cost - current (Notes 9, 10 and 34)	723,060	6	1,006,670	9
Notes receivable (Note 24)	12	-	-	-
Trade receivables (Notes 11 and 24)	1,244,365	11	428,033	4
Other receivables from unrelated parties (Note 17)	3,697	-	2,049	-
Other receivables from related parties (Notes 17 and 33)	328,980	3	354,492	3
Inventories (Note 12)	1,950,187	16	1,007,282	10
Prepayments (Notes 17 and 33)	<u>635,280</u>	<u>5</u>	<u>775,440</u>	<u>7</u>
Total current assets	<u>5,204,655</u>	<u>44</u>	<u>3,968,717</u>	<u>37</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Note 7)	-	-	61,887	1
Financial assets at fair value through other comprehensive income - non-current (Note 8)	87,247	1	176,248	2
Financial asset at amortized cost - non-current (Notes 9 and 10)	60,000	-	81,500	1
Investments accounted for using the equity method (Notes 13 and 29)	5,702,339	48	5,565,197	52
Property, plant and equipment (Note 14)	654,869	6	648,375	6
Other intangible assets (Note 16)	3,766	-	4,179	-
Deferred tax assets (Note 26)	154,267	1	135,489	1
Prepayments for equipment	-	-	1,810	-
Net defined benefit assets - non-current (Note 22)	<u>4,194</u>	<u>-</u>	<u>2,234</u>	<u>-</u>
Total non-current assets	<u>6,666,682</u>	<u>56</u>	<u>6,676,919</u>	<u>63</u>
<b>TOTAL</b>	<u>\$ 11,871,337</u>	<u>100</u>	<u>\$ 10,645,636</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 18)	\$ 1,312,590	11	\$ 353,260	3
Contract liabilities - current (Note 24)	129,917	1	299,639	3
Notes payable (Notes 20 and 33)	7,402	-	6,890	-
Trade payables to unrelated parties (Note 20)	357,189	3	250,915	2
Trade payables to related parties (Notes 20 and 33)	415,100	4	169,680	2
Other payables (Note 21)	157,207	1	125,502	1
Other payables to related parties (Note 33)	634,238	5	860,337	8
Current tax liabilities (Note 26)	95,968	1	79,580	1
Current portion of bonds payable (Note 19)	1,483,103	13	-	-
Other current liabilities	<u>776</u>	<u>-</u>	<u>754</u>	<u>-</u>
Total current liabilities	<u>4,593,490</u>	<u>39</u>	<u>2,146,557</u>	<u>20</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 19)	-	-	1,462,934	14
Long-term borrowings (Note 18)	117,000	1	117,000	1
Deferred tax liabilities (Note 26)	269,892	2	262,902	2
Guarantee deposits received	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>
Total non-current liabilities	<u>386,896</u>	<u>3</u>	<u>1,842,840</u>	<u>17</u>
Total liabilities	<u>4,980,386</u>	<u>42</u>	<u>3,989,397</u>	<u>37</u>
<b>EQUITY (Note 23)</b>				
Ordinary shares	<u>1,033,753</u>	<u>9</u>	<u>1,033,753</u>	<u>10</u>
Capital surplus	<u>2,951,918</u>	<u>25</u>	<u>2,939,320</u>	<u>28</u>
Retained earnings				
Legal reserve	794,021	7	740,461	7
Special reserve	435,908	3	377,395	3
Unappropriated earnings	<u>2,172,088</u>	<u>18</u>	<u>2,001,218</u>	<u>19</u>
Total retained earnings	<u>3,402,017</u>	<u>28</u>	<u>3,119,074</u>	<u>29</u>
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(468,043)	(4)	(405,262)	(4)
Unrealized loss on financial assets at fair value through other comprehensive income	<u>(28,694)</u>	<u>-</u>	<u>(30,646)</u>	<u>-</u>
Total other equity	<u>(496,737)</u>	<u>(4)</u>	<u>(435,908)</u>	<u>(4)</u>
Total equity	<u>6,890,951</u>	<u>58</u>	<u>6,656,239</u>	<u>63</u>
<b>TOTAL</b>	<u>\$ 11,871,337</u>	<u>100</u>	<u>\$ 10,645,636</u>	<u>100</u>

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

# QUANG VIET ENTERPRISE CO., LTD.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 33)	\$ 7,206,565	100	\$ 7,854,318	100
OPERATING COSTS (Notes 12 and 33)	<u>(6,745,209)</u>	<u>(93)</u>	<u>(7,455,111)</u>	<u>(95)</u>
GROSS PROFIT	<u>461,356</u>	<u>7</u>	<u>399,207</u>	<u>5</u>
OPERATING EXPENSES (Note 25)				
Selling and marketing expenses	(66,143)	(1)	(60,986)	(1)
General and administrative expenses	(170,574)	(2)	(180,008)	(2)
Research and development expenses	<u>(35,347)</u>	<u>(1)</u>	<u>(33,625)</u>	<u>(1)</u>
Total operating expenses	<u>(272,064)</u>	<u>(4)</u>	<u>(274,619)</u>	<u>(4)</u>
PROFIT FROM OPERATIONS	<u>189,292</u>	<u>3</u>	<u>124,588</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES (Notes 25, 28 and 33)				
Interest income	8,386	-	11,339	-
Other income	278,457	4	156,245	2
Other gains and losses	13,588	-	(57,131)	(1)
Finance costs	(32,148)	(1)	(32,363)	-
Share of profit of subsidiaries, associates and joint ventures	<u>266,654</u>	<u>4</u>	<u>367,476</u>	<u>5</u>
Total non-operating income and expenses	<u>534,937</u>	<u>7</u>	<u>445,566</u>	<u>6</u>
PROFIT BEFORE INCOME TAX	724,229	10	570,154	7
INCOME TAX EXPENSE (Note 26)	<u>(93,727)</u>	<u>(1)</u>	<u>(32,858)</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>630,502</u>	<u>9</u>	<u>537,296</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 22 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(683)	-	4,620	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	<u>(9,488)</u>	<u>-</u>	<u>(19,464)</u>	<u>-</u>

(Continued)

## QUANG VIET ENTERPRISE CO., LTD.

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Income tax related to items that will not be reclassified subsequently to profit or loss	\$ 137	-	\$ (924)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(77,336)	(1)	(57,062)	(1)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method				
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method - unrealized gain on investments in equity instruments at fair value through other comprehensive income	-	-	986	-
Income tax related to items that may be reclassified subsequently to profit or loss	<u>14,555</u>	<u>-</u>	<u>11,633</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(72,815)</u>	<u>(1)</u>	<u>(60,211)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 557,687</u>	<u>8</u>	<u>\$ 477,085</u>	<u>6</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 6.10</u>		<u>\$ 5.20</u>	
Diluted	<u>\$ 5.70</u>		<u>\$ 4.91</u>	

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

(Concluded)

**QUANG VIET ENTERPRISE CO., LTD.**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

	Shares (In Thousands)	Share Capital	Capital Surplus			Retained Earnings			Other Equity		Total Equity
			Issuance of Ordinary Shares	Changes in Percentage of Ownership Interests in Subsidiaries	Stock Warrants	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, 2020	103,375	\$ 1,033,753	\$ 2,868,317	\$ 557	\$ 70,446	\$ 639,965	\$ 250,464	\$ 2,468,362	\$ (359,833)	\$ (17,562)	\$ 6,954,469
Appropriation of 2019 earnings											
Legal reserve	-	-	-	-	-	100,496	-	(100,496)	-	-	-
Special reserve	-	-	-	-	-	-	126,931	(126,931)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(775,315)	-	-	(775,315)
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	-	537,296	-	-	537,296
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	-	3,696	(45,429)	(18,478)	(60,211)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-	540,992	(45,429)	(18,478)	477,085
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	(6,649)	-	6,649	-
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by subsidiaries	-	-	-	-	-	-	-	1,255	-	(1,255)	-
BALANCE AT DECEMBER 31, 2020	103,375	1,033,753	2,868,317	557	70,446	740,461	377,395	2,001,218	(405,262)	(30,646)	6,656,239
Appropriation of 2020 earnings											
Legal reserve	-	-	-	-	-	53,560	-	(53,560)	-	-	-
Special reserve	-	-	-	-	-	-	58,513	(58,513)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(330,801)	-	-	(330,801)
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	-	630,502	-	-	630,502
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	-	(546)	(62,781)	(9,488)	(72,815)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	629,956	(62,781)	(9,488)	557,687
Changes in percentage of ownership interests in subsidiaries	-	-	-	12,598	-	-	-	(4,772)	-	-	7,826
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	(11,440)	-	11,440	-
BALANCE AT DECEMBER 31, 2021	103,375	\$ 1,033,753	\$ 2,868,317	\$ 13,155	\$ 70,446	\$ 794,021	\$ 435,908	\$ 2,172,088	\$ (468,043)	\$ (28,694)	\$ 6,890,951

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

# QUANG VIET ENTERPRISE CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 724,229	\$ 570,154
Adjustments for:		
Depreciation expense	6,279	5,915
Amortization expense	3,790	3,845
Finance costs	32,148	32,363
Interest income	(8,386)	(11,339)
Dividend income	(3,129)	(9,652)
Net loss on fair value changes of financial assets at fair value through profit or loss	2,433	6,526
Loss on disposal of property, plant and equipment	506	-
Share of profit of subsidiaries, associates and joint ventures	(266,654)	(367,476)
Write-down of inventories	21,163	84,962
Gain on bargain purchase	(122,432)	-
Changes in operating assets and liabilities		
Notes receivable	(12)	-
Trade receivables	(816,332)	136,125
Trade receivables from unrelated parties	(1,517)	1,117
Trade receivables from related parties	(50,204)	10,111
Inventories	(964,068)	437,950
Prepayments	140,160	(348,527)
Contract liabilities	(169,722)	294,772
Notes payable	512	(3,641)
Trade payables	351,694	1,532
Other payables	225,613	(12,773)
Other current liabilities	22	(8,240)
Net defined benefit liabilities	(2,643)	(2,665)
Cash (used in) generated from operations	(896,550)	821,059
Interest paid	(11,052)	(12,431)
Income tax paid	(74,435)	(16,918)
Net cash (used in) generated from operating activities	<u>(982,037)</u>	<u>791,710</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through profit or loss	(130,266)	(14,078)
Proceeds from sale of financial assets at fair value through profit or loss	127,875	14,871
Purchase of financial assets at fair value through other comprehensive income	-	(74,119)
Proceeds from sale of financial assets at fair value through other comprehensive income	79,512	27,196
Purchase of financial assets at amortized cost	-	(282,374)
Proceeds from sale of financial assets at amortized cost	305,110	-
Acquisition of subsidiaries	(420,934)	-
Capital reduction from subsidiaries	189,499	-

(Continued)



# QUANG VIET ENTERPRISE CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Payments for property, plant and equipment	\$ (12,879)	\$ (88,857)
Proceeds from disposal of property, plant and equipment	1,410	-
Increase in other receivables to unrelated parties	(100,623)	-
Decrease in other receivables to related parties	-	75,250
Payments for intangible assets	(3,377)	(2,288)
Increase in prepayments for equipment	-	(1,810)
Interest received	8,468	12,254
Other dividends received	2,917	9,652
Dividends received from subsidiaries	<u>169,274</u>	<u>119,731</u>
Net cash generated from (used in) investing activities	<u>215,986</u>	<u>(204,572)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	959,330	220,141
Proceeds from long-term borrowings	-	117,000
Repayments of long-term borrowings	-	(106,500)
Proceeds from guarantee deposits received	-	1
Dividends paid to owners of the Company	<u>(330,801)</u>	<u>(775,315)</u>
Net cash generated from (used in) financing activities	<u>628,529</u>	<u>(544,673)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(137,522)	42,465
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>394,751</u>	<u>352,286</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 257,229</u>	<u>\$ 394,751</u>

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

(Concluded)

# QUANG VIET ENTERPRISE CO., LTD.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Quang Viet Enterprise Co., Ltd. (the “Company”) was incorporated in the Republic of China (ROC) in October 1995. The Company is mainly engaged in the manufacturing, processing and sale of garments.

The Company’s shares were listed and have been trading on the Taiwan Stock Exchange (TWSE) since October 18, 2016.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on March 8, 2022.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
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.

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated.

## 2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

## 3) Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;

- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
  - e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.
- 4) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’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

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The 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 obligations 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.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

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

Current assets include:

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

Current liabilities include:

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

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

d. Foreign currencies

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

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

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

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

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

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

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

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

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Company uses the equity method to account for its investments in associates.

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

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

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

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

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

#### h. Property, plant and equipment

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

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

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

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



i. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

j. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 32.

ii. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, notes receivable, other receivables, time deposits with original maturities within 3 months from the date of acquisition, and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and investments in debt instruments that are measured at FVTOCI.

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

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

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

c) Derecognition of financial assets

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

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

## 2) Equity instruments

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

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

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

## 3) Financial liabilities

### a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

### b) Derecognition of financial liabilities

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

## 4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

## 1. Revenue recognition

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

### Revenue from the sale of goods

The sale of goods is recognized as revenue when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

#### m. Lease

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

##### 1) The Company as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

##### 2) The Company as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

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

#### n. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and rereasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and net interest on the net defined benefit liabilities (assets)) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

q. Taxation

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

1) Current tax

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

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

## 2) Deferred tax

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

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

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

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

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

## 3) Current and deferred taxes

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

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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

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

The Company considers the possible impact of the recent development of the COVID-19 pandemic in Taiwan as well as Vietnam and its economic environment implications when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2021	2020
Cash on hand	\$ 33	\$ 33
Checking accounts and demand deposits	121,962	151,418
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>135,234</u>	<u>243,300</u>
	<u>\$ 257,229</u>	<u>\$ 394,751</u>

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

	<u>December 31</u>	
	2021	2020
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	\$ 50,655	\$ -
Domestic bonds	<u>11,190</u>	<u>-</u>
	<u>\$ 61,845</u>	<u>\$ -</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Foreign unlisted shares	<u>\$ -</u>	<u>\$ 61,887</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2021	2020
<u>Investments in equity instruments at FVTOCI - non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 80,755	\$ 166,627
Unlisted shares	<u>6,492</u>	<u>9,621</u>
	<u>\$ 87,247</u>	<u>\$ 176,248</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 Company's strategy of holding these investments for long-term purposes.



During 2021 and 2020, the Company sold its shares in order to manage credit concentration risk. The shares sold had fair value of \$79,512 thousand and \$27,196 thousand and its related unrealized valuation loss of \$11,440 thousand and \$6,649 thousand were transferred from other equity to retained earnings, respectively.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 716,060	\$ 999,670
Pledged time deposits	<u>7,000</u>	<u>7,000</u>
	<u>\$ 723,060</u>	<u>\$ 1,006,670</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 60,000</u>	<u>\$ 81,500</u>
a. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.		
b. Refer to Note 34 for information relating to investments in financial assets at amortized cost pledged as security.		

## 10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at amortized cost were as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Gross carrying amount		
Current	\$ 723,060	\$ 1,006,670
Non-current	<u>60,000</u>	<u>81,500</u>
Amortized cost	<u>\$ 783,060</u>	<u>\$ 1,088,170</u>

In order to minimize credit risk, the Company has tasked its credit management committee to develop and maintain a credit risk grading framework to categorize exposures according to the degree of risk of default. The credit rating information may be obtained from independent rating agencies where available, and if such information is not available, the credit management committee uses other publicly available financial information to rate the debtors.

In determining the expected credit losses for debt instrument investments, the Company considers the historical default rates of investments in each credit rating supplied by external rating agencies and the current financial condition of debtors. The Company's current credit risk grading mechanism is as follows:

<u>Category</u>	<u>Description</u>	<u>Basis for Recognizing Expected Credit Losses (ECLs)</u>
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs

The gross carrying amounts of debt instrument investments classified by credit category and the corresponding expected loss rates were shown below:

<u>Category</u>	<u>Expected Loss Rate</u>	<u>Gross Carrying Amount at Amortized Cost</u>	
		<u>December 31</u>	
		<u>2021</u>	<u>2020</u>
Performing	0%-0.01%	<u>\$ 783,060</u>	<u>\$ 1,088,170</u>

## 11. TRADE RECEIVABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,249,456	\$ 433,124
Less: Allowance for impairment loss	<u>(5,091)</u>	<u>(5,091)</u>
	<u>\$ 1,244,365</u>	<u>\$ 428,033</u>

The average credit period of sales of goods is 30-90 days.

In order to minimize credit risk, the management of the Company 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 Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company 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 prepared by reference to 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. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company 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. For trade receivables that have been written off, the Company 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 following table details the loss allowance of trade receivables based on the Company's provision matrix:

December 31, 2021

	1-30 Days	31-60 Days	61-90 Days	91-180 Days	181-365 Days	Over 365 Days	Total
Expect credit loss rate	0.01%-0.28%	0.01%-0.54%	0.01%-1.47%	0.01%-42.33%	0.01%-100%	100%	
Gross carrying amount	\$ 772,927	\$ 469,605	\$ 6,245	\$ 672	\$ 7	\$ -	\$ 1,249,456
Loss allowance (Lifetime ECLs)	<u>(2,192)</u>	<u>(2,516)</u>	<u>(92)</u>	<u>(284)</u>	<u>(7)</u>	<u>-</u>	<u>(5,091)</u>
Amortized cost	<u>\$ 770,735</u>	<u>\$ 467,089</u>	<u>\$ 6,153</u>	<u>\$ 388</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,244,365</u>

December 31, 2020

	1-30 Days	31-60 Days	61-90 Days	91-180 Days	181-365 Days	Over 365 Days	Total
Expect credit loss rate	0.01%-0.33%	0.01%-0.58%	0.01%-1.35%	0.01%-10.66%	0.01%-13.72%	100%	
Gross carrying amount	\$ 217,578	\$ 118,349	\$ 71,691	\$ 25,506	\$ -	\$ -	\$ 433,124
Loss allowance (Lifetime ECLs)	<u>(725)</u>	<u>(681)</u>	<u>(967)</u>	<u>(2,718)</u>	<u>-</u>	<u>-</u>	<u>(5,091)</u>
Amortized cost	<u>\$ 216,853</u>	<u>\$ 117,668</u>	<u>\$ 70,724</u>	<u>\$ 22,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 428,033</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Balance at January 1	<u>\$ 5,091</u>	<u>\$ 5,091</u>
Balance at December 31	<u>\$ 5,091</u>	<u>\$ 5,091</u>

**12. INVENTORIES**

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Raw materials	\$ 697,216	\$ 448,693
Work in progress	875,237	366,809
Finished goods	<u>377,734</u>	<u>191,780</u>
	<u>\$ 1,950,187</u>	<u>\$ 1,007,282</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$6,745,209 thousand and \$7,455,111 thousand, respectively.

The cost of goods sold included inventory write-downs of \$21,163 thousand and \$84,962 thousand for the years ended December 31, 2021 and 2020, respectively.

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Investments in subsidiaries</u>		
Kwang Viet Garment Co., Ltd.	\$ 370,312	\$ 403,425
Spring Co., Ltd.	1,958,451	1,734,987
Quang Viet (Tien Giang) Co., Ltd.	504,693	655,759
Top One Down & Feather Co., Ltd.	534,617	620,624
Q.V.S. Limited	55,512	54,848
Q Gear Limited	75,506	63,479
Quang Viet (Long An) Co., Ltd.	643,393	627,664
Biancospino S.R.L.	200,176	241,042
Atlanta Garment Manufacturing Company LLC	191,110	115,259
King Hamm Industrial Co., Ltd.	341,747	328,356
W&D Apparel (Jordan) Corp.	25,059	26,566
Q.V.P. Limited	671,493	693,188
Sidney Apparels LLC	<u>130,270</u>	<u>-</u>
	<u>\$ 5,702,339</u>	<u>\$ 5,565,197</u>

#### **Proportion of Ownership and Voting Rights**

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Name of subsidiary</u>		
Kwang Viet Garment Co., Ltd.	100.00%	100.00%
Spring Co., Ltd.	100.00%	100.00%
Quang Viet (Tien Giang) Co., Ltd.	100.00%	100.00%
Top One Down & Feather Co., Ltd.	95.68%	95.68%
Q.V.S. Limited	100.00%	100.00%
Q Gear Limited	100.00%	100.00%
Quang Viet (Long An) Co., Ltd.	100.00%	100.00%
Biancospino S.R.L.	51.00%	51.00%
Atlanta Garment Manufacturing Company LLC	60.00%	60.00%
King Hamm Industrial Co., Ltd.	42.00%	42.00%
W&D Apparel (Jordan) Corp.	65.00%	65.00%
Q.V.P. Limited	100.00%	100.00%
Sidney Apparels LLC	100.00%	-

The Company acquired 100% ownership of Sidney Apparels LLC on October 15, 2021 by cash in the amount of US\$1 for 2,593,086 shares. As of December 31, 2021, even though the registration of the equity interest transfer has not yet been settled, the Company has the practical ability to direct the relevant activities of Sidney Apparels LLC; therefore, the Company has control over Sidney Apparels LLC and deems it a subsidiary. Refer to Note 31 of the Company's consolidated financial statements for the related information.

The Company established its subsidiary Q.V.P. Limited in October 2020 by cash in the amount of US\$14,780 thousand (equivalent to \$420,934 thousand).

Refer to Table 5 of Note 38 for information on investees of the Company.

## 14. PROPERTY, PLANT AND EQUIPMENT

	Land	Building and Construction	Transportation	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2021	\$ 519,284	\$ 155,666	\$ 11,990	\$ 7,514	\$ 694,454
Additions	-	-	12,120	759	12,879
Disposals	-	-	(10,390)	(728)	(11,118)
Reclassification	-	-	-	1,810	1,810
Balance at December 31, 2021	<u>\$ 519,284</u>	<u>\$ 155,666</u>	<u>\$ 13,720</u>	<u>\$ 9,355</u>	<u>\$ 698,025</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2021	\$ -	\$ 34,249	\$ 8,035	\$ 3,795	\$ 46,079
Depreciation expenses	-	3,322	1,096	1,861	6,279
Disposals	-	-	(8,474)	(728)	(9,202)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 37,571</u>	<u>\$ 657</u>	<u>\$ 4,928</u>	<u>\$ 43,156</u>
Carrying amount at December 31, 2021	<u>\$ 519,284</u>	<u>\$ 118,095</u>	<u>\$ 13,063</u>	<u>\$ 4,427</u>	<u>\$ 654,869</u>
<u>Cost</u>					
Balance at January 1, 2020	\$ 431,383	\$ 155,666	\$ 11,990	\$ 8,881	\$ 607,920
Additions	87,901	-	-	956	88,857
Disposals	-	-	-	(2,323)	(2,323)
Balance at December 31, 2020	<u>\$ 519,284</u>	<u>\$ 155,666</u>	<u>\$ 11,990</u>	<u>\$ 7,514</u>	<u>\$ 694,454</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2020	\$ -	\$ 30,903	\$ 6,824	\$ 4,760	\$ 42,487
Depreciation expenses	-	3,346	1,211	1,358	5,915
Disposals	-	-	-	(2,323)	(2,323)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 34,249</u>	<u>\$ 8,035</u>	<u>\$ 3,795</u>	<u>\$ 46,079</u>
Carrying amount at December 31, 2020	<u>\$ 519,284</u>	<u>\$ 121,417</u>	<u>\$ 3,955</u>	<u>\$ 3,719</u>	<u>\$ 648,375</u>

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

Building and construction	
Main buildings	50 years
Renovations	5-10 years
Transportation equipment	6-10 years
Other equipment	3-5 years

No impairment assessment was performed for the years ended December 31, 2021 and 2020.

## 15. LEASE ARRANGEMENTS

### Other Lease Information

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Expenses relating to low-value asset leases	<u>\$ 240</u>	<u>\$ 270</u>
Total cash outflow for leases	<u>\$ (240)</u>	<u>\$ (270)</u>

The Company's leases of certain office equipment qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 16. OTHER INTANGIBLE ASSETS

	<b>Computer Software</b>
<u>Cost</u>	
Balance at January 1, 2021	\$ 14,954
Additions	3,377
Disposals	<u>(5,315)</u>
Balance at December 31, 2021	<u>\$ 13,016</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2021	\$ 10,775
Amortization expenses	3,790
Disposals	<u>(5,315)</u>
Balance at December 31, 2021	<u>\$ 9,250</u>
Carrying amount at December 31, 2021	<u>\$ 3,766</u>
<u>Cost</u>	
Balance at January 1, 2020	\$ 22,719
Additions	2,288
Disposals	<u>(10,053)</u>
Balance at December 31, 2020	<u>\$ 14,954</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2020	\$ 16,983
Amortization expenses	3,845
Disposals	<u>(10,053)</u>
Balance at December 31, 2020	<u>\$ 10,775</u>
Carrying amount at December 31, 2020	<u>\$ 4,179</u>

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software 1-4 years

## 17. OTHER ASSETS

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
<u>Current</u>		
Other receivables		
Sales tax receivable	\$ 2,284	\$ 766
Other receivables	1,413	1,283
Other receivables-related parties (Note 33)	<u>328,980</u>	<u>354,492</u>
	<u>\$ 332,677</u>	<u>\$ 356,541</u>
Other current assets		
Prepayments for suppliers	\$ 25,510	\$ 15,973
Prepayments for processing fee (Note 33)	604,402	755,056
Others	<u>5,368</u>	<u>4,411</u>
	<u>\$ 635,280</u>	<u>\$ 775,440</u>

## 18. BORROWINGS

### a. Short-term borrowings

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
<u>Unsecured borrowings</u>		
Operating loans	\$ 508,000	\$ 200,000
Letter of credit payables	<u>804,590</u>	<u>153,260</u>
	<u>\$ 1,312,590</u>	<u>\$ 353,260</u>
Range of interest rates	0.48%-0.75%	0.25%-0.85%

### b. Long-term borrowings

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
<u>Unsecured borrowings</u>		
Bank loans	\$ 117,000	\$ 117,000
Less: Current portion	<u>-</u>	<u>-</u>
Long-term borrowings	<u>\$ 117,000</u>	<u>\$ 117,000</u>

As of December 31, 2021 and 2020, the due dates of long-term borrowings are between February 21, 2023 to August 21, 2025 (the principal is paid in cash in semi-annual installments of \$19,500 thousand), and the effective interest rates of the bank borrowings was 0.7566% and 0.7567% per annum, respectively.

## 19. BONDS PAYABLE

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
Unsecured domestic bonds	\$ 1,483,103	\$ 1,462,934
Less: Current portion	<u>(1,483,103)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 1,462,934</u>

In October 2019, the Company issued 15 thousand, 3 years and an interest rate of 0% NTD-denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of \$1,500,000 thousand.

The major terms of redemption and conversion of unsecured domestic convertible bonds are as follows:

- a. From 3 months after the date of issuance to 40 days before the maturity date, which is from January 30, 2020 to September 19, 2022, the Company has the right to redeem its bonds from bondholders at the contract price under specific conditions.
- b. From 3 months after the date of issuance to the maturity date, which is from January 30, 2020 to October 29, 2022, each bondholder has the right to convert their bonds into ordinary shares at the conversion price of NT\$163 per share. If the bonds have not been converted, they will be redeemed at contract price at the maturity date.
- c. The Company will repay the bonds at face value by cash at the maturity date.

The effective interest rate of the liability component was 1.37% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,478 thousand)	\$ 1,509,522
Conversion value (less transaction costs allocated to the equity component of \$204 thousand)	(70,446)
Redemption value	<u>450</u>
Liability component at the date of issue (less transaction costs allocated to the liability component of \$5,274 thousand)	1,439,526
Interest charged at an effective interest rate of 1.37%	<u>3,460</u>
Liability component at December 31, 2019	1,442,986
Interest charged at an effective interest rate of 1.37%	<u>19,948</u>
Liability component at December 31, 2020	1,462,934
Interest charged at an effective interest rate of 1.37%	<u>20,169</u>
Liability component at December 31, 2021	<u>\$ 1,483,103</u>



## 20. NOTES PAYABLE AND TRADE PAYABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Notes payable</u>		
Operating		
To unrelated parties	\$ <u>7,402</u>	\$ <u>6,890</u>
<u>Trade payables</u>		
Operating		
To unrelated parties	\$ 357,189	\$ 250,915
To related parties (Note 33)	<u>415,100</u>	<u>169,680</u>
	<u>\$ 772,289</u>	<u>\$ 420,595</u>

The Company's credit terms with suppliers are net 30-90 days.

## 21. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 42,577	\$ 26,914
Payables for employees' compensation and remuneration of directors	18,441	23,281
Payables for purchase	47,574	37,344
Others	<u>48,615</u>	<u>37,963</u>
	<u>\$ 157,207</u>	<u>\$ 125,502</u>

## 22. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

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

### b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The

pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Company’s defined benefit plan were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Present value of defined benefit obligation	\$ 25,772	\$ 24,983
Fair value of plan assets	<u>(29,966)</u>	<u>(27,217)</u>
Net defined benefit assets	<u>\$ (4,194)</u>	<u>\$ (2,234)</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2021	<u>\$ 24,983</u>	<u>\$ (27,217)</u>	<u>\$ (2,234)</u>
Service cost			
Current service cost	157	-	157
Net interest expense (income)	<u>94</u>	<u>(108)</u>	<u>(14)</u>
Recognized in profit or loss	<u>251</u>	<u>(108)</u>	<u>143</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(408)	(408)
Actuarial loss (gain)			
Changes in demographic assumptions	289	-	289
Changes in financial assumptions	(435)	-	(435)
Experience adjustments	<u>1,237</u>	<u>-</u>	<u>1,237</u>
Recognized in other comprehensive income	<u>1,091</u>	<u>(408)</u>	<u>683</u>
Contributions from the employer	-	(2,786)	(2,786)
Benefits paid	<u>(553)</u>	<u>553</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 25,772</u>	<u>\$ (29,966)</u>	<u>\$ (4,194)</u>
Balance at January 1, 2020	<u>\$ 33,481</u>	<u>\$ (28,430)</u>	<u>\$ 5,051</u>
Service cost			
Current service cost	276	-	276
Net interest expense (income)	<u>209</u>	<u>(187)</u>	<u>22</u>
Recognized in profit or loss	<u>485</u>	<u>(187)</u>	<u>298</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(908)	(908)
Actuarial (gain) loss			
Changes in demographic assumptions	26	-	26
Changes in financial assumptions	467	-	467
Experience adjustments	<u>(4,205)</u>	<u>-</u>	<u>(4,205)</u>
Recognized in other comprehensive income	<u>(3,712)</u>	<u>(908)</u>	<u>(4,620)</u>
Contributions from the employer	-	(2,963)	(2,963)
Benefits paid	<u>(5,271)</u>	<u>5,271</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 24,983</u>	<u>\$ (27,217)</u>	<u>\$ (2,234)</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plan is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Selling and marketing expenses	\$ 36	\$ 75
General and administrative expenses	71	148
Research and development expenses	<u>36</u>	<u>75</u>
	<u>\$ 143</u>	<u>\$ 298</u>

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

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

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate	0.625%	0.375%
Expected rate of salary increase	2.000%	2.000%

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate		
0.25% increase	<u>\$ (423)</u>	<u>\$ (467)</u>
0.25% decrease	<u>\$ 438</u>	<u>\$ 484</u>
Expected rate of salary increase/decrease		
0.25% increase	<u>\$ 425</u>	<u>\$ 468</u>
0.25% decrease	<u>\$ (413)</u>	<u>\$ (454)</u>

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

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
Expected contributions to the plans for the next year	<u>\$ 2,885</u>	<u>\$ 2,875</u>
Average duration of the defined benefit obligation	6.6 years	7.4 years

## 23. EQUITY

### a. Share capital

#### Ordinary shares

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
Shares authorized (in thousands of shares)	<u>150,000</u>	<u>150,000</u>
Shares authorized	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Shares issued and fully paid (in thousands of shares)	<u>103,375</u>	<u>103,375</u>
Shares issued	<u>\$ 1,033,753</u>	<u>\$ 1,033,753</u>

A holder of issued common shares with a par value of NT\$10 per share is entitled to vote and to receive dividends.

### b. Capital surplus

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 2,868,317	\$ 2,868,317
<u>May only be used to offset a deficit (2)</u>		
Changes in percentage of ownership interests in subsidiaries	13,155	557
<u>May not be used for any purpose</u>		
Share warrants	<u>70,446</u>	<u>70,446</u>
	<u>\$ 2,951,918</u>	<u>\$ 2,939,320</u>

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company’s articles of incorporation (the “Articles”), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside a legal reserve 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 after the amendment, refer to “Employee benefits expense” in Note 25 (g).

According to the Company’s Articles, the dividends policy should align with current and future development plans, taking the investment environment, capital needs and domestic and international competition into consideration, while sustaining shareholders’ interests. Distribution of dividends and bonuses to shareholders must not be less than 40% of distributable earnings, except when distributable earnings is less than 5% of shares issued and fully paid, in which case no distribution shall occur. Distribution of dividends and bonuses to shareholders may be distributed by way of cash dividends or stock dividends, however, cash dividends shall not be less than 20% of total dividends distributed. The type of distribution may change according to circumstances of profitability and capital, and may be adjusted during the annual shareholders’ meeting.

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 deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company’s paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2020 and 2019, which were approved in the shareholders’ meetings on August 11, 2021 and June 18, 2020, respectively, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Legal reserve	<u>\$ 53,560</u>	<u>\$ 100,496</u>
Special reserve	<u>\$ 58,513</u>	<u>\$ 126,931</u>
Cash dividends	<u>\$ 330,801</u>	<u>\$ 775,315</u>
Cash dividends per share (NT\$)	<u>\$ 3.20</u>	<u>\$ 7.50</u>

The appropriations of earnings for 2021, which were proposed by the Company’s board of directors on March 8, 2022, were as follows:

	<b>For the Year Ended December 31, 2021</b>
Legal reserve	<u>\$ 61,374</u>
Special reserve	<u>\$ 60,829</u>
Cash dividends	<u>\$ 434,176</u>
Cash dividends per share (NT\$)	<u>\$ 4.20</u>

The appropriation of earnings for 2021 will be resolved by the shareholders in their meeting to be held on June 15, 2022.

## 24. REVENUE

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 7,206,565</u>	<u>\$ 7,854,318</u>

### a. Contract information

#### Revenue from the sale of goods

The Company generates revenue from the sale of garments. The sale of goods is recognized as revenue when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

Refer to Note 41 of the Company's consolidated financial statements for information about the disaggregation of revenue.

### b. Contract balances

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Trade receivables (Note 11)	<u>\$ 1,244,377</u>	<u>\$ 428,033</u>
Contract liabilities-current		
Sale of goods	<u>\$ 129,917</u>	<u>\$ 299,639</u>

## 25. NET PROFIT FROM CONTINUING OPERATIONS

### a. Interest income

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Bank deposits	\$ 121	\$ 1,081
Financial assets at amortized cost	6,631	9,370
Financing provided to others (Note 33)	<u>1,634</u>	<u>888</u>
	<u>\$ 8,386</u>	<u>\$ 11,339</u>

### b. Other income

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Dividends	\$ 3,129	\$ 9,652
Technical service revenue (Note 33)	148,278	136,623
Government grant income (Note 28)	3,000	8,151
Gain on bargain purchase	122,432	-
Others	<u>1,618</u>	<u>1,819</u>
	<u>\$ 278,457</u>	<u>\$ 156,245</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ (2,433)	\$ (6,526)
Gain on disposal of property, plant and equipment	(506)	-
Net foreign exchange gains (losses)	<u>16,527</u>	<u>(50,605)</u>
	<u>\$ 13,588</u>	<u>\$ (57,131)</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Interest on bank loans	\$ (11,979)	\$ (12,415)
Interest on convertible bonds	<u>(20,169)</u>	<u>(19,948)</u>
	<u>\$ (32,148)</u>	<u>\$ (32,363)</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
An analysis of depreciation by function		
Operating expenses	<u>\$ 6,279</u>	<u>\$ 5,915</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 3,790</u>	<u>\$ 3,845</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Short-term benefits	\$ 214,692	\$ 216,039
Post-employment benefits (Note 22)		
Defined contribution plans	8,601	8,961
Defined benefit plans	<u>143</u>	<u>298</u>
Total employee benefits expense	<u>\$ 223,436</u>	<u>\$ 225,298</u>
An analysis of employee benefits expense by function		
Operating expenses	<u>\$ 223,436</u>	<u>\$ 225,298</u>

g. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 8% for employees, and no less than 2% for directors, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 8, 2022 and March 25, 2021, respectively, are as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Compensation of employees	1.06%	1.12%
Remuneration of directors	0.56%	0.76%

Amount

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
	<u>Cash</u>	<u>Cash</u>
Compensation of employees	<u>\$ 7,792</u>	<u>\$ 6,533</u>
Remuneration of directors	<u>\$ 4,116</u>	<u>\$ 4,389</u>

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

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 financial statements for the years ended December 31, 2020 and 2019.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors for 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Foreign exchange gains	\$ 21,353	\$ 21,453
Foreign exchange losses	<u>(4,826)</u>	<u>(72,058)</u>
Net gains (losses)	<u>\$ 16,527</u>	<u>\$ (50,605)</u>



## 26. INCOME TAX

- a. Major components of income tax recognized in profit or loss

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax		
In respect of the current year	\$ 82,250	\$ 37,828
Income tax on unappropriated earnings	4,573	111
Adjustments for prior years	<u>4,000</u>	<u>(4,959)</u>
	<u>90,823</u>	<u>32,980</u>
Deferred tax		
In respect of the current year	2,904	(7,387)
Adjustments for prior years	<u>-</u>	<u>7,509</u>
	<u>2,904</u>	<u>(122)</u>
Income tax expense recognized in profit or loss	<u>\$ 93,727</u>	<u>\$ 32,858</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit before tax from continuing operations	<u>\$ 724,229</u>	<u>\$ 570,154</u>
Income tax expense calculated at the statutory rate	\$ 144,846	\$ 114,031
Income tax on unappropriated earnings	4,573	111
Nondeductible expenses in determining taxable income	4,657	4,443
Tax-exempt income	(16,696)	(31,154)
Adjustments for prior years	4,000	2,550
Unrecognized deferred tax liabilities	<u>(47,653)</u>	<u>(57,123)</u>
Income tax expense recognized in profit or loss	<u>\$ 93,727</u>	<u>\$ 32,858</u>

- b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Deferred tax</u>		
In respect of the current year:		
Translation of foreign operations	\$ (14,555)	\$ (11,633)
Remeasurement of defined benefit plan	<u>(137)</u>	<u>924</u>
Total income tax recognized in other comprehensive income	<u>\$ (14,692)</u>	<u>\$ (10,709)</u>

- c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax liabilities		
Income tax payable	<u>\$ 95,968</u>	<u>\$ 79,580</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Unrealized loss on inventory	\$ 39,233	\$ 4,234	\$ -	\$ 43,467
Exchange differences on the translation of the financial statements of foreign operations	95,921	-	14,555	110,476
Allowance for accounts receivable	152	(152)	-	-
Payables for annual leave	93	141	-	234
FVTPL financial assets	<u>90</u>	<u>-</u>	<u>-</u>	<u>90</u>
	<u>\$ 135,489</u>	<u>\$ 5,433</u>	<u>\$ 14,555</u>	<u>\$ 154,267</u>
<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Unrealized exchange differences	\$ (4,290)	\$ 20	\$ -	\$ (4,270)
Defined benefit obligations	(447)	(529)	137	(839)
FVTPL financial assets	(2,572)	2,572	-	-
Unappropriated earnings of subsidiaries	(255,593)	15,296	-	(240,297)
Bargain purchase	<u>-</u>	<u>(24,486)</u>	<u>-</u>	<u>(24,486)</u>
	<u>\$ (262,902)</u>	<u>\$ (7,127)</u>	<u>\$ 137</u>	<u>\$ (269,892)</u>

For the year ended December 31, 2020

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Unrealized loss on inventory	\$ 29,750	\$ 9,483	\$ -	\$ 39,233
Exchange differences on the translation of the financial statements of foreign operations	84,288	-	11,633	95,921
Allowance for accounts receivable	-	152	-	152
Defined benefit obligations	1,011	(475)	(536)	-
Payables for annual leave	101	(8)	-	93
FVTPL financial assets	<u>60</u>	<u>30</u>	<u>-</u>	<u>90</u>
	<u>\$ 115,210</u>	<u>\$ 9,182</u>	<u>\$ 11,097</u>	<u>\$ 135,489</u>
<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Unrealized exchange differences	\$ (984)	\$ (3,306)	\$ -	\$ (4,290)
Defined benefit obligations	-	(59)	(388)	(447)
FVTPL financial assets	(4,006)	1,434	-	(2,572)
Unappropriated earnings of subsidiaries	<u>(248,464)</u>	<u>(7,129)</u>	<u>-</u>	<u>(255,593)</u>
	<u>\$ (253,454)</u>	<u>\$ (9,060)</u>	<u>\$ (388)</u>	<u>\$ (262,902)</u>

- e. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2021 and 2020, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$989,512 thousand and \$751,249 thousand, respectively.

- f. Income tax assessments

Income tax returns of the Company have been assessed by the local tax authorities through 2019.

## 27. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2021	2020
Basic earnings per share	<u>\$ 6.10</u>	<u>\$ 5.20</u>
Diluted earnings per share	<u>\$ 5.70</u>	<u>\$ 4.91</u>

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

### Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2021	2020
Profit for the year attributable to owners of the Company	\$ 630,502	\$ 537,296
Effect of potentially dilutive ordinary shares		
Interest on convertible bonds (after tax)	<u>16,135</u>	<u>15,959</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 646,637</u>	<u>\$ 553,255</u>

### Weighted Average Number of Ordinary Shares Outstanding (In Thousands of Shares)

	<u>For the Year Ended December 31</u>	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	103,375	103,375
Effect of potentially dilutive ordinary shares		
Compensation of employees	72	77
Convertible bonds	<u>10,060</u>	<u>9,202</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>113,507</u>	<u>112,654</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation 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, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 28. GOVERNMENT GRANTS

The Company received a government grants from the Ministry of Economic Affairs (MOEA) for the R&D foundation program, and recognized \$3,000 thousand as other income during the year ended December 31, 2021.

Since August 2018, the Company started receiving government grants from the MOEA for the research and development of intellectual outdoor apparel using integrated technology. The Company recognized \$8,151 thousand as other income during the year ended December 31, 2020.

## 29. BUSINESS COMBINATIONS

### Subsidiaries Acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Sidney Apparels LLC	Manufacture of apparel	October 15, 2021	100.00	\$ _____ -

Sidney Apparels LLC was acquired to continue the growth of the Company's operations in the manufacturing of apparel. Refer to Note 31 of the Company's consolidated financial statements for related information.

## 30. NON-CASH TRANSACTIONS

In addition to those disclosed in other notes, the Company entered into the following non-cash investing and financing activities for the years ended December 31, 2021 and 2020:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Acquisition of investments accounted for using the equity method	\$ -	\$ 420,934
Add: Investment payable, beginning of year	420,934	-
Less: Investment payable, end of year	<u>-</u>	<u>(420,934)</u>
Cash paid	<u>\$ 420,934</u>	<u>\$ _____ -</u>
Disposal of investments accounted for using the equity method	\$ 13,160	\$ 176,339
Add: Capital reduction receivable, beginning of year	176,339	-
Less: Capital reduction receivable, end of year	<u>-</u>	<u>(176,339)</u>
Cash received	<u>\$ 189,499</u>	<u>\$ _____ -</u>

## 31. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

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

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

### 32. FINANCIAL INSTRUMENTS

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

The management of the Company believes the carrying amount of the Company's financial instruments not measured at fair value are close to the fair value.

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL - current				
Domestic listed shares	\$ 50,655	\$ -	\$ -	\$ 50,655
Domestic bonds	<u>11,190</u>	<u>-</u>	<u>-</u>	<u>11,190</u>
	<u>\$ 61,845</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,845</u>
Financial assets at FVTOCI - non-current				
Equity instruments				
Domestic listed shares and emerging market shares	\$ 80,755	\$ -	\$ -	\$ 80,755
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>6,492</u>	<u>6,492</u>
	<u>\$ 80,755</u>	<u>\$ -</u>	<u>\$ 6,492</u>	<u>\$ 87,247</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL - non-current				
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>\$ 61,887</u>	<u>\$ 61,887</u>
Financial assets at FVTOCI - non-current				
Equity instruments				
Domestic listed shares and emerging market shares	\$ 166,627	\$ -	\$ -	\$ 166,627
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>9,621</u>	<u>9,621</u>
	<u>\$ 166,627</u>	<u>\$ -</u>	<u>\$ 9,621</u>	<u>\$ 176,248</u>

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

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2021

<b>Financial Assets</b>	<b>Financial Assets at FVTPL Equity Instruments</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>	<b>Total</b>
Balance at January 1, 2021	\$ 61,887	\$ 9,621	\$ 71,508
Recognized in profit or loss (included in other gains and losses)	(11,198)	-	(11,198)
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	-	(3,129)	(3,129)
Settlements	<u>(50,689)</u>	<u>-</u>	<u>(50,689)</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 6,492</u>	<u>\$ 6,492</u>
Unrealized loss for the current year included in profit or loss	<u>\$ -</u>	<u>\$ (3,129)</u>	<u>\$ (3,129)</u>

For the year ended December 31, 2020

<b>Financial Assets</b>	<b>Financial Assets at FVTPL Equity Instruments</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>	<b>Total</b>
Balance at January 1, 2020	\$ 69,056	\$ 10,517	\$ 79,573
Recognized in profit or loss (included in other gains and losses)	(7,169)	-	(7,169)
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	-	(896)	(896)
Balance at December 31, 2020	<u>\$ 61,887</u>	<u>\$ 9,621</u>	<u>\$ 71,508</u>
Unrealized loss for the current year included in profit or loss	<u>\$ -</u>	<u>\$ (896)</u>	<u>\$ (896)</u>

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

The fair values of domestic and foreign unlisted shares are determined using the market approach with reference to the types of industry, similar companies in the same industry, and the operating conditions of the Company.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Mandatorily classified as at FVTPL	\$ 61,845	\$ 61,887
Financial assets at amortized cost (1)	2,617,343	2,267,495
Financial assets at FVTOCI		
Equity instruments	87,247	176,248

Financial liabilities

Amortized cost (2)	4,613,750	3,646,161
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- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable and trade receivables, other receivables and time deposits with original maturities of more than 3 months.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, notes payable, trade and other payables, contract liabilities, bonds payable and guarantee deposits.

d. Financial risk management objectives and policies

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

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Company had foreign currency denominated sales and purchases, which exposed the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 37.

Sensitivity analysis

The Company is mainly exposed to the USD.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the USD. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar strengthening 1% against the USD. For a 1% weakening of the New Taiwan dollar against the USD, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	<b>USD Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit or loss	\$ (4,807)	\$ (1,799)

b) Interest rate risk

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

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Cash flow interest rate risk		
Financial assets	\$ 121,962	\$ 151,418
Financial liabilities	1,429,590	470,260

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the year.

A 0.1% increase or decrease is 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 0.1% higher and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2021 and 2020 would have decreased by \$1,308 thousand and \$319 thousand, respectively.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes, the Company does not actively trade these investments. In addition, the Company has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.



If equity prices had been 1% higher, pre-tax profit for the years ended December 31, 2021 and 2020 would have increased by \$507 thousand and \$619 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased by \$872 thousand and \$1,762 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company is mainly from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties. In order to minimize credit risk, the management of the Company 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 Company 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 Company's credit risk was significantly reduced.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company'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 Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Company had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity risk tables for non-derivative financial liabilities

The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay.

December 31, 2021

	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1 Year+</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 114,120	\$ 1,198,470	\$ -	\$ 1,312,590
Bonds payable	-	1,483,103	-	1,483,103
Long-term borrowings	-	-	117,000	117,000
	<u>\$ 114,120</u>	<u>\$ 2,681,573</u>	<u>\$ 117,000</u>	<u>\$ 2,912,693</u>

December 31, 2020

	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1 Year+</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 206,498	\$ 146,762	\$ -	\$ 353,260
Bonds payable	-	-	1,462,934	1,462,934
Long-term borrowings	<u>-</u>	<u>-</u>	<u>117,000</u>	<u>117,000</u>
	<u>\$ 206,498</u>	<u>\$ 146,762</u>	<u>\$ 1,579,934</u>	<u>\$ 1,933,194</u>

Taking into account the Company's financial position, management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment.

b) Financing facilities

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
Unsecured bank overdraft facilities, reviewed annually		
Amount used	\$ 1,429,590	\$ 470,260
Amount unused	<u>5,489,650</u>	<u>5,642,000</u>
	<u>\$ 6,919,240</u>	<u>\$ 6,112,260</u>

### 33. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Formosa Taffeta Co., Ltd. (Group company)	Investor with significant influence - corporate director of the Company
Top One Investment Co., Ltd.	Related party in substance - corporate director of the Company
Wen Chun Investment, Ltd.	Related party in substance
Cu Chi Investment, Ltd.	Related party in substance
Xin Xiang Investment, Ltd.	Related party in substance
Best One Investment Co., Ltd.	Related party in substance
Da Fang Investment Co., Ltd.	Related party in substance
Kwang Viet Garment Co., Ltd.	Subsidiary
Quang Viet (Long An) Co., Ltd.	Subsidiary
Jiaxing Quang Viet Garment Co., Ltd.	Subsidiary
Quang Viet (Tien Giang) Co., Ltd.	Subsidiary
Q.V.S. Limited	Subsidiary
Top One Down & Feather Co., Ltd.	Subsidiary
Biancospino S.R.L.	Subsidiary
Atlanta Garment Manufacturing Company LLC	Subsidiary
King Hamm Industrial Co., Ltd.	Subsidiary
Q.V.P. Limited	Subsidiary (from December 31, 2020)

b. Sales of goods

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Subsidiaries	<u>\$ 168</u>	<u>\$ -</u>

The goods sold by the Company to the subsidiaries were made at the Company's internal transfer pricing.

c. Processing fees

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Subsidiaries		
Kwang Viet Garment Co., Ltd.	\$ 1,350,864	\$ 1,203,679
Quang Viet (Tien Giang) Co., Ltd.	889,096	1,356,213
Quang Viet (Long An) Co., Ltd.	<u>283,625</u>	<u>376,641</u>
	<u>\$ 2,523,585</u>	<u>\$ 2,936,533</u>

The processing fees charged by the subsidiaries to the Company were made at the Company's internal transfer pricing.

d. Purchases of goods

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Investor with significant influence		
Formosa Taffeta Co., Ltd. (Group company)	\$ 493,510	\$ 597,396
Subsidiaries		
Jiaxing Quang Viet Garment Co., Ltd.	521,561	372,088
Top One Down & Feather Co., Ltd.	185,306	286,960
Atlanta Garment Manufacturing Company LLC	849,988	263,232
Others	<u>10,745</u>	<u>-</u>
	<u>\$ 2,061,110</u>	<u>\$ 1,519,676</u>

The purchases of goods from the corporate director to the Company and the credit terms granted were made at the Company's usual prices and terms. The purchases of goods from the subsidiaries to the Company were made at the Company's internal transfer pricing.

e. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31	
		2021	2020
Other receivables	Investor with significant influence	\$ -	\$ 769
	Subsidiaries		
	Jiaxing Quang Viet Garment Co., Ltd.	18,151	58,822
	Q.V.S. Limited	31,417	174,440
	Atlanta Garment Manufacturing Company LLC	100,604	42,756
	Others	<u>479</u>	<u>-</u>
		<u>\$ 150,651</u>	<u>\$ 276,787</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment losses were recognized for trade receivables from related parties.

f. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31	
		2021	2020
Trade payables	Investor with significant influence		
	Formosa Taffeta Co., Ltd. (Group company)	\$ 106,093	\$ 77,123
	Subsidiaries		
	Jiaxing Quang Viet Garment Co., Ltd.	106,375	53,074
	Atlanta Garment Manufacturing Company LLC	156,279	38,112
	Others	<u>46,353</u>	<u>1,371</u>
		<u>\$ 415,100</u>	<u>\$ 169,680</u>
Other payables	Investor with significant influence		
	Formosa Taffeta Co., Ltd. (Group company)	\$ 8,146	\$ 24,871
	Subsidiaries		
	Quang Viet (Long An) Co., Ltd.	493,289	410,051
	Kwang Viet Garment Co., Ltd.	132,803	-
	Q.V.P. Limited	-	420,934
Others	<u>-</u>	<u>4,481</u>	
		<u>\$ 634,238</u>	<u>\$ 860,337</u>

The outstanding trade payables to related parties are unsecured.

g. Prepayments

Line Item	Related Party Category/Name	December 31	
		2021	2020
Prepayments for processing fee	Subsidiaries		
	Kwang Viet Garment Co., Ltd.	\$ -	\$ 149,994
	Quang Viet (Tien Giang) Co., Ltd.	<u>604,402</u>	<u>605,062</u>
		<u>\$ 604,402</u>	<u>\$ 755,056</u>

h. Disposal of property, plant and equipment

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2021	2020	2021	2020
Related party in substance	\$ 286	\$ -	\$ 144	\$ -

i. Loans to related parties

Related Party Category/Name	December 31	
	2021	2020
<u>Other receivables</u>		
Subsidiaries		
Quang Viet (Long An) Co., Ltd.	\$ 100,797	\$ 46,377
Atlanta Garment Manufacturing Company LLC	<u>77,532</u>	<u>31,328</u>
	<u>\$ 178,329</u>	<u>\$ 77,705</u>
<u>Interest income</u>		
Subsidiaries		
Atlanta Garment Manufacturing Company LLC	<u>\$ 1,634</u>	<u>\$ 888</u>

The Company provided subsidiaries with unsecured long-term loans at rates comparable to the Company's borrowing rates. Refer to Table 1 of Note 38 for related information.

j. Other transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Other income (technical service revenue)	Subsidiaries Jiaxing Quang Viet Garment Co., Ltd.	<u>\$ 148,278</u>	<u>\$ 136,623</u>
Other income (rent revenue)	Related party in substance Subsidiaries	\$ 114 <u>23</u>	\$ 114 <u>23</u>
		<u>\$ 137</u>	<u>\$ 137</u>
Other income (remuneration of directors)	Subsidiaries	<u>\$ 509</u>	<u>\$ 600</u>

The Company provided service regarding the manufacturing and sale of apparel to subsidiaries. Technical service revenue was made on the Company's internal transfer pricing.

The rental revenue received from related parties in substance and subsidiaries were due to the rental of office space at prices negotiated between the transacting parties.

The Company received dividends from subsidiaries amounting to \$169,274 thousand and \$119,731 thousand for the years ended December 31, 2021 and 2020, respectively.

k. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 28,798	\$ 30,778
Post-employment benefits	<u>1,057</u>	<u>1,157</u>
	<u>\$ 29,855</u>	<u>\$ 31,935</u>

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

**34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY**

The following assets were provided as collateral for purchases from suppliers:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Pledged deposits (classified as financial assets at amortized cost - current)	<u>\$ 7,000</u>	<u>\$ 7,000</u>

**35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS**

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at December 31, 2021 were as follows:

- a. As of December 31, 2021, the Company had unused letters of credit for purchases of raw materials that amounted to \$303,176 thousand.
- b. As of December 31, 2021, guarantee notes submitted by the Company for loan applications and borrowings amounted to \$7,049,096 thousand.

**36. OTHER ITEMS**

With the easing of the COVID-19 pandemic, increase in the vaccine coverage rate and the loosening of government policies, the Company expects that operations will gradually return to normal.

### 37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 62,375	27.680 (USD:NTD)	\$ 1,726,542
Non-monetary items			
Investments accounted for using the equity method			
VND	1,245,930,734	0.0012 (VND:NTD)	1,518,398
USD	118,084	27.680 (USD:NTD)	3,268,579
RON	31,632	6.328 (RON:NTD)	200,176
JOD	8,867	39.096 (JOD:NTD)	346,439

Financial liabilities

Monetary items			
USD	79,741	27.680 (USD:NTD)	2,207,220

December 31, 2020

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 28,940	28.480 (USD:NTD)	\$ 824,223
Non-monetary items			
Investments accounted for using the equity method			
VND	1,367,898,750	0.0012 (VND:NTD)	1,686,848
USD	106,123	28.480 (USD:NTD)	3,022,391
RON	33,510	7.193 (RON:NTD)	241,042
JOD	3,526	40.23 (JOD:NTD)	141,825

Financial liabilities

Monetary items			
USD	35,258	28.480 (USD:NTD)	1,004,149

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange gains (losses) were \$16,527 thousand and \$(50,605) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

### 38. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
- 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 3)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 9) Trading in derivative instruments (None)

b. Information on investees (Table 5)

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 year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6)
- 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 7):
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
  - c) The amount of property transactions and the amount of the resultant gains or losses
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes



- e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
  - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

### **39. SEGMENT INFORMATION**

Refer to the Company's consolidated financial statements for segment information.

## QUANG VIET ENTERPRISE CO., LTD.

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2021

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

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3a)	Aggregate Financing Limit (Note 3b)	Note	
													Item	Value				
0	Quang Viet Enterprise Co., Ltd.	Quang Viet (Long An) Co., Ltd.	Other receivables - related parties	Yes	\$ 253,940 (US\$ 9,000)	\$ 138,400 (US\$ 5,000)	\$ 100,797 (US\$ 3,642)	-	1	\$ 283,625	Business	\$ -	None	-	\$ 283,625	\$ 2,756,380	Note 5	
		Atlanta Garment Manufacturing Company LLC	Other receivables - related parties	Yes	256,815 (US\$ 9,000)	83,040 (US\$ 3,000)	77,532 (US\$ 2,801)	1.60	1	849,988	Business	-	"	-	849,988	2,756,380	Note 6	
		Atlanta Garment Manufacturing Company LLC	Other receivables - related parties	Yes	253,365 (US\$ 9,000)	249,120 (US\$ 9,000)	- -	-	2	-	-	Turnover	-	"	-	2,067,285	2,756,380	-
		Sidney Apparels LLC	Other receivables - related parties	Yes	83,040 (US\$ 3,000)	83,040 (US\$ 3,000)	- -	-	2	-	-	Turnover	-	"	-	2,067,285	2,756,380	-
1	Top One Down & Feather Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Other receivables - related parties	Yes	214,979 (RMB 49,000)	117,221 (RMB 27,000)	117,221 (RMB 27,000)	2.50	1	242,689	Business	-	"	-	242,689	225,776	Note 7	
2	King Hamm Industrial Co., Ltd.	King Hamm Industrial Co., Ltd. (VN)	Other receivables - related parties	Yes	99,873 (US\$ 3,500)	- -	- -	3.00	2	-	Turnover	-	"	-	237,492	316,657	-	
		King Hamm Industrial Co., Ltd. (VN)	Other receivables - related parties	Yes	85,605 (US\$ 3,000)	83,040 (US\$ 3,000)	45,672 (US\$ 1,650)	3.00	1	124,665	Business	-	"	-	124,665	316,657	Note 8	
3	Atlanta Garment Manufacturing Company LLC	W&D Apparel (Jordan) Corp.	Other receivables - related parties	Yes	12,841 (US\$ 450)	- -	- -	-	2	-	Turnover	-	"	-	61,350	81,800	-	

Note 1: Numbering sequence is as follows:

- The issuer is numbered 0.
- Investees are numbered sequentially starting from 1.

Note 2: The nature of financing is as follows:

- Borrowers with business relationships are numbered 1.
- Borrowers with short term financing needs are numbered 2.

- Note 3:
- The amount available for the Company lending to individual borrowers shall not exceed the amount of business transactions between the two parties within the most recent year in the case of business transaction; The amount available for the Company lending to individual borrowers shall not exceed 30% of the net worth of the parent company on its most recent financial statements in the case of operating turnover. In addition, the total amount lendable shall not exceed 40% of net worth of the parent company on its most recent financial statements.
  - The amount that Top One Down & Feather Co., Ltd. can provide to any individual borrower shall not exceed the amount of business transactions between the two parties within the most recent year. The total amount lendable shall not exceed 40% of its net worth on its most recent financial statements.
  - The amount that King Hamm Industrial Co., Ltd., can provide to any individual borrower shall not exceed the amount of business transactions between the two parties within the most recent year in the case of business transaction, and the amount that King Hamm Industrial Co., Ltd., can provide to any individual borrower shall not exceed 30% of its net worth on its most recent financial statements in the case of operating turnover; the total amount lendable shall not exceed 40% of its net worth on its most recent financial statements.
  - The amount that Atlanta Garment Manufacturing Company LLC can provide to any individual borrower shall not exceed of 30% of its net worth on its most recent financial statements; the amount of total financing provided shall not exceed 40% of its net worth on its most recent financial statements.

Note 4: The above transactions have been eliminated on the preparation of the consolidated financial statements.

Note 5: In the most recent fiscal year, the amount transacted between the Company and Quang Viet (Long An) Co., Ltd. were processing fee of \$283,625 thousand.

Note 6: In the most recent fiscal year, the amounts transacted between the Company and Atlanta Garment Manufacturing Company LLC were purchases of \$849,988 thousand.

Note 7: The amounts transacted between Top One Down &amp; Feather Co., Ltd. and Top One Down &amp; Feather Shu Yang Co., Ltd. in the most recent fiscal year were purchases amounting to \$242,689 thousand.

Note 8: The amounts transacted between King Hamm Industrial Co., Ltd. and King Hamm Industrial Co., Ltd. (VN) in the most recent fiscal year were processing fee of \$124,665 thousand.

## QUANG VIET ENTERPRISE CO., LTD.

MARKETABLE SECURITIES HELD  
DECEMBER 31, 2021

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

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Quang Viet Enterprise Co., Ltd.	Publicly traded shares Formosa Taffeta Co., Ltd.	Director of the Company	Financial assets at fair value through other comprehensive income - non-current	817,000	\$ 23,816		\$ 23,816	
Quang Viet Enterprise Co., Ltd.	Publicly traded shares Macauto Industrial Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	68,000	\$ 5,365		\$ 5,365	
Quang Viet Enterprise Co., Ltd.	Publicly traded shares Formosa Chemicals & Fibre Corp.	-	Financial assets at fair value through other comprehensive income - non-current	100,000	\$ 8,080		\$ 8,080	
Quang Viet Enterprise Co., Ltd.	Publicly traded shares Yageo Corporation	-	Financial assets at fair value through other comprehensive income - non-current	25,000	\$ 11,988		\$ 11,988	
Quang Viet Enterprise Co., Ltd.	Publicly traded shares Unicon Optical Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	106,278	\$ 1,056		\$ 1,056	
Quang Viet Enterprise Co., Ltd.	Non-publicly traded shares Spring Printing Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	793,250	\$ 6,492	19.00	\$ 6,492	
Quang Viet Enterprise Co., Ltd.	Publicly traded preferred shares Chailease Holding Company Limited	-	Financial assets at fair value through other comprehensive income - non-current	300,000	\$ 30,450		\$ 30,450	
Quang Viet Enterprise Co., Ltd.	Publicly traded shares Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at fair value through profit or loss - current	77,000	\$ 47,355		\$ 47,355	
Quang Viet Enterprise Co., Ltd.	Publicly traded shares Elite Semiconductor Microelectronics Technology Inc.	-	Financial assets at fair value through profit or loss - current	20,000	\$ 3,300		\$ 3,300	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Quang Viet Enterprise Co., Ltd.	Publicly traded convertible bonds Chailease Holding Company Limited 1st Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	100,000	\$ 11,190		\$ 11,190	
King Hamm Industrial Co., Ltd.	Publicly traded shares Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at fair value through profit or loss - current	30,000	\$ 18,450		\$ 18,450	
Jiaying Quang Viet Garment Co., Ltd.	Non-publicly traded shares Anhui Xingxing Garment Co., Ltd.	Associate	Investment accounted for using equity method	11,000,000	\$ 501,523	18.97	\$ 501,523	

Note 1: The term “Marketable Securities” in this table refers to the IFRS No. 9 “Financial Instruments”, which refers to the stocks, bonds, beneficiary certificates and derivatives of the above items.

Note 2: For information on subsidiaries, affiliates, and interests in joint ventures, refer to Tables 5 and 6.

(Concluded)

## QUANG VIET ENTERPRISE CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Quang Viet Enterprise Co., Ltd.	Kwang Viet Garment Co., Ltd.	Subsidiary	Processing fee	\$ 1,350,864	20	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	\$ (132,803)	17	Note
	Quang Viet (Tien Giang) Co., Ltd.	Subsidiary	Processing fee	889,096	13	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	-	-	Note
	Quang Viet (Long An) Co., Ltd.	Subsidiary	Processing fee	283,625	4	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(493,289)	62	Note
	Jiaxing Quang Viet Garment Co., Ltd.	Subsidiary	Purchases	521,561	8	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(106,375)	14	Note
	Atlanta Garment Manufacturing Company LLC	Subsidiary	Purchases	849,988	13	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(156,279)	20	Note
	Top One Down & Feather Co., Ltd.	Subsidiary	Purchases	185,306	3	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(35,664)	5	Note
	Formosa Taffeta Co., Ltd. (Group company)	Corporate director of the Company and its subsidiary	Purchases	493,510	7	Net 75 days from the end of the month when the invoice is issued	Normal transaction price	Net 75 days from the end of the month when the invoice is issued	(114,239)	15	-
Jiaxing Quang Viet Garment Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Brother company	Purchases	328,283	12	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(1,601)	3	Note
	Formosa Taffeta Co., Ltd. (Group company)	Corporate director of the Company and its subsidiary	Purchases	298,764	11	Net 75 days from the end of the month when the invoice is issued	Normal transaction price	Net 75 days from the end of the month when the invoice is issued	(2,886)	5	-
	Anhui Xingxing Garment Co., Ltd.	Associate	Processing fee	178,513	7	Net 60 days from the end of the month when the invoice is issued	Normal transaction price	Net 60 days from the end of the month when the invoice is issued	-	-	-
Top One Down & Feather Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Subsidiary	Purchases	242,689	92	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(32,571)	61	Note
King Hamm Industrial Co., Ltd.	King Hamm Industrial Co., Ltd. (VN)	Subsidiary	Processing fee	124,665	9	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(19,906)	19	Note
	King Hung Garments Industrial Co., Ltd.	Subsidiary	Processing fee	313,832	24	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(41,531)	40	Note
	King Hung Garments Industrial Co., Ltd.	Brother company	Purchases	401,685	30	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(107,425)	48	Note

Note: The above transactions have been eliminated during the preparation of the consolidated financial statements.

**TABLE 4**

**QUANG VIET ENTERPRISE CO., LTD.**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Quang Viet Enterprise Co., Ltd.	Quang Viet (Long An) Co., Ltd.	Subsidiary	Other receivables - related parties \$ 100,797	-	\$ -	-	\$ -	\$ -
	Atlanta Garment Manufacturing Company LLC	Subsidiary	Other receivables - related parties 178,136	-	-	-	25,876	-
Kwang Viet Garment Co., Ltd.	Quang Viet Enterprise Co., Ltd.	Subsidiary	Other receivables - related parties 132,803	20.34	-	-	132,803	-
Quang Viet (Tien Giang) Co., Ltd.	Kwang Viet Garment Co., Ltd.	Brother company	Trade receivables - related parties 430,826	-	-	-	-	-
Quang Viet (Long An) Co., Ltd.	Quang Viet Enterprise Co., Ltd.	Subsidiary	Other receivables - related parties 493,289	0.63	-	-	43,834	-
Jiaxing Quang Viet Garment Co., Ltd.	Quang Viet Enterprise Co., Ltd.	Subsidiary	Trade receivables - related parties 106,375	6.54	-	-	62,814	-
Top One Down & Feather Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Subsidiary	Other receivables - related parties 123,606	-	-	-	-	-
Atlanta Garment Manufacturing Company LLC	Quang Viet Enterprise Co., Ltd.	Subsidiary	Trade receivables - related parties 156,279	8.75	-	-	107,585	-
	King Hamm Industrial Co., Ltd.	Brother company	Trade receivables - related parties 107,425	4.86	-	-	61,738	-

Note 1: The above transactions have been eliminated during the preparation of the consolidated financial statements.

TABLE 5

## QUANG VIET ENTERPRISE CO., LTD.

## INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2021

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note	
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount				
Quang Viet Enterprise Co., Ltd.	Kwang Viet Garment Co., Ltd.	Vietnam	Manufacturing and processing of apparel	\$ 303,219 (VND 172,313,196)	\$ 303,219 (VND 172,313,196)	-	100.00	\$ 370,312 (VND 303,861,547)	\$ (23,607) (VND -19,332,055)	\$ (28,455) (VND -23,302,218)	-	
	Spring Co., Ltd.	Samoa	Holding company	476,343 (US\$ 15,230,000)	489,503 (US\$ 15,700,000)	15,230,000	100.00	1,958,451 (US\$ 70,753,295)	235,579 (US\$ 8,410,829)	235,385 (US\$ 8,403,895)	-	
	Quang Viet (Tien Giang) Co., Ltd.	Vietnam	Manufacturing and processing of apparel	761,563 (VND 521,418,024)	761,563 (VND 521,418,024)	-	100.00	504,693 (VND 414,128,873)	(150,425) (VND-123,185,443)	(143,624) (VND-117,615,784)	-	
	Q.V.S. Limited	Samoa	Holding company	77,450 (US\$ 2,100,000)	373,987 (US\$ 12,400,000)	2,100,000	100.00	55,512 (US\$ 2,005,491)	316 (US\$ 11,280)	316 (US\$ 11,280)	-	
	Top One Down & Feather Co., Ltd.	Taiwan	Sale of down products	478,385	478,385	47,838,480	95.68	534,617	50,093	45,218	-	
	Q Gear Limited	Samoa	Agency for sale to external parties	1,510 (US\$ 50,000)	1,510 (US\$ 50,000)	50,000	100.00	75,506 (US\$ 2,727,814)	13,974 (US\$ 498,901)	13,974 (US\$ 498,901)	-	
	Quang Viet (Long An) Co., Ltd.	Vietnam	Manufacturing and processing of apparel	482,716 (VND 341,987,000)	482,716 (VND 341,987,000)	-	100.00	643,393 (VND 527,940,314)	26,035 (VND 21,320,012)	23,155 (VND 18,961,624)	-	
	Biancospino S.R.L.	Romania	Manufacturing and processing of apparel	274,104 (RON 36,554,700)	274,104 (RON 36,554,700)	-	51.00	200,176 (RON 31,631,950)	44,753 (RON 6,642,030)	22,824 (RON 3,387,436)	-	
	Atlanta Garment Manufacturing Company LLC	Jordan	Manufacturing and processing of apparel	13,839 (JOD 330,000)	13,839 (JOD 330,000)	-	60.00	191,110 (JOD 4,888,217)	133,348 (JOD 3,370,709)	80,029 (JOD 2,022,945)	-	
	King Hamm Industrial Co., Ltd.	Taiwan	Manufacturing, processing, and sale of apparel	334,425	334,425	13,650,000	42.00	341,747	56,330	22,715	-	
	W&D Apparel (Jordan) Corp.	Jordan	Manufacturing and processing of apparel	34,214 (JOD 782,340)	34,214 (JOD 782,340)	-	65.00	25,059 (JOD 640,969)	(1,183) (JOD -29,914)	(769) (JOD -19,444)	-	
	Q.V.P. Limited	Samoa	Holding company	420,934 (US\$ 14,780,000)	420,934 (US\$ 14,780,000)	14,780,000	100.00	671,493 (US\$ 24,259,151)	(12,623) (US\$ -450,669)	(12,623) (US\$ -450,669)	-	
	Sidney Apparels LLC	Jordan	Manufacturing and processing of apparel	- (JOD 1)	- (JOD -)	2,593,086	100.00	130,270 (JOD 3,337,791)	8,114 (JOD 205,462)	8,510 (JOD 215,489)	-	
	Spring Co., Ltd.	Jiaxing Quang Viet Garment Co., Ltd.	China	Manufacturing, processing, and sale of apparel	445,785 (RMB 98,939,650)	445,785 (RMB 98,939,650)	-	100.00	1,958,295 (RMB 451,065,925)	238,263 (RMB 54,878,231)	238,263 (RMB 54,878,231)	-
		Baoji Xinyue Garment Co., Ltd.	China	Manufacturing and processing of apparel	- (RMB -)	43,718 (RMB 9,424,800)	-	100.00	- (RMB -)	- (RMB 134)	- (RMB 134)	-
Jiaxing Quang Viet Garment Co., Ltd.	Anhui Xingxing Garment Co., Ltd.	China	Manufacturing, processing, and sale of apparel	273,340 (RMB 60,000,000)	273,340 (RMB 60,000,000)	11,000,000	18.97	501,523 (RMB 115,518,848)	526,991 (RMB 121,379,677)	104,750 (RMB 24,126,629)	-	
Q.V.S. Limited	Top One Apparel Shu Yang Co., Ltd.	China	Manufacturing and processing of apparel	61,693 (RMB 13,228,560)	61,693 (RMB 13,228,560)	-	100.00	82,950 (RMB 19,106,337)	414 (RMB 95,390)	414 (RMB 95,390)	-	
Top One Down & Feather Co., Ltd.	T.O.D. Limited	Samoa	Holding company	271,666 (US\$ 9,000,000)	271,666 (US\$ 9,000,000)	9,000,000	100.00	507,617 (US\$ 18,338,749)	34,173 (US\$ 1,220,079)	34,414 (US\$ 1,228,668)	-	
T.O.D. Limited	Top One Down & Feather Shu Yang Co., Ltd.	China	Manufacturing, processing and sale of down products	267,934 (RMB 56,000,000)	267,934 (RMB 56,000,000)	-	100.00	504,915 (RMB 116,300,010)	33,915 (RMB 7,811,597)	34,156 (RMB 7,867,008)	-	
King Hamm Industrial Co., Ltd.	King Hung Garments Industrial Co., Ltd.	Vietnam	Manufacturing and processing of apparel	87,634 (US\$ 2,910,000)	87,634 (US\$ 2,910,000)	-	100.00	74,298 (US\$ 2,684,172)	4,316 (US\$ 154,076)	2,746 (US\$ 98,028)	-	
	King Hamm Industrial Co., Ltd. (VN)	Vietnam	Manufacturing and processing of apparel	214,322 (US\$ 7,080,000)	214,322 (US\$ 7,080,000)	-	100.00	180,140 (US\$ 6,507,959)	(2,544) (US\$ -90,829)	(1,569) (US\$ -56,008)	-	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
Q.V.P. Limited	Principle & Will Co., Ltd.	Samoa	Holding company	\$ 420,650 (US\$ 14,770,000)	\$ 420,650 (US\$ 14,770,000)	10,000,000	50.00	\$ 617,317 (US\$ 24,252,777)	\$ (15,472) (US\$ -552,448)	\$ (12,521) (US\$ -447,043)	-
Principle & Will Co., Ltd.	Joykey Industrial Limited	Hong Kong	Holding company	66,848 (RMB 15,453,317)	66,848 (RMB 15,453,317)	-	100.00	52,641 (RMB 12,125,081)	(31,638) (RMB -7,286,958)	(31,638) (RMB -7,286,958)	-
	Principle & Will Biotech (Pinghu) Co., Ltd.	China	Manufacturing, processing and sale of medical products	740,363 (RMB 161,189,287)	740,363 (RMB 161,189,287)	-	100.00	602,264 (RMB 138,723,147)	28,680 (RMB 6,605,735)	28,680 (RMB 6,605,735)	-
Joykey Industrial Limited	Principle & Will Biotech (Xiantao) Co., Ltd.	China	Manufacturing, processing and sale of medical products	57,572 (RMB 11,873,793)	57,572 (RMB 11,873,793)	-	100.00	31,396 (RMB 7,231,550)	(30,470) (RMB -7,018,069)	(30,470) (RMB -7,018,069)	-
	Joykey Industrial (Pinghu) Limited	China	Manufacturing and sale of medical products	16,568 (RMB 3,579,524)	16,568 (RMB 3,579,524)	-	100.00	21,245 (RMB 4,893,531)	(1,167) (RMB -268,889)	(1,167) (RMB -268,889)	-

(Concluded)



## QUANG VIET ENTERPRISE CO., LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(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, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2(b))	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Jiaxing Quang Viet Garment Co., Ltd.	Manufacturing and processing, and sale of apparel	\$ 445,785 (RMB 98,939,650)	(b) Spring Co., Ltd.	\$ 445,785 (US\$ 14,200,000)	\$ -	\$ -	\$ 445,785 (US\$ 14,200,000)	\$ 238,263 (RMB 54,878,231)	100.00	\$ 238,263 (RMB 54,878,231) 2)	\$ 1,958,295 (RMB 451,065,925)	\$ -	-
Baoji Xinyue Garment Co., Ltd.	Manufacturing and processing of apparel	- (RMB -)	(b) Spring Co., Ltd.	43,718 (US\$ 1,500,000)	-	43,718 (US\$ 1,500,000)	- (US\$ -)	- (RMB 134)	-	- (RMB 134) 2)	- (RMB -)	-	-
Top One Apparel Shu Yang Co., Ltd.	Manufacturing and processing of apparel	61,693 (RMB 13,228,560)	(b) Q.V.S. Limited	61,693 (US\$ 2,100,000)	-	-	61,693 (US\$ 2,100,000)	414 (RMB 95,390)	100.00	414 (RMB 95,390) 2)	82,950 (RMB 19,106,337)	-	-
Top One Down & Feather Shu Yang Co., Ltd.	Manufacturing, processing and sale of down products	267,934 (RMB 56,000,000)	(b) T.O.D. Limited	267,934 (US\$ 8,877,506)	-	-	267,934 (US\$ 8,877,506)	33,915 (RMB 7,811,597)	95.68	32,680 (RMB 7,527,153) 2)	504,915 (RMB 116,300,010)	-	-
Principle & Will Biotech (Pinghu) Co., Ltd.	Manufacturing, processing and sale of medical products	740,363 (RMB 161,189,287)	(b) Principle & Will Co., Ltd.	-	-	-	-	26,680 (RMB 6,605,735)	50.00	13,340 (RMB 3,302,868) 2)	602,264 (RMB 138,723,147)	-	-
Principle & Will Biotech (Xiantao) Co., Ltd.	Manufacturing, processing and sale of medical products	57,572 (RMB 11,873,793)	(b) Joykey Industrial Limited	-	-	-	-	(30,470) (RMB -7,018,069)	50.00	(15,235) (RMB -3,509,035) 2)	31,396 (RMB 7,231,550)	-	-
Joykey Industrial (Pinghu) Limited	Manufacturing and sale of medical products	16,568 (RMB 3,579,524)	(b) Joykey Industrial Limited	-	-	-	-	(1,167) (RMB -268,889)	50.00	(584) (RMB -134,445) 2)	21,245 (RMB 4,893,531)	-	-
Anhui Xingxing Garment Co., Ltd.	Manufacturing and processing of apparel	253,170 (RMB 57,980,000)	(c) Jiaxing Quang Viet Garment Co., Ltd.	-	-	-	-	526,991 (RMB 121,379,677)	18.97	104,750 (RMB 24,126,629) 3)	501,523 (RMB 115,518,848)	-	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by Investment Commission, MOEA (Note 3)
\$775,412 (US\$25,177,506)	\$1,617,218 (US\$58,425,494) (Exchange rate: 27.68)	\$4,134,570

Note 1: The three methods of investment are as follows:

- a. Direct investment in China
- b. Indirect investment through a company registered in a third region
- c. Others

Note 2: The amount recognized in investment income in the current year:

- a. Should be indicated if currently under preparation and not generating investment income.
- b. The basis of recognition of investment profit (loss) should be indicated and is classified as follows:
  - 1) Amount was recognized based on the financial statements audited by international audit firms with business relationships with audit firms in the ROC.
  - 2) Amount was recognized based on the parent company's audited financial statements.
  - 3) Others.

Note 3: According to Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China administered by the Foreign Investment Commission, the amount is limited to the higher of the net worth of the investor company or 60% of the consolidated net worth.

**QUANG VIET ENTERPRISE CO., LTD.**

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Transaction Type	Purchase/Sale		Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%	Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Jiaxing Quang Viet Garment Co., Ltd.	Purchases	\$ 521,561	8	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	\$ (106,375)	14	\$ -	Notes 1, 2
	Technical service revenue	148,278	81	"	-	6,740	23	-	
Top One Down & Feather Shu Yang Co., Ltd.	Purchase of raw material	242,689	92	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(32,571)	61	1,716	

Note 1: The proportion of technical service revenue to purchases/sales is calculated based on its percentage to consolidated other income.

Note 2: The proportion of technical service receivable to receivables is calculated based on its percentage to consolidated other receivables.

**TABLE 8****QUANG VIET ENTERPRISE CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Formosa Taffeta Co., Ltd.	18,595,352	17.98
Top One Investment Co., Ltd.	15,683,419	15.17

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Securities and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have the rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System website of the Taiwan Stock Exchange.

# QUANG VIET ENTERPRISE CO., LTD.

## THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

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**QUANG VIET ENTERPRISE CO., LTD.**

**STATEMENT OF TRADE RECEIVABLES**

**DECEMBER 31, 2021**

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

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<b>Client Name</b>	<b>Abstract</b>	<b>Amount</b>
Unrelated parties		
VF (Group)	Receivables	\$ 636,784
UA	"	127,827
NB	"	123,348
NIKE (Group)	"	71,845
PATAGONIA	"	69,336
ADIDAS (Group)	"	67,921
OTHERS (Note)	"	<u>152,395</u>
		1,249,456
Less: Loss allowance		<u>(5,091)</u>
		<u>\$ 1,244,365</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

**QUANG VIET ENTERPRISE CO., LTD.**

**STATEMENT OF OTHER RECEIVABLES**

**DECEMBER 31, 2021**

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

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<b>Item</b>	<b>Abstract</b>	<b>Amount</b>
Other receivables - related parties	Financing provided to others	\$ 178,329
Other receivables - related parties	Receivables of technical service revenue and purchase	150,651
Others (Note)		<u>3,697</u>
		<u>\$ 332,677</u>

Note: The amount of individual items included in others does not exceed 5% of the account balance.

**QUANG VIET ENTERPRISE CO., LTD.****STATEMENT OF INVENTORIES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Abstract	Amount	
		Cost	Net Realizable Value (Note)
Raw material	Down and fabric	\$ 697,216	\$ 1,174,279
Work in process	Down jackets	875,237	901,261
Finished goods	Down jackets	<u>377,734</u>	<u>432,536</u>
		<u>\$ 1,950,187</u>	<u>\$ 2,508,076</u>

Note: Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items.

**QUANG VIET ENTERPRISE CO., LTD.****STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Name</b>	<b>Abstract</b>	<b>Unit</b>	<b>Fair Value (Dollar)</b>	<b>Book Value</b>
Shares - listed				
Taiwan Semiconductor Manufacturing Co., Ltd.		77,000	615.0	\$ 47,355
Elite Semiconductor Microelectronics Technology Inc.		20,000	165.0	3,300
Bonds - listed				
Chailase Holding Company Limited 1st Unsecured Convertible Bond		<u>100,000</u>	111.9	<u>11,190</u>
		<u>197,000</u>		<u>\$ 61,845</u>



## QUANG VIET ENTERPRISE CO., LTD.

## STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

DECEMBER 31, 2021

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

Name	Abstract	Number of Shares	Par Value	Cost	Fair value		Collateral
					Unit Price	Total Amount	
Shares - listed							
Formosa Taffeta Co., Ltd.		817,000	10	\$ 28,457	\$ 29.15	\$ 23,816	None
Macauto Industrial Co., Ltd.		68,000	10	8,935	78.90	5,365	None
Formosa Chemicals & Fibre Corp.		100,000	10	11,383	80.80	8,080	None
Yageo Corporation		25,000	10	22,191	479.50	11,988	None
Chailease Holding Company Limited		300,000	100	30,000	101.50	30,450	None
Shares - unlisted - emerging market							
Unicon Optical Co., Ltd.		106,278	10	5,354	9.94	1,056	None
Shares - unlisted							
Spring Printing Co., Ltd.		793,250	10	<u>9,621</u>	8.18	<u>6,492</u>	None
				<u>\$ 115,941</u>		<u>\$ 87,247</u>	

## QUANG VIET ENTERPRISE CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
 FOR THE YEAR ENDED DECEMBER 31, 2021  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Beginning Balance		Additions		Decrease (Note 1)		Increase (Decrease) in Using the Equity Method (Note 2)	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Ending Balance			Book Value (Notes 3 and 4)		Collateral	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount			Number of Shares	%	Amount	Unit Price	Total Amount		
Unlisted companies															
Kwang Viet Garment Co., Ltd.	-	\$ 403,425	-	\$ -	-	\$ -	\$ (28,455)	\$ (4,658)	-	100.00	\$ 370,312	\$ -	\$ 372,401	Note	
Spring Co., Ltd.	15,700,000	1,734,987	-	-	(470,000)	(5,334)	235,384	(6,586)	15,230,000	100.00	1,958,451	141.34	2,152,682	Note	
Quang Viet (Tien Giang) Co., Ltd.	-	655,759	-	-	-	-	(143,624)	(7,442)	-	100.00	504,693	-	501,477	Note	
Top One Down & Feather Co., Ltd.	47,838,480	620,624	-	-	-	(129,168)	45,218	(2,057)	47,838,480	95.68	534,617	11.29	540,056	Note	
Q.V.S. Limited	2,100,000	54,848	-	-	-	-	316	348	2,100,000	100.00	55,512	26.43	55,512	Note	
Q Gear Limited	50,000	63,479	-	-	-	-	13,974	(1,947)	50,000	100.00	75,506	1510.12	75,506	Note	
Quang Viet (Long An) Co., Ltd.	-	627,664	-	-	-	-	23,155	(7,426)	-	100.00	643,393	-	646,498	Note	
Biancospino S.R.L.	-	241,042	-	-	-	(33,281)	22,824	(30,409)	-	51.00	200,176	-	200,176	Note	
Atlanta Garment Manufacturing Company LLC	-	115,259	-	-	-	-	80,029	(4,178)	-	60.00	191,110	-	191,112	Note	
King Hamm Industrial Co., Ltd.	13,650,000	328,356	-	-	-	(6,825)	22,715	(2,499)	13,650,000	42.00	341,747	25.11	342,691	Note	
W&D Apparel Corp. (Jordan) Corp.	-	26,566	-	-	-	-	(769)	(738)	-	65.00	25,059	-	25,059	Note	
Q.V.P. Limited	-	693,188	-	-	-	-	(12,623)	(9,072)	-	100.00	671,493	-	671,493	Note	
Sidney Apparels LLC	-	-	2,593,086	122,432	-	-	8,510	(672)	2,593,086	100.00	130,270	50.24	130,270	Note	
		<u>\$ 5,565,197</u>		<u>\$ 122,432</u>		<u>\$ (174,608)</u>	<u>\$ 266,654</u>	<u>\$ (77,336)</u>			<u>\$ 5,702,339</u>		<u>\$ 5,904,933</u>		

Note 1: Cash dividends received from subsidiaries.

Note 2: The financial statements have been audited by accountants in the same period.

Note 3: Book value was calculated based on the financial statements and percentage of ownership.

Note 4: The difference between the ending balance and the book value was unrealized gains and losses.

## QUANG VIET ENTERPRISE CO., LTD.

## STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2021

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

Type	Ending Balance	Contract Period	Range of Interest Rates (%)	Loan Commitments	Collateral	Remark
Letter of credit payables						
E.SUN Commercial Bank, Ltd.	\$ 49,104	2021/09/02-2022/06/24	0.6343-0.7	\$ 1,000,000	None	-
Mega International Commercial Bank	123,591	2021/08/25-2022/06/27	0.6500	608,960	None	-
Cathay United Bank	99,594	2021/10/05-2022/06/20	0.6100-0.7200	442,880	None	-
Chang Hwa Commercial Bank, Ltd.	159,596	2021/10/05-2022/06/18	0.4800-0.5700	400,000	None	-
HSBC Bank Limited	24,205	2021/11/15-2022/06/24	0.6000	314,200	None	-
Mizuho Bank, Ltd.	346,012	2021/08/05-2022/06/27	0.66000	623,400	None	-
KGI Commercial Bank Co., Ltd.	877	2021/11/30-2022/05/30	0.7505	500,000	None	-
Taiwan Cooperative Bank	1,611	2021/12/01-2022/02/28	0.6000	150,000	None	-
	<u>804,590</u>			<u>4,039,440</u>		
Operating loans						
Export-Import Bank of the Republic of China	200,000	2021/06/08-2022/06/08	0.5653	200,000	None	-
HSBC Bank Limited	101,000	2021/10/18-2022/03/25	0.6000	101,000	None	-
Mizuho Bank, Ltd.	207,000	2021/10/18-2022/03/25	0.6200	207,000	None	-
	<u>508,000</u>			<u>508,000</u>		
	<u>\$ 1,312,590</u>			<u>\$ 4,547,440</u>		

**QUANG VIET ENTERPRISE CO., LTD.**

**STATEMENT OF NOTES PAYABLE**

**DECEMBER 31, 2021**

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

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<b>Vendor Name</b>	<b>Abstract</b>	<b>Amount</b>
Unrelated parties		
YKK Taiwan Co., Ltd.	Payables	\$ 7,031
Others (Note)	"	<u>371</u>
		<u>\$ 7,402</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

**QUANG VIET ENTERPRISE CO., LTD.****STATEMENT OF TRADE PAYABLES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Vendor Name</b>	<b>Abstract</b>	<b>Amount</b>
Unrelated parties		
Coats Phong Phu Co., Ltd.	Payables	\$ 40,959
YKK Taiwan Co., Ltd.	"	27,230
Down Lite International Inc.	"	23,613
YYK Vietnam Co., Ltd.	"	22,252
Others (Note)	"	<u>243,135</u>
		<u>\$ 357,189</u>
Related parties		
Atlanta Garment Manufacturing Company LLC	Payables	\$ 156,279
Jiaxing Quang Viet Garment Co., Ltd.	"	106,375
Formosa Taffeta Co., Ltd. (Group)	"	106,093
Top One Down & Feather Co., Ltd.	"	35,664
Others (Note)	"	<u>10,689</u>
		<u>\$ 415,100</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

**QUANG VIET ENTERPRISE CO., LTD.**

**STATEMENT OF OTHER PAYABLES TO RELATED PARTIES**

**DECEMBER 31, 2021**

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

---

<b>Name</b>	<b>Abstract</b>	<b>Amount</b>
Other payables to related parties		
Quang Viet (Long An) Co., Ltd.	Payables for processing fee	\$ 493,289
Kwang Viet Garment Co., Ltd.	Payables for processing fee	132,803
Formosa Taffeta Co., Ltd. (Group)	Payables for purchases	<u>8,146</u>
		<u>\$ 634,238</u>

**QUANG VIET ENTERPRISE CO., LTD.**

**STATEMENT OF OPERATING REVENUE**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

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

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<b>Item</b>	<b>Amount</b>
Down jackets	\$ 3,202,711
Fiberfill jackets	2,251,803
Light jackets and parka	1,251,578
Others	<u>500,473</u>
	<u>\$ 7,206,565</u>

**QUANG VIET ENTERPRISE CO., LTD.****STATEMENT OF OPERATING COSTS****FOR THE YEAR ENDED DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Item</b>	<b>Amount</b>
Direct materials	
Materials, beginning balance	\$ 448,693
Add: Raw material purchased	3,814,079
Less: Others	(62)
Less: Materials, ending balance	<u>(697,216)</u>
Raw materials used	3,565,494
Manufacturing expenses - processing fee	<u>2,523,584</u>
Manufacturing cost	6,089,078
Add: Work in process, beginning balance	366,809
Less: Work in process, ending balance	<u>(875,237)</u>
Cost of finished goods	5,580,650
Add: Finished goods, beginning balance	191,780
Add: Finished goods purchased	1,350,513
Less: Finished goods, ending balance	<u>(377,734)</u>
Cost of goods sold	<u>\$ 6,745,209</u>



**QUANG VIET ENTERPRISE CO., LTD.****STATEMENT OF OPERATING EXPENSES****FOR THE YEAR ENDED DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Item</b>	<b>Selling and Marketing</b>	<b>General and Administrative</b>	<b>Research and Development</b>	<b>Total</b>
Salary expenses	\$ 43,674	\$ 119,295	\$ 24,997	\$ 187,966
Insurance expenses	3,809	10,942	2,375	17,126
Professional service expenses	-	5,924	-	5,924
Other expenses	<u>18,660</u>	<u>34,413</u>	<u>7,975</u>	<u>61,048</u>
	<u>\$ 66,143</u>	<u>\$ 170,574</u>	<u>\$ 35,347</u>	<u>\$ 272,064</u>

## QUANG VIET ENTERPRISE CO., LTD.


STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	2021			2020		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salary expenses	\$ -	\$ 181,330	\$ 181,330	\$ -	\$ 182,011	\$ 182,011
Insurance expenses	-	16,274	16,274	-	16,001	16,001
Pension expenses	-	8,744	8,744	-	9,259	9,259
Remuneration of directors	-	6,636	6,636	-	5,756	5,756
Other employee benefits expense	-	10,452	10,452	-	12,271	12,271
	<u>\$ -</u>	<u>\$ 223,436</u>	<u>\$ 223,436</u>	<u>\$ -</u>	<u>\$ 225,298</u>	<u>\$ 225,298</u>
Depreciation expenses	<u>\$ -</u>	<u>\$ 6,279</u>	<u>\$ 6,279</u>	<u>\$ -</u>	<u>\$ 5,915</u>	<u>\$ 5,915</u>
Amortization expenses	<u>\$ -</u>	<u>\$ 3,790</u>	<u>\$ 3,790</u>	<u>\$ -</u>	<u>\$ 3,845</u>	<u>\$ 3,845</u>

Note 1: As of December 31, 2021 and 2020, the Company had 216 and 226 employees, respectively, which included 7 and 6 non-employee directors, respectively.

Note 2: Companies should disclose the following information once its shares have been listed on the Taiwan Stock Exchange (TWSE) or mainboard of the Taipei Exchange (TPEX).

- a. Average employee benefits expense for the years ended December 31, 2021 and 2020 were \$1,039 thousand and \$999 thousand, respectively.
- b. Average salary expenses for the years ended December 31, 2021 and 2020 were \$869 thousand and \$829 thousand, respectively.
- c. The average salary expenses increased by 4.92% year over year.
- d. The Company did not have supervisors for the year ended December 31, 2021. Remuneration of the supervisors for the year ended December 31, 2020 was \$1,319 thousand.
- e. The compensation program includes a monthly salary, business performance bonuses based on business results, and a profit-sharing bonus based on annual profits. The Company determines the amount of the business performance bonus and profit-sharing bonus based on operating results. The amount and distribution of the business performance and profit-sharing bonus are approved by the board of directors. Individual rewards are based on each employee's job responsibility, contribution and performance.
- f. The total compensation paid to the executive officers is decided based on their job responsibility, contribution, company performance and projected future risks the Company will face. It is reviewed by the compensation committee and submitted to the board of directors for approval.
- g. The board of directors is authorized to determine the salary for the chairman and directors, taking into account the extent and value of the services provided for the management of the Company. The articles of incorporation also provide that the remuneration of directors shall be no more than 2% of annual profits.

Quang Viet Enterprise Co., Ltd. 

Person in charge: Yang, Wen-Hsien 