



2021 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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I. Letter to Shareholders

Dear Shareholders,

Preface

After the COVID-19 vaccines had been developed, the implement of the vaccination program mitigated the impact of the pandemic at main retail and consumer markets worldwide, which in turn, drove the economic recovery at the beginning of 2021. The inventory and business strategies of the retail industry were adjusted rapidly to satisfy strong consumer demands, which drove the consumer-goods supply chain. During the post-pandemic era, the supply chain was also swiftly restructured, and branded customers started to relocate orders to large suppliers so that management efficiency can be improved. Accordingly, the Company benefited from such demand and opportunity. Both the revenue and profit of the Company for the first half of the year reached new record highs.

Nevertheless, Vietnam had been facing the outbreak of the coronavirus variant during the second half of the year and the local supply chain was disrupted by factory shutdowns. As the vaccination coverage gradually increased in Vietnam and the government decided to live with the virus, the recovery rate of the manufacturing sector increased after the relaxation of the factory operation rules. With advanced planning for the Q4 production and shipping schedule, the Company's overseas factories reopened and resumed full-speed production. Despite tough epidemic control policies and high shipping costs, the Company achieved remarkable performance and the revenue in December of 2021 reached a new record high for a single month.

Due to the impact of the pandemic and the disturbance in the supply chain, a lot of branded customers had chosen to plan early and placed orders for the second half of the year in advance. However, due to the negative factors of the geopolitical tension, oil price fluctuation and increase in container transportation costs, the global supply has been severely affected, impacting the Company's business. The Company will actively discuss with customers to establish strategies in response to market changes. In addition, through research and development of innovation heading toward high-value and niche products, the Company cooperates closely with branded customers.

Financial Performance

In 2021, the net operating revenue of the Group was NT\$ 35.917 billion, where the net operating revenue from the Fabric Division was NT\$ 12.365 billion, accounted for 34.43% of the overall operating revenue of the Group. The operating revenue from the Garment Division was NT\$ 23.552 billion, accounted for 65.57% of the overall operating revenue of the Group. The total thereof shows a growth of NT\$ 7.742 billion from 2020 with a growth of 27.48%. Regarding the current operating profit, the operating profit for 2021 was NT\$ 6.398 billion, a growth of NT\$ 902 million from 2020 with a growth of 16.41%. The net income for 2021 was NT\$ 5.149

billion, a growth of NT\$ 894 million from 2020 with a growth of 21.01%. For 2021, the earnings per share (EPS) after tax was NT\$18.77.

Business Developments

The phase 2 factory construction project of Indonesia Plant of the Company is expected to be completed during the Q2 of 2022, and the phase 3 of the construction is expected to be started in 2023. Through project planning, technical experience transfer and industrial engineering, the production efficiency of the Indonesia Plant is improved, in order to establish a complete overseas production site, thereby improving the flexible production mechanism among overseas factories and coping with the rapid change in the market. The Company aims to cultivate local employees of overseas factories to assume medium and senior management job positions and to act as technical supervisors. Talent cultivation will be beneficial to local management and improve communication efficiency and employee cohesiveness. The recruitment plans of the Vietnam Plant and Indonesia Plant will be implemented through comprehensive salary welfare and promotion mechanisms, in order to continuously increase the rate of workers returning to work and workforce competencies hiring employees in all plants. Promoting excellent local talents and providing the right positions for the right employees will be advantageous to the corporate management and sustainable development of the Company.

Outlook

Looking into 2022, the increasing inflation is expected to affect the consumer dynamics, and it will also cause the world's major central banks to increase the interest rate, leading to concern in the global business of the retail industry. As the raw material price and transportation cost continue to increase, in the short term, it will pose challenges to the operation of the Company. As for the long-term outlook, in view of the trend of a centralized supply chain for branded customers, the Company will continue to enhance the two-way collaboration with suppliers in order to achieve a win-win situation. In addition, the Company will continue to improve the automatic green eco-friendly manufacturing process in order to reduce carbon emissions and fight against the potential impact of green inflation. As customers establish their consumer trend leading position, the Company will continue to invest in the research and development of innovative products in order to expand its potential market. The Company will continue to invest in research, development and innovation, focus on product quality, and strengthen talent cultivation and management, in order to continuously create the maximum value for customers, employees and shareholders. We wish all shareholders all the best, good health, and success

Chairman

Cheng-Hai Hung

II. Company Profile

2.1 Date of Incorporation: November 28, 1977

2.2 Company History

- November 1977: Company established, registered capital of NT\$ 500,000, divided into 500 shares at a par value of NT\$ 1,000 each. The business address was registered in Xinzhuang City, Taipei County. At the beginning, the main business of the Company included fabrics, garment and textile raw materials, and the first Chairman of the company was Hsien-Chin, Tsai.
- September 1981: Capital increased by cash at an amount of NT\$ 500,000, and the total capital was increased to NT\$ 1,000,000.
- February 1985: Mr. Cheng-Hai Hung assumed the position of Chairman of the Company.
- November 1987: Capital increased by cash at an amount of NT\$ 6,000,000, and the total capital was increased to NT\$ 7,000,000.
- August 1988: Performed capital increase by cash at an amount of NT\$ 45,000,000, and the total capital was increased to NT\$ 52,000,000, and Da-shan Plant was established in Houlong Township, Miaoli County, to perform the manufacturing items of fabric knitting, heat setting, quality inspection as well as packaging etc. In addition, the Company was relocated to Changan East Road, Taipei City.
- March 1991: Performed capital increase by surplus earnings at an amount of NT\$ 13,333,000, and the paid-in capital was increased to NT\$ 65,333,000. In addition, Wugu Plant was established to increase the knitting production capacity of the Company.
- March 1992: Capital increased by cash at an amount of NT\$ 9,000,000, and performed capital increase by surplus earnings at an amount of NT\$ 15,000,000, and Creditor's right for payment of shares to offset the debt of NT\$ 21,000,000, and the paid-in capital was increased to NT\$ 110,333,000.
- December 1992: Performed capital increase by cash at an amount of NT\$ 44,667,000 and capital increase by surplus earnings at an amount of NT\$ 40,000,000, such that the paid-in capital was increased to NT\$ 195,000,000, and the par value of each share was changed from NT\$ 1,000 to NT\$ 10, such that the number of issued shares reached 19,500,000 shares.
- January 1993: Established the R&D department under the Planning Department and responsible for collection of market trend information and development of new fabrics. In addition, test center was established for testing various quality standards of fabrics.
- August 1993: Received "Q Mark" qualification certificate from DuPont, and the company was the first enterprise in Asia-Pacific region to received certificate from DuPont, demonstrating DuPont's recognition in the quality of the elastic fabric produced by the Company.
- November 1995: Newly established Wugu Plant 2 in order to increase the quality inspection and packaging production capacity of the Company.
- September 1996: Established New York, USA and Hong Kong offices, responsible for sales order affairs in these regions.

- January 1997: The Company established the own brand of “Eclon” and received the trademark approval from the Bureau of Standards, Metrology and Inspection, MOEA.
- June 1997: Acquired and merged Lujia Co., Ltd., and the capital increased by the merger at an amount of NT\$ 173,308,960, and performed the capital increased by surplus earnings at an amount of NT\$ 156,000,000, as well as capital increase by cash for 20,000,000 shares, issued at share premium of NT\$ 12.50 per share, and the paid-in capital reached NT\$ 724,308,960; in addition, public listing of the Company was completed.
- April 1998: To expand the overseas production site and to reduce production cost, Eclat Cayman Islands Holdings indirectly invested in Unison (Wuxi) Textile Garment Co., Ltd. for 42%.
- September 1998: Performed capital increase by surplus earnings at an amount of NT\$ 72,430,900, and the paid-in capital increased to NT\$ 796,739,860.
- December 1998: Additionally, established Hsi-chou Plant, Miao-li in order to integrate the works of knitting, heat setting, quality inspection and packaging of Wugu Plant and Da-shan Plant, Miaoli; in addition, further expansion of the production lines were performed in order to increase the own manufacturing ratio and to improve the stability of product quality.
- February 2000: Hsi-chou Plant, Miao-li, qualified the inspection by the SGS international certification institution, and received ISO14001 environmental management certification.
- March 2000: The Company received approval from DuPont, and officially established the DuPont Lycra ® certified Testing Lab.
- April 2000: In the evaluation by the Labor Committee of Executive Yuan, the Company was nominated for the domestic labor-management relationship outstanding business unit
- September 2000: Performed capital increase by surplus earnings at an amount of NT\$ 51,628,700, and the paid-in capital increased to NT\$ 912,107,660.
- November 2000: Received the Industrial Sustainable Excellence Award from MOEA.
- December 2000: Approved by the Taiwan Stock Exchange for stock listing.
- April 2001: Officially listed for trading at Taiwan Stock Exchange.
- July 2003: To expand the business in China and to collect market information, Antares (Shanghai) Textile Co., Ltd. was established in Shanghai through the Grand Elite Holdings Inc.
- August 2003: Introduced the Enterprise Resource Planning (ERP) system.
- September 2003: To vertically integrate the production capability and to gain the competitive advantages early, the investment on the Unison (Wuxi) Textile Garment Co., Ltd. and Aegis Inc. was increased the shareholding from 42% to 100%.
- April 2004: To head toward the development of professional garment manufacturer and to increase the garment sales percentage, the Initiate Vertical Sourcing Co. Ltd. was established through the Grand Elite Holdings Inc. in order to perform the trading businesses of garment, clothing and household textiles.
- August 2004: To gain competitive advantages, vertically integrate the production capacity and to handle the market condition as well as to strengthen

the operation management, 100% of the shareholding of the E-TOP (Wuxi) Textile Garment Co., Ltd. was obtained through the subsidiary of Eclat Cayman Islands Holdings.

January 2005: Obtained the total of 1,035,528 shares of the subsidiary of Being Long Co., Ltd.; after the acquisition, the shareholding of the Company on such subsidiary increased from 50.00% to 52.96%.

June 2005: Sold the Initiate Vertical Sourcing Co. Ltd. and ended the investment thereof.

August 2005: Obtained shares of the subsidiary of Being Long Co., Ltd., and the shareholding of the Company on such subsidiary increased from 52.96% to 100%.

August 2005: Capital increased by surplus earnings at an amount of NT\$ 134,079,820, and the paid-in capital after the increase reached NT\$ 1,091,792,860.

December 2005: To expedite the global garment production planning, and with the optimistic outlook on business opportunities for Vietnam's enrollment in the WTO, the Company reached the resolution to jointly invest with the Tainan Spinning Co., Ltd. to establish the Eclat Textile Co., Ltd. in Vietnam through the Eclat Cayman Islands Holdings. The capital of the Vietnam factory was US\$ 7,000,000, and the Company invested an amount of US\$ 5,600,000, with the shareholding of 80%. The construction of the factory was completed in June 2006.

December 2005: Capital increase by cash for 20,000,000 shares was performed, issued at share premium of NT\$ 13.50 per share, and the paid-in capital after the increase reached NT\$ 1,291,792,860.

January 2006: To stabilize the garment raw material supply source, the Company invested in the Vietnam Namtex Textile Co., Ltd. through Eclat Cayman Islands Holdings; the investment amount was US\$ 2,000,000, and shareholding of 20%.

June 2006: To actively expand the channel of garment sales, the Company invested in ANKL Co., Ltd. for an amount of NT\$ 30,000,000, and shareholding of 25%.

August 2006: Capital increased by surplus earnings at an amount of NT\$ 142,097,210, and the paid-in capital after the increase reached NT\$ 1,433,890,070.

March 2007: For the purpose of lowering cost and increasing competitiveness, the Company has decided to establish a fabric mill with dyeing and knitting function via ECLAT CAYMAN ISLANDS HOLDINGS. The mill will cooperate with existed garment factories in Vietnam to make the Company to be a vertical integration firm, ranging from knitting, dyeing to garment in Vietnam, so as to offer its clients one-stop- shop services with total solutions. The investment amount is USD19 million, which represents 100% of shareholding. The factory construction was completed in February 2009

June 2007: Capital increased by surplus earnings at an amount of NT\$ 157,727,900, and the paid-in capital after the increase reached NT\$ 1,591,617,970.

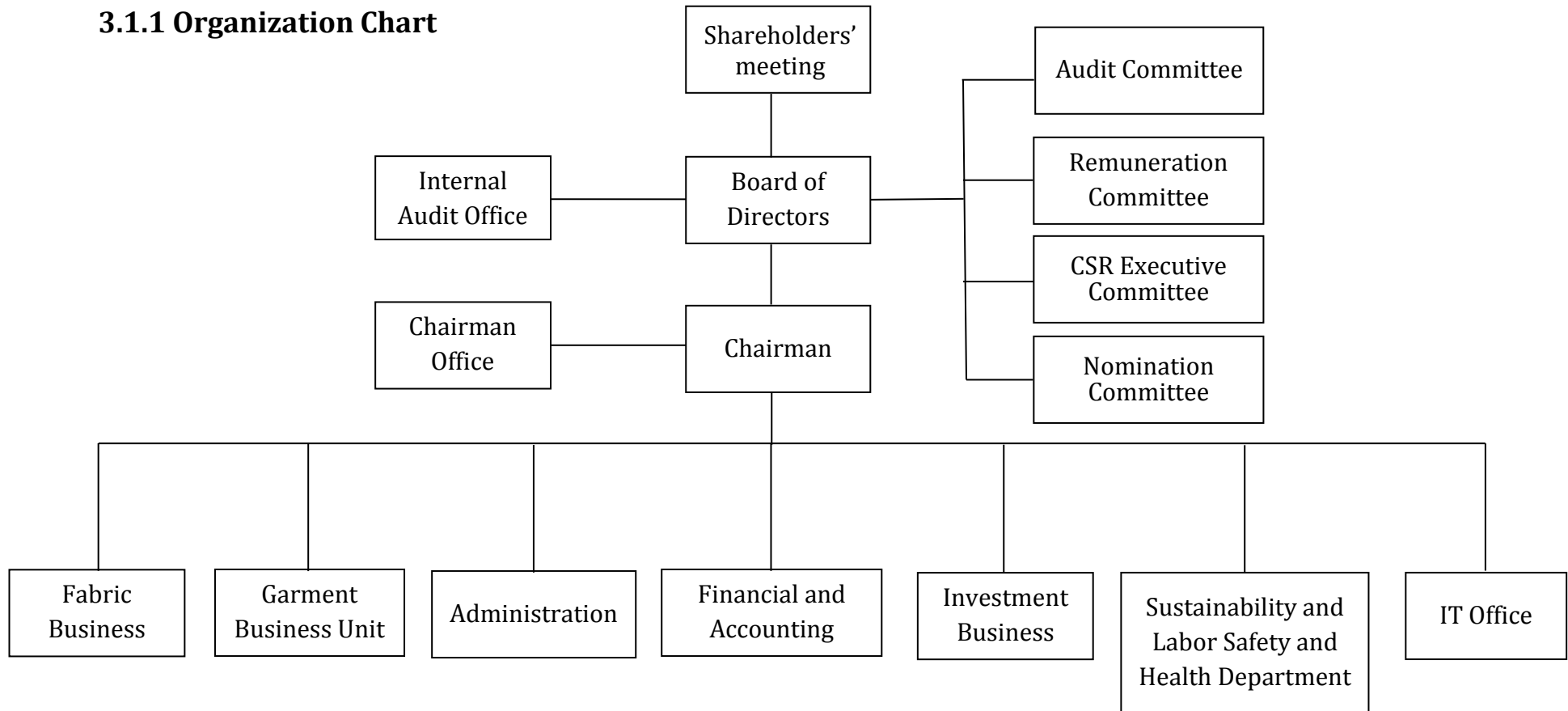
July 2007: Capital increase by cash for 25,000,000 shares was performed,

	issued at share premium of NT\$ 16 per share, and the paid-in capital after the increase reached NT\$ 1,841,617,970.
June 2008:	Capital increased by surplus earnings at an amount of NT\$ 55,248,540, and the paid-in capital after the increase reached NT\$ 1,896,866,510.
June 2009:	Capital increased by surplus earnings at an amount of NT\$ 37,937,330, and the paid-in capital after the increase reached NT\$ 1,934,803,840.
June 2010:	Capital increased by surplus earnings at an amount of NT\$ 58,044,110, and the paid-in capital after the increase reached NT\$ 1,992,847,950.
June 2011:	Capital increased by surplus earnings at an amount of NT\$ 119,570,870, and the paid-in capital after the increase reached NT\$ 2,112,418,820.
April 2002:	To integrate resources and to strength the operation management, the Company acquired and merged the BeingLong Co., Ltd.
June 2012:	Capital increased by surplus earnings at an amount of NT\$ 147,869,310, and the paid-in capital after the increase reached NT\$ 2,260,288,130.
October 2012:	Capital increase by cash for 20,000,000 shares was performed, issued at share premium of NT\$ 50 per share, and the paid-in capital after the increase reached NT\$ 2,460,288,130.
2013:	Capital increased by surplus earnings at an amount of NT\$ 49,205,760, and the paid-in capital after the increase reached NT\$ 2,509,493,890. Eclat Textile (Cambodia) Co., Ltd. construction and Eclat Fabrics Co., Ltd (Vietnam) second phase expansion construction were completed; Dayuan Dyeing Plant and the Eclat Textile Co., Ltd. in Vietnam Plant expansion, obtained Vietnam Tai-Yuan Garments Co., Ltd. and Colltex Garment Mfy Co., Ltd.(VN) acquired Heching Plant.
2014:	Capital increased by surplus earnings at an amount of NT\$ 100,379,750, and the paid-in capital after the increase reached NT\$ 2,609,873,640. Colltex Garment Mfy Co., Ltd. (VN) expansion construction complete and mass production started. The Company ended the operation of the Antares (Shanghai) Textile Co., Ltd.
2015:	Capital increase by cash for 8,000,000 shares was performed, issued at share premium of NT\$ 320 per share, such that the paid-in capital after the increase reached NT\$ 2,689,873,640.
2016:	The Company invested through Eclat Cayman Islands Holdings jointly with I.N.T. International Inc. in E&I Printing Co., Ltd. in Dong Nai Province, Vietnam, and the shareholding percentage was 40%.
2017:	Capital increased by surplus earnings at an amount of NT\$ 53,797,470, and the paid-in capital after the increase reached NT\$ 2,743,671,110. The Board of Directors of the Company approved the additional establishment of Hsichou Digital Printing Plant.
2018:	The Board of the Company approved the 3 rd facility expansion of Eclat Fabrics (Vietnam) Co., Ltd.
2019:	The Board of the Company approved the proposal to invest in PT Eclat International Ltd. and to relocate the MIAO-LI plant.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.1.2 Responsibilities of Functional Committee and Main Departments

Functional Committee / Main Department	Responsibilities	
Audit Committee	<ul style="list-style-type: none"> ● Assist the board of directors to effectively execute their rights for supervising the company in compliance with the authorization provided under the Company Act, Securities and Exchange Act and other relevant laws. 	
Remuneration Committee	<ul style="list-style-type: none"> ● Establish and periodically review the performance evaluation of directors and managerial personnel as well as the policy, system, standard and structure for the remuneration. In addition, periodically assess and specify the remuneration of directors and managerial personnel. 	
CSR Executive Committee	<ul style="list-style-type: none"> ● Establish corporate social responsibility annual plan and strategic directions, in order to further arrange and execute various corporate social responsibility projects and activities. ● Follow up and review corporate social responsibility annual plan, project and activity execution performance. 	
Nomination Committee	<ul style="list-style-type: none"> ● Review the qualifications of candidates of independent directors and nominate qualified candidates accordingly. ● Review and approve the candidates of managerial officers (Assistant Vice President and above) based on diversified and different standards, such as professional knowledges, domain skills, experiences, genders etc. ● Evaluate the performance of managerial officers. and review the succession plans periodically. 	
Internal Audit Office	<ul style="list-style-type: none"> ● Planning, establishment, revision and auditing of internal control system. ● Analysis, evaluation and recommendation of department operation management performance. 	
IT Office	<ul style="list-style-type: none"> ● Assessment, Planning, Establishment, Execution and Maintenance of Information Security Environment. 	
Chairman Office/Investment Business /Sustainability and Occupational Safety and Health Management Division	<ul style="list-style-type: none"> ● Managing the establishment of entire company's operation strategy, department coordination, customer credit verification and legal affairs handling. 	<ul style="list-style-type: none"> ● Planning and management of invested business. ● Labor safety and health management related affairs.
Fabric Division	<ul style="list-style-type: none"> ● Marketing strategy, planning and execution. ● Market information collection and analysis. ● Product sales and market expansion. ● Planning, execution and control of production capacity. ● Arrangement and coordination of production plan. ● Planning, execution and control of production schedule. 	<ul style="list-style-type: none"> ● Planning and control of outsourcing processing. ● Raw material purchase strategy, planning and execution. ● Global trend information integration and providing. ● Development, design and testing of new products. ● Overseas tradeshow, Domestic research project cooperative solution. ● Company and product image creation affairs.
Garment Division	<ul style="list-style-type: none"> ● Market sales and expansion. ● Market information collection and analysis. ● Development, design and creation of new products. 	<ul style="list-style-type: none"> ● Planning, execution and control of production capacity. ● Production plan, schedule planning and execution. ● Planning and control of outsourced processing.
Administration	<ul style="list-style-type: none"> ● Human resource management and organization development. ● Planning, execution and control of general affairs as well as physical security management. ● Company legal affairs, litigation, commercial contracts, legal compliance. 	
Financial and Accounting	<ul style="list-style-type: none"> ● Company financial, accounting services, tax affairs management, financial planning, investment management and strategy planning. 	

3.2 Directors, Supervisors and Management Team

3.2.1 Directors and Supervisors:

3.2.1.1. Director:

April 16, 2022

Title	Nationality or place of registration	Name	Gender Age	Date Elected	Term	Date of first Elected	Shareholding when elected		Current Shareholding		Spouse and Minor shareholding		Shareholding by Nominee Arrangement		Major Education and Experience	Other position	Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Cheng-Hai Hung	Male 61~70	August 12, 2021	3 years	November, 1977	9,035,318	3.29%	9,035,318	3.29%	9,543,332	3.48%	-	-	Bachelor of Chihlee University of Technology Chairman and President, Eclat Textile Co., Ltd.	Note 1	Assistant Vice President, Fabric Division	Jui-Ting Hung	First-degree kinship	None
																	Assistant Vice President, Fabric Division	Shih-Tu Chen	Second-degree kinship	None
Director	R.O.C.	Li-Chen Wang	Male 71~80	August 12, 2021	3 years	November, 1977	8,233,769	3.00%	8,233,769	3.00%	8,663,463	3.16%	-	-	Zhihui Junior High School Vice President, Eclat Textile Co., Ltd.	Note 2	None	-	-	None
Director	R.O.C.	Xin-xin Limited Company		August 12, 2021	3 year	August 12, 2021	3,000	0.00%	3,000	0.00%	-	-	-	-	-	-	-	-	-	None
			Male 41~50	Representative Cheng-Chuan Wu	August 12, 2021~ January 3, 2022 representative of the director.		-	-	-	-	-	-	-	-	Master of M.B.A from the University of Glasgow, U.K. Business Controller of Primax Electronics Ltd. Manager of Financial Division, Eclat Textile Co., Ltd.	Note 3	-	-	-	None
			Male 61~70	Representative Hsien-Chin Tsai	November, 1977~ August, 2021 Director. January 3, 2022 representative of the director.		7,769,160	2.83%	7,769,160	2.83%	-	-	Note A:	Note A:	Nanya Institute of Technology LUBTEK CO.,LTD., Chairman	Note 4	President, Fabric Division	Jun-Ching Tsai	Second-degree kinship	None
Director	R.O.C.	Kun-Tang Chen	Male 61~70	August 12, 2021	3 years	June 14, 2006	473,864	0.17%	442,864	0.16%	2,549	0.00%	-	-	PhD., Textile Management, University of Leeds, Vice President, Nan Yang Dyeing & Finishing Co., Ltd.	Note 5	None	-	-	None
Director	R.O.C.	Jen-Chieh Lo	Male 61~70	August 12, 2021	3 years	June 10, 2002	365,724	0.13%	365,724	0.13%	179,274	0.07%	-	-	Master of Department of Accounting, Soochow University Senior Manager, Horizon Securities	Note 6	None	-	-	None
Director	R.O.C.	Shu-Wen Wang	Male 51~60	August 12, 2021	3 years	June 18, 2012	28,008	0.01%	21,000	0.01%	-	-	-	-	Master of Accounting and Finance, California State University, Los Angeles Assistant Manager, CTBC Bank., Ltd.	Note 7	None	-	-	None
Director	R.O.C.	Yih-Yuan Investment Corp.	Male 61~70	August 12, 2021	3 years	June 24, 2015	25,790,335	9.40%	25,790,335	9.40%	-	-	-	-	-	-	-	-	-	None
				Representative: Kuo-Sung Hsieh		June 24, 2015	-	-	-	-	-	-	-	-	PhD of Management, University of South Australia PhD., Department of Finance, College of Management, National Changhua University of Education CPA	Note 8	None	-	-	None

Title	Nationality or place of registration	Name	Gender Age	Date Elected	Term	Date of first Elected	Shareholding when elected		Current Shareholding		Spouse and Minor shareholding		Shareholding by Nominee Arrangement		Major Education and Experience	Other position	Who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	Shou-Chun Yeh	Male 71~80	August 12,2021	3 years	June 24, 2015	517,330	0.19%	517,330	0.19%	-	-	-	-	Bachelor of department of Accounting, National Chengchi University Chairman, Zig Sheng Industrial Co., Ltd.	Note 9	None	-	-	None
Independent Director	R.O.C.	Yea-Kang Wang	Male 71~80	August 12,2021	3 years	June 24, 2015	-	-	-	-	-	-	-	-	Master of Urban Planning, National Chung Hsing University Director General, Industrial Development Bureau, MOEA Director General, Small and Medium Enterprise Administration ,MOEA Secretary General, Chinese National Federation of Industries	Note 10	None	-	-	None
Independent Director	R.O.C.	Cheng-Ping Yu	Male 61~70	August 12,2021	3 years	June 24, 2015	-	-	-	-	-	-	-	-	PhD of The University of Leeds, Associate Professor, Department of Textiles & Clothing, Fu Jien Catholic University	Note 11	None	-	-	None
Independent Director	R.O.C.	Nai-Ming Liu	Male 51~60	August 12,2021	3 years	June 24, 2015	-	-	-	-	-	-	-	-	Master of Department of Accounting, National Chengchi University Assistant Professor at Hsing Wu University CPA	Note 12	None	-	-	None
Independent Director	R.O.C.	Chiu-Chun Lai	Female 41~50	August 12,2021	3 years	August 12, 2021	-	-	-	-	-	-	-	-	PhD, Institute of Polymer Science and Engineering, National Taiwan University of Science and Technology Professor and concurrently as Chairperson and Director, Chinese Culture University Plastics Industry Development Center, Ministry of Economic Affairs, Corporate Director Representative	Note 13	None	-	-	None

Note : Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.(For example, the number of independent directors should be increased, and more than half of the directors should not be employees or managers.)

Note A: The director held 14,000,000 shares under the names of other parties, with a shareholding ratio of 5.10%.

Note 1: Mr. Cheng-Hai Hung presently and concurrently acts as the R&D supervisor of the Company (resigned on March 5, 2021 due to job duty adjustment), the consultant of Taiwan Textile Federation, the juror of Department of Industrial Technology (DoIT), MOEA , the director of PT Eclat Textile International , the Chairman for Eclat Textile Co., Ltd. (Vietnam), E-Top (Vietnam) Co., Ltd., Colltex Garment Mfy Co., Ltd.(Vn), Tai-Yuan Garments Co., Ltd., Eclat Fabrics (Vietnam) Co., Ltd., Eclat Enterprise, and Eclat Textile (Cambodia) and concurrently acts as the Director of You Hong Tourism and Development Co., Ltd.

Note 2: Mr. Li-Chen Wang presently and concurrently acts as the Consultant of the Company(resigned on June 30, 2021), the Director for Grand Elite Holdings Inc., Eclat Cayman Island Holdings, Eclat Fabrics (Vietnam) Co., Ltd. and You Hong Tourism and Development Co., Ltd.

Note 3: Mr. Cheng-Chuan Wu, presently and concurrently acts as the Financial Manager of the Company.

Note 4: Mr. Hsien-Chin Tsai presently and concurrently acts as the Chairman of Lubtek Co., Ltd., the supervisor of Yih-Yuan Investment Corp. and the director of Grant Elite Holdings Inc., Eclat Cayman Islands Holdings and Eclat Fabrics (Vietnam) Co., Ltd.

- Note 5: Mr. Kun-Tang Chen presently acts as the President of the Company, the Director as well as President concurrently for Eclat Fabrics (Vietnam) Co., Ltd., E-Top (Vietnam) Co., Ltd, Colltex Garment Mfy Co., Ltd.(Vn) , Tai-Yuan Garments Co., Ltd., Eclat Enterprise, Eclat Textile (Cambodia) and Eclat Textile Co., Ltd(Vietnam).
- Note 6: Mr. Jen-Chieh Lo presently acts as the Vice President of the Company, concurrently acts as the Director for Eclat Fabrics (Vietnam) Co., Ltd., Eclat Textile Co., Ltd. (Vietnam), E-Top (Vietnam) Co., Ltd., Colltex Garment Mfy Co., Ltd. (Vn), Tai-Yuan Garments Co., Ltd., Grand Elite Holdings Inc., Eclat Enterprise, Eclat Textile (Cambodia), Eclat Cayman Islands Holdings; Chairman of Hui Yuan Investment Corp.
- Note 7: Mr. Shu-Wen Wang presently acts as the Executive Vice President of the Company, the Director for Eclat Textile Co., Ltd. (Vietnam) and Eclat Fabrics (Vietnam) Co., Ltd. and Supervisor of PT Eclat Textile International.
- Note 8: Mr. Kuo-Sung Hsieh presently and concurrently acts as the CPA at Honesty CPA Firm and Assistant Professor at Soochow University and Ming Chuan University. , the consultant of China Credit Information Service Ltd and Professional Actuary Management Consulting Co., Ltd, President of Taiwan Association of Certified Valuators and Analysts.
- Note 9: Mr. Shou-Chun Yeh presently and concurrently acts as the Chairman of Zig Sheng Industrial Co., Ltd., The representatives of corporate directors of Everest Textile Co., Ltd. , Yen Hsing Textile Co., Ltd. and the director of Evertex Fabrinology Limited.
- Note 10: Mr. Yea-Kang Wang presently and concurrently acts as the Consultant of Taiwan Textile Research Institute, Evaluation Specialist at Public Construction Commission, Executive Yuan, Director of Johnson Health Tech Co., Ltd. and Singtex Industrial Co., Ltd.; Independent Director of Wah Lee Industrial Corp., Wisher Industrial Co., Ltd. and Feng Hsin Steel Co., Ltd.
- Note 11: Mr. Cheng-Ping Yu presently and concurrently acts as Associate Professor at Department of Textiles & Clothing, Fu Jen Catholic University.
- Note 12: Mr. Nai-Ming Liu presently and concurrently acts as Assistant professor at Hsing Wu University (resigned on January 31, 2021), CPA at Cheng Yuan CPA Firm, independent director of Bioptik Technology Inc.
- Note 13: Mrs. Chiu-Chun Lai currently acts Professor and concurrently as Chairperson and Director of Chinese Culture University, and also acts as the representative of the corporeal director of Plastics Industry Development Center.

Major Shareholders of Corporate Shareholders

April 16, 2022

Name of corporate shareholder	Major Shareholders of Corporate Shareholder
Yih-Yuan Investment Corp.	Cheng-Hai Hung (21.12%)
	Hsien-Chin Tsai (21.08%)
	Li-Chen Wang (20.23%)
	Twinbron Inc.- Fu-Jane Wang (8.65%)
	Wei Yueh Investment Corp.- Wei-Tsu Chen (6.92%)
	Shih-Fan Chen (6.92%)
	Hung-Chun Li (4.31%)
	Jui-Ting Hung (3.85%)
	Ping-Yuan Hsu (3.12%)
	Chih-Ming Hsu (0.69%)
Xin-Xin Limited Company	LAN, FU-TIEN (100.00%)

3.2.1.2 Disclosure of professional qualification of directors and supervisors and independence of independent directors:

Name	Condition	Professional qualification and experience (Note 1)	Independence status (Note 2)	Number of companies for adjunct independent directors of other public offering companies
Chairman Cheng-Hai Hung		Equipped with R&D experience in the textile industry and relevant products. Equipped with operational judgments, business management, decision making and crisis handling abilities. ● Chairman, Eclat Textile Co., Ltd. ● President, Eclat Textile Co., Ltd. ● Consultant of Taiwan Textile Federation ● Juror of Department of Industrial Technology (DoIT), MOEA ● Director, You Hong Tourism and Development Co., Ltd. Not subject to any conditions defined in	Regarding the independence of the board of directors, please refer to the description of the Diversity and Independence of the Board of Directors (2) Independence of the following.	None

Name \ Condition	Professional qualification and experience (Note 1)	Independence status (Note 2)	Number of companies for adjunct independent directors of other public offering companies
	subparagraphs of Article 30 of the Company Act.		
Director Li-Chen Wang	Equipped with practical experience in the textile industry and relevant products. ● Director, Eclat Textile Co., Ltd. ● Consultant of Eclat Textile Co., Ltd. ● Director, Yih-Yuan Investment Corp. ● Vice President, Eclat Textile Co., Ltd. ● Director, You Hong Tourism and Development Co., Ltd. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.	Same as above.	None
Director Xin-xin Limited Company Representative : Cheng-Chuan Wu (Left office on January 2, 2022)	Equipped with extensive financial experience, specializing in financial management and risk control planning, and equipped with risk management ability. ● Business Controller of Primax Electronics Ltd. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.	Same as above.	None
Director Xin-xin Limited Company Representative : Hsien-Chin Tsai (Took office on January 3, 2022)	Equipped with extensive industry experience, specialized in operational judgments and crisis handling, and equipped with risk control and business management abilities. ● Chairman, LUBTEK CO.,LTD., ● Supervisor of Yih-Yuan Investment Corp. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.	Same as above.	None
Director	Equipped with extensive industry experience, operational judgments,	Same as above.	None

Name \ Condition	Professional qualification and experience (Note 1)	Independence status (Note 2)	Number of companies for adjunct independent directors of other public offering companies
Kun-Tang Chen	business management and crisis handling abilities, and equipped with an understanding of the international trend and the decision making ability for leading the Company to head toward globalization. ● Director and President, Eclat Textile Co., Ltd. ● Vice President, Nan Yang Dyeing & Finishing Co., Ltd. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.		
Director Jen-Chieh Lo	Equipped with extensive experience in commerce, accounting and securities affairs. ● Director and vice president, Eclat Textile Co., Ltd. ● Chairman, Hui Yuan Investment Corp. ● Senior manager, Horizon Securities. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.	Same as above.	None
Director Shu-Wen Wang	Equipped with extensive experience in commerce, accounting and banking affairs. ● Director and Executive vice president, Eclat Textile Co., Ltd. ● Assistant Manager, CTBC Bank. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.	Same as above.	None
Director Yih-Yuan Investment Corp. Representative :	Specialized in the professional fields of finance and accounting, and equipped with relevant practical experience.	Same as above.	None

Name \ Condition	Professional qualification and experience (Note 1)	Independence status (Note 2)	Number of companies for adjunct independent directors of other public offering companies
Kuo-Sung Hsieh	<ul style="list-style-type: none"> ● Representative director of Eclat Textile Co., Ltd. ● CPA at Honesty CPA Firm. ● Assistant professor at Soochow University, Ming Chuan University and Shih Chien University.. ● Consultant of China Credit Information Service Ltd and Professional Actuary Management Consulting Co., Ltd. ● President of National Association of certified caluators and analysts. <p>Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.</p>		
Director Shou-Chun Yeh	<p>Equipped with extensive industry knowledge, and equipped with the operational judgments and business management abilities.</p> <ul style="list-style-type: none"> ● Chairman, Zig Sheng Co., Ltd. ● Representative director of Everest Textile Co., Ltd. ● Chairman, Evertex Fabrinology Limited. ● Representative director of Yen Hsing Textile Co., Ltd. ● Supervisor of Everest Textile Co., Ltd. <p>Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.</p>	Same as above.	None
Independent Director Yea-Kang Wang	<p>Equipped with extensive textile industry experience, and assisting the Company in achieving industry innovation.</p> <ul style="list-style-type: none"> ● Independent director, Eclat Textile Co., Ltd. ● Evaluation Specialist at Public Construction Commission, Executive Yuan, 	Independent directors complying with independence status, including but not limited to director of the company, his/her spouse, relative within the second degree of kinship not acting as director, supervisor or employee of the Company or its affiliates; without holding company shares; not acting as director,	3

Name \ Condition	Professional qualification and experience (Note 1)	Independence status (Note 2)	Number of companies for adjunct independent directors of other public offering companies
	<ul style="list-style-type: none"> ● Consultant of Taiwan Textile Research Institute ● Director of Singtex Industrial Co., Ltd. ● Director of Johnson Health Tech. Co., Ltd. ● Independent Director of Wah Lee Industrial Corp. ● Independent Director of Wisher Industrial Co., Ltd. ● Independent Director of Feng Hsin Steel Co., Ltd. ● Director General, Small and Medium Enterprise Administration, MOEA. ● Director General, Industrial Development Agency, MOEA. ● Secretary General, Chinese National Federation of Industries ● Consultant of Taiwan Textile Research Institute <p>Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.</p>	supervisor or employee of the company having a special relationship with the Company; not acting as personnel providing corporate commerce, legal, finance or accounting service to the Company or its affiliates in the most recent two years.	
Independent Director Cheng-Ping Yu	<p>Equipped with academic experience in the textile industry.</p> <ul style="list-style-type: none"> ● Associate Professor at Department of Textiles & Clothing, Fu Jen Catholic University. ● Independent director, Eclat Textile Co., Ltd. ● Research Fellow, University of Leeds <p>Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.</p>	Independent directors complying with independence status, including but not limited to director of the company, his/her spouse, relative within the second degree of kinship not acting as director, supervisor or employee of the Company or its affiliates; without holding company shares; not acting as director, supervisor or employee of the company having a special relationship with the Company; not acting as personnel providing corporate commerce, legal, finance or accounting service to the Company or its affiliates in the most	None

Name \ Condition	Professional qualification and experience (Note 1)	Independence status (Note 2)	Number of companies for adjunct independent directors of other public offering companies
Independent Director Nai-Ming Liu	CPA practitioner, specialized in the professional skills of finance, accounting, taxation and corporate governance. <ul style="list-style-type: none"> ● CPA at Cheng Yuan CPA Firm. ● Independent director, Eclat Textile Co., Ltd. ● Independent Director, Biophtek Technology Inc. ● Independent Director, Inpaq Technology Co., Ltd. ● Independent Director, Apaq Technology Co., Ltd. ● Representative Director of Hh leasing& financial Corp. ● Independent Director, Ampak Technology Inc. ● Supervisor, Taiwan Panstone Building Materials Co., Ltd. ● Assistant Professor at Hsing Wu University. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.	recent two years. Independent directors complying with independence status, including but not limited to director of the company, his/her spouse, relative within the second degree of kinship not acting as director, supervisor or employee of the Company or its affiliates; without holding company shares; not acting as director, supervisor or employee of the company having a special relationship with the Company; not acting as personnel providing corporate commerce, legal, finance or accounting service to the Company or its affiliates in the most recent two years.	1
Independent Director Chiu-Chun Lai	Equipped with academic experience in the textile industry. <ul style="list-style-type: none"> ● Professor and concurrently as Chairperson and Director, Chinese Culture University ● Associated Research Fellow, Taiwan Textile Research Institute. ● Special Assistant to Chairman, Golden-State Industrial Co., Ltd. ● Committee Member, Textile Industry National Standard Technical. 	Independent directors complying with independence status, including but not limited to director of the company, his/her spouse, relative within the second degree of kinship not acting as director, supervisor or employee of the Company or its affiliates; without holding company shares; not acting as director, supervisor or employee of the company having a special relationship with the Company; not acting as personnel providing corporate commerce, legal,	None

Name	Condition	Independence status (Note 2)	Number of companies for adjunct independent directors of other public offering companies
	Professional qualification and experience (Note 1)		
	<ul style="list-style-type: none"> ● Committee, Bureau of Standards, Metrology and Inspection, MOEA. ● Committee Member, Evaluation Committee on TDP Performance, MOEA. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.	finance or accounting service to the Company or its affiliates in the most recent two years.	

Diversity and independence of board of directors:

1. Diversity of board of directors: Please describe the board of directors diversity policy, goal and achievement status. The diversity policy including but not limited to director selection standards, professional qualification and experience required for board of directors, gender, age, nationality and culture of board composition status or percentage. In addition, please describe the specific goal and achievement status of the Company with respect to the aforementioned policy.
2. Independence of board of directors: Please explain the number of independent directors and ratio, and please explain the reason for the board of directors equipped with independence and explain whether there is any condition specified in Paragraphs 3 and Paragraph 4 of Article 26-3 of the Securities and Exchange Act, including explanation on the relationship of spouse and relative within the second degree of kinship between directors, between supervisors, or between director and supervisor.

Diversity of the board of directors of the Company:

The Company has established the “Corporate Governance Best Practice Principles”, and the policy for the diversity of the board of directors is specified in Chapter 3 “Enhancing the Functions of the Board of Directors”.

According to the “Regulations for Election of Directors” of the Company, 12 seats of the board of directors are established, including 4 independent directors, and the board is formed by directors equipped with professional knowledge, skills and experience in the business, financial and accounting fields necessary for the company management.

The four independent directors include former director of the Industrial Development Bureau, MOEA, associate professor at Fu Jen University, CPA practitioner and professor at Chinese Culture University.

I. Specific management goal for the diversity of board members:

The board of directors of the Company shall direct company strategies, supervise the management, and be responsible to the company and its shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders’ meetings.

II. Specific management goals are as follows:

1. The board of directors of the Company focuses on member gender equality, and the board members shall have at least one female director.
2. Among the board members, the number of directors equipped with the identity of employee of the Company, its parent, subsidiary or fellow subsidiary shall be less than 1/3 of all directors (inclusive), in order to achieve the purpose of supervision.
3. To further enhance the supervision function of the board of directors, one independent director is further added, in order to increase the number of independent directors to be no less than 1/3 of the total number of directors.

4. The board of directors of the Company shall focus on the operational judgments, business management and crisis management abilities, and more than 2/3 of board members shall be equipped with competency related to the core items.

III. Board member diversity achievement status:

All board members of the Company are equipped with the knowledge, skills, qualifications and industry decision making as well as management skills required for the execution of duties. The Company also continuously arranges diverse training courses for board members, in order to increase the decision making quality, to fulfill supervisory responsibility and to further enhance the functions and powers of the board of directors. 12 directors in the 13th term Board of Directors, including 4 independent directors, do not meet the circumstances referred to in Paragraph 3 and Paragraph 4 of Article 26-3 of the Securities and Exchange Act, so that the Board of Directors is functioning independently. There are 3 directors concurrently equipped with the employee identity, accounting for 25%. During the re-election of directors in 2021, a new female independent director was further added to achieve the goal of gender equality. The business management qualification of the board member is outstanding, and all directors are equipped with relevant professional academic backgrounds and professional knowledge, skills and quality necessary for executing duties. For the 8 main core items, more than 1/3 of the board members are equipped with relevant duty execution competency. In addition, the Company focuses on the three main core items of operational judgments, business management and crisis handling, and more than 80% of the board members are equipped with the core competency. The Company has established the "Nomination Committee" according to the resolution and approval of the 4th board meeting of the Company on August 6, 2020, in order to enhance the director (independent director) election mechanism, and diverse and professional board members are established.

Note 1: Professional qualification and experience: It describes the professional qualification and experience of individual directors and supervisors. For a director of the audit committee member and equipped with accounting or financial expertise, it is necessary to describe his/her accounting or financial background and working experience. In addition, an explanation on whether there is any condition specified in Article 30 of the Company Act shall be provided.

Note 2: Independent directors complying with independence status, including but not limited to whether the director of the company, his/her spouse, relative within the second degree of kinship acts as director, supervisor or employee of the Company or its affiliates; the number of company shares held and holding percentage of the director, spouse, relative within the second degree of kinship (or under the name of others); whether he or she acts as director, supervisor or employee of the company having a special relationship with the Company (please refer to the provisions of Subparagraphs 5~8 of Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); remuneration amount collected for providing corporate commerce, legal, finance or accounting service to the Company or its affiliates in the most recent two years.

3.2.2 Profiles of Key Managers:

April 16, 2022

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Major Education and Experience	Other position	Manager who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman and R&D Supervisor	R.O.C.	Cheng-Hai Hung	Male	July, 2015 ~ March 5, 2021 Resigned	9,035,318	3.29%	9,543,332	3.48%	-	-	Bachelor of Chihlee University of Technology Chairman and President, Eclat Textile Co., Ltd.	Note1	Assistant Vice President, Fabric Division	Shih-Tu Chen	Second-degree kinship	None
													Assistant Vice President, Fabric Division	Jui-Ting Hung	First-degree kinship	None4
President, Fabric Division	R.O.C.	Jun-Ching Tsai	Male	July, 1985	134,165	0.05%	-	-	1,687,705	0.62%	Kai Ming Senior Technical and Commercial Vocational School Vice President, Eclat Textile Co., Ltd.	None	None	-	-	None
President, Garment Division	R.O.C.	Kun-Tang Chen	Male	June, 2005	442,864	0.16%	2,549	0.00%	-	-	PhD., Textile Management, University of Leeds, Vice President, Nan Yang Dyeing & Finishing Co., Ltd.	Note 2	None	-	-	None
Executive Vice President	R.O.C.	Shu-Wen Wang	Male	May, 2013	21,000	0.01%	-	-	-	-	Master of Accountancy, California State University, Los Angeles, U.S.A. Assistant Manager, CTBC Bank	None	None	-	-	None
Vice President, Fabric Division	R.O.C.	Sheng-Tien Lee	Male	April, 2012	331	0.00%	-	-	-	-	National Tung Shih Senior High School Assistant Vice President, Bing Long Inc.	None	None			None
Vice President, Financial and Accounting Department	R.O.C.	Jen-Chieh Lo	Male	February, 2002	365,724	0.13%	179,274	0.07%	-	-	Master of Department of Accounting, Soochow University Senior Manager, Horizon Securities	None	None	-	-	None
Vice President, Fabric Division	R.O.C.	Cheng-Chin Tsai	Male	July, 2011	4,569	0.00%	-	-	-	-	Bachelor of Fu Jen Catholic University Assistant Vice President of Sales, Eclat Textile Co., Ltd.	None	None	-	-	None
Vice President, Garment Division	R.O.C.	Li-Fen Cheng	Female	January, 2012	2,125	0.00%	-	-	-	-	Master of University of Leeds Assistant Vice President of Sales, Eclat Textile Co., Ltd.	None	None	-	-	None
Vice President, Fabric Division	R.O.C.	Jui-Ting Hung	Male	February, 2017	4,218,746	1.54%	45,880	0.02%	-	-	Master of Materials Science and Engineering, National Tsing Hua University and University of Florida Teaching Assistant of Materials Science and Engineering, University of Florida; Sales Manager, Eclat Textile Co., Ltd.	None	R&D Supervisor	Cheng-Hai Hung	First-degree kinship	Note1
Assistant Vice President, Garment Division	R.O.C.	Jui-Li Fang	Male	August, 2000	0	0.00%	-	-	-	-	Bachelor of Tao Yuan Agricultural & Industrial Vocational School Sales Manager, Eclat Textile Co., Ltd.	None	None	-	-	None

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Major Education and Experience	Other position	Manager who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Assistant Vice President, Fabric Division	R.O.C.	Ping-Chi Hsu	Male	July, 2011	23,583	0.01%	-	-	-	-	Master of Fu Jen Catholic University Manager of Fabric Division, Eclat Textile Co., Ltd.	None	None	-	-	None
Assistant Vice President, Garment Division	R.O.C.	Chia-Chun Chiang	Male	August, 2011	0	0.00%	-	-	-	-	EMBA (discontinued), Fu Jen Catholic University Sales Manager, Eclat Textile Co., Ltd.	None	None	-	-	None
Assistant Vice President, Financial and Accounting Department	R.O.C.	Lai-Kuei Chen	Female	November, 2013	18,989	0.01%	-	-	-	-	Bachelor of Soochow University Manager of Accounting Division, Eclat Textile Co., Ltd.	None	None	-	-	None
Assistant Vice President, Garment Division	R.O.C.	Hao-He Chen	Male	January, 2014	2,595	0.00%	3,040	0.00%	-	-	Bachelor of Department of Political Science, National Taiwan University Sales Manager, Eclat Textile Co., Ltd.	None	None	-	-	None
Assistant Vice President, Fabric Division	R.O.C.	Lien-Tsai Chen	Male	January, 2014	40	0.00%	-	-	-	-	Bachelor of National Taiwan University of Science and Technology Sales Manager, Eclat Textile Co., Ltd.	None	None	-	-	None
Assistant Vice President, Garment Division	R.O.C.	Wei-Yeh Huang	Male	January, 2014	2,060	0.00%	-	-	-	-	Oriental Institute of Technology Sales Manager, Eclat Textile Co., Ltd.	None	None	-	-	None
Assistant Vice President, Fabric Division	R.O.C.	Shih-Tu Chen	Male	May, 2014	1,436	0.00%	-	-	-	-	St. Peter Senior High School Factory Manager, Eclat Textile Co., Ltd.	None	R&D Supervisor	Cheng-Hai Hung	Second-degree kinship	Note1
Assistant Vice President, Eclat Textile Co., Ltd. (Vietnam)	R.O.C.	Heng-Wei Hsu	Male	February, 2017	1,832	0.00%	252	0.00%	-	-	Bachelor of DBA, Fu Jen Catholic University Manager of Manufacturing Division, Lesotho Garment Plant, Eclat Textile Co., Ltd. (Vietnam) Assistant Vice President of Eclat Textile Co., Ltd.	Note 3	None	-	-	None

Note : Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto. (For example, the number of independent directors should be increased, and more than half of the directors should not be employees or managers.)

Note 1: Cheng-Hai Hung resigned from the position of R&D supervisor on March 5, 2021 due to job duty adjustment.

Note 2: Kun-Tang Chen presently and concurrently acts as the President of Eclat Textile Co., Ltd. (Vietnam).

Note 3: Heng-Wei Hsu presently and concurrently acts as the Director of Eclat Textile Co., Ltd. (Vietnam).

3.2.3 Remuneration of Directors, Independent Directors, Supervisors, President, and Vice Presidents for the most recent fiscal year:

1. Compensation Paid to Directors and Independent Directors

2021 Unit: NT\$1000

Title	Name (Note 1)	Directors' remuneration								Ratio of Total Compensation (A+B+C+D) to Net Income (%) (Note 10)		Compensation as concurrently an employee of the Company								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 10)		Compensation from ventures other than subsidiaries or from the parent company (Note 11)
		Compensation(A) (Note 2)		Pension(B)		Compensation to Directors (Note 3)		Allowances (D) (Note 4)				Salaries, bonuses, special allowances etc. (E) (Note 5)		Pension(F)		Employee remuneration(G) (Note 6)						
		The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements table (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company		Companies in the consolidated financial statements (Note 7)		The Company	Companies in the consolidated financial statements (Note 7)	
															Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares				
Director	Cheng-Hai Hung	970	970	-	-	-	-	1,144	1,144	2,114 0.04%	2,114 0.04%	82,033	82,638	255	255	-	-	-	-	84,402 1.64%	85,007 1.65%	-
	Li-Chen Wang																					
	Hsien-Chin Tsai																					
	Kun-Tang Chen																					
	Jen-Chieh Lo																					
	Shu-Wen Wang																					
	Representative of Yih-Yuan Investment Corp.-Kuo-Sung Hsieh																					
	Representative of Xin-xin Limited Company-Cheng-Chuan Wu																					
Shou-Chun Yeh																						
Independent Director	Yea-Kang Wang	2,650	2,650	-	-	-	-	465	465	3,115 0.05%	3,115 0.05%	-	-	-	-	-	-	-	-	3,115 0.06%	3,115 0.06%	-
	Cheng-Ping Yu																					
	Nai-Ming Liu																					
	Chiu-Chun Lai																					

- Please describe the policy, system, standard and structure for the remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: The Company has established the "Rules for Performance Evaluation of the Board of Directors and Functional Committees," which forms the basis for performance evaluation of the independent directors and inside directors. In addition to the consideration of the overall business performance and profitability of the Company, the individual participation, performance achievement rate and contribution to the operational benefits of the Company are evaluated comprehensively in order to provide reasonable remuneration.
- In addition to the disclosure of the table above, , the remuneration collected by directors of the Company for providing services (such as acting as a non-employee consultant of the parent company/companies/investees indicated in the financial report): NT\$60 thousand.

Remuneration Range table

Bracket	Name of director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	Companies in the consolidated financial statements (Note 9) H	The Company (Note 8)	Companies in the consolidated financial statements (Note 9) I
Less than NT\$1,000,000	Cheng-Hai Hung, Li Chen Wang Hsien-Chin Tsai, Kun-Tang Chen Jen-Chieh Lo, Shu-Wen Wang Shou-Chun Yeh, Yea-Kang Wang Cheng-Ping Yu, Nai-Ming Liu Chiu-Chun Lai Representative of Yih-Yuan Investment Corp.- Kuo-Sung Hsieh Representative of Xin-xin Limited Company- Cheng-Chuan Wu	Cheng-Hai Hung, Li Chen Wang Hsien-Chin Tsai, Kun-Tang Chen Jen-Chieh Lo, Shu-Wen Wang Shou-Chun Yeh, Yea-Kang Wang Cheng-Ping Yu, Nai-Ming Liu Chiu-Chun Lai Representative of Yih-Yuan Investment Corp.- Kuo-Sung Hsieh Representative of Xin-xin Limited Company- Cheng-Chuan Wu	Hsien-Chin Tsai, Li-Chen Wang Shou-Chun Yeh, Yea-Kang Wang Cheng-Ping Yu, Nai-Ming Liu Chiu-Chun Lai Representative of Yih-Yuan Investment Corp.- Kuo-Sung Hsieh Representative of Xin-xin Limited Company- Cheng-Chuan Wu	Hsien-Chin Tsai, Li-Chen Wang Shou-Chun Yeh, Yea-Kang Wang Cheng-Ping Yu, Nai-Ming Liu Chiu-Chun Lai Representative of Yih-Yuan Investment Corp.- Kuo-Sung Hsieh Representative of Xin-xin Limited Company- Cheng-Chuan Wu
NT\$ 1,000,000 (inclusive) ~ NTS 2,000,000(exclusive)				
NT\$ 2,000,000 (inclusive) ~ NTS 3,500,000(exclusive)				
NT\$ 3,500,000 (inclusive) ~ NTS 5,000,000(exclusive)				
NT\$ 5,000,000 (inclusive) ~ NTS 10,000,000(exclusive)			Jen-Chieh Lo	Jen-Chieh Lo
NT\$ 10,000,000 (inclusive) ~ NTS 15,000,000(exclusive)			Shu-Wen Wang	Shu-Wen Wang
NT\$ 15,000,000 (inclusive) ~ NTS 30,000,000(exclusive)			Cheng-Hai Hung	Cheng-Hai Hung
NT\$ 30,000,000 (inclusive) ~ NTS 50,000,000(exclusive)			Kun-Tang Chen	Kun-Tang Chen
NT\$ 50,000,000 (inclusive) ~ NTS 100,000,000(exclusive)				
NT\$ 100,000,000 and above				
Total	13	13	13	13

Note 1: The names of directors shall be listed separately (for corporate shareholders, corporate shareholders' names and their representatives' names shall be listed separately), and the regular directors and independent directors are listed separately in order to disclose each payment made in a summary table. For a director concurrently acts as President or Vice President, the name shall be listed on this and the following table.

Note 2: Refers to the remuneration of directors for the most recent year (including the directors' salary, allowance, severance pay, various bonuses, rewards etc.).

Note 3: The amount of directors' remuneration appropriated in the most recent year and approved by the board of directors.

Note 4: Refers to the relevant business execution expense of directors in the most recent year (including transportation fee, special allowances, various subsidies, accommodation, company vehicles and other physical offers etc.) When there are expenses for housing, car or other transportation tools or specialized personal expense, the asset nature and cost provided shall be disclosed, and the rent shall be calculated according to the actual or fair market price, gasoline fee and other payments. If drivers are provided, please describe the compensation to relevant drivers paid by the Company, but not counted as the remuneration.

Note 5: Refers to the expense for the compensation, including salary, allowance, severance pay, various bonuses, rewards, transportation fee, special allowances, various subsidies, accommodation, company car etc. and physical offers etc., collected by directors concurrently acting as employees (including adjunct President, Vice President, other Managers and employees). When there are expenses for housing, car or other transportation tools or specialized personal expense, the asset nature and cost provided shall be disclosed, and the rent shall be calculated according to the actual or fair market price, gasoline fee and other payments. If drivers are provided, please describe the compensation to relevant drivers paid by the Company, but not counted as the remuneration. In addition, for the salary expense recognized according to IFRS 2 "Share-Based Payment", including the employee stock warrants, new restricted employee shares and participation in subscription of shares for capital increase by cash, it shall also be counted as part of the remuneration.

Note 6: Refers to where directors concurrently acting as employees (including adjunct President, Vice President, other Managers and employees) obtain employees' remuneration (including stocks and cash), the employees' remuneration amount appropriated in the most recent year based on the approval of the board of directors shall be disclosed. If such amount cannot be estimated, then the proposed appropriation amount for present year shall be calculated according to the actual appropriation amount ratio of last year, and Table 1-3 shall be further completed.

- Note 7: The total amount of the various compensations paid by all companies (including the Company) indicated in the consolidated financial statements to the directors of the Company shall be disclosed.
- Note 8: For the total amount of compensations paid to each director by the Company, the name of the directors shall be disclosed in their remuneration brackets.
- Note 9: For the total amount of the compensations paid by all companies (including the Company) indicated in the consolidated financial statements to the directors of the Company, the name of the directors shall be disclosed in their remuneration brackets.
- Note 10: The net income refers to the net income of the most recent year. Where the IFRS standard is adopted, the net income refers to the net income of an entity or individual financial statements of the most recent year.
- Note 11: a. This field shall clearly indicate the relevant compensation amount received by the directors of the Company from non-consolidated affiliates.
b. Where directors of the Company receive relevant remuneration from non-consolidated affiliates, then the compensation received by the directors of the Company from investees other than subsidiaries shall be counted into the Field I of the remuneration bracket table, and the name of such field shall be changed "All investees".
c. The compensation refers to the remuneration and salary received by directors acting as directors, supervisors or managers of investees other than subsidiaries (including salaries of employees, directors and supervisors) and business execution expenses etc.
- * The content of the compensation disclosed in this table is of different meaning from the income described in the Income Tax Act; therefore, the purpose of this table is for the purpose of information disclosure only and is not for the purpose of taxation.

2. Compensation Paid to President and Vice Presidents

2021 Unit: NT\$1000

Title	Name (Note 1)	Salary(A) (Note 2)		Pension(B)		Bonuses and Allowances (C) (Note 3)		Employee remuneration (D) (Note 4)				Ratio of Total Compensation (A+B+C+D) to Net Income (%) (Note 8)		Compensation collected from investees or parent company other than subsidiaries
		The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company		Companies in the consolidated financial statements (Note 5)		The Company	Companies in the consolidated financial statements All Companies (Note 5)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman and R&D Supervisor	Cheng-Hai Hung	23,433	24,038	785	785	107,467	107,467	None	None	None	None	131,685 2.56%	132,290 2.57%	None
President	Jun-Ching Tsai													
President	Kun-Tang Chen													
Vice President	Jen-Chieh Lo													
Vice President	Shu-Wen Wang													
Vice President	Jui-Ting Hung													
Vice President	Sheng-Tien Lee													
Vice President	Cheng-Chin Tsai													
Vice President	Li-Fen Cheng													

Remuneration brackets table

Ranges of remuneration paid to the Company's President and Vice Presidents	Name of President and Vice Presidents	
	The Company (Note 6)	All Consolidated Entities included in the financial statements (Note 7) (E)
Less than NT\$1,000,000		
NT\$ 1,000,000 (inclusive) ~ NTS 2,000,000(exclusive)		
NT\$ 2,000,000 (inclusive) ~ NTS 3,500,000(exclusive)		
NT\$ 3,500,000 (inclusive) ~ NTS 5,000,000(exclusive)		
NT\$ 5,000,000 (inclusive) ~ NTS 10,000,000(exclusive)	Jen-Chieh Lo, Sheng-Tien Lee, Cheng-Chin Tsai, Jui-Ting Hung	Jen-Chieh Lo, Sheng-Tien Lee, Cheng-Chin Tsai, Jui-Ting Hung
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000(exclusive)	Jun-Ching Tsai, Shu-Wen Wang	Jun-Ching Tsai, Shu-Wen Wang
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000(exclusive)	Cheng-Hai Hung, Li-Fen Cheng	Cheng-Hai Hung, Li-Fen Cheng
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000(exclusive)	Kun-Tang Chen	Kun-Tang Chen
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000(exclusive)		
NT\$ 100,000,000 and above		
Total	9	9

Note 1: The names of President and Vice President shall be listed separately, and all amounts paid shall be disclosed in a summary table method. For a director concurrently acts as President or Vice President, this table and the above table shall be completed.

Note 2: Refers to the salary, allowance, severance pay for the President and Vice Presidents in the most recent year.

Note 3: Refers to various bonuses, rewards, transportation fees, special allowances, various subsidies, accommodation, company car and physical offers etc. as well as other remuneration amounts. When there are expenses for housing, car or other transportation tools or specialized personal expense, the asset nature and cost provided shall be disclosed, and the rent shall be calculated according to the actual or fair market price, gasoline fee and other payments. If drivers are provided, please describe the compensation to relevant drivers paid by the Company, but not counted as the remuneration. In addition, for the salary expense recognized according to IFRS 2 "Share-Based Payment", including the employee stock warrants, new restricted employee shares and participation in subscription of shares for capital increase by cash, it shall also be counted as part of the remuneration.

Note 4: The employees' remuneration (including stocks and cash) appropriation for President and Vice Presidents approved by the board of directors for the most recent year shall be disclosed. If such amount cannot be estimated, then the proposed appropriation amount for the present year shall be calculated according to the actual appropriation amount ratio of last year, and Table 1-3 shall be further completed. The net income refers to the net income of the most recent year. Where the

IFRS standard is adopted, the net income refers to the net income of an entity or individual financial statements of the most recent year.

Note 5: The total amount of various compensations paid by all companies (including the Company) indicated in the consolidated financial statements to the President and Vice Presidents of the Company shall be disclosed.

Note 6: For the total amount of compensations paid to each President and Vice Presidents by the Company, the name of the Presidents and Vice Presidents shall be disclosed in their remuneration brackets.

Note 7: The total amount of compensations paid by all companies (including the Company) to each President and Vice Presidents by the Company shall be disclosed, and the name of the Presidents and Vice Presidents shall be disclosed in their remuneration brackets.

Note 8: The net income refers to the net income of the most recent year. Where the IFRS standard is adopted, the net income refers to the net income of an entity or individual financial statements of the most recent year.

Note 9: a. This field shall clearly indicate relevant compensation amount received by the President and Vice Presidents of the Company from non-consolidated affiliates.

b. Where President and Vice Presidents of the Company receive relevant remuneration from invested enterprises other than subsidiaries, then the compensation received by the President and Vice Presidents of the Company from investees other than subsidiaries shall be counted into the Field E of the remuneration bracket table, and the name of such field shall be changed "All investees"

c. The compensation refers to the remuneration and salary received by the President and Vice President acting as directors, supervisors or managers at investees other than subsidiaries (including salaries of employees, directors and supervisors) and business execution expenses, etc.

*The content of the compensation disclosed in this table is of different meaning from the income described in the Income Tax Act; therefore, the purpose of this table is for the purpose of information disclosure only and is not for the purpose of taxation.

3.2.4 Name of managers with distribution of employees' remuneration and distribution status: None.

3.2.5 Separately compare and describe total remuneration, as a percentage of net income stated in the Company only financial reports or individual financial reports, as paid by the Company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, president, and assistant presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance:

Title	2021		2020	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Percentage of Compensation Paid to Directors	1.64%	1.65%	1.76%	1.77%
Percentage of Compensation Paid to Independent Directors	0.06%	0.06%	0.05%	0.05%
Percentage of Compensation Paid to President and Vice Presidents	2.56%	2.57%	2.57%	2.58%

According to Article 25 of the Articles of Incorporation of the Company, when directors are performing duties, regardless whether the Company operates at a profit or loss, the Company may pay remuneration to the directors for their performance of job duties, and the board of directors is authorized to determine the remuneration according to the directors' participation level in the Company's operation and value of contribution along with the consideration on the general standards adopted in the same industry.

The Company has established the "Rules for Performance Evaluation of the Board of Directors and Functional Committee," which forms basis for the evaluation of independent directors and inside directors. In addition to the consideration of the overall business performance, future operational risk and industry development trend, the individual performance achievement rate and contribution to the Company's operational benefits etc.

are also considered comprehensively, in order to provide reasonable remuneration. Furthermore, the remuneration evaluation system is also timely reviewed according to the actual operation status and relevant laws.

The directors, president and vice presidents of the Company are of the responsibilities for the execution of the Group's operation and management, and the salary structure refers to the base salary, allowance and company cars. The remuneration is determined according to the overall operational performance along with the consideration of the target achievement rate, profitability, operational benefits and level of contribution of each individual managerial officer along with the consideration of the standard adopted in the same industry, in order to provide reasonable remuneration. Furthermore, the remuneration evaluation system is also timely reviewed according to the actual operation status and relevant laws.

3.3 Implementation of Corporate Governance

(I) Board of Directors Status:

In the most recent year, there were 7 board of directors meetings convened (A), and the attendance of directors is as follows:

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】(Note 2)	Remark
Chairman	Cheng-Hai Hung	7	0	100%	Re-elected
Director	Li-Chen Wang	7	0	100%	Re-elected
Director	Hsien-Chin Tsai	5	0	100%	Resigned on August 12, 2021 (Required attendance: 5 sessions)
Director	Jen-Chieh Lo	7	0	100%	Re-elected
Director	Kun-Tang Chen	7	0	100%	Re-elected
Director	Shu-Wen Wang	7	0	100%	Re-elected
Director	Shou-Chun Yeh	7	0	100%	Re-elected
Director	Kuo-Sung Hsieh	7	0	100%	Representative of Corporate Shareholder Yih-Yuan Investment Corp. re-elected
Director	Xin-Xin Limited Company	2	0	100%	Newly elected on-board member on August 12, 2021 Corporate representative: Cheng-Chuan Wu (Required attendance: 2 sessions)
Independent Director	Nai-Ming Liu	7	0	100%	Re-elected
Independent Director	Yea-Kang Wang	7	0	100%	Re-elected
Independent Director	Cheng-Ping Yu	7	0	100%	Re-elected
Independent Director	Chiu-Chun Lai	2	0	100%	Newly elected on-board member on August 12, 2021 (Required attendance: 2 sessions)

Other mentionable items:

I. Where the operation of a board of directors is subject to one of the following, the board of directors date, session, proposal content, opinion of all independent directors and Company's handling for the opinions of independent directors shall be described:

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act: The independent director of the Company has no dissenting opinions or qualified opinions on the resolutions (Note 3).

(II) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors : There were no resolutions subject or dissenting or qualified opinions of independent directors of the Company.

II. For the execution status of recusal of directors due to conflicts of interest, the name of directors, proposal content, reasons of recusal and participation in voting shall be described: Meeting issues of board of directors in the most recent year involving recusal of directors due to conflict of interest are as follows:

Directors	Contents	Reasons	Execution status
Cheng-Hai Hung 、 Kun-Tang Chen 、 Jen-Chieh Lo 、 Shu-Wen Wang	Ratification of 2020 yearend bonus	The motion involves director's own interests	Avoidance of discussion and voting
Cheng-Hai Hung Hsien-Chin Tsai	The proposal for promotion of managerial officer	The motion involves director's own relatives interests	Avoidance of discussion and voting
Cheng-Hai Hung	The proposal on salary adjustment for managerial officer promotion	The motion involves director's own relatives interests	Avoidance of discussion and voting
Cheng-Hai Hung 、 Kun-Tang Chen 、 Jen-Chieh Lo 、 Shu-Wen Wang	Salary Ratification of all staff and manager	The motion involves director's own interests	Avoidance of discussion and voting
Yih-Yuan Investment Corp. Representative : Kuo-Sung Hsieh	Provide Letter of support to E-sun Bank and Land Bank of Taiwan.	The motion involves director's own relatives interests	Avoidance of discussion and voting
Cheng-Hai Hung, Kun-Tang Chen 、 Jen-Chieh Lo 、 Shu-Wen Wang	Incentive reward proposal of all staff and manage	The motion involves director's own interests	Avoidance of discussion and voting

III. TWSE/TPEX-listed companies are required to shall disclose the evaluation cycle and period, scope of evaluation, method and evaluation content for the self-evaluation of the Board of Directors, and the Board of Director evaluation execution status shall be indicated in the following table:

To implement corporate governance and to improve the functions of the Board of Directors of the Company, performance objectives are established to enhance the operational efficiency of the Board of Directors. In 2017, the Board of Directors has reached the resolution on the establishment of the "Regulations Governing Board of Directors and Functional Committee Performance Evaluation". The Board of Directors of the Company periodically conducts one time performance evaluation on the entirety of the Board of Directors, individual board members and each functional committee on an annual basis.

The 2021 evaluation result of the Company has been reported to the Board of Directors and each functional committee on January 13, 2022. Relevant overall evaluation results are as follows:

Scope of evaluation	Result
Board of Directors	92.06%
Individual directors	94.24%
Audit Committee	96.82%
Remuneration Committee	97.58%

CSR Committee	97.33%
Nomination Committee	90.18%

Implementation Status of Board Evaluations:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method
Once a year	December 1, 2020 to November 30, 2021.	The scope of performance evaluations includes the Board of Directors, individual directors, and functional committees.	The evaluation method includes internal self-evaluation by the Board of Directors, self-assessment by directors.

The assessment content includes the following items according to the assessment scope:

- (1) Board performance evaluation: At least includes level of participation in company operations, the quality of Board decisions, Board composition and structure, appointment of directors and their continued development, and internal controls.
- (2) Individual director performance evaluation: At least includes grasp of company targets and missions, understanding of the director's role and responsibilities, level of participation in company operations, internal relationship management and communication, director's specialty and continued development, and internal controls.
- (3) Functional committee performance evaluation: Participation in company operations, understanding of the responsibilities of functional committees, improvement of the decision-making quality of functional committees, composition of functional committees, and member selection and internal control.

The execution status of the Board of Directors performance evaluation conducted by the external unit is as follows:

Once in three years, the Company entrusts external professional institutions, experts, or adopts other appropriate methods to conduct the performance evaluation. For the 2020 Board of Directors performance evaluation by the external unit, the external expert of EY Advisory Services Inc. (referred to as "EY Advisory") was entrusted to perform the evaluation. The institution and the executing experts are equipped with independence and has no business relationship with the Company. The result of the present evaluation was reported to the Board of Directors on November 5, 2020.

Execution Status of Board of Directors Performance Evaluation by External Unit:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method
Once in 3 years	September 1, 2019 to August 31, 2020.	The scope of performance evaluations includes the Board of Directors, individual directors.	The evaluation method includes meeting documents review, internal self-evaluation of the Board of Directors, self-evaluation of directors and the method of field interviews conducted by assigned experts, such that through the eight major evaluation aspects of EY Advisory, critical elements are identified in order to evaluate the performance of the Board of Directors of the Company.

The assessment content includes the following items according to the assessment scope:

(1) General Comment of Evaluation Report:

Regarding the structure of the Board of Directors and functional committees of the Company, in addition to the establishment of Audit Committee and Remuneration Committee complying with the regulations, additional functional committees not statutorily required are also established (such as: Corporate Social Responsibility Promotion Committee, Nomination Committee). The Board of Directors consists of directors of diverse backgrounds. Except for the senior high level managerial officers and major shareholders, the external directors consist of representatives with extensive industry experience, academic representatives and senior financial representatives with extensive experience, and all of the directors have sufficient understanding and consensus on the industry, core value and strategic development of the Company. The board of directors' meeting affairs unit and staff team establish certain regulations on the meeting content, proposal report and structure, and provide sufficient time to allow directors to understand the proposal content and read the meeting documents, thereby assisting the Board of Directors to operate effectively.

(2) Recommendation and Improvement Plan:

Item	Recommendation	Improvement Plan
1	Director gender equality, and increase the number of female director seats.	The board of directors of the Company has nominated and elected one female director during the election of directors in 2021.
2	Establish director talent pool, and stipulate talent succession plan.	The Company establishes the Nomination Committee and stipulates relevant regulations for outstanding talent reserve to cope with the succession plan.
3	Arrange communication meetings between the Audit Committee and the independent auditors.	The Company has arranged a communication meeting between the Audit Committee and the independent auditors on November 30, 2020, and such meeting will continue to be conducted in subsequent years.
4	Increase the education and training course attributes for the Board of Directors and provide education and training courses superior to the regulatory requirements for directors.	The Company plans to adjust the education and training course attributes for directors, thereby achieving diversity of courses for directors and providing educational training hours superior to the regulatory requirements.

EY Advisory provides the aforementioned improvement recommendations to the Board of Directors of the Company. The Company will continue to enhance the functions of the Board of Directors based on such recommendations as a reference and as the direction for future execution.

IV. Goals (such as establishment of Audit Committee, improvement of information transparency etc.) execution status evaluation on the enhancement of functions of board of directors for the current year and the most recent year:

- (1) To improve information transparency: The Company continues to execute routine revenue, financial information report and announcement of major resolution of board of directors ; to hold Investor Conference quarterly; To announce whole financial information and CPA's report once the Board approved.
- (2) To enhance the function of the board of directors: The Company has established the

nomination committee in 2020 to perform the succession plan, and to provide assistance in the selection of candidates for independent directors and important management personnel. In addition, the risk management committee was established in November 2021 to achieve sound risk governance. The Company has not only set up a Remuneration Committee and Audit Committee, but also assigned personnel responsible for corporate governance affairs in order to assist the Board fulfill supervision responsibilities. Otherwise, the Company has signed a D&O liability insurance policy for Directors and Officers.

- (3) Diversity on the Board of Director: The number of independent directors has been increased during the 2021 director election, and one female director has been nominated and elected.
- (4) The Company establishes the “Regulations Governing Board of Directors and Functional Committee Performance Evaluation”, “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct”, “Corporate Governance Best Practice Principles”, and set up “CSR Promotion Committee” and “Nominated Committee” in order to enhance the corporate ethical management and corporate governance performance.
- (5) To improve the professional knowledge of directors and to implement corporate governance, in 2021, relevant training courses were arranged according to the needs of individual directors, and two sessions of director training courses were scheduled and planned, including the courses of “How directors and supervisors implement supervision on the enhancement of risk management of the company and improve corporate sustainable value” and “Public company management power dispute related legal issues and case studies”.

V. Succession planning for board members and important management:

According to the development direction and goal of the Company, the Company is currently planning the succession plan. The board members and important management, in addition to their professional competency, shall also be equipped with the integrity and value consistent with the Company.

(1) Board member succession plan

Presently, the board of the Company consists of 12 directors (including 4 independent directors), and all of the directors are equipped with the professional competency in the fields of commerce, finance, accounting or expertise necessary for the business of the Company. In the future, the organizational structure of the board of directors of the Company and relevant qualifications will continue to be based on the current structure. Regarding the succession planning for the independent directors of the board, independent directors are required to be equipped with working experience in commerce, legal, finance, accounting or expertise necessary for the business of the Company according to the laws. As a result, in the future, independent directors will be selected from professionals in the domestic academic sector or industry sector.

(2) Management succession plan

The Company periodically conducts employee performance evaluations in order to screen potential lists for all levels and to establish a talent database. In addition, training programs and periodic education and training are implemented. The talent cultivation program content includes the professional competency, management skills, personal development plan and job rotation model, etc.

In addition, through the nomination committee of the Company, the standards for diverse background and professional knowledge, skills, experience and gender, etc., necessary for the successor at each level are considered, in order to select appropriate successors.

Note 1: Where a director or supervisor is a corporate, the name of the corporate shareholder and the name of its representative shall be disclosed.

Note 2:

- (1) Before the end of the fiscal year, if there is any resignation of a director or supervisor, the resignation date shall be indicated in the remarks field. The actual attendance rate (%) is calculated according to the number of board meetings convened and the number of actual attendance during the term of office.
- (2) Before the end of the fiscal year, if there is any re-election of directors or supervisors, the new and old directors and supervisors shall be listed, and the remarks field shall indicate the old, new or consecutive term of office and the re-election date for the directors or

supervisors. The actual attendance rate (%) is calculated according to the number of board of directors convened and the number of his/her actual attendance during his/her term of office. The number of meetings and his/her actual number of attendance are used for the calculation.

Note 3: Resolutions related to Article 14-3 of Securities and Exchange Act:

Meeting Dates	Resolution
January 19, 2021 (2021 1st Meeting)	Approved of 2020 yearend bonus of the management. Approved 2021 independent CPA assignment. Approved the proposal for promotion of managerial officer. Approved the proposal on salary adjustment for managerial officer promotion.
March 5, 2021 (2021 2nd Meeting)	Approved the amendment to the Company's "Rules Governing the Procedures for Shareholders' Meetings". Approved the amendments to the Company's "Organizational Charter of Nominating Committee". Approved the annual salary increases all personnel and manager of the Company.
May 5, 2021 (2021 3rd Meeting)	Approved the proposal for the donation of NT\$ 2 million to Eclat Education Foundation. Approved to provide the Letters of Support to E-sun Bank and Land Bank of Taiwan.
July 21, 2021 (2021 4th Meeting)	Approved the proposal of the Company's donation of 10 positive pressure testing booths to New Taipei City Government. Approved the managerial officer incentive reward proposal.
November 4, 2021 (2021 7th Meeting)	Approved the adoption to the Company's "Risk Management Committee Charter".

(II) Audit Committee Implementation Status and Supervisor Participating Board of Directors Status:

The Audit Committee of the Company was formed by 3 independent directors; one more independent director was added on August 12, 2021. The purpose of the Audit Committee is to assist the board of directors in their supervision on the quality and integrity of matters related to accounting, auditing, financial report process and financial control executed by the Company.

The major auditing items by the Audit Committee include:

- Financial statements audit and accounting policies and procedures.
- Internal control system and relevant policies and procedures.
- Major transactions of assets or derivatives.
- Major loans, endorsements or guarantees.
- Public offering or issuance of securities.
- Financial derivatives and cash investment status.
- Regulatory Compliance.
- Whether directors and managerial officers engage in related party transactions and possible conflict of interests.
- Complaint reporting.
- Plan to prevent fraud and fraud investigation report.
- Information security.
- Risk management of the Company.
- Commissioning or dismissal of, or remuneration for CPAs. (Including assessment of CPA's qualification, independence and performance evaluation etc.)
- Appointment/Dismissal of the financial or accounting manager or chief internal auditor.
- Self-evaluation questionnaire for Audit Committee performance evaluation (including Audit Committee duty and authority performance status).

Audit Committee Implementation Status Information

There were 6 (A) Audit Committee meetings convened in the most recent year, and the attendance status of the independent directors is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note 1)	Remark
Independent Director	Nai-Ming Liu	6	0	100%	Re-elected
Independent Director	Yea-Kang Wang	6	0	100%	Re-elected
Independent Director	Cheng-Ping Yu	6	0	100%	Re-elected
Independent Director	Chiu-Chun Lai	1	0	100%	Newly elected on August 12, 2021 (Required attendance: 1 sessions)

Other mentionable items:

- I. Where the operation of the Audit Committee is subject to one of the following, the board meeting date, session, proposal content, dissenting opinion of independent directors, reserved opinions or major recommendation item content, resolution result of the Audit Committee meeting and the Company's handling with respect to the opinions of the Audit Committee.(Note 2)
 - (I) Matters referred to in Article 14-5 of the Securities and Exchange Act: The Audit Committee of the Company have no dissenting opinions or qualified opinions on the resolutions (Note 2).
 - (II) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.
- II. For the execution status of recusal of independent directors due to conflicts of interest, the name of independent directors, proposal content, reasons of recusal and participation in voting: There were no meeting issues of Audit Committee meeting in the most recent year involving recusal of independent directors due to conflict of interest.
- III. The communications between the independent directors, the internal auditors, and the independent auditors are listed in the table below (shall include major events, methods and results etc. communicated in relation to the company's financial and business status).
Explanation:
 - (I) The independent directors communicate with the internal audit officer at the Audit Committee meeting convened quarterly. The internal audit officer and environmental safety auditor provide audit reports to the independent directors in the meeting periodically in order to communicate the audit result and the follow-up execution status.
2021 Communication of Independent Directors and Internal Audit Supervisor Excerpt: Note 3.
 - (II) The independent directors communicate with the independent auditor via the board of directors and annual meetings. CPA provides an explanation on the audit of the financial statements and the audit result to the independent directors annually, and communicates issues related to the internal control effectiveness audit result, whether there is any financial report adjustment of entries or whether the amendment of laws affects the account recognition method etc.
2021 Excerpt from the communication between independent directors and CPA: Note 4.
2021 Excerpt from the alone communication between independent directors 、audit supervisor and CPA: Note 5.

Note 1:

- * Before the end of the fiscal year, if there is any resignation of independent director, the resignation date shall be indicated in the remarks field. The actual attendance rate (%) is calculated according to the number of Audit Committee meetings convened and the number of actual attendance during the term of office.

- * Before the end of the fiscal year, if there is any re-election of independent directors, the new and old independent directors shall be listed, and the remarks field shall indicate the old, new or consecutive term of office and the re-election date for the independent directors. The actual attendance rate (%) is calculated according to the number of Audit Committee meetings convened and the number of his/her actual attendance during his/her term of office.

Note 2: Audit Committee annual work focus sorting and resolutions related to Article 14-5 of Securities and Exchange Act:

● Review Report

The Board of Directors prepares and submits the 2021 Business Report, Financial Statements and Profit Distribution Proposal etc., where the financial statements had been audited by KPMG and financial reports are issued. The aforementioned Business Report, Financial Statements and Profit Distribution Proposal have been reviewed by the Audit Committee and are considered to be conformed to requirements.

● Assessment on Effectiveness of Internal Control System

Audit Committee assesses the effectiveness of the Company's internal control system policies and procedures (including the control measures of finance, operation, risk management, information security, outsourcing and legal compliance, etc.). Also, it reviews the Company's Auditing Department and Certified Public Accountants, including risk management and legal compliance. In accordance with the Internal Control - Integrated Framework announced by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, the Audit Committee considers that the risk management and internal control system of the Company is effective. The Company has adopted necessary control measures to monitor and correct violating behaviors.

● Appointment of Certified Public Accountants (CPAs)

The Audit Committee is assigned with the responsibility and authority of monitoring the CPA firm's independence to ensure the impartiality of the financial statements. In general, except for tax related services or special approval items, the CPA firm shall not provide other services to the Company.

To ensure the independence of CPA firm, the Audit Committee establishes the independence assessment form in accordance with the provision of Article 47 of the Certified Public Accountant Act and the content of the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10 "Integrity, Objectivity and Independence". In order to conduct an assessment on the independence, professionalism and competency of CPAs, and to assess whether CPAs are related parties of the Company or are in business or financial interest relationship, etc., with the Company. The Company has reviewed and approved the appointment of the CPA Astor Kou and CPA Sinney Kuo of KPMG Taiwan in the 14Th meeting of the 2nd term of Audit Committee on January 19, 2021 and in the first Board of Directors' meeting on January 19, 2021. After assessment, the CPAs are determined to comply with the independence assessment standard and are qualified to act as the CPAs for the financial and tax affairs of the Company.

● Operation Status of Current Year

Meeting Dates	Contents and Resolution	Resolutions related to Article 14-5 of Securities and Exchange Act
January 19, 2021 (2021 1st Meeting)	1. Approved 2021 financing facility of the Company.	
	2. Approved 2021 independent CPA assignment.	V
	3. Approved the proposal for promotion of managerial officer.	V

Meeting Dates	Contents and Resolution	Resolutions related to Article 14-5 of Securities and Exchange Act
	4. Approved the procurement case for the new knitting machine.	V
	5. Approved the Dayuan Plant's low liquor ratio dyeing machine replacement assessment report case.	V
	Resolution : All proposals were adopted unanimously by the Audit Committee.	
	Response to Audit Committee's opinion: Not Applicable.	
March 5, 2021 (2021 2nd Meeting)	1. Discussing 2020 internal control system effectiveness review and issuing "Management's Reports on Internal Control".	V
	2. Approved the amendment to the Company's "Rules Governing the Procedures for Shareholders' Meetings".	V
	3. Approved the amendment to the Company's "Organizational Charter of Nominating Committee".	V
	4. Adoption of 2020 Business Report and Financial Statements.	V
	5. Approved the proposal for Distribution of 2020 Profits.	
	6. Approved the capital reduction of ECLAT CAYMAN ISLANDS HOLDINGS.	V
	Resolution : All proposals were adopted unanimously by the Audit Committee.	
	Response to Audit Committee's opinion: Not Applicable.	
May 5, 2021 (2021 3rd Meeting)	1. Approved the 1Q 2021 Consolidated Financial Report.	
	2. Approved the provide Letter of support to E-sun Bank and Land Bank of Taiwan.	V
	Resolution : All proposals were adopted unanimously by the Audit Committee.	
	Response to Audit Committee's opinion: Not Applicable.	
August 5, 2021 (2021 5th Meeting)	1. Approved the 2Q 2021 Consolidated Financial Report.	
	Resolution : All proposals were adopted unanimously by the Audit Committee.	
	Respond to Audit Committee's opinion: Not Applicable.	
November 4, 2021 (2021 6th Meeting)	1. The nomination of the convener of the Audit Committee.	
	2. Approved the 2022 Internal Auditing plan.	
	3. Approved the 3Q 2021 Consolidated Financial Report	
	4. Approved the stipulation of the "Risk Management Committee Charter" of the Company.	V
	Resolution : All proposals were adopted unanimously by the Audit Committee.	
	Response to Audit Committee's opinion: Not Applicable.	

Note 3 : 2021 Communication of Independent Directors and Internal Audit Supervisor Excerpt as follows:

Meeting Dates	Contents	Independent Directors' Suggestion and React
March 5, 2021	Reporting the 4Q 2020 environmental protection auditing implementation.	No objections
	Reporting the 4Q 2020 internal auditing implementation.	
	2020 internal control system effectiveness review.	
	2020 "Management's Reports on Internal Control".	
May 5, 2021	Reporting the 1Q 2021 environmental protection auditing implementation.	No objections
	Reporting the 1Q 2021 internal audit implementation.	
August 5, 2021	2021 2nd quarter environmental safety and health audit execution status report.	No objections
	Reporting the 2Q 2021 internal audit implementation.	
November 4, 2021	2021 3rd quarter environmental safety and health audit execution status report.	Internal audit office and sustainability and occupational safety and health management division will execute next year's audit plan according to the recommendations of independent directors.
	Reporting the 3Q 2021 internal auditing implementation.	
	To illustrate the Internal audit planning for 2022.	
	Implementation and fill out on 2021 Self-Assessment Questionnaire on internal control system.	
	2020 internal control questionnaire feedback execution status report.	
	Internal audit office and sustainability and occupational safety and health management division perform communication and discussion on questions raised by independent directors.	

Note 4: 2021 Communication of Independent Directors and Independent Auditor Excerpt as follows:

Date	Major meeting agendas	Independent Directors' Suggestion and React
March 5, 2021	<ul style="list-style-type: none"> ● Audit findings of 2020 Consolidated financial report <ol style="list-style-type: none"> 1. Independence. 2. The responsibility of auditor. 3. The audit scope. 4. Audit finds. 5. Matters concerned by the competent authority. 	No objections.
	<ul style="list-style-type: none"> ● CPA performs discussion and communication with interviewees on questions raised. 	No objections
November 4, 2021	<ul style="list-style-type: none"> ● Report for audit result of 3Q 2021 consolidated financial reports <ol style="list-style-type: none"> 1. Independence. 2. Auditor's responsibility to interim financial report review. 3. Review scope. 4. Findings on interim review. 	No objections
	<ul style="list-style-type: none"> ● 2021FY audit plan <ol style="list-style-type: none"> 1. Definition of audit scope. 2. Key audit matters. 	Unanimously agree the key audit matters on 2021.
	<ul style="list-style-type: none"> ● Important regulations update <ol style="list-style-type: none"> 1. Important financial certification matters recently concerned by the competent authority. 2. Other recommendations. 	No objections

Note 5: The excerpt of 2021 communication between the Independent Directors and the internal audit supervisor and CPAs is as follows:

Date	Major meeting agendas	Independent Directors' Suggestion and React
November 4, 2021	<ul style="list-style-type: none"> ● 2021 3rd quarter financial report, audit status explanation and discussion. ● CPA performs discussion and communication with the audit committee members on questions raised. 	No objections

Note 6: Professional scope of the audit committee: Please refer to II-(I)-2 of III. Corporate Governance Report for disclosure of professional qualification of directors and supervisors and independence of independent directors.

(III) Corporate governance Implementation status and deviation from“ the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”:

Evaluation Item	Implementation status			deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies ”and Reasons
	Yes	No	Abstract Illustration	
1. Does the Company follow the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” to establish and disclose its corporate governance practices?	V		The Company has established the “Corporate Governance Best -Practice Principles of the Company” according to the “Corporate Governance Best -Practice Principles for TWSE/TPEX Listed Companies” and has published such Principles on the Market Observation Post System (MOPS) and the Company’s website.	None
2. The shareholding structure and shareholders’ equity of the Company (1) Does the Company have the internal procedures regulated to handle shareholders’ proposals, doubts, disputes, and litigation matters; in addition, have the procedures been implemented accordingly?	V		The Company has established ”Regulations for Handling Complaints” to build a convenient channel for internal and external complainer. Besides, the Company also has assigned personnel to handle and react for the suggestions and doubts from shareholders, employees, customers and suppliers.	None
(2) Is the Company constantly informed of the identities of its major shareholders and the ultimate owners?	V		The Company is constantly informed of the identities of its major shareholders and the ultimate owners according to the shareholders’ roster provided by the shareholders’ service agent. In addition, the Company also discloses the status related to the pledge, increase/decrease change of equity for shareholders with shareholding exceeding 10%.	None
(3) Has the company established and implemented risk management practices and firewalls for companies it is affiliated with?	V		The Company establishes the “Subsidiaries Supervisory and Management Procedures” and implements the execution thereof. The business dealings or transactions among the affiliates are handled according to relevant regulations.	None
(4) Has the company established internal policies that prevent insiders from trading securities against non-public information?	V		The Company has established the “Procedures for Preventing Insider Trading and Handling Material Inside Information” and implements the execution thereof in order to prevent insiders from trading securities against non-public information. The Company also discloses the status related to the pledge, increase/decrease change of equity for the insiders (including directors, managerial	None

Evaluation Item	Implementation status			deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies ”and Reasons
	Yes	No	Abstract Illustration	
			officers and shareholders with shareholding exceeding 10%) for reporting on M.O.P.S., and implement internal educational trainings and promotions course periodically.	
<p>3. Composition and duties of the board of directors:</p> <p>(1) Has the board of directors established diversity policy, specific management goal and has executed properly?</p>	V		<p>The Company promotes and respects the board diversity policy. To enhance the corporate governance and to promote the sound development of the board composition and structure, the Company believes that a diversity policy is beneficial to the improvement of the overall performance of the Company. The Company's “Corporate Governance Best Practice Principles” has specified the board member diversity policy. Directors shall be equipped with professional knowledge and skills for executing duties. The requirements for the selection and consideration of the basic criteria and value of gender, age, nationality and culture of the current board members are also specified. The diverse composition status of board members of the Company is explained in the following (Note 1). To maintain the sound structure of the board of directors, the board of directors of the Company has set up specific management goals, including:</p> <p>1) The board composition shall include at least one female director. For the 2021 re-election of directors of the Company, among 12 directors, there were 8 general directors, and 4 independent directors (including 1 female director).</p> <p>2) The Company has set up a nomination committee, and complies with the principle of organization diversity, in order to reserve senior management and cultivate successors. After the establishment of nomination committee of the Company, a total of 10 senior officers have been</p>	None

Evaluation Item	Implementation status			deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies ”and Reasons
	Yes	No	Abstract Illustration	
			<p>nominated, including 6 female officers, accounted for 60%. In 2021, there were 71 senior management officers above the rank of manager, including 25 female officers, accounted for 35%.</p> <p>The board member diversity policy and relevant information of the latest board members have been disclosed on the Company’s website.</p>	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		<p>In addition to the establishment of the Remuneration Committee and Audit Committee according to the laws, the Company also establishes the “CSR Executive Committee”.</p> <p>, and the current commissioners of the “CSR Executive Committee” consist of 2 independent directors and 1 director, The chair of the committee, Director Shu-Wen Wang is equipped with the expertise in finance and corporate governance and satisfies the professional competence necessary for the committee. The committee forms 5 teams in total:</p> <ol style="list-style-type: none"> 1. Sustainable environment development; 2. Human resource; 3. Corporate governance; 4. Product and service; 5. Social participation. <p>The main operating goal is to implement the concept of corporate social responsibility and sustainable operation. For the relevant outcome, in addition to the preparation of corporate social responsibility report, it also reports the current year execution outcome and the operational plan to the board of directors once a year at least.</p> <p>The Company has established a nomination committee consisting of 5 directors (including 2 independent directors), and the ratio of independent directors is 40%. It is responsible for ensuring that the board members have appropriate professional knowledge, experience and gender diversity, and to perform board performance evaluation</p>	None

Evaluation Item	Implementation status			deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies ”and Reasons
	Yes	No	Abstract Illustration	
			periodically according to its authority and reviewing the director training plan as well as establishing the director and senior managerial officer succession plan. The risk management committee consists of 5 directors (including 3 independent directors), and the ratio of independent directors is 60%. Its responsibility is to consider possible material impacts of corporate governance issues of economic, environmental and social aspects on customers, investors and other stakeholders, and to perform a risk assessment as well as to establish management strategy and plan. It provides a report on the risk environment, management focus assessment and responsive measures of the Company in the risk management meeting periodically. The chair of the risk management committee reports the risk management supervision status in the board of directors' meeting at least once annually.	
(3)Does the Company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the board of directors and referenced when determining the remuneration of individual directors and nominations for reelection?	V		<p>The Company had established the “Regulations Governing Board of Directors and Functional Committee Performance Evaluation”, the board of directors shall perform at least one performance evaluation of the board of directors and members of the board annually. The measurement items for the performance evaluation of the board of directors (functional committees) of the Company include the following five major aspects:</p> <ol style="list-style-type: none"> 1. The degree of participation in the company's operations. 2. Improvement in the quality of decision making by the board of directors. 3. The composition and structure of the board of directors. 4. The election of the directors and their continuing professional education. 5. Internal controls. <p>The measurement items for the performance evaluation of the members (self or peer) of the board of directors include the following six major aspects:</p> <ol style="list-style-type: none"> 1. Their grasp of the company's goals and 	None

Evaluation Item	Implementation status			deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies ”and Reasons
	Yes	No	Abstract Illustration	
			<p>missions.</p> <p>2. Their recognition of director's duties.</p> <p>3. Their degree of participation in the company's operations.</p> <p>4. Their management of internal relationships and communication.</p> <p>5. Their professionalism and continuing professional education.</p> <p>6. Internal controls.</p> <p>The Company has completed the 2021 board of directors performance evaluation result and has reported to the board of directors and various functional committees on January 13, 2022. The overall evaluation result of the board of directors is 92.06%; the individual comprehensive evaluation result is 94.24%. The individual evaluation results for the audit committee, remuneration committee, corporate social responsibility promotion committee and nomination committee are 96.82%, 97.58%, 97.33% and 90.18% respectively.</p> <p>Overall board of directors (functional committees included) performance evaluation result indicates effective operation.</p>	
(4) Does the company regularly evaluate the independence of CPAs?	V		<p>The Company has made assessment on the independence of CPA and obtained the independence declaration issued by the independent CPA for submission to the Audit Committee for review, followed by submitting to the board of directors for approval in order to execute the entrustment of independent auditors. According to our assessment, the CPAs of KPMG audit firm are qualified with the Company's independence requirement (Note2), the latest assessment was completed on January 7, 2022.</p>	None
4. Has the TWSE/TPEX Listed Companies had an adequate number of competent corporate governance personnel, and appointed a chief corporate governance officer that as the most senior officer to be in charge	V		<p>The Company had established the Secretary Section of the Board, formed by personnel designated by the Chairman's Office, Financial and Accounting Department, Administration Department and Internal Audit Office concurrently in order to be responsible for the corporate governance related affairs.</p>	None

Evaluation Item	Implementation status			deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies ”and Reasons
	Yes	No	Abstract Illustration	
of corporate governance affairs (including but not limited to furnish information required for business execution by directors and supervisors, to assist directors and supervisors with legal compliance, to handle matters relating to board meetings and shareholders meetings according to laws, and to produce minutes of board meetings and shareholders meetings)?			<p>On August 2, 2018, through the resolution of the Board of Directors, the Company elected the Executive Vice President of the Company, Shu-Wen Wang, to act as the corporate governance supervisor of the Company. Shu-Wen Wang is equipped with finance and corporate governance expertise and is in charge of the supervision on corporate governance-related affairs. In 2021, the main duties executed include:</p> <ol style="list-style-type: none"> 1. Providing information and documents necessary for directors to perform duties, organize affairs of the Board of Directors, functional committees and shareholders’ meetings according to the laws, and preparing relevant meeting minutes. 2. Handling company alternation registration. 3. Performing information announcement and reporting, establishment and revision of internal control systems related to regulatory changes. <p>Corporate Governance Officer continuing education status:(Note 3).</p>	
5. Has the Company set up channels of communication for stakeholders (including but not limited to shareholders, employees, customers and suppliers),dedicated a section on the Company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	V		The Company had established the stakeholders section on the Company’s website, and the website also publishes the contact information of the spokesperson and all business windows in order to provide communication channels to the stakeholders. The stakeholder section is provided with email box handled by dedicated personnel in order to properly respond to relevant issues, including corporate social responsibilities concerned by stakeholders.	None
6. Does the Company engage a share administration agency to handle shareholder meeting affairs?	V		The Company entrusts the Shareholders Service Department of Yuanta Securities Co., Ltd. for handling shareholder meeting affairs.	None

Evaluation Item	Implementation status			deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>7. Information disclosure</p> <p>(1) Has the Company established a website that discloses financial, business, and corporate governance-related information?</p> <p>(2) Has the Company adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the company website)?</p>	V		<p>The Company had established Chinese and English websites to periodically disclose financial business information, and designates dedicated personnel to be responsible for the maintenance of the Company’s website. The Company establishes the spokesperson and deputy spokesperson, and the investor conference and shareholders’ meeting related information are updated timely on the Company’s website.</p>	None
<p>(3) Has the Company made public announce and reported the annual financial statements within two months after the end of each fiscal year, and has the Company also made announcement and provided report of the first, second and third quarter financial statements as well as the monthly business operation status?</p>		V	<p>The Company has made public announce and reported the annual financial statements, quarterly financial statements and the monthly business operation status according to relevant regulations.</p>	<p>The public announcement date for 2021 financial statements is March 3, 2022. The Company will make its best effort to announce the latest financial statements within two months after the end of accounting fiscal year.</p>
<p>8. Does the Company have other information that enables a better understanding of the Company’s corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders’ interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements standards, implementation of customer policies, and insuring against</p>	V		<p>1. Employees’ rights and benefits: The Company treats employees as partners, and protects the rights and benefits of employees according to the Labor Standards’ Act.</p> <p>2. Employee care: Providing welfare system for improving the employees’ living and proper educational training system, establishing excellent relationship with employees based on mutual trust and dependence. For example, the Company offers medical care subsidy, holiday bonuses, accommodation for employees’ living care and parking space subsidy etc.</p> <p>3. Investor relationship: The Company</p>	None

Evaluation Item	Implementation status			deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies ”and Reasons
	Yes	No	Abstract Illustration	
liabilities of company directors and supervisors)?			<p>establishes the spokesperson in order to allow dedicated personnel to be responsible for responding to the investor corporate shareholders and handling recommendations of shareholders.</p> <p>4. Supplier relationship: The company maintains excellent relationship with suppliers in order to ensure the rights and benefits of both parties.</p> <p>5. Stakeholders: Stakeholders may communicate with and recommend to the Company in order to maintain their legitimate rights and benefits.</p> <p>6. Continuing education of directors: (Note 4).</p> <p>7. Execution status of risk management policy and risk measurement standards: The Company has established the risk management committee and has stipulated the risk management regulations, and the risk management includes customer risk, financial risk, supply risk, personnel risk, climate change risk, information risk and other risks. In addition, relevant operating units are requested to establish or revise the execution procedures of various risk controls in order to implement risk management.</p> <p>8. Implementation of customer policies: The Company is committed to the quality improvement and professional technology improvement such that through vertical integration of production and sales, the Company is able to perform fast development and production in order to provide one-stop shopping service to satisfy the demands from fabric to garment production for customers, thereby providing competitive products to customers.</p> <p>9. Status of liability insurance purchased for directors by the Company: The Company had specified in the Articles of Incorporation that insurance may be purchased for the directors, and the board of directors is empowered to handle relevant insurance enrollment</p>	

Evaluation Item	Implementation status			deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies ”and Reasons
	Yes	No	Abstract Illustration	
			<p>matters with full authorization. The Company had purchased liability insurances for directors and managers. After review and approval through the resolution of the board of directors meeting, insurance renewal for the period from April 2021 to March 2023 had been completed.</p> <p>10. Continuing education of managerial officers, financial report preparation personnel and internal audit officer: (Note 5).</p>	
<p>9. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified. (Note 7)</p>				

Note 1: Implementation status of policy on diversity of board members:

Diversity Core Items Name of director	Basic Composition							Core items							
	Nationality	Gender	Concurrent Position as Employee of the Company	Age			Number of terms of office of independent directors	Operational judgment ability	Accounting and financial analysis ability	Business management ability	Crisis handling ability	Knowledge of the industry	An international market perspective.	Leadership	Decision-mak ing ability
				70 years old and above	60 ~ 69 years old	Under 60 years old									
Chen-Hai Hung	R.O.C	Male		V				V	★	V	V	V	V	V	V
Kun-Tang Chen	R.O.C	Male	V		V			V		V	V	V	V	V	V
Shu-Wen Wang	R.O.C	Male	V			V		V	V	V	V	V			V
Jen-Chieh Lo	R.O.C	Male	V		V			V	V	V	V		V	V	V
Hsien-Chin Tsai	R.O.C	Male		V				V		V	V	V	V		
Li-Chen Wang	R.O.C	Male		V				V		V	V	V	V	V	V
Shou-Chun Yeh	R.O.C	Male		V				V	V	V	V	V		V	V
Kuo-Sung Hsieh	R.O.C	Male			V			V	V	V	V			V	V
Yea-Kang Wang	R.O.C	Male		V			3	V	V		V	V	V		V
Cheng-Ping Yu	R.O.C	Male			V		3	V		V	V	V			V
Nai-Ming Liu	R.O.C	Male				V	3	V	V	V	V	V		V	V
Chiu-Chun Lai	R.O.C	Female				V	1	★		★	★	V	★		

★ refers to being equipped with the professional competency partially.

Note 2: Independence and Competency of CPA Assessment Item:

No.	Independence and competency assessment item	Yes	No
1	CPA himself or herself or his or her spouse and relative within the second degree of kinship is not a related party of the Company or its affiliates.	V	
2	Without any direct or material indirect financial interest relationship with the Company.	V	
3	Without close business relationship and potential employment relationship with the Company.	V	
4	CPA and audit team members presently do not assume the position of director, manager or duties having material impact on the audit case presently or in the last two years.	V	
5	Not providing non-audit services to the Company that may directly affect the audit works.	V	
6	Without collection of fees related to audited cases.	V	
7	Without providing service of audit cases of the Company in a long term.	V	
8	Not subject to any conditions defined in Article 30 of the Company Act.	V	
9	Other effective reference information: External Auditors' Declaration of Independence.	V	

Note 3: Corporate Governance Officer continuing education status:

Organizer	Course Name	Training Hours
Taiwan Corporate Governance Association	Unlock key passwords in financial statements	3
Taiwan Corporate Governance Association	How directors and supervisors implement supervision on the enhancement of risk management of the company and improve corporate sustainable value	3
Financial Supervisory Commission R.O.C.	13th Term of Taipei Corporate Governance Forum	3
Accounting Research and Development Foundation	Public company management power dispute related legal issues and case studies	3
Ministry of Economic Affairs, R.O.C	2021 corporate governance and ethics seminar	4
Taiwan Stock Exchange Corporation	2021 Cathay Sustainable Finance and Climate Change Summit	6

Note 4: Continuing education of directors:

Directors and supervisors List	Organizer	Course Name	Training Hours
Chairman: Cheng-Hai Hung	Taiwan Corporate Governance Association	How directors and supervisors implement supervision on the enhancement of risk management of the company and improve corporate sustainable value	3
Director Li-Chen Wang			
Director Hsien-Chin Tsai			
Director Kun-Tang Chen			
Director Jen-Chieh Lo			
Director Shu-Wen Wang			
Director Shou-Chun Yeh			
Director Kuo-Sung Hsieh			
Independent Director Cheng-Ping Yu			
Independent Director Nai-Ming Liu			
Independent Director Yea-Kang Wang			
Chairman: Cheng-Hai Hung	Accounting Research and Development Foundation	Public company management power dispute related legal issues and case studies	3
Director Li-Chen Wang			
Director Kun-Tang Chen			
Director Jen-Chieh Lo			
Director Shu-Wen Wang			
Director Cheng-Chuan Wu			
Director Shou-Chun Yeh			
Director Kuo-Sung Hsieh			
Independent Director Cheng-Ping Yu			
Independent Director Nai-Ming Liu			
Independent Director Chiu-Chun Lai			
Independent Director Yea-Kang Wang	Taiwan Corporate Governance Association	Illegal securities cases and responsibilities of directors and supervisors	3
		Management Power Dispute and Case Study Analysis	3

Directors and supervisors List	Organizer	Course Name	Training Hours
		Discuss the operation and acquisition strategies of Taiwanese businessmen from a global political and economic perspective	3
Independent Director Chiu-Chun Lai	Financial Supervisory Commission R.O.C.	The 13 th Taipei Corporate Governance forum	6
	Securities & Futures Institute	2021 insider equity trading legal compliance information seminar	3
Director Cheng-Chuan Wu	Financial Supervisory Commission R.O.C.	The 13 th Taipei Corporate Governance forum	6
	Securities & Futures Institute	2021 insider equity trading legal compliance information seminar	3
Director Jen-Chieh Lo	Taiwan Corporate Governance Association	Management power dispute and case studies	3
Director Shu-Wen Wang	Taiwan Corporate Governance Association	Unlock the Key code of Financial statements	3
	Financial Supervisory Commission R.O.C.	The 13 th Taipei Corporate Governance forum	3
	Ministry of Economic Affairs, R.O.C	2021 Corporate Governance and corporate ethical seminar	4
	Taiwan Stock Exchange Corporation	2021 Cathay Sustainability Financial and climate change issues forum	6

Note5: Continuing education of managerial personnel, financial report preparation personnel and internal audit officer:

List of Managerial Officers	Organizer	Course Name	Training Hours
Financial and accounting supervisor Jen-Chieh Lo	Accounting Research and Development Foundation	Issuer, securities firm, securities exchange accounting manager continuing education program	12
Accounting manager functional substitute Lai-Kuei Chen	Taiwan Corporate Governance Association	How directors and supervisors implement supervision on the enhancement of risk management of the company and improve corporate sustainable value	3
	Accounting Research and Development Foundation	Issuer, securities firm, securities exchange accounting supervisor continuing education program	12
		Public company management power dispute related legal issues and case studies	3
Financial report preparation personnel Chi-Li Lin	Taiwan Corporate Governance Association	How directors and supervisors implement supervision on the enhancement of risk management of the company and improve corporate sustainable value	3

List of Managerial Officers	Organizer	Course Name	Training Hours
	Accounting Research and Development Foundation	Public company management power dispute related legal issues and case studies	3
Financial report preparation personnel Yu-Wen Kung	Taiwan Corporate Governance Association	How directors and supervisors implement supervision on the enhancement of risk management of the company and improve corporate sustainable value	3
	Accounting Research and Development Foundation	Public company management power dispute related legal issues and case studies	3
Internal audit supervisors Szu-Miao Liu	Taiwan Corporate Governance Association	How directors and supervisors implement supervision on the enhancement of risk management of the company and improve corporate sustainable value	3
	Accounting Research and Development Foundation	Public company management power dispute related legal issues and case studies	3
	Internal Audit Association Internal Audit Association	Common internal control deficiency type and case study sharing under various business cycle type	6
		How to utilize digital technology, exploring and improving operation process and fraud detection --audit practice discussion	6

Note 6: Status of internal audit related personnel acquiring relevant licenses designated by competent authority:

License	Unit	Number of shareholders
Certified Internal Auditor (CIA)	Audit	3
Certified Internal Auditor (CIA)	Accounting	1

Note 7: The Company provides the explanation on the improvements made for the corporate assessment result of the Company and propose enhancement measures for any issues that are yet to be rectified as follows:

- | |
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| <p>I. Maintain shareholders' equity and fair treatment to shareholders
The Company will upload the English version of the annual report and financial statements 18 days prior to the convention of the annual general meeting.</p> <p>II. Strengthen the structure and operation of the board of directors</p> <ol style="list-style-type: none"> 1. To achieve a sound structure of the Board of Directors, during the election of the 2021 Board of Directors, based on the consideration of the diversity of the board members, the nominee roster of the Board of Directors will include one more independent director. A female independent director will be nominated in order to implement the board member diversity policy thoroughly. 2. Regarding the formation and successor planning for members of the board of directors and important management, to improve the board of directors' functions and strengthen the human resource management mechanism, the Company established the Nomination Committee in 2020. 3. The Company has established and disclosed the risk management policy and operation status, and has also established the risk management committee in 2021. In addition, the "Risk Management Committee Charter" has been established to achieve sound risk governance and to enhance the function and power of the board of directors. 4. The Company has amended the Regulations for Regulations Governing Board of Directors and Functional Committee Performance Evaluation and specifies that external evaluation shall be performed at least once every three years. In addition, the directors external performance evaluation operation was completed in 2020. <p>III. Enhancing Information Transparency</p> <ol style="list-style-type: none"> 1. To allow investors to obtain sufficient and correct information timely, the financial statements of the Company has been approved by the Board of Directors seven days before the public announcement deadline and has been publicly announced on the same day and the electronic book has been uploaded after the approval of the Board of Directors. 2. The Company will make the best effort to announce the financial statements within two months after the end of accounting fiscal year. <p>IV. Implementation of corporate social responsibility</p> <ol style="list-style-type: none"> 1. The Company assigns the Human Resource Team of the Corporate Social Responsibility Promotion Committee to be in charge of the promotion of the corporate ethical management policy. In addition, the operation and execution status of the policy has been explained on the website and the annual report in 2020. 2. The Company has established the "Waste Contractor Appointment Management Regulations," and for the issues of environment, human rights and occupational safety and health etc., the Company conducts field survey, guidance and evaluation at the sites of the main supplier and contractor, in order to understand the ESG implementation status of suppliers. 3. Regarding the sustainable environment promotion, the Company has planned the energy transformation and established the production site renewable energy development plan along with the setting of the goals and schedule. The Company also revises the greenhouse gas emission inventory taking procedure, and the 2030 carbon reduction goal at the company level has been established. The Company amends the climate change risk management and disclosure regulations, and also enhances the factory physical risk identification and disclosure. Occupational safety and health KPI establishment; enhancement of contractor management; implementation of contractor education and training system. |
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(IV) Formation, responsibilities and operation status of Remuneration Committee

(1) Information of Remuneration Committee members:

Identity (Note 1)	Name	Professional qualification and experience (Note 2)	Independence Status (Note 3)	Number of positions as Remuneration Committee member in other public companies	Remark
Independent Director (Convener)	Yea-Kang Wang	Working experience as a professional or technical specialist, in a profession necessary for the business of the Company, who has passed a national examination and been awarded a certificate.	Comply with the independence described in Note 3	3	
Independent Director	Cheng-Ping Yu	Working experience of personnel at public/private university/college in the area of commerce, law, finance, accounting, or relevant departments necessary for the business of the company.	Comply with the independence described in Note 3	None	
Other	Tien-Wei Shih	Working experience of personnel at public/private university/college in the area of commerce, law, finance, accounting, or relevant departments necessary for the business of the company.	Comply with the independence described in Note 3	1	

Note 1: Please specify the related seniority, professional qualifications, experiences, and independence of each Remuneration Committee member in the Table. For members who are also independent directors, references have been made to Attachment 1 – Directors’ and Supervisors’ Background (I) on Page 12. In the Identity field, each member is specified either as independent director or other (please mark the role of convener, if any).

Note 2: Professional qualification and experience: Describe the remuneration committee members of professional qualification and experience:

Yea-Kang Wang: Master in Urban Planning; Former Director-General of Industrial Development Bureau, MOEA; equipped with expertise in the industry and urban planning (sustainable environment).

Cheng-Ping Yu: PhD. In Textile and Clothing Engineering; University Professor; equipped with the expertise in knitting technology, computer simulation and production management as well as computer aided design (product service, talent cultivation).

Tien-Wei Shih: PhD. In Textile and Clothing Engineering; University Professor; equipped with expertise in fiber materials, fiber composite materials, smart textiles (product service, talent cultivation).

Note 3: Independence compliance status: Describe the remuneration committee members complying with independence status, including but not limited to whether the director of the company, his/her spouse, relative within the second degree of kinship acts as director, supervisor or employee of the Company or its affiliates; number of company shares held and holding percentage of the director, spouse, relative within the second degree of kinship (or under the name of others); whether he or she acts as director, supervisor or employee of the company having a special relationship with the Company (please refer to the provisions of Subparagraphs 5~8 of Paragraph 1 of Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); remuneration amount collected for providing corporate commerce, legal, finance or accounting service to the Company or its affiliates in the most recent two years.

(2) Information of Operation Status of Remuneration Committee.

1. The Company's Remuneration Committee consists of 3 members.

The Remuneration Committee is responsible for assisting the board of directors to establish the policy and relevant measures for the performance evaluation and salary/remuneration of directors, supervisors and managerial personnel of the Company according to the comprehensive consideration of factors of the business operation performance, individual performance, standard adopted in the same industry and future risk etc., and conducts periodic assessments. For the Remuneration Committee Charter of the Company, please refer to the Company's website.

Up to the end of March 2022, the Company has completed the review of the remuneration system of the Company. 2021 director, functional committee member and managerial officer remuneration distribution plan; Approved the proposal for purchase of company cars for chairman, president and vice presidents of the Company; Newly added the "Regulations for Remunerations of Directors, Functional Committee Members and Managerial Officers" of the Company; Established the proposal of the quarterly incentive reward distribution standard for the first three quarters of 2022 and the 2022 salary adjustment proposal for the entire company (including managerial officers), and relevant review results have been submitted to the board of directors for resolution and approval.

2. Term of office of the current Committee members: Original term of office from August 2, 2018 to August 12, 2021; New term of office from November 4, 2021 to August 11, 2024. The Remuneration Committee held 3 meetings (A) in the most recent year, and details of members' eligibility and attendance are as follows:

Title	Name	Actual number of attendance (B)	By Proxy	Attendance Rate (%) (B/A)	Remark
Convener	Yea-Kang Wang	3	0	100%	November 4, 2021 re-elected
Member	Cheng-Ping Yu	3	0	100%	November 4, 2021 re-elected
Member	Tien-Wei Shih	3	0	100%	November 4, 2021 re-elected

Other matters that shall be recorded:

1. In the event where the Remuneration Committee's proposal is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, details of the proposal, the resolution of the board of directors, and how the company had handled the Remuneration Committee's proposals (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None.
2. Should any member object or express qualified opinions to the resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the proposal, the entire members' opinions, and how their opinions were addressed, the resolutions resolved in 2021 were as follows :

Meeting Dates and session	Contents	Independent Directors' Suggestion and React
The 5 st meeting of the 4 th session (January 19, 2021)	Ratification the suggestion of 2020 yearend bonus to the management.	Submitted to the board of directors for discussion and approved.
	Approved the proposal on salary adjustment for managerial officer promotion	
The 6 nd meeting of the 4 th session (March 5,2021)	Salary Ratification of all manager.	Submitted to the board of directors for discussion and approved.
The 7 nd meeting of the 4 th session (July 21,2021)	Approved the managerial officer incentive reward proposal.	Submitted to the board of directors for discussion and approved.

3. The Company's 2022 Remuneration Committee meeting dates, proposal contents and resolution results are disclosed on the Company's website.

Note:

- (1) Date of resignation is shown for members of the Remuneration Committee who had resigned prior to the close of the financial year. The percentage of actual attendance (%) is calculated based on the number of Remuneration Committee meetings held and the number of meetings actually attended during active duty.
- (2) If a re-election of Remuneration Committee members had taken place prior to the close of the financial year, members of both the previous and the current Remuneration Committee will be listed; in which case, the remarks column will specify whether the committee member was elected in the previous board, the new board, or both. The percentage of actual (proxy) attendance (%) will be calculated based on the number of Remuneration Committees held during active duty and the number of actual (proxy) attendance.

(V) CSR Executive Committee Member Information and Operation Status:

(1) CSR executive committee appointment criteria and responsibilities:

This committee is a cross-department communication platform, decision-making center and promotion unit for the main duties related to CSR and sustainable management of the Company. For the members of this committee, the board of directors elects three directors to act as the commissioner, and one person is appointed to act as the executive secretary. Its main responsibilities are as follows:

- Establish CSR and sustainability policy.
- Planning, execution and review of CSR related works.
- Review the goal, strategy and action plan of corporate sustainability policy, and track the development of all plans.
- Discuss topics concerned by all stakeholders, including shareholders, customers, suppliers, employees, government, non-profit-seeking organization, community and media, and supervise the communication plan.
- Prepare CSR report.
- Report the execution outcome of the current year and work plan for next year to the board of directors periodically.

(2) CSR executive committee member professional qualification and experience and operation status:

- CSR executive committee of the Company consists of 3 members.
- Member current term of office: Original term of office from August 2, 2018 to August 12, 2021; New term of office from November 4, 2021 to August 11, 2024. CSR executive committee held 1 meeting (A) in the most recent year, and the member professional qualification and experience, attendance status and discussion matters are as follows:

Title	Name	Professional qualifications and experience	Actual number of attendance (B)	By Proxy	Attendance Rate (%) (B/A)	Remark
Convener	Shu-Wen Wang	Note	1	0	100%	November 4, 2021 re-elected
Member	Yea-Kang Wang	Note	1	0	100%	November 4, 2021 re-elected
Member	Cheng-Ping Yu	Note	1	0	100%	November 4, 2021 re-elected

Other matters required to be recorded:

Describe the meeting date, session, agenda content of the main proposals of the CSR executive committee, CSR executive committee member recommendations or dissenting opinion content, CSR executive committee resolution result, and Company's handling of comments of CSR executive committee.

2021 CSR executive committee resolutions are as follows:

CSR executive committee term number and date	Agenda content and resolution result	Company's handling of comments of CSR executive committee
The 1 st meeting of the 2 th session (January 14, 2021)	2020 work report of each team and 2021 work plan.	Submitted to the board of directors for discussion and approved.
	Comprehensive recommendation of commissioner and each team: 1. Committee: (1.) Convey the Company's policy to overseas subsidiaries. (2.) Identify material issues and respond to stakeholders.	All teams have executed works according to the recommendations of the commissioners, and relevant results are disclosed in the Report.

		<p>2. Sustainable environment team:</p> <p>(1.) Chemical supplier questionnaire result and occupational safety KPI outcome disclosure.</p> <p>(2.) Response to the impact of the Renewable Energy Development Act.</p> <p>3. Human resources team:</p> <p>(1.) Identify the standard for education and training basic required courses and special training courses.</p> <p>(2.) Disclosure on the status of overseas employee turnover rate and application for return to Taiwan.</p> <p>(3.) GRS certification planning.</p> <p>4. Product service team:</p> <p>(1.) Supplier evaluation mechanism two-way evaluation.</p> <p>(2.) Implementation of ERP system and business intelligence analysis and utilization.</p> <p>(3.) Establishment of information infrastructure for the Indonesia plant.</p> <p>5. Corporate governance team:</p> <p>Proposed by the board of directors, corporate governance assessment matters requiring resolution of the board of directors.</p> <p>6. Social participation team:</p> <p>(1.) Encourage employees of the Company to establish a club in order to provide assistance in satisfying the local demands in terms of personnel, matters and materials.</p> <p>(2.) Beach cleanup events can focus on areas adjacent to the factory of the Company , and employees are encouraged to participate in the event, thereby increasing the number of participants and fulfilling CSR.</p>		
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Note: Professional scope of CSR execute committee members: Please refer to II-(I)-2 of III. Corporate Governance Report for disclosure of professional qualification of directors and supervisors and independence of independent directors.

(VI) Nomination Committee Member Information and Operation Status:

(1) Nomination committee member appointment criteria and responsibilities:

The purpose of this committee is to improve the functions of the board of directors and to enhance the human resource management mechanism of the Company. The board of directors elects five members to form the committee. Three of the members are selected from the directors, and the other two members are selected from the Company's consultants, senior officers and experts from the society for participation. Its main responsibilities are as follows:

- Assist in the approval and nomination of the independent director candidate roster.
- Review the diversity background standards of the professional knowledge, techniques, experience and gender necessary for senior managerial officers (including officers above the associate manager rank (inclusive), same for below), in order to approve the candidates for senior managerial officers.
- Perform senior managerial officer performance evaluation and periodically review successor plan.
- Consider the diversity background standard of the professional knowledge, techniques, experience and gender necessary for managers, in order to approve the candidates for managers.

(2) Nomination committee member professional qualification and experience and operation status:

- Nomination committee of the Company consists of 5 members.
- Member current term of office: Original term of office from August 6, 2020 to August 12, 2021; New term of office from November 4, 2021 to August 11, 2024. Nomination committee held 2 times of meetings (A) in the most recent year, and the member professional qualification and experience, attendance status and discussion matters are as follows:

Title	Name	Professional qualification s and experience	Actual number of attendance (B)	By Proxy	Attendance Rate (%) (B/A)	Remark
Convener	Cheng-Hai Hung	Note	2	0	100%	November 4, 2021 re-elected
Member	Hsien-Chin Tsai	Note	2	0	100%	November 4, 2021 re-elected
Member	Kuo-Sung Hsieh	Note	2	0	100%	November 4, 2021 re-elected
Member	Yea-Kang Wang	Note	2	0	100%	November 4, 2021 re-elected
Member	Cheng-Ping Yu	Note	2	0	100%	November 4, 2021 re-elected

Other matters required to be recorded:

Describe the meeting date, session, agenda content of the main proposals of the nomination committee, nomination committee member recommendations or dissenting opinion content, nomination committee resolution result, and Company's handling of comments of the nomination committee.

2021 nomination committee resolutions are as follows:

Nomination committee term number and date	Agenda content and resolution result	Company's handling of opinions of the nomination committee
The 2 st meeting of the 1 th session (March 5, 2021)	Reviewed the independent director nominee roster.	Submitted to the board of directors for discussion and approved.

	Nomination committee term number and date	Agenda content and resolution result	Company's handling of opinions of the nomination committee
	The 3 st meeting of the 1 th session (July 21, 2021)	Approved proposal for promotion of managers.	Discussed and approved for handling according to the resolution.

Note: Professional scope of nominee committee: Please refer to II-(I)-2 of III. Corporate Governance Report for disclosure of professional qualification of directors and supervisors and independence of independent directors.

(VII) Deviation of the Company's actual promotion of sustainable development execution status from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof:

Promotion items	Operation Status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof
	Y	N	Summary (Note 2)	
I. Has the company established the governance structure for promoting the sustainable development, and has set up a unit that specializes (or is involved) in the promotion of sustainable development, and does the board of directors authorize the senior management to handle such matter, and the supervision status of the board of directors?	V		<p>The Company has established the "CSR Executive Committee" consisting of three commissioner selected from directors, and it is divided into five teams of "Sustainable Environment Development", "Human Resources", "Corporate Governance", "Product and Service" and "Social Participation". Each team is led by one convener. The committee chairperson and the conveners of each team are elected by the board of directors. The responsibilities of the Corporate Social Responsibility Promotion Committee are to identify sustainable operation topics, execute action plans and propose sustainable development related topics, and report to the board of directors at least once annually, in order to ensure the implementation of the Corporate Social Responsibility Best Practice Principles. Please refer to the "CSR Executive Committee Organization System Diagram" on page 14 of the 2020 CSR Report (referred to as "Report") for details.</p> <p>In 2021, a total of 15 team meetings and 1 committee meeting were held. In addition, the CSR executive committee's 2021 work execution status and 2022 work plan were reported to the board of directors on March 3, 2022. Relevant information has been disclosed on the Company's website.</p>	None
II. Has the Company conducted risk assessment on the environment, society and corporate governance issues related to the company's operation according to the materiality principle, and has the company established relevant risk	V		<p>The Company establishes the corporate social responsibility report and adopts the questionnaire and interview method, reviews the survey results of all units and senior officers, and assesses relevant operational risks according to the materiality principle, in order to specify risks identified in the existing Risk Management Regulations. The scope of coverage focuses on the Company in principle, including sites in Taiwan, Vietnam, Cambodia and Indonesia. According to the risk assessed, relevant risk management policies or strategies have been established as follows:</p> <p>(I) Customer risk:</p> <ol style="list-style-type: none"> 1. Control the upper limit of revenue percentage from one single customer in order to distribute the customer's centralized revenue risk. 2. Implement diverse operation strategies to 	None

Promotion items	Operation Status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof
	Y	N	Summary (Note 2)	
management policy or strategy? (Note 2)			<p>distribute operating risk.</p> <p>3. Reduce credit risk through credit ranking, insurance and factoring of accounts receivable.</p> <p>(II) Financial risk:</p> <p>1. Enhance financial management and company control.</p> <p>2. Enhance currency and exchange rate risk control.</p> <p>3. Enhance customer communication transparency, understand purchase policy changes.</p> <p>(III) Supply risk:</p> <p>1. Request suppliers' productivity, quality and R&D potential.</p> <p>2. Engage in collaborative R&D with suppliers.</p> <p>3. Adopt distributed purchase strategy.</p> <p>(IV) Talent risk:</p> <p>1. Improve basic employee training.</p> <p>2. Promote academic and industry collaboration to increase recruitment resources.</p> <p>3. Enhance promotion system and management training.</p> <p>4. Implement continuous tracking of turnover rate and employee satisfaction, and perform system adjustments.</p> <p>(V) Climate change risk:</p> <p>1. Identify climate change opportunities and risks according to the TCFD structure.</p> <p>2. Manage risk, and seize opportunities.</p> <p>3. Perform project or educational training.</p> <p>4. Track performance and perform timely review and adjustment.</p> <p>5. Establish a response operation process for the re-occurrence of risk.</p> <p>(VI) Information risk:</p> <p>1. Implement facility room access security, and periodically update new software and hardware equipment.</p> <p>2. Use direct lines to ensure internal data security and stability.</p> <p>3. Reduce remote processing, and handle matters on a project basis for special cases.</p> <p>4. Enhance firewall and patch vulnerability, and periodically rehearse software reconstruction and response steps.</p> <p>For the operation status, please refer to section "1.2 Sustainability Strategy and Risk Management" on page 14 and section "1.4 Material Topic Identification" on page 21 of the Report.</p>	

Promotion items	Operation Status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof
	Y	N	Summary (Note 2)	
	V			None
III. Environmental Topic A.Does the Company have an appropriate environmental management system established in accordance with its industrial characteristics?	V		<p>The Company truly understands that it is the joint responsibility of the mankind to protect the earth's environment; therefore, for all aspects of the management, the Company considers the environmental protection. The Company has identified the material environmental topics, potential risks and opportunities as well as responsive measures according to the risk management policy, which has also been disclosed in the content of page 72 of Chapter 5 "Guardian Angel of Environmental Resources" of the Report.</p> <p>(I) The appropriate environment management system establishment according to the industrial characteristics of the Company is as follows (please refer to Environment and Energy Policy on page 73 of the Report for relevant descriptions):</p> <p>1. Energy saving and carbon reduction For purpose of reduction of the carbon emission, effective management of energy use, and increase in energy efficiency are important aspects of achieving the goal of carbon reduction. Dayuan Plant was the first factory to participate in the 2017 Manufacturing Industry Energy Management Demonstration and Guidance Plan of the Industrial Development Bureau, MOEA, and ISO50001 energy management system was constructed, and external inspection was also completed after successful implementation. In 2020, a new version of the management certification audit was completed, and the permit license is valid until 2024. Vietnam Fabric Plant has implemented the ISO50001 energy management system in 2019, and has also obtained the external audit approval permit license in 2020.</p> <p>2. Greenhouse gas emission reduction Under the promotion of the greenhouse gas inspection executive committee, all plant sites execute works according to the ISO14064-1 greenhouse gas inspection and verification standard. Take year 2017 as the base year of greenhouse gas inspection, and perform the greenhouse gas inspection operation every year.</p>	None

Promotion items	Operation Status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof
	Y	N	Summary (Note 2)	
			<p>3. Reduction of water consumption In 2018, the Company established the water resource management policy, and the factory implemented daily meter recording, monthly analysis and quarterly review, in order to achieve the effective early warning and management of water resource issues. As for the water saving strategy, the Company actively invests in the eco-friendly process, and aims to reduce water resource use through process research and development, such as the waterless dyeing technology developed with operators in the same industry in the past is one of the key milestones for the textile manufacturing industry. For the Fabric Division with relatively greater water consumption, since 2016, a new rainwater recycling system was constructed. Since 2019, the rainwater recycling system has been extended to the garment business unit.</p> <p>4. Waste management policy The Company emphasizes waste management, and has completed the waste management policy establishment and announcement in 2018. Legal compliance is the basic requirements for the Company's waste management policy. All industrial wastes are reported and responded to according to the local regulatory requirements, and are classified and stored according to the characteristics of wastes. Each factory assigns dedicated personnel to implement the waste temporary storage area patrol inspection and to report relevant output and temporary storage quantity.</p>	
B.Is the Company committed to achieving efficient use of resources, and using renewable materials that has less impact on the environment?	V		<p>(II) The core business of the Company is fabric manufacturing; therefore, the Company cannot perform improvements on the raw materials as the upstream yarn suppliers, such as recycling raw materials for the reproduction of recycled yarn. Accordingly, our eco-friendly design method is to start from the processing method. Through the processing method, the R&D direction complying with quantity reduction, energy saving and carbon reduction is established, along with the use of recycled yarn</p>	None

Promotion items	Operation Status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof
	Y	N	Summary (Note 2)	
			<p>designated by customers, in order to beneficially achieve the objective of an eco-friendly environment. Please refer to "4.1.1 Innovative R&D Advantages" on page 59 of the Report.</p> <p>The processing method improvements include the following:</p> <p>1. Characteristic change Change of yarn processing method in order to achieve greater elasticity, increased filling power, and improved water delivery of the yarn.</p> <p>2. Structure change (1) Flexible structure provides greater mechanical elasticity and softness to fabrics, and a better moisture conduction structural layer is constructed, in order to reduce the discomfort due to wet attachment of fabrics. Porous structure enhances the air permeability; (2) Quick adjustment of body temperature to increase drying speed; (3) Multi-layer structure increases the micro-climate effect between the fabric and the body, thereby increasing thermal resistance.</p> <p>3. Change of yarn extraction and false twist technology The original yarn extraction is combined with new false-twist technology in order to simplify the manufacturing process, increase color fastness, reduce carbon emissions and water source use amount.</p> <p>4. Subtraction design Selection of one single material and simple fabric composition can be beneficial to the clothing recycle and waste recycle process (including elastic fabric clothing requiring re-processing for recycling and reproduction into recycled yarn).</p>	
C. Has the Company evaluated the climate change on the present and future potential risks and opportunities of the corporation, and has the company	V		(III) The Company's assessment of the climate change potential risks and opportunities are handled by the headquarters CSR executive committee as the organization for managing climate change. The board of directors acts as the highest directive unit, and the environmental sustainability team designs the risk and opportunity identification table, and domestic and overseas factories and business management departments are summoned to perform indicator comparisons based on the TCFD. In	None

Promotion items	Operation Status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof																																	
	Y	N	Summary (Note 2)																																		
adopted responsive actions on climate related issues?			addition, through the inspection and identification of various risks and opportunities, material risk and opportunity matrix are established, and the management cost and property impact are estimated accordingly, in order to enhance the corporate climate change governance, systematically assess financial correlation, to reduce risk and to seize potential improvement and transformation opportunities. Please refer to “5.1.1 Climate Change Risk and Opportunity” on page 75 of the Report.																																		
D.Has the Company statistically analyzed the greenhouse gas emission, water usage and waste total weight over the past years, and has the company established policies for energy saving, carbon reduction, greenhouse emission reduction, reduction of water usage or other waste management?		V	<p>(IV)The statistical data on the greenhouse gas emission, water consumption and waste total weight in the last two years is summarized in the following (please refer to the description of “5.1.2 Energy Management System” on page 80 of the Report):</p> <p>1. Greenhouse gas emission quantity (unit: tons CO₂e)</p> <table><tr><td>Year</td><td>Scope 1</td><td>Scope 2</td><td>Scope 3</td></tr><tr><td>2020</td><td>27,290.46</td><td>88,737.18</td><td>2,537.53</td></tr><tr><td>2021</td><td>30,632.39</td><td>88,174.08</td><td>3,215.58</td></tr></table> <p>Greenhouse gas emission intensity (unit: tons O₂e)</p> <table><tr><td>Year</td><td>Fabric (per ton)</td><td>Garment (per thousand dozen)</td></tr><tr><td>2020</td><td>4.77</td><td>3.87</td></tr><tr><td>2021</td><td>3.59</td><td>3.03</td></tr></table> <p>The revenue of the Company in 2021 was increased by27.48% from the revenue of 2020. The scope 1 and scope 2 total emission quantity of 2021 was increased by 2,778.73 tons CO₂e in comparison to the quantity in 2020, and the absolute emission was increased by 2.39%. In terms of the emission intensity, the emission intensity of the Fabric Division in 2021 was significantly reduced by 24.69%, and the emission intensity of the garment business unit was also reduced by 21.83%.</p> <p>2. Water consumption (unit: square meter)</p> <table><tr><td>Year</td><td>Headquarter</td><td>Fabric</td><td>Garment</td></tr><tr><td>2020</td><td>33,014</td><td>1,786,217</td><td>472,811</td></tr><tr><td>2021</td><td>35,212</td><td>2,046,515</td><td>489,113</td></tr></table>	Year	Scope 1	Scope 2	Scope 3	2020	27,290.46	88,737.18	2,537.53	2021	30,632.39	88,174.08	3,215.58	Year	Fabric (per ton)	Garment (per thousand dozen)	2020	4.77	3.87	2021	3.59	3.03	Year	Headquarter	Fabric	Garment	2020	33,014	1,786,217	472,811	2021	35,212	2,046,515	489,113	None
Year	Scope 1	Scope 2	Scope 3																																		
2020	27,290.46	88,737.18	2,537.53																																		
2021	30,632.39	88,174.08	3,215.58																																		
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Year	Headquarter	Fabric	Garment																																		
2020	33,014	1,786,217	472,811																																		
2021	35,212	2,046,515	489,113																																		

Promotion items	Operation Status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof																																							
	Y	N	Summary (Note 2)																																								
			<p>Water consumption emission intensity (unit: square meter)</p> <table><tr><th>Year</th><th>Fabric (per ton)</th><th>Garment (per thousand dozen)</th></tr><tr><td>2020</td><td>88.83</td><td>101.96</td></tr><tr><td>2021</td><td>73.06</td><td>93.078</td></tr></table> <p>The rainwater ratio of the Fabric Division in 2021 reached 1.31%. Since 2019, the rainwater recycling system has been expanded to the Garment Division, and the annual recycle ratio was 0.03%, and the recycle ratio reached 0.62% in 2021. In addition, a wastewater recovery system has been further established in order to increase the recovery and reuse amount of water consumption, thereby increasing the water resource use efficiency. In 2020, the reuse water amount was increased to 9.21% of the total water consumption, lower than the ratio of 13.63% in 2020 due to equipment failure and yearly repairs. In the future, the Company will continue to increase the ratio of the rainwater and the recovered and reused water ratio, in order to reduce environmental impact and cope with the water resource risk due to climate change.</p> <p>3. Waste management (unit: kg)</p> <p>Non-hazardous wastes</p> <table><tr><th>Year</th><th>Fabric</th><th>Garment</th></tr><tr><td>2020</td><td>8,902,838</td><td>3,390,490</td></tr><tr><td>2021</td><td>10,391,693</td><td>3,503,429</td></tr></table> <p>Hazardous wastes (unit: kg)</p> <table><tr><th>Year</th><th>Fabric</th><th>Garment</th></tr><tr><td>2020</td><td>235,870</td><td>4,276</td></tr><tr><td>2021</td><td>200,010</td><td>5,435</td></tr></table> <p>Due to the type of waste specified by the local regulations in Vietnam, hazardous wastes only cover the fabric plant in Vietnam.</p> <p>Waste total weight (unit: kg)</p> <table><tr><th>Year</th><th>Fabric</th><th>Garment</th></tr><tr><td>2020</td><td>9,138,708</td><td>3,394,766</td></tr><tr><td>2021</td><td>10,591,703</td><td>3,508,864</td></tr></table> <p>Waste intensity (unit: kg)</p> <table><tr><th>Year</th><th>Fabric (per ton)</th><th>Garment (per thousand dozen)</th></tr></table>	Year	Fabric (per ton)	Garment (per thousand dozen)	2020	88.83	101.96	2021	73.06	93.078	Year	Fabric	Garment	2020	8,902,838	3,390,490	2021	10,391,693	3,503,429	Year	Fabric	Garment	2020	235,870	4,276	2021	200,010	5,435	Year	Fabric	Garment	2020	9,138,708	3,394,766	2021	10,591,703	3,508,864	Year	Fabric (per ton)	Garment (per thousand dozen)	
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Promotion items	Operation Status (Note 1)				Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof	
	Y	N	Summary (Note 2)			
			2020	454.48	73.21	
			2021	378.15	66.77	
			<p>In addition to the basic regulatory requirements, in 2016, the Taiwan plant site has established the “Waste Handling Contractor Survey Form” and “Waste Handling Contractor Audit Form” for the handling of wastes, and the scope of the survey includes document review, disposal capability and risk assessment (illegal events, public protest or complaint), and the audit items include disposal, storage, processing, final treatment and document review. In 2018, the Vietnam plant site has implemented the “Waste Handling Contractor Evaluation Regulations” in order to perform contractor evaluation. Through a complete review mechanism, the most optimal handling contractor is selected, thereby ensuring that the industrial wastes are handled via the most appropriate method.</p>			
IV. Social Issues A. Has the Company formulated the administrative policies and procedure in compliance with relevant laws and international convention on human right? B. as the Company established and implement reasonable welfare measures (incl. remuneration, vacation and other benefits), and properly based employees’ remuneration on business performance? C. Has the Company		V	A.The Company complies with the local laws of each operating sites globally. The Company treats each current employee with respect according to the internally recognized human rights standards of the “International Bill of Human Rights”, “Core Labor Standards of International Labour Convention” and the social responsibility standard system etc. as well as the local laws and regulations. Most importantly, in terms of the policy and management aspects, the Company has established management mechanism in order to protect the human rights of employees. The human rights policy of the Company is as follows: 1. Respect humanity/care employees. 2. Prohibit and prevent discrimination. 3. Fair employment. 4. Prohibition on child labor. 5. Legitimate working hour management. 6. Care for employees’ physical and mental health. 7. Implement employee trainings and occupational development. 8. Provide healthy and safe working environment. 9. Prohibition of forced labor. Relevant employee welfares, employee			None

Promotion items	Operation Status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof
	Y	N	Summary (Note 2)	
<p>provided a safe and healthy workplace, and delivered safety and health education to its workers periodically?</p> <p>D. Has the Company offered effective training programs for vocational skills development to its workers?</p> <p>E. Has the Company conformed to relevant laws and international standards, and established policies on consumer rights protection and complaint system, in regard to the health and safety of its customers, client confidentiality, product marketing and labeling?</p> <p>F. Has the Company enforced policies on supplier management that request the suppliers to comply with the regulations – incl. environmental protection, occupational safety and health and labor rights, etc. and that track their actual</p>			<p>safety and health as well as employee career development and training implementation have been disclosed in the Report of the Company. Please refer to “3.2 Labor Human Rights Protection” on page 54 of the Report.</p> <p>B. The status of relevant employee welfare provided by the Company, employee safety and health as well as employee career development and training implementation is disclosed in the following. (Please refer to “2.3 Remuneration Welfare and Care” on page 35 of the Report.)</p> <p>1. Continuous salary raise From 2018 to 2021, the business of the Company has continued to grow, and to compliment employees’ effort, the Company has adjusted the overall salary by 3% to 5%. In addition, the revenue and profit performance in the first half of 2021 were outstanding. To encourage the employees, the board of directors has reached a resolution to approve the additional distribution of incentive reward.</p> <p>2. Addition of overseas staff's relative rental subsidy and education allowance The maximum overseas staff’s relative rental subsidy reaches USD 650 per month and the children's education allowance of USD 3,400 per academic year, allowing overseas employees to work securely in foreign places and increase the retention rate.</p> <p>3. No makeup work for makeup working days When the business performance reaches the target in the previous fiscal year, no makeup work is required for the makeup working day on Saturdays announced by the government and employees can take the day off directly, allowing employees to have sufficient rest and to achieve a balance between work and life.</p> <p>4. Workplace diversity and equality The Company has established sites in Taiwan, Vietnam, Cambodia and Indonesia. Up to the end of 2021, the total number of employees in these four regions has reached 15,776 people, and</p>	

Promotion items	Operation Status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof
	Y	N	Summary (Note 2)	
practice?			<p>the manpower composition refers to official employees, and there are no part-time employees or contract workers. In addition, female employees account for the majority of the employees, and the ratio of female employees over the total number of employees in Taiwan is 52.4%, 71.7% in Vietnam, 76.5% in Cambodia and 83.8% in Indonesia.</p> <p>5. Ratio of female senior management roles</p> <p>The ratio of female employees above the rank of manager in Taiwan is 33.8%; and the ratio of female employees above the rank of associate manager is 13.3%.</p> <p>C. The Company provides employees a safe and healthy working environment, and provides safety and health education to employees regularly as described in the following (please refer to the description of “3.1 Labor Safety and Health” on page 43 of the Report):</p> <p>To rigorously complies with the national laws and workplace regulations, the Company has established the “Eclat Corporate Environmental Safety, Health and Resource Policy” and also establishes the “Occupational Safety and Health Management System” according to the requirements of the occupational safety and health management systems of ISO45001: 2018, CNS 45001: 2018 and TOSHMS, and has also qualified the ISO 45001 and TOSHMS certification. Through a complete PDCA occupational safety and health management system, the Company periodically convenes environmental and occupational safety and health committee meetings, and continues to improve the operating environment, as well as prevent the occurrence of occupational injuries and diseases completely. The workers include relevant personnel performing work activities under the control of the Company, including employees (accounted for 98.5%) and non-employees (accounting for 1.5%). In Vietnam, similar to the system in Taiwan, has also established the “Labor Safety and Health Regulations” in order to ensure the consistency of the operating environment criteria.</p> <p>2021 Number of employees of occupational</p>	

Promotion items	Operation Status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof																		
	Y	N	Summary (Note 2)																			
			<div>accidents and ratio thereof</div> <table><tr><th>Region</th><th>Number of employees in occupational accidents</th><th>Ratio of occupational accidents</th></tr><tr><td>Taiwan</td><td>1</td><td>0.0572%</td></tr><tr><td>Vietnam</td><td>23</td><td>0.2013%</td></tr><tr><td>Cambodia</td><td>5</td><td>0.3073%</td></tr><tr><td>Indonesia</td><td>0</td><td>0.0000%</td></tr><tr><td>Total</td><td>29</td><td>0.0018%</td></tr></table> <div>In 2021, for the environmental improvement expenses at each plant site of the Company, the investment amount was approximately NT\$2.56 million in Taiwan, NT\$10.01 million in Vietnam, and NT\$0.59 million in Cambodia. The improvement content includes not only basic protection equipment but also firefighting equipment for the factory site, improvement, improvement of the hot environment and ventilation equipment in order to increase the comfort of the operating environment, installation of machine safety protection device, plant site lighting, parking lot environment improvement, and obsolete building removal and reconstruction.</div> <div>Each year, the Company implements occupational safety and health related education and training. In 2021, the occupational safety and health training total amount invested by the Company was NT\$ 12.64 million, and the total number of training hours was 156,967 hours.</div> <div>D. The Company establishes effective career and skill development training program for employees as described in the following. (Please refer to the description of “2.2 Talent Cultivation and Development” on page 31 of the Report):</div> <div>To ensure that employees are able to receive training and knowledge necessary for their professions and occupational demands, the educational training plans for the employees are proposed by each level of supervisor at the end of each year according to the requests of their business units and staff, thereby proposing the work training plan and budget of each unit for next year. The plan and</div>	Region	Number of employees in occupational accidents	Ratio of occupational accidents	Taiwan	1	0.0572%	Vietnam	23	0.2013%	Cambodia	5	0.3073%	Indonesia	0	0.0000%	Total	29	0.0018%	
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Promotion items	Operation Status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof
	Y	N	Summary (Note 2)	
			<p>budget are then submitted to the human resource division for approval, in order to provide and handle relevant resources. The human resource division is also responsible for the establishment of the Company's education and training directives, internal instructor training and tracking, and evaluation and review of education and training plans. In 2021, the training (including internal and external training) organized reached a total of 75,208 personnel participating in such training; the total number of training hours was approximately 579,356 hours; the annual training expense was approximately NTD 1.25 million.</p> <p>Since 2019, the Company has launched the "Eclat e-School" program, and the internally prepared digital courses have increased from 25 courses to 40 courses, such that employees' learning is not restricted by location and time. We also implement online and offline education, allowing employees to select the learning model most suitable to their needs.</p> <p>E.The product sales target of the Company refers to international brand makers, and the products provided by the Company must comply with relevant regulations and international standards. With regard to the research and development, procurement, manufacturing, operation and service processes, the Company establishes the inspection procedure, including the use of non-toxic dyes, metal testing probe, autonomous or third party verification institution to conduct test reports etc. in order to ensure the rights and benefits of consumers. Please refer to "4.2 Service Quality and Customer Management" on page 66 of the report. In our business model, the Company doesn't sell its products to end consumers but to the global brands, and the global brands sell them directly to consumers and deal with consumer complaint. However, once the Company's clients convey any consumer complaint to it, the Company must investigate its cause and reply to its clients as soon as possible.</p>	

Promotion items	Operation Status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof
	Y	N	Summary (Note 2)	
			F.The Company has officially established the “Corporate Social Responsibility Best Practice Principles” and has explicitly specifies that the contract content of suppliers shall include the signing of the “Supplier Code of Conduct”, and the impacts of the suppliers on the overall environment and society is incorporated into the assessment in order to request suppliers for compliance and to prevent occurrence of matters violating the corporate social responsibility. The Company has completed the signing of renewed contracts with all outsourced and contracted suppliers in 2021. Please refer to “4.3.3 Supplier Management” on page 68 of the report.	
V. Has the Company stipulated standards or guidelines according to the internationally accepted report, prepared corporate social responsibility report etc. and reports for disclosing non-financial information of the Company? Has the aforementioned reports obtained the assurance or guarantee opinions from a third verification unit?		V	The Company entrusts the independent Ernst & Young (EY) with credibility to assist the Company to perform limited assurance according to the report prepared by GRI Standards, Assurance Standards No. 1 “Non-historical Financial Information Audit or Review Assurance Cases” announced by the Accounting Research and Development Institute (established based on ISAE3000), and to issue the limited assurance report of independent auditor.	None
VI. Where the Company establishes its own CSR according to the “Corporate Social Responsibility Best Practice Principles for TWSE/ TPEX Listed Companies”, please describe the discrepancy between its operation and the principles established: The Company has established the “CSR Best Practice Principles” and has established the “CSR Promotion Committee” in order to allow various business development strategies of the Company to further comply with the concept of corporate social responsibility sustainable development and implementation of the execution thereof.				
VII. Other important information to facilitate the understanding of CSR operation:				
1. Provide support to Taiwan government in epidemic control and cooperate with the government in collection of epidemic emergency responsive supplies: 10 positive pressure testing booths were				

Promotion items	Operation Status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof
	Y	N	Summary (Note 2)	
			<p>donated to the New Taipei City Government and distributed to hospitals for use, and the purchase amount was NTD 4,725,000, in order to fulfill the CSR of the Company.</p> <p>2. Eclat is deeply rooted in Taiwan, and the global logistics center is located at Wugu District of New Taipei City and there are factories located at Dayuan District, Taoyuan City, and Houlong Township, Miaoli County etc., creating job opportunities locally.</p> <p>3. The Company establishes the industry-university collaboration relationship with various universities, In 2021, despite that the pandemic was not yet over, the Company still provided 10 students with the paid internship opportunities at the company. In addition, the Company donated and established Eclat Educational Foundation to provide scholarships to outstanding students. As well as, the business management level also participates in various seminar courses in light of cultivating textile industry talents and to providing students with practical participation experience.</p> <p>4. For a consecutive of 9 years, Eclat clothing design contest has been held in order to improve the creativity and beauty of sports recreation clothing industry, to discover domestic outstanding design talents and to activate the industry overall atmosphere. The Company jointly organized the 9th clothing design contest with the Eclat Education Foundation in order to provide a total prize reaching NT\$ 1.53 million, and approximately 400 outstanding design talents participated in the contest. Due to the COVID-19 pandemic, the event was suspended in 2021.</p> <p>5. Community Interaction:</p> <p>(1) Headquarter: A total of 48 employees participated in the north coast Green Bay beach cleanup event, and a total of 1.5 tons of garbage was cleaned up. In response to the toy donation event, the toys raised through the event were delivered to the Toy Library Association. In response to the New Taipei City Government's homeless treasure bag content donation event, supplies raised through the event were delivered to Social Welfare Department, New Taipei City Government; applied for adoption of pedestrian walk trees and gardens at the neighborhood of the Headquarter with the New Taipei city Industrial Party Service Center.</p> <p>(2) Dayuan plant: adopts the upstream section of the Laojchieh River at Taoyuan City, and periodically inspects the cleanness as well as river section maintenance operation.</p> <p>(3) Hsichou Plant: participates in the Houlong Township neighborhood caring activities, the Company also sponsors NT\$173,399 in local police and fire department activities.</p> <p>For further information, please refer to "3.3 Co-prosperity With Community and Society" on page 53 of the Report.</p>	

Note 1: If the Implementation Status is selected as "Yes," please explain the key policies, strategies, measures taken and execution status; if Implementation Status is selected as "No," please explain deviation and reasons in the field of "Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons", and explain any relevant policy, strategy and measure planned for the future.

Note 2: Materiality principle refers to relevant environment, society and corporate governance issues having material impacts on the investors and other interested parties of the company.

(VIII) The status of the Company's fulfillment of ethical corporate management and measures adopted:

Assessment criteria	Implementation status			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TPEX-Listed Companies
	Yes	No	Explanation	
<p>1. Establishing ethical management policies and plans</p> <p>(I) Has the Company established the ethical management policies approved by the board of directors, and stated in its Memorandum or external correspondence about the policies and practices it has to maintain business integrity? Are the board of directors and the management level committed to fulfilling this commitment?</p>	V		The Company has established the "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct" and has been approved by the board of directors. The board of directors and management of the Company uphold the principle of ethics to establish the Ethical Management Best Practice Principles, actively implement the ethical management policies.	None
<p>(II) Has the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis, which shall at least include preventive measures listed in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies"?</p>	V		The Company has established the ethical corporate management best practice principles, and gradually requests suppliers to sign the anti-corruption policy declaration in order to prevent operations risk due to unethical management. All of the new employees sign an "employment code of conduct" after the new employee orientation to make the statement that they understand the content of the "employment code of conduct" and willing to follow the "employment code of conduct.	None
<p>(III) Has the company established any measures against unethical conduct? Are these measures supported by proper procedures, behavioral guidelines, disciplinary actions and complaint systems? In addition, is the aforementioned plan reviewed and revised periodically?</p>	V		The Company performs educational trainings on employees in order to prevent unethical conducts. The operation status is proper, and in the employee management rules, the rules specifies relevant requirements. The Company has established the Complaint Handling Regulations in order to handle complaints from internal and external interested parties.	None

Assessment criteria	Implementation status			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TPEX-Listed Companies
	Yes	No	Explanation	
2. Implement ethical policies				
(I) Does the Company evaluate the integrity of all counter parties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	V		For the business activities of the Company, dealings with parties with unethical records are prevented. Before dealings with suppliers, the suppliers are requested to sign "Suppliers Code of Conduct", included the anti-corruption policy declaration in order to ensure ethical conducts.	None
(II) Does the Company have a unit established under the board of directors that specializes (or is involved) in business integrity? Does this unit report to the board of directors on a regular basis (at least once a year) for ethical policies, programs for preventing unethical conduct and implements on supervision?	V		The Company had established the "CSR Promotion Committee" in 2017, and under its organizational structure, it establishes the Human Resources" team to promote the corporate ethical management, and provides reports to the board of directors on relevant execution status regularly. The latest date reported to the BOD was Jan13, 2021.	None
(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the reporting of conflicting interests and is executed properly?	V		The Company provides appropriate communication channels to prevent conflict of interest or occurrence of unethical conducts.	None
(IV) Has the Company implemented effective accounting and internal control systems for the purpose of maintaining ethical operation? In addition, has the internal audit unit established relevant audit plan according to the risk assessment result of unethical conduct-and audited the status of compliance with the prevention against unethical conduct plan, or entrust CPA to audit?	V		To implement ethical management, the Company has established relevant accounting system, internal control system and audit unit to perform audits, and the operation status is proper.	None
(V) Has the Company provided internal and external educational training on ethical operation on a regular basis?	V		The Company has provided internal and external educational training on ethical operation on a regular basis.	None
3. Reporting of misconducts				
(I) Does the Company provide incentives and means for employees to report misconducts? Does the Company assign dedicated personnel to investigate the reported misconducts?	V		The Company establishes the whistleblowing channel and punishment as well as complaint filing system for violation of ethical management rules, and the operation status	None

Assessment criteria	Implementation status			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TPEX-Listed Companies
	Yes	No	Explanation	
			thereof is proper.	
(II) Has the Company implemented any standard procedures of investigations, follow-up measures after investigations of cases reported are completed and confidentiality mechanisms for handling reported misconducts?	V		The Company has implemented the standard procedures of investigations or confidentiality mechanisms for handling reported misconducts.	None
(III) Has the Company provided proper whistleblower protection from inappropriate handling?	V		The Company has provided proper whistleblower protection from inappropriate handling.	None
4. Enhance information disclosure Has the Company disclose the content of the ethical corporate management best practice principles and their implementation results on its website and the MOPS?	V		Please refer to the official website of the Company.	None
V. If the Company establishes its own ethical corporate management best practice principles according to the "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies", please describe the discrepancy between its operation and the Company's ethical corporate management best practice principles: The Company has established the "Ethical Corporate Management Best Practice Principles" and has been approved by the board of directors in order to ensure the directors, managerial personnel and employees of the Company properly comply with relevant rules, and it has been executed according to the regulations established.				
VI. Other important information that is helpful in understanding the ethical corporate management operation of the Company? (Such as, the Company reviews the amendment of the ethical corporate management best practice principles etc.):				
(1). The Company has established the "Ethical Corporate Management Best Practice Principles" and has been approved by the board of directors on November 7, 2014 ; and has established the "Procedures for Ethical Management and Guidelines for Conduct" and has been approved by the board of directors on November 4, 2021. The corporate ethical management is promoted by the "Human Resources" team under the "CSR Executive Committee".				
(2). Ethical management principle is implemented in various different aspects of the operation. In 2021, 3 online required education and training courses were opened, in order to educate the specific types of ethical management to all employees of the Company:				
1. Based on the consideration that the Company is in the labor intense industry, for both its own factories and outsourced factories, a great number of first line of manpower is required in the field. Accordingly, to ensure that employees have a basic understanding of the labor criteria and human rights, the Company has created a human rights policy course, in order to allow employees to have a basic understanding of the human rights policy of the Company;				
2. To ensure that gender equality can be implemented in the Company, and to convey information on the complaint filing method in case of occurrence of relevant incidents, the Company has opened sexual harassment prevention course;				
3. The Company is a publicly listed company, and employees may access relevant internal information in the Company; however, if employees lack relevant understanding, they may engage in illegal				

Assessment criteria	Implementation status			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TPEx-Listed Companies																
	Yes	No	Explanation																	
conduct without knowing. Accordingly, the Company has opened the insider trading prevention course to provide explanation and review through actual example cases, allowing employees to have a basic understanding of possible types of insider trading.																				
3 compulsory online Training Course was introduced on 2021, the results before December 31, 2021 are listed below:																				
<table><tr><th>Course Name</th><th>Number of qualified persons</th><th>Qualification rate*</th><th>Total number of hours (hour)</th></tr><tr><td>Human rights policy</td><td>1,191</td><td>95.89%</td><td>152.32</td></tr><tr><td>Sexual harassment prevention</td><td>1,202</td><td>96.77%</td><td>154.72</td></tr><tr><td>Insider trading prevention</td><td>1,184</td><td>95.33%</td><td>174.05</td></tr></table>					Course Name	Number of qualified persons	Qualification rate*	Total number of hours (hour)	Human rights policy	1,191	95.89%	152.32	Sexual harassment prevention	1,202	96.77%	154.72	Insider trading prevention	1,184	95.33%	174.05
Course Name	Number of qualified persons	Qualification rate*	Total number of hours (hour)																	
Human rights policy	1,191	95.89%	152.32																	
Sexual harassment prevention	1,202	96.77%	154.72																	
Insider trading prevention	1,184	95.33%	174.05																	
* Attendance: 1,242, anyone did not attend the training course was deemed failed.																				
(3). All of the new employees sign an “employment code of conduct” after the new employee orientation to make the statement that they understand the content of the “employment code of conduct” and willing to follow the “employment code of conduct”. In 2021, there were 194 new employees signing the document.																				
(4). To prevent insider trading, the Company has explicitly specified that directors accessing the financial report or relevant business performance content of the Company shall not trade their stocks during the closed period of thirty days before the announcement of the annual financial report and fifteen days before the announcement of a quarterly financial report according to Article 10 of the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”, and the Company also informs directors and insiders to pay special attention to the aforementioned regulations on a monthly basis. In addition, the Company also informs individual directors and insiders not to perform any equity trading on the stocks of the Company after confirmation of material information, 18 hours before or after the announcement of material information, according to Article 157-1 of the Securities and Exchange Act.																				

- (IX) If the Company has established corporate governance principles or other relevant guidelines, references to such principles must be disclosed:

The Company has established the “Corporate Governance Principles” and the “Procedures for Prevention of Insider Trading and Handling Material Inside Information” and has approved by the board of directors for execution in order to ensure the directors, managerial personnel and employees of the company to comply with relevant rules in light of establishing proper handling and disclosure mechanism for material inside information of the company, thereby preventing improper disclosure of information and ensuring the consistency and accuracy of the information announced by the company to the external.

- (X) Other important information to understanding of corporate governance within the Company: None.

(XI) Disclosures relating to the execution of internal control policies:

1. Internal Control system Statement:

Eclat Textile Co., Ltd.
Management's Reports on Internal Control

Date: March 3, 2022

According to the Company's internal control policy, the following statement had been made based on the results of self-assessment in 2021:

1. The Company acknowledges and understands that it is the Board of Directors' and the management team's responsibility to establish, implement, and sustain an internal control system, and that such a system has already been established throughout the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc.), reliable, timely and transparent financial reporting, and compliance of relevant regulations and relevant laws etc.
2. The internal control system has inherent limitations, no matter how comprehensively it is well-designed. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, self-supervision measures were embedded within the internal control system and it is able to facilitate immediate rectification once flaws have been identified.
3. The Company evaluates the effectiveness of its internal control policy design and execution based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria introduced by the "Regulations" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation, 3. Control procedures, 4. Information and communication, 5. Supervision activities. Each element further contains several items. Please refer to the Regulations for the details.
4. The Company adopted the above-mentioned criteria to evaluate the effectiveness of its internal control policy design and execution.
5. Based on the assessments described above, the Company considered the design and execution of its internal control system to be effective as at December 31, 2021. This system (including the supervision and management of the Company's subsidiaries) has provided assurance with regards to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
6. This Statement constitutes a part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or non-disclosure in the public statement above are subject to legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement was approved by the Company's board of Directors on March 3, 2022. None of the 12 board directors present to the meeting held any objections, and unanimously agreed to the contents of this Statement.

Eclat Textile Co., Ltd.

Chairperson: Cheng-Hai Hung

President: Jun-Ching Tsai, Kun-Tang Chen

2. If the internal control policy was reviewed by an external auditor, the result of such review must be disclosed: None.

- (XII) Penalties imposed against the Company for regulatory violation, or penalties against employees for violation of internal control policy in the most recent year up till the publication date of this annual report; describe areas of weakness and any corrective actions taken: None.
- (XIII) Major resolutions made by the Shareholders' Meeting and the Board of Directors during the latest financial year up until the publication date of this annual report:
1. The 2021 Annual General shareholders' meeting was convened on August 12, 2021 in Miaoli. Resolutions of attending shareholders and execution status were as follows:
 - (1) Adoption of 2020 Business Report and Financial Statements.
Execution status: Approved through resolution.
 - (2) Adoption of the Proposal for 2020 appropriation of profits.
Execution status: Approved through resolution. In addition, according to the resolution of the shareholders' meeting, the date of August 21, 2021 was the ex-dividend base date, and completed the profit appropriation for the issuance of cash dividend of NT\$3,018,038,221(Cash dividend \$11 per share).
 - (3) Approve the amendment to the internal regulations of the Company :
 1. Rules Governing the Procedures for Shareholders' Meetings
 2. Procedures for Election of Directors
 Execution status: Approved through resolution, and execution according to the regulation of the shareholders' meeting has been completed, above regulations are published on the Company website.
 - (4) Election Matters :
Execution status: Mr. Cheng-Hai Hung, Mr. Li-Chen Wang, Mr. Shou-Chun Yeh, Mr. Kun-Tang Chen Mr. Jen-Chieh Lo, Mr. Shu-Wen Wang, Yih-Yuan Investment Corp Representative Kuo-Sung Hsieh and Xin-xin Limited Company total 8 persons have been elected as directors.

Mr. Yea-Kang Wang, Mr. Cheng-Ping Yu, Mr. Nai-Ming Liu and Ms. Chiu-Chun Lai total 4 persons have been elected as independent directors.
Above total as 12 directors and elected Mr. Cheng-Hai Hung as Chairman by board of directors.
 - (5) Release of non-competition restrictions on the 13th terms directors of the Company.
Execution status: Approved through resolution, and execution according to the regulation of the shareholders' meeting has been completed,
 2. Major resolutions made by the Board of directors' Meeting for 2021 and up to the printing date of the annual report:
 - (1) Board of directors' meeting on January 19, 2021:
 1. Approved the proposal of 2019 employees' remuneration appropriation.
 2. Approved the proposal of 2020 managerial personnel yearend bonus reviewed by the Remuneration Committee.
 3. Approved 2021 financing facility of the Company.
 4. Approved 2021 business plan - financial budget proposal.
 5. Approved the 2021 independent CPA assignment.
 6. Approved the procurement case for the new knitting machine.
 7. Approved the Dayuan Plant's low liquor ratio dyeing machine replacement assessment report case.
 Execution status: Already handled completely according to the resolution of the board of directors' meeting.
 - (2) Board of directors' meeting on March 5, 2021:

1. Adoption of 2020 Business Report and Financial Statements.
2. Approved the proposal for Distribution of 2020 Profits.
3. Approved the proposal of 2020 Employees' remuneration appropriation.
4. Approved the proposal of the Company's 2021 annual general shareholders' meeting convention.
5. Approved the directors election of the Company.
6. Approved the amendment to the Company's "Rules Governing the Procedures for Shareholders' Meetings".
7. Approved the amendment to the Company's "Organizational Charter of Nominating Committee".
8. Approved 2020 internal control system effectiveness review and issued the "Management's Reports on Internal Control".
9. Approved the enrollment of liability insurance for directors and managerial personnel.
10. Approved the position adjustment for research and development officer of the Company.
11. Approved the capital reduction of ECLAT CAYMAN ISLANDS HOLDINGS.

Execution status: All proposals have been executed completely according to the resolution of the board of directors' meeting. In addition, the No.1 to No.6 proposals were reported, approved or resolved in 2021 AGM.

(3) Board of directors' meeting on May 5, 2021:

1. Reviewed the independent director nominee roster.
2. The board of directors nominated and reviewed the list of candidates of board of directors.
3. Approved the release of non-competition restrictions on the 13th terms directors of the Company.
4. Approved the proposal for the donation of NT\$ 2 million to Eclat Education Foundation.

Execution status: All proposals have been executed completely according to the resolution of the board of directors' meeting and 2021 Annual General Shareholders' Meeting.

(4) Board of directors' meeting on July 21, 2021:

1. Approved the change to the proposal of convention of the 2021 Annual General Meeting.
2. Approved the establishment of cash dividend distribution ex-dividend date related matters.
3. Approved the proposal of the Company's donation of 10 positive pressure testing booths to New Taipei City Government.

Execution status: All proposals have been executed completely according to the resolution of the board of directors' meeting and 2021 Annual General Shareholders' Meeting.

(5) Board of directors' meeting on August 5, 2021:

1. Adoption of 2021 Q2 Financial Statements.

Execution status: All proposals have been executed completely according to the resolution of the board of directors' meeting.

(6) Board of directors' meeting on August 12, 2021:

1. Elected Cheng-Hai Hung to assume the Chairman consecutively.

Execution status: All proposals have been executed completely according to the resolution of the board of directors' meeting.

(7) Board of directors' meeting on November 4, 2021:

1. Approved the 2022 Internal Auditing plan.

2. Adoption of 2021 Q3 Financial Statements.
3. Approved the appointment of members of the 5th term of the Remuneration Committee of the Company.
4. Approved the appointment of members of the 2nd term of the Nomination Committee of the Company.
5. Approved the appointment of members of the 3rd term of the CSR Executive Committee of the Company.
6. Approved the establishment of the “Risk Management Committee” of the Company.
7. Approved the stipulation of the “Risk Management Committee Charter” of the Company.

Execution status: All proposals have been executed completely according to the resolution of the board of directors’ meeting.

(8) Board of directors’ meeting on January 13, 2022:

1. Approved the proposal of 2020 employees’ remuneration appropriation.
2. Approved the proposal of 2021 managerial personnel yearend bonus reviewed by the Remuneration Committee.
3. Approved 2022 financing facility of the Company.
4. Approved 2022 business plan - financial budget proposal.
5. Approved the 2022 independent CPA assignment.
6. Approved the amendments to the Company’s “Articles of Incorporation”.
7. Approved the amendments to the Company’s “Corporate Governance Best Practice Principles”.
8. Approved the amendments to the Company’s “Regulations Risk Management”.
9. Approved the establishment to the Company’s “Best Practice Principles of Risk Management Committee and Risk Management”.
10. Approved the establishment to the Company’s “Regulations for Remunerations of Directors, Functional Committee Members and Managerial Officers”.
11. Approved the appointment of members of the 1th term of the Risk Management Committee of the Company.
12. Approved the Hsichou Plant and Dayuan Plant solar power generation equipment purchase proposal.

Execution status: Except that No. 3 to No. 5 and No. 12 proposals are still in the process of execution, and No. 6 are still pending for the resolution of the shareholders’ meeting, the rest of proposals have already been executed completely according to the resolution of the board of directors’ meeting.

(9) Board of director’s meeting on March 3, 2022:

1. Adoption of 2021 Business Report and Financial Statements.
2. Approved the proposal for Distribution of 2021 Profits.
3. Approved the proposal of 2021 Employees’ remuneration appropriation.
4. Approved the proposal of the Company’s 2021 annual general shareholders’ meeting convention.
5. Approved the amendments to the Company’s “Articles of Incorporation”.
6. Approved the amendment to the Company’s “Procedures for Acquisition and Disposal of Assets”.
7. Approved the enrollment of liability insurance for directors and managerial personnel.
8. Approved 2021 internal control system effectiveness review and issued the “Management’s Reports on Internal Control”.
9. Approved the proposal for the donation to Eclat Education Foundation.
10. Approved the proposal of establishment of Vietnam Office of the Company.
11. Approved the Dayuan Plant smart manufacturing production equipment purchase proposal.

Execution status: Except that the No.1 to No. 6 proposals are still pending for the adoption,

resolution or report of the shareholders' meeting, and No.10 and No. 11 proposals are still in the process of execution, the rest of proposals have already been executed completely according to the resolution of the board of directors' meeting.

(10) Board of directors' meeting on May 5, 2022:

1. Approved the amendment to the Company's "Rules Governing the Procedures for Shareholders' Meetings".
2. Approved the amendment to the Company's "Rules Governing the Procedures for board of directors' meeting".
3. Approved the amendments to the Company's "Internal Audit Implementation Rules".
4. Approved the amendments to the Company's "Approval Authority Management Measures".
5. Approved the change of the name of "Corporate Social Responsibility Best Practice Principles" to "Sustainable Development Best Practice Principles" of the Company.
6. Approved the change of the name of "CSR Executive Committee Establishment and Operation Regulations" to "Sustainable Development Committee Establishment and Operation Regulations" of the Company.
7. Adoption of 2022 Q1 Financial Statements.
8. Approved the proposal on the additional construction budget of the Company's headquarters.
9. Approved the proposal of renting out the headquarters building of the Company.

Execution status: The No. 1 proposal are still pending for the resolution of the shareholders' meeting, and No. 9 is still in the process of execution, the rest of proposals have already been executed completely according to the resolution of the board of directors' meeting.

- (XIV) Documented opinions or written statement made by Directors or Supervisors against board resolutions in the most recent year, up till the publication date of this annual report: None.
- (XV) Resignation or discharge of the Chairman, President, head of accounting, head of finance, chief internal auditor, or head of R&D in the most recent year up till the publication date of this annual report: The Company's R&D supervisor Cheng-Hai Hung resigned from the position on March 5, 2021 due to job duty adjustment.

3.4 Information Regarding the Company's Audit Fee and Independence

(I) Audit Fees:

The content of the amounts of both audit and non-audit fees and the details of the non-audit services for non-audit fees paid to the CPA, to the accounting firm of the CPA, and to any affiliated enterprise of such accounting firm are equivalent to one quarter or more of the audit fees paid:

Unit: NT\$1,000

Name of CPA firm	Name of CPA	Audit period	Audit fee	Non-audit fee	Sub-total	Remark
KPMG	Hui-Chih Kou Hsin-Yi Kuo	January 1 to December 31, 2021	3,985	1,030	5,015	Note1

Note: If the Company changes independent auditor or accounting firm in the current year, please respectively indicate their respective audit period, and provide explanation on the reasons of such change in the remarks field: None.

Note 1: Non-audit service includes tax audit fee 530 thousand, the transfer pricing 250 thousand and the master files 250 thousand.

- (II) When the accounting firm is changed and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed: None.
- (III) When the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10 percent or more, the amount and percentage of and reason for the reduction in audit fees: In 2021, the audit fee was NT\$905 thousand less than the audit fee in 2020, a reduction of 18.51%, and this was mainly due to the audit fee of NT\$4,890 thousand in 2020 included the taxation certification service fee; however, in 2021, such fee was split and listed under non-audit fees.

3.5 Information regarding Change of CPA: None.

- (I) Information relating to the former CPAs: Not applicable.
- (II) Information relating to the successor CPAs: Not applicable.
- (III) Replay of former auditor to item 1 and item 2-3 of Subparagraph 5 of Article 10 of these Regulations: Not applicable.

3.6 The Company's chairman, president or managers in charge of finance and accounting operations, who holds any positions within the CPA firm or its affiliates in the most recent year, the name, job title and the employment period at the independent audit firm or its affiliates: None.

3.7 Transfer or pledge of stock rights of directors, supervisors, managers, shareholder with a stake of more than 10 percent in the most recent fiscal year and up till the publication date of this annual report

(1)Equity transfer and change status of directors, supervisors, managerial personnel and major shareholders:

Unit: share

Title	Name	2021		As of April 16, 2022	
		Increase (decrease) of shareholding	Increase (decrease) of pledged shares	Increase (decrease) of shareholding	Increase (decrease) of pledged shares
Chairman	Cheng-Hai Hung	0	0	0	0
Director	Li-Chen Wang	301,334	0	0	0
Director	Hsien-Chin Tsai	134,167	-700,000	0	0
Director and President	Kun-Tang Chen	-31,000	0	0	0
Director	Xin-Xin Limited Company	0	0	0	0
	Representative-Cheng-Chuan Wu	0	0	0	0
	Representative-Hsien-Chin Tsai	134,167	-700,000	0	0
Director	Yih-Yuan Investment Corp.	0	0	0	0
	Representative-Kuo-Sung Hsieh	0	0	0	0
Director	Shou-Tsun Yeh	0	0	0	0
Director and Vice President	Jen-Chieh Lo	0	0	0	0
Director and Executive Vice President	Shu-Wen Wang	-7,008	0	0	0
Independent Director	Yea-Kang Wang	0	0	0	0
Independent Director	Cheng-Ping Yu	0	0	0	0
Independent Director	Nai-Ming Liu	0	0	0	0
Independent Director	Chiu-Chun Lai	0	0	0	0
President	Jun-Ching Tsai	134,165	0	0	0
Vice President	Sheng-Tien Lee	0	0	0	0
Vice President	Cheng-Chin Tsai	0	0	0	0
Vice President	Li-Fen Cheng	0	0	0	0
Vice President	Jui-Ting Hung	0	0	0	0
Assistant Vice President	Jui-Li Fang	0	0	0	0
Assistant Vice President	Chia-Chun Chiang	0	0	0	0
Assistant Vice President	Ping-Chi Hsu	0	0	0	0
Assistant Vice President	Lai-Kuei Chen	-10,000	0	0	0
Assistant Vice President	Hao-He Chen	0	0	0	0
Assistant Vice President	Lien-Tsai Chen	0	0	0	0
Assistant Vice President	Wei-Yeh Huang	-1,000	0	0	0
Assistant Vice President	Shih-Tu Chen	-1,000	0	0	0
Assistant Vice President	Heng-Wei Hsu	-1,000	0	0	0

(2) Equity transfer information:

Name	Reason of equity transfer	Transaction date	Transaction counterparty	Relationship of transaction counterparty with the Company, directors, supervisors and shareholders with shareholding percentage exceeding 10%	Number of shareholding	Transaction price
None	-	-	-	None	-	-

(3) The information of Pledge of Stock Rights:

Name (Note 1)	Reason for pledge (Note 2)	Date of change	Transaction counterparty	Relationship of transaction counterparty with the Company, directors, supervisors and shareholders with shareholding percentage exceeding 10%	Number of shareholding (share)	Percentage of Shareholding Ratio	Percentage of Pledge Ratio	Pledge (redemption) amount
Hsien-Chin Tsai	Redeemed	24, Feb, 2021	Chang Hwa Commercial Bank Mucha Branch	None	700,000	7.89%	0%	(NT\$ 80 million)

Note 1: Information on the name the Company's directors, supervisors, managers and shareholders with shareholding percentage exceeding 10%.

Note 2: Information on pledge or redemption.

3.8 Relationship among the Top 10 Shareholders

Name	Current shareholding		Spouse and Minor shareholding		Shareholding by Nominee Arrangement		Relationship characterized as spouse or the second degree relative or closer among the top 10 shareholders.		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Yih-Yuan Investment Corp. - Shih-Fan Chen	25,790,335	9.40%	0	0	0	0	Cheng-Hai Hung Ching-Fang Chen	Second degree kinship	-
Nu-Dan Co., Ltd-Hsien-Chin Tsai	14,000,000	5.10%	0	0	0	0	Hsien-Chin Tsai	The same person	
Ching-Fang Chen	9,543,332	3.48%	9,035,318	3.29%	0	0	Cheng-Hai Hung Shih-Fan Chen	Spouses Second degree kinship	-
Cheng-Hai Hung	9,035,318	3.29%	9,543,332	3.48%	0	0	Ching-Fang Chen Shih-Fan Chen	Spouses Second degree kinship	-
Chin-Chih Wang Cheng	8,663,463	3.16%	8,233,769	3.00%	0	0	Li-Chen Wang	Spouses	-
Li-Chen Wang	8,233,769	3.00%	8,663,463	3.16%	0	0	Chin-Chih Wang Cheng	Spouses	-
Hsien-Chin Tsai	7,769,160	2.83%	0	0	Note 1	Note 1	Nu-Dan Co., Ltd	Major shareholders	
Fubon Life Assurance Co., LTD -Ming-Xin Tsai	6,196,000	2.26%	0	0	0	0	None	None	-
Nan Shan Life Insurance Co., Ltd. - Tang Chen	5,551,000	2.02%	0	0	0	0	None	None	-
Cathay Life Insurance Co., Ltd-Tiao-Kuei Huang	5,394,000	1.97%	0	0	0	0	None	None	-

Note 1: This shareholder owns Eclat's 14,000,000 shares under the names of Nu-Dan Co., Ltd, with a shareholding ratio of 5.10%.

3.9 Comprehensive Shareholding Percentage

Unit: In Thousand Shares, %

Investee (note)	Held by the Company		Held by Directors, Supervisors, managers, and directly or indirectly controlled entities		Aggregate investment	
	Shares	%	Shares	%	Shares	%
Grand Elite	21	100%	—	—	21	100%
Eclat Cayman	123,759	100%	—	—	123,759	100%
ECLAT TEXTILE (CAMBODIA) CO., LTD.	8,000	100%	—	—	8,000	100%
Eclat Enterprise	1	100%	—	—	1	100%
TAI-YUAN GARMENTS CO., LTD.	6,800	100%	—	—	6,800	100%
COLLTEX GARMENT MFY CO., LTD.(VN)	16,800	100%	—	—	16,800	100%
E-TOP (VIETNAM) CO., LTD	36,000	100%	—	—	36,000	100%
ECLAT TEXTILE CO., LTD (VIETNAM)	22,000	100%	—	—	22,000	100%
ECLAT FABRICS CO., LTD (VIETNAM)	40,000	100%	—	—	40,000	100%
ECLAT TEXTILE (ID)	5,000	100%	—	—	5,000	100%

Note :For relevant detailed information on investee companies, please refer to: VIII. Special Remarks.

IV. Capital Overview

4.1 Capital and Shares

1. Source of capital

Year/Month	Par Value (NT\$)	Authorized capital		Paid-in capital		Remark		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Source of capital	Capital Increased by Assets Other than cash	Others
1977.11	1,000	500	500,000	500	500,000	Registration	-	-
1981.09	1,000	1,000	1,000,000	1,000	1,000,000	Cash capital increase	-	-
1987.11	1,000	7,000	7,000,000	7,000	7,000,000	Cash capital increase	-	-
1988.08	1,000	52,000	52,000,000	52,000	52,000,000	Cash capital increase	-	-
1991.03	1,000	65,333	65,333,000	65,333	65,333,000	Capitalization of earnings	-	-
1992.03	1,000	110,333	110,333,000	110,333	110,333,000	Cash capital increase of NT\$ 9,000,000 Capitalization of earnings of NT\$ 15,000,000 Creditor's right for payment of shares of NT\$ 21,000,000	-	-
1992.12	10	19,500,000	195,000,000	19,500,000	195,000,000	Cash capital increase of NT\$ 44,667,000 Capitalization of earnings of NT\$ 40,000,000	-	-
1997.06	10	160,000,000	1,600,000,000	72,430,896	724,308,960	Cash capital increase of NT\$ 200,000,000 Capitalization of earnings of NT\$ 156,000,000 Consolidated capital increase of NT\$ 173,308,960	-	(1997) Tai-Tsai-Zheng(1) No. 51666 Letter
1998.09	10	160,000,000	1,600,000,000	79,673,986	796,739,860	Capitalization of earnings of NT\$ 72,430,900	-	(1998) Tai-Tsai-Zheng(1) No. 59366 Letter
1999.08	10	160,000,000	1,600,000,000	86,047,896	860,478,960	Capitalization of earnings of NT\$ 63,739,100	-	(1999) Tai-Tsai-Zheng(1) No. 63075 Letter
2000.09	10	160,000,000	1,600,000,000	91,210,766	912,107,660	Capitalization of earnings of NT\$ 51,628,700	-	(2000) Tai-Tsai-Zheng(1) No. 60720 Letter
2004.08	10	160,000,000	1,600,000,000	95,771,304	957,713,040	Capitalization of earnings of NT\$ 45,605,380	-	Tai-Tsai-Zheng(1)-Zi No. 0930128923

Year/Month	Par Value (NT\$)	Authorized capital		Paid-in capital		Remark		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Source of capital	Capital Increased by Assets Other than cash	Others
2005.06	10	160,000,000	1,600,000,000	109,179,286	1,091,792,860	Capitalization of earnings of NT\$ 134,079,820	-	Jin-Guan-Zheng-Yi-Zi No. 0940125666
2005.12	10	160,000,000	1,600,000,000	129,179,286	1,291,792,860	Cash capital increase of NT\$ 200,000,000	-	Jin-Guan-Zheng-Yi-Zi No. 0940148057
2006.07	10	160,000,000	1,600,000,000	143,389,007	1,433,890,070	Capitalization of earnings of NT\$ 142,097,210	-	Jin-Guan-Zheng-Yi-Zi No. 0950132152
2007.06	10	250,000,000	2,500,000,000	159,161,797	1,591,617,970	Capitalization of earnings of NT\$ 157,727,900	-	Jin-Guan-Zheng-Yi-Zi No. 0960033202
2007.07	10	250,000,000	2,500,000,000	184,161,797	1,841,617,970	Cash capital increase of NT\$ 250,000,000	-	Jin-Guan-Zheng-Yi-Zi No. 0960032162
2008.09	10	250,000,000	2,500,000,000	189,686,651	1,896,866,510	Capitalization of earnings of NT\$ 55,248,540	-	Jin-Guan-Zheng-Yi-Zi No. 0970033483
2009.09	10	250,000,000	2,500,000,000	193,480,384	1,934,803,840	Capitalization of earnings of NT\$ 37,937,330	-	Jin-Guan-Zheng-Fa-Zi No. 0980033696
2010.09	10	250,000,000	2,500,000,000	199,284,795	1,992,847,950	Capitalization of earnings of NT\$ 58,044,110	-	Jin-Guan-Zheng-Fa-Zi No. 0990039425
2011.09	10	250,000,000	2,500,000,000	211,241,882	2,112,418,820	Capitalization of earnings of NT\$ 119,570,870	-	Jin-Guan-Zheng-Fa-Zi No. 1000036962
2012.09	10	300,000,000	3,000,000,000	226,028,813	2,260,288,130	Capitalization of earnings of NT\$ 147,869,310	-	Jin-Guan-Zheng-Fa-Zi No. 1010030287
2012.10	10	300,000,000	3,000,000,000	246,028,813	2,460,288,130	Cash capital increase of NT\$ 200,000,000	-	Jin-Guan-Zheng-Fa-Zi No. 1010030728
2013.09	10	300,000,000	3,000,000,000	250,949,389	2,509,493,890	Capitalization of earnings of NT\$ 49,205,760	-	Jin-Guan-Zheng-Fa-Zi No. 1020029077
2014.09	10	300,000,000	3,000,000,000	260,987,364	2,609,873,640	Capitalization of earnings of NT\$ 100,379,750	-	Jin-Guan-Zheng-Fa-Zi No. 1030027248
2016.02	10	300,000,000	3,000,000,000	268,987,364	2,689,873,640	Cash capital increase of NT\$ 80,000,000	-	Jin-Guan-Zheng-Fa-Zi No. 1040046754
2017.09	10	300,000,000	3,000,000,000	274,367,111	2,743,671,110	Capitalization of earnings of NT\$ 53,797,470	-	Report effective date of June 22, 2017

Unit: share

Type of share	Authorized capital			Remarks
	Issued shares	Unissued shares	Total	
Common shares	274,367,111	25,632,889	300,000,000	-

2. Shareholders structure:

April 16, 2022

Structure Quantity	Government agencies	Financial institutes	Other juridical persons	Individuals	Foreign institutions and foreign individuals	Total
Number of shareholders	5	21	153	11,290	767	12,236
Number of shareholding	7,071,847	29,045,064	54,220,061	77,656,625	106,373,514	274,367,111
Percentage of Shareholding	2.58%	10.59%	19.76 %	28.31 %	38.76 %	100.00%

Note: The shareholding percentage of Mainland China investment shall be disclosed. The “Mainland China Investment” refers to the people, corporate, organization, other institutions or companies invested at third region specified in Article 3 of the Regulations Governing Permission for People from the Mainland Area to Invest in Taiwan.

3. Shareholding distribution status:

April 16, 2022

Class of Shareholding (Unit: Share)	Number of shareholders	Number of shareholding	Percentage of Shareholding %
1~999	7,393	827,158	0.30
1,000~5,000	3,786	6,420,230	2.34
5,001~10,000	314	2,340,053	0.85
10,001~15,000	123	1,564,317	0.57
15,001~20,000	69	1,235,553	0.45
20,001~30,000	105	2,664,354	0.97
30,001~40,000	60	2,097,785	0.76
40,001~50,000	41	1,874,748	0.68
50,001~100,000	117	8,550,971	3.12
100,001~200,000	72	10,604,839	3.87
200,001~400,000	58	17,054,989	6.22
400,001~600,000	28	13,989,265	5.10
600,001~800,000	20	14,093,656	5.14
800,001~1,000,000	6	5,287,119	1.93
1,000,001 and above	44	185,762,074	67.70
Total	12,236	274,367,111	100.00

4. List of major shareholders:

Shareholding List of major shareholders	Number of shareholding	Percentage of Shareholding
Yih-Yuan Investment Corp. - Shih-Fan Chen	25,790,335	9.40%
Nu-Dan Co., Ltd.- Hsien-Chin Tsai	14,000,000	5.10%
Ching-Fang Chen	9,543,332	3.48%
Cheng-Hai Hung	9,035,318	3.29%
Chin-Chih Wang Cheng	8,663,463	3.16%
Li-Chen Wang	8,233,769	3.00%
Hsien-Chin Tsai	7,769,160	2.83%
Fubon Life Assurance Co., LTD.-Ming-Xin Tsai	6,196,000	2.26%
Nan Shan Life Insurance Co., Ltd.- Tang Chen	5,551,000	2.02%
Cathay Life Insurance Co., Ltd.-Tiao-Kuei Huang	5,394,000	1.97%

5. Market Price , net value, Earnings, Dividend per Share and relevant information for the last two years:

Unit: NT\$

Year		2020	2021	Year-to-date March 31, 2022 (Note 8)
Items	Market Price			
	Highest	430.00	683.00	660.00
	Lowest	201.00	393.00	421.00
Per Share (Note 1)	Average	350.49	559.83	528.02
	Net worth			
	Before distribution	69.86	77.08	84.26
Per share (Note 2)	After distribution	58.86	(Note 2)	-
	Earnings			
	Weighted average outstanding shares	274,367 thousand shares	274,367 thousand shares	274,367 thousand shares
Per Share (Note 3)	Earnings Per Share - before adjustment	15.51	18.77	6.53
	Earnings Per Share - after adjustment	15.51	(Note 2)	6.53
Dividend Per share	Cash dividend Per Share	11	(Note 2)	-
	Stock grants	Earnings distribution	-	-
		Capital surplus distribution	-	-
	Accumulated undistributed dividends (Note 4)		-	-
Return on Investment	Price/Earnings Ratio (PER) (Note 5)		20.60 times	29.83 times
	Price/Dividend Ratio (PDR) (Note 6)		31.86 times	(Note 2)
	Cash Dividend yield (Note 7)		3.14%	(Note 2)

* If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: Indicates the highest and lowest market price of common shares in each year, and the average market price of each year is calculated according to the closing trading value and trading volume of each year.

Note 2: Pending for shareholders' approval.

Note 3: In case of any Issuance of bonus shares such that there is a need for retroactive adjustment, the earnings per share before and after the adjustment shall be indicated.

Note 4: If the issuance criteria of equity securities specify that dividends undistributed in the current year are to be accumulated to the year with earnings for issuance, then the accumulated unissued dividends up to the current year shall be disclosed respectively.

Note 5: Price-to-Earnings Ratio (PER) = Average Market Price / Earnings Per Share (EPS)

Note 6: Price-to-Dividend Ratio (PDR) = Average Market Price / Cash dividend per share.

Note 7: Cash Dividend yield = Cash dividend per share / Average Market Price.

Note 8: Net worth Per share, EPS shall indicate the information audited by CPA for the most recent quarter up to the printing date of the annual report; the remaining fields shall be indicated with the current year information up to the printing date of the annual report.

6. Dividend policy and implementation:

(1) Dividend policy specified in the Articles of Incorporation:

Where the Company has a profit (the term "profit" refers to the income before deducting the distribution of employee remuneration from the income before tax) in current year, if there is surplus after covering the accumulated loss, no less than 0.1% shall be appropriated for the employee's compensation for the distribution according to the resolution of the Board of Directors' meeting, and be reported to the shareholders' meeting. The distribution of employee's compensation may be made in the form of shares or cash.

Where the Company has earnings in current year, after tax is paid according to the law, it shall be used to cover the accumulated loss first, following which, 10% thereof shall be set aside as the legal reserve; however, when the legal reserve has reached the paid-in capital of the Company, it may be exempted from such appropriation. For the remaining amount, after special reserve is further set aside or reversed according to the laws. it is combined with the undistributed surplus earnings at the beginning of the same period, for proposing to the shareholders' meeting for resolution on the distribution.

The Company is now in the growth stage and has a plan to expand the product line. Due to the need for capital to fulfill the plan, the policy for dividend distribution should reflect factors such as investment planning, financial structure, future fund requirements, and status of earnings. In a normal consideration, the percentage of earnings distribution shall not be less than 50% of the net earnings of the current year after compensating for accumulated deficits, if any. The board of directors shall make the distribution proposal, and it is then approved at the shareholders' meeting. The ratio for distributing cash dividends shall not be lower than 20% of the total distribution.

(2) Status of distribution of dividends proposed for resolution in the present shareholders' meeting:

In the present shareholders' meeting, it is proposed to distribute cash dividend of NT\$ 12, and the proposal is yet to be approved by the annual general shareholders' meeting scheduled to be held on June 14, 2022. After the aforementioned cash dividend proposal is approved through the resolution of the annual general shareholders' meeting, the Chairman is authorized to further specify the ex-dividend base date for the distribution.

7. Impact to Business Performance and EPS Resulting from Stock Dividend:

Item		2021 (Note 1)
Beginning Paid-in Capital (in thousands of NT\$)		2,743,671
Current dividend distribution	Cash dividend per share (NT\$)	12
	Dividend per share for capitalization of earnings	None
	Dividend per share for capitalization of Capital Surplus	None
Changes in Operating performance	Operating profit (in thousands of NT\$)	Not applicable (Note 2)
	Operating profit increase (decrease) ratio from same period of last year	
	Net income (in thousand NT\$)	
	Net income increase (decrease) ratio from same period of last year	
	Earnings per Share (EPS) (NT\$)	
	EPS increase (decrease) ratio from same period of last year	
	Annual average return on investment (annual average PER reciprocal)	
Pro Forma EPS and PER	Capitalization of earnings changed to distribution of cash dividend in full	Pro Forma EPS (NT\$)
		Pro Forma annual average return ratio
	Without capitalization of Capital Surplus	Pro Forma EPS (NT\$)
		Pro Forma annual average return ratio
	Without capitalization of Capital Surplus and capitalization of earnings changed to issuance of cash dividends	Pro Forma EPS (NT\$)
		Pro Forma annual average return ratio

Note 1: Pending for resolution of 2022 annual general shareholders' meeting.

Note 2: According to the "Regulations Governing the Publication of Financial Forecasts of Public Companies", the Company is not required to publish the 2022 financial forecast information.

8. Employees' remunerations and remuneration of directors and supervisors:

(1) The Articles of Incorporation specifies the percentage or range of the employees' remuneration: Please refer to 6.(1) for detail.

(2) Estimation of employees' remuneration and remuneration of directors for the present period:

(A) The distribution amount proposed by the board of directors and the recognized expense annual estimation amount are as follows: (NT\$)

<u>Item</u>	<u>Distribution amount proposed by the board of directors</u>	<u>Recognized expense annual estimation amount</u>	<u>Difference</u>
Employee cash remuneration	7,000,000	7,000,000	None
Remuneration of directors and supervisors	0	0	None

(B) Cause of difference: Not applicable.

(C) Handling of difference amount: If the distribution amount approved by the shareholders' meeting differs from the amount proposed by the board of directors, the difference amount shall be recognized based on the accounting estimation after the approval of the shareholders' meeting.

(D) EPS recalculated: NT\$ 18.77.

(3) Distribution of employees' bonus and remunerations of directors and supervisors for the previous year:

<u>Item</u>	<u>Resolution of shareholders meeting Actual distribution Quantity</u>	<u>Originally approved by the board of directors Proposed distribution quantity</u>	<u>Difference</u>
(1) Distribution status: (Unit: NT\$)			
Employees' cash remuneration	6,000,000	6,000,000	None
The remuneration of directors and supervisors	0	0	None

Cause of difference: Not applicable.

Handling of difference amount: If the distribution amount approved by the shareholders' meeting differs from the amount proposed by the board of directors, the difference amount shall be recognized based on the accounting estimation after the approval of the shareholders' meeting.

(2) Information on EPS: (unit: NT\$)

Original EPS	NT\$ 15.51
Calculated EPS	NTS 15.51

9. Repurchase of the Company's shares: None.

4.2 Issuance of corporate bonds: None.

4.3 Issuance of preferred shares: None.

4.4 Issuance of overseas depository receipts: None.

4.5 Status of employee stock option plan and status of employee restricted stock: None.

4.6 Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

4.7 Capital plans and execution: None.

V. Operational Highlights

5.1 Business Activities:

5.1.1 Business scope

1. Main areas of business operations:

- a. Manufacturing, processing, trading business of knitting and dyeing of fabrics, garments and textile raw materials.
- b. Manufacturing, processing, trading business of various types of textiles of fabrics, garments, yarns, chemical synthetic fibers and silks etc.
- c. Relevant import and export business of aforementioned items.
- d. Wholesale of drugs, medical goods, Retail sale of medical equipment, Medical materials and equipment manufacturing.

2. Revenue distribution:

Item	2021 Operating Percentage
Knitted fabrics	34.43%
Garments	65.57%
Total	100.00%

3. Main products: Various elastic knitted fabrics and garments.

4. New products development:

Product development direction aims at diverse and differentiated product characteristics, specialized in functional fabrics, and sportswear series in order to establish complete production lines, such that the Company is able to provide comprehensive and differentiated services in order to satisfy the customer demand for a one-stop shop for all. Continue to research and develop technologies, improve product quality, collect latest domestic and foreign information, provide latest market trends, fabric types and styles to customers, in order to use such information as reference guides in determining the consumer market demands and to satisfy the needs of consumers.

5.1.2 Industry Overview

1. Industry Current Status and Development:

The development of the textile industry (including complete and large production system of man-made fiber, spinning, knitting, dyeing and

clothes manufacturing etc.) in Taiwan has a history of more than 60 years. With the drive for technological improvements and market demands, vertical specialization of upstream, midstream and downstream sectors has been established and the supply chain is relatively complete. Regarding the upstream sector, the raw materials are plentiful and the processing techniques are skillful, it includes outstanding basis for the production scale and technologies of man-made fiber production that are extremely competitive internationally. It is also one of the main supply sources of man-made fiber products around the globe. The midstream sector has always achieved remarkable export business performance, and business operators in this sector have been the best cooperating partners of international brands. For the downstream sector, the garment industry has been one of the leading industries to establish operations worldwide under the pressure of labor wages.

Presently, the development of textile industry in Taiwan has gradually developed from the traditional labor-intensive clothes manufacturing factories (such as garment processing, sweaters etc.) into a complete textile production system from upstream, midstream to downstream sectors. In addition, the products manufactured have also expanded from traditional yarns, fabrics, man-made fibers and garments to non-woven fabrics with specific functions, industrial specialized fabrics, building material and furniture fabrics, etc. Therefore, it has indeed become an industry with diverse development. Furthermore, the textile industry development in Taiwan has also shifted from OEM manufacturing model into an international cooperative production and sales system with vertical integration and horizontal specialization, which has certainly established solid foundation in the global textile industry with undeniable contribution worldwide.

In 2021, the total value of exported textile garment from our nation as US\$ 9.022 billion, a growth of 19.76% from the previous year; among which, the value of exported fabric was US\$ 6.258 billion, a growth of 23.68% from the previous year. The value of exported yarn was US\$ 1.276 billion, a growth of 24.61% from the previous year. In terms of the structure of export the largest product is the fabrics with an export ratio of 69.73%, indicating that the fabric industry is important for the development of the textile industry in terms of the manufacturing, and it is also the most important export product for the textile industry. The next largest export product is yarns, accounting for 14.15% of the export ratio. The third largest exported product is fibers, accounting for 5.65% of the export ratio. In the textile industry, the export ratios for the

midstream and upstream fibers, yarns and fabrics account for a total exceeding close to 90%.

Product	Weight (in ten thousand tons)			Amount (in hundred million US\$)				Unit price (US\$/Kg)		
	2020	2021	Increase (decrease) %	2020	2021	Increase (decrease) %	Weight %	2020	2021	Increase (decrease) %
1. Fibers	40.11	38.79	-3.29	4.82	5.07	5.13	5.62	1.2	1.31	8.71
2. Yarns	39.83	42.89	-7.66	10.24	12.76	24.61	14.15	2.57	2.98	15.77
3. Fabrics	62.47	69.70	11.57	50.60	62.58	23.68	69.37	8.1	8.98	10.85
4. Garment and clothing	2.07	2.19	6.32	4.12	4.71	14.44	5.22	19.93	21.47	7.64
5. Miscellaneous textiles	7.08	7.11	0.44	5.55	5.09	-8.30	5.65	7.85	7.17	-8.70
1-5 Total of textiles	151.56	160.68	6.02	75.33	90.22	19.76	100	4.97	5.61	12.96

Source of Information: Statistics of Customs Administration, MOF; Summarized by Taiwan Textile Federation

March 2022

The textile industry in Taiwan is an industry that is highly export-oriented with foreign exchange earnings. Due to the downstream business operators in our nation requiring sufficient labor manpower, they tend to spread to overseas and most operators still rely on the import of high performance and fabrics with high quality from Taiwan. Consequently, it serves as the driving force for the upstream and midstream industries in Taiwan. The textile garment industry in our nation is export-oriented, and from the table below, it can be understood that the average export dependence for textile garment industry (calculated based on the export value over the production value weight) reaches 73%. In addition, the import value of textile garment industry in 2021 was US\$ 3.86 billion, and the trade surplus reached US\$ 5.16 billion, which was the industry of the 4th largest trade surplus in Taiwan. The textile industry continues to drive the economic development in Taiwan and is one of the main industry for generating foreign exchange earnings. The textile industry has significant benefits to the balance of payments of our nation.

unit: in 100 million US\$

Item	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Production value	153.5	151.9	148.2	133.6	121.3	126.4	129.1	116.6	97.8	123.3
Export value	118.2	117.0	115.6	108.0	99.3	100.7	100.7	91.8	75.3	90.2
Import value	33.2	33.0	34.3	34.6	33.4	33.6	36.8	35.5	33.7	38.6
Trade surplus	85.0	84.0	81.3	73.5	65.9	67.1	63.9	56.3	41.6	51.6
Export degree of dependence	77%	77%	78%	81%	82%	80%	78%	79%	77%	73%

Source of Information: Department of Statistics, MOEA; Statistics of Customs Administration, MOF;
Exchange rate based on the annual average exchange rate of Central Bank of R.O.C.;
Summarized by Taiwan Textile Federation March 2022

Fabrics is the key factor driving the textile export of Taiwan, and its export value had increased from US\$ 4.36 billion in 1990 to US\$ 6.26 billion in 2021, with an export percentage increasing from 42% to 69%. The export percentages of fibers and yarns in 2021 respectively account for 6% and 14% of the exported textile becoming an essential supply for the upstream and downstream products in the global textile industry supply chain.

unit: in 100 million US\$

Item	1990		1995		2000		2005		2010		2021	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Fibers	6.0	6%	10.0	6%	9.5	6%	11.5	10%	11.7	10%	5.0	6%
Yarns	15.5	15%	26.3	17%	18.1	12%	22.7	19%	22.5	20%	12.8	14%
Fabrics	43.6	42%	87.7	57%	94.4	62%	67.7	57%	67.2	59%	62.6	69%
Garment	31.9	31%	23.5	15%	26.4	17%	13.2	11%	7.8	7%	4.7	5%
Miscellaneous	5.8	6%	7.9	5%	4.3	3%	3.4	3%	3.8	3%	5.1	6%
Total	102.9	100%	155.0	100%	152.7	100%	118.4	100%	113.0	100%	90.2	100%

Source of Information: Statistics of Customs Administration, MOF; Summarized by Taiwan Textile Federation
March 2022

The textile industry in Taiwan is a high export-oriented and foreign exchange earning industry. Due to the regional integration of the textile industry in Taiwan, for market competitiveness and seeking discounts in tariffs or reducing production element costs, business operators show increasing overseas investments and production capacities in foreign countries. Among which, the overseas investment in Vietnam is most prominent. Functional and high quality fabrics are characteristics of Taiwanese textiles, and business operators shall actively and continuously invest in research and development, and also utilize the plentiful supply of

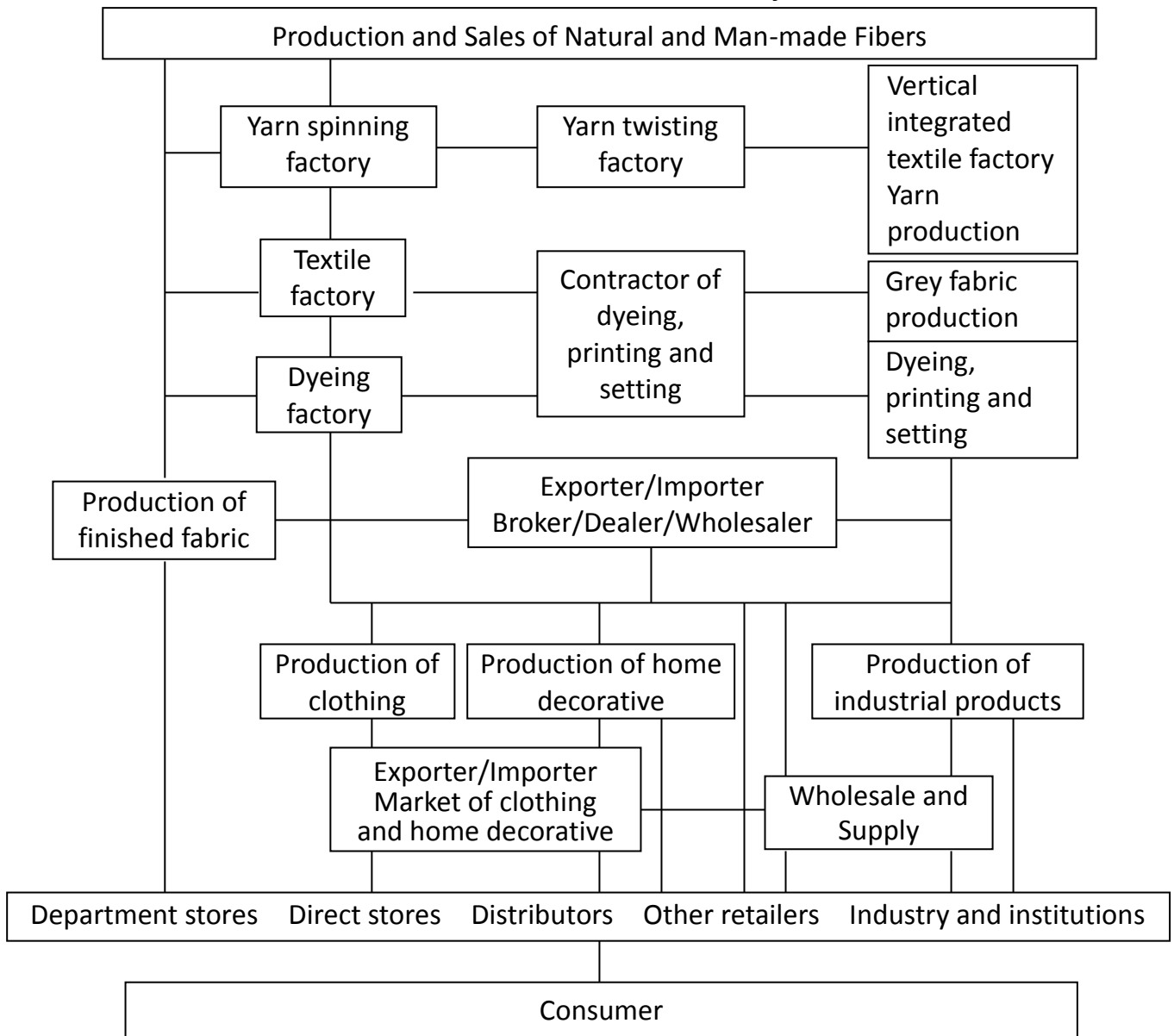
chemical fiber raw materials and innovative fabric knitting and dyeing technologies in Taiwan in order to establish the country's value chain and aggregation advantage for the functional textile industry. They will also push forward with the development of differentiated and high value-added products such that the competitive advantages can be maintained.

In view of the competitions due to various countries of Korea, China and the emerging Sri Lanka and India etc., textile enterprises in Taiwan shall establish the core abilities of innovative research and development and production of niche products in order to increase the added value of products as well as to establish the fast response ability to the upstream research and development and downstream customer demands, along with the integration of the fast response advantage in the integration of industry value chain and production cluster, such that the overall industry competitiveness can be increased.

Looking forward to 2022, due to the negative factors of the geopolitical tension, oil price fluctuation and the surge in container freight rates, the global supply will be severely affected once again. The giant leading brands will continue to maintain their market shares and will demand closer cooperation of the supply chains, value the issues of the production capacity, diversify production base inventory management, corporate social responsibility etc. of their suppliers significantly. The company is of the opinion that continuous research and development, prompt response to terminal market demands, a focus on niche market expansion are the keys to the stable growth of an enterprise in the industry.

2. Correlation among upstream, midstream and downstream in the industry:

Structure of Textile Industry



The scope of the textile industry is relatively broad, and the upstream, midstream and downstream of the industry include six main fields of yarn, spinning, knitting, dyeing, garment and retail etc. Presently, in the domestic textile industry, there are several large companies exploiting their corporate competitive advantages making the most appropriate development direction in different fields in order to construct a vertically integrated industry and are active in establishing their own textile territory internationally, such as Formosa Nan Ya Group, Far Eastern Group, Shin Kong Group, Tainan Spinning Group and Eclat Group.

3. Product development direction:

According to the estimation of Euromonitor, the global apparel and

shoes market scale in 2021 was US\$ 1.8081 trillion, a growth of 5.3% from 2020. As the domestic textile industry is specialized in functional and sportswear as well as outdoor wear market, the market scale in 2022 is expected to reach US\$ 239.2 billion, a growth of 10.3% from the scale in 2021. The global sportswear market demand is expected to grow stably. The average compound annual growth rate of the global sportswear market from 2021 to 2026 is expected to be 7.5%.

With the increasing popularity in the sporty and healthy trend, in addition to standard sportswear, comfortable and fitted sportswear has become the main stream of daily wears. A lot of fashion brands and channel brands have started to launch relevant series of products, indicating the growth of sportswear is more prominent than the performance of the overall clothing.

Based on the consideration of the fast growth in the sports wear market and consumers have higher standard on functional products, domestic and foreign manufacturers are actively engaging in innovative research and development in relevant production technologies, such as: use of microporous membranes in the knitting and dyeing process methods, high-density fabrics, other special auxiliary treatment; use of special cutting, attachment ...etc. technologies for garment, in order to achieve the functional effects of low resistance, abrasion resistance, high strength, light and thin, insulation, UV protection, absorbing and fast drying, breathable and waterproof, anti-bacterial and deodorization etc. In recent years, the textile industry in Germany has also successfully developed biomedical technology and electronic technology textiles with the use of polymer and fiber materials in order to integrate the concepts of telecommunication, information processing, medical and sensor etc. into textiles, such that textiles are able to be equipped with the functions of being capable of responding to toxic substances or gases, temperature, heart rate, pulse, pressure, movement, breath, self-cleaning, temperature regulation, protection and healthcare etc.; consequently, consumer demands on health, sports and recreation can be satisfied.

The textile industry in Taiwan is known as the “Trillion Dollar Industry”, and under the influence of the global regional trading agreements signed, the global development of the Taiwanese supply chain is accelerating. Despite that there is a declining trend in the domestic production value, the percentages of order received and global production in Taiwan increases year after year. With the labor advantages in terms of quantity and lower wage, China and various Southeast countries are gradually causing greater pressure to be put on

Taiwanese manufacturers in the international market of general sportswear, garment and decorative, and they also threaten the development of Taiwanese manufacturers in the professional OEM market. Accordingly, the company is of the opinion that enterprises having their own research and development abilities in order to continuously achieve innovations in products and manufacturing processes while being equipped with the differentiation ability to move from OEM to high value-added ODM business, is the key competitive ability for the continuous development of the industry. This is the main direction for the future operation strategic development of enterprises, and is also essential for the sustainable operation of the textile industry in Taiwan.

4. Competition:

Competitiveness of the Company

A. Quality: The Company has accumulated extensive manufacturing experience and is of great commitment to quality. In 1993, the company received the “Q Mark” quality certification from DuPont to come the first enterprise to receive such great honor in the Asia-Pacific region.

B. Technology:

(A). Fabrics: Since knitted fabrics are made from elastic yarns and general non-elastic yarns, to blend the two types of elastic and non-elastic yarns and to allow them to interlace with each other firmly without interferences while maintaining the original characteristics of long and short fibers, the technology level required is relatively higher. The company owns various knitting machines of different specifications, and since 1989, the company has cooperated with DuPont such that presently, the technology of the company is mature and leads the industry.

(B). Dyeing: Since elastic fibers behave in a way similar to rubber bands, such that during dyeing process at high temperature, the elastic yarn can be in a molten state or generate ripples. Through continuous research and development as well as testing for different high/low dyeing solution temperatures, curve graphs, the company has been able to achieve most optimal control on such process.

(C). Garment: The Company establishes a dedicated unit in collecting the market trend information. In addition, the headquarters of the company has established a fast sample center of the largest scale in Taiwan, and in conjunction with various latest equipment of

sewing machines, pattern making software and operators, such that the company is able to provide the one-stop shop service including on-site fitting and ODM etc. to customers.

- (D). Lead time: The headquarters of the company is a global logistics center, capable of achieving fast order receiving, selecting appropriate production site according to the customer demands, lead time and cost etc., in order to maintain the competitiveness of the company. In addition, the company also strengthens the cooperation with raw material suppliers and various relevant manufacturing process vendors in order to effectively manage the manufacturing process and to control the delivery date.
- (E). Research and development: Obtain the market trend, develop various fabrics of modern technology materials, and jointly develop garment styles with customers in order to satisfy the modern consumer demands on the diverse textile products.
- (F). Consumer demands: Actively participate in domestic and international trade shows, collect themes and colors of the current market trend, as well as actively participate in projects and events organized by various professional institutions entrusted by the Ministry of Economic Affairs in order to increase the design and competitiveness of the company.

5.1.3 Research and Development:

1. Research and development budget invested in recent years up to the printing date of annual report: Unit: NTD 1,000

	R&D budget invested	Current operating revenue	R&D budget to current operating revenue ratio
2021	162,617	35,917,247	0.45%
January to March, 2022	35,360	10,177,999	0.35%

2. Technology and product :

Product Type	Technology	Usage and Description
Sustainable Series	Carbon reduction and energy saving - Reduce	
	Tencel®	<p>A. In view of the focus of the international brands on environmental protection issue, Eclat and Lenzing Group have developed a range of materials with REFIBRA™. Its high-efficient closed-loop production technique is able to upgrade and reuse the large amount of cotton fabrics waste left from the garment production, such that the waste are blended with wood pulp to become raw material, thereby allowing it to be bio-degraded in the natural world and reducing impacts to the environment and the Earth.</p> <p>B. The material is comfortable and soft with the characteristics of skin-friendly feel, natural drape, and also blended with good moisture wicking synthetic fibers, making Tencel products to be equipped with both aesthetics and functionality.</p> <p>C. It can be applied to lifestyle apparel and yoga clothes, etc.</p>
	Polypropylene	<p>A. Polypropylene fiber is an eco-material, its weight is lighter than water with better heat capture. In addition, it also has the advantages of being lightweight and heat insulation. With hydrophobic fibers, the material can be presented in its original color without coloring during the dyeing process, such that the process also saves water resources.</p> <p>B. Low moisture regain rate characteristic makes the materials with fast drying function to increase wearing comfort.</p> <p>C. Materials are ideal for outdoor Base layer and Running related products.</p>

Product Type	Technology	Usage and Description
	Water-free Dyeing	<p>A. With technology of water-free dyeing, the company can reduce the amount of water usage and solve the environmental problems of sewage discharge.</p> <p>B. A new dyeing machine which replaces water with carbon dioxide.</p> <p>C. Reduce usage of water and chemical auxiliaries, make a better and safer working environment in the factory.</p> <p>D. The technology is designed to work with 100% polyester fabrics, and it is advantageous for international brands to raise the awareness of a sustainable environment in the general public's market.</p>
	Recycle and reuse	
	Recycled PET Recycled Nylon	<p>A. Through consumer end waste recycle or industrial waste recycle with raw material treatment, eco-friendly fibers are obtained through recycle and reuse treatment processes.</p> <p>B. It is equipped with multi-function and characteristics of moisture management and wearing comfort.</p> <p>C. It can be used for pro-sportswear category.</p>
	Renew type	
	Sorona®	<p>A. DuPont's Sorona fibers use the raw material extracted from corn and protein carbohydrates, which is different from man-made fibers using raw material extracted from petroleum.</p> <p>B. Sorona exhibits the characteristics of softness, wearing comfort, elasticity and restoration performance.</p> <p>C. It complies with the innovation concept of global sustainable development.</p>

Product Type	Technology	Usage and Description
	Bioenergy nylon	<p>A. Eclat and the international giant manufacturer in Germany, BASF, cooperate with each other to launch, the first bioenergy nylon textile in the world.</p> <p>B. It uses 100% renewable raw material alternative production - regenerated from waste bio-oil, bio-waste, food industry waste substances of vegetable oil etc. Its production process is eco-friendly and is able to effectively reduce 35% of the greenhouse gas emission.</p> <p>C. It complies with the company's commitment in sustainable development.</p>
Functional series	Sunlight Management	
	BodyCare® UV Resistance	<p>A. BodyCare® is a trademark of Eclat Textile Company.</p> <p>B. The trademark registration includes the U.S.A., European Union, and Asia.</p> <p>C. Based on the main focus of wearing comfort and functionally, it utilizes the technology and development in fibers, interlacing or after-processing treatment in order to achieve the function of UV resistance.</p> <p>D. It is applied to outdoor sportswear products.</p>
	Graphene	<p>A. With the utilization of the thermal conductivity characteristic of sheet type of graphene, it is suitable to fabrics for summer.</p> <p>B. The electrical conductivity characteristic is able to discharge the electrostatic charge swiftly, such that electrostatic charge can be suppressed and reduced.</p> <p>C. The combinational layer structure of knitted fabric can be applied to thermal insulation material and product development aims for the winter outdoor sports market.</p>
	UV reaction	<p>A. Through fiber and finishing process, in conjunction with knitting structure, it can achieve UV color changing, such that consumers can understand the level of sun exposure and have choices on the fabric patterns.</p> <p>B. This series of fabric is applied to various summer outdoor sportswear products.</p>

Product Type	Technology	Usage and Description
	FIR warmth	<p>A. With the utilization of the insulation and warmth characteristics of fibers, the fabrics can be made to have excellent insulation and wearing comfort.</p> <p>B. Through professional design, diverse applications can be provided for selection.</p> <p>C. This series is suitable to fall, winter outdoor sportswear.</p>
	Reflection	<p>A. This series of fabric is provided for safety protection of sportsman performing exercises in the morning or night time. The fabrics are equipped with the night luminous and light reflective functions in order to satisfy the demand of consumers during the outdoor walking or exercising, such that the fabric is equipped with the function for warning others while maintaining a pleasing appearance.</p> <p>B. Night luminous series: Through the utilization of yarns and special manufacturing process, light is absorbed in the fabric in order to maintain a certain level of effect.</p> <p>C. Light reflective series: Through special manufacturing process, the light reflection principle of vehicle headlights is utilized to achieve the light reflective effect.</p> <p>D. It is a fabric that is suitable to the exercises of jogging, cycling in the morning or at night.</p>
	Air Management	
	BodyCare® Anti-bacterial	<p>A. BodyCare® is a trademark of Eclat Textile Company.</p> <p>B. The trademark registration includes the U.S.A., European Union, and Asia.</p> <p>C. This series of fabric mainly focuses on performance and functionality. It utilizes the technology and development in fibers, interlacing or after-processing treatment in order to allow the fabric to become a BodyCare® product with anti-bacterial function.</p> <p>D. It is widely used in sportswear, recreation wear, home wear</p>

Product Type	Technology	Usage and Description
	Cool Sensation	<p>A. With the use of natural fibers or fibers with the addition of cool elements, textiles can have the characteristic of cool touch feeling.</p> <p>B. Increase the wearing comfort.</p> <p>C. It is suitable to wear under long period of sunlight exposure.</p>
	3-in-1 multi-function	<p>A. Use of specially modified fibers, along with texture design in order to allow textiles to have the functions of UV resistance, heat isolation and deodorization.</p> <p>B. Deodorization function: Long lasting of reduction of odor due to the breeding of microorganisms.</p> <p>C. UV resistance function: Capable of isolating and reducing skin damages caused by UV radiation, capable of preventing skin sunburn, and suitable for outdoor sports.</p> <p>D. Heat isolation function: Equipped with UV shielding capability and reflecting visible light, reducing heat conduction speed in order to increase the wearing comfort of sportsman.</p> <p>E. It is designed for jogging, outdoor activities and athleisure.</p>
	Moisture Management	
	BodyCare® Moisture Management	<p>A. BodyCare® is a trademark of Eclat Textile Company.</p> <p>B. The trademark registration includes the U.S.A., European Union, and Asia.</p> <p>C. The material mainly focuses on performance and functionality. It utilizes the technology and development in fibers, interlacing or after-processing treatment in order to allow the Material has better moisture absorbing and perspiration drying functions.</p> <p>D. It can be applied to sportswear and recreation wear.</p>
	3XDRY®	<p>A. Eclat cooperates with Schoeller in this joint project.</p> <p>B. Auxiliaries and special manufacturing processes are utilized to develop a fabric with waterproof and breathable function such that the outer layer of the fabric is water repellent, and the inner layer has breathability and drying functions.</p> <p>C. It is applied to outdoor sportswear.</p>

Product Type	Technology	Usage and Description
	Nanosphere®	<p>A. Eclat cooperates with Schoeller in this joint project.</p> <p>B. Through the use of auxiliaries and special manufacturing processes, fabrics equipped with waterproof and dirt repellent functions and Eclat is the first textile company receives qualification.</p> <p>C. The outer layer of the material is equipped with the functions of being water and soil repellent.</p> <p>D. It is suitable to outdoor sportswear and athleisure wear.</p>
	Umorfil®	<p>A. Through nanotechnology, collagen peptide amino acid is applied to fiber. It increases moisture retention and wearing comfort of the material; in addition, It is an eco-friendly material.</p> <p>B. With the use of fibers and the moisture permeability knitting structure, the functionality related to the efficiency of moisture wicking and sweat absorption of the product is increased.</p> <p>C. It is a bionic fiber with skin-friendly characteristic, which is suitable to intimate apparel and home apparel</p>
	Aqua-Guide®	<p>A. Aqua-Guide is a trademark of Eclat Textile Company.</p> <p>B. Faster moisture wicking and quick dry attributes. Moisture can be absorbed by the absorbing layer and transferred to the medium moisture storage layer for absorbing, which is then swiftly exhausted to the fabric surface layer. Consequently, It is able to prevent moisture from returning back to the fabric to cause skin attachment; as a result, wearing comfort can be increased.</p> <p>C. It is applied to outdoor products of sportswear and athleisure wear.</p>

Product Type	Technology	Usage and Description
High Performance products	Woveknit™	
	Woveknit™ for mid-layer	<p>A. It is a patented technology and a trademark of Eclat, and has received the recognition of Top 10 in the ISPO exhibition.</p> <p>B. With the utilization of fiber cross section principle, it is able to achieve insulation effect by preventing the loss of body heat, in conjunction with special fleece processing technology to enhance the warmth and breathable functions.</p> <p>C. High CLO value and pilling resistance characteristics in order to increase the added value of the textile.</p> <p>D. It can be used for hiking and mountain climbing activities.</p>
	Woveknit™ for outerlayer	<p>A. It is a patented technology and a trademark of Eclat. This series of fabric has received the recognition of Outer Layer Top 10 in the ISPO exhibition.</p> <p>B. It utilizes Eclat's patented technology - Windbreaker knitted fabric.</p> <p>C. In comparison to conventional windbreaker jacket available in the market, such type of fabric is lighter and packable, along with elasticity.</p> <p>D. It is applied to outdoor and travel clothing.</p>
	Woveknit™ for Softshell Water Resistant layers	<p>A. It is a patented technology of Eclat. In addition, this series of fabric has also received the recognition of Top 10 in the ISPO exhibition.</p> <p>B. It utilizes the high-density knitting method, along with elastic fiber series of characteristic in order to increase the wearing comfort during exercises.</p> <p>C. Through bonding techniques for making 2.5 Layers, 3 Layers bonded fabrics for protection type of products and it also utilizes environmentally friendly C6 and C0 coating chemicals for the product developments for consumers to choose °</p> <p>D. It is suitable for mountain climbing , cycling and styling.</p>

5.1.4 Long-term and Short-term Development

(1). Short-term development plan:

1. Plan the training of new knitting technical and machines learning, continue innovation, increase production and competitiveness, root in Taiwan, and global manufacturing. Establish the design, research and development as well as the high-level production technical center in Taiwan, utilize raw materials of excellent quality and use quality system to improve the product competitiveness, achieve global market expansion, in light of increasing production capacity, reducing costs and shortening lead time.
2. Integration strategy for upstream, midstream and downstream:
 - Reduce the number of suppliers and centralize the management of suppliers, strengthening the cooperation relationship with suppliers.
 - Establish raw material joint development model, improve quantity and quality, and increase value of suppliers.
 - Cooperate with suppliers to develop new technical guidance and new materials. Strengthen supply chain capabilities and breadth.
3. Product development from fabric to garment:
 - Provide customers a complete service from fabric to garment, establish vertically integrated order receiving operation model.
 - Obtain market trend, provide products satisfying customer demands, and establish service value of excellent quality and short lead time.
 - Cooperate with world first-class suppliers, utilize innovative technologies in research and development of fabrics and garment styles in order to increase the differentiation with competitors and to create values in the overall value chain.

(2). Long-term development plan:

1. Collaborate with customers in designs to create values jointly:
 - Strengthen brand manufacturers, cultivate medium and small customers, and drive the company revenue performance with customers' growth.
 - Cultivate designers to co-design with clients on customized fabric patterns and garment styles. Develop new garment brands, products

or markets with professional experiences of production.

- R&D personnel collaborate with customers in the development of fabrics, anticipate customer demands, coordinate production through the order and planned production methods in order to accelerate the product supply capabilities, to strengthen relationships with customers and to create joint value.
2. Development of eco-friendly sustainable textile:
 - Focus on the global trend on environmental protection awareness, actively develop products complying with the eco-friendly concept.
 - In 2006, the company has received the organic cotton manufacturing process certification from CONTROL UNION and IMO. Since Europe and American countries emphasize on the environmental protection issue more and more, the company has cooperate with the development strategy of brand manufacturers on organic cotton products in order to satisfy the market demand and to actively develop new products for business opportunities.
 3. To cope with the global trend of environment protection awareness, the company has also received the bluesign certification in 2011 in compliance with the specification of brand manufacturers in order to establish a closer cooperation relationship with customers and to fulfill the international social responsibility.

5.2 Market and Sales Overview

5.2.1 Market analysis

1. Sales region:

Unit: NTD 1,000

Year Region		2019		2020		2021	
		Amount	%	Amount	%	Amount	%
Domestic Sales		235,826	0.84	364,111	1.29	394,705	1.10
Export Sales	America	16,244,418	57.76	16,506,199	58.58	19,988,931	55.65
	Asia	7,845,054	27.89	7,366,360	26.15	11,417,463	31.79
	Others	3,779,838	13.51	3,938,731	13.98	4,116,148	11.46
	Sub-total	27,889,310	99.16	27,811,290	98.71	35,522,542	98.90
Total		28,125,136	100.00	28,175,401	100.00	35,917,247	100.00

2. Market Share (%) of Major Product Categories in the Last Two Years

According to the Taiwan Top 2,000 survey by the CommonWealth Magazine, Eclat is ranked 127th in the manufacturing industry, and for the textile industry, Eclat is the 4th in terms of the operating revenue, 3rd in terms of the net income after tax, and 8th in terms of the profitability. Since 2021, the monthly production capacity for knitted fabrics of the company reaches above 15 million yards, and the monthly production capacity for garments reaches above 11.2 million pieces. The production capacity scale of Eclat is also ranked high among the top domestic manufacturers.

3. Market Analysis of Major Product Categories:

(1). Market future supply and demand outlook – textile and dyeing industry:

For spun, with the fast emerging origins of natural fiber raw materials of China, Pakistan and Indonesia etc., and due to the excessive factory expansion by the domestic manufacturers, production capacity is in excess. This has led to price competition and significant reduction in profit for domestic natural fiber yarns and textiles manufacturers, such that a great number of manufacturers move out of the country. Regarding Synthetic fiber, in terms of the woven fabrics, with the significant increase in the demand for functional textiles, and since such type of functional textiles are mostly made from the modification and processing from man-made fibers, the future market for functional textiles is

expected to continue to grow. Post-processing fabric are closely related to the market information trend.

Regarding the knitted fabrics, in recent years, due to the short product life cycle of knitted fabrics, low entrance barrier and the trend of low product price in the international market, traders and distributors tend to seek sources in the regions of China and Southeast Asia. Under the influence of technical guidance over the past years, the manufacturers in the regions of China and Southeast Asia are now able to produce products of competent level to the products made by Taiwanese Manufacturers. Despite of the fact that the quality of products from China and Southeast Asia are still unstable, their prices are nevertheless far more attractive than Taiwanese products, such that the domestic export quantity of knitted fabrics is decreasing year after year.

Countermeasure and Required Criteria:

The countermeasures that can be adopted by the knitted fabrics and dyeing industry include reinforcement of the differentiation, technology alliance, local market rooting, branding management and global market expansion. The required criteria include product planning and innovative research and development abilities; investment in research and development budget; increase of successful rate in new products; maintaining excellent cooperation relationship with vendors; market keenness and ambition of leaders; excellent financial ability; equipped with market development type of sales talents; outstanding management team; and the ability to completely satisfy the demands of branded customers and purchasers in terms of the criteria of quality, price, research and development, service, lead time, human rights, environmental protection etc.

(2) Market future supply and demand outlook -- garment industry:

Garment industry is characterized by its labor-intensive industry, and the factory establishment cost and capital technology level are relatively low. In recent years, due to the continuous increase of the wage in Taiwan, the basic employee labor supply is clearly insufficient such that garment manufacturing operation environment is difficult. In addition to the cheap labor cost advantages in China and new emerging countries, manufacturers in the industry continue to move out of Taiwan.

Countermeasure and Required Criteria:

The strategy combinations recommended to be adopted by the garment industry include the three strategies of global market expansion, branding management and local market rooting etc. The required criteria include sound financial standing, outstanding management talents, market keenness and ambition of leaders, equipped with product planning and R&D talents, and the ability to satisfy the basic demands of branded customers in terms of the criteria of quality, price, research and development, service, lead time, human rights, environmental protection etc. completely.

Future growth:

The main products of the company include elastic knitted fabrics and professional/functional clothes. The main raw materials of such fabrics and clothes are natural fiber yarns, man-made fiber yarns and elastic fiber yarns. Since the petrochemical industry in Taiwan is mature, there is no concern on the semi-finished petroleum raw materials. With the complete industry structure, the production capacity for fibers and processed yarns is ranked high worldwide. As a result, the raw materials can be obtained relatively easily, the source of supply is abundant and the quality is also stable. Regarding elastic fibers, Eclat mainly uses the elastic fibers of “Lycra” produced by Invista, and such elastic fiber is at the leading position in the industry. In terms of the market demand, all developed and emerging countries worldwide are gradually focusing on recreation lifestyles, and the outdoor activity time generally increases. This is particularly so in developed countries in Europe and America, which place great emphasis on health and recreational lifestyles. So much so that the demand for recreation, functional and healthy wear is being driven to increase, and the scale of relevant market is expanding significantly. Knitted fabric of the characteristics of small-volume with large-variety have earned great recognition from professional designers such that knitted fabric is used as the material for high-end fashion wear and is of great potential in fashion trend development. The future outlook of the elastic fabric of the company demonstrates great market potential.

4. Competitive niche and favorable, unfavorable factors in future development outlook and countermeasures:

Competitive niche:

The main products of the company include circular elastic

knitted fabric and garment manufacturing thereof, which utilizes elastic yarn and conventional synthetic fiber and spun mixed knitting as well as special post-processing fabric treatment technology. The company is active in the research and development of trendy, sporty, recreational, eco-friendly, health and multi-functional fabric in conjunction of trendy style designs. This allows the company's fabrics to be widely applied to diverse product series of sportswear, recreation wear, underwear and pajamas, yoga wear etc., for sales to all well-known brands, department stores and major retailers worldwide.

Main competitive advantages:

- 1) Provide excellent brand reputation to customers, establish reliable partnership.
- 2) Own factory with complete vertical integration (from knitting→dyeing→setting→garment) as a key in earning customer trust.
- 3) Production reaches the economies of scale, equipped with greater price bargain power in raw material purchase, along with the utilization of mature Synthetic fiber industry in Taiwan in order to obtain quality raw materials at low price.
- 4) Technology integration with upstream vendors in order to reduce production errors, improve quality and increase product competitiveness.
- 5) Product innovation ability and high added value, excellent and stable production quality, equipped with relatively greater competitiveness; strong ability in global logistics management, capable of achieving short fast delivery. Local offices established in New York, Los Angeles and Hong Kong, capable of satisfying the all-round service demands of customers from raw materials to finished products.
- 6) The operation management level of the company is committed to the sustainable operation.

Favorable factors to business development:

A. Stable raw material source:

- (a) Synthetic fiber: In recent years, with the rapid development of the petrochemical industry in Taiwan, the production capacity of the downstream man-made fibers, processed yarns are driven to expand, and the production capacity of polyester fibers is

also ranked top 4th worldwide. For knitted fabric, synthetic fiber can be obtained easily and the supply source is stable while the price of raw material is also lower than other competitors in, such as Japan and the US.

- (b) Spun: Under the impact of global climate change, the annual production quantity and price of natural fibers also fluctuate. To ensure the stable raw material supply source, the company engages in long-term cooperation with well-known suppliers, such as: Tai Yuen Textile and Far Eastern New Century, in order to ensure the stable source of yarns such that the Company is able to cooperate with the production progress and to arrange the lead time.
- (c) Elastic fiber yarns: The elastic fiber yarns used by the company mainly refer to the elastic fiber yarn of “Lycra” manufactured by Invista. In addition, the company signs contracts with suppliers for planned procurement such that the expected procurement quantity is arranged according to the annual order demand on a quarterly basis, and reasonable price are negotiated in order to ensure the quantity and quality of elastic yarns of the company.

B. Leading technology:

- (a) Knitting technology: Since elastic knitted fabrics are made from elastic yarns and general non-elastic yarns, to blend the two types of elastic and non-elastic yarns and to allow them to interlace with each other firmly without interferences while maintaining the original characteristics of synthetic fiber and spun, it is clear that requirements for the technology level are high. Since 1989, the company has cooperated with DuPont and accepted the technical guidance of DuPont engineers. Presently, the technology of the company is mature and is at the leading position in the industry.
- (b) Dyeing technology: Since elastic fibers behave in a way similar to rubber bands, and dyeing on rubber band is known to be difficult. This is mainly due to the reason that during the dyeing process at high temperature, the elastic yarn can be in a molten state or generate ripples. Through continuous research and development as well as testing for different high/low dyeing solution temperatures, curve graphs, the company has been able to achieve most optimal control on such process.

C. Strong R&D department:

The company established the R&D Department in 1993, and it is presently under the Planning Department, which is in charge of the research and development of new fabrics. This includes knitting, dyeing and post-processing treatment technologies. In addition, the company also establishes the Test Center for testing various qualification standards of textiles, such as: shrinkage rate test, color fastness test, physical test etc. The Planning and R&D Departments irregularly participate in the international textile trade shows, including the ISPO in Germany, Outdoor Retailer in US etc., in order to provide fabrics successfully developed by and garment styles from Eclat on its own for buyer's selection, creating excellent brand image and reputation for the company as well as establishing reliable partnership with customers or branded manufacturers.

D. Global market expansion:

The Company positions the headquarters in Taiwan as the business center. Product development and business promotion are achieved through the utilization of technologies, in order to understand the consumer market status, to collect fashion trend information, and to receive orders and service customers without space limitation. In addition, in all major consumer markets worldwide, the company has agents in a long-term relationship with the company in order to represent the company in the business and sales of fabrics and garments.

Regarding the production site, for the production of knitted fabrics, due to the factors that the production technology requirement is high, investment cost is large, and customer designates for products made in Taiwan, Eclat has established knitting, setting, digital printing and quality inspection packaging factories in Hsichou, Miaoli, and dyeing factory in Dayuan, Taoyuan. In terms of overseas factories, there is a knitting and dyeing factory, Eclat Fabrics (Vietnam) Co., Ltd in Vietnam. Regarding the production of garments, the company has established Eclat Textile Co., Ltd(Vietnam), Colltex Garment Mfy Co., Ltd.(Vietnam), E-Top (Vietnam) Co., Ltd, Tai-Yuan Garments Co., Ltd.(Vietnam), Eclat Textile (Cambodia) Co., Ltd. and PT Eclat Textile International (Indonesia) in order to distribute the risk of centralized production site, and to expand the production scale, in order to satisfy the production capacity demand. In addition, the company has also established strategic alliance OEM factories in various areas of Lesotho of South

Africa, Vietnam and China. Presently, the company production site layout is as shown in the table below:

Operating Offices	Taiwan Taipei Headquarters	
Production Sites	Fabrics	Garments
	Hsichou knitting, setting, digital printing and packaging factory, Tashan knitting factory, Dayuan dyeing factory, Eclat Fabrics (Vietnam) Co., Ltd.	Eclat Textile Co., Ltd(Vietnam), Colltex Garment Mfy Co., Ltd.(VN), E-Top (Vietnam) Co., Ltd., Tai-Yuan Garments Co., Ltd., (Vietnam),Eclat Textile (Cambodia) Co., Ltd., PT Eclat Textile International (Indonesia) and strategic alliance OEM factories in Lesotho, Vietnam and China, etc.

Unfavorable factors affecting future development and countermeasures:

A. Unfavorable factors:

- a. For the textile market, the price competition is more intense due to the low price products from Southeast Asia countries, such as Vietnam, India, Pakistan, and countries of Korea and China etc.
- b. After the global market expansion, the localization ratio of the management team is insufficient, causing difficulty in the management thereof.
- c. Labor cost is high, and OEM profit is low.
- d. Formation of regional economy, leading to greater trade protection.

B. Countermeasures:

a. Production innovation:

1. Innovation in production design:

R&D personnel shall obtain the trend information at all times, perform self-development or collect latest products, provide such products to sales personnel.

2. Innovation in marketing and sales:

Sales personnel shall provide services based on the customer-oriented approach, and cooperate closely with the R&D personnel in order to jointly design and provide products demanded by the customers, or even generate additional customer demand.

3. Innovation in administrative operation:

Introduction of e-system; through the establishment of ERP, provide the production and sales enterprise mode that is of fast innovation, fast R&D, fast production and fast sales to customers and suppliers.

Through the creation of corporate innovation culture and global logistics electronic assistance, provide value-added products to customers in order to increase the competitiveness of the company.

b. Marketing and sales strategy:

1. Short-term:

Prompt response, close to market, enhance the cooperation with customers, establish close relationship with customers as partners, and increase the efficiency of the supply chain. In addition, when customers choose to cooperate with suppliers with advanced operation procedures and systems in the future, the company is able to reduce the risk, lower the production development cost and improve the production capability.

2. Medium-term:

Based on the concern of a more efficient supply chain management, European and American customers will shift their procurement subjects to suppliers with the vertical integration ability and capable of providing the complete service from raw material to finished product or even design service. Accordingly, the company will exploit its advantage in vertical integration as a supplier in order to provide a complete solution and service in ODM model to customers such that the relationship with customers is strengthened further.

Establish "Brand Partner". Based on the consideration of the trend that large scale of international buyers and brand retailers tend to become greater in scale, the primary markets will be gradually dominated by several large brand companies.

Regardless of whether it is for the agency of foreign brands, seeking agency for new brands, obtaining licensed production from foreign well-known brand manufacturers, the company will provide a one-stop shop for all model of production service from finished fabrics to finished garments in order to satisfy the demands of customers completely.

3. Long-term:

Establish excellent branding reputation as an ODM supplier, and improve product added values. Actively establish the global

logistics channel mapping, spread out the production locations, and choose a production region with competitiveness for manufacturing. Regarding strategy, Taiwan serves as the operation center in charge of design, research and development, order receiving, management of order distribution and customer service in Taiwan. In addition, in view of the global regional economy development, the company will establish domestic factories for production for countries with greater tariff advantages in order to increase competitiveness.

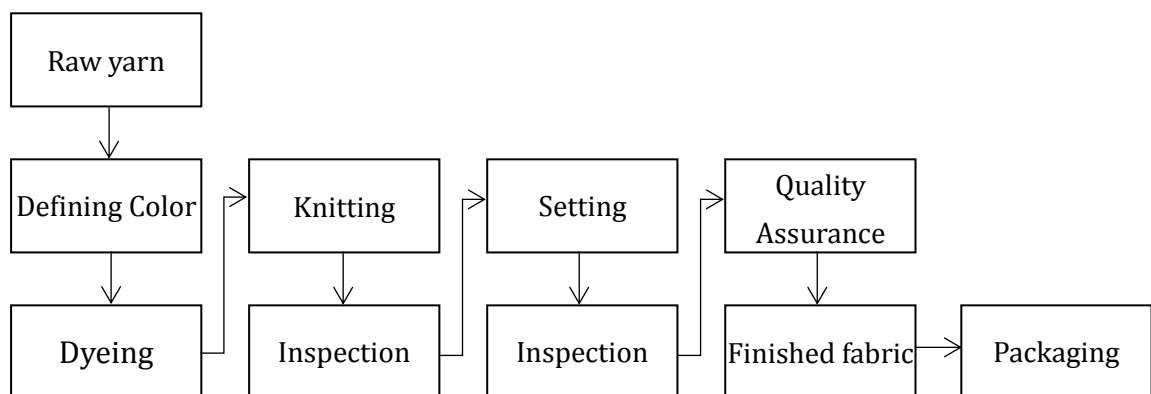
5.2.2 Production Procedures of Main Products:

1. Key purpose of main products

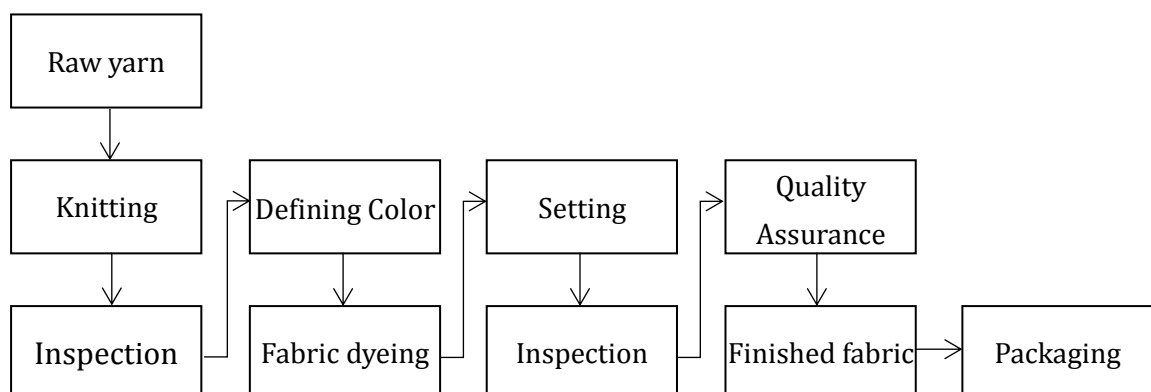
The main products of the company include fabrics for garments that are made from man-made fibers, and blended yarn fibers; among which, circular knitting elastic knitted fabric is a key product of the company. The fabrics manufactured by the company are widely used in recreation wear, sportswear and yoga wear etc. following the latest fashion trend in the market.

2. Production process of main products

(1) Yarn-dye:



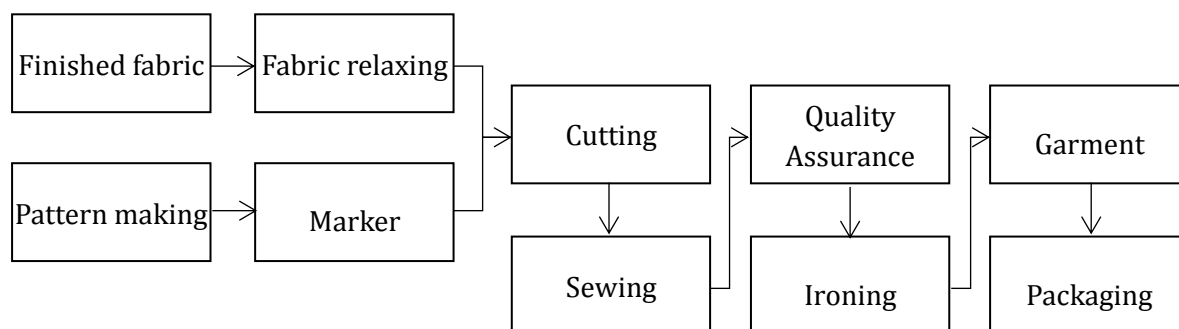
(2) Piece-dye:



(3) Post-processing:

According to different types of fabrics, the processes of printing, embossing, folding, burn-out printing, fleece finishing, brushing, shearing.

(4) Finished garment:



5.2.3 Supply Status of Main Materials:

Main industrial Division	Product Name	Main raw material		
		Raw material name	Main supply source	Supply status
Fabric Division	Knitted fabric	Grey yarn	Taiwan and Vietnam	Stable
		Elastic yarn	Singapore, Vietnam and Taiwan	Stable
Garment Division	Garment	Finished fabric	Self-manufactured and Taiwan, Vietnam	Stable

5.2.4 Name of customers accounted for more than 10% of total purchase/sales amount of the company in the most recent two years or in any year and the purchase/sales amount and ratio thereof:

1. Name of customers accounted for more than 10% of total sales amount of the company in the most recent two years and its sales amount and ratio:

Unit: NTD 1,000

	2020				2021				Up to the last quarter of 2022			
Item	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	A	4,122,199	14.63	None	A	4,650,345	12.95	None	A	1,367,658	13.44	None
	Others	24,053,202	85.37		Others	31,266,902	87.05		Others	8,810,305	86.56	
	Net sales amount	28,175,401	100.00		Net sales amount	35,917,247	100.00		Net sales amount	10,177,963	100.00	

2. Name of suppliers accounted for more than 10% of total purchase amount of the company in the most recent two years and its purchase amount and ratio:

Unit: NTD 1,000

	2020				2021				Up to the last quarter of 2022			
Item	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	-	-	-	-	A	1,814,727	10.52	-	A	383,429	10.36	-
	Others	11,540,464	100.00	-	Others	15,430,388	89.48	-	Others	3,316,753	89.64	-
	Net purchase amount	11,540,464	100.00	-	Net purchase amount	17,245,115	100.00	-	Net purchase amount	3,700,182	100.00	-

The main raw materials of the knitted fabrics manufactured by the Company are synthetic, spun and elastic fibers. For elastic fibers, the Company uses the "Lycra" manufactured by the Lycra Company, and spandex manufactured by Formosa Asahi and Hyosung. For synthetic fibers, the main suppliers include Toung Loong, Zig Sheng, Nan Ya, Italon and Shin Kong. For staple fibers, they are from well-known manufacturers cooperate with the Company. The Company has established long-term relationship with the suppliers, and the supply sources are stable such that there is no concern in the situation of the shortage, interrupt or overly concentrated supply.

5.2.5 Production in the Last Two Years

Unit: NTD 1,000

Year		2020			2021		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Knitted fabric	Tons	23,230	20,108	8,628,154	24,267	28,009	13,084,682
Garment	Dozen	-	4,637,303	13,277,027	-	5,254,773	13,642,942

5.2.6 Sales quantity table for the most recent two years

Unit: NTD 1,000

Year		2020				2021			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Knitted fabric	Tons	883	118,818	15,467	7,912,937	1,101	190,999	22,973	12,174,046
Garment	Dozen	5,070	22,001	7,807,855	20,121,645	8,004	63,472	9,718,411	23,488,730

5.3 Human Resources:

Year		2020	2021	Up to 2022.3.31 of the current year
Number of employees	Direct labor	12,646	11,576	11,967
	Indirect labor	2,045	2,311	2,669
	Company staff	1,949	2,203	2,173
	Total	16,640	16,090	16,809
Average age		30.75	31.62	31.61
Average service year		4.18	4.73	4.63
Education	PhD	0	0	0%
	Masters	1	1	1%
	Bachelor's Degree	11	12	12%
	Senior High School	32	35	38%
	Below Senior High	56	52	49%

5.4 Environmental Protection Expenditure

1. According to the laws and regulations, regarding the application of pollution facility installation permit license or pollution emission permit license or required payment for pollution control fees or requirement on

the installation of dedicated unit/personnel for environmental protection, please refer to the following description on the application, payment or establishment status thereof:

(1) Waste water, air emission, discarded fabrics and residual yarns possibly generated during the production process of textiles of the company. Regarding the waste water and air emission treatment, the company has installed the waste water and air emission treatment equipment in the factories of the company. For the waste treatment, presently the company follows the waste classification requirements, and performs the preliminary collection inside the factories, followed by handling such wastes to professional environmental service contractors approved by the Environmental Protection Administration for handling.

(2) According to the laws and regulations, relevant permit licenses obtained by the company are as follows:

Factory name	Application unit	Permit license type	Relevant laws	Certificate No.	Valid period
Hsichou Plant	Miaoli County Government	Water pollution control permit license	Water Pollution Control Act	Miao-Hsien-Huan-Pai Permit No. 00031-12	2020.12.10 -2025.12.09
Hsichou Plant	Miaoli County Government	Stationary pollution source Operational permit license	Air Pollution Control Act	Miao-Fu-Huan-Tsao Certificate No. K0308-06	2019.12.12 -2023.11.28
Hsichou Plant	Miaoli County Government	Stationary pollution source Operational permit license	Air Pollution Control Act	Miao-Fu-Huan-Tsao Certificate No. K0309-07	2018.05.24 -2023.05.23
Hsichou Plant	Miaoli County Government	Stationary pollution source Operational permit license	Air Pollution Control Act	Miao-Fu-Huan-Tsao Certificate No. K0878-04	2019.11.27 -2023.12.01
Hsichou Plant	Miaoli County Government	Stationary pollution source Operational permit license	Air Pollution Control Act	Miao-Fu-Huan-Tsao Certificate No. K0984-00	2020.03.06 -2025.03.05
Hsichou Plant	Miaoli County Government	Waste disposal plan	Waste Disposal Act	Miao-Fu-Huan-Fei-Zi No. 1100078857	2021.11.19 -2026.11.20
Dayuan Plant	Taoyuan City Government	Stationary pollution source Operational permit license	Air Pollution Control Act	Tsao Certificate No. H2978-08	2021.01.20 -2026.01.19
Dayuan Plant	Taoyuan City Government	Water pollution control permit license	Water Pollution Control Act	Tao-Shi-Huan-Pai Permit No. H3241-06	2021.12.22 -2026.12.21
Dayuan Plant	Taoyuan City Government	Waste disposal plan	Waste Disposal Act	Fu-Huan-Certificate No. 1011140009	2020.02.09 -2026.02.09

Factory name	Application unit	Permit license type	Relevant laws	Certificate No.	Valid period
E-Top (Vietnam) Co., Ltd	Resource Environmental Protection Agency	Environmental Protection Assessment Report Decision	Environmental Protection Act (55 / 2014 / QH13)	128 / QD-BQL-MT	Permanent
E-Top (Vietnam) Co., Ltd	Resource Environmental Protection Agency	Hazardous Waste Gas Source Registration Log	Regulations Governing Hazardous Wastes 12 / 2011 / TTBTNMT	QLCTNH: 77.000742.T	Permanent
Eclat Textile Co., Ltd(Vietnam)	Resource Environmental Protection Agency	Environmental Protection Assessment Report Decision	Environmental Protection Act (55 / 2014 / QH13)	3905 / QD-UBND	Permanent
Eclat Textile Co., Ltd(Vietnam)	Resource Environmental Protection Agency	Hazardous Waste Gas Source Registration Log	Regulations Governing Hazardous Wastes 12 / 2011 / TTBTNMT	QLCTNH: 75.001016.T	Permanent
Eclat Fabrics Co., Ltd (Vietnam)	Resource Environmental Protection Agency	Hazardous Waste Gas Source Registration Log	Regulations Governing Hazardous Wastes 12 / 2011 / TTBTNMT	QLCTNH: 77.000715.T	Permanent
Eclat Fabrics Co., Ltd (Vietnam)	Resource Environmental Protection Agency	Environmental Protection Assessment Report Decision	Environmental Protection Act (55 / 2014 / QH13)	394 / QD-STNMT	Permanent
Eclat Fabrics Co., Ltd (Vietnam)	Industrial Zone Management Bureau	Environmental Protection Assessment Report and Environmental Protection Construction Acceptance Confirmation Letter	Environmental Protection Act (55 / 2014 / QH13)	421 / XN-BQL-MT	Permanent
Eclat Fabrics Co., Ltd (Vietnam)	Provincial Government	Waste water discharge license	Environmental Protection Act (55 / 2014 / QH13)	07 / GP-UBND	2026.03.25
Tai-Yuan Garments Co., Ltd.	Resource Environmental Protection Agency	Environmental Protection Assessment Report Decision	Environmental Protection Act (29 / 2011 / ND-CP)	H3 / QD-BQLKKT	Permanent
Colltex Garment Mfy Co., Ltd.(VN)	Resource Environmental Protection Agency	Environmental Protection Assessment Report Decision	Environmental Protection Act (29 / 2011 / ND-CP)	1184 / QD-UBND	Permanent
Colltex Garment Mfy Co., Ltd.(VN)	Resource Environmental Protection Agency	Hazardous Waste Gas Source Registration Log	Regulations Governing Hazardous Wastes 12 / 2011 / TTBTNMT	QLCTNH: 72.000174.T	Permanent
Colltex Garment Mfy Co., Ltd.(VN)	Resource Environmental Protection Agency	Environmental Protection Assessment Report Decision	Environmental Protection Act (18 / 2015 / ND-CP)	1037 / QD-UBND	Permanent

Factory name	Application unit	Permit license type	Relevant laws	Certificate No.	Valid period
Eclat Textile (Cambodia) Co., Ltd.	Bureau of Environment	Environmental Protection Assessment Report Decision	Labor's Act 1269 / 36 / 19961224	Bureau of Environment Certificate SORCHON0160	Permanent

(3) Payment of pollution control fees according to the laws and regulations.

(4) Environmental protection dedicated personnel required to be staffed according to the scale, manufacturing process characteristics and regulatory requirements for each production factory:

Factory name	Name	Dedicated Technology	Qualification Certification No.
Hsichou Plant	Pao-Kuei Wang	Class B Waste Treatment Technician	(2003) EPA-Training Certificate No. HB090773
Hsichou Plant	Yuan-Ming Chung	Class B Waste water treatment dedicated	(2000) EPA-Training Certificate No. GB120347
Dayuan Plant	Kuan-En Lin	Class A Waste water treatment dedicated	(2011) EPA-Training Certificate No. GA150559
Dayuan Plant	Yu-Hui Peng	Class A Waste Professional Engineer	(2016) EPA-Training Certificate No. HA310394
Eclat Fabrics Co., Ltd (Vietnam)	Hu Thi dào	Environmental protection technician	Environmental Technology University No. 00113573

2. Investment in main equipment for environmental control pollution and its purpose and possible benefits:

December 31, 2021; Unit: NTD 1,000

Equipment name	Quantity	Acquisition date	Investment and modification cost	Nondepreciating balance amount	Purpose and expected possible benefit
Hsichou Plant electrostatic precipitator	1 set	1998.10.31	8,781	0	Treatment of waste gas to comply with the emission standard
Hsichou Plant electrostatic precipitator	1 set	2012.03.14	6,705	1	Treatment of waste gas to comply with the emission standard
Hsichou Plant setting electrostatic precipitator	1 set	2015.11.09	9,833	0	Treatment of waste gas to comply with the emission standard

Equipment name	Quantity	Acquisition date	Investment and modification cost	Nondepreciating balance amount	Purpose and expected possible benefit
Hsichou Plant waste water treatment construction	1 set	1999.11.16	9,910	0	Treatment of waste water to comply with the discharge standard
Hsichou Digital Print Plant electrostatic precipitator	1 set	2019.08.01	5,750	3,354	Treatment of waste gas to comply with the emission standard
Hsichou Plant waste water treatment precipitator	1 set	2020.11.25	6,966	5,591	Treatment of waste water to comply with the discharge standard
Dayuan Plant setting electrostatic precipitator	1 set	2010.10.01	6,816	1,993	Treatment of waste gas to comply with the emission standard
Dayuan Plant waste water treatment system improvement construction	1 set	2013.10.28	22,303	557	Treatment of waste water to comply with the discharge standard
Dayuan Plant waste water treatment equipment Phase 2 construction	1 set	2014.07.01	10,733	0	Treatment of waste water to comply with the discharge standard
Dayuan Plant setting electrostatic precipitator	1 set	2020.02.03	12,850	8,929	Treatment of waste gas to comply with the emission standard
Eclat Textile Co., Ltd (Vietnam) living sewage treatment system	1 set	2015.12.28	4,726	0	Treatment of waste water to comply with the discharge standard
Eclat Fabrics Co., Ltd (Vietnam) waste water system equipment	1 set	2015.01.01	28,665	15,435	Treatment of waste water to comply with the discharge standard (Class A standard)
Eclat Fabrics Co., Ltd (Vietnam) setting electrostatic precipitator	1 set	2009.06.01	9,245	0	Treatment of waste gas to comply with the emission standard
Eclat Fabrics Co., Ltd (Vietnam) setting electrostatic precipitator	1 set	2018.12.06	17,758	12,222	Treatment of waste gas to comply with the emission standard

Equipment name	Quantity	Acquisition date	Investment and modification cost	Nondepreciating balance amount	Purpose and expected possible benefit
Tai-Yuan Garments Co., Ltd. living sewage treatment system	1 set	2015.03.26	2,409	1,751	Treatment of waste water to comply with the discharge standard
Colltex Garment Mfy Co., Ltd.(VN) living sewage treatment system	1 set	2016.03.16	2,471	0	Treatment of waste water to comply with the discharge standard
Colltex Garment Mfy Co., Ltd.(VN) living sewage treatment system	1 set	2018.04.03	2,354	579	Treatment of waste water to comply with the discharge standard
E-TOP (Vietnam) Co., Ltd. living sewage treatment system	1 set	2018.09.05	8,786	7,004	Treatment of waste water to comply with the discharge standard
E-TOP (Vietnam) Co., Ltd living sewage filter system	1 set	2020.05.01	209	186	Treatment of waste gas to comply with the emission standard
E-Top (Vietnam) Co., Ltd. pad printing room activated carbon filtering system (additional construction)	1 set	2021.02.02	203	188	Treatment of waste gas to comply with the emission standard

3. History of environment protection improvement of the company in the recent years to the printing date of the annual report:

Factory	Project	2020	2021
Hsichou Plant	Replacement of lighting into high power LED lighting fixtures	Saving electricity of 13,003 kWh	Saving electricity of 8,136 kWh
Dayuan Plant	Sludge drying and weight reduction operation	Reduction amount of 1,362 tons	Reduction amount of 1,220 tons
Dayuan Plant	Team condensing water recycling and reuse	Saving water of 122,407 tons	Saving water of 140,938 tons
Eclat Fabrics Co., Ltd (Vietnam)	Replacement of lighting into high power LED lighting fixtures	Saving electricity of 157,315 kWh	Saving electricity of 132,400 kWh
Eclat Fabrics Co., Ltd (Vietnam)	Sludge drying and weight reduction operation	Reduction amount of 1,594 tons	Reduction amount of 1,106 tons

Factory	Project	2020	2021
Eclat Fabrics Co., Ltd (Vietnam)	Blower efficiency improvement plan	Saving electricity of 109,600 kWh	Saving electricity of 321,105 kWh
Eclat Fabrics Co., Ltd (Vietnam)	Cooled water thermal energy recycle plan	Saving electricity of 1,900,000 kWh	Saving electricity of 3,708,910 kWh
Eclat Fabrics Co., Ltd (Vietnam)	Wastewater plant air compressor reduction plan	Saving electricity of 320,398 kWh	Saving electricity of 149,897 kWh
Eclat Fabrics Co., Ltd (Vietnam)	Soft water room water recycle plan	Saving water of 8,578 tons	Saving water of 15,421 tons

4. Total amount of losses (including indemnification) and penalties of the company in recent years and up to the printing of the annual report due to environmental pollution and future countermeasures as well as possible expenses: None.

5.5 Labor Relations

5.5.1 Employee Welfare

The company values humanity and people caring the most, as one of the operation principles. Caring employees both physically and mentally and providing them sufficient hygiene factors, the company often initiates and sponsors employee welfare relevant programs to enable employees to concentrate at work with their best efforts. Moreover, an Employee Welfare Committee is established to plan and execute welfare related activities for all employees. The current employee welfare programs mainly consists of as follows:

1. Regular benefits:

National health insurance, labor insurance, group insurance, traveling safety insurance, appropriation of pension reserve, appropriation of overdue wage repayment fund and appropriation of occupational disaster insurance.

2. Special benefits:

Happy day (Getting off work one hour earlier) once a week, health examination, commute vehicle, overseas employee dormitory (application based), meal and dining subsidy, library, fitness center, yoga class, nursery room, rent and education allowance for overseas employee

3. Employee Welfare Committee activities:

Monthly birthday gift giving, employees and department gathering lunch/dinner twice a year, company trips, and welfare fund subsidy for marriage and funeral events, holiday benefits.

4. Employee incentive reward:

The revenue and profit performance at the first half of 2021 were outstanding. To encourage the employees, the board of directors of the Company has reached resolution to approve the additional distribution of incentive reward.

5.5.2 Employee Development and Training Programs:

The Company provides training courses to employees timely, including the new employee orientation, on-the-job training (OJT), management skills training and other advanced trainings. In addition, the company also provides customized training on professional knowledge and skills to employees of different job functions.

In 2021, the trainings (including internal and external trainings) organized by the company have a total of 75,208 personnel participating in such trainings; approximately 576,355.72 training hours; the annual training expense is approximately NT\$ 1,353 thousand.

5.5.3 Retirement Program and Status quo:

The Company handles the employee retirement program in accordance with relevant laws of competent authority, and the retirement program covers all officially employed staff. According to the requirements of the regulations, the “Labor Standards Act” is applicable to the payment of employee pension fund, and the calculation of the pension is based on the base figure obtained from the service period and the average of monthly salary of six months before the retirement. Regarding the aforementioned number of bases, two bases are given to each full year of service rendered for the service of the first 15 years, and starting from the sixteenth year, one base is given to each full year of service rendered. Under such retirement regulations, the full amount of the pension payment is completely borne by the company.

Since the implementation of the “Labor Pension Act” (hereinafter referred to as the “new system”) on July 1, 2005, employees may choose to apply the “Labor Standards Act” or choose to use the new system and reserve the service years before the application of the Act. For employees with the applicability of the original “Labor Standards Act” choose to the use of the new system for the service year or employees on board at work after the implementation of the new system, then their service years are changed to the defined contribution plan, and the payment of the pension

is handled by the company through the appropriation of no less than 6% of the monthly wage on a monthly basis for saving into each worker's individual pension account.

5.5.4 Important Agreements between Labor and Employer:

With an approval of the board of directors in this fiscal year, under the circumstance that the company continue to grow and make profit, all employees are entitled a salary raise of 2.5% to 5% in average to keep up with inflation, in addition to the distribution of individual performance bonus.

5.5.5 Preservation mechanism of welfare and benefits of employees

People managers of each department not only have effective communication with their staff through periodic business meetings, production and sales meetings, as well as individual performance review occasions, but through a yearly employee opinion survey, in which both parties have transparent two-way communication and confirmation about improvement directions. All of such activities make a harmonic labor relation.

Besides, the company sets up a suggestion box and various grievance channels, served by the designated staff to give instant response and make sure no infringement on employees' rights.

5.5.6 Up to date, there have been no labor disputes in the company; therefore, the company has not suffered loss due to labor dispute. Under the harmonic labor relations, the possibility of loss due to labor dispute in the future is slim.

5.6 Cyber Security Management:

(1) Describe the cyber security risk management architecture, cyber security policy, specific management solution and resources invested in cyber security management.

- Management structure of information security

1. Top management: Approving policy of information security, providing resources and auditing significant security procedures.
2. IT office: Responsible for planning, executing and promoting information security. Conduct independent and objective assessment periodically each year to reflect the latest status quo of the Company's information security management policy, regulation, technology and business, so as to ensure the effectiveness and feasibility of information security practical operation.
3. Internal audit office: Responsible for regular or irregular information

security checking. Reporting the auditing results to the Audit Committee and then submitting to the Board of Directors.

4. All the staff: Complying with all kinds of information security policies, procedures and operation requirements.

- Policy of Information Security

To ensure the confidentiality, completeness and accessibility is secured during the process of data processing and circulation. Avoiding company's resources from being interfered, damaged, invaded or any other malicious attempts by inadequate factors. Every internal department should comply with all kinds of information security measures and norms to ensure the firm's operation and development.

- Information security management measures

1. The Company establishes the "Information Security Management Essentials" to norm the executive requirements of information security.
2. Examining the information security environment periodically each year based on the "Information Security Auditing Checklist". Conducting risks assessment to implement controlling measures.
3. The Company has "Disaster Recovering Plans" to disclose the reporting procedures, authority units and execution steps when information accident happens.
4. The measures of information security are listed below:

Item	Description	Measures Plan and resources
Environmental safety	<ul style="list-style-type: none"> ● Machine room environment management ● Network disconnection and interruption risk ● Regulate equipment procurement and services contract ● Compliance 	<ul style="list-style-type: none"> ● Machine room environment security management and access registration ● Establish backup circuit lines ● Isolation of network segment ● IT equipment destroy procedures ● profile offering, searching and deleting
System availability	<ul style="list-style-type: none"> ● System status reporting ● Abnormal status process ● Disaster immediate recovery 	<ul style="list-style-type: none"> ● System and internet status surveillance ● Data and offsite backup ● Regular drill
Access control	<ul style="list-style-type: none"> ● Data access control measures ● Connection equipment control ● External connection 	<ul style="list-style-type: none"> ● Authority set up ● Account management ● Regulate portable access devices ● Blocking connection of

Item	Description	Measures Plan and resources
	control	unsecured equipment ● Preserving action trace
External threats	<ul style="list-style-type: none"> ● System weakness detection and reinforcement ● Establish protection measurements 	<ul style="list-style-type: none"> ● Firewalls ● Virus protection and malware detection and blocking ● Enhance personnel information security education and control

- Cyber security risks and responsive measures

Despite that the Company has implemented detection, protection, prevention, backup equipment and software according to the information security management requirements, network attack techniques continue to evolve and the Company cannot completely assure that the system is secured from all attacks such that system crashes may still occur, leading to improper internal operation, and data effective transmission can be affected. The scope of impact includes the aspects of sales, production, shipping and accounting, such that the operation and business reputation of the Company can be adversely affected. The Company will continue to enhance the information security protection measures and will also timely implement protective devices and systems and request all employees of the Company and cooperating suppliers to comply with the information security principles rigorously, in order to prevent computer virus infection, phishing events that may lead to the disclosure of information or occurrence of network blackmails, thereby reducing the possible impact caused by information security risk to the minimum.

- (2) Up to the printing of the annual report, Loss from Major Information Security Incidents, Potential Impact, and Corresponding Response Measures or Major cyber security events: None.

5.7 Important contracts: None.

VI. Financial Overview

6.1 Five-Year Financial Summary

(1) Condensed Balance Sheet and Comprehensive Income Statement - International Financial Reporting Standards (IFRS) – Consolidated

Condensed Balance sheet

Unit : NTD1,000

Year Item		Financial information for the most recent 5 years					Year-to-date Financial information on March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Current assets		9,554,854	11,393,505	12,148,471	14,857,735	15,823,176	17,455,222
Property, plant and equipment		9,916,705	10,037,149	10,600,139	10,383,556	12,064,535	12,945,398
Intangible assets		24,969	20,547	18,619	23,285	18,655,	17,097
Other assets		569,886	689,681	552,191	1,181,849	1,372,401	1,364,490
Total assets		20,066,414	22,140,882	23,319,420	26,446,425	29,278,767	31,782,207
Current liabilities	Before distribution	4,856,740	5,194,388	5,106,826	6,627,539	7,026,763	7,446,430
	After distribution	7,463,227	8,212,426	8,124,864	9,645,577	Undistributed	Undistributed
Non-current liabilities		137,428	15,464	88,842	650,902	1,102,573	1,217,985
Total Liabilities	Before distribution	4,994,168	5,209,852	5,195,668	7,278,441	8,129,336	8,664,415
	After distribution	7,600,655	8,227,890	8,213,706	10,296,479	Undistributed	Undistributed
Equity attributable to Shareholders of the parent		15,072,246	16,931,030	18,123,752	19,167,984	21,149,431	23,117,792
Share capital		2,743,671	2,743,671	2,743,671	2,743,671	2,743,671	2,743,671
Capital surplus		3,769,437	3,769,547	3,769,547	3,769,547	3,769,547	3,769,547
Retained Earnings	Before distribution	8,663,238	10,424,674	11,699,576	12,946,471	15,065,660	16,856,273
	After distribution	6,056,751	7,406,636	8,681,538	9,928,433	Undistributed	Undistributed
Other equity		(104,100)	(6,862)	(89,042)	(291,705)	(429,447)	(251,699)
Treasury shares		0	0	0	0	0	0
Non-controlling interests		0	0	0	0	0	0
Total Equity	Before distribution	15,072,246	16,931,030	18,123,752	19,167,984	21,149,431	23,117,792
	After distribution	12,465,759	13,912,992	15,105,714	16,149,946	Undistributed	Undistributed

* If the Company has prepared individual financial report, the Individual Condensed Balance Sheet and Comprehensive Income Statement for the Most Recent Five Years shall be prepared.

Note 1: 2022 1st quarter financial information had been reviewed by CPA.

Condensed Comprehensive Income Statement

Unit : NTD1,000

<div> <div>Year</div> <div>Item</div> </div>	Financial information for the most recent 5 years					Year-to-date Financial information on March 31, 2022 (Note 1)
	2017	2018	2019	2020	2021	
Operating Revenue	24,231,970	27,578,209	28,125,136	28,175,401	35,917,247	10,177,999
Gross profit	6,666,213	7,947,510	8,114,159	8,078,742	9,491,147	2,723,165
Operating Income (Loss)	4,198,922	5,305,282	5,470,784	5,496,552	6,398,482	2,004,557
Non-operating income and expenses	(436,304)	167,867	(48,784)	(172,694)	(12,717)	192,868
Profit before tax	3,762,618	5,473,149	5,422,000	5,323,858	6,385,765	2,197,425
Continuing operations Net income	3,068,019	4,381,938	4,303,043	4,254,626	5,148,611	1,790,613
Loss of discontinuing operation	(15,964)	(2,184)	(3,794)	(92)	0	0
Net income	3,052,055	4,379,754	4,299,249	4,254,534	5,148,611	1,790,613
Total other comprehensive income (loss) (Net, after tax)	(251,642)	85,407	(86,440)	(192,264)	(149,126)	177,748
Total comprehensive income	2,800,413	4,465,161	4,212,809	4,062,270	4,999,485	1,968,361
Net profit attributed to Shareholders of the Parent	3,052,055	4,379,754	4,299,249	4,254,534	5,148,611	1,790,613
Net profit attributed to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributed to owners of the parent	2,800,413	4,465,161	4,212,809	4,062,270	4,999,485	1,968,361
Comprehensive income attributable to non-controlling shareholders	0	0	0	0	0	0
Earnings Per Share (Note 2)	11.12	15.96	15.67	15.51	18.77	6.53

* If the Company has prepared individual financial report, the Individual Condensed Balance Sheet and Comprehensive Income Statement for the Most Recent Five Years shall be prepared.

Note 1: 2022 1st quarter financial information has been reviewed by CPA.

Note 2: Earnings per share has been calculated based on the issued common shares with the weighted average method. For the increased number of shares due to capitalization from earnings or capital surplus, retroactive adjustment is made for the calculation.

(2) Condensed Balance Sheet and Comprehensive Income Statement - IFRS - Individual

Condensed Balance sheet

Unit : NTD1,000

Year Item		Financial information for the most recent 5 years					Year-to-date Financial information on March 31, 2022
		2017	2018	2019	2020	2021	
Current assets		8,356,609	9,976,078	10,025,838	12,420,894	13,484,625	Not applicable
Investment accounted for using the equity method		3,690,579	3,860,948	4,516,119	5,119,953	5,174,499	
Property, plant and equipment		6,158,612	6,149,445	6,716,581	7,236,086	8,105,180	
Intangible assets		15,713	9,104	5,111	13,427	6,652	
Other assets		86,947	210,834	161,559	172,534	254,006	
Total assets		18,308,460	20,206,409	21,425,208	24,962,894	27,024,962	
Current liabilities	Before distribution	3,107,052	3,265,929	3,261,834	5,189,630	5,372,873	
	After distribution	5,713,539	6,283,967	6,279,872	8,207,668	Undistributed	
Non-current liabilities		129,162	9,450	39,622	605,280	502,658	
Total liabilities	Before distribution	3,236,214	3,275,379	3,301,456	5,794,910	5,875,531	
	After distribution	5,842,701	6,293,417	6,319,494	8,812,948	Undistributed	
Equity attributable to Shareholders of the parent		Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
Share capital		2,743,671	2,743,671	2,743,671	2,743,671	2,743,671	
Capital surplus		3,769,437	3,769,437	3,769,547	3,769,547	3,769,547	
Retained Earnings	Before distribution	8,663,238	10,424,674	11,699,576	12,946,471	15,065,660	
	After distribution	6,056,751	7,406,636	8,681,538	9,928,433	Undistributed	
Other equity		(104,100)	(6,862)	(89,042)	(291,705)	(429,447)	
Treasury shares		0	0	0	0	0	
Non-controlling interests		Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
Total Equity	Before distribution	15,072,246	16,931,030	18,123,752	19,167,984	21,149,431	
	After distribution	12,465,759	13,912,992	15,105,714	16,149,946	Undistributed	

Condensed Comprehensive Income Statement

Unit : NTD1,000

Item \ Year	Financial information for the most recent 5 years					Year-to-date Financial information on March 31, 2022
	2017	2018	2019	2020	2021	
Operating Revenue	24,196,831	27,558,271	28,074,641	28,057,641	35,835,602	Not applicable
Gross profit	6,163,277	7,307,776	7,519,402	7,429,572	8,629,190	
Operating Income	4,134,585	5,188,123	5,333,674	5,363,684	6,102,499	
Non-operating income and expenses	(407,742)	266,326	66,422	(52,279)	240,718	
Profit before tax	3,726,843	5,454,449	5,400,096	5,311,405	6,343,217	
Continuing operations Net income	3,052,055	4,379,754	4,299,249	4,254,534	5,148,611	
Net income	3,052,055	4,379,754	4,299,249	4,254,534	5,148,611	
Total other comprehensive income (loss) (Net, after tax)	(251,642)	85,407	(86,440)	(192,264)	(149,126)	
Total comprehensive income	2,800,413	4,465,161	4,212,809	4,062,270	4,999,485	
Net profit Attributable to Shareholders of the parent						
Net profit attributed to non-controlling interests						
Total comprehensive income attributed to owners of the parent						
Comprehensive income attributable to non-controlling shareholders						
Earnings Per Share(Note 1)	11.12	15.96	15.67	15.51	18.77	

Note 1: Earnings per share has been calculated based on the issued common shares with the weighted average method. For the increased number of shares due to capitalization from earnings or capital surplus, retroactive adjustment is made for the calculation.

(II) Names of auditors and audit opinions for the most recent 5 years

Year	Name of auditors' firm	Name of auditors	Audit opinion
2017	KPMG	Hsin-I Kuo, Hsiu-Lan Chen	Unqualified opinion
2018	KPMG	Hsin-I Kuo, Hsiu-Lan Chen	Unqualified opinion
2019	KPMG	Hui-Chih Kou, Hsin-I Kuo	Unqualified opinion
2020	KPMG	Hui-Chih Kou, Hsin-I Kuo	Unqualified opinion
2021	KPMG	Hui-Chih Kou, Hsin-I Kuo	Unqualified opinion

6.2 Five-Year Financial Analysis:

(I) Financial Analysis - International Financial Reporting Standards (IFRS) - Consolidated

Analysis Item (Note 3)		Year (Note 1)	Financial analysis for the most recent 5 years					As of March 31, 2022 (Note 2)
			2017	2018	2019	2020	2021	
Financial structure (%)	Debt to assets ratio		24.89	23.53	22.28	27.52	27.77	27.26
	Long-term capital to property, plant & equipment ratio		153.37	168.84	171.81	190.87	184.44	187.99
Solvency %	Current ratio		196.73	219.34	237.89	224.18	225.18	234.41
	Quick ratio		106.08	134.39	153.39	143.91	105.41	127.80
	Times interest earned		14,109.30	11,912.89	8,698.16	15,795.34	27,986.65	26,861.97
Management capacity	Receivables turnover ratio (times)		7.44	7.63	8.22	6.91	7.18	7.89
	Average collection days		49	47	44	52	50	46
	Inventory turnover ratio (times)		4.60	4.58	4.71	4.26	3.92	3.72
	Payables turnover ratio (times)		10.25	11.29	12.01	8.96	9.87	11.58
	Days sales outstanding		79	79	77	85	93	98
	Property, plant and equipment turnover ratio (times)		2.97	2.76	2.73	2.69	3.20	3.26
	Total asset turnover (times)		1.21	1.31	1.24	1.13	1.29	1.33
Profitability	Return on asset (%)		15.38	20.93	19.19	17.21	18.54	23.55
	Return on equity (%)		20.23	27.37	24.53	22.82	25.54	32.36
	Income before tax to Paid-in Capital ratio (%)		137.14	199.48	197.62	194.04	232.75	80.09
	Net Profit Margin (%)		12.60	15.88	15.29	15.10	14.33	17.59
	Earnings per Share (EPS) (NT\$)		11.12	15.96	15.67	15.51	18.77	6.53
Statement of Cash Flows	Cash flow ratio (%)		58.60	95.44	114.90	58.81	39.53	29.89
	Cash flow adequacy ratio (%)		77.91	88.79	96.89	87.70	67.14	86.74
	Cash reinvestment ratio (%)		0.11	10.62	12.22	3.54	(0.94)	7.39
Leverage	Operating leverage		1.83	1.72	1.76	1.76	1.67	1.58
	Financial leverage		1.01	1.01	1.01	1.01	1.00	1.00

Explanations for the variations of financial ratios for the last 2 years. (If the variation of increase/decrease is less than 20%, analysis may be exempted)

* Explanations for the variations of financial ratios reaching 20% for the last 2 years:

1. The decrease in quick ratio was mainly due to the increase in global raw material costs in Q4 of 2021, and the Company increased the inventory purchase amount to satisfy the future order production demand
2. Interest earned ratio increased, which was mainly due to the decrease of borrowing interest rate in 2021 such that the interest expense was reduced.
3. The increase in earnings per share (EPS) was mainly due to the increase in consumer demands driven by the economic recovery in global main consumption countries, leading to the strong growth of revenue and profit of the Company.
4. The decrease in cash flow ratio, Cash flow adequacy ratio and cash reinvestment ratio was mainly due to the significant increase in the inventory purchase amount in the Q4 of 2021 to satisfy the future orders production demand, leading to decrease in the cash flow from operating activities.

* If the Company has prepared individual financial report, the Individual Financial Ratio Analysis of the Company shall be further prepared.

Note 1: The fiscal year not yet audited by the independent auditors shall be indicated.

Note 2: Publicly listed company or companies with stocks traded at securities firm business places shall also incorporate the financial information up to the quarter before the printing date of the annual report for that year into analysis.

Note 3: Calculation formulas as follows:

1. Financial structure

(1) Debt to asset ratio = Total liabilities / Total assets.

(2) Long-term capital to property, plant & equipment ratio = (Total equity + non-current liabilities) / net property, plant & equipment.

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Times interest earned = net profit before interest and tax / interest expenses for the current period.

3. Management capacity

(1) Receivables turnover ratio (including account receivables and note receivables from operating activities) = net sales / average receivables balance (including account receivables and note receivables from operating activities).

(2) Average collection days = 365 / receivables turnover ratio.

(3) Inventory turnover ratio = cost of sales / average inventory.

(4) Payables turnover ratio (including account payables and note payables from operating activities) = cost of sales / average payables balance (including account payables and note payables from operating activities).

(5) Days sales outstanding = 365 / Inventory turnover ratio.

(6) Property, plant and equipment turnover ratio = net sales / average net property, plant and equipment.

(7) Total asset turnover = net sales / average total assets.

4. Profitability

- (1) Return on assets = (net Income + interest expenses * (1 - effective tax rate)) / average total assets.
- (2) Return on equity = net income / average equity.
- (3) Net profit margin = net Income / net Sales.
- (4) Earnings per share = (net profit or loss attributed to shareholders of the parent - preference dividend) / weighted average number of shares outstanding (Note 4).

5. Cash flow

- (1) Cash flow ratio = net cash provided by operating activities / current liabilities.
- (2) Cash flow adequacy ratio = five-year sum of cash from operations / five-year (sum of capital expenditures, inventory additions, and cash dividend).
- (3) Cash reinvestment ratio = (net cash provided by operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital) (Note 5).

6. Leverage:

- (1) Operating leverage = (net operating revenue - operating variable cost and expense) / operating income (Note 6).
- (2) Financial leverage = operating income / (operating income - interest expenses).

Note 4: The aforementioned calculation equation for earnings per share, please be aware of the following during the measurement:

1. It is calculated based on the number of weighted average outstanding common shares, rather than based on the number of shares already issued by the end of year.
2. For cash capital increase or treasury shares transactions, the circulation period has been considered in order to calculate the number of weighted average shares.
3. For earning converting into capital increase or capital surplus converting into capital increase, during the calculation of the earning per share for the previous year and semi-annually, retroactive adjustment has been made according to the ratio of the capital increase, but the issuance period of the capital increase is not yet considered.

Note 5: During the measurement of the cash flow analysis, please be aware of the following:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expense refers to the cash outflow of capital investment in each year.
3. Inventory increase is only counted when the ending balance is greater than the opening balance. If the inventory at the end of year decreases, then it is counted as zero for the calculation.
4. Cash dividends include the cash dividends of common stocks and preference shares.
5. Gross property, plant and equipment refer to the total amount of property, plant and equipment before deduction of accumulated depreciation.

Note 6: Issuer shall classify the operating cost and operating expense into fixed and variable. In case where estimation or subjective judgment is involved, issuer shall be aware of its reasonability and shall maintain the consistency of such cost and expense.

(II) Financial Analysis - International Financial Reporting Standards (IFRS) - Individual

Analysis \ Year		Financial analysis for the most recent 5 years					As of March 31, 2022
		2017	2018	2019	2020	2021	
Financial structure (%)	Debt to assets ratio	17.68	16.21	15.41	23.21	21.74	Not applicable
	Long-term capital to property, plant & equipment ratio	246.83	275.48	270.43	273.26	267.14	
Solvency %	Current ratio	268.96	305.46	307.37	239.34	250.98	
	Quick ratio	147.57	195.41	198.57	150.41	112.74	
	Times interest earned	791,361.78	80,667.93	37,960.87	42,074.12	69,936.14	
Management capacity	Receivables turnover ratio (times)	7.44	7.63	8.20	6.89	7.19	
	Average collection days	49.00	48.00	45.00	53.00	51.00	
	Inventory turnover ratio (times)	5.49	5.61	5.88	5.15	4.60	
	Payables turnover ratio (times)	10.20	11.47	12.01	8.52	9.15	
	Days sales outstanding	66.00	61.00	61.00	73.00	73.00	
	Property, plant and equipment turnover ratio (times)	3.93	4.48	4.18	3.88	4.42	
	Total asset turnover (times)	1.33	1.43	1.35	1.21	1.38	
Profitability	Return on asset (%)	16.78	22.77	20.71	18.39	19.83	
	Return on equity (%)	20.23	27.37	24.53	22.82	25.54	
	Income before tax to Paid-in Capital ratio (%)	135.83	198.80	196.82	193.59	231.19	
	Net Profit Margin (%)	12.61	15.89	15.31	15.16	14.37	
	Earnings per Share (EPS) (NT\$)	11.12	15.96	15.67	15.51	18.77	
Statement of Cash Flows	Cash flow ratio (%)	79.03	135.09	163.26	60.85	46.04	
	Cash flow adequacy ratio (%)	88.63	98.53	102.25	87.72	69.49	
	Cash reinvestment ratio (%)	(2.14)	9.52	11.50	0.67	(2.46)	
Leverage	Operating leverage	1.44	1.33	1.34	1.33	1.34	
	Financial leverage	1.00	1.00	1.00	1.00	1.00	
Explanations for the variations of financial ratios for the last 2 years. (If the variation of increase/decrease is less than 20%, analysis may be exempted)							
* Explanations for the variations of financial ratios reaching 20% for the last 2 years:							

1. The decrease in quick ratio was mainly due to the increase in global raw material costs in Q4 of 2021, and the Company increased the inventory purchase amount to satisfy the future orders production demand.
2. Interest earned ratio increased, which was mainly due to the decrease of borrowing interest rate in 2021 such that the interest expense was reduced.
3. The increase in earnings per share (EPS) was mainly due to the increase in consumer demands driven by the economic recovery in global main consumption countries, leading to the strong growth of revenue and profit of the Company.
4. The decrease in cash flow ratio, Cash flow adequacy ratio and cash reinvestment ratio was mainly due to the significant increase in the inventory purchase amount in the Q4 of 2021 to satisfy the future orders production demand, leading to decrease in the cash flow from operating activities.

6.3 Audit Committee's Review Report in the Most Recent Year

Audit Committee's Review Report

The Board of Directors prepares and submits the 2021 Business Report, Financial Statements and Profit Distribution Proposal etc., where the financial statements had been audited by KPMG's CPA Hui-Chih Kou and Hsin-I Kuo, and financial reports (including consolidated financial report) are issued. The aforementioned Business Report, Financial Statements and Profit Distribution Proposal have been reviewed by the Audit Committee and are considered to be conformed to requirements. Consequently, it is reported for review according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Respectfully submitted

The Company's 2022 Annual General Shareholders' Meeting

Eclat Textile Co., Ltd.

Audit Committee Convener: Ya-Kang Wang

March 3, 2022

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

Independent Auditors' Report

To the Board of Directors of Eclat Textile Co., Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of Eclat Textile Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") as well as related guidance endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were significant in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements taken as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters individually. Based on our judgment, the key audit matters that should be disclosed in this audit report are stated as follow:

Revenue recognition and cut off

Please refer to note 4(o) for details of the accounting policies of the recognition of revenue and note 6(n) operating revenues.

How the matter was addressed in our audit:

Revenue recognition of the Group is the main concern of the consolidated financial report users. Therefore, the assessment of revenue recognition is the key audit items in our audit.

Our principal audit procedures included:

Testing the design and implementation of internal control over revenue recognition, inspecting the accuracy of revenue recognition, reconciling between sales systems and general ledger, implementing cut off test of revenues and further inspecting related transaction documents to ensure that the revenue is recorded in the appropriate period.

Other Matter

Eclat Textile Co., Ltd. has prepared its individual financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRIC, interpretation as well as related regulations endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hui-Chih Kou and Hsin-Yi Kuo.

KPMG

Taipei, Taiwan (Republic of China)
March 3, 2022

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial statements of financial position, financial performance and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditor's audit 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 auditor's audit report and consolidated financial statements, the Chinese version shall prevail.

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

ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020				December 31, 2021		December 31, 2020	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 1,759,847	6	4,024,302	15	2100	Current borrowings (notes 6(g)(q))	\$ 1,346,632	5	1,342,832	5
1150	Notes receivable, net(note 6(b))	3,574	-	2,294	-	2150	Notes payable(note 6(q))	212,339	1	259,923	1
1170	Accounts receivable, net(note 6(b))	4,873,637	17	5,115,963	19	2170	Accounts payable (note 6(q))	2,375,555	8	2,509,229	9
1200	Other receivables, net	28,331	-	11,911	-	2200	Other payables (note 6(j))	1,537,535	5	1,203,560	5
1220	Current tax assets	8,800	-	-	-	2230	Current tax liabilities	1,245,259	4	1,080,875	4
1310	Inventories, net (note 6(c))	8,276,308	28	5,201,647	20	2280	Current lease liabilities (notes 6(i)(q))	18,219	-	18,148	-
1470	Other current assets (notes 6(f) and 8)	872,679	3	501,618	2	2320	Long-term liabilities, current portion (notes 6(h)(q)and 8)	96,667	-	-	-
Total current assets		15,823,176	54	14,857,735	56	2399	Other current liabilities, others	194,557	1	212,972	1
							Total current liabilities	7,026,763	24	6,627,539	25
Non-current assets:						Non-current liabilities:					
1550	Investments accounted for using equity method	-	-	2,149	-	2540	Long-term borrowings (notes 6(h)(q) and 8)	1,036,933	4	580,000	3
1600	Property, plant and equipment (notes 6(d), 7 and 8)	12,064,535	41	10,383,556	39	2570	Deferred tax liabilities (note 6(k))	-	-	6,440	-
1755	Right-of-use assets(note 6(e))	84,810	-	89,755	-	2580	Non-current lease liabilities (notes 6(i)(q))	62,847	-	61,953	-
1780	Intangible assets	18,655	-	23,285	-	2645	Guarantee deposits received	2,793	-	2,509	-
1840	Deferred tax assets (note 6(k))	131,274	1	97,126	1		Total non-current liabilities	1,102,573	4	650,902	3
1975	Net defined benefit asset, non-current (note 6(j))	67,470	-	6,824	-		Total liabilities	8,129,336	28	7,278,441	28
1990	Other non-current assets, others (notes 6(f) and 8)	1,088,847	4	985,995	4		Equity (notes 6(l)(s))				
Total non-current assets		13,455,591	46	11,588,690	44	3110	Ordinary share	2,743,671	9	2,743,671	10
						3200	Capital surplus	3,769,547	13	3,769,547	14
							Retained earnings:				
						3310	Legal reserve	3,612,376	12	3,185,883	12
						3320	Special reserve	291,705	1	89,042	-
						3350	Unappropriated retained earnings	11,161,579	38	9,671,546	37
							Total retained earnings	15,065,660	51	12,946,471	49
						3490	Other equity, others	(429,447)	(1)	(291,705)	(1)
							Total equity	21,149,431	72	19,167,984	72
Total assets		\$ 29,278,767	100	26,446,425	100		Total liabilities and equity	\$ 29,278,767	100	26,446,425	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the years ended December 31			
		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(n) and 7)	\$ 35,917,247	100	28,175,401	100
5000	Operating costs (notes 6(c)(d)(e)(i)(j)(o), 7 and 12)	<u>26,426,100</u>	<u>74</u>	<u>20,096,659</u>	<u>71</u>
	Gross profit from operations	<u>9,491,147</u>	<u>26</u>	<u>8,078,742</u>	<u>29</u>
	Operating expenses (notes 6(d)(e)(i)(j)(o), 7 and 12):				
6100	Selling expenses	1,736,179	5	1,375,374	5
6200	Administrative expenses	1,193,869	3	1,059,929	4
6300	Research and development expenses	<u>162,617</u>	<u>-</u>	<u>146,887</u>	<u>-</u>
	Total operating expenses	<u>3,092,665</u>	<u>8</u>	<u>2,582,190</u>	<u>9</u>
	Net operating income	<u>6,398,482</u>	<u>18</u>	<u>5,496,552</u>	<u>20</u>
	Non-operating income and expenses (notes 6(i)(p) and 7):				
7010	Other income	9,251	-	9,322	-
7020	Other gains and losses, net	(18,334)	-	(171,529)	(1)
7050	Finance costs	(22,899)	-	(33,920)	-
7060	Share of loss of associates accounted for using equity method, net	(2,113)	-	(6,564)	-
7100	Interest income	<u>21,378</u>	<u>-</u>	<u>29,997</u>	<u>-</u>
	Total non-operating income and expenses	<u>(12,717)</u>	<u>-</u>	<u>(172,694)</u>	<u>(1)</u>
7900	Income before income tax	6,385,765	18	5,323,858	19
7950	Less: Tax expense (note 6(k))	<u>1,237,154</u>	<u>4</u>	<u>1,069,232</u>	<u>4</u>
	Profit from continuing operations	<u>5,148,611</u>	<u>14</u>	<u>4,254,626</u>	<u>15</u>
8100	Loss from discontinued operations, net of tax (note 12(b))	<u>-</u>	<u>-</u>	<u>(92)</u>	<u>-</u>
8200	Profit (note 6(s))	<u>5,148,611</u>	<u>14</u>	<u>4,254,534</u>	<u>15</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurements from defined benefit plans(note 6(j))	(11,384)	-	10,399	-
8349	Income tax related to components that will not be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	<u>(11,384)</u>	<u>-</u>	<u>10,399</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements (note 6(k))	(172,178)	-	(253,328)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>34,436</u>	<u>-</u>	<u>50,665</u>	<u>-</u>
8300	Other comprehensive income, net of income tax	<u>(149,126)</u>	<u>-</u>	<u>(192,264)</u>	<u>(1)</u>
8500	Total comprehensive income	<u>\$ 4,999,485</u>	<u>14</u>	<u>4,062,270</u>	<u>14</u>
	Earnings per share (notes 6(m) and 12(b))				
9750	Basic earnings per share (in dollars)				
	Basic earnings per share from continuing operations	\$ 18.77		15.51	
	Basic loss per share from discontinued operations	<u>-</u>		<u>-</u>	
	Total basic earnings per share	<u>\$ 18.77</u>		<u>15.51</u>	
9850	Diluted earnings per share (in dollars)				
	Diluted earnings per share from continuing operations	\$ 18.76		15.51	
	Diluted loss per share from discontinued operations	<u>-</u>		<u>-</u>	
	Total diluted earnings per share	<u>\$ 18.76</u>		<u>15.51</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Retained Earnings						Other Equity	
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Total equity
Balance at January 1, 2020	\$ 2,743,671	3,769,547	2,756,589	6,862	8,936,125	11,699,576	(89,042)	18,123,752
Profit	-	-	-	-	4,254,534	4,254,534	-	4,254,534
Other comprehensive income (loss)	-	-	-	-	10,399	10,399	(202,663)	(192,264)
Total comprehensive income (loss)	-	-	-	-	4,264,933	4,264,933	(202,663)	4,062,270
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	429,294	-	(429,294)	-	-	-
Special reserve appropriated	-	-	-	82,180	(82,180)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,018,038)	(3,018,038)	-	(3,018,038)
Balance at December 31, 2020	2,743,671	3,769,547	3,185,883	89,042	9,671,546	12,946,471	(291,705)	19,167,984
Profit	-	-	-	-	5,148,611	5,148,611	-	5,148,611
Other comprehensive income (loss)	-	-	-	-	(11,384)	(11,384)	(137,742)	(149,126)
Total comprehensive income (loss)	-	-	-	-	5,137,227	5,137,227	(137,742)	4,999,485
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	426,493	-	(426,493)	-	-	-
Special reserve appropriated	-	-	-	202,663	(202,663)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,018,038)	(3,018,038)	-	(3,018,038)
Balance at December 31, 2021	\$ 2,743,671	3,769,547	3,612,376	291,705	11,161,579	15,065,660	(429,447)	21,149,431

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
Cash flows from (used in) operating activities:		
Profit from continuing operations before tax	\$ 6,385,765	5,323,858
Loss from discontinued operations before tax	-	(92)
Profit before tax	<u>6,385,765</u>	<u>5,323,766</u>
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	610,887	681,557
Amortization expense	21,459	21,047
Interest expense	22,899	33,920
Interest income	(21,378)	(29,997)
Share of loss of associates accounted for using equity method	2,113	6,564
Loss (gain) on disposal of property, plant and equipment	<u>(2,270)</u>	<u>(1,744)</u>
Total adjustments to reconcile profit	<u>633,710</u>	<u>711,347</u>
Changes in operating assets and liabilities:		
Decrease (increase) in notes and accounts receivable	241,046	(2,089,618)
Decrease (increase) in inventories	(3,074,495)	(978,640)
Decrease (increase) in other current assets	(361,334)	234,040
Decrease (increase) in other financial assets	(16,617)	61,875
Decrease (increase) in other operating assets	16	3,607
Increase (decrease) in notes and accounts payable	(186,308)	1,062,916
Increase (decrease) in other payable	332,832	58,783
Increase (decrease) in other current liabilities	(18,415)	95,093
Increase (decrease) in net defined benefit liability	<u>(72,030)</u>	<u>(1,557)</u>
Total adjustments	<u>(2,521,595)</u>	<u>(842,154)</u>
Cash inflow generated from operations	3,864,170	4,481,612
Interest received	21,575	32,607
Interest paid	(20,473)	(31,952)
Income taxes paid	<u>(1,087,722)</u>	<u>(584,284)</u>
Net cash flows from operating activities	<u>2,777,550</u>	<u>3,897,983</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(2,268,346)	(886,914)
Proceeds from disposal of property, plant and equipment	4,679	10,979
Increase in refundable deposits	(6,232)	(352)
Acquisition of intangible assets	(6,833)	(16,015)
Increase in prepayments for business facilities	(221,738)	(26,799)
Increase in other prepayments	<u>-</u>	<u>(659,945)</u>
Net cash flows from (used in) investing activities	<u>(2,498,470)</u>	<u>(1,579,046)</u>
Cash flows from (used in) financing activities:		
Increase in current borrowings	3,800	-
Increase (decrease) in current borrowings	-	(229,619)
Proceeds from long-term borrowings	553,600	580,000
Increase in guarantee deposits received	284	-
Decrease in guarantee deposits received	-	(30)
Payment of lease liabilities	(28,773)	(35,412)
Cash dividends paid	<u>(3,018,038)</u>	<u>(3,018,038)</u>
Net cash flows from (used in) financing activities	<u>(2,489,127)</u>	<u>(2,703,099)</u>
Effect of exchange rate changes on cash and cash equivalents	(54,408)	(35,807)
Net increase (decrease) in cash and cash equivalents	(2,264,455)	(419,969)
Cash and cash equivalents at beginning of period	<u>4,024,302</u>	<u>4,444,271</u>
Cash and cash equivalents at end of period	<u><u>\$ 1,759,847</u></u>	<u><u>4,024,302</u></u>

See accompanying notes to consolidated financial statements.

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

ECLAT TEXTILE CO., LTD. (the “Company”) was incorporated in November 1977. The Company has established the Ta-shan Plant, Hsi-chou Plant in Miao-li, and Dayuan Plant in Taoyuan. The Company and its subsidiaries (the “Group”) have mainly been involved in the manufacturing and marketing of knitwear. Please refer to note 4(c) for more details about the operation of the Group.

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

The consolidated financial statements were approved by the Board of Directors and issued on March 3, 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. (“FSC”) which have already been adopted.

The Group assesses that the adoption of the below mentioned standards would not have material impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

- (b) The impact of IFRS endorsed by FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements.

- 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”

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

The following IFRSs that have been amended and issued by the International Accounting Standards Board but have yet to be endorsed by the FSC, may be relevant to the Group:

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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

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 assesses that the adoption of the below mentioned standards would not have material 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
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(4) Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized as follows. Except for note 3, the following accounting policies were applied consistently through all reporting periods presented in the consolidated financial statements.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations) and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and Interpretations endorsed by the FSC (hereinafter referred to as the IFRS endorsed by the FSC).

(b) Basis of preparation

(i) Basis of measurement

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

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(ii) Functional and presentation currency

The functional currency of the Group is determined based on the primary economic environment in which the entities operate. The consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Transactions balances and any unrealized gains or losses between the Group and its subsidiaries have been eliminated while compiling the consolidated financial statements. The comprehensive income of the subsidiary is attributed to the parent, within equity.

Accounting policies of the subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) The subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio		Note
			December 31, 2021	December 31, 2020	
The Company	Grand Elite Holding Inc. (Grand Elite)	Investments in securities, real estate, and manufacturing industry	100.00 %	100.00 %	-
The Company	Eclat Cayman Island Holdings (Eclat Cayman)	Investments in securities, real estate, and manufacturing industry	100.00 %	100.00 %	-
The Company	PT Eclat Textile International (Eclat Textile (ID))	Design, manufacture, processing, sale of clothing, knit fabrics mill, printing, dyeing and finishing mill	100.00 %	100.00 %	Note 2
Grand Elite	Eclat Textile (Cambodia) Co., Ltd. (Eclat Textile (Cambodia))	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	-
Eclat Cayman	Unison (Wuxi) Textile and Garment Inc. (Unison)	Design, manufacture, processing and sale of clothing	- %	- %	Note 1
Eclat Cayman	Eclat Textile Co., Ltd. (Vietnam) (Eclat Textile (VN))	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	-
Eclat Cayman	Eclat Fabrics (Vietnam) Co., Ltd. (Fabrics)	Knit fabrics mill, printing, dyeing and finishing mill	100.00 %	100.00 %	-
ECLAT CAYMAN	E-TOP (Vietnam) Co., Ltd. (E-TOP (VN))	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	-
Eclat Cayman	Colltex Garment Mfy Co., Ltd. (VN) (Colltex)	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	-
Eclat Cayman	Eclat Enterprise Ltd. (Eclat Enterprise)	Investments in securities, real estate, and manufacturing industry	100.00 %	100.00 %	-
Eclat Cayman	Tai Yuan Garments Co., Ltd. (Tai-Yuan (VN))	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	-

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Notes to Consolidated Financial Statements

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio		Note
			December 31, 2021	December 31, 2020	
Eclat Cayman	PT Eclat Textile International (Eclat Textile (ID))	Design, manufacture, processing, sale of clothing, knit fabrics mill, printing, dyeing and finishing mill	- %	- %	Note 2

Note 1: The procedures of disposal of assets and liabilities, return of remaining funds, dissolution and liquidation of Unison had been completed as of December 31, 2020. Please refer to note 12(b).

Note 2: Eclat Textile (ID) was mutually set up by the Company and Eclat Cayman. The shareholding ratio of the Company and Eclat Cayman are 99.9996% and 0.0004% respectively.

(iii) The subsidiaries are not included in the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the Group's functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the Group's functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the translation reserve in equity.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, the foreign currency exchange gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

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- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Term deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or

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loss on derecognition is recognized in profit or loss.

2) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits and other financial assets).

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- bank deposits for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable is always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 120 days past due.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or delay of payments;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount

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of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities

1) Financial liabilities

Financial liabilities are classified as measured at amortized cost.

Subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g)Inventories

Inventories are necessary expenditures and charges for bringing the inventory to a salable and useable condition and location. In the case of manufactured overhead, cost includes an appropriate share of production overheads based on normal operating capacity of labor hours or machine hours and is allocated to finish goods and work in progress. Inventories are measured at the lower of cost and net realizable value subsequently and the cost of inventories is calculated using the monthly weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i)Non-current assets held for sale and discontinued operations

1) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use are reclassified as

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held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group are remeasured in accordance with the Group's accounting policies. Thereafter, the assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell.

Once classified as held for sale, intangible assets and property, plant and equipment, are no longer amortized or depreciated.

2) Discontinued operations

A discontinued operation is a component of the Group's which it has disposed of or held for sale and is solely a main practice or operation district. An operation will be classified as a discontinued operation upon disposal or when the operation meets the criteria to be classified as held for sale, whichever comes first.

(j)Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Gains and losses resulting from the transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(k) Property, plant, and equipment

(i)Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii)Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii)Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of

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property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1) Buildings	3 to 60 years
2) Machinery	2 to 20 years
3) Transportation equipment	3 to 15 years
4) Office equipment	3 to 10 years
5) Miscellaneous equipment	2 to 15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments; including in substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when:

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- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying assets, or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

As a practical expedient, the Group elects not to assess all rent concessions that meets all the conditions as follows are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; and
- there is no substantive change to other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The Group recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Rental revenue'.

(m) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits

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embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

(iii) Amortization

Except for goodwill, amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

Software : 2 to 10 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(o) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

The Group manufactures and sells elastic fabrics and clothing. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(p) Employee benefits

(i) Defined contribution plans

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Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries and associates that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will

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not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. Basic earnings per share is calculated on profit attributable to the ordinary stockholders of the Company divided by weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated on profit attributable to ordinary stockholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components, of the Group). Operating results of the operating segments are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone finance information.

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

The preparation of the consolidated financial statements in conformity with the IFRSs 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.

The management continues to monitor the accounting estimates and assumptions. Any changes in accounting estimates during the current year and the impact of those changes in accounting estimates are recognized in the following year.

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(6) Explanation to significant accounts:

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash	\$ 12,175	7,343
Bank deposits	1,541,498	2,851,472
Term deposits	<u>206,174</u>	<u>1,165,487</u>
Cash and cash equivalents	<u>\$ 1,759,847</u>	<u>4,024,302</u>

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

(b) Notes receivable and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable-operating activities	\$ 3,574	2,294
Accounts receivable	4,897,723	5,140,049
Less: allowance for doubtful accounts	<u>(24,086)</u>	<u>(24,086)</u>
Total	<u>\$ 4,877,211</u>	<u>5,118,257</u>

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, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including the macroeconomic and related industrial information.

The loss allowance provisions for the notes and accounts receivable of the Group were determined as follows:

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 4,509,013	0.29 %	12,970
Within 30 days past due	371,765	0.45 %	1,678
31~120 days past due	18,104	38.79 %	7,023
Over 121 days past due	<u>2,415</u>	100.00 %	<u>2,415</u>
	<u>\$ 4,901,297</u>		<u>24,086</u>
	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 4,778,143	0.41 %	19,639
Within 30 days past due	355,248	0.52 %	1,852
31~120 days past due	7,805	18.55 %	1,448
Over 121 days past due	<u>1,147</u>	100.00 %	<u>1,147</u>
	<u>\$ 5,142,343</u>		<u>24,086</u>

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The movements in the allowance for notes and accounts receivable of the Group were as follows:

	For the years ended December 31	
	2021	2020
Opening balance (Ending balance)	\$ 24,086	24,086

None of notes receivable and accounts receivable held by the Group were pledged, collateralized or discounted as of December 31, 2021, and 2020.

Accounts receivable of the Group had been insured accounts receivable credit risk. The insured amounts were \$367,109 thousand, \$304,562 thousand as of December 31, 2021, and 2020, respectively. Guaranteed fraction was 90% of reviewed credit of policyholder, the recoverable amount of the insurance was considered when deciding impairment amount of accounts receivable.

The Group has signed accounts receivable factoring contracts without recourse with financial institutions. As stated in the contract, the Group does not have to bear the risks of uncollectable accounts receivables but the loss incurred due to commercial arguments, and hence meets the criteria of derecognition of financial assets. Factored accounts receivables which were not due as of the report date were as follows:

December 31, 2021					
Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
E-sun Bank	\$ 700,029	1,126,569	700,029	0.90%	None
CTBC Bank	\$ 351,952	619,616	351,952	0.80%	None
December 31, 2020					
Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
E-sun Bank	\$ 482,246	351,358	482,246	0.90%~0.96%	None
Shanghai Bank	\$ 38,002	102,974	38,002	0.85%	None

(c) Inventories

	December 31, 2021	December 31, 2020
Raw materials	\$ 4,962,330	2,914,073
Supplies	961,433	677,984
Work in progress	1,859,370	1,298,233
Finished goods	493,175	311,357
	8,276,308	5,201,647

In 2020 and 2019, the original factors led to the loss were improved subsequently, resulting in gain from price recovery of inventory; and the inventory write-down to net realizable value resulted in recognition of inventory loss, these changes were recognized as a subtraction or addition item of cost of goods sold, respectively.

The details were as follows:

	For the years ended December 31	
	2021	2020
Gain from value recovery	\$ 86	3,010

None of inventories held by the Group were pledged as of December 31, 2021 and 2020.

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(d) Property, plant and equipment

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

		Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Construction in progress	Total
Cost:									
Balance at January 1, 2021	\$	4,815,806	4,217,801	4,852,899	107,241	219,284	1,216,096	1,274,867	16,703,994
Additions		-	11,162	50,516	2,445	1,493	50,616	2,152,114	2,268,346
Disposals		-	(10,341)	(57,053)	(18,242)	(7,313)	(6,939)	-	(99,888)
Reclassification		-	5,895	204,336	17,229	(2,607)	47,978	(185,780)	87,051
Effect of exchange rate changes		(723)	(77,375)	(85,001)	(1,721)	(2,865)	(29,746)	(15,619)	(213,050)
Balance at December 31, 2021	\$	4,815,083	4,147,142	4,965,697	106,952	207,992	1,278,005	3,225,582	18,746,453
Balance at January 1, 2020	\$	4,817,160	4,355,425	4,994,683	108,169	219,918	1,203,067	984,528	16,682,950
Additions		-	4,334	28,055	1,300	3,582	60,651	788,992	886,914
Disposals		-	(2,087)	(203,533)	(6,355)	(130)	(11,438)	-	(223,543)
Reclassification		-	5,117	188,081	7,269	1,278	16,695	(486,997)	(268,557)
Effect of exchange rate changes		(1,354)	(144,988)	(154,387)	(3,142)	(5,364)	(52,879)	(11,656)	(373,770)
Balance at December 31, 2020	\$	4,815,806	4,217,801	4,852,899	107,241	219,284	1,216,096	1,274,867	16,703,994
Depreciation:									
Balance at January 1, 2021	\$	-	1,476,908	3,638,064	80,594	193,220	931,652	-	6,320,438
Depreciation		-	162,399	293,558	8,092	8,893	99,955	-	572,897
Disposals		-	(10,341)	(55,657)	(18,242)	(7,313)	(5,926)	-	(97,479)
Effect of exchange rate changes		-	(24,694)	(62,625)	(1,366)	(2,427)	(22,826)	-	(113,938)
Balance at December 31, 2021	\$	-	1,604,272	3,813,340	69,078	192,373	1,002,855	-	6,681,918
Balance at January 1, 2020	\$	-	1,349,688	3,602,995	80,452	186,459	863,217	-	6,082,811
Depreciation		-	171,092	343,781	8,395	11,356	117,109	-	651,733
Disposals		-	(1,686)	(197,348)	(5,824)	(130)	(9,320)	-	(214,308)
Reclassification		-	-	20	-	(20)	-	-	-
Effect of exchange rate changes		-	(42,186)	(111,384)	(2,429)	(4,445)	(39,354)	-	(199,798)
Balance at December 31, 2020	\$	-	1,476,908	3,638,064	80,594	193,220	931,652	-	6,320,438
Carrying amounts:									
Balance at December 31, 2021	\$	4,815,083	2,542,870	1,152,357	37,874	20,356	270,413	3,225,582	12,064,535
Balance at December 31, 2020	\$	4,815,806	2,740,893	1,214,835	26,647	26,064	284,444	1,274,867	10,383,556

The property, plant and equipment of the Group were pledged or mortgaged as collateral for loans as of December 31, 2021 and 2020, please refer to note 8.

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(f) Right-of-use assets

The Group leases assets including land and buildings, transportation equipment, office equipment and miscellaneous equipment. Information about leases for which the Group as a lessee is presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Miscellaneous equipment</u>	<u>Total</u>
Cost:						
Balance as of January 1, 2021	\$ 47,460	69,854	58,926	2,911	2,272	181,423
Additions	-	10,424	21,921	1,922	-	34,267
Disposal/Write-off	-	(37,404)	(39,362)	(1,950)	(1,022)	(79,738)
Effect of changes in foreign exchange rates	(1,333)	-	-	-	-	(1,333)
Balance as of December 31, 2021	<u>\$ 46,127</u>	<u>42,874</u>	<u>41,485</u>	<u>2,883</u>	<u>1,250</u>	<u>134,619</u>
Balance as of January 1, 2020	\$ 50,014	50,119	50,345	2,730	2,272	155,480
Additions	-	19,735	9,348	181	-	29,264
Disposal/Write-off	-	-	(767)	-	-	(767)
Effect of changes in foreign exchange rates	(2,554)	-	-	-	-	(2,554)
Balance as of December 31, 2020	<u>\$ 47,460</u>	<u>69,854</u>	<u>58,926</u>	<u>2,911</u>	<u>2,272</u>	<u>181,423</u>
Accumulated depreciation and impairment losses:						
Balance as of January 1, 2021	\$ 3,259	40,446	44,292	2,194	1,477	91,668
Depreciation	1,603	21,734	13,421	1,005	227	37,990
Disposal/Write-off	-	(37,404)	(39,362)	(1,950)	(1,022)	(79,738)
Effect of changes in foreign exchange rates	(111)	-	-	-	-	(111)
Balance as of December 31, 2021	<u>\$ 4,751</u>	<u>24,776</u>	<u>18,351</u>	<u>1,249</u>	<u>682</u>	<u>49,809</u>
Balance as of January 1, 2020	\$ 1,769	26,585	31,680	958	1,250	62,242
Depreciation	1,691	13,861	12,809	1,236	227	29,824
Disposal/Write-off	-	-	(197)	-	-	(197)
Effect of changes in foreign exchange rates	(201)	-	-	-	-	(201)
Balance as of December 31, 2020	<u>\$ 3,259</u>	<u>40,446</u>	<u>44,292</u>	<u>2,194</u>	<u>1,477</u>	<u>91,668</u>
Carrying amount:						
Balance as of December 31, 2021	<u>\$ 41,376</u>	<u>18,098</u>	<u>23,134</u>	<u>1,634</u>	<u>568</u>	<u>84,810</u>
Balance as of December 31, 2020	<u>\$ 44,201</u>	<u>29,408</u>	<u>14,634</u>	<u>717</u>	<u>795</u>	<u>89,755</u>

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(f) Other current or non-current assets

Current:

	December 31, 2021	December 31, 2020
Tax refund receivables	\$ 303,878	235,259
Payment in advance	119,489	100,116
Prepaid expense	20,541	18,277
Prepaid value-added tax	203,501	126,089
Other financial assets	189,120	6,334
Others	<u>36,150</u>	<u>15,543</u>
	<u>\$ 872,679</u>	<u>501,618</u>

Non-current:

	December 31, 2021	December 31, 2020
Prepayments for equipment	\$ 153,355	20,310
Long-term prepaid expense	283,985	301,857
Prepayments for land purchase	641,408	659,945
Refundable deposits	9,529	3,297
Others	<u>570</u>	<u>586</u>
	<u>\$ 1,088,847</u>	<u>985,995</u>

The Group's assets were pledged as collaterals to secure natural gas, solar energy and electricity as of December 31, 2021 and 2020, please refer to note 8.

(g) Current borrowings

Details of current borrowings of the Group were as follows:

	December 31, 2021	December 31, 2020
Unsecured bank loans	<u>\$ 1,346,632</u>	<u>1,342,832</u>
Unused quota	<u>\$ 4,365,692</u>	<u>3,826,633</u>
Range of interest rates	<u>0.38%~1.50%</u>	<u>0.45%~1.50%</u>

None of the Group's assets were pledged as collaterals to secure current borrowings.

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(h) Long-term borrowings

Details of long-term borrowings of the Group were as follows:

	December 31, 2021	December 31, 2020
Unsecured bank loans - due by August 2027	\$ 580,000	580,000
Unsecured bank loans - due by July 2024	553,600	-
Less: Maturing within one year	<u>(96,667)</u>	<u>-</u>
Total	<u>\$ 1,036,933</u>	<u>580,000</u>
Unused quota	<u>\$ 2,638,400</u>	<u>3,632,000</u>
Range of interest rates	<u>0.81%~1.06%</u>	<u>0.81%</u>

The Group's long-term borrowing facilities include secured and unsecured bank loans. The Group's assets were pledged as collaterals to secure long-term borrowings as of December 31, 2021 and 2020, please refer to note 8.

(i) Lease liabilities

The Group's lease liabilities were as follows:

	December 31, 2021	December 31, 2020
Current	<u>\$ 18,219</u>	<u>18,148</u>
Non-current	<u>\$ 62,847</u>	<u>61,953</u>

For the maturities analysis, please refer to note 6(q).

The amounts of leases recognized in profit or loss were as follows:

	For the years ended December 31, 2021	2020
Interest on lease liabilities	<u>\$ 1,858</u>	<u>1,968</u>
Expenses relating to short-term leases	<u>\$ 29,344</u>	<u>20,159</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	<u>\$ -</u>	<u>683</u>

The amounts recognized in the statement of cash flows was as follows:

	For the years ended December 31, 2021	2020
Total cash outflow for leases	<u>\$ 59,975</u>	<u>58,222</u>

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(i) Real estate leases

The Group leases land and buildings for its office space and dormitory, leases period are 2 to 35 years.

(ii) Other leases

The Group leases transportation, office and miscellaneous equipment that leases period are 2 to 10 years.

The Group also leases miscellaneous equipment with contract terms of 1 to 3 years. These leases are short term or leases of low value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(j) Employee benefits

(i) Defined benefit plans

Reconciliation for the Group's present value of defined benefit obligation and fair value of plan assets were as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	\$ 231,815	224,702
Fair value of plan assets	<u>(299,285)</u>	<u>(231,526)</u>
Net defined benefit (assets)liabilities	<u>\$ (67,470)</u>	<u>(6,824)</u>

The Group's employee benefit liabilities were as follows:

	December 31, 2021	December 31, 2020
Compensated absences liability	<u>\$ 65,920</u>	<u>66,470</u>

Under the Group's employee benefit retirement plan, contributions are made to an independent fund that is deposited with Bank of Taiwan. Employees are eligible for retirement and payments of retirement benefits are based on years of service and the average salary for the last six months before the employee's retirement according to the Labor Standards Law.

1) Composition of plan assets

The retirement funds deposited by the Group according to the Labor Standards Law are managed by the Bureau of Labor Funds, Ministry of Labor (the "BLF"). According to Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the usage of funds and their minimum amount of return distributed by the final accounts shall not be less than the income calculated by the two-year deposit interest rate of local bank.

As of December 31, 2021, the Group's pension fund with Bank of Taiwan amounted to \$299,285 thousand. Please refer to the related information published on the website of the Labor Pension Supervisory Committee concerning the utilization of the labor pension fund, related yield rate and its allocation.

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2) Movements in present value of the defined benefit obligations

Movements in present value of the defined benefit obligations were as follows:

	For the years ended December 31,	
	2021	2020
Defined benefit obligation at January 1	\$ 224,702	242,514
Current service costs and interest	2,259	3,617
Remeasurement of the net defined benefit liability		
— Actuarial losses (gains) of experience adjustments	9,161	(11,906)
— Actuarial losses (gains) arising from changes in demography	5,214	-
— Actuarial loss (gain) arising from changes in financial assumptions	-	8,897
— Benefits paid	(9,521)	(18,420)
Defined benefit obligation at December 31	\$ 231,815	224,702

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets were as follows:

	For the years ended December 31,	
	2021	2020
Fair value of plan assets at January 1	\$ 231,526	237,382
Remeasurement of the net defined benefit liabilities (assets)	-	-
— Return on plan assets (excluding current interest)	4,429	9,761
Appropriated amount to the plan	72,851	2,803
Benefits paid	(9,521)	(18,420)
Fair value of plan assets at December 31	\$ 299,285	231,526

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss of the Group were as follows:

	For the years ended December 31,	
	2021	2020
Current service costs	\$ 872	1,209
Net interest of net liabilities for defined benefit (assets) obligations	(51)	37
	\$ 821	1,246

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	For the years ended December 31,	
	2021	2020
Operating cost	\$ 186	287
Selling expense	286	435
Administration expenses	349	524
	\$ 821	1,246

- 5) Re-measurements of the net defined benefit liabilities (assets) recognized in other comprehensive income

The Group's re-measurements of net defined benefit liabilities (assets) recognized in other comprehensive income were as follows:

	For the years ended December 31,	
	2021	2020
Cumulative amount at January 1	\$ 28,672	39,071
Recognized in current period	11,384	(10,399)
Cumulative amount at December 31	\$ 40,056	28,672

- 6) Actuarial assumptions

Major assumptions used to determine the present value of the defined benefit obligations were as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.625 %	0.625 %
Future salary increases rate	3.000 %	3.000 %

The Group is expected allocation payment of \$17,592 thousand to the defined plans for the one-year period after the reporting date.

The weighted average duration of the defined benefit obligation is 11.98 years.

- 7) Sensitivity analysis

As of December 31, 2021 and 2020, the effects of the present value of the defined benefit obligation arising from changes in principal actuarial assumptions were as follows:

	Influences on defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2021		
Discount rate	\$ (5,820)	6,039
(change 0.25%)		
Future salary increases rate	5,777	(5,605)
(change 0.25%)		

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	Influences on defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2020		
Discount rate (change 0.25%)	\$ (5,986)	6,211
Future salary increases rate (change 0.25%)	5,935	(5,757)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. The sensitivity analysis adopts the same methods for determining the defined benefit assets at the balance sheet date.

(ii) Defined contribution plans

The Company contributes an amount equal to 6% of the employee's monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act, under which, the Company is not required to bear the regulated or putative obligation subsequent to the payment of fixed rate contribution.

Colltex, Fabrics, -TOP (VN), Eclat Textile (VN), TAI-YUAN (VN) and ECLAT TEXTILE (ID) are restricted by local regulations in Vietnam and Indonesia, contributing an amount equal to specific percent of the employee's monthly total wages to labor pension fund in accordance with local government regulation and paying to relevant authorities.

The Group's pension costs under the defined contribution plan amounted to \$103,375 thousand and \$111,766 thousand in 2021 and 2020, respectively. Those pension costs have been contributed to Bureau of the Labor Insurance or local relevant authorities.

(k) Income taxes

(i) The details of the Group's income tax expense were as follows:

	For the years ended December 31	
	2021	2020
Current tax expense	\$ 1,243,306	1,067,398
Deferred tax expense		
Temporary differences	(6,152)	1,834
Income tax expense	<u>\$ 1,237,154</u>	<u>1,069,232</u>

The components of the Group's income tax recognized in other comprehensive income were as follows:

	For the years ended December 31	
	2021	2020
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on transaction of foreign financial statements	<u>\$ (34,436)</u>	<u>(50,665)</u>

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The income tax calculated on pre-tax financial income was reconciled to income tax expense for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	2020
Profit before income tax	\$ <u>6,385,765</u>	\$ <u>5,323,858</u>
Income tax using the individual Company's domestic tax rate	\$ 1,277,153	1,064,771
The difference of estimated in prior periods	(43,126)	(18,904)
Undistributed earnings additional tax	30,887	38,171
Others	(27,760)	(14,806)
Income tax expense	\$ <u>1,237,154</u>	\$ <u>1,069,232</u>

(ii)Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

Changes in deferred tax assets and liabilities for 2021 and 2020 were as follows:

Deferred tax assets:

Balance at January 1, 2021	\$ 97,126
Recognized in profit (loss)	(288)
Exchange differences on translation of foreign financial statements	<u>34,436</u>
Balance at December 31, 2021	\$ <u>131,274</u>
Balance at January 1, 2020	\$ 54,080
Recognized in profit (loss)	(7,619)
Exchange differences on translation of foreign financial statements	<u>50,665</u>
Balance at December 31, 2020	\$ <u>97,126</u>

Deferred tax liabilities:

Balance at January 1, 2021	\$ 6,440
Recognized in (profit) loss	<u>(6,440)</u>
Balance at December 31, 2021	\$ <u>-</u>
Balance at January 1, 2020	\$ 12,225
Recognized in (profit) loss	<u>(5,785)</u>
Balance at December 31, 2020	\$ <u>6,440</u>

(iii)The Company's income tax returns through 2018 have been examined by the R.O.C. tax authority.

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(1) Stockholders' equity

As of December 31, 2021 and 2020, the Company's authorized share capital both amounted to \$3,000,000 thousand dollars, divided into 300,000 thousand shares of stock with \$10 par value per share. The total number of issued shares were 274,367 thousand shares.

(i) Capital surplus

The components of capital surplus were as follows:

	December 31, 2021	December 31, 2020
Paid-in capital in excess of par value	\$ 3,550,000	3,550,000
Treasury stock transactions	396	396
Unpaid compensation to directors and supervisors	1,377	1,377
Net assets from merger with Everbright Garment	15,866	15,866
Unpaid dividend payables	113	113
Employee stock options	<u>201,795</u>	<u>201,795</u>
	<u>\$ 3,769,547</u>	<u>3,769,547</u>

According to Company Law, realized capital surplus can be transferred to common stock or distributed as cash dividends after deducting the accumulated deficit, if any. Realized capital surplus includes the additional paid-in capital from issuance of common stock in excess of the common stock's par value and donation from others. Paid-in capital in excess of par value is transferable to common stock annually but shall not exceed 10% of total issued and outstanding common stock according to Regulations Governing the Offering and Issuance of Securities by Securities Issuers.

(ii) 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. The remaining portion is to be distributed upon a proposal by the board of directors and approval in an annual shareholders' meeting.

The Company is now in the growth stage and has a plan to expand the product line. Due to the need for capital to fulfill the plan, the policy for dividend distribution should reflect factors such as investment planning, financial structure, future fund requirements, and status of earnings. In a normal consideration, the percentage of earnings distribution shall not be less than 50% of the net earnings of the current year after compensating for accumulated deficits, if any. The board of directors shall make the distribution proposal, and it is then approved at the shareholders' meeting. The ratio for distributing cash dividends shall not be lower than 20% of the total distribution.

1) Legal reserve

If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25% of the paid-in capital.

2) Special reserve

A regulation issued by the Securities and Futures Bureau requires a special reserve be made from the unappropriated earnings, equivalent to current income or loss and prior period

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undistributed earnings from the reduction of other equity; the special reserve appropriated from prior period undistributed earnings cannot be distributed. If the reductions of other equity reverse, the reverse parts can be distributed. The Company is applicable to the regulations in Interpretation No.1010012865 by FSC for recognizing special reserve.

3) Earnings distribution

Earnings distributions for 2020 and 2019 were decided by the annual general meeting of the shareholders held on August 12, 2021 and June 18, 2020, respectively. The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31			
	2020		2019	
	per share (in dollars)	amount	per share (in dollars)	amount
Dividends distributed to ordinary shareholders:				
Cash dividends	\$ 11.00	<u>3,018,038</u>	11.00	<u>3,018,038</u>

As mentioned above, please browse through the relative information approved during the board of directors' and shareholders' meeting on Market Observation Post System website of the Taiwan Stock Exchange.

The appropriation of the Company's 2021 earnings was subject to a resolution approved by the board of directors and the annual shareholders' meetings. Following the approval of those resolutions, related information can be obtained from the Market Observation Post System website of the Taiwan Stock Exchange.

(iii) Other equity (net of income tax)

	Financial statements translation differences from foreign operations
Balance at January 1, 2021	\$ (291,705)
Exchange differences on translation of foreign financial statements	(137,742)
Balance at December 31, 2021	<u>\$ (429,447)</u>
Balance at January 1, 2020	\$ (89,042)
Exchange differences on translation of foreign financial statements	(202,663)
Balance at December 31, 2020	<u>\$ (291,705)</u>

(m) Earnings per share

The earnings per share were calculated as follows:

	For the years ended December 31	
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	<u>\$ 5,148,611</u>	<u>4,254,534</u>
Weighted average number of ordinary shares outstanding (in thousands)	<u>274,367</u>	<u>274,367</u>
Basic earnings per share(in dollars)	<u>\$ 18.77</u>	<u>15.51</u>

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	For the years ended December 31	
Diluted earnings per share		
Profit attributable to ordinary Shareholder of the Company	\$ 5,148,611	4,254,534
Weighted average number of ordinary shares outstanding (basic)(in thousands)	274,367	274,367
Effect on employee's profit-sharing bonus (in thousands)	14	17
Weighted average number of ordinary shares outstanding (diluted) (in thousands)	274,381	274,384
Diluted earnings per share (in dollars)	\$ 18.76	15.51

(n) Revenue from contracts with customers

	For the years ended December 31, 2021		For the years ended December 31, 2020	
	Knitted fabrics	Clothing	Knitted fabrics	Clothing
Main market :				
Americas	\$ 1,093,156	18,895,775	622,339	15,883,860
Asia	9,931,535	1,485,928	6,311,809	1,418,662
Europe	12,344	2,717,455	10,091	2,504,737
the Middle East	992,234	119,739	517,111	71,917
ANZ	2,217	299,122	1,399	244,987
Africa	322,001	33,959	448,024	19,483
Others	11,558	224	120,982	-
	\$ 12,365,045	23,552,202	8,031,755	20,143,646

	For the years ended December 31, 2021	For the years ended December 31, 2020
Main product :		
Knitted fabrics	\$ 12,365,045	8,031,755
Clothing	23,552,202	20,143,646
	\$ 35,917,247	28,175,401

(o) Employees' profit sharing bonus

The Company's articles of incorporation require where the Company has a profit in current year, if there is surplus after covering the accumulated loss, no less than 0.1% shall be appropriated for the employee's compensation for the distribution according to the resolution of the Board of Directors' meeting, and be reported to the shareholders' meeting. The distribution of employee's compensation may be made in the form of shares or cash.

For the years ended December 31, 2021 and 2020, the estimated employee's profit sharing bonuses amounted to \$7,000 and \$6,000 thousand for 2021 and 2020, respectively, which were

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calculated based on the Company's profit excluding tax as well as employee profit sharing bonus and earnings allocation a minimum of 0.1% as stated under the Company's articles of incorporation. These employees' bonuses were reported under cost of goods sold and operating expenses for the years ended December 31, 2021 and 2020. If there is the change after released financial reporting date in the following year, the difference is treated as a change in accounting estimate, and is charged to profit or loss for the following year.

There were no differences between the estimated and the distributed employee's profit-sharing bonuses approved by the BOD for the year ended December 31, 2020. The related information can be obtained from the Market Observation Post System website of the Taiwan Stock Exchange.

(p) Results from non-operating activities

(i) Interest income

The Group's interest income were as follows:

	For the years ended December 31	
	2021	2020
Interest income from bank deposits	\$ <u>21,378</u>	<u>29,997</u>

(ii) Other income

The Group's other income were as follows:

	For the years ended December 31	
	2021	2020
Rental income	\$ <u>9,251</u>	<u>9,322</u>

(iii) Other gains and losses, net

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

	For the years ended December 31	
	2021	2020
Foreign exchange gain (loss)	(84,470)	(196,992)
Gain on transaction for property	2,270	1,744
Others	63,866	23,719
	\$ <u>(18,334)</u>	<u>(171,529)</u>

(iv) Finance costs

The Group's finance costs were as follows:

	For the years ended December 31	
	2021	2020
Interest expense-bank borrowings	\$ 17,171	22,618
Interest expense-lease liabilities	1,858	1,968
Interest expense-accounts receivable factoring	3,870	9,334
	\$ <u>22,899</u>	<u>33,920</u>

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(q) Financial instruments

(i) Credit risks

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum exposed amount to credit risk.

2) Concentration of credit risk

The Group does not make concentrated transactions with any single client and scatters the sales region, there is no concentration of credit risk for accounts receivable.

3) Credit risk of receivable

For details on credit risk of notes and accounts receivable, please refer to note 6(b).

(ii).Liquidity risks

The following were the contractual maturities of financial liabilities, including the estimated interest payments but excluding the impact of netting arrangements:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 12 month</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>More than 5 years</u>
December 31, 2021						
Non-derivative financial liabilities						
Short-term borrowings	\$ 1,346,632	1,359,290	1,359,290	-	-	-
Accounts and notes payable	2,587,894	2,587,894	2,587,894	-	-	-
Lease liabilities	81,066	103,349	20,979	17,391	13,212	51,767
Long term borrowings (current portion included)	<u>1,133,600</u>	<u>1,158,355</u>	<u>105,930</u>	<u>289,326</u>	<u>666,140</u>	<u>96,959</u>
	<u>\$ 5,149,192</u>	<u>5,208,888</u>	<u>4,074,093</u>	<u>306,717</u>	<u>679,352</u>	<u>148,726</u>
December 31, 2020						
Non-derivative financial liabilities						
short-term borrowings	\$ 1,342,832	1,353,747	1,353,747	-	-	-
Accounts and notes payable	2,769,152	2,769,152	2,769,152	-	-	-
Lease liabilities	80,101	85,796	18,347	3,162	13,826	50,461
Long term borrowings)	<u>580,000</u>	<u>624,786</u>	<u>4,714</u>	<u>108,452</u>	<u>306,498</u>	<u>205,122</u>
	<u>\$ 4,772,085</u>	<u>4,833,481</u>	<u>4,145,960</u>	<u>111,614</u>	<u>320,324</u>	<u>255,583</u>

The Group doesn't expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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(iii) Exchange rate risks

1) Exposure to foreign currency risk

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

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 233,432	27.68	6,461,398	265,877	28.48	7,572,177
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 116,262	27.68	3,218,132	45,893	28.48	1,307,033

2) Sensitivity analysis

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, current borrowings, long-term borrowings and accounts payable. A 1% depreciation or appreciation of the NTD against the USD as of December 31, 2021 and 2020 would have increased or decreased the net income after tax by \$25,946 thousand and \$50,121 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis was based on the same basis.

3) Foreign currency gain or loss on monetary items

The amounts of conversion gains and losses (including realized and unrealized) of monetary items of the Group which was converted into functional currency (that was the Group's expression currency), and the exchange rate information converted to the Company's functional currency, NTD, were as follows:

	For the years ended December 31			
	2021		2020	
	Exchange loss	Average rate	Exchange loss	Average rate
USD	\$ (84,470)	28.009	(196,992)	29.549

(iv) Interest rate analysis

The Group's exposure to interest rate risk arising from financial assets and liabilities is described in the liquidity risk part of this note.

The following sensitivity analysis is determined through the exposure to interest rate risk of derivative and non-derivative instruments on the reporting date. For floating rate liabilities, the analysis assumes that the balances of outstanding liabilities on the reporting date have been outstanding for the whole period, and their rational change intervals are being estimated. If the interest rate increases/decreases by 1%, representing the reasonable interest rates changes made by management.

If the interest rate increases/decreases by 1%, the Group's net income will decrease/increase by \$13,466 thousand and \$13,428 thousand for the year ended December 31, 2021 and 2020, respectively, with all other variable factors that remain constant. This was mainly due to the Group's borrowings in variable rates.

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(v) Fair value

The Group's management considers its financial assets and financial liabilities measured at amortized cost to be the approximation of the fair value.

(q) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

This note expresses the information of risk exposure and goals, policies and procedures for the Group to measure and manage risks. Please refer to notes in consolidated financial statements for further quantitative disclosures.

(ii) Risk management framework

The board of directors is responsible for the supervision of the Group's risk management framework.

The risk management policies are established to identify and analyze the Group's exposure to risks, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aim to develop a disciplines and constructive control environment, in which all employees understand their roles and obligations.

The audit committee of the Group oversees how the management complies in monitoring the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The internal audit sector of the Group reviews the risk management controls and procedure on scheduled and non-scheduled basis, and reports the results to the audit committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

1) Accounts receivable

Every single client affects the credit risk exposure of the Group, but still, the management should consider the status of its clients, including the industry the client belongs to and the default risk of the country where the client is located. Because the transaction of the Group is not concentrated in one single client for 2021 and 2020, therefore, there is no concentration on credit risk for accounts receivable.

To minimize the risk of accounts receivable, the Group established a risk management procedure relating to the financial condition of the client, credit risk rating, historical transactions inside the Group, and the current economic situation that may affect the clients' ability to pay up the bills. The Group also uses some credit improved tools such as prepayments and credit insurance in order to reduce specific client's credit risk.

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2) Financial investments

The credit risk exposure in the bank deposits, fix income investments and other financial instruments are measured and monitored by the Group's finance department. As the Group deals with the banks and other external parties with good credit standing and financial institutions, corporate organization and government agencies which are graded above investment level, the management believes that the Group does not have any compliance issues, and therefore, there is no significant credit risk.

3) Guarantee

The Group only provide guarantee to wholly owned subsidiaries. The Group did not provide guarantee to any third party as of December 31, 2021 and 2020.

(iv) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as much as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group estimates the cost of products and services based on accounting policy in order to assist in monitoring its cash flow requirements and optimizing its cash return on investments. Generally, the Group ensures that there is sufficient cash to cover expected operating expenditure demand, but excluding potential influence under unexpected extremely condition (i.e. nature disaster). In addition, the total amount of unused current and long-term quota as of December 31, 2021 and 2020 amounted to \$7,004,092 thousand and \$7,458,633 thousand respectively.

(v) Market risk

Market risk is the risk that comes from changes in market prices such as changes of foreign exchange rates, interest rates and equity prices, impacting the Group's income or the value of financial instruments held by the Group. The objective of market risk management is to manage and control market risk exposures within acceptable range and optimize the return on investments.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the board of directors.

1) Exchange rate risk

The Group's exposure to currency risk is on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group, primarily the New Taiwan Dollars (NTD). The currencies used in these transactions are denominated in NTD, USD, IDR and VND.

At any point of time, the Group's principle is to regularly hedge using the net value after offsetting assets and liabilities. The choice of hedging exchange rate risk instruments is based on the cost and the period of hedging. The Group mainly hedges its currency risk using the foreign exchange contracts.

2) Interest rate risk

All of the Group's assets and liabilities bear floating interest rates, and thus suffer from cash flow interest rate risk exposure. The detail of floating interest rates of the Group's assets and liabilities are described in note of liquidity risk management.

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(s) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and to sustain the future development of the business. The capital includes common stock, capital surplus, retained earnings and other equities. Therefore, the capital management of the Group focuses on ensuring necessary financial resources and increase stockholders' value, examining the capital return periodically.

The Group's return on capital as of December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Net income	\$ <u>5,148,611</u>	<u>4,254,534</u>
Total capital	\$ <u>21,149,431</u>	<u>19,167,984</u>
Return on capital	<u>24.34%</u>	<u>22.20%</u>

The Group does not have any plan of purchasing treasury stock.

(7) Related party transactions

(a) Names and relationship of related parties

The Group had transactions with related party during the periods covered in the consolidated financial statements were as follows:

<u>Name of related parties</u>	<u>Relationship with the Group</u>
E&I Printing Company Limited	Associate
Yih Yuan Investment Corp.	The entity's chairman is the second degree kinship of the Company's chairman
Eclat Education Foundation	Founded by donation of the Company

(b) Material transactions among related parties

(i) Operating revenue

The Group's sales to related party were as follows:

	<u>For the years ended December 31</u>
	<u>2021</u> <u>2020</u>
Associates	\$ <u>-</u> <u>130</u>

Selling price and sales term to associates is the same as to general sales. The terms for receivables from associates were O/A 30 to 60 days.

(ii) Purchases and processing

The Group's purchases and processes from related party were as follows:

	<u>For the years ended December 31</u>
	<u>2021</u> <u>2020</u>
Associates	\$ <u>-</u> <u>8,575</u>

Purchasing and processing price and payment term to associates were the same as to general purchases and processes. The payment terms to associates were O/A 30 to 60 days.

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(iii) Leases

<u>Types of related parties</u>	For the years ended December 31	
	2021	2020
Other related parties	\$ <u>300</u>	<u>300</u>

The Group charged their rentals based on the local market prices which were paid monthly.

(iv) Others

<u>Types of related parties</u>	Donations For the years ended December 31	
	2021	2020
Other related parties	\$ <u>2,000</u>	<u>2,000</u>

(c) Key management personnel transactions

Key management personnel compensation comprised:

	For the years ended December 31	
	2021	2020
Short-term employee benefits	\$ <u>139,331</u>	<u>115,532</u>

Cars provided to key management personnel were as follows:

	December 31, 2021	December 31, 2020
Cost	\$ <u>25,930</u>	<u>28,949</u>
Quantities	<u>8</u>	<u>8</u>
Book value	\$ <u>17,931</u>	<u>5,886</u>

(8) Pledged assets

The Group's pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2021	December 31, 2020
Other financial assets - current	Natural gas, solar energy and electricity security deposit	\$ 1,400	5,482
Refundable deposits	Electricity security deposit	2,782	-
Land	Long-term borrowing facilities	<u>3,381,772</u>	<u>3,381,772</u>
		\$ <u>3,385,954</u>	<u>3,387,254</u>

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(9) Commitments and contingencies

- (a) The balances of unused letters of credit of the Group were as follows:

	December 31, 2021	December 31, 2020
Unused letters of credit	\$ <u>144,076</u>	<u>164,055</u>

- (b) Significant unrecognized commitments of the Group

	December 31, 2021	December 31, 2020
Contract for HQ Construction and Machinery	\$ <u>1,391,925</u>	<u>3,172,196</u>

(10) Losses due to major disasters : None.

(11) Subsequent events : None.

(12) Other :

- (a) The Group's employee benefits, depreciation and amortization expenses, categorized by function, were as follows:

By function By item	For the years ended December 31, 2021			For the years ended December 31, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	2,120,544	1,533,623	3,654,167	2,242,908	1,303,477	3,546,385
Labor and health insurance	176,051	112,704	288,755	199,524	98,945	298,469
Pension	59,202	44,994	104,196	70,675	42,337	113,012
Director's remuneration	-	5,283	5,283	-	4,889	4,889
Others	128,496	77,113	205,609	149,367	64,635	214,002
Depreciation	498,827	112,060	610,887	571,098	110,459	681,557
Amortization	7,935	13,524	21,459	8,613	12,434	21,047

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(b) Discontinued operation

The Group's board of directors approved Unison's dissolution on December 7, 2016. The procedures of disposal of assets and liabilities, return of remaining funds, dissolution and liquidation of Unison had been completed as of December 31, 2020. The operation result and cash flow of discontinued operation were as follows:

	<u>For the years ended December 31, 2020</u>
Result of discontinued operations:	
Operating expenses	\$ <u>(92)</u>
Gross loss	<u>(92)</u>
Loss from discontinued operations, net of tax	\$ <u>(92)</u>
Basic earnings per share	\$ <u>-</u>
Diluted earnings per share	\$ <u>-</u>
Cash flow of discontinued operations	
Cash flow generated from (used in) operating activities	\$ <u>(8,772)</u>

(c) Assessment of the impact from COVID-19 :

The Group will keep tracking the situation of the COVID-19 pandemics, implement the principle of risk diversification and not concentrate on a specific client and region, also reinforce supply chain management and production control, as well as keep carrying out epidemics prevention measures in its production sites to stabilize order manufacturing and delivering. The Group expects to minimize the impacts on its future operation from the COVID-19 pandemics via strategic approaches in both sales and production ends.

(13) Other disclosures

(a) Information on significant transactions

The followings were the disclosures on significant transactions required under the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the years ended December 31, 2021:

- (i) Fund financing to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) The securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures): None.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the Company's paid-in capital: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the Company's paid-in capital : None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the Company's paid-in capital: None.
- (vii) Related party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the Company's paid-in capital:

(In thousands of NTD)

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases/ (sales)	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
The Company	Eclat Textile (VN)	Indirectly held subsidiaries	processing	1,427,618	13.54 % (Note)	30 days	(Note 2)	(Note 2)	Accounts payable (276,187)	(9.54)%	(Note 1)
Eclat Textile (VN)	The Company	Parent company	(sales)	(1,427,618)	(100.00)%	30 days	(Note 2)	(Note 2)	Accounts receivable 276,187	100.00 %	(Note 1)
The Company	Fabrics	Indirectly held subsidiaries	purchasing	2,211,211	12.28 %	30 days	(Note 2)	(Note 2)	Accounts payable (112,124)	(3.87)%	(Note 1)
Fabrics	The Company	Parent company	(sales)	(2,211,211)	(95.69)%	30 days	(Note 2)	(Note 2)	Accounts receivable 112,124	86.83 %	(Note 1)
The Company	E-TOP (VN)	Indirectly held subsidiaries	processing	893,463	8.48 % (Note)	30 days	(Note 2)	(Note 2)	Accounts payable (76,158)	(2.63)%	(Note 1)
E-TOP (VN)	The Company	Parent company	(sales)	(893,463)	(98.76)%	30 days	(Note 2)	(Note 2)	Accounts receivable 76,158	98.29 %	(Note 1)
The Company	Colltex	Indirectly held subsidiaries	processing	695,900	6.60 % (Note)	30 days	(Note 2)	(Note 2)	Accounts payable (64,244)	(2.22)%	(Note 1)
Colltex	The Company	Parent company	(sales)	(695,900)	(99.59)%	30 days	(Note 2)	(Note 2)	Accounts receivable 64,244	99.48 %	(Note 1)
The Company	Eclat Textile (Cambodia)	Indirectly held subsidiaries	processing	539,374	5.12 % (Note)	30 days	(Note 2)	(Note 2)	Accounts payable (28,606)	(0.99)%	(Note 1)
Eclat Textile (Cambodia)	The Company	Parent company	(sales)	(539,374)	(100.00)%	30 days	(Note 2)	(Note 2)	Accounts receivable 28,606	91.81 %	(Note 1)
The Company	Tai-Yuan (VN)	Indirectly held subsidiaries	processing	210,591	2.00 % (Note)	30 days	(Note 2)	(Note 2)	Accounts payable (11,452)	(0.40)%	(Note 1)
Tai-Yuan (VN)	The Company	Parent company	(sales)	(210,591)	(96.69)%	30 days	(Note 2)	(Note 2)	Accounts receivable 11,452	100.00 %	(Note 1)

Note: Percentage on processing expense

Note 1: Transaction listed above has been eliminated during preparing consolidated financial statements.

Note 2: The same as general processing/purchasing/sales

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the Company's paid in capital:

(In thousands of NTD/USD)

Name of Company	Name of counterparty	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period	Allowance for bad debts	Note
					Amount	Action taken			
Eclat Textile (VN)	The Company	Parent company	276,187 (USD(9,978))	5.55	-	-	276,187 (USD 9,978)	-	(Note1) (Note2)
Fabrics	The Company	Parent company	112,124 (USD4,051)	20.42	-	-	112,124 (USD 4,051)	-	(Note1) (Note2)

Note 1: Transaction listed above have been eliminated during preparing consolidated financial statements.

Note 2: The exchange rate as of December 31, 2021 was USD 1 to NTD 27.68.

(ix) Trading in derivative financial instruments: None.

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

(In thousands of NTD)

No.	Company name	Counter-party	Nature of relationship	Intercompany transactions			
				Financial statements item	Amount	Terms	Percentage of the consolidated net revenue or total assets
1	Fabrics	The Company	2	Sales	2,211,211	The same as general sales	6.16 %
2	Eclat Textile (VN)	The Company	2	Processing revenue	1,427,618	The same as general processing	3.97 %
3	Colltex	The Company	2	Processing revenue	695,900	The same as general processing	1.94 %
4	E -TOP(VN)	The Company	2	Processing revenue	893,463	The same as general processing	2.49 %
5	Eclat Textile (Cambodia)	The Company	2	Processing revenue	539,374	The same as general processing	1.50 %
6	Tai Yuan (VN)	The Company	2	Processing revenue	210,591	The same as general processing	0.59 %
7	Eclat Textile (VN)	The Company	2	Accounts receivable	276,187	The same as general processing	0.94 %
8	Fabrics	The Company	2	Accounts receivable	112,124	The same as general sales	0.38 %

Note 1: Numbers are filled in as follows:

1. 0 represents the parent company.
2. Subsidiaries are numbered from 1.

Note 2: Classification of relation with counterparty is listed as follows:

1. Parent to subsidiary.
2. Subsidiary to parent.
3. Between subsidiaries.

Note 3: Only disclosed the amount of sales, processing revenue and accounts receivable over NT\$100 million, no need to disclosed corresponding purchasing, processing and accounts payable.

(b) Information on investees:

The following were the information on investment for the years ended December 31, 2021 (excluding these in Mainland China):

(In thousands of NTD/USD)

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Highest percentage of ownership during the year	Net income (losses) of the investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Grand Elite	British Virgin Islands	Investments in securities, real estate, and manufacturing industry	235,834 (USD 8,520)	235,834 (USD 8,520)	21	100.00 %	79,326	100.00 %	102,050	102,050	Subsidiaries (Note 1)(Note 2)
The Company	Eclat Cayman	Cayman Islands	Investments in securities, real estate, and manufacturing industry	3,471,238 (USD 125,406)	3,545,393 (USD 128,085)	121,080	100.00 %	3,762,647	100.00 %	234,352	250,700	Subsidiaries (Note 1)(Note 2)
The Company	Eclat Textile (ID)	Indonesia	Design, manufacture, processing, sale of clothing, knit fabric mills, printing, dyeing and finishing mill	1,384,000 (USD 50,000)	1,384,000 (USD 50,000)	5,000	100.00 %	1,332,526	100.00 %	(50,587)	(50,587)	Subsidiaries (Note 1)(Note 2)(Note 3)

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Highest percentage of ownership during the year	Net income (losses) of the investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value				
Grand Elite	Eclat Textile (Cambodia)	Cambodia	Design, manufacture, processing and sale of clothing	221,440 (USD 8,000)	221,440 (USD 8,000)	8,000	100.00 %	63,592	100.00 %	102,091	102,091	Subsidiaries of Grand Elite (Note 1)(Note 2)
Eclat Cayman	Colltex	Vietnam	Design, manufacture, processing and sale of clothing	441,634 (USD 15,955)	441,634 (USD 15,955)	16,800	100.00 %	555,041	100.00 %	77,228	75,896	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	E-TOP(VN)	Vietnam	Design, manufacture, processing and sale of clothing	996,480 (USD 36,000)	996,480 (USD 36,000)	36,000	100.00 %	1,148,038	100.00 %	37,430	37,430	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	Eclat Enterprise	Cambodia	Investments in securities, real estate, and manufacturing industry	28 (USD 1)	28 (USD 1)	1	100.00 %	(240)	100.00 %	610	610	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	Eclat Textile (VN)	Vietnam	Design, manufacture, processing and sale of clothing	586,013 (USD 21,171)	586,013 (USD 21,171)	22,000	100.00 %	780,707	100.00 %	33,529	33,529	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	Fabrics	Vietnam	Knit fabric mills, printing, dyeing and finishing mill	1,107,200 (USD 40,000)	1,107,200 (USD 40,000)	40,000	100.00 %	1,365,495	100.00 %	57,492	36,036	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	Tai Yuan(VN)	Vietnam	Design, manufacture, processing and sale of clothing	191,407 (USD 6,915)	191,407 (USD 6,915)	6,800	100.00 %	(107,447)	100.00 %	27,675	27,415	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	E&I Printing	Vietnam	Design, printing, dyeing and finishing mill	27,680 (USD 1,000)	27,680 (USD 1,000)	1,000	40.00 %	-	40.00 %	(5,566)	(2,113)	Subsidiaries of Eclat Cayman (Note 1)
Eclat Cayman	Eclat Textile (ID)	Indonesia	Design, manufacture, processing, sale of clothing, knit fabric mills, printing, dyeing and finishing mill	6 (USD 0.20)	6 (USD 0.20)	0.02	- %	5	- %	(50,587)	-	Subsidiaries of Eclat Cayman (Note 1)(Note 2) (Note 3)

Note: Accumulated translation is included.

Note 1: The exchange rate as of December 31, 2021 was USD 1 to NTD 27.68.

Note 2: Transaction listed above have been eliminated during preparing consolidated financial statements.

Note 3: Eclat Textile (ID) was mutually set up by the Company and Eclat Cayman. The shareholding ratios are 99.9996% and 0.0004% respectively.

(c) Information on investment in Mainland China: None.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Yih-Yuan Investment Corp.		25,790,335	9.39 %
Nu Dan Co., Ltd.- Hsien Chin Tsai		14,000,000	5.10 %

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note: (i) The main shareholder information in this table was calculated by the insurance company Taiwan Depository & Clearing Corporation (TDCC) on the last business day at the end of each quarter, the total number of ordinary shares and special shares held by the shareholders who have completed the delivery of the company without physical registration has reached more than 5%. As for the share capital recorded in the company's financial report and the number of shares actually delivered by the company without physical registration, there may be differences due to the different calculation basis.

(ii) The information on the opening of the shareholder's shareholding and delivery of the trust to the trust was disclosed by the individual trustee who opened the trust account. As for shareholders who handle the declaration of insider shareholdings that hold more than 10% of their shares in accordance with the Securities Exchange Act, their shareholdings include their shareholdings plus their delivery to the trust and the use of decision making shares in the trust property, please refer to the Market Observation Post System for information on insider equity declaration.

(14) Segment information:

(a) General information

The Group has two reportable segments: knitted division, which produces and sells flexible textile and clothing division, which produces, process and sells clothing.

These two reportable segments are regional operating units and provide different products. Because every regional operating unit needs different techniques and marketing strategy, each should be managed separately; most of operating units are acquired separately and the management team at the time of acquisition is kept.

(b) Information about income/loss, assets, liabilities, basis for measurement and reconciliation for reportable segments

The Group's operating departments accounting policies are all the same as note 4 "Summary of accounting policies". The Group's operating department measures its income or loss at operating income or loss before income tax and treats operating income or loss before income tax as the basis of assessing performance; the Group treats sales and transfers among departments as related parties' transactions and is measured at current fair value.

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES
Notes to Consolidated Financial Statements

For the years ended December 31, 2021

	Fabric	Garment	Adjustments and write off	Total
Revenue				
From external clients	\$ 12,365,045	23,552,202	-	35,917,247
Inter-segments	6,264,876	3,784,129	(10,049,005)	-
Interest revenue	2,782	18,596	-	21,378
Total revenue	\$ 18,632,703	27,354,927	(10,049,005)	35,938,625
Interest expenses	\$ 11,184	12,629	(914)	22,899
Depreciation and amortization	420,066	212,280	-	632,346
Profit or loss from reportable segment	\$ 1,737,957	4,933,622	(285,814)	6,385,765
Non current assets capital expenditure	\$ 972,359	1,524,558	-	2,496,917
Reportable segment assets	\$ 15,255,964	19,750,151	(5,727,348)	29,278,767
Reportable segment liabilities	\$ 3,950,566	4,727,462	(548,692)	8,129,336

For the years ended December 31, 2020

	Fabric	Garment	Adjustments and write off	Total
Revenue				
From external clients	\$ 8,031,755	20,143,646	-	28,175,401
Inter-segment	5,003,482	3,613,453	(8,616,935)	-
Interest revenue	6,250	23,747	-	29,997
Total revenue	\$ 13,041,487	23,780,846	(8,616,935)	28,205,398
Profit or loss from reportable segment	\$ 1,154,983	4,291,579	(122,704)	5,323,858
Profit or loss from reportable discontinued operations	\$ -	(92)	-	(92)
Non current assets capital expenditure	\$ 583,210	979,664	-	1,562,874
Reportable segment assets	\$ 12,616,155	19,467,073	(5,636,803)	26,446,425
Reportable segment liabilities	\$ 3,201,105	4,573,681	(496,345)	7,278,441

(c) Geographical information

Geographical information of the Group is as follows; revenue is based on the place where clients locate and non current assets are based on the place where assets locate.

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Region	For the years ended December 31	
	2021	2020
Revenue from external clients:		
Americas	\$ 19,988,931	16,506,199
Asia	11,417,463	7,730,471
Europe	2,729,799	2,514,828
the Middle East	1,111,973	589,028
ANZ	301,339	246,386
Africa	355,960	467,507
Other countries	11,782	120,982
	\$ 35,917,247	28,175,401

Region	For the years ended December 31	
	2021	2020
Non-current assets		
Taiwan	\$ 8,174,736	7,318,097
Asia	5,082,111	4,164,494
	\$ 13,256,847	11,482,591

Non-current assets include property, plant and equipment, rightofuse assets, intangible assets and other assets, excluding financial instruments, deferred tax assets and net defined benefit asset.

(d) Major customers

	For the years ended December 31	
	2021	2020
A Customer	\$ 4,650,345	4,122,199

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

Independent Auditors' Report

To the Board of Directors of Eclat Textile Co., Ltd.:

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were significant in our audit of the financial statements of the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters individually. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

Revenue recognition and cut-off

Please refer to note 4(n) for details of the accounting policies of the recognition of revenue and note 6(n) operating revenues.

How the matter was addressed in our audit

Revenue recognition of the Company is the main concern of the financial report users. Therefore, the assessment of revenue recognition is the key audit matter in our audit.

Our principal audit procedures included:

Testing the design and implementation of internal control over revenue recognition, inspecting the accuracy of revenue recognition, reconciling between sales systems and general ledger, implementing cut off test of revenues and further inspecting related transaction documents to ensure that the revenue is recorded in the appropriate period.

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hui-Chih Kou and Hsin-Yi Kuo.

KPMG

Taipei, Taiwan (Republic of China)

March 3, 2022

Notes to Readers

The accompanying financial statements are intended only to present the financial statements of financial position, financial performance and its cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations). The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The auditor's report and the accompanying 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 auditor's report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)

ECLAT TEXTILE CO., LTD.

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2021		December 31, 2020		Liabilities and Equity		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 936,786	4	2,510,542	10	2150	Notes payable (note 6(q))	212,339	1	259,923	1
1150	Notes receivable (note 6(b))	3,574	-	2,294	-	2170	Accounts payable (note 6(q))	2,114,659	8	2,285,903	9
1170	Accounts receivable, net (including related parties)(note 6(b) and 7)	4,849,416	18	5,107,614	21	2180	Accounts payable to related parties (notes 6(q) and 7)	568,771	2	502,484	2
1200	Other receivables, net	7,732	-	5,916	-	2200	Other payables (note 6(j))	954,542	4	853,987	4
1310	Inventories, net (note 6(c))	7,313,661	27	4,515,725	18	2230	Current tax liabilities	1,237,850	4	1,072,588	4
1470	Other current assets (note 6(g))	373,456	1	278,803	1	2280	Current lease liabilities (notes 6(i)(q))	17,084	-	17,014	-
Total current assets		13,484,625	50	12,420,894	50	2320	Long-term liabilities, current portion (notes 6(h)(q) and 8)	96,667	-	-	-
						2399	Other current liabilities, others	170,961	1	197,731	1
						Total current liabilities		5,372,873	20	5,189,630	21
Non-current assets:						Non-current liabilities:					
1550	Investments accounted for using equity method(note 6(d))	5,174,499	19	5,119,953	21	Long-term borrowings (notes 6(h) (q) and 8)		483,333	2	580,000	2
1600	Property, plant and equipment (notes 6(e), 7 and 8)	8,105,180	30	7,236,086	29	2540	Deferred tax liabilities	-	-	6,440	-
1755	Right-of-use assets(note 6(f))	43,434	-	45,554	-	2570	Non-current lease liabilities (notes 6(i) (q))	16,532	-	16,331	-
1780	Intangible assets	6,652	-	13,427	-	2580	Guarantee deposits received	2,793	-	2,509	-
1840	Deferred tax assets (note 6(k))	123,632	1	97,126	-	2645	Total non-current liabilities	502,658	2	605,280	2
1975	Net defined benefit asset, non-current (note 6(j))	67,470	-	6,824	-	Total liabilities		5,875,531	22	5,794,910	23
1990	Other non-current assets, others (note 6(g))	19,470	-	23,030	-	Equity (notes 6(l) and(s)):					
Total non-current assets		13,540,337	50	12,542,000	50	3110	Ordinary share	2,743,671	10	2,743,671	11
						3200	Capital surplus	3,769,547	14	3,769,547	15
						Retained earnings:					
						3310	Legal reserve	3,612,376	13	3,185,883	13
						3320	Special reserve	291,705	1	89,042	-
						3350	Unappropriated retained earnings	11,161,579	42	9,671,546	39
						Total retained earnings		15,065,660	56	12,946,471	52
						3490	Other equity, others	(429,447)	(2)	(291,705)	(1)
						Total equity		21,149,431	78	19,167,984	77
Total assets		\$ 27,024,962	100	24,962,894	100	Total liabilities and equity		\$ 27,024,962	100	24,962,894	100

See accompanying notes to the financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
ECLAT TEXTILE CO., LTD.

Statements of Comprehensive Income

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the year ended December 31			
		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(n) and 7)	\$ 35,835,602	100	28,057,641	100
5000	Operating costs (notes 6(e)(f)(j)(o), 7 and 12)	27,206,412	76	20,628,069	74
	Gross profit from operations	8,629,190	24	7,429,572	26
	Operating expenses (notes 6(e)(f)(i)(j)(o), 7 and 12):				
6100	Selling expenses	1,590,437	5	1,243,224	4
6200	Administrative expenses	777,341	2	681,177	2
6300	Research and development expenses	158,913	-	141,487	1
	Total operating expenses	2,526,691	7	2,065,888	7
	Net operating income	6,102,499	17	5,363,684	19
	Non-operating income and expenses (notes 6(i) (p) and 7):				
7010	Other income	9,251	-	9,322	-
7020	Other gains and losses, net	(65,409)	-	(182,834)	(1)
7050	Finance costs	(9,083)	-	(12,654)	-
7060	Share of profit of associates accounted for using equity method, net	302,163	1	122,704	1
7100	Interest income	3,796	-	11,183	-
	Total non-operating income and expenses	240,718	1	(52,279)	-
7900	Income before income tax	6,343,217	18	5,311,405	19
7950	Less: Tax expenses (note 6(k))	1,194,606	4	1,056,871	4
8200	Profit (note 6(s))	5,148,611	14	4,254,534	15
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(j))	(11,384)	-	10,399	-
8349	Income tax related to components that will not be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	(11,384)	-	10,399	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements (note 6(k))	(172,178)	-	(253,328)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	34,436	-	50,665	-
8300	Other comprehensive income, net of income tax	(149,126)	-	(192,264)	(1)
8500	Total comprehensive income	4,999,485	14	4,062,270	14
	Earnings per share (note 6(m))				
9750	Basic earnings per share (in dollars)	\$ 18.77		15.51	
9850	Diluted earnings per share (in dollars)	\$ 18.76		15.51	

See accompanying notes to the financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
ECLAT TEXTILE CO., LTD.

Statements of Changes in Equity
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Retained Earnings						Other Equity	
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Total equity
Balance at January 1, 2020	\$ 2,743,671	3,769,547	2,756,589	6,862	8,936,125	11,699,576	(89,042)	18,123,752
Profit	-	-	-	-	4,254,534	4,254,534	-	4,254,534
Other comprehensive income (loss)	-	-	-	-	10,399	10,399	(202,663)	(192,264)
Total comprehensive income (loss)	-	-	-	-	4,264,933	4,264,933	(202,663)	4,062,270
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	429,294	-	(429,294)	-	-	-
Special reserve appropriated	-	-	-	82,180	(82,180)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,018,038)	(3,018,038)	-	(3,018,038)
Balance at December 31, 2020	2,743,671	3,769,547	3,185,883	89,042	9,671,546	12,946,471	(291,705)	19,167,984
Profit	-	-	-	-	5,148,611	5,148,611	-	5,148,611
Other comprehensive income (loss)	-	-	-	-	(11,384)	(11,384)	(137,742)	(149,126)
Total comprehensive income (loss)	-	-	-	-	5,137,227	5,137,227	(137,742)	4,999,485
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	426,493	-	(426,493)	-	-	-
Special reserve appropriated	-	-	-	202,663	(202,663)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,018,038)	(3,018,038)	-	(3,018,038)
Balance at December 31, 2021	\$ 2,743,671	3,769,547	3,612,376	291,705	11,161,579	15,065,660	(429,447)	21,149,431

See accompanying notes to the financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
ECLAT TEXTILE CO., LTD.

Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 6,343,217	5,311,405
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	251,293	264,945
Amortization expense	8,567	7,407
Interest expense	9,083	12,654
Interest income	(3,796)	(11,183)
Share of loss(gain) of associates accounted for using equity method	(302,163)	(122,704)
Loss (gain) on disposal of property, plant and equipment	<u>(2,334)</u>	<u>(1,744)</u>
Total adjustments to reconcile profit	<u>(39,350)</u>	<u>149,375</u>
Changes in operating assets and liabilities:		
Decrease (increase) in notes and accounts receivable	256,918	(2,079,408)
Decrease (increase) in inventories	(2,797,936)	(1,025,557)
Decrease (increase) in other current assets	(96,666)	(70,919)
Increase (decrease) in notes and accounts payable	(161,875)	1,264,805
Increase (decrease) in other payable	100,584	31,391
Increase (decrease) in other current liabilities	(26,770)	151,785
Increase (decrease) in net defined benefit liability	<u>(72,030)</u>	<u>(1,557)</u>
Total changes in operating assets and liabilities	<u>(2,797,775)</u>	<u>(1,729,460)</u>
Total adjustments	<u>(2,837,125)</u>	<u>(1,580,085)</u>
Cash inflow generated from operations	3,506,092	3,731,320
Interest received	3,993	13,793
Interest paid	(8,623)	(13,712)
Income taxes paid	<u>(1,027,855)</u>	<u>(573,487)</u>
Net cash flows from operating activities	<u>2,473,607</u>	<u>3,157,914</u>
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	-	(734,458)
Proceeds from capital reduction of investments accounted for using equity method	75,439	-
Acquisition of property, plant and equipment	(985,869)	(699,483)
Proceeds from disposal of property, plant and equipment	4,679	10,979
Increase in refundable deposits	(251)	(375)
Acquisition of intangible assets	(1,792)	(15,723)
Increase in prepayments for business facilities	<u>(96,665)</u>	<u>(26,799)</u>
Net cash flows from (used in) investing activities	<u>(1,004,459)</u>	<u>(1,465,859)</u>
Cash flows from (used in) financing activities:		
Increase in long-term borrowings	-	580,000
Increase in guarantee deposits received	284	-
Payment of lease liabilities	(25,150)	(32,796)
Cash dividends paid	<u>(3,018,038)</u>	<u>(3,018,038)</u>
Net cash flows from (used in) financing activities	<u>(3,042,904)</u>	<u>(2,470,834)</u>
Net increase (decrease) in cash and cash equivalents	(1,573,756)	(778,779)
Cash and cash equivalents at beginning of period	<u>2,510,542</u>	<u>3,289,321</u>
Cash and cash equivalents at end of period	<u><u>\$ 936,786</u></u>	<u><u>2,510,542</u></u>

See accompanying notes to the financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

ECLAT TEXTILE CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Eclat Textile Co., Ltd.. (the “Company”) was incorporated in November 1977. The Company has established the Ta-shan Plant, Hsi-chou Plant in Miao-li, and Da-yuan Plant in Taoyuan. The Company has mainly been involved in the manufacturing and marketing of knitwear.

(2) Approval date and procedures of the financial statements

The financial statements were approved by the Board of Directors on March 3, 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. (“FSC”) which have already been adopted.

The Company assesses that the adoption of the below mentioned standards would not have material impact on its financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

- (b) The impact of IFRS endorsed by FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements.

- 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”

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

The following IFRSs that have been amended and issued by the International Accounting Standards Board but have yet to be endorsed by the FSC, may be relevant to the Company:

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Notes to the Financial Statements

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

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

The Company assesses that the adoption of the below mentioned standards would not have material impact on its 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
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(4) Summary of significant accounting policies

The significant accounting policies presented in the financial statements are summarized as follows. Except for note 3, the following accounting policies were applied consistently through all reporting periods presented in the financial statements.

(a) Statement of compliance

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

(b) Basis of preparation

(i)Basis of measurement

The financial statements have been prepared on historical cost basis except for the net defined benefit assets are measured at fair value of plan assets, less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each entity of the Company is determined based on the primary

Eclat Textile Co., Ltd.
Notes to the Financial Statements

economic environment in which the entity operates. The Company financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign Currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the functional currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;

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(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Term deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits and other financial assets).

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- bank deposits for which credit risk (i.e. the risk of default occurring over the expected life

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of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable is always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 120 days past due.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or delay of payments; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization;

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of

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the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities

1) Financial liabilities

Financial liabilities are classified as measured at amortized cost.

Subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are necessary expenditures and charges for bringing the inventory to a salable and useable condition and location. In the case of manufactured overhead, cost includes an appropriate share of production overheads based on normal operating capacity of labor hours or machine hours and is allocated to finish goods and work in progress. Inventories are measured at the lower of cost and net realizable value subsequently and the cost of inventories is calculated using the monthly weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from business acquisition less any accumulated impairment losses.

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The Company's financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases.

Gains and losses resulting from the transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Investment in subsidiaries

In preparing the financial statements, the Company appraises its investees by using equity method. Under equity method, current income and other comprehensive income from financial statement is the same as the consolidated income and other comprehensive income attributable to parent. Shareholders' equity is the same as the consolidated shareholders' equity.

The Company treated the changes of subsidiaries' equity as transactions among owners.

(j) Property, plant, and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1) Buildings	5 to 60 years
2) Machinery	2 to 15 years
3) Transportation equipment	3 to 5 years
4) Office equipment	5 to 9 years
5) Miscellaneous equipment	3 to 15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and

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adjusted if appropriate.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments; including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

As a practical expedient, the Company elects not to assess all rent concessions that meets all the following conditions are lease modifications or not:

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- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; and
- there is no substantive change to other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The Company recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Rental revenue'.

(1) Intangible assets

(i) Recognition and measurement

Other intangible assets are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

Software : 2 to 5 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment.

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If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(n) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

The Company manufactures and sells elastic fabrics and clothing. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained

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earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries and associates that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant

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amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. Basic earnings per share is calculated on profit attributable to the ordinary stockholders of the Company divided by weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated on profit attributable to ordinary stockholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(r) Operating segments

The Company has already disclosed the segment information in the consolidated financial statement; therefore, the Company need not disclose the segment information again in the financial statement.

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

The preparation of the financial statements in conformity with the IFRSs 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.

The management continues to monitor the accounting estimates and assumptions. Any changes in accounting estimates during the current year and the impact of those changes in accounting estimates are recognized in the following year.

(6) Explanation to significant accounts:

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash	\$ 6,002	3,507
Bank deposits	930,784	1,676,035
Term deposits	-	831,000
Cash and cash equivalents	<u>\$ 936,786</u>	<u>2,510,542</u>

Please refer to note 6(q) for the exchange risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Company.

(b) Notes receivable and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable-operating activities	\$ 3,574	2,294
Accounts receivable	4,873,502	5,131,700
Less: allowance for doubtful accounts	(24,086)	(24,086)
Total	<u>\$ 4,852,990</u>	<u>5,109,908</u>

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The Company 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, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including the macroeconomic and related industrial information.

The loss allowance provisions for the notes and accounts receivable of the Company were determined as follows:

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 4,484,792	0.29 %	12,970
Within 30 days past due	371,765	0.45 %	1,678
31~120 days past due	18,104	38.79 %	7,023
Over 121 days past due	2,415	100.00 %	2,415
	\$ 4,877,076		24,086

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 4,769,794	0.41 %	19,639
Within 30 days past due	355,248	0.52 %	1,852
31~120 days past due	7,805	18.55 %	1,448
Over 121 days past due	1,147	100.00 %	1,147
	\$ 5,133,994		24,086

The movements in the allowance for notes and accounts receivable of the Company were as follows:

	For the years ended December 31	
	2021	2020
Opening balance (Ending balance)	\$ 24,086	24,086

None of notes receivable and accounts receivable held by the Company were pledged, collateralized or discounted as of December 31, 2021 and 2020.

Accounts receivable of the Company had been insured accounts receivable credit risk. The insured amounts were \$367,109 thousand, and \$304,562 thousand as of December 31, 2021 and 2020, respectively. Guaranteed fraction was 90% of reviewed credit of policyholder, the recoverable amount of the insurance was considered when deciding impairment amount of accounts receivable.

The Company has signed accounts receivable factoring contracts without recourse with financial institutions. As stated in the contract, the Company does not have to bear the risks of uncollectable accounts receivables but the loss incurred due to commercial arguments, and hence meets the criteria of derecognition of financial assets. Factored accounts receivables which were not due as of the report date were as follows:

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December 31, 2021					
Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
E-sun Bank	\$ <u>700,029</u>	<u>1,126,569</u>	<u>700,029</u>	<u>0.90%</u>	None
CTBC Bank	\$ <u>351,952</u>	<u>619,616</u>	<u>351,952</u>	<u>0.80%</u>	None
December 31, 2020					
Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
E-sun Bank	\$ <u>482,246</u>	<u>351,358</u>	<u>482,246</u>	<u>0.90%~0.96%</u>	None
Shanghai Bank	\$ <u>38,002</u>	<u>102,974</u>	<u>38,002</u>	<u>0.85%</u>	None

(c) Inventories

	December 31, 2021	December 31, 2020
Raw materials	\$ 4,595,099	2,669,525
Supplies	943,449	665,226
Work in progress	1,304,754	880,506
Finished goods	<u>470,359</u>	<u>300,468</u>
	<u>\$ 7,313,661</u>	<u>4,515,725</u>

There were no recognized loss of inventory price due to write downs from inventories to net realizable value for 2021 and 2020.

None of inventories held by the Company were pledged as of December 31, 2021 and 2020.

(d) Investment under equity method

The Company's financial information for equity accounted investees at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Subsidiaries	<u>\$ 5,174,499</u>	<u>5,119,953</u>

1.Subsidiaries

Please refer to 2021 consolidated financial statements.

2.Pledged: None of investment under equity method held by the Company were pledged as of December 31, 2021 and 2020.

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(e) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Miscellaneous equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost:								
Balance at January 1, 2021	4,790,091	1,463,274	1,882,910	47,214	116,373	195,009	1,154,283	9,649,154
Additions	-	11,161	38,715	575	1,088	5,961	928,369	985,869
Disposals	-	(10,332)	(56,708)	(17,395)	(7,312)	(5,868)	-	(97,615)
Reclassification	-	5,847	81,709	15,249	-	1,062	(3,391)	100,476
Balance at December 31, 2021	<u>\$ 4,790,091</u>	<u>1,469,950</u>	<u>1,946,626</u>	<u>45,643</u>	<u>110,149</u>	<u>196,164</u>	<u>2,079,261</u>	<u>10,637,884</u>
Balance at January 1, 2020	\$ 4,790,091	1,461,976	2,010,000	46,431	115,462	190,799	488,599	9,103,358
Additions	-	3,222	23,473	1,285	911	7,947	662,645	699,483
Disposals	-	(1,924)	(200,130)	(6,263)	-	(11,439)	-	(219,756)
Reclassification	-	-	49,567	5,761	-	7,702	3,039	66,069
Balance at December 31, 2020	<u>\$ 4,790,091</u>	<u>1,463,274</u>	<u>1,882,910</u>	<u>47,214</u>	<u>116,373</u>	<u>195,009</u>	<u>1,154,283</u>	<u>9,649,154</u>
Depreciation:								
Balance at January 1, 2021	\$ -	643,488	1,472,670	33,275	107,052	156,583	-	2,413,068
Depreciation	-	53,123	140,022	4,274	3,557	13,930	-	214,906
Disposals	-	(10,332)	(55,325)	(17,394)	-	-	-	-
Balance at December 31, 2021	<u>\$ -</u>	<u>686,279</u>	<u>1,557,367</u>	<u>20,155</u>	<u>110,609</u>	<u>170,513</u>	<u>-</u>	<u>2,627,974</u>
Balance at January 1, 2020	\$ -	591,212	1,508,860	35,023	102,296	149,386	-	2,386,777
Depreciation	-	53,799	157,755	3,984	4,756	16,518	-	236,812
Disposals	-	(1,523)	(193,945)	(5,732)	-	(9,321)	-	(210,521)
Balance at December 31, 2020	<u>\$ -</u>	<u>643,488</u>	<u>1,472,670</u>	<u>33,275</u>	<u>107,052</u>	<u>156,583</u>	<u>-</u>	<u>2,413,068</u>
Carrying amounts:								
Balance at December 31, 2021	<u>\$ 4,790,091</u>	<u>783,671</u>	<u>389,259</u>	<u>25,488</u>	<u>6,853</u>	<u>30,557</u>	<u>2,079,261</u>	<u>8,105,180</u>
Balance at December 31, 2020	<u>\$ 4,790,091</u>	<u>819,786</u>	<u>410,240</u>	<u>13,939</u>	<u>9,321</u>	<u>38,426</u>	<u>1,154,283</u>	<u>7,236,086</u>

The property, plant and equipment of the Company were pledged or mortgaged as collateral for loans as of December 31, 2021 and 2020, please refer to note 8.

(f) Right-of-use assets

The Company leases assets including buildings, transportation equipment, office equipment and miscellaneous equipment. Information about leases for which the Company as a lessee is presented below:

	<u>Buildings</u>	<u>Transportati on equipment</u>	<u>Office equipment</u>	<u>Miscellaneous equipment</u>	<u>Total</u>
Cost:					
Balance as of January 1, 2021	\$ 69,854	58,926	2,911	2,272	133,963
Additions	10,424	21,921	1,922	-	34,267
Disposal	(37,404)	(39,362)	(1,950)	(1,022)	(79,738)
Balance as of December 31, 2021	<u>\$ 42,874</u>	<u>41,485</u>	<u>2,883</u>	<u>1,250</u>	<u>88,492</u>
Balance as of January 1, 2020	\$ 50,119	50,345	2,730	2,272	105,466
Additions	19,735	9,348	181	-	29,264
Disposal	-	(767)	-	-	(767)
Balance as of December 31, 2020	<u>\$ 69,854</u>	<u>58,926</u>	<u>2,911</u>	<u>2,272</u>	<u>133,963</u>

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	<u>Buildings</u>	<u>Transportati on equipment</u>	<u>Office equipment</u>	<u>Miscellaneous equipment</u>	<u>Total</u>
Accumulated depreciation:					
Balance as of January 1, 2021	\$ 40,446	44,292	2,194	1,477	88,409
Depreciation	21,734	13,421	1,005	227	36,387
Disposal	(37,404)	(39,362)	(1,950)	(1,022)	(79,738)
Balance as of December 31, 2021	<u>\$ 24,776</u>	<u>18,351</u>	<u>1,249</u>	<u>682</u>	<u>45,058</u>
Balance as of January 1, 2020	\$ 26,585	31,680	958	1,250	60,473
Depreciation	13,861	12,809	1,236	227	28,133
Disposal	-	(197)	-	-	(197)
Balance as of December 31, 2020	<u>\$ 40,446</u>	<u>44,292</u>	<u>2,194</u>	<u>1,477</u>	<u>88,409</u>
Carrying amount:					
Balance as of December 31, 2021	<u>\$ 18,098</u>	<u>23,134</u>	<u>1,634</u>	<u>568</u>	<u>43,434</u>
Balance as of December 31, 2020	<u>\$ 29,408</u>	<u>14,634</u>	<u>717</u>	<u>795</u>	<u>45,554</u>

(g) Other current or non-current assets

Current:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Tax refund receivables	\$ 69,665	55,749
Payment in advance	101,332	89,149
Prepaid expense	8,912	8,426
Other prepaid	3,321	1,629
Temporary payments	21,031	2,765
Office supplies	1,082	916
Prepaid value-added tax	168,113	120,169
	<u>\$ 373,456</u>	<u>278,803</u>

Non-current:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Prepayments for equipment	\$ 15,968	19,779
Refundable deposits	3,502	3,251
	<u>\$ 19,470</u>	<u>23,030</u>

(h) Long-term borrowings

Details of long-term borrowings of the Company were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unsecured bank loans - due by August 2027	\$ 580,000	580,000
Less: Maturing within one year	(96,667)	-
Total	<u>\$ 483,333</u>	<u>580,000</u>
Unused quota	<u>\$ 2,500,000</u>	<u>2,920,000</u>
Range of interest rates	<u>0.81 %</u>	<u>0.81 %</u>

The Company's long-term borrowing facilities include secured and unsecured bank loans. The

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Company's assets were pledged as collaterals to secure long-term borrowings as of December 31, 2021 and 2020, please refer to note 8.

(i) Lease liabilities

The Company's lease liabilities were as follows:

	December 31, 2021	December 31, 2020
Current	\$ <u>17,084</u>	<u>17,014</u>
Non-current	\$ <u>16,532</u>	<u>16,331</u>

For the maturities analysis, please refer to note 6(q).

The amounts of leases recognized in profit or loss were as follows:

	For the years ended December 31 2021	2020
Interest on lease liabilities	\$ <u>488</u>	<u>494</u>
Expenses relating to short-term leases	\$ <u>11,555</u>	<u>4,843</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>-</u>	<u>683</u>

The amounts of leases recognized in the statement of cash flows for were as follows:

	For the years ended December 31 2021	2020
Total cash outflow for leases	\$ <u>37,193</u>	<u>38,816</u>

1. Real estate leases

The Company leases buildings for its office space and dormitory for 2 to 5 years.

2. Other leases

The Company leases transportation, office and miscellaneous equipment with contract terms of 2 to 10 years. The Company also leases other equipment for 1 to 3 years, these leases are short-term or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(j) Employee benefits

(i) Defined benefit plans

The Company's employee benefit liabilities were as follows:

	December 31, 2021	December 31, 2020
Present value of benefit obligations	\$ 231,815	224,702
Fair value of plan assets	<u>(299,285)</u>	<u>(231,526)</u>
Net defined benefit (assets) liabilities	\$ <u>(67,470)</u>	<u>(6,824)</u>

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The Company's employee benefit liabilities were as follows:

	December 31, 2021	December 31, 2020
Compensated absences liability	\$ <u>52,459</u>	<u>52,672</u>

Under the Company's employee benefit retirement plan, contributions are made to an independent fund that is deposited with Bank of Taiwan. Employees are eligible for retirement and payments of retirement benefits are based on years of service and the average salary for the last six months before the employee's retirement according to the Labor Standards Law.

1) Composition of the plan assets

The retirement funds deposited by the Company according to the Labor Standards Law are managed by the Bureau of Labor Funds, Ministry of Labor (the "BLF"). According to Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the usage of funds and their minimum amount of return distributed by the final accounts shall not be less than the income calculated by the two year deposit interest rate of local bank.

As of December 31, 2021, the Company's pension fund with Bank of Taiwan amounted to \$299,285 thousand. Please refer to the related information published on the website of the Labor Pension Supervisory Committee concerning the utilization of the labor pension fund, related yield rate and its allocation.

2) Movements in present value of the defined benefit obligations were as follows:

	For the years ended December 31	
	2021	2020
Defined benefit obligation at January 1	\$ 224,702	242,514
Current service cost and interest	2,259	3,617
Remeasurement of the net defined benefit (assets) liabilities		
— Actuarial losses (gains) of experience adjustments	9,161	(11,906)
— Actuarial losses (gains) arising from changes in demography	5,214	-
— Actuarial losses (gains) of financial assumptions change	-	8,897
Benefits paid	(9,521)	(18,420)
Defined benefit obligation at December 31	<u>\$ 231,815</u>	<u>224,702</u>

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3) Changes in the fair value of defined benefit plan assets were as follows:

	For the years ended December 31,	
	2021	2020
Fair value of plan assets at January 1	\$ 231,526	237,382
Remeasurement of the net defined benefit liabilities (assets)		
— Return on plan assets (excluding current interest)	4,429	9,761
Appropriated amount to the plan	72,851	2,803
Benefits paid	(9,521)	(18,420)
Fair value of plan assets at December 31	<u><u>\$ 299,285</u></u>	<u><u>231,526</u></u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

	For the years ended December 31	
	2021	2020
Current service costs	\$ 872	1,209
Interest of net defined benefit (assets) liabilities	(51)	37
	<u><u>\$ 821</u></u>	<u><u>1,246</u></u>
Operating cost	\$ 186	287
Selling expense	286	435
Administrative expense	349	524
	<u><u>\$ 821</u></u>	<u><u>1,246</u></u>

5) Re-measurements of the net defined benefit liabilities (assets) recognized in other comprehensive income

The Company's re-measurements of net defined benefit liabilities (assets) recognized in other comprehensive income were as follows:

	For the years ended December 31	
	2021	2020
Accumulated amount at January 1	\$ 28,672	39,071
Recognized in current period	11,384	(10,399)
Accumulated amount at December 31	<u><u>\$ 40,056</u></u>	<u><u>28,672</u></u>

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6) Actuarial assumptions

Major assumptions used to determine the present value of the defined benefit obligations were as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.625 %	0.625 %
Future salary increases rate	3.000 %	3.000 %

The Company is expected allocation payment of \$17,592 thousand to the defined plans for the one-year period after the reporting date of 2021.

The weighted average duration of the defined benefit plan is 11.98 years.

7) Sensitivity analysis

As of December 31, 2021 and 2020, the effects of the present value of the defined benefit obligation arising from changes in principal actuarial assumptions were as follows:

	Effects on defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2021		
Discount rate	\$ (5,820)	6,039
(change 0.25%)		
Future salary increases rate	5,777	(5,605)
(change 0.25%)		
December 31, 2020	-	-
Discount rate	(5,986)	6,211
(change 0.25%)		
Future salary increases rate	5,935	(5,757)
(change 0.25%)		

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. The sensitivity analysis adopts the same methods for determining the defined benefit assets at the balance sheet date.

(ii) Defined contribution plan

The Company contributes an amount equal to 6% of the employee's monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act, under which, the Company is not required to bear the regulated or putative obligation subsequent to the payment of fixed rate contribution.

The Company's pension costs under the defined contribution plan amounted to \$52,755 and \$49,213 in 2021 and 2020, respectively. Payments of contributions to the plan were made to the Bureau of the Labor Insurance.

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(k) Income taxes

(i) Income tax expense

The details of the Company's income tax expense were as follows:

	For the years ended December 31	
	2021	2020
Current tax expense	\$ 1,193,116	1,055,037
Deferred tax expense		
Temporary differences	1,490	1,834
Income tax expense	<u><u>\$ 1,194,606</u></u>	<u><u>1,056,871</u></u>

The components of income tax recognized in other comprehensive income were as follows:

	For the years ended December 31	
	2021	2020
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	<u><u>\$ (34,436)</u></u>	<u><u>(50,665)</u></u>

The income tax calculated on pre-tax financial income was reconciled to income tax expense for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	2020
Profit before tax	<u><u>\$ 6,343,217</u></u>	<u><u>5,311,405</u></u>
Income tax using the individual Company's domestic tax rate	\$ 1,268,643	1,062,281
The difference of estimated in prior periods	(45,084)	(18,904)
Undistributed earnings additional tax	30,887	38,171
Others	<u>(59,840)</u>	<u>(24,677)</u>
Income tax expense	<u><u>\$ 1,194,606</u></u>	<u><u>1,056,871</u></u>

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(ii) Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 were as follows:

Deferred tax assets:

Balance at January 1, 2021	\$ 97,126
Recognized in profit (loss)	(7,930)
Exchange differences on translation of foreign financial statements	<u>34,436</u>
Balance at December 31, 2021	<u><u>\$ 123,632</u></u>
Balance at January 1, 2020	\$ 54,080
Recognized in profit (loss)	(7,619)
Exchange differences on translation of foreign financial statements	<u>50,665</u>
Balance at December 31, 2020	<u><u>\$ 97,126</u></u>

Deferred tax liability:

Balance at January 1, 2021	\$ 6,440
Recognized in (profit) loss	<u>(6,440)</u>
Balance at December 31, 2021	<u><u>\$ -</u></u>
Balance at January 1, 2020	\$ 12,225
Recognized in (profit) loss	<u>(5,785)</u>
Balance at December 31, 2020	<u><u>\$ 6,440</u></u>

(iii) The Company's income tax returns through 2018 had been examined by the R.O.C tax authority.

(1) Stockholders' equity

(i) Common stock

As of December 31, 2021 and 2020, the Company's authorized share capital both amounted to \$3,000,000 thousand dollars, divided into 300,000 thousand shares of stock with \$10 par value per share. The total number of issued shares were 274,367 thousand shares.

(ii) Capital surplus

The components of capital surplus were as follows:

	December 31, 2021	December 31, 2020
Paid-in capital in excess of par value	\$ 3,550,000	3,550,000
Treasury stock transactions	396	396
Unpaid compensation to directors and supervisors	1,377	1,377
Net assets from merger with Everbright Garment	15,866	15,866
Unpaid dividend payables	113	113
Employee stock options	<u>201,795</u>	<u>201,795</u>
	<u><u>\$ 3,769,547</u></u>	<u><u>3,769,547</u></u>

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According to Company Law, realized capital surplus can be transferred to common stock or distributed as cash dividends after deducting the accumulated deficit, if any. Realized capital surplus includes the additional paid-in capital from issuance of common stock in excess of the common stock's par value and donation from others. Paid-in capital in excess of par value is transferable to common stock annually but shall not exceed 10% of total issued and outstanding common stock according to Regulations Governing the Offering and Issuance of Securities by Securities Issuers.

(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. The remaining portion is to be distributed upon a proposal by the board of directors and approval in an annual shareholders' meeting.

The Company is now in the growth stage and has a plan to expand the product line. Due to the need for capital to fulfill the plan, the policy for dividend distribution should reflect factors such as investment planning, financial structure, future fund requirements, and status of earnings. In a normal consideration, the percentage of earnings distribution shall not be less than 50% of the net earnings of the current year after compensating for accumulated deficits, if any. The board of directors shall make the distribution proposal, and it is then approved at the shareholders' meeting. The ratio for distributing cash dividends shall not be lower than 20% of the total distribution.

1) Legal reserve

If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25% of the paid-in capital.

2) Special reserve

A regulation issued by the Securities and Futures Bureau requires a special reserve be made from the unappropriated earnings, equivalent to current income or loss and prior period undistributed earnings from the reduction of other equity; the special reserve appropriated from prior period undistributed earnings cannot be distributed. If the reductions of other equity reverse, the reverse parts can be distributed. The Company is applicable to the regulations in Interpretation No.1010012865 by FSC for recognizing special reserve.

3) Earnings distribution

Earnings distributions for 2020 and 2019 were decided by the annual general meeting of the shareholders held on August 12, 2021 and June 18, 2020, respectively. The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31			
	2020		2019	
	per share (in dollars)	amount	per share (in dollars)	amount
Dividends distributed to ordinary shareholders:				
Cash dividends	\$ 11.00	<u>3,018,038</u>	11.00	<u>3,018,038</u>

As mentioned above, please browse through the relative information approved during the board of directors' and shareholders' meeting on Market Observation Post System website of the Taiwan

Eclat Textile Co., Ltd.
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Stock Exchange.

The appropriation of the Company's 2021 earnings was subject to a resolution approved by the board of directors and the annual shareholders' meetings. Following the approval of those resolutions, related information can be obtained from the Market Observation Post System website of the Taiwan Stock Exchange.

(iv) Other equity (net of income tax)

	Financial statements translation differences from foreign operations
Balance at January 1, 2021	\$ (291,705)
Exchange differences on translation of foreign financial statements	(137,742)
Balance at December 31, 2021	<u>\$ (429,447)</u>
Balance at January 1, 2020	\$ (89,042)
Exchange differences on translation of foreign financial statements	(202,663)
Balance at December 31, 2020	<u>\$ (291,705)</u>

(m) Earnings per share

The earnings per share were calculated as follows:

	For the years ended December 31	
	2021	2020
Basic earnings per share		
Profit attributable to ordinary shareholders	<u>\$ 5,148,611</u>	<u>4,254,534</u>
Weighted average number of ordinary shares outstanding (in thousands)	<u>274,367</u>	<u>274,367</u>
Basic earnings per share(in dollars)	<u>\$ 18.77</u>	<u>15.51</u>
	For the years ended December 31	
	2021	2020
Diluted earnings per share		
Profit attributable to ordinary shareholders	<u>\$ 5,148,611</u>	<u>4,254,534</u>
Weighted average number of ordinary shares outstanding (basic)(in thousands)	274,367	274,367
Effect on employee's profit-sharing bonus (in thousands)	14	17
Weighted average number of ordinary shares outstanding (diluted) (in thousands)	<u>274,381</u>	<u>274,384</u>
Diluted earnings per share (in dollars)	<u>\$ 18.76</u>	<u>15.51</u>

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(n) Revenue from contracts with customers

	For the years ended December 31, 2021		For the years ended December 31, 2020	
	Knitted fabrics	Clothing	Knitted fabrics	Clothing
Main market :				
Americas	\$ 1,093,147	18,895,775	622,329	15,883,860
Asia	9,852,290	1,485,754	6,195,631	1,418,489
Europe	12,344	2,717,455	10,091	2,504,737
the Middle East	992,234	119,739	517,111	71,917
ANZ	-	299,122	-	244,987
Africa	322,001	33,959	448,024	19,483
Others	11,558	224	120,982	-
	<u>\$ 12,283,574</u>	<u>23,552,028</u>	<u>7,914,168</u>	<u>20,143,473</u>
	For the years ended December 31, 2021		For the years ended December 31, 2020	
Main product :				
Knitted fabrics	\$ 12,283,574		7,914,168	
Clothing	23,552,028		20,143,473	
	<u>\$ 35,835,602</u>		<u>28,057,641</u>	

(n) Employees' profit sharing bonus

The Company's articles of incorporation require where the Company has a profit in current year, if there is surplus after covering the accumulated loss, no less than 0.1% shall be appropriated for the employee's compensation for the distribution according to the resolution of the Board of Directors' meeting, and be reported to the shareholders' meeting. The distribution of employee's compensation may be made in the form of shares or cash.

For the years ended December 31, 2021 and 2020, the estimated employee's profit sharing bonuses amounted to \$7,000 and \$6,000 thousand for 2021 and 2020, respectively, which were calculated based on the Company's profit excluding tax as well as employee profit sharing bonus and earnings allocation a minimum of 0.1% as stated under the Company's articles of incorporation. These employees' bonuses were reported under cost of goods sold and operating expenses for the years ended December 31, 2021 and 2020. If there is the change after released financial reporting date in the following year, the difference is treated as a change in accounting estimate, and is charged to profit or loss for the following year.

There were no differences between the estimated and the distributed employee's profit sharing bonuses approved by the BOD for the year ended December 31, 2020. The related information can be obtained from the Market Observation Post System website of the Taiwan Stock Exchange.

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Notes to the Financial Statements

(p) Results from non-operating activities

(i) Interest income

The Company's interest income were as follows:

	For the years ended December 31	
	2021	2020
Interest income from bank deposits	\$ <u>3,796</u>	<u>11,183</u>

(ii) Other income

The Company's other income were as follows:

	For the years ended December 31	
	2021	2020
Rental income	\$ <u>9,251</u>	<u>9,322</u>

(iii) Other gains and losses, net

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

	For the years ended December 31	
	2021	2020
Gain (loss) on transaction for property	\$ 2,334	1,744
Foreign exchange gain (loss)	(96,042)	(201,777)
Others	<u>28,299</u>	<u>17,199</u>
	\$ <u>(65,409)</u>	<u>(182,834)</u>

(iv) Finance costs

The Company's finance costs were as follows:

	For the years ended December 31	
	2021	2020
Interest expense - bank borrowings	\$ 4,725	2,826
Interest expense - lease liabilities	488	494
Interest expense - accounts receivable factoring	<u>3,870</u>	<u>9,334</u>
	\$ <u>9,083</u>	<u>12,654</u>

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(q) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum exposed amount to credit risk.

2) Concentration of credit risk

The Company does not make concentrated transactions with any single client and scatters the sales region, there is no concentration of credit risk for accounts receivable.

3) Credit risk of receivable

For details on credit risk of notes and accounts receivable, please refer to note 6(b).

(ii) Liquidity risk

The followings were the contractual maturities of financial liabilities, including the estimated interest payments but excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>More than 5 years</u>
December 31, 2021						
Non-derivative financial liabilities						
Long term borrowings (current portion included)	\$ 580,000	593,556	100,891	100,104	295,602	96,959
Accounts and notes payable (related parties included)	2,895,769	2,895,769	2,895,769	-	-	-
Lease liabilities	<u>33,616</u>	<u>33,807</u>	<u>17,155</u>	<u>13,567</u>	<u>3,085</u>	<u>-</u>
	<u>\$ 3,509,385</u>	<u>3,523,132</u>	<u>3,013,815</u>	<u>113,671</u>	<u>298,687</u>	<u>96,959</u>
December 31, 2020						
Non-derivative financial liabilities						
Long-term borrowings	\$ 580,000	624,786	4,714	108,452	306,498	205,122
Accounts and notes payable (related parties included)	3,048,310	3,048,310	3,048,310	-	-	-
Lease liabilities	<u>33,345</u>	<u>34,188</u>	<u>17,200</u>	<u>3,162</u>	<u>13,826</u>	<u>-</u>
	<u>\$ 3,661,655</u>	<u>3,707,284</u>	<u>3,070,224</u>	<u>111,614</u>	<u>320,324</u>	<u>205,122</u>

The Company doesn't expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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(iii) Exchange rate risks

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risks were as follows:

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 203,787	27.68	5,640,824	212,875	28.48	6,062,680
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 68,047	27.68	1,883,541	63,524	28.48	1,809,164

2) Sensitivity analysis

The Company'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 and accounts payable. A 1% depreciation or appreciation of the NTD against the USD as of December 31, 2021 and 2020 would have increased or decreased the net income after tax by \$30,058 thousand and \$34,028 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis was based on the same basis.

3) Foreign currency gain or loss on monetary items

The amounts of conversion gains and losses (including realized and unrealized) of monetary items of the Company which was converted into functional currency (that is the Company's expression currency), and the exchange rate information converted to the Company's functional currency, NTD, were as follows:

	For the years ended December 31			
	2021		2020	
	Exchange loss	Average rate	Exchange loss	Average rate
USD	\$ (96,042)	28.009	(201,777)	29.549

(iv) Interest rate analysis

The Company's exposure to interest rate risk arising from financial assets and liabilities is described in the liquidity risk part of this note.

The following sensitivity analysis is determined through the exposure to interest rate risk of derivative and non-derivative instruments on the reporting date. For floating rate liabilities, the analysis assumes that the balances of outstanding liabilities on the reporting date have been outstanding for the whole period, and their rational change intervals are being estimated. If the interest rate increases/decreases by 1%, representing the reasonable interest rates changes made by management.

(v) Fair value

The Company's management considers its financial assets and financial liabilities measured at amortized cost to be the approximation of the fair value.

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(r) Financial risk management

i. Nature and extent

The Company has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The note expresses the information of risk exposure and goals, policies and procedures for the Company to measure and manage risks. Please refer to notes in financial statements for further quantitative disclosures.

ii. Risk management framework

The Board of Directors is responsible for the supervision of the Company's risk management framework.

The Company's policies are established to identify and analyze the Company's exposure to risks, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aim to develop a disciplines and constructive control environment, in which all employees understand their roles and obligations.

The audit committee of the Company oversees how the management complies in monitoring the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The internal audit sector of the Company reviews the risk management controls and procedure on scheduled and non-scheduled basis, and reports the results to the audit committee.

iii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

1) Accounts receivable

Every single client affects the credit risk exposure of the Company, but still, the management should consider the status of its clients, including the industry the client belongs to and the default risk of the country where the client is located. Because the transaction of the Company is not concentrated in one single client for 2021 and 2020, therefore, there is no concentration on credit risk for accounts receivable.

To minimize the risk of accounts receivable, the Company established a risk management procedure relating to the financial condition of the client, credit risk rating, historical transactions inside the Company, and the current economic situation that may affect the clients' ability to pay up the bills. The Company also uses some credit improved tools such as prepayments and credit insurance in order to reduce specific client's credit risk.

2) Financial investments

The credit risk exposure in the bank deposits, fix income investments and other financial instruments are measured and monitored by the Company's finance department. As the Company deals with the banks and other external parties with good credit standing and financial institutions, corporate organization and government agencies which are graded above

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investment level, the management believes that the Company does not have any compliance issues, and therefore, there is no significant credit risk.

3) Guarantee

The Company only provide guarantee to wholly owned subsidiaries. The Company did not provide guarantee to any third party as of December 31, 2021 and 2020.

iv. Liquidity risk

Liquidity risk is the risk that the Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as much as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company estimates the cost of products and services based on accounting policy in order to assist in monitoring its cash flow requirements and optimizing its cash return on investments. Generally, the Company ensures that there is sufficient cash to cover expected operating expenditure demand, but excluding potential influence under unexpected extremely condition (i.e. nature disaster). In addition, the total amount of unused current and long term quota as of December 31, 2021 and 2010 amounted to \$3,991,124 thousand and \$3,947,996 thousand respectively.

v. Market risk

Market risk is the risk that comes from changes in market prices such as changes of foreign exchange rates, interest rates and equity prices, impacting the Company's income or the value of financial instruments held by the Company. The objective of market risk management is to manage and control market risk exposures within acceptable range and optimize the return on investments.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the board of directors.

1) Exchange rate risk

The Company's exposure to currency risk is on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company, primarily the New Taiwan Dollars (NTD). The currencies used in these transactions are denominated in NTD and USD.

At any point of time, the Company's principle is to regularly hedge using the net value after offsetting assets and liabilities. The choice of hedging exchange rate risk instruments is based on the cost and the period of hedging. The Company mainly hedges its currency risk using the foreign exchange contracts.

2) Interest rate risk

All of the Company's assets and liabilities bear floating interest rates, and thus suffer from cash flow interest rate risk exposure. The detail of floating interest rates of the Company's assets and liabilities are described in note of liquidity risk management.

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(s) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and to sustain the future development of the business. The capital includes common stock, capital surplus, retained earnings and other equities. Therefore, the capital management of the Company focuses on ensuring necessary financial resources and increase stockholders' value, examining the capital return periodically. The Company's return on capital as of December 31, 2021 and 2020 were as follows:

	2021	2020
Net income	\$ <u>5,148,611</u>	<u>4,254,534</u>
Total capital	\$ <u>21,149,431</u>	<u>19,167,984</u>
Return on capital	<u>24.34 %</u>	<u>22.20 %</u>

The Company does not have any plan of purchasing treasury stock.

(7) Related-party transactions

(a) Names and relationship of related parties

The Company had transactions with related party during the periods covered in the financial statements were as follows:

Name of related parties	Relationship with the Company
Grand Elite Holdings Inc.(Grand Elite)	Subsidiaries
Eclat Cayman Islands Holdings (Eclat Cayman)	Subsidiaries
PT Eclat Textile International (Eclat Textile (ID))	Subsidiaries
Eclat Textile (Cambodia) Co., Ltd.(Eclat Textile (Cambodia))	Subsidiaries
Unison (Wuxi) Textile and Garment Inc.(Unison)(Note)	Subsidiaries
Eclat Textile Co., Ltd. (Vietnam) (Eclat Textile (VN))	Subsidiaries
Eclat Fabrics (Vietnam) Co., Ltd.(Fabrics)	Subsidiaries
E TOP (Vietnam) Co., Ltd.(E TOP(VN))	Subsidiaries
Colltex Garment Mfy Co., Ltd. (Colltex)	Subsidiaries
Eclat Enterprise Ltd. (Eclat Enterprise)	Subsidiaries
Tai Yuan Garments Co., Ltd. (TAI YUAN(VN))	Subsidiaries
E&I Printing Company Limited(E&I Printing)	Associates indirectly held by the Company
Yih Yuan Investment Corp. (Yih Yuan)	The entity's chairman is the second degree kinship of the Company's chairman
Eclat Education Foundation(Eclat foundation)	Founded by donation of the Company

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Note: The procedures of disposal of assets and liabilities, return of remaining funds, dissolution and liquidation of Unison had been completed as of December 31, 2020.

(b) Material transactions among related parties

(i) Operating revenue

The Company's sales to related party were as follows:

	For the years ended December 31	
	2021	2020
Subsidiaries	<u>\$ 35,990</u>	<u>3,411</u>

Selling price and sales term to subsidiaries is the same as to general sales. The terms for receivables from subsidiaries were O/A 30 to 60 days.

(ii) Purchases and processing

The Company's purchases and processes from related party were as follows:

	For the years ended December 31	
	2021	2020
Subsidiaries — Eclat Textile (VN)	\$ 1,427,618	1,372,570
Subsidiaries — Fabrics	2,211,211	1,615,321
Subsidiaries — E-TOP (VN)	893,463	960,348
Subsidiaries — Others	1,445,865	1,237,026
Associates	-	152
	<u>\$ 5,978,157</u>	<u>5,185,417</u>

Purchasing and processing price and payment term to subsidiaries and associates were the same as to general purchases and processes. The payment term to subsidiaries and associates were O/A 30 to 60 days.

(iii) Receivables from related parties

The Company's receivables from related parties were as follows:

Account	Types of related parties	December 31, 2021	December 31, 2020
Other receivables	Associates	<u>\$ -</u>	<u>3,332</u>

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(iv) Payables to related parties

The Company's payables to related parties were as follows:

Account	Type of related parties	December 31, 2021	December 31, 2020
Accounts payable - related parties	Subsidiaries-Eclat Textile (VN)	\$ 276,187	238,074
Accounts payable - related parties	Subsidiaries-Fabrics	112,124	104,436
Accounts payable - related parties	Subsidiaries-E-TOP(VN)	76,158	64,581
Accounts payable - related parties	Subsidiaries-others	104,302	95,393
		<u><u>\$ 568,771</u></u>	<u><u>502,484</u></u>

(v) Leases

Types of related parties	For the years ended December 31	
	2021	2020
Other related parties	<u><u>\$ 300</u></u>	<u><u>300</u></u>

The Company charged their rentals based on the local market prices which were paid monthly.

(vi) Others

Types of related parties	Donations	
	For the years ended December 31	
	2021	2020
Associates	<u><u>\$ 2,000</u></u>	<u><u>2,000</u></u>

(c) Key management personnel transactions

Key management personnel compensation comprised:

	For the years ended December 31	
	2021	2020
Short-term employee benefits	<u><u>\$ 138,726</u></u>	<u><u>114,894</u></u>

Cars provided to key management personnel were as follows:

	December 31, 2021	December 31, 2020
Cost	<u><u>\$ 25,930</u></u>	<u><u>28,949</u></u>
Quantities	<u><u>8</u></u>	<u><u>8</u></u>
Book value	<u><u>\$ 17,931</u></u>	<u><u>5,886</u></u>

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(8) Pledged assets

The Company's pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2021	December 31, 2020
Land	Long-term borrowing facilities	<u>\$ 3,381,772</u>	<u>3,381,772</u>

(9) Commitments and contingencies

(i)The balances of unused letters of credit of the Company were as follows:

	December 31, 2021	December 31, 2020
Unused letters of credit	<u>\$ 144,076</u>	<u>62,004</u>

(ii)Significant unrecognized commitments of the Company :

	December 31, 2021	December 31, 2020
Contract for HQ Construction and Machinery	<u>\$ 736,987</u>	<u>1,589,894</u>

(10) Losses due to major disasters : None.

(11) Subsequent events : None.

(12) Other :

(a) The Company's employee benefits, depreciation and amortization expenses, categorized by function, were as follows:

By function By item	For the years ended December 31, 2021			For the years ended December 31, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	431,983	1,348,265	1,780,248	411,439	1,127,048	1,538,487
Labor and health insurance	36,593	98,916	135,509	34,150	85,065	119,215
Pension	11,270	42,306	53,576	11,213	39,246	50,459
Director's remuneration	-	5,283	5,283	-	4,889	4,889
Others	16,351	51,515	67,866	16,041	46,297	62,338
Depreciation	185,069	66,224	251,293	206,007	58,938	264,945
Amortization	13	8,554	8,567	-	7,407	7,407

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The numbers of employees and employee benefits of the Company were as follows:

	For the years ended December 31,	
	2021	2020
Number of employees	<u><u>1,895</u></u>	<u><u>1,827</u></u>
Number of directors who were not employees	<u><u>8</u></u>	<u><u>7</u></u>
The average employee benefit	<u><u>\$ 1,080</u></u>	<u><u>973</u></u>
The average salaries and wages	<u><u>\$ 943</u></u>	<u><u>845</u></u>
Percentage of average employee salary adjustment	<u><u>11.6%</u></u>	<u><u>4.19%</u></u>
Remuneration of supervisor	<u><u>\$ -</u></u>	<u><u>-</u></u>

The Company's salary and remuneration policy (including directors, supervisors, managers and employees) were as follows:

According to Article 25 of Incorporation, When the directors are performing duties, regardless of the operating loss or profit of the Company, the Company may pay remuneration for the performance of duties, and the remuneration is authorized to the Board of Directors make determination based on their participation level and value of contribution to the operation of the Company along with the consideration of the standard adopted in the same industry.

The Company has established the “Rules for Performance Evaluation of the Board of Directors and Functional Committee,” which forms basis for the evaluation of independent directors and inside directors. In addition to the consideration of the overall business performance, future operational risk and industry development trend, the individual performance achievement rate and contribution to the Company’s operational benefits etc. are also considered comprehensively, in order to provide reasonable remuneration. Furthermore, the remuneration evaluation system is also timely reviewed according to the actual operation status and relevant laws.

The president and vice presidents of the Company are responsible for the execution of the Company’s operation and management, and the salary structure refers to the base salary, allowance and business cars. The remuneration is determined according to the overall operational performance along with the consideration of the target achievement rate, profitability, operational benefits and level of contribution of each individual managerial officer along with the consideration of the standard adopted in the same industry, in order to provide reasonable remuneration. Furthermore, the remuneration evaluation system is also timely reviewed according to the actual operation status and relevant laws.

(b) Assessment of the impact from COVID-19 :

At the beginning of 2020, the outbreak of COVID-19 had an adverse impact on global economy and caused the decrease in consumer expenditures, which severely affected the Company’s financial performance in 2020. However, the surge in consumer demands benefited to the Company during the post-pandemic period. The Company’s financial performance in 2021 has returned to the steady growth. The Company will keep tracking the situation of the COVID-19 pandemics, implement the principle of risk diversification and not concentrate on a specific client and region, also reinforce supply chain management and production control, as well as keep carrying out epidemics prevention measures in its production sites to stabilize order manufacturing and delivering. The Company expects to minimize the impacts on its future operation from the COVID-19 pandemics via strategic approaches in both sales and production ends.

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(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” of the Company for the years ended December 31, 2021:

- (i) Fund financing to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) The securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures): None.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the Company's paid-in capital: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the Company's paid in capital : None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the Company's paid in capital: None.
- (vii) Related party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the Company's paid in capital:

(In thousands of NTD)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases/ (sales)	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
The Company	Eclat Textile (VN)	Indirectly held subsidiaries	processing	1,427,618	13.54 % (Note)	30 days	(Note 2)	(Note 2)	Accounts payable (276,187)	(9.54)%	(Note 1)
Eclat Textile (VN)	The Company	Parent company	(sales)	(1,427,618)	(100.00)%	30 days	(Note 2)	(Note 2)	Accounts receivable 276,187	100.00 %	(Note 1)
The Company	Fabrics	Indirectly held subsidiaries	purchasing	2,211,211	12.28 %	30 days	(Note 2)	(Note 2)	Accounts payable (112,124)	(3.87)%	(Note 1)
Fabrics	The Company	Parent company	(sales)	(2,211,211)	(95.69)%	30 days	(Note 2)	(Note 2)	Accounts receivable 112,124	86.83 %	(Note 1)
The Company	E-TOP (VN)	Indirectly held subsidiaries	processing	893,463	8.48 % (Note)	30 days	(Note 2)	(Note 2)	Accounts payable (76,158)	(2.63)%	(Note 1)
E-TOP (VN)	The Company	Parent company	(sales)	(893,463)	(98.76)%	30 days	(Note 2)	(Note 2)	Accounts receivable 76,158	98.29 %	(Note 1)
The Company	Colltex	Indirectly held subsidiaries	processing	695,900	6.60 % (Note)	30 days	(Note 2)	(Note 2)	Accounts payable (64,244)	(2.22)%	(Note 1)
Colltex	The Company	Parent company	(sales)	(695,900)	(99.59)%	30 days	(Note 2)	(Note 2)	Accounts receivable 64,244	99.48 %	(Note 1)
The Company	Eclat Textile (Cambodia)	Indirectly held subsidiaries	processing	539,374	5.12 % (Note)	30 days	(Note 2)	(Note 2)	Accounts payable (28,606)	(0.99)%	(Note 1)

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Notes to the Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases/ (sales)	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
Eclat Textile (Cambodia)	The Company	Parent company	(sales)	(539,374)	(100.00)%	30 days	(Note 2)	(Note 2)	Accounts receivable 28,606	91.81 %	(Note 1)
The Company	Tai-Yuan (VN)	Indirectly held subsidiaries	processing	210,591	2.00 % (Note)	30 days	(Note 2)	(Note 2)	Accounts payable (11,452)	(0.40)%	(Note 1)
Tai-Yuan (VN)	The Company	Parent company	(sales)	\$ (210,591)	(96.69)%	30 days	(Note 2)	(Note 2)	Accounts receivable \$ 11,452	100.00 %	(Note 1)

Note: Percentage on processing expense

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the Company's paid in capital:

Name of Company	Name of counterparty	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Eclat Textile (VN)	The Company	Parent company	276,187 (USD9,978)	5.55	-	-	276,187 (USD9,978)	-
Fabrics	The Company	Parent company	112,124 (USD4,051)	20.42	-	-	112,124 (USD4,051)	-

Note: The exchange rate as of December 31, 2021 was USD 1 to NTD 27.68.

(ix) Trading in derivative financial instruments: None.

(b) Information on investees:

The following were the information on investment for the years ended December 31, 2021 (excluding these in Mainland China):

(In thousands of NTD/USD)

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of the investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Grand Elite	British Virgin Islands	Investments in securities, real estate, and manufacturing industry	235,834 (USD 8,520)	235,834 (USD 8,520)	21	100.00 %	79,326	102,050	102,050	Subsidiaries (Note 1)(Note 2)
The Company	Eclat Cayman	Cayman Islands	Investments in securities, real estate, and manufacturing industry	3,471,238 (USD 125,406)	3,545,393 (USD 128,085)	121,080	100.00 %	3,762,647	234,352	250,700	Subsidiaries (Note 1)(Note 2)
The Company	Eclat Textile (ID)	Indonesia	Design, manufacture, processing, sale of clothing, knit fabric mills, printing, dyeing and finishing mill	1,384,000 (USD 50,000)	1,384,000 (USD 50,000)	5,000	100.00 %	1,332,526	(50,587)	(50,587)	Subsidiaries (Note 1)(Note 2)(Note 3)
Grand Elite	Eclat Textile (Cambodia)	Cambodia	Design, manufacture, processing and sale of clothing	221,440 (USD 8,000)	221,440 (USD 8,000)	8,000	100.00 %	63,592	102,091	102,091	Subsidiaries of Grand Elite (Note 1)(Note 2)
Eclat Cayman	Colltex	Vietnam	Design, manufacture, processing and sale of clothing	441,634 (USD 15,955)	441,634 (USD 15,955)	16,800	100.00 %	555,041	77,228	75,896	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	E-TOP(VN)	Vietnam	Design, manufacture, processing and sale of clothing	996,480 (USD 36,000)	996,480 (USD 36,000)	36,000	100.00 %	1,148,038	37,430	37,430	Subsidiaries of Eclat Cayman (Note 1)(Note 2)

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Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of the investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
Eclat Cayman	Eclat Enterprise	Cambodia	Investments in securities, real estate, and manufacturing industry	28 (USD 1)	28 (USD 1)	1	100.00 %	(240)	610	610	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	Eclat Textile (VN)	Vietnam	Design, manufacture, processing and sale of clothing	586,013 (USD 21,171)	586,013 (USD 21,171)	22,000	100.00 %	780,707	33,529	33,529	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	Fabrics	Vietnam	Knit fabric mills, printing, dyeing and finishing mill	1,107,200 (USD 40,000)	1,107,200 (USD 40,000)	40,000	100.00 %	1,365,495	57,492	36,036	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	Tai Yuan(VN)	Vietnam	Design, manufacture, processing and sale of clothing	191,407 (USD 6,915)	191,407 (USD 6,915)	6,800	100.00 %	(107,447)	27,675	27,415	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	E&I Printing	Vietnam	Design, printing, dyeing and finishing mill	27,680 (USD 1,000)	27,680 (USD 1,000)	1,000	40.00 %	-	(5,566)	(2,113)	Subsidiaries of Eclat Cayman (Note 1)
Eclat Cayman	Eclat Textile (ID)	Indonesia	Design, manufacture, processing, sale of clothing, knit fabric mills, printing, dyeing and finishing mill	6 (USD 0.20)	6 (USD 0.20)	0.02	- %	5	(50,587)	-	Subsidiaries of Eclat Cayman (Note 1)(Note 2)(Note 3)

Note: Accumulated translation is included.

Note 1: The exchange rate as of December 31, 2021 was USD 1 to NTD 27.68. The average exchange rate for the year ended 2021 was USD 28.009.

Note 2: Eclat Textile (ID) was mutually set up by the Company and Eclat Cayman. The shareholding ratios are 99.9996% and 0.0004%, respectively.

(c) Information on investment in Mainland China: None.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Yih-Yuan Investment Corp.		25,790,335	9.39 %
Nu-Dan Co., Ltd.-Hsien-Chin Tsai		14,000,000	5.10 %

Note: (1)The main shareholder information in this table was calculated by the insurance company Taiwan Depository & Clearing Corporation (TDCC) on the last business day at the end of each quarter, the total number of ordinary shares and special shares held by the shareholders who have completed the delivery of the company without physical registration has reached more than 5%. As for the share capital recorded in the company's financial report and the number of shares actually delivered by the company without physical registration, there may be differences due to the different calculation basis.

(2)The information on the opening of the shareholder's shareholding and delivery of the trust to the trust was disclosed by the individual trustee who opened the trust account. As for shareholders who handle the declaration of insider shareholdings that hold more than 10% of their shares in accordance with the Securities Exchange Act, their shareholdings include their shareholdings plus their delivery to the trust and the use of decision making shares in the trust property, please refer to the Market Observation Post System for information on insider equity declaration.

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Notes to the Financial Statements

(14) Segment information:

Please refer to the consolidated financial statements.

6.6 Any financial distress experienced by the Company or its affiliated enterprises and impacts on the Company's financial position in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

VII. Review of Financial Status, Financial Performance, and Risk Management

7.1 Analysis of Financial Status:

Unit: NT\$ 1,000

Item \ Year	2020	2021	Variance	
			Amount	Percentage
Current assets	14,857,735	15,823,176	965,441	6.50
Property, plant and equipment	10,383,556	12,064,535	1,680,979	16.19
Intangible assets	23,285	18,655	-4,630	-19.88
Other assets	1,181,849	1,372,401	190,552	16.12
Total assets	26,446,425	29,278,767	2,832,342	10.71
Current liabilities	6,627,539	7,026,763	399,224	6.02
Long term liabilities	580,000	1,036,933	456,933	78.78
Other liabilities	70,902	65,640	-5,262	-7.42
Total liabilities	7,278,441	8,129,336	850,895	11.69
Share capital	2,743,671	2,743,671	0	0.00
Capital surplus	3,769,547	3,769,547	0	0.00
Retained earnings	12,946,471	15,065,660	2,119,189	16.37
Translation adjustment and others	-291,705	-429,447	-137,742	47.22
Total equity	19,167,984	21,149,431	1,981,447	10.34

Explanation of material variation:

For amount variance exceeding NT\$ 10,000 thousand and the percent variance exceeds 20%, the causes are analyzed as follows:

- (1) Long-term liabilities: Long-term liabilities of the current period increased from the last period. It was mainly due to the increase of long-term borrowings to facilitate the movement of working capital.
- (2) Accumulated translation adjustment and others: Due to the exchange rate fluctuation, the exchange difference calculated on the foreign operating institution financial statements is significantly increased.

7.2 Analysis of Financial Performance

Unit: NT\$ 1,000

Item \ Year	2020	2021	Variance	Percent Variance
Operating revenue, net	28,175,401	35,917,247	7,741,846	27.48
Operating cost	20,096,659	26,426,100	6,329,441	31.49
Gross profit	8,078,742	9,491,147	1,412,405	17.48
Operating expenses	2,582,190	3,092,665	510,475	-19.77
Operating profit	5,496,552	6,398,482	901,930	16.41
Non-operating income and expenses	-172,694	-12,717	159,977	-92.64
Profit before tax from continuing operations	5,323,858	6,385,765	1,061,907	19.95
Income tax expense	1,069,232	1,237,154	167,922	15.70
Profit after tax from continuing operations	4,254,626	5,148,611	893,985	21.01
Loss after tax from discontinued operation	-92	-	-92	100.00
Net income	4,254,534	5,148,611	894,077	21.01
Other comprehensive income (net, after tax)	-192,264	-149,126	43,138	22.44
Total comprehensive income	4,062,270	4,999,485	937,215	23.07

Explanation of material variation:

For amount variance exceeding NT\$ 10,000 thousand and the percent variance exceeds 20%, the causes are analyzed as follows:

- (1) Operating revenue, cost and net profit of the current period: With the mitigation of the global COVID-19 pandemic, the consumer demand recovered with strong growth, such that the operating revenue, cost and net profit of the current period also increased significantly.
- (2) Non-operating income and expense: The exchange (loss) gain difference of the two periods was mainly affected by the exchange rate fluctuation.
- (3) Other comprehensive income: Increase in other comprehensive income is mainly due to the exchange differences resulting from the translation of foreign operations.

7.3 Analysis of Cash Flow

7.3.1 Liquidity analysis for the last 2 years

Year Item	2020	2021	Percent Variance
Cash flow ratio	58.81	39.53	-32.78
Cash flow adequacy ratio	87.70	67.14	-23.44
Cash reinvestment ratio	3.54	-0.94	-126.55

For the percent variance exceeds 20%, the causes are analyzed as follows:

- Cash flow ratio, Cash flow adequacy ratio and Cash reinvestment ratio decreased:

The decrease in cash flow ratio, Cash flow adequacy ratio and cash reinvestment ratio was mainly due to the significant increase in the inventory purchase amount in the Q4 of 2021 to satisfy the future orders production demand, leading to decrease in the cash flow from operating activities.

7.3.2 Cash liquidity analysis for the next year

Unit: NT\$ 1,000

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Cash Outflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
1,759,847	5,373,096	3,795,224	3,337,719	—	—

- (1) Operating activities: Based on the order acceptance status of the Company up to the printing date of the annual report and the expected operating status for the next year, it is expected that the Company's operation will continue to profit such that the net cash from operating activities is increased.
- (2) Investment activities: Based on the expected payment of NT\$625 million for the corporate headquarters building construction expenses and NT\$ 858 million for second plant construction payments and Purchase production machines of PT Eclat Textile International, the expected net cash outflow from investment activities is NT\$1.483 billion.
- (3) Financing activities: This is mainly due to the expected cash outflow for cash dividends at an amount of NT\$3.29 billion, and the expected cash inflow from bank borrowing for working capital of NT\$980 million, so as to incur cash outflow from financing

activities of NT\$2.312 billion.

Expected cash deficiency amount remedies : None.

7.4 Major Capital Expenditure Items and Source of Capital

Unit: NT\$/USD\$ 1,000

Plan items	Actual or expected source of fund	Actual or expected completion date	Fund needed Total	Actual or expected fund utilization status		
				Prior 2020	2021	2022
Headquarters building - Construction	Working capital and bank borrowing	2022.08	3,000,000	1,404,314	970,726	624,960
PT Eclat Textile International investment	Working capital and bank borrowing	2022.09	2,925,416 (US105,687)	761,421 (US27,508)	1,306,136 (US47,187)	857,859 (US30,992)

Note: USD exchange rate: 27.68.

Due to the continuous expansion of business scale of the Company, the office space becomes insufficient, and presently, the rented facilities and employee dormitories are spread out at various locations such the management thereof is difficult. Therefore, the Company has purchased land, as the base for the corporate headquarters. The headquarters construction is expected to be completed in 2022.

For the purpose of diversifying the risk of over concentrated in Vietnam capacity and the order transferring effect from the trade war between the U.S and China, the Company plans to establish new factory in Indonesia. The Company expects to further fortify its overseas capability of manufacturing. The estimated investment amount is USD175 million. The investment project will be completed in three phases, starting from October 2019. The Indonesia garment plant phase 1 construction has started the production in December 2021, and the phase 2 construction is expected to perform trial run in August 2022.

**7.5 Investment Policy in Last Year, Main Causes for Profits or Losses,
Improvement Plans and the Investment Plans for the Coming Year**

Unit: NT\$ /US\$1,000

Description Item	Investment Amount	Reinvestment policy	Profit or loss Main reasons	Improvement plan	Investment plan for next year
ECLAT CAYMAN ISLANDS HOLDINGS (CAYMAN)	3,471,238	To expedite the global garment manufacturing planning, to seek production site with greater cost benefit, the Company actively expands the factory establishment in Vietnam, including the garment factories of Eclat Textile Co., Ltd(Vietnam), Colltex Garment Mfy Co., Ltd(Vn), E-Top (Vietnam) Co., Ltd, Tai-Yuan Garments Co., Ltd etc., Eclat Fabrics Co., Ltd (Vietnam) and Eclat printing factory, in order to serve as garment and textile order production sites, thereby increasing product competitiveness.	For the garment plants of ECLAT TEXTILE (VN), E-TOP(VN), COLLTEX and TAI-YUAN (VN), the strong consumer demand in the garment markets in Europe and the U.S. after the COVID-19 pandemic had driven the growth of orders, such that the operating profit of the Company continued to increase in 2021. In addition, the market of fabrics also benefited from the increase in market demand during the post-pandemic period, such that the operating profit also continued to increase in 2021. For E&I PRINTING, due to the insufficient improvement of its production performance, the business continued	Continuing to enhance production management and expand economies of scale, in order to increase the production efficiency, and to reduce production costs and to increase profits.	-

Description Item	Investment Amount	Reinvestment policy	Profit or loss Main reasons	Improvement plan	Investment plan for next year
			to operate at a loss; however, since the investment amount was relatively small, it did not have a material impact on the consolidated company.		
GRAND ELITE HOLDINGS INC.(GRAND ELITE)	235,834	For the purpose of vertical integration of production capability and the increase of overseas garment production sites, the Company indirectly invests in Eclat Textile (Cambodia) Co., Ltd.	As the workers' skills and production efficiency have been improved at the Eclat Textile (Cambodia) Co., Ltd. the operation of the plant has been stable and profitable.	Continuing to track costs and strengthen production management in order to increase production efficiency.	-
PT Eclat Textile International	1,384,000	To diversify the concentration risk of production sites, the Company invested in garment plants in Indonesia to expand production scale, implement risk diversification, integrate the supply chains, and to enhance global strategy.	It was invested and established in 2019, and currently, it is still in the initial stage of operation. The recruitment and training of production personnel require a significant investment in cost, and the production output has not reached the expected value. Accordingly, the business has been operating at a loss.	The plant will continue to enhance its recruitment of workers and arrange training programs, in order to increase production efficiency and to improve the operating loss of the initial operation stage timely.	The total investment plan is US\$105 million, the Company has invested USD \$50 million, and there are no plans to invest in 2022.

7.6 Analysis of Risk Management

1. Impact of interest rate, exchange rate fluctuation and inflation condition on the profit/loss of the company and future countermeasures:

(1) Interest rates:

The working capital of the consolidated company mainly comes from the operating cash income and the amount gained from the bank loan. Assuming that the short term and long term outstanding loan balance was NT\$ 2.480 billion at the end of 2021, if the interest rate is increased or decreed by 1%, then under the condition where all other variables remain unchanged, it will cause an increase or decrease of interest expense at an amount of approximately NT\$ 13.466 million for the Company.

Future countermeasures:

In addition to the improvement in the product development, the consolidated company also executes business expansion and cost control in order to increase the profitability and the own fund such that the loan amount can be reduced and the interest expense be further decreased. Moreover, to reduce the risk of interest rate, the bank loan interest rate is evaluated regularly or irregularly. The company also actively negotiates with banks in order to obtain financing interest rate of greater discount; therefore, the interest rate fluctuations cannot cause major risk to the Company.

(2) Regarding the exchange rate fluctuation:

The main income and partial expense of the consolidated company is in USD; therefore, exchange rate fluctuation can still have impact on profit/loss in the foreign currency exchange transactions of the company. At the end of 2021, the USD net asset with exchange rate risk is NTD 117.170 million. If the exchange rate of NTD to USD depreciates or appreciates by 1%, under those conditions where all other factors remain unchanged, then it will cause an increase or decrease of net income after tax of the company by approximately NTD 25.946 million.

Future countermeasures:

The consolidated company will timely perform foreign exchange accounts receivable factoring in order to reduce the foreign currency holding position, and will utilize foreign exchange forward as well as hedging process according to the market exchange rate fluctuation in order to reduce the loss caused by the exchange rate fluctuation.

(3) Regarding the inflation: Up to the printing date of the annual report, the impact of inflation on the company is not significant. However, in view of the uncertainty of the global economic situation, the company cannot guarantee whether the future inflation or deflation can cause major changes, impact consumer confidence or reduce consumers' purchase intention, leading to major adverse impacts on the business operation result of the company.

2. Policies on engaging in high risk, high leverage investments, loaning funds to others, endorsement and guarantee as well as derivative transactions, main causes of profit and loss as well as future countermeasures:

The Company does not engage in the investment action involving high risk or high leverage investments. The Company provides endorsements and guarantees to subsidiaries, and the purpose is mainly for the fund financing needs of each re-investment company in order to increase the flexibility in the utilization of the operating capital such that there is no significant risk on the Company.

3. Future R&D projects and expected investment in R&D budget:

(1) Innovative textile development project : Integrate aesthetics and functionality, focus on eco-friendliness of products, and research and develop high performance knitted elastic fabrics. By applying from raw material to production techniques and auxiliaries, we expect to achieve our goals with integrating industrial technologies or cross-industry alliance.

● Environmental protection

To implement the company's environmental policy of "Reduce our impact on the environment", during the production process, the company uses low-pollution or renewable objects or energies as much as possible in order to achieve continuous improvement through the environmental management system. Each year, through the certifications of Bluesign® and ISO 14001, the company ensures the production factory site properly fulfills the responsibility on the environmental protection. In addition, Eclat Da-Yuan dye house has participated in the 2017 manufacturing industry energy management demonstrative guidance project of the Industrial Development Bureau, MOEA, in order to construct the ISO 50001 energy management system. In addition, the Company also

successfully reduces the energy use through change of corporate energy strategy. The goal of 10% reduction of energy consumption by 2020 originally established had been achieved in 2016, and the total energy use reduction achieved 27.95%. In 2019, the Company continued to implement the plans of replacement of light fixtures and equipment update etc. in order to management the use of energy. In 2020, equipment for the wastewater treatment, the fixed smoke and waste gas treatment and the pad printing activated carbon filtering system, etc. were additionally installed in order to reduce the impacts of wastes on the environment.

- Comfort

Based on the main focus of lightweight, warm and comfort, the artificial fiber raw material processing technique is adopted to change the physical structure and to cope with the knitting weave change, in order to increase the moisture absorption rate of fabric, to reduce the moisture content of the fabric, and to increase the insulation continuity. With the combinational application of weave and yarn, fabric can be made to transfer sweat in one direction swiftly and to increase the fabric thickness while maintaining its light weight, thereby increasing the heat convection between the body heat and textile. Accordingly, greater natural elastic characteristics can be provided to cotton-feel material and change the skin-friendliness of functional fabric.

- Health

Further improvement of biomimetic fiber integrates the cotton-feel artificial fiber design and adopts the weaving design of inner and outer separate layers, and the purpose of such design is to provide different skin feeling in order to provide functional needs through weaving for sports activities. The functionality includes the regulation of apparent temperature and high air permeability.

- Appealing

Fashion design elements integrated with sports products will become the mainstream of the garment industry. The appearance demanded by sports brands will also become higher and broader. Design concepts will be obtained from the fashion clothing brands for application to functional clothing products. The double-side and

single-side computer jacquard technique is utilized in conjunction with pattern design, yarn type and finishing process, the fabrics can be applied to more casual styles with different function attributes.

- Safety

Application of new multi-color reflective material and printing technology. Through cross-sector collaboration and technology exchange, develop revolutionary multi-color reflective textiles, such that products can be equipped with safety as well as the comfort and functionality of functional fabrics at the same time. With the color arrangement and layout, diverse variations of patterns can be presented, thereby integrating aesthetics and fashion elements with the safety protection function field of functional clothing.

(2) High performance textiles development project:

- a. Functional textiles with high moisture guiding and high moisture absorbing: The Company cooperates with Industrial Technology Research Institute (I.T.R.I) to develop biodegradable functional fabrics. This is to solve the environment damage problems at the end phase of synthetic fabrics around the globe. By changing the molecular structure with appropriate buried conditions, the long-chain synthetic fabrics will be degradable. Lowering the level of biological destruction toward the surface caused by waste when textile products' life cycle comes to the end.
- b. Two-side woven-like jacquard fabric technology development; Products equipped with both fashion and recreation elements are being actively developed by all international major sports brands for the consumer market. The demand for freedom of changes in the appearance of the products is higher and broader. To reduce the fabric weight, Eclat collaborates with the raw material supplier in the research and development of different types of high strength yarn. Through the new double-side computer jacquard technique, brand designers are provided with greater pattern design possibility and flexibility.

In 2022, the Company implements the functional fabric and garment development projects and it is expected to invest an amount of NT\$ 148 million in the budget for the product development and

promotion.

4. Impacts of domestic/foreign important policies and changes of laws on the financial business of the Company and countermeasures:

Impacts	<p>(1) The contents of various free trade agreements on regional economy or bilateral relationship may have impacts on the export market competition, production site export tariff etc. of the company, such as FTA, AGOA.</p> <p>(2) The amendments on the laws related to human rights, basic wage, pollution control etc. made by the local government of the production site can impact production cost.</p> <p>(3) Changes on the imported textile quality certification standard in the export market can cause improvement of the processing raw materials and manufacturing technologies of manufacturers.</p>
Countermeasures	<p>(1) Regarding the information on the changes in domestic/foreign important policies and laws, the company has established a dedicated unit in charge of timely collect and summarizes responsive solutions in order to provide such solutions to the management level for decision-making.</p> <p>(2) All business units and production sites of the company comply with various regulations of local and external laws.</p>

5. Impacts of changes in technology (including cyber security risk) and industry on the financial business of the Company and countermeasures:

Impacts	<p>(1) In terms of the raw materials, changes in technologies can allow the terminal products to have broader applications.</p> <p>(2) In terms of the manufacturing, changes in technologies can improve textile manufacturing as well as dyeing equipment and technology</p>
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	<p>such that the production capacity and energy saving of the company can be further improved.</p> <p>(3) Garment manufacturing has a high labor reliance percentage. The impact of technology change is mainly on the utilization of information equipment, as well as the management tools and technologies for enhancing the industrial engineering.</p>
Countermeasures	<p>(1) Engage in joint development of customized raw materials and equipment with raw material suppliers and manufacturing process equipment suppliers in order to control the manufacturing know-how.</p> <p>(2) Utilize information technology to continuously improve ERP system and to increase management performance.</p>

6. Impacts of change of corporate image on the corporate crisis management and countermeasures:

Impacts	<p>Since the establishment of the company, the company has valued integrity as the cornerstone with the commitment in providing services and products of excellent quality to customers in order to create the greatest value for customers, employees and shareholders. Up to the present day, the company has not faced any cooperate operational crisis caused by change of cooperate image.</p> <p>The Company honorably receives the certification of “Sports Enterprise” issued by the Sports Administration, MOE, and one of the Top 300 enterprises in Asia by the Nikkei.</p>
Countermeasures	<p>(1) For any unjust and non-objective reports on the company reported by the media, the company will provide clarification immediately. If it is considered to be significant information, public announcement will be made according to the</p>

	<p>law immediately.</p> <p>(2) The company values the relationship with its customers, suppliers and investors. For the corporate governance, the company upholds the principle of transparent and open information in order to establish proper image of the company.</p>
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7. Expected benefit, possible risk and countermeasure for merger:

Expected benefit	<p>(1) Expand production scale, exploit the benefits of economies of scale.</p> <p>(2) Promptly establish own production capacity, actively seize market business opportunities.</p>
Possible risk	<p>(1) Whether the managing team, system and culture can swiftly accept and adapt to the merger.</p> <p>(2) Whether there is an error in the prior assessment due to insufficient information or experience.</p> <p>(3) Operation performance not reaching the expected level.</p>
Countermeasures	<p>(1) To allow the merger to achieve synergy, before the merger, the reserve management team shall establish the plan for system and culture incorporation in order to reduce the mutual fusion time.</p> <p>(2) Careful selection in subject matter for merger, actively consult professional institutions of accountants and attorneys etc. in order to prevent erroneous information or insufficient experience.</p>

8. Expected benefit, possible risk and countermeasure for expansion of facilities:

Expected benefit	<p>(1) Expand production scale to exploit the benefits of economies of scale.</p> <p>(2) Replacement of obsolete equipment in order to increase production performance.</p>
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Possible risk	(1) Whether financial planning is appropriate. (2) Operation performance not reaching the expected level.
Countermeasures	(1) Establish sufficient and proper financial planning in order to prevent impacts on the operating capital. (2) The three aspects of expansion of business, manufacturing of niche products, establishment of own production capacity shall cooperate with each other in order to achieve the operational growth target, strengthen the production technical team of the company and protect the manufacturing process technologies for niche products in order to maintain cooperate competitiveness.

9. Possible risks that may cause when centralizing the purchases and sales and the countermeasures.

The product sales of the current session of the consolidated company are mainly centralized at the regions of America and Asia. The customers of the product sales are not overly centralized, and the sales amount of one single customer is not accounted for more than 10% of the consolidated revenue total amount of the company as much as possible. In addition, the purchase amount of the largest supplier of raw yarn and garment fabric is not to be more than 10% of the total consolidated purchase amount of the company, as far as possible. During the material incoming, the company evaluates the supply quality, price of suppliers and also considers the market status in order to determine the incoming material suppliers. In view of the above, there are no possible risks for the company caused by overly centralized material incoming or product sales.

10. Impacts, risks and countermeasure of directors, supervisors or major shareholders with shareholding percentage exceeding 10%, large equity transfer or change to the company: Not applicable.
11. Impacts, risks and countermeasure of change in management rights: Not applicable.
12. Where any director, supervisor, General Manager, substantial person in charge, major shareholder with shareholding percentage exceeding 10%

and affiliate of the company has received any affirmative ruling or is involved in any pending major litigation, non-contentious case or administrative dispute event, and the result thereof may have major impacts on the shareholders' rights or stock price. The relevant dispute facts, subject matter amount, litigation starting date, main parties involving in the litigation and the handling status up to the printing date of annual report: Not applicable.

13. Other significant risks and countermeasures: In order to elevate risk management of information security, the Company has "Program of Information Security Operation" based on the "Risk Management Regulation" by adopting PDCA (Plan-Do-Check-Act) measurements. Effectiveness and Feasibility are supervised under the "Information Security Checklist".

- Policy of Information Security

To ensure the confidentiality, completeness and accessibility is secured during the process of data processing and circulation. Avoiding company's resources from being interfered, damaged, invaded or any other malicious attempts by inadequate factors. Every internal department should comply with all kinds of information security measures and norms to ensure the firm's operation and development.

- Management structure of information security

1. Top management: Approving policy of information security, providing resources and auditing significant security procedures.
2. IT office: Responsible for planning, executing and promoting information security. Conduct independent and objective assessment periodically each year to reflect the latest status quo of the Company's information security management policy, regulation, technology and business, so as to ensure the effectiveness and feasibility of information security practical operation.
3. Internal audit office: Responsible for regular or irregular information security checking. Reporting the auditing results to the Audit Committee and then submitting to the Board of Directors.
4. All the staff: Complying with all kinds of information security policies, procedures and operation requirements.

- Information security management measures

1. The Company establishes the "Information Security Management

Essentials” to norm the executive requirements of information security.

2. Examining the information security environment periodically each year based on the “Information Security Auditing Checklist”.
Conducting risks assessment to implement controlling measures.
3. The Company has “Disaster Recovering Plans” to disclose the reporting procedures, authority units and execution steps when information accident happens.
4. The measures of information security are listed below:

Item	Description	Measurements
Environmental safety	<ul style="list-style-type: none"> ● Machine room environment management ● Network disconnection and interruption risk ● Regulate equipment procurement and services contract ● Compliance 	<ul style="list-style-type: none"> ● Machine room environment security management and access registration ● Establish backup circuit lines ● Isolation of network segment ● IT equipment destroy procedures ● profile offering, searching and deleting
System availability	<ul style="list-style-type: none"> ● System status reporting ● Abnormal status process ● Disaster immediate recovery 	<ul style="list-style-type: none"> ● System and internet status surveillance ● Data and offsite backup ● Regular drill
Access control	<ul style="list-style-type: none"> ● Data access control measures ● Connection equipment control ● External connection control 	<ul style="list-style-type: none"> ● Authority set up ● Account management ● Regulate portable access devices ● Blocking connection of unsecured equipment ● Preserving action trace
External threats	<ul style="list-style-type: none"> ● System weakness detection and reinforcement ● Establish protection measurements 	<ul style="list-style-type: none"> ● Firewalls ● Virus protection and malware detection and blocking ● Enhance personnel information security education and control

- Cyber security risks and responsive measures
Despite that the Company has implemented detection, protection, prevention backup equipment and software according to the information security management requirements, network attack

techniques continue to evolve and the Company cannot completely assure that the system is secured from all attacks such that system crashes may still occur, leading to improper internal operation, and data effective transmission can be affected. The scope of impact includes the aspects of sales, production, shipping and accounting, such that the operation and business reputation of the Company can be adversely affected. The Company will continue to enhance the information security protection measures and will also timely implement protective devices and systems and request all employees of the Company and cooperating suppliers to comply with the information security principles rigorously, in order to prevent computer virus infection, phishing events that may lead to the disclosure of information or occurrence of network blackmails, thereby reducing the possible impact caused by information security risk to the minimum.

- Major cyber security events: None.

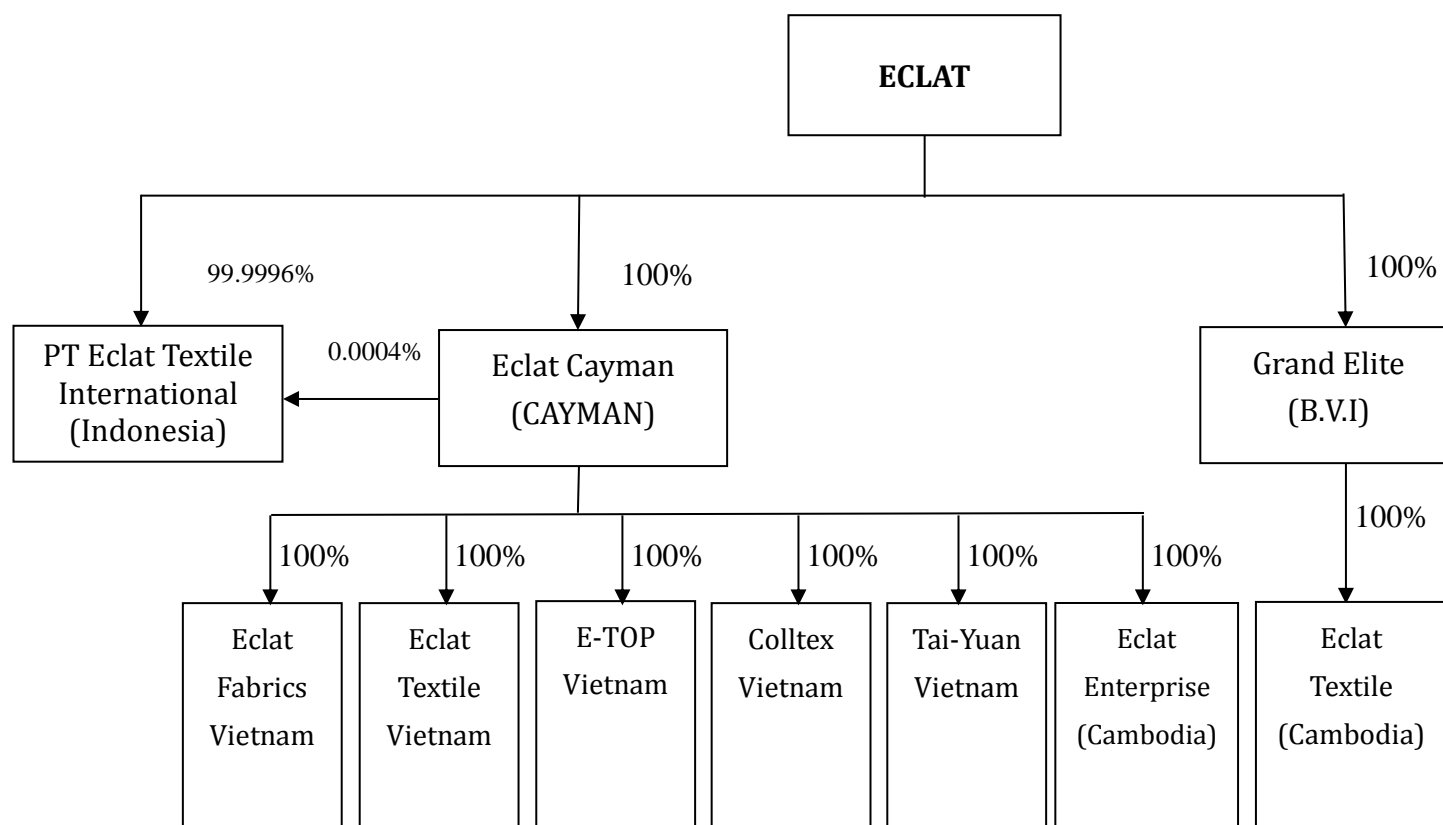
7.7 Other important Items: None.

VIII. Special Disclosure

8.1. Summary of Affiliated Companies

8.1.1. Consolidated Business Report of the Subsidiary

1.Subsidiary Chart :



2. Subsidiaries Profile:

Unit : NT\$1000/USD\$1000

Company	Date of Incorporation	Place of Registration	Paid-in Capital	Business Activities
Grand Elite Holdings Inc.	1997.12.08	Palm Grove House, P.O. Box 438, Roadtown, Tortola British Virgin Islands	USD14,069	Investments in securities, real estate, and manufacturing industry.
Eclat Cayman Islands Holdings	1997.12.03	Po Box 613, 3 TH Floor, Harbour Centre, George Town, Grand Cayman, Cayman Islands	USD123,759	Investments in securities, real estate, and manufacturing industry.
Eclat Textile Co., Ltd (Vietnam)	2006.02.15	Nhon Trach 2 IZ, Nhon Trach District, Dong Nai province, Vietnam	USD22,000	Design, manufacture, processing and sale of clothing.
Eclat Fabrics (Vietnam) Co., Ltd	2007.11.29	My Xuan A2 Industrial Zone, My Xuan Ward, Phu My Town, Ba Ria Vung Tau Province, Vietnam	USD40,000	Knit fabrics mill, printing, dyeing and finishing mill.
Colltex Garment Mfy Co., Ltd. (VN)	2010.11.29	Lot 28 Road No.7 Trang Bang Industrial Park An Tinh Village Trang Bang District Tay Ninh Province Vietnam	USD16,800	Design, manufacture, processing and sale of clothing.
E-TOP (Vietnam) Co., Ltd	2010.10.20	Lot IX-1; IX-2; IX-3; IX-4, My Xuan B1 Tien Hung Industrial Zone, My Xuan Ward, Phu My Town, Ba Ria – Vung Tau Province, Vietnam	USD36,000	Design, manufacture, processing and sale of clothing.

Company	Date of Incorporation	Place of Registration	Paid-in Capital	Business Activities
Eclat Enterprise Ltd	2012.03.12	PLOEUV LOUM CHOL WAT ANGTRAKET PHUM ANGTAKEAT, SANGKAT KANTOUK, KHAN PORSENCHEY PHNOM PENH	USD1	Investments in securities, real estate, and manufacturing industry.
Eclat Textile (Cambodia) Co.,Ltd	2012.09.05	PLOEUV LOUM CHOL WAT ANGTRAKET PHUM ANGTAKEAT, SANGKAT KANTOUK, KHAN PORSENCHEY PHNOM PENH	USD8,000	Design, manufacture, processing and sale of clothing.
Tai-Yuan Garments Co., Ltd	2013.09.01	Lot LE11 and LE12, Xuyen A Industrial Park, My Hanh Bac Commune, Duc Hoa District, Long An Province	USD6,800	Design, manufacture, processing and sale of clothing.
PT Eclat Textile International	2019.12.20	KAWASAN EKONOMI KHUSUS KENDAL, Jl. SAPTARENGGA No. 11, Kel. Wonorejo, Kec. Kaliwungu, Kendal Regency, Central Java Province	USD50,000 (Note)	Design, manufacture, processing, sale of clothing, Knit fabrics mill, printing, dyeing and finishing mill.

The exchange rate as of December 31, 2021 was 27.68.

(Note) The Company and Eclat Cayman jointly invest in the PT Eclat Textile International with shares holding of 99.9996% and 0.0004%, respectively.

3. Shareholders and Its Subsidiaries with Deemed Control and Subordination: None.

4. Status of Business Allocation among Affiliated Company:

A. The Company indirectly invests in the following companies through Grand Elite Holdings Inc.:

* Eclat Textile (Cambodia) Co., Ltd.: Overseas production site for the garment orders of the Company.

B. The Company indirectly invests in the following companies through Eclat Cayman Islands Holdings:

* Eclat Textile Co., Ltd. (Vietnam), Colltex Garment Mfy Co., Ltd.(Vn), E-Top (Vietnam) Co., Ltd. and Tai-Yuan Garments Co., Ltd.: Overseas production sites for garment orders of the Company.

* Eclat Fabrics (Vietnam) Co., Ltd.: a dyeing and knitting factory in Vietnam that cooperates with the Vietnam garment factories in order to allow the company to become an all-in-one manufacturer with the vertical integration from the manufacturing processes of knitting, dyeing and garment production, such that a complete service can be offered to customers at once.

* Eclat Enterprise Ltd.: In charge of the assets management for the Company's investment in the region of Cambodia.

C. The Company and Eclat Cayman Islands Holdings have formed a joint venture in Indonesia as following:

*PT Eclat Textile International: PT Eclat Textile International is a vertical integration factory with functions of knitting, dyeing and finishing and garment manufacturing. The Company established the factory to diversify the risk of production base concentration and expand production scale to meet capacity requirement.

5. Information of Directors, Supervisors, and General Managers of the affiliates:

Unit : Share ; %

Company Name	Position (Note1)	Name / Representative	Shareholding (Note2) (Note3)	
			Share	Percentage
Grand Elite Holdings Inc.	Director	Hsien-Chin Tsai	-	-
	Director	Li-Chen Wang	-	-
	Director	Jen-Chieh Lo	-	-
Eclat Cayman Islands Holdings	Director	Hsien-Chin Tsai	-	-
	Director	Li-Chen Wang	-	-
	Director	Jen-Chieh Lo	-	-
PT Eclat Textile International	Director	Hsien-Chin Tsai	-	-
	Supervisor	Shu-Wen Wang	-	-
Eclat Textile Co., Ltd (Vietnam)	Chairman	Cheng-Hai Hung	-	-
	Director	Kun-Tang Chen	-	-
	Director	Jen-Chieh Lo	-	-
	Director	Hsu, Heng-Wei	-	-
	Director	Shu-Wen Wang	-	--
Eclat Fabrics (Vietnam) Co., Ltd	Chairman	Cheng-Hai Hung	-	-
	Director	Hsien-Chin Tsai	-	-
	Director	Kun-Tang Chen	-	-
	Director	Jen-Chieh Lo	-	-
	Director	Li-Chen Wang	-	-
	Director	Shu-Wen Wang	-	-
Colltex Garment Mfy Co., Ltd. (VN)	Chairman	Cheng-Hai Hung	-	-
	Director	Kun-Tang Chen	-	-
	Director	Jen-Chieh Lo	-	-

Company Name	Position (Note1)	Name / Representative	Shareholding (Note2) (Note3)	
			Share	Percentage
E-TOP (Vietnam) Co., Ltd	Chairman	Cheng-Hai Hung	-	-
	Director	Kun-Tang Chen	-	-
	Director	Jen-Chieh Lo	-	-
Eclat Enterprise Ltd	Chairman	Cheng-Hai Hung	-	-
	Director	Kun-Tang Chen	-	-
	Director	Jen-Chieh Lo	-	-
Eclat Textile (Cambodia) Co., Ltd	Chairman	Cheng-Hai Hung	-	-
	Director	Kun-Tang Chen	-	-
	Director	Jen-Chieh Lo	-	-
Tai-Yuan Garments Co., Ltd	Chairman	Cheng-Hai Hung	-	-
	Director	Kun-Tang Chen	-	-
	Director	Jen-Chieh Lo	-	-

Note 1: If an affiliate is a foreign company, equivalent job positions thereof are listed.

Note 2: If an investee is a corporate limited by shares, please indicate the number of shares and shareholding percentage.

For others, please indicate the capital contribution amount and capital contribution percentage with notes.

Note 3: When a director or supervisor is a corporate, please further disclose relevant information of its representative.

6. Operational Highlights of Subsidiaries:

Unit : NT\$ 1,000, except EPS (NT\$)

Company	Capital Stock	Assets	Liabilities	Equity	Revenues	Operating Income	Net Income	EPS
Eclat Cayman Islands Holdings	3,351,500	3,766,799	0	3,766,799	0	-478	234,352	-
Grand Elite Holdings Inc.	235,834	-79,326	0	79,326	0	48	102,050	-
PT Eclat Textile International	1,384,000	2,138,125	805,594	1,332,531	0	-49,925	-50,587	-
Eclat Textile Co., Ltd (Vietnam)	608,960	1,001,708	221,001	780,707	1,426,405	27,826	33,529	-
Eclat Fabrics (Vietnam) Co., Ltd	1,107,200	2,458,096	1,066,067	1,392,029	2,316,233	75,904	57,492	-
Colltex Garment Mfy Co., Ltd.	465,024	632,105	86,638	545,467	697,937	30,707	77,228	-
E-Top (Vietnam) Co., Ltd	996,480	1,247,644	99,606	1,148,038	901,817	784,773	37,430	-
Eclat Enterprise ,Ltd	28	26,552	26,792	-240	1,681	1,211	610	-
Eclat Textile (Cambodia) Co., Ltd	221,440	313,656	250,064	63,592	538,987	93,298	102,091	-
Tai-Yuan Garments Co., Ltd	188,224	185,694	301,989	-116,295	217,477	30,432	27,675	-

The exchange rate as of December 31, 2020 was 1: 27.68; the average exchange rate for 2020 was 1:28.009.

8.1.2. Consolidated Financial Statements of Subsidiaries and Affiliation Reports Representation Letter

Representation Letter

Our Company hereby declares that the companies required to be incorporated into the preparation of the consolidated financial statement of the affiliates according to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are identical to the companies required to be incorporated into the preparation of the consolidated financial statement of affiliates and parent company according to the “International Financial Reporting Standards 10 (IFRS 10)” approved by the Financial Supervisory Commission for the period from January 1, 2021 to December 31, 2021; in addition, relevant information required to be disclosed in the consolidated financial statement of the affiliates has been disclosed completely in the consolidated financial statement of affiliates and parent company. Accordingly, no separate consolidated financial statement of the affiliates is further provided.

Declared by

Company Name: Eclat Textile Co., Ltd.

Chairman: Cheng-Hai Hung

Date: March 3, 2022

8.1.3. Consolidated Financial Statements of Affiliates and Affiliation Reports Representation Letter: Not applicable.

8.2. Private Placement Securities in the Most Recent Years and as of the Date of this Annual Report: None.

8.3. Securities of the Company Held by or Disposed of by Subsidiaries in the Most Recent year and as of the Date of this Annual Report: None.

8.4. Other Necessary Supplement: None.

8.5. Any of the Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities, Has Occurred during the Most Recent Fiscal Year or during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

Eclat Textile Co., Ltd.

Chairman : Cheng-Hai, Hung