

Eclat Textile Co., Ltd.

2020 Annual General Shareholders' Meeting Minutes

Time and Date : June 18, 2020 (Thursday) 9:00AM

Location: No. 39, Sanhao Road, Hsichou Village, Houlong Township, Miaoli County
3F Conference Room, Eclat's Hsichou Plant

Attendance:

Total shares represented by shareholders present in person or by proxy:
241,041,588.

Percentage of shares held by shareholders present in person or by proxy: 87.85 %.

Directors and Independent Directors present:

Cheng-Hai Hung (Chairperson), Li-Chen Wang (Director), Hsien-Chin Tsai (Director), Shou-Chun Ye (Director), Kun-Tang Chen (Director), Jen-Chieh Lo (Director), Shu-Wen Wang (Director), Kuo-Sung Hsieh (Director), Ya-Kang Wang (Independent Director), Cheng-Ping Yu (Independent Director), Nai-Ming Liu (Independent Director)

In attendance: Hui-Chih Kou (CPA), Chung-Chieh Yue, (Lawyer)

Chairperson: Cheng-Hai Hung

Recorder: Chia-Fang Hsieh

Call the meeting to order:

(The total number of shareholders and representative shares has reached the statutory amount; the chairman hence calls the meeting to order.)

Chairperson's remarks: (skip)

I. Reporting Matters

1. 2019 Business Report. (Appendix I)
2. Audit Committee's Review Report on the 2019 Financial Statements. (Appendix II)
3. 2019 Employees' Remuneration Appropriation Report.

II. Approval Matters

1. To approve 2019 Business Report and Financial Statements. (Appendix III)

Explanation:

- (1) The 2019 financial statements (including consolidated financial statements) of the Company had been audited by KPMG's CPA Hui-Chih Kou and CPA Hsin-I Kuo, and audit reports which were capable of appropriately presenting the financial status of the Company were issued.
- (2) The aforementioned financial statements and business report,

profit distribution table had been reviewed by the Audit Committee with the written review report issued on record, and had been submitted to the board of directors' meeting for resolution and approval.

Submitted for approval

Voting results:

Shares represented at the time of voting: 241,041,588

Voting result		Account for total votes
Approval votes:	224,019,151	92.93%
Disapproval votes:	12,214	0.00%
Invalid votes:	0	0%
Abstention votes/no votes:	17,010,223	7.05%

RESOLVED, that the 2019 Business Report and Financial Statements be and hereby were accepted as submitted.

2. To approve the Proposal for Distribution of 2019 Profits

Explanation:

- (1) The net profit after tax of the Company in 2019 was NTD 4,299,249,089, deduct the effects of retrospective application of NTD 2,049,536 and other comprehensive income of NTD 4,260,000, the net profit after tax with extra items included in current year was NTD 4,292,939,553, in addition, plus the undistributed profit from the previous year of NTD 4,643,184,506 and deducted legal reserve of NTD 429,293,955 and special reserve NTD 82,179,481, the distributable profit of the current year was NTD 8,424,650,623. The Board proposed to declare cash dividend for NTD 11 per share and for a total amount of NTD 3,018,038,221 (calculated based on the current ordinary share), and the remaining amount of NTD 5,406,612,402 is to be retained for future distributions in subsequent years.
- (2) According to the shareholding of the shareholders recorded on the shareholders' roster on the ex-dividend date, the amount of issuance per share is calculated to the integer dollar with the decimal values truncated; where the distribution is less than 1 dollar, it would be accounted to Other Income of the Company.
- (3) After this proposal is approved through the resolution of the shareholders' meeting, the Chairman is authorized to set the ex-dividend date and other relevant issues.
- (4) Where the new shares are issued due to the Company repurchase of the treasury stocks or transfer of the treasury stocks to employees or employees' exercise of the subscription right with the share subscription warrants or due to capital increased by cash, then for the dividend distribution ratio of shareholders, the Chairman is authorized to make adjustment proportionally accordingly to the number of shares

outstanding on the ex-dividend date.

Regarding the profit distribution proposal, it is submitted for approval.

Eclat Textile Co., Ltd. Earnings Distribution Table 2019		Unit: NTD
Beginning undistributed profit		\$ 4,643,184,506
Plus: Current net profit after tax	\$ 4,299,249,089	
Deduction: Effects of retrospective application	(2,049,536)	
Deduction: Other comprehensive income (actuarial income with confirmed welfare plan (2019))	(4,260,000)	
Net profit after tax with extra items included in current year ¹	4,292,939,553	
Deduction: Legal reserve	(429,293,955)	
Special reserve	(82,179,481)	
Distributable profit for current year	8,424,650,623	
Proposed profit distribution items ² :		
Cash dividends - NTD 11 per share	(3,018,038,221)	
Ending undistributed profit	<u>\$5,406,612,402</u>	

Chairman: Hung Cheng-hai

President, Fabric Division:
Tsai Chun-chin
President, Garment Division:
Chen Kuan-tang

CFO: Lo Jen Chieh

Voting results:

Shares represented at the time of voting: 241,041,588

Voting result		Account for total votes
Approval votes:	225,257,525	93.45%
Disapproval votes:	126,889	0.05%
Invalid votes:	0	0%
Abstention votes/no votes:	15,657,174	6.49%

RESOLVED, that the Proposal for Distribution of 2019 Profits be and hereby was accepted as submitted.

¹ According to the new interpretation of the Ministry of Economics Affairs (MOEA), for a company appropriating the legal reserve according to Article 237 of the Company Act based on the “after-tax net income for the period”, starting from the distribution of earnings for 2019 financial statements performed by the company, the basis of the appropriation of legal reserve is revised to “after-tax net income for the period plus the other items adjusted to the current year's undistributed earnings other than after-tax net income for the period”. The Company has started to apply the new regulation to the distribution of earnings in the 2019 financial statements.

² The profit of 2019 should be distributed in priority.

III Discussion Matters:

1. Proposal: Amendment to the “Articles of Incorporation”. Proposed by the board of directors.

Explanation:

According to the amendment of the “Company Act”, laws of competent authorities and the need to add the Company’s business scopes, the Company proposes to amend the “Articles of Incorporation” of the Company, and the Comparison Table for the Provisions Before and After Amendment is provided in the following. It is submitted for resolution.

Voting results:

Shares represented at the time of voting: 241,041,588

Voting result		Account for total votes
Approval votes:	224,098,929	92.97%
Disapproval votes:	13,265	0.00%
Invalid votes:	0	0%
Abstention votes/no votes:	16,929,394	7.02%

RESOLVED, that the proposal above be and hereby was approved as proposed.

2. Proposal: Amendment to the “Rules Governing the Procedures for Shareholders’ Meetings”.

Explanation:

According to the amendment of the “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” by the competent authority, the Company proposes to amend parts of the provisions of the “Rules Governing the Procedures for Shareholders’ Meetings”. The Comparison Table for the provisions before and after amendment is provided in the following. It is submitted for resolution.

Voting results:

Shares represented at the time of voting: 241,041,588

Voting result		Account for total votes
Approval votes:	224,097,929	92.97%
Disapproval votes:	14,265	0.00%
Invalid votes:	0	0%
Abstention votes/no votes:	16,929,394	7.02%

RESOLVED, that the proposal above be and hereby was approved as proposed.

3. Proposal: Amendments to the “Procedures for Election of Directors”.

Explanation:

According to the amendment of the “Sample Template for XXX Co., Ltd. Procedures for Election of Directors and Supervisors” of the competent authorities, the Company proposes to amend the “Procedures for Election of Directors”, and the Comparison Table for the Provisions Before and After Amendment is provided in the following. It is submitted for resolution.

Voting results:

Shares represented at the time of voting: 241,041,588

Voting result		Account for total votes
Approval votes:	222,646,739	92.36%
Disapproval votes:	13,435	0.00%
Invalid votes:	0	0%
Abstention votes/no votes:	18,381,414	7.62%

RESOLVED, that the proposal above be and hereby was approved as proposed.

IV Extraordinary Motions : None.

V Meeting Adjourned: 09:28 AM

* The record of 2020 Annual General Shareholders’ Meeting only minute the main points, the video record of the meeting’s content and procedure shall prevail.

Chairperson: Cheng-Hai Hung

Recorder: Chia-Fang Hsieh

Appendix I 2018 Business Report

(1) Preface

The trade conflict between China and U.S. continues from 2018 to 2019. The essence of trade conflict is, in fact, a competition between the two giant powers in the world for the global leading position. Despite that both countries have reached the first stage agreement at the end of 2019, the conflict between the two powers is expected to continue.

Under such circumstance, the global supply chain is under great migration in large scale, and Vietnam becomes the priority choice for the global manufacturers. In the textile and garment industries, brands and retailers have also adjusted their supply chains. Except for the domestic market in China, the proportion of production in China has been significantly decreased and the orders have been transferred or shifted to Southeast Asia or other new emerging developing countries.

In 2019, the U.S. demonstrated stable economic growth, and the labor market and wage continued to increase. By improving customer experience, direct sales on official website, and optimizing product delivery/return timing, National Brands drove their long term business growth. In addition to the market in North American, the market in Asia also demonstrated significant growth. Through research and innovation, the Company heads toward the development of high-value added and niche products, and collaborates with branded customers closely such that both operating revenue and operating income indicate continuous growth. Nevertheless, due to the trade war between the U.S. and China, the exchange rate in the financial market fluctuates violently, creating a non-operating unfavorable variable to the business.

(2) 2019 Business Plan Implementation Status and Outcome

1) 2019 Business Plan Implementation Status

- (i) Production capacity expansion: To cope with the customer future business increase, concentrating supply chain, the Company continues to expand the production capacity. Nevertheless, after the global supply chain moved out of China, the competition in the laborforce in Vietnam has become severe. After assessment, the Company has decided to establish its business in Indonesia and has also purchased land in 2019.
- (ii) Quick response: The demands of the terminal consumers on fashion clothing changes rapidly; therefore, to reduce the inventory risk, branded makers continuously shorten the delivery date of the vendors. The Company continues to implement experiments with new research and develop manufacturing processes, introduce the use of new technologies, develop and integrate internal systems, cultivate and train professional technicians in order to increase efficiency, shorten delivery

dates and achieve quick response to market demands.

- (iii) Diverse and high-value added products: With regard to the consumers' definition of performance sportswear, it extends from the wear for sports to recreation lives, and it even fits to the fashion clothing and business official occasions. Consequently, it drives the overall industry to continue to grow. The Company continues to extend the depth and breadth of products in order to provide comprehensive products and services to customers, thereby maintaining the competition advantages and increasing the added value of products.
- 2019 Business Plan Implementation Status and Budget Execution

In 2019, the net operating revenue of the Company was NTD 28.075 billion, where the net operating revenue from the Knitting Division was NTD 8.524 billion, accounted for 30.36% of the overall operating revenue of the Company. The operating income from the Garment Division was NTD 19.551 billion, accounted for 69.64% of the overall operating revenue of the company. The total thereof shows a growth of NTD 516.37 million from 2018 with a growth of 1.87%. Regarding the current operating profit, the operating profit for 2019 was NTD 5.334 billion, a growth of NTD 145.55 million from 2018 with a growth of 2.81%. The net income for 2019 was NTD 4.299 billion, a decline of NTD 80.505 million from 2018 with a decrease of 1.84%. For 2019, the earnings per share (EPS) after tax was NTD 15.67.

2) Financial Revenue/Expenditure and Profitability Analysis

Unit: NTD 1,000

Item \ Year		2019	2018
Financial Revenue/Expenditure	Operating Revenue	28,074,641	27,558,271
	Gross profit	7,519,402	7,307,776
	Operating Income (Loss)	5,333,674	5,188,123
	Current Income (Loss) after tax	4,299,249	4,379,754
Profitability	Return on Assets (%)	20.71	22.77
	Return on Equity (%)	24.53	27.37
	Operating Income to Paid-in Capital Ratio (%)	194.40	189.09
	Income before tax to paid-in capital ratio (%)	196.82	198.80
	Net Profit Margin (%)	15.31	15.89
	Basic Earnings Per Share (NTD)	15.67	15.96

(3) 2020 Business Plan

1) 2020 Business Plan

- (i) Global market planning: As National Brands execute the plan for supply chain concentration, the cooperation relationship with the Company will continue to be enhanced. In addition to the seeking of cooperating contractors in Vietnam and other regions in order to distribute different customer orders, the board of directors of the Company has also decided to establish its business in Indonesia for the construction of a one-stop shop factory from the processes of knitting to garment.
- (ii) Optimize customer structure: The Company has maintained long-term cooperation relationship with the global leading brand makers and large retailers. In addition, the Company also cooperates with new small and medium size customers, and niche branded customers in light of assisting future stars in the industry. Since the centralized purchase supply chain adopted by the branded makers is the industrial trend, the Company will appropriately increase the ratio of the leading branded customers. With the change of the customer order structure, it will be advantageous to the Company in re-allocating the production capacity of factory plants, thereby increasing the production efficiency.
- (iii) Talent cultivation and preparation: With the expansion of the business scale of the Company and the increase of the weight of branded customers, the Company will continue to cultivate professional talents, provide competitive salary strategy, focus on the issues of corporate social responsibility and environmental protection etc. The new headquarter building is also under construction according to the schedule. After the completion of the building, it is expected to provide a work place of more comprehensive environment and traffic convenience to employees. With regard to the production site, in addition to the recruitment of new workers through welfare and salary strategy, the Company will also enhance the training and provide bonus and incentive through evaluation mechanism in order to improve the quality of existing workers and to establish a complete promotion mechanism.

2) 2020 Research and Development Plan

- (i) Continue to research and develop functional fabrics: Functional fabrics are the core products of the Company, and the Company will continue to introduce new raw materials, new equipment in the research and development of new manufacturing processes and products, along with the improved production quality and yield rate. For the environment-friendly and high-end fabric markets, the Company will increase the investment in the talent development and equipment. Regarding the knitting and dying process, the Company will continue to invest in the development of new technologies, in light of leading the industry to head toward the new era for technologies and to expand the

application of functional fabrics.

- (ii) Co-creation with customers to generate value: Through the joint collaboration and development model with the upstream raw materials and downstream customers, along with the vertical integration advantage of the Company as well as the one-stop shopping service, the Company is able to create niche market and to prevent price competition with the competitors in the industry. In addition, the R&D team is able to assist customers to develop unique fabrics. Grow garment designer pool to assist customers to build new brands or create new market, thereby gradually increasing the ratio of ODM and the margin.
- (iii) Digital technology and environmental-friendly manufacturing process: Introduce digital technology to, innovate manufacturing process. Applying the latest technologies of Big Data, Internet of Things (IoT), artificial intelligence (AI) etc. to integrate industry professional knowledge. Engage in industry-academy collaboration model to change the current manufacturing process requiring large amount of manpower in order to increase efficiency as well as to increase the product yield rate and production capacity per person. The Company also values corporate social responsibility significantly and implements labor safety and health related regulations. In addition to the product quality, the Company also invested great resources in the development and implementation of environmentally friendly manufacturing processes.

At the beginning of 2020, the outbreak of Coronavirus (COVID-19) epidemic has occurred, and in view of such outbreak, it will cause not only global panic but also global economic recession expected to take place in a short term, such that the general consumer demand will be affected. In terms of the geographical regions, despite that the epidemic has exploded in China first, it then spreads widely in a global scale, and all major consumer markets are being affected by such outbreak. Consequently, the business of the Company will certainly face the most rigorous challenge under such situation. Nevertheless, looking into the future in a long term, active and leisure wear will continue to be “essential” and “desired” products to consumers. Under the trend of concentrated supply chain of the branded makers, the cooperation with suppliers will be closer, and the production capacity scale, production site decentralization, inventory management, human rights, environmental protection and corporate social responsibility issues etc. of suppliers will also be emphasized and evaluated. The Company will continue to invest in research, development and innovation, focus on product quality, strengthen talent cultivation and management, in order to continuously create the maximum value for customers, employees and shareholders.

We wish all shareholders all the best
good health and success

Eclat Textile Co., Ltd.

Chairman: Cheng-Hai Hung

President, Fabric Division: Chun-Chin Tsai

President, Garment Division: Kun-Tang Chen

CFO: Jen Chieh Lo

The logo for Eclat, featuring the word "Eclat" in a light blue, bold, sans-serif font. The letters are thick and modern, with a slight shadow effect.

Appendix II Audit Committee's Review Report on the 2019 Financial Statements

Explanation:

2019 Financial Statements of the Company, approved through the resolution of the board of directors and audited by CPA, along with the Business Report and Profit Distribution Table, was submitted to the Audit Committee for review and review report was provided.

Audit Committee's Review Report

The Board of Directors prepares and submits the 2019 Business Report, Financial Statements and Profit Distribution Proposal etc., where the financial statements had been audited by KPMG's CPA Hui-Chih Kou and CPA Hsin-I Kuo, and financial reports (including consolidated financial report) are issued. The aforementioned Business Report, Financial Statements and Profit Distribution Proposal have been reviewed by the Audit Committee and are considered to be conformed to requirements. Consequently, it is reported for review according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Respectfully submitted

The Company's 2020 Annual General Shareholders' Meeting

Eclat Textile Co., Ltd.
Audit Committee Convener: Ya-Kang Wang
March 5, 2020

Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of Eclat Textile Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2019 and 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its 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 Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the Company is stated as follow:

Revenue recognition and cut-off

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

How the matter was addressed in our audit

Revenue recognition of the Company is the main concern of the financial report users. Therefore, the assessment of revenue recognition is the key audit 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; analyzing the company'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 the revenue is recorded in the appropriate period.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, 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 financial statements free from material misstatement due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 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 financial statements are intended only to present the 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 financial statements are those generally accepted and applied in the Republic of China.

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

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

Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2019		December 31, 2018			December 31, 2019		December 31, 2018	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets									
Current assets:									
1100 Cash and cash equivalents (note 6 (a))	\$ 3,289,321	16	2,397,986	12	2150 Notes payable	\$ 263,601	1	262,688	1
1150 Notes receivable, net (including related parties) (notes 6 (b) and 7)	13,245	-	2,065	-	2170 Accounts payable	1,168,715	5	1,092,205	6
1170 Accounts receivable, net (note 6 (b))	3,016,695	14	3,811,947	19	2180 Accounts payable to related parties (note 7)	359,240	2	276,118	1
1200 Other receivables, net	9,196	-	69,429	-	2200 Other payables (note 6 (i))	815,999	4	871,006	4
1310 Inventories, net (note 6 (c))	3,490,168	16	3,498,815	17	2230 Current tax liabilities	591,039	3	728,433	4
1470 Other current assets (notes 6 (g) and 8)	207,213	1	195,836	1	2280 Current lease liabilities (note 6 (h))	17,229	-	-	-
Total current assets	<u>10,025,838</u>	<u>47</u>	<u>9,976,078</u>	<u>49</u>	Other current liabilities, others	46,011	-	35,479	-
Non-current assets:					Total current liabilities	<u>3,261,834</u>	<u>15</u>	<u>3,265,929</u>	<u>16</u>
1550 Investments accounted for using equity method (note 6 (d))	4,516,119	21	3,860,948	19	Non-current liabilities:				
1600 Property, plant and equipment (notes 6 (e) and 8)	6,716,581	32	6,149,445	31	2570 Deferred tax liabilities (note 6 (j))	12,225	-	5,946	-
1755 Right-of-use assets (note 6 (f))	44,993	-	-	-	2580 Non-current lease liabilities (note 6 (h))	19,726	-	-	-
1780 Intangible assets	5,111	-	9,104	-	2640 Net defined benefit liability, non-current (note 6 (i))	5,132	-	2,016	-
1840 Deferred tax assets (note 6 (j))	54,080	-	20,381	-	Guarantee deposits received	2,539	-	1,488	-
1900 Other non-current assets (note 6 (g))	62,486	-	190,453	1	Total non-current liabilities	<u>39,622</u>	<u>-</u>	<u>9,450</u>	<u>-</u>
Total non-current assets	<u>11,395,370</u>	<u>53</u>	<u>10,230,331</u>	<u>51</u>	Total liabilities	<u>3,301,456</u>	<u>15</u>	<u>3,275,379</u>	<u>16</u>
					Equity (Note 6 (k)):				
					3110 Ordinary share	2,743,671	13	2,743,671	14
					3200 Capital surplus	3,769,547	17	3,769,547	19
					Retained earnings:				
					3310 Legal reserve	2,756,589	13	2,318,613	11
					3320 Special reserve	6,862	-	104,100	-
					3350 Unappropriated retained earnings	8,936,125	42	8,001,961	40
					Total retained earnings	<u>11,699,576</u>	<u>55</u>	<u>10,424,674</u>	<u>51</u>
					Other equity, others	(89,042)	-	(6,862)	-
					Total equity	<u>18,123,752</u>	<u>85</u>	<u>16,931,030</u>	<u>84</u>
Total assets	<u>\$ 21,425,208</u>	<u>100</u>	<u>20,206,409</u>	<u>100</u>	Total liabilities and equity	<u>\$ 21,425,208</u>	<u>100</u>	<u>20,206,409</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

ECLAT TEXTILE CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

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

		2019		2018	
		Amount	%	Amount	%
4000	Operating revenue (notes 6 (m) and 7)	\$ 28,074,641	100	27,558,271	100
5000	Operating costs (notes 6 (e)(f)(i)(n), 7 and 12)	<u>20,555,239</u>	<u>73</u>	<u>20,250,495</u>	<u>73</u>
	Gross profit from operations	<u>7,519,402</u>	<u>27</u>	<u>7,307,776</u>	<u>27</u>
	Operating expenses (notes 6(e)(f)(i)(n), 7 and 12):				
6100	Selling expenses	1,300,087	5	1,302,110	5
6200	Administrative expenses	746,033	3	676,472	2
6300	Research and development expenses	<u>139,608</u>	<u>-</u>	<u>141,071</u>	<u>1</u>
	Total operating expenses	<u>2,185,728</u>	<u>8</u>	<u>2,119,653</u>	<u>8</u>
	Net operating income	<u>5,333,674</u>	<u>19</u>	<u>5,188,123</u>	<u>19</u>
	Non-operating income and expenses (note 6 (o)):				
7010	Other income	28,575	-	19,539	-
7020	Other gains and losses, net	(15,910)	-	202,696	1
7050	Finance costs	(14,263)	-	(6,770)	-
7060	Share of profit of associates accounted for using equity method, net	<u>68,020</u>	<u>-</u>	<u>50,861</u>	<u>-</u>
	Total non-operating income and expenses	<u>66,422</u>	<u>-</u>	<u>266,326</u>	<u>1</u>
7900	Income before income tax	5,400,096	19	5,454,449	20
7950	Less: Tax expenses (note (j))	<u>1,100,847</u>	<u>4</u>	<u>1,074,695</u>	<u>4</u>
8200	Profit	<u>4,299,249</u>	<u>15</u>	<u>4,379,754</u>	<u>16</u>
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 (i))	(4,260)	-	(11,831)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(4,260)</u>	<u>-</u>	<u>(11,831)</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(102,724)	-	121,546	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note (j))	<u>(20,544)</u>	<u>-</u>	<u>24,308</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(82,180)</u>	<u>-</u>	<u>97,238</u>	<u>-</u>
8300	Other comprehensive income, net of income tax	<u>(86,440)</u>	<u>-</u>	<u>85,407</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 4,212,809</u>	<u>15</u>	<u>4,465,161</u>	<u>16</u>
	Earnings per share (note 6(l))				
9750	Basic earnings per share (in dollars)	<u>\$ 15.67</u>		<u>15.96</u>	
9850	Diluted earnings per share (in dollars)	<u>\$ 15.67</u>		<u>15.96</u>	

See accompanying notes to financial statements.

Statements of Changes in Equity

**For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)**

Balance at January 1, 2018	
Profit	
Other comprehensive income	
Total comprehensive income	
Appropriation and distribution of retained earnings:	
Legal reserve appropriated	
Special reserve appropriated	
Cash dividends of ordinary share	
Other changes in capital surplus	
Balance at December 31, 2018	
Balance at January 1, 2019 after adjustments	
Profit	
Other comprehensive income	
Total comprehensive income	
Appropriation and distribution of retained earnings:	
Legal reserve appropriated	
Reversal of special reserve	
Cash dividends of ordinary share	
Balance at December 31, 2019	

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

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 before tax	\$ 5,400,096	5,454,449
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	275,190	261,115
Amortization expense	6,006	10,404
Expected credit loss	61,378	-
Interest expense	14,263	6,770
Interest income	(18,867)	(9,831)
Share of profit of associates accounted for using equity method	(68,020)	(50,861)
Loss on disposal of property, plant and equipment	6,530	8,419
Gain on disposal of investments	(217)	-
Total adjustments to reconcile profit	276,263	226,016
Changes in operating assets and liabilities:		
Decrease (increase) in notes and accounts receivable	784,072	(403,118)
Decrease in inventories	8,647	219,936
Increase in other current assets	(11,975)	(53,977)
Increase (decrease) in notes and accounts payable	160,545	(269,553)
(Decrease) increase in other payables	(48,932)	120,906
Increase (decrease) in other current liabilities	10,532	(20,137)
Decrease in net defined benefit liability	(1,144)	(137,122)
Total changes in operating assets and liabilities	901,745	(543,065)
Total adjustments	1,178,008	(317,049)
Cash inflow generated from operations	6,578,104	5,137,400
Interest received	19,414	6,478
Interest paid	(13,563)	(6,770)
Income taxes paid	(1,258,786)	(725,300)
Net cash flows from operating activities	5,325,169	4,411,808
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(761,190)	-
Proceeds from disposal of associate	12,459	-
Proceeds from capital reduction of investments accounted for using equity method	57,322	-
Acquisition of property, plant and equipment	(653,695)	(227,838)
Proceeds from disposal of property, plant and equipment	557	729
(Increase) decrease in refundable deposits	(1)	1,707
Acquisition of intangible assets	(2,013)	(3,795)
Increase in prepayments for business facilities	(38,757)	(199,234)
Dividends received	-	2,038
Net cash flows used in investing activities	(1,385,318)	(426,393)
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(30,478)	-
Cash dividends paid	(3,018,038)	(2,606,487)
Net cash flows used in financing activities	(3,048,516)	(2,606,487)
Net increase in cash and cash equivalents	891,335	1,378,928
Cash and cash equivalents at beginning of period	2,397,986	1,019,058
Cash and cash equivalents at end of period	\$ 3,289,321	2,397,986

See accompanying notes to financial statements.

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)

	December 31, 2019		December 31, 2018			December 31, 2019		December 31, 2018	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets									
Current assets:									
1100 Cash and cash equivalents(note 6 (a))	\$ 4,444,271	19	2,905,110	13	2100 Short-term borrowings (note 6 (h))	\$ 1,572,451	7	1,629,979	8
1150 Notes receivable, net (including related parties) (notes 6 (b) and 7)	13,245	-	2,065	-	2150 Notes payable	263,601	1	262,688	1
1170 Accounts receivable, net (note 6 (b))	3,015,394	13	3,807,473	17	Accounts payable	1,448,292	6	1,354,199	6
1200 Other receivables, net	73,665	-	86,072	-	Accounts payable to related parties (note 7)	2,394	-	1,926	-
1310 Inventories, net(note 6 (c))	4,219,962	18	4,264,587	19	Other payables(notes 6 (j))	1,087,896	5	1,107,364	5
1460 Non-current assets classified as held for sale (note 6 (d))	8,772	-	11,257	-	Current tax liabilities	595,926	3	732,541	3
1470 Other current assets(notes 6 (g) and 8)	373,162	2	316,941	2	Current lease liabilities(notes 6 (i))	18,387	-	-	-
Total current assets	<u>12,148,471</u>	<u>52</u>	<u>11,393,505</u>	<u>51</u>	Other current liabilities, others	117,879	-	105,691	1
Non-current assets:					Total current liabilities	<u>5,106,826</u>	<u>22</u>	<u>5,194,388</u>	<u>24</u>
1550 Investments accounted for using equity method	8,943	-	26,083	-	Non-current liabilities:				
1600 Property, plant and equipment(notes 6 (e), 7 and 8)	10,600,139	46	10,037,149	46	Deferred tax liabilities(notes 6 (k))	12,225	-	5,946	-
1755 Right-of-use assets(notes 6 (f))	93,238	-	-	-	Non-current lease liabilities(notes 6 (i))	68,946	-	-	-
1780 Intangible assets	18,619	-	20,547	-	Net defined benefit liability, non-current(notes 6 (j))	5,132	-	2,016	-
1840 Deferred tax assets (notes 6 (k))	54,080	-	20,381	-	Guarantee deposits received	2,539	-	1,488	-
1990 Other non-current assets, others (note 6 (g) and 8)	395,930	2	643,217	3	Other non-current liabilities, others	-	-	6,014	-
Total non-current assets	<u>11,170,949</u>	<u>48</u>	<u>10,747,377</u>	<u>49</u>	Total non-current liabilities	<u>88,842</u>	<u>-</u>	<u>15,464</u>	<u>-</u>
					Total liabilities	<u>5,195,668</u>	<u>22</u>	<u>5,209,852</u>	<u>24</u>
					Equity (Note 6 (l)):				
					Ordinary share	2,743,671	12	2,743,671	12
					Capital surplus	3,769,547	16	3,769,547	17
					Retained earnings:				
					Legal reserve	2,756,589	12	2,318,613	11
					Special reserve	6,862	-	104,100	-
					Unappropriated retained earnings	8,936,125	38	8,001,961	36
					Total retained earnings	<u>11,699,576</u>	<u>50</u>	<u>10,424,674</u>	<u>47</u>
					Other equity, others	(89,042)	-	(6,862)	-
					Total equity	<u>18,123,752</u>	<u>78</u>	<u>16,931,030</u>	<u>76</u>
Total assets	<u>\$ 23,319,420</u>	<u>100</u>	<u>22,140,882</u>	<u>100</u>	Total liabilities and equity	<u>\$ 23,319,420</u>	<u>100</u>	<u>22,140,882</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES
Consolidated Statements of 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)	<u>20,010,977</u>	<u>71</u>	<u>19,630,699</u>	<u>71</u>
	Gross profit from operations	<u>8,114,159</u>	<u>29</u>	<u>7,947,510</u>	<u>29</u>
	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	<u>145,162</u>	<u>1</u>	<u>143,809</u>	<u>1</u>
	Total operating expenses	<u>2,643,375</u>	<u>10</u>	<u>2,642,228</u>	<u>10</u>
	Net operating income	<u>5,470,784</u>	<u>19</u>	<u>5,305,282</u>	<u>19</u>
	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	<u>(4,556)</u>	<u>-</u>	<u>(4,610)</u>	<u>-</u>
	Total non-operating income and expenses	<u>(48,784)</u>	<u>-</u>	<u>167,867</u>	<u>1</u>
7900	Income before income tax	5,422,000	19	5,473,149	20
7950	Less: Tax expenses (note 6(k))	<u>1,118,957</u>	<u>4</u>	<u>1,091,211</u>	<u>4</u>
	Profit (loss) from continuing operations	<u>4,303,043</u>	<u>15</u>	<u>4,381,938</u>	<u>16</u>
8100	Loss from discontinued operations, net of tax (note 12(b))	<u>(3,794)</u>	<u>-</u>	<u>(2,184)</u>	<u>-</u>
8200	Profit	<u>4,299,249</u>	<u>15</u>	<u>4,379,754</u>	<u>16</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(4,260)</u>	<u>-</u>	<u>(11,831)</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(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))	<u>(20,544)</u>	<u>-</u>	<u>24,308</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(82,180)</u>	<u>-</u>	<u>97,238</u>	<u>-</u>
8300	Other comprehensive income, net of income tax	<u>(86,440)</u>	<u>-</u>	<u>85,407</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 4,212,809</u>	<u>15</u>	<u>4,465,161</u>	<u>16</u>
	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	<u>(0.01)</u>		<u>(0.01)</u>	
	Total basic earnings per share	<u>\$ 15.67</u>		<u>15.96</u>	
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	<u>(0.01)</u>		<u>(0.01)</u>	
	Total diluted earnings per share	<u>\$ 15.67</u>		<u>15.96</u>	

See accompanying notes to consolidated financial statements.

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

ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity	
						Exchange	
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Total equity
Balance at January 1, 2018	\$ 2,743,671	3,769,437	2,013,408	-	6,649,830	8,663,238	15,072,246
Profit	-	-	-	-	4,379,754	4,379,754	4,379,754
Other comprehensive income	-	-	-	-	(11,831)	(11,831)	85,407
Total comprehensive income	-	-	-	-	4,367,923	4,367,923	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	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	16,928,981
Profit	-	-	-	-	4,299,249	4,299,249	4,299,249
Other comprehensive income	-	-	-	-	(4,260)	(4,260)	(86,440)
Total comprehensive income	-	-	-	-	4,294,989	4,294,989	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	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	<u>5,418,206</u>	<u>5,470,965</u>
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	<u>886,012</u>	<u>888,966</u>
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	<u>1,765,618</u>	<u>250,231</u>
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	<u>5,867,572</u>	<u>4,957,575</u>
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	<u>(1,320,652)</u>	<u>(1,001,173)</u>
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	<u>(3,113,744)</u>	<u>(2,459,915)</u>
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	<u>\$ 4,453,043</u>	<u>2,916,367</u>
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	<u>\$ 4,453,043</u>	<u>2,916,367</u>

See accompanying notes to consolidated financial statements.

Appendix IV Comparison Table for the Provisions Before and After Amendment of “Articles of Incorporation”

Article No.	Provision After Amendment	Current Provision	Reason of Amendment
Article 2	The scope of business of the Company shall be as follows: 1. C301010 Yarn Spinning Mills 2. C302010 Knit Fabric Mills 3. C305010 Printing, Dyeing, and Finishing Mills 4. C306010 Outerwear Knitting Mills 5. C399990 Other Textile Products Manufacturing 6. <u>CF01011 Medical Materials and Equipment Manufacturing</u> 7. <u>F108031 Wholesale of Drugs, Medical Goods</u> 8. <u>F208031 Retail sale of Medical Equipments</u> 9. ~~ZZ99999~~ All business items that are not prohibited or restricted by law, except those that are subject to special approval.	The scope of business of the Company shall be as follows: 1. C301010 Yarn Spinning Mills 2. C302010 Knit Fabric Mills 3. C305010 Printing, Dyeing, and Finishing Mills 4. C306010 Outerwear Knitting Mills 5. C399990 Other Textile Products Manufacturing 6. All business items that are not prohibited or restricted by law, except those that are subject to special approval.	Adding a franchise of Manufacturing, wholesale and retail on Medical Materials and Equipment to Business items.
Article 8	The shares of the Company shall be registered, which shall be signed or sealed by <u>the Directors on behalf of the Company, and the shares shall be certified with the signatures by the authorized bank for the issuance thereof.</u>	The shares of the Company shall be registered, which shall be signed or sealed by ~~at least three~~ Directors, and the shares shall be certified by the competent authority or ~~a registration institution approved by the competent authority for the issuance thereof.~~	An editorial amendment in accordance with the amendment of Company Act.
Article 22	The Company shall have eleven to thirteen directors. The election of the directors of the Company shall adopt the candidate nomination system prescribed in Article 192-1 of the Company Act, and directors shall be elected by the shareholders’ meeting from the candidate roster announced by the Company. Required compliance matters	The Company shall have eleven to thirteen directors. The election of the directors of the Company shall adopt the candidate nomination system prescribed in Article 192-1 of the Company Act, and directors shall be elected by the shareholders’ meeting from the candidate roster announced by the Company. Required compliance	An editorial amendment in accordance with the amendment of Company Act.

Article No.	Provision After Amendment	Current Provision	Reason of Amendment
	shall be handled according to relevant laws. The total number of registered shares held by all of the directors shall not be less than the percentage specified by the competent authority according to the laws. In the roster of directors described in the preceding paragraph, the number of independent directors shall not be less than three and shall not be less than one fifth of the total number of Directors. Relevant matters of the professional qualification, shareholding, concurrent job position limitation, nomination and election methods of the Independent Director as well as other necessary requirements shall comply with relevant regulations specified by the competent authority. Independent and non-independent directors shall be elected at the same time, but in separately calculated numbers.	matters shall be handled according to relevant laws. The total number of registered shares held by all of the directors shall not be less than the percentage specified by the competent authority according to the laws. In the roster of directors described in the preceding paragraph, the number of independent directors shall not be less than three and shall not be less than one fifth of the total number of Directors, ~~with the adoption of the candidates nomination system shall be adopted, and elected by the shareholders' meeting from the independent director candidate roster.~~ Relevant matters of the professional qualification, shareholding, concurrent job position limitation, nomination and election methods of the Independent Director as well as other necessary requirements shall comply with relevant regulations specified by the competent authority. Independent and non-independent directors shall be elected at the same time, but in separately calculated numbers.	
Article 23	The term of office of a director is three years, and he/she may be eligible for re-election. Unless otherwise specified in the Company Act, in case where no election of new Directors is effected after	The term of office of a director is three years, and he/she may be eligible for re-election. Unless otherwise specified in the Company Act, in case where no election of new Directors is effected after	For the purpose of strengthening governance mechanisms, grant the Board to set up functional committees.

Article No.	Provision After Amendment	Current Provision	Reason of Amendment
	expiration of the term of office of existing directors, the term of office of out-going Directors shall be extended until the time new Directors have been elected and assumed their office. The Company establishes the “Audit Committee” according to Article 14-4 of the Securities and Exchange Act. <u>The audit committee shall be composed of the entire number of independent directors.</u> The number and term of office of audit committee members, powers of the audit committee, and the rules of procedure for meetings of the audit committee shall be handled according to the “Regulations Governing the Exercise of Powers by Audit Committees of Public Companies”, and shall be further specified in the audit committee charter. <u>The Company might establish other functional committees under the Board, the numbers, terms of office, and powers of committee members etc. shall be included in organizational charter to be approved by the board of directors.</u>	expiration of the term of office of existing directors, the term of office of out-going Directors shall be extended until the time new Directors have been elected and assumed their office. The Company establishes the “Audit Committee” according to Article 14-4 of the Securities and Exchange Act, ~~such no supervisors are established in the Company.~~ The number and term of office of audit committee members, powers of the audit committee, and the rules of procedure for meetings of the audit committee. etc. shall be handled according to the “Regulations Governing the Exercise of Powers by Audit Committees of Public Companies”, and shall be further specified in the audit committee charter.	
Article 24	When the number of vacancies of directors reaches one third or when all of the independent directors are discharged, the Board of Directors shall convene an extraordinary shareholders’ meeting within sixty days to	When the number of vacancies of directors reaches one third ~~of the total number of directors~~ or when all of the independent directors are discharged, the Board of Directors shall convene an extraordinary shareholders’	An editorial amendment

Article No.	Provision After Amendment	Current Provision	Reason of Amendment
	fill the vacancies, and the term of office thereof shall be limited to fulfill the unexposed term of office of the predecessor.	meeting within sixty days to fill the vacancies, and the term of office thereof shall be limited to fulfill the unexposed term of office of the predecessor.	
Article 29	(Deleted)	~~Unless otherwise specified in the Company Act and other laws, in the event of the following matters, the resolution approval of the Board of Directors' meeting shall be obtained before the execution thereof:~~ ~~1. Proposal to amend the Article of Incorporation of the Company.~~ ~~2. Establishment or revision of internal control system, establishment or revisions for the proposal of handling procedures for financial or operational actions of material significance, including acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.~~ ~~3. Approval of annual budget and review of annual settlement, including the review and supervision of annual business plan.~~ ~~4. Proposal for distribution of profit or covering loss.~~ ~~5. Offering, issuance, or private placement of any equity type securities.~~ ~~6. Approval of reinvestment of the Company on other enterprises or transfer/sale of shares, provided that for an investment amount less than NTD 30,000,000 (inclusive), the Chairman is authorized to provide~~	Duplicated ruled in the Company's "Rules of Procedure for Board of Directors Meetings"

Article No.	Provision After Amendment	Current Provision	Reason of Amendment
		~~approval, followed by execution and reporting to the Board of Directors.~~ ~~7. The hiring or discharge of an attesting Certified Public Accountant (CPA), or the compensation given thereto.~~ ~~8. Proposal of the transfer, sale, lease, pledge, mortgage or other methods of disposition of all or important parts of the Company's assets or business.~~ ~~9. Approval for the application of financing, guarantee, acceptance and other loaning of the Company from a financial institution or a third party at an amount above NTD 100,000,000; provided that for an amount less than NTD 100,000,000 but above NTD 50,000,000, such case shall be reported in the latest session of Board of Directors' meeting for recordation after the execution of such case.~~ ~~10. A material asset or derivatives transaction.~~ ~~11. A material monetary loan, endorsement, or provision of a guarantee.~~ ~~12. Approval of major contractors or other material events.~~ ~~13. Approval of material transactions between the Company and interested parties (including affiliates).~~ ~~14. Appointment or discharge of a financial, accounting, or internal audit officer.~~ ~~15. Approval, revision and termination of acquisition, transfer, licensing or~~	

Article No.	Provision After Amendment	Current Provision	Reason of Amendment
		~~leasing/renting technology cooperation agreements for patent rights, trademark rights or copyrights.~~ ~~16. For the matters specified in Subparagraph 9 of this Section, where it is used for the one identical purpose, contract establishment, application or expenditure shall not be made separately.~~ ~~17. Matters in which a director is an interested party.~~ ~~18. Other authorities granted by the laws and the shareholders' meeting.~~	
Article 36	The Board of Directors shall prepare the business report, financial statement and proposal on distribution of surplus earnings or loss of-setting according to the Company Act at the end of <u>each fiscal year</u> , and shall submit to the Audit Committee for auditing thirty days prior to the convention of ordinary shareholders' meeting, in order to issue a report for submission to the shareholders' meeting for approval.	~~For the settlement of the Company,~~ the Board of Directors shall prepare the business report, financial statement and proposal on distribution of surplus earnings or loss of-setting according to the Company Act, and shall submit to the Audit Committee for auditing thirty days prior to the convention of ordinary shareholders' meeting, in order to issue a report for submission to the shareholders' meeting for approval.	Deleting Article 38 due to an integration of Article 36 and Article 38.
Article 37	Where the Company has a profit (the term "profit" refers to the income before deducting the distribution of employee <u>compensation</u> from the income before tax) <u>in current year, if there is surplus after covering the accumulated loss</u> , no less than 0.1% shall be appropriated for the employee's compensation for the distribution according to the resolution of the Board of Directors' meeting, and be	Where the Company has a profit ~~after settlement~~ (the term "profit" refers to the income before deducting the distribution of employee ~~remuneration~~ from the income before tax), no less than 0.1% shall be appropriated for the employee's ~~remuneration~~ for the distribution according to the resolution of the Board of Directors' meeting, and be reported to the shareholders' meeting. ~~For the surplus~~	An editorial amendment made to distinguish the content of employee's compensation and earnings distribution, and move the employee-unrelated content to Article 37-1. After amendment, Article 37 address on rule of employee's compensation; Article 37-1 describes the policies of earnings

Article No.	Provision After Amendment	Current Provision	Reason of Amendment
	reported to the shareholders' meeting. The distribution of employee's compensation may be made in the form of shares or cash.	~~earnings after the settlement with the appropriation of the employee's remuneration, after tax is paid according to the law, it shall be used to cover the accumulated loss (including adjustment of undistributed surplus earnings amount) first, following which, 10% thereof shall be set aside as the legal reserve; however, when the legal reserve has reached the paid-in capital of the Company, it may be exempted from such appropriation. For the remaining amount, after special reserve is further set aside or reversed according to the laws. It is combined with the undistributed surplus earnings (including adjustment of undistributed surplus earnings amount) at the beginning of the same period, for proposing to the shareholders' meeting for resolution on the distribution of shareholders' dividends and bonuses.~~ ~~Where the Company has accumulated loss (including adjustment of undistributed surplus earnings amount) from the previous years, for a profit gained in the current year (the term "profit" refers to the income before deducting the distribution of employee remuneration from the income before tax), before the appropriation of employee's remuneration, it shall be used to cover the accumulated loss first, followed by executing the appropriation of the remaining balance according~~	distribution and dividends.

Article No.	Provision After Amendment	Current Provision	Reason of Amendment
		~~to the percentage described in the preceding paragraph. The distribution of employee's remuneration may be made in the form of shares or cash. The present industrial development of the Company is at the growing stage, and there are plans for expansion of production lines and fund demands. Consequently, during the distribution of surplus earnings, the Board of Directors shall consider the investment plan, financial structure, future fund demand and profit status of the Company, and under the consideration that there are no other special conditions, it shall not be lower than 50% of the net income of the current year after the deduction of the compensation loss according to the preceding paragraph, for the Board of Directors to submit proposal to the shareholders' meeting for resolution before the execution thereof. However, the total amount of dividends shall not be less than 20% of amount of cash dividends distributed.~~	
Article 37-1	<u>Where the Company has a profit in current year , when allocating its surplus profits after having paid all taxes and dues, shall first set aside ten percent of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision may be exempted. Aside from the aforesaid legal reserve, the company may, under its Articles of Incorporation or by</u>		Additon. Refer to Article 37 for the explanations, and make some editorial amendments.

Article No.	Provision After Amendment	Current Provision	Reason of Amendment
	<u>resolution of the meeting of shareholders, set aside another sum as special reserve, along with the undistributed earnings at the beginning, the Board proposed the earning distribution to the shareholder's meetings to resolve.</u> <u>The present industrial development of the Company is at the growing stage, and there are plans for expansion of production lines and fund demands. Consequently, during the distribution of surplus earnings, the Board of Directors shall consider the investment plan, financial structure, future fund demand and profit status of the Company, and under the consideration that there are no other special conditions, it shall not be lower than 50% of the net income of the current year after the deduction of the compensation loss according to the preceding paragraph, for the Board of Directors to submit proposal to the shareholders' meeting for resolution before the execution thereof. However, the total amount of dividends shall not be less than 20% of amount of cash dividends distributed.</u>		
Article 38	(Delete)	~~At the end of each fiscal year, the Company shall submit the business report, financial statement and proposal on distribution of surplus earnings or loss off setting to the shareholders' meeting for approval.~~	Article 38 was deleted, and the content was combined with Article 36.

Article No.	Provision After Amendment	Current Provision	Reason of Amendment
Article 41	These Articles of Incorporation were established on November 10, 1977. The first amendment was made on August 21, 1981. (omitted) The twenty-sixth amendment was made on June 18, 2019. <u>The twenty-seventh amendment is made on June 18, 2020.</u>	These Articles of Incorporation were established on November 10, 1977. The first amendment was made on August 21, 1981. (omitted) The twenty-sixth amendment was made on June 18, 2019.	Add the latest amendment date.

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AppendixV Comparison Table for the provisions before and after amendment of “Rules Governing the Procedures for Shareholders’ Meetings”

No	Provision After Amendment	Current Provision	Reason of Amendment
Article 3	Paragraphs 1,2 and 3(omitted) <u>Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</u> <u>The reason of convention of shareholders’ meeting has indicated the re-election of directors, and the date of assuming the position is also indicated. After the re-election is completed in such session of shareholder’s meeting, the date of assuming the position shall not be changed through</u>	Paragraphs 1,2 and 3(omitted)	Revised according to Paragraph 5 of Article 172 of the “Company Act”, and Paragraph 4 of this Article is newly added. According to the Jin-Shang-Zi No. 10702417500 Letter, Paragraph 5 of this Article is newly added.

No	Provision After Amendment	Current Provision	Reason of Amendment
	<u>extempore motion or other methods.</u> A shareholder holding 1 percent or more of the total number of issued shares may submit to the Corporation a proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. <u>Nevertheless, since shareholders' proposals are recommendations made for the purpose of promoting the Company to improve the public interest or to fulfill the corporate social responsibility, the board of directors may still list such proposals for meeting discussion.</u> In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.	A shareholder holding 1 percent or more of the total number of issued shares may submit to the Corporation a ~~written~~ proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.	Revised the paragraph number to Paragraph 6, and newly added Paragraph 5 according to Paragraph 1 of Article 172-1 of the "Company Act", and revised relevant texts.
	Prior to the book closure date before a regular shareholders meeting is held, the Corporation shall publicly announce that it will receive shareholder proposals by <u>written or electronic</u>, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300	Prior to the book closure date before a regular shareholders meeting is held, the Corporation shall publicly announce that it will receive shareholder proposals by the way of written or electronic, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300	Revised the paragraph number to Paragraph 7, and revised texts according to Paragraph 2 of Article 172-1 of the "Company Act". Revised texts according to the "Rules of Procedure for Shareholders

No	Provision After Amendment	Current Provision	Reason of Amendment
	words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal. (The following is omitted)	words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal. (The following is omitted)	Meetings of Public Companies”.
Article 6	The venue for a shareholders meeting shall be the premises of the Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. <u>Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.</u>	The venue for a shareholders meeting shall be the premises of the Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.	Revised texts according to the “Rules of Procedure for Shareholders Meetings of Public Companies”.
Article 7	Paragraph 1 (omitted) <u>When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.</u> <u>It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one independent director in person, and at least one member of each functional committee on behalf of the</u>	Paragraph 1 (omitted)	Since the chair of a shareholders’ meeting shall have certain level of understanding of the financial business of the Company in order to provide clear and specific response to the content of proposal and questions raised by shareholders, consequently, the content of Paragraph 2 of this Article is newly added. According to Paragraph 6 and Paragraph 7 of the “Corporate Governance Evaluation

No	Provision After Amendment	Current Provision	Reason of Amendment
	<u>committee. The attendance shall be recorded in the meeting minutes.</u> (The following is omitted)	(The following is omitted)	Indicators for TWSE/TPEX Listed Companies” and according to Paragraph 2 of Article 6 of the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”, the content of Paragraph 3 of this Article is newly added.
Article 9	<u>The Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio or video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.</u> <u>The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</u>	~~For the meeting process of a shareholders meeting, audio recording or video recording shall be made throughout the process for preservation as evidence, and the files shall be preserved for at least one year. However, where a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the files shall be retained until the conclusion of the litigation.~~	In view of relevant disputes occurred in the shareholders’ meeting in recent years, to fully present the convention of the shareholders’ meeting in order to facilitate the clarification of acts, texts are revised and paragraph numbers are adjusted according to the “Rules for Procedures for Shareholders Meetings of TWSE/TPEX Listed Companies”.
Article 10	Paragraphs 1 and 2(omitted) When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the <u>shareholders meeting</u> pursuant to Article 174 of the Company Act.	Paragraphs 1 and 2(omitted) When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.	Revised texts according to the “Rules of Procedure for Shareholders Meetings of Public Companies”.

No	Provision After Amendment	Current Provision	Reason of Amendment
Article 11	If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. <u>All the discussion matters should be voted by each proposal.</u> The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. ° (Paragraph 2 is omitted.) The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.	If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. (Paragraph 2 is omitted.) The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. ~~After the meeting adjourned, shareholders shall not elect another chair to hold another meeting at the same place or at any other place; if, however,~~ the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.	In compliance with the government's policy on the fully adoption of electronic voting for TWSE/TPEX listed companies starting from 2018, and to implement the principle of voting for each proposal, Paragraph 1 is revised. Revised texts and adjusted provision contents according to the "Rules of Procedure for Shareholders Meetings of Public Companies".
Article 15	The <u>chair</u> shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary	The chair-shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary	To prevent the convener of a shareholders' meeting to overly limit the

No	Provision After Amendment	Current Provision	Reason of Amendment
	<u>motions</u> put forward by the shareholders; when the <u>chair</u> is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote, <u>arrange adequate time for vote as well.</u>	~~proposals~~ put forward by the shareholders; when the ~~chairperson~~ is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed and call for a vote.	shareholders' voting time that may cause impact on the shareholders' exercise of their voting rights due to insufficient voting time, the content of this Article is revised.
Article 16	The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Corporation, and the voting results shall be announced on-site immediately, <u>including the names of those elected as directors and the numbers of votes with which they were elected.</u> (Following is omitted)	The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Corporation, and the voting results shall be announced on-site immediately. (Following is omitted)	To allow shareholders to sufficiently and timely understand the voting result of election of directors and to know the winner list and number of votes won, the current provision is revised to achieve the above.
Article 17	Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Corporation. Vote counting <u>for shareholders meeting proposals or elections</u> shall be conducted in public at the place of the shareholders meeting. <u>Immediately after vote counting has been completed,</u> the results of the voting, <u>including the statistical tallies of the numbers of votes,</u> shall be announced on-site at the meeting, and a record made of the vote.	Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Corporation. Vote counting should be conducted in public at the place of the shareholders meeting. The results of the voting shall be announced on-site at the meeting, and a record made of the vote.	To allow the shareholders to sufficiently and timely understand the voting result of proposals and statistics on the number of votes, the content of this Article is revised according to the "Rules of Procedure for Shareholders Meeting of Public Companies".
Article 19	A shareholder shall be entitled to one vote for each share held,	A shareholder shall be entitled to one vote for each share held,	Adjusted expression

No	Provision After Amendment	Current Provision	Reason of Amendment
	except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act. When the Corporation holds a shareholders meeting, it <u>should</u> allow the shareholders to exercise voting rights <u>by electronic</u> and correspondence means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; <u>it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.</u> A shareholder intending to exercise voting rights by correspondence <u>or electronic</u> means under the preceding paragraph shall deliver a written declaration of intent to the Corporation before <u>2</u> days before the date of the shareholders meeting. When duplicate declarations of intent	except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act. When the Corporation holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence ~~or electronic~~ means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Corporation before ~~5~~ days before the date of the shareholders meeting. When duplicate declarations of intent	In compliance with the government's policy on the fully adoption of electronic voting for TWSE/TPEX listed companies starting from 2018, and to implement the principle of voting for each proposal, Paragraph 2 is revised. Revised texts according to the "Rules of Procedure for Shareholders Meetings of Public Companies".

No	Provision After Amendment	Current Provision	Reason of Amendment
	are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Corporation, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail. Except as otherwise provided in the Company Act and in the Corporation's articles of incorporation, the passage of a proposal shall require an	are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Corporation, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail. Except as otherwise provided in the Company Act and in the Corporation's articles of incorporation, the passage of a proposal shall require an	Revised texts according to the "Rules of Procedure for Shareholders Meetings of Public Companies". According to Paragraph 2 of Article 7 of the "Corporate Governance Best

No	Provision After Amendment	Current Provision	Reason of Amendment
	affirmative vote of a majority of the voting rights represented by the attending shareholders. <u>At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.</u>	affirmative vote of a majority of the voting rights represented by the attending shareholders- ~~including shareholder has exercised voting rights both by correspondence or electronic means.~~	Practice Principles for TWSE/TPEx Listed Companies, the public listed companies are encouraged to adopt the ‘voting for each proposal in shareholders’ meeting” and disclose the voting result in order to comply with the international trend and to improve the competitiveness of our nation; therefore, Paragraph 5 of this Article is revised.
Article 21	(Paragraph 1 is omitted) <u>At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.</u> When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.	(Paragraph 1 is omitted) When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.	Add paragraph 2 in responding to the amandation of Rules of Procedure for Shareholders Meetings” Moveing Paragraph 2 to paragraph 3.
Article 22	Paragraphs 1 and 2(omitted) The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair’s full name, the methods by which resolutions were adopted, and	Paragraphs 1 and 2(omitted) The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair’s full name, the methods by which resolutions were adopted, and	Amending paragraph 3 under the suggestion of Asian Corporate Governance Association in order

No	Provision After Amendment	Current Provision	Reason of Amendment
	a summary of the deliberations and their <u>voting results (including the numbers of votes)</u> . The Company <u>shall disclose the voting numbers of each elected, which</u> shall be retained for the duration of the existence of the Company.	a summary of the deliberations and their results, ~~and~~ shall be retained for the duration of the existence of the Company.	to fulfill the will of 'voting for each proposal in shareholders' meeting'.
Article 23	These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings. These Rules were first amended on June 14, 2006. These Rules were second amended on June 18, 2012. These Rules were third amended on June 24, 2015. <u>These Rules were amended on June 18, 2020, based on the approval of the shareholders meeting.</u>	These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings. These Rules were first amended on June 14, 2006. These Rules were second amended on June 18, 2012. These Rules were third amended on June 24, 2015.	Add the latest amendment date.

Appendix VI Comparison Table for the provisions Before and After Amendment of “Procedures for Election of Directors”

No	Provision After Amendment	Current Provision	Reason of Amendment
Article 2	For the elections of directors of the Company, the board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. <u>The registered names of voters may be replaced by the attendance certificate number printed on the ballots.</u> Where the voting rights are exercised via the electronic method, no further ballots are additionally prepared and provided.	For the election of directors of the Company, the board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to each attending shareholder at the shareholders meeting. Where the voting rights are exercised via the electronic method, no further ballots are additionally prepared and provided.	Revised texts according to the laws.
Article 3	The cumulative voting method shall be used for election of the directors at the Company. Each share shall have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.	The cumulative voting method shall be used for election of the directors ~~and independent directors~~ at the Company. Each share shall have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. ~~The name of the voting shareholders may be replaced by the attendance card numbers printed on the ballots. The election of independent directors shall adopt the candidate nomination system according to Article 192-1~~	Changed article number, and content is included in Paragraph 1 of Article 2. Changed article number, and content is included in Paragraph 1 of Article 4.

No	Provision After Amendment	Current Provision	Reason of Amendment
		~~of the Company Act. The election of independent directors and non-independent directors shall be held together, and the number elected seats shall be counted separately. Shareholders shall elect independent directors from among those listed in the roster of independent directors.~~	
Article 4	<u>The election of directors of the Company shall adopt the candidate nomination system according to Article 192-1 of the Company Act, and shareholders shall elect directors from among those listed in the roster of directors.</u> <u>Independent directors and non-independent directors shall be elected together,</u> and the number of directors shall be based on the requirements specified in the Company's articles of incorporation. The voting rights of independent directors and non-independent directors shall be counted separately, and the candidates receiving ballots representing the highest numbers of voting rights shall be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the number of seats specified, those candidates receiving the same number of votes shall	~~For the directors of the Company, the shareholders' meeting shall elect from candidates with capacity to make judicial acts, and the number of directors shall be based on the requirements specified in the Company's articles of incorporation. The voting rights of independent directors and non-independent directors shall be counted separately, and the candidates receiving ballots representing the highest numbers of voting rights shall be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the number of seats specified, those~~	According to the Company's articles of incorporation, it is revised to adopt the candidate notation system. Added Paragraph 1, and revised the subsequent paragraph numbers.

No	Provision After Amendment	Current Provision	Reason of Amendment
	draw lots to determine the winner, and in the event that any one of such candidates is absent, the chair shall draw lots on behalf of such candidate.	candidates receiving the same number of votes shall draw lots to determine the winner, and in the event that any one of such candidates is absent, the chair shall draw lots on behalf of such candidate.	
Article 6	<u>Before</u> the election begins, the chair shall appoint several vote monitoring personnel and vote counting personnel respectively to perform the all relevant <u>job</u> . All monitoring personnel shall be shareholders of the Company.	~~At~~ the election begins, the chair shall appoint several vote monitoring personnel and vote counting personnel respectively to perform the all relevant ~~tasks~~ . All monitoring personnel shall be shareholders of the Company.	Revised texts according to the Regulation.
Article 8	Where a <u>candidate</u> is of the identity of a shareholder, voters shall indicate the account name of the candidate and the account number of shareholder in the field of the candidate on the ballot. Where a candidate is not of the identity of a shareholder, the voter shall enter the candidate's name and <u>identity certificate number</u> . However, when the candidate is a <u>government agency or corporate shareholder</u> , the name of the <u>government agency or corporate shareholder</u> shall be entered in the field of the candidate on the ballot, or both the name of the <u>government agency or corporate shareholder</u> and <u>the name of its representative may be entered. When there are multiple representatives, the names of each</u>	Where a candidate is of the identity of a shareholder, voters shall indicate the account name of the candidate and the account number of shareholder in the field of the candidate on the ballot. Where a candidate is not of the identity of a shareholder, the name and ~~identification number~~ shall be provided, ~~followed by dropping into the ballot box~~ . However, for corporate shareholder, the candidate field on the ballot ~~shall~~ indicate the name of the corporate shareholder of the name of such corporate shareholder and its representative.	Revised texts according to the Regulation.

No	Provision After Amendment	Current Provision	Reason of Amendment
	<u>respective representative shall be entered.</u>		
Article 9	A ballot shall be invalid under any of the following circumstances: 1. Ballots specified in Article 5 these Regulations are not used. 2. A blank ballot is placed in the ballot box. 3. The writing is unclear and indecipherable or has been altered not compliance with the laws. 4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity <u>certificate</u> number do not match. 5. One identical ballot is indicated with the number of candidates exceeding the number of seats specified. 6. Other words or marks are entered in addition to the candidate's account name (<u>name</u>) or shareholder account number (or identity <u>certificate</u> number) <u>and the number of voting rights allotted.</u>	A ballot shall be invalid under any of the following circumstances: 1. Ballots specified in Article 5 these Regulations are not used. 2. A blank ballot is placed in the ballot box. 3. The writing is unclear and indecipherable or has been altered ~~not compliance with the laws.~~ 4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity ~~card~~ number do not match. 5. One identical ballot is indicated with the number of candidates exceeding the number of seats specified. 6. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identification number).	Revised texts according to the Regulation.

No	Provision After Amendment	Current Provision	Reason of Amendment
	7. The candidate's account name (name) and shareholder account number (or identity certificate number) <u>are not entered; or the name of the candidate entered on the ballot is identical to that of another shareholder, but no shareholder account number or identity certificate number is provided on the ballot to identify such individual.</u>	7. The account name (name) or shareholder number (identification number) of the candidate ~~is not indicated~~ on the ballot.	
Article 12	These Regulations, and any amendments hereto, shall be stipulated by the board of directors and shall be implemented after approval by a shareholders meeting.	These Regulations, and any amendments hereto, shall be stipulated by the board of directors and shall be implemented after approval by a shareholders meeting.	Revised texts according to the Regulation.
Article 13	These Regulations were enacted after the approval of the shareholder's meeting dated June 10, 2002. The first amendment was made on June 17, 2014. The second amendment was made on June 24, 2015. <u>The third amendment was made on June 18, 2020.</u>	These Regulations were enacted after the approval of the shareholder's meeting dated June 10, 2002. The first amendment was made on June 17, 2014. The second amendment was made on June 24, 2015.	Revised texts according to the Regulation. Added the latest amendment date.