

**ECLAT TEXTILE CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2024 and 2023**

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

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Eclat Textile Co., Ltd. (the "Company") and its subsidiaries (together referred to as the "Group") as of June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and the six months ended June 30, 2024 and 2023, as well as the changes in equity and cash flows for the six months ended June 30, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$1,103,076 thousand and \$1,200,377 thousand, constituting 3.54% and 3.62% of the total consolidated assets as of June 30, 2024 and 2023, respectively, total liabilities amounting to \$305,068 thousand and \$516,723 thousand, constituting 5.32% and 4.97% of the total consolidated liabilities as of June 30, 2024 and 2023, respectively. Also, the total comprehensive loss amounting to \$348,785 thousand, \$366,493 thousand, \$639,226 thousand and \$659,269 thousand, constituting (19.25)%, (24.13)%, (18.49)% and (28.70)% of the total consolidated comprehensive income for the three months and six months ended June 30, 2024 and 2023, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2024 and 2023, and of its consolidated financial performance for the three months and six months ended June 30, 2024 and 2023, as well as its consolidated cash flows for the six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)

August 8, 2024

Notes to Readers

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

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

ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2024, December 31, 2023, and June 30, 2023

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2024		December 31, 2023		June 30, 2023						June 30, 2024		December 31, 2023		June 30, 2023	
Assets		Amount	%	Amount	%	Amount	%			Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:										Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 2,364,310	8	2,813,733	9	8,265,971	25	2100		Current borrowings (notes 6(h) and (q))		\$ 870,147	3	623,772	2	1,061,874	3
1150	Notes receivable (including related parties)	11,266	-	19,459	-	18,057	-	2150		Notes payable		143,236	-	90,303	-	127,678	-
	(notes 6(b) and 7)							2170		Accounts payable		2,094,678	7	1,575,849	5	1,532,052	5
1170	Accounts receivable, net (note 6(b))	5,847,889	19	4,691,324	15	4,894,136	15	2200		Other payables (note 6(j))		1,148,234	3	1,457,374	4	5,821,912	18
1200	Other receivables	30,816	-	30,290	-	45,519	-	2230		Current tax liabilities		835,217	3	1,557,861	5	703,378	2
1220	Current tax assets	999	-	-	-	164	-	2280		Current lease liabilities		13,938	-	13,835	-	16,462	-
1310	Inventories, net (note 6(c))	5,142,499	16	4,402,436	14	4,359,874	13	2320		Long-term liabilities, current portion (notes 6(i) and (q))		324,500	1	562,925	2	467,100	1
1460	Non-current assets held for sale, net (note 6(d))	-	-	25,863	-	-	-	2399		Other current liabilities, others		219,159	1	199,039	1	275,989	1
1470	Other current assets (notes 6(g) and 8)	3,227,482	10	5,414,913	17	783,018	2			Total current liabilities		5,649,109	18	6,080,958	19	10,006,445	30
	Total current assets	16,625,261	53	17,398,018	55	18,366,739	55			Non-current liabilities:							
	Non-current assets:							2540		Long-term borrowings (notes 6(i) and (q))		-	-	-	-	311,400	1
1550	Investments accounted for using equity method	-	-	-	-	-	-	2570		Deferred tax liabilities		13,430	-	13,290	-	6,906	-
1600	Property, plant and equipment (notes 6(e) and 7)	13,120,558	43	12,287,751	39	13,407,394	41	2580		Non-current lease liabilities		60,220	-	55,759	-	64,260	-
1755	Right-of-use assets	70,791	-	67,025	-	78,213	-	2640		Net defined benefit liability, non-current		7,202	-	5,702	-	3,770	-
1760	Investment property, net (note 6(f))	757,460	3	737,780	2	-	-	2645		Guarantee deposits received		6,462	-	6,445	-	5,974	-
1780	Intangible assets	27,614	-	25,128	-	21,289	-			Total non-current liabilities		87,314	-	81,196	-	392,310	1
1840	Deferred tax assets	47,370	-	47,370	-	25,361	-			Total liabilities		5,736,423	18	6,162,154	19	10,398,755	31
1975	Net defined benefit asset, non-current	119,182	-	117,066	-	114,082	-			Equity (note 6(l))							
1990	Other non-current assets, others (note 6(g))	392,244	1	1,152,597	4	1,160,332	4	3110		Ordinary share		2,743,671	9	2,743,671	9	2,743,671	8
	Total non-current assets	14,535,219	47	14,434,717	45	14,806,671	45	3200		Capital surplus		3,769,803	12	3,769,547	12	3,769,547	12
										Retained earnings:							
								3310		Legal reserve		5,326,981	17	4,809,262	15	4,809,262	14
								3350		Unappropriated retained earnings		13,245,713	43	14,308,572	45	11,350,102	35
										Total retained earnings		18,572,694	60	19,117,834	60	16,159,364	49
								3490		Other equity, others		337,889	1	39,529	-	102,073	-
										Total equity		25,424,057	82	25,670,581	81	22,774,655	69
Total assets		\$ 31,160,480	100	31,832,735	100	33,173,410	100			Total liabilities and equity		\$ 31,160,480	100	31,832,735	100	33,173,410	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 Three Months and Six Months Ended June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the three months ended June 30				For the six months ended June 30			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (note 6(n))	\$ 9,593,234	100	7,820,978	100	17,225,915	100	14,318,720	100
5000	Operating costs (notes 6(c), (e), (j), (o) and 12)	6,569,733	68	5,383,566	69	11,955,775	69	10,038,708	70
	Gross profit from operations	3,023,501	32	2,437,412	31	5,270,140	31	4,280,012	30
	Operating expenses (notes 6(e), (f), (j), (o), 7 and 12):								
6100	Selling expenses	469,487	5	397,062	5	856,098	5	736,618	5
6200	Administrative expenses	414,813	4	342,563	4	762,182	4	683,336	5
6300	Research and development expenses	39,566	1	37,659	1	75,741	1	72,072	1
	Total operating expenses	923,866	10	777,284	10	1,694,021	10	1,492,026	11
	Net operating income	2,099,635	22	1,660,128	21	3,576,119	21	2,787,986	19
	Non-operating income and expenses (notes 6(e), (p) and 7):								
7010	Other income	7,978	-	5,164	-	15,327	-	9,942	-
7020	Other gains and losses, net	108,358	1	130,552	2	398,357	2	99,806	1
7050	Finance costs	(21,014)	-	(33,517)	(1)	(39,907)	-	(72,590)	-
7100	Interest income	34,454	-	38,049	1	56,764	-	63,278	-
	Total non-operating income and expenses	129,776	1	140,248	2	430,541	2	100,436	1
7900	Income before income tax	2,229,411	23	1,800,376	23	4,006,660	23	2,888,422	20
7950	Less: Tax expense (note 6(k))	495,873	5	408,376	5	847,844	5	669,702	5
8200	Profit	1,733,538	18	1,392,000	18	3,158,816	18	2,218,720	15
8300	Other comprehensive income:								
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	78,134	1	127,069	2	298,360	2	78,209	1
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss	78,134	1	127,069	2	298,360	2	78,209	1
8300	Other comprehensive income, net of income tax	78,134	1	127,069	2	298,360	2	78,209	1
8500	Total comprehensive income	\$ 1,811,672	19	1,519,069	20	3,457,176	20	2,296,929	16
	Earnings per share (in dollars) (note 6(m))								
9750	Basic earnings per share	\$ 6.32		5.08		11.51		8.09	
9850	Diluted earnings per share	\$ 6.32		5.08		11.51		8.09	

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 Six Months Ended June 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Retained Earnings					Exchange differences on translation of foreign financial statements	Total equity
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	
Balance at January 1, 2023	\$ 2,743,671	3,769,547	4,126,099	429,446	14,049,340	18,604,885	25,141,967
Profit	-	-	-	-	2,218,720	2,218,720	2,218,720
Other comprehensive income (loss)	-	-	-	-	-	-	78,209
Total comprehensive income (loss)	-	-	-	-	2,218,720	2,218,720	2,296,929
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	683,163	-	(683,163)	-	-
Cash dividends of ordinary share	-	-	-	-	(4,664,241)	(4,664,241)	(4,664,241)
Reversal of special reserve	-	-	-	(429,446)	429,446	-	-
Balance at June 30, 2023	<u>\$ 2,743,671</u>	<u>3,769,547</u>	<u>4,809,262</u>	<u>-</u>	<u>11,350,102</u>	<u>16,159,364</u>	<u>22,774,655</u>
Balance at January 1, 2024	\$ 2,743,671	3,769,547	4,809,262	-	14,308,572	19,117,834	25,670,581
Profit	-	-	-	-	3,158,816	3,158,816	3,158,816
Other comprehensive income (loss)	-	-	-	-	-	-	298,360
Total comprehensive income (loss)	-	-	-	-	3,158,816	3,158,816	3,457,176
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	517,719	-	(517,719)	-	-
Cash dividends of ordinary share	-	-	-	-	(3,703,956)	(3,703,956)	(3,703,956)
Other changes in capital surplus:							
Other changes in capital surplus	-	256	-	-	-	-	256
Balance at June 30, 2024	<u>\$ 2,743,671</u>	<u>3,769,803</u>	<u>5,326,981</u>	<u>-</u>	<u>13,245,713</u>	<u>18,572,694</u>	<u>25,424,057</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 Cash Flows****For the Six Months Ended June 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 4,006,660	2,888,422
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	427,698	424,931
Amortization expense	12,653	10,625
Interest expense	39,907	72,590
Interest income	(56,764)	(63,278)
Loss (gain) on disposal of property, plant and equipment	(500)	181
Property, plant and equipment transferred to expenses	709	-
Loss (gain) on disposal of non-current assets held for sale	(56,697)	-
Gain on lease modification	(334)	-
Total adjustments to reconcile profit	366,672	445,049
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable	8,193	(15,011)
Decrease (increase) in accounts receivable	(1,156,565)	(1,097,166)
Decrease (increase) in inventories	(740,271)	265,269
Decrease (increase) in other current assets	950	(46,442)
Decrease (increase) in other financial assets	134,275	125,478
Decrease (increase) in other operating assets	-	3,802
Increase (decrease) in notes payable	52,933	47,163
Increase (decrease) in accounts payable	518,829	(76,978)
Increase (decrease) in other payables	(343,747)	(671,369)
Increase (decrease) in other current liabilities	20,120	(29,235)
Increase (decrease) in net defined benefit liability	(616)	(1,213)
Total changes in operating assets and liabilities	(1,505,899)	(1,495,702)
Total adjustments	(1,139,227)	(1,050,653)
Cash inflow generated from operations	2,867,433	1,837,769
Interest received	55,288	63,485
Interest paid	(38,237)	(60,480)
Income taxes paid	(1,571,348)	(1,724,387)
Net cash flows from (used in) operating activities	1,313,136	116,387
Cash flows from (used in) investing activities:		
Proceeds from disposal of non-current assets held for sale	82,560	-
Acquisition of property, plant and equipment	(244,778)	(129,006)
Proceeds from disposal of property, plant and equipment	7,954	-
Increase in refundable deposits	(613)	-
Decrease in refundable deposits	-	4,906
Acquisition of intangible assets	(6,984)	(6,963)
Decrease in other financial assets	2,057,090	3,000,000
Increase in prepayments for business facilities	-	(22,704)
Decrease in prepayments for business facilities	35,879	-
Net cash flows from (used in) investing activities	1,931,108	2,846,233
Cash flows from (used in) financing activities:		
Increase in current borrowings	826,236	-
Decrease in current borrowings	(579,861)	(716,235)
Repayments of long-term borrowings	(238,425)	-
Increase in guarantee deposits received	17	1,768
Payment of lease liabilities	(13,670)	(13,464)
Cash dividends paid	(3,703,956)	-
Other financing activities	256	-
Net cash flows from (used in) financing activities	(3,709,403)	(727,931)
Effect of exchange rate changes on cash and cash equivalents	15,736	9,011
Net increase (decrease) in cash and cash equivalents	(449,423)	2,243,700
Cash and cash equivalents at beginning of period	2,813,733	6,022,271
Cash and cash equivalents at end of period	\$ 2,364,310	8,265,971

See accompanying notes to consolidated financial statements.

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

ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Eclat Textile Co., Ltd. (the “Company”) was incorporated on November 28, 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(b) 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 August 8, 2024.

(3) New standards, amendments and interpretations adopted

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 21 “Lack of Exchangeability”

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

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

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date issued by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Investor and Its Associate or Joint Venture”

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “ Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards

(4) Summary of material accounting policies

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(b) Basis of consolidation

(i) The subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company	Grand Elite Holdings Inc. (Grand Elite)	Investments in securities, real estate, and manufacturing industry	100.00 %	100.00 %	100.00 %	Note 2
The Company	Eclat Cayman Islands Holdings (Eclat Cayman)	Investments in securities, real estate, and manufacturing industry	100.00 %	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 %	100.00 %	Note 1
Grand Elite	Eclat Textile (Cambodia) Co., Ltd. (Eclat Textile (Cambodia))	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	100.00 %	Note 2
Eclat Cayman	Eclat Textile Co., Ltd. (Vietnam) (Eclat Textile (VN))	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	100.00 %	-
Eclat Cayman	Eclat Fabrics (Vietnam) Co., Ltd. (Fabrics)	Knit fabrics mill, printing, dyeing and finishing mill	100.00 %	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 %	100.00 %	-

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			June 30, 2024	December 31, 2023	June 30, 2023	
Eclat Cayman	Colltex Garment Mfy Co., Ltd. (VN) (Colltex)	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	100.00 %	Note 2
Eclat Cayman	Eclat Enterprise Ltd. (Eclat Enterprise)	Investments in securities, real estate, and manufacturing industry	100.00 %	100.00 %	100.00 %	Note 2
Eclat Cayman	Tai-Yuan Garments Co., Ltd. (Tai-Yuan (VN))	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	100.00 %	Note 2
Eclat Cayman	PT Eclat Textile International (Eclat Textile (ID))	Design, manufacture, processing, sale of clothing, knit fabrics mill, printing, dyeing and finishing mill	- %	- %	- %	Note 1

Note1: 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.

Note2: One of the non-significant subsidiaries whose financial reports for the six months ended June 30, 2024 and 2023 were not reviewed.

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

(c) Employee benefits

The pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant onetime events.

(d) Income taxes

The Group evaluates and discloses interim period income tax expense in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expense is measured by multiplying together the pre-tax income for the interim reporting period and management’s best estimate of effective annual tax rate. All income tax expense should be recognized as current tax expense.

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

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

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

Preparing consolidated financial statements, judgments and key sources of estimation uncertainty used by management in the application of critical accounting policies are expected to be consistent with those in Note 5 of the consolidated financial statements for the year ended December 31, 2023.

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(6) Explanation to significant accounts

Except as described below, the description of significant accounts in the accompanying consolidated financial statements is not materially different from those in the consolidated financial statements for the year ended December 31, 2023. Please refer to note 6 of the consolidated financial statements for the year ended December 31, 2023, for more details.

(a) Cash and cash equivalents

	June 30, 2024	December 31, 2023	June 30, 2023
Cash	\$ 6,194	5,918	6,041
Bank deposits	2,305,852	2,757,278	6,137,854
Term deposits	52,264	50,537	2,122,076
Cash and cash equivalents	<u><u>\$ 2,364,310</u></u>	<u><u>2,813,733</u></u>	<u><u>8,265,971</u></u>

(b) Notes receivable and accounts receivable

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable-operating activities(including related parties)	\$ 11,266	19,459	18,057
Accounts receivable	5,871,975	4,715,410	4,918,222
Less: allowance for doubtful accounts	(24,086)	(24,086)	(24,086)
Total	<u><u>\$ 5,859,155</u></u>	<u><u>4,710,783</u></u>	<u><u>4,912,193</u></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:

	June 30, 2024	
	Gross carrying amount	Weighted-average credit loss rate
Current	\$ 5,329,360	0%~4.4%
Within 30 days past due	524,523	0.3%~4.4%
31 to 120 days past due	28,939	0.3%~100%
Over 121 days past due	419	100%
	<u><u>\$ 5,883,241</u></u>	<u><u>24,086</u></u>

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES
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	December 31, 2023		
	Gross carrying amount	Weighted-average credit loss rate	Expected credit loss
Current	\$ 4,221,174	0%~4.2%	20,220
Within 30 days past due	512,672	0.3%~4.2%	3,246
31 to 120 days past due	590	0.3%~100%	187
Over 121 days past due	<u>433</u>	100%	<u>433</u>
	\$ <u>4,734,869</u>		<u>24,086</u>

	June 30, 2023		
	Gross carrying amount	Weighted-average credit loss rate	Expected credit loss
Current	\$ 4,486,043	0%~4.2%	9,189
Within 30 days past due	369,607	0.3%~4.2%	1,107
31 to 120 days past due	80,189	0.3%~100%	13,350
Over 121 days past due	<u>440</u>	100%	<u>440</u>
	\$ <u>4,936,279</u>		<u>24,086</u>

None of notes receivable and accounts receivable held by the Group needed to increase provision for losses due to an increase in overdue credit risk for the six months ended June 30, 2024 and 2023.

None of notes receivable and accounts receivable held by the Group were pledged or collateralized as of June 30, 2024, December 31, and June 30, 2023.

Accounts receivable of the Group had been insured accounts receivable credit risk. The insured amounts were \$3,007,103 thousand, \$2,313,553 thousand and \$2,262,450 thousand as of June 30, 2024, December 31, and June 30, 2023, 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:

	June 30, 2024				
Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
E.Sun Bank	<u>\$ -</u>	<u>3,244,676</u>	<u>-</u>	<u>-</u>	None
CTBC Bank	<u>\$ -</u>	<u>3,416,985</u>	<u>-</u>	<u>-</u>	None

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES
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December 31, 2023					
Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
E.Sun Bank	\$ -	2,462,234	-	-	None
CTBC Bank	\$ -	3,084,010	-	-	None

June 30, 2023					
Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
E.Sun Bank	\$ -	2,377,221	-	-	None
CTBC Bank	\$ -	2,833,429	-	-	None

(c) Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Raw materials(including raw materials in transit)	\$ 3,085,510	2,547,931	2,483,185
Supplies	629,806	540,749	435,857
Work in progress	1,198,644	1,103,637	1,172,731
Finished goods	228,539	210,119	268,101
	<u>\$ 5,142,499</u>	<u>4,402,436</u>	<u>4,359,874</u>

For the six months ended June 30, 2024 and 2023, the price change of inventory resulted in gain from value recovery (loss on value depreciation) and recognized as cost of goods sold.

The details were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Gain from value recovery				
(loss on value depreciation)	\$ -	-	(260)	206

None of inventories held by the Group were pledged as of June 30, 2024, December 31, and June 30, 2023.

(d) Non-current assets held for sale

The Group's board of directors approved a resolution to sell the part of property, plant and equipment on September 7, 2023, then the related assets were reported as held for sale. As of June 30, 2024, all of the assets reported as held for sale have been sold.

As of December 31, 2023, the details were as follows:

	December 31, 2023
Land	\$ 21,162
Buildings	4,701
	<u>\$ 25,863</u>

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As of December 31, 2023, the Group had measured the fair value of non-current assets held for sale based on the lower of the carrying amount and fair value less costs of sale, there were no need to recognize impairment losses.

(e) 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, 2024	\$	4,169,493	8,877,134	5,726,882	119,412	251,070	1,627,310	4,548	20,775,849
Additions		-	65,655	37,433	3,500	108,495	27,483	2,212	244,778
Disposals		-	-	(20,458)	(14,480)	(3,783)	(4,874)	-	(43,595)
Reclassification		757,482	(21,869)	2,070	-	248	-	(6,928)	731,003
Effect of exchange rate changes		14,774	269,192	211,301	3,947	7,903	79,766	168	587,051
Balance at June 30, 2024	\$	4,941,749	9,190,112	5,957,228	112,379	363,933	1,729,685	-	22,295,086
Balance at January 1, 2023	\$	4,817,819	9,088,332	5,628,911	118,502	241,940	1,540,996	10,301	21,446,801
Additions		-	25,106	34,732	726	7,512	58,002	2,928	129,006
Disposals		-	-	(3,905)	-	-	(673)	-	(4,578)
Reclassification		-	1,784	-	-	160	964	(4,874)	(1,966)
Effect of exchange rate changes		388	66,168	52,096	973	1,915	19,370	121	141,031
Balance at June 30, 2023	\$	4,818,207	9,181,390	5,711,834	120,201	251,527	1,618,659	8,476	21,710,294
Depreciation:									
Balance at January 1, 2024	\$	-	2,277,812	4,591,811	94,353	212,016	1,312,106	-	8,488,098
Depreciation		-	200,073	147,323	4,360	9,487	52,891	-	414,134
Disposals		-	-	(19,409)	(7,366)	(3,783)	(4,874)	-	(35,432)
Reclassification		-	(12,371)	-	-	-	-	-	(12,371)
Effect of exchange rate changes		-	80,346	164,914	3,521	6,138	65,180	-	320,099
Balance at June 30, 2024	\$	-	2,545,860	4,884,639	94,868	223,858	1,425,303	-	9,174,528
Balance at January 1, 2023	\$	-	2,007,560	4,322,782	84,884	205,262	1,199,159	-	7,819,647
Depreciation		-	198,522	146,967	5,059	4,582	56,864	-	411,994
Disposals		-	-	(3,772)	-	-	(625)	-	(4,397)
Effect of exchange rate changes		-	18,508	39,449	849	1,471	15,379	-	75,656
Balance at June 30, 2023	\$	-	2,224,590	4,505,426	90,792	211,315	1,270,777	-	8,302,900
Carrying amounts:									
Balance at June 30, 2024	\$	4,941,749	6,644,252	1,072,589	17,511	140,075	304,382	-	13,120,558
Balance at January 1, 2024	\$	4,169,493	6,599,322	1,135,071	25,059	39,054	315,204	4,548	12,287,751
Balance at June 30, 2023	\$	4,818,207	6,956,800	1,206,408	29,409	40,212	347,882	8,476	13,407,394

The property, plant and equipment of the Group were not pledged or mortgaged as collateral for loans as of June 30, 2024, December 31, and June 30, 2023.

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(f) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases which owned by the Group.

The details of the changes were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at January 1, 2024	\$ 627,050	211,042	838,092
Reclassification from property, plant and equipment	<u>9,444</u>	<u>26,479</u>	<u>35,923</u>
Balance at June 30, 2024	<u><u>\$ 636,494</u></u>	<u><u>237,521</u></u>	<u><u>874,015</u></u>
Depreciation:			
Balance at January 1, 2024	\$ -	100,312	100,312
Depreciation	-	3,872	3,872
Reclassification from property, plant and equipment	<u>-</u>	<u>12,371</u>	<u>12,371</u>
Balance at June 30, 2024	<u><u>\$ -</u></u>	<u><u>116,555</u></u>	<u><u>116,555</u></u>
Carrying amounts:			
June 30, 2024	<u><u>\$ 636,494</u></u>	<u><u>120,966</u></u>	<u><u>757,460</u></u>
January 1, 2024	<u><u>\$ 627,050</u></u>	<u><u>110,730</u></u>	<u><u>737,780</u></u>

The fair value of investment property was not significantly different from those disclosed in note 6(g) of the consolidated financial statements for the year ended December 31, 2023.

None of the investment property of the Group was pledged or mortgaged as collateral for loans as of June 30, 2024 and December 31, 2023.

(g) Other current or non-current assets

Current:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Tax refund receivables	\$ 220,163	225,889	258,653
Payment in advance	54,779	89,014	107,915
Prepaid expense	42,338	35,962	34,796
Prepaid value-added tax	71,995	168,732	63,986
Other financial assets-term deposits	2,811,810	4,868,900	296,341
Refundable deposits	4,015	4,209	-
Others	<u>22,382</u>	<u>22,207</u>	<u>21,327</u>
	<u><u>\$ 3,227,482</u></u>	<u><u>5,414,913</u></u>	<u><u>783,018</u></u>

The Group's assets were pledged as collaterals to secure natural gas, solar energy and electricity as of June 30, 2024, December 31, and June 30, 2023, please refer to note 8.

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES
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Non-current:

	June 30, 2024	December 31, 2023	June 30, 2023
Prepayments for business facilities	\$ 80,568	116,447	127,852
Long-term prepaid expense	305,469	294,375	303,952
Prepayments for land purchase	-	736,375	721,813
Refundable deposits	6,207	5,400	6,703
Others	-	-	12
	<u><u>\$ 392,244</u></u>	<u><u>1,152,597</u></u>	<u><u>1,160,332</u></u>

(h) Current borrowings

Details of current borrowings of the Group were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Unsecured bank loans	\$ <u>870,147</u>	<u>623,772</u>	<u>1,061,874</u>
Unused quota	\$ <u>6,044,977</u>	<u>6,009,793</u>	<u>5,516,613</u>
Range of interest rates	<u>5.57%~6.30%</u>	<u>5.71%~6.60%</u>	<u>5.40%~6.25%</u>

None of the Group's assets were pledged as collaterals to secure current borrowings as of June 30, 2024, December 31, and June 30, 2023.

(i) Long-term borrowings

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

	June 30, 2024	December 31, 2023	June 30, 2023
Unsecured bank loans - due by July 2024	\$ 324,500	562,925	778,500
Less: Maturing within one year	<u>(324,500)</u>	<u>(562,925)</u>	<u>(467,100)</u>
Total	\$ <u>-</u>	<u>-</u>	<u>311,400</u>
Unused quota	\$ <u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Range of interest rates	<u>5.82%~6.32%</u>	<u>5.60%~6.32%</u>	<u>4.27%~5.95%</u>

None of the Group's assets were pledged as collaterals to secure long-term borrowings as of June 30, 2024, December 31, and June 30, 2023.

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES
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(j) Employee benefits

(i) Defined benefit plans

Subsequent to December 31, 2023 and 2022 there were no apparent evidence of any material market volatility, material curtailment, reimbursement and settlement, or other material onetime events. Therefore, pension costs in the interim consolidated financial statements is measured and disclosed according to the respective actuarial report for the years ended December 31, 2023 and 2022.

The expenses (benefit) recognized for the Group were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Operating costs	\$ (99)	285	(199)	564
Selling expense	(135)	(115)	(275)	(219)
Administrative expense	(148)	(83)	(290)	(179)
	<u>\$ (382)</u>	<u>87</u>	<u>(764)</u>	<u>166</u>

The Group's employee benefit liabilities were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Compensated absences liability	<u>\$ 67,989</u>	<u>62,149</u>	<u>65,654</u>

(ii) Defined contribution plans

The pension costs that were contributed to Bureau of Labor Insurance or local relevant authorities were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Operating costs	\$ 9,546	10,371	23,866	26,401
Selling expense	5,835	5,842	11,727	11,610
Administrative expense	4,359	3,811	8,534	8,850
R&D expense	573	562	1,121	1,126
	<u>\$ 20,313</u>	<u>20,586</u>	<u>45,248</u>	<u>47,987</u>

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES
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(k) Income taxes

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

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Current tax expense				
Current period	\$ 496,246	453,451	848,558	709,031
Adjustment for prior periods	(373)	(45,013)	(714)	(45,013)
	495,873	408,438	847,844	664,018
Deferred tax expense				
The occurrence and reversal of temporary differences	-	(62)	-	5,684
Income tax expense	<u>\$ 495,873</u>	<u>408,376</u>	<u>847,844</u>	<u>669,702</u>

(ii) The Company's income tax returns through 2021 have been examined by the R.O.C. tax authority.

(l) Capital and other equity

Except for the following disclosure, there were no significant change for capital and other equity for the six months ended June 30, 2024 and 2023. For the related information, please refer to note 6 (o) of the consolidated financial statements for the year ended December 31, 2023.

(i) 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.

In accordance with the Article 240, paragraph 5 of the Company Act and the Company's articles 37-1, the Company authorizes the Board of Directors, with the presence of more than two-thirds of the directors and the approval of a majority of the directors, to distribute all or part of the dividends and bonuses payable by way of cash, and to report to the shareholders' meeting. For the issuance of new shares, the proposal should be resolved during the 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 ratio for distributing cash dividends shall not be lower than 20% of the total distribution.

Earnings distributions for 2023 and 2022 were proposed by the board of directors held on February 29, 2024 and March 2, 2023, respectively. The relevant dividend distributions to shareholders were as follows:

ECLAT TEXTILE CO., LTD AND SUBSIDIARIES
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	For the years ended December 31			
	2023		2022	
	per share (in dollars)	amount	per share (in dollars)	amount
Dividends distributed to ordinary shareholders:				
Cash dividends	\$ 13.50	<u>3,703,956</u>	17.00	<u>4,664,241</u>

(ii) Other equity (net of income tax)

	Financial statements translation differences from foreign operations
Balance at January 1, 2024	\$ 39,529
Exchange differences on translation of foreign financial statements	298,360
Balance at June 30, 2024	<u>\$ 337,889</u>
Balance at January 1, 2023	\$ 23,864
Exchange differences on translation of foreign financial statements	78,209
Balance at June 30, 2023	<u>\$ 102,073</u>

(m) Earnings per share

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

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Basic earnings per share				
Profit attributable to ordinary shareholders of the Company	<u>\$ 1,733,538</u>	<u>1,392,000</u>	<u>3,158,816</u>	<u>2,218,720</u>
Weighted average number of ordinary shares outstanding (in thousands)	<u>274,367</u>	<u>274,367</u>	<u>274,367</u>	<u>274,367</u>
Basic earnings per share (in dollars)	<u>\$ 6.32</u>	<u>5.08</u>	<u>11.51</u>	<u>8.09</u>
Diluted earnings per share				
Profit attributable to ordinary shareholder of the Company	<u>\$ 1,733,538</u>	<u>1,392,000</u>	<u>3,158,816</u>	<u>2,218,720</u>
Weighted average number of ordinary shares outstanding (basic)(in thousands)	274,367	274,367	274,367	274,367
Effect on employee's profit-sharing bonus (in thousands)	4	6	4	6
Weighted average number of ordinary shares outstanding (diluted) (in thousands)	<u>274,371</u>	<u>274,373</u>	<u>274,371</u>	<u>274,373</u>
Diluted earnings per share (in dollars)	<u>\$ 6.32</u>	<u>5.08</u>	<u>11.51</u>	<u>8.09</u>

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(n) Revenue from contracts with customers

	For the three months ended June 30, 2024		For the three months ended June 30, 2023	
	Knitted fabrics	Clothing	Knitted fabrics	Clothing
Main market :				
Americas	\$ 198,768	4,208,829	265,192	3,649,894
Asia	3,339,697	554,876	2,015,541	491,822
Europe	8,945	832,830	8,376	927,810
the Middle East	197,223	27,162	253,475	33,079
ANZ	206	81,313	1,730	75,063
Africa	129,781	13,604	84,789	14,207
	<u>\$ 3,874,620</u>	<u>5,718,614</u>	<u>2,629,103</u>	<u>5,191,875</u>
		For the three months ended June 30, 2024		For the three months ended June 30, 2023
Main product :				
Knitted fabrics		\$ 3,874,620		2,629,103
Clothing		<u>5,718,614</u>		<u>5,191,875</u>
		<u>\$ 9,593,234</u>		<u>7,820,978</u>
	For the six months ended June 30, 2024		For the six months ended June 30, 2023	
	Knitted fabrics	Clothing	Knitted fabrics	Clothing
Main market :				
Americas	\$ 418,590	7,640,608	437,046	6,469,538
Asia	5,486,589	1,031,725	3,879,995	937,637
Europe	17,985	1,702,976	17,297	1,700,369
the Middle East	537,958	43,509	502,488	50,522
ANZ	514	125,596	1,730	128,454
Africa	198,170	21,695	169,514	24,130
	<u>\$ 6,659,806</u>	<u>10,566,109</u>	<u>5,008,070</u>	<u>9,310,650</u>
		For the six months ended June 30, 2024		For the six months ended June 30, 2023
Main product:				
Knitted fabrics		\$ 6,659,806		5,008,070
Clothing		<u>10,566,109</u>		<u>9,310,650</u>
		<u>\$ 17,225,915</u>		<u>14,318,720</u>

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(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 six months ended June 30, 2024 and 2023, the employee profit sharing bonuses 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. We did not estimate the liabilities due to the minor estimated expense for the six months ended June 30, 2024 and 2023. The differences between the amounts approved in the shareholders' meeting and those recognized in the consolidated financial statements, if any, are accounted for as a change in accounting estimate and recognized as profit or loss in the following year.

The estimated employee's profit sharing bonuses amounted to \$7,000 thousand and \$9,000 thousand for 2023 and 2022, respectively. There were no differences between the estimated and the distributed employee's profit-sharing bonuses, the related information can be obtained from the Market Observation Post System website of the Taiwan Stock Exchange.

(p) Non-operating income and expenses

(i) Interest income

The Group's interest income were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Interest income from bank deposits	\$ 34,454	38,049	56,764	63,278

(ii) Other income

The Group's other income were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Rental income	\$ 7,978	5,164	15,327	9,942

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(iii) Other gains and losses, net

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

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Gain (loss) on disposal of property, plant and equipment	\$ (442)	(49)	500	(181)
Gain on disposal of non-current assets held for sale	-	-	56,697	-
Foreign exchange gain (loss)	102,635	127,112	328,928	96,938
Others	6,165	3,489	12,232	3,049
	<u>\$ 108,358</u>	<u>130,552</u>	<u>398,357</u>	<u>99,806</u>

(iv) Finance costs

The Group's finance costs were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2024	2023	2024	2023
Interest expense				
Bank borrowings	\$ 20,573	33,060	39,026	71,603
Lease liabilities	441	457	881	987
	<u>\$ 21,014</u>	<u>33,517</u>	<u>39,907</u>	<u>72,590</u>

(q) Financial instruments

There were no material changes of financial instruments for the six months ended June 30, 2024 and 2023 except for followings. Please refer to note 6 (t) of the consolidated financial report of 2023 for further information.

(i) Market risks

1) Foreign currency risk

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

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	June 30, 2024				December 31, 2023			June 30, 2023		
	Foreign currency	Exchange rate	NTD		Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets										
Monetary items										
USD	\$	252,486	32.450	8,193,171	232,592	30.705	7,141,737	251,525	31.140	7,832,489
Financial liabilities										
Monetary items										
USD	\$	103,351	32.450	3,353,740	95,569	30.705	2,934,446	92,360	31.140	2,876,090

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, other receivables, current borrowings, long-term borrowings, accounts payable and other payables. A 1% depreciation or appreciation of the NTD against the USD as of June 30, 2024 and 2023 would have increased or decreased the net income after tax by \$38,715 thousand and \$39,651 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 six months ended June 30			
	2024		2023	
	Exchange (loss) gain	Average rate	Exchange (loss) gain	Average rate
USD	<u>\$ 328,928</u>	<u>31.901</u>	<u>96,938</u>	<u>30.550</u>

(ii) Interest rate risk

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 \$11,946 thousand and \$18,404 thousand for the six months ended June 30, 2024 and 2023, 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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(iii) 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.

(r) Financial risk management

The objectives and the policies of the financial risk management are consistent with those disclosed in note 6(u) of the consolidated financial statements for the year ended December 31, 2023.

(s) Capital management

The objectives, policies, and procedures of the Group's capital management are the same as those stated in the consolidated financial statements for the year ended December 31, 2023. There was no material change on quantitative data of the capital management. For relevant information, please refer to note 6(v) of the consolidated statements for the year ended December 31, 2023.

(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:

Name of related parties	Relationship with the Group
Yih-Yuan Investment Corp.	The entity's chairman was related to the former chairman of the Company within the second degree of kinship, after the board re-election on June 12, 2024, they are no longer considered related parties.
Eclat Education Foundation (Eclat Foundation)	Founded by donation of the Company

(b) Material transactions among related parties

The Group's purchases and processes from related party were as follows:

(i) Receivables from related parties

The Group's receivables from related parties were as follows:

Account	Types of related parties	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable	Other related parties	\$ -	-	105

(ii) Leases

Types of related parties	For the three months ended June 30	For the six months ended June 30
	2024	2023
Other related parties	\$ 75	150

The Group charged their rentals based on the local market prices which were paid monthly.

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(iii) Others

<u>Name of related parties</u>	Donations			
	For the three months ended		For the six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Eclat Foundation	\$ <u>2,000</u>	<u>2,153</u>	<u>2,000</u>	<u>2,153</u>

(c) Key management personnel transactions

Key management personnel compensation comprised:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ <u>37,792</u>	<u>8,197</u>	<u>160,532</u>	<u>135,844</u>

Cars provided to key management personnel were as follows:

	December 31,		
	June 30, 2024	2023	June 30, 2023
Cost	\$ <u>18,565</u>	<u>30,894</u>	<u>30,894</u>
Quantities	<u>7</u>	<u>9</u>	<u>9</u>
Book value	\$ <u>4,412</u>	<u>13,496</u>	<u>15,462</u>

(8) Pledged assets

The Group's pledged assets were as follows:

Pledged assets	Pledged to secure	June 30, 2024	December 31, 2023	June 30, 2023
Other financial assets - current	Natural gas, solar energy and electricity security deposit	\$ <u>1,188</u>	<u>1,124</u>	<u>4,784</u>

(9) Commitments and contingencies

(a) The balances of unused letters of credit of the Group were as follows:

	December 31,		
	June 30, 2024	2023	June 30, 2023
Unused letters of credit	\$ <u>40,776</u>	<u>7,815</u>	<u>6,407</u>

(b) Significant unrecognized commitments of the Group were as follows:

	December 31,		
	June 30, 2024	2023	June 30, 2023
Contract for building construction and machinery	\$ <u>115,534</u>	<u>313,622</u>	<u>251,739</u>

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(c) The balances of issued promissory notes of the Group were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Issued promissory notes	\$ 20,000	20,000	-

(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 three months ended June 30, 2024				For the three months ended June 30, 2023			
	Operating costs	Operating expenses	Non-Operating expenses	Total	Operating costs	Operating expenses	Non-Operating expenses	Total
Employee benefits								
Salary	711,509	461,316	-	1,172,825	630,018	373,267	-	1,003,285
Labor and health insurance	67,086	29,969	-	97,055	79,389	28,400	-	107,789
Pension	9,447	10,484	-	19,931	10,656	10,017	-	20,673
Director's remuneration	-	3,055	-	3,055	-	1,902	-	1,902
Others	40,482	20,499	-	60,981	35,446	16,601	-	52,047
Depreciation	147,481	65,410	331	213,222	144,507	64,145	331	208,983
Amortization	2,546	3,915	-	6,461	2,862	2,688	-	5,550

By function By item	For the six months ended June 30, 2024				For the six months ended June 30, 2023			
	Operating costs	Operating expenses	Non-Operating expenses	Total	Operating costs	Operating expenses	Non-Operating expenses	Total
Employee benefits								
Salary	1,409,502	854,545	-	2,264,047	1,249,242	736,323	-	1,985,565
Labor and health insurance	139,649	70,244	-	209,893	141,299	69,459	-	210,758
Pension	23,667	20,817	-	44,484	26,965	21,188	-	48,153
Director's remuneration	-	5,044	-	5,044	-	3,564	-	3,564
Others	76,264	38,970	-	115,234	68,587	34,345	-	102,932
Depreciation	298,318	128,718	662	427,698	295,458	128,811	662	424,931
Amortization	5,006	7,647	-	12,653	4,966	5,659	-	10,625

(b) Seasonality of operations

The operation of the Group was not materially influenced by seasonality and periodicity.

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(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 six months ended June 30, 2024:

(i) Loans to other parties:

No.	Name of lender	Name of borrower (Note 4)	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance (Note 2)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 1)
													Item	Value		
0	The Company	Fabrics	Other receivables	Yes	876,120	649,000	64,900	5.60%	2	-	Operating capital	-	-	-	2,542,405	5,084,811
0	The Company	Eclat Textile (ID)	Other receivables	Yes	2,159,010	1,460,250	892,375	5.54%-5.65%	2	-	Operating capital	-	-	-	2,542,405	5,084,811

Note 1: The total amount available for financing purposes shall not exceed 40% of the Company's net worth. For entities that the Company has business with, the total amount available for financing shall not exceed 20% of the Company's net worth; and for each entity that the Company has business with, the amount available for financing shall not exceed the transaction amount within 12 months and 10% of the Company's net worth. The total amount for short-term financing shall not exceed 20% of the Company's net worth; and for each entity the amount available for short-term financing shall not exceed 10% of the Company's net worth.

Note 2: Approved by BOD

Note 3: Nature of financing: 1. Business transaction purpose. 2. Short-term financing purpose.

Note 4: Transaction listed above has been eliminated during preparing consolidated financial statements.

(ii) Guarantees and endorsements for other parties: None.

(iii) The securities held as of June 30, 2024 (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:

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	770,417	16.89 % (Note)	30	(Note 2)	(Note 2)	Accounts payable (93,738)	(3.95)%	(Note 1)
Eclat Textile (VN)	The Company	Parent company	(sales)	(770,417)	(100.00)%	30	(Note 2)	(Note 2)	Accounts receivable 93,738	100.00 %	(Note 1)
The Company	Fabrics	Indirectly held subsidiaries	purchasing	1,262,929	16.01 %	30	(Note 2)	(Note 2)	Accounts payable (79,122)	(3.34)%	(Note 1)
Fabrics	The Company	Parent company	(sales)	(1,262,929)	(93.20)%	30	(Note 2)	(Note 2)	Accounts receivable 79,122	67.23 %	(Note 1)
The Company	E-TOP (VN)	Indirectly held subsidiaries	processing	426,404	9.35 % (Note)	30	(Note 2)	(Note 2)	Accounts payable (47,908)	(2.02)%	(Note 1)
E-TOP (VN)	The Company	Parent company	(sales)	(426,404)	(97.57)%	30	(Note 2)	(Note 2)	Accounts receivable 47,908	97.38 %	(Note 1)

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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	Colltex	Indirectly held subsidiaries	processing	317,327	6.96 % (Note)	30	(Note 2)	(Note 2)	Accounts payable (33,679)	(1.42)%	(Note) (Note 1)
Colltex	The Company	Parent company	(sales)	(317,327)	(100.00)%	30	(Note 2)	(Note 2)	Accounts receivable 33,679	91.58 %	(Note 1)
The Company	Eclat Textile (Cambodia)	Indirectly held subsidiaries	processing	205,315	4.50 % (Note)	30	(Note 2)	(Note 2)	Accounts payable (23,237)	(0.98)%	(Note) (Note 1)
Eclat Textile (Cambodia)	The Company	Parent company	(sales)	(205,315)	(100.00)%	30	(Note 2)	(Note 2)	Accounts receivable 23,237	100.00 %	(Note 1)
The Company	Tai-Yuan (VN)	Indirectly held subsidiaries	processing	161,261	3.54 % (Note)	30	(Note 2)	(Note 2)	Accounts payable (14,474)	(0.61)%	(Note) (Note 1)
Tai-Yuan (VN)	The Company	Parent company	(sales)	(161,261)	(100.00)%	30	(Note 2)	(Note 2)	Accounts receivable 14,474	100.00 %	(Note 1)
The Company	Eclat Textile(ID)	Subsidiaries	processing	422,038	9.25 % (Note)	30	(Note 2)	(Note 2)	Accounts payable (25,718)	(1.08)%	(Note) (Note 1)
Eclat Textile(ID)	The Company	Parent company	(sales)	(422,038)	(100.00)%	30	(Note 2)	(Note 2)	Accounts receivable 25,718	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			
The Company	Eclat Textile(ID)	Subsidiaries	900,956 (USD 27,764)	(Note 3)	-	-	131,511 (USD 4,053)	-	(Note 1) (Note 2)

Note 1: Transaction listed above has been eliminated during preparing consolidated financial statements.

Note 2: The rate as of June 30, 2024 was USD 1 to NTD 32.450.

Note 3: It is the amount due from loan to other receivable parties, so there is no need to calculate turnover rate.

(ix) Trading in derivative financial instruments: None.

(x) Business relationships and significant intercompany transactions:

No. (Note 1)	Company name	Counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Financial statements item (Note 3)(Note 4)	Amount	Terms	Percentage of the consolidated net revenue or total assets
0	The company	Eclat Textile (ID)	1	Other receivables	900,956	Loan	2.89 %
1	Fabrics	The Company	2	Sales	1,262,929	The same as general sales	7.33 %
2	Eclat Textile (VN)	The Company	2	Processing revenue	770,417	The same as general processing	4.47 %
3	Colltex	The Company	2	Processing revenue	317,327	The same as general processing	1.84 %

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No. (Note 1)	Company name	Counter-party	Nature of relationship (Note 2)	Financial statements item (Note 3)(Note 4)	Intercompany transactions		
					Amount	Terms	Percentage of the consolidated net revenue or total assets
4	E-TOP(VN)	The Company	2	Processing revenue	426,404	The same as general processing	2.48 %
5	Eclat Textile (Cambodia)	The Company	2	Processing revenue	205,315	The same as general processing	1.19 %
6	Tai-Yuan(VN)	The Company	2	Processing revenue	161,261	The same as general processing	0.94 %
7	Eclat Textile (ID)	The Company	2	Processing revenue	422,038	The same as general processing	2.45 %

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 important transactions over NT\$100 million, no need to disclosed corresponding transactions.

Note 4: Transaction listed above has been eliminated during preparing consolidated financial statements.

(b) Information on investees:

The following were the information on investment for the six months ended June 30, 2024 (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 June 30, 2024			Net income (losses) of the investee	Share of profits/losses of investee	Note
				June 30, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value (Note 4)			
The Company	Grand Elite	British Virgin Islands	Investments in securities, real estate, and manufacturing industry	276,474 (USD 8,520)	276,474 (USD 8,520)	21	100.00 %	192,184	6,311	6,311	Subsidiaries (Note 1)(Note 2)
The Company	Eclat Cayman	Cayman Islands	Investments in securities, real estate, and manufacturing industry	4,069,425 (USD 125,406)	4,069,425 (USD 125,406)	121,080	100.00 %	4,313,456	138,622	138,622	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	1,622,500 (USD 50,000)	1,622,500 (USD 50,000)	5,000	100.00 %	1,113,621	(37,217)	(37,217)	Subsidiaries (Note 1)(Note 2) (Note 3)
Grand Elite	Eclat Textile (Cambodia)	Cambodia	Design, manufacture, processing and sale of clothing	259,600 (USD 8,000)	259,600 (USD 8,000)	8,000	100.00 %	173,484	6,194	6,194	Subsidiaries of Grand Elite (Note 1)(Note 2)
Eclat Cayman	Colltex	Vietnam	Design, manufacture, processing and sale of clothing	517,740 (USD 15,955)	517,740 (USD 15,955)	16,800	100.00 %	575,443	12,352	11,594	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	E-TOP(VN)	Vietnam	Design, manufacture, processing and sale of clothing	1,168,200 (USD 36,000)	1,168,200 (USD 36,000)	36,000	100.00 %	1,248,203	25,921	25,921	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 June 30, 2024			Net income (losses) of the investee	Share of profits/losses of investee	Note
				June 30, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value (Note 4)			
Eclat Cayman	Eclat Enterprise	Cambodia	Investments in securities, real estate, and manufacturing industry	32 (USD 1)	32 (USD 1)	1	100.00 %	(1,971)	293	293	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	Eclat Textile (VN)	Vietnam	Design, manufacture, processing and sale of clothing	686,999 (USD 21,171)	686,999 (USD 21,171)	22,000	100.00 %	715,450	(8,272)	(8,272)	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	Fabrics	Vietnam	Knit fabric mills, printing, dyeing and finishing mill	1,298,000 (USD 40,000)	1,298,000 (USD 40,000)	40,000	100.00 %	1,798,988	86,061	86,061	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	Tai - Yuan(VN)	Vietnam	Design, manufacture, processing and sale of clothing	224,392 (USD 6,915)	224,392 (USD 6,915)	6,800	100.00 %	(24,370)	29,429	29,281	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	E&I Printing	Vietnam	Design, printing, dyeing and finishing mill	32,450 (USD 1,000)	32,450 (USD 1,000)	1,000	40.00 %	-	-	-	Invested company under equity method (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	- %	4	(37,217)	-	Subsidiaries (Note 1)(Note 2)(Note 3)

Note 1: The rate as of June 30, 2024 was USD 1 to NTD 32.450.

Note 2: Transaction listed above has 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.

Note 4: Accumulated translation is included.

(c) Information on investment in Mainland China: None.

(d) Major shareholders:

(Unit: Share)

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: (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

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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

The reconciliation of operating segments of the Group were as follows:

For the three months ended June 30, 2024				
	Fabrics	Garments	Adjustments and write off	Total
Revenue				
From external clients	\$ 3,874,620	5,718,614	-	9,593,234
Inter-segments	1,435,404	1,241,216	(2,676,620)	-
Total revenue	\$ 5,310,024	6,959,830	(2,676,620)	9,593,234
Profit or loss from reportable segment	\$ 1,104,446	1,222,217	(97,252)	2,229,411

For the three months ended June 30, 2023				
	Fabrics	Garments	Adjustments and write off	Total
Revenue				
From external clients	\$ 2,629,103	5,191,875	-	7,820,978
Inter-segments	1,204,962	1,048,059	(2,253,021)	-
Total revenue	\$ 3,834,065	6,239,934	(2,253,021)	7,820,978
Profit or loss from reportable segment	\$ 721,278	1,148,839	(69,741)	1,800,376

For the six months ended June 30, 2024				
	Fabrics	Garments	Adjustments and write off	Total
Revenue				
From external clients	\$ 6,659,806	10,566,109	-	17,225,915
Inter-segments	2,681,985	2,316,241	(4,998,226)	-
Total revenue	\$ 9,341,791	12,882,350	(4,998,226)	17,225,915
Profit or loss from reportable segment	\$ 1,945,821	2,168,554	(107,715)	4,006,660

For the six months ended June 30, 2023				
	Fabrics	Garments	Adjustments and write off	Total
Revenue				
From external clients	\$ 5,008,070	9,310,650	-	14,318,720
Inter-segment	2,651,557	1,828,963	(4,480,520)	-
Total revenue	\$ 7,659,627	11,139,613	(4,480,520)	14,318,720
Profit or loss from reportable segment	\$ 1,121,653	1,678,105	88,664	2,888,422