Stock Code:1476

ECLAT TEXTILE CO., LTD.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2019 and 2018

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The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

Table of Contents

Representation Letter

The entities that are required to be included in the combined financial statements of ECLAT TEXTILE CO., LTD. as of and for the year ended December 31, 2019 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, ECLAT TEXTILE CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: ECLAT TEXTILE CO., LTD.
Chairman: HUNG CHENG HAI
Date: March 5, 2020

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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, 2019 and 2018, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of 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, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed 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 Auditor' s 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 of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the Group is 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, and reconciling between sales systems and general ledger; the Group's main sources of revenues to evaluate whether there are major anomalies; conditions for revenue recognition and to further inspect 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, 2019 and 2018, 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs,IFRIC,SIC, interpretation as well as related guidance endorsed 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 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient 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 for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's 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 5, 2020

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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' 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' 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, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current assets:				
1100	Cash and cash equivalents(note 6 (a))	$ 4,444,271	19	2,905,110	13
1150	Notes receivable, net (including related parties) (notes 6 (b) and 7)	13,245	-	2,065	-
1170	Accounts receivable, net (note 6 (b))	3,015,394	13	3,807,473	17
1200	Other receivables, net	73,665	-	86,072	-
1310	Inventories, net(note 6 (c))	4,219,962	18	4,264,587	19
1460	Non-current assets classified as held for sale (note 6 (d))	8,772	-	11,257	-
1470	Other current assets(notes 6(g) and 8)	373,162	2	316,941	2
	Total current assets	12,148,471	52	11,393,505	51
	Non-current assets:				
1550	Investments accounted for using equity method	8,943	-	26,083	-
1600	Property, plant and equipment(notes 6 (e), 7 and 8)	10,600,139	46	10,037,149	46
1755	Right-of-use assets(notes 6 (f))	93,238	-	-	-
1780	Intangible assets	18,619	-	20,547	-
1840	Deferred tax assets (notes 6 (k))	54,080	-	20,381	-
1990	Other non-current assets, others (note 6 (g) and 8)	395,930	2	643,217	3
	Total non-current assets	11,170,949	48	10,747,377	49
	Total assets	$ 23,319,420	100	22,140,882	100

	Liabilities and Equity	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6 (h))	$ 1,572,451	7	1,629,979	8
2150	Notes payable	263,601	1	262,688	1
2170	Accounts payable	1,448,292	6	1,354,199	6
2180	Accounts payable to related parties (note 7)	2,394	-	1,926	-
2200	Other payables(notes 6 (j))	1,087,896	5	1,107,364	5
2230	Current tax liabilities	595,926	3	732,541	3
2280	Current lease liabilities(notes 6 (i))	18,387	-	-	-
2399	Other current liabilities, others	117,879	-	105,691	1
	Total current liabilities	5,106,826	22	5,194,388	24
	Non-current liabilities:				
2570	Deferred tax liabilities(notes 6 (k))	12,225	-	5,946	-
2580	Non-current lease liabilities(notes 6 (i))	68,946	-	-	-
2640	Net defined benefit liability, non-current(notes 6 (j))	5,132	-	2,016	-
2645	Guarantee deposits received	2,539	-	1,488	-
2670	Other non-current liabilities, others	-	-	6,014	-
	Total non-current liabilities	88,842	-	15,464	-
	Total liabilities	5,195,668	22	5,209,852	24
	Equity(Note 6 (l)):				
3110	Ordinary share	2,743,671	12	2,743,671	12
3200	Capital surplus	3,769,547	16	3,769,547	17
	Retained earnings:				
3310	Legal reserve	2,756,589	12	2,318,613	11
3320	Special reserve	6,862	-	104,100	-
3350	Unappropriated retained earnings	8,936,125	38	8,001,961	36
	Total retained earnings	11,699,576	50	10,424,674	47
3490	Other equity, others	(89,042)	-	(6,862)	-
	Total equity	18,123,752	78	16,931,030	76
	Total liabilities and equity	$ 23,319,420	100	22,140,882	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, 2019 and 2018

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

		2019		2018	
		Amount	%	Amount	%
4000	Operating revenue (note 6 (n) and 7)	28,125,136	100	27,578,209	100
5000	Operating costs (notes 6 (c)(e)(f)(j)(o), 7 and 12)	20,010,977	71	19,630,699	71
	Gross profit from operations	8,114,159	29	7,947,510	29
	Operating expenses(notes 6(e)(f)(j)(o), 7 and 12):				
6100	Selling expenses	1,411,494	5	1,442,736	5
6200	Administrative expenses	1,086,719	4	1,055,683	4
6300	Research and development expenses	145,162	1	143,809	1
	Total operating expenses	2,643,375	10	2,642,228	10
	Net operating income	5,470,784	19	5,305,282	19
	Non-operating income and expenses (note 6 (p)):				
7010	Other income	36,683	-	21,554	-
7020	Other gains and losses, net	(17,851)	-	197,255	1
7050	Finance costs	(63,060)	-	(46,332)	-
7060	Share of loss of associates accounted for using equity method, net	(4,556)	-	(4,610)	-
	Total non-operating income and expenses	(48,784)	-	167,867	1
7900	**Income before income tax**	5,422,000	19	5,473,149	20
7950	Less: Tax expenses (note 6(k))	1,118,957	4	1,091,211	4
	Profit (loss) from continuing operations	4,303,043	15	4,381,938	16
8100	Loss from discontinued operations, net of tax (note 12(b))	(3,794)	-	(2,184)	-
8200	**Profit**	4,299,249	15	4,379,754	16
8300	**Other comprehensive income(loss):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Losses on remeasurements of defined benefit plans (note 6(j))	(4,260)	-	(11,831)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		(4,260)	-	(11,831)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(102,724)	-	121,546	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(k))	(20,544)	-	24,308	-
	Components of other comprehensive income that will be reclassified to profit or loss	(82,180)	-	97,238	-
8300	**Other comprehensive income, net of income tax**	(86,440)	-	85,407	-
8500	**Total comprehensive income**	$ 4,212,809	15	4,465,161	16
	Earnings per share (note 6(m) and 12(b))				
9750	**Basic earnings per share (in dollars)**				
	Basic earnings per share from continuing operations	$ 15.68		15.97	
	Basic loss per share from discontinued operations	(0.01)		(0.01)	
	Total basic earnings per share	$ 15.67		15.96	
9850	**Diluted earnings per share (in dollars)**				
	Diluted earnings per share from continuing operations	$ 15.68		15.97	
	Diluted loss per share from discontinued operations	(0.01)		(0.01)	
	Total diluted earnings per share	$ 15.67		15.96	

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, 2019 and 2018

(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, 2018	$ 2,743,671	3,769,437	2,013,408	-	6,649,830	8,663,238	(104,100)	15,072,246
Profit	-	-	-	-	4,379,754	4,379,754	-	4,379,754
Other comprehensive income	-	-	-	-	(11,831)	(11,831)	97,238	85,407
Total comprehensive income	-	-	-	-	4,367,923	4,367,923	97,238	4,465,161
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	305,205	-	(305,205)	-	-	-
Special reserve appropriated	-	-	-	104,100	(104,100)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(2,606,487)	(2,606,487)	-	(2,606,487)
Other changes in capital surplus	-	110	-	-	-	-	-	110
Balance at December 31, 2018	2,743,671	3,769,547	2,318,613	104,100	8,001,961	10,424,674	(6,862)	16,931,030
Effects of retrospective application	-	-	-	-	(2,049)	(2,049)	-	(2,049)
Balance at January 1, 2019 after adjustments	2,743,671	3,769,547	2,318,613	104,100	7,999,912	10,422,625	(6,862)	16,928,981
Profit	-	-	-	-	4,299,249	4,299,249	-	4,299,249
Other comprehensive income	-	-	-	-	(4,260)	(4,260)	(82,180)	(86,440)
Total comprehensive income	-	-	-	-	4,294,989	4,294,989	(82,180)	4,212,809
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	437,976	-	(437,976)	-	-	-
Reversal of special reserve	-	-	-	(97,238)	97,238	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,018,038)	(3,018,038)	-	(3,018,038)
Balance at December 31, 2019	$ 2,743,671	3,769,547	2,756,589	6,862	8,936,125	11,699,576	(89,042)	18,123,752

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, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		2019	2018
Cash flows from (used in) operating activities:			
Profit from continuing operations before tax	$	5,422,000	5,473,149
Loss from discontinued operations before tax		(3,794)	(2,184)
Profit before tax		5,418,206	5,470,965
Adjustments:			
Adjustments to reconcile profit			
Depreciation expense		817,971	819,864
Amortization expense		21,085	13,510
Interest expense		63,060	46,332
Interest income		(26,975)	(11,846)
Share of loss of associates accounted for using equity method		4,556	4,610
Loss on disposal of property, plant and equipment		6,532	16,496
Gain on disposal of investments		(217)	-
Total adjustments to reconcile profit		886,012	888,966
Changes in operating assets and liabilities:			
Decrease(increase) in notes and accounts receivable		780,899	(398,124)
Decrease in inventories		44,870	31,027
(Increase)decrease in other current assets		(25,279)	80,227
Decrease (increase) in other financial assets		12,407	(70,002)
Increase in other operating assets		(12,791)	(11,995)
Increase(decrease) in notes and accounts payable		95,474	(238,757)
(Decrease)increase in other payables		(27,018)	83,799
Increase in other current liabilities		12,188	22,212
Decrease in net defined benefit liability		(1,144)	(137,122)
Total adjustments		1,765,618	250,231
Cash inflow generated from operations		7,183,824	5,721,196
Interest received		27,522	8,492
Interest paid		(60,782)	(46,332)
Income taxes paid		(1,282,992)	(725,781)
Net cash flows from operating activities		5,867,572	4,957,575
Cash flows from (used in) investing activities:			
Proceeds from disposal of associate		12,459	-
Acquisition of property, plant and equipment		(1,286,359)	(798,416)
Proceeds from disposal of property, plant and equipment		557	729
Decrease in refundable deposits		216	2,466
Acquisition of intangible assets		(8,768)	(8,756)
Increase in prepayments for business facilities		(38,757)	(199,234)
Dividends received		-	2,038
Net cash flows used in investing activities		(1,320,652)	(1,001,173)
Cash flows from (used in) financing activities:			
(Decrease) Increase in short-term loans		(57,528)	148,824
Increase in guarantee deposits received		1,051	-
Payment of lease liabilities		(33,215)	-
Decrease in other non-current liabilities		(6,014)	(2,252)
Cash dividends paid		(3,018,038)	(2,606,487)
Net cash flows used in financing activities		(3,113,744)	(2,459,915)
Effect of exchange rate changes on cash and cash equivalents		114,757	(20,078)
Net increase in cash and cash equivalents		1,547,933	1,476,409
Cash and cash equivalents at beginning of period		2,905,110	1,439,958
Cash and cash equivalents at end of period	$	4,453,043	2,916,367
Components of cash and cash equivalents			
Cash and cash equivalents reported in the statement of financial position	$	4,444,271	2,905,110
Non-current assets classified as held for sale, net		8,772	11,257
Cash and cash equivalents at end of period	$	4,453,043	2,916,367

See accompanying notes to consolidated financial statements.

(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 Tashan Plant, Miao-li Plant and Hsichou 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

On March 05, 2020 the board of directors approved and noted the consolidated financial statements as of and for the year ended December 31, 2019.

(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 following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16"Leases"

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

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

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings on January 1, 2019. The details of the changes in accounting policies are disclosed below:

1) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4(l).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

2) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

- Leases classified as operating leases under IAS 17

  At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at either:

  — their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Group applied this approach to its largest property leases; or

  — an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other lease.

  In addition, the Group used the following practical expedients when applying IFRS 16 to leases.

  — Applied a single discount rate to a portfolio of leases with similar characteristics.

(Continued)

- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3) Impacts on financial statements

On transition to IFRS 16, the Group recognized additional $109,120 thousands of right-of-use assets and $111,169 thousands of lease liabilities, recognizing the difference in retained earnings. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 1.95%.

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020 in accordance with Ruling No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

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.

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

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized as follows. Except for Note 3 and 4(l), 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commissions (hereinafter referred to as IFRS as 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.

(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) Principles of preparation 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.

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

(ii) The subsidiaries in the consolidated financial statements:

Investor	The name of subsidiaries	Business activity	December 31, 2019	December 31, 2018	Note
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 %	- %	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	100.00 %	100.00 %	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 %	
Eclat Cayman	PT ECLAT TEXTILE INTERNATIONAL (ECLAT TEXTILE (ID))	Design, manufacture, processing, sale of clothing, knit fabrics mill, printing, dyeing and finishing mill	- %	- %	Note2

Note 1 : There is no longer any advantage in investing due to the rising cost of labor, material and supply in Mainland China, consequently, the BOD approved the dissolution and liquidation of Unison on December 7, 2016. Please refer to Note 6(d) for further information.

Note 2 : The Company's BOD approved the investment in Indonesia on September 17, 2019 and mutually set up ECLAT TEXTILE (ID) by the Company and Eclat Cayman. ECLAT TEXTILE (ID) was established on December 20, 2019, and 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 currency

(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 any 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 interest. When the Group disposes only part of investment in an associate of joint venture that includes a foreign operation while retaining significant 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 intends to sell or consume it, in its normal operating cycle;

(ii) The Group holds the asset primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting date; or

(iv) The asset is cash or 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 its normal operating cycle;

(ii) The Group holds the liability primarily for the purpose of trading;

(iii) The liability 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 the issue of 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 which are subject to an insignificant risk of changes in value. Term deposits that meet the above requirements 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 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 receivable, refundable deposits and other financial assets).

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

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 balances 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 60 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 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 and debt securities at FVOCI are 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 assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default past due; 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 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 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 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.

(h) 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

(i) 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 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.

(ii) 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.

(Continued)

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

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 cost, 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 cost

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 property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings: 5 to 60 years.

2) Machinery and equipment: 2 to 25 years.

3) Transportation equipment: 3 to 8 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 adjusted if appropriate.

(l) Leases

Applicable from January 1, 2019

(i) Identifying a lease

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. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the Company has the right to direct the use of the asset throughout the period of use only if either:

- the Company has the right to direct how and for what purpose the asset is used throughout the period of use; or

- the relevant decisions about how and for what purpose the asset is used are predetermined and:

— the Company has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

— the Company designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a leasee

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 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 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 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 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 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.

(iii) 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 lessor 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 interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the 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 'other income'.

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

Applicable before January 1, 2019

(i) Lessor

A finance lease asset is recognized on a net basis as lease receivable. Initial direct costs incurred in negotiating and arranging an operating lease are added to the net investment in the leased asset. The finance income is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the receivable.

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

(ii) Lessee

Leases in which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the lease asset is measured at an amount equal to the lower of its fair value or the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Minimum lease payments made under finance leases are apportioned between the finance cost and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Other leases are operating leases and are not recognized in the Group's balance sheets.

Payments made under operating leases (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Contingent rent is recognized as expense in the period in which it is incurred. Recognition of income arising from a sale and leaseback transaction depends upon the type of lease involved. If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount is deferred and amortized over the lease term. If a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss is recognized immediately. If the sales price is below fair value, any profit or loss shall be recognized immediately except that if the loss is compensated for by future lease payments at below-market price, it is deferred and amortized in proportion to the lease payments over the period for which the asset is expected to be used. If the sales price is above fair value, the excess over fair value is deferred and amortized over the period for which the asset is expected to be used.

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

For operating leases, if the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, a loss equal to the amount of the difference between the carrying amount and the fair value shall be recognized immediately.

(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 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 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.

(Continued)

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

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

(i) Revenue from contracts with customers

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

Obligations for contributions to defined contribution plan 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.

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 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 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 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.

(Continued)

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.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(r) Earnings per share

The Group reports the basic earnings per share and the diluted earnings per share. The basic earnings per share are calculated based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential 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 Regulations and 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. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

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

(6) **Explanation of significant accounts:**

(a) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash	$ 7,289	7,833
Bank deposits	3,024,060	2,026,374
Term deposits	1,412,922	870,903
Cash and cash equivalents	$ 4,444,271	2,905,110

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, 2019	December 31, 2018
Notes receivable—operating activities	$ 13,245	2,065
Accounts receivable	3,039,480	3,831,559
Less：allowance for doubtful accounts	(24,086)	(24,086)
Total	$ 3,028,639	3,809,538

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 were determined as follows:

	December 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 2,984,132	0.41%	12,335
Within 30 days past due	60,736	16.14%	9,804
31~120 days past due	7,233	18.30%	1,323
Over 121 days past due	624	100.00%	624
	$ 3,052,725		24,086

	December 31, 2018		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 3,711,713	0.49%	18,067
Within 30 days past due	117,174	3.22%	3,771
31~120 days past due	4,223	41.05%	1,734
Over 121 days past due	514	100.00%	514
	$ 3,833,624		24,086

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

	For the years ended December 31	
	2019	2018
Beginning 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, 2019 and 2018.

Accounts receivable of the Group have been insured accounts receivable credit risk. The insured amounts are $154,100 thousand and $514,914 thousand as of December 31, 2019 and 2018. Guaranteed fraction is 90% of reviewed credit of policyholder; the recoverable amount of the insurance is 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 doesn't 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 receivable which are not due as of the report date are as follows:

December 31, 2019					
Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
E.sun Bank	$ 774,381	574,719	774,381	2.42%~2.57%	None
SHANGHAI Bank	$ 182,833	653,609	182,833	2.27%~2.38%	None

December 31, 2018					
Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
E.sun Bank	$ 240,600	1,265,971	240,600	2.87%~3.44%	None

(Continued)

ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Inventories

	December 31, 2019	December 31, 2018
Raw materials	$ 2,344,082	2,458,806
Supplies	567,678	527,431
Work in progress	1,103,380	1,135,855
Finished goods	204,822	142,495
	$ 4,219,962	4,264,587

In 2019 and 2018, the inventory write-down to net realizable value resulted in recognition of inventory loss; and the original factors led to the loss were improved subsequently, resulting in gain from price recovery of inventory. These changes were recognized as an addition or subtraction item of cost of goods sold, respectively.
The details are as follows:

	For the years ended December 31	
	2019	2018
Loss on decline of inventory market price (gain from recovery in the value of inventories)	$ 3,881	(1,124)

None of inventories held by the Group were pledged as of December 31, 2019 and 2018.

(d) Non-current assets classified as held for sale

The Group's board of directors approved a resolution of Unison's dissolution on December 7, 2016. Unison commenced the liquidation procedure in 2017, and reported the related assets as held for sale. The details were as follows:

	December 31, 2019	December 31, 2018
Cash and cash equivalents	$ 8,772	11,257

(e) Property, plant and equipment

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

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Construction in progress	Total
Cost:								
Balance at January 1, 2019	$ 4,817,823	4,065,638	4,840,509	107,383	218,809	1,180,089	298,900	15,529,151
Additions	-	85,395	113,917	2,802	4,884	70,329	1,009,032	1,286,359
Disposals	-	(67)	(77,682)	(505)	(2,004)	(11,901)	-	(92,159)
Reclassification	-	275,983	191,464	-	803	(10,210)	(308,607)	149,433
Effect of exchange rates changes	(663)	(71,524)	(73,525)	(1,511)	(2,574)	(25,240)	(14,797)	(189,834)
Balance as of December 31, 2019	$ 4,817,160	4,355,425	4,994,683	108,169	219,918	1,203,067	984,528	16,682,950

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

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Construction in progress	Total
Balance at January 1, 2018	$ 4,816,961	3,497,333	4,449,568	100,014	203,330	1,039,316	433,780	14,540,302
Additions	-	6,314	324,237	5,306	12,340	110,545	339,674	798,416
Disposals	-	-	(59,389)	(2,011)	-	(1,335)	-	(62,735)
Reclassification	-	478,894	36,566	2,149	-	2,749	(489,228)	31,130
Effect of exchange rate changes	862	83,097	89,527	1,925	3,139	28,814	14,674	222,038
Balance as of December 31, 2018	$ 4,817,823	4,065,638	4,840,509	107,383	218,809	1,180,089	298,900	15,529,151
Depreciation:								
Balance at January 1, 2019	$ -	1,189,508	3,286,446	72,409	175,026	768,613	-	5,492,002
Depreciation	-	179,666	440,472	9,697	15,561	141,813	-	787,209
Reclassification	-	-	-	-	-	(17,291)	-	(17,291)
Disposals	-	(66)	(70,825)	(505)	(2,004)	(11,670)	-	(85,070)
Effect of exchange rate changes	-	(19,420)	(53,098)	(1,149)	(2,124)	(18,248)	-	(94,039)
Balance as of December 31, 2019	$ -	1,349,688	3,602,995	80,452	186,459	863,217	-	6,082,811
Balance at January 1, 2018	$ -	1,005,556	2,786,154	61,189	154,813	615,885	-	4,623,597
Depreciation	-	165,327	488,216	12,036	17,966	136,319	-	819,864
Disposals	-	-	(42,164)	(2,011)	-	(1,335)	-	(45,510)
Effect of exchange rate changes	-	18,625	54,240	1,195	2,247	17,744	-	94,051
Balance as of December 31, 2018	$ -	1,189,508	3,286,446	72,409	175,026	768,613	-	5,492,002
Carrying amounts:								
Balance as of December 31, 2019	$ 4,817,160	3,005,737	1,391,688	27,717	33,459	339,850	984,528	10,600,139
Balance as of December 31, 2018	$ 4,817,823	2,876,130	1,554,063	34,974	43,783	411,476	298,900	10,037,149

The property, plant and equipment are pledged or mortgaged as collateral for loans as of December 31, 2019 and 2018, please refer to Note 8.

(f) Right-of-use assets

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

	Land	Buildings	Transportation equipment	Office equipment	Miscellaneous equipment	Total
Cost:						
Balance at January 1, 2019						
Effect of retrospective application	$ 51,184	46,230	40,380	628	2,272	140,694
Restated balance at January 1, 2019	51,184	46,230	40,380	628	2,272	140,694
Additions		3,889	10,248	2,102		16,239
Disposal			(283)			(283)
Effect of exchange rates changes	(1,170)	-	-	-	-	(1,170)
Balance at December 31, 2019	$ 50,014	50,119	50,345	2,730	2,272	155,480
Accumulated depreciation and impairment losses:						
Balance at January 1, 2019						
Effect of retrospective application	$ -	12,394	18,129	28	1,023	31,574
Restated balance at January 1, 2019	-	12,394	18,129	28	1,023	31,574
Depreciation	1,769	14,191	13,645	930	227	30,762
Disposal	-	-	(94)	-	-	(94)
Balance at December 31, 2019	$ 1,769	26,585	31,680	958	1,250	62,242
Carrying amount:						
Balance at December 31, 2019	$ 48,245	23,534	18,665	1,772	1,022	93,238

(Continued)

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

(g) Other current or non-current assets

Current:

	December 31, 2019	December 31, 2018
Tax refund receivables	$ 93,639	130,912
Payment in advance	42,356	65,065
Prepaid expense	44,123	71,805
Prepaid sales tax	94,227	24,736
Other financial assets	2,389	4,113
Others	96,428	20,310
	$ 373,162	316,941

Non-current:

	December 31, 2019	December 31, 2018
Prepayments for equipment	$ 61,151	281,507
Long-term prepaid rents	328,205	357,916
Refundable deposits	2,945	3,161
Other financial assets	3,013	-
Others	616	633
	$ 395,930	643,217

Long-term prepaid rents are the contracts for right of use of land for constructing factories and dorms. This contract was signed among the Group, and local authorities of Vietnam.

(h) Short-term borrowings

Details of short-term borrowings of the Group are as follows:

	December 31, 2019	December 31, 2018
Unsecured bank loans	$ 1,572,451	1,629,979
Unused quota	$ 5,384,289	6,150,541
Range of interest rates	2.1%~2.94%	1.8%~3.65%

None of the Group's assets were pledged as collaterals to secure bank loans.

(i) Lease liabilities

Group's lease liabilities were as follow:

	December 31, 2019
Current	$ 18,387
Non-current	$ 68,946

(Continued)

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

The amounts recognized in profit or loss were as follows:

	For the year ended December 31, 2019
Interest on lease liabilities	$ 2,278
Expenses relating to short-term leases	$ 17,251
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 2,137

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

	For the year ended December 31, 2019
Total cash outflow for leases	$ 54,881

(i) Real estate leases

As of December 31, 2019, 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 plan

Reconciliation for present value of defined benefit obligation and fair value of plan assets are as follows:

	December 31, 2019	December 31, 2018
Present value of defined benefit obligation	$ 242,514	244,210
Fair value of plan assets	(237,382)	(242,194)
Net defined benefit liabilities	$ 5,132	2,016

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

The Group's employee benefit liabilities were as follows:

	December 31, 2019	December 31, 2018
Long-term compensated absences liability	$ 57,727	57,983

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 asset

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, 2019, the Company's pension fund with Bank of Taiwan amounted to $237,382 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) Changes in present value of the defined benefit obligations were as follows:

	For the years ended December 31	
	2019	2018
Defined benefit obligations at January 1	$ 244,210	226,084
Current service cost and interest	4,301	4,797
Remeasurement of defined benefit liability		
- Actuarial gains and losses of experience adjustments	7,728	8,181
- Actuarial losses of financial assumptions change	3,474	7,239
Benefits paid	(17,199)	(2,091)
Defined benefit obligations at December 31	$ 242,514	244,210

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

3) Changes in the fair value of the plan assets were as follows:

	For the years ended December 31	
	2019	2018
Fair value of plan assets at January 1	$ 242,194	98,777
Remeasurement of net defined benefit liability		
- Return on plan assets (excluding current interest)	9,663	4,937
Appropriated amount to the plan	2,724	140,571
Benefits paid	(17,199)	(2,091)
Fair value of plan assets at December 31	$ 237,382	242,194

4) Expense recognized as profit or loss

Expense recognized as profit or loss for 2019 and 2018 were as follows:

	For the years ended December 31	
	2019	2018
Current service cost	$ 1,572	1,705
Interest of net defined benefit liability	8	1,744
	$ 1,580	3,449

	For the years ended December 31	
	2019	2018
Operating cost	$ 376	852
Selling expense	543	1,193
Administrative expense	661	1,404
	$ 1,580	3,449

5) Remeasurement of net defined benefit liabilities recognized in other comprehensive income

The Group' s remeasurement of net defined benefit liabilities recognized in other comprehensive income for 2019 and 2018, were as follows:

	For the years ended December 31	
	2019	2018
Accumulated amount at January 1	$ 34,811	22,980
Recognized in current period	4,260	11,831
Accumulated amount at December 31	$ 39,071	34,811

(Continued)

6) Actuarial assumptions

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

	December 31, 2019	December 31, 2018
Discount rate	1.000 %	1.125 %
Future salary increases	3.000 %	3.000 %

Expected appropriated amount paid to defined benefit plan by the Group during 1 year after the reporting date of 2019 is $2,741 thousand.

The weighted average duration of the defined benefit plan is 13.13 years.

7) Sensitivity analysis:

As of December 31, 2019 and 2018, the effects of the present value of the defined benefit obligation arising from changes in principal actuarial assumptions were as follows:

	Effect of defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2019		
Discount rate (change 0.25%)	$ (6,913)	7,182
Future salary increases rate (change 0.25%)	6,901	(6,686)
December 31, 2018		
Discount rate (change 0.25%)	(7,239)	7,527
Future salary increases rate (change 0.25%)	7,254	(7,006)

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.

(Continued)

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

(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.

Colltex, Fabrics, E-TOP (VN), Eclat TEXTILE (VN) and TAI- YUAN (VN) are restricted by local regulations in Vietnam, 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.

ECLAT TEXTILE (ID) was founded on December 20, 2019. None of employee was hired as of December 31, 2019,nor did any pension cost occur.

The Group's pension costs under the defined contribution pension plan amounted to $108,847 thousand and $92,517 thousand for 2019 and 2018, respectively. Those pension costs have been contributed to Bureau of the Labor Insurance or local relevant authorities.

(k) Income tax

(i) Income tax expense

The details of income tax expense were as follows:

	For the years ended December 31	
	2019	2018
Current tax expense	$ 1,125,833	1,069,586
Deferred tax expense		
Temporary differences	(6,876)	32,278
Change of income tax rate	-	(10,653)
Total income tax expense	$ 1,118,957	1,091,211

The details of income tax expense under other comprehensive income were as follows:

	For the years ended December 31	
	2019	2018
Components of other comprehensive income that will be reclassified to profit or loss		
Exchange differences on transaction of foreign financial statements.	$ (20,544)	24,308

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

The reconciliation between income tax expense and income before income tax were as follow:

	For the years ended December 31	
	2019	**2018**
Income before tax	$ 5,422,000	5,473,149
Income tax using the individual Company's domestic tax rate	1,084,400	1,094,630
Change of income tax rate	-	(10,653)
Estimated in prior periods	(6,381)	100
Undistributed earnings additional tax	50,457	4,311
Others	(9,519)	2,823
	$ 1,118,957	1,091,211

(ii) Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

Changes in deferred tax assets and liabilities for 2019 and 2018 were as follows:

Deferred tax assets:	
January 1, 2019	$ 20,381
Recognized in expense	13,155
Exchange differences on translation of foreign financial statements	20,544
December 31, 2019	$ 54,080
January 1, 2018	$ 60,735
Recognized in income	(16,046)
Exchange differences on translation of foreign financial statements	(24,308)
December 31, 2018	$ 20,381
Deferred tax liability:	
January 1, 2019	$ 5,946
Recognized in expense	6,279
December 31, 2019	$ 12,225
January 1, 2018	$ 367
Recognized in income	5,579
December 31, 2018	$ 5,946

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

(iii) Income tax approved

The Company's income tax returns through 2017 have been examined by the R.O.C. tax authority.

(l) Stockholders' equity

(i) Common stock

As of December 31, 2019 and 2018, 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 balances of capital surplus were as follows:

	December 31, 2019	December 31, 2018
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	201,795	201,795
	$ 3,769,547	3,769,547

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 transferrable 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.

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

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 fifty percent 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 appropriation and distribution

Earnings distributions for 2018 and 2017 were decided via the annual general meeting of the shareholders held on June 18, 2019 and June 14, 2018, respectively. The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31			
	2018		2017	
	per share (dollars)	amount	per share (dollars)	amount
Dividends distributed to ordinary shareholders:				
Cash dividends	$ 11.00	3,018,038	9.50	2,606,487

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

The appropriation of the Company's 2019 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.

(Continued)

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

(iv) Other equity (net of income tax)

	Financial statements translation differences from foreign operations
Balance, January 1, 2019	$ (6,862)
Exchange differences on translation of foreign financial statements	(82,180)
Balance, December 31, 2019	$ (89,042)
Balance, January 1, 2018	$ (104,100)
Exchange differences on translation of foreign financial statements	97,238
Balance, December 31, 2018	$ (6,862)

(m) Earnings per share

The earnings per share were calculated as follows:

	For the years ended December 31 2019	2018
Basic earnings per share		
Profit attributable to ordinary stockholders	$ 4,299,249	4,379,754
Weighted average number of ordinary shares outstanding (in thousands)	274,367	274,367
Basic earnings per share(in dollars)	$ 15.67	15.96

	For the years ended December 31 2019	2018
Diluted earnings per share		
Profit attributable to ordinary stockholders	$ 4,299,249	4,379,754
Weighted average number of ordinary shares outstanding (basic) (in thousands)	274,367	274,367
Effect on employee's profit-sharing bonus (in thousands)	18	21
Weighted average number of ordinary shares outstanding (diluted) (in thousands)	274,385	274,388
Diluted earnings per share (in dollars)	$ 15.67	15.96

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

(n) Revenue from contracts with customers

	For the years ended December 31			
	2019		2018	
	Clothing	Knitted	Clothing	Knitted
Main market：				
Americas	$ 15,724,763	519,655	15,883,257	332,797
Asia	1,389,468	6,691,412	1,576,552	6,540,450
Europe	2,075,759	4,384	1,667,564	2,039
the Middle East	74,160	696,678	49,121	736,275
Africa	23,286	448,916	19,919	455,604
Others	264,208	212,447	221,016	93,615
	$ 19,551,644	8,573,492	19,417,429	8,160,780

	2019	2018
Main product：		
Knitted fabrics	$ 8,573,492	8,160,780
Clothing	19,551,644	19,417,429
	$ 28,125,136	27,578,209

(o) Employees' profit-sharing bonus

The Company's articles of incorporation require that earnings shall first be offset against any deficit, then, a minimum of 0.1% will be distributed as employee profit sharing bonus which is to be decided upon a proposal by the board of directors, and then approved at the shareholders' meeting. Qualified employees are entitled to stock and cash distribution of the Company.

For the years ended December 31, 2019 and 2018, the estimated amounts of employee's profit sharing bonus amounted to $6,000 thousand, which was 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 employee's bonuses were reported under cost of goods sold and operating expenses for the years ended December 31, 2019 and 2018. 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 2020 and 2019.

There was no difference between the estimated and distributed employee's profit sharing bonuses approved by the BOD for the year ended December 31, 2018, related information can be obtained from the Market Observation Post System website of the Taiwan Stock Exchange.

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

(p) Results from non-operating activities

(i) Other income

The Group's other income were as follows:

	For the years ended December 31	
	2019	**2018**
Interest income-bank deposit	$ 26,975	11,846
Rental income	9,708	9,708
	$ 36,683	21,554

(ii) Other gains and losses, net

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

	For the years ended December 31	
	2019	**2018**
Foreign exchange (loss)gain	$ (17,663)	206,379
Loss on transaction for property	(6,532)	(16,496)
Gain on disposal of investments	217	-
Others	6,127	7,372
	$ (17,851)	197,255

(iii) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2019	**2018**
Interest expense-bank borrowings	$ 60,782	46,332
Interest expense-lease liabilities	2,278	-
	$ 63,060	46,332

(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

As the Group has numerous clients, 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 accounts receivables

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

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities, including the estimated interest payments but excluding the impact of netting agreements.

		Carrying amount	Contractual cash flow	Within 12 months	1-2years	2-5years	Over 5 years
December 31, 2019							
Non-derivative financial liabilities							
Lease liabilities	$	87,333	113,151	21,206	19,319	13,869	58,757
Unsecured bank loans		1,572,451	1,577,087	1,577,087	-	-	-
Accounts and notes payable (related parties included)		1,714,287	1,714,287	1,714,287	-	-	-
	$	3,374,071	3,404,525	3,312,580	19,319	13,869	58,757
December 31, 2018							
Non-derivative financial liabilities							
Secured bank loans	$	1,629,979	1,630,737	1,630,737	-	-	-
Accounts and notes payable (related parties included)		1,618,813	1,618,813	1,618,813	-	-	-
	$	3,248,792	3,249,550	3,249,550	-	-	-

The Group is not expecting the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(iii) Exchange rate risk

1) Exposure to currency risk

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

	December 31, 2019			December 31, 2018		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 177,157	29.98	5,311,167	188,341	30.715	5,784,894
Financial liabilities						
Monetary items						
USD	43,536	29.98	1,305,209	39,572	30.715	1,215,454

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

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, bank borrowings and accounts payable. A 1% depreciation or appreciation of the TWD against the USD as of December 31, 2019 and 2018 would have increased or decreased the net income after tax by $32,048 thousand and $36,556 thousand respectively. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is 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 is the Group' s expression currency), and the exchange rate information converted to the Company's functional currency, NTD, are as follows:

	2019		2018	
	Realized and unrealized exchange loss	Average rate	Realized and unrealized exchange gain	Average rate
USD	$ (17,663)	30.912	206,379	30.149

(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 $1,829 thousand and $2,005 thousand for the years ended December 31, 2019 and 2018, respectively, with all other variable factors that remain constant. This is mainly due to the Group's borrowings in variable rates.

(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.

(r) Financial risk management

(i) Nature and extent

The Group has exposure 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 2019 and 2018, therefore, there is no concentration on credit risk for accounts receivable.

(Continued)

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.

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, 2019 and 2018.

(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 credit term as of December 31, 2019 and 2018 amounted to $5,384,289 thousand and $6,150,541 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, VND and CNY.

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.

(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, 2019 and 2018 were as follows:

	For the years ended December 31	
	2019	**2018**
Net income	$ 4,299,249	4,379,754
Total capital	$ 18,123,752	16,931,030
Return on capital	23.72 %	25.87 %

The Group does not have any plan of purchasing treasury stock.

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

(7) Related-party transactions:

(a) Names and relationship with related parties

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

Name of related party	Relationship with the Group
E&I Printing Company Limited (E&I printing)	Associate
Best Information Co., Ltd (Best) (Note)	Associate
Yi Yuan CO., Limited (Yi Yuan)	The entity's chairman is the second immediate family of the Company's chairman
Eclat Education Foundation(Eclat foundation)	Founded by donation of the Company

Note: The Company sold the entire shareholding of Best on April 15, 2019. Henceforth Best is not the Company's associate any more.

(b) Material transactions among related parties

(i) Operating revenue

	For the years ended December 31	
	2019	2018
Associates	$ 75	132

Selling price to associates is the same as to general sales. The term for receivables is O/A 30 to 60 days.

(ii) Purchasing and processing

	For the years ended December 31	
	2019	2018
Associates	$ 26,807	15,689

Purchasing price to subsidiaries is the same as to general purchases. The term for payables is O/A 30 to 60 days.

(iii) Receivables from related parties

Account	Types of related parties	December 31, 2019	December 31, 2018
Notes receivable	Associates	$ -	53

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

(iv) Payables to related parties

Account	Types of related parties	December 31, 2019	December 31, 2018
Accounts payable -related parties	Associates	$ 2,394	1,926

(v) Guarantees and endorsements

The company guarantees and endorsements for related parties are as follows:

Types of related parties	December 31, 2019	December 31, 2018
Subsidiaries-Eclat Cayman	$ -	1,489,678

(vi) Leases

Types of related parties	For the years ended December 31	
	2019	2018
Associates	$ 150	600
Other related parties	300	300
	$ 450	900

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

(vii) Others

	Software Maintenance For the years ended December 31		Donations For the years ended December 31	
	2019	2018	2019	2018
Associates	$ 122	428	-	-
Other related parties	-	-	2,000	2,000
	$ 122	428	2,000	2,000

(c) Key management personnel transactions

Key management personnel compensation comprised:

	For the years ended December 31	
	2019	2018
Short-term employee benefits	$ 112,437	107,783

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

Cars provided to key management personnel:

		December 31, 2019	December 31, 2018
Cost	$	28,638	28,638
Numbers	$	8	8
Book value	$	5,806	7,843

(8) Pledged assets:

The Group's pledged assets are as follows:

Pledged assets	Pledged to secure		December 31, 2019	December 31, 2018
Other financial assets-current	Natural gas and electricity security deposit	$	2,389	4,113
Other financial assets-non-current	Electricity security deposit		3,013	-
Land	Medium to long term financing		3,381,772	3,381,772
		$	3,387,174	3,385,885

(9) Commitments and contingencies:

(a) The balance of unused letters of credit of the Group was as follows:

	December 31, 2019	December 31, 2018
$	61,255	137,617

(b) Contingent liabilities:

The Group served as the guarantor of Eclat Cayman, and the balances of short-term borrowings with the banks were as follows:

	December 31, 2019	December 31, 2018
US$	-	16,500

(10) Losses due to major disasters:None.

(11) Subsequent events:None.

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

(12) Other:

(a) The Group's employee benefits, depreciation and amortization expenses, categorized by function, were as follows:

	For the years ended December 31, 2019			For the years ended December 31, 2018		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	2,235,144	1,278,306	3,513,450	2,024,583	1,167,310	3,191,893
Labor and health insurance	196,480	99,390	295,870	183,848	89,445	273,293
Pension	69,072	41,355	110,427	55,908	40,058	95,966
Director's remuneration	-	5,082	5,082	-	4,040	4,040
Others	155,755	60,380	216,135	142,041	62,752	204,793
Depreciation	687,363	130,608	817,971	693,432	126,432	819,864
Amortization	10,297	10,788	21,085	3,260	10,250	13,510

(b) Discontinued operation

The Group's board of directors approved Unison's dissolution on December 7, 2016, and launched its liquidation procedure in 2017. The operation result and cash flow of discontinued operation were as follows:

	For the years ended December 31	
	2019	2018
Result of discontinued operations:		
Operating expenses	$ (2,175)	(2,222)
Gross loss	(2,175)	(2,222)
Non-operating income and expense	(1,619)	38
Loss from discontinued operations, net of tax	$ (3,794)	(2,184)
Basic earnings per share	$ (0.01)	(0.01)
Diluted earnings per share	$ (0.01)	(0.01)
Cash flow of discontinued operations		
Cash outflow generated from operating activities	$ (2,485)	(2,419)

(Continued)

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

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" of the Group for the as of December 31,2019:

(i) Loans to other parties:

(In thousands of NTD / USD)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance (note 1)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral Item	Collateral Value	Individual funding loan limits	Maximum limit of fund financing	Note
01	Eclat Cayman	Fabrics	Other receivables	Yes	379,200 (USD12,000)	-	-	-	2	-	Operating capital	-	-	-	3,104,843 (Note)	3,492,948 (Note)	
01	Eclat Cayman	Eclat Textile (VN)	Other receivables	Yes	31,600 (USD1,000)	-	-	-	2	-	Operating capital	-	-	-	3,104,843 (Note)	3,492,948 (Note)	
01	Eclat Cayman	Colltex	Other receivables	Yes	221,200 (USD7,000)	-	-	-	2	-	Operating capital	-	-	-	3,104,843 (Note)	3,492,948 (Note)	
01	Eclat Cayman	E-TOP (VN)	Other receivables	Yes	268,600 (USD8,500)	-	-	-	2	-	Operating capital	-	-	-	3,104,843 (Note)	3,492,948 (Note)	
01	Eclat Cayman	Eclat Textile (Cambodia)	Other receivables	Yes	216,460 (USD6,850)	-	-	-	2	-	Operating capital	-	-	-	3,104,843 (Note)	3,492,948 (Note)	
01	Eclat Cayman	Eclat Enterprise	Other receivables	Yes	31,600 (USD1,000)	-	-	-	2	-	Operating capital	-	-	-	3,104,843 (Note)	3,492,948 (Note)	
01	Eclat Cayman	TAI- YUAN (VN)	Other receivables	Yes	205,400 (USD6,500)	-	-	-	2	-	Operating capital	-	-	-	3,104,843 (Note)	3,492,948 (Note)	

Note :The total financing amount of Eclat Cayman should not exceed 90% of the net equity of its latest financial statements; individual financing should not exceed 80% of its net equity on its latest financial statements.

Note 1: Approved by BOD.

Note 2: Way of nature of lending: 1 for counterparties and 2 for short-term financing.

(ii) Guarantees and endorsements for other parties:

(In thousands of NTD / USD)

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company (note 3)	Limit on amount of guarantees and endorsements for each enterprise (note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (note 2)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
00	The Company	Eclat Cayman	2	5,437,126	1,532,600 (USD48,500)	-	-	-	- %	9,061,876	Y	N	N

Note 1: Guarantees amount provided to single entity must not exceed 30% of the Company's net value disclosed in the recent financial statements.

Note 2: Total guarantees amount provided must not exceed 50% of the Company's net value disclosed in the recent financial statements.

Note 3: Relationship with the Company:

1.Ordinary business relationship.

2.Subsidiary which own more than 50% by the guarantor.

3.An investee owned more than 50% in total by both the guarantor and its subsidiary.

4.An investee owned more than 90% by the guarantor or its subsidiary.

5.Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.

6.An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.

7.The companies in the same industry provide among themselves joints and several securities for a performance guarantee of a sales contract for pre- construction homes pursuant to the Consumer Protection Act for each other.

(iii) Securities held as of December 31, 2019 (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 capital stock:

(In thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning balance: Shares (thousands)	Beginning balance: Amount	Purchases: Shares (thousands)	Purchases: Amount	Sales: Shares (thousands)	Sales: Price	Sales: Cost	Sales: Gain (loss) on disposal	Ending Balance: Shares (thousands)	Ending Balance: Amount	Ending Balance: Note
The Company	Eclat Textile (JD)	Investments Accounted for Using Equity Method	Ecalt Textile (JD)	Subsidiary	-	-	2,500	761,190	-	-	-	-	2,500	747,076	Note Note 1

Note: Ending amount included Investment gains or losses recognized under equity method and translation adjustments.

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

(Continued)

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

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information: Owner	Relationship with the Company	Date of transfer	Amount	References for determining price	Purpose of acquisition and current condition	Others
Eclat Textile (ID)	30-year Land use right in PT KAWASAN INDUSTRI KENDAL	2019/12/30	755,823 (USD24,826)	50% down payment was paid	PT KAWASAN INDUSTRI KENDAL	None	NA	NA	NA	-	Appraisal report	Operation expansion	None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details: Purchase/ (Sale)	Amount	Percentage of total purchases/sales	Payment terms	Transactions with terms different from others: Unit price	Payment terms	Notes/Accounts receivable (payable): Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	Eclat Textile (VN)	Indirectly held subsidiaries	processing	1,486,567	19.89% (Note)	30 days	(Note2)	(Note2)	Account payable (190,347)	(10.62)%	(Note1)
Eclat Textile (VN)	The Company	Parent company	(sales)	(1,486,567)	(99.94)%	30 days	(Note2)	(Note2)	Account receivable 190,347	100.00%	(Note1)
The Company	Fabrics	Indirectly held subsidiaries	purchasing	1,745,536	14.77%	30 days	(Note2)	(Note2)	Account payable (89,547)	(5.00)%	(Note1)
Fabrics	The Company	Parent company	(sales)	(1,745,536)	(96.87)%	30 days	(Note2)	(Note2)	Account receivable 89,547	97.34%	(Note1)
The Company	E-TOP (VN)	Indirectly held subsidiaries	processing	929,637	12.44% (Note)	30 days	(Note2)	(Note2)	Account payable (38,145)	(2.13)%	(Note1)
E-TOP (VN)	The Company	Parent company	(sales)	(929,637)	(98.71)%	30 days	(Note2)	(Note2)	Account receivable 38,145	97.01%	(Note1)
The Company	Colltex	Indirectly held subsidiaries	processing	487,183	6.52% (Note)	30 days	(Note2)	(Note2)	Account payable (20,940)	(1.17)%	(Note1)
Colltex	The Company	Parent company	(sales)	(487,183)	(98.38)%	30 days	(Note2)	(Note2)	Account receivable 20,940	98.10%	(Note1)
The Company	Eclat Textile (Cambodia)	Indirectly held subsidiaries	processing	369,433	4.94% (Note)	30 days	(Note2)	(Note2)	Account payable (14,788)	(0.83)%	(Note1)
Eclat Textile (Cambodia)	The Company	Parent company	(sales)	(369,433)	(100.00)%	30 days	(Note2)	(Note2)	Account receivable 14,788	100.00%	(Note1)
The Company	TAI- YUAN (VN)	Indirectly held subsidiaries	processing	175,166	2.34% (Note)	30 days	(Note2)	(Note2)	Account payable (5,473)	(0.31)%	(Note1)
TAI- YUAN (VN)	The Company	Parent company	(sales)	(175,166)	(91.42)%	30 days	(Note2)	(Note2)	Account receivable 5,473	29.14%	(Note1)

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 capital stock:

(In thousands of NTD / USD)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue: Amount	Action taken	Amounts received in subsequent period	Allowance for bad debts	Note
Eclat Textile (VN)	The Company	Parent company	190,347 (USD6,349)	11.27	-		-	-	(Note1) (Note2)

Note 1: Transaction listed above have been eliminated during preparing consolidated financial statements.
Note 2: The exchange rate as of December 31, 2019 is USD 1 to NTD 29.98.

(ix) Trading in derivative instruments: None.

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

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	Fabrics	The Company	2	Sales	1,745,536	The same as general sales	6.21%
2	Eclat Textile (VN)	The Company	2	Processing revenue	1,486,567	The same as general processing	5.29%
3	Colltex	The Company	2	Processing revenue	487,183	The same as general processing	1.73%
4	E-TOP(VN)	The Company	2	Processing revenue	929,637	The same as general processing	3.31%
5	Eclat Textile (Cambodia)	The Company	2	Processing revenue	369,433	The same as general processing	1.31%

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.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2019 (excluding information on investees in Mainland China):

(In thousands of NTD / USD)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2019			Highest	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2019	December 31, 2018	Shares (thousands)	Percentage of ownership	Carrying value (note)	Percentage of ownership			
The Company	Best	Taiwan	Computer equipment installation, software retailing and international commerce	-	8,739	-	- %	-	44.05	(1,219)	(2,400)	Investee company under equity method (Note 3)
The Company	Grand Elite	British Virgin Islands	Investments in securities, real estate, and manufacturing industry	255,430 (USD8,520)	421,789 (USD14,069)	21	100.00 %	(91,511)	100.00	4,718	4,718	Subsidiaries (Note1) (Note5)
The Company	Eclat Cayman	Cayman Islands	Investments in securities, real estate, and manufacturing industry	3,839,988 (USD128,085)	3,839,988 (USD128,085)	123,759	100.00 %	3,669,554	100.00	66,202	68,202	Subsidiaries (Note1) (Note2)
The company	Eclat Textile (ID)	Indonesia	Design, manufacture, processing, sale of clothing, knit fabric mills, printing, dyeing and finishing mill	749,500 (USD25,000)	-	2,500	100.00 %	746,076	100.00	(2,500)	(2,500)	Subsidiaries (Note1) (Note2) (Note4)
Grand Elite	Eclat Textile (Cambodia)	Cambodia	Design, manufacture, processing and sale of clothing	239,840 (USD8,000)	239,840 (USD8,000)	8,000	100.00 %	(108,634)	100.00	4,509	4,509	Subsidiaries of Grand Elite (Note1) (Note2)
Eclat Cayman	Colltex	Vietnam	Design, manufacture, processing and sale of clothing	478,331 (USD15,955)	478,331 (USD15,955)	16,800	100.00 %	475,370	100.00	(36,068)	(37,537)	Subsidiaries of Eclat Cayman (Note1) (Note2)
Eclat Cayman	E-TOP(VN)	Vietnam	Design, manufacture, processing and sale of clothing	1,079,280 (USD36,000)	1,079,280 (USD36,000)	36,000	100.00 %	1,171,336	100.00	84,690	85,342	Subsidiaries of Eclat Cayman (Note1) (Note2)
Eclat Cayman	Eclat Enterprise	Cambodia	Investments in securities, real estate, and manufacturing industry	30 (USD1)	30 (USD1)	1	100.00 %	(1,548)	100.00	(323)	(323)	Subsidiaries of Eclat Cayman (Note1) (Note2)
Eclat Cayman	Eclat Textile (VN)	Vietnam	Design, manufacture, processing and sale of clothing	634,707 (USD21,171)	634,707 (USD21,171)	22,000	100.00 %	801,524	100.00	26,001	26,001	Subsidiaries of Eclat Cayman (Note1) (Note2)
Eclat Cayman	Fabrics	Vietnam	Knit fabric mills, printing, dyeing and finishing mill	1,199,200 (USD40,000)	1,199,200 (USD40,000)	40,000	100.00 %	1,447,246	100.00	(44,009)	(36,045)	Subsidiaries of Eclat Cayman (Note1) (Note2)

(Continued)

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2019			Highest	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2019	December 31, 2018	Shares (thousands)	Percentage of ownership	Carrying value (note)	Percentage of ownership			
Eclat Cayman	TAI-YUAN (VN)	Vietnam	Design, manufacture, processing and sale of clothing	207,312 (USD6,915)	207,312 (USD6,915)	6,800	100.00 %	(129,570)	100.00	(19,279)	(19,566)	Subsidiaries of Eclat Cayman (Note1) (Note2)
Eclat Cayman	E&I Printing	Vietnam	Design, printing, dyeing and finishing mill	29,980 (USD1,000)	29,980 (USD1,000)	1,000	40.00 %	8,943	40.00	(5,391)	(2,156)	Invest company under equity method (Note1)
Eclat Cayman	Eclat Textile (ID)	Indonesia	Design, manufacture, processing, sale of clothing, knit fabric mills, printing, dyeing and finishing mill	3 (USD0.1)	-	0.1	- %	3	-	(2,500)	-	Subsidiaries (Note1) (Note2) (Note4)

Note: Accumulated translation is included.

Note 1: The exchange rate as of December 31, 2019 is USD 1 to NTD 29.98; the average exchange rate for 2019 is USD 1 to NTD 30.912

Note 2: Transaction listed above have been eliminated during preparing consolidated financial statements.

Note 3: The Company sold the entire shareholding of Best on April 15, 2019.

Note 4: The Company was approved by the board of directors on September 17, 2019 and established by the Company and Eclat Cayman. It has been established in December 20, 2019, and shareholding ratio are 99.9996% and 0.0004% respectively.

Note 5: The Grand Elite's capital reduction was approved by the board of directors on January 18, 2018, and returned the investment capital on November 11, 2019.

(c) Information on investment in mainland China:

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

(In thousands of NTD / USD)

Name of investee	Main businesses and products	Total amount of paid-in capital (note 1)	Method of investment (note)	Accumulated outflow of investment from Taiwan as of January 1, 2019 (note 2)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2019 (note 1)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Unison (Note2)	Design, manufacture, processing and sale of clothing	168,638 (USD5,625)	2	128,194 (USD4,276)	-	-	128,194 (USD4,276)	52,206	100.00%	52,206	8,653	-

Note: There are four kinds of investments

1. Invest in mainland china by remitting through third region
2. Reinvest in mainland china by establishing investing companies in third region.
3. Reinvest in mainland china by reinvesting in companies in third region.
4. Invest directly in Mainland China's companies.

Note1: The exchange rate as of December 31, 2019 is USD 1 to NTD 29.98; the average exchange rate for 2019 is USD 1 to NTD 30.912.

Note2: Unison has been reclassified to non-current assets held for sale, please refer to note 4(c) and 6(d).

(ii) Limitation on investment in Mainland China:

Accumulated investment in Mainland China as of December 31, 2019	Investment amounts authorized by investment commission, MOEA	Upper limit on investment
128,194 (USD 4,276 thousand)	128,194 (USD 4,276 thousand)	10,874,251

Note: The exchange rate as of December 31, 2019 is USD 1 to NTD 29.98.

(iii) Significant transactions: None.

(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.

The Group does not allocate income tax expense (gain), investment income or loss under equity method and extraordinary gain or loss to reportable segments. The reported amount is the same as the amount of the financial statements used by operating decision makers.

(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 note4 "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.

	For the year ended December 31, 2019				
		Knitted	Clothing	Adjustments and write off	Total
Revenue:					
From external clients	$	8,573,492	19,551,644	-	28,125,136
Intersegments		4,782,102	3,496,414	(8,278,516)	-
Interest income		10,656	25,071	(8,752)	26,975
Total revenue	$	13,366,250	23,073,129	(8,287,268)	28,152,111
Interest expense	$	28,308	43,504	(8,752)	63,060
Depreciation and amortization		450,618	388,438	-	839,056
Profit or loss from reportable segment	$	1,537,174	3,899,247	(14,421)	5,422,000
Profit or loss from reportable discontinued operations	$	-	52,206	(56,000)	(3,794)
Non-current assets capital expenditure	$	477,337	817,790	-	1,295,127
Assets of reportable segments	$	11,145,223	17,075,602	(4,901,405)	23,319,420
Liabilities of reportable segments	$	2,410,013	3,150,442	(364,787)	5,195,668

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

	For the year ended December 31, 2018			
	Knitted	Clothing	Adjustments and write off	Total
Revenue:				
From external clients	$ 8,160,780	19,417,429	-	27,578,209
Intersegments	4,647,305	3,486,272	(8,133,577)	-
Interest income	9,641	15,571	(13,366)	11,846
Total revenue	$ 12,817,726	22,919,272	(8,146,943)	27,590,055
Interest expense	$ 23,562	36,136	(13,366)	46,332
Depreciation and amortization	426,056	407,318	-	833,374
Profit or loss from reportable segment	$ 1,194,819	4,327,023	(48,693)	5,473,149
Profit or loss from reportable discontinued operations	$ -	(2,184)	-	(2,184)
Non-current assets capital expenditure	$ 541,457	265,715	-	807,172
Assets of reportable segments	$ 9,922,213	16,977,131	(4,758,462)	22,140,882
Liabilities of reportable segments	$ 2,239,162	3,859,778	(889,088)	5,209,852

(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.

Region	For the years ended December 31 2019	2018
Revenue from external clients:		
Americas	$ 16,244,418	16,216,054
Asia	8,080,880	8,117,002
Europe	2,080,143	1,669,603
the Middle East	770,838	785,396
Africa	472,202	475,523
Other countries	476,655	314,631
	$ 28,125,136	27,578,209

Region	For the years ended December 31 2019	2018
Non-current assets		
Taiwan	$ 6,829,171	6,349,002
Asia	4,278,755	4,351,911
Total	$ 11,107,926	10,700,913

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other assets, excluding financial instruments and deferred tax assets.

(Continued)

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

(d) Major Customers

	For the years ended December 31	
	2019	2018
A Customer	$ 4,289,609	3,435,550