

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

**Consolidated Financial Statements for the  
Years Ended December 31, 2022 and 2021 and  
Independent Auditors' Report**

## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the accompanying consolidated financial statements of Quang Viet Enterprise Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022 is described as follows:

#### Validity of Revenue Recognized from Specific Customers

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

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

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

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

#### **Other Matter**

We have also audited the parent company only financial statements of Quang Viet Enterprise Co., Ltd. as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

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

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

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

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

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022, 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 2, 2023

Notice to Readers

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

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

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

**CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 3,765,488	23	\$ 1,819,400	12
Financial assets at fair value through profit or loss - current (Note 7)	43,659	-	80,295	1
Financial assets at amortized cost - current (Notes 9, 10 and 37)	1,151,686	7	1,695,166	12
Notes receivable (Note 26)	36	-	12	-
Trade receivables (Notes 11, 26 and 36)	1,815,709	11	2,034,524	14
Other receivables (Note 19)	51,445	1	29,053	-
Current tax assets (Note 28)	15,385	-	3,452	-
Inventories (Note 12)	4,237,872	26	4,201,067	28
Prepayments (Note 19)	204,171	1	199,239	1
Other current assets	7,155	-	5,229	-
Total current assets	<u>11,292,606</u>	<u>69</u>	<u>10,067,437</u>	<u>68</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	77,628	-	87,247	1
Financial asset at amortized cost - non-current (Notes 9 and 10)	60,000	-	60,000	-
Investments accounted for using the equity method (Note 14)	539,177	3	501,523	3
Property, plant and equipment (Note 15)	3,098,359	19	2,938,161	20
Right-of-use assets (Note 16)	622,077	4	430,387	3
Investment properties (Note 17)	102,134	1	107,068	1
Other intangible assets (Note 18)	383,685	2	359,695	3
Deferred tax assets (Note 28)	165,353	1	207,993	1
Prepayments for equipment	8,471	-	14,335	-
Refundable deposits	32,987	-	36,492	-
Net defined benefit assets - non-current (Note 24)	14,001	-	4,194	-
Other non-current assets (Note 19)	81,967	1	24,772	-
Total non-current assets	<u>5,185,839</u>	<u>31</u>	<u>4,771,867</u>	<u>32</u>
<b>TOTAL</b>	<u>\$ 16,478,445</u>	<u>100</u>	<u>\$ 14,839,304</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 20)	\$ 1,267,924	8	\$ 1,926,201	13
Contract liabilities - current (Note 26)	85,726	1	171,616	1
Notes payable (Note 22)	22,847	-	7,402	-
Trade payables to unrelated parties (Note 22)	806,195	5	727,483	5
Trade payables to related parties (Notes 22 and 36)	154,815	1	117,125	1
Other payables to unrelated parties (Note 23)	1,182,854	7	999,711	7
Other payables to related parties (Note 36)	169,333	1	155,538	1
Current tax liabilities (Note 28)	411,377	3	166,751	1
Lease liabilities - current (Note 16)	35,579	-	34,004	-
Current portion of bonds payable (Note 21)	-	-	1,483,103	10
Current portion of long-term borrowings (Note 20)	59,372	-	20,372	-
Other current liabilities	11,530	-	7,688	-
Total current liabilities	<u>4,207,552</u>	<u>26</u>	<u>5,816,994</u>	<u>39</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 21)	1,418,366	9	-	-
Long-term borrowings (Note 20)	457,557	3	167,928	1
Deferred tax liabilities (Note 28)	421,053	2	403,168	3
Lease liabilities - non-current (Note 16)	204,007	1	58,655	-
Guarantee deposits received	2,163	-	990	-
Total non-current liabilities	<u>2,503,146</u>	<u>15</u>	<u>630,741</u>	<u>4</u>
Total liabilities	<u>6,710,698</u>	<u>41</u>	<u>6,447,735</u>	<u>43</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)</b>				
Share capital				
Ordinary shares	1,033,809	6	1,033,753	7
Bond conversion entitlement certificates	446	-	-	-
Total share capital	<u>1,034,255</u>	<u>6</u>	<u>1,033,753</u>	<u>7</u>
Capital surplus	<u>3,083,508</u>	<u>19</u>	<u>2,951,918</u>	<u>20</u>
Retained earnings				
Legal reserve	855,395	5	794,021	5
Special reserve	496,737	3	435,908	3
Unappropriated earnings	2,793,019	17	2,172,088	15
Total retained earnings	<u>4,145,151</u>	<u>25</u>	<u>3,402,017</u>	<u>23</u>
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(291,862)	(2)	(468,043)	(3)
Unrealized loss on financial assets at fair value through other comprehensive income	(32,908)	-	(28,694)	-
Total other equity	<u>(324,770)</u>	<u>(2)</u>	<u>(496,737)</u>	<u>(3)</u>
Total equity attributable to owners of the Company	7,938,144	48	6,890,951	47
<b>NON-CONTROLLING INTERESTS (Note 25)</b>	<u>1,829,603</u>	<u>11</u>	<u>1,500,618</u>	<u>10</u>
Total equity	<u>9,767,747</u>	<u>59</u>	<u>8,391,569</u>	<u>57</u>
<b>TOTAL</b>	<u>\$ 16,478,445</u>	<u>100</u>	<u>\$ 14,839,304</u>	<u>100</u>

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

# QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 26 and 36)	\$ 20,065,595	100	\$ 13,022,416	100
OPERATING COSTS (Notes 12, 27 and 36)	<u>(16,799,314)</u>	<u>(84)</u>	<u>(11,150,790)</u>	<u>(85)</u>
GROSS PROFIT	<u>3,266,281</u>	<u>16</u>	<u>1,871,626</u>	<u>15</u>
OPERATING EXPENSES (Notes 24 and 27)				
Selling and marketing expenses	(252,756)	(1)	(192,526)	(2)
General and administrative expenses	(1,253,086)	(6)	(818,874)	(6)
Research and development expenses	(226,105)	(1)	(166,226)	(1)
Expected credit loss (Notes 11 and 19)	<u>(12,546)</u>	<u>-</u>	<u>(9,285)</u>	<u>-</u>
Total operating expenses	<u>(1,744,493)</u>	<u>(8)</u>	<u>(1,186,911)</u>	<u>(9)</u>
PROFIT FROM OPERATIONS	<u>1,521,788</u>	<u>8</u>	<u>684,715</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES (Notes 27 and 36)				
Interest income	91,218	-	52,543	-
Other income	142,296	1	183,821	1
Other gains and losses	188,965	1	(647)	-
Finance costs	(90,761)	-	(51,100)	-
Share of profit of associates	<u>103,146</u>	<u>-</u>	<u>104,750</u>	<u>1</u>
Total non-operating income and expenses	<u>434,864</u>	<u>2</u>	<u>289,367</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	1,956,652	10	974,082	8
INCOME TAX EXPENSE (Note 28)	<u>(462,161)</u>	<u>(2)</u>	<u>(247,824)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>1,494,491</u>	<u>8</u>	<u>726,258</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 24 and 28)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	7,007	-	(683)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(8,662)	-	(9,488)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>(1,402)</u>	<u>-</u>	<u>137</u>	<u>-</u>
	<u>(3,057)</u>	<u>-</u>	<u>(10,034)</u>	<u>-</u>

(Continued)

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

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 296,721	1	\$ (124,370)	(1)
Income tax related to items that may be reclassified subsequently to profit or loss	<u>(47,657)</u>	<u>-</u>	<u>16,581</u>	<u>-</u>
	<u>249,064</u>	<u>1</u>	<u>(107,789)</u>	<u>(1)</u>
Other comprehensive loss for the year, net of income tax	<u>246,007</u>	<u>1</u>	<u>(117,823)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,740,498</u>	<u>9</u>	<u>\$ 608,435</u>	<u>5</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,176,153	6	\$ 630,502	5
Non-controlling interests	<u>318,338</u>	<u>2</u>	<u>95,756</u>	<u>1</u>
	<u>\$ 1,494,491</u>	<u>8</u>	<u>\$ 726,258</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,349,277	7	\$ 557,687	4
Non-controlling interests	<u>391,221</u>	<u>2</u>	<u>50,748</u>	<u>1</u>
	<u>\$ 1,740,498</u>	<u>9</u>	<u>\$ 608,435</u>	<u>5</u>
EARNINGS PER SHARE (Note 29)				
Basic	<u>\$ 11.38</u>		<u>\$ 6.10</u>	
Diluted	<u>\$ 10.61</u>		<u>\$ 5.70</u>	

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

(Concluded)



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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company							Other Equity		Non-controlling Interests	Total Equity
	Share Capital			Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
	Shares (In Thousands)	Share Capital	Bond Conversion Entitlement Certificates		Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2021	103,375	\$ 1,033,753	\$ -	\$ 2,939,320	\$ 740,461	\$ 377,395	\$ 2,001,218	\$ (405,262)	\$ (30,646)	\$ 1,497,102	\$ 8,153,341
Appropriation of 2020 earnings											
Legal reserve	-	-	-	-	53,560	-	(53,560)	-	-	-	-
Special reserve	-	-	-	-	-	58,513	(58,513)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(330,801)	-	-	-	(330,801)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(47,232)	(47,232)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	12,598	-	-	(4,772)	-	-	-	7,826
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	630,502	-	-	95,756	726,258
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	(546)	(62,781)	(9,488)	(45,008)	(117,823)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	629,956	(62,781)	(9,488)	50,748	608,435
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 8)	-	-	-	-	-	-	(11,440)	-	11,440	-	-
BALANCE AT DECEMBER 31, 2021	103,375	1,033,753	-	2,951,918	794,021	435,908	2,172,088	(468,043)	(28,694)	1,500,618	8,391,569
Appropriation of 2021 earnings											
Legal reserve	-	-	-	-	61,374	-	(61,374)	-	-	-	-
Special reserve	-	-	-	-	-	60,829	(60,829)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(434,176)	-	-	-	(434,176)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(96,324)	(96,324)
Other changes in capital surplus											
Equity component of convertible bonds issued by the Company	-	-	-	108,469	-	-	-	-	-	-	108,469
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	1,176,153	-	-	318,338	1,494,491
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	5,605	176,181	(8,662)	72,883	246,007
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	1,181,758	176,181	(8,662)	391,221	1,740,498
Convertible bonds converted to ordinary shares	6	56	446	6,697	-	-	-	-	-	-	7,199
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	34,088	34,088
Changes in percentage of ownership interests in subsidiaries	-	-	-	16,424	-	-	-	-	-	-	16,424
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 8)	-	-	-	-	-	-	(4,448)	-	4,448	-	-
BALANCE AT DECEMBER 31, 2022	103,381	\$ 1,033,809	\$ 446	\$ 3,083,508	\$ 855,395	\$ 496,737	\$ 2,793,019	\$ (291,862)	\$ (32,908)	\$ 1,829,603	\$ 9,767,747

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

# QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,956,652	\$ 974,082
Adjustments for:		
Depreciation expense	353,876	294,225
Amortization expense	6,778	7,321
Expected credit loss recognized on trade receivables	12,546	9,285
Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	3,064	(1,039)
Finance costs	90,761	51,100
Interest income	(91,218)	(52,543)
Dividend income	(3,673)	(3,522)
Share of profit of associates	(103,146)	(104,750)
Loss on disposal of property, plant and equipment	3,609	804
Write-down of inventories	-	47,671
Gain on bargain purchase	-	(122,432)
Gain on lease modifications	(9,044)	(29)
Changes in operating assets and liabilities		
Notes receivable	(24)	(12)
Trade receivables	210,453	(1,039,518)
Other receivables	(17,428)	90,670
Inventories	(41,147)	(1,209,732)
Prepayments	(4,932)	(69,782)
Other current assets	(1,926)	(158)
Other non-current assets	(57,195)	(9,560)
Contract liabilities	(85,890)	(189,158)
Notes payable	15,445	512
Trade payables	78,712	107,577
Trade payables to related parties	37,690	6,477
Other payables	111,117	134,999
Other payables to related parties	13,795	(6,382)
Other current liabilities	3,842	1,335
Net defined benefit liabilities	(2,800)	(2,643)
Cash generated from (used in) operations	2,479,917	(1,085,202)
Interest paid	(67,307)	(29,950)
Income tax paid	(221,111)	(160,481)
Net cash generated from (used in) operating activities	<u>2,191,499</u>	<u>(1,275,633)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets at fair value through other comprehensive income	957	79,512
Purchase of financial assets at amortized cost	-	(42,674)
Proceeds from sale of financial assets at amortized cost	543,480	-
Purchase of financial assets at fair value through profit or loss	(92,407)	(175,274)

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# QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Proceeds from sale of financial assets at fair value through profit or loss	\$ 126,579	\$ 167,066
Acquisition of subsidiaries (Note 31)	-	26,103
Payments for property, plant and equipment	(331,281)	(174,147)
Proceeds from disposal of property, plant and equipment	12,066	5,716
Increase in refundable deposits	-	(16,333)
Decrease in refundable deposits	3,505	-
Payments for intangible assets	(7,772)	(3,800)
Payments for right-of-use assets	(43,083)	-
Increase in prepayments for equipment	(8,264)	(7,618)
Interest received	81,482	56,394
Dividends received from associates	73,172	71,638
Other dividends received	<u>3,756</u>	<u>3,310</u>
Net cash generated from (used in) investing activities	<u>362,190</u>	<u>(10,107)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	-	1,206,215
Repayments of short-term borrowings	(658,277)	-
Proceeds from issuance of convertible bonds	1,519,159	-
Repayment of bonds payable	(1,492,800)	-
Proceeds from long-term borrowings	328,629	-
Proceeds from guarantee deposits received	1,173	-
Refund of guarantee deposits received	-	(136)
Repayments of the principal portion of lease liabilities	(34,206)	(16,564)
Dividends paid to owners of the Company	(434,176)	(330,801)
Dividends paid to non-controlling interests	(17,751)	(45,566)
Increase in non-controlling interests	<u>50,512</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(737,737)</u>	<u>813,148</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>130,136</u>	<u>(53,949)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,946,088</b>	<b>(526,541)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>1,819,400</u>	<u>2,345,941</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 3,765,488</u>	<u>\$ 1,819,400</u>

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

(Concluded)

# QUANG VIET ENTERPRISE CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 2, 2023.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2023

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: The amendments will be 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 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

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

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

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

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

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant 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.

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

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

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

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

<b><u>New, Amended and Revised Standards and Interpretations</u></b>	<b><u>Effective Date Announced by IASB (Note 1)</u></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
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

- 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” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 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 2020 amendments also stipulate 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 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 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.

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

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

##### **a. Statement of compliance**

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

##### **b. Basis of preparation**

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

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

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;

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

Current liabilities include:

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

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

d. Basis of consolidation

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

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

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

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

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

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

e. Business combinations

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



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

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

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

f. Foreign currencies

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

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

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

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

For the purpose of presenting the consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries and associates) 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, and attributable to owners of the Company and non-controlling interests.

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

g. Inventories

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

h. Investments in associates

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

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

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

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

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

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

i. Property, plant and equipment

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

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

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

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

j. Investment properties

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

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

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

Depreciation is recognized using the straight-line method.

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

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

k. Goodwill

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

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

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

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

1. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

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

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

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

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

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

n. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 35.

ii. Financial assets at amortized cost

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

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

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

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

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

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

### iii. Investments in equity instruments at FVTOCI

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

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

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

### b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

#### 4) Convertible bonds

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

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

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

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

#### o. Revenue recognition

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

##### Revenue from the sale of goods

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

#### p. Lease

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

##### 1) The Group as lessor

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

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

##### 2) The Group as lessee

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



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

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

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

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

q. Borrowing costs

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

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

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

r. Government grants

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

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

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

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

t. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

### 3) Current and deferred taxes

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

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

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

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

### Critical Accounting Judgements

None.

### Key Sources of Estimation Uncertainty

#### **Realization of Deferred Income Tax Assets**

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires subjective judgment and estimates, including the future revenue growth and profitability, tax holidays, the amount of tax credits that can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Cash on hand	\$ 7,012	\$ 9,352
Checking accounts and demand deposits	1,063,315	914,411
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>2,695,161</u>	<u>895,637</u>
	<u>\$ 3,765,488</u>	<u>\$ 1,819,400</u>

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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets		
Redemption value of bonds	\$ 450	\$ -
Non-derivative financial assets		
Domestic listed shares	40,320	69,150
Domestic bonds	<u>2,889</u>	<u>11,190</u>
	<u>\$ 43,659</u>	<u>\$ 80,295</u>

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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 71,676	\$ 80,755
Unlisted shares	<u>5,952</u>	<u>6,492</u>
	<u>\$ 77,628</u>	<u>\$ 87,247</u>

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

During 2022 and 2021, the Group sold its shares in order to manage credit concentration risk. The shares sold had fair value of \$957 thousand and \$79,512 thousand and its related unrealized valuation loss of \$4,448 thousand and \$11,440 thousand were transferred from other equity to retained earnings, respectively.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 1,144,686	\$ 1,688,166
Pledged time deposits	<u>7,000</u>	<u>7,000</u>
	<u>\$ 1,151,686</u>	<u>\$ 1,695,166</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 60,000</u>	<u>\$ 60,000</u>
a. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.		
b. Refer to Note 37 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>2022</u>	<u>2021</u>
Gross carrying amount		
Current	\$ 1,151,686	\$ 1,695,166
Non-current	60,000	60,000
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 1,211,686</u>	<u>\$ 1,755,166</u>

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

In determining the expected credit losses for debt instrument investments, the Group considers the historical probability of default of each credit rating supplied by internal rating agencies and the current financial condition of debtors. The Group'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:

Category	Expected Loss Rate	Gross Carrying Amount at Amortized Cost	
		December 31	
		2022	2021
Performing	0%-0.01%	<u>\$ 1,211,686</u>	<u>\$ 1,755,166</u>

## 11. TRADE RECEIVABLES

	December 31	
	2022	2021
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,845,093	\$ 2,062,499
Less: Allowance for impairment loss	<u>(29,384)</u>	<u>(27,975)</u>
	<u>\$ 1,815,709</u>	<u>\$ 2,034,524</u>

The average credit period of sales of goods is 30-90 days. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

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

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

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

### December 31, 2022

	1-30 Days	31-60 Days	61-90 Days	91-180 Days	181-365 Days	Over 365 Days	Total
Expect credit loss rate	0.01%-1.44%	0.01%-2.89%	0.01%-14.43%	0.01%-29.96%	0.01%-37.94%	100%	
Gross carrying amount	\$ 1,319,680	\$ 382,392	\$ 57,643	\$ 54,195	\$ 21,842	\$ 9,341	\$ 1,845,093
Loss allowance (Lifetime ECLs)	<u>(3,724)</u>	<u>(2,333)</u>	<u>(1,705)</u>	<u>(6,613)</u>	<u>(5,668)</u>	<u>(9,341)</u>	<u>(29,384)</u>
Amortized cost	<u>\$ 1,315,956</u>	<u>\$ 380,059</u>	<u>\$ 55,938</u>	<u>\$ 47,582</u>	<u>\$ 16,174</u>	<u>\$ -</u>	<u>\$ 1,815,709</u>

December 31, 2021

	<b>1-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-180 Days</b>	<b>181-365 Days</b>	<b>Over 365 Days</b>	<b>Total</b>
Expect credit loss rate	0.01%-1.18%	0.01%-2.36%	0.01%-11.82%	0.01%-42.33%	0.01%-73.31%	100%	
Gross carrying amount	\$ 1,332,345	\$ 623,739	\$ 70,035	\$ 16,738	\$ 12,797	\$ 6,845	\$ 2,062,499
Loss allowance (Lifetime ECLs)	<u>(2,947)</u>	<u>(3,658)</u>	<u>(2,681)</u>	<u>(2,463)</u>	<u>(9,381)</u>	<u>(6,845)</u>	<u>(27,975)</u>
Amortized cost	<u>\$ 1,329,398</u>	<u>\$ 620,081</u>	<u>\$ 67,354</u>	<u>\$ 14,275</u>	<u>\$ 3,416</u>	<u>\$ -</u>	<u>\$ 2,034,524</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 27,975	\$ 18,869
Add: Impairment losses recognized	7,830	9,285
Less: Amounts written off	(6,953)	(87)
Foreign exchange gains and losses	<u>532</u>	<u>(92)</u>
Balance at December 31	<u>\$ 29,384</u>	<u>\$ 27,975</u>

**12. INVENTORIES**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Raw materials	\$ 1,763,688	\$ 1,773,395
Work in progress	1,603,179	1,850,952
Finished goods	<u>871,005</u>	<u>576,720</u>
	<u>\$ 4,237,872</u>	<u>\$ 4,201,067</u>

The nature of the cost of goods sold is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Cost of inventories sold	\$ 16,799,314	\$ 11,103,119
Inventory write-downs	<u>-</u>	<u>47,671</u>
	<u>\$ 16,799,314</u>	<u>\$ 11,150,790</u>

### 13. SUBSIDIARIES

#### a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Proportion of Ownership (%)		Remark
		December 31		
		2022	2021	
Quang Viet Enterprise Co., Ltd.	Kwang Viet Garment Co., Ltd.	100.00	100.00	
Quang Viet Enterprise Co., Ltd.	Quang Viet (Long An) Co., Ltd.	100.00	100.00	
Quang Viet Enterprise Co., Ltd.	Spring Co., Ltd.	100.00	100.00	
Quang Viet Enterprise Co., Ltd.	Quang Viet (Tien Giang) Co., Ltd.	100.00	100.00	
Quang Viet Enterprise Co., Ltd.	Q.V.S. Limited	100.00	100.00	
Quang Viet Enterprise Co., Ltd.	Q Gear Limited	100.00	100.00	
Quang Viet Enterprise Co., Ltd.	Top One Down & Feather Co., Ltd.	95.68	95.68	
Quang Viet Enterprise Co., Ltd.	Biancospino S.R.L.	51.00	51.00	
Quang Viet Enterprise Co., Ltd.	Atlanta Garment Manufacturing Company LLC	60.00	60.00	
Quang Viet Enterprise Co., Ltd.	King Hamm Industrial Co., Ltd.	47.46	42.00	1)
Quang Viet Enterprise Co., Ltd.	W&D Apparel (Jordan) Corp.	65.00	65.00	
Quang Viet Enterprise Co., Ltd.	Q.V.P. Limited	100.00	100.00	
Quang Viet Enterprise Co., Ltd.	Sidney Apparels LLC	100.00	100.00	2)
Quang Viet Enterprise Co., Ltd.	Golden Style Apparels LLC	100.00	-	3)
Spring Co., Ltd.	Jiaxing Quang Viet Garment Co., Ltd.	100.00	100.00	
Q.V.S. Limited	Top One Apparel Shu Yang Co., Ltd.	100.00	100.00	
Top One Apparel Shu Yang Co., Ltd.	Zhejiang Shang Hong Garment Co., Ltd.	100.00	-	4)
Top One Down & Feather Co., Ltd.	T.O.D. Limited	100.00	100.00	
T.O.D. Limited	Top One Down & Feather Shu Yang Co., Ltd.	100.00	100.00	
King Hamm Industrial Co., Ltd.	King Hung Garments Industrial Co., Ltd.	100.00	100.00	
King Hamm Industrial Co., Ltd.	King Hamm Industrial Co., Ltd. (VN)	100.00	100.00	
King Hamm Industrial Co., Ltd.	Kingsville Garment Industry	100.00	-	5)
Q.V.P. Limited	Principle & Will Co., Ltd.	50.00	50.00	
Principle & Will Co., Ltd.	Joykey Industrial Limited	100.00	100.00	
Principle & Will Co., Ltd.	Principle & Will Biotech (Pinghu) Co., Ltd.	100.00	100.00	
Joykey Industrial Limited	Principle & Will Biotech (Xiantao) Co., Ltd.	100.00	100.00	
Joykey Industrial Limited	Joykey Industrial (Pinghu) Limited	100.00	100.00	

- 1) The Company invested in King Hamm Industrial Co., Ltd. on November 1, 2022 by cash in the amount of \$128,338 thousand for 5,238,290 newly issued common shares. The Company holds a 47.46% interest in King Hamm Industrial Co., Ltd. after the subscription, and the remaining 52.54% interest is dispersed and held by other shareholders. Considering the Group's absolute size of holding, and the relative size of and dispersion of the shareholdings owned by the other shareholders, the directors of the Company concluded that the Group has the practical ability to direct the relevant activities of King Hamm Industrial Co., Ltd. and therefore, the Group has control over King Hamm Industrial Co., Ltd. and deems it a subsidiary.
- 2) The Company acquired 100% ownership of Sidney Apparels LLC on October 15, 2021 by cash in the amount of US\$1.
- 3) The Company established Golden Style Apparels LLC on November 4, 2022 by cash in the amount of US\$71 thousand.
- 4) Top One Apparel Shu Yang Co., Ltd. established Zhejiang Shang Hong Garment Co., Ltd. on January 28, 2022 by cash in the amount of RMB10,000 thousand.
- 5) King Hamm Industrial Co., Ltd. established Kingsville Garment Industry on December 1, 2022 by cash in the amount of US\$71 thousand.
- 6) Refer to Table 7 and Table 8 for information relating to the nature of activities of subsidiaries.



- b. Subsidiaries excluded from the consolidated financial statements: None.
- c. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
		December 31	
		2022	2021
King Hamm Industrial Co., Ltd. and subsidiaries	Taiwan	52.54%	58.00%
Principle & Will Co., Ltd. and subsidiaries	Mainland China	50.00%	50.00%

See Tables 7 and 8 for the information on the places of incorporation and principal places of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
	For the Year Ended		December 31	
	2022	2021	2022	2021
King Hamm Industrial Co., Ltd. and subsidiaries	<u>\$ 206,608</u>	<u>\$ 32,671</u>	<u>\$ 697,983</u>	<u>\$ 459,152</u>
Principle & Will Co., Ltd. and subsidiaries	<u>\$ 35,759</u>	<u>\$ (7,736)</u>	<u>\$ 618,925</u>	<u>\$ 553,499</u>

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

King Hamm Industrial Co., Ltd. and subsidiaries:

	December 31	
	2022	2021
Current assets	\$ 1,641,481	\$ 1,073,968
Non-current assets	241,296	219,729
Current liabilities	(520,695)	(451,127)
Non-current liabilities	<u>(33,603)</u>	<u>(50,929)</u>
Equity	<u>\$ 1,328,479</u>	<u>\$ 791,641</u>
Equity attributable to:		
Owners of King Hamm Industrial Co., Ltd.	\$ 630,496	\$ 332,489
Non-controlling interests of King Hamm Industrial Co., Ltd.	<u>697,983</u>	<u>459,152</u>
	<u>\$ 1,328,479</u>	<u>\$ 791,641</u>

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Revenue	<u>\$ 2,745,813</u>	<u>\$ 1,556,688</u>
Profit for the year	\$ 362,440	\$ 56,330
Other comprehensive income (loss) for the year	<u>23,173</u>	<u>(5,950)</u>
Total comprehensive income for the year	<u>\$ 385,613</u>	<u>\$ 50,380</u>
Profit attributable to:		
Owners of King Hamm Industrial Co., Ltd.	\$ 155,832	\$ 23,659
Non-controlling interests of King Hamm Industrial Co., Ltd.	<u>206,608</u>	<u>32,671</u>
	<u>\$ 362,440</u>	<u>\$ 56,330</u>
Total comprehensive income attributable to:		
Owners of King Hamm Industrial Co., Ltd.	\$ 164,848	\$ 21,160
Non-controlling interests of King Hamm Industrial Co., Ltd.	<u>220,765</u>	<u>29,220</u>
	<u>\$ 385,613</u>	<u>\$ 50,380</u>
Dividends paid to non-controlling interests of:		
King Hamm Industrial Co., Ltd.	<u>\$ 16,023</u>	<u>\$ 9,425</u>
Principle & Will Co., Ltd. and subsidiaries:		

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current assets	\$ 1,125,233	\$ 1,026,310
Non-current assets	415,422	383,211
Current liabilities	(300,633)	(299,390)
Non-current liabilities	<u>(2,172)</u>	<u>(3,133)</u>
Equity	<u>\$ 1,237,850</u>	<u>\$ 1,106,998</u>
Equity attributable to:		
Owners of Principle & Will Co., Ltd.	\$ 618,925	\$ 553,499
Non-controlling interests of Principle & Will Co., Ltd.	<u>618,925</u>	<u>553,499</u>
	<u>\$ 1,237,850</u>	<u>\$ 1,106,998</u>

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Revenue	<u>\$ 740,490</u>	<u>\$ 831,225</u>
Profit (loss) for the year	\$ 71,518	\$ (15,472)
Other comprehensive (loss) income for the year	<u>(62,128)</u>	<u>15,186</u>
Total comprehensive income (loss) for the year	<u>\$ 9,390</u>	<u>\$ (286)</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit (loss) attributable to:		
Owners of Principle & Will Co., Ltd.	\$ 35,759	\$ (7,736)
Non-controlling interests of Principle & Will Co., Ltd.	<u>35,759</u>	<u>(7,736)</u>
	<u>\$ 71,518</u>	<u>\$ (15,472)</u>
Total comprehensive income (loss) attributable to:		
Owners of Principle & Will Co., Ltd.	\$ 4,695	\$ (143)
Non-controlling interests of Principle & Will Co., Ltd.	<u>4,695</u>	<u>(143)</u>
	<u>\$ 9,390</u>	<u>\$ (286)</u>
		(Concluded)

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Material associate		
Anhui Xingxing Garment Co., Ltd.	<u>\$ 539,177</u>	<u>\$ 501,523</u>

#### Investments in Associate

	<b>Proportion of Ownership and Voting Rights</b>	
	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Material associate		
Anhui Xingxing Garment Co., Ltd.	18.97%	18.97%

In August of 2021, Anhui Xingxing Garment Co., Ltd. issued 12,780 thousand employee restricted shares. After the issuance of shares, the Group owned 18.97% of Anhui Xingxing Garment Co., Ltd. and is able to exercise significant influence over Anhui Xingxing Garment Co., Ltd. because it has the power to appoint one director and one supervisor of Anhui Xingxing Garment Co., Ltd.

Refer to Table 8 for the nature of activities, principal place of business and country of incorporation of the associate.

## 15. PROPERTY, PLANT AND EQUIPMENT

	Land	Building and Construction	Equipment	Transportation	Other Equipment	Leasehold Improvements	Construction Work in Progress	Total
<b>Cost</b>								
Balance at January 1, 2022	\$ 640,968	\$ 2,354,695	\$ 1,347,891	\$ 89,881	\$ 537,817	\$ 4,418	\$ 87,837	\$ 5,063,507
Additions	-	1,204	182,848	7,094	51,145	-	82,961	325,252
Disposals	-	(2,400)	(54,693)	(4,030)	(6,116)	-	-	(67,239)
Reclassification	-	54,070	7,668	-	5,079	-	(51,914)	14,903
Effect of foreign currency exchange differences	7,666	89,850	99,271	3,848	27,745	465	6,192	235,037
Balance at December 31, 2022	<u>\$ 648,634</u>	<u>\$ 2,497,419</u>	<u>\$ 1,582,985</u>	<u>\$ 96,793</u>	<u>\$ 615,670</u>	<u>\$ 4,883</u>	<u>\$ 125,076</u>	<u>\$ 5,571,460</u>
<b>Accumulated depreciation</b>								
Balance at January 1, 2022	\$ -	\$ 996,274	\$ 743,692	\$ 42,635	\$ 341,521	\$ 1,224	\$ -	\$ 2,125,346
Depreciation expenses	-	112,072	111,058	11,689	59,798	543	-	295,160
Disposals	-	(1,425)	(41,221)	(3,309)	(5,609)	-	-	(51,564)
Effect of foreign currency exchange differences	-	37,258	47,492	1,893	17,370	146	-	104,159
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 1,144,179</u>	<u>\$ 861,021</u>	<u>\$ 52,908</u>	<u>\$ 413,080</u>	<u>\$ 1,913</u>	<u>\$ -</u>	<u>\$ 2,473,101</u>
Carrying amount at December 31, 2022	<u>\$ 648,634</u>	<u>\$ 1,353,240</u>	<u>\$ 721,964</u>	<u>\$ 43,885</u>	<u>\$ 202,590</u>	<u>\$ 2,970</u>	<u>\$ 125,076</u>	<u>\$ 3,098,359</u>
<b>Cost</b>								
Balance at January 1, 2021	\$ 614,454	\$ 2,519,586	\$ 905,414	\$ 75,937	\$ 442,613	\$ -	\$ 75,674	\$ 4,633,678
Additions	29,430	808	68,831	24,379	36,454	171	14,056	174,129
Disposals	-	-	(22,302)	(13,802)	(11,640)	-	-	(47,744)
Acquisitions through business combinations (Note 31)	-	-	389,471	5,035	70,285	4,267	-	469,058
Reclassification	-	17,981	24,843	-	5,439	-	-	48,263
Reclassified as investment properties	-	(151,443)	-	-	-	-	-	(151,443)
Effect of foreign currency exchange differences	(2,916)	(32,237)	(18,366)	(1,668)	(5,334)	(20)	(1,893)	(62,434)
Balance at December 31, 2021	<u>\$ 640,968</u>	<u>\$ 2,354,695</u>	<u>\$ 1,347,891</u>	<u>\$ 89,881</u>	<u>\$ 537,817</u>	<u>\$ 4,418</u>	<u>\$ 87,837</u>	<u>\$ 5,063,507</u>
<b>Accumulated depreciation</b>								
Balance at January 1, 2021	\$ -	\$ 949,305	\$ 591,082	\$ 43,716	\$ 284,730	\$ -	\$ -	\$ 1,868,833
Depreciation expenses	-	113,721	88,713	9,480	50,898	93	-	262,905
Disposals	-	-	(18,391)	(11,634)	(11,199)	-	-	(41,224)
Acquisitions through business combinations (Note 31)	-	-	70,387	2,104	20,742	1,137	-	94,370
Reclassification	-	-	24,458	-	-	-	-	23,458
Reclassified as investment properties	-	(54,165)	-	-	-	-	-	(54,165)
Effect of foreign currency exchange differences	-	(12,587)	(11,557)	(1,031)	(3,650)	(6)	-	(28,831)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 996,274</u>	<u>\$ 743,692</u>	<u>\$ 42,635</u>	<u>\$ 341,521</u>	<u>\$ 1,224</u>	<u>\$ -</u>	<u>\$ 2,125,346</u>
Carrying amount at December 31, 2021	<u>\$ 640,968</u>	<u>\$ 1,358,421</u>	<u>\$ 604,199</u>	<u>\$ 47,246</u>	<u>\$ 196,296</u>	<u>\$ 3,194</u>	<u>\$ 87,837</u>	<u>\$ 2,938,161</u>

No impairment assessment was performed for the years ended December 31, 2022 and 2021.

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

Buildings and construction	
Main buildings	51 years
Renovations	5-25 years
Machinery	3-11 years
Transportation equipment	4-10 years
Other equipment	3-15 years
Leasehold improvements	2-10 years

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amount</u>		
Land	\$ 353,077	\$ 350,912
Buildings	267,053	79,475
Other equipment	<u>1,947</u>	<u>-</u>
	<u>\$ 622,077</u>	<u>\$ 430,387</u>
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets	<u>\$ 211,585</u>	<u>\$ 5,590</u>
Acquisitions through business combinations (Note 31)		<u>\$ 59,079</u>
Depreciation charge for right-of-use assets		
Land	\$ 13,840	\$ 12,498
Buildings	38,474	16,857
Other equipment	<u>145</u>	<u>-</u>
	<u>\$ 52,459</u>	<u>\$ 29,355</u>

Except for the additions and depreciation recognized as described above, the Group had no material sublease transactions and impairment losses for the years ended December 31, 2022 and 2021.

### b. Lease liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amount</u>		
Current	\$ 35,579	\$ 34,004
Non-current	<u>204,007</u>	<u>58,655</u>
	<u>\$ 239,586</u>	<u>\$ 92,659</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Land	6.25%	6.25%
Buildings	2.00%-9.57%	3.85%-9.57%
Other equipment	2.00%	-

c. Material lease-in activities and terms

The Group leases certain land and buildings in mainland China, Vietnam, and Jordan for the use of plants and offices with lease terms of 10 to 50 years. The Group also leases certain land and buildings in Vietnam and Jordan for the use of warehouses and dormitories with lease terms of 2 to 5 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	<u>\$ 997</u>	<u>\$ 1,928</u>
Expenses relating to low-value asset leases	<u>\$ 720</u>	<u>\$ 570</u>
Total cash outflow for leases	<u>\$ (49,886)</u>	<u>\$ (22,219)</u>

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

## 17. INVESTMENT PROPERTIES

	<b>Completed Investment Properties</b>	<b>Right-of-use Assets</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2022	\$ 150,692	\$ 12,849	\$ 163,541
Effects of foreign currency exchange differences	<u>2,359</u>	<u>201</u>	<u>2,560</u>
Balance at December 31, 2022	<u>\$ 153,051</u>	<u>\$ 13,050</u>	<u>\$ 166,101</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ 55,769	\$ 704	\$ 56,473
Depreciation expenses	5,925	332	6,257
Effects of foreign currency exchange differences	<u>1,183</u>	<u>54</u>	<u>1,237</u>
Balance at December 31, 2022	<u>\$ 62,877</u>	<u>\$ 1,090</u>	<u>\$ 63,967</u>
Carrying amount at December 31, 2022	<u>\$ 90,174</u>	<u>\$ 11,960</u>	<u>\$ 102,134</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ -	\$ -	\$ -
Transfers from property, plant and equipment	151,443	12,989	164,432
Effects of foreign currency exchange differences	<u>(751)</u>	<u>(140)</u>	<u>(891)</u>
Balance at December 31, 2021	<u>\$ 150,692</u>	<u>\$ 12,849</u>	<u>\$ 163,541</u>

(Continued)

	<b>Completed Investment Properties</b>	<b>Right-of-use Assets</b>	<b>Total</b>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ -	\$ -	\$ -
Depreciation expenses	1,638	327	1,965
Transfers from property, plant and equipment	54,165	382	54,547
Effects of foreign currency exchange differences	<u>(34)</u>	<u>(5)</u>	<u>(39)</u>
Balance at December 31, 2021	<u>\$ 55,769</u>	<u>\$ 704</u>	<u>\$ 56,473</u>
Carrying amount at December 31, 2021	<u>\$ 94,923</u>	<u>\$ 12,145</u>	<u>\$ 107,068</u> (Concluded)

Right-of-use assets included in investment properties are land located in mainland China and subleased under operating leases to several companies.

The investment properties are leased out for 3 to 15 years, and the lessees have renewal options to lease the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Year 1	\$ 31,422	\$ 21,992
Year 2	29,047	21,849
Year 3	28,072	19,621
Year 4	27,319	18,973
Year 5	27,307	18,508
Year 6 onwards	<u>191,146</u>	<u>171,747</u>
	<u>\$ 334,313</u>	<u>\$ 272,690</u>

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

Main buildings	50 years
Right-of-use assets	30 years

The determination of fair value was not performed by independent qualified professional valuers. The management of the Company used the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The fair value as appraised was as follows:

	<u>December 31, 2022</u>	
	<b>2022</b>	<b>2021</b>
Fair value	<u>\$ 110,346</u>	<u>\$ 111,729</u>

## 18. OTHER INTANGIBLE ASSETS

	Customer Relationships	Value of QIZ Tax Free Trade	Computer Software	Total
<u>Cost</u>				
Balance at January 1, 2022	\$ 226,937	\$ 114,021	\$ 49,922	\$ 390,880
Additions	-	-	7,772	7,772
Disposals	-	-	(1,401)	(1,401)
Effect of foreign currency exchange differences	<u>10,178</u>	<u>12,482</u>	<u>996</u>	<u>23,656</u>
Balance at December 31, 2022	<u>\$ 237,115</u>	<u>\$ 126,503</u>	<u>\$ 57,289</u>	<u>\$ 420,907</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2022	\$ -	\$ -	\$ 31,185	\$ 31,185
Amortization expenses	-	-	6,778	6,778
Disposals	-	-	(1,401)	(1,401)
Effect of foreign currency exchange differences	<u>-</u>	<u>-</u>	<u>660</u>	<u>660</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,222</u>	<u>\$ 37,222</u>
Carrying amount at December 31, 2022	<u>\$ 237,115</u>	<u>\$ 126,503</u>	<u>\$ 20,067</u>	<u>\$ 383,685</u>
<u>Cost</u>				
Balance at January 1, 2021	\$ 257,952	\$ 117,317	\$ 50,901	\$ 426,170
Additions	-	-	3,800	3,800
Acquisitions through business combinations	-	-	1,211	1,211
Disposals	-	-	(5,315)	(5,315)
Effect of foreign currency exchange differences	<u>(31,015)</u>	<u>(3,296)</u>	<u>(675)</u>	<u>(34,986)</u>
Balance at December 31, 2021	<u>\$ 226,937</u>	<u>\$ 114,021</u>	<u>\$ 49,922</u>	<u>\$ 390,880</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2021	\$ -	\$ -	\$ 29,640	\$ 29,640
Amortization expenses	-	-	7,321	7,321
Acquisitions through business combinations	-	-	125	125
Disposals	-	-	(5,315)	(5,315)
Effect of foreign currency exchange differences	<u>-</u>	<u>-</u>	<u>(586)</u>	<u>(586)</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,185</u>	<u>\$ 31,185</u>
Carrying amount at December 31, 2021	<u>\$ 226,937</u>	<u>\$ 114,021</u>	<u>\$ 18,737</u>	<u>\$ 359,695</u>



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

Computer software 1-5 years

### Customer Relationships

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

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

### Value of QIZ Tax Free Trade

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

## 19. OTHER ASSETS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Prepayments		
Prepayments for suppliers	\$ 48,681	\$ 65,188
Overpaid sales tax	71,390	75,308
Prepaid expenses	<u>84,100</u>	<u>58,743</u>
	<u>\$ 204,171</u>	<u>\$ 199,239</u>
Other receivables		
Sales tax receivable	\$ 6,926	\$ 6,227
Interest receivable	19,409	9,673
Others (a)	<u>25,110</u>	<u>13,153</u>
	<u>\$ 51,445</u>	<u>\$ 29,053</u>
<u>Non-current</u>		
Other assets		
Prepayments for land (b)	\$ 81,905	\$ -
Prepayments for right-of-use assets (c)	-	24,768
Others	<u>62</u>	<u>4</u>
	<u>\$ 81,967</u>	<u>\$ 24,772</u>

- a. Other receivables contain impairment losses of \$4,716 thousand recognized during 2022.
- b. Prepayments for land are land located in Jordan, in which the Group expects to acquire and build plants to meet the Group's long-term development needs. As the rights have not been transferred to the Group, they are classified as other assets as of December 31, 2022.

- c. Prepayments for right-of-use assets are land located in the People's Republic of China, in which the Group expects to acquire and build plants to meet the Group's long-term development needs. The rights have been transferred to the Group in October, 2022.

## 20. BORROWINGS

- a. Short-term borrowings

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Unsecured borrowings</u>		
Operating loans	\$ 526,107	\$ 1,121,611
Letter of credit payables	<u>741,817</u>	<u>804,590</u>
	<u>\$ 1,267,924</u>	<u>\$ 1,926,201</u>
Range of interest rates	1.09%-5.63%	0.48%-3.75%

- b. Long-term borrowings

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Unsecured borrowings</u>		
Bank loans	\$ 516,929	\$ 188,300
Less: Current portion	<u>(59,372)</u>	<u>(20,372)</u>
Long-term borrowings	<u>\$ 457,557</u>	<u>\$ 167,928</u>

Unsecured Borrowings	Main terms	December 31	
		2022	2021
Export-Import Bank of the Republic of China	Long-term borrowings; the loan limit is US\$4,000 thousand, the interest is paid every three months at the interest rate which is the LIBOR rate plus 0.38% (adjusted every six months; 1.1741% this period), and the principal is paid every six months from February 2023	\$ 117,000	\$ 117,000
Export-Import Bank of the Republic of China	Long-term borrowings; the loan limit is US\$11,800 thousand, the interest is paid every three months at the interest rate which is the LIBOR rate plus 0.38% (adjusted every three months; 1.6339% this period), and the principal is paid every six months from January 2025	349,000	-
Export-Import Bank of the Republic of China	Long-term borrowings, the loan limit is \$72,000 thousand, the interest is paid every three months at the interest rate of TAIBOR rate plus 0.18% (adjusted every three months, 1.2108% this period), and the principal is paid every six months from May 2022	<u>50,929</u>	<u>71,300</u>
		<u>\$ 516,929</u>	<u>\$ 188,300</u>

## 21. BONDS PAYABLE

	December 31	
	2022	2021
Unsecured domestic bonds	\$ 1,418,366	\$ 1,483,103
Less: Current portion	<u>-</u>	<u>(1,483,103)</u>
	<u>\$ 1,418,366</u>	<u>\$ -</u>

### a. 1st domestic unsecured convertible bonds

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:

- 1) 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.

- 2) 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\$143.5 per share. If the bonds have not been converted, they will be redeemed at contract price at the maturity date.
- 3) 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>43,577</u>
Liability component at December 31, 2021	1,483,103
Interest charged at an effective interest rate of 1.37%	16,896
Convertible bonds converted into ordinary shares	(7,199)
Redeemed convertible bonds	<u>(1,492,800)</u>
	<u>\$ -</u>

b. 2nd domestic unsecured convertible bonds

In October 2022, 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:

- 1) From 3 months after the date of issuance to 40 days before the maturity date, which is from January 4, 2023 to August 25, 2025, the Company has the right to redeem its bonds from bondholders at the contract price under specific conditions.
- 2) From 3 months after the date of issuance to the maturity date, which is from January 4, 2023 to October 3, 2025, each bondholder has the right to convert their bonds into ordinary shares at the conversion price of NT\$138 per share. If the bonds have not been converted, they will be redeemed at contract price at the maturity date.
- 3) The Company will repay the bonds at face value by cash at the maturity date.

The effective interest rate of the liability component was 2.03% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,472 thousand)	\$ 1,519,159
Conversion value (less transaction costs allocated to the equity component of \$312 thousand)	(108,469)
Redemption value	<u>600</u>
Liability component at the date of issue (less transaction costs allocated to the liability component of \$5,160 thousand)	1,411,290
Interest charged at an effective interest rate of 2.03%	<u>7,076</u>
Liability component at December 31, 2022	<u>\$ 1,418,366</u>

## 22. NOTES PAYABLE AND TRADE PAYABLES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Notes payable</u>		
Operating		
To unrelated parties	\$ <u>22,847</u>	\$ <u>7,402</u>
<u>Trade payables</u>		
Operating		
To unrelated parties	\$ 806,195	\$ 727,483
To related parties (Note 36)	<u>154,815</u>	<u>117,125</u>
	<u>\$ 961,010</u>	<u>\$ 844,608</u>

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

## 23. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 531,185	\$ 487,668
Payables for labor insurance	102,827	95,432
Payables for processing fees	64,143	77,996
Payables for purchases of equipment	7,732	13,761
Payables for employees' compensation and remuneration of directors	34,670	19,680
Payables for annual leave	2,455	1,807
Payables for sales tax	5,694	52,127
Payables for professional fees	5,028	4,409
Payables for product insurance	28,266	26,752
Payables for dividends	78,573	1,666
Others	<u>322,281</u>	<u>218,233</u>
	<u>\$ 1,182,854</u>	<u>\$ 999,711</u>

## 24. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

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

b. Defined benefit plan

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

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of defined benefit obligation	\$ 21,373	\$ 25,772
Fair value of plan assets	<u>(35,374)</u>	<u>(29,966)</u>
Net defined benefit assets	<u>\$ (14,001)</u>	<u>\$ (4,194)</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, 2022	<u>\$ 25,772</u>	<u>\$ (29,966)</u>	<u>\$ (4,194)</u>
Service cost			
Current service cost	168	-	168
Net interest expense (income)	<u>161</u>	<u>(196)</u>	<u>(35)</u>
Recognized in profit or loss	<u>329</u>	<u>(196)</u>	<u>133</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,279)	(2,279)
Actuarial loss			
Changes in financial assumptions	(711)	-	(711)
Experience adjustments	<u>(4,017)</u>	<u>-</u>	<u>(4,017)</u>
Recognized in other comprehensive income	<u>(4,728)</u>	<u>(2,279)</u>	<u>(7,007)</u>
Contributions from the employer			
Benefits paid	<u>-</u>	<u>(2,933)</u>	<u>(2,933)</u>
Balance at December 31, 2022	<u>\$ 21,373</u>	<u>\$ (35,374)</u>	<u>\$ (14,001)</u> (Continued)

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

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

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Selling and marketing expenses	\$ 33	\$ 36
General and administrative expenses	67	71
Research and development expenses	<u>33</u>	<u>36</u>
	<u>\$ 133</u>	<u>\$ 143</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>2022</b>	<b>2021</b>
Discount rate	1.125%	0.625%
Expected rate of salary increase	2.000%	2.000%

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate		
0.25% increase	<u>\$ (338)</u>	<u>\$ (423)</u>
0.25% decrease	<u>\$ 350</u>	<u>\$ 438</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 340</u>	<u>\$ 425</u>
0.25% decrease	<u>\$ (331)</u>	<u>\$ (413)</u>

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Expected contributions to the plans for the next year	<u>\$ 3,074</u>	<u>\$ 2,885</u>
Average duration of the defined benefit obligation	6.4 years	6.6 years

## 25. EQUITY

### a. Share capital

#### 1) Ordinary shares

	<b>December 31</b>	
	<b>2022</b>	<b>2021</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>103,381</u>	<u>103,375</u>
Shares issued	<u>\$ 1,033,809</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.



2) Bond conversion entitlement certificates

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Certificates converted but for which the change of registration has not yet been settled (in thousands of shares)	<u>45</u>	<u>-</u>
Certificates converted but for which the change of registration has not yet been settled	<u>\$ 446</u>	<u>\$ -</u>

The change of registration will be settled based on the subscription base date.

b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 2,868,317	\$ 2,868,317
Conversion of bonds	7,036	-
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	16,981	557
Share of changes in capital surplus of associates	12,598	12,598
Forfeited share warrants	70,107	-
<u>May not be used for any purpose</u>		
Share warrants	<u>108,469</u>	<u>70,446</u>
	<u>\$ 3,083,508</u>	<u>\$ 2,951,918</u>

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

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's articles of incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to "Employee benefits expense" in Note 27 (g).

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

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

The appropriations of earnings for 2021 and 2020, which were approved in the shareholders' meetings on June 15, 2022 and August 11, 2021, respectively, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Legal reserve	<u>\$ 61,374</u>	<u>\$ 53,560</u>
Special reserve	<u>\$ 60,829</u>	<u>\$ 58,513</u>
Cash dividends	<u>\$ 434,176</u>	<u>\$ 330,801</u>
Cash dividends per share (NT\$)	\$ 4.20	\$ 3.20

The appropriations of earnings for 2022, which were proposed by the Company's board of directors on March 2, 2023, were as follows:

	<b>For the Year Ended December 31, 2022</b>
Legal reserve	<u>\$ 117,731</u>
Special reserve	<u>\$ (171,967)</u>
Cash dividends	<u>\$ 703,293</u>
Cash dividends per share (NT\$)	\$ 6.80

The appropriation of earnings for 2022 will be resolved by the shareholders in their meeting to be held on June 15, 2023.

d. Non-controlling interests

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 1,500,618	\$ 1,497,102
Cash dividends received from subsidiaries	(96,324)	(47,232)
Share in profit for the year	318,338	95,756
Other comprehensive income (loss) during the year		
Exchange differences on the translation of the financial statements of foreign operations	76,495	(45,894)
Related income tax	(3,612)	886
Capital increase of subsidiaries	<u>34,088</u>	<u>-</u>
Balance at December 31	<u>\$ 1,829,603</u>	<u>\$ 1,500,618</u>

**26. REVENUE**

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 20,065,595</u>	<u>\$ 13,022,416</u>

a. Contract information

Revenue from the sale of goods

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

Refer to Note 42 for information about the disaggregation of revenue.

b. Contract balances

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>January 1, 2021</b>
Trade receivables (Note 11)	<u>\$ 1,815,745</u>	<u>\$ 2,034,536</u>	<u>\$ 973,039</u>
Contract liabilities			
Sale of goods	<u>\$ 85,726</u>	<u>\$ 171,616</u>	<u>\$ 360,744</u>

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Group's satisfaction of performance obligations; no other significant changes have occurred.

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year was summarized as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
From contract liabilities at the start of the year		
Sale of goods	<u>\$ 171,607</u>	<u>\$ 360,774</u>

## 27. NET PROFIT FROM CONTINUING OPERATIONS

### a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Bank deposits	\$ 64,683	\$ 24,551
Financial assets at amortized cost	<u>26,535</u>	<u>27,992</u>
	<u>\$ 91,218</u>	<u>\$ 52,543</u>

### b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Rental income		
Other operating leases (Note 36)	\$ 23,031	\$ 16,736
Dividends	3,673	3,522
Government grant income (Note 30)	80,404	12,537
Gain on bargain purchase (Note 31)	-	122,432
Others	<u>35,188</u>	<u>28,594</u>
	<u>\$ 142,296</u>	<u>\$ 183,821</u>

### c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ (3,064)	\$ 1,039
Loss on disposal of property, plant and equipment	(3,609)	(804)
Net foreign exchange gains	194,518	5,165
Gain on lease modifications	9,044	29
Others	<u>(7,924)</u>	<u>(6,076)</u>
	<u>\$ 188,965</u>	<u>\$ (647)</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on bank loans	\$ (52,826)	\$ (27,774)
Interest on lease liabilities	(13,963)	(3,157)
Interest on convertible bonds	<u>(23,972)</u>	<u>(20,169)</u>
	<u>\$ (90,761)</u>	<u>\$ (51,100)</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
An analysis of depreciation by function		
Operating costs	\$ 264,776	\$ 241,945
Operating expenses	<u>89,100</u>	<u>52,280</u>
	<u>\$ 353,876</u>	<u>\$ 294,225</u>
An analysis of amortization by function		
Operating costs	\$ 96	\$ 119
Operating expenses	<u>6,682</u>	<u>7,202</u>
	<u>\$ 6,778</u>	<u>\$ 7,321</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term benefits	\$ 5,025,073	\$ 3,707,975
Post-employment benefits		
Defined contribution plans	12,637	12,918
Defined benefit plans (Note 24)	<u>133</u>	<u>143</u>
Total employee benefits expense	<u>\$ 5,037,843</u>	<u>\$ 3,721,036</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 4,080,949	\$ 2,955,589
Operating expenses	<u>956,894</u>	<u>765,447</u>
	<u>\$ 5,037,843</u>	<u>\$ 3,721,036</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, 2022 and 2021, which were approved by the Company's board of directors on March 2, 2023 and March 8, 2022, respectively, are as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Compensation of employees	1.04%	1.06%
Remuneration of directors	0.41%	0.56%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 15,055	\$ 7,792
Remuneration of directors	\$ 5,880	\$ 4,116

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

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

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

h. Gain or loss on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Foreign exchange gains	\$ 345,394	\$ 55,250
Foreign exchange losses	<u>(150,876)</u>	<u>(50,085)</u>
Net gains	<u>\$ 194,518</u>	<u>\$ 5,165</u>

## 28. INCOME TAX

### a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 378,807	\$ 184,215
Income tax on unappropriated earnings	4,515	4,656
Adjustments for prior years	<u>68,318</u>	<u>56,680</u>
	<u>451,640</u>	<u>245,551</u>
Deferred tax		
In respect of the current year	<u>10,521</u>	<u>2,273</u>
Income tax expense recognized in profit or loss	<u>\$ 462,161</u>	<u>\$ 247,824</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax from continuing operations	<u>\$ 1,956,652</u>	<u>\$ 974,082</u>
Income tax expense calculated at the statutory rate	\$ 478,712	\$ 261,716
Nondeductible expenses in determining taxable income	8,139	9,802
Tax-exempt income	(29,395)	(43,657)
Income tax on unappropriated earnings	4,515	4,656
Adjustments for prior years	68,318	56,680
Unrecognized deductible temporary differences	(73,182)	(49,677)
Unrecognized loss carryforwards	<u>5,054</u>	<u>8,304</u>
Income tax expense recognized in profit or loss	<u>\$ 462,161</u>	<u>\$ 247,824</u>

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

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ 47,657	\$ (16,581)
Remeasurement of defined benefit plans	<u>1,402</u>	<u>(137)</u>
Total income tax recognized in other comprehensive income	<u>\$ 49,059</u>	<u>\$ (16,718)</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax assets		
Tax refund receivable	<u>\$ 15,385</u>	<u>\$ 3,452</u>
Current tax liabilities		
Income tax payable	<u>\$ 411,377</u>	<u>\$ 166,751</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, 2022

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
Temporary differences					
Unrealized loss on inventory	\$ 69,026	\$ (36,798)	\$ -	\$ 392	\$ 32,620
Unrealized exchange differences	1,475	3,715	-	(1)	5,189
Payables for social insurance	8,889	546	-	136	9,571
Allowance for accounts receivable	1,923	591	-	21	2,535
Adjustments on revenues and expenses extending multiple periods	748	(555)	-	14	207
Exchange differences on the translation of the financial statements of foreign operations	120,111	-	(46,695)	-	73,416
Unappropriated earnings of subsidiaries	4,672	(4,672)	-	-	-
Defined benefit obligations	821	-	-	13	834
Loss carryforwards	-	40,872	-	(232)	40,640
Others	<u>328</u>	<u>12</u>	<u>-</u>	<u>1</u>	<u>341</u>
	<u>\$ 207,993</u>	<u>\$ 3,711</u>	<u>\$ (46,695)</u>	<u>\$ 344</u>	<u>\$ 165,353</u>

<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
Temporary differences					
Unrealized exchange differences	\$ (5,332)	\$ 3,740	\$ -	\$ (13)	\$ (1,605)
Defined benefit obligations	(839)	(559)	(1,402)	-	(2,800)
Exchange differences on the translation of the financial statements of foreign operations	-	-	(962)	-	(962)
Unappropriated earnings of subsidiaries	(292,290)	(21,087)	-	-	(313,377)
Payables for salaries	(1,676)	416	-	(29)	(1,289)
Differences between fair value and costs of property, plant and equipment	(78,545)	3,271	-	(1,248)	(76,522)
Bargain purchase	(24,486)	-	-	-	(24,486)
Others	<u>-</u>	<u>(13)</u>	<u>-</u>	<u>1</u>	<u>(12)</u>
	<u>\$ (403,168)</u>	<u>\$ (14,232)</u>	<u>\$ (2,364)</u>	<u>\$ (1,289)</u>	<u>\$ (421,053)</u>



For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Unrealized loss on inventory	\$ 61,718	\$ 7,406	\$ -	\$ (98)	\$ 69,026
Unrealized exchange differences	4,647	(3,171)	-	(1)	1,475
Payables for social insurance	9,159	(222)	-	(48)	8,889
Allowance for accounts receivable	1,162	762	-	(1)	1,923
Adjustments on revenues and expenses extending multiple periods	-	748	-	-	748
Exchange differences on the translation of the financial statements of foreign operations	103,530	-	16,581	-	120,111
Unappropriated earnings of subsidiaries	4,908	(235)	-	(1)	4,672
Defined benefit obligations	826	-	-	(5)	821
Others	183	145	-	-	328
	<u>\$ 186,133</u>	<u>\$ 5,433</u>	<u>\$ 16,581</u>	<u>\$ (154)</u>	<u>\$ 207,993</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Unrealized exchange differences	\$ (5,482)	\$ 144	\$ -	\$ 6	\$ (5,332)
Defined benefit obligations	(447)	(529)	137	-	(839)
Unappropriated earnings of subsidiaries	(300,703)	8,413	-	-	(292,290)
Unrealized valuation gain on financial assets at FVTPL	(2,572)	2,572	-	-	-
Payables for salaries	(4,677)	2,976	-	25	(1,676)
Differences between fair value and costs of property, plant and equipment	(82,173)	3,190	-	438	(78,545)
Bargain purchase	-	(24,486)	-	-	(24,486)
Others	(16)	14	-	2	-
	<u>\$ (396,070)</u>	<u>\$ (7,706)</u>	<u>\$ 137</u>	<u>\$ 471</u>	<u>\$ (403,168)</u>

e. Information about unused loss carryforwards

Expiry Year	December 31	
	2022	2021
2024	\$ -	\$ 28,994
2027	<u>15,038</u>	<u>-</u>
	<u>\$ 15,038</u>	<u>\$ 28,994</u>

f. Income tax assessments

Income tax returns of the Company and Top One Down & Feather Co., Ltd. have been assessed by the local tax authorities through 2020. Income tax returns of King Hamm Industrial Co., Ltd. have been assessed by the local tax authorities through 2019.

## 29. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2022	2021
Basic earnings per share	<u>\$ 11.38</u>	<u>\$ 6.10</u>
Diluted earnings per share	<u>\$ 10.61</u>	<u>\$ 5.70</u>

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

### Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2022	2021
Profit for the year attributable to owners of the Company	\$ 1,176,153	\$ 630,502
Effect of potentially dilutive ordinary shares		
Interest on convertible bonds (after tax)	<u>13,517</u>	<u>16,135</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 1,189,670</u>	<u>\$ 646,637</u>

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

	<u>For the Year Ended December 31</u>	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	103,384	103,375
Effect of potentially dilutive ordinary shares		
Compensation of employees	138	72
Convertible bonds	<u>8,648</u>	<u>10,060</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>112,170</u>	<u>113,507</u>

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

## 30. GOVERNMENT GRANTS

The Group's subsidiaries in Jordan recognized grant income for garment exports from local governments at the amount of \$27,583 as other income during the year ended December 31, 2022.

The Group's subsidiaries in mainland China recognized grant income of \$52,821 thousand and \$9,537 thousand as other income from local governments during the years ended December 31, 2022 and 2021, respectively.

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

### 31. BUSINESS COMBINATIONS

#### a. 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	\$ <u>          -</u>

Sidney Apparels LLC was acquired to continue the growth of the Group's operations in the manufacturing of apparel.

#### b. Consideration transferred

	Sidney Apparels LLC
Cash	\$ <u>          -</u>

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

	Sidney Apparels LLC
Current assets	
Cash and cash equivalents	\$ 26,103
Trade receivables	31,160
Inventories	29,533
Other current assets	10,448
Non-current assets	
Property, plant and equipment	374,688
Right-of-use assets	59,079
Other intangible assets	1,086
Current liabilities	
Short-term borrowings	(269,269)
Trade payables	(27,409)
Other payables	(50,225)
Other current liabilities	<u>(62,762)</u>
	\$ <u>122,432</u>

The property, plant and equipment acquired at \$374,688 thousand in the acquisition price of Sidney Apparels LLC included a discount of \$51,971 thousand attributable to the difference between the fair value and carrying amount of property, plant and equipment. In addition, the intangible assets at \$1,086 thousand included a premium of \$142 thousand attributable to the difference between the fair value and carrying amount of computer software.

d. Bargain purchase recognized on acquisitions

	<b>Sidney Apparels LLC</b>
Consideration transferred	\$ -
Less: Fair value of identifiable net assets acquired	<u>(122,432)</u>
Gain on bargain purchase	<u>\$ 122,432</u>

e. Net cash inflow on the acquisition of subsidiaries

	<b>Sidney Apparels LLC</b>
Consideration paid in cash	\$ -
Less: Cash and cash equivalent balances acquired	<u>(26,103)</u>
	<u>\$ (26,103)</u>

f. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates were as follows:

	<b>Sidney Apparels LLC</b>
	<b>October 16, 2021 to December 31, 2021</b>
Revenue	<u>\$ 122,302</u>
Profit attributable to the Company	<u>\$ 8,114</u>

### 32. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On November 1, 2022, the Group subscribed for additional new shares of King Hamm Industrial Co., Ltd. at a percentage different from its existing ownership percentage, and increased its continuing interest from 42.00% to 47.46%.

The above transactions were accounted for as equity transactions, since the Group did not alter its control over the subsidiary.

	<b>King Hamm Industrial Co., Ltd.</b>
Consideration paid	\$ (128,338)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	143,834
Reattribution of other equity from non-controlling interests	
Exchange differences on the translation the financial statements of foreign operations	<u>928</u>
Differences recognized from equity transactions	<u>\$ 16,424</u>
<u>Line items adjusted for equity transactions</u>	
Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ 16,424</u>

### 33. CASH FLOW INFORMATION

#### a. Non-cash transactions

The Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows for the years ended December 31, 2022 and 2021:

	<u>For the Year Ended December 31</u>	
	2022	2021
Additions to property, plant and equipment		
Increase in property, plant and equipment	\$ 325,252	\$ 174,129
Add: Payables for equipment, beginning of year	13,761	13,779
Less: Payables for equipment, end of year	<u>(7,732)</u>	<u>(13,761)</u>
Cash paid	<u>\$ 331,281</u>	<u>\$ 174,147</u>
Cash dividends received	\$ 3,673	\$ 3,522
Add: Dividends receivable, beginning of year	212	-
Less: Dividends receivable, end of year	<u>(129)</u>	<u>(212)</u>
	<u>\$ 3,756</u>	<u>\$ 3,310</u>
Cash dividends paid by non-controlling interests		
Cash dividends paid	\$ 96,324	\$ 47,232
Less: Dividends receivable, end of year	<u>(78,573)</u>	<u>(1,666)</u>
Dividends paid	<u>\$ 17,751</u>	<u>\$ 45,566</u>

(Continued)

**For the Year Ended December 31**  
**2022**                      **2021**

Acquisition of subsidiaries	
Current assets	\$ 97,244
Non-current assets	434,853
Current liabilities	<u>(409,665)</u>
	122,432
Gain on bargain purchase	<u>(122,432)</u>
Total acquisition price	-
Less: Cash and cash equivalents received on acquisition date	<u>(26,103)</u>
Cash inflow on acquisition of subsidiaries	<u>\$ (26,103)</u> (Concluded)

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2022

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Others	
Short-term borrowings	\$ 1,926,201	\$ (658,277)	\$ -	\$ -	\$ 1,267,924
Long-term borrowings	188,300	328,629	-	-	516,929
Guarantee deposits received	990	1,173	-	-	2,163
Bonds payable	1,483,103	26,359	-	(91,096)	1,418,366
Lease liabilities	<u>92,659</u>	<u>(77,289)</u>	<u>211,585</u>	<u>12,631</u>	<u>239,586</u>
	<u>\$ 3,691,253</u>	<u>\$ (379,405)</u>	<u>\$ 211,585</u>	<u>\$ (78,465)</u>	<u>\$ 3,444,968</u>

For the year ended December 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Acquisition of Subsidiaries and Others	
Short-term borrowings	\$ 450,717	\$ 1,206,215	\$ -	\$ 269,269	\$ 1,926,201
Long-term borrowings	188,300	-	-	-	188,300
Guarantee deposits received	1,126	(136)	-	-	990
Bonds payable	1,462,934	-	-	20,169	1,483,103
Lease liabilities	<u>42,041</u>	<u>(16,564)</u>	<u>5,590</u>	<u>61,592</u>	<u>92,659</u>
	<u>\$ 2,145,118</u>	<u>\$ 1,189,515</u>	<u>\$ 5,590</u>	<u>\$ 351,030</u>	<u>\$ 3,691,253</u>

### 34. CAPITAL MANAGEMENT

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

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

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

### 35. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL -				
current				
Redemption value of bonds	\$ -	\$ 450	\$ -	\$ 450
Domestic listed shares	40,320	-	-	40,320
Domestic bonds	<u>2,889</u>	<u>-</u>	<u>-</u>	<u>2,889</u>
	<u>\$ 43,209</u>	<u>\$ 450</u>	<u>\$ -</u>	<u>\$ 43,659</u>

Financial assets at FVTOCI -				
non-current				
Investments in equity				
instruments				
Domestic listed shares and emerging market shares	\$ 71,676	\$ -	\$ -	\$ 71,676
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>5,952</u>	<u>5,952</u>
	<u>\$ 71,676</u>	<u>\$ -</u>	<u>\$ 5,952</u>	<u>\$ 77,628</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL -				
current				
Domestic listed shares	\$ 69,105	\$ -	\$ -	\$ 69,105
Domestic bonds	<u>11,190</u>	<u>-</u>	<u>-</u>	<u>11,190</u>
	<u>\$ 80,295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,295</u>

Financial assets at FVTOCI -				
non-current				
Investments in 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>

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, 2022

<b>Financial Assets</b>	<b>Financial Assets at FVTOCI</b>
	<b>Equity Instruments</b>
Balance at January 1, 2022	\$ 6,492
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	(540)
Balance at December 31, 2022	<u>\$ 5,952</u>
Unrealized loss for the current year included in profit or loss	<u>\$ (540)</u>

For the year ended December 31, 2021

<b>Financial Assets</b>	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>	<b>Total</b>
	<b>Equity Instruments</b>	<b>Equity Instruments</b>	
Balance at January 1, 2021	\$ 66,252	\$ 9,621	\$ 75,873
Recognized in profit or loss (included in other gains and losses)	(11,198)	-	(11,198)
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	-	(3,129)	(3,129)
Settlements	(55,031)	-	(55,031)
Foreign currency exchange differences	<u>(23)</u>	<u>-</u>	<u>(23)</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>

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>2022</b>	<b>2021</b>
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Mandatorily classified as at FVTPL	\$ 43,659	\$ 80,295
Financial assets at amortized cost (1)	6,837,438	5,631,928
Financial assets at FVTOCI		
Equity instruments	77,628	87,247
<u>Financial liabilities</u>		
Amortized cost (2)	5,539,263	5,604,863

- 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 and bonds payable.

d. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 40.

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar 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>2022</b>	<b>2021</b>
Profit or loss	\$ 11,311	\$ 4,702

b) Interest rate risk

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

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash flow interest rate risk		
Financial assets	\$ 1,063,315	\$ 914,411
Financial liabilities	1,784,853	2,114,501

Sensitivity analysis

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

A 0.1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 0.1% higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased by \$722 thousand and \$1,200 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. The Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

### Sensitivity analysis

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

If equity prices had been 1% higher, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased by \$403 thousand and \$691 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased by \$776 thousand and \$872 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

#### 2) Credit risk

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

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

#### 3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Group had available unutilized bank loan facilities set out in (b) below.

a) Liquidity risk tables for non-derivative financial liabilities

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

December 31, 2022

	<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	\$ 396,371	\$ 871,553	\$ -	\$ 1,267,924
Bonds payable	-	-	1,418,366	1,418,366
Current portion of long-term borrowings	19,500	39,872	-	59,372
Long-term borrowings	<u>-</u>	<u>-</u>	<u>457,557</u>	<u>457,557</u>
	<u>\$ 415,871</u>	<u>\$ 911,425</u>	<u>\$ 1,875,923</u>	<u>\$ 3,203,219</u>

December 31, 2021

	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1 Year+</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 320,997	\$ 1,605,204	\$ -	\$ 1,926,201
Bonds payable	-	1,483,103	-	1,483,103
Current portion of long-term borrowings	-	20,372	-	20,372
Long-term borrowings	<u>-</u>	<u>-</u>	<u>167,928</u>	<u>167,928</u>
	<u>\$ 320,997</u>	<u>\$ 3,108,679</u>	<u>\$ 167,928</u>	<u>\$ 3,597,604</u>

Taking into account the Group's financial position, management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. Management believes that such bank loans will be repaid after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements.

b) Financing facilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Unsecured bank overdraft facilities, reviewed annually		
Amount used	\$ 1,784,853	\$ 2,114,501
Amount unused	<u>8,221,100</u>	<u>7,830,704</u>
	<b>\$ 10,005,953</b>	<b>\$ 9,945,205</b>
Secured bank overdraft facilities		
Amount used	\$ -	\$ -
Amount unused	<u>184,260</u>	<u>110,720</u>
	<b>\$ 184,260</b>	<b>\$ 110,720</b>

### 36. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

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

b. Sales of goods

	<b>For the Year Ended December 31</b>	
<b>Related Party Category/Name</b>	<b>2022</b>	<b>2021</b>
Related party in substance	\$ 55,907	\$ 55,354
Investor with significant influence	22	21
Other related party	<u>15</u>	<u>-</u>
	<b>\$ 55,944</b>	<b>\$ 55,375</b>

The goods sold by the Group to the related parties and the credit terms granted were made at the Group's usual prices and terms.

c. Processing fees

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Associate	\$ 141,225	\$ 178,513
Related party in substance	<u>44,850</u>	<u>30,851</u>
	<u>\$ 186,075</u>	<u>\$ 209,364</u>

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

d. Purchases of goods

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Investor with significant influence	\$ 885,228	\$ 793,833
Other related party	<u>1,199</u>	<u>-</u>
	<u>\$ 886,427</u>	<u>\$ 793,833</u>

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

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

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
Trade receivables	Related party in substance	<u>\$ 32,003</u>	<u>\$ 22,654</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment losses were recognized for trade receivables from related parties.

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

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
Trade payables	Investor with significant influence		
	Formosa Taffeta Co., Ltd. (Group company)	\$ 154,703	\$ 117,125
	Other related party	<u>112</u>	<u>-</u>
		<u>\$ 154,815</u>	<u>\$ 117,125</u>
Other payables	Other related party		
	I-Chun Chuang	\$ 161,217	\$ 145,310
	Related party in substance	<u>8,116</u>	<u>10,228</u>
		<u>\$ 169,333</u>	<u>\$ 155,538</u>

The outstanding trade payables to related parties are unsecured.

g. Disposal of property, plant and equipment

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Related party in substance	\$ -	\$ 286	\$ -	\$ 144

h. Other transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Other income (rental income)	Other related party	\$ 798	\$ -
	Related party in substance	114	114
		<u>\$ 912</u>	<u>\$ 114</u>

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

In November 2022, the Group paid \$128,338 thousand in cash to acquire an additional interest in King Hamm Industrial Co., Ltd. The Group's interest in King Hamm Industrial Co., Ltd. increased from 42.00% to 47.46%.

i. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 69,189	\$ 60,314
Post-employment benefits	<u>1,049</u>	<u>1,057</u>
	<u>\$ 70,238</u>	<u>\$ 61,371</u>

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

### 37. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2022	2021
Pledged deposits (classified as financial assets at amortized cost - current)	<u>\$ 7,000</u>	<u>\$ 7,000</u>

### 38. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- a. As of December 31, 2022, the Group had unused letters of credit for purchases of raw materials that amounted to \$338,831 thousand.
- b. As of December 31, 2022, guarantee notes submitted by the Group for loan applications and borrowings amounted to \$7,790,038 thousand.
- c. As of December 31, 2022, the Group's unrecognized commitments for the purchase of property, plant and equipment amounted to \$67,471 thousand.

### 39. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 17, 2023, the Company's board of directors approved to acquire the land and buildings located in the Neihu District of Taipei City amounting to \$242,000 thousand.

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

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

December 31, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 105,696	30.71 (USD:NTD)	\$ 3,245,916
USD	20,959	23,850 (USD:VND)	643,658
USD	18,642	6.9646 (USD:RMB)	572,490
USD	15,756	0.708 (USD:RON)	483,973
RMB	17,125	4.4094 (RMB:NTD)	75,509
EUR	1,941	4.9485 (EUR:RON)	63,497
VND	30,182,425	0.000043 (VND:USD)	39,594
<u>Financial liabilities</u>			
Monetary items			
USD	70,277	30.71 (USD:NTD)	2,158,200
USD	4,720	23,850 (USD:VND)	144,958
USD	5,277	6.9646 (USD:RMB)	162,067
USD	43,904	0.708 (USD:JOD)	1,349,677
VND	53,498,891	0.000043 (VND:USD)	70,182



December 31, 2021

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 84,063	27.680 (USD:NTD)	\$ 2,326,861
USD	22,989	22,713 (USD:VND)	636,348
USD	11,483	6.3757 (USD:RMB)	317,861
USD	256	4.374 (USD:RON)	7,068
USD	12,687	0.708 (USD:JOD)	351,165
RMB	33,878	4.3415 (RMB:NTD)	147,166
RMB	1,260	0.1568 (RMB:USD)	5,470
EUR	517	31.32 (EUR:NTD)	16,182
EUR	579	04.9492 (EUR:RON)	18,137
<u>Financial liabilities</u>			
Monetary items			
USD	91,687	27.680 (USD:NTD)	2,537,890
USD	4,129	22,713 (USD:VND)	114,300
USD	5,702	6.3757 (USD:RMB)	157,824
USD	12,973	0.708 (USD:JOD)	359,084
VND	21,783,361	0.000044 (VND:USD)	26,391

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains were \$194,518 thousand and \$5,165 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.

#### **41. SEPARATELY DISCLOSED ITEMS**

a. Information about significant transactions:

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

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
  - 9) Trading in derivative instruments (None)
  - 10) Intercompany relationships and significant intercompany transactions (Table 6)
- b. Information on investees (Table 7)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 9):
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
    - c) The amount of property transactions and the amount of the resultant gains or losses
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes
    - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
    - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

## 42. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments were as follows:

Garment business  
Down feather business  
Medical business

### a. Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Garment	Down Feather	Medical	Total
For the year ended <u>December 31, 2022</u>				
Revenue from external customers	\$ 19,225,110	\$ 99,995	\$ 740,490	\$ 20,065,595
Inter-segment revenue	<u>8,206,344</u>	<u>617,866</u>	<u>-</u>	<u>8,824,210</u>
Segment revenue	<u>27,431,454</u>	<u>717,861</u>	<u>740,490</u>	28,889,805
Eliminations				<u>(8,824,210)</u>
Consolidated revenue				<u>\$ 20,065,595</u>
Segment income	<u>\$ 1,422,708</u>	<u>\$ 106,509</u>	<u>\$ (7,429)</u>	\$ 1,521,788
Interest income				91,218
Grant income				53,256
Rental income				23,031
Loss on disposal of property, plant and equipment				(3,609)
Financial assets measured at FVTPL				(3,064)
Net exchange gain				194,518
Other income and gains				75,053
Other losses				(7,924)
Finance costs				(90,761)
Share of profit or loss of associates accounted for using the equity method				<u>103,146</u>
Profit before tax from continuing operations				<u>\$ 1,956,652</u>

	<b>Garment</b>	<b>Down Feather</b>	<b>Medical</b>	<b>Total</b>
For the year ended <u>December 31, 2021</u>				
Revenue from external customers	\$ 12,019,307	\$ 171,884	\$ 831,225	\$ 13,022,416
Inter-segment revenue	<u>4,575,536</u>	<u>755,753</u>	<u>-</u>	<u>5,331,289</u>
Segment revenue	<u>16,594,843</u>	<u>927,637</u>	<u>831,225</u>	<u>18,353,705</u>
Eliminations				<u>(5,331,289)</u>
Consolidated revenue				<u>\$ 13,022,416</u>
Segment income	<u>\$ 665,291</u>	<u>\$ 67,386</u>	<u>\$ (47,962)</u>	\$ 684,715
Interest income				52,543
Grant income				12,537
Rental income				16,736
Loss on disposal of property, plant and equipment				(804)
Financial assets measured at FVTPL				1,039
Net exchange gain				5,165
Other income and gains				32,145
Other losses				(6,076)
Finance costs				(51,100)
Share of profit or loss of associates accounted for using the equity method				104,750
Gain on bargain purchase				<u>122,432</u>
Profit before tax from continuing operations				<u>\$ 974,082</u>

The above revenue was generated from transactions with external customers.

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

b. Total segment assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Segment assets</u>		
Garment business	\$ 13,817,288	\$ 12,079,678
Medical product business	1,845,328	1,722,521
Down feather business	<u>650,476</u>	<u>829,112</u>
Total segment assets	16,313,092	14,631,311
Unallocated assets	<u>165,353</u>	<u>207,993</u>
Consolidated total assets	<u>\$ 16,478,445</u>	<u>\$ 14,839,304</u>
<u>Segment liabilities</u>		
Garment business	\$ 5,930,007	\$ 5,485,325
Medical product business	302,793	302,522
Down feather business	<u>56,845</u>	<u>256,720</u>
Total segment liabilities	6,289,645	6,044,567
Unallocated liabilities	<u>421,053</u>	<u>403,168</u>
Consolidated total liabilities	<u>\$ 6,710,698</u>	<u>\$ 6,447,735</u>

c. Revenue from major products

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Down jackets	\$ 6,913,035	\$ 5,244,405
Fiberfill jackets	4,735,938	2,484,639
Light jackets and parka	2,416,898	1,591,231
Knitwear	2,375,649	1,546,378
Others	<u>3,624,075</u>	<u>2,155,763</u>
	<u>\$ 20,065,595</u>	<u>\$ 13,022,416</u>

d. Geographical information

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

	<b>Revenue from External Customers</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
North America	\$ 9,483,331	\$ 4,953,135
Europe	4,382,185	2,564,068
Mainland China	3,556,688	3,592,923
Japan	878,740	512,026
Oceania	211,664	227,512
Others	<u>1,552,987</u>	<u>1,172,752</u>
	<u>\$ 20,065,595</u>	<u>\$ 13,022,416</u>

e. Information about major customers

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

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Amount</b>	<b>% of Total Sales</b>	<b>Amount</b>	<b>% of Total Sales</b>
ADIDAS (Group company)	\$ 4,191,022	21	\$ 3,668,696	28
VF (Group company)	3,315,640	17	2,609,609	20
PATAGONIA	<u>3,028,173</u>	<u>15</u>	<u>1,344,722</u>	<u>10</u>
	<u>\$ 10,534,835</u>	<u>53</u>	<u>\$ 7,623,027</u>	<u>58</u>

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

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2022

(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 3)	Aggregate Financing Limit (Note 3)	Note
													Item	Value			
0	Quang Viet Enterprise Co., Ltd.	Quang Viet (Long An) Co., Ltd.	Other receivables - related parties	Yes	\$ 282,340 (US\$ 9,500)	\$ 138,195 (US\$ 4,500)	\$ 138,195 (US\$ 4,500)	-	1	\$ 638,305	Business	\$ -	None	-	\$ 638,305	\$ 3,175,258	Note 5
		Atlanta Garment Manufacturing Company LLC	Other receivables - related parties	Yes	247,120 (US\$ 8,000)	245,680 (US\$ 8,000)	130,456 (US\$ 4,248)	2.50-4.50	1	902,668	Business	-	"	-	902,668	3,175,258	Note 6
		Atlanta Garment Manufacturing Company LLC	Other receivables - related parties	Yes	289,935 (US\$ 9,000)	92,130 (US\$ 3,000)	-	2.25	2	-	Turnover	-	"	-	2,381,443	3,175,258	-
		Sidney Apparels LLC	Other receivables - related parties	Yes	185,340 (US\$ 6,000)	184,260 (US\$ 6,000)	141,266 (US\$ 4,600)	1.80-4.50	2	-	Turnover	-	"	-	2,381,443	3,175,258	-
1	Top One Down & Feather Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Other receivables - related parties	Yes	121,748 (RMB 27,000)	66,141 (RMB 15,000)	66,141 (RMB 15,000)	2.50	1	116,120	Business	-	"	-	116,120	222,252	Note 7
2	King Hamm Industrial Co., Ltd.	King Hamm Industrial Co., Ltd. (VN)	Other receivables - related parties	Yes	96,645 (US\$ 3,000)	61,420 (US\$ 2,000)	-	3.00	1	315,523	Business	-	"	-	315,523	531,392	Note 8
3	Principle & Will Co., Ltd.	Principle & Will Biotech (Pinghu) Co., Ltd.	Other receivables - related parties	Yes	76,775 (US\$ 2,500)	76,775 (US\$ 2,500)	-	0.50	1	105,585	Business	-	"	-	105,585	495,140	Note 9
4	Principle & Will Biotech (Pinghu) Co., Ltd.	Principle & Will Biotech (Xiantao) Co., Ltd.	Other receivables - related parties	Yes	44,888 (RMB 10,000)	44,094 (RMB 10,000)	44,094 (RMB 10,000)	4.35	1	54,825	Business	-	"	-	54,825	262,522	Note 10
		Principle & Will Biotech (Xiantao) Co., Ltd.	Other receivables - related parties	Yes	22,047 (RMB 5,000)	22,047 (RMB 5,000)	22,047 (RMB 5,000)	4.35	2	-	Turnover	-	"	-	196,892	262,522	-

Note 1: Numbering sequence is as follows:

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

Note 2: The nature of financing is as follows:

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

- Note 3: a. The amount available for 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.
- b. 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.
- c. 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. The total amount lendable shall not exceed 40% of its net worth on its most recent financial statements.
- d. The amount that Principle & Will 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.
- e. The amount that Principle & Will Biotech (Pinghu) 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 Principle & Will Biotech (Pinghu) 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.

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

Note 5: In the most recent fiscal year, the amounts transacted between the Company and Quang Viet (Long An) Co., Ltd. were processing fee of \$638,305 thousand.

Note 6: In the most recent fiscal year, the amounts transacted between the Company and Atlanta Garment Manufacturing Company LLC were purchases of \$902,668 thousand.

(Continued)

Note 7: The amounts transacted between Top One Down & Feather Co., Ltd. and Top One Down & Feather Shu Yang Co., Ltd. in the most recent fiscal year were purchases amounting to \$116,120 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 \$315,523 thousand.

Note 9: The amounts transacted between Principle & Will Co., Ltd. and Principle & Will Biotech (Pinghu) Co., Ltd. in the most recent fiscal year were purchases of \$105,585 thousand.

Note 10: The amounts transacted between Principle & Will Biotech (Pinghu) Co., Ltd. and Principle & Will Biotech (Xiantao) Co., Ltd. in the most recent fiscal year were processing fee of \$54,825 thousand.



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

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

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3 a.)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3 b.)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	Quang Viet Enterprise Co., Ltd.	Sidney Apparels LLC	b.	\$ 2,381,443	\$ 273,828	\$ 261,035	\$ 243,935	\$ -	3.29	\$ 3,969,072	Y	N	N

Note 1: Numbering sequence is as follows:

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

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

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

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

- a. The amount of the guarantee provided by Quang Viet Enterprise Co., Ltd to any individual entity shall not exceed 30% of its net worth.
- b. The aggregate amount of endorsement/guarantee provided shall not exceed 50% of Quang Viet Enterprise Co., Ltd.'s net worth.
- c. The aggregate amount of endorsement/guarantee of the Group provided shall not exceed 100% of Quang Viet Enterprise Co., Ltd.'s net worth.

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

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(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, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Quang Viet Enterprise Co., Ltd.	<u>Publicly traded shares</u> Formosa Taffeta Co., Ltd.	Director of the Company	Financial assets at fair value through other comprehensive income - non-current	817,000	\$ 21,855		\$ 21,855	
Quang Viet Enterprise Co., Ltd.	<u>Publicly traded shares</u> Macauto Industrial Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	68,000	\$ 4,427		\$ 4,427	
Quang Viet Enterprise Co., Ltd.	<u>Publicly traded shares</u> Formosa Chemicals & Fibre Corp.	-	Financial assets at fair value through other comprehensive income - non-current	100,000	\$ 7,050		\$ 7,050	
Quang Viet Enterprise Co., Ltd.	<u>Publicly traded shares</u> Yageo Corporation	-	Financial assets at fair value through other comprehensive income - non-current	19,898	\$ 8,974		\$ 8,974	
Quang Viet Enterprise Co., Ltd.	<u>Non-publicly traded shares</u> Spring Printing Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	793,250	\$ 5,952	19.00	\$ 5,952	
Quang Viet Enterprise Co., Ltd.	<u>Publicly traded preferred shares</u> Chailease Holding Company Limited	-	Financial assets at fair value through other comprehensive income - non-current	300,000	\$ 29,370		\$ 29,370	
Quang Viet Enterprise Co., Ltd.	<u>Publicly traded shares</u> Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at fair value through profit or loss - current	47,000	\$ 21,080		\$ 21,080	
Quang Viet Enterprise Co., Ltd.	<u>Publicly traded shares</u> Elite Semiconductor Microelectronics Technology Inc.	-	Financial assets at fair value through profit or loss - current	20,000	\$ 1,300		\$ 1,300	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Quang Viet Enterprise Co., Ltd.	<u>Publicly traded convertible bonds</u> Giant Manufacturing Co., Ltd.	-	Financial assets at fair value through profit or loss - current	30,000	<u>\$ 2,889</u>		<u>\$ 2,889</u>	
King Hamm Industrial Co., Ltd.	<u>Publicly traded shares</u> Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at fair value through profit or loss - current	40,000	<u>\$ 17,940</u>		<u>\$ 17,940</u>	
Jiaxing Quang Viet Garment Co., Ltd.	<u>Non-publicly traded shares</u> Anhui Xingxing Garment Co., Ltd.	Associate	Investment accounted for using equity method	11,000,000	<u>\$ 539,177</u>	18.97	<u>\$ 539,177</u>	

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 7 and 8.

(Concluded)

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

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022

(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	\$ 2,124,778	17	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	\$ (4,442)	1	Note
	Quang Viet (Tien Giang) Co., Ltd.	Subsidiary	Processing fee	2,101,863	17	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	638,305	5	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(602,778)	70	Note
	Jiaxing Quang Viet Garment Co., Ltd.	Subsidiary	Purchases	664,519	5	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(91,211)	10	Note
	King Hamm Industrial Co., Ltd.	Subsidiary	Purchases	440,271	3	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(22,332)	2	Note
	Atlanta Garment Manufacturing Company LLC	Subsidiary	Purchases	902,668	7	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(209,078)	23	Note
	Sidney Apparels LLC	Subsidiary	Purchases	325,173	3	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(413)	-	Note
	Formosa Taffeta Co., Ltd. (Group company)	Corporate director of the Company and its subsidiary	Purchases	619,915	5	Net 75 days from the end of the month when the invoice is issued	Normal transaction price	Net 75 days from the end of the month when the invoice is issued	(146,321)	16	-
	Jiaxing Quang Viet Garment Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Brother company	Purchases	428,743	16	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(814)	2
Anhui Xingxing Garment Co., Ltd.		Associate	Processing fee	141,225	5	Net 60 days from the end of the month when the invoice is issued	Normal transaction price	Net 60 days from the end of the month when the invoice is issued	-	-	-
Formosa Taffeta Co., Ltd. (Group company)		Corporate director of the Company and its subsidiary	Purchases	258,761	10	Net 75 days from the end of the month when the invoice is issued	Normal transaction price	Net 75 days from the end of the month when the invoice is issued	(8,381)	17	-
King Hamm Industrial Co., Ltd.	King Hamm Industrial Co., Ltd. (VN)	Subsidiary	Processing fee	315,523	14	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(35,169)	27	Note
	King Hung Garments Industrial Co., Ltd.	Subsidiary	Processing fee	416,955	19	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(40,414)	31	Note
	Atlanta Garment Manufacturing Company LLC	Brother company	Purchases	467,303	21	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(127,071)	48	Note
Top One Down & Feather Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	Subsidiary	Purchases	116,120	100	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(38,360)	100	Note
Principle & Will Co., Ltd.	Principle & Will Biotech (Pinghu) Co., Ltd.	Subsidiary	Purchases	105,585	45	Internal transfer pricing	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	-	-	Note

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

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

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Quang Viet Enterprise Co., Ltd.	Quang Viet (Long An) Co., Ltd.	Subsidiary	Other receivables - related parties \$ 138,195	-	\$ -	-	\$ -	\$ -
	Atlanta Garment Manufacturing Company LLC	Subsidiary	Other receivables - related parties 441,404	-	-	-	65,963	-
	Sidney Apparels LLC	Subsidiary	Other receivables - related parties 435,534	-	-	-	-	-
Quang Viet (Tien Giang) Co., Ltd.	Kwang Viet Garment Co., Ltd.	Brother company	Other receivables - related parties 455,198	-	-	-	-	-
Quang Viet (Long An) Co., Ltd.	Quang Viet Enterprise Co., Ltd.	Subsidiary	Other receivables - related parties 602,778	1.16	-	-	30,188	-
Principle & Will Co., Ltd.	Principle & Will Biotech (Pinghu) Co., Ltd.	Subsidiary	Other receivables - related parties 113,618	-	-	-	-	-
Atlanta Garment Manufacturing Company LLC	Quang Viet Enterprise Co., Ltd.	Subsidiary	Trade receivables - related parties 209,078	4.94	-	-	102,067	-
	King Hamm Industrial Co., Ltd.	Brother company	Trade receivables - related parties 127,071	3.99	-	-	115,402	-

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

**TABLE 6**

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

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 3)
				Financial Statement Account	Amount	Payment Terms	
0	Quang Viet Enterprise Co., Ltd.	Kwang Viet Garment Co., Ltd.	1	Cost of goods sold (processing fee)	\$ 2,124,778	Mutual agreement on internal transfer pricing	11
		Kwang Viet Garment Co., Ltd.	1	Other payables	4,442	"	-
		Quang Viet (Tien Giang) Co., Ltd.	1	Cost of goods sold (processing fee)	2,101,863	"	10
		Quang Viet (Tien Giang) Co., Ltd.	1	Prepayments for inventory	707,099	"	4
		Quang Viet (Long An) Co., Ltd.	1	Cost of goods sold (processing fee)	638,305	"	3
		Quang Viet (Long An) Co., Ltd.	1	Other receivables	138,195	"	1
		Quang Viet (Long An) Co., Ltd.	1	Other payables	602,778	"	4
		Jiaxing Quang Viet Garment Co., Ltd.	1	Cost of goods sold (purchase of finished goods)	664,519	"	3
		Jiaxing Quang Viet Garment Co., Ltd.	1	Technical service revenue	135,658	"	1
		Jiaxing Quang Viet Garment Co., Ltd.	1	Other receivables	9,033	"	-
		Jiaxing Quang Viet Garment Co., Ltd.	1	Trade payables	91,211	"	1
		Atlanta Garment Manufacturing Company LLC	1	Cost of goods sold (purchase of finished goods)	902,668	"	4
		Atlanta Garment Manufacturing Company LLC	1	Interest income	2,005	"	-
		Atlanta Garment Manufacturing Company LLC	1	Other receivables	441,404	"	3
		Atlanta Garment Manufacturing Company LLC	1	Trade payables	209,078	"	1
		Top One Down & Feather Co., Ltd.	1	Cost of goods sold (purchase of raw material)	70,436	"	-
		Top One Down & Feather Co., Ltd.	1	Trade payables	12,593	"	-
		King Hamm Industrial Co., Ltd.	1	Cost of goods sold (purchase of finished goods)	440,271	"	2
		King Hamm Industrial Co., Ltd.	1	Other payables	4,275	"	-
		King Hamm Industrial Co., Ltd.	1	Trade payables	22,332	"	-
		Q.V.S. Limited	1	Other receivables	34,856	"	-
		Sidney Apparels LLC	1	Cost of goods sold (purchase of finished goods)	325,173	"	2
		Sidney Apparels LLC	1	Prepayments for inventory	46,130	"	-
Sidney Apparels LLC	1	Other receivables	435,534	"	3		
Biancospino S.R.L.	1	Other receivables	81,805	"	-		
1	Kwang Viet Garment Co., Ltd.	Quang Viet (Long An) Co., Ltd.	3	Processing revenue	4,564	"	-
		Quang Viet (Tien Giang) Co., Ltd.	3	Processing revenue	7,988	"	-
		Quang Viet (Tien Giang) Co., Ltd.	3	Other payables	455,198	"	3

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 3)
				Financial Statement Account	Amount	Payment Terms	
2	Jiaxing Quang Viet Garment Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	3	Cost of goods sold (purchase of raw material)	\$ 428,743	Mutual agreement on internal transfer pricing	2
		Top One Apparel Shu Yang Co., Ltd.	3	Cost of goods sold (processing fee)	68,836	"	-
		Top One Apparel Shu Yang Co., Ltd.	3	Other payables	2,567	"	-
		Q Gear Limited	3	Commission expense	31,623	"	-
		Zhejiang Shang Hong Garment Co., Ltd.	3	Cost of goods sold (processing fee)	95,481	"	-
		Zhejiang Shang Hong Garment Co., Ltd.	3	Other payables	4,299	"	-
3	Top One Down & Feather Co., Ltd.	Top One Down & Feather Shu Yang Co., Ltd.	3	Cost of goods sold (purchases)	116,120	"	1
		Top One Down & Feather Shu Yang Co., Ltd.	3	Interest income	2,750	"	-
		Top One Down & Feather Shu Yang Co., Ltd.	3	Other receivables	70,848	"	-
		Top One Down & Feather Shu Yang Co., Ltd.	3	Trade payables	38,360	"	-
		Q Gear Limited	3	Other income	5,167	"	-
4	Top One Down & Feather Shu Yang Co., Ltd.	Q Gear Limited	3	Commission expense	3,382	"	-
5	King Hamm Industrial Co., Ltd.	King Hamm Industrial Co., Ltd. (VN)	3	Cost of goods sold (processing fee)	315,523	"	2
		King Hamm Industrial Co., Ltd. (VN)	3	Other payables	35,169	"	-
		King Hung Garments Industrial Co., Ltd.	3	Cost of goods sold (processing fee)	416,955	"	2
		King Hung Garments Industrial Co., Ltd.	3	Other payables	40,414	"	-
		Atlanta Garment Manufacturing Company LLC	3	Cost of goods sold (purchase of finished goods)	467,303	"	2
		Atlanta Garment Manufacturing Company LLC	3	Other receivables	84,043	"	1
		Atlanta Garment Manufacturing Company LLC	3	Trade payables	127,071	"	1
		Sidney Apparels LLC	3	Cost of goods sold (purchase of finished goods)	89,320	"	-
		Sidney Apparels LLC	3	Other receivables	40,977	"	-
Sidney Apparels LLC	3	Trade payables	42,471	"	-		
6	King Hamm Industrial Co., Ltd. (VN)	King Hung Garments Industrial Co., Ltd.	3	Cost of goods sold (processing fee)	16,270	"	-
7	Atlanta Garment Manufacturing Company LLC	W&D Apparel (Jordan) Corp.	3	Cost of goods sold (processing fee)	70,924	"	-
		W&D Apparel (Jordan) Corp.	3	Other payables	5,885	"	-
		Sidney Apparels LLC	3	Cost of goods sold (processing fee)	28,215	"	-
		Sidney Apparels LLC	3	Other payables	6,700	"	-
8	Sidney Apparels LLC	Golden Style Apparels LLC	3	Other receivables	1,168	"	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 3)
				Financial Statement Account	Amount	Payment Terms	
9	Principle & Will Co., Ltd.	Principle & Will Biotech (Pinghu) Co., Ltd.	3	Cost of goods sold (purchases)	\$ 105,585	Mutual agreement on internal transfer pricing	1
		Principle & Will Biotech (Pinghu) Co., Ltd.	3	Other receivables	113,618	"	1
		Principle & Will Biotech (Xiantao) Co., Ltd.	3	Other receivables	16,524	"	-
		Joykey Industrial (Pinghu) Limited	3	Other receivables	5,096	"	-
10	Principle & Will Biotech (Pinghu) Co., Ltd.	Principle & Will Biotech (Xiantao) Co., Ltd.	3	Cost of goods sold (processing fee)	54,825	"	-
		Principle & Will Biotech (Xiantao) Co., Ltd.	3	Other receivables	71,925	"	-
		Joykey Industrial (Pinghu) Limited	3	Other income	30,752	"	-
		Joykey Industrial (Pinghu) Limited	3	Other receivables	16,072	"	-

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

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

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

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

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

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

(Concluded)



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

## INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2022

(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, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note	
				December 31, 2022	December 31, 2021	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	\$ 491,345 (VND 381,587,666)	\$ 102,331 (VND 80,328,043)	\$ 98,863 (VND 77,605,350)	-	
	Spring Co., Ltd.	Samoa	Holding company	476,343 (US\$ 15,230,000)	476,343 (US\$ 15,230,000)	15,230,000	100.00	2,006,729 (US\$ 65,344,474)	17,729 (US\$ 594,827)	17,688 (US\$ 593,469)	-	
	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	517,481 (VND 401,886,130)	389 (VND 305,544)	(15,587) (VND -12,235,068)	-	
	Q.V.S. Limited	Samoa	Holding company	77,450 (US\$ 2,100,000)	77,450 (US\$ 2,100,000)	2,100,000	100.00	33,077 (US\$ 1,077,100)	(20,847) (US\$ -699,448)	(20,847) (US\$ -699,448)	-	
	Top One Down & Feather Co., Ltd.	Taiwan	Sale of down products	478,385	478,385	47,838,480	95.68	527,073	24,480	24,307	-	
	Q Gear Limited	Samoa	Agency for sale to external parties	1,510 (US\$ 50,000)	1,510 (US\$ 50,000)	50,000	100.00	101,258 (US\$ 3,297,226)	16,971 (US\$ 569,412)	16,971 (US\$ 569,412)	-	
	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	791,826 (VND 614,947,820)	114,338 (VND 89,753,564)	110,627 (VND 86,840,035)	-	
	Biancospino S.R.L.	Romania	Manufacturing and processing of apparel	274,104 (RON 36,554,700)	274,104 (RON 36,554,700)	-	51.00	172,616 (RON 26,105,989)	85,274 (RON 13,409,988)	43,490 (RON 6,839,094)	-	
	Atlanta Garment Manufacturing Company LLC	Jordan	Manufacturing and processing of apparel	13,839 (JOD 330,000)	13,839 (JOD 330,000)	-	60.00	264,077 (JOD 6,088,124)	88,039 (JOD 2,091,360)	50,442 (JOD 1,198,233)	-	
	King Hamm Industrial Co., Ltd.	Taiwan	Manufacturing, processing, and sale of apparel	462,763	334,425	18,888,290	47.46	640,697	362,440	156,776	-	
	W&D Apparel (Jordan) Corp.	Jordan	Manufacturing and processing of apparel	34,214 (JOD 782,340)	34,214 (JOD 782,340)	-	65.00	33,670 (JOD 776,260)	8,762 (JOD 208,141)	5,695 (JOD 135,291)	-	
	Q.V.P. Limited	Samoa	Holding company	420,934 (US\$ 14,780,000)	420,934 (US\$ 14,780,000)	14,780,000	100.00	733,875 (US\$ 23,896,971)	30,824 (US\$ 1,034,223)	30,824 (US\$ 1,034,223)	-	
	Sidney Apparels LLC	Jordan	Manufacturing and processing of apparel	- (JOD 1)	- (JOD 1)	-	100.00	(96,110) (JOD -2,219,577)	(235,832) (JOD -5,611,787)	(233,552) (JOD -5,557,543)	-	
	Golden Style Apparels LLC	Jordan	Manufacturing and processing of apparel	2,273 (JOD 50,000)	- (JOD -)	-	100.00	2,217 (JOD 49,028)	(41) (JOD -972)	(41) (JOD -972)	-	
	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	2,006,616 (RMB 455,072,556)	17,768 (RMB 4,006,631)	17,768 (RMB 4,006,631)	-
	Jiaxing Quang Viet Garment Co., Ltd.	Anhui Xingxing Garment Co., Ltd.	China	Manufacturing, processing, and sale of apparel	273,340 (RMB 60,500,000)	273,340 (RMB 60,500,000)	11,000,000	18.97	539,177 (RMB 122,277,835)	543,689 (RMB 122,599,871)	103,146 (RMB 23,258,987)	-
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	63,549 (RMB 14,412,010)	(20,818) (RMB -4,694,327)	(20,818) (RMB -4,694,327)	-	
Top One Apparel Shu Yang Co., Ltd.	Zhejiang Shang Hong Garment Co., Ltd.	China	Manufacturing and processing of apparel	43,650 (RMB 10,000,000)	- (RMB -)	-	100.00	28,258 (RMB 6,408,493)	(15,927) (RMB -3,591,507)	(15,927) (RMB -3,591,507)	-	
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	531,774 (US\$ 17,315,979)	18,102 (US\$ 607,348)	15,768 (US\$ 529,058)	-	
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	531,184 (RMB 120,465,063)	18,471 (RMB 4,615,052)	16,137 (RMB 3,368,884)	-	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
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	\$ 102,414 (US\$ 3,334,890)	\$ 19,022 (US\$ 638,213)	\$ 19,036 (US\$ 638,706)	-
	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	205,394 (US\$ 6,688,172)	5,651 (US\$ 189,603)	5,357 (US\$ 179,733)	-
	Kingsville Garment Industry	Jordan	Manufacturing and processing of apparel	2,252 (JOD 50,000)	- (JOD -)	-	100.00	2,240 (JOD 49,980)	(1) (JOD -20)	(1) (JOD -20)	-
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	733,707 (US\$ 23,891,478)	71,516 (US\$ 2,399,498)	30,851 (US\$ 1,035,104)	-
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	79,906 (RMB 18,121,646)	26,593 (RMB 5,996,564)	26,593 (RMB 5,996,564)	-
	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	656,306 (RMB 148,841,101)	44,870 (RMB 10,117,954)	44,870 (RMB 10,117,954)	-
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	47,037 (RMB 10,667,236)	15,236 (RMB 3,435,686)	15,236 (RMB 3,435,686)	-
	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	32,870 (RMB 7,454,409)	11,357 (RMB 2,560,878)	11,357 (RMB 2,560,878)	-

(Concluded)

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

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2(b))	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	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)	\$ 17,768 (RMB 4,006,631)	100.00	\$ 17,768 (RMB 4,006,631) 2)	\$ 2,006,616 (RMB 455,072,556)	\$ -	-
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)	(20,818) (RMB -4,694,327)	100.00	(20,818) (RMB -4,694,327) 2)	63,549 (RMB 14,412,010)	-	-
Zhejiang Shang Hong Garment Co., Ltd.	Manufacturing and processing of apparel	43,650 (RMB 10,000,000)	(c) Top One Apparel Shu Yang Co., Ltd.	-	-	-	-	(15,927) (RMB -3,591,507)	100.00	(15,927) (RMB -3,591,507) 2)	28,258 (RMB 6,408,493)	-	-
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)	18,471 (RMB 4,165,052)	95.68	15,440 (RMB 3,481,685) 2)	531,184 (RMB 120,465,063)	-	-
Principle & Will Biotech (Pinghu) Co., Ltd.	Manufacturing, processing and sale of medical products	740,363 (RMB 161,189,287)	(b) Principle & Will Co., Ltd.	-	-	-	-	44,870 (RMB 10,117,954)	50.00	22,435 (RMB 5,058,977) 2)	656,306 (RMB 148,841,101)	-	-
Principle & Will Biotech (Xiantao) Co., Ltd.	Manufacturing, processing and sale of medical products	57,572 (RMB 11,873,793)	(b) Joykey Industrial Limited	-	-	-	-	15,236 (RMB 3,435,686)	50.00	7,618 (RMB 1,717,843) 2)	47,037 (RMB 10,667,236)	-	-
Joykey Industrial (Pinghu) Limited	Manufacturing and sale of medical products	16,568 (RMB 3,579,524)	(b) Joykey Industrial Limited	-	-	-	-	11,357 (RMB 2,560,878)	50.00	5,678 (RMB 1,280,439) 2)	32,870 (RMB 7,454,409)	-	-
Anhui Xingxing Garment Co., Ltd.	Manufacturing and processing of apparel	253,170 (RMB 57,980,000)	(c) Jiaying Quang Viet Garment Co., Ltd.	-	-	-	-	504,080 (RMB 113,558,437)	18.97	103,146 (RMB 23,258,987) 2)	539,143 (RMB 120,562,675)	-	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	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)	\$1,891,717 (US\$58,668,756) (Exchange rate: 30.71)	\$4,762,886

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. AND SUBSIDIARIES**

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE YEAR ENDED DECEMBER 31, 2022**  
(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	\$ 664,519	9	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	\$ (91,211)	9	\$ -	Notes 1 and 2
	Technical service revenue	135,658	95	"	-	659	1	-	
Top One Down & Feather Shu Yang Co., Ltd.	Purchase of raw material	116,120	100	Internal transfer pricing	Net 60 days from the end of the month when the invoice is issued	(38,360)	100	4,161	

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

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

**TABLE 10****QUANG VIET ENTERPRISE CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Formosa Taffeta Co., Ltd.	18,595,352	17.97
Top One Investment Co., Ltd.	15,683,419	15.16

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

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