Stock Code:1476

ECLAT TEXTILE CO., LTD.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors’ Report
For the Years Ended December 31, 2022 and 2021

Address: **10F. 3, No.80, Sec.2, Chang'an E. Rd., Taipei City**
Telephone: **(02)2299-6000**

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

Table of contents

Representation Letter

The entities that are required to be included in the combined financial statements of Eclat Textile Co., Ltd. as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Eclat Textile Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company: Eclat Textile Co., Ltd.
Chairman: Hung Cheng Hai
Date: March 2, 2023

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, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (" IFRSs"), International Accounting Standards (" IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") as well as related guidance endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

Revenue recognition and cut off

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

How the matter was addressed in our audit:

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

Our principal audit procedures included:

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

Other Matter

Eclat Textile Co., Ltd. has prepared its individual financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unqualified opinion.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hui-Chih Kou and Yu-Feng Hsu.

KPMG

Taipei, Taiwan (Republic of China)
March 2, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial statements of financial position, financial performance and its cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations) and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRS endorsed by the FSC). The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 6,022,271	18	1,759,847	6
1150	Notes receivable, net(note 6(b))	3,046	-	3,574	-
1170	Accounts receivable, net(note 6(b))	3,796,970	11	4,873,637	17
1200	Other receivables, net	171,204	1	28,331	-
1220	Current tax assets	-	-	8,800	-
1310	Inventories, net (note 6(c))	4,625,176	14	8,276,308	28
1470	Other current assets (notes 6(f) and 8)	3,736,385	11	872,679	3
	Total current assets	18,355,052	55	15,823,176	54
	Non-current assets:				
1550	Investments accounted for using equity method	-	-	-	-
1600	Property, plant and equipment (notes 6(d), 7 and 8)	13,627,154	41	12,064,535	41
1755	Right-of-use assets(note 6(e))	83,431	-	84,810	-
1780	Intangible assets	19,472	-	18,655	-
1840	Deferred tax assets (note 6(k))	31,045	-	131,274	1
1975	Net defined benefit asset, non-current (note 6(j))	112,069	-	67,470	-
1990	Other non-current assets, others (note 6(f))	1,135,300	4	1,088,847	4
	Total non-current assets	15,008,471	45	13,455,591	46
	Total assets	$ 33,363,523	100	29,278,767	100

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Current borrowings (notes 6(g)(q))	$ 1,778,109	5	1,346,632	5
2150	Notes payable(note 6(q))	80,515	-	212,339	1
2170	Accounts payable (note 6(q))	1,605,162	5	2,375,555	8
2200	Other payables (note 6(j))	1,817,917	6	1,537,535	5
2230	Current tax liabilities	1,763,583	5	1,245,259	4
2280	Current lease liabilities (notes 6(i)(q))	21,989	-	18,219	-
2320	Long-term liabilities, current portion (notes 6(h)(q)and 8)	204,733	1	96,667	-
2399	Other current liabilities, others	305,224	1	194,557	1
	Total current liabilities	7,577,232	23	7,026,763	24
	Non-current liabilities:				
2540	Long-term borrowings (notes 6(h)(q) and 8)	563,017	2	1,036,933	4
2570	Deferred tax liabilities (note 6(k))	6,906	-	-	-
2580	Non-current lease liabilities (notes 6(i)(q))	67,281	-	62,847	-
2640	Net defined benefit liability, non-current(note 6(j))	2,914	-	-	-
2645	Guarantee deposits received	4,206	-	2,793	-
	Total non-current liabilities	644,324	2	1,102,573	4
	Total liabilities	8,221,556	25	8,129,336	28
	Equity (notes 6(l)(s))				
3110	Ordinary share	2,743,671	8	2,743,671	9
3200	Capital surplus	3,769,547	11	3,769,547	13
	Retained earnings:				
3310	Legal reserve	4,126,099	13	3,612,376	12
3320	Special reserve	429,446	1	291,705	1
3350	Unappropriated retained earnings	14,049,340	42	11,161,579	38
	Total retained earnings	18,604,885	56	15,065,660	51
3490	Other equity, others	23,864	-	(429,447)	(1)
	Total equity	25,141,967	75	21,149,431	72
	Total liabilities and equity	$ 33,363,523	100	29,278,767	100

See accompanying notes to consolidated financial statements.

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

ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2022 and 2021

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

		For the years ended December 31			
		2022		2021	
		Amount	%	Amount	%
4000	**Operating revenue(note 6(n))**	$ 39,736,173	100	35,917,247	100
5000	**Operating costs (notes 6(c)(d)(e)(i)(j)(o) and 12)**	28,670,846	72	26,426,100	74
	Gross profit from operations	11,065,327	28	9,491,147	26
	Operating expenses(notes 6(d)(e)(i)(j)(o), 7 and 12):				
6100	Selling expenses	1,701,503	4	1,736,179	5
6200	Administrative expenses	1,466,538	4	1,193,869	3
6300	Research and development expenses	160,278	1	162,617	-
	Total operating expenses	3,328,319	9	3,092,665	8
	Net operating income	7,737,008	19	6,398,482	18
	Non-operating income and expenses (notes 6(i)(p) and 7):				
7010	Other income	14,360	-	9,251	-
7020	Other gains and losses, net	811,975	2	(18,334)	-
7050	Finance costs	(68,424)	-	(22,899)	-
7060	Share of loss of associates accounted for using equity method, net	-	-	(2,113)	-
7100	Interest income	45,482	-	21,378	-
	Total non-operating income and expenses	803,393	2	(12,717)	-
7900	**Income before income tax**	8,540,401	21	6,385,765	18
7950	**Less: Tax expense (note 6(k))**	1,750,053	4	1,237,154	4
8200	**Profit (note 6(s))**	6,790,348	17	5,148,611	14
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Remeasurements from defined benefit plans(note 6(j))	41,283	-	(11,384)	-
8349	Less：Income tax related to components that will not be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	41,283	-	(11,384)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	566,638	1	(172,178)	-
8399	Less：Income tax related to components of other comprehensive income that will be reclassified to profit or loss(note 6(k))	113,327	-	(34,436)	-
	Total components of other comprehensive income that will be reclassified to profit or loss	453,311	1	(137,742)	-
8300	**Other comprehensive income, net of income tax**	494,594	1	(149,126)	-
8500	**Total comprehensive income**	**$ 7,284,942**	**18**	**4,999,485**	**14**
	Earnings per share (notes 6(m))				
9750	**Basic earnings per share (in dollars)**	**$**	**24.75**		**18.77**
9850	**Diluted earnings per share (in dollars)**	**$**	**24.75**		**18.76**

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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

			Retained Earnings				Other Equity	
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Total equity
Balance at January 1, 2021	$ 2,743,671	3,769,547	3,185,883	89,042	9,671,546	12,946,471	(291,705)	19,167,984
Profit	-	-	-	-	5,148,611	5,148,611	-	5,148,611
Other comprehensive income (loss)	-	-	-	-	(11,384)	(11,384)	(137,742)	(149,126)
Total comprehensive income (loss)	-	-	-	-	5,137,227	5,137,227	(137,742)	4,999,485
Legal reserve appropriated	-	-	426,493	-	(426,493)	-	-	-
Special reserve appropriated	-	-	-	202,663	(202,663)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,018,038)	(3,018,038)	-	(3,018,038)
Balance at December 31, 2021	2,743,671	3,769,547	3,612,376	291,705	11,161,579	15,065,660	(429,447)	21,149,431
Profit	-	-	-	-	6,790,348	6,790,348	-	6,790,348
Other comprehensive income (loss)	-	-	-	-	41,283	41,283	453,311	494,594
Total comprehensive income (loss)	-	-	-	-	6,831,631	6,831,631	453,311	7,284,942
Legal reserve appropriated	-	-	513,723	-	(513,723)	-	-	-
Special reserve appropriated	-	-	-	137,741	(137,741)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,292,406)	(3,292,406)	-	(3,292,406)
Balance at December 31, 2022	**$ 2,743,671**	**3,769,547**	**4,126,099**	**429,446**	**14,049,340**	**18,604,885**	**23,864**	**25,141,967**

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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	$ 8,540,401	6,385,765
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	774,551	610,887
Amortization expense	19,684	21,459
Interest expense	68,424	22,899
Interest income	(45,482)	(21,378)
Share of loss of associates accounted for using equity method	-	2,113
Loss (gain) on disposal of property, plant and equipment	883	(2,270)
Property, plant and equipment transferred to expenses	404	-
Total adjustments to reconcile profit	818,464	633,710
Changes in operating assets and liabilities:		
Decrease (increase) in notes and accounts receivable	1,077,195	241,046
Decrease (increase) in inventories	3,650,617	(3,074,495)
Decrease (increase) in other current assets	136,644	(361,334)
Decrease (increase) in other financial assets	(134,744)	(16,617)
Decrease (increase) in other operating assets	(3,244)	16
Increase (decrease) in notes and accounts payable	(899,634)	(186,308)
Increase (decrease) in other payable	281,059	332,832
Increase (decrease) in other current liabilities	110,667	(18,415)
Increase (decrease) in net defined benefit liability	(402)	(72,030)
Total adjustments	5,036,622	(2,521,595)
Cash inflow generated from operations	13,577,023	3,864,170
Interest received	37,353	21,575
Interest paid	(67,254)	(20,473)
Income taxes paid	(1,229,121)	(1,087,722)
Net cash flows from operating activities	12,318,001	2,777,550
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(1,476,654)	(2,268,346)
Proceeds from disposal of property, plant and equipment	321	4,679
Increase in refundable deposits	(2,080)	(6,232)
Acquisition of intangible assets	(8,898)	(6,833)
Increase in other financial assets	(3,000,000)	-
Increase in prepayments for business facilities	(319,297)	(221,738)
Net cash flows from (used in) investing activities	(4,806,608)	(2,498,470)
Cash flows from (used in) financing activities:		
Increase in current borrowings	431,477	3,800
Proceeds from long-term borrowings	214,150	553,600
Repayments of long-term borrowings	(580,000)	-
Increase in guarantee deposits received	1,413	284
Payment of lease liabilities	(28,465)	(28,773)
Cash dividends paid	(3,292,406)	(3,018,038)
Net cash flows from (used in) financing activities	(3,253,831)	(2,489,127)
Effect of exchange rate changes on cash and cash equivalents	4,862	(54,408)
Net increase (decrease) in cash and cash equivalents	4,262,424	(2,264,455)
Cash and cash equivalents at beginning of period	1,759,847	4,024,302
Cash and cash equivalents at end of period	**$ 6,022,271**	**1,759,847**

See accompanying notes to consolidated financial statements.

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

ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

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

(1) Company history

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

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

The consolidated financial statements were approved by the Board of Directors and issued on March 2, 2023.

(3) New standards, amendments and interpretations adopted:

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

The Group assesses that the adoption of the below mentioned standards would not have material impact on its consolidated financial statements, from January 1, 2022:

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements.

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 " Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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

(Continued)

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information "
- IFRS16 "Requirements for Sale and Leaseback Transactions"

(4) Summary of significant accounting policies

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

(a) Statement of compliance

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

(b) Basis of preparation

(i)Basis of measurement

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

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i)Principle of preparation of the consolidated financial statements

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

(Continued)

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

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

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

(ii) The subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio December 31, 2022	Shareholding Ratio December 31, 2021	Note
The Company	Grand Elite Holding Inc. (Grand Elite)	Investments in securities, real estate, and manufacturing industry	100.00 %	100.00 %	-
The Company	Eclat Cayman Island Holdings (Eclat Cayman)	Investments in securities, real estate, and manufacturing industry	100.00 %	100.00 %	-
The Company	PT Eclat Textile International (Eclat Textile (ID))	Design, manufacture, processing, sale of clothing, knit fabrics mill, printing, dyeing and finishing mill	100.00 %	100.00 %	Note 1
Grand Elite	Eclat Textile (Cambodia) Co., Ltd. (Eclat Textile (Cambodia))	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	-
Eclat Cayman	Eclat Textile Co., Ltd. (Vietnam) (Eclat Textile (VN))	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	-
Eclat Cayman	Eclat Fabrics (Vietnam) Co., Ltd. (Fabrics)	Knit fabrics mill, printing, dyeing and finishing mill	100.00 %	100.00 %	-
Eclat Cayman	E-TOP (Vietnam) Co., Ltd. (E-TOP (VN))	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	-
Eclat Cayman	Colltex Garment Mfy Co., Ltd. (VN) (Colltex)	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	-
Eclat Cayman	Eclat Enterprise Ltd. (Eclat Enterprise)	Investments in securities, real estate, and manufacturing industry	100.00 %	100.00 %	-
Eclat Cayman	Tai Yuan Garments Co., Ltd. (Tai-Yuan (VN))	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	-
Eclat Cayman	PT Eclat Textile International (Eclat Textile (ID))	Design, manufacture, processing, sale of clothing, knit fabrics mill, printing, dyeing and finishing mill	- %	- %	Note 1

Note1 : Eclat Textile (ID) was mutually set up by the Company and Eclat Cayman. The shareholding ratio of the Company and Eclat Cayman are 99.9996% and 0.0004% respectively.

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

(d) Foreign currencies

(i)Foreign currency transaction

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

(Continued)

(ii)Foreign operations

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

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

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

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

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

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

(ii) It is held primarily for the purpose of trading;

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

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

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

(g) Financial instruments

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

(i) Financial assets

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

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

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

1) Financial assets measured at amortized cost

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

·it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Impairment of financial assets

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

·significant financial difficulty of the borrower or issuer;

·a breach of contract such as a default or delay of payments;

·it is probable that the borrower will enter bankruptcy or other financial reorganization; or

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

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3) Derecognition of financial assets

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

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

(ii) Financial liabilities

1) Financial liabilities

Financial liabilities are classified as measured at amortized cost.

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

2) Derecognition of financial liabilities

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

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

3) Offsetting of financial assets and liabilities

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

(h)Inventories

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

(i)Investment in associates

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

(Continued)

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

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

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

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

(j) Property, plant, and equipment

(i)Recognition and measurement

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

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

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

(ii)Subsequent expenditure

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

(iii)Depreciation

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

Land is not depreciated.

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

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

(Continued)

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

(k) Leases

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

(i) As a leasee

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

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

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

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

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

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

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

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

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

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

(ii) As a lessor

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

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

(l) Intangible assets

(i)Recognition and measurement

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

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

(ii)Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

(iii)Amortization

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

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

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

Software：2 to 10 years.

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

(m) Impairment of non-financial assets

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

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

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

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

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

(n) Revenue recognition

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

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

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

(o) Employee benefits

(i)Defined contribution plans

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

(Continued)

(ii)Defined benefit plans

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

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

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

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

(iii)Short-term employee benefits

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

(p) Income taxes

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

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

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

(i)temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii)temporary differences related to investments in subsidiaries and associates that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

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

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

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

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

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

1) the same taxable entity; or

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

(q) Earnings per share

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

(r) Operating segments

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

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

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

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

(Continued)

(6) Explanation to significant accounts:

(a) Cash and cash equivalents

		December 31, 2022	December 31, 2021
Cash	$	10,513	12,175
Bank deposits		4,019,416	1,541,498
Term deposits		1,992,342	206,174
Cash and cash equivalents	$	6,022,271	1,759,847

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

(b) Notes receivable and accounts receivable

		December 31, 2022	December 31, 2021
Notes receivable-operating activities	$	3,046	3,574
Accounts receivable		3,821,056	4,897,723
Less: allowance for doubtful accounts		(24,086)	(24,086)
	$	3,800,016	4,877,211

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

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

	December 31, 2022			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	3,409,744	0.16 %	5,361
Within 30 days past due		344,384	0.28 %	961
31~120 days past due		69,542	24.92 %	17,332
Over 121 days past due		432	100.00 %	432
	$	3,824,102		24,086

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

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 4,509,013	0.29 %	12,970
Within 30 days past due	371,765	0.45 %	1,678
31~120 days past due	18,104	38.79 %	7,023
Over 121 days past due	2,415	100.00 %	2,415
	$ 4,901,297		**24,086**

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

	For the years ended December 31	
	2022	2021
Opening balance (Ending balance)	**$ 24,086**	**24,086**

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

Accounts receivable of the Group had been insured accounts receivable credit risk. The insured amounts were $1,431,968 thousand, $367,109 thousand as of December 31, 2022, and 2021, respectively. Guaranteed fraction was 90% of reviewed credit of policyholder, the recoverable amount of the insurance was considered when deciding impairment amount of accounts receivable.

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

December 31, 2022					
Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
E-sun Bank	**$ -**	**2,275,298**	**-**	**-**	None
CTBC Bank	**$ -**	**1,879,452**	**-**	**-**	None

December 31, 2021					
Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
E-sun Bank	**$ 700,029**	**1,126,569**	**700,029**	**0.90%**	None
CTBC Bank	**$ 351,952**	**619,616**	**351,952**	**0.80%**	None

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

(c) Inventories

	December 31, 2022	December 31, 2021
Raw materials	$ 2,542,231	4,962,330
Supplies	528,112	961,433
Work in progress	1,365,467	1,859,370
Finished goods	189,366	493,175
	4,625,176	**8,276,308**

In 2022 and 2021, the original factors led to the loss were improved subsequently, resulting in gain from price recovery of inventory; and the inventory write-down to net realizable value resulted in recognition of inventory loss, these changes were recognized as a subtraction or addition item of cost of goods sold, respectively.

The details were as follows:

	For the years ended December 31	
	2022	**2021**
Gain(Loss) from inventories change	**$ 3,470**	**86**

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

(d) Property, plant and equipment

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

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Construction in progress	Total
Cost:								
Balance at January 1, 2022	$ 4,815,083	4,147,142	4,965,697	106,952	207,992	1,278,005	3,225,582	18,746,453
Additions	-	513,507	55,290	1,002	12,030	99,604	795,221	1,476,654
Disposals	-	(17)	(63,136)	(775)	(1,482)	(7,480)	-	(72,890)
Reclassification	-	4,082,638	330,729	4,600	11,981	49,037	(4,098,412)	380,573
Effect of exchange rate changes	2,736	345,062	340,331	6,723	11,419	121,830	87,910	916,011
Balance at December 31, 2022	**$ 4,817,819**	**9,088,332**	**5,628,911**	**118,502**	**241,940**	**1,540,996**	**10,301**	**21,446,801**
Balance at January 1, 2021	$ 4,815,806	4,217,801	4,852,899	107,241	219,284	1,216,096	1,274,867	16,703,994
Additions	-	11,162	50,516	2,445	1,493	50,616	2,152,114	2,268,346
Disposals	-	(10,341)	(57,053)	(18,242)	(7,313)	(6,939)	-	(99,888)
Reclassification	-	5,895	204,336	17,229	(2,607)	47,978	(185,780)	87,051
Effect of exchange rate changes	(723)	(77,375)	(85,001)	(1,721)	(2,865)	(29,746)	(15,619)	(213,050)
Balance at December 31, 2021	**$ 4,815,083**	**4,147,142**	**4,965,697**	**106,952**	**207,992**	**1,278,005**	**3,225,582**	**18,746,453**
Depreciation:								
Balance at January 1, 2022	$ -	1,604,272	3,813,340	69,078	187,636	1,007,592	-	6,681,918
Depreciation	-	297,879	319,919	10,994	9,681	103,188	-	741,661
Disposals	-	(17)	(62,895)	(660)	(1,480)	(6,634)	-	(71,686)
Effect of exchange rate changes	-	105,426	252,418	5,472	9,425	95,013	-	467,754
Balance at December 31, 2022	**$ -**	**2,007,560**	**4,322,782**	**84,884**	**205,262**	**1,199,159**	**-**	**7,819,647**

(Continued)

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

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Construction in progress	Total
Balance at January 1, 2021	$ -	1,476,908	3,638,064	80,594	193,220	931,652	-	6,320,438
Depreciation	-	162,399	293,558	8,092	8,893	99,955	-	572,897
Disposals	-	(10,341)	(55,657)	(18,242)	(7,313)	(5,926)	-	(97,479)
Reclassification	-	-	-	-	(4,737)	4,737	-	-
Effect of exchange rate changes	-	(24,694)	(62,625)	(1,366)	(2,427)	(22,826)	-	(113,938)
Balance at December 31, 2021	$ -	1,604,272	3,813,340	69,078	187,636	1,007,592	-	6,681,918
Carrying amounts:								
Balance at December 31, 2022	$ 4,817,819	7,080,772	1,306,129	33,618	36,678	341,837	10,301	13,627,154
Balance at December 31, 2021	$ 4,815,083	2,542,870	1,152,357	37,874	20,356	270,413	3,225,582	12,064,535

The property, plant and equipment of the Group were pledged or mortgaged as collateral for loans as of December 31, 2022 and 2021, please refer to note 8.

(e) Right-of-use assets

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

	Land	Buildings	Transportation equipment	Office equipment	Miscellaneous equipment	Total
Cost:						
Balance as of January 1, 2022	$ 46,127	42,874	41,485	2,883	1,250	134,619
Additions	-	8,520	14,187	4,864	-	27,571
Disposal/Write-off	-	(18,443)	(9,661)	-	-	(28,104)
Effect of changes in foreign exchange rates	5,049	-	-	-	-	5,049
Balance as of December 31, 2022	$ 51,176	32,951	46,011	7,747	1,250	139,135
Balance as of January 1, 2021	$ 47,460	69,854	58,926	2,911	2,272	181,423
Additions	-	10,424	21,921	1,922	-	34,267
Disposal/Write-off	-	(37,404)	(39,362)	(1,950)	(1,022)	(79,738)
Effect of changes in foreign exchange rates	(1,333)	-	-	-	-	(1,333)
Balance as of December 31, 2021	$ 46,127	42,874	41,485	2,883	1,250	134,619
Accumulated depreciation:						
Balance as of January 1, 2022	$ 4,751	24,776	18,351	1,249	682	49,809
Depreciation	1,706	15,667	14,075	1,215	227	32,890
Disposal/Write-off	-	(17,905)	(9,661)	-	-	(27,566)
Effect of changes in foreign exchange rates	571	-	-	-	-	571
Balance as of December 31, 2022	$ 7,028	22,538	22,765	2,464	909	55,704

(Continued)

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

	Land	Buildings	Transportation equipment	Office equipment	Miscellaneous equipment	Total
Balance as of January 1, 2021	$ 3,259	40,446	44,292	2,194	1,477	91,668
Depreciation	1,603	21,734	13,421	1,005	227	37,990
Disposal/Write-off	-	(37,404)	(39,362)	(1,950)	(1,022)	(79,738)
Effect of changes in foreign exchange rates	(111)	-	-	-	-	(111)
Balance as of December 31, 2021	$ **4,751**	**24,776**	**18,351**	**1,249**	**682**	**49,809**
Carrying amount:						
Balance as of December 31, 2022	$ **44,148**	**10,413**	**23,246**	**5,283**	**341**	**83,431**
Balance as of December 31, 2021	$ **41,376**	**18,098**	**23,134**	**1,634**	**568**	**84,810**

(f) Other current or non-current assets

Current:

	December 31, 2022	December 31, 2021
Tax refund receivables	$ 115,757	303,878
Payment in advance	74,473	119,489
Prepaid expense	28,940	20,541
Prepaid value-added tax	176,364	203,501
Other financial assets	3,303,030	189,120
Others	37,821	36,150
	$ **3,736,385**	**872,679**

Non-current:

	December 31, 2022	December 31, 2021
Prepayments for equipment	$ 103,182	153,355
Long-term prepaid expense	304,850	283,985
Prepayments for land purchase	711,845	641,408
Refundable deposits	11,609	9,529
Others	3,814	570
	$ **1,135,300**	**1,088,847**

The Group's assets were pledged as collaterals to secure natural gas, solar energy and electricity as of December 31, 2022 and 2021, please refer to note 8.

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

(g) Current borrowings

Details of current borrowings of the Group were as follows:

	December 31, 2022	December 31, 2021
Unsecured bank loans	$ 1,778,109	1,346,632
Unused quota	$ 4,734,690	4,365,692
Range of interest rates	4.65%~5.54%	0.38%~1.50%

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

(h) Long-term borrowings

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

	December 31, 2022	December 31, 2021
Unsecured bank loans - due by August 2027	$ -	580,000
Unsecured bank loans - due by July 2024	767,750	553,600
Less: Maturing within one year	(204,733)	(96,667)
Total	$ 563,017	1,036,933
Unused quota	$ 3,340,975	2,638,400
Range of interest rates	2.25%~5.95%	0.81%~1.06%

The Group's long-term borrowing facilities include secured and unsecured bank loans. The Group's assets were pledged as collaterals to secure long-term borrowings as of December 31, 2022 and 2021, please refer to note 8.

According to the unsecured bank loan contract , the loan can be repaid in installments or in one lump sum before maturity. As of December 31, 2022, the repayment amount was $580,000 thousand.

(i) Lease liabilities

The Group's lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	$ 21,989	18,219
Non-current	$ 67,281	62,847

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

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

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

	For the years ended December 31, 2022	2021
Interest on lease liabilities	$ 1,847	1,858
Expenses relating to short-term leases	$ 32,305	29,344

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

	For the years ended December 31, 2022	2021
Total cash outflow for leases	$ 62,617	59,975

(i) Real estate leases

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

(ii) Other leases

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

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

(j) Employee benefits

(i) Defined benefit plans

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

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$ 212,269	231,815
Fair value of plan assets	(321,424)	(299,285)
Net defined benefit (assets)liabilities	$ (109,155)	(67,470)

The Group's employee benefit liabilities were as follows:

	December 31, 2022	December 31, 2021
Compensated absences liability	$ 68,670	65,920

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

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

The defined benefit plan of the consolidated company ECLAT TEXTILE (ID) is based on the pension scheme by the local government. The payment amount is based on years of service and the average salary for the last month before the employee’s retirement.

1) Composition of plan assets

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

As of December 31, 2022, the Group's pension fund with Bank of Taiwan amounted to $321,424 thousand. Please refer to the related information published on the website of the Labor Pension Supervisory Committee concerning the utilization of the labor pension fund, related yield rate and its allocation.

2) Movements in present value of the defined benefit obligations

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

	For the years ended December 31, 2022	2021
Defined benefit obligation at January 1	$ 231,815	224,702
Current service costs and interest	4,316	2,259
Remeasurement of the net defined benefit liability		
－Actuarial losses (gains) of experience adjustments	4,627	9,161
－Actuarial losses (gains) arising from changes in demography	-	5,214
－Actuarial loss (gain) arising from changes in financial assumptions	(22,978)	-
Benefits paid	(5,511)	(9,521)
Defined benefit obligation at December 31	**$ 212,269**	**231,815**

3) Movements of defined benefit plan assets

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

	For the years ended December 31, 2022	2021
Fair value of plan assets at January 1	$ 299,285	231,526
Remeasurement of the net defined benefit liabilities (assets)		
－Return on plan assets (excluding current interest)	24,757	4,429
Appropriated amount to the plan	2,836	72,851
Benefits paid	(5,454)	(9,521)
Fair value of plan assets at December 31	**$ 321,424**	**299,285**

(Continued)

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

4) Expenses recognized in profit or loss

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

	For the years ended December 31, 2022	2021
Current service costs	$ 2,110	872
Net interest of defined benefit (assets) obligations	(395)	(51)
	$ 1,715	**821**

	For the years ended December 31, 2022	2021
Operating cost	$ 1,314	186
Selling expense	120	286
Administration expenses	281	349
	$ 1,715	**821**

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

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

	For the years ended December 31, 2022	2021
Cumulative amount at January 1	$ 40,056	28,672
Recognized in current period	(41,283)	11,384
Cumulative amount at December 31	**$ (1,227)**	**40,056**

6) Actuarial assumptions

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

	December 31, 2022	December 31, 2021
Discount rate	1.75%~7.43%	0.625 %
Future salary increases rate	3.00%~7.00%	3.000 %

The Group is expected allocation payment of $19,525 thousand to the defined plans for the one-year period after the reporting date.

The weighted average duration of the defined benefit obligation is 11.33~18.52 years.

(Continued)

7) Sensitivity analysis

As of December 31, 2022 and 2021, the effects of the present value of the defined benefit obligation arising from changes in principal actuarial assumptions were as follows:

	Influences on defined benefit obligations	
	Increase 0.25%	**Decrease 0.25%**
December 31, 2022		
Discount rate (change 0.25%)	$ (6,657)	6,661
Future salary increases rate (change 0.25%)	6,393	(6,436)
December 31, 2021		
Discount rate (change 0.25%)	(5,820)	6,039
Future salary increases rate (change 0.25%)	5,777	(5,605)

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

There is no change in the methods and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

(ii) Defined contribution plans

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

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

The Group's pension costs under the defined contribution plan amounted to $104,599 thousand and $103,375 thousand in 2022 and 2021, respectively. Those pension costs have been contributed to Bureau of the Labor Insurance or local relevant authorities.

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

(k) Income taxes

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

	For the years ended December 31	
	2022	**2021**
Current tax expense	$ 1,756,245	1,243,306
Deferred tax expense		
The occurrence and reversal of temporary differences	(6,192)	(6,152)
Income tax expense	**$ 1,750,053**	**1,237,154**

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

	For the years ended December 31	
	2022	**2021**
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on transaction of foreign financial statements	**$ 113,327**	**(34,436)**

The income tax calculated on pre-tax financial income was reconciled to income tax expense for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	**2021**
Profit before income tax	**$ 8,540,401**	**6,385,765**
Income tax using the individual Company's domestic tax rate	$ 1,708,080	1,277,153
The difference of tax assessment	(20,457)	-
The difference of estimated in prior periods	(37,907)	(43,126)
Undistributed earnings additional tax	59,668	30,887
Others	40,669	(27,760)
Income tax expense	**$ 1,750,053**	**1,237,154**

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

(ii)Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

Changes in deferred tax assets and liabilities for 2022 and 2021 were as follows:

Deferred tax assets:		
Balance at January 1, 2022	$	131,274
Recognized in profit (loss)		6,192
Exchange differences on translation of foreign financial statements		(106,421)
Balance at December 31, 2022	**$**	**31,045**
Balance at January 1, 2021	$	97,126
Recognized in profit (loss)		(288)
Exchange differences on translation of foreign financial statements		34,436
Balance at December 31, 2021	**$**	**131,274**
Deferred tax liabilities:		
Balance at January 1, 2022	$	-
Recognized in other comprehensive income		6,906
Balance at December 31, 2022	**$**	**6,906**
Balance at January 1, 2021	$	6,440
Recognized in (profit) loss		(6,440)
Balance at December 31, 2021	**$**	**-**

(iii)Except 2019 , the Company's income tax returns through 2020 were assessed by the R.O.C. tax authority.

(1) Stockholders' equity

As of December 31, 2022 and 2021,the Company's authorized share capital both amounted to $3,000,000 thousand, divided into 300,000 thousand shares of stock with $10 par value per share. The total number of issued shares were 274,367 thousand shares.

(i) Capital surplus

The components of capital surplus were as follows:

		December 31, 2022	December 31, 2021
Paid-in capital in excess of par value	$	3,550,000	3,550,000
Treasury stock transactions		396	396
Unpaid compensation to directors and supervisors		1,377	1,377
Net assets from merger with Everbright Garment		15,866	15,866
Unpaid dividend payables		113	113
Employee stock options		201,795	201,795
	$	**3,769,547**	**3,769,547**

(Continued)

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

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

(ii) Retained earnings

According to the Company's articles of incorporation, 10% of annual net earnings (net of income taxes), after deducting accumulated deficits, must be set aside as legal reserve. The remaining portion is to be distributed upon a proposal by the board of directors and approval in an annual shareholders' meeting.

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

1) Legal reserve

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

2) Special reserve

A regulation issued by the Securities and Futures Bureau requires a special reserve be made from the unappropriated earnings, equivalent to current income or loss and prior period undistributed earnings from the reduction of other equity; the special reserve appropriated from prior period undistributed earnings cannot be distributed. If the reductions of other equity reverse, the reverse parts can be distributed. The Company is applicable to the regulations in Interpretation No.1010012865 by FSC for recognizing special reserve.

3) Earnings distribution

Earnings distributions for 2021 and 2020 were decided by the annual general meeting of the shareholders held on June 14, 2022 and August 12, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31			
	2021		2020	
	per share (in dollars)	amount	per share (in dollars)	amount
Dividends distributed to ordinary shareholders:				
Cash dividends	$ 12.00	3,292,406	11.00	3,018,038

(Continued)

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

The appropriation of the Company's 2022 earnings was subject to a resolution approved by the board of directors and the annual shareholders' meetings. Following the approval of those resolutions, related information can be obtained from the Market Observation Post System website of the Taiwan Stock Exchange.

(iii) Other equity (net of income tax)

		Financial statements translation differences from foreign operations
Balance at January 1, 2022	$	(429,447)
Exchange differences on translation of foreign financial statements		453,311
Balance at December 31, 2022	**$**	**23,864**
Balance at January 1, 2021	$	(291,705)
Exchange differences on translation of foreign financial statements		(137,742)
Balance at December 31, 2021	**$**	**(429,447)**

(m) Earnings per share

The earnings per share were calculated as follows:

	For the years ended December 31	
	2022	**2021**
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	**$ 6,790,348**	**5,148,611**
Weighted average number of ordinary shares outstanding (in thousands)	**274,367**	**274,367**
Basic earnings per share(in dollars)	**$ 24.75**	**18.77**

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

	For the years ended December 31	
	2022	**2021**
Diluted earnings per share		
Profit attributable to ordinary Shareholder of the Company	$ **6,790,348**	**5,148,611**
Weighted average number of ordinary shares outstanding (basic)(in thousands)	274,367	274,367
Effect on employee's profit-sharing bonus (in thousands)	20	14
Weighted average number of ordinary shares outstanding (diluted) (in thousands)	**274,387**	**274,381**
Diluted earnings per share (in dollars)	$ **24.75**	**18.76**

(n)Revenue from contracts with customers

	For the years ended December 31, 2022		For the years ended December 31, 2021	
	Knitted fabrics	**Clothing**	**Knitted fabrics**	**Clothing**
Main market：				
Americas	$ 1,130,065	17,296,359	1,093,156	18,895,775
Asia	12,212,660	2,228,987	9,931,535	1,485,928
Europe	22,183	4,733,545	12,344	2,717,455
the Middle East	1,292,175	138,231	992,234	119,739
ANZ	4,575	329,392	2,217	299,122
Africa	300,150	47,837	322,001	33,959
Others	14	-	11,558	224
	$ **14,961,822**	**24,774,351**	**12,365,045**	**23,552,202**

	For the years ended December 31, 2022	For the years ended December 31, 2021
Main product：		
Knitted fabrics	$ 14,961,822	12,365,045
Clothing	24,774,351	23,552,202
	$ **39,736,173**	**35,917,247**

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

(o) Employees' profit sharing bonus

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

For the years ended December 31, 2022 and 2021, the estimated employee's profit sharing bonuses amounted to $9,000 thousand and $7,000 thousand for 2022 and 2021, respectively, which were calculated based on the Company's profit excluding tax as well as employee profit sharing bonus and earnings allocation a minimum of 0.1% as stated under the Company's articles of incorporation. These employees' bonuses were reported under cost of goods sold and operating expenses for the years ended December 31, 2022 and 2021. If there is the change after released financial reporting date in the following year, the difference is treated as a change in accounting estimate, and is charged to profit or loss for the following year.

There were no differences between the estimated and the distributed employee's profit-sharing bonuses approved by the BOD for the year ended December 31, 2021. The related information can be obtained from the Market Observation Post System website of the Taiwan Stock Exchange.

(p) Results from non-operating activities

(i) Interest income

The Group's interest income were as follows:

	For the years ended December 31	
	2022	2021
Interest income from bank deposits	$ 45,482	21,378

(ii) Other income

The Group's other income were as follows:

	For the years ended December 31	
	2022	2021
Rental income	$ 14,360	9,251

(iii) Other gains and losses, net

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

	For the years ended December 31	
	2022	2021
Foreign exchange gain (loss)	804,550	(84,470)
Gain on transaction for property	(883)	2,270
Others	8,308	63,866
	$ 811,975	(18,334)

(Continued)

(iv) Finance costs

The Group's finance costs were as follows:

	For the years ended December 31	
	2022	**2021**
Interest expense-bank borrowings	$ 64,107	17,171
Interest expense-lease liabilities	1,847	1,858
Interest expense-accounts receivable factoring	2,470	3,870
	$ 68,424	**22,899**

(q) Financial instruments

(i) Credit risks

1) Exposure to credit risk

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

2) Concentration of credit risk

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

3) Credit risk of receivable

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

(ii) Liquidity risks

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

	Carrying amount	**Contractual cash flows**	**Less than 12 month**	**1 to 2 years**	**2 to 5 years**	**More than 5 years**
December 31, 2022						
Non-derivative financial liabilities						
Current borrowings	$ 1,778,109	1,791,294	1,791,294	-	-	-
Accounts and notes payable	1,685,677	1,685,677	1,685,677	-	-	-
Lease liabilities	89,270	105,768	22,145	14,220	14,714	54,689
Long-term borrowings (current portion included)	767,750	811,668	237,328	574,340	-	-
	$ 4,320,806	**4,394,407**	**3,736,444**	**588,560**	**14,714**	**54,689**

(Continued)

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

December 31, 2021	Carrying amount	Contractual cash flows	Less than 12 month	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities						
Current borrowings	$ 1,346,632	1,359,290	1,359,290	-	-	-
Accounts and notes payable	2,587,894	2,587,894	2,587,894	-	-	-
Lease liabilities	81,066	103,349	20,979	17,391	13,212	51,767
Long-term borrowings (current portion included)	1,133,600	1,158,355	105,930	289,326	666,140	96,959
	$ 5,149,192	**5,208,888**	**4,074,093**	**306,717**	**679,352**	**148,726**

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

(iii) Exchange rate risks

1) Exposure to foreign currency risk

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

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 210,822	30.71	6,474,344	233,432	27.68	6,461,398
Financial liabilities						
Monetary items						
USD	$ 121,253	30.71	3,723,680	116,262	27.68	3,218,132

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, current borrowings, long-term borrowings and accounts payable. A 1% depreciation or appreciation of the NTD against the USD as of December 31, 2022 and 2021 would have increased or decreased the net income after tax by $22,005 thousand and $25,946 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis was based on the same basis.

3) Foreign currency gain or loss on monetary items

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

	For the years ended December 31			
	2022		2021	
	Exchange (loss)gain	Average rate	Exchange (loss)gain	Average rate
USD	**$ 804,550**	**29.798**	**(84,470)**	**28.009**

(Continued)

(iv)Interest rate analysis

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

If the interest rate increases/decreases by 1%, the Group's net income will decrease/increase by $25,459 thousand and $13,466 thousand for the year ended December 31, 2022 and 2021, respectively, with all other variable factors that remain constant. This was mainly due to the Group's borrowings in variable rates.

(v) Fair value

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

(r) Financial risk management

(i)Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

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

(ii)Risk management framework

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

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

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

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

(iii)Credit risk

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

1) Accounts receivable

Every single client affects the credit risk exposure of the Group, but still, the management should consider the status of its clients, including the industry the client belongs to and the default risk of the country where the client is located. Because the transaction of the Group is not concentrated in one single client for 2022 and 2021, therefore, there is no concentration on credit risk for accounts receivable.
To minimize the risk of accounts receivable, the Group established a risk management procedure relating to the financial condition of the client, credit risk rating, historical transactions inside the Group, and the current economic situation that may affect the clients' ability to pay up the bills. The Group also uses some credit improved tools such as prepayments and credit insurance in order to reduce specific client's credit risk.

2) Financial investments

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

3) Guarantee

The Group only provide guarantee to wholly owned subsidiaries. The Group did not provide guarantee to any third party as of December 31, 2022 and 2021.

(iv)Liquidity risk

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

The Group estimates the cost of products and services based on accounting policy in order to assist in monitoring its cash flow requirements and optimizing its cash return on investments. Generally, the Group ensures that there is sufficient cash to cover expected operating expenditure demand, but excluding potential influence under unexpected extremely condition (i.e. nature disaster). In addition, the total amount of unused current and long-term quota as of December 31, 2022 and 2021 amounted to $8,075,665 thousand and $7,004,092 thousand respectively.

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

(v)Market risk

Market risk is the risk that comes from changes in market prices such as changes of foreign exchange rates, interest rates and equity prices, impacting the Group’s income or the value of financial instruments held by the Group. The objective of market risk management is to manage and control market risk exposures within acceptable range and optimize the return on investments.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the board of directors.

1) Exchange rate risk

The Group's exposure to currency risk is on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group, primarily the New Taiwan Dollars (NTD). The currencies used in these transactions are denominated in NTD, USD, IDR and VND.

At any point of time, the Group's principle is to regularly hedge using the net value after offsetting assets and liabilities. The choice of hedging exchange rate risk instruments is based on the cost and the period of hedging. The Group mainly hedges its currency risk using the foreign exchange contracts.

2) Interest rate risk

All of the Group's assets and liabilities bear floating interest rates, and thus suffer from cash flow interest rate risk exposure. The detail of floating interest rates of the Group's assets and liabilities are described in note of liquidity risk management.

(s) Capital management

The Board’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and to sustain the future development of the business. The capital includes common stock, capital surplus, retained earnings and other equities. Therefore, the capital management of the Group focuses on ensuring necessary financial resources and increase stockholders' value, examining the capital return periodically.

The Group's return on capital as of December 31, 2022 and 2021 were as follows:

	2022	2021
Profit	$ 6,790,348	5,148,611
Total capital	$ 25,141,967	21,149,431
Return on capital	27.01%	24.34%

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

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

(7) Related party transactions

(a) Names and relationship of related parties

The Group had transactions with related party during the periods covered in the consolidated financial statements were as follows:

Name of related parties	Relationship with the Group
Yih-Yuan Investment Corp.	The entity's chairman is the second degree kinship of the Company's chairman
Eclat Education Foundation	Founded by donation of the Company

(b) Material transactions among related parties

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

(i) Leases

Types of related parties	For the years ended December 31	
	2022	2021
Other related parties	$ 300	300

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

(ii) Others

Types of related parties	Donations For the years ended December 31	
	2022	2021
Other related parties	$ 2,138	2,000

(c) Key management personnel transactions

Key management personnel compensation comprised:

	For the years ended December 31	
	2022	2021
Short-term employee benefits	$ 158,357	139,331

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

Cars provided to key management personnel were as follows:

		December 31, 2022	December 31, 2021
Cost	$	30,934	25,930
Quantities		9	8
Book value	$	17,755	17,931

(8) Pledged assets

The Group's pledged assets were as follows:

Pledged assets	Pledged to secure		December 31, 2022	December 31, 2021
Other financial assets - current	Natural gas, solar energy and electricity security deposit	$	4,718	4,182
Land	Long-term borrowing facilities		3,381,772	3,381,772
		$	3,386,490	3,385,954

(9) Commitments and contingencies

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

		December 31, 2022	December 31, 2021
Unused letters of credit	$	8,226	144,076

(b) Significant unrecognized commitments of the Group

		December 31, 2022	December 31, 2021
Contract for building construction and machinery	$	351,143	1,391,925

(10) Losses due to major disasters : None.

(11) Subsequent events : None.

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

(12) Other：

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

By function / By item	For the years ended December 31, 2022				For the years ended December 31, 2021			
	Operating costs	Operating expenses	Non-Operating expenses	Total	Operating costs	Operating expenses	Non-Operating expenses	Total
Employee benefits								
Salary	2,614,002	1,696,758	-	4,310,760	2,120,544	1,533,623	-	3,654,167
Labor and health insurance	222,273	121,067	-	343,340	176,051	112,704	-	288,755
Pension	61,010	45,304	-	106,314	59,202	44,994	-	104,196
Director's remuneration	-	7,685	-	7,685	-	5,283	-	5,283
Others	160,230	75,050	-	235,280	128,496	77,113	-	205,609
Depreciation	575,545	198,895	111	774,551	498,827	112,060	-	610,887
Amortization	8,584	11,100	-	19,684	7,935	13,524	-	21,459

(b) Assessment of the impact from COVID-19：

The Group will keep tracking the situation of the COVID-19 pandemics, implement the principle of risk diversification and not concentrate on a specific client and region, also reinforce supply chain management and production control, as well as keep carrying out epidemics prevention measures in its production sites to stabilize order manufacturing and delivering.

As the increased vaccination rate both in the domestic and at main countries worldwide and the implementation of coexisting with the virus, the COVID-19 impact on the operation of the Group gradually decreased. Depending on the development of the pandemic, the Group keeps adjusting the sales and production strategies so that the Group is able to minimize the impact resulting from the COVID-19 pandemic.

(13) Other disclosures

(a) Information on significant transactions

The followings were the disclosures on significant transactions required under the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the years ended December 31, 2022:

(i) Fund financing to other parties: None.

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

(iii) The securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): None.

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

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the Company's paid-in capital: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the Company's paid-in capital : None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the Company's paid-in capital: None.

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

(In thousands of NTD)

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchases/ (sales)	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	Note
The Company	Eclat Textile (VN)	Indirectly held subsidiaries	processing	1,731,131	17.34 % (Note)	30 days	(Note 2)	(Note 2)	Accounts payable (114,139)	(6.34)%	(Note) (Note 1)
Eclat Textile (VN)	The Company	Parent company	(sales)	(1,731,131)	(100.00)%	30 days	(Note 2)	(Note 2)	Accounts receivable 114,139	100.00 %	(Note 1)
The Company	Fabrics	Indirectly held subsidiaries	purchasing	2,022,652	14.27 %	30 days	(Note 2)	(Note 2)	Accounts payable (84,690)	(4.70)%	(Note 1)
Fabrics	The Company	Parent company	(sales)	(2,022,652)	(93.63)%	30 days	(Note 2)	(Note 2)	Accounts receivable 84,690	80.73 %	(Note 1)
The Company	E-TOP (VN)	Indirectly held subsidiaries	processing	912,676	9.14 % (Note)	30 days	(Note 2)	(Note 2)	Accounts payable (56,820)	(3.15)%	(Note) (Note 1)
E-TOP (VN)	The Company	Parent company	(sales)	(912,676)	(98.61)%	30 days	(Note 2)	(Note 2)	Accounts receivable 56,820	97.77 %	(Note 1)
The Company	Colltex	Indirectly held subsidiaries	processing	940,944	9.42 % (Note)	30 days	(Note 2)	(Note 2)	Accounts payable (15,203)	(0.84)%	(Note) (Note 1)
Colltex	The Company	Parent company	(sales)	(940,944)	(97.63)%	30 days	(Note 2)	(Note 2)	Accounts receivable 15,203	99.77 %	(Note 1)
The Company	Eclat Textile (Cambodia)	Indirectly held subsidiaries	processing	583,669	5.85 % (Note)	30 days	(Note 2)	(Note 2)	Accounts payable (18,297)	(1.02)%	(Note) (Note 1)
Eclat Textile (Cambodia)	The Company	Parent company	(sales)	(583,669)	(100.00)%	30 days	(Note 2)	(Note 2)	Accounts receivable 18,297	100.00 %	(Note 1)
The Company	Tai-Yuan (VN)	Indirectly held subsidiaries	processing	274,903	2.75 % (Note)	30 days	(Note 2)	(Note 2)	Accounts payable (13,096)	(0.73)%	(Note) (Note 1)
Tai-Yuan (VN)	The Company	Parent company	(sales)	(274,903)	(98.44)%	30 days	(Note 2)	(Note 2)	Accounts receivable 13,096	100.00 %	(Note 1)
The Company	EclatTextile (ID)	Subsidiaryco mpany	processing	275,577	2.76 %	30 days	(Note 2)	(Note 2)	Accounts payable (8,855)	(0.49)%	(Note) (Note 1)
EclatTextile (ID)	The Company	Parent company	(sales)	(275,577)	(100.00)%	30 days	(Note 2)	(Note 2)	Accounts receivable 8,855	100.00 %	(Note 1)

Note: Percentage on processing expense
Note 1: Transaction listed above has been eliminated during preparing consolidated financial statements.
Note 2: The same as general processing/purchasing/sales

(Continued)

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

(viii)Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the Company's paid in capital:

(In thousands of NTD/USD)

Name of Company	Name of counterparty	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period	Allowance for bad debts	Note
					Amount	Action taken			
Eclat Textile (VN)	The Company	Parent company	114,139 (USD(3,717))	8.87	-	-	114,139 (USD 3,717)	-	(Note1) (Note2)

Note 1: Transaction listed above have been eliminated during preparing consolidated financial statements.
Note 2: The exchange rate as of December 31,2022 was USD 1 to NTD 30.710.

(ix) Trading in derivative financial instruments: None.

(x) Business relationships and significant intercompany transactions:

(In thousands of NTD)

No.	Company name	Counter-party	Nature of relationship	Intercompany transactions			
				Financial statements item	Amount	Terms	Percentage of the consolidated net revenue or total assets
1	Fabrics	The Company	2	Sales	2,022,652	The same as general sales	5.09 %
2	Eclat Textile (VN)	The Company	2	Processing revenue	1,731,131	The same as general processing	4.36 %
3	Colltex	The Company	2	Processing revenue	940,944	The same as general processing	2.37 %
4	E -TOP(VN)	The Company	2	Processing revenue	912,676	The same as general processing	2.30 %
5	Eclat Textile (Cambodia)	The Company	2	Processing revenue	583,669	The same as general processing	1.47 %
6	Tai Yuan (VN)	The Company	2	Processing revenue	274,903	The same as general processing	0.69 %
7	Eclat Textile (VN)	The Company	2	Accounts receivable	114,139	The same as general processing	0.34 %
8	Eclat Textile (ID)	The Company	2	Processing revenue	275,577	The same as general processing	0.69 %

Note 1: Numbers are filled in as follows:
1. 0 represents the parent company.
2. Subsidiaries are numbered from 1.

Note 2: Classification of relation with counterparty is listed as follows:
1. Parent to subsidiary.
2. Subsidiary to parent.
3. Between subsidiaries.

Note 3: Only disclosed the amount of sales, processing revenue and accounts receivable over NT$100 million, no need to disclosed corresponding purchasing, processing and accounts payable.

(Continued)

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

(b) Information on investees:

The following were the information on investment for the years ended December 31, 2022 (excluding these in Mainland China):

(In thousands of NTD/USD)

Investor company	Investee company	Location	Main businesses and products	Original investment amount December 31, 2022	Original investment amount December 31, 2021	Balance as of December 31, 2022 Shares (thousands)	Balance as of December 31, 2022 Percentage of ownership	Balance as of December 31, 2022 Carrying value	Highest percentage of ownership during the year	Net income (losses) of the investee	Share of profits/losses of investee	Note
The Company	Grand Elite	British Virgin Islands	Investments in securities, real estate, and manufacturing industry	261,649 (USD 8,520)	261,649 (USD 8,520)	21	100.00 %	162,368	100.00 %	72,150	72,150	Subsidiaries (Note 1)(Note 2)
The Company	Eclat Cayman	Cayman Islands	Investments in securities, real estate, and manufacturing industry	3,851,218 (USD 125,406)	3,851,218 (USD 125,406)	121,080	100.00 %	4,296,499	100.00 %	117,909	117,909	Subsidiaries (Note 1)(Note 2)
The Company	Eclat Textile (ID)	Indonesia	Design, manufacture, processing, sale of clothing, knit fabric mills, printing, dyeing and finishing mill	1,535,500 (USD 50,000)	1,535,500 (USD 50,000)	5,000	100.00 %	1,273,418	100.00 %	(198,082)	(198,081)	Subsidiaries (Note 1)(Note 2) (Note 3)
Grand Elite	Eclat Textile (Cambodia)	Cambodia	Design, manufacture, processing and sale of clothing	245,680 (USD 8,000)	245,680 (USD 8,000)	8,000	100.00 %	144,956	100.00 %	72,193	72,193	Subsidiaries of Grand Elite (Note 1)(Note 2)
Eclat Cayman	Colltex	Vietnam	Design, manufacture, processing and sale of clothing	489,978 (USD 15,955)	489,978 (USD 15,955)	16,800	100.00 %	672,226	100.00 %	56,167	54,751	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	E-TOP(VN)	Vietnam	Design, manufacture, processing and sale of clothing	1,105,560 (USD 36,000)	1,105,560 (USD 36,000)	36,000	100.00 %	1,286,960	100.00 %	12,858	12,858	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	Eclat Enterprise	Cambodia	Investments in securities, real estate, and manufacturing industry	31 (USD 1)	31 (USD 1)	1	100.00 %	215	100.00 %	467	467	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	Eclat Textile (VN)	Vietnam	Design, manufacture, processing and sale of clothing	650,161 (USD 21,171)	650,161 (USD 21,171)	22,000	100.00 %	890,707	100.00 %	23,811	23,811	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	Fabrics	Vietnam	Knit fabric mills, printing, dyeing and finishing mill	1,228,400 (USD 40,000)	1,228,400 (USD 40,000)	40,000	100.00 %	1,499,209	100.00 %	(36,295)	(15,292)	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	Tai-Yuan(VN)	Vietnam	Design, manufacture, processing and sale of clothing	212,360 (USD 6,915)	212,360 (USD 6,915)	6,800	100.00 %	(76,371)	100.00 %	41,842	41,565	Subsidiaries of Eclat Cayman (Note 1)(Note 2)

(Continued)

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

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Highest percentage of ownership	Net income	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value	during the year	(losses) of the investee		
Eclat Cayman	E&I Printing	Vietnam	Design, printing, dyeing and finishing mill	30,710 (USD 1,000)	30,710 (USD 1,000)	1,000	40.00 %	-	40.00 %	(6,764)	-	Subsidiaries of Eclat Cayman (Note 1)
Eclat Cayman	Eclat Textile (ID)	Indonesia	Design, manufacture, processing, sale of clothing, knit fabric mills, printing, dyeing and finishing mill	6 (USD 0.20)	6 (USD 0.20)	0.02	- %	5	- %	(198,082)	(1)	Subsidiaries of Eclat Cayman (Note 1)(Note 2) (Note 3)

Note: Accumulated translation is included.
Note 1: The exchange rate as of December 31, 2022 was USD 1 to NTD 30.71.
Note 2: Transaction listed above have been eliminated during preparing consolidated financial statements.
Note 3: Eclat Textile (ID) was mutually set up by the Company and Eclat Cayman. The shareholding ratios are 99.9996% and 0.0004% respectively.

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

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Yih-Yuan Investment Corp.	25,790,335	9.39 %
Nu Dan Co., Ltd.- Hsien Chin Tsai	14,000,000	5.10 %

Note: (i)The main shareholder information in this table was calculated by the insurance company Taiwan Depository & Clearing Corporation (TDCC) on the last business day at the end of each quarter, the total number of ordinary shares and special shares held by the shareholders who have completed the delivery of the company without physical registration has reached more than 5%. As for the share capital recorded in the company's financial report and the number of shares actually delivered by the company without physical registration, there may be differences due to the different calculation basis.

(ii)The information on the opening of the shareholder's shareholding and delivery of the trust to the trust was disclosed by the individual trustee who opened the trust account. As for shareholders who handle the declaration of insider shareholdings that hold more than 10% of their shares in accordance with the Securities Exchange Act, their shareholdings include their shareholdings plus their delivery to the trust and the use of decision making shares in the trust property, please refer to the Market Observation Post System for information on insider equity declaration.

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

(14) Segment information:

(a)General information

The Group has two reportable segments: fabrics division, which produces and sells flexible textile and garments division, which produces, process and sells clothing.
These two reportable segments are regional operating units and provide different products. Because every regional operating unit needs different techniques and marketing strategy, each should be managed separately; most of operating units are acquired separately and the management team at the time of acquisition is kept.

(b)Information about income/loss, assets, liabilities, basis for measurement and reconciliation for reportable segments

The Group's operating departments accounting policies are all the same as note 4 "Summary of accounting policies". The Group's operating department measures its income or loss at operating income or loss before income tax and treats operating income or loss before income tax as the basis of assessing performance; the Group treats sales and transfers among departments as related parties' transactions and is measured at current fair value.

	For the years ended December 31, 2022			
	Fabrics	**Garments**	**Adjustments and write off**	**Total**
Revenue				
From external clients	$ 14,961,822	24,774,351	-	39,736,173
Inter-segments	4,691,756	4,748,800	(9,440,556)	-
Interest income	188	45,294	-	45,482
Total revenue	**$ 19,653,766**	**29,568,445**	**(9,440,556)**	**39,781,655**
Interest expenses	$ 18,230	51,950	(1,756)	68,424
Depreciation and amortization	455,210	339,025	-	794,235
Profit or loss from reportable segment	**$ 3,158,282**	**5,374,097**	**8,022**	**8,540,401**
Non-current assets capital expenditure	**$ 449,727**	**1,355,122**	**-**	**1,804,849**
Reportable segment assets	**$ 15,669,054**	**23,756,343**	**(6,061,874)**	**33,363,523**
Reportable segment liabilities	**$ 3,152,048**	**5,394,940**	**(325,432)**	**8,221,556**

(Continued)

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

	For the years ended December 31, 2021			
	Fabrics	**Garments**	**Adjustments and write off**	**Total**
Revenue				
From external clients	$ 12,365,045	23,552,202	-	35,917,247
Inter-segment	6,264,876	3,784,129	(10,049,005)	-
Interest income	2,782	18,596	-	21,378
Total revenue	**$ 18,632,703**	**27,354,927**	**(10,049,005)**	**35,938,625**
Interest expenses	$ 11,184	12,629	(914)	22,899
Depreciation and amortization	420,066	212,280	-	632,346
Profit or loss from reportable segment	**$ 1,737,957**	**4,933,622**	**(285,814)**	**6,385,765**
Non-current assets capital expenditure	**$ 972,359**	**1,524,558**	**-**	**2,496,917**
Reportable segment assets	**$ 15,255,964**	**19,750,151**	**(5,727,348)**	**29,278,767**
Reportable segment liabilities	**$ 3,950,566**	**4,727,462**	**(548,692)**	**8,129,336**

(c) Geographical information

Geographical information of the Group is as follows; revenue is based on the place where clients locate and non-current assets are based on the place where assets locate.

	For the years ended December 31	
Region	**2022**	**2021**
Revenue from external clients:		
Americas	$ 18,426,424	19,988,931
Asia	14,441,647	11,417,463
Europe	4,755,728	2,729,799
the Middle East	1,430,406	1,111,973
ANZ	333,967	301,339
Africa	347,987	355,960
Other countries	14	11,782
	$ 39,736,173	**35,917,247**

(Continued)

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

Region	For the years ended December 31 2022	2021
Non-current assets		
Taiwan	$ 8,854,540	8,174,736
Asia	6,010,817	5,082,111
	$ 14,865,357	**13,256,847**

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

(d) Major customers

	For the years ended December 31 2022	2021
A Customer	**$ 6,415,367**	**4,650,345**