Stock Code:1477

MAKALOT INDUSTRIAL CO., LTD.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Three Months Ended March 31, 2022 and 2021

Address: 8F, No. 550, Sec. 4, Zhongxiao E. Rd., Taipei City
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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors
Makalot Industrial Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Makalot Industrial Co., Ltd. and its subsidiaries (the "Group") as of March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to $3,619,197 thousand and $3,468,733 thousand, constituting 15.79% and 17.39% of the consolidated total assets; the total liabilities amounting to $1,166,359 thousand and $1,409,512 thousand, constituting 11.19% and 17.40% of the consolidated total liabilities as of March 31, 2022 and 2021, respectively; as well as the total comprehensive income (loss) amounting to $62,036 thousand and $(30,833) thousand, constituting 6.04% and (4.73)% of the consolidated total comprehensive income (loss), and the total net income (loss) amounting to $16,977 thousand and $(30,040) thousand, constituting 1.90% and (4.62)% of the consolidated total net income (loss) for the three months ended March 31, 2022 and 2021, respectively.

Furthermore, as stated in Note 6(e), investments accounted for using equity method of the Group amounting to $257,354 thousand and $206,672 thousand as of March 31, 2022 and 2021, respectively, and the share of profit (loss) of investments accounted for using equity method from these investee companies amounting to $10,451 thousand and $2,598 thousand for the three months ended, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Pei-Chi Chen and Heng-Shen Lin.

KPMG

Taipei, Taiwan (Republic of China)
May 5, 2022

Notes to Readers

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

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with generally accepted auditing standards as of March 31, 2022 and 2021

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2022, December 31, 2021, and March 31, 2021

(Expressed in thousands of New Taiwan Dollars)

		March 31, 2022		December 31, 2021		March 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (notes 6(a)(u))	$ 2,976,444	13	2,642,635	12	2,921,689	15
1110	Current financial assets at fair value through profit or loss (notes 6(b)(u))	171,445	1	166,007	1	185,926	1
1170	Accounts receivable, net (notes 6(c)(r)(u))	1,443,445	6	1,160,282	5	2,872,357	14
1310	Inventories, manufacturing (note 6(d))	5,193,713	23	5,434,422	25	3,427,037	17
1476	Other financial assets-current (notes 6(c)(u) and 7)	6,658,757	29	6,480,654	29	4,186,342	21
1479	Other current assets-others (note 6(i))	284,049	1	275,851	1	357,455	2
		16,727,853	73	16,159,851	73	13,950,806	70
	Non-current assets:						
1550	Investments accounted for using equity method (note 6(e))	257,354	1	239,485	1	206,672	1
1600	Property, plant and equipment (notes 6(f) and 8)	5,043,900	22	5,022,163	22	5,074,549	25
1755	Right-of-use assets (notes 6(g)(x))	460,869	2	388,113	2	314,437	2
1821	Other intangible assets, net (note 6(h))	33,353	-	33,963	-	36,843	-
1840	Deferred tax assets	137,006	1	134,210	1	144,656	1
1900	Other non-current assets (notes 6(i)(u) and 8)	264,688	1	245,043	1	219,199	1
		6,197,170	27	6,062,977	27	5,996,356	30
	Total assets	$ 22,925,023	100	22,222,828	100	19,947,162	100

		March 31, 2022		December 31, 2021		March 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (notes 6(j)(u) and 8)	$ 1,655,210	7	1,866,306	8	1,282,326	6
2120	Current financial liabilities at fair value through profit or loss(notes 6(b)(u))	201	-	-	-	-	-
2150	Notes payable (note 6(u))	25	-	1	-	306	-
2170	Accounts payable (note 6(u))	1,811,797	8	2,162,914	10	1,493,675	8
2180	Accounts payable to related parties (notes 6(u) and 7)	74,228	-	74,431	-	31,026	-
2200	Other payables (note 6(u))	2,036,375	9	2,199,108	10	1,627,873	8
2216	Dividends payable (notes 6(p)(u))	2,318,020	10	-	-	1,934,853	10
2230	Current tax liabilities	941,211	4	706,456	3	747,363	4
2251	Current provisions for employee benefits	50,272	-	52,807	-	43,635	-
2259	Other short-term provisions (note 6(l))	357,491	2	343,610	2	295,822	2
2280	Current lease liabilities (notes 6(m)(u)(x))	125,165	-	91,210	1	62,134	-
2322	Long-term borrowings, current portion (notes 6(k)(u))	135,287	1	81,685	-	-	-
2399	Other current liabilities-others	158,548	1	128,272	1	21,105	-
		9,663,830	42	7,706,800	35	7,540,118	38
	Non-Current liabilities:						
2541	Long-term bank loans (notes 6(k)(u))	118,018	-	163,371	1	-	-
2570	Deferred tax liabilities	19,825	-	19,906	-	17,186	-
2580	Non-current lease liabilities (notes 6(m)(u)(x))	245,244	1	206,628	1	163,012	1
2640	Net defined benefit liability—non-current	371,332	2	327,603	1	375,231	2
2670	Other non-current liabilities-others	3,078	-	3,078	-	3,078	-
		757,497	3	720,586	3	558,507	3
	Total liabilities	10,421,327	45	8,427,386	38	8,098,625	41
	Equity (note 6(p))						
3100	Ordinary shares	2,418,566	11	2,418,566	11	2,418,566	12
3200	Capital surplus	6,214,704	27	6,214,704	28	6,214,704	31
3300	Retained earnings	4,055,017	18	5,459,349	25	3,432,623	17
3410	Exchange differences on translation of foreign financial statements	(249,288)	(1)	(380,119)	(2)	(277,296)	(1)
	Total equity attributable to owners of parent	12,438,999	55	13,712,500	62	11,788,597	59
36XX	Non-controlling interests	64,697	-	82,942	-	59,940	-
	Total equity	12,503,696	55	13,795,442	62	11,848,537	59
	Total liabilities and equity	$ 22,925,023	100	22,222,828	100	19,947,162	100

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with generally accepted auditing standards

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars , except for earnings per share)

		For the three months ended March 31			
		2022		2021	
		Amount	%	Amount	%
4000	**Operating revenue, net (note 6(r))**	$ 7,971,528	100	6,816,799	100
5000	**Operating costs (notes 6(d)(n), 7 and 12)**	5,893,980	74	5,211,868	76
	Gross profit from operations	2,077,548	26	1,604,931	24
	Operating expenses (notes 6(m)(n)(s), 7 and 12):				
6100	Selling expenses	516,582	6	420,652	6
6200	Administrative expenses	443,942	6	392,045	6
6450	Impairment loss (reversal of impairment loss) in accordance with IFRS 9	3,572	-	(2,133)	-
	Total operating expenses	964,096	12	810,564	12
	Net operating income	1,113,452	14	794,367	12
	Non-operating income and expenses:				
7100	Interest income (note 6(t))	5,525	-	2,888	-
7010	Other income (note 6(t))	7,060	-	8,926	-
7020	Other gains and losses (notes 6(t)(u))	23,719	-	34,506	-
7050	Finance costs (notes 6(m)(t))	(28,942)	-	(17,174)	-
7060	Share of profit (loss) of associates accounted for using equity method	10,451	-	2,598	-
	Total non-operating income and expenses	17,813	-	31,744	-
7900	**Profit before income tax**	1,131,265	14	826,111	12
7950	Less: Income tax expenses (note 6(o))	235,982	3	175,654	2
	Profit	895,283	11	650,457	10
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified to profit or loss**				
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	(461)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	-	-	461	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	131,318	2	867	-
8399	Income tax related to components of other comprehensive income that may be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that may be reclassified subsequently to profit or loss	131,318	2	867	-
8300	**Other comprehensive income**	131,318	2	1,328	-
	Comprehensive income	**$ 1,026,601**	**13**	**651,785**	**10**
	Profit attributable to:				
	Owners of parent	$ 893,306	11	650,166	10
	Non-controlling interests	1,977	-	291	-
		$ 895,283	**11**	**650,457**	**10**
	Comprehensive income attributable to:				
8710	Owners of parent	$ 1,024,137	13	651,562	10
8720	Non-controlling interests	2,464	-	223	-
		$ 1,026,601	13	**651,785**	**10**
	Earnings per share (note 6(q))				
9750	Basic earnings per share (in dollars)	**$ 3.69**		**2.92**	
9850	Diluted earnings per share (in dollars)	**$ 3.68**		**2.91**	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with generally accepted auditing standards

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
			Retained earnings				Other equity			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2021	$ 2,198,566	3,447,704	2,015,850	116,245	2,584,754	4,716,849	(278,231)	10,084,888	79,276	10,164,164
Profit	-	-	-	-	650,166	650,166	-	650,166	291	650,457
Other comprehensive income	-	-	-	-	461	461	935	1,396	(68)	1,328
Total comprehensive income	-	-	-	-	650,627	650,627	935	651,562	223	651,785
Appropriation and distribution of retained earnings:										
Cash dividends of ordinary share	-	-	-	-	(1,934,853)	(1,934,853)	-	(1,934,853)	-	(1,934,853)
Capital increase by cash	220,000	2,767,000	-	-	-	-	-	2,987,000	-	2,987,000
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(19,559)	(19,559)
Balance at March 31, 2021	**$ 2,418,566**	**6,214,704**	**2,015,850**	**116,245**	**1,300,528**	**3,432,623**	**(277,296)**	**11,788,597**	**59,940**	**11,848,537**
Balance at January 1, 2022	$ 2,418,566	6,214,704	2,221,327	278,231	2,959,791	5,459,349	(380,119)	13,712,500	82,942	13,795,442
Profit	-	-	-	-	893,306	893,306	-	893,306	1,977	895,283
Other comprehensive income	-	-	-	-	-	-	130,831	130,831	487	131,318
Total comprehensive income	-	-	-	-	893,306	893,306	130,831	1,024,137	2,464	1,026,601
Appropriation and distribution of retained earnings:										
Cash dividends of ordinary share	-	-	-	-	(2,297,638)	(2,297,638)	-	(2,297,638)	-	(2,297,638)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(20,709)	(20,709)
Balance at March 31, 2022	**$ 2,418,566**	**6,214,704**	**2,221,327**	**278,231**	**1,555,459**	**4,055,017**	**(249,288)**	**12,438,999**	**64,697**	**12,503,696**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with generally accepted auditing standards

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2022	2021
Cash flows from operating activities:		
Profit before tax	$ 1,131,265	826,111
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	135,496	126,078
Amortization expense	2,830	4,600
Expected credit loss (gain)	3,572	(2,133)
Net gain on financial assets or liabilities at fair value through profit or loss	(592)	(41,698)
Interest expense	28,942	17,174
Interest income	(5,525)	(2,888)
Share of gains of investments accounted for using equity method	(10,451)	(2,598)
Loss (gain) on disposal of property, plant and equipment	(426)	684
Total adjustments to reconcile profit	153,846	99,219
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	(286,735)	(396,753)
Inventories	240,709	599,028
Other financial assets	677,190	889,253
Other operating assets	1,173	(73,066)
Total changes in operating assets	632,337	1,018,462
Changes in operating liabilities:		
Notes payable	24	(995)
Accounts payable	(351,117)	(345,725)
Accounts payable－related parties	(203)	7,892
Other payables	(166,220)	(180,600)
Other current liabilities	30,276	1,156
Accrued pension liabilities	43,729	5,299
Other operating liabilities	5,603	(531)
Total changes in operating liabilities	(437,908)	(513,504)
Total changes in operating assets and liabilities	194,429	504,958
Total adjustments	348,275	604,177
Cash inflow generated from operations	1,479,540	1,430,288
Interest received	8,738	2,629
Interest paid	(25,786)	(15,280)
Income taxes paid	(34,897)	(8,990)
Net cash flows from operating activities	1,427,595	1,408,647
Cash flows used in investing activities:		
Decrease (increase) in financial assets designated at fair value through profit or loss	(4,645)	19,669
Increase in long-term prepayments	(5,480)	(2,947)
Acquisition of property, plant and equipment	(45,432)	(93,372)
Proceeds from disposal of property, plant and equipment	586	643
Increase in refundable deposits	(10,475)	(2,598)
Acquisition of intangible assets	(6,346)	(5,489)
Increase in other financial assets	(840,774)	(1,639,783)
Net cash flows used in investing activities	(912,566)	(1,723,877)
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(211,096)	(2,066,509)
Payment of lease liabilities	(23,798)	(25,011)
Capital increase by cash	-	2,987,000
Cash dividends paid to non-controlling interests	-	(19,559)
Net cash flows from (used in) from financing activities	(234,894)	875,921
Effect of exchange rate changes on cash and cash equivalents	53,674	(6,061)
Net increase in cash and cash equivalents	333,809	554,630
Cash and cash equivalents at beginning of period	2,642,635	2,367,059
Cash and cash equivalents at end of period	$ 2,976,444	2,921,689

See accompanying notes to financial statements.

(Expressed in thousands of New Taiwan Dollars, unless otherwise specified)

(1) Company history

Makalot Industrial Co., Ltd. (the Company) was incorporated on January 10, 1990 and registered with the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 8F, No.550, Sec. 4 Zhongxiao E. Rd., Taipei City. The Company and its subsidiaries (the Group) is primarily involved in the manufacturing and processing of garments.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were reported to the Board of Directors for issuance on May 5, 2022.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

(Continued)

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(4) Summary of significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2021.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Principal activity	Ownership % March 31, 2022	Ownership % December 31, 2021	Ownership % March 31, 2021	Note
The Company	PT Crystal Garment (PT Crystal)	Manufacture of garments	99.776 %	99.776 %	99.776 %	
The Company	Global Trading Int'l Corp. (Global)	Investment holding	100.00 %	100.00 %	100.00 %	Note 2
The Company	Leader Garments Corp. (Leader PH)	Manufacture of garments	99.99 %	99.99 %	99.99 %	

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal activity	Ownership % March 31, 2022	Ownership % December 31, 2021	Ownership % March 31, 2021	Note
The Company	Diamond Apparel Mfg., Inc. (Diamond)	Manufacture of garments	99.99 %	99.99 %	99.99 %	
The Company	Primeline Fashion, Inc. (Primeline)	Manufacture of garments	99.99 %	99.99 %	99.99 %	
The Company	Fortune Star Investment Limited (Fortune Star)	Investment holding	100.00 %	100.00 %	100.00 %	
The Company	Triple Int'1 Corp. (Triple)	Investment holding	100.00 %	100.00 %	100.00 %	
The Company	Ecolot Textile Co., Ltd. (Ecolot)	Trade services	61.65 %	61.65 %	61.65 %	
The Company	Glida Athletics Co., Ltd. (Glida)	Manufacture and sales of garments	100.00 %	100.00 %	100.00 %	
Global	PT Glory Industrial Semarang (PT Glory)	Manufacture of garments	95.00 %	95.00 %	95.00 %	Note 1
Global	Makalot Garments (Cambodia) Co., Ltd. (Makalot Cambodia)	Manufacture of garments	100.00 %	100.00 %	100.00 %	
Global	Makalot Garments (Vietnam) Co., Ltd. (Makalot Vietnam)	Manufacture of garments	100.00 %	100.00 %	100.00 %	
Global	PT Starlight Garment Semarang (PT Starlight)	Manufacture of garments	5.00 %	5.00 %	5.00 %	
Fortune Star	Wintop Industrial Limited (Wintop)	Investment holding	100.00 %	100.00 %	100.00 %	
Fortune Star	Crown Era Industrial Limited (Crown Era)	Investment holding	100.00 %	100.00 %	100.00 %	
Fortune Star	Crownway International Development Limited (Crownway)	Investment holding	100.00 %	100.00 %	100.00 %	
Fortune Star	PT Starlight Garment Semarang (PT Starlight)	Manufacture of garments	95.00 %	95.00 %	95.00 %	
Fortune Star	PT Glory Industrial Semarang (PT Glory)	Manufacture of garments	5.00 %	5.00 %	5.00 %	Note 1
Triple	Moha Garments Co., Ltd. (Moha)	Manufacture of garments	100.00 %	100.00 %	100.00 %	
Triple	Triple Garment (Vietnam) Co., Limited (Triple Vietnam)	Manufacture of garments	100.00 %	100.00 %	100.00 %	
Triple	Top Trend Global Inc. (Top Trend)	Investment holding	100.00 %	100.00 %	100.00 %	
Top Trend	Leader Garment (Vietnam) Co., Ltd. (Leader Vietnam)	Manufacture of garments	100.00 %	100.00 %	100.00 %	
Crownway	Jiaxing Ruiyang Garment Co., Limited (CJR)	Manufacture of garments	100.00 %	100.00 %	100.00 %	
Crownway	Jiaxing Rising Garment Co., Limited (CJY)	Manufacture of garments	100.00 %	100.00 %	100.00 %	
Wintop	Shanghai Makalot Garment Co., Limited (CMK)	Manufacture of garments	100.00 %	100.00 %	100.00 %	
Crown Era	Jiaxing Suntex Garment Co., Limited (CMZ)	Manufacture of garments	100.00 %	100.00 %	100.00 %	
Ecolot	Top Shiny Industrial Limited (Top Shiny)	Investment holding	100.00 %	100.00 %	100.00 %	
Top Shiny	Eco-Lot Textile Co., Ltd. (CBS)	Trade services	100.00 %	100.00 %	100.00 %	

Note 1: The financial statements for the three months ended March 31, 2022 and 2021 have been reviewed.

Note 2: The financial statements for the three months ended March 31, 2022 have been reviewed.

(Continued)

(ii) List of subsidiaries which are not included in the consolidated financial statements: None.

(c) Employee benefits

The pension cost in the interim period is calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year. Any material volatility of the market after the report date, material reimbursement and settlement or other material one-time events should be adjusted.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Except for the following, the preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2021.

(6) Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2021. Please refer to Note 6 of the 2021 annual consolidated financial statements.

(a) Cash and cash equivalents

		March 31, 2022	December 31, 2021	March 31, 2021
Cash	$	4,738	4,587	4,653
Checking accounts and demand deposits		1,358,869	1,295,283	1,851,798
Time deposits		1,612,837	1,342,765	1,065,238
	$	**2,976,444**	**2,642,635**	**2,921,689**

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Please refer to note 6(u) for the sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities at fair value through profit or loss

	March 31, 2022	December 31, 2021	March 31, 2021
Mandatorily measured at fair value through profit or loss：			
Non-derivative financial assets			
Stocks listed on domestic markets	$ 133,604	140,997	140,648
Fund	37,841	24,568	45,278
	$ 171,445	**165,565**	**185,926**
Held-for-trading financial assets			
Derivative instruments not used for hedging			
Foreign exchange swap	**$ -**	**442**	**-**
Held-for-trading financial liabilities			
Derivative instruments not used for hedging			
Foreign exchange swap	**$ 201**	**-**	**-**

The Group holds derivative financial instruments to hedge certain foreign exchange risk the Group is exposed to, arising from its operating activities. The following derivative instruments, without the application of hedge accounting, were classified as held-for-trading financial liabilities:

	March 31, 2022		
	Amount (in thousands)	**Currency**	**Maturity dates**
Foreign exchange swap	USD 30,000	USD to TWD	2022.4.1

	December 31, 2021		
	Amount (in thousands)	**Currency**	**Maturity dates**
Foreign exchange swap	USD 28,000	USD to TWD	2022.1.3

There was no such transaction as of March 31, 2021.

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(c) Accounts receivable

		March 31, 2022	December 31, 2021	March 31, 2021
Accounts receivable－measured as amortized cost	$	1,460,835	1,174,100	2,907,045
Other financial assets－current		6,658,757	6,480,654	4,186,342
Less: loss allowance		(17,390)	(13,818)	(34,688)
	$	8,102,202	7,640,936	7,058,699

As of March 31, 2022, December 31, 2021 and March 31, 2021, other financial asset－current comprised time deposits with maturity of more than three months, amounting to $3,656,930 thousand, $2,819,846 thousand and $2,506,712 thousand, respectively.

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

The loss allowance provision was determined as follows:

		March 31, 2022		
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	1,458,609	1%~1.2%	17,364
1 to 30 days past due		2,160	1%~1.2%	25
More than 31 days past due		66	1%~1.2%	1
	$	1,460,835		17,390

		December 31, 2021		
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	1,169,907	1%~1.2%	13,769
1 to 30 days past due		3,354	1%~1.2%	40
More than 31 days past due		839	1%~1.2%	9
	$	1,174,100		13,818

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 2,905,219	1%~1.2%	34,667
1 to 30 days past due	1,654	1%~1.2%	19
More than 31 days past due	172	1%~1.2%	2
	$ 2,907,045		**34,688**

The movement in the allowance for accounts receivable was as follows:

	For the three months ended March 31	
	2022	2021
Balance on January 1	$ 13,818	36,821
Impairment losses recognized (reversed)	3,572	(2,133)
Balance on March 31	**$ 17,390**	**34,688**

None of the accounts receivable held by the Group were pledged or collateralized as of March 31, 2022, December 31, 2021 and March 31, 2021.

Accounts receivable of the Group had been insured accounts receivable credit risk. The insured amounts were $342,543 thousand, $405,714 thousand and $197,336 thousand as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

The Group has signed accounts receivable factoring contracts with financial institution. The terms of the contracts do not meet the criteria of derecognition of financial assets. Factored accounts receivable which were not derecognized as of the report date were as follows:

March 31, 2022

Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
HSBC Bank	**3,469**	**USD 3,000** thousand	**$ -**	0.51~0.79%	Promissory note USD223,200 thousand (Note 1)

December 31, 2021

Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
HSBC Bank	**44,880**	**USD 3,000** thousand	**$ -**	0.51%~0.64%	Promissory note USD74,580 thousand (Note 1)

March 31, 2021

Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
CTBC Bank	**960,786**	**USD 34,300** thousand	**$ -**	0.47%~0.60%	None
HSBC Bank	**4,902**	**USD 3,000** thousand	**$ -**	0.62%~0.63%	Promissory note USD54,280 thousand (Note 1)

Note 1: The aggregate credit limit of the promissory note includes letters of credit, export bill negotiations, borrowings, derivative, and accounts receivable factored.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group entered into separate factoring agreements with different financial institutions to sell its accounts receivable. Under the agreement the Group does not have the responsibility to assume the default risk of the transferred accounts receivable within the factoring credit limit. The factored accounts receivable conform to the derecognition criteria when the ownership and the significant risks of the factored accounts receivable are transferred to the financial institutions. As of March 31, 2022, December 31, 2021 and March 31, 2021, the factored accounts receivable were $2,726,047 thousand, $3,403,202 thousand and $1,445,939 thousand, respectively, and they were included in "other financial assets－current" in the accompanying balance sheets.

As of March 31, 2022, December 31, 2021 and March 31, 2021, the relevant information on derecognized accounts receivable factored was as follows:

March 31, 2022

Factoring financial institution	Factoring credit limit	Advance amount credit limit	Factored amount (Derecognized amount)	Advance amount	interest rate	Important derecognized provision	Collateral
HSBC Bank	USD 40,000 thousand	USD 36,000 thousand	$ 267,045	216,284	(Note 2)	(Note 1)	Promissory note USD223,200 thousand (Note 3)
CTBC Bank	USD 285,700 thousand	USD 250,480 thousand	6,216,763	3,639,888	〃	〃	None
Bank Mizuho	USD 7,000 thousand	USD 6,300 thousand	50,959	-	〃	〃	None
Sumitomo Mitsui Bank	USD 10,000 thousand	USD 10,000 thousand	24,980	-	〃	〃	None
Bank SinoPac	USD 3,000 thousand	USD - thousand	5,964	-	〃	〃	None
Cathay United Bank	USD 2,000 thousand	USD 1,800 thousand	16,508	-	〃	〃	Promissory note USD1,800 thousand
Total			$ 6,582,219	3,856,172			

December 31, 2021

Factoring financial institution	Factoring credit limit	Advance amount credit limit	Factored amount (Derecognized amount)	Advance amount	interest rate	Important derecognized provision	Collateral
HSBC Bank	USD 43,200 thousand	USD 38,880 thousand	$ 158,684	105,612	(Note 2)	(Note 1)	Promissory note USD74,580 thousand (Note 3)
CTBC Bank	USD 285,700 thousand	USD 250,630 thousand	5,679,314	2,566,774	〃	〃	None
Bank Mizuho	USD 7,000 thousand	USD 6,300 thousand	138,177	-	〃	〃	None
Sumitomo Mitsui Bank	USD 10,000 thousand	USD 10,000 thousand	55,912	-	〃	〃	None
Bank SinoPac	USD 3,000 thousand	USD - thousand	15,913	-	〃	〃	None
Cathay United Bank	USD 2,000 thousand	USD 1,800 thousand	27,588	-	〃	〃	Promissory note USD1,800 thousand
Total			$ 6,075,588	2,672,386			

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2021							
Factoring financial institution	**Factoring credit limit**	**Advance amount credit limit**	**Factored amount (Derecognized amount)**	**Advance amount**	**interest rate**	**Important derecognized provision**	**Collateral**
HSBC Bank	USD 23,200 thousand	USD 20,880 thousand	$ 458,875	249,166	(Note 2)	(Note 1)	Promissory note USD54,280 thousand (Note 3)
CTBC Bank	USD 118,700 thousand	USD 106,830 thousand	2,141,000	1,419,326	〃	〃	None
Bank Mizuho	USD 29,000 thousand	TWD 26,100 thousand	620,779	147,649	〃	〃	None
Sumitomo Mitsui Bank	USD 10,000 thousand	USD 10,000 thousand	22,363	-	〃	〃	None
Bank SinoPac	USD 1,700 thousand	USD - thousand	19,063	-	〃	〃	None
Total			$ 3,262,080	1,816,141			

Note 1: According to the accounts receivable purchase agreements or the approval letters issued by the factoring financial institutions, the accounts receivable were factored without recourse. The funds are transferred to the appointed reserve accounts or directly to the factoring financial institutions.

Note 2: For the three months ended March 31, 2022 and 2021, the average interest rates on factored accounts receivable were 0.47%~0.95% and 0.47%~0.64%, respectively.

Note 3: The aggregate credit limit of the promissory note includes letters of credit, export bill negotiations, borrowings, derivatives, and accounts receivable factored.

(d) Inventories

	March 31, 2022	December 31, 2021	March 31, 2021
Raw materials	$ 4,303,775	4,384,199	2,677,482
Work in progress	278,506	371,612	259,549
Finished goods (including merchandise)	611,432	678,611	490,006
	$ 5,193,713	5,434,422	3,427,037

During the three months ended March 31, 2022, the reversal of write-downs amounted to $6,580 thousand. During the three month ended March 31, 2021, the write-downs of inventories amounted to $1,639 thousand. The write-downs and reversals are included in cost of sales.

None of the inventories held by the Group were pledged as collateral as of March 31, 2022, December 31, 2021 and March 31 , 2021.

(e) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Associates	$ 257,354	239,485	206,672

The Group' s investments in the associate companies were not listed and none of the investment accounted for using equity method held by the Group was pledged as collateral.

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(f) Property, plant and equipment

The cost, depreciation and impairment loss of the property, plant and equipment of the Group were as follows:

	Land	Buildings	Machinery	Office and other equipment	construction in progress	Total
Cost：						
Balance at January 1, 2022	$ 2,732,075	1,887,031	2,082,932	1,416,407	118,943	8,237,388
Additions	-	5,002	29,789	12,675	1,773	49,239
Disposals	-	-	(5,474)	(2,625)	-	(8,099)
Reclassification	102,529	5,625	(90,149)	180,889	(108,529)	90,365
Exchange difference on translation	8,178	48,190	65,858	50,215	2,193	174,634
Balance at March 31, 2022	**$ 2,842,782**	**1,945,848**	**2,082,956**	**1,657,561**	**14,380**	**8,543,527**
Balance at January 1, 2021	$ 2,725,594	1,639,187	2,046,102	1,357,025	251,204	8,019,112
Additions	7,528	2,438	27,614	16,124	40,489	94,193
Disposals	-	-	(25,160)	(7,232)	-	(32,392)
Reclassification	-	3,253	340	89	(3,682)	-
Exchange difference on translation	317	(108)	978	553	3,010	4,750
Balance at March 31, 2021	**$ 2,733,439**	**1,644,770**	**2,049,874**	**1,366,559**	**291,021**	**8,085,663**
Depreciation and impairment loss:						
Balance at January 1, 2022	$ -	586,074	1,527,927	1,101,224	-	3,215,225
Depreciation	-	23,965	42,309	36,163	-	102,437
Disposals	-	-	(5,457)	(2,482)	-	(7,939)
Reclassification	-	22	(80,689)	166,762	-	86,095
Exchange difference on translation	-	14,157	48,408	41,244	-	103,809
Balance at March 31, 2022	**$ -**	**624,218**	**1,532,498**	**1,342,911**	**-**	**3,499,627**
Balance at January 1, 2021	$ -	505,373	1,423,959	1,012,434	-	2,941,766
Depreciation	-	20,332	48,132	30,540	-	99,004
Disposals	-	-	(25,069)	(5,996)	-	(31,065)
Exchange difference on translation	-	(240)	1,207	442	-	1,409
Balance at March 31,2021	**$ -**	**525,465**	**1,448,229**	**1,037,420**	**-**	**3,011,114**
Carrying amounts:						
Balance at January 1, 2022	**$ 2,732,075**	**1,300,957**	**555,005**	**315,183**	**118,943**	**5,022,163**
Balance at March 31, 2022	**$ 2,842,782**	**1,321,630**	**550,458**	**314,650**	**14,380**	**5,043,900**
Balance at January 1, 2021	**$ 2,725,594**	**1,133,814**	**622,143**	**344,591**	**251,204**	**5,077,346**
Balance at March 31, 2021	**$ 2,733,439**	**1,119,305**	**601,645**	**329,139**	**291,021**	**5,074,549**

Please refer to Note 8 for assets pledged as collateral for loans as of March 31, 2022, December 31, 2021 and March 31, 2021.

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(g) Right-of-use assets

The cost and depreciation of leased land and buildings of the Group were as follows：

		Land	Buildings	Other	Total
Cost:					
Balance at January 1, 2022	$	238,544	282,078	4,713	525,335
Additions		-	92,893	-	92,893
Reductions		(2,122)	(96,503)	-	(98,625)
Exchange difference on translation		8,195	11,257	-	19,452
Balance at March 31, 2022	**$**	**244,617**	**289,725**	**4,713**	**539,055**
Balance at January 1, 2021	$	153,008	232,252	-	385,260
Additions		120,611	21,632	4,713	146,956
Reductions		(37,923)	(13,067)	-	(50,990)
Exchange difference on translation		2,662	335	-	2,997
Balance at March 31, 2021	**$**	**238,358**	**241,152**	**4,713**	**484,223**
Depreciation:					
Balance at January 1, 2022	$	34,273	101,640	1,309	137,222
Depreciation for the period		7,599	25,067	393	33,059
Reductions		(2,122)	(96,503)	-	(98,625)
Exchange difference on translation		1,461	5,069	-	6,530
Balance at March 31, 2022	**$**	**41,211**	**35,273**	**1,702**	**78,186**
Balance at January 1, 2021	$	49,457	143,905	-	193,362
Depreciation		7,306	19,637	131	27,074
Reductions		(37,923)	(13,067)	-	(50,990)
Exchange difference on translation		188	152	-	340
Balance at March 31, 2021	**$**	**19,028**	**150,627**	**131**	**169,786**
Carrying amounts:					
Balance at January 1, 2022	**$**	**204,271**	**180,438**	**3,404**	**388,113**
Balance at March 31, 2022	**$**	**203,406**	**254,452**	**3,011**	**460,869**
Balance at January 1, 2021	**$**	**103,551**	**88,347**	**-**	**191,898**
Balance at March 31, 2021	**$**	**219,330**	**90,525**	**4,582**	**314,437**

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(h) Intangible assets

		Intangible assets
Carrying amounts:		
Balance at January 1, 2022	$	33,963
Balance at March 31, 2022	$	33,353
Balance at January 1, 2021	$	35,948
Balance at March 31, 2021	$	36,843

There were no significant additions, disposals, and reversal of impairment losses of intangible assets for the three months ended March 31, 2022 and 2021. Information on amortization for the period is discussed in Note 12. Please refer to Note 6(h) of the 2021 annual consolidated financial statements for other related information.

(i) Other current and other non-current assets

The details of other current and other non-current assets were as follows:

		March 31, 2022	December 31, 2021	March 31, 2021
Prepayments for land and equipment	$	39,852	34,372	5,483
Prepaid sales tax		174,126	134,052	188,860
Refundable deposits		95,611	85,136	85,640
Other financial assets—non-current (restricted time deposits)		129,225	125,535	128,076
Prepayment for purchase		37,649	72,335	70,421
Other		72,274	69,464	98,174
	$	548,737	520,894	576,654

Non-current financial assets derived from the earnings distributed by the investee companies, Loyal and Global, in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act. The funds should be deposited in the segregated foreign exchange deposit account for five years. After the expiry of the said period, the funds could be withdrawn over a period of three years according to the aforementioned regulations. The funds shall not be used for purposes other than those specified in the aforementioned regulations, nor pledged, nor provided as security, nor by any other use which reduce their value.

Please refer to Note 8 for pledged as refundable deposits.

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(j) Short-term borrowings

The details of short-term borrowings were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Unsecured bank loans	$ 1,655,210	1,866,306	1,282,326
Unused facilities	$ 7,461,368	6,881,025	8,692,290
Range of interest rates	0.46%~1.90%	0.38%~0.96%	0.53%~0.66%

Please refer to Note 8 for assets pledged as collateral for loans.

(k) Long-term bank loans

	March 31, 2022	December 31, 2021	March 31, 2021
Unsecured bank loans	$ 253,305	245,056	-
Less: Current portion	135,287	81,685	-
Total	$ 118,018	163,371	-
Unused credit facilities	$ -	-	-
Interest rate	0.581%~1.611%	0.581%~0.603%	

For the year ended December 31, 2021, the Group’s proceeds from long-term bank loans amounted to US$5,330 thousand and US$3,520 thousand with the interest rates of 0.603%~1.611% and 0.581%, maturing in July 2023 and November 2023, respectively.

(l) Provisions

Carrying amounts:

Balance at January 1, 2022	$ 343,610
Balance at March 31, 2022	$ 357,491
Balance at January 1, 2021	$ 295,508
Balance at March 31, 2021	$ 295,822

There was no significant movement for the three months ended March 31, 2022 and 2021. Please refer to Note 6(l) of the 2021 annual consolidated financial statements for other related information.

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(m) Lease liabilities

The Group's lease liabilities were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Current	$ 125,165	91,210	62,134
Non-current	$ 245,244	206,628	163,012

For the maturity analysis, please refer to note 6(v).

The amounts recognized in profit or loss were as follows：

	For the three months ended March 31	
	2022	2021
Interest on lease liabilities	$ 3,476	2,476
Expenses relating to short-term leases	$ 5,603	9,664
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 985	990

The amounts recognized in the statement of cash flows in financing activities for the Group was as follows:

	For the three months ended March 31	
	2022	2021
Total cash outflow for leases	$ 23,798	25,011

(i) Real estate leases

The Group leases land and buildings for its office, factory facilities and warehouses. The leases of land typically run for 3 to 50 years, and of buildings for 2 to 8 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices.

Some leases of office buildings contain extension options exercisable by the Group before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options are exercisable only by the Group and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

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(n) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2021 and 2020.

The Group's pension costs under the defined pension plans amounted to $17,913 thousand and $19,713 thousand for the three months ended March 31, 2022 and 2021, respectively.

(ii) Defined contribution plans

The Group's pension costs under the defined contribution pension plans amounted to $12,795 thousand and $14,741 thousand for the three months ended March 31, 2022 and 2021, respectively.

(o) Income tax

(i) The components of income tax for the three months ended March 31, 2022 and 2021 were as follows:

	For the three months ended March 31	
	2022	**2021**
Current income tax expense	$ 238,859	152,703
Deferred income tax expense (benefit)	(2,877)	22,951
Total income tax expense	**$ 235,982**	**175,654**

(ii) The amount of income tax (benefit) recognized in other comprehensive income for the three months ended March 31, 2022 and 2021 were as follows:

	For the three months ended March 31	
	2022	**2021**
Items that will not be reclassified subsequently to profit or losses:		
Re-measurement of defined benefit plans	**$ -**	**(461)**

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Assessment of income tax

The Company's income tax returns of the year through 2019 were assessed by the Taipei National tax Administration.

(p) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the three months ended March 31, 2022 and 2021. For the related information, please refer to note 6(p) of the consolidated financial statements for the year ended December 31, 2021.

(i) Ordinary shares

The issuance of 22,000 thousand shares through cash capital increase was resolved by the Board of Directors on November 24, 2020. The issue price is $136 per share, with March 19, 2021 as the date of capital increase. The relevant statutory registration procedures have been completed.

As of March 31, 2022, December 31, 2021 and March 31, 2021, the authorized capital of the Company amounted to $3,000,000 thousand, $3,000,000 thousand and $2,500,000 thousand, consisting of 300,000 thousand shares, 300,000 thousand shares and 250,000 thousand shares with par value of $10 per share, respectively. The issued capital both consisted of 241,857 thousand shares. All proceeds from the shares issued have been collected.

The movements in outstanding shares for the three months ended March 31, 2022 and 2021 were as follows:

	Ordinary shares (thousand shares)	
	2022	**2021**
Beginning balance at January 1	$ 241,857	219,857
Addition: capital increase by cash	-	22,000
Ending balance at March 31	**$ 241,857**	**241,857**

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(ii) Capital surplus

The components of capital surplus were as follows:

		March 31, 2022	December 31, 2021	March 31, 2021
Surplus arising from bond conversion option	$	1,618,137	1,618,137	1,618,137
Paid-in capital in excess of par value		4,505,919	4,505,919	4,505,919
Capital surplus－premium from combination		593	593	593
Capital surplus－interest payable reimbursement		17,181	17,181	17,181
Expired stock options		43,950	43,950	43,950
Gain or loss on disposal of subsidiaries		4,914	4,914	4,914
Adjustments to share of changes in equity of subsidiaries		24,010	24,010	24,010
	$	**6,214,704**	**6,214,704**	**6,214,704**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

According to the Company's articles of incorporation, 10% of annual net earnings (net of income taxes), after deducting accumulated deficits, must be set aside as legal reserve. Unless and until the accumulated legal reserve equals the Company's total capital, the Company may set aside a special reserve in accordance with Article 41 of the Securities and Exchange Act. The board of directors considers the Company's budget for funding needs, financial structure, current-period earnings, and steady profit distribution when proposing the distribution of earnings. For the issuance of new shares, the proposal should be resolved during the shareholders' meeting. In accordance with the Article 240, paragraph 5 of the Company Act, the Company authorizes the Board of Directors, with the presence of more than two-thirds of the directors and the approval of a majority of the directors, to distribute all or part of the dividends and bonuses payable by way of cash, and to report to the shareholders' meeting.

(Continued)

The Company is now in the growth stage, and profits may be distributed by cash dividends or stock dividends. The type of dividend distribution will be based on the future capital needs and the capital dilution. Cash dividends shall not be lower than 10% of the total distribution.

On March 22, 2022 and March 22, 2021, the Company' s Board of Directors resolved to distribute the 2021 and 2020 earnings. The relevant dividend distributions to the shareholders were as follows:

	2021			2020	
		Amount per share (in dollars)	**Total amount**	**Amount per share (in dollars)**	**Total amount**
Cash	$	9.50	2,297,638	8.00	1,934,853

(q) Earnings per share

The Company's basic and diluted earnings per share were calculated as follows:

		For the three months ended March 31	
		2022	**2021**
Basic earnings per share:			
Profit attributable to ordinary shareholders of the Company	$	893,306	650,166
Weighted-average number of outstanding ordinary shares (in thousands)		241,857	222,790
Basic earnings per share (in dollars)	$	3.69	2.92
Diluted earnings per share:			
Profit attributable to ordinary shareholders of the Company (basic)	$	893,306	650,166
Profit attributable to ordinary shareholders of the Company (diluted)	$	893,306	650,166
Weighted-average number of outstanding ordinary shares (basic) (in thousands)		241,857	222,790
Effect of employee stock dividends (in thousands)		1,181	813
Weighted-average number of outstanding ordinary shares (diluted) (in thousands)		243,038	223,603
Diluted earnings per share (in dollars)		3.68	2.91

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(r) Revenue from contracts with the customers

(i) Disaggregation of revenue

	For the three months ended March 31, 2022		
	Selling and manufacturing of garments	Other segments	Total
Primary geographical markets:			
American region	$ 6,260,690	-	6,260,690
Others	1,584,432	126,406	1,710,838
	$ 7,845,122	**126,406**	**7,971,528**

	For the three months ended March 31, 2021		
	Selling and manufacturing of garments	Other segments	Total
Primary geographical markets:			
American region	$ 5,038,597	-	5,038,597
Others	1,720,719	57,483	1,778,202
	$ 6,759,316	**57,483**	**6,816,799**

(ii) Contract balances

	March 31, 2022	December 31, 2021	March 31, 2021
Accounts receivable	$ 1,460,835	1,174,100	2,907,045
Less: allowance for impairment	(17,390)	(13,818)	(34,688)
	$ 1,443,445	**1,160,282**	**2,872,357**

For details on accounts receivable and allowance for impairment, please refer to Note 6(c).

(iii) Transaction price allocated to the remaining performance obligations

The contract has an original expected duration of less than one year, thus the Group applies the practical expedient of IFRS 15 and does not disclose information about the transaction price allocated to the remaining performance obligations of the contract.

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(s) Employee compensation and directors' remuneration

In accordance with the Articles of incorporation , the Company should contribute at least 1% and not more than 8% of the profit as employee remuneration and not exceed 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the three months ended March 31, 2022 and 2021, the Company estimated its employee remuneration amounting to $64,809 thousand and $46,250 thousand, respectively. For the three months ended March 31, 2022 and 2021, the directors' remuneration amounting to $27,810 thousand and $19,846 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding remuneration to employee and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. The remunerations were expensed under operating expenses for each period. The differences between the amounts approved in the shareholders' meeting and those recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in next year.

The amounts of employees' remuneration, as estimated in consolidated financial statements, were identical to those amount approved for 2021 and 2020.

The differences between actual approved amount directors' remuneration and those estimated in the financial statements in 2021 and 2020 were as follows:

	2021			2020		
	Actual approved amount	Estimated amount in financial statement	Difference	Actual approved amount	Estimated amount in financial statement	Difference
Directors'remuneration	$ 63,950	83,008	(19,058)	53,375	65,920	(12,545)

The information of employees' and directors' remuneration approved by the Board of Directors is available on the Market Observation Post System website.

(t) Non-operating income and expenses

(i) Interest income

The Group's interest income was as follows:

	For the three months ended March 31	
	2022	2021
Interest income from bank deposits	$ 5,525	2,888

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(ii) Other income

The Group's other income was as follows:

	For the three months ended March 31	
	2022	**2021**
Rental income	$ 4,078	3,982
Dividend income	294	519
Others	2,688	4,425
	$ 7,060	**8,926**

(iii) Other gains and losses

The Group's other gains and losses were as follows:

	For the three months ended March 31	
	2022	**2021**
Foreign exchange gain (loss)	$ 17,166	(3,760)
Gain on disposals of investments	3,751	229
Net gains on financial assets at fair value through profit or loss	1,235	41,698
Net loss on derivative financial assets at fair value through profit or loss	(643)	-
Net gains on derivative financial assets at fair value through profit or loss–realized	2,766	864
Gain (loss) on disposals of property, plant and equipment	426	(684)
Others	(982)	(3,841)
	$ 23,719	**34,506**

(iv) Finance costs

The Group's of finance expenses were as follows:

	For the three months ended March 31	
	2022	**2021**
Interest expense－bank borrowings	$ (8,206)	(5,905)
Expenses from accounts receivable factoring	(17,260)	(8,768)
Interest expense－lease	(3,476)	(2,476)
Interest expense－others	-	(25)
	$ (28,942)	**(17,174)**

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(u) Financial Instruments

Except for the following disclosures, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to Note 6(v) of the consolidated financial statements for the year ended December 31, 2021.

(i) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including the estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flow	Within 6 months	6~12 months	1~2 years	2~5 years	Over 5 years
March 31, 2022							
Non-derivative financial liabilities							
Short-term borrowings	$ 1,655,210	(1,657,964)	(1,370,450)	(287,514)	-	-	-
Accounts payable and other payables	3,922,425	(3,922,425)	(3,922,425)	-	-	-	-
Dividends payable	2,318,020	(2,318,020)	(2,318,020)	-	-	-	-
Lease liabilities	370,409	(413,110)	(68,095)	(68,896)	(128,154)	(106,448)	(41,517)
Long-term bank loans (including current portion)	253,305	(255,922)	(52,235)	(85,274)	(118,413)	-	-
Derivatives financial liabilities							
Forward exchange swap:							
Outflow	201	(201)	(201)	-	-	-	-
	$ 8,519,570	**(8,567,642)**	**(7,731,426)**	**(441,684)**	**(246,567)**	**(106,448)**	**(41,517)**
December 31, 2021							
Non-derivative financial liabilities							
Short-term borrowings	$ 1,866,306	(1,867,521)	(1,867,521)	-	-	-	-
Accounts payable and other payables	4,436,454	(4,436,454)	(4,436,454)	-	-	-	-
Lease liabilities	297,838	(338,706)	(51,527)	(49,881)	(95,973)	(100,323)	(41,002)
Long-term bank loans (including current portion)	245,056	(246,772)	(736)	(82,263)	(163,773)	-	-
	$ 6,845,654	**(6,889,453)**	**(6,356,238)**	**(132,144)**	**(259,746)**	**(100,323)**	**(41,002)**
March 31, 2021							
Non-derivative financial liabilities							
Short-term borrowings	$ 1,282,326	(1,283,421)	(1,283,421)	-	-	-	-
Accounts payable and other payables	3,152,880	(3,152,880)	(3,152,880)	-	-	-	-
Dividends payable	1,934,853	(1,934,853)	(1,934,853)	-	-	-	-
Lease liabilities	225,146	(262,538)	(39,282)	(31,589)	(55,627)	(113,500)	(22,540)
	$ 6,595,205	**(6,633,692)**	**(6,410,436)**	**(31,589)**	**(55,627)**	**(113,500)**	**(22,540)**

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

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(ii) Market risk

1) Exposure to currency risk

The Group's significant exposure to foreign currency risk was as follows:

	March 31, 2022			December 31, 2021			March 31, 2021		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
Monetary items									
USD	$ 169,131	28.622	4,840,855	185,000	27.690	5,122,653	164,871	28.531	4,703,935
CNY	55,695	4.5145	251,434	24,581	4.3469	106,850	36,857	4.3492	160,298
IDR	78,351,290	0.001994	156,232	65,672,117	0.001939	127,338	42,670,354	0.001958	83,549
VND	23,885,971	0.001261	30,120	62,100,273	0.001221	75,824	14,950,033	0.001241	18,553
Non-monetary items									
USD	8,991	28.622	257,354	8,649	27.690	239,485	7,244	28.531	206,672
Financial liabilities									
Monetary items									
USD	137,620	28.622	3,938,968	166,661	27.690	4,614,847	111,736	28.531	3,187,948
CNY	32,533	4.5145	146,868	23,719	4.3469	103,104	27,605	4.3492	120,058
IDR	237,197,223	0.001994	472,971	238,161,607	0.001939	461,795	230,073,876	0.001958	450,485
VND	175,164,893	0.001261	220,883	285,310,644	0.001221	348,364	181,608,851	0.001241	225,377

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans, accounts payable, and other payables. A 1% depreciation or appreciation of the TWD against the USD, CNY, IDR and VND as of March 31, 2022 and 2021, would have increased or decreased the net income after tax by $4,990 thousand and $9,825 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for both periods.

As the Company deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months ended March 31, 2022 and 2021, foreign exchange gain (loss), including realized and unrealized, amounted to $17,166 thousand and $(3,760) thousand, respectively.

2) Interest rate analysis

The Group's borrowings are mainly with fixed interest rates; thus, there is no significant interest rate risk.

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(iii) Fair value of financial instruments

1) Fair value hierarchy

The Group's financial assets at fair value through profit or loss were measured by fair value based on duplication. The carrying amount, fair value, and fair value hierarchy for the financial assets and financial liabilities of the Group were as followed (excluding the disclosure of financial assets and liabilities for which the book value is close to this fair value, and lease liabilities):

	March 31, 2022				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 171,445	171,445	-	-	171,445
Subtotal	171,445	171,445	-	-	171,445
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 2,976,444	-	-	-	-
Accounts receivable	1,443,445	-	-	-	-
Other financial assets—current	6,658,757	-	-	-	-
Other financial assets—non-current	129,225	-	-	-	-
Subtotal	11,207,871	-	-	-	-
Refundable deposit	95,611	-	-	-	-
Financial liabilities at fair value through profit or loss:					
Derivative financial liabilities measured at fair value through profit or loss	201	-	201	-	201
Financial liabilities measured at amortized cost:					
Short-term borrowings	$ 1,655,210	-	-	-	-
Long-term bank loans (including current portion)	253,305	-	-	-	-
Accounts payable and other payables	3,922,425	-	-	-	-
Dividends payable	2,318,020	-	-	-	-
Subtotal	8,148,960	-	-	-	-

	December 31, 2021				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 165,565	165,565	-	-	165,565
Derivative financial liabilities measured at fair value through profit or loss	442	-	442	-	442
Subtotal	166,007	165,565	442	-	166,007
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 2,642,635	-	-	-	-
Accounts receivable	1,160,282	-	-	-	-
Other financial assets—current	6,480,654	-	-	-	-
Other financial assets—non-current	125,535	-	-	-	-
Subtotal	10,409,106	-	-	-	-
Refundable deposit	85,136	-	-	-	-

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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	December 31, 2021				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost:					
Short-term borrowings	$ 1,866,306	-	-	-	-
Long-term bank loans (including current portion)	245,056	-	-	-	-
Accounts payable and other payable	4,436,454	-	-	-	-
Subtotal	6,547,816	-	-	-	-

	March 31, 2021				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 185,926	185,926	-	-	185,926
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 2,921,689	-	-	-	-
Accounts receivable	2,872,357	-	-	-	-
Other financial assets－current	4,186,342	-	-	-	-
Other financial assets －non-current	128,076	-	-	-	-
Subtotal	10,108,464	-	-	-	-
Refundable deposit	85,640	-	-	-	-
Financial liabilities measured at amortized cost:					
Short-term borrowings	$ 1,282,326	-	-	-	-
Accounts payable and other payables	3,152,880	-	-	-	-
Dividends payable	1,934,853	-	-	-	-
Subtotal	6,370,059	-	-	-	-

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm' s-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Except for the aforementioned financial instruments, the fair value of other financial instruments is determined by using valuation techniques or the quoted price from a counterparty. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation techniques including a model using observable market data at the reporting date.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants. The fair value of a forward exchange contract is usually determined by the forward exchange rate. Measurement of the fair value of an embedded derivative financial instrument is based on an option pricing model or other valuation technique.

3) Transfer between fair value hierarchy

There were no transfers in either direction for the three months ended March 31, 2022 and 2021.

(v) Financial risk management

There were no significant changes in the Group’ s financial risk management and policies as disclosed in Note 6(w) of the consolidated financial statements for the year ended December 31, 2021.

(w) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2021. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2021. Please refer to Note 6(x) of the consolidated financial statements for the year ended December 31, 2021 for further details.

(x) Investing and financing activities not affecting current cash flow

The Group’s investing and financing activities which did not affect the cash flow in the three months ended March 31, 2022 were acquisition of right-of-use assets by leasing. Please refer to note 6(g) and (m).

(7) Related-party transactions

(a) Parent company and ultimate controlling Company

The Company is the ultimate controlling party of the Company and its subsidiaries.

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(b) Names and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Namtex Co., Ltd. (Namtex)	An associate
Makalot Humanities Development Education Foundation (Makalot Foundation)	Some Directors of the Company served as Directors of the foundation

(c) Significant transactions with related parties

(i) Purchasing

The amounts of significant purchases by the Group from related parties were as follows:

	For the three months ended March 31	
	2022	2021
Associates	$ 105,588	47,209

Purchasing prices and payment terms with associates were not significantly different from those of general purchases.

(ii) Related-party payables

Account name	Types of related parties	March 31, 2022	December 31, 2021	March 31, 2021
Accounts payable －related parties	Associates	$ 74,228	74,431	31,026

(iii) Related-party receivables

Account name	Types of related parties	March 31, 2022	December 31, 2021	March 31, 2021
Other financial assets－current	Associates	$ 476	327	565

(iv) Donations

Details of donations to related parties were as follows:

	For the three months ended March 31	
	2022	2021
Makalot Foundation	$ 146	146

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(v) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31	
	2022	**2021**
Short-term employee benefits	$ 48,335	38,332
Post-employment benefits	20	19
	$ 48,355	**38,351**

(8) Pledged assets

The Group's pledged assets were as follows:

Pledged assets	**Pledged to secure**	**March 31, 2022**	**December 31, 2021**	**March 31, 2021**
Land	Security of bank loans facility	$ 2,484,818	2,484,818	2,484,818
Property, plant and equipment	Security of bank loans facility	203,356	207,370	219,411
Refundable deposits	Lease deposit	95,611	85,136	85,640
		$ 2,783,785	**2,777,324**	**2,789,869**

(9) Commitments and contingencies

Unrecognized significant commitments:

(a) Unused letters of credit

	March 31, 2022	**December 31, 2021**	**March 31, 2021**
Unused letters of credit	**$ 1,105,711**	**642,024**	**609,408**

(b) The Group issued promissory notes to the banks to apply for borrowings, export bills negotiation, derivatives, and factoring of accounts receivable. The issued promissory notes were as follows:

	March 31, 2022	**December 31, 2021**	**March 31, 2021**
Issued promissory notes	**$ 15,196,920**	**11,276,901**	**9,686,219**

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

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(12) Other

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	For the three months ended March 31					
	2022			2021		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salaries	979,519	624,304	1,603,823	956,160	495,698	1,451,858
Labor and health insurance	62,755	27,855	90,610	68,084	29,875	97,959
Pension	20,065	10,643	30,708	24,301	10,153	34,454
Directors' remuneration	-	28,225	28,225	-	20,178	20,178
Others	74,893	23,569	98,462	69,524	21,294	90,818
Depreciation	106,468	29,028	135,496	100,404	25,674	126,078
Amortization	1,986	844	2,830	2,395	2,205	4,600

(13) Other disclosures

(a) Information on significant transactions:

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 2022:

(i) Lending to other parties :

(In thousands of New Taiwan Dollars/shares)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount of business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	PT Glory	Other receivable-related parties	Yes	721,274	721,274	721,274	2.0 %	1	Processing 2,024,151	None	-	None	-	2,024,151	4,975,600
0	The Company	PT Starlight	Other receivable-related parties	Yes	171,446	171,446	171,446	2.0 %	1	Processing 623,533	None	-	None	-	623,533	4,975,600
0	The Company	Makalot Cambodia	Other receivable-related parties	Yes	198,899	198,899	198,899	2.0%	1	Processing 1,496,925	None	-	None	-	1,496,925	4,975,600
0	The Company	Moha	Other receivable-related parties	Yes	250,156	250,156	250,156	2.0%	1	Processing 831,422	None	-	None	-	831,422	4,975,600
0	The Company	Makalot Vietnam	Other receivable-related parties	Yes	286,220	286,220	286,220	2.0%	1	Processing 1,634,122	None	-	None	-	1,634,122	4,975,600
0	The Company	Triple Vietnam	Other receivable-related parties	Yes	71,555	71,555	71,555	2.0%	1	Processing 510,306	None	-	None	-	510,306	4,975,600

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Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount of business between two parties	Reasons for short-term financing	Loss allowance	Collateral Item	Collateral Value	Individual funding loan limits	Maximum limit of fund financing
0	The Company	Leader Vietnam	Other receivable-related parties	Yes	444,133	367,793	281,927	2.0%	1	Processing 412,677	None	-	None	-	412,677	4,975,600
1	CMZ (Note 4)	CJR (Note 4)	Other receivable	Yes	22,573	22,573	-	3.85%	2	-	Operating capital	-	None	-	31,193	51,989

Note: The ceiling on total loans granted by the Company to all parties is 40% of its net assets in the financial statements; the ceiling on the short-term financing for each entity's operating capital granted by the Company is 20% of its net assets in the financial statements; the ceiling on the loan granted by the Company to each entity which has business transactions with the Company is the transaction amount within a year. The policy for loans granted mutually between its overseas subsidiaries of which the Company directly or indirectly holds 100% of their voting shares is as follows:

The ceiling on total loans granted by an on overseas subsidiary to all overseas subsidiaries is 50% of the lender's net assets in the most currently financial statement audited or reviewed by independent auditors; the limit on loans granted by an overseas subsidiary to each overseas subsidiary is 30% of the lender's net assets in the most currently financial statement audited or reviewed by independent auditors.

Note 1: Nature of financing: 1. Business transaction purpose. 2. Short-term financing purpose.

Note 2: Ending facility balance approved by BOD.

Note 3: The trading companies purchase materials from the Company and sell the final products back to the Company after processing. The Company provides the materials to its subsidiaries for productions. According to the regulation, the Company only discloses the amount of processing; however, the ceiling on the loan to the above entities is the actual amount of the transactions involving the final products.

Note 4: The credit limit between subsidiaries in China.

Note 5: The aforementioned transactions have been eliminated when preparing the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company	Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
0	The Company	Makalot Vietnam	2	2,487,800	858,660	858,660	286,220	-	6.90 %	6,219,500	Y	N	N

Note: The ceiling on guarantees and endorsements by the Company to all parties is 50% of its net assets in the financial statements；the ceiling on guarantees and endorsements by the Company to each entity is 20% of its net assets in the financial statements.

Note 1: Relationship between guarantee provider and receiver is as follows:

(1) The company having transaction with the counterparty.
(2) The company holding more than 50% of common shares of the subsidiary.
(3) The company and its subsidiaries holding more than 50% of the common shares of the investee company.
(4) The parent company holding more than 50% of the outstanding common shares of the investee company, directly or indirectly through a subsidiary.
(5) Companies in same type of business and providing mutual endorsement and / or guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
(6) Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.

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MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(iii) Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included):

(In thousands of New Taiwan Dollars/thousand shares)

Name of holder	Category and name of security	Relationship with company	Account title	March 31, 2022 Shares	Carrying value	Percentage of ownership (%)	Fair value	Note
The Company	Dimerco Data System Corporation (DDSC)	None	Financial assets at fair value through profit or loss－current	1,589	115,044	2.24 %	115,044	
The Company	Yuanta/P shares Taiwan Top 50 ETF	None	〃	92	12,705	-	12,705	
The Company	Yuanta/P shares Taiwan Dividend Plus ETF	None	〃	403	13,553	-	13,553	
The Company	Kindom Development Co., Ltd. (Kindom)	None	〃	100	3,610	0.02 %	3,610	
The Company	Cathay Financial Holding Co., Ltd. (Cathay Holdings)	None	〃	82	5,289	-	5,289	
The Company	Fubon Financial Holding Co., Ltd. (Fubon Financial)	None	〃	48	3,672	-	3,672	
The Company	CTBC Financial Holding Co., Ltd. (CTBC Holding)	None	〃	158	4,645	-	4,645	
The Company	WPG Holdings Limited (WPG)	None	〃	24	1,344	-	1,344	
The Company	Fubon Taiwan Index High Dividend 30 ETF	None	〃	780	11,583	-	11,583	

(iv) Information regarding purchase or sale of securities for the period exceeding NT$300 million or 20% of the Company's paid-in capital: None

(v) Information on acquisition of Company's real estate with purchase amount exceeding NT$300 million or 20% of the Company's paid-in capital: None

(vi) Information regarding receivables from disposal of real estate exceeding NT$300 million or 20% of the Company's paid-in capital: None

(vii) Information regarding related-parties purchases and or sales exceeding NT$100 million or 20% of the Company's paid-in capital:

(In thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details: Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Transactions with terms different from others: Unit price	Payment terms	Notes/Accounts receivable (payable): Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	Ecolot	Subsidiary	Purchase	196,735	5 %	45~60 days	-	-	(105,929)	4%	
The Company	Namtex	Investee under equity method	Purchase	105,588	3 %	45~60 days	-	-	(74,228)	3%	
The Company	PT Glory	Subsidiary	Processing	559,669	25 %	30~90 days	-	-	(59,752)	2%	
The Company	PT Starlight	Subsidiary	Processing	188,898	8 %	30~90 days	-	-	(67,049)	3%	
The Company	Makalot Cambodia	Subsidiary	Processing	419,768	19 %	30~90 days	-	-	(39,317)	2%	
The Company	Moha	Subsidiary	Processing	236,131	11 %	30~90 days	-	-	(161,078)	7%	
The Company	Makalot Vietnam	Subsidiary	Processing	398,833	18 %	30~90 days	-	-	(216,258)	9%	
The Company	Triple Vietnam	Subsidiary	Processing	145,901	6 %	30~90 days	-	-	(70,554)	3%	
The Company	Leader Vietnam	Subsidiary	Processing	154,911	7 %	30~90 days	-	-	(82,837)	3%	

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Note: The aforementioned transactions have been eliminated when preparing the consolidated financial statements.

Note 1: The mark-up price is based on the cost or re-sale price with a fixed ratio which is based on the cost and expense that the subsidiary incurred.

(viii) information regarding receivables from related parties exceeding NT$100 million or 20% of the Company's paid-in capital:

(In thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
The Company	PT Glory	Subsidiary	Other receivables 724,520	-	-	-	- (Note 1)	-
The Company	PT Starlight	Subsidiary	Other receivables 172,217	-	-	-	- (Note 1)	-
The Company	Makalot Cambodia	Subsidiary	Other receivables 290,592	-	-	-	- (Note 1)	-
The Company	Moha	Subsidiary	Other receivables 412,075	-	-	-	- (Note 1)	-
The Company	Makalot Vientnam	Subsidiary	Other receivables 287,580	-	-	-	1,360 (Note 1)	-
The Company	Leader Vietnam	Subsidiary	Other receivables 283,656	-	-	-	1,729 (Note 1)	-
Moha	The Company	Parent company	161,078	4.77	-	-	161,078	-
Makalot Vietnam	The Company	Parent company	216,258	6.79	-	-	107,541	-
Ecolot	The Company	Parent company	105,929	9.93	-	-	22,631	-

Note: The aforementioned transactions have been eliminated when preparing the consolidated financial statements.

Note 1: The uncollected accounts receivable primarily consisted of loans.

Note 2: The amount was collected before April 20, 2022.

(ix) Information regarding trading in derivative financial instruments: Please refer to note 6(b).

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Ecolot	1	Operating cost	196,735	Based on the market price	2%
0	〃	PT Glory	1	〃	559,669	Processing cost based on the market price	7%
0	〃	PT Starlight	1	〃	188,898	〃	2%
0	〃	Makalot Cambodia	1	〃	419,768	〃	5%
0	〃	Moha	1	〃	236,131	〃	3%
0	〃	Makalot Vietnam	1	〃	398,833	〃	5%
0	〃	Triple Vietnam	1	〃	145,901	〃	2%
0	〃	Leader Vietnam	1	〃	154,911	〃	2%
0	〃	Moha	1	Accounts payable	161,078	30～90 days	1%
0	〃	Makalot Vietnam	1	〃	216,258	〃	1%
0	〃	Moha	1	Other current receivables	160,843	Purchase materials on behalf of subsidiaries	1%
0	〃	PT Glory	1	Other non-current receivables	721,274	Financing	3%
0	〃	PT Starlight	1	〃	171,446	〃	1%
0	〃	Makalot Cambodia	1	〃	198,899	〃	1%

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No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Moha	1	Other non-current receivables	250,156	Financing	1%
0	〃	Makalot Vietnam	1	〃	286,220	〃	1%
0	〃	Leader Vietnam	1	〃	281,927	〃	1%
1	Ecolot	The Company	2	Accounts receivable	105,929	45~60 days	-%

Note 1: 0 represents the parent company. The subsidiaries start sequentially from 1 in Arabic numerals.

Note 2: The relationships between transaction parties are as follows:

1.parent to subsidiary

2.subsidiary to parent

3.subsidiary to subsidiary

Note 3: The aforementioned transactions have been eliminated when preparing the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2022 (excluding information on investments in Mainland China):

(In thousands of New Taiwan Dollars/share)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying value			
The Company	Global	British Virgin Islands	Investment holding	971,515	971,515	31,622	100.00 %	1,029,123	11,844	11,553	Subsidiary
The Company	PT Crystal	Indonesia	Manufacture of garments	84,948	84,948	2,673,191	99.776 %	5,501	19	19	Subsidiary
The Company	Leader PH	Philippines	Manufacture of garments	7,281	7,281	249,995	99.99 %	25,186	2,673	2,673	Subsidiary
The Company	Diamond	Philippines	Manufacture of garments	-	-	149,995	99.99 %	2,988	(33)	(33)	Subsidiary
The Company	Primeline	Philippines	Manufacture of garments	9,945	9,945	99,995	99.99 %	55	(1)	(1)	Subsidiary
The Company	Fortune Star	Samoa	Investment holding	609,846	609,846	18,929,091	100.00 %	645,470	6,848	7,615	Subsidiary
The Company	Triple	Samoa	Investment holding	567,031	567,031	18,400,000	100.00 %	232,648	10,783	15,787	Subsidiary
The Company	Ecolot	Taiwan	Trade service	22,302	22,302	3,699,000	61.65 %	103,981	14,074	3,177	Subsidiary
The Company	Glida	Taiwan	Sale of garments	5,000	5,000	500,000	100.00 %	4,981	-	-	Subsidiary
Global	PT Glory	Indonesia	Manufacture of garments	538,708	538,708	179,740	95.00 %	573,999	15,341	14,574	Subsidiary
Global	PT Starlight	Indonesia	Manufacture of garments	3,645	3,645	1,050	5.00 %	4,658	5,791	290	Subsidiary
Global	Makalot Cambodia	Cambodia	Manufacture of garments	153,340	153,340	1,000	100.00 %	(25,540)	2,605	2,605	Subsidiary
Global	Makalot Vietnam	Vietnam	Manufacture of garments	315,263	315,263	-	100.00 %	385,397	(5,915)	(5,915)	Subsidiary
Triple	Moha	Cambodia	Manufacture of garments	94,524	94,524	1,000	100.00 %	(51,128)	9,688	9,688	Subsidiary
Triple	Triple Vietnam	Vietnam	Manufacture of garments	81,171	81,171	-	100.00 %	102,543	(7,197)	(7,197)	Subsidiary
Triple	Top Trend	Samoa	Investment holding	390,160	390,160	12,800,000	100.00 %	208,292	8,248	8,248	Subsidiary

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying value			
Top Trend	Leader Vietnam	Vietnam	Manufacture of garments	390,700	390,700	-	100.00 %	208,338	8,248	8,248	Subsidiary
Fortune Star	Wintop	Hong Kong	Investment holding	277,755	277,755	9,070,000	100.00 %	292,148	2,746	2,746	Subsidiary
Fortune Star	Crown Era	Hong Kong	Investment holding	59,440	59,440	1,580,000	100.00 %	108,456	442	442	Subsidiary
Fortune Star	Crownway	Hong Kong	Investment holding	162,422	162,422	4,560,000	100.00 %	128,697	(2,583)	(2,583)	Subsidiary
Fortune Star	PT Starlight	Indonesia	Manufacture of garments	61,532	61,532	19,950	95.00 %	88,497	5,791	5,501	Subsidiary
Fortune Star	PT Glory	Indonesia	Manufacture of garments	30,452	30,452	9,460	5.00 %	30,210	15,341	767	Subsidiary
Wintop	Namtex	Vietnam	Wearing	270,979	270,979	-	50.00 %	257,354	19,271	10,451	The Company indirectly holds 50% of ownership
Ecolot	Top Shiny	Hong Kong	Investment holding	17,016	17,016	540,026	100.00 %	34,307	(1,572)	(1,572)	Subsidiary

Note : The aforementioned transactions between the Company and subsidiaries have been eliminated when preparing the consolidated financial statements.

Note 1: Investment gain or loss recognized in the current period included sales from subsidiaries to parent company.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information :

(In thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated investment paid by Taiwan as of January 1, 2022	Investment flows		Accumulated investment paid by Taiwan as of March 31, 2022	Net income (losses) of the investee	Percentage of highest ownership	Investment income (losses)	Carrying value as of March 31, 2019	Accumulated remittance of earnings as of this year
					Outflow	Inflow						
CMK	Manufacture of garments	27,033	2	27,033	-	-	27,033	(6,883)	100.00 %	(6,883)	33,604	14,378
CMZ	Manufacture of garments	59,440	2	59,440	-	-	59,440	447	100.00 %	447	108,447	7,304
CJY	Manufacture of garments	68,120	2	68,120	-	-	68,120	(1,105)	100.00 %	(1,105)	66,343	-
CJR	Manufacture of garments	94,302	2	94,302	-	-	94,302	(1,465)	100.00 %	(1,465)	62,341	-
CBS	Trade service	11,039	2	11,039	-	-	11,039	(1,572)	100.00 %	(1,572)	34,307	-

Note : There are three kinds of investments

1.Invest directly in Mainland China companies.

2.Invest in Mainland China by remitting through a third region.

3.Others.

(ii) Upper limit on investment in Mainland China:

Accumulated investment in Mainland China as of March 31, 2022	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment
259,934	407,382	7,463,399

(iii) Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

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(d) Major shareholders:

Unit: shares

Shareholding / Shareholder's Name	Shares	Percentage
Cathay Life Insurance Co., Ltd.	14,640,491	6.05 %
Labor Pension Fund-2021 1st mandated managed by Cathay Securities Investment Trust Co., Ltd.	12,972,006	5.36 %
Fubon Life Insurance Co., Ltd.	12,612,216	5.21 %

(14) Segment information

The Group's operating segment information and reconciliation are as follows:

For the three months ended March 31, 2022	Selling and manufacturing of garments	Other segments	Adjustments and cancellation	Total
Revenue				
Revenue from external customers	$ 7,845,122	126,406	-	7,971,528
Total revenue	**$ 7,845,122**	**126,406**	**-**	**7,971,528**
Segment income or loss	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Segment total assets	(Note 1)	(Note 1)	(Note 1)	(Note 1)

For the three months ended March 31, 2021	Selling and manufacturing of garments	Other segments	Adjustments and cancellation	Total
Revenue				
Revenue from external customers	$ 6,759,316	57,483	-	6,816,799
Total revenue	**$ 6,759,316**	**57,483**	**-**	**6,816,799**
Segment income or loss	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Segment total assets	(Note 1)	(Note 1)	(Note 1)	(Note 1)

Note 1: The Group discloses the amounts as zero due to the fact that the amounts of its segment income or loss and total assets were not provided to the chief operating decision maker.