

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

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

## INDEPENDENT AUDITORS' REPORT

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

### Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

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

### Key Audit Matters

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

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

#### Validity of Revenue Recognized from Specific Customers

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

Refer to Note 4 (1) of the financial statements for the related accounting policies.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 8, 2022

Notice to Readers

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

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

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

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

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 257,229	2	\$ 394,751	4
Financial assets at fair value through profit or loss - current (Note 7)	61,845	1	-	-
Financial assets at amortized cost - current (Notes 9, 10 and 34)	723,060	6	1,006,670	9
Notes receivable (Note 24)	12	-	-	-
Trade receivables (Notes 11 and 24)	1,244,365	11	428,033	4
Other receivables from unrelated parties (Note 17)	3,697	-	2,049	-
Other receivables from related parties (Notes 17 and 33)	328,980	3	354,492	3
Inventories (Note 12)	1,950,187	16	1,007,282	10
Prepayments (Notes 17 and 33)	<u>635,280</u>	<u>5</u>	<u>775,440</u>	<u>7</u>
Total current assets	<u>5,204,655</u>	<u>44</u>	<u>3,968,717</u>	<u>37</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Note 7)	-	-	61,887	1
Financial assets at fair value through other comprehensive income - non-current (Note 8)	87,247	1	176,248	2
Financial asset at amortized cost - non-current (Notes 9 and 10)	60,000	-	81,500	1
Investments accounted for using the equity method (Notes 13 and 29)	5,702,339	48	5,565,197	52
Property, plant and equipment (Note 14)	654,869	6	648,375	6
Other intangible assets (Note 16)	3,766	-	4,179	-
Deferred tax assets (Note 26)	154,267	1	135,489	1
Prepayments for equipment	-	-	1,810	-
Net defined benefit assets - non-current (Note 22)	<u>4,194</u>	<u>-</u>	<u>2,234</u>	<u>-</u>
Total non-current assets	<u>6,666,682</u>	<u>56</u>	<u>6,676,919</u>	<u>63</u>
<b>TOTAL</b>	<b>\$ 11,871,337</b>	<b>100</b>	<b>\$ 10,645,636</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 18)	\$ 1,312,590	11	\$ 353,260	3
Contract liabilities - current (Note 24)	129,917	1	299,639	3
Notes payable (Notes 20 and 33)	7,402	-	6,890	-
Trade payables to unrelated parties (Note 20)	357,189	3	250,915	2
Trade payables to related parties (Notes 20 and 33)	415,100	4	169,680	2
Other payables (Note 21)	157,207	1	125,502	1
Other payables to related parties (Note 33)	634,238	5	860,337	8
Current tax liabilities (Note 26)	95,968	1	79,580	1
Current portion of bonds payable (Note 19)	1,483,103	13	-	-
Other current liabilities	<u>776</u>	<u>-</u>	<u>754</u>	<u>-</u>
Total current liabilities	<u>4,593,490</u>	<u>39</u>	<u>2,146,557</u>	<u>20</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 19)	-	-	1,462,934	14
Long-term borrowings (Note 18)	117,000	1	117,000	1
Deferred tax liabilities (Note 26)	269,892	2	262,902	2
Guarantee deposits received	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>
Total non-current liabilities	<u>386,896</u>	<u>3</u>	<u>1,842,840</u>	<u>17</u>
Total liabilities	<u>4,980,386</u>	<u>42</u>	<u>3,989,397</u>	<u>37</u>
<b>EQUITY (Note 23)</b>				
Ordinary shares	<u>1,033,753</u>	<u>9</u>	<u>1,033,753</u>	<u>10</u>
Capital surplus	<u>2,951,918</u>	<u>25</u>	<u>2,939,320</u>	<u>28</u>
Retained earnings				
Legal reserve	794,021	7	740,461	7
Special reserve	435,908	3	377,395	3
Unappropriated earnings	<u>2,172,088</u>	<u>18</u>	<u>2,001,218</u>	<u>19</u>
Total retained earnings	<u>3,402,017</u>	<u>28</u>	<u>3,119,074</u>	<u>29</u>
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(468,043)	(4)	(405,262)	(4)
Unrealized loss on financial assets at fair value through other comprehensive income	<u>(28,694)</u>	<u>-</u>	<u>(30,646)</u>	<u>-</u>
Total other equity	<u>(496,737)</u>	<u>(4)</u>	<u>(435,908)</u>	<u>(4)</u>
Total equity	<u>6,890,951</u>	<u>58</u>	<u>6,656,239</u>	<u>63</u>
<b>TOTAL</b>	<b>\$ 11,871,337</b>	<b>100</b>	<b>\$ 10,645,636</b>	<b>100</b>

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

# QUANG VIET ENTERPRISE CO., LTD.

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

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 33)	\$ 7,206,565	100	\$ 7,854,318	100
OPERATING COSTS (Notes 12 and 33)	<u>(6,745,209)</u>	<u>(93)</u>	<u>(7,455,111)</u>	<u>(95)</u>
GROSS PROFIT	<u>461,356</u>	<u>7</u>	<u>399,207</u>	<u>5</u>
OPERATING EXPENSES (Note 25)				
Selling and marketing expenses	(66,143)	(1)	(60,986)	(1)
General and administrative expenses	(170,574)	(2)	(180,008)	(2)
Research and development expenses	<u>(35,347)</u>	<u>(1)</u>	<u>(33,625)</u>	<u>(1)</u>
Total operating expenses	<u>(272,064)</u>	<u>(4)</u>	<u>(274,619)</u>	<u>(4)</u>
PROFIT FROM OPERATIONS	<u>189,292</u>	<u>3</u>	<u>124,588</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES (Notes 25, 28 and 33)				
Interest income	8,386	-	11,339	-
Other income	278,457	4	156,245	2
Other gains and losses	13,588	-	(57,131)	(1)
Finance costs	(32,148)	(1)	(32,363)	-
Share of profit of subsidiaries, associates and joint ventures	<u>266,654</u>	<u>4</u>	<u>367,476</u>	<u>5</u>
Total non-operating income and expenses	<u>534,937</u>	<u>7</u>	<u>445,566</u>	<u>6</u>
PROFIT BEFORE INCOME TAX	724,229	10	570,154	7
INCOME TAX EXPENSE (Note 26)	<u>(93,727)</u>	<u>(1)</u>	<u>(32,858)</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>630,502</u>	<u>9</u>	<u>537,296</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 22 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(683)	-	4,620	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(9,488)	-	(19,464)	-

(Continued)

## QUANG VIET ENTERPRISE CO., LTD.

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

	2021		2020	
	Amount	%	Amount	%
Income tax related to items that will not be reclassified subsequently to profit or loss	\$ 137	-	\$ (924)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(77,336)	(1)	(57,062)	(1)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method				
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method - unrealized gain on investments in equity instruments at fair value through other comprehensive income	-	-	986	-
Income tax related to items that may be reclassified subsequently to profit or loss	<u>14,555</u>	<u>-</u>	<u>11,633</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(72,815)</u>	<u>(1)</u>	<u>(60,211)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 557,687</u>	<u>8</u>	<u>\$ 477,085</u>	<u>6</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 6.10</u>		<u>\$ 5.20</u>	
Diluted	<u>\$ 5.70</u>		<u>\$ 4.91</u>	

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

(Concluded)



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

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

	Shares (In Thousands)	Share Capital	Capital Surplus			Retained Earnings			Other Equity		Total Equity
			Issuance of Ordinary Shares	Changes in Percentage of Ownership Interests in Subsidiaries	Stock Warrants	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2020	103,375	\$ 1,033,753	\$ 2,868,317	\$ 557	\$ 70,446	\$ 639,965	\$ 250,464	\$ 2,468,362	\$ (359,833)	\$ (17,562)	\$ 6,954,469
Appropriation of 2019 earnings											
Legal reserve	-	-	-	-	-	100,496	-	(100,496)	-	-	-
Special reserve	-	-	-	-	-	-	126,931	(126,931)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(775,315)	-	-	(775,315)
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	-	537,296	-	-	537,296
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	-	3,696	(45,429)	(18,478)	(60,211)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-	540,992	(45,429)	(18,478)	477,085
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	(6,649)	-	6,649	-
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by subsidiaries	-	-	-	-	-	-	-	1,255	-	(1,255)	-
BALANCE AT DECEMBER 31, 2020	103,375	1,033,753	2,868,317	557	70,446	740,461	377,395	2,001,218	(405,262)	(30,646)	6,656,239
Appropriation of 2020 earnings											
Legal reserve	-	-	-	-	-	53,560	-	(53,560)	-	-	-
Special reserve	-	-	-	-	-	-	58,513	(58,513)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(330,801)	-	-	(330,801)
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	-	630,502	-	-	630,502
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	-	(546)	(62,781)	(9,488)	(72,815)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	629,956	(62,781)	(9,488)	557,687
Changes in percentage of ownership interests in subsidiaries	-	-	-	12,598	-	-	-	(4,772)	-	-	7,826
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	(11,440)	-	11,440	-
BALANCE AT DECEMBER 31, 2021	103,375	\$ 1,033,753	\$ 2,868,317	\$ 13,155	\$ 70,446	\$ 794,021	\$ 435,908	\$ 2,172,088	\$ (468,043)	\$ (28,694)	\$ 6,890,951

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

# QUANG VIET ENTERPRISE CO., LTD.

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

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 724,229	\$ 570,154
Adjustments for:		
Depreciation expense	6,279	5,915
Amortization expense	3,790	3,845
Finance costs	32,148	32,363
Interest income	(8,386)	(11,339)
Dividend income	(3,129)	(9,652)
Net loss on fair value changes of financial assets at fair value through profit or loss	2,433	6,526
Loss on disposal of property, plant and equipment	506	-
Share of profit of subsidiaries, associates and joint ventures	(266,654)	(367,476)
Write-down of inventories	21,163	84,962
Gain on bargain purchase	(122,432)	-
Changes in operating assets and liabilities		
Notes receivable	(12)	-
Trade receivables	(816,332)	136,125
Trade receivables from unrelated parties	(1,517)	1,117
Trade receivables from related parties	(50,204)	10,111
Inventories	(964,068)	437,950
Prepayments	140,160	(348,527)
Contract liabilities	(169,722)	294,772
Notes payable	512	(3,641)
Trade payables	351,694	1,532
Other payables	225,613	(12,773)
Other current liabilities	22	(8,240)
Net defined benefit liabilities	(2,643)	(2,665)
Cash (used in) generated from operations	(896,550)	821,059
Interest paid	(11,052)	(12,431)
Income tax paid	(74,435)	(16,918)
Net cash (used in) generated from operating activities	<u>(982,037)</u>	<u>791,710</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through profit or loss	(130,266)	(14,078)
Proceeds from sale of financial assets at fair value through profit or loss	127,875	14,871
Purchase of financial assets at fair value through other comprehensive income	-	(74,119)
Proceeds from sale of financial assets at fair value through other comprehensive income	79,512	27,196
Purchase of financial assets at amortized cost	-	(282,374)
Proceeds from sale of financial assets at amortized cost	305,110	-
Acquisition of subsidiaries	(420,934)	-
Capital reduction from subsidiaries	189,499	-

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# QUANG VIET ENTERPRISE CO., LTD.

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

	2021	2020
Payments for property, plant and equipment	\$ (12,879)	\$ (88,857)
Proceeds from disposal of property, plant and equipment	1,410	-
Increase in other receivables to unrelated parties	(100,623)	-
Decrease in other receivables to related parties	-	75,250
Payments for intangible assets	(3,377)	(2,288)
Increase in prepayments for equipment	-	(1,810)
Interest received	8,468	12,254
Other dividends received	2,917	9,652
Dividends received from subsidiaries	<u>169,274</u>	<u>119,731</u>
Net cash generated from (used in) investing activities	<u>215,986</u>	<u>(204,572)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	959,330	220,141
Proceeds from long-term borrowings	-	117,000
Repayments of long-term borrowings	-	(106,500)
Proceeds from guarantee deposits received	-	1
Dividends paid to owners of the Company	<u>(330,801)</u>	<u>(775,315)</u>
Net cash generated from (used in) financing activities	<u>628,529</u>	<u>(544,673)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(137,522)</b>	<b>42,465</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b><u>394,751</u></b>	<b><u>352,286</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b><u>\$ 257,229</u></b>	<b><u>\$ 394,751</u></b>

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

(Concluded)

# QUANG VIET ENTERPRISE CO., LTD.

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

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### 1. GENERAL INFORMATION

Quang Viet Enterprise Co., Ltd. (the “Company”) was incorporated in the Republic of China (ROC) in October 1995. The Company is mainly engaged in the manufacturing, processing and sale of garments.

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

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

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

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

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

Current assets include:

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

Current liabilities include:

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

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

d. Foreign currencies

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

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

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

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

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

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



In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

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

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

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

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

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

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

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

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

#### h. Property, plant and equipment

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

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

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

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

i. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

j. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 32.

ii. Financial assets at amortized cost

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

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

## 2) Equity instruments

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

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

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

## 3) Financial liabilities

### a) Subsequent measurement

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

### b) Derecognition of financial liabilities

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

## 4) Convertible bonds

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

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

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

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

## 1. Revenue recognition

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

### Revenue from the sale of goods

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

#### m. Lease

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

##### 1) The Company as lessor

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

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

##### 2) The Company as lessee

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

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

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

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

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

#### n. Borrowing costs

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

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

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

o. Government grants

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and 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.

q. Taxation

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

1) Current tax

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

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



## 2) Deferred tax

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

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

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

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

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

## 3) Current and deferred taxes

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

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

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

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

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

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2021	2020
Cash on hand	\$ 33	\$ 33
Checking accounts and demand deposits	121,962	151,418
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>135,234</u>	<u>243,300</u>
	<u>\$ 257,229</u>	<u>\$ 394,751</u>

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

	<u>December 31</u>	
	2021	2020
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	\$ 50,655	\$ -
Domestic bonds	<u>11,190</u>	<u>-</u>
	<u>\$ 61,845</u>	<u>\$ -</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Foreign unlisted shares	<u>\$ -</u>	<u>\$ 61,887</u>

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

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

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

During 2021 and 2020, the Company sold its shares in order to manage credit concentration risk. The shares sold had fair value of \$79,512 thousand and \$27,196 thousand and its related unrealized valuation loss of \$11,440 thousand and \$6,649 thousand were transferred from other equity to retained earnings, respectively.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 716,060	\$ 999,670
Pledged time deposits	<u>7,000</u>	<u>7,000</u>
	<u>\$ 723,060</u>	<u>\$ 1,006,670</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 60,000</u>	<u>\$ 81,500</u>
a. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.		
b. Refer to Note 34 for information relating to investments in financial assets at amortized cost pledged as security.		

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

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Gross carrying amount		
Current	\$ 723,060	\$ 1,006,670
Non-current	<u>60,000</u>	<u>81,500</u>
Amortized cost	<u>\$ 783,060</u>	<u>\$ 1,088,170</u>

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

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

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

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

<u>Category</u>	<u>Expected Loss Rate</u>	<u>Gross Carrying Amount at Amortized Cost</u>	
		<u>December 31</u>	
		<u>2021</u>	<u>2020</u>
Performing	0%-0.01%	<u>\$ 783,060</u>	<u>\$ 1,088,170</u>

## 11. TRADE RECEIVABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,249,456	\$ 433,124
Less: Allowance for impairment loss	<u>(5,091)</u>	<u>(5,091)</u>
	<u>\$ 1,244,365</u>	<u>\$ 428,033</u>

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

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

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

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

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

December 31, 2021

	1-30 Days	31-60 Days	61-90 Days	91-180 Days	181-365 Days	Over 365 Days	Total
Expect credit loss rate	0.01%-0.28%	0.01%-0.54%	0.01%-1.47%	0.01%-42.33%	0.01%-100%	100%	
Gross carrying amount	\$ 772,927	\$ 469,605	\$ 6,245	\$ 672	\$ 7	\$ -	\$ 1,249,456
Loss allowance (Lifetime ECLs)	<u>(2,192)</u>	<u>(2,516)</u>	<u>(92)</u>	<u>(284)</u>	<u>(7)</u>	<u>-</u>	<u>(5,091)</u>
Amortized cost	<u>\$ 770,735</u>	<u>\$ 467,089</u>	<u>\$ 6,153</u>	<u>\$ 388</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,244,365</u>

December 31, 2020

	1-30 Days	31-60 Days	61-90 Days	91-180 Days	181-365 Days	Over 365 Days	Total
Expect credit loss rate	0.01%-0.33%	0.01%-0.58%	0.01%-1.35%	0.01%-10.66%	0.01%-13.72%	100%	
Gross carrying amount	\$ 217,578	\$ 118,349	\$ 71,691	\$ 25,506	\$ -	\$ -	\$ 433,124
Loss allowance (Lifetime ECLs)	<u>(725)</u>	<u>(681)</u>	<u>(967)</u>	<u>(2,718)</u>	<u>-</u>	<u>-</u>	<u>(5,091)</u>
Amortized cost	<u>\$ 216,853</u>	<u>\$ 117,668</u>	<u>\$ 70,724</u>	<u>\$ 22,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 428,033</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Balance at January 1	<u>\$ 5,091</u>	<u>\$ 5,091</u>
Balance at December 31	<u>\$ 5,091</u>	<u>\$ 5,091</u>

## 12. INVENTORIES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Raw materials	\$ 697,216	\$ 448,693
Work in progress	875,237	366,809
Finished goods	<u>377,734</u>	<u>191,780</u>
	<u>\$ 1,950,187</u>	<u>\$ 1,007,282</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$6,745,209 thousand and \$7,455,111 thousand, respectively.

The cost of goods sold included inventory write-downs of \$21,163 thousand and \$84,962 thousand for the years ended December 31, 2021 and 2020, respectively.

### 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Investments in subsidiaries</u>		
Kwang Viet Garment Co., Ltd.	\$ 370,312	\$ 403,425
Spring Co., Ltd.	1,958,451	1,734,987
Quang Viet (Tien Giang) Co., Ltd.	504,693	655,759
Top One Down & Feather Co., Ltd.	534,617	620,624
Q.V.S. Limited	55,512	54,848
Q Gear Limited	75,506	63,479
Quang Viet (Long An) Co., Ltd.	643,393	627,664
Biancospino S.R.L.	200,176	241,042
Atlanta Garment Manufacturing Company LLC	191,110	115,259
King Hamm Industrial Co., Ltd.	341,747	328,356
W&D Apparel (Jordan) Corp.	25,059	26,566
Q.V.P. Limited	671,493	693,188
Sidney Apparels LLC	<u>130,270</u>	<u>-</u>
	<u>\$ 5,702,339</u>	<u>\$ 5,565,197</u>

	<b>Proportion of Ownership and Voting Rights</b>	
	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Name of subsidiary</u>		
Kwang Viet Garment Co., Ltd.	100.00%	100.00%
Spring Co., Ltd.	100.00%	100.00%
Quang Viet (Tien Giang) Co., Ltd.	100.00%	100.00%
Top One Down & Feather Co., Ltd.	95.68%	95.68%
Q.V.S. Limited	100.00%	100.00%
Q Gear Limited	100.00%	100.00%
Quang Viet (Long An) Co., Ltd.	100.00%	100.00%
Biancospino S.R.L.	51.00%	51.00%
Atlanta Garment Manufacturing Company LLC	60.00%	60.00%
King Hamm Industrial Co., Ltd.	42.00%	42.00%
W&D Apparel (Jordan) Corp.	65.00%	65.00%
Q.V.P. Limited	100.00%	100.00%
Sidney Apparels LLC	100.00%	-

The Company acquired 100% ownership of Sidney Apparels LLC on October 15, 2021 by cash in the amount of US\$1 for 2,593,086 shares. As of December 31, 2021, even though the registration of the equity interest transfer has not yet been settled, the Company has the practical ability to direct the relevant activities of Sidney Apparels LLC; therefore, the Company has control over Sidney Apparels LLC and deems it a subsidiary. Refer to Note 31 of the Company's consolidated financial statements for the related information.

The Company established its subsidiary Q.V.P. Limited in October 2020 by cash in the amount of US\$14,780 thousand (equivalent to \$420,934 thousand).

Refer to Table 5 of Note 38 for information on investees of the Company.

## 14. PROPERTY, PLANT AND EQUIPMENT

	Land	Building and Construction	Transportation	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2021	\$ 519,284	\$ 155,666	\$ 11,990	\$ 7,514	\$ 694,454
Additions	-	-	12,120	759	12,879
Disposals	-	-	(10,390)	(728)	(11,118)
Reclassification	-	-	-	1,810	1,810
Balance at December 31, 2021	<u>\$ 519,284</u>	<u>\$ 155,666</u>	<u>\$ 13,720</u>	<u>\$ 9,355</u>	<u>\$ 698,025</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2021	\$ -	\$ 34,249	\$ 8,035	\$ 3,795	\$ 46,079
Depreciation expenses	-	3,322	1,096	1,861	6,279
Disposals	-	-	(8,474)	(728)	(9,202)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 37,571</u>	<u>\$ 657</u>	<u>\$ 4,928</u>	<u>\$ 43,156</u>
Carrying amount at December 31, 2021	<u>\$ 519,284</u>	<u>\$ 118,095</u>	<u>\$ 13,063</u>	<u>\$ 4,427</u>	<u>\$ 654,869</u>
<u>Cost</u>					
Balance at January 1, 2020	\$ 431,383	\$ 155,666	\$ 11,990	\$ 8,881	\$ 607,920
Additions	87,901	-	-	956	88,857
Disposals	-	-	-	(2,323)	(2,323)
Balance at December 31, 2020	<u>\$ 519,284</u>	<u>\$ 155,666</u>	<u>\$ 11,990</u>	<u>\$ 7,514</u>	<u>\$ 694,454</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2020	\$ -	\$ 30,903	\$ 6,824	\$ 4,760	\$ 42,487
Depreciation expenses	-	3,346	1,211	1,358	5,915
Disposals	-	-	-	(2,323)	(2,323)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 34,249</u>	<u>\$ 8,035</u>	<u>\$ 3,795</u>	<u>\$ 46,079</u>
Carrying amount at December 31, 2020	<u>\$ 519,284</u>	<u>\$ 121,417</u>	<u>\$ 3,955</u>	<u>\$ 3,719</u>	<u>\$ 648,375</u>

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

Building and construction	
Main buildings	50 years
Renovations	5-10 years
Transportation equipment	6-10 years
Other equipment	3-5 years

No impairment assessment was performed for the years ended December 31, 2021 and 2020.

## 15. LEASE ARRANGEMENTS

### Other Lease Information

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Expenses relating to low-value asset leases	<u>\$ 240</u>	<u>\$ 270</u>
Total cash outflow for leases	<u>\$ (240)</u>	<u>\$ (270)</u>

The Company's leases of certain office equipment qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 16. OTHER INTANGIBLE ASSETS

	<b>Computer Software</b>
<u>Cost</u>	
Balance at January 1, 2021	\$ 14,954
Additions	3,377
Disposals	<u>(5,315)</u>
Balance at December 31, 2021	<u>\$ 13,016</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2021	\$ 10,775
Amortization expenses	3,790
Disposals	<u>(5,315)</u>
Balance at December 31, 2021	<u>\$ 9,250</u>
Carrying amount at December 31, 2021	<u>\$ 3,766</u>
<u>Cost</u>	
Balance at January 1, 2020	\$ 22,719
Additions	2,288
Disposals	<u>(10,053)</u>
Balance at December 31, 2020	<u>\$ 14,954</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2020	\$ 16,983
Amortization expenses	3,845
Disposals	<u>(10,053)</u>
Balance at December 31, 2020	<u>\$ 10,775</u>
Carrying amount at December 31, 2020	<u>\$ 4,179</u>



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

Computer software 1-4 years

## 17. OTHER ASSETS

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Current</u>		
Other receivables		
Sales tax receivable	\$ 2,284	\$ 766
Other receivables	1,413	1,283
Other receivables-related parties (Note 33)	<u>328,980</u>	<u>354,492</u>
	<u>\$ 332,677</u>	<u>\$ 356,541</u>
Other current assets		
Prepayments for suppliers	\$ 25,510	\$ 15,973
Prepayments for processing fee (Note 33)	604,402	755,056
Others	<u>5,368</u>	<u>4,411</u>
	<u>\$ 635,280</u>	<u>\$ 775,440</u>

## 18. BORROWINGS

### a. Short-term borrowings

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Unsecured borrowings</u>		
Operating loans	\$ 508,000	\$ 200,000
Letter of credit payables	<u>804,590</u>	<u>153,260</u>
	<u>\$ 1,312,590</u>	<u>\$ 353,260</u>
Range of interest rates	0.48%-0.75%	0.25%-0.85%

### b. Long-term borrowings

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Unsecured borrowings</u>		
Bank loans	\$ 117,000	\$ 117,000
Less: Current portion	<u>-</u>	<u>-</u>
Long-term borrowings	<u>\$ 117,000</u>	<u>\$ 117,000</u>

As of December 31, 2021 and 2020, the due dates of long-term borrowings are between February 21, 2023 to August 21, 2025 (the principal is paid in cash in semi-annual installments of \$19,500 thousand), and the effective interest rates of the bank borrowings was 0.7566% and 0.7567% per annum, respectively.

## 19. BONDS PAYABLE

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
Unsecured domestic bonds	\$ 1,483,103	\$ 1,462,934
Less: Current portion	<u>(1,483,103)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 1,462,934</u>

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

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

- a. From 3 months after the date of issuance to 40 days before the maturity date, which is from January 30, 2020 to September 19, 2022, the Company has the right to redeem its bonds from bondholders at the contract price under specific conditions.
- b. From 3 months after the date of issuance to the maturity date, which is from January 30, 2020 to October 29, 2022, each bondholder has the right to convert their bonds into ordinary shares at the conversion price of NT\$163 per share. If the bonds have not been converted, they will be redeemed at contract price at the maturity date.
- c. The Company will repay the bonds at face value by cash at the maturity date.

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

Proceeds from issuance (less transaction costs of \$5,478 thousand)	\$ 1,509,522
Conversion value (less transaction costs allocated to the equity component of \$204 thousand)	(70,446)
Redemption value	<u>450</u>
Liability component at the date of issue (less transaction costs allocated to the liability component of \$5,274 thousand)	1,439,526
Interest charged at an effective interest rate of 1.37%	<u>3,460</u>
Liability component at December 31, 2019	1,442,986
Interest charged at an effective interest rate of 1.37%	<u>19,948</u>
Liability component at December 31, 2020	1,462,934
Interest charged at an effective interest rate of 1.37%	<u>20,169</u>
Liability component at December 31, 2021	<u>\$ 1,483,103</u>

## 20. NOTES PAYABLE AND TRADE PAYABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Notes payable</u>		
Operating		
To unrelated parties	\$ <u>7,402</u>	\$ <u>6,890</u>
<u>Trade payables</u>		
Operating		
To unrelated parties	\$ 357,189	\$ 250,915
To related parties (Note 33)	<u>415,100</u>	<u>169,680</u>
	<u>\$ 772,289</u>	<u>\$ 420,595</u>

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

## 21. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 42,577	\$ 26,914
Payables for employees' compensation and remuneration of directors	18,441	23,281
Payables for purchase	47,574	37,344
Others	<u>48,615</u>	<u>37,963</u>
	<u>\$ 157,207</u>	<u>\$ 125,502</u>

## 22. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

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

### b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The

pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Company has no right to influence the investment policy and strategy.

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Present value of defined benefit obligation	\$ 25,772	\$ 24,983
Fair value of plan assets	<u>(29,966)</u>	<u>(27,217)</u>
Net defined benefit assets	<u>\$ (4,194)</u>	<u>\$ (2,234)</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2021	\$ 24,983	\$ (27,217)	\$ (2,234)
Service cost			
Current service cost	157	-	157
Net interest expense (income)	<u>94</u>	<u>(108)</u>	<u>(14)</u>
Recognized in profit or loss	<u>251</u>	<u>(108)</u>	<u>143</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(408)	(408)
Actuarial loss (gain)			
Changes in demographic assumptions	289	-	289
Changes in financial assumptions	(435)	-	(435)
Experience adjustments	<u>1,237</u>	<u>-</u>	<u>1,237</u>
Recognized in other comprehensive income	<u>1,091</u>	<u>(408)</u>	<u>683</u>
Contributions from the employer	-	(2,786)	(2,786)
Benefits paid	<u>(553)</u>	<u>553</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 25,772</u>	<u>\$ (29,966)</u>	<u>\$ (4,194)</u>
Balance at January 1, 2020	\$ 33,481	\$ (28,430)	\$ 5,051
Service cost			
Current service cost	276	-	276
Net interest expense (income)	<u>209</u>	<u>(187)</u>	<u>22</u>
Recognized in profit or loss	<u>485</u>	<u>(187)</u>	<u>298</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(908)	(908)
Actuarial (gain) loss			
Changes in demographic assumptions	26	-	26
Changes in financial assumptions	467	-	467
Experience adjustments	<u>(4,205)</u>	<u>-</u>	<u>(4,205)</u>
Recognized in other comprehensive income	<u>(3,712)</u>	<u>(908)</u>	<u>(4,620)</u>
Contributions from the employer	-	(2,963)	(2,963)
Benefits paid	<u>(5,271)</u>	<u>5,271</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 24,983</u>	<u>\$ (27,217)</u>	<u>\$ (2,234)</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Selling and marketing expenses	\$ 36	\$ 75
General and administrative expenses	71	148
Research and development expenses	<u>36</u>	<u>75</u>
	<u>\$ 143</u>	<u>\$ 298</u>

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

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

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate	0.625%	0.375%
Expected rate of salary increase	2.000%	2.000%

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate		
0.25% increase	<u>\$ (423)</u>	<u>\$ (467)</u>
0.25% decrease	<u>\$ 438</u>	<u>\$ 484</u>
Expected rate of salary increase/decrease		
0.25% increase	<u>\$ 425</u>	<u>\$ 468</u>
0.25% decrease	<u>\$ (413)</u>	<u>\$ (454)</u>

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

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
Expected contributions to the plans for the next year	<u>\$ 2,885</u>	<u>\$ 2,875</u>
Average duration of the defined benefit obligation	6.6 years	7.4 years

## 23. EQUITY

### a. Share capital

#### Ordinary shares

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
Shares authorized (in thousands of shares)	<u>150,000</u>	<u>150,000</u>
Shares authorized	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Shares issued and fully paid (in thousands of shares)	<u>103,375</u>	<u>103,375</u>
Shares issued	<u>\$ 1,033,753</u>	<u>\$ 1,033,753</u>

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

### b. Capital surplus

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 2,868,317	\$ 2,868,317
<u>May only be used to offset a deficit (2)</u>		
Changes in percentage of ownership interests in subsidiaries	13,155	557
<u>May not be used for any purpose</u>		
Share warrants	<u>70,446</u>	<u>70,446</u>
	<u>\$ 2,951,918</u>	<u>\$ 2,939,320</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's articles of incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to "Employee benefits expense" in Note 25 (g).

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

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

The appropriations of earnings for 2020 and 2019, which were approved in the shareholders' meetings on August 11, 2021 and June 18, 2020, respectively, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Legal reserve	<u>\$ 53,560</u>	<u>\$ 100,496</u>
Special reserve	<u>\$ 58,513</u>	<u>\$ 126,931</u>
Cash dividends	<u>\$ 330,801</u>	<u>\$ 775,315</u>
Cash dividends per share (NT\$)	\$ 3.20	\$ 7.50

The appropriations of earnings for 2021, which were proposed by the Company's board of directors on March 8, 2022, were as follows:

	<b>For the Year</b>
	<b>Ended</b>
	<b>December 31,</b>
	<b>2021</b>
Legal reserve	<u>\$ 61,374</u>
Special reserve	<u>\$ 60,829</u>
Cash dividends	<u>\$ 434,176</u>
Cash dividends per share (NT\$)	\$ 4.20

The appropriation of earnings for 2021 will be resolved by the shareholders in their meeting to be held on June 15, 2022.

## 24. REVENUE

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 7,206,565</u>	<u>\$ 7,854,318</u>

### a. Contract information

#### Revenue from the sale of goods

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

Refer to Note 41 of the Company's consolidated financial statements for information about the disaggregation of revenue.

### b. Contract balances

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Trade receivables (Note 11)	<u>\$ 1,244,377</u>	<u>\$ 428,033</u>
Contract liabilities-current		
Sale of goods	<u>\$ 129,917</u>	<u>\$ 299,639</u>

## 25. NET PROFIT FROM CONTINUING OPERATIONS

### a. Interest income

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Bank deposits	\$ 121	\$ 1,081
Financial assets at amortized cost	6,631	9,370
Financing provided to others (Note 33)	<u>1,634</u>	<u>888</u>
	<u>\$ 8,386</u>	<u>\$ 11,339</u>

### b. Other income

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Dividends	\$ 3,129	\$ 9,652
Technical service revenue (Note 33)	148,278	136,623
Government grant income (Note 28)	3,000	8,151
Gain on bargain purchase	122,432	-
Others	<u>1,618</u>	<u>1,819</u>
	<u>\$ 278,457</u>	<u>\$ 156,245</u>



c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ (2,433)	\$ (6,526)
Gain on disposal of property, plant and equipment	(506)	-
Net foreign exchange gains (losses)	<u>16,527</u>	<u>(50,605)</u>
	<u>\$ 13,588</u>	<u>\$ (57,131)</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Interest on bank loans	\$ (11,979)	\$ (12,415)
Interest on convertible bonds	<u>(20,169)</u>	<u>(19,948)</u>
	<u>\$ (32,148)</u>	<u>\$ (32,363)</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
An analysis of depreciation by function		
Operating expenses	<u>\$ 6,279</u>	<u>\$ 5,915</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 3,790</u>	<u>\$ 3,845</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Short-term benefits	\$ 214,692	\$ 216,039
Post-employment benefits (Note 22)		
Defined contribution plans	8,601	8,961
Defined benefit plans	<u>143</u>	<u>298</u>
Total employee benefits expense	<u>\$ 223,436</u>	<u>\$ 225,298</u>
An analysis of employee benefits expense by function		
Operating expenses	<u>\$ 223,436</u>	<u>\$ 225,298</u>

g. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 8% for employees, and no less than 2% for directors, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 8, 2022 and March 25, 2021, respectively, are as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Compensation of employees	1.06%	1.12%
Remuneration of directors	0.56%	0.76%

Amount

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
	<u>Cash</u>	<u>Cash</u>
Compensation of employees	<u>\$ 7,792</u>	<u>\$ 6,533</u>
Remuneration of directors	<u>\$ 4,116</u>	<u>\$ 4,389</u>

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the financial statements for the years ended December 31, 2020 and 2019.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors for 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Foreign exchange gains	\$ 21,353	\$ 21,453
Foreign exchange losses	<u>(4,826)</u>	<u>(72,058)</u>
Net gains (losses)	<u>\$ 16,527</u>	<u>\$ (50,605)</u>

## 26. INCOME TAX

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax		
In respect of the current year	\$ 82,250	\$ 37,828
Income tax on unappropriated earnings	4,573	111
Adjustments for prior years	<u>4,000</u>	<u>(4,959)</u>
	<u>90,823</u>	<u>32,980</u>
Deferred tax		
In respect of the current year	2,904	(7,387)
Adjustments for prior years	<u>-</u>	<u>7,509</u>
	<u>2,904</u>	<u>(122)</u>
Income tax expense recognized in profit or loss	<u>\$ 93,727</u>	<u>\$ 32,858</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit before tax from continuing operations	<u>\$ 724,229</u>	<u>\$ 570,154</u>
Income tax expense calculated at the statutory rate	\$ 144,846	\$ 114,031
Income tax on unappropriated earnings	4,573	111
Nondeductible expenses in determining taxable income	4,657	4,443
Tax-exempt income	(16,696)	(31,154)
Adjustments for prior years	4,000	2,550
Unrecognized deferred tax liabilities	<u>(47,653)</u>	<u>(57,123)</u>
Income tax expense recognized in profit or loss	<u>\$ 93,727</u>	<u>\$ 32,858</u>

### b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Deferred tax</u>		
In respect of the current year:		
Translation of foreign operations	\$ (14,555)	\$ (11,633)
Remeasurement of defined benefit plan	<u>(137)</u>	<u>924</u>
Total income tax recognized in other comprehensive income	<u>\$ (14,692)</u>	<u>\$ (10,709)</u>

### c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax liabilities		
Income tax payable	<u>\$ 95,968</u>	<u>\$ 79,580</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Unrealized loss on inventory	\$ 39,233	\$ 4,234	\$ -	\$ 43,467
Exchange differences on the translation of the financial statements of foreign operations	95,921	-	14,555	110,476
Allowance for accounts receivable	152	(152)	-	-
Payables for annual leave	93	141	-	234
FVTPL financial assets	<u>90</u>	<u>-</u>	<u>-</u>	<u>90</u>
	<u>\$ 135,489</u>	<u>\$ 5,433</u>	<u>\$ 14,555</u>	<u>\$ 154,267</u>

<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Unrealized exchange differences	\$ (4,290)	\$ 20	\$ -	\$ (4,270)
Defined benefit obligations	(447)	(529)	137	(839)
FVTPL financial assets	(2,572)	2,572	-	-
Unappropriated earnings of subsidiaries	(255,593)	15,296	-	(240,297)
Bargain purchase	<u>-</u>	<u>(24,486)</u>	<u>-</u>	<u>(24,486)</u>
	<u>\$ (262,902)</u>	<u>\$ (7,127)</u>	<u>\$ 137</u>	<u>\$ (269,892)</u>

For the year ended December 31, 2020

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Unrealized loss on inventory	\$ 29,750	\$ 9,483	\$ -	\$ 39,233
Exchange differences on the translation of the financial statements of foreign operations	84,288	-	11,633	95,921
Allowance for accounts receivable	-	152	-	152
Defined benefit obligations	1,011	(475)	(536)	-
Payables for annual leave	101	(8)	-	93
FVTPL financial assets	<u>60</u>	<u>30</u>	<u>-</u>	<u>90</u>
	<u>\$ 115,210</u>	<u>\$ 9,182</u>	<u>\$ 11,097</u>	<u>\$ 135,489</u>

<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Unrealized exchange differences	\$ (984)	\$ (3,306)	\$ -	\$ (4,290)
Defined benefit obligations	-	(59)	(388)	(447)
FVTPL financial assets	(4,006)	1,434	-	(2,572)
Unappropriated earnings of subsidiaries	<u>(248,464)</u>	<u>(7,129)</u>	<u>-</u>	<u>(255,593)</u>
	<u>\$ (253,454)</u>	<u>\$ (9,060)</u>	<u>\$ (388)</u>	<u>\$ (262,902)</u>

- e. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2021 and 2020, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$989,512 thousand and \$751,249 thousand, respectively.

- f. Income tax assessments

Income tax returns of the Company have been assessed by the local tax authorities through 2019.

## 27. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Basic earnings per share	<u>\$ 6.10</u>	<u>\$ 5.20</u>
Diluted earnings per share	<u>\$ 5.70</u>	<u>\$ 4.91</u>

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

### Net Profit for the Year

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit for the year attributable to owners of the Company	\$ 630,502	\$ 537,296
Effect of potentially dilutive ordinary shares		
Interest on convertible bonds (after tax)	<u>16,135</u>	<u>15,959</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 646,637</u>	<u>\$ 553,255</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	103,375	103,375
Effect of potentially dilutive ordinary shares		
Compensation of employees	72	77
Convertible bonds	<u>10,060</u>	<u>9,202</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>113,507</u>	<u>112,654</u>

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

## 28. GOVERNMENT GRANTS

The Company received a government grants from the Ministry of Economic Affairs (MOEA) for the R&D foundation program, and recognized \$3,000 thousand as other income during the year ended December 31, 2021.

Since August 2018, the Company started receiving government grants from the MOEA for the research and development of intellectual outdoor apparel using integrated technology. The Company recognized \$8,151 thousand as other income during the year ended December 31, 2020.

## 29. BUSINESS COMBINATIONS

### Subsidiaries Acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Sidney Apparels LLC	Manufacture of apparel	October 15, 2021	100.00	\$ _____ -

Sidney Apparels LLC was acquired to continue the growth of the Company's operations in the manufacturing of apparel. Refer to Note 31 of the Company's consolidated financial statements for related information.

## 30. NON-CASH TRANSACTIONS

In addition to those disclosed in other notes, the Company entered into the following non-cash investing and financing activities for the years ended December 31, 2021 and 2020:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Acquisition of investments accounted for using the equity method	\$ -	\$ 420,934
Add: Investment payable, beginning of year	420,934	-
Less: Investment payable, end of year	<u>-</u>	<u>(420,934)</u>
Cash paid	<u>\$ 420,934</u>	<u>\$ _____ -</u>
Disposal of investments accounted for using the equity method	\$ 13,160	\$ 176,339
Add: Capital reduction receivable, beginning of year	176,339	-
Less: Capital reduction receivable, end of year	<u>-</u>	<u>(176,339)</u>
Cash received	<u>\$ 189,499</u>	<u>\$ _____ -</u>

## 31. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

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

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

### 32. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL - current				
Domestic listed shares	\$ 50,655	\$ -	\$ -	\$ 50,655
Domestic bonds	<u>11,190</u>	<u>-</u>	<u>-</u>	<u>11,190</u>
	<u>\$ 61,845</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,845</u>
Financial assets at FVTOCI - non-current				
Equity instruments				
Domestic listed shares and emerging market shares	\$ 80,755	\$ -	\$ -	\$ 80,755
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>6,492</u>	<u>6,492</u>
	<u>\$ 80,755</u>	<u>\$ -</u>	<u>\$ 6,492</u>	<u>\$ 87,247</u>

December 31, 2020

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

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

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

For the year ended December 31, 2021

<b>Financial Assets</b>	<b>Financial Assets at FVTPL Equity Instruments</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>	<b>Total</b>
Balance at January 1, 2021	\$ 61,887	\$ 9,621	\$ 71,508
Recognized in profit or loss (included in other gains and losses)	(11,198)	-	(11,198)
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	-	(3,129)	(3,129)
Settlements	<u>(50,689)</u>	<u>-</u>	<u>(50,689)</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 6,492</u>	<u>\$ 6,492</u>
Unrealized loss for the current year included in profit or loss	<u>\$ -</u>	<u>\$ (3,129)</u>	<u>\$ (3,129)</u>

For the year ended December 31, 2020

<b>Financial Assets</b>	<b>Financial Assets at FVTPL Equity Instruments</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>	<b>Total</b>
Balance at January 1, 2020	\$ 69,056	\$ 10,517	\$ 79,573
Recognized in profit or loss (included in other gains and losses)	(7,169)	-	(7,169)
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	-	(896)	(896)
Balance at December 31, 2020	<u>\$ 61,887</u>	<u>\$ 9,621</u>	<u>\$ 71,508</u>
Unrealized loss for the current year included in profit or loss	<u>\$ -</u>	<u>\$ (896)</u>	<u>\$ (896)</u>

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

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



c. Categories of financial instruments

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Mandatorily classified as at FVTPL	\$ 61,845	\$ 61,887
Financial assets at amortized cost (1)	2,617,343	2,267,495
Financial assets at FVTOCI		
Equity instruments	87,247	176,248
<u>Financial liabilities</u>		
Amortized cost (2)	4,613,750	3,646,161

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable and trade receivables, other receivables and time deposits with original maturities of more than 3 months.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, notes payable, trade and other payables, contract liabilities, bonds payable and guarantee deposits.

d. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

The Company had foreign currency denominated sales and purchases, which exposed the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 37.

Sensitivity analysis

The Company is mainly exposed to the USD.

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

	<b>USD Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit or loss	\$ (4,807)	\$ (1,799)

b) Interest rate risk

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

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Cash flow interest rate risk		
Financial assets	\$ 121,962	\$ 151,418
Financial liabilities	1,429,590	470,260

Sensitivity analysis

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

A 0.1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 0.1% higher and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2021 and 2020 would have decreased by \$1,308 thousand and \$319 thousand, respectively.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes, the Company does not actively trade these investments. In addition, the Company has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 1% higher, pre-tax profit for the years ended December 31, 2021 and 2020 would have increased by \$507 thousand and \$619 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased by \$872 thousand and \$1,762 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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

3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Company had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity risk tables for non-derivative financial liabilities

The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay.

December 31, 2021

	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1 Year+</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 114,120	\$ 1,198,470	\$ -	\$ 1,312,590
Bonds payable	-	1,483,103	-	1,483,103
Long-term borrowings	-	-	117,000	117,000
	<u>\$ 114,120</u>	<u>\$ 2,681,573</u>	<u>\$ 117,000</u>	<u>\$ 2,912,693</u>

December 31, 2020

	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1 Year+</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 206,498	\$ 146,762	\$ -	\$ 353,260
Bonds payable	-	-	1,462,934	1,462,934
Long-term borrowings	<u>-</u>	<u>-</u>	<u>117,000</u>	<u>117,000</u>
	<u>\$ 206,498</u>	<u>\$ 146,762</u>	<u>\$ 1,579,934</u>	<u>\$ 1,933,194</u>

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

b) Financing facilities

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
Unsecured bank overdraft facilities, reviewed annually		
Amount used	\$ 1,429,590	\$ 470,260
Amount unused	<u>5,489,650</u>	<u>5,642,000</u>
	<u>\$ 6,919,240</u>	<u>\$ 6,112,260</u>

### 33. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Formosa Taffeta Co., Ltd. (Group company)	Investor with significant influence - corporate director of the Company
Top One Investment Co., Ltd.	Related party in substance - corporate director of the Company
Wen Chun Investment, Ltd.	Related party in substance
Cu Chi Investment, Ltd.	Related party in substance
Xin Xiang Investment, Ltd.	Related party in substance
Best One Investment Co., Ltd.	Related party in substance
Da Fang Investment Co., Ltd.	Related party in substance
Kwang Viet Garment Co., Ltd.	Subsidiary
Quang Viet (Long An) Co., Ltd.	Subsidiary
Jiaxing Quang Viet Garment Co., Ltd.	Subsidiary
Quang Viet (Tien Giang) Co., Ltd.	Subsidiary
Q.V.S. Limited	Subsidiary
Top One Down & Feather Co., Ltd.	Subsidiary
Biancospino S.R.L.	Subsidiary
Atlanta Garment Manufacturing Company LLC	Subsidiary
King Hamm Industrial Co., Ltd.	Subsidiary
Q.V.P. Limited	Subsidiary (from December 31, 2020)

b. Sales of goods

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Subsidiaries	<u>\$ 168</u>	<u>\$ -</u>

The goods sold by the Company to the subsidiaries were made at the Company's internal transfer pricing.

c. Processing fees

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Subsidiaries		
Kwang Viet Garment Co., Ltd.	\$ 1,350,864	\$ 1,203,679
Quang Viet (Tien Giang) Co., Ltd.	889,096	1,356,213
Quang Viet (Long An) Co., Ltd.	<u>283,625</u>	<u>376,641</u>
	<u>\$ 2,523,585</u>	<u>\$ 2,936,533</u>

The processing fees charged by the subsidiaries to the Company were made at the Company's internal transfer pricing.

d. Purchases of goods

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Investor with significant influence		
Formosa Taffeta Co., Ltd. (Group company)	\$ 493,510	\$ 597,396
Subsidiaries		
Jiaxing Quang Viet Garment Co., Ltd.	521,561	372,088
Top One Down & Feather Co., Ltd.	185,306	286,960
Atlanta Garment Manufacturing Company LLC	849,988	263,232
Others	<u>10,745</u>	<u>-</u>
	<u>\$ 2,061,110</u>	<u>\$ 1,519,676</u>

The purchases of goods from the corporate director to the Company and the credit terms granted were made at the Company's usual prices and terms. The purchases of goods from the subsidiaries to the Company were made at the Company's internal transfer pricing.

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

Line Item	Related Party Category/Name	December 31	
		2021	2020
Other receivables	Investor with significant influence	\$ -	\$ 769
	Subsidiaries		
	Jiaxing Quang Viet Garment Co., Ltd.	18,151	58,822
	Q.V.S. Limited	31,417	174,440
	Atlanta Garment Manufacturing Company LLC	100,604	42,756
	Others	<u>479</u>	<u>-</u>
		<u>\$ 150,651</u>	<u>\$ 276,787</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment losses were recognized for trade receivables from related parties.

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

Line Item	Related Party Category/Name	December 31	
		2021	2020
Trade payables	Investor with significant influence		
	Formosa Taffeta Co., Ltd. (Group company)	\$ 106,093	\$ 77,123
	Subsidiaries		
	Jiaxing Quang Viet Garment Co., Ltd.	106,375	53,074
	Atlanta Garment Manufacturing Company LLC	156,279	38,112
	Others	<u>46,353</u>	<u>1,371</u>
		<u>\$ 415,100</u>	<u>\$ 169,680</u>
Other payables	Investor with significant influence		
	Formosa Taffeta Co., Ltd. (Group company)	\$ 8,146	\$ 24,871
	Subsidiaries		
	Quang Viet (Long An) Co., Ltd.	493,289	410,051
	Kwang Viet Garment Co., Ltd.	132,803	-
	Q.V.P. Limited	-	420,934
Others	<u>-</u>	<u>4,481</u>	
		<u>\$ 634,238</u>	<u>\$ 860,337</u>

The outstanding trade payables to related parties are unsecured.

g. Prepayments

Line Item	Related Party Category/Name	December 31	
		2021	2020
Prepayments for processing fee	Subsidiaries		
	Kwang Viet Garment Co., Ltd.	\$ -	\$ 149,994
	Quang Viet (Tien Giang) Co., Ltd.	<u>604,402</u>	<u>605,062</u>
		<u>\$ 604,402</u>	<u>\$ 755,056</u>

h. Disposal of property, plant and equipment

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Related party in substance	\$ <u>286</u>	\$ <u>-</u>	\$ <u>144</u>	\$ <u>-</u>

i. Loans to related parties

Related Party Category/Name	December 31	
	2021	2020
<u>Other receivables</u>		
Subsidiaries		
Quang Viet (Long An) Co., Ltd.	\$ 100,797	\$ 46,377
Atlanta Garment Manufacturing Company LLC	<u>77,532</u>	<u>31,328</u>
	<u>\$ 178,329</u>	<u>\$ 77,705</u>

Interest income

Subsidiaries		
Atlanta Garment Manufacturing Company LLC	<u>\$ 1,634</u>	<u>\$ 888</u>

The Company provided subsidiaries with unsecured long-term loans at rates comparable to the Company's borrowing rates. Refer to Table 1 of Note 38 for related information.

j. Other transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Other income (technical service revenue)	Subsidiaries Jiaxing Quang Viet Garment Co., Ltd.	<u>\$ 148,278</u>	<u>\$ 136,623</u>
Other income (rent revenue)	Related party in substance Subsidiaries	\$ 114 <u>23</u>	\$ 114 <u>23</u>
		<u>\$ 137</u>	<u>\$ 137</u>
Other income (remuneration of directors)	Subsidiaries	<u>\$ 509</u>	<u>\$ 600</u>

The Company provided service regarding the manufacturing and sale of apparel to subsidiaries. Technical service revenue was made on the Company's internal transfer pricing.

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

The Company received dividends from subsidiaries amounting to \$169,274 thousand and \$119,731 thousand for the years ended December 31, 2021 and 2020, respectively.

k. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 28,798	\$ 30,778
Post-employment benefits	<u>1,057</u>	<u>1,157</u>
	<u>\$ 29,855</u>	<u>\$ 31,935</u>

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

**34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY**

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Pledged deposits (classified as financial assets at amortized cost - current)	<u>\$ 7,000</u>	<u>\$ 7,000</u>

**35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS**

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at December 31, 2021 were as follows:

- a. As of December 31, 2021, the Company had unused letters of credit for purchases of raw materials that amounted to \$303,176 thousand.
- b. As of December 31, 2021, guarantee notes submitted by the Company for loan applications and borrowings amounted to \$7,049,096 thousand.

**36. OTHER ITEMS**

With the easing of the COVID-19 pandemic, increase in the vaccine coverage rate and the loosening of government policies, the Company expects that operations will gradually return to normal.



### 37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 62,375	27.680 (USD:NTD)	\$ 1,726,542
Non-monetary items			
Investments accounted for using the equity method			
VND	1,245,930,734	0.0012 (VND:NTD)	1,518,398
USD	118,084	27.680 (USD:NTD)	3,268,579
RON	31,632	6.328 (RON:NTD)	200,176
JOD	8,867	39.096 (JOD:NTD)	346,439

Financial liabilities

Monetary items			
USD	79,741	27.680 (USD:NTD)	2,207,220

December 31, 2020

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 28,940	28.480 (USD:NTD)	\$ 824,223
Non-monetary items			
Investments accounted for using the equity method			
VND	1,367,898,750	0.0012 (VND:NTD)	1,686,848
USD	106,123	28.480 (USD:NTD)	3,022,391
RON	33,510	7.193 (RON:NTD)	241,042
JOD	3,526	40.23 (JOD:NTD)	141,825

Financial liabilities

Monetary items			
USD	35,258	28.480 (USD:NTD)	1,004,149

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange gains (losses) were \$16,527 thousand and \$(50,605) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

### 38. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

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

b. Information on investees (Table 5)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 7):
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
  - c) The amount of property transactions and the amount of the resultant gains or losses
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

- e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
  - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

### **39. SEGMENT INFORMATION**

Refer to the Company's consolidated financial statements for segment information.

## QUANG VIET ENTERPRISE CO., LTD.

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2021

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

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3a)	Aggregate Financing Limit (Note 3b)	Note
													Item	Value			
0	Quang Viet Enterprise Co., Ltd.	Quang Viet (Long An) Co., Ltd.	Other receivables - related parties	Yes	\$ 253,940 (US\$ 9,000)	\$ 138,400 (US\$ 5,000)	\$ 100,797 (US\$ 3,642)	-	1	\$ 283,625	Business	\$ -	None	-	\$ 283,625	\$ 2,756,380	Note 5
		Atlanta Garment Manufacturing Company LLC	Other receivables - related parties	Yes	256,815 (US\$ 9,000)	83,040 (US\$ 3,000)	77,532 (US\$ 2,801)	1.60	1	849,988	Business	-	"	-	849,988	2,756,380	Note 6
		Atlanta Garment Manufacturing Company LLC	Other receivables - related parties	Yes	253,365 (US\$ 9,000)	249,120 (US\$ 9,000)	-	-	2	-	Turnover	-	"	-	2,067,285	2,756,380	-
		Sidney Apparels LLC	Other receivables - related parties	Yes	83,040 (US\$ 3,000)	83,040 (US\$ 3,000)	-	-	2	-	Turnover	-	"	-	2,067,285	2,756,380	-
1	Top One Down & Feather Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Other receivables - related parties	Yes	214,979 (RMB 49,000)	117,221 (RMB 27,000)	117,221 (RMB 27,000)	2.50	1	242,689	Business	-	"	-	242,689	225,776	Note 7
2	King Hamm Industrial Co., Ltd.	King Hamm Industrial Co., Ltd. (VN)	Other receivables - related parties	Yes	99,873 (US\$ 3,500)	-	-	3.00	2	-	Turnover	-	"	-	237,492	316,657	-
		King Hamm Industrial Co., Ltd. (VN)	Other receivables - related parties	Yes	85,605 (US\$ 3,000)	83,040 (US\$ 3,000)	45,672 (US\$ 1,650)	3.00	1	124,665	Business	-	"	-	124,665	316,657	Note 8
3	Atlanta Garment Manufacturing Company LLC	W&D Apparel (Jordan) Corp.	Other receivables - related parties	Yes	12,841 (US\$ 450)	-	-	-	2	-	Turnover	-	"	-	61,350	81,800	-

Note 1: Numbering sequence is as follows:

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

Note 2: The nature of financing is as follows:

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

- Note 3:
- The amount available for the Company lending to individual borrowers shall not exceed the amount of business transactions between the two parties within the most recent year in the case of business transaction; The amount available for the Company lending to individual borrowers shall not exceed 30% of the net worth of the parent company on its most recent financial statements in the case of operating turnover. In addition, the total amount lendable shall not exceed 40% of net worth of the parent company on its most recent financial statements.
  - The amount that Top One Down & Feather Co., Ltd. can provide to any individual borrower shall not exceed the amount of business transactions between the two parties within the most recent year. The total amount lendable shall not exceed 40% of its net worth on its most recent financial statements.
  - The amount that King Hamm Industrial Co., Ltd., can provide to any individual borrower shall not exceed the amount of business transactions between the two parties within the most recent year in the case of business transaction, and the amount that King Hamm Industrial Co., Ltd., can provide to any individual borrower shall not exceed 30% of its net worth on its most recent financial statements in the case of operating turnover; the total amount lendable shall not exceed 40% of its net worth on its most recent financial statements.
  - The amount that Atlanta Garment Manufacturing Company LLC can provide to any individual borrower shall not exceed of 30% of its net worth on its most recent financial statements; the amount of total financing provided shall not exceed 40% of its net worth on its most recent financial statements.

Note 4: The above transactions have been eliminated on the preparation of the consolidated financial statements.

Note 5: In the most recent fiscal year, the amount transacted between the Company and Quang Viet (Long An) Co., Ltd. were processing fee of \$283,625 thousand.

Note 6: In the most recent fiscal year, the amounts transacted between the Company and Atlanta Garment Manufacturing Company LLC were purchases of \$849,988 thousand.

Note 7: The amounts transacted between Top One Down &amp; Feather Co., Ltd. and Top One Down &amp; Feather Shu Yang Co., Ltd. in the most recent fiscal year were purchases amounting to \$242,689 thousand.

Note 8: The amounts transacted between King Hamm Industrial Co., Ltd. and King Hamm Industrial Co., Ltd. (VN) in the most recent fiscal year were processing fee of \$124,665 thousand.

## QUANG VIET ENTERPRISE CO., LTD.

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

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

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Quang Viet Enterprise Co., Ltd.	Publicly traded shares Formosa Taffeta Co., Ltd.	Director of the Company	Financial assets at fair value through other comprehensive income - non-current	817,000	\$ 23,816		\$ 23,816	
Quang Viet Enterprise Co., Ltd.	Publicly traded shares Macauto Industrial Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	68,000	\$ 5,365		\$ 5,365	
Quang Viet Enterprise Co., Ltd.	Publicly traded shares Formosa Chemicals & Fibre Corp.	-	Financial assets at fair value through other comprehensive income - non-current	100,000	\$ 8,080		\$ 8,080	
Quang Viet Enterprise Co., Ltd.	Publicly traded shares Yageo Corporation	-	Financial assets at fair value through other comprehensive income - non-current	25,000	\$ 11,988		\$ 11,988	
Quang Viet Enterprise Co., Ltd.	Publicly traded shares Unicon Optical Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	106,278	\$ 1,056		\$ 1,056	
Quang Viet Enterprise Co., Ltd.	Non-publicly traded shares Spring Printing Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	793,250	\$ 6,492	19.00	\$ 6,492	
Quang Viet Enterprise Co., Ltd.	Publicly traded preferred shares Chailease Holding Company Limited	-	Financial assets at fair value through other comprehensive income - non-current	300,000	\$ 30,450		\$ 30,450	
Quang Viet Enterprise Co., Ltd.	Publicly traded shares Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at fair value through profit or loss - current	77,000	\$ 47,355		\$ 47,355	
Quang Viet Enterprise Co., Ltd.	Publicly traded shares Elite Semiconductor Microelectronics Technology Inc.	-	Financial assets at fair value through profit or loss - current	20,000	\$ 3,300		\$ 3,300	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Quang Viet Enterprise Co., Ltd.	Publicly traded convertible bonds Chailease Holding Company Limited 1st Unsecured Convertible Bond	-	Financial assets at fair value through profit or loss - current	100,000	\$ 11,190		\$ 11,190	
King Hamm Industrial Co., Ltd.	Publicly traded shares Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at fair value through profit or loss - current	30,000	\$ 18,450		\$ 18,450	
Jiaying Quang Viet Garment Co., Ltd.	Non-publicly traded shares Anhui Xingxing Garment Co., Ltd.	Associate	Investment accounted for using equity method	11,000,000	\$ 501,523	18.97	\$ 501,523	

Note 1: The term “Marketable Securities” in this table refers to the IFRS No. 9 “Financial Instruments”, which refers to the stocks, bonds, beneficiary certificates and derivatives of the above items.

Note 2: For information on subsidiaries, affiliates, and interests in joint ventures, refer to Tables 5 and 6.

(Concluded)

## QUANG VIET ENTERPRISE CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Quang Viet Enterprise Co., Ltd.	Kwang Viet Garment Co., Ltd.	Subsidiary	Processing fee	\$ 1,350,864	20	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	\$ (132,803)	17	Note
	Quang Viet (Tien Giang) Co., Ltd.	Subsidiary	Processing fee	889,096	13	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	-	-	Note
	Quang Viet (Long An) Co., Ltd.	Subsidiary	Processing fee	283,625	4	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(493,289)	62	Note
	Jiaxing Quang Viet Garment Co., Ltd.	Subsidiary	Purchases	521,561	8	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(106,375)	14	Note
	Atlanta Garment Manufacturing Company LLC	Subsidiary	Purchases	849,988	13	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(156,279)	20	Note
	Top One Down & Feather Co., Ltd.	Subsidiary	Purchases	185,306	3	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(35,664)	5	Note
	Formosa Taffeta Co., Ltd. (Group company)	Corporate director of the Company and its subsidiary	Purchases	493,510	7	Net 75 days from the end of the month when the invoice is issued	Normal transaction price	Net 75 days from the end of the month when the invoice is issued	(114,239)	15	-
Jiaxing Quang Viet Garment Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Brother company	Purchases	328,283	12	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(1,601)	3	Note
	Formosa Taffeta Co., Ltd. (Group company)	Corporate director of the Company and its subsidiary	Purchases	298,764	11	Net 75 days from the end of the month when the invoice is issued	Normal transaction price	Net 75 days from the end of the month when the invoice is issued	(2,886)	5	-
	Anhui Xingxing Garment Co., Ltd.	Associate	Processing fee	178,513	7	Net 60 days from the end of the month when the invoice is issued	Normal transaction price	Net 60 days from the end of the month when the invoice is issued	-	-	-
Top One Down & Feather Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Subsidiary	Purchases	242,689	92	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(32,571)	61	Note
King Hamm Industrial Co., Ltd.	King Hamm Industrial Co., Ltd. (VN)	Subsidiary	Processing fee	124,665	9	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(19,906)	19	Note
	King Hung Garments Industrial Co., Ltd.	Subsidiary	Processing fee	313,832	24	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(41,531)	40	Note
	King Hung Garments Industrial Co., Ltd.	Brother company	Purchases	401,685	30	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(107,425)	48	Note

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

**TABLE 4**

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

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Quang Viet Enterprise Co., Ltd.	Quang Viet (Long An) Co., Ltd.	Subsidiary	Other receivables - related parties \$ 100,797	-	\$ -	-	\$ -	\$ -
	Atlanta Garment Manufacturing Company LLC	Subsidiary	Other receivables - related parties 178,136	-	-	-	25,876	-
Kwang Viet Garment Co., Ltd.	Quang Viet Enterprise Co., Ltd.	Subsidiary	Other receivables - related parties 132,803	20.34	-	-	132,803	-
Quang Viet (Tien Giang) Co., Ltd.	Kwang Viet Garment Co., Ltd.	Brother company	Trade receivables - related parties 430,826	-	-	-	-	-
Quang Viet (Long An) Co., Ltd.	Quang Viet Enterprise Co., Ltd.	Subsidiary	Other receivables - related parties 493,289	0.63	-	-	43,834	-
Jiaxing Quang Viet Garment Co., Ltd.	Quang Viet Enterprise Co., Ltd.	Subsidiary	Trade receivables - related parties 106,375	6.54	-	-	62,814	-
Top One Down & Feather Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Subsidiary	Other receivables - related parties 123,606	-	-	-	-	-
Atlanta Garment Manufacturing Company LLC	Quang Viet Enterprise Co., Ltd.	Subsidiary	Trade receivables - related parties 156,279	8.75	-	-	107,585	-
	King Hamm Industrial Co., Ltd.	Brother company	Trade receivables - related parties 107,425	4.86	-	-	61,738	-

Note 1: The above transactions have been eliminated during the preparation of the consolidated financial statements.



## QUANG VIET ENTERPRISE CO., LTD.

## INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2021

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note	
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount				
Quang Viet Enterprise Co., Ltd.	Kwang Viet Garment Co., Ltd.	Vietnam	Manufacturing and processing of apparel	\$ 303,219 (VND 172,313,196)	\$ 303,219 (VND 172,313,196)	-	100.00	\$ 370,312 (VND 303,861,547)	\$ (23,607) (VND -19,332,055)	\$ (28,455) (VND -23,302,218)	-	
	Spring Co., Ltd.	Samoa	Holding company	476,343 (US\$ 15,230,000)	489,503 (US\$ 15,700,000)	15,230,000	100.00	1,958,451 (US\$ 70,753,295)	235,579 (US\$ 8,410,829)	235,385 (US\$ 8,403,895)	-	
	Quang Viet (Tien Giang) Co., Ltd.	Vietnam	Manufacturing and processing of apparel	761,563 (VND 521,418,024)	761,563 (VND 521,418,024)	-	100.00	504,693 (VND 414,128,873)	(150,425) (VND -123,185,443)	(143,624) (VND -117,615,784)	-	
	Q.V.S. Limited	Samoa	Holding company	77,450 (US\$ 2,100,000)	373,987 (US\$ 12,400,000)	2,100,000	100.00	55,512 (US\$ 2,005,491)	316 (US\$ 11,280)	316 (US\$ 11,280)	-	
	Top One Down & Feather Co., Ltd.	Taiwan	Sale of down products	478,385	478,385	47,838,480	95.68	534,617	50,093	45,218	-	
	Q Gear Limited	Samoa	Agency for sale to external parties	1,510 (US\$ 50,000)	1,510 (US\$ 50,000)	50,000	100.00	75,506 (US\$ 2,727,814)	13,974 (US\$ 498,901)	13,974 (US\$ 498,901)	-	
	Quang Viet (Long An) Co., Ltd.	Vietnam	Manufacturing and processing of apparel	482,716 (VND 341,987,000)	482,716 (VND 341,987,000)	-	100.00	643,393 (VND 527,940,314)	26,035 (VND 21,320,012)	23,155 (VND 18,961,624)	-	
	Biancospino S.R.L.	Romania	Manufacturing and processing of apparel	274,104 (RON 36,554,700)	274,104 (RON 36,554,700)	-	51.00	200,176 (RON 31,631,950)	44,753 (RON 6,642,030)	22,824 (RON 3,387,436)	-	
	Atlanta Garment Manufacturing Company LLC	Jordan	Manufacturing and processing of apparel	13,839 (JOD 330,000)	13,839 (JOD 330,000)	-	60.00	191,110 (JOD 4,888,217)	133,348 (JOD 3,370,709)	80,029 (JOD 2,022,945)	-	
	King Hamm Industrial Co., Ltd.	Taiwan	Manufacturing, processing, and sale of apparel	334,425	334,425	13,650,000	42.00	341,747	56,330	22,715	-	
	W&D Apparel (Jordan) Corp.	Jordan	Manufacturing and processing of apparel	34,214 (JOD 782,340)	34,214 (JOD 782,340)	-	65.00	25,059 (JOD 640,969)	(1,183) (JOD -29,914)	(769) (JOD -19,444)	-	
	Q.V.P. Limited	Samoa	Holding company	420,934 (US\$ 14,780,000)	420,934 (US\$ 14,780,000)	14,780,000	100.00	671,493 (US\$ 24,259,151)	(12,623) (US\$ -450,669)	(12,623) (US\$ -450,669)	-	
	Sidney Apparels LLC	Jordan	Manufacturing and processing of apparel	- (JOD 1)	- (JOD -)	2,593,086	100.00	130,270 (JOD 3,337,791)	8,114 (JOD 205,462)	8,510 (JOD 215,489)	-	
	Spring Co., Ltd.	Jiaxing Quang Viet Garment Co., Ltd.	China	Manufacturing, processing, and sale of apparel	445,785 (RMB 98,939,650)	445,785 (RMB 98,939,650)	-	100.00	1,958,295 (RMB 451,065,925)	238,263 (RMB 54,878,231)	238,263 (RMB 54,878,231)	-
		Baoji Xinyue Garment Co., Ltd.	China	Manufacturing and processing of apparel	- (RMB -)	43,718 (RMB 9,424,800)	-	100.00	- (RMB -)	- (RMB 134)	- (RMB 134)	-
Jiaxing Quang Viet Garment Co., Ltd.	Anhui Xingxing Garment Co., Ltd.	China	Manufacturing, processing, and sale of apparel	273,340 (RMB 60,000,000)	273,340 (RMB 60,000,000)	11,000,000	18.97	501,523 (RMB 115,518,848)	526,991 (RMB 121,379,677)	104,750 (RMB 24,126,629)	-	
Q.V.S. Limited	Top One Apparel Shu Yang Co., Ltd.	China	Manufacturing and processing of apparel	61,693 (RMB 13,228,560)	61,693 (RMB 13,228,560)	-	100.00	82,950 (RMB 19,106,337)	414 (RMB 95,390)	414 (RMB 95,390)	-	
Top One Down & Feather Co., Ltd.	T.O.D. Limited	Samoa	Holding company	271,666 (US\$ 9,000,000)	271,666 (US\$ 9,000,000)	9,000,000	100.00	507,617 (US\$ 18,338,749)	34,173 (US\$ 1,220,079)	34,414 (US\$ 1,228,668)	-	
T.O.D. Limited	Top One Down & Feather Shu Yang Co., Ltd.	China	Manufacturing, processing and sale of down products	267,934 (RMB 56,000,000)	267,934 (RMB 56,000,000)	-	100.00	504,915 (RMB 116,300,010)	33,915 (RMB 7,811,597)	34,156 (RMB 7,867,008)	-	
King Hamm Industrial Co., Ltd.	King Hung Garments Industrial Co., Ltd.	Vietnam	Manufacturing and processing of apparel	87,634 (US\$ 2,910,000)	87,634 (US\$ 2,910,000)	-	100.00	74,298 (US\$ 2,684,172)	4,316 (US\$ 154,076)	2,746 (US\$ 98,028)	-	
	King Hamm Industrial Co., Ltd. (VN)	Vietnam	Manufacturing and processing of apparel	214,322 (US\$ 7,080,000)	214,322 (US\$ 7,080,000)	-	100.00	180,140 (US\$ 6,507,959)	(2,544) (US\$ -90,829)	(1,569) (US\$ -56,008)	-	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
Q.V.P. Limited	Principle & Will Co., Ltd.	Samoa	Holding company	\$ 420,650 (US\$ 14,770,000)	\$ 420,650 (US\$ 14,770,000)	10,000,000	50.00	\$ 617,317 (US\$ 24,252,777)	\$ (15,472) (US\$ -552,448)	\$ (12,521) (US\$ -447,043)	-
Principle & Will Co., Ltd.	Joykey Industrial Limited	Hong Kong	Holding company	66,848 (RMB 15,453,317)	66,848 (RMB 15,453,317)	-	100.00	52,641 (RMB 12,125,081)	(31,638) (RMB -7,286,958)	(31,638) (RMB -7,286,958)	-
	Principle & Will Biotech (Pinghu) Co., Ltd.	China	Manufacturing, processing and sale of medical products	740,363 (RMB 161,189,287)	740,363 (RMB 161,189,287)	-	100.00	602,264 (RMB 138,723,147)	28,680 (RMB 6,605,735)	28,680 (RMB 6,605,735)	-
Joykey Industrial Limited	Principle & Will Biotech (Xiantao) Co., Ltd.	China	Manufacturing, processing and sale of medical products	57,572 (RMB 11,873,793)	57,572 (RMB 11,873,793)	-	100.00	31,396 (RMB 7,231,550)	(30,470) (RMB -7,018,069)	(30,470) (RMB -7,018,069)	-
	Joykey Industrial (Pinghu) Limited	China	Manufacturing and sale of medical products	16,568 (RMB 3,579,524)	16,568 (RMB 3,579,524)	-	100.00	21,245 (RMB 4,893,531)	(1,167) (RMB -268,889)	(1,167) (RMB -268,889)	-

(Concluded)

## QUANG VIET ENTERPRISE CO., LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2(b))	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Jiaying Quang Viet Garment Co., Ltd.	Manufacturing and processing, and sale of apparel	\$ 445,785 (RMB 98,939,650)	(b) Spring Co., Ltd.	\$ 445,785 (US\$ 14,200,000)	\$ -	\$ -	\$ 445,785 (US\$ 14,200,000)	\$ 238,263 (RMB 54,878,231)	100.00	\$ 238,263 (RMB 54,878,231) 2)	\$ 1,958,295 (RMB 451,065,925)	\$ -	-
Baoji Xinyue Garment Co., Ltd.	Manufacturing and processing of apparel	- (RMB -)	(b) Spring Co., Ltd.	43,718 (US\$ 1,500,000)	-	43,718 (US\$ 1,500,000)	- (US\$ -)	- (RMB 134)	-	- (RMB 134) 2)	- (RMB -)	-	-
Top One Apparel Shu Yang Co., Ltd.	Manufacturing and processing of apparel	61,693 (RMB 13,228,560)	(b) Q.V.S. Limited	61,693 (US\$ 2,100,000)	-	-	61,693 (US\$ 2,100,000)	414 (RMB 95,390)	100.00	414 (RMB 95,390) 2)	82,950 (RMB 19,106,337)	-	-
Top One Down & Feather Shu Yang Co., Ltd.	Manufacturing, processing and sale of down products	267,934 (RMB 56,000,000)	(b) T.O.D. Limited	267,934 (US\$ 8,877,506)	-	-	267,934 (US\$ 8,877,506)	33,915 (RMB 7,811,597)	95.68	32,680 (RMB 7,527,153) 2)	504,915 (RMB 116,300,010)	-	-
Principle & Will Biotech (Pinghu) Co., Ltd.	Manufacturing, processing and sale of medical products	740,363 (RMB 161,189,287)	(b) Principle & Will Co., Ltd.	-	-	-	-	26,680 (RMB 6,605,735)	50.00	13,340 (RMB 3,302,868) 2)	602,264 (RMB 138,723,147)	-	-
Principle & Will Biotech (Xiantao) Co., Ltd.	Manufacturing, processing and sale of medical products	57,572 (RMB 11,873,793)	(b) Joykey Industrial Limited	-	-	-	-	(30,470) (RMB -7,018,069)	50.00	(15,235) (RMB -3,509,035) 2)	31,396 (RMB 7,231,550)	-	-
Joykey Industrial (Pinghu) Limited	Manufacturing and sale of medical products	16,568 (RMB 3,579,524)	(b) Joykey Industrial Limited	-	-	-	-	(1,167) (RMB -268,889)	50.00	(584) (RMB -134,445) 2)	21,245 (RMB 4,893,531)	-	-
Anhui Xingxing Garment Co., Ltd.	Manufacturing and processing of apparel	253,170 (RMB 57,980,000)	(c) Jiaying Quang Viet Garment Co., Ltd.	-	-	-	-	526,991 (RMB 121,379,677)	18.97	104,750 (RMB 24,126,629) 3)	501,523 (RMB 115,518,848)	-	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by Investment Commission, MOEA (Note 3)
\$775,412 (US\$25,177,506)	\$1,617,218 (US\$58,425,494) (Exchange rate: 27.68)	\$4,134,570

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

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

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

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

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

## QUANG VIET ENTERPRISE CO., LTD.

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES  
 FOR THE YEAR ENDED DECEMBER 31, 2021  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%	Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Jiaxing Quang Viet Garment Co., Ltd.	Purchases	\$ 521,561	8	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	\$ (106,375)	14	\$ -	Notes 1, 2
	Technical service revenue	148,278	81	"	-	6,740	23	-	
Top One Down & Feather Shu Yang Co., Ltd.	Purchase of raw material	242,689	92	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(32,571)	61	1,716	

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

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

**TABLE 8****QUANG VIET ENTERPRISE CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

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

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

# QUANG VIET ENTERPRISE CO., LTD.

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**QUANG VIET ENTERPRISE CO., LTD.****STATEMENT OF TRADE RECEIVABLES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Client Name</b>	<b>Abstract</b>	<b>Amount</b>
Unrelated parties		
VF (Group)	Receivables	\$ 636,784
UA	"	127,827
NB	"	123,348
NIKE (Group)	"	71,845
PATAGONIA	"	69,336
ADIDAS (Group)	"	67,921
OTHERS (Note)	"	<u>152,395</u>
		1,249,456
Less: Loss allowance		<u>(5,091)</u>
		<u>\$ 1,244,365</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

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

**STATEMENT OF OTHER RECEIVABLES**

**DECEMBER 31, 2021**

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

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<b>Item</b>	<b>Abstract</b>	<b>Amount</b>
Other receivables - related parties	Financing provided to others	\$ 178,329
Other receivables - related parties	Receivables of technical service revenue and purchase	150,651
Others (Note)		<u>3,697</u>
		<u>\$ 332,677</u>

Note: The amount of individual items included in others does not exceed 5% of the account balance.



**QUANG VIET ENTERPRISE CO., LTD.****STATEMENT OF INVENTORIES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Abstract	Amount	
		Cost	Net Realizable Value (Note)
Raw material	Down and fabric	\$ 697,216	\$ 1,174,279
Work in process	Down jackets	875,237	901,261
Finished goods	Down jackets	<u>377,734</u>	<u>432,536</u>
		<u>\$ 1,950,187</u>	<u>\$ 2,508,076</u>

Note: Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items.

**QUANG VIET ENTERPRISE CO., LTD.****STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Name</b>	<b>Abstract</b>	<b>Unit</b>	<b>Fair Value (Dollar)</b>	<b>Book Value</b>
Shares - listed				
Taiwan Semiconductor Manufacturing Co., Ltd.		77,000	615.0	\$ 47,355
Elite Semiconductor Microelectronics Technology Inc.		20,000	165.0	3,300
Bonds - listed				
Chailase Holding Company Limited 1st Unsecured Convertible Bond		<u>100,000</u>	111.9	<u>11,190</u>
		<u>197,000</u>		<u>\$ 61,845</u>

## QUANG VIET ENTERPRISE CO., LTD.

## STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

DECEMBER 31, 2021

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

Name	Abstract	Number of Shares	Par Value	Cost	Fair value		Collateral
					Unit Price	Total Amount	
Shares - listed							
Formosa Taffeta Co., Ltd.		817,000	10	\$ 28,457	\$ 29.15	\$ 23,816	None
Macauto Industrial Co., Ltd.		68,000	10	8,935	78.90	5,365	None
Formosa Chemicals & Fibre Corp.		100,000	10	11,383	80.80	8,080	None
Yageo Corporation		25,000	10	22,191	479.50	11,988	None
Chailease Holding Company Limited		300,000	100	30,000	101.50	30,450	None
Shares - unlisted - emerging market							
Unicon Optical Co., Ltd.		106,278	10	5,354	9.94	1,056	None
Shares - unlisted							
Spring Printing Co., Ltd.		793,250	10	<u>9,621</u>	8.18	<u>6,492</u>	None
				<u>\$ 115,941</u>		<u>\$ 87,247</u>	

## QUANG VIET ENTERPRISE CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Beginning Balance		Additions		Decrease (Note 1)		Increase (Decrease) in Using the Equity Method (Note 2)	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Ending Balance			Book Value (Notes 3 and 4)		Collateral	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount			Number of Shares	%	Amount	Unit Price	Total Amount		
Unlisted companies															
Kwang Viet Garment Co., Ltd.	-	\$ 403,425	-	\$ -	-	\$ -	\$ (28,455)	\$ (4,658)	-	100.00	\$ 370,312	\$ -	\$ 372,401	Note	
Spring Co., Ltd.	15,700,000	1,734,987	-	-	(470,000)	(5,334)	235,384	(6,586)	15,230,000	100.00	1,958,451	141.34	2,152,682	Note	
Quang Viet (Tien Giang) Co., Ltd.	-	655,759	-	-	-	-	(143,624)	(7,442)	-	100.00	504,693	-	501,477	Note	
Top One Down & Feather Co., Ltd.	47,838,480	620,624	-	-	-	(129,168)	45,218	(2,057)	47,838,480	95.68	534,617	11.29	540,056	Note	
Q.V.S. Limited	2,100,000	54,848	-	-	-	-	316	348	2,100,000	100.00	55,512	26.43	55,512	Note	
Q Gear Limited	50,000	63,479	-	-	-	-	13,974	(1,947)	50,000	100.00	75,506	1510.12	75,506	Note	
Quang Viet (Long An) Co., Ltd.	-	627,664	-	-	-	-	23,155	(7,426)	-	100.00	643,393	-	646,498	Note	
Biancospino S.R.L.	-	241,042	-	-	-	(33,281)	22,824	(30,409)	-	51.00	200,176	-	200,176	Note	
Atlanta Garment Manufacturing Company LLC	-	115,259	-	-	-	-	80,029	(4,178)	-	60.00	191,110	-	191,112	Note	
King Hamm Industrial Co., Ltd.	13,650,000	328,356	-	-	-	(6,825)	22,715	(2,499)	13,650,000	42.00	341,747	25.11	342,691	Note	
W&D Apparel Corp. (Jordan) Corp.	-	26,566	-	-	-	-	(769)	(738)	-	65.00	25,059	-	25,059	Note	
Q.V.P. Limited	-	693,188	-	-	-	-	(12,623)	(9,072)	-	100.00	671,493	-	671,493	Note	
Sidney Apparels LLC	-	-	2,593,086	122,432	-	-	8,510	(672)	2,593,086	100.00	130,270	50.24	130,270	Note	
		<u>\$ 5,565,197</u>		<u>\$ 122,432</u>		<u>\$ (174,608)</u>	<u>\$ 266,654</u>	<u>\$ (77,336)</u>			<u>\$ 5,702,339</u>		<u>\$ 5,904,933</u>		

Note 1: Cash dividends received from subsidiaries.

Note 2: The financial statements have been audited by accountants in the same period.

Note 3: Book value was calculated based on the financial statements and percentage of ownership.

Note 4: The difference between the ending balance and the book value was unrealized gains and losses.

## QUANG VIET ENTERPRISE CO., LTD.

## STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2021

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

Type	Ending Balance	Contract Period	Range of Interest Rates (%)	Loan Commitments	Collateral	Remark
Letter of credit payables						
E.SUN Commercial Bank, Ltd.	\$ 49,104	2021/09/02-2022/06/24	0.6343-0.7	\$ 1,000,000	None	-
Mega International Commercial Bank	123,591	2021/08/25-2022/06/27	0.6500	608,960	None	-
Cathay United Bank	99,594	2021/10/05-2022/06/20	0.6100-0.7200	442,880	None	-
Chang Hwa Commercial Bank, Ltd.	159,596	2021/10/05-2022/06/18	0.4800-0.5700	400,000	None	-
HSBC Bank Limited	24,205	2021/11/15-2022/06/24	0.6000	314,200	None	-
Mizuho Bank, Ltd.	346,012	2021/08/05-2022/06/27	0.66000	623,400	None	-
KGI Commercial Bank Co., Ltd.	877	2021/11/30-2022/05/30	0.7505	500,000	None	-
Taiwan Cooperative Bank	1,611	2021/12/01-2022/02/28	0.6000	150,000	None	-
	<u>804,590</u>			<u>4,039,440</u>		
Operating loans						
Export-Import Bank of the Republic of China	200,000	2021/06/08-2022/06/08	0.5653	200,000	None	-
HSBC Bank Limited	101,000	2021/10/18-2022/03/25	0.6000	101,000	None	-
Mizuho Bank, Ltd.	207,000	2021/10/18-2022/03/25	0.6200	207,000	None	-
	<u>508,000</u>			<u>508,000</u>		
	<u>\$ 1,312,590</u>			<u>\$ 4,547,440</u>		

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

**STATEMENT OF NOTES PAYABLE**

**DECEMBER 31, 2021**

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

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<b>Vendor Name</b>	<b>Abstract</b>	<b>Amount</b>
Unrelated parties		
YKK Taiwan Co., Ltd.	Payables	\$ 7,031
Others (Note)	"	<u>      371</u>
		<u>\$ 7,402</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

**QUANG VIET ENTERPRISE CO., LTD.****STATEMENT OF TRADE PAYABLES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Vendor Name</b>	<b>Abstract</b>	<b>Amount</b>
Unrelated parties		
Coats Phong Phu Co., Ltd.	Payables	\$ 40,959
YKK Taiwan Co., Ltd.	"	27,230
Down Lite International Inc.	"	23,613
YYK Vietnam Co., Ltd.	"	22,252
Others (Note)	"	<u>243,135</u>
		<u>\$ 357,189</u>
Related parties		
Atlanta Garment Manufacturing Company LLC	Payables	\$ 156,279
Jiaying Quang Viet Garment Co., Ltd.	"	106,375
Formosa Taffeta Co., Ltd. (Group)	"	106,093
Top One Down & Feather Co., Ltd.	"	35,664
Others (Note)	"	<u>10,689</u>
		<u>\$ 415,100</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

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

**STATEMENT OF OTHER PAYABLES TO RELATED PARTIES**

**DECEMBER 31, 2021**

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

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<b>Name</b>	<b>Abstract</b>	<b>Amount</b>
Other payables to related parties		
Quang Viet (Long An) Co., Ltd.	Payables for processing fee	\$ 493,289
Kwang Viet Garment Co., Ltd.	Payables for processing fee	132,803
Formosa Taffeta Co., Ltd. (Group)	Payables for purchases	<u>8,146</u>
		<u>\$ 634,238</u>



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

**STATEMENT OF OPERATING REVENUE**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

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

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<b>Item</b>	<b>Amount</b>
Down jackets	\$ 3,202,711
Fiberfill jackets	2,251,803
Light jackets and parka	1,251,578
Others	<u>500,473</u>
	<u>\$ 7,206,565</u>

**QUANG VIET ENTERPRISE CO., LTD.****STATEMENT OF OPERATING COSTS****FOR THE YEAR ENDED DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Item</b>	<b>Amount</b>
Direct materials	
Materials, beginning balance	\$ 448,693
Add: Raw material purchased	3,814,079
Less: Others	(62)
Less: Materials, ending balance	<u>(697,216)</u>
Raw materials used	3,565,494
Manufacturing expenses - processing fee	<u>2,523,584</u>
Manufacturing cost	6,089,078
Add: Work in process, beginning balance	366,809
Less: Work in process, ending balance	<u>(875,237)</u>
Cost of finished goods	5,580,650
Add: Finished goods, beginning balance	191,780
Add: Finished goods purchased	1,350,513
Less: Finished goods, ending balance	<u>(377,734)</u>
Cost of goods sold	<u>\$ 6,745,209</u>

**QUANG VIET ENTERPRISE CO., LTD.****STATEMENT OF OPERATING EXPENSES****FOR THE YEAR ENDED DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Item</b>	<b>Selling and Marketing</b>	<b>General and Administrative</b>	<b>Research and Development</b>	<b>Total</b>
Salary expenses	\$ 43,674	\$ 119,295	\$ 24,997	\$ 187,966
Insurance expenses	3,809	10,942	2,375	17,126
Professional service expenses	-	5,924	-	5,924
Other expenses	<u>18,660</u>	<u>34,413</u>	<u>7,975</u>	<u>61,048</u>
	<u>\$ 66,143</u>	<u>\$ 170,574</u>	<u>\$ 35,347</u>	<u>\$ 272,064</u>

## QUANG VIET ENTERPRISE CO., LTD.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	2021			2020		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salary expenses	\$ -	\$ 181,330	\$ 181,330	\$ -	\$ 182,011	\$ 182,011
Insurance expenses	-	16,274	16,274	-	16,001	16,001
Pension expenses	-	8,744	8,744	-	9,259	9,259
Remuneration of directors	-	6,636	6,636	-	5,756	5,756
Other employee benefits expense	-	10,452	10,452	-	12,271	12,271
	<u>\$ -</u>	<u>\$ 223,436</u>	<u>\$ 223,436</u>	<u>\$ -</u>	<u>\$ 225,298</u>	<u>\$ 225,298</u>
Depreciation expenses	<u>\$ -</u>	<u>\$ 6,279</u>	<u>\$ 6,279</u>	<u>\$ -</u>	<u>\$ 5,915</u>	<u>\$ 5,915</u>
Amortization expenses	<u>\$ -</u>	<u>\$ 3,790</u>	<u>\$ 3,790</u>	<u>\$ -</u>	<u>\$ 3,845</u>	<u>\$ 3,845</u>

Note 1: As of December 31, 2021 and 2020, the Company had 216 and 226 employees, respectively, which included 7 and 6 non-employee directors, respectively.

Note 2: Companies should disclose the following information once its shares have been listed on the Taiwan Stock Exchange (TWSE) or mainboard of the Taipei Exchange (TPEX).

- a. Average employee benefits expense for the years ended December 31, 2021 and 2020 were \$1,039 thousand and \$999 thousand, respectively.
- b. Average salary expenses for the years ended December 31, 2021 and 2020 were \$869 thousand and \$829 thousand, respectively.
- c. The average salary expenses increased by 4.92% year over year.
- d. The Company did not have supervisors for the year ended December 31, 2021. Remuneration of the supervisors for the year ended December 31, 2020 was \$1,319 thousand.
- e. The compensation program includes a monthly salary, business performance bonuses based on business results, and a profit-sharing bonus based on annual profits. The Company determines the amount of the business performance bonus and profit-sharing bonus based on operating results. The amount and distribution of the business performance and profit-sharing bonus are approved by the board of directors. Individual rewards are based on each employee's job responsibility, contribution and performance.
- f. The total compensation paid to the executive officers is decided based on their job responsibility, contribution, company performance and projected future risks the Company will face. It is reviewed by the compensation committee and submitted to the board of directors for approval.
- g. The board of directors is authorized to determine the salary for the chairman and directors, taking into account the extent and value of the services provided for the management of the Company. The articles of incorporation also provide that the remuneration of directors shall be no more than 2% of annual profits.