

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

**Consolidated Financial Statements for the
Years Ended December 31, 2020 and 2019 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Quang Viet Enterprise Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, 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, 2020 and 2019, 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, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020 is described as follows:

Validity of Revenue Recognized from Specific Customers

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

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

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

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

Other Matter

We have also audited the parent company only financial statements of Quang Viet Enterprise Co., Ltd. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 25, 2021

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 2,345,941	18	\$ 2,233,071	19
Financial assets at fair value through profit or loss - current (Note 7)	9,185	-	-	-
Financial assets at amortized cost - current (Notes 9, 10 and 35)	1,630,992	13	864,924	8
Trade receivables (Notes 11 and 25)	973,039	8	1,104,393	10
Current tax assets (Note 27)	46,207	-	18,881	-
Inventories (Note 12)	3,005,780	23	3,420,793	29
Prepayments (Note 18)	119,009	1	225,197	2
Other current assets (Note 18)	<u>128,432</u>	<u>1</u>	<u>30,631</u>	<u>-</u>
Total current assets	<u>8,258,585</u>	<u>64</u>	<u>7,897,890</u>	<u>68</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	61,887	1	69,206	1
Financial assets at fair value through other comprehensive income - non-current (Note 8)	176,248	1	155,800	1
Financial asset at amortized cost - non-current (Notes 9 and 10)	81,500	1	30,000	-
Investments accounted for using the equity method (Note 14)	462,991	4	304,848	3
Property, plant and equipment (Note 15)	2,764,845	22	2,321,702	20
Right-of-use assets (Note 16)	411,780	3	273,341	2
Other intangible assets (Note 17)	396,530	3	385,712	3
Deferred tax assets (Note 27)	186,133	1	166,161	2
Prepayments for equipment	13,822	-	23,181	-
Refundable deposits	20,159	-	27,366	-
Net defined benefit assets - non-current (Note 23)	2,234	-	-	-
Other non-current assets (Note 18)	<u>33,289</u>	<u>-</u>	<u>48</u>	<u>-</u>
Total non-current assets	<u>4,611,418</u>	<u>36</u>	<u>3,757,365</u>	<u>32</u>
TOTAL	<u>\$ 12,870,003</u>	<u>100</u>	<u>\$ 11,655,255</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	\$ 450,717	4	\$ 429,859	4
Contract liabilities - current (Note 25)	360,774	3	34,486	-
Notes payable (Note 21)	6,890	-	23,778	-
Trade payables to unrelated parties (Note 21)	555,153	4	410,271	4
Trade payables to related parties (Note 21)	110,648	1	152,252	1
Other payables (Note 22)	849,202	7	786,864	7
Other payables to related parties (Note 34)	161,920	1	12,786	-
Current tax liabilities (Note 27)	124,534	1	84,942	1
Lease liabilities - current (Note 16)	16,609	-	19,611	-
Current portion of long-term borrowings (Note 19)	-	-	53,250	-
Other current liabilities	<u>6,353</u>	<u>-</u>	<u>13,881</u>	<u>-</u>
Total current liabilities	<u>2,642,800</u>	<u>21</u>	<u>2,021,980</u>	<u>17</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 20)	1,462,934	11	1,442,986	12
Long-term borrowings (Note 19)	188,300	2	53,250	1
Deferred tax liabilities (Note 27)	396,070	3	274,154	2
Lease liabilities - non-current (Note 16)	25,432	-	61,911	1
Net defined benefit liabilities - non-current (Note 23)	-	-	5,051	-
Guarantee deposits received	<u>1,126</u>	<u>-</u>	<u>3</u>	<u>-</u>
Total non-current liabilities	<u>2,073,862</u>	<u>16</u>	<u>1,837,355</u>	<u>16</u>
Total liabilities	<u>4,716,662</u>	<u>37</u>	<u>3,859,335</u>	<u>33</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)				
Ordinary shares	<u>1,033,753</u>	<u>8</u>	<u>1,033,753</u>	<u>9</u>
Capital surplus	<u>2,939,320</u>	<u>23</u>	<u>2,939,320</u>	<u>25</u>
Retained earnings				
Legal reserve	740,461	6	639,965	6
Special reserve	377,395	3	250,464	2
Unappropriated earnings	<u>2,001,218</u>	<u>15</u>	<u>2,468,362</u>	<u>21</u>
Total retained earnings	<u>3,119,074</u>	<u>24</u>	<u>3,358,791</u>	<u>29</u>
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(405,262)	(3)	(359,833)	(3)
Unrealized loss on financial assets at fair value through other comprehensive income	<u>(30,646)</u>	<u>-</u>	<u>(17,562)</u>	<u>-</u>
Total other equity	<u>(435,908)</u>	<u>(3)</u>	<u>(377,395)</u>	<u>(3)</u>
Total equity attributable to owners of the Company	6,656,239	52	6,954,469	60
NON-CONTROLLING INTERESTS (Note 24)	<u>1,497,102</u>	<u>11</u>	<u>841,451</u>	<u>7</u>
Total equity	<u>8,153,341</u>	<u>63</u>	<u>7,795,920</u>	<u>67</u>
TOTAL	<u>\$ 12,870,003</u>	<u>100</u>	<u>\$ 11,655,255</u>	<u>100</u>

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

QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Note 25)	\$ 12,188,857	100	\$ 16,259,317	100
OPERATING COSTS (Notes 12, 26 and 34)	<u>(10,903,247)</u>	<u>(90)</u>	<u>(13,714,136)</u>	<u>(84)</u>
GROSS PROFIT	<u>1,285,610</u>	<u>10</u>	<u>2,545,181</u>	<u>16</u>
OPERATING EXPENSES (Notes 23 and 26)				
Selling and marketing expenses	(137,754)	(1)	(158,250)	(1)
General and administrative expenses	(702,082)	(6)	(812,665)	(5)
Research and development expenses	(165,814)	(1)	(192,190)	(1)
Expected credit gain (Note 11)	<u>438</u>	<u>-</u>	<u>278</u>	<u>-</u>
Total operating expenses	<u>(1,005,212)</u>	<u>(8)</u>	<u>(1,162,827)</u>	<u>(7)</u>
PROFIT FROM OPERATIONS	<u>280,398</u>	<u>2</u>	<u>1,382,354</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Notes 26 and 34)				
Interest income	66,454	1	32,252	-
Other income	330,381	3	51,384	-
Other gains and losses	(102,295)	(1)	(82,587)	-
Finance costs	(53,155)	-	(69,542)	-
Share of profit of associates	<u>164,615</u>	<u>1</u>	<u>71,430</u>	<u>-</u>
Total non-operating income and expenses	<u>406,000</u>	<u>4</u>	<u>2,937</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	686,398	6	1,385,291	9
INCOME TAX EXPENSE (Note 27)	<u>(128,568)</u>	<u>(1)</u>	<u>(287,684)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>557,830</u>	<u>5</u>	<u>1,097,607</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 23, 24 and 27)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	4,620	-	(1,345)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(18,434)	-	773	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>(924)</u>	<u>-</u>	<u>269</u>	<u>-</u>
	<u>(14,738)</u>	<u>-</u>	<u>(303)</u>	<u>-</u>

(Continued)

QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ (64,332)	(1)	\$ (184,336)	(1)
Income tax related to items that may be reclassified subsequently to profit or loss	<u>12,905</u>	<u>-</u>	<u>32,767</u>	<u>-</u>
	<u>(51,427)</u>	<u>(1)</u>	<u>(151,569)</u>	<u>(1)</u>
Other comprehensive loss for the year, net of income tax	<u>(66,165)</u>	<u>(1)</u>	<u>(151,872)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 491,665</u>	<u>4</u>	<u>\$ 945,735</u>	<u>6</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 537,296	5	\$ 1,006,033	6
Non-controlling interests	<u>20,534</u>	<u>-</u>	<u>91,574</u>	<u>1</u>
	<u>\$ 557,830</u>	<u>5</u>	<u>\$ 1,097,607</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 477,085	4	\$ 878,026	5
Non-controlling interests	<u>14,580</u>	<u>-</u>	<u>67,709</u>	<u>1</u>
	<u>\$ 491,665</u>	<u>4</u>	<u>\$ 945,735</u>	<u>6</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 5.20</u>		<u>\$ 9.73</u>	
Diluted	<u>\$ 4.91</u>		<u>\$ 9.60</u>	

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

(Concluded)

QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company								Other Equity		Non-controlling Interests	Total Equity
	Shares (In Thousands)	Share Capital	Capital Surplus			Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
			Issuance of Ordinary Shares	Changes in Percentage of Ownership Interests in Subsidiaries	Stock Warrants	Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2019	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 (loss) for the year ended December 31, 2019	-	-	-	-	-	-	-	1,004,957	(127,708)	777	67,709	945,735
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	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
Appropriation of 2019 earnings												
Legal reserve	-	-	-	-	-	100,496	-	(100,496)	-	-	-	-
Special reserve	-	-	-	-	-	-	126,931	(126,931)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(775,315)	-	-	-	(775,315)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(51,832)	(51,832)
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	-	537,296	-	-	20,534	557,830
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	-	3,696	(45,429)	(18,478)	(5,954)	(66,165)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-	540,992	(45,429)	(18,478)	14,580	491,665
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	692,903	692,903
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	(5,394)	-	5,394	-	-
BALANCE AT DECEMBER 31, 2020	103,375	\$ 1,033,753	\$ 2,868,317	\$ 557	\$ 70,446	\$ 740,461	\$ 377,395	\$ 2,001,218	\$ (405,262)	\$ (30,646)	\$ 1,497,102	\$ 8,153,341

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 686,398	\$ 1,385,291
Adjustments for:		
Depreciation expense	250,326	274,576
Amortization expense	6,856	7,170
Expected credit loss reversed on trade receivables	(438)	(278)
Net loss on fair value changes of financial assets at fair value through profit or loss	6,526	300
Finance costs	53,155	69,542
Interest income	(66,454)	(32,252)
Dividend income	(9,652)	(18,982)
Share of profit of associates	(164,615)	(71,430)
Loss on disposal of property, plant and equipment	15,156	8,199
Write-down of inventories	129,825	3,619
Gain on bargain purchase	(272,253)	-
Gain on lease modifications	(1,613)	-
Changes in operating assets and liabilities		
Notes receivable	-	12
Trade receivables	327,884	321,810
Inventories	475,903	143,025
Prepayments	87,810	(20,138)
Other current assets	(9,945)	17,020
Other non-current assets	42	(42)
Contract liabilities	306,369	12,385
Notes payable	(16,888)	(19,071)
Trade payables to unrelated parties	106,409	(207,383)
Trade payables to related parties	(41,604)	(23,079)
Other payables	(26,195)	(11,528)
Other payables to related parties	(5,367)	64,529
Other current liabilities	(7,760)	9,442
Net defined benefit liabilities	(2,665)	(2,597)
Cash generated from operations	1,827,210	1,910,140
Interest paid	(33,282)	(61,514)
Income tax paid	(48,005)	(274,490)
Net cash generated from operating activities	<u>1,745,923</u>	<u>1,574,136</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(74,119)	(2,945)
Proceeds from sale of financial assets at fair value through other comprehensive income	35,237	-
Purchase of financial assets at fair value through profit or loss	(14,078)	-
Proceeds from sale of financial assets at fair value through profit or loss	14,871	-

(Continued)

QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Acquisition of associates	\$ -	\$ (265,509)
Purchase of financial assets at amortized cost	(817,568)	(372,885)
Acquisition of subsidiaries (Note 30)	149,308	(7,412)
Payments for property, plant and equipment	(261,549)	(263,251)
Proceeds from disposal of property, plant and equipment	10,543	4,392
Increase in refundable deposits	-	(5,623)
Decrease in refundable deposits	7,687	-
Payments for intangible assets	(5,173)	(4,016)
Increase in prepayments for equipment	(8,923)	(28,255)
Interest received	69,886	34,578
Dividends received from associates	14,133	24,652
Other dividends received	<u>9,652</u>	<u>18,982</u>
Net cash used in investing activities	<u>(870,093)</u>	<u>(867,292)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	20,858	-
Repayments of short-term borrowings	-	(896,401)
Proceeds from issuance of bonds	-	1,509,522
Proceeds from long-term borrowings	188,300	-
Repayments of long-term borrowings	(106,500)	(106,500)
Repayments of the principal portion of lease liabilities	(21,612)	(21,421)
Proceeds from guarantee deposits received	1	-
Dividends paid to owners of the Company	(775,315)	(620,252)
Dividends paid to non-controlling interests	<u>(51,832)</u>	<u>(73,014)</u>
Net cash used in financing activities	<u>(746,100)</u>	<u>(208,066)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(16,860)</u>	<u>(103,561)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	112,870	395,217
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,233,071</u>	<u>1,837,854</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,345,941</u>	<u>\$ 2,233,071</u>

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, 2020 AND 2019 (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.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 25, 2021.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendment to IFRS 16 “Covid-19 - Related Rent Concessions”	June 1, 2020

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

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

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

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

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

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgments or assumptions in applying an accounting policy, and the Group discloses those judgments or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

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

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

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

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

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

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

e. Business combinations

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

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

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

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

f. Foreign currencies

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

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

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

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

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

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

g. Inventories

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

h. Investments in associates

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

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

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

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

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

i. Property, plant and equipment

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

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

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

j. Goodwill

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

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

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

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

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

l. Impairment of property, plant and equipment, right-of-use assets, and intangible assets other than goodwill

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

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

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

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

- iii. Investments in equity instruments at FVTOCI

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

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

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

- b) Impairment of financial assets

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

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

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

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

- c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

4) Convertible bonds

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

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

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

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

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.

Revenue from the sale of goods

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

o. Lease

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

1) The Group as lessor

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

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

2) The Group as lessee

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

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

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

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

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

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

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

q. Government grants

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

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

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

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

s. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions 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 Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2020	2019
Cash on hand	\$ 3,742	\$ 2,059
Checking accounts and demand deposits	1,250,515	946,002
Cash equivalents		
Time deposits	<u>1,091,684</u>	<u>1,285,010</u>
	<u>\$ 2,345,941</u>	<u>\$ 2,233,071</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2020	2019
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	\$ 4,820	\$ -
Trust funds	<u>4,365</u>	<u>-</u>
	<u>\$ 9,185</u>	<u>\$ -</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Foreign unlisted shares	\$ 61,887	\$ 69,056
Financial assets held for trading		
Derivative financial assets		
Value of redemption of bonds	<u>-</u>	<u>150</u>
	<u>\$ 61,887</u>	<u>\$ 69,206</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Investments in equity instruments at FVTOCI - non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 166,627	\$ 145,283
Unlisted shares	<u>9,621</u>	<u>10,517</u>
	<u>\$ 176,248</u>	<u>\$ 155,800</u>

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

In 2020, the Group sold its listed shares in order to manage credit concentration risk. The shares sold had a fair value of \$35,237 thousand and its related unrealized valuation loss of \$(5,394) thousand was transferred from other equity to retained earnings.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 1,623,992	\$ 857,924
Pledged time deposits	<u>7,000</u>	<u>7,000</u>
	<u>\$ 1,630,992</u>	<u>\$ 864,924</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 81,500</u>	<u>\$ 30,000</u>

- a. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.
- b. Refer to Note 35 for information relating to investments in financial assets at amortized cost pledged as security.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

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

	December 31	
	2020	2019
Gross carrying amount		
Current	\$ 1,630,992	\$ 864,924
Non-current	81,500	30,000
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 1,712,492</u>	<u>\$ 894,924</u>

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

In determining the expected credit losses for debt instrument investments, the Group considers the historical default rates of investments in each credit rating supplied by external rating agencies and the current financial condition of debtors. The Group's current credit risk grading mechanism is as follows:

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

The gross carrying amounts of debt instrument investments classified by credit category and the corresponding expected loss rates were shown below:

Category	Expected Loss Rate	Gross Carrying Amount at Amortized Cost	
		December 31	
		2020	2019
Performing	0%-0.01%	<u>\$ 1,712,492</u>	<u>\$ 894,924</u>

11. TRADE RECEIVABLES

	December 31	
	2020	2019
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 991,908	\$ 1,110,750
Less: Allowance for impairment loss	<u>(18,869)</u>	<u>(6,357)</u>
	<u>\$ 973,039</u>	<u>\$ 1,104,393</u>

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

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

The Group applied the simplified approach of IFRS 9 to recognize the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default records of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of trade receivables based on the Group's provision matrix:

December 31, 2020

	1-30 Days	31-60 Days	61-90 Days	91-180 Days	181-365 Days	Over 365 Days	Total
Expect credit loss rate	0.01%-6.16%	0.01%-6.73%	0.01%-6.88%	0.01%-23.26%	0.01%-39.82%	100%	
Gross carrying amount	\$ 567,994	\$ 219,140	\$ 131,520	\$ 63,125	\$ 2,765	\$ 7,364	\$ 991,908
Loss allowance (Lifetime ECLs)	<u>(3,068)</u>	<u>(2,119)</u>	<u>(2,038)</u>	<u>(3,648)</u>	<u>(632)</u>	<u>(7,364)</u>	<u>(18,869)</u>
Amortized cost	<u>\$ 564,926</u>	<u>\$ 217,021</u>	<u>\$ 129,482</u>	<u>\$ 59,477</u>	<u>\$ 2,133</u>	<u>\$ -</u>	<u>\$ 973,039</u>

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)	<u>(801)</u>	<u>(853)</u>	<u>(1,815)</u>	<u>(2,885)</u>	<u>(3)</u>	<u>-</u>	<u>(6,357)</u>
Amortized cost	<u>\$ 699,685</u>	<u>\$ 335,180</u>	<u>\$ 52,517</u>	<u>\$ 16,158</u>	<u>\$ 853</u>	<u>\$ -</u>	<u>\$ 1,104,393</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ 6,357	\$ 6,634
Business combinations	9,837	-
Add: Amounts recovered	3,113	-
Less: Impairment losses reversed	(438)	(278)
Foreign exchange gains and losses	<u>-</u>	<u>1</u>
Balance at December 31	<u>\$ 18,869</u>	<u>\$ 6,357</u>

12. INVENTORIES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Raw materials	\$ 1,418,789	\$ 1,251,454
Work in progress	1,197,110	1,551,300
Finished goods	<u>389,881</u>	<u>618,039</u>
	<u>\$ 3,005,780</u>	<u>\$ 3,420,793</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 were \$10,903,247 thousand and \$13,714,136 thousand, respectively.

The cost of goods sold included inventory write-downs of \$129,825 thousand and \$3,619 thousand for the years ended December 31, 2020 and 2019, respectively.

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	<u>Proportion of Ownership</u>		Remark
		(%)		
		<u>December 31</u>		
		<u>2020</u>	<u>2019</u>	
Quang Viet Enterprise Co., Ltd.	Kwang Viet Garment Co., Ltd.	100.00	100.00	
Quang Viet Enterprise Co., Ltd.	Quang Viet (Long An) Co., Ltd.	100.00	100.00	
Quang Viet Enterprise Co., Ltd.	Spring Co., Ltd.	100.00	100.00	
Quang Viet Enterprise Co., Ltd.	Quang Viet (Tien Giang) Co., Ltd.	100.00	100.00	
Quang Viet Enterprise Co., Ltd.	Q.V.S. Limited	100.00	100.00	
Quang Viet Enterprise Co., Ltd.	Q Gear Limited	100.00	100.00	
Quang Viet Enterprise Co., Ltd.	Top One Down & Feather Co., Ltd.	95.68	95.68	
Quang Viet Enterprise Co., Ltd.	Biancospino S.R.L.	51.00	51.00	
Quang Viet Enterprise Co., Ltd.	Atlanta Garment Manufacturing Company LLC	60.00	60.00	
Quang Viet Enterprise Co., Ltd.	King Hamm Industrial Co., Ltd.	42.00	42.00	1)
Quang Viet Enterprise Co., Ltd.	W&D Apparel (Jordan) Corp.	65.00	65.00	
Quang Viet Enterprise Co., Ltd.	Q.V.P. Limited	100.00	-	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	
Top One Down & Feather Co., Ltd.	T.O.D. Limited	100.00	100.00	
T.O.D. Limited	Top One Down & Feather Shu Yang Co., Ltd.	100.00	100.00	
King Hamm Industrial Co., Ltd.	King Hung Garments Industrial Co., Ltd.	100.00	100.00	
King Hamm Industrial Co., Ltd.	King Hamm Industrial Co., Ltd. (VN)	100.00	100.00	
Q.V.P. Limited	Principle & Will Co., Ltd.	50.00	-	2)
Principle & Will Co., Ltd.	Joykey Industrial Limited	100.00	-	
Principle & Will Co., Ltd.	Principle & Will Biotech (Pinghu) Co., Ltd.	100.00	-	
Joykey Industrial Limited	Principle & Will Biotech (Xiantao) Co., Ltd.	100.00	-	
Joykey Industrial Limited	Qixin Non-Woven Products (Pinghu) Co., Ltd.	100.00	-	

- 1) The Company holds a 42% interest in King Hamm Industrial Co., Ltd., and the remaining 58% interest is dispersed and held by other shareholders. Considering the Group's absolute size of holding, the relative size of and dispersion of the shareholdings owned by the other shareholders, the directors of the company concluded that the Group has the practical ability to direct the relevant activities of King Hamm Industrial Co., Ltd. and, therefore, the Group has control over King Hamm Industrial Co., Ltd. and deems it a subsidiary.

- 2) The Company established subsidiary Q.V.P. Limited with 100% ownership in October 2020. Q.V.P. Limited acquired 50% ownership of Principle & Will Co., Ltd. and its subsidiaries on December 31, 2020, the acquisition date, by cash in the amount of US\$14,770,000 for 10,000,000 newly issued shares. Based on the contractual agreements between the Group and other investors, the Group has the power to appoint and remove the majority of the board of directors of Principle & Will Co., Ltd. and has the practical ability to direct its relevant activities, therefore, the Group has control over Principle & Will Co., Ltd. and deems it a subsidiary.
- 3) Refer to Tables 7 and 8 for information relating to the nature of activities of subsidiaries.
- b. Subsidiaries excluded from the consolidated financial statements: None.
- c. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
		December 31	
		2020	2019
King Hamm Industrial Co., Ltd. and subsidiaries	Taiwan	58%	58%
Principle & Will Co., Ltd. and subsidiaries	China	50%	-

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

Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2020	2019	2020	2019
	King Hamm Industrial Co., Ltd. and subsidiaries	\$ 1,982	\$ 29,190	\$ 439,357
Principle & Will Co., Ltd. and subsidiaries	\$ -	\$ -	\$ 569,642	\$ -

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

King Hamm Industrial Co., Ltd. and subsidiaries:

	December 31	
	2020	2019
Current assets	\$ 849,934	\$ 895,626
Non-current assets	233,340	252,204
Current liabilities	(254,462)	(343,610)
Non-current liabilities	(71,300)	-
Equity	\$ 757,512	\$ 804,220

(Continued)

	December 31	
	2020	2019
Equity attributable to:		
Owners of King Hamm Industrial Co., Ltd.	\$ 318,155	\$ 337,772
Non-controlling interests of King Hamm Industrial Co., Ltd.	<u>439,357</u>	<u>466,448</u>
	<u>\$ 757,512</u>	<u>\$ 804,220</u> (Concluded)
	For the Year Ended December 31	
	2020	2019
Revenue	<u>\$ 1,213,018</u>	<u>\$ 1,534,770</u>
Profit for the year	\$ 3,418	\$ 50,327
Other comprehensive loss for the year	<u>(11,126)</u>	<u>(5,004)</u>
Total comprehensive (loss) income for the year	<u>\$ (7,708)</u>	<u>\$ 45,323</u>
Profit attributable to:		
Owners of King Hamm Industrial Co., Ltd.	\$ 1,436	\$ 21,137
Non-controlling interests of King Hamm Industrial Co., Ltd.	<u>1,982</u>	<u>29,190</u>
	<u>\$ 3,418</u>	<u>\$ 50,327</u>
Total comprehensive (loss) income attributable to:		
Owners of King Hamm Industrial Co., Ltd.	\$ (3,237)	\$ 19,036
Non-controlling interests of King Hamm Industrial Co., Ltd.	<u>(4,471)</u>	<u>26,287</u>
	<u>\$ (7,708)</u>	<u>\$ 45,323</u>
Dividends paid to non-controlling interests of:		
King Hamm Industrial Co., Ltd.	<u>\$ 22,620</u>	<u>\$ 37,700</u>
Principle & Will Co., Ltd. and subsidiaries:		
		December 31,
		2020
Current assets		\$ 1,073,486
Non-current assets		386,293
Current liabilities		(319,357)
Non-current liabilities		<u>(1,138)</u>
Equity		<u>\$ 1,139,284</u>
Equity attributable to:		
Owners of Principle & Will Co., Ltd.		\$ 569,642
Non-controlling interests of Principle & Will Co., Ltd.		<u>569,642</u>
		<u>\$ 1,139,284</u>

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Investments in associate		
Anhui Xingxing Garment Co., Ltd.	\$ <u>462,991</u>	\$ <u>304,848</u>

Material Associate

	<u>Proportion of Ownership and Voting Rights</u>	
	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Investments in associate		
Anhui Xingxing Garment Co., Ltd.	24.34%	24.34%

Refer to Tables 7 and 8 for the nature of activities, principal place of business and countries of incorporation of the associate.

15. PROPERTY, PLANT AND EQUIPMENT

	<u>December 31</u>							
	<u>2020</u>	<u>2019</u>						
Assets used by the Group	\$ <u>2,764,845</u>	\$ <u>2,321,702</u>						
	Land	Building and Construction	Equipment	Transportation	Other Equipment	Leasehold Improvements	Construction Work in Progress	Total
<u>Cost</u>								
Balance at January 1, 2020	\$ 528,215	\$ 1,643,401	\$ 846,574	\$ 76,187	\$ 408,857	\$ 4,036	\$ 124,488	\$ 3,631,758
Additions	87,901	39,441	54,664	3,990	25,038	-	33,995	245,029
Disposals	-	(46,222)	(76,578)	(14,216)	(51,439)	(4,023)	-	(192,478)
Acquisitions through business combinations (Note 31)	-	852,347	88,139	10,818	61,824	-	2,608	1,015,736
Reclassification	-	70,912	20,532	140	7,392	-	(81,498)	17,478
Effect of foreign currency exchange differences	(1,662)	(40,293)	(27,917)	(982)	(9,059)	(13)	(3,919)	(83,845)
Balance at December 31, 2020	<u>\$ 614,454</u>	<u>\$ 2,519,586</u>	<u>\$ 905,414</u>	<u>\$ 75,937</u>	<u>\$ 442,613</u>	<u>\$ -</u>	<u>\$ 75,674</u>	<u>\$ 4,633,678</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2020	\$ -	\$ 502,060	\$ 503,296	\$ 42,319	\$ 261,337	\$ 1,044	\$ -	\$ 1,310,056
Depreciation expenses	-	76,224	94,678	8,305	45,591	490	-	225,288
Disposals	-	(46,222)	(55,915)	(12,513)	(50,598)	(1,531)	-	(166,779)
Acquisitions through business combinations (Note 31)	-	430,010	67,108	6,037	34,498	-	-	537,653
Effect of foreign currency exchange differences	-	(12,767)	(18,085)	(432)	(6,098)	(3)	-	(37,385)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 949,305</u>	<u>\$ 591,082</u>	<u>\$ 43,716</u>	<u>\$ 284,730</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,868,833</u>
Carrying amount at December 31, 2020	<u>\$ 614,454</u>	<u>\$ 1,570,281</u>	<u>\$ 314,332</u>	<u>\$ 32,221</u>	<u>\$ 157,883</u>	<u>\$ -</u>	<u>\$ 75,674</u>	<u>\$ 2,764,845</u>
<u>Cost</u>								
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	<u>\$ 528,215</u>	<u>\$ 1,643,401</u>	<u>\$ 846,574</u>	<u>\$ 76,187</u>	<u>\$ 408,857</u>	<u>\$ 4,036</u>	<u>\$ 124,488</u>	<u>\$ 3,631,758</u>

(Continued)

	Land	Building and Construction	Equipment	Transportation	Other Equipment	Leasehold Improvements	Construction Work in Progress	Total
<u>Accumulated depreciation</u>								
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	<u>\$ -</u>	<u>\$ 502,060</u>	<u>\$ 503,296</u>	<u>\$ 42,319</u>	<u>\$ 261,337</u>	<u>\$ 1,044</u>	<u>\$ -</u>	<u>\$ 1,310,056</u>
Carrying amount at December 31, 2019	<u>\$ 528,215</u>	<u>\$ 1,141,341</u>	<u>\$ 343,278</u>	<u>\$ 33,868</u>	<u>\$ 147,520</u>	<u>\$ 2,992</u>	<u>\$ 124,488</u>	<u>\$ 2,321,702</u>

(Concluded)

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Building and construction	
Main buildings	51 years
Renovations	5-25 years
Machinery	3-11 years
Transportation equipment	4-10 years
Other equipment	3-11 years
Leasehold improvements	1-6 years

No impairment assessment was performed for the years ended December 31, 2020 and 2019 as there was no indication of impairment.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Carrying amount</u>		
Land	\$ 379,167	\$ 206,703
Buildings	<u>32,613</u>	<u>66,638</u>
	<u>\$ 411,780</u>	<u>\$ 273,341</u>
	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Additions to right-of-use assets	<u>\$ 5,354</u>	<u>\$ -</u>
Acquisitions through business combinations	<u>\$ 189,227</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets		
Land	\$ 7,665	\$ 15,201
Buildings	<u>17,373</u>	<u>13,324</u>
	<u>\$ 25,038</u>	<u>\$ 28,525</u>

b. Lease liabilities

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Carrying amount</u>		
Current	\$ 16,609	\$ 19,611
Non-current	<u>25,432</u>	<u>61,911</u>
	<u>\$ 42,041</u>	<u>\$ 81,522</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Land	6.25%	6.25%
Buildings	4.35%-9.57%	4.35%-9.57%

c. Material lease-in activities and terms

The Group also leases land and buildings for the use of plants and offices with lease terms of 2 to 50 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Expenses relating to short-term leases	<u>\$ 3,583</u>	<u>\$ 3,517</u>
Expenses relating to low-value asset leases	<u>\$ 599</u>	<u>\$ 727</u>
Total cash outflow for leases	<u>\$ (30,336)</u>	<u>\$ (31,966)</u>

The Group's leases of certain office equipment 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.

17. OTHER INTANGIBLE ASSETS

	Customer Relationships	Value of QIZ Tax Free Trade	Computer Software	Total
<u>Cost</u>				
Balance at January 1, 2020	\$ 251,606	\$ 123,496	\$ 43,262	\$ 418,364
Additions	-	-	5,173	5,173
Acquisitions through business combinations	-	-	14,380	14,380

(Continued)

	Customer Relationships	Value of QIZ Tax Free Trade	Computer Software	Total
Disposals	\$ -	\$ -	\$ (11,555)	\$ (11,555)
Effect of foreign currency exchange differences	<u>6,346</u>	<u>(6,179)</u>	<u>(359)</u>	<u>(192)</u>
Balance at December 31, 2020	<u>\$ 257,952</u>	<u>\$ 117,317</u>	<u>\$ 50,901</u>	<u>\$ 426,170</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2020	\$ -	\$ -	\$ 32,652	\$ 32,652
Amortization expenses	-	-	6,856	6,856
Acquisitions through business combinations	-	-	2,035	2,035
Disposals	-	-	(11,555)	(11,555)
Effect of foreign currency exchange differences	<u>-</u>	<u>-</u>	<u>(348)</u>	<u>(348)</u>
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,640</u>	<u>\$ 29,640</u>
Carrying amount at December 31, 2020	<u>\$ 257,952</u>	<u>\$ 117,317</u>	<u>\$ 21,261</u>	<u>\$ 396,530</u>
<u>Cost</u>				
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	<u>(19,419)</u>	<u>(3,027)</u>	<u>(542)</u>	<u>(22,988)</u>
Balance at December 31, 2019	<u>\$ 251,606</u>	<u>\$ 123,496</u>	<u>\$ 43,262</u>	<u>\$ 418,364</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2019	\$ -	\$ -	\$ 26,973	\$ 26,973
Amortization expenses	-	-	7,170	7,170
Acquisitions through business combinations	-	-	-	-
Disposals	-	-	(987)	(987)
Effect of foreign currency exchange differences	<u>-</u>	<u>-</u>	<u>(504)</u>	<u>(504)</u>
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,652</u>	<u>\$ 32,652</u>
Carrying amount at December 31, 2019	<u>\$ 251,606</u>	<u>\$ 123,496</u>	<u>\$ 10,610</u>	<u>\$ 385,712</u> (Concluded)

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

Computer software

1-5 years

Customer Relationships

The value of the customer relationships arising from the acquisition of Biancospino S.R.L. was mainly determined through the difference between the acquisition costs and the fair value of the net identifiable assets.

The Group also acquired the purchase price allocation report for valuing intangible assets and deemed the useful life of the customer relationships to be indefinite.

Value of QIZ Tax Free Trade

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

18. OTHER ASSETS

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Current</u>		
Prepayments		
Prepayments for suppliers	\$ 41,991	\$ 63,009
Overpaid sales tax	39,704	116,770
Others	<u>37,314</u>	<u>45,418</u>
	<u>\$ 119,009</u>	<u>\$ 225,197</u>
Other assets		
Sales tax receivable	\$ 4,764	\$ 17,755
Other receivables	32,389	7,388
Share subscriptions receivable-related parties (a) (Note 34)	84,130	-
Other receivables-related parties (Note 34)	2,078	6
Others	<u>5,071</u>	<u>5,482</u>
	<u>\$ 128,432</u>	<u>\$ 30,631</u>
<u>Non-current</u>		
Other assets		
Prepayments for right-of-use assets (b)	\$ 33,283	\$ -
Others	<u>6</u>	<u>48</u>
	<u>\$ 33,289</u>	<u>\$ 48</u>

a. Share subscriptions receivable are outstanding receivables of the issuance of ordinary shares by Principle & Will Co., Ltd. in December 2020.

b. Prepayments for right-of-use assets are land located in the People's Republic of China, in which the Group expects to acquire and build plants to meet the Group's long-term development. As the rights have not transferred to the Group yet, they are classified as other assets as of December 31, 2020.

19. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2020	2019
<u>Unsecured borrowings</u>		
Operating loans	\$ 297,457	\$ 296,740
Letter of credit payables	<u>153,260</u>	<u>133,119</u>
	<u>\$ 450,717</u>	<u>\$ 429,859</u>
Range of interest rates	0.25%-1.52%	0.98%-4.35%

b. Long-term borrowings

	<u>December 31</u>	
	2020	2019
<u>Unsecured borrowings</u>		
Bank loans	\$ 188,300	\$ 106,500
Less: Current portion	<u>-</u>	<u>(53,250)</u>
Long-term borrowings	<u>\$ 188,300</u>	<u>\$ 53,250</u>

As of December 31, 2020 and 2019, the due dates of long-term borrowings are between May 8, 2025 to August 21, 2025 and April 3, 2021, and the range of effective interest rates of the bank borrowings was 0.7567%-0.7916% and 0.9869% per annum, respectively.

20. BONDS PAYABLE

	<u>December 31</u>	
	2020	2019
Unsecured domestic bonds	\$ 1,462,934	\$ 1,442,986
Less: Current portion	<u>-</u>	<u>-</u>
	<u>\$ 1,462,934</u>	<u>\$ 1,442,986</u>

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

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

- a. From 3 months after the date of issuance to 40 days before the maturity date, which is from January 30, 2020 to September 19, 2022, the Company has the right to redeem its bonds from bondholders at the contract price under specific conditions.

- b. From 3 months after the date of issuance to the maturity date, which is from January 30, 2020 to October 29, 2022, each bondholder has the right to convert their bonds into ordinary shares at the conversion price of NT\$163 per share. If the bonds have not been converted, they will be redeemed at contract price at the maturity date.
- c. The Company will repay the bonds at face value by cash at the maturity date.

The effective interest rate of the liability component was 1.37% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,478 thousand)	\$ 1,509,522
Conversion value (less transaction costs allocated to the equity component of \$204 thousand)	(70,446)
Redemption value	<u>450</u>
Liability component at the date of issue (less transaction costs allocated to the liability component of \$5,274 thousand)	1,439,526
Interest charged at an effective interest rate of 1.37%	<u>3,460</u>
Liability component at December 31, 2019	1,442,986
Interest charged at an effective interest rate of 1.37%	<u>19,948</u>
Liability component at December 31, 2020	<u>\$ 1,462,934</u>

21. NOTES PAYABLE AND TRADE PAYABLES

	<u>December 31</u>	
	2020	2019
<u>Notes payable</u>		
Operating		
To unrelated parties	\$ 6,890	\$ 23,636
To related parties (Note 34)	<u>-</u>	<u>142</u>
	<u>\$ 6,890</u>	<u>\$ 23,778</u>
<u>Trade payables</u>		
Operating		
To unrelated parties	\$ 555,153	\$ 410,271
To related parties (Note 34)	<u>110,648</u>	<u>152,252</u>
	<u>\$ 665,801</u>	<u>\$ 562,523</u>

The Group's credit terms with suppliers are net 30-90 days.

22. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 421,038	\$ 421,860
Payables for labor insurance	95,737	64,047
Payables for processing fees	17,868	40,485
Payables for purchases of equipment	13,778	30,299
Payables for employees' compensation and remuneration of directors	24,090	31,932
Payables for annual leave	1,205	1,371
Payables for sales tax	76,630	16,224
Payables for product insurance	27,070	28,398
Others	<u>180,786</u>	<u>152,248</u>
	<u>\$ 849,202</u>	<u>\$ 786,864</u>

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company, Top One Down & Feather Co., Ltd. and King Hamm Industrial Co., Ltd. adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Present value of defined benefit obligation	\$ 24,983	\$ 33,481
Fair value of plan assets	<u>(27,217)</u>	<u>(28,430)</u>
Net defined benefit (assets) liabilities	<u>\$ (2,234)</u>	<u>\$ 5,051</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2019	\$ 30,764	\$ (24,461)	\$ 6,303
Service cost			
Current service cost	256	-	256
Net interest expense (income)	<u>308</u>	<u>(258)</u>	<u>50</u>
Recognized in profit or loss	<u>564</u>	<u>(258)</u>	<u>306</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(808)	(808)
Actuarial loss (gain)			
Changes in demographic assumptions	115	-	115
Changes in financial assumptions	973	-	973
Experience adjustments	<u>1,065</u>	<u>-</u>	<u>1,065</u>
Recognized in other comprehensive income	<u>2,153</u>	<u>(808)</u>	<u>1,345</u>
Contributions from the employer	-	(2,903)	(2,903)
Benefits paid	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2019	<u>\$ 33,481</u>	<u>\$ (28,430)</u>	<u>\$ 5,051</u>
Balance at January 1, 2020	<u>\$ 33,481</u>	<u>\$ (28,430)</u>	<u>\$ 5,051</u>
Service cost			
Current service cost	276	-	276
Net interest expense (income)	<u>209</u>	<u>(187)</u>	<u>22</u>
Recognized in profit or loss	<u>485</u>	<u>(187)</u>	<u>298</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(908)	(908)
Actuarial (gain) loss			
Changes in demographic assumptions	26	-	26
Changes in financial assumptions	467	-	467
Experience adjustments	<u>(4,205)</u>	<u>-</u>	<u>(4,205)</u>
Recognized in other comprehensive income	<u>(3,712)</u>	<u>(908)</u>	<u>(4,620)</u>
Contributions from the employer	-	(2,963)	(2,963)
Benefits paid	<u>(5,271)</u>	<u>5,271</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 24,983</u>	<u>\$ (27,217)</u>	<u>\$ (2,234)</u>

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

	For the Year Ended December 31	
	2020	2019
Selling and marketing expenses	\$ 75	\$ 77
General and administrative expenses	148	152
Research and development expenses	<u>75</u>	<u>77</u>
	<u>\$ 298</u>	<u>\$ 306</u>

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

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

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

	<u>December 31</u>	
	2020	2019
Discount rate	0.375%	0.625%
Expected rate of salary increase	2.000%	2.000%

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

	<u>December 31</u>	
	2020	2019
Discount rate		
0.25% increase	<u>\$ (467)</u>	<u>\$ (655)</u>
0.25% decrease	<u>\$ 484</u>	<u>\$ 678</u>
Expected rate of salary increase/decrease		
0.25% increase	<u>\$ 468</u>	<u>\$ 658</u>
0.25% decrease	<u>\$ (454)</u>	<u>\$ (639)</u>

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

	<u>December 31</u>	
	2020	2019
Expected contributions to the plans for the next year	<u>\$ 2,875</u>	<u>\$ 2,915</u>
Average duration of the defined benefit obligation	7.4 years	7.8 years

24. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Shares authorized (in thousands of shares)	<u>150,000</u>	<u>150,000</u>
Shares authorized	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Shares issued and fully paid (in thousands of shares)	<u>103,375</u>	<u>103,375</u>
Shares issued	<u>\$ 1,033,753</u>	<u>\$ 1,033,753</u>

A holder of issued common shares with a par value of NT\$10 per share is entitled to vote and to receive dividends.

b. Capital surplus

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 2,868,317	\$ 2,868,317
<u>May only be used to offset a deficit (2)</u>		
Changes in percentage of ownership interests in subsidiaries	557	557
<u>May not be used for any purpose</u>		
Share warrants	<u>70,446</u>	<u>70,446</u>
	<u>\$ 2,939,320</u>	<u>\$ 2,939,320</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's articles of incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to "Employee benefits expense" in Note 26 (g).

According to the Company's Articles, the dividends policy should align with current and future development plans, taking the investment environment, capital needs and domestic and international competition into consideration, while sustaining shareholders' interests. Distribution of dividends and bonuses to shareholders must not be less than 40% of distributable earnings, except when distributable earnings is less than 5% of shares issued and fully paid, in which case no distribution shall occur. Distribution of dividends and bonuses to shareholders may be distributed by way of cash dividends or stock dividends, however, cash dividends shall not be less than 20% of total dividends distributed. The type of distribution may change according to circumstances of profitability and capital, and may be adjusted during the annual shareholders' meeting.

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

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 2019 and 2018, which were approved in the shareholders' meetings on June 18, 2020 and June 18, 2019, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2019	2018
Legal reserve	<u>\$ 100,496</u>	<u>\$ 76,858</u>
Special reserve	<u>\$ 126,931</u>	<u>\$ 3,931</u>
Cash dividends	<u>\$ 775,315</u>	<u>\$ 620,252</u>
Cash dividends per share (NT\$)	\$ 7.50	\$ 6.00

The appropriations of earnings for 2020, which were proposed by the Company's board of directors on March 25, 2021, were as follows:

	For the Year Ended December 31, 2020
Legal reserve	<u>\$ 53,560</u>
Special reserve	<u>\$ 58,513</u>
Cash dividends	<u>\$ 330,801</u>
Cash dividends per share (NT\$)	\$ 3.20

The appropriation of earnings for 2020 will be resolved by the shareholders in their meeting to be held on June 17, 2021.

d. Special reserve

	<u>For the Year Ended December 31</u>	
	2020	2019
Balance at January 1	\$ 250,464	\$ 246,533
Appropriations in respect of Debits to other equity items	<u>126,931</u>	<u>3,931</u>
Balance at December 31	<u>\$ 377,395</u>	<u>\$ 250,464</u>

The Company appropriated special reserves under Rule No. 1010012865 issued by the FSC.

e. Other equity items

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

	<u>For the Year Ended December 31</u>	
	2020	2019
Balance at January 1	\$ (359,833)	\$ (232,125)
Exchange differences on the translation of the financial statements of foreign operations	(56,786)	(159,634)
Related income tax	<u>11,357</u>	<u>31,926</u>
Balance at December 31	<u>\$ (405,262)</u>	<u>\$ (359,833)</u>

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

	<u>For the Year Ended December 31</u>	
	2020	2019
Balance at January 1	\$ (17,562)	\$ (18,339)
Recognized for the year		
Unrealized (loss) gain - equity instruments	(19,464)	845
Share from associates accounted for using the equity method	<u>986</u>	<u>(68)</u>
Other comprehensive income recognized for the year	<u>(18,478)</u>	<u>777</u>
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>5,394</u>	<u>-</u>
Balance at December 31	<u>\$ (30,646)</u>	<u>\$ (17,562)</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 841,451	\$ 828,333
Cash dividends received from subsidiaries	(51,832)	(73,014)
Share in profit for the year	20,534	91,574
Other comprehensive income (loss) during the year		
Exchange differences on the translation of the financial statements of foreign operations	(7,546)	(24,702)
Unrealized gain (loss) on financial assets at FVTOCI	44	(4)
Related income tax	1,548	841
Acquisition of non-controlling interests in subsidiaries	<u>692,903</u>	<u>18,423</u>
Balance at December 31	<u>\$ 1,497,102</u>	<u>\$ 841,451</u>

25. REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 12,188,857</u>	<u>\$ 16,259,317</u>

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 the disaggregation of revenue.

b. Contract balances

	December 31	
	2020	2019
Trade receivables (Note 11)	<u>\$ 973,039</u>	<u>\$ 1,104,393</u>
Contract liabilities		
Sale of goods	<u>\$ 360,774</u>	<u>\$ 34,486</u>

26. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	\$ 39,500	\$ 22,158
Financial assets at amortized cost	<u>26,954</u>	<u>10,094</u>
	<u>\$ 66,454</u>	<u>\$ 32,252</u>

b. Other income

	For the Year Ended December 31	
	2020	2019
Rental income		
Other operating leases	\$ 337	\$ 343
Dividends	9,652	18,982
Grant income (Note 29)	29,028	12,820
Gain on bargain purchase (Note 30)	272,253	-
Others	<u>19,111</u>	<u>19,239</u>
	<u>\$ 330,381</u>	<u>\$ 51,384</u>

c. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ (6,376)	\$ -
Financial assets designated as at FVTPL	(150)	(300)
Gain on disposal of property, plant and equipment	(15,156)	(8,199)
Net foreign exchange losses	(71,514)	(59,863)
Gain on lease modifications	1,613	-
Others	<u>(10,712)</u>	<u>(14,225)</u>
	<u>\$ (102,295)</u>	<u>\$ (82,587)</u>

d. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	\$ (28,665)	\$ (59,781)
Interest on lease liabilities	(4,542)	(6,301)
Interest on convertible bonds	<u>(19,948)</u>	<u>(3,460)</u>
	<u>\$ (53,155)</u>	<u>\$ (69,542)</u>

e. Depreciation and amortization

	<u>For the Year Ended December 31</u>	
	2020	2019
An analysis of depreciation by function		
Operating costs	\$ 196,664	\$ 215,350
Operating expenses	<u>53,662</u>	<u>59,226</u>
	<u>\$ 250,326</u>	<u>\$ 274,576</u>
An analysis of amortization by function		
Operating costs	\$ 157	\$ 221
Operating expenses	<u>6,699</u>	<u>6,949</u>
	<u>\$ 6,856</u>	<u>\$ 7,170</u>

f. Employee benefits expense

	<u>For the Year Ended December 31</u>	
	2020	2019
Short-term benefits	\$ 3,637,331	\$ 4,104,592
Post-employment benefits		
Defined contribution plans	12,482	13,671
Defined benefit plans (Note 23)	<u>298</u>	<u>306</u>
Total employee benefits expense	<u>\$ 3,650,111</u>	<u>\$ 4,118,569</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 2,954,201	\$ 3,323,245
Operating expenses	<u>695,910</u>	<u>795,324</u>
	<u>\$ 3,650,111</u>	<u>\$ 4,118,569</u>

g. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors and supervisors at rates of no less than 1% and no higher than 8% for employees, and no less than 2% for directors and supervisors respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2020 and 2019, which were approved by the Company's board of directors on March 25, 2021 and March 6, 2020, respectively, are as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	2020	2019
Compensation of employees	1.12%	1.03%
Remuneration of directors and supervisors	0.76%	0.56%

Amount

	For the Year Ended December 31	
	2020	2019
	Cash	Cash
Compensation of employees	\$ <u>6,533</u>	\$ <u>12,360</u>
Remuneration of directors and supervisors	\$ <u>4,389</u>	\$ <u>6,720</u>

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors for 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2020	2019
Foreign exchange gains	\$ 44,791	\$ 52,031
Foreign exchange losses	<u>(116,305)</u>	<u>(111,894)</u>
Net foreign exchange losses	\$ <u>(71,514)</u>	\$ <u>(59,863)</u>

28. INCOME TAX

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

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	\$ 99,912	\$ 214,647
Income tax on unappropriated earnings	537	5,532
Adjustments for prior years	<u>(5,407)</u>	<u>(6,195)</u>
	<u>95,042</u>	<u>213,984</u>
Deferred tax		
In respect of the current year	26,107	65,613
Adjustments for prior years	<u>7,509</u>	<u>8,087</u>
	<u>33,616</u>	<u>73,700</u>
Income tax expense recognized in profit or loss	\$ <u>128,568</u>	\$ <u>287,684</u>

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

	For the Year Ended December 31	
	2020	2019
Profit before tax from continuing operations	\$ 686,398	\$ 1,385,291
Income tax expense calculated at the statutory rate	\$ 211,898	\$ 408,558
Nondeductible expenses in determining taxable income	22,079	8,541
Tax-exempt income	(109,849)	(119,390)
Income tax on unappropriated earnings	537	5,532
Adjustments for prior years	2,102	1,892
Unrecognized deductible temporary differences	(45,718)	(37,053)
Unrecognized loss carryforwards	<u>47,519</u>	<u>19,604</u>
Income tax expense recognized in profit or loss	<u>\$ 128,568</u>	<u>\$ 287,684</u>

According to the Income Tax Act of the Republic of China, the tax rate applicable to the Group is 20%; tax rate used by subsidiaries in China is 25%; tax rate used by subsidiaries in Vietnam is 20%; tax rates used by other entities of the Group are based on the applicable tax laws of each tax jurisdiction.

In accordance with Rule No. 10904550440 issued by the Ministry of Finance of Taiwan (MOF), the Group used the losses incurred in the first quarter of 2020 to estimate the total loss amount for the first six months of 2020, and this amount is deducted from the Group's unappropriated earnings for 2018 for the filing additional tax. For the 2020 consolidated financial reporting purpose, the tax on unappropriated earnings for 2018 is measured based on the actual profit for 2020, and the current income tax payable is adjusted accordingly.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
<u>Deferred tax</u>		
In respect of the current year:		
Translation of foreign operations	\$ (12,905)	\$ (32,767)
Remeasurement of defined benefit plan	<u>924</u>	<u>(269)</u>
Total income tax recognized in other comprehensive income	<u>\$ (11,981)</u>	<u>\$ (33,036)</u>

c. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable	<u>\$ 46,207</u>	<u>\$ 18,881</u>
Current tax liabilities		
Income tax payable	<u>\$ 124,534</u>	<u>\$ 84,942</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Business Combinations	Closing Balance
Temporary differences						
Unrealized loss on inventory	\$ 43,174	\$ 17,822	\$ -	\$ 295	\$ 427	\$ 61,718
Unrealized exchange differences	6,541	(1,895)	-	1	-	4,647
Payables for social insurance	14,330	(5,294)	-	123	-	9,159
Allowance for accounts receivable	244	603	-	(1)	316	1,162
Exchange differences on the translation of the financial statements of foreign operations	90,625	-	12,905	-	-	103,530
Unappropriated earnings of subsidiaries	5,362	(455)	-	1	-	4,908
Unused loss carryforwards	4,709	(4,693)	-	(16)	-	-
Defined benefit obligations	1,010	(474)	(536)	-	826	826
Others	166	17	-	-	-	183
	<u>\$ 166,161</u>	<u>\$ 5,631</u>	<u>\$ 12,369</u>	<u>\$ 403</u>	<u>\$ 1,569</u>	<u>\$ 186,133</u>
Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Business Combinations	Closing Balance
Temporary differences						
Unrealized exchange differences	\$ (3,184)	\$ (2,283)	\$ -	\$ (15)	\$ -	\$ (5,482)
Defined benefit obligations	-	(59)	(388)	-	-	(447)
Unappropriated earnings of subsidiaries	(263,659)	(37,045)	-	1	-	(300,703)
Unrealized valuation gain on financial assets at FVTPL	(4,006)	1,434	-	-	-	(2,572)
Adjustments on revenues and expenses extending multiple periods	(3,305)	(1,294)	-	(78)	-	(4,677)
Differences between fair value and costs of property, plant and equipment	-	-	-	-	(82,173)	(82,173)
Others	-	-	-	-	(16)	(16)
	<u>\$ (274,154)</u>	<u>\$ (39,247)</u>	<u>\$ (388)</u>	<u>\$ (92)</u>	<u>\$ (82,189)</u>	<u>\$ (396,070)</u>

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					
Unrealized 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)	-
Allowance for accounts receivable	259	(12)	-	(3)	244
Exchange differences on the translation of the financial statements of 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
Others	-	166	-	-	166
	<u>\$ 43,608</u>	<u>\$ 35,371</u>	<u>\$ 88,476</u>	<u>\$ (1,294)</u>	<u>\$ 166,161</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Unrealized loss on inventory	\$ 25,996	\$ (25,996)	\$ -	\$ -	\$ -
Exchange differences on the translation of the financial statements of 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)
Allowance for accounts receivable	75	(75)	-	-	-
Unrealized valuation 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)
	<u>\$(109,881)</u>	<u>\$(109,071)</u>	<u>\$(55,440)</u>	<u>\$ 238</u>	<u>\$(274,154)</u>

e. Information about unused loss carryforwards

Expiry Year	December 31	
	2020	2019
2020	\$ -	\$ 6,087
2021	-	33,231
2022	2,181	51,491
2023	17,213	30,011
2024	1,796	28,330
2025	<u>11,979</u>	<u>-</u>
	<u>\$ 33,169</u>	<u>\$ 149,150</u>

f. Income tax assessments

Income tax returns of the Company, Top One Down & Feather Co., Ltd. and King Hamm Industrial Co., Ltd. have been assessed by the local tax authorities through 2018.

28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Basic earnings per share	<u>\$ 5.20</u>	<u>\$ 9.73</u>
Diluted earnings per share	<u>\$ 4.91</u>	<u>\$ 9.60</u>

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

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Profit for the year attributable to owners of the Company	\$ 537,296	\$ 1,006,033
Effect of potentially dilutive ordinary shares		
Interest on convertible bonds (after tax)	<u>15,959</u>	<u>2,768</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 553,255</u>	<u>\$ 1,008,801</u>

The Weighted Average Number of Ordinary Shares Outstanding (In Thousands of Shares)

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
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	9,202	1,614
Compensation of employees	<u>77</u>	<u>95</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>112,654</u>	<u>105,084</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

29. GOVERNMENT GRANTS

Since August 2018, the Company started receiving government grants from the Ministry of Economic Affairs (MOEA) for the research and development of intellectual outdoor apparel using integrated technology. The Company recognized \$8,151 thousand and \$7,803 thousand as other income during the years ended December 31, 2020 and 2019, respectively.

For the year ended December 31, 2020, the Company recognized grant income of \$5,495 thousand as other income from MOEA for salary and working capital subsidies due to the impact of COVID-19 on manufacturing and its technical service industry.

The Group's subsidiaries in China recognized grant income of \$15,382 thousand and \$5,017 thousand as other income from local governments during the years ended December 31, 2020 and 2019, respectively.

30. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Principle & Will Co., Ltd. and its subsidiaries	Manufacture of medical products	December 31, 2020	50.00	<u>\$ 420,650</u>
W&D Apparel (Jordan) Corp.	Manufacture of apparel	August 1, 2019	65.00	<u>\$ 34,214</u>

Principle & Will Co., Ltd. and its subsidiaries were acquired in order to expand the Group's business. W&D Apparel (Jordan) Corp. was acquired to continue the growth of the Group's operations in the manufacturing of apparel.

b. Consideration transferred

	Principle & Will Co., Ltd. and Its Subsidiaries	W&D Apparel (Jordan) Corp.
Cash	<u>\$ 420,650</u>	<u>\$ 34,214</u>

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

	Principle & Will Co., Ltd. and Its Subsidiaries	W&D Apparel (Jordan) Corp.
Current assets		
Cash and cash equivalents	\$ 149,308	\$ 13,116
Trade receivables	196,092	1,596
Other receivables	511,667	-
Inventories	191,942	4,590
Other current assets	24,477	1,042
Non-current assets		
Property, plant and equipment	478,083	37,210
Right-of-use assets	189,227	-
Other intangible assets	12,345	-
Other non-current assets	35,332	15,722

(Continued)

	Principle & Will Co., Ltd. and Its Subsidiaries	W&D Apparel (Jordan) Corp.
Current liabilities		
Contract liabilities	\$ (19,919)	\$ -
Trade payables	(38,473)	-
Other payables	(254,809)	(19,537)
Current tax liabilities	(2,849)	(1,102)
Other current liabilities	(3,306)	-
Non-current liabilities		
Deferred tax liabilities	(82,189)	-
Other non-current liabilities	<u>(1,122)</u>	<u>-</u>
	<u>\$ 1,385,806</u>	<u>\$ 52,637</u>

(Concluded)

The acquisition price of \$37,201 thousand of W&D Apparel (Jordan) Corp. included a premium of \$11,951 thousand attributable to property, plant and equipment, arising from the difference between the fair value and carrying amount of land.

The property, plant and equipment acquired at \$478,083 thousand in the acquisition price of Principle & Will Co., Ltd. and its subsidiaries included a premium of \$153,357 thousand attributable to the difference between the fair value and carrying amount of buildings and construction and equipment. In addition, the right-of-use assets at \$189,227 thousand included a premium of \$175,338 thousand attributable to the difference between the fair value and carrying amount of land located in the People's Republic of China. Deferred tax liabilities were recognized at \$82,174 thousand due to the premium of property, plant and equipment and right-of-use assets.

d. Goodwill recognized on acquisitions

	Principle & Will Co., Ltd. and Its Subsidiaries	W&D Apparel (Jordan) Corp.
Consideration transferred	\$ 420,650	\$ 34,214
Plus: Non-controlling interests from the acquisition of subsidiaries	692,903	18,423
Less: Fair value of identifiable net assets acquired	(1,385,806)	(52,637)
Plus: Gain on bargain purchase	<u>272,253</u>	<u>-</u>
Goodwill recognized on acquisitions	<u>\$ -</u>	<u>\$ -</u>

e. Non-controlling interests

The non-controlling interests of Principle & Will Co., Ltd. and its subsidiaries and W&D Apparel (Jordan) Corp. recognized at the acquisition date were measured by reference to the fair value of the identifiable net assets attributable to non-controlling interests.

f. Net cash inflow (outflow) on the acquisition of subsidiaries

	Principle & Will Co., Ltd. and Its Subsidiaries	W&D Apparel (Jordan) Corp.
Consideration paid in cash	\$ 420,650	\$ 34,214
Less: Cash and cash equivalent balances acquired	<u>(149,308)</u>	<u>(13,116)</u>
	271,342	21,098
Investment payable, end of year	<u>(420,650)</u>	<u>(13,686)</u>
	<u>\$ (149,308)</u>	<u>\$ 7,412</u>

g. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, were as follows:

	Principle & Will Co., Ltd. and Its Subsidiaries	W&D Apparel (Jordan) Corp.
	December 31, 2020	August 1, 2019 to December 31, 2019
Revenue	\$ _____	\$ 25,458
Profit attributable to the Company	<u>\$ _____</u>	<u>\$ 3,068</u>

31. NON-CASH TRANSACTIONS

The Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows for the years ended December 31, 2020 and 2019:

	For the Year Ended December 31	
	2020	2019
a. Additions to property, plant and equipment		
Increase in property, plant and equipment	\$ 245,029	\$ 253,654
Add: Payables for equipment, beginning of year	30,299	39,896
Less: Payables for equipment, end of year	<u>(13,779)</u>	<u>(30,299)</u>
Cash paid	<u>\$ 261,549</u>	<u>\$ 263,251</u>

(Continued)

	For the Year Ended December 31	
	2020	2019
b. Acquisition of subsidiaries		
Current assets	\$ 1,073,486	\$ 20,344
Non-current assets	714,987	52,932
Current liabilities	(319,356)	(20,639)
Non-current liabilities	<u>(83,311)</u>	<u>-</u>
	1,385,806	52,637
Non-controlling interests	(692,903)	(18,423)
Gain on bargain purchase	<u>(272,253)</u>	<u>-</u>
Total acquisition price	420,650	34,214
Less: Cash and cash equivalents received on acquisition date	(149,308)	(13,116)
Investment payable, end of year	<u>(420,650)</u>	<u>(13,686)</u>
Cash (received) paid on acquisition of subsidiaries	<u>\$ (149,308)</u>	<u>\$ 7,412</u>
		(Concluded)

32. 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.

33. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management of the Group believes the carrying amount of the Group's financial instruments not measured at fair value are close to the fair value.

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

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL -				
current				
Domestic listed shares	\$ 4,820	\$ -	\$ -	\$ 4,820
Trust funds	<u>-</u>	<u>-</u>	<u>4,365</u>	<u>4,365</u>
	<u>\$ 4,820</u>	<u>\$ -</u>	<u>\$ 4,365</u>	<u>\$ 9,185</u>
				(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL - non-current				
Foreign unlisted shares	\$ -	\$ -	\$ 61,887	\$ 61,887
Financial assets at FVTOCI - non-current				
Equity instruments				
Domestic listed shares and emerging market shares	\$ 166,627	\$ -	\$ -	\$ 166,627
Domestic unlisted shares	-	-	9,621	9,621
	<u>\$ 166,627</u>	<u>\$ -</u>	<u>\$ 9,621</u>	<u>\$ 176,248</u>
				(Concluded)

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
	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ 69,056</u>	<u>\$ 69,206</u>
Financial assets at FVTOCI - non-current				
Equity instruments				
Domestic listed shares	\$ 145,283	\$ -	\$ -	\$ 145,283
Domestic unlisted shares	-	-	10,517	10,517
	<u>\$ 145,283</u>	<u>\$ -</u>	<u>\$ 10,517</u>	<u>\$ 155,800</u>

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

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

For the year ended December 31, 2020

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2020	\$ 69,056	\$ 10,517	\$ 79,573
Business combinations	4,365	-	4,365
Recognized in profit or loss (included in other gains and losses)	<u>(7,169)</u>	<u>(896)</u>	<u>(8,065)</u>
Balance at December 31, 2020	<u>\$ 66,252</u>	<u>\$ 9,621</u>	<u>\$ 75,873</u>
Unrealized gain (loss) for the current year included in profit or loss	<u>\$ (7,169)</u>	<u>\$ (896)</u>	<u>\$ (8,065)</u>

For the year ended December 31, 2019

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
	Equity Instruments	Equity Instruments	
Balance at January 1, 2019	\$ 69,056	\$ 7,572	\$ 76,628
Purchase	<u>-</u>	<u>2,945</u>	<u>2,945</u>
Balance at December 31, 2019	<u>\$ 69,056</u>	<u>\$ 10,517</u>	<u>\$ 79,573</u>
Unrealized gain (loss) for the current year included in profit or loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

The fair values of domestic and foreign unlisted shares are determined using the market approach with reference to the types of industry, similar companies in the same industry, and the operating conditions of the Company.

c. Categories of financial instruments

	December 31	
	2020	2019
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Mandatorily classified as at FVTPL	\$ 71,072	\$ 69,206
Financial assets at amortized cost (1)	5,150,069	4,239,782
Financial assets at FVTOCI		
Equity instruments	176,248	155,800

Financial liabilities

Amortized cost (2)	4,146,538	3,399,782
--------------------	-----------	-----------

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, 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, and bonds payable.

d. Financial risk management objectives and policies

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

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

Several subsidiaries of the Company have foreign currency denominated sales and purchases, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 38.

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the USD. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar strengthening 1% against the USD. For a 1% weakening of the New Taiwan dollar against the USD, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2020	2019
Profit or loss	\$ 3,339	\$ 12,702

b) Interest rate risk

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

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

	December 31	
	2020	2019
Cash flow interest rate risk		
Financial assets	\$ 1,250,515	\$ 946,002
Financial liabilities	639,017	536,359

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the year.

A 0.1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 0.1% higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2020 and 2019 would have increased by \$611 thousand and \$410 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 for 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 year.

If equity prices had been 1% higher, pre-tax profit for the years ended December 31, 2020 and 2019 would have increased by \$711 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, 2020 and 2019 would have increased by \$1,762 thousand and \$1,558 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group is mainly from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Group had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk tables 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 table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

December 31, 2020

	1-3 Months	3 Months to 1 Year	1 Year+	Total
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 206,498	\$ 244,219	\$ -	\$ 450,717
Bonds payable	-	-	1,462,934	1,462,934
Long-term borrowings	-	-	<u>188,300</u>	<u>188,300</u>
	<u>\$ 206,498</u>	<u>\$ 244,219</u>	<u>\$ 1,651,234</u>	<u>\$ 2,101,951</u>

December 31, 2019

	1-3 Months	3 Months to 1 Year	1 Year+	Total
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 29,633	\$ 400,226	\$ -	\$ 429,859
Current portion of long-term borrowings	-	53,250	-	53,250
Bonds payable	-	-	1,442,986	1,442,986
Long-term borrowings	-	-	<u>53,250</u>	<u>53,250</u>
	<u>\$ 29,633</u>	<u>\$ 453,476</u>	<u>\$ 1,496,236</u>	<u>\$ 1,979,345</u>

Taking into account the Group's financial position, management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment.

b) Financing facilities

	<u>December 31</u>	
	2020	2019
Unsecured bank overdraft facilities, reviewed annually		
Amount used	\$ 639,017	\$ 536,359
Amount unused	<u>8,098,962</u>	<u>7,398,714</u>
	<u>\$ 8,737,979</u>	<u>\$ 7,935,073</u>

34. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Formosa Taffeta Co., Ltd. (Group company)	Investor with significant influence - corporate director of the Company
Top One Investment Co., Ltd.	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
Quanzhou Honghan Garment Co., Ltd.	Related party in substance
Spring Printing (Pinghu) Co., Ltd.	Related party in substance
Asia Healthcare (Dalian) Co., Ltd.	Related party in substance
Nanliu Enterprise (Samoa) Co., Ltd.	Related party in substance - director of the subsidiary
I-Chun Chuang	Related party in substance - director of the subsidiary
Anhui Xingxing Garment Co., Ltd.	Associate

b. Processing fees

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Related party in substance	\$ 58,863	\$ 136,723
Associate	<u>117,934</u>	<u>65,509</u>
	<u>\$ 176,797</u>	<u>\$ 202,232</u>

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

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Investor with significant influence		
Formosa Taffeta Co., Ltd. (Group company)	\$ 857,070	\$ 988,621
Related party in substance	<u>-</u>	<u>15</u>
	<u>\$ 857,070</u>	<u>\$ 988,636</u>

The purchases of goods from the related parties to the Group and the credit terms granted were made at the Group's usual prices and terms.

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

Line Item	Related Party Category/Name	December 31	
		2020	2019
Trade receivables	Related party in substance	\$ 21,844	\$ -
Other receivables	Investor with significant influence		
	Formosa Taffeta Co., Ltd. (Group company)	\$ 769	\$ -
	Related party in substance		
	Nanliu Enterprise (Samoa) Co., Ltd.	84,130	-
	Others	1,309	6
		<u>\$ 86,208</u>	<u>\$ 6</u>

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

Line Item	Related Party Category/Name	December 31	
		2020	2019
Notes payable	Investor with significant influence		
	Formosa Taffeta Co., Ltd. (Group company)	\$ -	\$ 142
Trade payables	Investor with significant influence		
	Formosa Taffeta Co., Ltd. (Group company)	\$ 110,648	\$ 152,252
Other payables	Related party in substance		
	I-Chun Chuang	\$ 154,501	\$ -
	Others	7,419	12,786
		<u>\$ 161,920</u>	<u>\$ 12,786</u>

f. Other transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2020	2019
Other income (rent revenue)	Related party in substance	\$ 114	\$ 115

The rental revenue received from related parties in substance were due to the rental of office space at prices negotiated between the transacting parties, and rental payments are received semiannually.

g. Remuneration of key management personnel

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2020	2019
Short-term employee benefits		\$ 62,841	\$ 66,516
Post-employment benefits		1,157	1,059
		<u>\$ 63,998</u>	<u>\$ 67,575</u>

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

35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for purchases from suppliers:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Time deposits (classified as financial assets at amortized cost - current)	<u>\$ 7,000</u>	<u>\$ 7,000</u>

36. 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, 2020 and 2019 were as follows:

- a. As of December 31, 2020, the Group had unused letters of credit for purchases of raw materials amounted to \$173,759 thousand.
- b. As of December 31, 2020, guarantee notes submitted by the Group for loan applications and borrowings amounted to \$6,032,096 thousand.
- c. As of December 31, 2020, the Group had unrecognized commitments for purchase of property, plant and equipment amounted to \$34,983 thousand.

37. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, some of the Group's orders have been canceled or postponed, resulting in a substantial decline in operating revenue for the year ended December 31, 2020. Although the domestic epidemic situation has slowed and the government's policies have been loosened, many countries are still implementing lockdown measures, and the global economic situation continues to tighten with a change in consumption patterns. With the easing of the epidemic and loosening of government policies, the Group expects that operations will gradually return to normal.

38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 44,403	28.480 (USD:NTD)	\$ 1,264,598
USD	14,926	23,095 (USD:VND)	425,098
USD	7,907	6.5249 (USD:RMB)	225,186
USD	409	3.966 (USD:RON)	11,656
USD	4,485	0.708 (USD:JOD)	127,721
RMB	57,019	4.377 (RMB:NTD)	249,571
RMB	1,224	0.153 (RMB:USD)	5,343
EUR	1,471	4.8694 (EUR:RON)	51,557
VND	66,911,033	0.000043 (VND:USD)	82,178

Financial liabilities

Monetary items			
USD	40,980	28.480 (USD:NTD)	1,167,106
USD	7,186	23,095 (USD:VND)	204,640
USD	3,645	6.5249 (USD:RMB)	103,808
USD	8,597	0.708 (USD:JOD)	244,848
VND	44,213,011	0.000043 (VND:USD)	54,301

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
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
USD	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
USD	3,541	0.708 (USD:JOD)	106,170
VND	3,130	0.000043 (VND:USD)	93,853

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange gains (losses) were \$(71,514) thousand and \$(59,863) 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:

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

b. Information on investees (Table 7)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 9):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

- c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

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. The Group's reportable segments were as follows:

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	Total
For the year ended <u>December 31, 2020</u>				
Revenue from external customers	\$ 12,142,616	\$ 46,241	\$ -	\$ 12,188,857
Inter-segment revenue	<u>3,880,919</u>	<u>964,919</u>	<u>-</u>	<u>4,845,838</u>
Segment revenue	<u>16,023,535</u>	<u>1,011,160</u>	<u>-</u>	<u>17,034,695</u>
Eliminations				<u>(4,845,838)</u>
Consolidated revenue				<u>\$ 12,188,857</u>
Segment income	<u>\$ 93,464</u>	<u>\$ 187,219</u>	<u>\$ (285)</u>	\$ 280,398
Dividend income				9,652
Interest income				66,454
Grant income				29,028
Loss on disposal of property, plant and equipment				(15,156)
				(Continued)

	Garment	Down Feather	Retail	Total
Financial assets measured at FVTPL				\$ (6,526)
Exchange loss				(71,514)
Others				10,349
Share of profit or loss of associates accounted for using the equity method				164,615
Gain on bargain purchase				272,253
Finance costs				<u>(53,155)</u>
Profit before tax from continuing operations				<u>\$ 686,398</u>
For the year ended <u>December 31, 2019</u>				
Revenue from external customers	\$ 16,056,755	\$ 198,938	\$ 3,624	\$ 16,259,317
Inter-segment revenue	<u>5,942,539</u>	<u>1,247,973</u>	<u>-</u>	<u>7,190,512</u>
Segment revenue	<u>21,999,294</u>	<u>1,466,911</u>	<u>3,624</u>	23,449,829
Eliminations				<u>(7,190,512)</u>
Consolidated revenue				<u>\$ 16,259,317</u>
Segment income	<u>\$ 1,308,583</u>	<u>\$ 91,372</u>	<u>\$ (17,601)</u>	\$ 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 accounted for using the equity method				71,430
Finance costs				<u>(69,542)</u>
Profit before tax from continuing operations				<u>\$ 1,385,291</u> (Concluded)

The above revenue was generated from transactions with external customers.

Segment income represents the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, lease income, interest income, gains or losses on disposal of property, plant and equipment, gains or losses on disposal of financial instruments, exchange gains or losses, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Total segment assets and liabilities

	December 31	
	2020	2019
<u>Segment assets</u>		
Garment	\$ 12,072,694	\$ 10,463,249
Down feather	797,309	1,101,694
Retail	<u>-</u>	<u>90,312</u>
Consolidated total assets	<u>\$ 12,870,003</u>	<u>\$ 11,655,255</u>
<u>Segment liabilities</u>		
Garment	\$ 4,570,849	\$ 3,331,686
Down feather	145,813	527,649
Retail	<u>-</u>	<u>-</u>
Consolidated total liabilities	<u>\$ 4,716,662</u>	<u>\$ 3,859,335</u>

c. Revenue from major products and services

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

	For the Year Ended December 31	
	2020	2019
Down jackets	\$ 5,912,055	\$ 6,522,710
Fiberfill jackets	2,794,217	4,564,607
Light jackets and parka	1,228,943	2,119,493
Others	<u>2,253,642</u>	<u>3,052,507</u>
	<u>\$ 12,188,857</u>	<u>\$ 16,259,317</u>

d. Geographical information

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

	Revenue from External Customers	
	For the Year Ended December 31	
	2020	2019
North America	\$ 3,982,128	\$ 6,526,128
China	3,772,765	3,909,586
Europe	2,206,286	2,982,535
Japan	912,332	1,028,730
Russia	355,727	363,171
Others	<u>959,619</u>	<u>1,449,167</u>
	<u>\$ 12,188,857</u>	<u>\$ 16,259,317</u>

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			
	2020	% of Total Sales	2019	% of Total Sales
ADIDAS (Group company)	\$ 4,580,483	38	\$ 4,072,994	25
PATAGONIA	1,830,879	15	3,428,764	21
VF (Group company)	1,216,242	10	2,062,613	13
NIKE (Group company)	<u>1,062,773</u>	<u>9</u>	<u>1,962,292</u>	<u>12</u>
	<u>\$ 8,690,377</u>	<u>72</u>	<u>\$ 11,526,663</u>	<u>71</u>

QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020

(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.	Jiaying Quang Viet Garment Co., Ltd.	Other receivables - related parties	Yes	\$ 605,000 (US\$ 20,000)	\$ -	\$ -	-	1	\$ 508,711	Business	\$ -	None	-	\$ 508,711	\$ 2,662,496	Note 5
		Quang Viet (Long An) Co., Ltd.	Other receivables - related parties	Yes	238,960 (US\$ 8,000)	113,920 (US\$ 4,000)	46,377 (US\$ 1,628)	-	1	376,641	Business	-	"	-	376,641	2,662,496	Note 6
		Atlanta Garment Manufacturing Company LLC	Other receivables - related parties	Yes	332,675 (US\$ 11,000)	170,880 (US\$ 6,000)	31,328 (US\$ 1,100)	1.60-3.30	1	263,232	Business	-	"	-	263,232	2,662,496	Note 7
1	Top One Down & Feather Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Other receivables - related parties	Yes	214,776 (RMB 49,000)	213,876 (RMB 49,000)	213,876 (RMB 49,000)	1.50-2.50	1	255,805	Business	-	"	-	255,805	260,599	Note 8
2	Q Gear Outdoor Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Other receivables - related parties	Yes	65,748 (RMB 15,000)	- (RMB -)	- (RMB -)	4.35	2	-	Turnover	-	"	-	1,996,872	2,662,496	-
3	King Hamm Industrial Co., Ltd.	King Hamm Industrial Co., Ltd. (VN)	Other receivables - related parties	Yes	226,788 (US\$ 7,500)	99,680 (US\$ 3,500)	54,112 (US\$ 1,900)	3.00	2	-	Turnover	-	"	-	227,253	303,005	-
4	Atlanta Garment Manufacturing Company LLC	W&D Apparel (Jordan) Corp.	Other receivables - related parties	Yes	12,816 (US\$ 450)	12,816 (US\$ 450)	1,196 (US\$ 42)	-	2	-	Turnover	-	"	-	22,446	29,928	-

Note 1: Numbering sequence is as follows:

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

Note 2: The nature of financing is as follows:

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

Note 3: 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 of the parent company on its most recent financial statements.
b. The amount that Top One Down & Feather Co., Ltd., King Hamm Industrial 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 Jiaying Quang Viet Garment Co., Ltd. were purchases of \$372,088 thousand and revenue from technical services of \$136,623 thousand, for a total of \$508,711 thousand.

Note 6: In the most recent fiscal year, the amount transacted between the Company and Quang Viet (Long An) Co., Ltd. were processing fee of \$376,641 thousand.

Note 7: In the most recent fiscal year, the amounts transacted between the Company and Atlanta Garment Manufacturing Company LLC were purchases of \$263,232 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 \$255,805 thousand.

QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(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.	\$ 1,996,872	\$ 251,250	\$ -	\$ -	\$ -	-	\$ 3,328,120	Y	N	N
		Jiaxing Quang Viet Garment Co., Ltd.	b.	1,996,872	569,816	-	-	-	-	3,328,120	Y	N	Y
		Top One Down & Feather Shu Yang Co., Ltd.	b.	1,996,872	394,488	-	-	-	-	3,328,120	Y	N	Y
		Atlanta Garment Manufacturing Company LLC	b.	1,996,872	90,750	-	-	-	-	3,328,120	Y	N	N

Note 1: Numbering sequence is as follows:

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

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

- Company with business transactions
- Company where Quang Viet Enterprise Co., Ltd directly or indirectly holds over 50% of its voting shares
- Company that directly or indirectly holds more 50% of the shares in Quang Viet Enterprise Co., Ltd.
- Company where Quang Viet Enterprise Co., Ltd directly or indirectly holds of or exceeding 90% of its voting shares
- Companies in the same industry bound by contracts that must endorse/guarantee one another for construction contract purposes.
- For investment purposes, where it is necessary that all investors endorse/guarantee for the company according to the proportion of shares held.
- 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:

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

QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2020

(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, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Quang Viet Enterprise Co., Ltd.	<u>Publicly traded shares</u> Formosa Taffeta Co., Ltd.	Director of the Company	Financial assets at fair value through other comprehensive income - non-current	3,287,000	\$ <u>102,061</u>		\$ <u>102,061</u>	
Quang Viet Enterprise Co., Ltd.	<u>Publicly traded shares</u> Macauto Industrial Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	68,000	\$ <u>6,209</u>		\$ <u>6,209</u>	
Quang Viet Enterprise Co., Ltd.	<u>Publicly traded shares</u> Formosa Chemicals & Fibre Corp.	-	Financial assets at fair value through other comprehensive income - non-current	100,000	\$ <u>8,470</u>		\$ <u>8,470</u>	
Quang Viet Enterprise Co., Ltd.	<u>Publicly traded shares</u> Yageo Corporation	-	Financial assets at fair value through other comprehensive income - non-current	25,000	\$ <u>12,950</u>		\$ <u>12,950</u>	
Quang Viet Enterprise Co., Ltd.	<u>Publicly traded shares</u> Richmond International Travel & Tours Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	300,000	\$ <u>5,100</u>		\$ <u>5,100</u>	
Quang Viet Enterprise Co., Ltd.	<u>Publicly traded shares</u> Chailease Holding Company Limited	-	Financial assets at fair value through other comprehensive income - non-current	300,000	\$ <u>29,880</u>		\$ <u>29,880</u>	
Quang Viet Enterprise Co., Ltd.	<u>Publicly traded shares</u> Unicon Optical Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	210,000	\$ <u>1,957</u>		\$ <u>1,957</u>	
Quang Viet Enterprise Co., Ltd.	<u>Non-publicly traded shares</u> Spring Printing Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	793,250	\$ <u>9,621</u>	19.00	\$ <u>9,621</u>	
Quang Viet Enterprise Co., Ltd.	<u>Non-publicly traded shares</u> Lan-Cheng Dragonstone LP	-	Financial assets at fair value through profit or loss - non-current	1,623,750	\$ <u>61,887</u>	8.24	\$ <u>61,887</u>	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
King Hamm Industrial Co., Ltd.	<u>Publicly traded shares</u> Formosa Plastics Corporation	-	Financial assets at fair value through profit or loss - current	50,000	\$ 4,820		\$ 4,820	
Jiaxing Quang Viet Garment Co., Ltd.	<u>Non-publicly traded shares</u> Anhui Xingxing Garment Co., Ltd.	Associate	Investment accounted for using equity method	11,000,000	\$ 462,991	24.34	\$ 462,991	
Principle & Will Biotech (Pinghu) Co., Ltd.	<u>Trust fund</u> Sino-Australian Jhen-Sin Trust Fund	-	Financial assets at fair value through profit or loss - current	-	\$ 4,365		\$ 4,365	

Note: For information on subsidiaries, affiliates, and interests in joint ventures, refer to Tables 7 and 8.

(Concluded)

QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Quang Viet Enterprise Co., Ltd.	Kwang Viet Garment Co., Ltd.	Subsidiary	Processing fee	\$ 1,203,679	16	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	\$ -	-	Note
	Quang Viet (Tien Giang) Co., Ltd.	Subsidiary	Processing fee	1,356,213	18	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	-	-	Note
	Quang Viet (Long An) Co., Ltd.	Subsidiary	Processing fee	376,641	5	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(410,051)	42	Note
	Jiaxing Quang Viet Garment Co., Ltd.	Subsidiary	Purchases	372,088	5	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(53,074)	13	Note
	Top One Down & Feather Co., Ltd.	Subsidiary	Purchases	286,960	4	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(5,852)	1	Note
	Atlanta Garment Manufacturing Company LLC	Subsidiary	Purchases	263,232	4	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(38,112)	9	Note
	Formosa Taffeta Co., Ltd. (Group company)	Corporate director of the Company and its subsidiary	Purchases	597,396	8	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	(77,123)	18	-
Jiaxing Quang Viet Garment Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Brother company	Purchases	422,146	17	Internal transfer pricing	Internal transfer pricing	Net 90 days from the end of the month when the invoice is issued	(341)	-	Note
	Anhui Xingxing Garment Co., Ltd.	Associate	Processing fee	117,934	5	Net 60 days from the end of the month when the invoice is issued	Normal transaction price	Net 60 days from the end of the month when the invoice is issued	-	-	-
	Formosa Taffeta Co., Ltd. (Group company)	Corporate director of the Company and its subsidiary	Purchases	256,877	10	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	(8,655)	8	-
Top One Down & Feather Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Subsidiary	Purchases	255,805	99	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(4,110)	100	Note
King Hamm Industrial Co., Ltd.	King Hamm Industrial Co., Ltd. (VN)	Subsidiary	Processing fee	148,231	14	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(16,683)	16	Note
	King Hung Garments Industrial Co., Ltd.	Subsidiary	Processing fee	359,694	33	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(46,675)	44	Note

Note: The above transactions have been eliminated during the preparation of the consolidated financial statements.

QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(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 Enterprise Co., Ltd.	Q.V.S. Limited	Subsidiary	Other receivables - related parties \$ 174,440	-	\$ -	-	\$ 142,115	\$ -
Q.V.P. Limited	Quang Viet Enterprise Co., Ltd.	Subsidiary	Other receivables - related parties 420,934	-	-	-	420,934	-
Quang Viet (Long An) Co., Ltd.	Quang Viet Enterprise Co., Ltd.	Subsidiary	Trade receivables - related parties 410,051	0.99	-	-	25,547	-
Quang Viet (Tien Giang) Co., Ltd.	Kwang Viet Garment Co., Ltd.	Brother company	Trade receivables - related parties 491,999	-	-	-	-	-
Top One Down & Feather Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Subsidiary	Other receivables - related parties 225,016	-	-	-	102,500	-
Principle & Will Co., Ltd.	Q.V.P. Limited	Brother company	Other receivables - related parties 420,650	-	-	-	420,650	-

Note: The above transactions have been eliminated during the preparation of the consolidated financial statements.

TABLE 6

QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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)	\$ 1,203,679	Mutual agreement on internal transfer pricing	10
		Kwang Viet Garment Co., Ltd.	1	Prepayments for inventory	149,994	"	1
		Quang Viet (Tien Giang) Co., Ltd.	1	Cost of goods sold (processing fee)	1,356,213	"	11
		Quang Viet (Tien Giang) Co., Ltd.	1	Prepayments for inventory	605,062	"	5
		Quang Viet (Long An) Co., Ltd.	1	Cost of goods sold (processing fee)	376,641	"	3
		Quang Viet (Long An) Co., Ltd.	1	Other receivables	46,377	"	-
		Quang Viet (Long An) Co., Ltd.	1	Other payables	410,051	"	3
		Jiaying Quang Viet Garment Co., Ltd.	1	Cost of goods sold (purchase of finished goods)	372,088	"	3
		Jiaying Quang Viet Garment Co., Ltd.	1	Technical service revenue	136,623	"	1
		Jiaying Quang Viet Garment Co., Ltd.	1	Other receivables	58,822	"	-
		Jiaying Quang Viet Garment Co., Ltd.	1	Trade payables	53,074	"	-
		Atlanta Garment Manufacturing Company LLC	1	Cost of goods sold (purchase of finished goods)	263,232	"	2
		Atlanta Garment Manufacturing Company LLC	1	Interest income	888	"	-
		Atlanta Garment Manufacturing Company LLC	1	Other receivables	74,084	"	1
		Atlanta Garment Manufacturing Company LLC	1	Trade payables	38,112	"	-
		Top One Down & Feather Co., Ltd.	1	Cost of goods sold (purchase of raw material)	286,960	"	2
		Top One Down & Feather Co., Ltd.	1	Trade payables	1,371	"	-
		Top One Down & Feather Co., Ltd.	1	Other payables	4,481	"	-
		Q.V.S. Limited	1	Other receivables	174,440	"	1
		Q.V.P. Limited	1	Other payables	420,934	"	3
1	Kwang Viet Garment Co., Ltd.	Quang Viet (Long An) Co., Ltd.	3	Processing revenue	9,068	"	-
		Quang Viet (Long An) Co., Ltd.	3	Cost of goods sold (processing fee)	1,005	"	-
		Quang Viet (Tien Giang) Co., Ltd.	3	Processing revenue	49,412	"	-
		Quang Viet (Tien Giang) Co., Ltd.	3	Trade receivables	6,770	"	-
		Quang Viet (Tien Giang) Co., Ltd.	3	Other payables	491,999	"	4
		King Hamm Industrial Co., Ltd. (VN)	3	Processing revenue	1,787	"	-
2	Quang Viet (Tien Giang) Co., Ltd.	King Hamm Industrial Co., Ltd. (VN)	3	Cost of goods sold (processing fee)	1,025	"	-

(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)
3	Jiaxing Quang Viet Garment Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	3	Cost of goods sold (purchase of raw material)	\$ 422,146	"	3
		Top One Down & Feather Shu Yang Co., Ltd.	3	Trade payables	341	"	-
		Top One Apparel Shu Yang Co., Ltd.	3	Cost of goods sold (processing fee)	75,251	"	1
		Top One Apparel Shu Yang Co., Ltd.	3	Other payables	24,656	"	-
		Baoji Xinyue Garment Co., Ltd.	3	Cost of goods sold (processing fee)	43,020	"	-
		Q Gear Limited	3	Commission expense	17,723	"	-
		Q Gear Limited	3	Other payables	1,725	"	-
4	Top One Down & Feather Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	3	Cost of goods sold (purchases)	255,805	"	2
		Top One Down & Feather Shu Yang Co., Ltd.	3	Interest income	4,304	"	-
		Top One Down & Feather Shu Yang Co., Ltd.	3	Other receivables	225,016	"	2
		Top One Down & Feather Shu Yang Co., Ltd.	3	Trade payables	4,110	"	-
		Q Gear Limited	3	Other income	5,396	"	-
5	Top One Down & Feather Shu Yang Co., Ltd.	Q Gear Outdoor Co., Ltd.	3	Interest expense	1,928	"	-
		Q Gear Limited	3	Commission expense	7,154	"	-
		Q Gear Limited	3	Other payables	157	"	-
6	King Hamm Industrial Co., Ltd.	King Hamm Industrial Co., Ltd. (VN)	3	Cost of goods sold (processing fee)	148,231	"	1
		King Hamm Industrial Co., Ltd. (VN)	3	Interest income	1,718	"	-
		King Hamm Industrial Co., Ltd. (VN)	3	Other receivables	55,164	"	-
		King Hamm Industrial Co., Ltd. (VN)	3	Other payables	16,683	"	-
		King Hung Garments Industrial Co., Ltd.	3	Cost of goods sold (processing fee)	359,694	"	3
		King Hung Garments Industrial Co., Ltd.	3	Other payables	46,675	"	-
		Atlanta Garment Manufacturing Company LLC	3	Cost of goods sold (purchases)	86,260	"	1
		Atlanta Garment Manufacturing Company LLC	3	Other receivables	85,324	"	1
7	King Hamm Industrial Co., Ltd. (VN)	King Hung Garments Industrial Co., Ltd.	3	Processing revenue	76,221	"	1
		King Hung Garments Industrial Co., Ltd.	3	Trade receivables	7,285	"	-
8	Atlanta Garment Manufacturing Company LLC	W&D Apparel (Jordan) Corp.	3	Cost of goods sold (processing fee)	19,730	"	-
		W&D Apparel (Jordan) Corp.	3	Rent expense	4,253	"	-
		W&D Apparel (Jordan) Corp.	3	Other receivables	10,440	"	-
		W&D Apparel (Jordan) Corp.	3	Prepayments	951	"	-
9	Q.V.P. Limited	Principle & Will Co., Ltd.	3	Other payables	420,650	"	3
10	Principle & Will Co., Ltd.	Principle & Will Biotech (Pinghu) Co., Ltd.	3	Prepayments	70,905	"	-
11	Principle & Will Biotech (Pinghu) Co., Ltd.	Principle & Will Biotech (Xiantao) Co., Ltd.	3	Trade payables	5,666	"	-

(Continued)

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

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

Note 2: The three types of relationships between transacting parties are as follows, the same transaction between the parent company and its subsidiary or between subsidiaries is only listed on one end.

- a. Parent company to subsidiary.
- b. Subsidiary to parent company.
- c. Between subsidiaries.

Note 3: Transaction price as a percentage of total sales or total assets is calculated based on the percentage of the ending balance to consolidated total assets for balance sheet items, and calculated based on the interim amount as a percentage of consolidated total revenue for income statement line items.

Note 4: The transactions of this table are listed based on materiality as determined by the Company.

(Concluded)

QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2020

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note	
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount				
Quang Viet Enterprise Co., Ltd.	Kwang Viet Garment Co., Ltd.	Vietnam	Manufacturing and processing of apparel	\$ 303,219 (VND 172,313,196)	\$ 303,219 (VND 172,313,196)	-	100.00	\$ 403,425 (VND 327,145,144)	\$ (262,471) (VND-206,456,760)	\$ (253,794) (VND-199,630,836)	-	
	Spring Co., Ltd.	Samoa	Holding company	489,503 (US\$ 15,700,000)	489,503 (US\$ 15,700,000)	15,700,000	100.00	1,734,987 (US\$ 60,919,469)	264,450 (US\$ 8,949,465)	268,617 (US\$ 9,090,511)	-	
	Quang Viet (Tien Giang) Co., Ltd.	Vietnam	Manufacturing and processing of apparel	761,563 (VND 521,418,024)	761,563 (VND 521,418,024)	-	100.00	655,759 (VND 531,768,024)	(84,446) (VND -66,424,168)	(77,640) (VND -61,071,046)	-	
	Q.V.S. Limited	Samoa	Holding company	77,450 (US\$ 2,100,000)	373,987 (US\$ 12,400,000)	12,400,000	100.00	54,848 (US\$ 1,925,853)	(2,445) (US\$ -82,756)	(2,445) (US\$ -82,756)	-	
	Top One Down & Feather Co., Ltd.	Taiwan	Sale of down products	478,385	478,385	47,838,480	95.68	620,624	150,387	142,570	-	
	Q Gear Limited	Samoa	Agency for sale to external parties	1,510 (US\$ 50,000)	1,510 (US\$ 50,000)	50,000	100.00	63,479 (US\$ 2,228,913)	3,396 (US\$ 114,919)	3,396 (US\$ 114,919)	-	
	Quang Viet (Long An) Co., Ltd.	Vietnam	Manufacturing and processing of apparel	482,716 (VND 341,987,000)	482,716 (VND 341,987,000)	-	100.00	627,664 (VND 508,985,582)	3,127 (VND 2,459,938)	7,591 (VND 5,971,335)	-	
	Biancospino S.R.L.	Romania	Manufacturing and processing of apparel	274,104 (RON 36,554,700)	274,104 (RON 36,554,700)	-	51.00	241,042 (RON 33,509,819)	54,512 (RON 7,823,984)	27,801 (RON 3,990,232)	-	
	Atlanta Garment Manufacturing Company LLC	Jordan	Manufacturing and processing of apparel	13,839 (JOD 330,000)	13,839 (JOD 330,000)	-	60.00	115,259 (JOD 2,865,281)	(33,550) (JOD -803,855)	(20,153) (JOD -482,865)	-	
	King Hamm Industrial Co., Ltd.	Taiwan	Manufacturing, processing, and sale of apparel	334,425	334,425	13,650,000	42.00	328,356	3,418	1,436	-	
	W&D Apparel (Jordan) Corp.	Jordan	Manufacturing and processing of apparel	34,214 (JOD 782,340)	34,214 (JOD 782,340)	-	65.00	26,566 (JOD 660,413)	(3,317) (JOD -79,476)	(2,156) (JOD -51,659)	-	
	Q.V.P. Limited	Samoa	Holding company	420,934 (US\$ 14,780,000)	- (US\$ -)	14,780,000	100.00	693,188 (US\$ 24,339,460)	272,254 (US\$ 9,559,460)	272,254 (US\$ 9,559,460)	-	
	Spring Co., Ltd.	Jiaxing Quang Viet Garment Co., Ltd.	China	Manufacturing, processing, and sale of apparel	445,785 (RMB 98,939,650)	445,785 (RMB 98,939,650)	-	100.00	1,721,348 (RMB 394,368,820)	285,617 (RMB 66,690,223)	285,617 (RMB 66,690,223)	-
		Baoji Xinyue Garment Co., Ltd.	China	Manufacturing and processing of apparel	43,718 (RMB 9,424,800)	43,718 (RMB 9,424,800)	-	100.00	10,026 (RMB 2,296,898)	(21,168) (RMB -4,942,534)	(21,168) (RMB -4,942,534)	-
Jiaxing Quang Viet Garment Co., Ltd.	Anhui Xingxing Garment Co., Ltd.	China	Manufacturing and processing of apparel	273,340 (RMB 60,000,000)	273,340 (RMB 60,000,000)	11,000,000	24.34	462,991 (RMB 106,072,842)	676,313 (RMB 157,915,904)	164,615 (RMB 38,436,731)	-	
Q.V.S. Limited	Top One Apparel Shu Yang Co., Ltd.	China	Manufacturing and processing of apparel	61,693 (RMB 13,228,560)	61,693 (RMB 13,228,560)	-	100.00	82,979 (RMB 19,010,947)	4,247 (RMB 991,668)	4,247 (RMB 991,668)	-	
	Q Gear Outdoor Co., Ltd.	China	Retail sales	- (RMB -)	312,294 (RMB 63,730,830)	-	-	- (RMB -)	2,396 (RMB 559,387)	2,396 (RMB 559,387)	-	
Top One Down & Feather Co., Ltd.	T.O.D. Limited	Samoa	Holding company	271,666 (US\$ 9,000,000)	271,666 (US\$ 9,000,000)	9,000,000	100.00	475,890 (US\$ 16,709,628)	149,714 (US\$ 5,066,612)	149,579 (US\$ 5,062,041)	-	
T.O.D. Limited	Top One Down & Feather Shu Yang Co., Ltd.	China	Manufacturing, processing and sale of down products	267,934 (RMB 56,000,000)	267,934 (RMB 56,000,000)	-	100.00	473,532 (RMB 108,488,413)	149,231 (RMB 34,844,819)	149,096 (RMB 34,813,285)	-	
King Hamm Industrial Co., Ltd.	King Hung Garments Industrial Co., Ltd.	Vietnam	Manufacturing and processing of apparel	87,634 (US\$ 2,910,000)	87,634 (US\$ 2,910,000)	-	100.00	73,734 (US\$ 2,588,986)	1,473 (US\$ 49,859)	3,436 (US\$ 116,275)	-	
	King Hamm Industrial Co., Ltd. (VN)	Vietnam	Manufacturing and processing of apparel	214,322 (US\$ 7,080,000)	214,322 (US\$ 7,080,000)	-	100.00	186,965 (US\$ 6,564,774)	4,623 (US\$ 156,467)	(1,164) (US\$ -39,388)	-	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
Q.V.P. Limited	Principle & Will Co., Ltd.	Samoa	Holding company	\$ 420,650 (US\$ 14,770,000)	\$ - (US\$ -)	10,000,000	50.00	\$ 692,903 (US\$ 24,329,460)	\$ - (US\$ -)	\$ - (US\$ -)	-
Principle & Will Co., Ltd.	Joykey Industrial Limited	Hong Kong	Holding company	66,848 (RMB 15,453,317)	- (RMB -)	-	100.00	84,730 (RMB 19,412,039)	- (RMB -)	- (RMB -)	-
Principle & Will Co., Ltd.	Principle & Will Biotech (Pinghu) Co., Ltd.	China	Manufacturing, processing and sale of medical products	740,363 (RMB 161,189,287)	- (RMB -)	-	100.00	576,668 (RMB 132,117,412)	- (RMB -)	- (RMB -)	-
Joykey Industrial Limited	Principle & Will Biotech (Xiantao) Co., Ltd.	China	Manufacturing, processing and sale of medical products	57,572 (RMB 11,873,793)	- (RMB -)	-	100.00	62,197 (RMB 14,249,619)	- (RMB -)	- (RMB -)	-
	Qixin Non-Woven Products (Pinghu) Co., Ltd.	China	Manufacturing and processing of medical products	16,568 (RMB 3,579,524)	- (RMB -)	-	100.00	22,533 (RMB 5,162,421)	- (RMB -)	- (RMB -)	-

(Concluded)

QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(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, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
Jiaying 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)	\$ 285,617 (RMB 66,690,223)	100.00	\$ 285,617 (RMB 66,690,223)	\$ 1,721,348 (RMB 394,368,820)	\$ -	-
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)	(21,168) (RMB -4,942,534)	100.00	(21,168) (RMB -4,942,534)	10,026 (RMB 2,296,898)	-	-
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)	4,247 (RMB 991,668)	100.00	4,247 (RMB 991,668)	82,979 (RMB 19,010,947)	-	-
Q Gear Outdoor Co., Ltd.	Retail sales	- (RMB -)	(2) Q.V.S. Limited	312,294 (US\$ 10,300,000)	-	-	312,294 (US\$ 10,300,000)	2,396 (RMB 559,387)	-	2,396 (RMB 559,387)	- (RMB -)	-	-
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)	149,231 (RMB 34,844,819)	95.68	142,655 (RMB 33,309,351)	473,532 (RMB 108,488,413)	-	-
Principle & Will Biotech (Pinghu) Co., Ltd.	Manufacturing, processing and sale of medical products	740,363 (RMB 161,189,287)	(2) Principle & Will Co., Ltd.	-	-	-	-	- (RMB -)	50.00	- (RMB -)	576,668 (RMB 132,117,412)	-	-
Principle & Will Biotech (Xiantao) Co., Ltd.	Manufacturing, processing and sale of medical products	57,572 (RMB 11,873,793)	(2) Joykey Industrial Limited	-	-	-	-	- (RMB -)	50.00	- (RMB -)	62,197 (RMB 14,249,619)	-	-
Qixin Non-Woven Products (Pinghu) Co., Ltd.	Manufacturing and processing of medical products	16,568 (RMB 3,579,524)	(2) Joykey Industrial Limited	-	-	-	-	- (RMB -)	50.00	- (RMB -)	22,533 (RMB 5,162,421)	-	-
Anhui Xingxing Garment Co., Ltd.	Manufacturing and processing of apparel	103,508 (RMB 22,600,000)	(3) Jiaying Quang Viet Garment Co., Ltd.	-	-	-	-	676,313 (RMB 157,915,904)	24.34	164,615 (RMB 38,436,731)	462,991 (RMB 106,072,842)	-	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by Investment Commission, MOEA
\$1,131,424 (US\$36,977,506)	\$1,074,266 (US\$37,720,000) (Exchange rate: 28.48)	\$3,993,743

Note 1: The three methods of investment are as follows:

- Direct investment in China
- Indirect investment through a company registered in a third region
- Others

Note 2: The amount recognized in investment income in the current year:

- Should be indicated if currently under preparation and not generating investment income.
- The basis of recognition of investment profit (loss) should be indicated and is classified as follows:
 - Amount was recognized based on the financial statements audited by international audit firms with business relationships with audit firms in the ROC.
 - Amount was recognized based on the parent company's audited financial statements.
 - Others.

Note 3: According to Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China administered by the Foreign Investment Commission, the amount is limited to the higher of the net worth of the investor company or 60% of the consolidated net worth.

QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%	Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Jiaxing Quang Viet Garment Co., Ltd.	Purchases	\$ 372,088	5	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	\$ (53,074)	12	\$ -	Notes 1, 2
	Technical service revenue	136,623	41	"	-	20,908	17	-	
Top One Down & Feather Shu Yang Co., Ltd.	Purchase of raw material	255,805	99	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(4,110)	100	1,631	

Note 1: The proportion of technical service revenue to purchases/sales is calculated based on its percentage to consolidated other income.

Note 2: The proportion of technical service receivable to receivables is calculated based on its percentage to consolidated other receivables.

TABLE 10**QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Formosa Taffeta Co., Ltd.	18,595,352	17.98
Top One Investment Co., Ltd.	15,683,419	15.17

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Securities and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have the rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System website of the Taiwan Stock Exchange.