Stock Code:1476

ECLAT TEXTILE CO., LTD.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2022 and 2021

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

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Eclat Textile Co., Ltd. (the "Company") and its subsidiaries (together referred to as the "Group") as of September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and the nine months ended September 30, 2022 and 2021, as well as the changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to $1,313,907 thousand and $2,712,546 thousand, constituting 3.95% and 9.96% of the total consolidated assets as of September 30, 2022 and 2021, respectively, total liabilities amounting to $594,561 thousand and $671,327 thousand, constituting 6.89% and 9.10% of the total consolidated liabilities as of September 30, 2022 and 2021, respectively. Also, the total comprehensive loss amounting to $421,424 thousand, $291,758 thousand, $1,314,061 thousand and $970,555 thousand, constituting (16.49)%, (30.31)%, (19.41)% and (26.20)% of the total consolidated comprehensive income for the three months and nine months ended September 30, 2022 and 2021, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months and nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

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

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial statements of financial position, financial performance and 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 review 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 Originally Issued in Chinese)

Reviewed Only, Not Audited In Accordance With Generally Accepted Auditing Standards As Of September 30, 2022 and 2021

ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2022, December 31, 2021, and September 30, 2021

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2022		December 31, 2021		September 30, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 6,221,014	19	1,759,847	6	2,343,600	9
	Notes receivable, net (including related parties)						
1150	(notes 6(b) and 7)	4,022	-	3,574	-	4,156	-
1170	Accounts receivable, net (note 6(b))	5,020,962	15	4,873,637	17	3,118,711	11
1200	Other receivables, net	94,604	-	28,331	-	38,951	-
1220	Current tax assets	742	-	8,800	-	-	-
1310	Inventories, net (note 6(c))	4,981,774	15	8,276,308	28	8,278,679	30
1470	Other current assets (notes (6)(e) and (8))	1,607,077	5	872,679	3	708,883	3
	Total current assets	17,930,195	54	15,823,176	54	14,492,980	53
	Non-current assets:						
1600	Property, plant and equipment (notes 6(d), 7 and 8)	13,855,054	42	12,064,535	41	11,402,307	42
1755	Right-of-use assets	84,410	-	84,810	-	84,701	-
1780	Intangible assets	16,007	-	18,655	-	16,991	-
1840	Deferred tax assets	132,398	-	131,274	1	97,126	1
1975	Net defined benefit asset, non-current	69,333	-	67,470	-	25,844	-
1990	Other non-current assets, others (note 6(e))	1,166,735	4	1,088,847	4	1,110,733	4
	Total non-current assets	15,323,937	46	13,455,591	46	12,737,702	47
	Total assets	**$ 33,254,132**	**100**	**29,278,767**	**100**	**27,230,682**	**100**

		September 30, 2022		December 31, 2021		September 30, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Current borrowings (note 6(f))	$ 1,882,775	6	1,346,632	5	1,457,948	5
2150	Notes payable	129,588	-	212,339	1	261,475	1
2170	Accounts payable	1,727,271	5	2,375,555	8	2,533,601	10
2200	Other payables (note 6(h))	1,684,030	5	1,537,535	5	985,440	4
2230	Current tax liabilities	1,543,619	5	1,245,259	4	939,025	3
2280	Current lease liabilities	18,185	-	18,219	-	17,361	-
2320	Long-term liabilities, current portion (notes 6(g) and 8)	202,500	1	96,667	-	96,667	-
2399	Other current liabilities, others	292,753	1	194,557	1	249,382	1
	Total current liabilities	7,480,721	23	7,026,763	24	6,540,899	24
	Non-current liabilities:						
2540	Long-term borrowings (notes 6(g) and 8)	1,074,583	3	1,036,933	4	761,833	3
2570	Deferred tax liabilities	-	-	-	-	6,440	-
2580	Non-current lease liabilities	68,287	-	62,847	-	64,073	-
2645	Guarantee deposits received	4,226	-	2,793	-	2,796	-
	Total non-current liabilities	1,147,096	3	1,102,573	4	835,142	3
	Total liabilities	8,627,817	26	8,129,336	28	7,376,041	27
	Equity (note 6(j))						
3110	Ordinary share	2,743,671	8	2,743,671	9	2,743,671	10
3200	Capital surplus	3,769,547	11	3,769,547	13	3,769,547	14
	Retained earnings:						
3310	Legal reserve	4,126,099	13	3,612,376	12	3,612,376	13
3320	Special reserve	429,446	1	291,705	1	291,705	1
3350	Unappropriated retained earnings	13,215,906	40	11,161,579	38	9,869,738	37
	Total retained earnings	17,771,451	54	15,065,660	51	13,773,819	51
3490	Other equity, others	341,646	1	(429,447)	(1)	(432,396)	(2)
	Total equity	24,626,315	74	21,149,431	72	19,854,641	73
	Total liabilities and equity	**$ 33,254,132**	**100**	**29,278,767**	**100**	**27,230,682**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed Only, Not Audited In Accordance With Generally Accepted Auditing Standards

ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the Three Months and Nine Months Ended September 30, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the three months ended September 30				For the nine months ended September 30			
		2022		2021		2022		2021	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenue(note 6(l))**	$ 10,712,675	100	8,058,797	100	$ 32,105,868	100	26,065,040	100
5000	**Operating costs (notes 6(c)(d)(h)(m) and 12)**	7,606,511	71	6,071,979	75	23,138,537	72	18,992,507	73
	Gross profit from operations	3,106,164	29	1,986,818	25	8,967,331	28	7,072,533	27
	Operating expenses(notes 6(d)(h)(m), 7 and 12):								
6100	Selling expenses	445,368	4	441,917	5	1,247,563	4	1,260,416	5
6200	Administrative expenses	379,349	4	303,155	4	1,042,068	3	875,383	3
6300	Research and development expenses	40,785	-	42,788	1	117,819	-	122,052	-
	Total operating expenses	865,502	8	787,860	10	2,407,450	7	2,257,851	8
	Net operating income	2,240,662	21	1,198,958	15	6,559,881	21	4,814,682	19
	Non-operating income and expenses (notes 6(n) and 7):								
7010	Other income	4,511	-	2,299	-	9,694	-	6,857	-
7020	Other gains and losses, net	498,581	4	17,602	-	974,006	3	(37,419)	-
7050	Finance costs	(18,307)	-	(5,256)	-	(37,258)	-	(14,804)	-
7060	Share of loss of associates accounted for using equity method, net	-	-	(968)	-	-	-	(2,118)	-
7100	Interest income	3,451	-	8,207	-	9,714	-	13,992	-
	Total non-operating income and expenses	488,236	4	21,884	-	956,156	3	(33,492)	-
7900	**Income before income tax**	2,728,898	25	1,220,842	15	7,516,037	24	4,781,190	19
7950	**Less: Tax expense (note 6(i))**	559,008	5	257,854	3	1,517,840	5	935,804	4
8200	**Profit**	2,169,890	20	962,988	12	5,998,197	19	3,845,386	15
8300	**Other comprehensive income:**								
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**								
8361	Exchange differences on translation of foreign financial statements (note 6(j))	386,058	4	(344)	-	771,093	2	(140,691)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
8300	**Other comprehensive income, net of income tax**	386,058	4	(344)	-	771,093	2	(140,691)	(1)
8500	**Total comprehensive income**	**$ 2,555,948**	**24**	**962,644**	**12**	**6,769,290**	**21**	**3,704,695**	**14**
	Earnings per share (note 6(k))								
9750	**Basic earnings per share (in dollars)**	**$ 7.91**		**3.51**		**21.86**		**14.02**	
9850	**Diluted earnings per share (in dollars)**	**$ 7.91**		**3.51**		**21.86**		**14.02**	

See accompanying notes to consolidated financial statements.

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

Reviewed Only, Not Audited In Accordance With Generally Accepted Auditing Standards

ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the Nine Months Ended September 30, 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	-	-	-	-	3,845,386	3,845,386	-	3,845,386
Other comprehensive income (loss)	-	-	-	-	-	-	(140,691)	(140,691)
Total comprehensive income (loss)	-	-	-	-	3,845,386	3,845,386	(140,691)	3,704,695
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 September 30, 2021	**$ 2,743,671**	**3,769,547**	**3,612,376**	**291,705**	**9,869,738**	**13,773,819**	**(432,396)**	**19,854,641**
Balance at January 1, 2022	$ 2,743,671	3,769,547	3,612,376	291,705	11,161,579	15,065,660	(429,447)	21,149,431
Profit	-	-	-	-	5,998,197	5,998,197	-	5,998,197
Other comprehensive income (loss)	-	-	-	-	-	-	771,093	771,093
Total comprehensive income (loss)	-	-	-	-	5,998,197	5,998,197	771,093	6,769,290
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 September 30, 2022	**$ 2,743,671**	**3,769,547**	**4,126,099**	**429,446**	**13,215,906**	**17,771,451**	**341,646**	**24,626,315**

See accompanying notes to consolidated financial statements.

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

Reviewed Only, Not Audited In Accordance With Generally Accepted Auditing Standards

ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2022	**2021**
Cash flows from (used in) operating activities:		
Profit before tax	$ 7,516,037	4,781,190
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	549,217	455,717
Amortization expense	14,614	16,088
Interest expense	37,258	14,804
Interest income	(9,714)	(13,992)
Share of loss of associates accounted for using equity method	-	2,118
Loss (gain) on disposal of property, plant and equipment	713	(845)
Property, plant and equipment transferred to expenses	365	-
Total adjustments to reconcile profit	592,453	473,890
Changes in operating assets and liabilities:		
Decrease (increase) in notes and accounts receivable	(147,773)	1,995,390
Decrease (increase) in inventories	3,293,732	(3,076,905)
Decrease (increase) in other current assets	(734,709)	(197,491)
Decrease (increase) in other financial assets	(65,844)	(27,237)
Decrease (increase) in other operating assets	(85)	13
Increase (decrease) in notes and accounts payables	(734,272)	19,173
Increase (decrease) in other payable	146,996	(218,780)
Increase (decrease) in other current liabilities	98,196	36,410
Increase (decrease) in net defined benefit liability	(1,863)	(19,020)
Total adjustments	2,446,831	(1,014,557)
Cash inflow generated from operations	9,962,868	3,766,633
Interest received	9,285	14,189
Interest paid	(36,374)	(14,344)
Income taxes paid	(1,212,546)	(1,077,654)
Net cash flows from operating activities	8,723,233	2,688,824
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(1,345,333)	(1,490,182)
Proceeds from disposal of property, plant and equipment	310	3,137
Increase in refundable deposits	1,280	(6,170)
Acquisition of intangible assets	(2,668)	(2,116)
Increase in prepayments for business facilities	(276,449)	(178,736)
Net cash flows from (used in) investing activities	(1,622,860)	(1,674,067)
Cash flows from (used in) financing activities:		
Increase in current borrowings	536,143	115,116
Proceeds from long-term debt	240,150	278,500
Repayments of long-term debt	(96,667)	-
Increase in guarantee deposits received	1,433	287
Payment of lease liabilities	(18,173)	(16,514)
Cash dividends paid	(3,292,406)	(3,018,038)
Net cash flows from (used in) financing activities	(2,629,520)	(2,640,649)
Effect of exchange rate changes on cash and cash equivalents	(9,686)	(54,810)
Net increase (decrease) in cash and cash equivalents	4,461,167	(1,680,702)
Cash and cash equivalents at beginning of period	1,759,847	4,024,302
Cash and cash equivalents at end of period	**$ 6,221,014**	**2,343,600**

See accompanying notes to consolidated financial statements.

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

Reviewed Only, Not Audited In Accordance With Generally Accepted Auditing Standards

ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 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 Da-yuan Plant in Taoyuan. The Company and its subsidiaries (the "Group") have mainly been involved in the manufacturing and marketing of knitwear. Please refer to note 4(b) for more details about the operation of the Group.

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

The consolidated financial statements were approved by the Board of Directors on November 3, 2022.

(3) New standards, amendments and interpretations adopted:

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

The Group assesses that the adoption of the below mentioned standards would not have material impact on its consolidated financial statements, from January 1, 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 issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 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 SUBSIDISRIES
Notes to Consolidated Financial Statements

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

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

Standards or Interpretations	**Content of amendment**	**Effective date per IASB**
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an 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 ”
- Amendments to IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies

(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 IAS 34 "Interim Financial Reporting" endorsed by the FSC. These consolidated financial statements do not include all disclosures required for annual financial statements under the Regulations and IFRSs, IASs, IFRIC Interpretations and SIC Interpretations as endorsed by the FSC (hereinafter referred to as IFRS as endorsed by the FSC).

Except as described below, the significant accounting policies adopted in the consolidated financial statements are the same as those adopted in the consolidated financial statements for the year ended December 31, 2021. Please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021 for related information.

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

(b) Basis of consolidation

(i) The subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio September 30, 2022	December 31, 2021	September 30, 2021	Note
The Company	Grand Elite Holding Inc. (Grand Elite)	Investments in securities, real estate, and manufacturing industry	100.00 %	100.00 %	100.00 %	Note
The Company	Eclat Cayman Islands Holdings (Eclat Cayman)	Investments in securities, real estate, and manufacturing industry	100.00 %	100.00 %	100.00 %	-
The Company	PT Eclat Textile International (Eclat Textile (ID))	Design, manufacture, processing, sale of clothing, knit fabrics mill, printing, dyeing and finishing mill	100.00 %	100.00 %	100.00 %	Note 1 Note 2
Grand Elite	Eclat Textile (Cambodia) Co., Ltd. (Eclat Textile (Cambodia))	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	100.00 %	Note
Eclat Cayman	Eclat Textile Co., Ltd. (Vietnam) (Eclat Textile (VN))	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	100.00 %	-
Eclat Cayman	Eclat Fabrics (Vietnam) Co., Ltd. (Fabrics)	Knit fabrics mill, printing, dyeing and finishing mill	100.00 %	100.00 %	100.00 %	-
Eclat Cayman	E-TOP (Vietnam) Co., Ltd. (E-TOP (VN))	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	100.00 %	-
Eclat Cayman	Colltex Garment Mfy Co., Ltd. (VN) (Colltex)	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	100.00 %	Note
Eclat Cayman	Eclat Enterprise Ltd. (Eclat Enterprise)	Investments in securities, real estate, and manufacturing industry	100.00 %	100.00 %	100.00 %	Note
Eclat Cayman	Tai Yuan Garments Co., Ltd. (Tai-Yuan (VN))	Design, manufacture, processing and sale of clothing	100.00 %	100.00 %	100.00 %	Note
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 Note 2

Note : One of the nonsignificant subsidiaries whose financial reports for the nine months ended September 30, 2022 and 2021 were not reviewed.

Note 1: 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.

Note 2: Eclat Textile (ID) was nonsignificant of the Group for the nine months ended September 30, 2021 whose financial report was not reviewed.

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

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

(c) Employee benefits

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

(d) Income taxes

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

Income tax expense is best estimated by multiplying the pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management. All income tax expense should be recognized as current tax expense.

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

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

The consolidated financial statements are prepared in conformity with IAS 34 "Interim Financial Reporting" as endorsed by the FSC, under which, management make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Preparing consolidated financial statements, judgments and key sources of estimation uncertainty used by management in the application of critical accounting policies are expected to be consistent with those in note 5 of the consolidated financial statements for the year ended December 31, 2021.

(6) Explanation to significant accounts:

Except as described below, the description of significant accounts in the accompanying consolidated financial statements is not materially different from those in the consolidated financial statements for the year ended December 31, 2021. Please refer to note 6 of the consolidated financial statements for the year ended December 31, 2021, for more details.

(a) Cash and cash equivalents

	September 30, 2022	December 31, 2021	September 30, 2021
Cash	$ 13,469	12,175	13,126
Bank deposits	5,163,347	1,541,498	1,975,347
Term deposits	1,044,198	206,174	355,127
Cash and cash equivalents	**$ 6,221,014**	**1,759,847**	**2,343,600**

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(b) Notes receivable and accounts receivable

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable-operating activities	$ 4,022	3,574	4,156
Accounts receivable	5,045,048	4,897,723	3,142,797
Less: allowance for doubtful accounts	(24,086)	(24,086)	(24,086)
Total	**$ 5,024,984**	**4,877,211**	**3,122,867**

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:

	September 30, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 4,358,543	0.20 %	8,748
Within 30 days past due	590,109	0.48 %	2,822
31~120 days past due	98,603	10.85 %	10,701
Over 121 days past due	1,815	100.00 %	1,815
	$ 5,049,070		**24,086**

	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**

	September 30, 2021		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 2,892,790	0.45 %	13,003
Within 30 days past due	245,248	0.88 %	2,168
31~120 days past due	7,767	100.00 %	7,767
Over 121 days past due	1,148	100.00 %	1,148
	$ 3,146,953		**24,086**

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

	For the nine months ended September 30	
	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 September 30, 2022, December 31, and September 30, 2021.

Accounts receivable of the Group had been insured accounts receivable credit risk. The insured amounts were $2,162,296 thousand, $367,109 thousand and $813,112 thousand as of September 30, 2022, December 31, and September 30, 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:

September 30, 2022

Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
E.Sun Bank	**$ -**	**2,352,351**	**-**		None
CTBC Bank	**$ -**	**1,943,100**	**-**		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

September 30, 2021

Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
E.Sun Bank	**$ 265,853**	**1,079,435**	**265,853**	**0.90%**	None
CTBC Bank	**$ 124,613**	**852,922**	**124,613**	**0.75%**	None

(c) Inventories

	September 30, 2022	**December 31, 2021**	**September 30, 2021**
Raw materials	$ 2,950,311	4,962,330	4,870,647
Supplies	545,861	961,433	966,435
Work in progress	1,330,903	1,859,370	2,109,317
Finished goods	154,699	493,175	332,280
	$ 4,981,774	**8,276,308**	**8,278,679**

For the nine months ended September 30, 2022 and 2021, the price change of inventory resulted in gain from value recovery (loss on value depreciation) and recognized as a (deduction) addition of cost of goods sold.

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The details were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	**2021**	**2022**	**2021**
Gain from value recovery (Loss on value depreciation)	$ -	-	369	193

None of inventories held by the Group were pledged as of September 30, 2022, December 31, and September 30, 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 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	-	428,075	24,633	605	10,072	38,197	843,751	1,345,333
Disposals	-	-	(55,009)	(275)	(270)	(2,544)	-	(58,098)
Reclassification	-	3,274,330	286,764	4,865	8,613	54,772	(3,283,170)	346,174
Effect of exchange rate changes	3,675	463,480	466,243	9,037	15,945	165,230	137,320	1,260,930
Balance at September 30, 2022	$ 4,818,758	8,313,027	5,688,328	121,184	242,352	1,533,660	923,483	21,640,792
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	-	2,445	27,398	235	244	38,230	1,421,630	1,490,182
Disposals	-	(267)	(51,147)	(6,014)	(5,420)	(4,730)	-	(67,578)
Reclassification	-	49	38,767	3,382	1,008	16,630	(28,863)	30,973
Effect of exchange rate changes	(569)	(60,933)	(65,835)	(1,325)	(2,286)	(22,975)	(8,297)	(162,220)
Balance at September 30, 2021	$ 4,815,237	4,159,095	4,802,082	103,519	212,830	1,243,251	2,659,337	17,995,351
Depreciation:								
Balance at January 1, 2022	$ -	1,604,272	3,813,340	69,078	187,636	1,007,592	-	6,681,918
Depreciation	-	197,874	238,374	8,198	7,161	72,787	-	524,394
Disposals	-	-	(54,776)	(275)	(270)	(1,754)	-	(57,075)
Effect of exchange rate changes	-	144,250	342,671	7,431	12,806	129,343	-	636,501
Balance at September 30, 2022	$ -	1,946,396	4,339,609	84,432	207,333	1,207,968	-	7,785,738
Balance at January 1, 2021	$ -	1,476,908	3,638,064	80,594	193,220	931,652	-	6,320,438
Depreciation	-	121,566	218,074	5,797	6,798	74,142	-	426,377
Disposals	-	(267)	(49,758)	(6,014)	(5,420)	(3,827)	-	(65,286)
Effect of exchange rate changes	-	(19,070)	(48,779)	(1,063)	(1,938)	(17,635)	-	(88,485)
Balance at September 30, 2021	$ -	1,579,137	3,757,601	79,314	192,660	984,332	-	6,593,044
Carrying amounts:								
Balance at January 1, 2022	$ 4,815,083	2,542,870	1,152,357	37,874	20,356	270,413	3,225,582	12,064,535
Balance at September 30, 2022	$ 4,818,758	6,366,631	1,348,719	36,752	35,019	325,692	923,483	13,855,054
Balance at September 30, 2021	$ 4,815,237	2,579,958	1,044,481	24,205	20,170	258,919	2,659,337	11,402,307

The property, plant and equipment of the Group were pledged or mortgaged as collateral for loans as of September 30, 2022, December 31, and September 30, 2021, please refer to note 8.

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(e) Other current or non-current assets

Current:

	September 30, 2022	December 31, 2021	September 30, 2021
Tax refund receivables	$ 277,046	303,878	276,059
Payment in advance	95,452	119,489	175,587
Prepaid expense	24,762	20,541	25,111
Prepaid value-added tax	90,955	203,501	168,198
Other financial assets	1,076,499	189,120	8,804
Others	42,363	36,150	55,124
	$ 1,607,077	**872,679**	**708,883**

Non-current:

	September 30, 2022	December 31, 2021	September 30, 2021
Prepayments for equipment	$ 103,681	153,355	167,186
Long-term prepaid expense	318,431	283,985	288,160
Prepayments for land purchase	735,719	641,408	645,347
Refundable deposits	8,249	9,529	9,467
Others	655	570	573
	$ 1,166,735	**1,088,847**	**1,110,733**

Other current assets of the Group were pledged as collateral for natural gas, solar energy and electricity security deposit as of September 30, 2022, December 31, and September 30, 2021, please refer to note 8.

(f) Current borrowings

Details of current borrowings of the Group were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank loans	**$ 1,882,775**	**1,346,632**	**1,457,948**
Unused quota	**$ 5,907,406**	**4,365,692**	**4,998,662**
Range of interest rates	**2.88%~4.65%**	**0.38%~1.50%**	**0.38%~1.50%**

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

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(g) Long-term borrowings

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

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank loans - due by August 2027	$ 483,333	580,000	580,000
Unsecured bank loans - due by July 2024	793,750	553,600	278,500
Less: Maturing within one year	(202,500)	(96,667)	(96,667)
Total	$ 1,074,583	1,036,933	761,833
Unused quota	$ 2,650,000	2,638,400	3,291,834
Range of interest rates	0.92%~4.45%	0.81%~1.06%	0.81%~0.84%

The Group's long-term borrowing facilities include secured and unsecured bank loans. The Group's assets were pledged as collateral to secure long-term borrowings as of September 30, 2022, December 31 and September 30, 2021, please refer to note 8.

(h) Employee benefits

(i) Defined benefit plans

Subsequent to December 31, 2021 and 2020 there were no apparent evidence of any material market volatility, material curtailment, reimbursement and settlement, or other material onetime events. Therefore, pension costs in the interim consolidated financial statements is measured and disclosed according to the respective actuarial report for the years ended December 31, 2021 and 2020.

The expenses recognized for the Group were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Operating costs	$ 20	5,757	61	17,274
Selling expense	29	4,496	90	13,488
Administrative expense	38	7,222	111	21,663
R&D expense	-	230	-	691
	$ 87	17,705	262	53,116

The Group's employee benefits liabilities were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Compensated absences liability	$ 72,171	65,920	75,890

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(ii) Defined contribution plans

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

	For the three months ended September 30		For the nine months ended September 30	
	2022	**2021**	**2022**	**2021**
Operating costs	$ 16,317	11,324	44,273	45,088
Selling expense	5,775	5,878	17,560	17,026
Administrative expense	4,854	4,710	14,641	14,535
R&D expense	544	552	1,633	1,579
	$ 27,490	22,464	78,107	78,228

(i) Income taxes

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

	For the three months ended September 30		For the nine months ended September 30	
	2022	**2021**	**2022**	**2021**
Current tax expense				
Current period	$ 559,008	257,854	1,552,811	935,804
Adjustment for prior periods	-	-	(34,971)	-
	$ 559,008	257,854	1,517,840	935,804

(ii) The Company's income tax returns through 2020 have been examined by the R.O.C. tax authority except for the year 2019.

(j) Capital and other equity

Except for the following disclosure, there were no significant change for capital and other equity for the nine months ended September 30, 2022 and 2021. For the related information, please refer to note 6 (l) of the consolidated financial statements for the year ended December 31, 2021.

(i) Retained earnings

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

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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:

	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

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.

(ii) 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	771,093
Balance at September 30, 2022	$ 341,646
Balance at January 1, 2021	$ (291,705)
Exchange differences on translation of foreign financial statements	(140,691)
Balance at September 30, 2021	$ (432,396)

(k) Earnings per share

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

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Basic earnings per share				
Profit attributable to ordinary shareholders of the Company	$ 2,169,890	962,988	5,998,197	3,845,386
Weighted average number of ordinary shares outstanding (in thousands)	274,367	274,367	274,367	274,367
Basic earnings per share(in dollars)	$ 7.91	3.51	21.86	14.02

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	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Diluted earnings per share				
Profit attributable to ordinary shareholders of the Company	$ 2,169,890	962,988	5,998,197	3,845,386
Weighted average number of ordinary shares outstanding (basic)(in thousands)	274,367	274,367	274,367	274,367
Effect on employee's profit-sharing bonus (in thousands)	3	3	3	3
Weighted average number of ordinary shares outstanding (diluted) (in thousands)	$ 274,370	274,370	274,370	274,370
Diluted earnings per share (in dollars)	$ 7.91	3.51	21.86	14.02

（1）Revenue from contracts with customers

	For the three months ended September 30, 2022		For the three months ended September 30, 2021	
	Knitted fabrics	Garments	Knitted fabrics	Garments
Main market：				
Americas	$ 361,282	4,320,815	324,879	4,206,047
Asia	3,477,287	521,365	2,351,619	216,243
Europe	12,661	1,417,211	5,365	536,911
Middle East	407,773	28,065	213,936	18,558
ANZ	2,112	113,571	1,949	57,442
Africa	39,304	11,229	119,639	5,397
Others	-	-	731	81
	$ 4,300,419	6,412,256	3,018,118	5,040,679

	For the three months ended September 30, 2022	For the three months ended September 30, 2021
Main product：		
Knitted fabrics	$ 4,300,419	3,018,118
Garments	6,412,256	5,040,679
	$ 10,712,675	8,058,797

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	For the nine months ended September 30, 2022		For the nine months ended September 30, 2021	
	Knitted fabrics	**Garments**	**Knitted fabrics**	**Garments**
Main market：				
Americas	$ 941,812	14,269,916	787,440	13,867,498
Asia	9,981,258	1,716,931	6,881,300	1,191,286
Europe	18,520	3,543,565	10,724	2,039,436
Middle East	1,002,446	101,861	686,447	84,082
ANZ	4,118	253,203	1,949	202,848
Africa	235,717	36,507	278,964	21,626
Others	14	-	11,259	181
	$ 12,183,885	**19,921,983**	**8,658,083**	**17,406,957**

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Main product：		
Knitted fabrics	$ 12,183,885	8,658,083
Garments	19,921,983	17,406,957
	$ 32,105,868	**26,065,040**

(m) 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 nine months ended September 30, 2022 and 2021, the employee profit sharing bonuses were calculated based on the Company’s income (excluding tax, as well as employee profit sharing bonus) and earnings allocation percentage as stated under the Company’s articles of incorporation. We did not estimate the liabilities due to the minor estimated expense for the nine months ended September 30, 2022 and 2021. The differences between the amounts approved in the shareholders’ meeting and those recognized in the consolidated financial statements, if any, are accounted for as a change in accounting estimate and recognized as profit or loss in the following year.

The estimated employee's profit sharing bonuses amounted to $7,000 thousand and $6,000 thousand for 2021 and 2020, respectively. There were no differences between the estimated and the distributed employee's profit-sharing bonuses approved by the BOD for the years ended December 31, 2021 and 2020. The related information can be obtained from the Market Observation Post System website of the Taiwan Stock Exchange.

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(n) Results from non-operating activities

(i) Interest income

The Group's interest income was as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Interest income from bank deposits	$ 3,451	8,207	9,714	13,992

(ii) Other income

The Group's other income was as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Rental income	$ 4,511	2,299	9,694	6,857

(iii) Other gains and losses, net

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

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Foreign exchange gain (loss)	$ 493,934	9,085	968,186	(93,054)
Gain (loss) on transaction for property	(915)	1,175	(713)	845
Others	5,562	7,342	6,533	54,790
	$ 498,581	17,602	974,006	(37,419)

(iv) Finance costs

The Group's finance costs were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Interest expense-Bank borrowings	$ 17,830	4,153	33,403	10,789
Interest expense-Lease liabilities	436	345	1,385	1,157
Interest expense-Accounts receivable factoring	41	758	2,470	2,858
	$ 18,307	5,256	37,258	14,804

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(o) Financial instruments

There were no material changes of financial instruments for the nine months ended September 30, 2022 and 2021 except for followings. Please refer to note 6(q) of the consolidated financial report of 2021 for further information.

(i) Exchange rate risks

1) Exposure to foreign currency risk

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

	September 30, 2022			December 31, 2021			September 30, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets									
Monetary items									
USD	$ 306,985	31.750	9,746,774	233,432	27.680	6,461,398	187,760	27.850	5,229,116
Financial liabilities									
Monetary items									
USD	$ 120,567	31.750	3,828,002	116,262	27.680	3,218,132	109,519	27.850	3,050,104

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 September 30, 2022 and 2021 would have increased or decreased the net income after tax by $47,350 thousand and $17,432 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis was based on the same basis.

3) The foreign currency transaction gains or losses 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 nine months ended September 30			
	2022		2021	
	Exchange gain	Average rate	Exchange loss	Average rate
USD	$ 968,186	29.285	(93,054)	28.067

(ii)Interest rate analysis

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 $31,599 thousand and $14,579 thousand for the nine months ended September 30, 2022 and 2021, respectively, with all other variable factors that remain constant. This was mainly due to the Group's borrowings in variable rates.

(iii) Fair value

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

(p) Financial risk management

The objectives and the policies of the financial risk management are consistent with those disclosed in note 6(r) of the consolidated financial statements for the year ended December 31, 2021.

(q) Capital management

The objectives, policies, and procedures of the Group's capital management are the same as those stated in the consolidated financial statements for the year ended December 31, 2021. There was no material change on quantitative data of the capital management. For relevant information, please refer to note 6(s) of the consolidated statements for the year ended December 31, 2021.

(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

(i) Receivables from related parties

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

Account	Types of related parties	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable	Other related parties	$ 79	-	26

(ii) Leases

Types of related parties	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Other related parties	$ 75	75	225	225

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

(iii) Donations

Types of related parties	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Other related parties	$ -	-	2,138	2,000

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(c) Key management personnel transactions

Key management personnel compensation comprised:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Short-term employee benefits	$ 10,302	9,070	138,128	118,684

Cars provided to key management personnel were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Cost	$ 30,934	25,930	25,791
Quantities	9	8	8
Book value	$ 19,055	17,931	6,402

(8) Pledged assets

The Group's pledged assets were as follows:

Pledged assets	Pledged to secure	September 30, 2022	December 31, 2021	September 30, 2021
Other financial assets - current	Natural gas, solar energy and electricity security deposit	$ 4,878	4,182	5,361
Land	Medium to long term financing	3,381,772	3,381,772	3,381,772
		$ 3,386,650	3,385,954	3,387,133

(9) Commitments and contingencies

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

	September 30, 2022	December 31, 2021	September 30, 2021
Unused letters of credit	$ 49,694	144,076	180,215

(b) Significant unrecognized commitments of the Group

	September 30, 2022	December 31, 2021	September 30, 2021
Contracts for building construction and machinery	$ 294,662	1,391,925	1,006,039

(10) Losses due to major disasters : None.

(11) Subsequent events : None.

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(12) Other：

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

By function / By item	For the three months ended September 30, 2022			For the three months ended September 30, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	705,339	461,596	1,166,935	375,513	413,238	788,751
Labor and health insurance	61,598	28,025	89,623	32,091	26,280	58,371
Pension	16,337	11,240	27,577	17,081	23,088	40,169
Director's remuneration	-	1,785	1,785	-	1,641	1,641
Others	45,354	20,301	65,655	19,956	20,271	40,227
Depreciation	143,361	49,873	193,234	123,372	26,808	150,180
Amortization	2,166	2,851	5,017	1,943	3,230	5,173

By function / By item	For the nine months ended September 30, 2022			For the nine months ended September 30, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	1,945,036	1,229,269	3,174,305	1,552,742	1,106,731	2,659,473
Labor and health insurance	159,755	93,591	253,346	132,810	87,181	219,991
Pension	44,334	34,035	78,369	62,362	68,982	131,344
Director's remuneration	-	4,968	4,968	-	4,092	4,092
Others	120,095	56,197	176,292	89,508	54,450	143,958
Depreciation	416,264	132,953	549,217	370,732	84,985	455,717
Amortization	6,405	8,209	14,614	5,972	10,116	16,088

(b) Seasonality of operations

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

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

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

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 nine months ended September 30, 2022:

(i) Fund financing to other parties: None.

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

(iii) The securities held as of September 30, 2022 (excluding investment in subsidiaries, associates and joint ventures): None.

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

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

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

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

			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	1,394,170	17.16 % (Note 1)	30 days	(Note 3)	(Note 3)	Accounts payable (265,211)	(12.46)%	(Note 2)
Eclat Textile (VN)	The Company	Parent company	(sales)	(1,394,170)	(100.00)%	30 days	(Note 3)	(Note 3)	Accounts receivable 265,211	100.00 %	(Note 2)
The Company	Fabrics	Indirectly held subsidiaries	purchasing	1,618,009	14.42 %	30 days	(Note 3)	(Note 3)	Accounts payable (87,270)	(4.10)%	(Note 2)
Fabrics	The Company	Parent company	(sales)	(1,618,009)	(94.01)%	30 days	(Note 3)	(Note 3)	Accounts receivable 87,270	93.58 %	(Note 2)
The Company	E-TOP (VN)	Indirectly held subsidiaries	processing	734,321	9.04 % (Note 1)	30 days	(Note 3)	(Note 3)	Accounts payable (54,121)	(2.54)%	(Note 2)
E-TOP (VN)	The Company	Parent company	(sales)	(734,321)	(99.27)%	30 days	(Note 3)	(Note 3)	Accounts receivable 54,121	97.68 %	(Note 2)
The Company	Colltex	Indirectly held subsidiaries	processing	776,564	9.56 % (Note 1)	30 days	(Note 3)	(Note 3)	Accounts payable (18,580)	(0.87)%	(Note 2)
Colltex	The Company	Parent company	(sales)	(776,564)	(97.73)%	30 days	(Note 3)	(Note 3)	Accounts receivable 18,580	96.37 %	(Note 2)
The Company	Eclat Textile (Cambodia)	Indirectly held subsidiaries	processing	476,441	5.86 % (Note 1)	30 days	(Note 3)	(Note 3)	Accounts payable (24,669)	(1.16)%	(Note 2)
Eclat Textile (Cambodia)	The Company	Parent company	(sales)	(476,441)	(100.00)%	30 days	(Note 3)	(Note 3)	Accounts receivable 24,669	100.00 %	(Note 2)

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases/ (sales)	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
The Company	Tai-Yuan (VN)	Indirectly held subsidiaries	processing	210,502	2.59 % (Note 1)	30 days	(Note 3)	(Note 3)	Accounts payable (3,448)	(0.16)%	(Note 2)
Tai-Yuan (VN)	The Company	Parent company	(sales)	(210,502)	(98.64)%	30 days	(Note 3)	(Note 3)	Accounts receivable 3,448	84.74 %	(Note 2)
The Company	Eclat Textile (ID)	Subsidiary company	processing	168,532	2.07 % (Note 1)	30 days	(Note 3)	(Note 3)	Accounts payable (29,948)	(1.41)%	(Note 2)
Eclat Textile (ID)	The Company	Parent company	(sales)	(168,532)	(100.00)%	30 days	(Note 3)	(Note 3)	Accounts receivable 29,948	100.00 %	(Note 2)

Note 1: Percentage on processing expense
Note 2: Transaction listed above has been eliminated during preparing consolidated financial statements.
Note 3: The same as general processing/purchasing/sales

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

(In thousands of NTD/USD)

Name of Company	Name of counterparty	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period	Allowance for bad debts	Note
					Amount	Action taken			
Eclat Textile (VN)	The Company	Parent company	265,211 (USD 8,353)	6.87	-	-	265,211 (USD 8,353)	-	(Note1) (Note2)

Note 1: Transaction listed above have been eliminated during preparing consolidated financial statements.
Note 2: The exchange rate as of September 30, 2022 was USD 1 to NTD 31.750.

(ix) Trading in derivative financial instruments: None.

(x) Business relationships and significant intercompany transactions:

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	1,618,009	The same as general sales	5.04 %
2	Eclat Textile (VN)	The Company	2	Processing revenue	1,394,170	The same as general processing	4.34 %
3	Colltex	The Company	2	Processing revenue	776,564	The same as general processing	2.42 %
4	E-TOP (VN)	The Company	2	Processing revenue	734,321	The same as general processing	2.29 %
5	Eclat Textile (Cambodia)	The Company	2	Processing revenue	476,441	The same as general processing	1.48 %
6	Tai-Yuan (VN)	The Company	2	Processing revenue	210,502	The same as general processing	0.66 %
7	Eclat Textile (VN)	The Company	2	Accounts receivable	265,211	The same as general processing	0.80 %
8	Eclat Textile (ID)	The Company	2	Processing revenue	168,532	The same as general processing	0.52 %

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.

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(b) Information on investees:

The following were the information on investment for the nine months ended September 30, 2022 (excluding these in Mainland China):

(In thousands of NTD/USD)

				Original investment amount		Balance as of September 30, 2022			Net income	Share of	
Investor company	Investee company	Location	Main businesses and products	September 30, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value	(losses) of the investee	profits/losses of investee	Note
The Company	Grand Elite	British Virgin Islands	Investments in securities, real estate, and manufacturing industry	270,510 (USD 8,520)	270,510 (USD 8,520)	21	100.00 %	167,922	70,959	70,959	Subsidiaries (Note 1)(Note 2)
The Company	Eclat Cayman	Cayman Islands	Investments in securities, real estate, and manufacturing industry	3,981,641 (USD 125,406)	3,981,641 (USD 125,406)	121,080	100.00 %	4,504,631	173,518	173,518	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	1,587,500 (USD 50,000)	1,587,500 (USD 50,000)	5,000	100.00 %	1,387,515	(130,000)	(129,999)	Subsidiaries (Note 1)(Note 2) (Note 3)
Grand Elite	Eclat Textile (Cambodia)	Cambodia	Design, manufacture, processing and sale of clothing	254,000 (USD 8,000)	254,000 (USD 8,000)	8,000	100.00 %	149,976	71,053	71,053	Subsidiaries of Grand Elite (Note 1)(Note 2)
Eclat Cayman	Colltex	Vietnam	Design, manufacture, processing and sale of clothing	506,571 (USD 15,955)	506,571 (USD 15,955)	16,800	100.00 %	693,625	53,593	52,549	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	E-TOP(VN)	Vietnam	Design, manufacture, processing and sale of clothing	1,143,000 (USD 36,000)	1,143,000 (USD 36,000)	36,000	100.00 %	1,344,303	25,329	25,329	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	Eclat Enterprise	Cambodia	Investments in securities, real estate, and manufacturing industry	32 (USD 1)	32 (USD 1)	1	100.00 %	240	476	476	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	Eclat Textile (VN)	Vietnam	Design, manufacture, processing and sale of clothing	672,179 (USD 21,171)	672,179 (USD 21,171)	22,000	100.00 %	940,318	41,338	41,338	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	Fabrics	Vietnam	Knit fabric mills, printing, dyeing and finishing mill	1,270,000 (USD 40,000)	1,270,000 (USD 40,000)	40,000	100.00 %	1,578,939	(6,447)	11,681	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	Tai Yuan(VN)	Vietnam	Design, manufacture, processing and sale of clothing	219,551 (USD 6,915)	219,551 (USD 6,915)	6,800	100.00 %	(77,196)	42,678	42,474	Subsidiaries of Eclat Cayman (Note 1)(Note 2)
Eclat Cayman	E&I Printing	Vietnam	Design, printing, dyeing and finishing mill	31,750 (USD 1,000)	31,750 (USD 1,000)	1,000	40.00 %	-	(6,801)	-	Subsidiaries of Eclat Cayman (Note 1)

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Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2022			Net income (losses) of the investee	Share of profits/losses of investee	Note
				September 30, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
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	- %	6	(130,000)	(1)	Subsidiaries of Eclat Cayman (Note 1)(Note 2) (Note 3)

Note: Accumulated translation is included.
Note 1: The exchange rate as of September 30, 2022 was USD 1 to NTD 31.750.
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: (1) The main shareholder information in this table was calculated by the insurance company Taiwan Depository & Clearing Corporation (TDCC) on the last business day at the end of each quarter, the total number of ordinary shares and special shares held by the shareholders who have completed the delivery of the company without physical registration has reached more than 5%. As for the share capital recorded in the company's financial report and the number of shares actually delivered by the company without physical registration, there may be differences due to the different calculation basis.

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

(14) Segment information:

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

	For the three months ended September 30, 2022			
	Fabrics	Garments	Adjustments and write off	Total
Revenue				
From external clients	$ 4,300,419	6,412,256	-	10,712,675
Intersegments	1,915,395	1,264,396	(3,179,791)	-
Total revenue	**$ 6,215,814**	**7,676,652**	**(3,179,791)**	**10,712,675**
Profit or loss from reportable segment	**$ 1,163,187**	**1,582,864**	**(17,153)**	**2,728,898**

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	For the three months ended September 30, 2021			
	Fabrics	Garments	Adjustments and write off	Total
Revenue				
From external clients	$ 3,018,118	5,040,679	-	8,058,797
Intersegments	1,208,200	574,064	(1,782,264)	-
Total revenue	**$ 4,226,318**	**5,614,743**	**(1,782,264)**	**8,058,797**
Profit or loss from reportable segment	**$ 410,826**	**746,775**	**63,241**	**1,220,842**

	For the nine months ended September 30, 2022			
	Fabrics	Garments	Adjustments and write off	Total
Revenue				
From external clients	$ 12,183,885	19,921,983	-	32,105,868
Intersegments	3,795,938	3,768,710	(7,564,648)	-
Total revenue	**$ 15,979,823**	**23,690,693**	**(7,564,648)**	**32,105,868**
Profit or loss from reportable segment	**$ 2,923,858**	**4,706,657**	**(114,478)**	**7,516,037**

	For the nine months ended September 30, 2021			
	Fabrics	Garments	Adjustments and write off	Total
Revenue				
From external clients	$ 8,658,083	17,406,957	-	26,065,040
Intersegment	4,513,484	2,894,767	(7,408,251)	-
Total revenue	**$ 13,171,567**	**20,301,724**	**(7,408,251)**	**26,065,040**
Profit or loss from reportable segment	**$ 1,274,873**	**3,757,365**	**(251,048)**	**4,781,190**