Quang Viet Enterprise Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018 and Independent Auditors’ Report

Deloitte.

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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. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, 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, 2019 and 2018, 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, 2019. 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 description of the key audit matter of the Group's consolidated financial statements for the year ended December 31, 2019 is as follows:

Validity of Revenue Recognized for Some Main 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 some of the main customers whose change in sales amounts meet certain conditions has been identified as a key audit matter for the year ended December 31, 2019.

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

The key audit procedures performed with respect to the aforementioned revenue recognized from some main customers are as follows:

1. Understood the internal controls of the sales and receipt cycle.

2. Tested the effectiveness of the internal controls related to the validity of revenue recognition in the sales and receipt cycle.

3. Sampled and tested the related content and amounts of sales revenue ledger.

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, 2019 and 2018 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 supervisors, 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, 2019 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 audit resulting in this independent auditors' report are Ming-Chung Hsien and Yi-Chen Lu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 6, 2020

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 2,233,071	19	$ 1,837,854	17
Financial assets at amortized cost - current (Notes 4, 9, 10 and 36)	864,924	8	522,039	5
Notes receivable (Notes 4 and 11)	-	-	12	-
Trade receivables (Notes 4, 11 and 26)	1,104,393	10	1,424,330	13
Current tax assets (Notes 4 and 28)	18,881	-	5,090	-
Inventories (Notes 4 and 12)	3,420,793	29	3,560,503	33
Prepayments (Notes 3, 18 and 19)	225,197	2	212,826	2
Other current assets (Notes 19 and 35)	30,631	-	49,977	-
Total current assets	7,897,890	68	7,612,631	70
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	69,206	1	69,056	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	155,800	1	152,082	1
Financial asset at amortized cost - non-current (Notes 4, 9 and 10)	30,000	-	-	-
Financial assets measured at cost - non-current (Notes 4 and 14)	304,848	3	-	-
Property, plant and equipment (Notes 4 and 15)	2,321,702	20	2,319,671	22
Right-of-use assets (Notes 3, 4 and 16)	273,341	2	-	-
Other intangible assets (Notes 4 and 17)	385,712	3	411,350	4
Deferred tax assets (Notes 4 and 28)	166,161	2	43,608	-
Prepayments for equipment	23,181	-	7,979	-
Refundable deposits	27,366	-	7,652	-
Long-term prepayments for leases (Note 19)	-	-	203,687	2
Other non-current assets (Note 20)	48	-	6	-
Total non-current assets	3,757,365	32	3,215,091	30
TOTAL	$ 11,655,255	100	$ 10,827,722	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 20)	$ 429,859	4	$ 1,326,260	12
Contract liabilities (Note 26)	34,486	-	22,101	-
Notes payable (Notes 4, 22 and 35)	23,778	-	42,849	1
Trade payables to unrelated parties (Notes 4 and 22)	410,271	3	617,654	6
Trade payables to related parties (Notes 4, 22 and 35)	88,614	1	111,693	1
Other payables (Note 23)	786,864	7	776,858	7
Other payables to related parties (Note 35)	76,424	1	11,536	-
Current tax liabilities (Note 28)	84,942	1	130,563	1
Lease liabilities - current (Notes 3, 4 and 16)	19,611	-	-	-
Current portion of long-term borrowings and bonds payable (Notes 4 and 20)	53,250	-	-	-
Other current liabilities	13,881	-	4,439	-
Total current liabilities	2,021,980	17	3,043,953	28
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 21)	1,442,986	12	-	-
Long-term borrowings (Notes 4 and 20)	53,250	1	213,000	2
Deferred tax liabilities (Notes 4 and 28)	274,154	2	109,881	1
Lease liabilities - non-current (Notes 3, 4 and 16)	61,911	1	-	-
Net defined benefit liabilities - non-current (Notes 4 and 24)	5,051	-	6,303	-
Guarantee deposits received	3	-	3	-
Total non-current liabilities	1,837,355	16	329,187	3
Total liabilities	3,859,335	33	3,373,140	31
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)				
Ordinary shares	1,033,753	9	1,033,753	10
Capital surplus	2,939,320	25	2,868,874	26
Retained earnings				
Special reserve	639,965	6	563,107	5
Legal reserve	250,464	2	246,533	2
Unappropriated earnings	2,468,362	21	2,164,446	20
Total retained earnings	3,358,791	29	2,974,086	27
Other equity				
Exchange differences on translating the financial statements of foreign operations	(359,833)	(3)	(232,125)	(2)
Unrealized loss on financial assets at fair value through other comprehensive income	(17,562)	-	(18,339)	-
Total other equity	(377,395)	(3)	(250,464)	(2)
Total equity attributable to owners of the Company	6,954,469	60	6,626,249	61
NON-CONTROLLING INTERESTS (Note 25)	841,451	7	828,333	8
Total equity	7,795,920	67	7,454,582	69
TOTAL	$ 11,655,255	100	$ 10,827,722	100

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 26)				
Sales	$ 16,291,654	100	$ 13,325,279	100
Sales returns and allowances	(32,337)	-	(44,839)	(1)
Total operating revenue	16,259,317	100	13,280,440	99
OPERATING COSTS (Notes 12, 27 and 35)	(13,714,136)	(84)	(11,070,093)	(83)
GROSS PROFIT	2,545,181	16	2,210,347	16
OPERATING EXPENSES (Notes 24 and 27)				
Selling and marketing expenses	(158,250)	(1)	(143,072)	(1)
General and administrative expenses	(812,665)	(5)	(787,953)	(6)
Research and development expenses	(192,190)	(1)	(173,178)	(1)
Expected credit gain (loss)	278	-	-	-
Total operating expenses	(1,162,827)	(7)	(1,104,203)	(8)
PROFIT FROM OPERATIONS	1,382,354	9	1,106,144	8
NON-OPERATING INCOME AND EXPENSES (Notes 27 and 35)				
Other income	83,636	1	83,717	-
Other gains and losses	(82,587)	(1)	(29,802)	-
Finance costs	(69,542)	-	(44,343)	-
Share of profit or loss of associates	71,430	-	-	-
Total non-operating income and expenses	2,937	-	9,572	-
PROFIT BEFORE INCOME TAX	1,385,291	9	1,115,716	8
INCOME TAX EXPENSE (Notes 4 and 28)	(287,684)	(2)	(258,675)	(2)
NET PROFIT FOR THE YEAR	1,097,607	7	857,041	6

(Continued)

QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 24, 25 and 28)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	$ (1,345)	-	$ (1,053)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	773	-	3,099	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	269	-	219	-
	(303)	-	2,265	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(184,336)	(1)	(7,658)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	32,767	-	9,798	-
	(151,569)	(1)	2,140	-
Other comprehensive income (loss) for the year, net of income tax	(151,872)	(1)	4,405	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 945,735	6	$ 861,446	6
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 1,006,033	6	$ 768,584	6
Non-controlling interests	91,574	1	88,457	-
	$ 1,097,607	7	$ 857,041	6
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 878,026	5	$ 771,500	6
Non-controlling interests	67,709	1	89,946	-
	$ 945,735	6	$ 861,446	6
EARNINGS PER SHARE (Note 29)				
From continuing operations				
Basic	$ 9.73		$ 7.43	
Diluted	$ 9.60		$ 7.43	

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company													
			Capital Surplus			Retained Earnings			Other Equity					
	Shares (In Thousands)	Share Capital	Capital Surplus - Issuance of Ordinary Shares	Share of Change in Capital Surplus of Associates	Stock Warrants	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2018	103,764	$ 1,037,639	$ 2,872,658	$ 557	$ -	$ 510,712	$ 131,146	$ 2,111,402	$ (232,805)	$ (13,728)	$ -	$ (92,337)	$ 251,789	$ 6,577,033
Effect of retrospective application and retrospective restatement	-	-	-	-	-	-	-	-	-	13,728	(12,832)	-	-	896
Appropriation of 2017 earnings														
Legal reserve	-	-	-	-	-	52,395	-	(52,395)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	115,387	(115,387)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(471,391)	-	-	-	-	-	(471,391)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(35,225)	(35,225)
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	-	768,584	-	-	-	-	88,457	857,041
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	-	(834)	680	-	3,070	-	1,489	4,405
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	-	-	-	767,750	680	-	3,070	-	89,946	861,446
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	521,823	521,823
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	8,577	-	-	(8,577)	-	-	-
Cancelation of treasury shares	(389)	(3,886)	(4,341)	-	-	-	-	(84,110)	-	-	-	92,337	-	-
BALANCE AT DECEMBER 31, 2018	103,375	1,033,753	2,868,317	557	-	563,107	246,533	2,164,446	(232,125)	-	(18,339)	-	828,333	7,454,582
Appropriation of 2018 earnings														
Legal reserve	-	-	-	-	-	76,858	-	(76,858)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	3,931	(3,931)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(620,252)	-	-	-	-	-	(620,252)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(73,014)	(73,014)
Equity component of convertible bonds issued by the Company	-	-	-	-	70,446	-	-	-	-	-	-	-	-	70,446
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	-	1,006,033	-	-	-	-	91,574	1,097,607
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	-	(1,076)	(127,708)	-	777	-	(23,865)	(151,872)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	-	-	-	1,004,957	(127,708)	-	777	-	67,709	945,735
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	18,423	18,423
BALANCE AT DECEMBER 31, 2019	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

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,385,291	$ 1,115,716
Adjustments for:		
Depreciation expenses	274,576	225,723
Amortization expenses	7,170	6,976
Expected credit loss recognized on trade receivables	(278)	46
Net (gain) loss on fair value change of financial assets as at fair value through profit or loss	300	(19,530)
Finance costs	69,542	44,343
Interest income	(32,252)	(37,550)
Dividend income	(18,982)	(9,077)
Share of profit of associates	(71,430)	-
Loss on disposal of property, plant and equipment	8,199	2,978
Write-down of inventories	3,619	43,532
Amortization of prepayments for leases	-	6,006
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	(499)
Notes receivable	12	12
Trade receivables	321,810	(121,201)
Inventories	143,025	(1,186,088)
Prepayments	(20,138)	(41,466)
Other current assets	17,020	25,125
Other non-current assets	(42)	-
Contract liabilities	12,385	5,186
Notes payable	(19,071)	(2,699)
Trade payables to unrelated parties	(207,383)	75,216
Trade payables to related parties	64,529	(7,464)
Other payables to unrelated parties	(11,528)	76,116
Other payables to related parties	(23,079)	12,116
Other current liabilities	9,442	640
Net defined benefit liabilities	(2,597)	(2,347)
Cash generated from operations	1,910,140	211,810
Interest paid	(61,514)	(42,095)
Income tax paid	(274,490)	(113,484)
Net cash generated from (used in) operating activities	1,574,136	56,231
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(2,945)	(172,488)
Acquisition of associates	(265,509)	-
Proceeds from sale of financial assets at fair value through other comprehensive income	-	143,350
Purchase of financial assets at amortized cost	(372,885)	-

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QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
Proceeds from sale of financial assets at amortized cost	$ -	$ 250,250
Acquisition of subsidiaries (Note 31)	(7,412)	241,791
Payments for property, plant and equipment	(263,251)	(216,620)
Proceeds from disposal of property, plant and equipment	4,392	3,608
Increase in refundable deposits	(5,623)	-
Decrease in refundable deposits	-	2,806
Payments for intangible assets	(4,016)	(11,758)
Increase in prepayments for equipment	(28,255)	(19,545)
Interest received	34,578	32,303
Dividends received from associate ventures	24,652	-
Other dividends received	18,982	9,077
Net cash (used in) generated from investing activities	(867,292)	262,774
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	238,161
Repayments of short-term borrowings	(896,401)	-
Proceeds from issuance of bonds	1,509,522	-
Proceeds from long-term borrowings	-	197,300
Repayments of long-term borrowings	(106,500)	-
Repayments of the principal portion of lease liabilities	(21,421)	-
Dividends paid to owners of the Company	(620,252)	(471,391)
Change in non-controlling interests	-	5,845
Dividends paid to non-controlling interests	(73,014)	(35,225)
Net cash used in financing activities	(208,066)	(65,310)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(103,561)	(13,604)
NET INCREASE IN CASH AND CASH EQUIVALENTS	395,217	240,091
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,837,854	1,597,763
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,233,071	$ 1,837,854

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

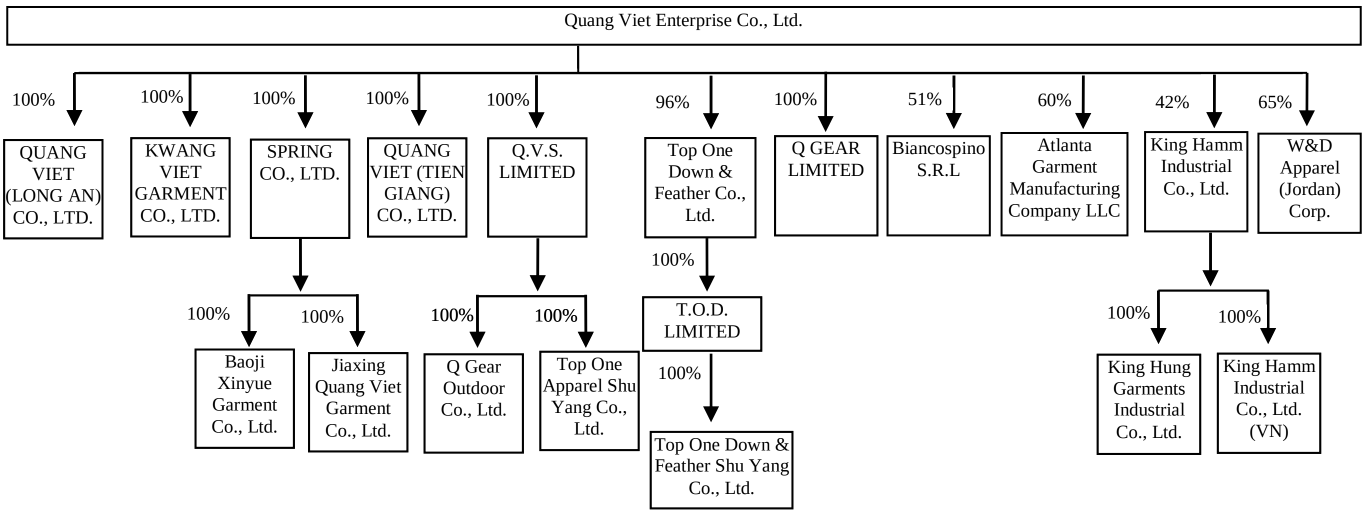
1. GENERAL INFORMATION

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 and raw material such as feather and down.

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.

Investment organization chart



2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 6, 2020.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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)

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies:

- IFRS 16 "Leases"

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

Definition of a lease

The Group elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

The Group recognizes right-of-use assets, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights in China and Vietnam were recognized as prepayments for leases. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables were recognized on the consolidated balance sheets for contracts classified as finance leases.

The Group elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments, the Group applies IAS 36 to all right-of-use assets.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 4.35%-9.57%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 104,408
Less: Recognition exemption for leases of low-value assets	(904)
Undiscounted amounts on January 1, 2019	$ 103,504
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 98,963
Lease liabilities recognized on January 1, 2019	$ 98,963

The Group as lessor

The Group does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	**Adjustments Arising from Initial Application**	**Restated on January 1, 2019**
Other current assets	$ 2,960	$ (2,960)	$ -
Prepayments for leases - current	5,849	(5,849)	-
Prepayments for leases - non-current	203,687	(203,687)	-
Right-of-use assets	-	311,459	311,459
Total effect on assets	$ 212,496	$ 98,963	$ 311,459
Lease liabilities - current	$ -	$ 16,329	$ 16,329
Lease liabilities - non-current	-	82,634	82,634
Total effect on liabilities	$ -	$ 98,963	$ 98,963

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2020

New IFRSs	**Effective Date Announced by IASB**
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note 1: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Group shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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.

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

New IFRSs	Effective Date Announced by IASB (Note)
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, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

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

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 are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which 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 an asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

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

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

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

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

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

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

e. Business combinations

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

Goodwill is measured as the excess of the sum of the consideration transferred 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, 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.

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 investments.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was 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 that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and the group entities (including subsidiaries, associates, joint ventures and branches in other countries that use 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, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation which are attributable to the owners of the Company are reclassified to profit or loss.

g. Inventories

Inventories consist of raw materials supplies, finished goods, work in progress and merchandise inventory 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 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.

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 measured at cost less accumulated depreciation and accumulated impairment loss.

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

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. 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 is 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 when 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.

k. 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 (which is regarded as their cost). 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.

l. Impairment of tangible and intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any 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 asset 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 for the asset, cash-generating unit or asset related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Financial instruments

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 34.

ii. Financial assets at amortized cost

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

i) The financial asset is 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 asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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 assets, 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 assets that are not credit impaired on purchase or origination but have 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 and contract assets

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

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables lease receivables and contract assets. 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 in recognized in profit or loss by a reduction in their carrying amount 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 amount of such a financial asset are not reduced.

c) Derecognition of financial assets

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

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

2) Equity instruments

Debt and equity instruments issued by a group entity 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 a group entity 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.

n. Revenue recognition

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

<u>Revenue from the sale of goods</u>

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.

o. Lease

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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 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 Group uses the lessee's incremental borrowing rate.

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.

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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.

1) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

2) The Group as lessee

Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

p. 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 that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and 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, the effect of the changes to the asset ceiling 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.

r. Taxation

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

1) Current tax

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for as income tax 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 arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized 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 they 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 for the year

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, estimates and assumptions about 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is 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

	December 31	
	2019	**2018**
Cash on hand	$ 2,059	$ 2,892
Checking accounts and demand deposits	946,002	531,383
Cash equivalents		
Time deposits	1,285,010	1,303,579
	$ 2,233,071	$ 1,837,854

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2019	2018
Financial assets at FVTPL - non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Foreign investments unlisted shares	$ 69,056	$ 69,056
Financial assets held for trading		
Derivative financial assets		
Value of redemption of bonds	150	-
	$ 69,206	$ 69,056

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2019	2018
Non-current		
Investments in equity instruments at FVTOCI		
Domestic investments		
Listed shares and emerging market shares	$ 145,283	$ 144,510
Unlisted shares	10,517	7,572
	$ 155,800	$ 152,082

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

In 2018, the Group sold its shares in order to manage credit concentration risk. The shares sold had a fair value of $143,350 thousand and its related unrealized valuation gain of $8,577 thousand was transferred from other equity to retained earnings.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2019	2018
Current		
Time deposits with original maturities of more than 3 months	$ 857,924	$ 515,001
Pledged time deposits	7,000	7,000
Restricted deposits	-	38
	$ 864,924	$ 522,039
Non-current		
Time deposits with original maturities off more than 3 months	$ 30,000	$ -

a. Refer to Note 10 for information relating to their credit risk management and impairment.

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 were classified as at amortized cost.

	December 31	
	2019	**2018**
Gross carrying amount		
Current	$ 864,924	$ 522,039
Non-current	30,000	-
Less: Allowance for impairment loss	-	-
Amortized value	$ 894,924	$ 522,039

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 degree of risk of default. The credit rating information may be obtained from independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information to rate the debtors.

The Group considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognizing Expected Credit Losses
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECL

The gross carrying amounts of debt instrument investments by credit category and the corresponding expected loss rates were as follows:

		Gross Carrying Amount at Amortized Cost	
		December 31	
Category	**Expected Loss Rate**	**2019**	**2018**
Performing	0%-0.01%	$ 894,924	$ 522,039

11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2019	2018
Notes receivable		
At amortized cost		
Gross carrying amount	$ -	$ 12
Less: Allowance for impairment loss	-	-
	$ -	$ 12
Trade receivables		
At amortized cost		
Gross carrying amount	$ 1,110,750	$ 1,430,964
Less: Allowance for impairment loss	(6,357)	(6,634)
	$ 1,104,393	$ 1,424,330

a. Trade receivables

The average credit period of sales of goods was 30-90 days.

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

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. 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 information 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, 2019

	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%-0.05%	0.01%-0.21%	0.01%-5.28%	0.01%-63.76%	0.01%-58.67%	100%	
Gross carrying amount	$ 700,486	$ 336,033	$ 54,332	$ 19,043	$ 856	$ -	$ 1,110,750
Loss allowance (Lifetime ECLs)	(801)	(853)	(1,815)	(2,885)	(3)	-	(6,357)
Amortized cost	$ 699,685	$ 335,180	$ 52,517	$ 16,158	$ 853	$ -	$ 1,104,393

December 31, 2018

	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%-0.15%	0.01%-0.39%	0.01%-9.76%	0.01%-29.68%	0.01%-61.83%	100%	
Gross carrying amount	$ 943,358	$ 298,231	$ 162,690	$ 20,583	$ 6,025	$ 77	$ 1,430,964
Loss allowance	(873)	(538)	(3,425)	(1,331)	(390)	(77)	(6,634)
Amortized cost	$ 942,485	$ 297,693	$ 159,265	$ 19,252	$ 5,635	$ -	$ 1,424,330

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

	December 31	
	2019	2018
Balance at January 1	$ 6,634	$ 5,371
Add: Business combinations	-	1,218
Add: Net remeasurement of loss allowance	-	46
Less: Net remeasurement of loss allowance	(278)	-
Foreign exchange gains and losses	1	(1)
Balance at December 31	$ 6,357	$ 6,634

12. INVENTORIES

	December 31	
	2019	2018
Raw materials	$ 739,397	$ 1,280,427
Work in progress	1,839,637	1,641,783
Finished goods	803,037	608,733
Merchandise inventory	38,722	29,560
	$ 3,420,793	$ 3,560,503

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 was $13,714,136 thousand and $11,070,093 thousand, respectively.

The cost of goods sold included inventory write-downs of $3,619 thousand and $43,532 thousand for the years ended December 31, 2019 and 2018.

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Proportion of Ownership (%) December 31 2019	2018	Remark
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	-	2)
Spring Co., Ltd.	Jiaxing Quang Viet Garment Co., Ltd.	100.00	100.00	
Spring Co., Ltd.	Baoji Xinyue Garment Co., Ltd.	100.00	100.00	
Q.V.S. Limited	Top One Apparel Shu Yang Co., Ltd.	100.00	100.00	
Q.V.S. Limited	Q Gear Outdoor 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 Hamm Industrial Co., Ltd. (VN)	100.00	100.00	
King Hamm Industrial Co., Ltd.	King Hung Garments Industrial Co., Ltd.	100.00	100.00	

1) The Company acquired 42% interest in King Hamm Industrial Co., Ltd. The remaining 58% interest in King Hamm Industrial Co., Ltd. is dispersed among the rest of the shareholders. Considering the Group's percentage of ownership in King Hamm Industrial Co., Ltd. and the relative size and dispersion of shares held by the remaining shareholders, it was determined 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 and recognized King Hamm Industrial Co., Ltd. as its subsidiary.

2) On August 1, 2019, W&D Apparel (Jordan) Corp. was added as a new subsidiary of the Company; the Company invested US$1,105,000 to acquire 65% of its original share capital, equivalent to JOD2,000,000 (refer to Note 31 for the details).

3) For the nature of activities of subsidiaries refer to Tables 7 and 8.

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 2019	2018
King Hamm Industrial Co., Ltd. and subsidiaries	Republic of China	58%	58%

See Table 7 for the information on places of incorporation and principal places of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests January 1, 2019 to December 31, 2019	Profit (Loss) Allocated to Non-controlling Interests May 1, 2018 to December 31, 2018	Accumulated Non-controlling Interests December 31, 2019	Accumulated Non-controlling Interests December 31, 2018
King Hamm Industrial Co., Ltd. and subsidiaries	$ 29,190	$ 37,174	$ 466,448	$ 477,860

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 its subsidiaries:

	December 31 2019	December 31 2018
Current assets	$ 895,626	$ 789,531
Non-current assets	252,204	257,748
Current liabilities	(343,610)	(223,383)
Non-current liabilities	-	-
Equity	$ 804,220	$ 823,896
Equity attributable to:		
Owners of King Hamm Industrial Co., Ltd.	$ 337,772	$ 346,036
Non-controlling interests of King Hamm Industrial Co., Ltd. and its subsidiaries	466,448	477,860
	$ 804,220	$ 823,896

	January 1, 2019 to December 31, 2019	May 1, 2018 to December 31, 2018
Revenue	$ 1,534,770	$ 1,058,896
Profit for the year	$ 50,327	$ 64,093
Other comprehensive income for the year	(5,004)	4,092
Total comprehensive income for the year	$ 45,323	$ 68,185
Profit attributable to:		
Owners of King Hamm Industrial Co., Ltd.	$ 21,137	$ 26,919
Non-controlling interests of King Hamm Industrial Co., Ltd. and subsidiaries	29,190	37,174
	$ 50,327	$ 64,093

(Continued)

	January 1, 2019 to December 31, 2019	May 1, 2018 to December 31, 2018
Total comprehensive income attributable to:		
Owners of King Hamm Industrial Co., Ltd.	$ 19,036	$ 28,638
Non-controlling interests of King Hamm Industrial Co., Ltd. and subsidiaries	26,287	39,547
	$ 45,323	$ 68,185
Dividends paid to non-controlling interests of:		
King Hamm Industrial Co., Ltd. and King Hamm Industrial Co., Ltd. and subsidiaries	$ 37,700	$ 9,425

(Concluded)

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2019	2018
Investments in associates		
Anhui Xingxing Garment Co., Ltd.	$ 304,848	$ -

Material Associates

	Proportion of Ownership and Voting Rights	
	December 31	
	2019	2018
Investments in associates		
Anhui Xingxing Garment Co., Ltd.	24.34%	-

The Group acquired interest of 24.34% in Anhui Xingxing Garment Co., Ltd. on May 2019, at a purchase price of $265,509 thousand (RMB60,500 thousand); after the acquisition, the Group was able to exercise significant influence over Anhui Xingxing Garment Co., Ltd.

Refer to Table 7 and Table 8 for the nature of activities, principal places of business and countries of incorporation of the associates.

15. PROPERTY, PLANT AND EQUIPMENT

a. Assets used by the Group - 2019

	December 31, 2019
Assets used by the Group	$ 2,321,702

	Land	Building and Construction	Equipment	Transportation	Other Equipment	Leasehold Improvement	Construction Work in Progress	Total
Cost								
Balance at January 1, 2019	$ 489,539	$ 1,557,510	$ 769,208	$ 70,955	$ 355,607	$ 4,000	$ 87,535	$ 3,334,354
Additions	16,096	5,394	90,543	14,521	54,362	180	72,558	253,654
Disposals	-	(27)	(63,658)	(11,047)	(32,200)	-	-	(106,932)
Acquisitions through business combinations (Note 31)	24,287	98,246	59,572	1,807	36,549	-	-	220,461
Reclassification	-	227	14,428	2,281	5,663	-	(7,809)	14,790
Effect of foreign currency exchange differences	(1,707)	(17,949)	(23,519)	(2,330)	(11,124)	(144)	(27,796)	(84,569)
Balance at December 31, 2019	$ 528,215	$ 1,643,401	$ 846,574	$ 76,187	$ 408,857	$ 4,036	$ 124,488	$ 3,631,758
Accumulated depreciation								
Balance at January 1, 2019	$ -	$ 355,190	$ 408,655	$ 45,762	$ 204,700	$ 376	$ -	$ 1,014,683
Depreciation expenses	-	71,156	105,823	7,341	61,030	701	-	246,051
Disposals	-	-	(51,660)	(10,826)	(31,855)	-	-	(94,341)
Acquisitions through business combinations (Note 31)	-	90,797	55,402	1,540	35,512	-	-	183,251
Reclassification	-	-	106	-	-	-	-	106
Effect of foreign currency exchange differences	-	(15,083)	(15,030)	(1,498)	(8,050)	(33)	-	(39,694)
Balance at December 31, 2019	$ -	$ 502,060	$ 503,296	$ 42,319	$ 261,337	$ 1,044	$ -	$ 1,310,056
Carrying amount at December 31, 2019	$ 528,215	$ 1,141,341	$ 343,278	$ 33,868	$ 147,520	$ 2,992	$ 124,488	$ 2,321,702

b. 2018

	Land	Building and Construction	Equipment	Transportation	Other Equipment	Leasehold Improvement	Construction Work in Progress	Total
Cost								
Balance at January 1, 2018	$ 441,823	$ 1,165,084	$ 557,838	$ 64,205	$ 294,183	$ 21,590	$ 279,675	$ 2,824,398
Additions	2,764	5,476	115,309	9,095	37,027	3,720	36,775	210,166
Disposals	-	(284)	(100,363)	(4,044)	(11,457)	(21,616)	-	(137,764)
Acquisitions through business combinations (Note 31)	45,095	154,173	172,148	1,968	12,505	350	-	386,239
Effect of foreign currency exchange differences	(143)	3,972	5,690	(269)	(505)	(44)	1,121	9,822
Reclassification	-	229,089	18,586	-	23,854	-	(230,036)	41,493
Balance at December 31, 2018	$ 489,539	$ 1,557,510	$ 769,208	$ 70,955	$ 355,607	$ 4,000	$ 87,535	$ 3,334,354
Accumulated depreciation								
Balance at January 1, 2018	$ -	$ 255,307	$ 276,488	$ 42,280	$ 148,242	$ 21,590	$ -	$ 743,907
Depreciation expenses	-	66,126	96,023	6,323	57,011	240	-	225,723
Disposals	-	-	(95,134)	(3,466)	(10,962)	(21,616)	-	(131,178)
Acquisitions through business combinations (Note 31)	-	33,209	127,766	861	11,018	140	-	172,994
Effect of foreign currency exchange differences	-	548	3,512	(236)	(609)	22	-	3,237
Balance at December 31, 2018	$ -	$ 355,190	$ 408,655	$ 45,762	$ 204,700	$ 376	$ -	$ 1,014,683
Carrying amount at December 31, 2018	$ 489,539	$ 1,202,320	$ 360,553	$ 25,193	$ 150,907	$ 3,624	$ 87,535	$ 2,319,671

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	6-11 years
Equipment	7-11 years
Transportation	6-11 years
Other equipment	3-8 years
Leasehold improvements	2-4 years

16. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Land	$ 234,372
Buildings	38,969
	$ 273,341

	For the Year Ended December 31, 2019
Depreciation charge for right-of-use assets	
Land	$ 15,201
Buildings	13,324
	$ 28,525

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 19,611
Non-current	61,911
	$ 81,522

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Land	6.25%
Buildings	4.35%-9.57%

c. Material lease-in activities and terms

The Group 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

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 3,517
Expenses relating to low-value asset leases	$ 727
Total cash outflow for leases	$ (31,966)

The Group leases certain office equipment which qualify as 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.

2018

The future minimum lease payments of non-cancellable operating lease commitments are as follows:

	December 31, 2018
Not later than 1 year	$ 20,470
Later than 1 year and not later than 5 years	83,938
	$ 104,408

17. OTHER INTANGIBLE ASSETS

	Customer Relationship	Value of QIZ Tax Free Trade	Computer Software	Total
Cost				
Balance at January 1, 2018	$ 273,873	$ -	$ 28,674	$ 302,547
Additions	-	-	11,758	11,758
Acquisitions through business combinations (Note 31)	-	123,270	2,985	126,255
Disposals	-	-	(2,637)	(2,637)
Effect of foreign currency exchange differences	(2,848)	3,253	(5)	400
Balance at December 31, 2018	$ 271,025	$ 126,523	$ 40,775	$ 438,323

(Continued)

	Customer Relationship	Value of QIZ Tax Free Trade	Computer Software	Total
Accumulated amortization and impairment				
Balance at January 1, 2018	$ -	$ -	$ 20,463	$ 20,463
Amortization expense	-	-	6,976	6,976
Acquisitions through business combinations (Note 31)	-	-	2,163	2,163
Disposals	-	-	(2,637)	(2,637)
Effect of foreign currency exchange differences	-	-	8	8
Balance at December 31, 2018	$ -	$ -	$ 26,973	$ 26,973
Carrying amount at December 31, 2018	$ 271,025	$ 126,523	$ 13,802	$ 411,350
Cost				
Balance at January 1, 2019	$ 271,025	$ 126,523	$ 40,775	$ 438,323
Additions	-	-	4,016	4,016
Disposals	-	-	(987)	(987)
Effect of foreign currency exchange differences	(19,419)	(3,027)	(542)	(22,988)
Balance at December 31, 2019	$ 251,606	$ 123,496	$ 43,262	$ 418,364
Accumulated amortization and impairment				
Balance at January 1, 2019	$ -	$ -	$ 26,973	$ 26,973
Amortization expense	-	-	7,170	7,170
Disposals	-	-	(987)	(987)
Effect of foreign currency exchange differences	-	-	(504)	(504)
Balance at December 31, 2019	$ -	$ -	$ 32,652	$ 32,652
Carrying amount at December 31, 2019	$ 251,606	$ 123,496	$ 10,610	$ 385,712

(Concluded)

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1-7 years

Customer Relationships

The value of customer relationship arising from the Group's acquisition of Biancospino S.R.L. was mainly valued from the acquisition price and physical assets.

The Group acquired purchase price allocation report for the purpose of valuation of intangible assets and base on the report the useful lives of customer relationship was determine to be infinite.

Value of QIZ Tax Free Trade

The value of QIZ tax free trade arised from the Group's acquisition of Atlanta Garment Manufacturing LLC, was mainly generated from the expected benefits of the free trade agreement within the Qualified Industrial Zone (QIZ).

18. REPAYMENTS FOR LEASES - 2018

	December 31, 2018
Current assets (included in prepayments)	$ 5,849
Non-current assets	203,687
	$ 209,536

The Group's subsidiary Kwang Viet Garment Co., Ltd. signed agreements with the Socialist Republic of Vietnam to acquire land use rights for four pieces of land. The lease term of one piece is 27 years, with the remainder bearing terms of 35 years. The leased land is 9,053 m^2, 26,324 m^2, 7,260 m^2, and 5,391 m^2 respectively, at an original price of VND2,957,010 thousand, which has been paid for in full. The lease terms are as follows: December 26, 1995 to December 26, 2030, December 4, 2003 to December 26, 2030 (granted a rent extension permit on August 15, 2007), May 20, 1999 to May 20, 2034 (granted a rent extension permit on March 17, 2006), and May 20, 1999 to May 20, 2034 (granted a rent extension permit on May 11, 2006).

The Group's subsidiary Quang Viet (Tien Giang) Co., Ltd. signed agreements with the Socialist Republic of Vietnam to acquire land use rights for two pieces of land. The lease terms are 45 and 43 years respectively. The leased land is 50,109 m^2 and 31,996.5 m^2 respectively, at an original price of VND67,008,900 thousand, which has been paid for in full. The lease terms are as follows: February 17, 2011 to December 9, 2056 and October 25, 2013 to November 28, 2056.

The Group's subsidiary Quang Viet (Long An) Co., Ltd. is in the process of obtaining the land use rights certificate with the Socialist Republic of Vietnam for one piece of land. The land, with a lease term of 41 years and an area of 52,570 $m^{2,}$ at an original purchase price of VND53,961,843 thousand, has been paid for in full. The lease term is from September 14, 2015 to September 28, 2056.

The Group's subsidiary Jiaxing Quang Viet Garment Co., Ltd. acquired land use rights from the Pinghu City Government, Zhejiang Province of the People's Republic of China for two pieces of land with lease terms of 50 years. The leased land is 31,098.10 m^2 and 25,827.7 m^2 respectively, at a transaction price of RMB10,016 thousand, which has been paid for in full. The lease terms are September 25, 2003 to September 25, 2053 and June 30, 2010 to June 30, 2060 respectively.

The Group's subsidiary Top One Down & Feather Shu Yang Co., Ltd. acquired land use rights from the Shuyang County Government, Jiangsu Province of the People's Republic of China for a 21,413 m^2 piece of land with a lease term of 50 years. The transaction price of RMB2,141 thousand has been paid for in full. The lease term is from February 15, 2016 to February 16, 2066.

The Group's subsidiary King Hamm Industrial Co., Ltd. (VN) signed agreements with the Socialist Republic of Vietnam to acquire land use rights for five pieces of land with lease terms of 45 years and areas of 4,439 m^2, 3,561.5 m^2, 607.5 m^2, 385.6 m^2, and 196 m^2 respectively. The transaction price of US$640,018 has been paid for in full. The lease term is from April 1, 2011 to November 28, 2056.

The Group's subsidiary King Hung Garments Industrial Co., Ltd. signed an agreement with the Socialist Republic of Vietnam to acquire land use rights for a 5,897.9 m^2, piece of land with a lease term of 39 years. The transaction price of US$235,917 has been paid for in full. The lease term is from April 1, 2012 to May 22, 2050.

19. OTHER ASSETS

	December 31	
	2019	2018
Current		
Prepayments		
Prepayments for suppliers	$ 63,009	$ 47,002
Overpaid sales tax	116,770	110,280
Other	45,418	55,544
	$ 225,197	$ 212,826
Others		
Sales tax receivable	$ 17,755	$ 2,517
Other receivables	7,388	30,875
Other receivables-related parties (Note 35)	6	5,661
Other	5,482	10,924
	$ 30,631	$ 49,977

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2019	2018
Unsecured borrowings		
Operating turnover loans	$ 296,740	$ 507,766
Letters of credit payable	133,119	818,494
	$ 429,859	$ 1,326,260
Interest rate	0.98%-4.35%	0.84%-3.49%

b. Long-term borrowings

	December 31	
	2019	2018
Unsecured borrowings		
Bank loans	$ 106,500	$ 213,000
Less: Current portions	(53,250)	-
Long-term borrowings	$ 53,250	$ 213,000

Long-term borrowings are due in April 4, 2018 to April 3, 2021. As of December 31, 2019 and 2018, the range of effective rate was 0.9869% and 0.9813%. The repayment was scheduled from the 18 months of first payment date, every 6 months constitutes a term thereafter, with full payment of principle after 4 terms.

21. BONDS PAYABLE

	December 31, 2019
Domestic unsecured bonds	$ 1,442,986
Less: Current portions	-
	$ 1,442,986

At October, 2019, the Company issued 15 thousand and an interest rate of 0% NTD-denominated unsecured convertible bonds in Taiwan for 3 years, with an aggregate principal amount of $1,500,000 thousand.

The major terms of conversion and redemption of unsecured domestic convertible bonds are as follows:

a. From 3 months after the date of issuance to 40 days before the maturity date, from January 30, 2020 to September 19, 2022, the Group will have the right to request the redemption from bondholders at contract price.

b. From 3 months after the date of issuance to maturity date, from January 30, 2020 to October 29, 2022, each bondholder will have the right to request the issuer to convert the bonds into shares at the conversion price of NT$163 per share. The issuer will redeem the bonds without conversion at the redemption amount after the maturity date.

c. The bonds will be repaid by the issuer on the maturity date at the principle amount of the bonds.

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
Value of conversion option (less transaction costs allocated to the equity component of $204 thousand)	(70,446)
Value of redemption	450
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%	3,460
Liability component at December 31, 2019	$ 1,442,986

22. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2019	2018
Notes payable		
Operating		
To unrelated parties	$ 23,636	$ 42,674
To related parties (Note 35)	142	175
	$ 23,778	$ 42,849
Trade payables		
Operating		
To unrelated parties	$ 410,271	$ 617,654
To related parties (Note 35)	88,614	111,693
	$ 498,885	$ 729,347

The Group purchases inventory on a credit term of 30-90 days.

23. OTHER LIABILITIES

	December 31	
	2019	2018
Current		
Other payables		
Payables for salaries and bonuses	$ 421,860	$ 378,418
Payables for labor insurance	64,047	81,045
Payables for purchases of equipment	30,299	39,896
Payables for processing fees	40,485	97,478
Payables for employees and directors' remuneration	31,932	37,344
Payables for annual leave	1,371	756
Payables for sales tax	16,224	12,117
Others	180,646	129,804
	$ 786,864	$ 776,858

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company, Top One Down & Feather Co., Ltd. And King Hamm Industrial Co., Ltd. of the Group adopted a pension plan under the Labor Pension Act (the "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 of the Group in accordance with the Labor Standards Law is operated by the government. 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 balance sheets in respect of the Company's defined benefit plan were as follows:

	December 31	
	2019	**2018**
Present value of defined benefit obligation	$ 33,481	$ 30,764
Fair value of plan assets	(28,430)	(24,461)
Net defined benefit liabilities	$ 5,051	$ 6,303

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability**
Balance at January 1, 2018	$ 28,581	$ (20,984)	$ 7,597
Service cost			
Current service cost	243	-	243
Net interest expense (income)	322	(250)	72
Recognized in profit or loss	565	(250)	315
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(565)	(565)
Actuarial (gain) loss			
Changes in demographic assumptions	272	-	272
Changes in financial assumptions	328	-	328
Experience adjustments	1,018	-	1,018
Recognized in other comprehensive income	1,618	(565)	1,053
Contributions from the employer	-	(2,662)	(2,662)
Benefits paid	-	-	-
Balance at December 31, 2018	$ 30,764	$ (24,461)	$ 6,303

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2019	$ 30,764	$ (24,461)	$ 6,303
Service cost			
Current service cost	256	-	256
Net interest expense (income)	308	(258)	50
Recognized in profit or loss	564	(258)	306
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(808)	(808)
Actuarial (gain) loss			
Changes in demographic assumptions	115	-	115
Changes in financial assumptions	973	-	973
Experience adjustments	1,065	-	1,065
Recognized in other comprehensive income	2,153	(808)	1,345
Contributions from the employer	-	(2,903)	(2,903)
Benefits paid	-	-	-
Balance at December 31, 2019	$ 33,481	$ (28,430)	$ 5,051

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2019	2018
Selling and marketing expenses	$ 77	$ 79
General and administrative expenses	152	157
Research and development expenses	77	79
	$ 306	$ 315

Through the defined benefit plans under the Labor Standards Law, 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 should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan’s debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2019	**2018**
Discount rates	0.625%	1.000%
Expected rates of salary increase	2.000%	2.000%

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

	December 31	
	2019	**2018**
Discount rate(s)		
0.25% increase	$ (655)	$ (655)
0.25% decrease	$ 678	$ 678
Expected rate(s) of salary increase		
0.25% increase	$ 658	$ 661
0.25% decrease	$ (639)	$ (641)

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

	December 31	
	2019	**2018**
The expected contributions to the plan for the next year	$ 2,915	$ 2,669
The average duration of the defined benefit obligation	7.8 years	8.5 years

25. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2019	**2018**
Number of shares authorized (in thousands)	150,000	150,000
Shares authorized	$ 1,500,000	$ 1,500,000
Number of shares issued and fully paid (in thousands)	103,375	103,375
Shares issued	$ 1,033,753	$ 1,033,753

Each share issued and fully paid with a par value of NT$10 is entitled to vote and receive dividends.

At the board of directors' meeting on August 8, 2018, it was resolved that the Group would retire 389 thousand treasury shares, with par value of $10, ultimately decreasing share capital by $3,886 thousand. Upon capital reduction, the shares issued and fully paid was $1,033,753 thousand.

b. Capital surplus

	December 31	
	2019	2018
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
May be used to offset a deficit only (2)		
Changes in percentage of ownership interest in subsidiaries	557	557
May not be used for any purpose		
Share options	70,446	-
	$ 2,939,320	$ 2,868,874

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 once a year.

2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary that resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for by using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's amended Articles of Incorporation, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 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 employees' compensation and remuneration of directors and supervisors before and after amendment, refer to Note 27 (f) "employee benefits expense".

According to the Company's Articles of Incorporation, the dividend policy should align with current and future development plans, taking into consideration the investment environment, capital needs, and domestic and international competition, while factoring in the profits of investors. Dividend distribution must not be less than 40% of distributable surplus, except when dividends for distribution are less than 5% of shares issued and fully paid, in which case no distribution shall occur. Distribution of dividends may take the form of cash or share dividends, however, cash dividends shall not comprise 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.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2018 and 2017 approved in the shareholders' meetings on June 18, 2019 and June 21, 2018, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2018	2017	2018	2017
Legal reserve	$ 76,858	$ 52,395	$ -	$ -
Special reserve	3,931	115,387	-	-
Cash dividends	620,252	471,391	6.20	4.56

The appropriations of earnings for 2018 had been proposed by the Company's board of directors on March 6, 2020. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 100,496	$ -
Special reserve	126,931	-
Cash dividends	775,315	7.50

The appropriations of earnings for 2019 were resolved in the shareholders' meeting held on June 18, 2020.

d. Special reserves

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 246,533	$ 131,146
Appropriations in respect of		
Debits to other equity items	3,931	115,387
Balance at December 31	$ 250,464	$ 246,533

The Company sets aside its special reserve under Rule No. 1010012865 issued by the FSC.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2019	**2018**
Balance at January 1	$ (232,125)	$ (232,805)
Effect of change in tax rate	-	8,415
Exchange differences on translating the financial statements of foreign operations	(159,634)	(9,668)
Related income tax	31,926	1,933
Balance at December 31	$ (359,833)	$ (232,125)

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2019	**2018**
Balance at January 1 per IFRS 9	$ (18,339)	$ (12,832)
Recognized for the year		
Unrealized gain (loss) - equity instruments	845	2,433
Share from associates accounted for using the equity method	(68)	637
Other comprehensive income recognized for the year	777	3,070
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	-	(8,577)
Balance at December 31	$ (17,562)	$ (18,339)

f. Treasury shares

Purpose of Buy-back	**Total (In Thousands of Shares)**
Transfer of shares to employees	
Number of shares at January 1, 2018	$ 389
Retirement of treasury shares	(389)
Number of shares at December 31, 2018	$ -

During the Company's board of directors' meeting on August 8, 2018, it was determined that the Company would retire 389 thousand treasury shares, with par value of $10, thereby decreasing capital by a total of $3,886 thousand. After the decrease, the remaining capital was $1,033,753 thousand. The retirement of shares was approved by the change registration form issued by the Department of Commerce, MOEA on October 29, 2018. The date of capital reduction was October 12, 2018, as determined in the board of directors' meeting.

g. Non-controlling interests

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 828,333	$ 251,789
Cash dividends received from subsidiaries	(73,014)	(35,225)
Share in profit for the year	91,574	88,457
Other comprehensive income (loss) during the year		
Exchange differences on translating the financial statements of foreign entities	(24,702)	2,010
Unrealized gain (loss) on financial assets at FVTOCI	(4)	29
Related income tax	841	(557)
Effect of change in tax rate	-	7
Increase in non-controlling interests arising from the increase in capital in subsidiaries	18,423	521,823
Balance at December 31	$ 841,451	$ 828,333

26. REVENUE

	For the Year Ended December 31	
	2019	2018
Revenue from contracts with customers		
Revenue from the sale of goods	$ 16,259,317	$ 13,280,440

a. Contract information

Revenue from the sale of goods

The Group generates revenue from the processing, manufacturing and 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 40 for information about disaggregation of revenue.

b. Contract balances

	December 31	
	2019	2018
Trade receivables (Note 11)	$ 1,104,393	$ 1,424,342
Contract liabilities - current (recorded under other current liabilities)		
Sale of goods	$ 34,486	$ 22,101

27. NET PROFIT AND OTHER COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS

a. Other income

	For the Year Ended December 31	
	2019	2018
Interest income	$ 32,252	$ 37,550
Dividends		
Financial assets at FVTPL	9,622	562
Investments in equity instruments at FVTOCI	9,360	8,515
Others	32,402	37,090
	$ 83,636	$ 83,717

b. Other gains and losses

	For the Year Ended December 31	
	2019	2018
Gain on disposal of property, plant and equipment	$ (8,199)	$ (2,978)
Net foreign exchange losses	(59,863)	(40,336)
Fair value changes of financial assets and financial liabilities		
Financial assets at FVTPL	(300)	19,530
Others	(14,225)	(6,018)
	$ (82,587)	$ (29,802)

c. Finance costs

	For the Year Ended December 31	
	2019	2018
Interest on bank loans	$ (59,781)	$ (44,343)
Interest on lease liabilities	(6,301)	-
Interest on convertible bonds	(3,460)	-
	$ (69,542)	$ (44,343)

d. Depreciation and amortization

	For the Year Ended December 31	
	2019	2018
An analysis of depreciation by function		
Operating costs	$ 215,350	$ 178,821
Operating expenses	59,226	46,902
	$ 274,576	$ 225,723
An analysis of amortization by function		
Operating costs	$ 221	$ 291
Operating expenses	6,949	6,685
	$ 7,170	$ 6,976

e. Employee benefits expense

	For the Year Ended December 31	
	2019	2018
Short-term benefits	$ 4,108,980	$ 3,524,563
Post-employment benefits (see Note 24)		
Defined contribution plans	9,283	10,566
Defined benefit plans	306	315
Total employee benefits expense	$ 4,118,569	$ 3,535,444
An analysis of employee benefits expense by function		
Operating costs	$ 3,323,245	$ 2,931,467
Operating expenses	795,324	603,977
	$ 4,118,569	$ 3,535,444

f. Employee benefits expense

The Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 1% and no higher than 8% for the employee's compensation, and no higher than 2% for the remuneration of directors and supervisors, respectively, of net profit before income tax, employees' compensation and remuneration of directors and supervisors. The employees' compensation and the remuneration of directors and supervisors for the years ended December 31, 2019 and 2018, which were approved by the Company's board of directors on March 6, 2020 and March 8, 2019, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2019	2018
Employees' compensation	1.03%	1.02%
Remuneration of directors and supervisors	0.56%	0.54%

Amount

	For the Year Ended December 31	
	2019	2018
	Cash	Cash
Employees' compensation	$ 12,360	$ 9,816
Remuneration of directors and supervisors	$ 6,720	$ 5,107

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2018 and 2017, respectively.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2019	2018
Foreign exchange gains	$ 52,031	$ 63,551
Foreign exchange losses	(111,894)	(103,887)
Net foreign exchange losses	$ (59,863)	$ (40,336)

28. INCOME TAX

a. Major components of income tax recognized in profit or loss

	For the Year Ended December 31	
	2019	2018
Current tax		
In respect of the current year	$ 214,649	$ 183,802
Income tax on unappropriated earnings	5,532	723
Adjustments for prior years	(6,195)	6,581
	213,986	191,106
Deferred tax		
In respect of the current year	65,611	53,522
Adjustments to deferred tax attributable to changes in tax rates and law	-	14,047
Adjustments for prior year	8,087	-
Income tax expense recognized in profit or loss	$ 287,684	$ 258,675

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

	For the Year Ended December 31	
	2019	2018
Profit before tax from continuing operations	$ 1,385,291	$ 1,115,716
Income tax expense calculated at the statutory rate	$ 408,558	$ 236,274
Nondeductible expenses in determining taxable income	8,541	23,283
Tax-exempt income	(119,390)	(17,065)
Income tax on unappropriated earnings	5,532	723
Adjustments for prior years	1,892	6,581
Unrecognized deductible temporary differences	(37,053)	-
Unrecognized loss carryforwards	19,604	(5,168)
Effect of tax rate changes	-	14,047
Income tax expense recognized in profit or loss	$ 287,684	$ 258,675

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%. The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2019	2018
Deferred tax		
Effect of change in tax rate	$ -	$ (8,431)
In respect of the current year:		
Translation of foreign operations	(32,767)	(1,376)
Remeasurement of defined benefit plan	(269)	(210)
Total income tax recognized in other comprehensive income	$ (33,036)	$ (10,017)

c. Current tax assets and liabilities

	December 31	
	2019	2018
Current tax assets		
Tax refund receivable	$ 18,881	$ 5,090
Current tax liabilities		
Income tax payable	$ 84,942	$ 130,563

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, 2019

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Loss on inventory	$ 14,792	$ 28,878	$ -	$ (496)	$ 43,174
Unrealized exchange differences	78	6,470	-	(7)	6,541
Payables for social insurance	17,061	(2,141)	-	(590)	14,330
Adjustments on revenues and expenses extending multiple periods	(4,130)	4,137	-	(7)	-
Provisions for accounts receivable	259	(12)	-	(3)	244
Exchange differences on translating foreign operations	2,413	-	88,207	5	90,625
Unappropriated earnings of subsidiaries	8,691	(3,329)	-	-	5,362
Unused loss carryforwards	4,444	461	-	(196)	4,709
Defined benefit obligations	-	741	269	-	1,010
Unrealized gain on financial assets at FVTPL	-	60	-	-	60
Payables for annual leave	-	101	-	-	101
Others	-	5	-	-	5
	$ 43,608	$ 35,371	$ 88,476	$ (1,294)	$ 166,161

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Loss on inventory	$ 25,996	$ (25,996)	$ -	$ -	$ -
Exchange differences on translating foreign operations	55,440	-	(55,440)	-	-
Unrealized exchange differences	(1,093)	(2,186)	-	95	(3,184)
Defined benefit obligations	1,261	(1,261)	-	-	-
Unappropriated earnings of subsidiaries	(195,640)	(68,019)	-	-	(263,659)
Provisions for accounts receivable	75	(75)	-	-	-
Unrealized gain on financial assets at FVTPL	4,006	(8,012)	-	-	(4,006)
Payables for annual leave	74	(74)	-	-	-
Adjustments on revenues and expenses extending multiple periods	-	(3,448)	-	143	(3,305)
	$ (109,881)	$ (109,071)	$ (55,440)	$ 238	$ (274,154)

For the year ended December 31, 2018

Deferred Tax Assets	Opening Balance	Business Combination	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Effect of Change in Tax Rate Recognized in Profit or Loss	Effect of Change in Tax Rate Recognized in Other Comprehen-sive Income	Exchange Rate Differences	Closing Balance
Temporary differences								
Loss on inventory	$ 13,896	$ 251	$ 884	$ -	$ -	$ -	$ (239)	$ 14,792
Unrealized exchange differences	319	(448)	(90)	-	261	-	36	78
Payables for social insurance	16,956	-	407	-	-	-	(302)	17,061
Adjustments on revenues and expenses extending multiple periods	(7,834)	-	3,635	-	-	-	69	(4,130)
Provisions for accounts receivable	6	243	8	-	-	-	2	259
Exchange differences on translating foreign operations	1,901	334	-	(157)	-	336	(1)	2,413
Unappropriated earnings of subsidiaries	9,296	948	(3,193)	-	1,640	-	-	8,691
Unused loss carryforwards	-	-	4,528	-	-	-	(84)	4,444
	$ 34,540	$ 1,328	$ 6,179	$ (157)	$ 1,901	$ 336	$ (519)	$ 43,608

Deferred Tax Liabilities	Opening Balance	Business Combination	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Effect of Change in Tax Rate Recognized in Profit or Loss	Effect of Change in Tax Rate Recognized in Other Comprehen-sive Income	Exchange Differences	Closing Balance
Temporary differences								
Loss on inventory	$ 15,200	$ -	$ 8,114	$ -	$ 2,682	$ -	$ -	$ 25,996
Exchange differences on translating foreign operations	45,821	-	-	1,533	-	8,086	-	55,440
Unrealized exchange differences	1,412	-	(2,754)	-	249	-	-	(1,093)
Defined benefit obligations	1,292	-	(469)	210	219	9	-	1,261
Unappropriated earnings of subsidiaries	(108,341)	-	(68,181)	-	(19,118)	-	-	(195,640)
Provisions for accounts receivable	64	-	-	-	11	-	-	75
Unrealized gain on financial assets at FVTPL	-	-	4,006	-	-	-	-	4,006
Payables for annual leave	-	-	74	-	-	-	-	74
	$ (44,552)	$ -	$ (59,210)	$ 1,743	$ (15,957)	$ 8,095	$ -	$ (109,881)

e. Information about unused loss carryforwards

	December 31	
Expiry Year	**2019**	**2018**
2019	$ -	$ 8,803
2020	6,087	6,087
2021	33,231	33,231
2022	51,491	63,889
2023	30,011	30,011
2024	28,330	-
	$ 149,150	$ 142,021

f. Income tax assessment

Income tax assessments of the Company, Top One Down & Feather Co., Ltd. and King Hamm Industrial Co., Ltd. have been approved up to the year 2016 by the local tax authorities according to the declaration schedule stipulated by law.

29. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2019	**2018**
Basic earnings per share	$ 9.73	$ 7.43
Diluted earnings per share	$ 9.60	$ 7.43

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

Net Profit for the Year (Attributable to Owners of the Company)

	For the Year Ended December 31	
	2019	**2018**
Profit for the year attributable to owners of the Company	$ 1,006,033	$ 768,854
Effect of potentially dilutive ordinary shares		
Interest on convertible bonds (after tax)	2,768	-
Earnings used in the computation of diluted earnings per share	$ 1,008,801	$ 768,584

	For the Year Ended December 31	
	2019	**2018**
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		
Convertible bonds	1,614	-
Employees' compensation	95	103
Weighted average number of ordinary shares used in the computation of diluted earnings per share	105,084	103,478

If the Group offered to settle the compensation or bonuses paid to employees in cash or shares, the Group assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were 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

In August 2018, the Company has started to recognize the grants received from the Department of Commerce, MOEA for the research and development of intellectual outdoor apparel using integrating technology. The Company recognized the two government grants which totaled $7,803 thousand and $15,786 thousand as other revenues in 2019 and 2018.

31. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
W&D Apparel (Jordan) Corp.	Manufacture of apparel	August 1, 2019	65.00	$ 34,214
King Hamm Industrial Co., Ltd.	Manufacture of apparel	May 1, 2018	42.00	$ 334,425
Atlanta Garment Manufacturing Company LLC	Manufacture of apparel	January 1, 2018	60.00	$ 81,229

The Group acquired King Hamm Industrial Co., Ltd. and its subsidiaries, Atlanta Garment Manufacturing Company LLC, and W&D Apparel (Jordan) Corp. in order to expand of the Group's operations in the manufacturing of apparel.

b. Consideration transferred

	W&D Apparel (Jordan) Corp.	King Hamm Industrial Co., and Its Subsidiaries	Atlanta Garment Manufacturing Company LLC
Cash	$ 34,214	$ 334,425	$ 81,229

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

	W&D Apparel (Jordan) Corp.	King Hamm Industrial Co., and Its Subsidiaries	Atlanta Garment Manufacturing Company LLC
Current assets			
Cash and cash equivalents	$ 13,116	$ 615,351	$ 1,183
Trade receivables	1,596	167,186	4,891
Inventories	4,590	271,537	11,180
Other current assets	1,042	17,554	9,992
Non-current assets			
Property, plant and equipment	37,210	200,333	12,912
Prepayments for leases	-	21,596	-
Other intangible assets	-	730	92
Other non-current assets	15,722	17,675	-
Current liabilities			
Short-term borrowings	-	(170,000)	-
Notes payable	-	(12,204)	(1,067)
Trade payables	-	(144,973)	(2,345)
Other payables	(19,537)	(153,104)	(24,726)
Current tax liabilities	(1,102)	(18,671)	-
Other current liabilities	-	(1,060)	-
Non-current liabilities			
Long-term borrowings	-	(15,700)	-
	$ 52,637	$ 796,250	$ 12,112

The acquisition price of $37,210 thousand of W&D Apparel (Jordan) Corp. and its subsidiaries' acquisition of property plant and equipment comprised a premium of $11,951 thousand, which arised from the difference between the fair value and the book value of its land.

The acquisition price of $200,333 thousand of King Hamm Industrial Co., Ltd. and its subsidiaries' acquisition of property plant and equipment comprised a premium of $24,289 thousand, which arised from the difference between the fair value and the book value of its land.

d. Goodwill recognized on acquisitions

	W&D Apparel (Jordan) Corp.	King Hamm Industrial Co., and Its Subsidiaries	Atlanta Garment Manufacturing Company LLC
Cash consideration transferred	$ 34,214	$ 334,425	$ 81,229
Plus: Non-controlling interests from the acquisition of subsidiaries	18,423	461,825	54,153
Less: Fair value of identifiable net assets acquired	(52,637)	(796,250)	(12,112)
Goodwill recognized on acquisitions	$ -	$ -	$ 123,270

e. Non-controlling interests

The non-controlling interests of King Hamm Industrial Co., Ltd. and its subsidiaries, Atlanta Garment Manufacturing Company LLC and W&D Apparel (Jordan) Corp. were determined by measuring the fair value of identifiable net assets attributable to non-controlling interests on the acquisition dates.

f. Net cash outflow on the acquisition of subsidiaries

	W&D Apparel (Jordan) Corp.	**King Hamm Industrial Co., and Its Subsidiaries**	**Atlanta Garment Manufacturing Company LLC**
Consideration paid in cash	$ 34,214	$ 334,425	$ 81,229
Less: Balances of cash and cash equivalents acquired	(13,116)	(615,351)	(1,183)
	21,098	(280,926)	80,046
Investment payable, end of year	(13,686)	-	-
Prepaid investment, beginning of year	-	-	(40,911)
	$ 7,412	$ (280,926)	$ 39,135

g. Impact of acquisitions on the results of the Group

The results of the acquirees included in the consolidated statements of comprehensive income since the acquisition date are as follows:

	W&D Apparel (Jordan) Corp.	**King Hamm Industrial Co., and Its Subsidiaries**	**Atlanta Garment Manufacturing Company LLC**
	August 1, 2019 to December 31, 2019	**May 1, 2018 to December 31, 2018**	**January 1, 2018 to December 31, 2018**
Revenue	$ 25,458	$ 1,058,896	$ 462,076
Profit	$ 3,068	$ 26,919	$ 12,988

32. NON-CASH TRANSACTIONS

For the years ended December 31, 2019 and 2018, the Company entered into the following non-cash investing and financing activities which were not reflected in the statements of cash flows:

	For the Year Ended December 31	
	2019	**2018**
a. Additions to property, plant and equipment		
Increase in property, plant and equipment	$ 253,654	$ 210,166
Add: Payables for equipment, beginning of year	39,896	46,350
Less: Payables for equipment, end of year	(30,299)	(39,896)
Cash paid	$ 263,251	$ 216,620

(Continued)

	For the Year Ended December 31	
	2019	2018
b. Acquisition of subsidiaries		
Current assets	$ 20,344	$ 1,098,874
Non-current assets	52,932	253,338
Current liabilities	(20,639)	(528,150)
Non-current liabilities	-	(15,700)
	52,637	808,362
Non-controlling interests	(18,423)	(515,978)
Other intangible assets - value of tax-free trade	-	123,270
Total acquisition price	34,214	415,654
Less: Cash and cash equivalents received on acquisition date	(13,116)	(616,534)
Investment payable, end of year	(13,686)	-
Prepayments for investment, beginning of year	-	(40,911)
Cash received (paid) on acquisition of subsidiaries	$ 7,412	$ (241,791)

(Concluded)

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 that are not measured at fair value

The management of the Group claims that the book value of the Group's financial instruments not measured at fair value are close to the fair value.

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

1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL - non-current				
Foreign unlisted shares	$ -	$ -	$ 69,056	$ 69,056
Derivative - value of redemption	-	150	-	150
	$ -	$ 150	$ 69,056	$ 69,206

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI - non-current				
Domestic listed shares (ROC)	$ 145,283	$ -	$ -	$ 145,283
Domestic unlisted shares (ROC)	-	-	10,517	10,517
	$ 145,283	$ -	$ 10,517	$ 155,800

(Concluded)

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL - non-current				
Foreign unlisted shares	$ -	$ -	$ 69,056	$ 69,056
Financial assets at FVTOCI - non-current				
Domestic listed shares (ROC)	$ 144,510	$ -	$ -	$ 144,510
Domestic unlisted shares (ROC)	-	-	7,572	7,572
	$ 144,510	$ -	$ 7,572	$ 152,082

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

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2019

	Financial Assets at FVTPL	Financial Assets at FVTOCI	
Financial Assets	Equity Instruments	Equity Instruments	Total
Balance at January 1, 2019	$ 69,056	$ 7,572	$ 76,628
Purchase	-	2,945	2,945
Balance at December 31, 2019	$ 69,056	$ 10,517	$ 79,573
Recognized in other gains and losses - unrealized	$ -	$ -	$ -

For the year ended December 31, 2018

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2018	$ -	$ 6,676	$ 6,676
Reclassification of prepayments for investments	49,027	-	49,027
Recognized in profit or loss (included in other gains and losses)	20,029	-	20,029
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	896	896
Balance at December 31, 2018	$ 69,056	$ 7,572	$ 76,628
Recognized in other gains and losses - unrealized	$ 20,029	$ 896	$ 20,925

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 industry type, similar companies in the same industry, and the operating condition of the Company.

c. Categories of financial instruments

	December 31 2019	2018
Financial assets		
Fair value through profit or loss (FVTPL)		
Mandatorily classified as at FVTPL	$ 69,206	$ 69,056
Financial assets measured at amortized cost (1)	4,257,537	3,823,288
Financial assets at FVTOCI		
Investment in equity instruments	155,800	152,082
Financial liabilities		
Amortized cost (2)	3,481,307	3,121,954

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, lease liabilities, bonds payable and refundable deposits.

d. Financial risk management objectives and policies

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

Several subsidiaries of the Group had foreign currency 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 (including those eliminated on consolidation) exposed to foreign currency risk at the end of the reporting period are set out in Note 38.

Sensitivity analysis

The Group was 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 relevant foreign currencies. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the US dollar strengthening by 1% against the relevant currency. For a 1% weakening of the US dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2019	**2018**
Profit or loss	$ 12,280	$ 9,001

b) Interest rate risk

The Group was exposed to interest rate risk because it borrowed funds at both fixed and floating interest rates. The Group manages the risk by maintaining an appropriate mix of fixed and floating rate borrowings.

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

	December 31	
	2019	**2018**
Cash flow interest rate risk		
Financial assets	$ 946,002	$ 531,383
Financial liabilities	536,359	1,539,260

Sensitivity analysis

The sensitivity analysis below was based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. A change of 1% (i.e. increase or decrease) was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 1% higher and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2019 and 2018 would have increased by $410 thousand and decreased by $1,007 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than trading purposes, the Group does not actively trade these investments. 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 reporting period.

If equity prices had been 1% higher, pre-tax profit for the years ended December 31, 2019 and 2018 would have increased by $691 thousand and $691 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, 2019 and 2018 would have increased by $1,558 thousand and $1,521 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. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and 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 and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. 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, 2019 and 2018, the Group had available unutilized short-term bank loan facilities set out in (b) below.

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

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

December 31, 2019

	1-3 Months	3 Months to 1 Year	1 Year+	Total
Non-derivative financial liabilities				
Variable interest rate liabilities				
Short-term borrowings	$ 29,633	$ 400,226	$ -	$ 429,859
Long-term borrowings-current portion	-	53,250	-	53,250
Long-term borrowings	-	-	53,250	53,250
	$ 29,633	$ 453,476	$ 53,250	$ 536,539

December 31, 2018

	1-3 Months	3 Months to 1 Year	1 Year+	Total
Non-derivative financial liabilities				
Variable interest rate liabilities				
Short-term borrowings	$ 1,048,494	$ 277,766	$ -	$ 1,326,260
Long-term borrowings	-	-	213,000	213,000
	$ 1,048,494	$ 277,766	$ 213,000	$ 1,539,260

Taking into account the Group's financial position, management believes there is a low probability that the banks will exercise their discretionary rights to demand immediate repayment.

b) Financing facilities

	December 31	
	2019	2018
Unsecured bank overdraft facilities, reviewed annually		
Amount used	$ 536,359	$ 1,539,260
Amount unused	7,398,714	5,713,540
	$ 7,935,073	$ 7,252,800

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 below.

a. Related party name and category

Related Party Name	Related Party Category
Formosa Taffeta Co., Ltd. (Group company)	Investor with significant influence corporate director of the Company and its subsidiary
Top One Investment Co., Ltd.	Corporate director of the Company
Spring Printing Co., Ltd. (Group company)	Related party in substance
Cu Chi Investment, Ltd.	Related party in substance
Xin Xiang Investment Co., Ltd.	Related party in substance
Best One Investment Co., Ltd.	Related party in substance
Da Fang Investment Co., Ltd.	Related party in substance - supervisor
Quanzhou Honghan Garment Co., Ltd.	Related party in substance
Anhui Xingxing Garment Co., Ltd.	Associate

b. Processing fees

	December 31	
Related Party Category/Name	**2019**	**2018**
Related party in substance	$ 136,723	$ 134,336
Associate	65,509	-
	$ 202,232	$ 134,336

The processing fees charged by the related parties in substance to the Group and the credit terms granted were made at the Group's usual prices and terms.

c. Purchases of goods

Related Party Category/Name	December 31 2019	December 31 2018
Investor with significant influence		
Formosa Taffeta Co., Ltd. (Group company)	$ 988,621	$ 856,868
Related party in substance	15	183
	$ 988,636	$ 857,051

The purchases of goods from the corporate director of the Company, also its subsidiary, were made at the Group's usual listed prices.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31 2019	December 31 2018
Other receivables	Investor with significant influence		
	Formosa Taffeta Co., Ltd. (Group company)	$ -	$ 5,653
	Related party in substance	6	8
		$ 6	$ 5,661

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31 2019	December 31 2018
Notes payable	Investor with significant influence		
	Formosa Taffeta Co., Ltd. (Group company)	$ 142	$ 175
Trade payables	Investor with significant influence		
	Formosa Taffeta Co., Ltd. (Group company)	$ 88,614	$ 111,689
	Related party in substance	-	4
		$ 88,614	$ 111,693
Other payables	Investor with significant influence		
	Formosa Taffeta Co., Ltd. (Group company)	$ 63,638	$ 32
	Related party in substance	12,786	11,504
		$ 76,424	$ 11,536

f. Other transactions with related parties

Line Item	Related Party Category/Name	December 31 2019	December 31 2018
Other income (rent revenue)	Corporate director of the Company	$ 23	$ 23
	Related party in substance	92	92
		$ 115	$ 115

The rent revenue received from the corporate director, supervisor and related parties in substance of the Company, were for the renting of office space at prices negotiated between the transacting parties.

g. Compensation of key management personnel

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits	$ 66,516	$ 52,107
Post-employment benefits	1,059	954
	$ 67,575	$ 53,061

The remuneration of directors and key executives was determined by the remuneration committee based on individual performance and market trends.

36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collaterals for borrowings from banks and other financial institutions:

	December 31	
	2019	2018
Time deposits (classified as financial assets measured at amortized cost - current)	$ 7,000	$ 7,000
Demand deposits (classified as financial assets measured at amortized cost - non-current)	-	38
	$ 7,000	$ 7,038

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, 2019 and 2018 were as follows:

a. As of December 31, 2019, the Group had letters of credit (L/Cs) with unused balances of $403,082 thousand for the purchase of raw materials.

b. As of December 31, 2019, guarantee notes submitted by the Group for loan applications and borrowings amounted to $5,928,681 thousand.

c. As of December 31, 2019, the Group had unrecognized commitments for purchase contracts of property, plant and equipment amounting to $38,988 thousand.

38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 53,352	29.980 (USD:NTD)	$ 1,599,487
USD	13,638	23,175 (USD:VND)	408,866
USD	3,340	6.9762 (USD:RMB)	100,135
USD	261	4.245 (USD:RON)	7,814
JOD	4,952	0.708 (USD:JOD)	148,453
RMB	57,205	4.305 (RMB:NTD)	240,642
RMB	1,193	0.143 (RMB:USD)	5,137
EUR	1,345	4.79 (EUR:RON)	45,185
Financial liabilities			
Monetary items			
USD	25,801	29.98 (USD:NTD)	773,510
USD	3,131	23,175 (USD:VND)	93,853
USD	883	6.9762 (USD:RMB)	20,974
JOD	3,541	0.708 (USD:JOD)	106,170
VND	3,130	0.000043 (VND:USD)	93,853

December 31, 2018

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 70,837	30.715 (USD:NTD)	$ 2,175,757
USD	19,692	23,220 (USD:VND)	604,842
USD	3,580	6.8632 (USD:RMB)	109,947
USD	373	4.01 (USD:RON)	11,456
JOD	3,540	0.708 (USD:JOD)	108,727
RMB	61,739	4.472 (RMB:NTD)	276,096
RMB	28,256	0.1457 (RMB:USD)	126,360
VND	5,695,788	0.000043 (VND:USD)	6,835
EUR	1,292	4.65 (EUR:RON)	45,489

(Continued)

	Foreign Currency		Exchange Rate		Carrying Amount
Financial liabilities					
Monetary items					
USD	$	59,120	30.715 (USD:NTD)	$	1,815,881
USD		4,047	23,220 (USD:VND)		124,305
USD		2,011	6.8632 (USD:RMB)		61,759
JOD		1,452	0.708 (USD:JOD)		44,597
VND		29,520,469	0.000043 (VND:USD)		35,425
					(Concluded)

For the years ended December 31, 2019 and 2018, realized and unrealized net foreign exchange losses were $59,863 thousand and $40,336 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.

39. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 5)

9) Trading in derivative instruments (Note 7)

10) Intercompany relationships and significant intercompany transactions (Table 6)

11) Information on investees (Table 7)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 9):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to 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

40. 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.

Garment business
Down feather 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:

	Garment	Down Feather	Retail Business	Total
For the year ended December 31, 2019				
Revenue from external customers	$ 16,056,755	$ 198,938	$ 3,624	$ 16,259,317
Inter-segment revenue	5,942,539	1,247,973	-	7,190,512
Segment revenue	21,999,294	1,466,911	3,624	23,449,829
Eliminations				(7,190,512)
Consolidated revenue				$ 16,259,317
Segment income	$ 1,308,583	$ 91,372	$ (17,601)	$ 1,382,354
Dividend income				18,982
Interest income				32,252
Loss on disposal of property, plant and equipment				(8,199)
Financial assets measured at FVTPL				(300)
Exchange loss				(59,863)
Others				18,177
Share of profit or loss of associates				71,430
Finance costs				(69,542)
Profit before tax from continuing operations				$ 1,385,291
For the year ended December 31, 2018				
Revenue from external customers	$ 12,809,215	$ 464,904	$ 6,321	$ 13,280,440
Inter-segment revenue	4,926,558	885,814	2,339	5,814,711
Segment revenue	17,735,773	1,350,718	8,660	19,095,151
Eliminations				(5,814,711)
Consolidated revenue				$ 13,280,440
Segment income	$ 1,061,620	$ 65,382	$ (20,858)	$ 1,106,144
Dividend income				9,077
Interest income				37,550
Loss on disposal of property, plant and equipment				(2,978)
Financial assets measured at FVTPL				19,530

(Continued)

	Garment	Down Feather	Retail Business	Total
Exchange loss				$ (40,336)
Others				31,072
Finance costs				(44,343)
Profit before tax from continuing operations				$ 1,115,716

(Concluded)

Inter-segment revenue was generated from transactions with external customers.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, rental revenue, interest income, gains or losses on disposal of property, plant and equipment, gains or losses on disposal of financial instruments, exchange gains or losses, 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. Segment total assets and liabilities

	December 31	
	2019	2018
Segment assets		
Garment	$ 10,463,249	$ 9,856,055
Down feather	1,101,694	855,122
Retail	90,312	116,545
Consolidated total assets	$ 11,655,255	$ 10,827,722
Segment liabilities		
Garment	$ 3,331,686	$ 3,079,024
Down feather	527,649	289,195
Retail	-	4,921
Consolidated total liabilities	$ 3,859,335	$ 3,373,140

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.

	For the Year Ended December 31	
	2019	2018
Down jackets	$ 6,522,710	$ 5,310,117
Fiberfill jackets	4,564,607	3,704,663
Light jackets and parka	2,119,493	1,648,959
Others	3,052,507	2,616,701
	$ 16,259,317	$ 13,280,440

d. Geographical information

The Group's revenue from continuing operations from external customers by location of is detailed below.

	Revenue from External Customers	
	For the Year Ended December 31	
	2019	2018
North America	$ 6,526,128	$ 4,597,060
China	3,909,586	3,490,455
Europe	2,982,535	2,662,586
Japan	1,028,730	1,078,952
Russia	363,171	163,485
Others	1,449,167	1,287,902
	$ 16,259,317	$ 13,280,440

e. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31			
	2019	% of Total Sales	2018	% of Total Sales
ADIDAS (Group company)	$ 4,072,994	25	$ 3,349,834	25
PATAGONIA	3,428,764	21	2,032,896	15
VF (Group company)	2,062,613	13	2,145,588	16
NIKE (Group company)	1,962,292	12	1,733,653	14
	$ 11,526,663	71	$ 9,261,971	70

QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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.	Jiaxing Quang Viet Garment Co., Ltd.	Other receivables - related parties	Yes	$ 632,000 (US$ 20,000)	$ 599,600 (US$ 20,000)	$ - -	-	1	$ 881,938	Business	$ -	None	-	$ 881,938	$ 2,781,788	Note 5
		Quang Viet (Long An) Co., Ltd.	Other receivables - related parties	Yes	158,000 (US$ 5,000)	- -	- -	-	2	-	Turnover	-	〃	-	2,086,341	2,781,788	-
		Quang Viet (Long An) Co., Ltd.	Other receivables - related parties	Yes	125,560 (US$ 4,000)	119,920 (US$ 4,000)	81,902 (US$ 2,732)	-	1	465,606	Business	-	〃	-	465,606	2,781,788	Note 6
		Atlanta Garment Manufacturing Company LLC	Other receivables - related parties	Yes	94,800 (US$ 3,000)	- -	- -	3-3.5	2	-	Turnover	-	〃	-	2,086,341	2,781,788	-
		Atlanta Garment Manufacturing Company LLC	Other receivables - related parties	Yes	252,800 (US$ 8,000)	239,840 (US$ 8,000)	71,053 (US$ 2,370)	2.8-3.3	1	488,323	Business	-	〃	-	488,323	2,781,788	Note 7
1	Top One Down & Feather Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Other receivables - related parties	Yes	222,913 (RMB 49,000)	210,578 (RMB 49,000)	210,578 (RMB 49,000)	1.5-2.5	1	417,418	Business	-	〃	-	417,418	229,618	Note 8
		T.O.D Limited	Other receivables - related parties	Yes	119,662 (RMB 26,000)	- -	- -	1.5	2	-	Turnover	-	〃	-	172,214	229,618	-
2	T.O.D Limited	Top One Down & Feather Shu Yang Co., Ltd.	Other receivables - related parties	Yes	124,265 (RMB 27,000)	- -	- -	1.5	2	-	Turnover	-	〃	-	2,086,341	2,781,788	-
3	Q Gear Outdoor Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Other receivables - related parties	Yes	69,036 (RMB 15,000)	64,463 (RMB 15,000)	64,463 (RMB 15,000)	4.35	2	-	Turnover	-	〃	-	2,086,341	2,781,788	-
4	King Hamm Industrial Co., Ltd.	King Hamm Industrial Co., Ltd. (VN)	Other receivables - related parties	Yes	188,760 (US$ 6,000)	119,920 (US$ 4,000)	56,962 (US$ 1,900)	3	2	-	Turnover	-	〃	-	241,266	321,688	-
5	Atlanta Garment Manufacturing Company LLC	W&D Apparel (Jordan) Corp.	Other receivables - related parties	Yes	10,493 (US$ 350)	10,493 (US$ 350)	- -	-	2	-	Turnover	-	〃	-	33,840	45,120	-

Note 1: Numbering sequence is as follows:

a. The issuer is numbered 0.
b. Investees are numbered sequentially starting from 1.

Note 2: The nature of financing is as follows:

a. Borrowers with business relationships are numbered 1.
b. Borrowers with short term financing needs are numbered 2.

Note 3: a. The amount available for lending to individual borrowers shall not exceed 30% of the net worth of the parent company on its most recent financial statements. In addition, the total amount lendable shall not exceed 40% of net worth on the parent company on its most recent financial statements.
b. The amount that King Hamm Industrial Co., Ltd., Top One Down & Feather Co., Ltd. and 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 amounts transacted between the Company and Jiaxing Quang Viet Garment Co., Ltd. were purchases of $710,348 thousand and revenue from technical services of $171,590 thousand, for a total of $881,938 thousand.

Note 6: In the most recent fiscal year, the amount transacted between the Company and Quang Viet (Long An) were processing fee of $465,606 thousand.

Note 7: In the most recent fiscal year, the amounts transacted between the Company and Atlanta Garment Manufacturing Company LLC were purchases of $488,323 thousand.

Note 8: The amounts transacted between Top One Down & Feather Co., Ltd. and Top One Down & Feather Shu Yang Co., Ltd. in the most recent fiscal year were purchases amounting to $417,418 thousand.

QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3 a.)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3 b.)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	Quang Viet Enterprise Co., Ltd.	Top One Down & Feather Co., Ltd.	b.	$ 2,086,341	$ 516,000	$ 249,900	$ 43,100	$ -	3.59	$ 3,477,235	Y	N	N
		Jiaxing Quang Viet Garment Co., Ltd.	b.	2,086,341	965,316	558,675	-	-	8.03	3,477,235	Y	N	Y
		Top One Down & Feather Shu Yang Co., Ltd.	b.	2,086,341	643,472	386,775	103,643	-	5.56	3,477,235	Y	N	Y
		Atlanta Garment Manufacturing Company LLC	b.	2,086,341	94,800	89,940	-	-	1.29	3,477,235	Y	N	N

Note 1: Numbering sequence is as follows:

a. The issuer is numbered 0.
b. Investees are numbered sequentially starting from 1.

Note 2: The 7 types of relationships between the endorser/guarantor and endorsees/guarantees are as follows:

a. Company with business transactions.
b. Company where Quang Viet Enterprise Co., Ltd directly or indirectly holds over 50% of its voting shares.
c. Company that directly or indirectly holds more 50% of the shares in Quang Viet Enterprise Co., Ltd.
d. Company where Quang Viet Enterprise Co., Ltd directly or indirectly holds of or exceeding 90% of its voting shares.
e. Companies in the same industry bound by contracts that must endorse/guarantee one another for construction contract purposes.
f. For investment purposes, where it is necessary that all investors endorse/guarantee for the company according to the proportion of shares held.
g. Companies in the business of sales of presale houses that must endorse/guarantee for each other according the Consumer Protection Law.

Note 3: The limits to be granted for endorsements/guarantees are calculated as follows:

a. The amount of the guarantee provided by Quang Viet Enterprise Co., Ltd to any individual entity shall not exceed 30% of its net worth.
b. The aggregate amount of endorsement/guarantee provided shall not exceed 50% of Quang Viet Enterprise Co., Ltd.'s net worth.

TABLE 3

QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				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	3,287,000	$ 112,416	-	$ 112,416	
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	8,750	-	8,750	
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	6,181	-	6,181	
Quang Viet Enterprise Co., Ltd.	Publicly traded shares Yageo Corporation	-	Financial assets at fair value through other comprehensive income - non-current	25,000	10,925	-	10,925	
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	10,517	19.00	10,517	
					$ 148,789		$ 148,789	
Quang Viet Enterprise Co., Ltd.	Non-publicly traded shares Lan-Cheng Dragonstone LP	-	Financial assets at fair value through profit or loss - non-current	-	$ 69,056	8.23	$ 69,056	
Top One Down & Feather Co., Ltd.	Publicly traded shares Formosa Taffeta Co., Ltd.	Director of the company's parent company	Financial assets at fair value through other comprehensive income - non-current	205,000	$ 7,011	-	$ 7,011	
Jiaxing Quang Viet Garment Co., Ltd.	Non-publicly traded shares Anhui Xingxing Garment Co., Ltd.	Associate	Investment accounted for using equity method	5,500,000	$ 304,848	24.34	$ 304,848	

Note: For information on subsidiaries, affiliates, and interests in joint ventures, refer to Tables 8 and 9.

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, 2019
(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.	Jiaxing Quang Viet Garment Co., Ltd.	Subsidiary	Purchases	$ 710,348	7	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	$ (70,890)	6	Note
	Kwang Viet Garment Co., Ltd.	Subsidiary	Processing fee	2,235,019	22	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(38,858)	3	Note
	Quang Viet (Tien Giang) Co., Ltd.	Subsidiary	Processing fee	1,564,897	16	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	-	-	Note
	Top One Down & Feather Co., Ltd.	Subsidiary	Purchases	329,115	3	Internal transfer pricing	Internal transfer pricing	Net 30 days from the end of the month when the invoice is issued	(4,116)	-	Note
	Quang Viet (Long An) Co., Ltd.	Subsidiary	Processing fee	465,606	5	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(343,841)	27	Note
	Atlanta Garment Manufacturing Company LLC	Subsidiary	Purchases	488,323	5	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(29,434)	2	Note
	Formosa Taffeta Co., Ltd. (Group company)	Corporate director of the Company and its subsidiary	Purchases	544,910	5	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	(83,144)	7	-
Top One Down & Feather Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Subsidiary	Purchases	425,230	4	Internal transfer pricing	Internal transfer pricing	Net 30 days from the end of the month when the invoice is issued	(20,389)	2	Note
Jiaxing Quang Viet Garment Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Sister company	Purchases	501,308	5	Internal transfer pricing	Internal transfer pricing	Net 30 days from the end of the month when the invoice is issued	(18,800)	1	Note
	Formosa Taffeta Co., Ltd. (Group company)	Corporate director of the Company and its subsidiary	Purchases	443,711	4	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	(5,470)	-	-
Kwang Viet Garment Co., Ltd.	Quang Viet (Tien Giang) Co., Ltd.	Sister company	Processing fee	111,319	1	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(516,124)	41	Note
King Hamm Industrial Co., Ltd.	King Hung Garments Industrial Co., Ltd.	Subsidiary	Processing fee	435,310	4	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(54,444)	4	Note

Note: The above transactions have been eliminated upon consolidation.

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
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Quang Viet (Long An) Co., Ltd.	Quang Viet Enterprise Co., Ltd.	Subsidiary	Trade receivables - related parties $ 343,840	-	$ -	-	$ 18,312	$ -
Top One Down & Feather Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Subsidiary	Other receivables - related parties 217,225	-	-	-	-	-

Note: The above transactions have been eliminated upon consolidation.

TABLE 6

QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	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)	$ 2,235,019	Mutual agreement on internal transfer pricing	14
		Quang Viet (Tien Giang) Co., Ltd.	1	Cost of goods sold (processing fee)	1,564,897	〃	10
		Quang Viet (Long An) Co., Ltd.	1	Cost of goods sold (processing fee)	465,606	〃	3
		Jiaxing Quang Viet Garment Co., Ltd.	1	Cost of goods sold (purchase of finished goods)	710,348	〃	4
		Atlanta Garment Manufacturing Company LLC	1	Cost of goods sold (purchase of finished goods)	488,323	〃	3
		Top One Down & Feather Co., Ltd.	1	Cost of goods sold (purchase of raw material)	329,115	〃	2
		Top One Down & Feather Shu Yang Co., Ltd.	1	Sales revenue	5,229	〃	-
		Jiaxing Quang Viet Garment Co., Ltd.	1	Technical service revenue	171,590	〃	1
		Top One Down & Feather Co., Ltd.	1	Other payables	2,671	〃	-
		Top One Down & Feather Co., Ltd.	1	Rent revenue	23	〃	-
		Top One Down & Feather Co., Ltd.	1	Trade payables	1,445	〃	-
		Kwang Viet Garment Co., Ltd.	1	Other payables	38,858	〃	-
		Jiaxing Quang Viet Garment Co., Ltd.	1	Trade payables	70,890	〃	1
		Quang Viet (Tien Giang) Co., Ltd.	1	Prepayments for inventory	389,828	〃	3
		Jiaxing Quang Viet Garment Co., Ltd.	1	Other receivables	80,980	〃	1
		Atlanta Garment Manufacturing Company LLC	1	Trade payables	29,434	〃	-
		Atlanta Garment Manufacturing Company LLC	1	Other receivables	100,026	〃	1
		Atlanta Garment Manufacturing Company LLC	1	Interest revenue	2,734	〃	-
		Quang Viet (Long An) Co., Ltd.	1	Other receivables	81,902	〃	1
		Quang Viet (Long An) Co., Ltd.	1	Other payables	343,841	〃	3
		King Hamm Industrial Co., Ltd.	1	Other receivables	600	〃	-
		King Hamm Industrial Co., Ltd.	1	Other revenue	600	〃	-
1	Kwang Viet Garment Co., Ltd.	Quang Viet (Tien Giang) Co., Ltd.	3	Cost of goods sold (processing fee)	111,319	〃	1
		Quang Viet (Long An) Co., Ltd.	3	Cost of goods sold (processing fee)	49,696	〃	-
		Quang Viet (Long An) Co., Ltd.	3	Processing revenue	21,888	〃	-
		Quang Viet (Tien Giang) Co., Ltd.	3	Processing revenue	2,486	〃	-
		Quang Viet (Long An) Co., Ltd.	3	Other payables	93	〃	-
		Quang Viet (Tien Giang) Co., Ltd.	3	Other payables	516,124	〃	4
		King Hamm Industrial Co., Ltd.	3	Other payables	506	〃	-
		King Hamm Industrial Co., Ltd.	3	Cost of goods sold (processing fee)	16,950	〃	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
2	Quang Viet (Tien Giang) Co., Ltd.	King Hamm Industrial Co., Ltd.	3	Cost of goods sold (processing fee)	$ 4,888	〃	-
3	Jiaxing Quang Viet Garment Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	3	Cost of goods sold (purchase of raw material)	501,308	〃	3
		Top One Apparel Shu Yang Co., Ltd.	3	Cost of goods sold (processing fee)	89,015	〃	1
		Baoji Xinyue Garment Co., Ltd.	3	Cost of goods sold (processing fee)	76,487	〃	-
		Top One Down & Feather Shu Yang Co., Ltd.	3	Trade payable	18,800	〃	-
		Top One Down & Feather Shu Yang Co., Ltd.	3	Sales revenue	5,770	〃	-
		Q Gear Limited	3	Commission expense	33,553	〃	-
		Q Gear Limited	3	Other payables	2,737	〃	-
		Top One Apparel Shu Yang Co., Ltd.	3	Other payables	16,197	〃	-
		Baoji Xinyue Garment Co., Ltd.	3	Other receivables	6,595	〃	-
4	Top One Down & Feather Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	3	Cost of goods sold (purchases)	425,230	〃	3
		Top One Down & Feather Shu Yang Co., Ltd.	3	Trade payables	20,389	〃	-
		Top One Down & Feather Shu Yang Co., Ltd.	3	Other receivables	217,225	〃	2
		T.O.D Limited	3	Interest revenue	661	〃	-
		Q Gear Limited	3	Other revenue	5,563	〃	-
		Top One Down & Feather Shu Yang Co., Ltd.	3	Interest revenue	3,218	〃	-
5	Top One Down & Feather Shu Yang Co., Ltd.	Q Gear Outdoor Co., Ltd.	3	Other payables	64,802	〃	1
		Q Gear Outdoor Co., Ltd.	3	Interest expense	2,730	〃	-
		Top One Apparel Shu Yang Co., Ltd.	3	Sales revenue	151	〃	-
		Top One Apparel Shu Yang Co., Ltd.	3	Trade receivable	163	〃	-
		Q Gear Limited	3	Other payables	7,757	〃	-
		Q Gear Limited	3	Commission expense	11,820	〃	-
		T.O.D Limited	3	Interest expense	644	〃	-
6	King Hamm Industrial Co., Ltd.	King Hung Garments Industrial Co., Ltd.	3	Cost of goods sold (processing fee)	435,310	〃	3
		King Hung Garments Industrial Co., Ltd.	3	Other payables	54,444	〃	-
		King Hamm Industrial Co., Ltd. (VN)	3	Cost of goods sold (processing fee)	126,215	〃	1
		King Hamm Industrial Co., Ltd. (VN)	3	Other payables	38,327	〃	-
		King Hamm Industrial Co., Ltd. (VN)	3	Interest revenue	1,652	〃	-
		King Hamm Industrial Co., Ltd. (VN)	3	Other receivables	56,962	〃	-
7	King Hung Garments Industrial Co., Ltd.	King Hamm Industrial Co., Ltd. (VN)	3	Cost of goods sold (processing fee)	92,284	〃	1

Note 1: The numbering sequence for transactions between the parent company and its subsidiaries are numbered as follows:

a. The parent company is numbered 0.
b. Subsidiaries are numbered sequentially from 1.

(Continued)

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.

(Concluded)

QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars and Vietnamese Dong, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
Quang Viet Enterprise Co., Ltd.	Kwang Viet Garment Co., Ltd.	Vietnam	Manufacturing and processing of apparel	$ 303,219	$ 303,219	-	100.00	$ 681,473	$ 23,661	$ 22,894	-
				(VND 172,313,196)	(VND 172,313,196)			(VND 526,789,171)	(VND 17,782,632)	(VND 17,205,915)	
	Spring Co., Ltd.	Samoa	Holding company	489,503	489,503	15,700,000	100.00	1,438,935	186,293	185,421	-
				(US$ 15,700,000)	(US$ 15,700,000)			(US$ 47,996,493)	(US$ 6,026,584)	(US$ 5,998,372)	
	Quang Viet (Tien Giang) Co., Ltd.	Vietnam	Manufacturing and processing of apparel	761,563	761,563	-	100.00	767,213	28,456	34,197	-
				(VND 521,418,024)	(VND 521,418,024)			(VND 593,067,359)	(VND 21,386,471)	(VND 25,701,138)	
	Q.V.S. Limited	Samoa	Holding company	373,987	373,987	12,400,000	100.00	224,759	(9,133)	(9,133)	-
				(US$ 12,400,000)	(US$ 12,400,000)			(US$ 7,496,973)	(US$ -295,464)	(US$ -295,464)	
	Top One Down & Feather Co., Ltd.	Taiwan	Sale of down products	478,385	478,385	47,838,480	95.68	547,839	91,372	86,457	-
	Q Gear Limited	Samoa	Agency for sale to external parties	1,510	1,510	50,000	100.00	63,378	28,410	28,410	-
				(US$ 50,000)	(US$ 50,000)			(US$ 2,113,994)	(US$ 919,055)	(US$ 919,055)	
	Quang Viet (Long An) Co., Ltd.	Vietnam	Manufacturing and processing of apparel	482,716	325,580	-	100.00	650,806	155,099	151,664	-
				(VND 341,987,000)	(VND 224,957,000)			(VND 503,083,394)	(VND 116,565,173)	(VND 113,984,110)	
	Biancospino S.R.L.	Romania	Manufacturing and processing of apparel	274,104	274,104	-	51.00	234,628	71,384	36,406	-
				(RON 36,554,700)	(RON 36,554,700)			(RON 33,440,911)	(RON 9,779,188)	(RON 4,987,386)	
	Atlanta Garment Manufacturing Company LLC	Jordan	Manufacturing and processing of apparel	13,839	13,839	-	60.00	141,776	62,887	39,741	-
				(JOD 330,000)	(JOD 330,000)			(JOD 3,348,167)	(JOD 1,440,349)	(JOD 910,222)	
	King Hamm Industrial Co., Ltd.	Taiwan	Manufacturing, processing, and sale of apparel	334,425	334,425	13,650,000	42.00	347,974	50,327	21,137	-
	W&D Apparel (Jordan) Corp.	Jordan	Manufacturing and processing of apparel	34,214	-	-	65.00	30,152	(4,720)	(3,068)	
				(JOD 782,340)	-			(JOD 712,072)	(JOD -108,104)	(JOD -70,268)	
Spring Co., Ltd.	Jiaxing Quang Viet Garment Co., Ltd.	China	Manufacturing, processing, and sale of apparel	445,785	445,785	-	100.00	1,408,188	185,141	185,141	-
				(RMB 98,939,650)	(RMB 98,939,650)			(RMB 327,678,597)	(RMB 41,306,579)	(RMB 41,306,579)	
	Baoji Xinyue Garment Co., Ltd.	China	Manufacturing and processing of apparel	43,718	43,718	-	100.00	31,111	1,075	1,075	-
				(RMB 9,424,800)	(RMB 9,424,800)			(RMB 7,239,431)	(RMB 239,770)	(RMB 239,770)	
Jiaxing Quang Viet Garment Co., Ltd.	Anhui Xingxing Garment Co., Ltd.	China	Manufacturing and processing of apparel	273,340	-	-	24.34	304,848	293,466	71,430	-
				(RMB 60,000,000)	-			(RMB 48,640,465)	(RMB 65,474,998)	(RMB 15,936,614)	
Q.V.S Limited	Top One Apparel Shu Yang Co., Ltd.	China	Manufacturing and processing of apparel	61,693	61,693	-	100.00	77,437	6,909	6,909	-
				(RMB 13,228,560)	(RMB 13,228,560)			(RMB 18,019,279)	(RMB 1,541,422)	(RMB 1,541,422)	
	Q Gear Outdoor Co., Ltd.	China	Retail sales	312,294	312,294	-	100.00	90,312	(17,601)	(17,601)	-
				(RMB 63,730,830)	(RMB 63,730,830)			(RMB 21,015,088)	(RMB -3,926,922)	(RMB -3,926,922)	
Top One Down & Feather Co., Ltd.	T.O.D Limited	Samoa	Holding company	271,666	271,666	9,000,000	100.00	318,768	78,342	78,366	-
				(US$ 9,000,000)	(US$ 9,000,000)			(US$ 10,690,376)	(US$ 2,534,361)	(US$ 2,535,125)	
T.O.D Limited	Top One Down & Feather Shu Yang Co., Ltd.	China	Manufacturing, processing and sale of down products	267,934	267,934	-	100.00	316,481	78,602	78,625	-
				(RMB 56,000,000)	(RMB 56,000,000)			(RMB 73,643,593)	(RMB 17,536,675)	(RMB 17,541,943)	
King Hamm Industrial Co., Ltd.	King Hung Garments Industrial Co., Ltd.	Vietnam	Manufacturing and processing of apparel	87,634	87,634	-	100.00	74,288	15,358	11,715	-
				(US$ 2,910,000)	(US$ 2,910,000)			(US$ 2,481,376)	(US$ 496,846)	(US$ 378,985)	
	King Hamm Industrial Co., Ltd.	Vietnam	Manufacturing and processing of apparel	214,322	122,846	-	100.00	198,047	9,612	4,269	-
				(US$ 7,080,000)	(US$ 4,080,000)			(US$ 6,646,928)	(US$ 310,961)	(US$ 138,100)	

QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outward	Inward							
Jiaxing Quang Viet Garment Co., Ltd.	Manufacturing and processing, and sale of apparel	$ 445,785 (RMB 98,939,650)	(2) Spring Co., Ltd.	$ 445,785 (US$ 14,200,000)	$ -	$ -	$ 445,785 (US$ 14,200,000)	$ 185,141 (RMB 41,306,579)	100.00	$ 185,141 (RMB 41,306,579)	$ 1,408,188 (RMB 327,678,577)	$ -	-
Baoji Xinyue Garment Co., Ltd.	Manufacturing and processing of apparel	45,690 (RMB 9,924,900)	(2) Spring Co., Ltd.	43,718 (US$ 1,500,000)	-	-	43,718 (US$ 1,500,000)	1,075 (RMB 239,770)	100.00	1,075 (RMB 239,770)	31,111 (RMB 7,239,431)	-	-
Top One Apparel Shu Yang Co., Ltd.	Manufacturing and processing of apparel	61,693 (RMB 13,228,560)	(2) Q.V.S. Limited	61,693 (US$ 2,100,000)	-	-	61,693 (US$ 2,100,000)	6,909 (RMB 1,541,422)	100.00	6,909 (RMB 1,541,422)	77,437 (RMB 18,019,279)	-	-
Q Gear Outdoor Co., Ltd.	Trading	312,294 (RMB 63,730,830)	(2) Q.V.S. Limited	312,294 (US$ 10,300,000)	-	-	312,294 (US$ 10,300,000)	(17,601) (RMB -3,926,922)	100.00	(17,601) (RMB -3,926,922)	90,312 (RMB 21,015,088)	-	-
Top One Down & Feather Shu Yang Co., Ltd.	Manufacturing, processing and sale of down products	267,934 (RMB 56,000,000)	(2) T.O.D. Limited	267,934 (US$ 8,877,506)	-	-	267,934 (US$ 8,877,506)	78,602 (RMB 17,536,675)	95.68	75,226 (RMB 16,783,598)	316,481 (RMB 73,643,593)	-	-
Anhui Xingxing Garment Co., Ltd.	Manufacturing and processing of apparel	103,508 (RMB 22,600,000)	(3) Jiaxing Quang Viet Garment Co., Ltd.	-	-	-	-	293,466 (RMB 65,474,998)	24.34	71,430 (RMB 15,936,614)	304,848 (RMB 48,640,465)	-	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2019	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by Investment Commission, MOEA
$1,131,424 (US$30,977,506)	$1,115,856 (US$37,220,000) (Exchange rate: 29.98)	$4,168,423

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. Other

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. 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, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price		Transaction Details		Notes/Accounts Receivable (Payable)	Unrealized (Gain) Loss
		Amount	%	Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Jiaxing Quang Viet Garment Co., Ltd.	Purchases	$ 710,348	5	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	$ (70,890)	12	$ (1,729)	-
	Technical service revenue	171,590	-	〃	-	8,304	-	-	Note
Top One Down & Feather Shu Yang Co., Ltd.	Raw material purchases	425,230	100	Internal transfer pricing	Net 30 days from the end of the month when the invoice is issued	(20,389)	100	(1,169)	-

Note: The proportion of technical service revenue to purchases/sales is calculated based on its percentage to consolidated other revenue.