

ECLAT TEXTILE CO., LTD. 2023 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Taiwan Stock Exchange Market Observation Post System:

<https://mops.twse.com.tw/mops/web/index>

ECLAT Annual Report is available at : <http://www.eclat.com.tw>

Printed on May 02, 2024

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I. A report to the Shareholders

Dear Shareholders,

Preface

In 2023, the COVID-19 pandemic restrictions were lifted, and the consumer behavior model and overall economic environment underwent significant changes. During the pandemic period, the global supply chain was affected adversely, and a lot of industries faced unbalanced purchases, resulting in excessive inventory. Accordingly, most of the companies have adopted a relatively conservative purchase approach in the current year. In addition, to stimulate the economy, central banks of numerous countries have implemented interest rate cuts and monetary easing policy. Consequently, inflation has increased, and the purchasing power of consumers is further suppressed during the post-pandemic era.

For the textile and garment industry, as people gave up home quarantine and started participating gathering events, instead of home offices and remote services, people tend to choose official dresses and banquet clothing. In addition, as sportswear brand makers face the inventory pressure problem, they tend to implement price discounts and sale promotion strategies, such that the profit margin is decreased and procurement is reduced. Furthermore, the high inflation also decreases consumers' purchasing power for consumer discretionary. Accordingly, such factors have posed challenges to the company's business operations.

In 2023, the U.S. Federal Reserve System (Fed) continued to increase the interest rate. Under the overall environment of economic austerity, high interest rates, high inflation, and low economic growth, the retail industry faced great challenges in business operations. Through research, development and innovation, the Company has moved toward the development of high-value and niche products, and has also cooperated with branded customers closely, such that the Company's gross margin reaches a new record high. Looking into 2024, the Company will continue to focus on product research, development and innovation, production and manufacturing improvement, and sustainable development.

Financial Performance

In 2023, the net operating revenue of the Group was NT\$ 30.790 billion, where the net operating revenue from the Fabric Division was NT\$ 11.617 billion, accounted for 37.73% of the overall operating revenue of the Group. The operating revenue from the Garment Division was NT\$ 19.173 billion, accounted for 62.27% of the overall operating revenue of the Group. The total thereof shows a decrease of NT\$ 8.946 billion from 2022 with a decrease of 22.51%. Regarding the current operating profit, the operating profit for 2023 was NT\$ 6.549 billion, a decrease of NT\$ 1.188 billion from 2022 with a decrease of 15.35%. The net income for 2023 was NT\$ 5.176 billion, a decrease of NT\$ 1.614 billion from 2022 with a decrease of 23.77%. For 2023, the earnings per share (EPS) after tax was NT\$18.87.

Business Developments

1. We will enhance industrial engineering applications and promote various production efficiency and quality control projects. Through continuous improvement projects, labor production efficiency is expected to be increased. With the use of assistive devices and automatic software and hardware, the labor learning curve can be reduced, and the product manufacturing optimization and process standardization can be achieved.
2. The apparel market in Europe and the U.S. experienced inventory adjustment in 2023, and has gradually recovered in 2024. Brand makers and retailers' market shares have shown ups and downs. Accordingly, the Company adopts the risk diversification strategy to prevent concentration on one single customer. Through financial credit evaluation mechanism, we select customers carefully and actively develop potential customers, in order to engage in collaborative development and to target at the high-end market.
3. Taiwan is gradually moving toward an aging society and is now facing the issue of declining childbirth rates. The Company will continue to increase its salary competitiveness. In addition to increasing the fixed salary and starting salary for new employees, we also implement a diverse bonus system and share operating outcomes to encourage and stimulate employees. Furthermore, the Company also promotes social club activities, establishes employee badminton courts and specialized gyms, subsidizes employee children's care, etc., thereby actively establishing a friendly and diverse working environment that balances work and living.

Outlook

Looking into the year 2024, while facing the international trends of the Russo-Ukrainian War, the Israel-Palestine Conflict, the Red Sea Crisis, and the conflict between the U.S. and China, the Company will continue to diversify the production sites. It is expected that by the end of 2024, all of the production lines of the Indonesian garment factory will be in production operation, such that the benefit of the economies of scale can be achieved. As for the hardware, we will accelerate the introduction of automated production, invest in the production line monitoring software, and enhance personnel training in order to increase the performance of human-machine cooperation. With regard to the key fields, we continue to select outstanding local talents, train staff and promote local production. For the long-term future outlook, the demand for high-end clothing products is expected to increase stably. The Company aims to increase product variety through design, to improve and invest in automated green eco-friendly processes, and to research and develop innovative products, in order to expand the Company's potential market. Accordingly, we will continue to focus on product quality, enhance talent training and management, and continue to achieve the greatest value for customers, employees and shareholders.

Chairman

Cheng-Hai Hung

II. A Company Profile

2.1 Date of Incorporation: November 28, 1977

2.2 A brief history of the company

- November 1977: The company was established with a registered capital of NT\$ 500,000, divided into 500 shares at a par value of NT\$ 1,000 each. The business address was registered in Xinzhuang City, Taipei County. Initially, the main business of the company included fabrics, garments, and textile raw materials, and the first Chairman of the company was Hsien-Chin, Tsai.
- September 1981: The capital was increased by cash at an amount of NT\$ 500,000, and the total capital was increased to NT\$ 1,000,000.
- February 1985: Mr. Cheng-Hai Hung assumed the Chairman of the company.
- November 1987: The capital was increased by cash at an amount of NT\$ 6,000,000, and the total capital was increased to NT\$ 7,000,000.
- August 1988: The capital was increased by cash at an amount of NT\$ 45,000,000, and the total capital was increased to NT\$ 52,000,000. Da-shan Plant was established in Houlong Township, Miaoli County, to perform the manufacturing items of fabric knitting, heat setting, quality inspection, and packaging, etc. Additionally, the company was relocated to Changan East Road, Taipei City.
- March 1991: The capital was increased by surplus earnings at an amount of NT\$ 13,333,000, and the paid-in capital was increased to NT\$ 65,333,000. Also, Wugu Plant was established.
- March 1992: The capital was increased by cash at an amount of NT\$ 9,000,000, and capital increase by surplus earnings at an amount of NT\$ 15,000,000, and Creditor's right for payment of shares to offset the debt of NT\$ 21,000,000, and the paid-in capital was increased to NT\$ 110,333,000.
- December 1992: The capital was increased by cash at an amount of NT\$ 44,667,000 and capital increase by surplus earnings at an amount of NT\$ 40,000,000, such that the paid-in capital was increased to NT\$ 195,000,000, and the par value of each share was changed from NT\$ 1,000 to NT\$ 10, such that the number of issued shares reached 19,500,000 shares.
- January 1993: The R&D department was established under the Planning Department and was responsible for the collection of market trend information and development of new fabrics. Additionally, a test center was established for testing various quality standards of fabrics.
- August 1993: The company received the "Q Mark" qualification certificate from DuPont, and it was the first enterprise in the Asia-Pacific region to receive a certificate from DuPont, demonstrating DuPont's recognition of the quality of the elastic fabric produced by the company.
- November 1995: Wugu Plant 2 was newly established.
- September 1996: Offices were established in New York, USA, and Hong Kong, responsible for sales order affairs in these regions.
- January 1997: The company established its own brand of "Eclon" and received the trademark approval from the Bureau of Standards, Metrology and Inspection, MOEA.

- June 1997: The company acquired and merged with Lujia Co., Ltd., and the capital increased by the merger at an amount of NT\$ 173,308,960, and performed the capital increased by surplus earnings at an amount of NT\$ 156,000,000, as well as capital increase by cash for 20,000,000 shares, issued at share premium of NT\$ 12.50 per share, and the paid-in capital reached NT\$ 724,308,960; in addition, public listing of the company was completed.
- April 1998: To expand the overseas production site and to reduce production cost, Eclat Cayman Islands Holdings indirectly invested in Unison (Wuxi) Textile Garment Co., Ltd. for 42%.
- September 1998: The capital was increased by surplus earnings at an amount of NT\$ 72,430,900, and the paid-in capital increased to NT\$ 796,739,860.
- December 1998: Hsi-chou Plant, Miao-li was established to integrate the works of knitting, heat setting, quality inspection, and packaging of Wugu Plant and Da-shan Plant, Miaoli; in addition, further expansion of the production lines was performed to increase the own manufacturing ratio and to improve the stability of product quality.
- February 2000: Hsi-chou Plant, Miao-li, qualified the inspection by the SGS international certification institution, and received ISO14001 environmental management certification.
- March 2000: The company received approval from DuPont, and officially established the DuPont Lycra certified Testing Lab.
- September 2000: The capital was increased by surplus earnings at an amount of NT\$ 51,628,700, and the paid-in capital increased to NT\$ 912,107,660.
- December 2000: The company was approved by the Taiwan Stock Exchange for stock listing.
- April 2001: The company was officially listed for trading at Taiwan Stock Exchange.
- July 2003: To expand the business in China and to collect market information, Antares (Shanghai) Textile Co., Ltd. was established in Shanghai through the Grand Elite Holdings Inc.
- September 2003: To vertically integrate the production capability and to gain the competitive advantages early, the investment in Unison (Wuxi) Textile Garment Co., Ltd. and Aegis Inc. was increased from 42% to 100%.
- April 2004: The Initiate Vertical Sourcing Co. Ltd. was established through the Grand Elite Holdings Inc. in order to perform the trading businesses of garment, clothing, and household textiles.
- August 2004: To gain competitive advantages, vertically integrate the production capacity and to handle the market condition as well as to strengthen the operation management, 100% of the shareholding of the E-TOP (Wuxi) Textile Garment Co., Ltd. was obtained through the subsidiary of Eclat Cayman Islands Holdings.
- January 2005: The company obtained a total of 1,035,528 shares of the subsidiary of Being Long Co., Ltd.; after the acquisition, the shareholding of the company on such subsidiary increased from 50.00% to 52.96%.
- June 2005: The company sold the Initiate Vertical Sourcing Co. Ltd. and ended the investment.
- August 2005: The company obtained shares of the subsidiary of Being Long Co., Ltd., and the shareholding of the company on such subsidiary increased from

52.96% to 100%.

August 2005: The capital was increased by surplus earnings at an amount of NT\$ 134,079,820, and the paid-in capital after the increase reached NT\$ 1,091,792,860.

December 2005: The company reached the resolution to jointly invest with the Tainan Spinning Co., Ltd. to establish the Eclat Textile Co., Ltd.(Vietnam) in Vietnam through the Eclat Cayman Islands Holdings. The capital of the Vietnam factory was US\$ 7,000,000, and the company invested an amount of US\$ 5,600,000, with the shareholding of 80%. The construction of the factory was completed in June 2006.

December 2005: The capital was increased by cash for 20,000,000 shares, issued at share premium of NT\$ 13.50 per share, and the paid-in capital after the increase reached NT\$ 1,291,792,860.

January 2006: To stabilize the garment raw material supply source, the company invested in the Vietnam Namtex Textile Co., Ltd. through Eclat Cayman Islands Holdings; the investment amount was US\$ 2,000,000, and shareholding of 20%.

June 2006: The company invested in ANKL Co., Ltd. for an amount of NT\$ 30,000,000, and shareholding of 25%.

August 2006: The capital was increased by surplus earnings at an amount of NT\$ 142,097,210, and the paid-in capital after the increase reached NT\$ 1,433,890,070.

March 2007: The company established Eclat Fabrics (Vietnam) Co., Ltd., a fabric mill with dyeing and knitting function via Eclat Cayman Islands Holdings. The mill will cooperate with existing garment factories in Vietnam to make the company a vertical integration firm, ranging from knitting, dyeing to garment in Vietnam, so as to offer its clients one-stop-shop services with total solutions. The investment amount is USD19 million, which represents 100% of shareholding. The factory construction was completed in February 2009.

June 2007: The capital was increased by surplus earnings at an amount of NT\$ 157,727,900, and the paid-in capital after the increase reached NT\$ 1,591,617,970.

July 2007: The capital was increased by cash for 25,000,000 shares, issued at share premium of NT\$ 16 per share, and the paid-in capital after the increase reached NT\$ 1,841,617,970.

June 2008: The capital was increased by surplus earnings at an amount of NT\$ 55,248,540, and the paid-in capital after the increase reached NT\$ 1,896,866,510.

June 2009: The capital was increased by surplus earnings at an amount of NT\$ 37,937,330, and the paid-in capital after the increase reached NT\$ 1,934,803,840.

June 2010: The capital was increased by surplus earnings at an amount of NT\$ 58,044,110, and the paid-in capital after the increase reached NT\$ 1,992,847,950.

August 2010: The company established E-TOP (Vietnam) Co., Ltd. in Vietnam via Eclat Cayman Islands Holdings, and an investment license was also obtained in October of the same year.

November 2010: To cope with the long-term growth trend of the garment orders, the company reached the resolution on the acquisition of 100% of the equity of Colltex Garment Mfy Co., Ltd. (Vietnam) in Vietnam via Eclat Cayman Islands Holdings.

June 2011: The capital was increased by surplus earnings at an amount of NT\$ 119,570,870, and the paid-in capital after the increase reached NT\$ 2,112,418,820.

August 2011: Unison (Wuxi) Textile Garment Co., Ltd. absorbed and merged with E-TOP (Wuxi) Textile Garment Co., Ltd.

April 2012: To integrate resources and strengthen the operation management, the company acquired and merged with BeingLong Co., Ltd. The company reached the resolution to acquire 100% of the equity of Miaw Shun Garment Co., Ltd. in Cambodia via Grand Elite Holdings Inc and to establish Eclat Enterprise Ltd.

June 2012: The capital was increased by surplus earnings at an amount of NT\$ 147,869,310, and the paid-in capital after the increase reached NT\$ 2,260,288,130. The company reached the resolution on the establishment of Eclat Garment (Cambodia) Co., Ltd. in Cambodia via Grand Elite Holdings.

August 2012: Eclat Garment (Cambodia) Co., Ltd. was renamed to Eclat Textile (Cambodia) Co., Ltd.

October 2012: The capital was increased by cash for 20,000,000 shares, issued at share premium of NT\$ 50 per share, and the paid-in capital after the increase reached NT\$ 2,460,288,130.

November 2010: The Board of Directors of the company approved the 2nd phase factory expansion proposal of Eclat Fabrics (Vietnam) Co., Ltd.

2013: The capital was increased by surplus earnings at an amount of NT\$ 49,205,760, and the paid-in capital after the increase reached NT\$ 2,509,493,890. Eclat Textile (Cambodia) Co., Ltd. construction and Eclat Fabrics (Vietnam) Co., Ltd. second phase expansion construction were completed; Dayuan Dyeing Plant and the Eclat Textile Co., Ltd. (Vietnam) Plant expansion, obtained Vietnam Tai-Yuan Garments Co., Ltd. and Colltex Garment Mfy Co., Ltd.(VN) acquired Heching Plant.

2014: The capital was increased by surplus earnings at an amount of NT\$ 100,379,750, and the paid-in capital after the increase reached NT\$ 2,609,873,640. Colltex Garment Mfy Co., Ltd. (VN) expansion construction was completed and mass production started. The company ended the operation of the Antares (Shanghai) Textile Co., Ltd.

2015: The capital was increased by cash for 8,000,000 shares, issued at share premium of NT\$ 320 per share, such that the paid-in capital after the increase reached NT\$ 2,689,873,640. The business operation of Miaw Shun Garment Co., Ltd. ceased, and the constructions of the second phase factory expansion of E-Top (Vietnam) and Colltex Garment were implemented.

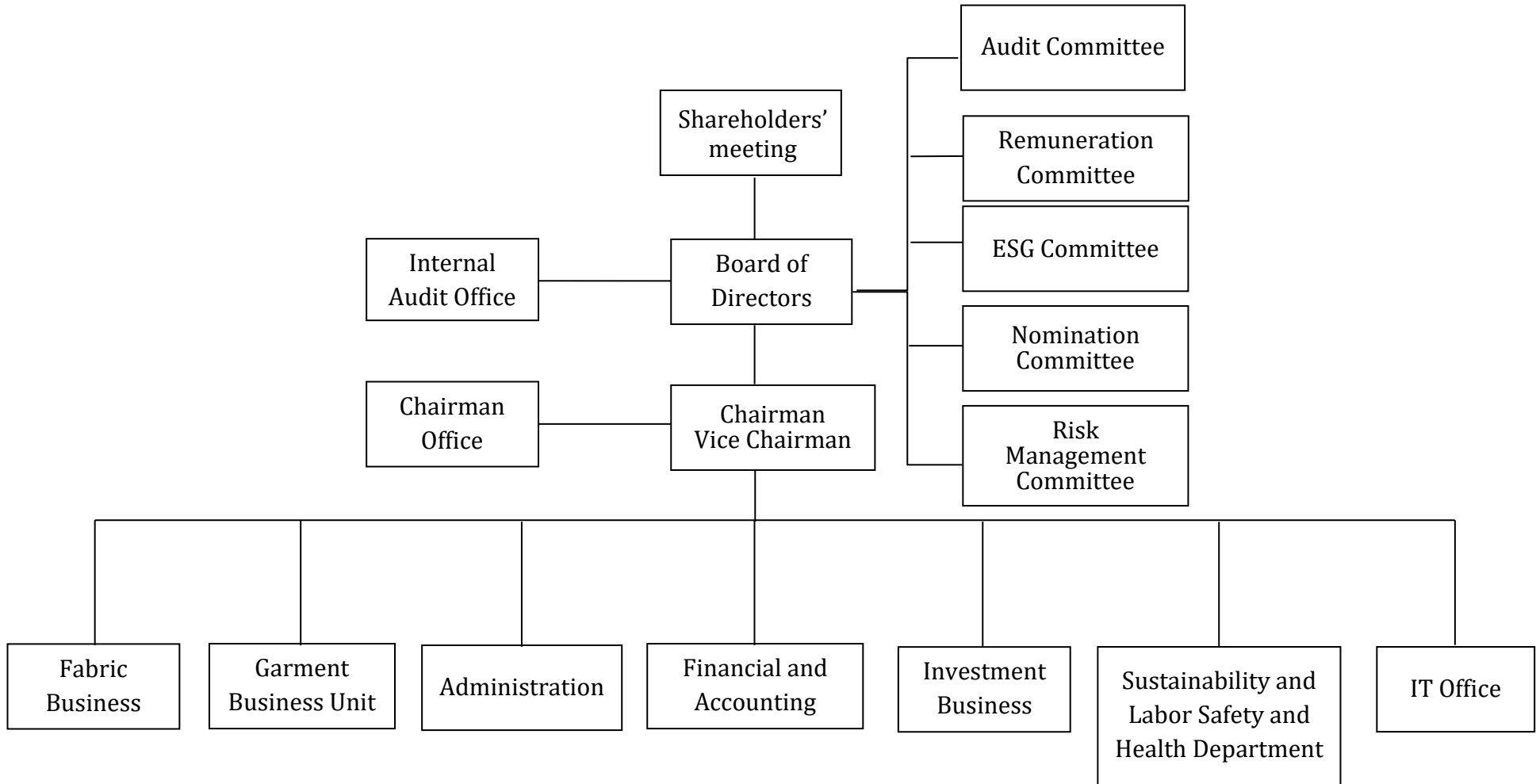
2016: The company invested through Eclat Cayman Islands Holdings jointly with I.N.T. International Inc. in E&I Printing Co., Ltd. in Dong Nai Province, Vietnam, and the shareholding percentage was 40%. The business operations of the company's Central Plant and Unison (Wuxi) Textile

- Garment Co., Ltd. were ceased.
- 2017: The capital was increased by surplus earnings at an amount of NT\$ 53,797,470, and the paid-in capital after the increase reached NT\$ 2,743,671,110. The Board of Directors of the company approved the additional establishment of Hsichou Digital Printing Plant. The second phase of factory expansion constructions of E-Top (Vietnam) and Colltex Garment were completed. The land for the construction of the Corporate Headquarters Building of the company was acquired.
- 2018: The Board of the company approved the 3rd phase factory expansion of Eclat Fabrics (Vietnam) Co., Ltd. The disposal of ANKL CO., LTD. and E&I Printing Co., Ltd.
- 2019: The Board of the company approved the proposal to invest in PT Eclat Textile International, to relocate Miao-Li plant, and to build the company's Headquarters.
- 2021: The Board of Directors of the company approved the capital reduction proposal for Eclat Cayman Islands Holdings. The first phase facility construction of Indonesia Plant has been completed.
- 2022: The Headquarters of the company was officially inaugurated. The second phase of facility construction of the Indonesia Plant was completed.

III. Corporate Governance Report

3.1 Organizational System

3.1.1 Organization Chart



3.1.2 Responsibilities of Functional Committee and Main Departments

Functional Committee / Main Department	Main duties and business operations	
Audit Committee	● Assist the board of directors to effectively execute their rights for supervising the company in compliance with the authorization provided under the Company Act, Securities and Exchange Act and other relevant laws.	
Remuneration Committee	● Establish and periodically review the performance evaluation of directors and managerial personnel as well as the policy, system, standard and structure for the remuneration. In addition, periodically assess and specify the remuneration of directors and managerial personnel.	
ESG Committee	● Establish corporate sustainable annual plan and strategic directions, in order to further arrange and execute various sustainable projects and activities. ● Follow up and review sustainable annual plan, project and activity execution performance.	
Nomination Committee	● Review the qualifications of candidates of independent directors and nominate qualified candidates accordingly. ● Review and approve the candidates of managerial based on diversified and different standards, such as professional knowledge, domain skills, experiences, genders etc. ● Evaluate the performance of managerial officers and review the succession plans periodically.	
Risk Management Committee	● Review various risk management policies and frameworks, risk appetite and limits. ● Supervision of the operation of risk management mechanisms. ● Review of management reports on major risk issues. ● Report the situation of risk management to the board of directors in a timely manner.	
Internal Audit Office	● Planning, establishment, revision and auditing of internal control system. ● Analysis, evaluation and recommendation of department operation management performance.	
IT Office	● Assessment, planning, establishment, execution and maintenance of information security environment.	
Chairman Office/Investment Business /Sustainability and Occupational Safety and Health Management Division	● Managing the establishment of entire company's operation strategy, department coordination, and customer credit verification.	● Planning and management of invested business. ● Labor safety and health management related affairs.
Fabric Division	● Marketing strategy, planning and execution. ● Market information collection and analysis. ● Product sales and market expansion. ● Planning, execution and control of production capacity. ● Arrangement and coordination of production plan. ● Planning, execution and control of production schedule.	● Planning and control of outsourcing processing. ● Raw material purchase strategy, planning and execution. ● Global trend information integration and providing. ● Development, design and testing of new products. ● Overseas tradeshow, Domestic research project cooperative solution. ● Company and product image creation affairs.
Garment Division	● Market sales and expansion. ● Market information collection and analysis. ● Development, design and creation of new products.	● Planning, execution and control of production capacity. ● Production plan, schedule planning and execution. ● Planning and control of outsourced processing.
Administration	● Human resource management and organization development. ● Planning, execution and control of general affairs as well as physical security management. ● Company legal affairs, litigation, commercial contracts, legal compliance.	
Financial and Accounting	● Company financial, accounting services, tax affairs management, financial planning, investment management and strategy planning.	

3.2 Information on The Company's Directors, Supervisors, General Manager, Assistant General Managers, Deputy Assistant General Managers, And the Chiefs of All the Company's Divisions and Branch Units, As Follows

3.2.1 Information on Directors and Supervisors:

3.2.1.1. Director:

April 14, 2024

Job Title	Nationality or place of registration	Name	Gender Age	Date of election / appointment to current term	Term of office	Commencement Date of first Elected	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualification	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remark(s) (Note)
							No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%			Job Title	Name	Relationship	
Chairman	R.O.C.	Cheng-Hai Hung	Male 71~80	August 12, 2021	3 years	November, 1977	9,035,318	3.29%	9,035,318	3.29%	9,543,332	3.48%	-	-	Bachelor of Chihlee University of Technology Chairman and President, Eclat Textile Co., Ltd.	Note 1	Assistant Vice President, Fabric Division	Jui-Ting Hung	First-degree kinship	None
																	Assistant Vice President, Fabric Division	Shih-Tu Chen	Second-degree kinship	None
Vice chairman	R.O.C.	Shu-Wen Wang	Male 51~60	August, 12, 2021	3 years	June 18, 2012	28,008	0.01%	21,000	0.01%	-	-	-	-	Master of Accounting and Finance, California State University, Los Angeles Assistant Manager, CTBC Bank., Ltd.	Note 2	None	-	-	None
Director	R.O.C.	Li-Chen Wang	Male 71~80	August 12, 2021	3 years	November, 1977	8,233,769	3.00%	8,233,769	3.00%	8,663,463	3.16%	-	-	Zhihui Junior High School Vice President, Eclat Textile Co., Ltd.	Note 3	None	-	-	None
Director	R.O.C.	Xin-xin Limited Company		August 12, 2021	3 year	August 12, 2021	3,000	0.00%	3,000	0.00%	-	-	-	-	-	-	-	-	-	None
			Male 71~80	Representative Hsien-Chin Tsai		November, 1977~ August, 2021 Director. January 3, 2022 representative of the director.	7,769,160	2.83%	7,769,160	2.83%	-	-	Note A:	Note A:	Nanya Institute of Technology LUBTEK CO.,LTD., Chairman	Note 4	President, Fabric Division	Jun-Ching Tsai	Second-degree kinship	None
Director	R.O.C.	Kun-Tang Chen	Male 61~70	August 12, 2021	3 years	June 14, 2006	473,864	0.17%	442,864	0.16%	2,549	0.00%	-	-	PhD., Textile Management, University of Leeds, Vice President, Nan Yang Dyeing & Finishing Co., Ltd.	Note 5	None	-	-	None
Director	R.O.C.	Jen-Chieh Lo	Male 61~70	August 12, 2021	3 years	June 10, 2002	365,724	0.13%	365,724	0.13%	179,274	0.07%	-	-	Master of Department of Accounting, Soochow University Senior Manager, Horizon Securities	Note 6	None	-	-	None
Director	R.O.C.	Yih-Yuan Investment Corp.	Male 61~70	August 12, 2021	3 years	June 24, 2015	25,790,335	9.40%	25,790,335	9.40%	-	-	-	-	-	-	-	-	-	None
				Representative: Kuo-Sung Hsieh		June 24, 2015	-	-	-	-	-	-	-	-	PhD of Management, University of South Australia PhD., Department of Finance, College of Management, National Changhua University of Education CPA	Note 7	None	-	-	None

Job Title	Nationality or place of registration	Name	Gender Age	Date of election / appointment to current term	Term of office	Commencement Date of first Elected	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualification	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remark(s) (Note)
							No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%			Job Title	Name	Relationship	
Director	R.O.C.	Shou-Chun Yeh	Male 81~90	August 12, 2021	3 years	June 24, 2015	517,330	0.19%	517,330	0.19%	-	-	-	-	Bachelor of department of Accounting, National Chengchi University Chairman, Zig Sheng Industrial Co., Ltd.	Note 8	None	-	-	None
Independent Director	R.O.C.	Yea-Kang Wang	Male 71~80	August 12, 2021	3 years	June 24, 2015	-	-	-	-	-	-	-	-	Master of Urban Planning, National Chung Hsing University Director General, Industrial Development Bureau, MOEA Director General, Small and Medium Enterprise Administration, MOEA Secretary General, Chinese National Federation of Industries	Note 9	None	-	-	None
Independent Director	R.O.C.	Cheng-Ping Yu	Male 61~70	August 12, 2021	3 years	June 24, 2015	-	-	-	-	-	-	-	-	PhD of The University of Leeds, Associate Professor, Department of Textiles & Clothing, Fu Jen Catholic University	Note 10	None	-	-	None
Independent Director	R.O.C.	Nai-Ming Liu	Male 61~70	August 12, 2021	3 years	June 24, 2015	-	-	-	-	-	-	-	-	Master of Department of Accounting, National Chengchi University Assistant Professor at Hsing Wu University CPA	Note 11	None	-	-	None
Independent Director	R.O.C.	Chiu-Chun Lai	Female 41~50	August 12, 2021	3 years	August 12, 2021	-	-	-	-	-	-	-	-	PhD, Institute of Polymer Science and Engineering, National Taiwan University of Science and Technology Professor and concurrently as Chairperson and Director, Chinese Culture University Plastics Industry Development Center, Ministry of Economic Affairs, Corporate Director Representative	Note 12	None	-	-	None

Note : Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto. (For example, the number of independent directors should be increased, and more than half of the directors should not be employees or managers.)

Note A: The director held 14,000,000 shares under the names of other parties, with a shareholding ratio of 5.10%.

Note 1: Mr. Cheng-Hai Hung presently and concurrently acts as the consultant of Taiwan Textile Federation, the juror of Department of Industrial Technology (DoIT), MOEA , the director of PT Eclat Textile International 、 the Chairman for Eclat Textile Co., Ltd. (Vietnam), E-Top (Vietnam) Co., Ltd., Colltex Garment Mfy Co., Ltd.(Vietnam), Tai-Yuan Garments Co., Ltd., Eclat Fabrics (Vietnam) Co., Ltd., Eclat Enterprise Ltd., and Eclat Textile (Cambodia) Co., Ltd. and concurrently acts as the Director of You Hong Tourism and Development Co., Ltd.

- Note 2: Mr. Shu-Wen Wang was elected by the board of directors to be the Vice Chairman on August 4, 2022; presently acts as the Executive Vice President of the Company, the Director for Eclat Textile Co., Ltd. (Vietnam) and Eclat Fabrics (Vietnam) Co., Ltd. and Supervisor of PT Eclat Textile International.
- Note 3: Mr. Li-Chen Wang presently and concurrently acts as the Director for Grand Elite Holdings Inc., Eclat Cayman Island Holdings, Eclat Fabrics (Vietnam) Co., Ltd. and You Hong Tourism and Development Co., Ltd.
- Note 4: Mr. Hsien-Chin Tsai presently and concurrently acts as the Chairman of Lubtek Co., Ltd. and Nu Dan Co., Ltd., the supervisor of Yih-Yuan Investment Corp. and the director of Grant Elite Holdings Inc., Eclat Cayman Islands Holdings and Eclat Fabrics (Vietnam) Co., Ltd.
- Note 5: Mr. Kun-Tang Chen presently acts as the President of the Company, and the director of Eclat Fabrics (Vietnam) Co., Ltd., Eclat Textile Co., Ltd.(Vietnam), E-Top (Vietnam) Co., Ltd, Colltex Garment Mfy Co., Ltd.(Vietnam) , Tai-Yuan Garments Co., Ltd., Eclat Enterprise Ltd. and Eclat Textile (Cambodia) Co., Ltd.
- Note 6: Mr. Jen-Chieh Lo presently acts as the Vice President of the Company, concurrently acts as the Director for Eclat Fabrics (Vietnam) Co., Ltd., Eclat Textile Co., Ltd. (Vietnam), E-Top (Vietnam) Co., Ltd., Colltex Garment Mfy Co., Ltd. (Vietnam), Tai-Yuan Garments Co., Ltd., Grand Elite Holdings Inc., Eclat Enterprise Ltd., Eclat Textile (Cambodia) Co., Ltd., Eclat Cayman Islands Holdings; Chairman of Hui Yuan Investment Corp.
- Note 7: Mr. Kuo-Sung Hsieh presently and concurrently acts as the CPA at Honesty CPA Firm and Assistant Professor at Ming Chuan University. , the consultant of China Credit Information Service Ltd and Professional Actuary Management Consulting Co., Ltd, President of Taiwan Association of Certified Valuers and Analysts.
- Note 8: Mr. Shou-Chun Yeh presently and concurrently acts as the Chairman of Zig Sheng Industrial Co., Ltd., The representatives of corporate directors of Everest Textile Co., Ltd., Yen Hsing Textile Co., Ltd. and the director of Evertex Fabrinology Limited.
- Note 9: Mr. Yea-Kang Wang presently and concurrently acts as the Consultant of Taiwan Textile Research Institute, Evaluation Specialist at Public Construction Commission, Executive Yuan, Director of Johnson Health Tech Co., Ltd. and Singtex Industrial Co., Ltd.; Independent Director of Wah Lee Industrial Corp., Wisher Industrial Co., Ltd. and Feng Hsin Steel Co., Ltd.
- Note 10: Mr. Cheng-Ping Yu presently and concurrently acts as Associate Professor at Department of Textiles & Clothing, Fu Jen Catholic University.
- Note 11: Mr. Nai-Ming Liu presently and concurrently acts as CPA at Cheng Yuan CPA Firm, independent director of Bioptik Technology Inc and Evergreen Steel Corporation.
- Note 12: Mrs. Chiu-Chun Lai currently acts Professor and concurrently as Chairperson and Director of Chinese Culture University, and also acts as the representative of the corporeal director of Plastics Industry Development Center.

Major Shareholders of Corporate Shareholders

April 14, 2024

Name of corporate shareholder	Major Shareholders of Corporate Shareholder
Yih-Yuan Investment Corp.	Cheng-Hai Hung (21.12%)
	Hsien-Chin Tsai (21.08%)
	Li-Chen Wang (20.23%)
	Twinbron Inc.- Fu-Jane Wang (8.65%)
	Wei Yueh Investment Corp.- Wei-Tsu Chen (6.92%)
	Shih-Fan Chen (6.92%)
	Hung-Chun Li (4.31%)
	Jui-Ting Hung (3.85%)
	Ping-Yuan Hsu (3.12%)
	Chih-Ming Hsu (0.69%)
Xin-Xin Limited Company	LAN, FU-TIEN (100.00%)

3.2.1.2 Disclosure of professional qualification of directors and supervisors and independence of independent directors:

Name	Condition	Professional qualification and experience (Note 1)	Independence status (Note 2)	Number of companies for adjunct independent directors of other public offering companies
Chairman Cheng-Hai Hung		Equipped with R&D experience in the textile industry and relevant products. Equipped with operational judgments, business management, decision making and crisis handling abilities. ● Chairman, Eclat Textile Co., Ltd. ● President, Eclat Textile Co., Ltd. ● Consultant of Taiwan Textile Federation ● Juror of Department of Industrial Technology (DoIT), MOEA ● Director, You Hong Tourism and Development Co., Ltd. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.	Regarding the independence of the board of directors, please refer to the following "Board Diversity and Independence" section (II) for an explanation of board independence.	None

Name \ Condition	Professional qualification and experience (Note 1)	Independence status (Note 2)	Number of companies for adjunct independent directors of other public offering companies
Vice chairman Shu-Wen Wang	Equipped with extensive experience in commerce, accounting and banking affairs. ● Director and Executive vice president, Eclat Textile Co., Ltd. ● Assistant Manager, CTBC Bank. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.	Same as above.	None
Director Li-Chen Wang	Equipped with practical experience in the textile industry and relevant products. ● Director, Eclat Textile Co., Ltd. ● Consultant of Eclat Textile Co., Ltd. ● Director, Yih-Yuan Investment Corp. ● Vice President, Eclat Textile Co., Ltd. ● Director, You Hong Tourism and Development Co., Ltd. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.	Same as above.	None
Director Xin-xin Limited Company Representative : Hsien-Chin Tsai (Took office on January 3, 2022)	Equipped with extensive industry experience, specialized in operational judgments and crisis handling, and equipped with risk control and business management abilities. ● Chairman, LUBTEK CO.,LTD., ● Supervisor of Yih-Yuan Investment Corp. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.	Same as above.	None
Director Kun-Tang Chen	Equipped with extensive industry experience, operational judgments, business management and crisis handling abilities, and equipped with an understanding of the international trend and the decision making ability for leading the Company to head toward globalization.	Same as above.	None

Name \ Condition	Professional qualification and experience (Note 1)	Independence status (Note 2)	Number of companies for adjunct independent directors of other public offering companies
	● Director and President, Eclat Textile Co., Ltd. ● Vice President, Nan Yang Dyeing & Finishing Co., Ltd. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.		
Director Jen-Chieh Lo	Equipped with extensive experience in commerce, accounting and securities affairs. ● Director and vice president, Eclat Textile Co., Ltd. ● Chairman, Hui Yuan Investment Corp. ● Senior manager, Horizon Securities. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.	Same as above.	None
Director Yih-Yuan Investment Corp. Representative : Kuo-Sung Hsieh	Specialized in the professional fields of finance and accounting, and equipped with relevant practical experience. ● Representative Director of Eclat Textile Co., Ltd. ● CPA at Honesty CPA Firm. ● Assistant professor at Soochow University, Ming Chuan University and Shih Chien University. ● Consultant of China Credit Information Service Ltd and Professional Actuary Management Consulting Co., Ltd. ● President of National Association of certified valuers and analysts. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.	Same as above.	None
Director Shou-Chun Yeh	Equipped with extensive industry knowledge, and equipped with the operational judgments and business management abilities.	Same as above.	None

Name \ Condition	Professional qualification and experience (Note 1)	Independence status (Note 2)	Number of companies for adjunct independent directors of other public offering companies
	● Chairman, Zig Sheng Co., Ltd. ● Representative Director of Everest Textile Co., Ltd. ● Chairman, Evertex Fabrinology Limited. ● Representative Director of Yen Hsing Textile Co., Ltd. ● Supervisor of Everest Textile Co., Ltd. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.		
Independent Director Yea-Kang Wang	Equipped with extensive textile industry experience, and assisting the Company in achieving industry innovation. ● Independent director, Eclat Textile Co., Ltd. ● Evaluation Specialist at Public Construction Commission, Executive Yuan, ● Consultant of Taiwan Textile Research Institute ● Director of Singtex Industrial Co., Ltd. ● Director of Johnson Health Tech. Co., Ltd. ● Independent Director of Wah Lee Industrial Corp. ● Independent Director of Wisher Industrial Co., Ltd. ● Independent Director of Feng Hsin Steel Co., Ltd. ● Director General, Small and Medium Enterprise Administration, MOEA. ● Director General, Industrial Development Agency, MOEA. ● Secretary General, Chinese National Federation of Industries ● Consultant of Taiwan Textile Research Institute Not subject to any conditions defined in	The four independent directors in the left column have all met the eligibility criteria set forth in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” promulgated by the Financial Supervisory Commission and Article 14-2 of Securities and Exchange Act two years prior to their elected appointment and during their term of office. In addition, all independent directors have been granted full rights to participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, so as to execute relevant authority independently.	3

Name \ Condition	Professional qualification and experience (Note 1)	Independence status (Note 2)	Number of companies for adjunct independent directors of other public offering companies
	subparagraphs of Article 30 of the Company Act.		
Independent Director Cheng-Ping Yu	Equipped with academic experience in the textile industry. ● Associate Professor at Department of Textiles & Clothing, Fu Jen Catholic University. ● Independent director, Eclat Textile Co., Ltd. ● Research Fellow, University of Leeds Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.		None
Independent Director Nai-Ming Liu	CPA practitioner, specialized in the professional skills of finance, accounting, taxation and corporate governance. ● CPA at Cheng Yuan CPA Firm. ● Independent director, Eclat Textile Co., Ltd. ● Independent Director, Biopark Technology Inc. ● Independent Director, Evergreen Steel Corp. ● Independent Director, Inpaq Technology Co., Ltd. ● Independent Director, Apa Technology Co., Ltd. ● Representative Director of Hh leasing & financial Corp. ● Independent Director, Ampak Technology Inc. ● Supervisor, Taiwan Panstone Building Materials Co., Ltd. ● Assistant Professor at Hsing Wu University. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.		1

Name \ Condition	Professional qualification and experience (Note 1)	Independence status (Note 2)	Number of companies for adjunct independent directors of other public offering companies
Independent Director Chiu-Chun Lai	Equipped with academic experience in the textile industry. ● Professor and concurrently as Chairperson and Director, Chinese Culture University ● Associated Research Fellow, Taiwan Textile Research Institute. ● Special Assistant to Chairman, Golden-State Industrial Co., Ltd. ● Committee Member, Textile Industry National Standard Technical. ● Committee, Bureau of Standards, Metrology and Inspection, MOEA. ● Committee Member, Evaluation Committee on TDP Performance, MOEA. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.		None

Diversity and independence of board of directors:

1. Diversity of board of directors: Please describe the board of directors' diversity policy, goal and achievement status. The diversity policy including but not limited to director selection standards, professional qualification and experience required for board of directors, gender, age, nationality and culture of board composition status or percentage. In addition, please describe the specific goal and achievement status of the Company with respect to the aforementioned policy.

The Company has established the "Corporate Governance Best Practice Principles", and the policy for the diversity of the board of directors is specified in Chapter 3 "Enhancing the Functions of the Board of Directors".

According to the "Regulations for Election of Directors" of the Company, 12 seats of the board of directors are established, including 4 independent directors. The board is formed by directors equipped with professional knowledge, skills and experience in the business, financial and accounting fields necessary for the company management. The four independent directors include former director of the Industrial Development Bureau, MOEA, an associate professor at Fu Jen University, a CPA practitioner, and a professor at Chinese Culture University.

I. Specific management goal for the diversity of board members:

The board of directors of the Company shall direct company strategies, supervise the management, and be responsible to the company and its shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders' meetings.

II. Specific management goals are as follows:

1. The board of directors of the Company focuses on member gender equality, and the board members shall have at least one female director. The Company will gradually increase the number of female directors in the future. The 14th board of directors of our company is expected to increase by 2 female board seats, raising the proportion of female board seats to 23%.
2. The board of directors of the Company focuses on operational judgment, business management and crisis-handling abilities. It also tries to include innovative thinking in the business management decision making and implements operational decisions and crisis handling experience sharing along with the enhancement of cross-generation inheritance of the business management decisions of the Company. In the future, the overall age group distribution of board members will become more diverse, with the goal of ensuring that at least 2/3 of board members shall be equipped with competency related to the core items.
3. Accordingly, independent directors are able to exploit their professional supervision functions, and the independence of independent directors can be enhanced. In the future, appropriate evaluation will also be performed in order to progressively reduce the ratio of independent directors with more than three consecutive terms of offices, and to timely elect members of other professional fields, in order to improve decision making quality.

III. Board member diversity achievement status:

All board members of the Company are equipped with the knowledge, skills, qualifications and industry decision making as well as management skills required for the execution of duties. The Company also continuously arranges diverse training courses for board members, in order to increase the decision making quality, to fulfill supervisory responsibility and to further enhance the functions and powers of the board of directors. 12 directors in the 13th term Board of Directors, including 4 independent directors, do not meet the circumstances referred to in Paragraph 3 and Paragraph 4 of Article 26-3 of the Securities and Exchange Act, so that the Board of Directors is functioning independently. During the re-election of directors in 2021, a new female independent director was further added to achieve the goal of gender equality. The business management qualification of the board member is outstanding, and all directors are equipped with relevant professional academic backgrounds and professional knowledge, skills and quality necessary for executing duties. For the 8 main core items, more than 1/3 of the board members are equipped with relevant duty execution competency. In addition, the Company focuses on the three main core items of operational judgments, business management and crisis handling, and more than 80% of the board members are equipped with the core competency. The Company has established the "Nomination Committee" according to the resolution and approval of the 4th board meeting of the Company on August 6, 2020, in

order to enhance the director (independent director) election mechanism, and diverse and professional board members are established.

Diversity Core Items Name of director	Basic Composition							Core items							
	Nationality	Gender	Concurrent Position as Employee of the Company	Age			Number of terms of office of independent directors	Operational judgment ability	Accounting and financial analysis ability	Business management ability	Crisis handling ability	Knowledge of the industry	An international market perspective	Leadership	Decision-making ability
				70 years old and above	61~69 years old	Under 60 years old									
Chen-Hai Hung	R.O.C	Male		V				V	★	V	V	V	V	V	V
Shu-Wen Wang	R.O.C	Male	V			V		V	V	V	V	V		V	V
Kun-Tang Chen	R.O.C	Male	V		V			V	★	V	V	V	V	V	V
Jen-Chieh Lo	R.O.C	Male	V		V			V	V	V	V		V	V	V
Hsien-Chin Tsai	R.O.C	Male		V				V	V	V	V	V	V	V	V
Li-Chen Wang	R.O.C	Male		V				V	V	V	V	V	★	V	★
Shou-Chun Yeh	R.O.C	Male		V				V	V	V	V	V	V	V	V
Kuo-Sung Hsieh	R.O.C	Male			V			V	V	V	V	V	★	V	V
Yea-Kang Wang	R.O.C	Male		V			3	V	V		V	V	V		V
Cheng-Ping Yu	R.O.C	Male			V		3			V		V	V		V
Nai-Ming Liu	R.O.C	Male			V		3	V	V	V	V	V	★	V	V
Chiu-Chun Lai	R.O.C	Female				V	1	V		★	★	V	★	V	★

★ refers to being equipped with the professional competency partially.

- Independence of board of directors: The board of directors of our company is independent, and there are no circumstances specified in Paragraphs 3 and Paragraph 4 of Article 26-3 of the Securities and Exchange Act between directors or between supervisors, nor is there

any relationship of spouse and relative within the second degree of kinship between directors, between supervisors, or between director and supervisor. Within the board of directors, there are four independent directors, accounting for 33.33% of all director seats. Their professional qualifications and appointment comply with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."

- Note 1: Professional qualification and experience: It describes the professional qualification and experience of individual directors and supervisors. For a director of the audit committee member and equipped with accounting or financial expertise, it is necessary to describe his/her accounting or financial background and working experience. In addition, an explanation on whether there is any condition specified in Article 30 of the Company Act shall be provided.
- Note 2: Independent directors complying with independence status, including but not limited to whether the director of the company, his/her spouse, relative within the second degree of kinship acts as director, supervisor or employee of the Company or its affiliates; the number of company shares held and holding percentage of the director, spouse, relative within the second degree of kinship (or under the name of others); whether he or she acts as director, supervisor or employee of the company having a special relationship with the Company (please refer to the provisions of Subparagraphs 5~8 of Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); remuneration amount collected for providing corporate commerce, legal, finance or accounting service to the Company or its affiliates in the most recent two years.

3.2.2 Information on the Management Team:

April 14, 2024

Title	Nationality	Name	Gender	Date of appointment to position	Shareholding		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Manager who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
					No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relation	
President, Fabric Division	R.O.C.	Jun-Ching Tsai	Male	May, 2013	134,165	0.05%	-	-	1,687,705	0.62%	Kai Ming Senior Technical and Commercial Vocational School Vice President, Eclat Textile Co., Ltd.	None	None	-	-	None
President, Garment Division	R.O.C.	Kun-Tang Chen	Male	May, 2013	442,864	0.16%	2,549	0.00%	-	-	PhD., Textile Management, University of Leeds, Vice President, Nan Yang Dyeing & Finishing Co., Ltd.	None	None	-	-	None
Executive Vice President	R.O.C.	Shu-Wen Wang	Male	June, 2017	21,000	0.01%	-	-	-	-	Master of Accountancy, California State University, Los Angeles, U.S.A. Assistant Manager, CTBC Bank	None	None	-	-	None
Vice President, Fabric Division	R.O.C.	Sheng-Tien Lee	Male	April, 2012	331	0.00%	-	-	-	-	National Tung Shih Senior High School Assistant Vice President, Bing Long Inc.	None	None			None
Vice President, Financial and Accounting Department	R.O.C.	Jen-Chieh Lo	Male	May, 2013	365,724	0.13%	179,274	0.07%	-	-	Master of Department of Accounting, Soochow University Senior Manager, Horizon Securities	None	None	-	-	None
Vice President, Fabric Division	R.O.C.	Cheng-Chin Tsai	Male	June, 2017	4,569	0.00%	-	-	-	-	Bachelor of Fu Jen Catholic University Assistant Vice President of Sales, Eclat Textile Co., Ltd.	None	None	-	-	None
Vice President, Garment Division	R.O.C.	Li-Fen Cheng	Female	June, 2017	2,125	0.00%	-	-	-	-	Master of University of Leeds Assistant Vice President of Sales, Eclat Textile Co., Ltd.	None	None	-	-	None
Vice President, Fabric Division	R.O.C.	Jui-Ting Hung	Male	January, 2021	4,218,746	1.54%	45,880	0.02%	-	-	Master of Materials Science and Engineering, National Tsing Hua University and University of Florida Teaching Assistant of Materials Science and Engineering, University of Florida; Sales Manager, Eclat Textile Co., Ltd.	Note 1	None	-	-	None
Assistant Vice President, Garment Division	R.O.C.	Jui-Li Fang	Male	August, 2000-Retired on March 15, 2024	0	0.00%	-	-	-	-	Bachelor of Tao Yuan Agricultural & Industrial Vocational School Sales Manager, Eclat Textile Co., Ltd.	None	None	-	-	None
Assistant Vice President, Fabric Division	R.O.C.	Ping-Chi Hsu	Male	July, 2011	23,583	0.01%	-	-	-	-	Master of Fu Jen Catholic University Manager of Fabric Division, Eclat Textile Co., Ltd.	None	None	-	-	None
Assistant Vice President, Garment Division	R.O.C.	Chia-Chun Chiang	Male	August, 2011	0	0.00%	-	-	-	-	EMBA (discontinued), Fu Jen Catholic University Sales Manager, Eclat Textile Co., Ltd.	None	None	-	-	None
Assistant Vice President, Garment Division	R.O.C.	Hao-He Chen	Male	January, 2014	2,595	0.00%	40	0.00%	-	-	Bachelor of Department of Political Science, National Taiwan University Sales Manager, Eclat Textile Co., Ltd.	None	None	-	-	None

Title	Nationality	Name	Gender	Date of appointment to position	Shareholding		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Manager who are Spouses or within Two Degrees of Kinship			Remark(s) (Note)
					No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relation	
Assistant Vice President, Fabric Division	R.O.C.	Lien-Tsai Chen	Male	January, 2014	40	0.00%	-	-	-	-	Bachelor of National Taiwan University of Science and Technology Sales Manager, Eclat Textile Co., Ltd.	None	None	-	-	None
Assistant Vice President, Garment Division	R.O.C.	Wei-Yeh Huang	Male	January, 2014	2,060	0.00%	-	-	-	-	Oriental Institute of Technology Sales Manager, Eclat Textile Co., Ltd.	None	None	-	-	None
Assistant Vice President, Fabric Division	R.O.C.	Shih-Tu Chen	Male	May, 2014	0	0.00%	-	-	-	-	St. Peter Senior High School Factory Manager, Eclat Textile Co., Ltd.	None	None	-	-	Note
Assistant Vice President, Eclat Textile Co., Ltd. (Vietnam)	R.O.C.	Heng-Wei Hsu	Male	February, 2017	1,832	0.00%	252	0.00%	-	-	Bachelor of DBA, Fu Jen Catholic University Manager of Manufacturing Division, Lesotho Garment Plant, Eclat Textile Co., Ltd. (Vietnam) Assistant Vice President of Eclat Textile Co., Ltd.	Note 2	None	-	-	None
Assistant Vice President, IT Office	R.O.C.	CHEN-CHANG FENG	Male	August, 2022	0	0.00%	-	-	-	-	Master Degree in Computer Information Science Syracuse University IT Manage, EnfoTech & Consulting Inc. IT Manager, Eclat Textile Co., Ltd.	None	None			None
Assistant Vice President, procurement office of Fabric Division	R.O.C.	HUANG KUO CHANG	Male	August, 2022	0	0.00%	4,000	0.00%	-	-	Textile Engineering, Feng Chia University Director of R&D Department, Shinkong Synthetic Fibers Corporation Marketing Department Manager, Trueway Corporation Procurement Manager, Eclat Textile Co., Ltd.	None	None			None
Assistant Vice President, Eclat Fabrics (Vietnam) Co., Ltd.	R.O.C.	LIN WEN CHUN	Male	January, 2023	1,000	0.00%	-	-	-	-	Graduated from the Department of Textile Engineering, Vanung University Dyeing Factory Director, Eclat Fabrics (Vietnam) Co., Ltd. Chemical Laboratory Section Manager, Bing Long Inc.	None	None			None

Note : Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest-level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto. (For example, the number of independent directors should be increased, and more than half of the directors should not be employees or managers.)

Note 1: Jui-Ting Hung currently serves as the Director of Zig Sheng Co., Ltd. and Titan Sport Tech Co., Ltd. concurrently.

Note 2: Heng-Wei Hsu currently serves as the Director of Eclat Textile Co., Ltd. (Vietnam).

3.2.3 Remuneration of Directors, Independent Directors, Supervisors, President, and Vice Presidents for the most recent fiscal year:

1. Remuneration to Ordinary Directors and Independent Directors (Disclosure of Aggregate Remuneration Plus Disclosure of Names by Remuneration Range)

2023 Unit: NT\$1000

Job Title	Name (Note 1)	Remuneration to directors								Sum of A+B+C+D+E+F+G and ratio to net income (Note 10)	Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income (Note 10)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 11)	
		Base Compensation(A) (Note 2)		Retirement pay and pension (B)		Director profit-sharing compensation (C) (Note 3)		Expenses and perquisites (D) (Note 4)			Salary, rewards, and special disbursements (E) (Note 5)		Retirement pay and pension (F)		Employee profit-sharing compensation (G) (Note 6)							
		The Company	All consolidated entities (Note 7)	The Company	All consolidate d entities (Note 7)	The Company	All consolidated entities (Note 7)	The Company	All consolidate d entities (Note 7)	The Company	All consolidate d entities (Note 7)	The Company	All consolidate d entities (Note 7)	The Company	All consolidate d entities (Note 7)	The Company		All consolidated entities (Note 7)		The Company		All consolidated entities (Note 7)
															Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares				
Director	Cheng-Hai Hung	2,790	2,790	None	None	None	None	1,000	1,000	3,790 0.07%	3,790 0.07%	88,130	89,287	345	345	None	None	None	None	92,264 1.78%	93,421 1.80%	- None
	Li-Chen Wang																					
	Kun-Tang Chen																					
	Jen-Chieh Lo																					
	Shu-Wen Wang																					
	Representative of Xin-xin Limited Company- Hsien-Chin Tsai																					
	Representative of Yih-Yuan Investment Corp.-Kuo-Sung Hsieh																					
	Shou-Chun Yeh																					
Independent Director	Yea-Kang Wang	3,867	3,867	None	None	None	None	540	540	4,407 0.09%	4,407 0.09%	None	None	None	None	None	None	None	None	4,407 0.09%	4,407 0.09%	None
	Cheng-Ping Yu																					
	Nai-Ming Liu																					
	Chiu-Chun Lai																					
1. Please describe the policy, system, standard and structure for the remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: The Company has established the “Rules for Performance Evaluation of Board of Directors,” which forms the basis for performance evaluation of the independent directors and inside directors. In addition to the consideration of the overall business performance and profitability of the Company, the individual participation, performance achievement rate and contribution to the operational benefits of the Company are evaluated comprehensively in order to provide reasonable remuneration. 2. In addition to the disclosure of the table above, , the remuneration collected by directors of the Company for providing services (such as acting as a <u>non-employee consultant of the parent company/companies/investees indicated in the financial report</u>): None.																						

Remuneration Range table

Ranges of remuneration paid to each of the Company's directors	Name of Directors			
	Sum of (A+B+C+D)		Sum of (A+B+C+D+E+F+G)	
	The Company (Note 8)	All consolidated entities (Note 9) H	The Company (Note 8)	All consolidated entities (Note 9) I
Less than NT\$1,000,000	Cheng-Hai Hung, Li Chen Wang, Kun-Tang Chen Jen-Chieh Lo, Shu-Wen Wang Shou-Chun Yeh, Nai-Ming Liu Chiu-Chun Lai Representative of Xin-xin Limited Company- Hsien-Chin Tsai Representative of Yih-Yuan Investment Corp.- Kuo-Sung Hsieh	Cheng-Hai Hung, Li Chen Wang Kun-Tang Chen Jen-Chieh Lo, Shu-Wen Wang Shou-Chun Yeh, Nai-Ming Liu Chiu-Chun Lai Representative of Xin-xin Limited Company- Hsien-Chin Tsai Representative of Yih-Yuan Investment Corp.- Kuo-Sung Hsieh	Li-Chen Wang, Shou-Chun Yeh, Nai-Ming Liu Chiu-Chun Lai Representative of Yih-Yuan Investment Corp.- Kuo-Sung Hsieh	Li-Chen Wang, Shou-Chun Yeh, Nai-Ming Liu Chiu-Chun Lai Representative of Yih-Yuan Investment Corp.- Kuo-Sung Hsieh
NT\$ 1,000,000 (inclusive) ~ NT\$ 2,000,000(exclusive)	Yea-Kang Wang, Cheng-Ping Yu	Yea-Kang Wang, Cheng-Ping Yu	Yea-Kang Wang, Cheng-Ping Yu Representative of Xin-xin Limited Company- Hsien-Chin Tsai	Yea-Kang Wang, Cheng-Ping Yu Representative of Xin-xin Limited Company- Hsien-Chin Tsai
NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000(exclusive)				
NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000(exclusive)				
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000(exclusive)			Jen-Chieh Lo	Jen-Chieh Lo
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000(exclusive)				
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000(exclusive)			Cheng-Hai Hung, Shu-Wen Wang	Cheng-Hai Hung, Shu-Wen Wang
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000(exclusive)			Kun-Tang Chen	Kun-Tang Chen
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000(exclusive)				
NT\$ 100,000,000 and above				
Total	12	12	12	12

Note 1: The names of directors shall be listed separately (for corporate shareholders, corporate shareholders' names and their representatives' names shall be listed separately), and the regular directors and independent directors are listed separately in order to disclose each payment made in a summary table. For a director concurrently acts as President or Vice President, the name shall be listed on this and the following table.

Note 2: Refers to the remuneration of directors for the most recent year (including the directors' salary, allowance, severance pay, various bonuses, rewards etc.).

Note 3: The amount of directors' remuneration appropriated in the most recent year and approved by the board of directors.

Note 4: Refers to the relevant business execution expense of directors in the most recent year (including transportation fee, special allowances, various subsidies, accommodation, company vehicles and other physical offers etc.) When there are expenses for housing, car or other transportation tools or specialized personal expense, the asset nature and cost provided shall be disclosed, and the rent shall be calculated according to the actual or fair market price, gasoline fee and other payments. If drivers are provided, please describe the compensation to relevant drivers paid by the Company, but not counted as the remuneration.

Note 5: Refers to the expense for the compensation, including salary, allowance, severance pay, various bonuses, rewards, transportation fee, special allowances, various subsidies, accommodation, company car etc. and physical offers etc., collected by directors concurrently acting as employees (including adjunct President, Vice President, other Managers and employees). When there are expenses for housing, car or other transportation tools or specialized personal expense, the asset nature and cost provided shall be disclosed, and the rent shall be calculated according to the actual or fair market price, gasoline fee and other payments. If drivers are provided, please describe the compensation to relevant drivers paid by the Company, but not counted as the remuneration. In addition, for the salary expense recognized according to IFRS 2 "Share-Based Payment", including the employee stock warrants, new restricted employee shares and participation in subscription of shares for capital increase by cash, it shall also be counted as part of the remuneration.

- Note 6: Refers to where directors concurrently acting as employees (including adjunct President, Vice President, other Managers and employees) obtain employees' remuneration (including stocks and cash), the employees' remuneration amount appropriated in the most recent year based on the approval of the board of directors shall be disclosed. If such amount cannot be estimated, then the proposed appropriation amount for present year shall be calculated according to the actual appropriation amount ratio of last year, and Table 1-3 shall be further completed.
- Note 7: The total amount of the various compensations paid by all companies (including the Company) indicated in the consolidated financial statements to the directors of the Company shall be disclosed.
- Note 8: For the total amount of compensations paid to each director by the Company, the name of the directors shall be disclosed in their remuneration brackets.
- Note 9: For the total amount of the compensations paid by all companies (including the Company) indicated in the consolidated financial statements to the directors of the Company, the name of the directors shall be disclosed in their remuneration brackets.
- Note 10: The net income refers to the net income of the most recent year. Where the IFRS standard is adopted, the net income refers to the net income of an entity or individual financial statements of the most recent year.
- Note 11: a. This field shall clearly indicate the relevant compensation amount received by the directors of the Company from non-consolidated affiliates.
b. Where directors of the Company receive relevant remuneration from non-consolidated affiliates, then the compensation received by the directors of the Company from investees other than subsidiaries shall be counted into the Field I of the remuneration bracket table, and the name of such field shall be changed "All investees".
c. The compensation refers to the remuneration and salary received by directors acting as directors, supervisors or managers of investees other than subsidiaries (including salaries of employees, directors and supervisors) and business execution expenses etc.
- * The content of the compensation disclosed in this table is of different meaning from the income described in the Income Tax Act; therefore, the purpose of this table is for the purpose of information disclosure only and is not for the purpose of taxation.

2. Remuneration to General Managers and Assistant General Managers

2023 Unit: NT\$1000

Title	Name (Note 1)	Salary(A) (Note 2)		Pension(B)		Bonuses and Allowances (C) (Note 3)		Employee remuneration (D) (Note 4)				Ratio of Total Compensation (A+B+C+D) to Net Income (%) (Note 8)		Compensation collected from investees or parent company other than subsidiaries
		The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company		Companies in the consolidated financial statements (Note 5)		The Company	Companies in the consolidated financial statements All Companies (Note 5)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman and R&D Supervisor	Cheng-Hai Hung	23,508	24,665	985	985	123,831	123,831	None	None	None	None	148,324 2.87%	149,481 2.89%	None
President	Jun-Ching Tsai													
President	Kun-Tang Chen													
Vice President	Jen-Chieh Lo													
Vice President	Shu-Wen Wang													
Vice President	Jui-Ting Hung													
Vice President	Sheng-Tien Lee													
Vice President	Cheng-Chi n Tsai													
Vice President	Li-Fen Cheng													

Remuneration brackets table

Ranges of remuneration paid to the Company's President and Vice Presidents	Name of President and Vice Presidents	
	The Company (Note 6)	All Consolidated Entities included in the financial statements (Note 7) (E)
Less than NT\$1,000,000		
NT\$ 1,000,000 (inclusive) ~ NTS 2,000,000(exclusive)		
NT\$ 2,000,000 (inclusive) ~ NTS 3,500,000(exclusive)		
NT\$ 3,500,000 (inclusive) ~ NTS 5,000,000(exclusive)		
NT\$ 5,000,000 (inclusive) ~ NTS 10,000,000(exclusive)	Jen-Chieh Lo, Sheng-Tien Lee, Cheng-Chin Tsai	Jen-Chieh Lo, Sheng-Tien Lee, Cheng-Chin Tsai
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000(exclusive)	Jun-Ching Tsai, Jui-Ting Hung	Jun-Ching Tsai, Jui-Ting Hung
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000(exclusive)	Cheng-Hai Hung, Shu-Wen Wang Li-Fen Cheng	Cheng-Hai Hung, Shu-Wen Wang Li-Fen Cheng
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000(exclusive)	Kun-Tang Chen	Kun-Tang Chen
NT\$ 50,000,000 (inclusive) ~ NT\$100,000,000(exclusive)		
NT\$ 100,000,000 and above		
Total	9	9

Note 1: The names of President and Vice President shall be listed separately, and all amounts paid shall be disclosed in a summary table method. For a director concurrently acts as President or Vice President, this table and the above table shall be completed.

Note 2: Refers to the salary, allowance, severance pay for the President and Vice Presidents in the most recent year.

Note 3: Refers to various bonuses, rewards, transportation fees, special allowances, various subsidies, accommodation, company car and physical offers etc. as well as other remuneration amounts. When there are expenses for housing, car or other transportation tools or specialized personal expense, the asset nature and cost provided shall be disclosed, and the rent shall be calculated according to the actual or fair market price, gasoline fee and other payments. If drivers are provided, please describe the compensation to relevant drivers paid by the Company, but not counted as the remuneration. In addition, for the salary expense recognized according to IFRS 2 "Share-Based Payment", including the employee stock warrants, new restricted employee shares and participation in subscription of shares for capital increase by cash, it shall also be counted as part of the remuneration.

- Note 4: The employees' remuneration (including stocks and cash) appropriation for President and Vice Presidents approved by the board of directors for the most recent year shall be disclosed. If such amount cannot be estimated, then the proposed appropriation amount for the present year shall be calculated according to the actual appropriation amount ratio of last year, and Table 1-3 shall be further completed. The net income refers to the net income of the most recent year. Where the IFRS standard is adopted, the net income refers to the net income of an entity or individual financial statements of the most recent year.
- Note 5: The total amount of various compensations paid by all companies (including the Company) indicated in the consolidated financial statements to the President and Vice Presidents of the Company shall be disclosed.
- Note 6: For the total amount of compensations paid to each President and Vice Presidents by the Company, the name of the Presidents and Vice Presidents shall be disclosed in their remuneration brackets.
- Note 7: The total amount of compensations paid by all companies (including the Company) to each President and Vice Presidents by the Company shall be disclosed, and the name of the Presidents and Vice Presidents shall be disclosed in their remuneration brackets.
- Note 8: The net income refers to the net income of the most recent year. Where the IFRS standard is adopted, the net income refers to the net income of an entity or individual financial statements of the most recent year.
- Note 9: a. This field shall clearly indicate relevant compensation amount received by the President and Vice Presidents of the Company from non-consolidated affiliates.
b. Where President and Vice Presidents of the Company receive relevant remuneration from invested enterprises other than subsidiaries, then the compensation received by the President and Vice Presidents of the Company from investees other than subsidiaries shall be counted into the Field E of the remuneration bracket table, and the name of such field shall be changed "All investees"
c. The compensation refers to the remuneration and salary received by the President and Vice President acting as directors, supervisors or managers at investees other than subsidiaries (including salaries of employees, directors and supervisors) and business execution expenses, etc.
- *The content of the compensation disclosed in this table is of different meaning from the income described in the Income Tax Act; therefore, the purpose of this table is for the purpose of information disclosure only and is not for the purpose of taxation.

3.2.4 Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officer: None.

3.2.5 Separately compare and describe total remuneration, as a percentage of net income stated in the Company only financial reports or individual financial reports, as paid by the Company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, president, and assistant presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and risks in the future:

Title	2023		2022	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Percentage of Compensation Paid to Directors	1.78%	1.80%	1.48%	1.49%
Percentage of Compensation Paid to Independent Directors	0.09%	0.09%	0.06%	0.06%
Percentage of Compensation Paid to President and Vice Presidents	2.87%	2.89%	2.20%	2.21%

The salaries of the Company's Directors, Presidents and Vice Presidents are fixed amounts, and the year-end bonuses and quarterly bonuses are adjusted according to the operating performance range level. The 2023 net income after tax indicated a decline of 23.75% from 2022,

and the bonus distribution amount for Directors, Presidents and Vice Presidents also decreased by 10%~20% from last year.

According to Article 25 of the Articles of Incorporation of the Company, when directors are performing duties, regardless whether the Company operates at a profit or loss, the Company may pay remuneration to the directors for their performance of job duties, and the board of directors is authorized to determine the remuneration according to the directors' participation level in the Company's operation and value of contribution along with the consideration on the general standards adopted in the same industry.

The Company has established the "Rules for Performance Evaluation of the Board of Directors," which forms basis for the evaluation of independent directors and inside directors. In addition to the consideration of the overall business performance, future operational risk and industry development trend, the individual performance achievement rate and contribution to the Company's operational benefits etc. are also considered comprehensively, in order to provide reasonable remuneration. Furthermore, the remuneration evaluation system is also timely reviewed according to the actual operation status and relevant laws.

The president and vice presidents of the Company are responsible for the execution and management of the Group's operation. The salary structure refers to the base salary, allowance and company cars. The remuneration is determined according to the overall operational performance along with the consideration of the target achievement rate, profitability, operational benefits and level of contribution of each individual managerial officer along with the consideration of the standard adopted in the same industry, in order to provide reasonable remuneration. Furthermore, the remuneration evaluation system is also timely reviewed according to the actual operation status and relevant laws.

3.3 The state of the company's Implementation of Corporate Governance

(I) Board of Directors Status:

In the most recent year, there were 5 board of directors' meetings convened (A), and the attendance of directors is as follows:

Title	Name (Note 1)	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】 (Note 2)	Remark
Chairman	Cheng-Hai Hung	5	0	100%	Re-elected (Elected on August 12, 2021)
Vice chairman	Shu-Wen Wang	5	0	100%	Re-elected (Elected on August 12, 2021)
Director	Li-Chen Wang	5	0	100%	Re-elected (Elected on August 12, 2021)
Director	Jen-Chieh Lo	5	0	100%	Re-elected (Elected on August 12, 2021)
Director	Kun-Tang Chen	5	0	100%	Re-elected (Elected on August 12, 2021)
Director	Shou-Chun Yeh	5	0	100%	Re-elected (Elected on August 12, 2021)
Director	Kuo-Sung Hsieh	5	0	100%	Representative of Corporate Shareholder Yih-Yuan Investment Corp. re-elected (Elected on August 12, 2021)
Director	Xin-Xin Limited Company	5	0	100%	Newly elected on-board member on August 12, 2021. Appointment of corporate representative: Hsien-Chin Tsai on January 3, 2022.
Independent Director	Nai-Ming Liu	4	1	80%	Re-elected (Elected on August 12, 2021)
Independent Director	Yea-Kang Wang	5	0	100%	Re-elected (Elected on August 12, 2021)
Independent Director	Cheng-Ping Yu	4	1	80%	Re-elected (Elected on August 12, 2021)
Independent Director	Chiu-Chun Lai	5	0	100%	Newly elected on-board member. (Elected on August 12, 2021)

Other information required to be disclosed:

- I. If any of the following circumstances exists, specify the board meeting date, meeting session number content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act: The independent director of the Company has no dissenting opinions or qualified opinions on the resolutions (Note 3).

(II) In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution: There were no resolutions subject or dissenting or qualified opinions of independent directors of the Company.

II. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted:

Directors	Contents	Reasons	Execution status
Yih-Yuan Investment Corp. Representative: Kuo-Sung Hsieh	Provide Letter of support to CTBC Bank Co., Ltd., The Shanghai Commercial & Savings Bank, Land Bank of Taiwan and Mega International Commercial Bank.	The motion involves director's own relatives' interests	Avoidance of discussion and voting

III. TWSE/TPEX-listed companies are required to shall disclose the evaluation cycle and period, scope of evaluation, method and evaluation content for the self-evaluation of the Board of Directors, and the Board of Director evaluation execution status shall be indicated in the following table:

To implement corporate governance and to improve the functions of the Board of Directors of the Company, performance objectives are established to enhance the operational efficiency of the Board of Directors. In 2017, the Board of Directors has reached the resolution on the establishment of the "Rules for Performance Evaluation of Board of Directors". The Board of Directors of the Company periodically conducts one time performance evaluation on the entirety of the Board of Directors, individual board members and each functional committee on an annual basis.

The 2023 evaluation result of the Company has been reported to the Board of Directors and each functional committee on January 12, 2024. Relevant overall evaluation results are as follows:

Scope of evaluation	Result
Board of Directors	96.30%
Individual directors	96.75%
Audit Committee	98.18%
Remuneration Committee	98.19%
ESG Committee	97.00%
Nomination Committee	95.09%
Risk Management Committee	97.80%

Implementation Status of Board Evaluations:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method
Once a year	December 1, 2022 to November 30, 2023.	The scope of performance evaluations includes the Board of Directors, individual directors, and functional committees.	The evaluation method includes internal self-evaluation by the Board of Directors, self-assessment by directors.
The evaluation content shall include at least the following based on the scope of the evaluation:			
(1) Board performance evaluation: At least includes level of participation in company operations, the quality of Board decisions, Board composition and structure, appointment of directors and their continued development, and			

internal controls.

- (2) Individual director performance evaluation: At least includes grasp of company targets and missions, understanding of the director's role and responsibilities, level of participation in company operations, internal relationship management and communication, director's specialty and continued development, and internal controls.
- (3) Functional committee performance evaluation: Participation in company operations, understanding of the responsibilities of functional committees, improvement of the decision-making quality of functional committees, composition of functional committees, and member selection and internal control.

The execution status of the Board of Directors performance evaluation conducted by the external unit is as follows:

Once in three years, the Company entrusts external professional institutions, experts, or adopts other appropriate methods to conduct the performance evaluation. For the 2023 Board of Directors performance evaluation by the external unit, the external expert of EY Advisory Services Inc. (referred to as "EY Advisory") was entrusted to perform the evaluation. The institution and the executing experts are equipped with independence and has no business relationship with the Company. The result of the present evaluation was reported to the Board of Directors on November 2, 2023.

Execution Status of Board of Directors Performance Evaluation by External Unit:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method
Once in 3 years	September 1, 2022 to August 31, 2023.	The scope of performance evaluations includes the Board of Directors, individual directors, and functional committees.	The evaluation methods include reviewing meeting documents, internal self-assessment of the board, self-assessment of directors, and conducting interviews with appointed experts. EY Advisory assesses the performance of the board by examining eight key aspects: board structure and processes, composition of the board members, corporate and organizational structure, roles and responsibilities, behavior and culture, director training and development, oversight of risk control, and oversight of disclosure and performance. These assessments help identify critical elements for evaluating the performance of our board of directors.

The evaluation content shall include at least the following based on the scope of the evaluation:

(1) General Comment of Evaluation Report:

The structure of our company's board of directors and functional committees includes the establishment of an audit committee and a remuneration committee in compliance with regulations. In addition, we also have functional committees outside of statutory requirements, such as the sustainability development committee, nomination committee, and risk management committee. The Board of Directors has a diverse composition, with twelve members including one female independent director. The directors possess the necessary professional knowledge and skills to fulfill their duties, including operational judgment, accounting and financial analysis, business management, crisis handling, knowledge of the industry, an international market perspective, leadership, and decision-making abilities

and all of the directors have sufficient understanding and consensus on the industry, core value and strategic development of the Company. The board of directors' meeting affairs unit and staff team establish certain regulations on the meeting content, proposal report and structure, and provide sufficient time to allow directors to understand the proposal content and read the meeting documents, thereby assisting the Board of Directors to operate effectively. The management team provides comprehensive information to the Board of Directors through regular reports, in order to allow the Board of Directors to engage in discussion on the implementation of internal control system and its follow-up status.

(2) Recommendation and Improvement Plan:

Item	Recommendation	Improvement Plan
1	As appropriate, augment the board with directors or independent directors possessing a background in information technology, law, or other relevant fields.	The term of office of the company's Board members will expire in 2024, and elections of all directors are to be implemented. Suggestions from EY Advisor will be incorporated into the selection criteria for board members.
2	Board of Directors' meetings can be convened irregularly at other locations.	The Company is expected to convene one session of Board of Directors' meeting at Eclat Hsi-Chou factory. This initiative of holding board meetings at various locations aims to offer directors firsthand knowledge about the actual operational state of the factories.
3	Raise the proportion of independent directors to half of the total seats on the board to align with the standards of corporate governance evaluations.	Our company intends to heed EY Advisor advice by assessing the need for diversified expertise across various industrial domains among directors. We will subsequently elevate the number of independent director seats incrementally.
4	Incorporate significant domestic and international policies, regulations, and industry trends into reporting items.	The Company's management team assesses the impact level on the Company's business operation through periodic understanding of domestic and foreign important policies, regulations and industrial development trends, and will also report to the Board of Directors depending upon the situation.
5	Increase female representation on the board, thereby incorporating diverse perspectives through their unique insights and professional capabilities.	The Company intends to follow EY Advisory advice by progressively increasing the number of female director seats in the future, thereby achieving our objective of gender diversity among board members.
6	The responsibilities of all functional committees need to be reviewed and implemented accordingly.	The Company will clearly designate the responsibilities of each functional committee, in order to achieve the objective of function allocation, thereby enhancing the function of the Board and assisting the Board to perform decision making.

EY Advisor's advice provides the aforementioned improvement recommendations to the Board of Directors of our company. Our company will

continue to enhance the functions of the Board of Directors based on such recommendations as a reference and as the direction for future execution.

IV. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement thereof:

- (1) To improve information transparency: The Company continues to execute routine revenue, financial information report and announcement of major resolution of board of directors; to hold quarterly Investor Conference and disclose at least two complete conference audiovisual links; To announce whole financial information and CPA's report once the Board approved.
- (2) To enhance the function of the board of directors: The Company has established the nomination committee in 2020 to perform the succession plan, and to provide assistance in the selection of candidates for independent directors and important management personnel. In addition, the risk management committee was established in November 2021, which convenes at least twice annually to achieve sound risk governance. The Company has not only set up a Remuneration Committee and Audit Committee, but also assigned personnel responsible for corporate governance affairs in order to assist the Board fulfill supervision responsibilities. Otherwise, the Company has signed a D&O liability insurance policy for Directors and Officers.
- (3) Diversity on the Board of Director: Cross-industrial field Board members necessary for the Board diversity are assessed in order to improve decision-making quality. In the future, the number of female directors will increase progressively to achieve gender diversity among board members.
- (4) The Company establishes the "Rules for Performance Evaluation of Board of Directors", "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Corporate Governance Best Practice Principles" and "Regulations Risk Management" in order to enhance the corporate ethical management and corporate governance performance.
- (5) To improve the professional knowledge of directors and to implement corporate governance, in 2023, relevant training courses were arranged according to the needs of individual directors, and two sessions of director training courses were scheduled and planned, including the courses of "Introduction of Global and Taiwan Tax Reform and How to Improve Corporate Tax Governance Under ESG Trends and Post Covid Environment" and "Artificial Intelligence Booming: The Technology Development and Application Opportunities of the Chatbot".

V. Succession planning for board members and important management:

According to the development direction and goal of the Company, the Company is currently planning the succession plan. The board members and important management, in addition to their professional competency, shall also be equipped with the integrity and value consistent with the Company.

(1) Board member succession plan

1. The "Articles of Incorporation" of the Company explicitly specify the full adoption of a candidate nomination system for the election of directors, and the Company's "Corporate Governance Best Practice Principles" are complied with respect to the diversity of directors. In addition, a diversity policy has been established for the Company's operation, business type and development needs. In addition to the requirements for professional knowledge and skills for job duties, the basic criteria of gender, age, nationality and culture as well as the value of board members are also considered. The Company has establishment of the "Rules for Performance Evaluation of Board of Directors", The overall performance evaluation result of the board of directors (including functional committees) for 2023 indicates effective operation. This evaluation result will serve as a reference for the director remuneration plan and the nomination of succeeding directors.

2. The Company amended the Articles of Incorporation in 2022 to further include the position of "Vice Chairman". In addition, in accordance with Article 26 of the Articles of Incorporation, one of the present board members was elected to assume the position of Vice Chairman. As a result, through actual action and proper execution, the passing on of experience is achieved.

3. Presently, the board of the Company consists of 12 directors (including 4 independent directors), and all of the directors are equipped with the professional competency in the

fields of commerce, finance, accounting or expertise necessary for the business of the Company. The board's organizational structure and relevant experience will continue to adopt the current architecture, and in the next 3~5 years, the Company will head toward the direction of establishing an overall board with younger directors.

4. Regarding the succession planning for the independent directors of the board, independent directors are required to be equipped with expertise in commerce, finance, accounting or expertise necessary for the business of the Company according to the laws, and the diverse background standards of professional knowledge, technology, experience and gender necessary for independent directors are considered. As a result, in the future, independent directors will be selected from professionals in the domestic academic sector or industry sector, and the "Nomination Committee" of the Company will review the professional qualification of independent directors in order to elect the most appropriate successor candidates.

(2) Management succession plan

1. To effectively cultivate senior reserve talents to execute the succession program in the next 3~5 years, the human resource department and all departments of the Company convene meetings periodically, implement performance interviews and assign project tasks, and observe key talent performance and capability deficiency, in order to use them as the job promotion evaluation standard.

2. The Company focuses on the passing on of experience and gender equality, and also organizes job promotion evaluations periodically in order to select and provide a reward to outstanding talents. From 2021 to the present day, according to the Nomination Committee Charter, after the review and consent of the Nomination Committee, a total of 14 employees have been approved for job promotion through the board resolution, among which there are 6 female employees, accounting for 42.86%, and a total of 10 employees have been promoted to the rank of Manager, 3 employees have been promoted to the rank of Assistant Vice President, and 1 employee has been promoted to the rank of Vice President. In 2023, there were 84 senior management officers above the rank of Manager, including 30 female officers, accounted for 35.71%.

Annual	Promotion in 2023		Promotion in 2021-2022		
Position Gender	Manager	Assistant vice president	Manager	Assistant vice president	Vice president
Male	0	1	4	2	1
Female	0	0	6	0	0

Note 1: For a director or supervisor that is a juristic person (corporate entity), disclose the name of the corporate shareholder and the name of its representative.

Note 2:

- (1) If any director or supervisor left office before the end of the fiscal year, specify the P. 24 of 94 date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of board meetings held and the number they attended in person during the period they were in office.
- (2) If any by-election for directors or supervisors was held before the end of the fiscal year, the names of the new and old directors and supervisors should be filled in the table, with a note stating whether the director or supervisor left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person's actual time in office.

Note 3: Matters referred to in Article 14-3 of the Securities and Exchange Act:

Meeting Dates	Resolution
March 2, 2023 (2023 1st Meeting)	Approved the establishment of "Procedures for Acquisition and Disposal of Assets" for Various subsidiaries of the Group. Approved 2023 independent CPA assignment.

Meeting Dates	Resolution
	Approved the proposal for the donation to Eclat Education Foundation. Approved the amendments to the Company's "Articles of Incorporation". Approved the proposal for establishing the incentive and bonus distribution standards of each quarter for the first three quarters of 2023 for all personnel (including managerial officers) of the Company Approved to provide the Letters of Support to CTBC Bank Co., Ltd., Shanghai Commercial & Savings Bank, Land Bank of Taiwan and Mega International Commercial Bank.
May 4, 2023 (2023 2nd Meeting)	Approved the addition of "Operational Procedures for Loaning Funds to Other" for each subsidiary company of the Group. Approved the amendments to the Company's "Corporate Governance Best Practice Principles". Approved the amendments to the Company's "Regulations Risk Management". Approved the addition of the "Operational Procedures for the Preparation and Verification of Sustainability Reports" for our company. Approved the proposal for the 2023 fiscal year regarding the lending limit of funds to affiliated companies of our company. Approved the amendments to the Company's "Articles of Incorporation".
August 7, 2023 (2023 3rd Meeting)	To establish internal auditing system "Operational Procedures for the Preparation and Verification of Sustainability Reports" for our company. Approved the amendments to the Company's "Corporate Governance Best Practice Principles". Approved the establishment of the "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" to replace the "Operation Procedure for Transactions of Interested Parties, Important Subsidiaries and Group Enterprises" of the Company.
September 7, 2023 (2023 4th Meeting)	Approved the amendment to the Company's "Rules Governing the Procedures for Shareholders' Meetings". Approval granted for the disposal of our company's assets in Hong Kong Approval granted for the disposal of our company's assets in Wugu District, New Taipei City
November 2, 2023 (2023 5th Meeting)	Approved the proposal for establishing the incentive and bonus distribution standards of each quarter for the first three quarters of 2024 for all personnel of the Company

(II) Audit Committee Implementation Status and Supervisor Participating Board of Directors Status:

The Audit Committee of the Company was formed by 4 independent directors. The purpose of the Audit Committee is to assist the board of directors in their supervision on the quality and integrity of matters related to accounting, auditing, financial report process and financial control executed by the Company.

The major auditing items by the Audit Committee include:

- Financial statements audit and accounting policies and procedures.
- Internal control system and relevant policies and procedures.
- Major transactions of assets or derivatives.
- Major loans, endorsements or guarantees.
- Public offering or issuance of securities.
- Financial derivatives and cash investment status.
- Regulatory Compliance.
- Whether directors and managerial officers engage in related party transactions and possible conflict of interests.
- Complaint reporting.
- Plan to prevent fraud and fraud investigation report.
- Information security.
- Risk management of the Company.
- Commissioning or dismissal of, or remuneration for CPAs. (Including assessment of CPA's qualification, independence and performance evaluation etc.)
- Appointment/Dismissal of the financial or accounting manager or chief internal auditor.
- Self-evaluation questionnaire for Audit Committee performance evaluation (including Audit Committee duty and authority performance status).

Operation of the Audit Committee

There were 5 (A) Audit Committee meetings held in the most recent fiscal year, and the attendance status of the independent directors is as follows:

Title	Name	Professional qualifications and experience	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance Rate (%) (B/A) (Note 1)	Remarks
Independent Director	Nai-Ming Liu	Note	5	0	100%	Re-elected
Independent Director	Yea-Kang Wang	Note	5	0	100%	Re-elected
Independent Director	Cheng-Ping Yu	Note	5	0	100%	Re-elected
Independent Director	Chiu-Chun Lai	Note	5	0	100%	Newly elected on August 12, 2021

Other mentionable items:

- I. Where the operation of the Audit Committee is subject to one of the following, the board meeting date, session, proposal content, dissenting opinion of independent directors, reserved opinions or major recommendation item content, resolution result of the Audit Committee meeting and the Company's handling with respect to the opinions of the Audit Committee. (Note 2)
 - (I) Matters referred to in Article 14-5 of the Securities and Exchange Act: The Audit Committee of the Company have no dissenting opinions or qualified opinions on the resolutions (Note 2).
 - (II) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.
- II. For the execution status of recusal of independent directors due to conflicts of interest, the name of independent directors, proposal content, reasons of recusal and participation in voting: There were no meeting issues of Audit Committee meeting in the most recent year involving recusal of independent directors due to conflict of interest.
- III. The communications between the independent directors, the internal auditors, and the independent auditors are listed in the table below (shall include major events, methods and results etc. communicated in relation to the company's financial and business status).

Explanation:

 - (I) The independent directors communicate with the internal audit officer at the Audit Committee meeting convened quarterly. The internal audit officer and environmental safety auditor provide audit reports to the independent directors in the meeting periodically in order to communicate the audit result and the follow-up execution status.
2023 Communication of Independent Directors and Internal Audit Supervisor Excerpt: Note 3.
 - (II) The independent directors communicate with the independent auditor via the board of directors and annual meetings. CPA provides an explanation on the audit of the financial statements and the audit result to the independent directors annually, and communicates issues related to the internal control effectiveness audit result, whether there is any financial report adjustment of entries or whether the amendment of laws affects the account recognition method etc.
2023 Excerpt from the alone communication between independent directors 、audit supervisor and CPA: Note 4.

Note: Professional scope of audit committee: Please refer to II-(I)-2 of III. Corporate Governance Report for disclosure of professional qualification of directors and supervisors and independence of independent directors.

Note 1:

- * Before the end of the fiscal year, if there is any resignation of independent director, the resignation date shall be indicated in the remarks field. The actual attendance rate (%) is calculated according to the number of Audit Committee meetings convened and the number of actual attendance during the term of office.

- * Before the end of the fiscal year, if there is any re-election of independent directors, the new and old independent directors shall be listed, and the remarks field shall indicate the old, new or consecutive term of office and the re-election date for the independent directors. The actual attendance rate (%) is calculated according to the number of Audit Committee meetings convened and the number of his/her actual attendance during his/her term of office.

Note 2: Audit Committee annual work focus sorting and resolutions related to Article 14-5 of Securities and Exchange Act:

● Review Report

The Board of Directors prepares and submits the 2023 Business Report, Financial Statements and Profit Distribution Proposal etc., where the financial statements had been audited by KPMG and financial reports are issued. The aforementioned Business Report, Financial Statements and Profit Distribution Proposal have been reviewed by the Audit Committee and are considered to be conformed to requirements.

● Assessment on Effectiveness of Internal Control System

Audit Committee assesses the effectiveness of the Company's internal control system policies and procedures (including the control measures of finance, operation, risk management, information security, outsourcing and legal compliance, etc.). Also, it reviews the Company's Auditing Department and Certified Public Accountants, including risk management and legal compliance. In accordance with the Internal Control - Integrated Framework announced by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, the Audit Committee considers that the risk management and internal control system of the Company is effective. The Company has adopted necessary control measures to monitor and correct violating behaviors.

● Appointment of Certified Public Accountants (CPAs)

The Audit Committee is assigned with the responsibility and authority of monitoring the CPA firm's independence to ensure the impartiality of the financial statements. In general, except for tax related services or special approval items, the CPA firm shall not provide other services to the Company.

To ensure the independence of CPA firm, the Audit Committee establishes the independence assessment form in accordance with the provision of Article 47 of the Certified Public Accountant Act and the content of the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10 "Integrity, Objectivity and Independence". In order to conduct an assessment on the independence, professionalism and competency of CPAs, and to assess whether CPAs are related parties of the Company or are in business or financial interest relationship, etc., with the Company. The Company has reviewed and approved the appointment of the CPA Hui-Chih Kou and CPA Yu-Feng Hsu of KPMG Taiwan in the 8th meeting of the 3rd term of Audit Committee on March 2, 2023 and in the first Board of Directors' meeting on March 2, 2023. The signing auditors, CPA Hui-Chih Kou and CPA Yu-Feng Hsu, were assessed with reference to Audit Quality Indicators (AQIs), and the results of the assessment confirmed compliance with independence assessment standards, making them qualified to act as the Company's Chartered Public Accountant.

● Operation Status of Current Year

Meeting Dates	Contents and Resolution	Resolutions related to Article 14-5 of Securities and Exchange Act
March 2, 2023 (2023 1st Meeting)	1. Discussing 2022 internal control system effectiveness review and issuing "Management's Reports on Internal Control".	V
	2. Approved the establishment of "Procedures for Acquisition and Disposal of Assets" for each	V

Meeting Dates	Contents and Resolution	Resolutions related to Article 14-5 of Securities and Exchange Act
	subsidiary company of the Group.	
	3. Adoption of 2022 Business Report and Financial Statements	V
	4. Approved the proposal for Distribution of 2022 Profits.	
	5. Approved 2023 independent CPA assignment.	V
	6. Proposal on non-assurance service expected to be provided by KPMG in 2023	V
	7. Approved the amendments to the Company's "Articles of Incorporation".	V
	8. Provide Letter of support to CTBC Bank Co., Ltd., The Shanghai Commercial & Savings Bank, Land Bank of Taiwan and Mega International Commercial Bank.	V
	Resolution : All proposals were adopted unanimously by the Audit Committee.	
	Response to Audit Committee's opinion: All attending directors unanimously agree.	
May 4, 2023 (2023 2nd Meeting)	1. Approved the addition of "Operational Procedures for Loaning Funds to Other" for each subsidiary company of the Group.	V
	2. Approved the 1Q23 Consolidated Financial Report.	
	3. Approved the amendments to the Company's "Corporate Governance Best Practice Principles".	V
	4. Approved the amendments to the Company's "Regulations Risk Management".	V
	5. Approved the addition of the "Operational Procedures for the Preparation and Verification of Sustainability Reports" for our company.	V
	6. Approved the proposal for the 2023 fiscal year regarding the lending limit of funds to affiliated companies of our company.	V
	7. Approved the amendments to the Company's "Articles of Incorporation"	V
	Resolution : All proposals were adopted unanimously by the Audit Committee.	
	Response to Audit Committee's opinion: All attending directors unanimously agree.	
August 7, 2023 (2023 3rd Meeting)	1. To establish internal auditing system" Operational Procedures for the Preparation and Verification of Sustainability Reports" for our company.	V
	2. Approved the 2Q23 Consolidated Financial Report.	
	3. Approved the amendments to the Company's "Corporate Governance Best Practice Principles"	V

Meeting Dates	Contents and Resolution	Resolutions related to Article 14-5 of Securities and Exchange Act
	4. Approved the establishment of the “Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises” to replace the “Operation Procedure for Transactions of Interested Parties, Important Subsidiaries and Group Enterprises” of the Company.	V
	Resolution : All proposals were adopted unanimously by the Audit Committee.	
	Response to Audit Committee’s opinion: All attending directors unanimously agree.	
September 7, 2023 (2023 4th Meeting)	1. Approved the amendment to the Company’s “Rules Governing the Procedures for Shareholders’ Meetings”.	V
	2. Approved the disposal of real asset in Tamsui District, New Taipei City.	V
	3. Approved the disposal of real asset in Hong Kong.	V
	4. Approved the disposal of real asset in Wugu District, New Taipei City.	V
	Resolution : All proposals were adopted unanimously by the Audit Committee.	
	Respond to Audit Committee’s opinion: All attending directors unanimously agree.	
November 2, 2023 (2023 5th Meeting)	1. Approved the 2024 Internal Auditing plan.	
	2. Approved the 3Q23 Consolidated Financial Report	
	Resolution : All proposals were adopted unanimously by the Audit Committee.	
	Response to Audit Committee’s opinion: All attending directors unanimously agree.	

Note 3 : 2023 Communication of Independent Directors and Internal Audit Supervisor Excerpt as follows:

Meeting Dates	Attendees	Contents	Independent Directors’ Suggestion and React
March 2, 2023	Independent Director Yea-Kang Wang Cheng-Ping Yu Nai-Ming Liu Chiu-Chun Lai Audit Supervisor : Szu-Miao Liu Audit staff : Chia-Chi Wang 、 Yih-Yun Suen Sustainability Supervisor : Wei-Chih Shen	Reporting the 4Q22 sustainability and occupational safety and health.	No objections
		2022 “Management’s Reports on Internal Control”. Provided explanation on internal control system self-evaluation result, and organized discussion on relevant information of the Statement of Internal Control.	
		To establish the “Procedures for Acquisition and Disposal of Assets” for each subsidiary company of the Group.	
		Reporting the 4Q22 internal audit implementation.	

Meeting Dates	Attendees	Contents	Independent Directors' Suggestion and React
May 4, 2023	Independent Director Yea-Kang Wang Cheng-Ping Yu Nai-Ming Liu Chiu-Chun Lai Audit Supervisor : Szu-Miao Liu Audit staff : Chia-Chi Wang 、 Yih-Yun Suen Department of Sustainability : Po-Lung Chen	Reporting the 1Q23 sustainability and occupational safety and health.	No objections
		To establish "Operational Procedures for Loaning Funds to Other" for each subsidiary company of the Group.	
		Reporting the 1Q23 internal audit implementation.	
August 7, 2023	Independent Director Yea-Kang Wang Cheng-Ping Yu Nai-Ming Liu Chiu-Chun Lai Audit staff : Chia-Chi Wang 、 Sustainability Supervisor : Wei-Chih Shen	Reporting the 2Q23 sustainability and occupational safety and health.	No objections
		To establish internal auditing system" Operational Procedures for the Preparation and Verification of Sustainability Reports" for our company.	
		Reporting the 2Q23 internal audit implementation.	
November 1, 2023	Independent Director Yea-Kang Wang Cheng-Ping Yu Nai-Ming Liu Chiu-Chun Lai Audit Supervisor : Szu-Miao Liu Audit staff : Yih-Yun Suen Sustainability Supervisor : Wei-Chih Shen	Reporting the 3Q23 sustainability and occupational safety and health.	No objections
		Reporting the 3Q23 internal audit implementation.	
		To illustrate the Internal audit planning for 2024.	
		Implementation and fill out on 2023 Self-Assessment Questionnaire on internal control system.	

Note 4: The excerpt of 2023 communication between the Independent Directors and the internal audit supervisor and CPAs is as follows:

Date	Attendees	Major meeting agendas	Independent Directors' Suggestion and React
March 2, 2023	Independent Director Yea-Kang Wang Cheng-Ping Yu Nai-Ming Liu Chiu-Chun Lai CPA : Hui-Chih Kou Audit Supervisor : Szu-Miao Liu Audit staff : Chia-Chi Wang 、 Yih-Yun Suen	● Audit findings of 2022 Consolidated financial report 1. Independence. 2. The responsibility of auditor and the type of audit opinion issued. 3. The audit scope. 4. Audit findings. 5. Update and summarization of recent audit standards.	No objections.
		● CPA performs discussion and communication with interviewees on questions raised.	No objections
November 2, 2023	Independent Director Yea-Kang Wang Cheng-Ping Yu Nai-Ming Liu Chiu-Chun Lai CPA : Hui-Chih Kou Audit Supervisor : Szu-Miao Liu Audit staff : Yih-Yun Suen	● Report for review result of 3Q23 consolidated financial reports 1. Independence. 2. The responsibility of auditor. 3. Type of review conclusion issued 4. Review scope. 5. Findings on interim review. 6. FY 2023 audit plan and communication matters.	No objections
		● CPA performs discussion and communication with interviewees on questions raised.	

(III) Corporate governance Implementation status and deviation from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”:

Evaluation Item	Implementation status			Deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the Company follow the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” to establish and disclose its corporate governance practices?	V		The Company has established the “Corporate Governance Best -Practice Principles of the Company” according to the “Corporate Governance Best -Practice Principles for TWSE/TPEX Listed Companies” and has published such Principles on the Market Observation Post System (MOPS) and the Company’s website.	None
2. The shareholding structure and shareholders’ equity of the Company (1) Does the Company have the internal procedures regulated to handle shareholders’ proposals, doubts, disputes, and litigation matters; in addition, have the procedures been implemented accordingly?	V		The Company has established “Regulations for Handling Complaints” to build a convenient channel for internal and external complainer. Besides, the Company also has assigned personnel to handle and react for the suggestions and doubts from shareholders, employees, customers and suppliers.	None
(2) Is the Company constantly informed of the identities of its major shareholders and the ultimate owners?	V		The Company is constantly informed of the identities of its major shareholders and the ultimate owners according to the shareholders’ roster provided by the shareholders’ service agent. In addition, the Company also discloses the status related to the pledge, increase/decrease change of equity for shareholders with shareholding exceeding 10%.	None
(3) Has the company established and implemented risk management practices and firewalls for companies it is affiliated with?	V		The Company establishes the “Subsidiaries Supervisory and Management Procedures” and implements the execution thereof. The business dealings or transactions among the affiliates are handled according to relevant regulations.	None
(4) Has the company established internal policies that prevent insiders from trading securities against non-public information?	V		The Company has established the “Procedures for Preventing Insider Trading and Handling Material Inside Information” and implements the execution thereof in order to prevent insiders from trading securities against non-public information. The Company also discloses the status related to the pledge, increase/decrease change of equity for the insiders (including directors, managerial officers and shareholders with shareholding exceeding 10%) for reporting on M.O.P.S., and	None

Evaluation Item	Implementation status			Deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			implement internal educational trainings and promotions course periodically.	
3. Composition and duties of the board of directors: (1) Has the board of directors established diversity policy, specific management goal and has executed properly?	V		The Company promotes and respects the board diversity policy. To enhance the corporate governance and to promote the sound development of the board composition and structure, the Company believes that a diversity policy is beneficial to the improvement of the overall performance of the Company. The Company's “Corporate Governance Best Practice Principles” has specified the board member diversity policy. Directors shall be equipped with professional knowledge and skills for executing duties. The requirements for the selection and consideration of the basic criteria and value of gender, age, nationality and culture of the current board members are also specified. The diverse composition status of board members of the Company is explained in the following (Note 1). To maintain the sound structure of the board of directors, the board of directors of the Company has set up specific management goals, including: 1) The board composition shall include at least one female director and the company will gradually increase the number of female directors in the future. For the 2021 re-election of directors of the Company, among 12 directors, there were 8 general directors, and 4 independent directors (including 1 female director). The 14th board of directors of our company is expected to increase by 2 female board seats, raising the proportion of female board seats to 23%. 2) The Company has set up a nomination committee, and complies with the principle of organization diversity, in order to reserve senior management and cultivate successors. Since the establishment of nomination committee	None

Evaluation Item	Implementation status			Deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			of the Company, a total of 14 senior officers have been nominated, including 6 female officers, accounted for 42.86%. In 2023, there were 84 senior management officers above the rank of manager, including 30 female officers, accounted for 35.71%. The board member diversity policy and relevant information of the latest board members have been disclosed on the Company’s website.	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		In addition to the establishment of the Remuneration Committee and Audit Committee, the Company also establishes the “ESG Committee”. The current commissioners of the “ESG Committee” consist of 2 independent directors and 1 director, The chair of the committee, Director Shu-Wen Wang is equipped with the expertise in finance and corporate governance and satisfies the professional competence necessary for the committee. The committee forms 5 teams in total: 1. Sustainable environment development; 2. Human resource; 3. Corporate governance; 4. Product and service; 5. Social participation. The main operating goal is to implement the concept of sustainable development and sustainable operation. For the relevant outcome, in addition to the preparation of ESG report, it also reports the current year execution outcome and the operational plan to the board of directors once a year at least. The Company has established a nomination committee consisting of 3 directors (including 2 independent directors), and 2 experts from the society, and the ratio of independent directors is 40%. It is responsible for ensuring that the board members have appropriate professional knowledge, experience and gender diversity, and to perform board performance evaluation periodically according to its authority and reviewing the director training plan as well as	None

Evaluation Item	Implementation status			Deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			establishing the director and senior managerial officer succession plan. The risk management committee consists of 2 directors and 3 independent directors, and the ratio of independent directors is 60%. Its responsibility is to consider possible material impacts of corporate governance issues of economic, environmental and social aspects on customers, investors and other stakeholders, and to perform a risk assessment as well as to establish management strategy and plan. It provides a report on the risk environment, management focus assessment and responsive measures of the Company in the risk management meeting periodically. The chairman of the risk management committee reports on the supervision of risk management to the board at least once a year (already reported to the board on January 12, 2024).	
(3) Does the Company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the board of directors and referenced when determining the remuneration of individual directors and nominations for reelection?	V		The Company had established the “Rules for Performance Evaluation of Board of Directors”, the board of directors shall perform at least one performance evaluation of the board of directors and members of the board annually. The measurement items for the performance evaluation of the board of directors (functional committees) of the Company include the following five major aspects: 1. The degree of participation in the company's operations. 2. Improvement in the quality of decision making by the board of directors. 3. The composition and structure of the board of directors. 4. The election of the directors and their continuing professional education. 5. Internal controls. The measurement items for the performance evaluation of the members (self or peer) of the board of directors include the following six major aspects: 1. Their grasp of the company's goals and missions. 2. Their recognition of director's duties. 3. Their degree of participation in the	None

Evaluation Item	Implementation status			Deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			company's operations. 4. Their management of internal relationships and communication. 5. Their professionalism and continuing professional education. 6. Internal controls. The Company has completed the 2023 board of directors' performance evaluation result and has reported to the board of directors and various functional committees on January 12, 2024. The overall evaluation result of the board of directors is 96.30%; the individual comprehensive evaluation result is 96.75%. The individual evaluation results for the audit committee, remuneration committee, ESG committee, nomination committee and Risk Management Committee are 98.18%, 98.19%, 97.00%, 95.09% and 97.80% respectively. Overall board of directors (functional committees included) performance evaluation result indicates effective operation, the evaluation result will be the reference of director remuneration plan and nomination of succeeding directors.	
(4) Does the company regularly evaluate the independence of CPAs?	V		The Company has made assessment on the independence of CPA and obtained the independence declaration issued by the independent CPA for submission to the Audit Committee for review, followed by submitting to the board of directors for approval in order to execute the entrustment of independent auditors. According to our assessment, the CPAs of KPMG audit firm are qualified with the Company's independence requirement (Note2). The Company reviewed and approved the appointment of the CPA Hui-Chih Kou and CPA Yu-Feng Hsu of KPMG Taiwan in the 8th meeting of the 3rd term of Audit Committee on March 2, 2023, and in the first Board of Directors' meeting on March 2, 2023. The latest assessment was completed and deliberated by the Audit Committee and the Board of Directors January 12, 2024.	None
4. Has the TWSE/TPEX Listed Companies had an adequate number of competent	V		The Company had established the Secretary Section of the Board, formed by personnel designated by the Chairman's Office,	None

Evaluation Item	Implementation status			Deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
corporate governance personnel, and appointed a chief corporate governance officer that as the most senior officer to be in charge of corporate governance affairs (including but not limited to furnish information required for business execution by directors and supervisors, to assist directors and supervisors with legal compliance, to handle matters relating to board meetings and shareholders meetings according to laws, and to produce minutes of board meetings and shareholders meetings)?			Financial and Accounting Department, Administration Department and Internal Audit Office concurrently in order to be responsible for the corporate governance related affairs. On August 2, 2018, through the resolution of the Board of Directors, the Company elected the Executive Vice President of the Company, Shu-Wen Wang, to act as the corporate governance supervisor of the Company. Shu-Wen Wang is equipped with finance and corporate governance expertise and is in charge of the supervision on corporate governance-related affairs. The main duties executed include: 1. Providing information and documents necessary for directors to perform duties, organize affairs of the Board of Directors, functional committees and shareholders’ meetings according to the laws, and preparing relevant meeting minutes. 2. Handling company alternation registration. 3. Performing information announcement and reporting, establishment and revision of internal control systems related to regulatory changes. Corporate Governance Officer continuing education status: (Note 3).	
5. Has the Company set up channels of communication for stakeholders (including but not limited to shareholders, employees, customers and suppliers), dedicated a section on the Company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant sustainable development issues?	V		The Company had established the stakeholders' section on the Company's website, and the website also publishes the contact information of the spokesperson and all business windows in order to provide communication channels to the stakeholders. The stakeholder section is provided with email box handled by dedicated personnel in order to properly respond to relevant issues, including sustainable development concerned by stakeholders.	None
6. Does the Company engage a share administration agency to handle shareholder meeting affairs?	V		The Company entrusts the Shareholders Service Department of Yuanta Securities Co., Ltd. for handling shareholder meeting affairs.	None

Evaluation Item	Implementation status			Deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
7. Information disclosure (1) Has the Company established a website that discloses financial, business, and corporate governance-related information?	V		The Company had established Chinese and English websites to periodically disclose financial business information, and designates dedicated personnel to be responsible for the maintenance of the Company’s website.	None
(2) Has the Company adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the company website)?			The Company establishes the spokesperson and deputy spokesperson, and the investor conference and shareholders’ meeting related information are updated timely on the Company’s website.	None
(3) Has the Company made public announce and reported the annual financial statements within two months after the end of each fiscal year, and has the Company also made announcement and provided report of the first, second and third quarter financial statements as well as the monthly business operation status?	V		The Company has made public announce and reported the annual financial statements, quarterly financial statements and the monthly business operation status according to relevant regulations.	None
8. Does the Company have other information that enables a better understanding of the Company’s corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders’ interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements standards, implementation of customer policies, and insuring against liabilities of company	V		1. Employees’ rights and benefits: The Company treats employees as partners, and protects the rights and benefits of employees according to the Labor Standards’ Act. 2. Employee care: Providing welfare system for improving the employees’ living and proper educational training system, establishing excellent relationship with employees based on mutual trust and dependence. For example, the Company offers medical care subsidy, holiday bonuses, accommodation for employees’ living care and parking space subsidy etc. 3. Investor relationship: The Company establishes the spokesperson in order to allow dedicated personnel to be	None

Evaluation Item	Implementation status			Deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
directors and supervisors)?			responsible for responding to the investor corporate shareholders and handling recommendations of shareholders. 4. Supplier relationship: The company maintains excellent relationship with suppliers in order to ensure the rights and benefits of both parties. 5. Stakeholders: Stakeholders may communicate with and recommend to the Company in order to maintain their legitimate rights and benefits. 6. Continuing education of directors: (Note 4). 7. Execution status of risk management policy and risk measurement standards: The Company has established the risk management committee and has stipulated the risk management regulations, and the risk management includes customer risk, financial risk, supply risk, personnel risk, climate change risk, information risk and other risks. In addition, relevant operating units are requested to establish or revise the execution procedures of various risk controls in order to implement risk management. 8. Implementation of customer policies: The Company is committed to the quality improvement and professional technology improvement such that through vertical integration of production and sales, the Company is able to perform fast development and production in order to provide one-stop shopping service to satisfy the demands from fabric to garment production for customers, thereby providing competitive products to customers. 9. Status of liability insurance purchased for directors by the Company: The Company had specified in the Articles of Incorporation that insurance may be purchased for the directors, and the board of directors is empowered to handle relevant insurance enrollment matters with full authorization. The Company had purchased liability insurances for directors and managers. After review and approval through the	

Evaluation Item	Implementation status			Deviation from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			resolution of the board of directors meeting, insurance renewal for the period from April 2023 to March 2025 had been completed. 10. Continuing education of managerial officers, financial report preparation personnel and internal audit officer: (Note 5).	
9. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified. (Note 7)				

Note 1: Implementation status of policy on diversity of board members:

The description of Diversity and Independence of the Board of Directors, please refer to Eclat Textile Co., Ltd. 2023 Annual Report II-(I)-2 of III. Corporate Governance Report for disclosure of professional qualification of directors and supervisors and independence of independent directors.

Note 2: Independence and Competency of CPA Assessment Item:

No.	Independence and competency assessment item	Yes	No
1	CPA himself or herself or his or her spouse and relative within the second degree of kinship is not a related party of the Company or its affiliates.	V	
2	Without any direct or material indirect financial interest relationship with the Company.	V	
3	Without close business relationship and potential employment relationship with the Company.	V	
4	CPA and audit team members presently do not assume the position of director, manager or duties having material impact on the audit case presently or in the last two years.	V	
5	Not providing non-audit services to the Company that may directly affect the audit works.	V	
6	Without collection of fees related to audited cases.	V	
7	Without continuously providing audit services for TWSE/TPEX Listed Companies in the long term.	V	
8	Not subject to any conditions defined in Article 30 of the Company Act.	V	
9	Other effective reference information: External Auditors' Declaration of Independence, Audit Quality Indicators (AQIs) and Pre-approved Non-Assurance Service List.	V	

In 2024, the Company evaluated the independence of CPAs according to the Audit Quality Indicators (AQIs), and on January 12, 2024, the audit committee and the board of directors approved the proposal for the retention of CPAs in 2024.

Note 3: Corporate Governance Officer continuing education status:

Organizer	Course Name	Training Hours
Accounting Research and Development Foundation	Introduction of Global and Taiwan Tax Reform and How to Improve Corporate Tax Governance Under ESG Trends and Post Covid Environment	3
Accounting Research and Development Foundation	Artificial Intelligence Booming: The Technology Development and Application Opportunities of the Chatbot	3
Taiwan Corporate Governance Association	Corporate Governance Supervisor Compliance Work Practice	3
Taiwan Academy of Banking and Finance	2023 Sustainable Finance Summit	4
Taiwan Corporate Governance Association	Wangdao Management Accounting and Corporate Governance	1

Note 4: Continuing education of directors:

Directors and supervisors List	Organizer	Course Name	Training Hours
Chairman: Cheng-Hai Hung	Accounting Research and Development Foundation	Introduction of Global and Taiwan Tax Reform and How to Improve Corporate Tax Governance Under ESG Trends	3
Vice Chairman Shu-Wen Wang			
Director Li-Chen Wang			
Director Hsien-Chin Tsai			

Directors and supervisors List	Organizer	Course Name	Training Hours
Director Kun-Tang Chen		and Post Covid Environment	
Director Jen-Chieh Lo			
Director Shou-Chun Yeh			
Director Kuo-Sung Hsieh			
Independent Director Yea-Kang Wang			
Independent Director Cheng-Ping Yu			
Independent Director Nai-Ming Liu			
Independent Director Chiu-Chun Lai			
Chairman: Cheng-Hai Hung	Accounting Research and Development Foundation	Artificial Intelligence Booming: The Technology Development and Application Opportunities of the Chatbot	3
Vice Chairman Shu-Wen Wang			
Director Li-Chen Wang			
Director Hsien-Chin Tsai			
Director Kun-Tang Chen			
Director Jen-Chieh Lo			
Director Shou-Chun Yeh			
Director Kuo-Sung Hsieh			
Independent Director Yea-Kang Wang			
Independent Director Cheng-Ping Yu			
Independent Director Nai-Ming Liu			
Independent Director Chiu-Chun Lai			
Independent Director Yea-Kang Wang	Securities and Futures Institute	Global net zero challenge: Discussion on how corporate leaders lead low-carbon ESG transformation plan	3
	Taiwan Academy of Banking and Finance	Sustainable development and corporate governance trend	3
	Taiwan Academy of Banking and Finance	Regional revitalization and circular economy	3
	Taiwan Academy of Banking and Finance	Climate change resilience and adaptation path planning	2
Independent Director Cheng-Ping Yu	Taiwan Institute of Directors	2023 KPMG Leadership Institute Forum - Business opportunities and challenges under the net zero trend	3
	Taiwan Academy of Banking and Finance	2023 Sustainable Finance Summit	4
Independent Director Chiu-Chun Lai	Industrial Development Administration Ministry of Economic Affairs	Carbon footprint verification and carbon footprint concept	6
Vice Chairman Shu-Wen Wang	Taiwan Corporate Governance Association	Corporate Governance Supervisor Compliance Work Practice	3
	Taiwan Corporate Governance Association	Wangdao Management Accounting and Corporate Governance	1
	Taiwan Academy of	2023 Sustainable Finance	4

Directors and supervisors List	Organizer	Course Name	Training Hours
	Banking and Finance	Summit	

Note5: Continuing education of managerial personnel, financial report preparation personnel and internal audit officer:

List of Managerial Officers	Organizer	Course Name	Training Hours
Financial and accounting supervisor Jen-Chieh Lo	Accounting Research and Development Foundation	Issuer, securities firm, securities exchange accounting manager continuing education program	12
Accounting manager functional substitute Yu-Wen Kung	Accounting Research and Development Foundation	Introduction of Global and Taiwan Tax Reform and How to Improve Corporate Tax Governance Under ESG Trends and Post Covid Environment	3
		Issuer, securities firm, securities exchange accounting manager continuing education program	12
		Artificial Intelligence Booming: The Technology Development and Application Opportunities of the Chatbot	3
Financial report preparation personnel Chi-Li Lin	Accounting Research and Development Foundation	Introduction of Global and Taiwan Tax Reform and How to Improve Corporate Tax Governance Under ESG Trends and Post Covid Environment	3
Internal audit supervisor Szu-Miao Liu	Accounting Research and Development Foundation	"Information Security" and "Personal Privacy" Law Compliance and Fraud prevention Practices	3
		Big Data Analysis and Enterprise Fraud Detection	3
	Internal Audit Association	How to use Big Data to enhance audit operation	6
		Power BI - Data Integration and Analysis	6

Note 6: Status of internal audit related personnel acquiring relevant licenses designated by competent authority:

License	Unit	Number of shareholders
Certified Internal Auditor (CIA)	Audit	2

Note 7: The Company provides the explanation on the improvements made for the corporate assessment result of the Company and propose enhancement measures for any issues that are yet to be rectified as follows:

- | |
|---|
| <p>I. Maintain shareholders' equity and fair treatment to shareholders</p> <p>The Company will upload the English version of the annual report and financial statements 18 days prior to the convention of the annual general meeting.</p> <p>II. Strengthen the structure and operation of the board of directors</p> <ol style="list-style-type: none"> 1. To achieve a sound structure of the Board of Directors, during the election of the 2021 Board of Directors, based on the consideration of the diversity of the board members, the nominee roster of the Board of Directors will include one more independent director. Increase a female independent director and gradually increase the number of female directors in the future in order to implement the board member diversity policy thoroughly. The 14th board of directors of our company is expected to increase by 2 female board seats, raising the proportion of female board seats to 23%. 2. Regarding the formation and successor planning for members of the board of directors and important management, to improve the board of directors' functions and strengthen the human resource management mechanism, the Company established the Nomination Committee in 2020. 3. The Company has established and disclosed the risk management policy and operation status, and has also established the risk management committee in 2021. In addition, the "Risk Management Committee Charter" has been established to achieve sound risk governance and to enhance the function and power of the board of directors. 4. The Company's "Rules for Performance Evaluation of Board of Directors" specify that an external evaluation shall be conducted at least once every three years. Additionally, the second round of external performance evaluation for directors was completed in 2023. <p>III. Enhancing Information Transparency</p> <ol style="list-style-type: none"> 1. In order to provide investors with timely and accurate information, our company's financial reports are announced and uploaded as e-books on the same day after being approved by the board of directors. 2. The Company makes the best effort to announce the financial statements within two months after the end of accounting fiscal year. 3. At least one Investor Conference is held each quarter, and at least two complete conference video links are disclosed annually. <p>IV. Implementation of sustainable development</p> <ol style="list-style-type: none"> 1. The Company assigns the Human Resource Team of the ESG Committee to be in charge of the promotion of the corporate ethical management policy. In addition, the operation and execution status of the policy has been explained on the website and the annual report in 2020. 2. The Company has established the "Waste Contractor Appointment Management Regulations," and for the issues of environment, human rights and occupational safety and health etc., the Company conducts field survey, guidance and evaluation at the sites of the main supplier and contractor, in order to understand the ESG implementation status of suppliers. 3. Regarding the sustainable environment promotion, the Company has planned the energy transformation and established the production site renewable energy development plan along with the setting of the goals and schedule. The Company also revises the greenhouse gas emission inventory taking procedure, and the 2030 carbon reduction goal at the company level has been established. The Company amends the climate change risk management and disclosure regulations, and also enhances the factory physical risk identification and disclosure. Occupational safety and health KPI establishment; enhancement of contractor management; implementation of contractor education and training system. |
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(IV) Formation, responsibilities and operation status of Remuneration Committee

(1) Information of Remuneration Committee members:

Identity (Note 1)	Name	Professional qualification and experience (Note 2)	Independe nce Status (Note 3)	Number of positions as Remuneration Committee member in other public companies	Remark
Independent Director (Convener)	Yea-Kang Wang	Master in Urban Planning; Former Director-General of Industrial Development Bureau, MOEA; equipped with expertise in the industry and urban planning as well as extensive experience in the textile industry. Currently assisting the Company in achieving industry innovation and promoting environmental sustainability.	Comply with the independence described in Note 3	3	
Independent Director	Cheng-Ping Yu	PhD. In Textile and Clothing Engineering; a University Professor specializing in knitting technology, computer simulation, production management, and computer-aided design. Equipped with academic experience in the textile industry, and currently assisting the Company in product service and talent cultivation.	Comply with the independence described in Note 3	None	
Other	Tien-Wei Shih	PhD. In Textile and Clothing Engineering; University Professor; equipped with expertise in fiber materials, fiber composite materials, smart textiles. Equipped with academic experience in the textile industry, and currently assisting the Company in product service and talent cultivation.	Comply with the independence described in Note 3	1	

Note 1: Please specify the related seniority, professional qualifications, experiences, and independence of each Remuneration Committee member in the Table. For members who are also independent directors, please refer to II-(I)-2 of III. Corporate Governance Report for disclosure of

professional qualification of directors and supervisors and independence of independent directors. In the Identity field, each member is specified either as independent director or other (please mark the role of convener, if any).

Note 2: Professional qualification and experience: Describe the remuneration committee members of professional qualification and experience:

Note 3: Independence compliance status: Describe the remuneration committee members complying with independence status, including but not limited to whether the director of the company, his/her spouse, relative within the second degree of kinship acts as director, supervisor or employee of the Company or its affiliates; number of company shares held and holding percentage of the director, spouse, relative within the second degree of kinship (or under the name of others); whether he or she acts as director, supervisor or employee of the company having a special relationship with the Company (please refer to the provisions of Subparagraphs 5~8 of Paragraph 1 of Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); remuneration amount collected for providing corporate commerce, legal, finance or accounting service to the Company or its affiliates in the most recent two years.

(2) Information of Operation Status of Remuneration Committee.

1. The Company's Remuneration Committee consists of 3 members.

The Remuneration Committee is responsible for assisting the board of directors to establish the policy and relevant measures for the performance evaluation and salary/remuneration of directors, supervisors and managerial personnel of the Company according to the comprehensive consideration of factors of the business operation performance, individual performance, standard adopted in the same industry and future risk etc., and conducts periodic assessments. For the Remuneration Committee Charter of the Company, please refer to the Company's website. According to the laws of the Republic of China, members of the Remuneration Committee are appointed by the board of directors.

Term of office of the current Committee members: Term of office from November 4, 2021 to August 11, 2024. The Remuneration Committee held 2 meetings (A) in the most recent year, and details of members' eligibility and attendance are as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance Rate (%) (B/A)	Remark
Convener	Yea-Kang Wang	2	0	100%	November 4, 2021 re-elected
Member	Cheng-Ping Yu	2	0	100%	November 4, 2021 re-elected
Member	Tien-Wei Shih	2	0	100%	November 4, 2021 re-elected

Other matters that shall be recorded:

1. In the event where the Remuneration Committee's proposal is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, details of the proposal, the resolution of the board of directors, and how the company had handled the Remuneration Committee's proposals (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None.
2. Should any member object or express qualified opinions to the resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the proposal, the entire members' opinions, and how their opinions were addressed, the resolutions resolved in 2023 were as follows:

Meeting Dates and session	Contents	Independent Directors' Suggestion and React
The 6 th meeting of the 5 th session (March 2, 2023)	Proposal Content: Approval of the proposed distribution standards for the incentive bonuses of all company personnel (including managers) for the first three quarters of year 2023. Resolution Result: The committee members unanimously agreed to pass the proposal.	The proposal was approved by the unanimous agreement of all the directors present at the board of directors' meeting.
The 7 th meeting of the 5 th session (November 2, 2023)	Proposal Content: Approval of the proposed distribution standards for the incentive bonuses of all company personnel for the first three quarters of year 2024. Resolution Result: The proposal was amended based on Chairman Yea-Kang Wang's suggestion to revise the purpose of the proposal. After consulting all committee members present, the revised text was agreed upon and passed.	The proposal was approved by the unanimous agreement of all the directors present at the board of directors' meeting.
	Proposal Content: Discussion on the salary adjustment policy for all company employees. Resolution Result: The committee members unanimously decided that the Human Resources Department should draft the policy according to the direction of the salary adjustment discussions and then present it to the Remuneration Committee for discussion.	Discussed at the Remuneration Committee meeting on February 29, Year 2024.

3. The Company's 2024 Remuneration Committee meeting dates, proposal contents and resolution results are disclosed on the Company's website.

Note:

- (1) Date of resignation is shown for members of the Remuneration Committee who had resigned prior to the close of the financial year. The percentage of actual attendance (%) is calculated based on the number of Remuneration Committee meetings held and the number of meetings actually attended during active duty.
- (2) If a re-election of Remuneration Committee members had taken place prior to the close of the financial year, members of both the previous and the current Remuneration Committee will be

listed; in which case, the remarks column will specify whether the committee member was elected in the previous board, the new board, or both. The percentage of actual (proxy) attendance (%) will be calculated based on the number of Remuneration Committees held during active duty and the number of actual (proxy) attendance.

(V) ESG Executive Committee Member Information and Operation Status:

(1) ESG executive committee appointment criteria and responsibilities:

This committee serves as the cross-departmental communication platform, decision-making center, and driving unit for the company's sustainable development and sustainable operations. The members of this committee are elected by the board of directors, with three directors serving as the principal members and one person appointed as the executive secretary. Its main duties are as follows:

- Formulating policies for sustainable development.
- Planning, execution and review of ESG related works.
- Reviewing the goals, strategies and action plans of corporate sustainability policies, and tracking the progress of various programs.
- Discussing topics concerned by all stakeholders, including shareholders, customers, suppliers, employees, government, non-profit-seeking organizations, community and media, and supervising the communication plans.
- Compiling sustainable development reports.
- Regularly reporting to the board of directors each year about the results of the current year and the work plan for the next year

(2) ESG executive committee member professional qualification and experience and operation status:

- ESG executive committee of the Company consists of 3 Commissioners.
- Commissioners' current term of office: Term of office from November 4, 2021 to August 11, 2024. ESG committee held 1 meeting (A) in the most recent year, and the member professional qualification and experience, attendance status and discussion matters are as follows:

Title	Name	Professional qualifications and experience	No. of meetings attended in person (B)	No. of meetings attended By Proxy	In-person attendance Rate (%) (B/A)	Remark
Convener	Shu-Wen Wang	Note	1	0	100%	November 4, 2021 re-elected
Member	Yea-Kang Wang	Note	1	0	100%	November 4, 2021 re-elected
Member	Cheng-Ping Yu	Note	1	0	100%	November 4, 2021 re-elected

Other matters required to be recorded:

Describe the meeting date, session, agenda content of the main proposals of the ESG committee, ESG committee member recommendations or dissenting opinion content, ESG committee resolution result, and Company's handling of comments of ESG committee.

2023 ESG committee resolutions are as follows:

ESG committee term number and date	Agenda content and resolution result	Company's handling of comments of ESG committee
The 2 nd meeting of the 3 rd session (March 2, 2023)	2022 work report of each team and 2023 work plan.	Submitted to the board of directors for discussion and approved.
	Comprehensive recommendation of commissioner and each team: 1. All team: (1.) Our current focus is on establishing systems and structures, and after collecting data, we plan to present comparisons in a data-driven manner for tracking and reference. (2.) Simultaneously, we are taking into account the substantive differences in transitioning from CSR to ESG, and we are developing responses to address these substantive differences. 2. Human resources team: The shortage of excellent talent can be addressed by analyzing employee satisfaction surveys and understanding the reasons behind talent departures. By examining these aspects, we can identify issues and implement appropriate responses. 3. Product service team: (1.) The typical process of digitizing fabric involves three stages: 1. digitization, 2. digital optimization, and 3. digital transformation. Currently, there are emerging startups focusing on the digital transformation of fabrics, and you can conduct market research to gather insights. Additionally, it's important to pay attention to how digital transformation may impact changes in the human resources structure and affect the development and management of systems in the textile industry.	All teams have executed works according to the recommendations of the commissioners, and relevant results are disclosed in the Sustainability Report.

		(2.) Evaluate the impact of template establishment on the production line, making corresponding adjustments to the initial workforce configuration. This proactive approach prepares for the widespread adoption of templates across various stages of production in the future. 4. Social participation team: Evaluate the feasibility of collaborating with charitable organizations to provide surplus fabric, creating a mutually beneficial partnership for a social enterprise.		
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Note: Professional scope of ESG execute committee members: Please refer to Eclat Textile Co., Ltd. 2023 Annual Report II-(I)-2 of III. Corporate Governance Report for disclosure of professional qualification of directors and supervisors and independence of independent directors.

(VI) Nomination Committee Member Information and Operation Status:

(1) Nomination committee member appointment criteria and responsibilities:

The purpose of this committee is to improve the functions of the board of directors and to enhance the human resource management mechanism of the Company. The board of directors elects five members to form the committee. Three of the members are selected from the directors, and the other two members are selected from the Company's consultants, senior officers and experts from the society for participation. Its main responsibilities are as follows:

- Assist in the approval and nomination of the independent director candidate roster.
- Review the diversity background standards of the professional knowledge, techniques, experience and gender necessary for senior managerial officers (including officers above the associate manager rank (inclusive), same for below), in order to approve the candidates for senior managerial officers.
- Perform senior managerial officer performance evaluation and periodically review successor plan.
- Consider the diversity background standard of the professional knowledge, techniques, experience and gender necessary for managers, in order to approve the candidates for managers.

(2) Nomination committee member professional qualification and experience and operation status:

- Nomination committee of the Company consists of 5 members.
- Member current term of office: Term of office from November 4, 2021 to August 11, 2024.
Nomination committee held 1 time of meetings (A) in the most recent year, and the member professional qualification and experience, attendance status and discussion matters are as follows:

Title	Name	Professional qualifications and experience	No. of meetings attended in person (B)	No. of meetings attended by Proxy	In-person attendance Rate (%) (B/A)	Remark
Convener	Cheng-Hai Hung	Note	1	0	100%	November 4, 2021 re-elected
Member	Hsien-Chin Tsai	Note	1	0	100%	November 4, 2021 re-elected
Member	Kuo-Sung Hsieh	Note	1	0	100%	November 4, 2021 re-elected
Member	Yea-Kang Wang	Note	1	0	100%	November 4, 2021 re-elected
Member	Cheng- Ping Yu	Note	0	1	0.00%	November 4, 2021 re-elected

Other matters required to be recorded:

Describe the meeting date, session, agenda content of the main proposals of the nomination committee, nomination committee member recommendations or dissenting opinion content, nomination committee resolution result, and Company's handling of comments of the nomination committee.

2023 nomination committee resolutions are as follows:

Nomination committee term number and date	Agenda content and resolution result	Company's handling of opinions of the nomination committee
The 3 rd meeting of the 2 nd session (August 7, 2023)	Proposal Content: Approved the appointment of Deputy Assistant Vice President of Procurement Division - Fabric Business Unit. Resolution Result: The committee members unanimously agreed to pass the proposal.	The proposal was approved by the unanimous agreement of all the directors present at the board of directors' meeting.

Note: Professional scope of nominee committee: Please refer to ECLAT TEXTILE CO., LTD. 2023 Annual Report II-(I)-2 of III. Corporate Governance Report for disclosure of professional qualification of directors and supervisors and independence of independent directors.

(VII) Risk Management Committee Member Information and Operation Status: :

(1) Risk management committee member appointment criteria and responsibilities:

The objective of this committee is to improve risk governance and strengthen the board functions, and it is formed by five members elected by the board of directors. The committee members shall not be less than three, and more than half of the members shall be independent directors. Its main responsibilities are as follows:

- Review various risk management policies and frameworks, risk appetite and limit.
- Supervise the risk management mechanism operation.
- Review management report on material risk issues.
- Report the risk management status to the board of directors timely.

(2) Risk management committee member professional qualification and experience and operation status:

- Risk management committee of the Company consists of 5 members.
 - Member current term of office: Term of office from January 13, 2022 to August 11, 2024.
- Risk management committee held 3 times of meetings (A) in the most recent year, and the member professional qualification and experience, attendance status and discussion matters are as follows:

Title	Name	Professional qualification s and experience	No. of meetings attended in person (B)	No. of meetings Attended by proxy	In-person attendance Rate (%) (B/A)	Remark
Convener	Shu-Wen Wang	Note	3	0	100%	Appointed on January 13th, 2022
Member	Hsien-Chin Tsai	Note	3	0	100%	Appointed on January 13th, 2022
Member	Yea-Kang Wang	Note	3	0	100%	Appointed on January 13th, 2022
Member	Cheng-Ping Yu	Note	3	0	100%	Appointed on January 13th, 2022
Member	Nai-Ming Liu	Note	3	0	100%	Appointed on January 13th, 2022

Other matters required to be recorded:

Describe the meeting date, session, agenda content of the main proposals of the risk management committee, risk management committee member recommendations or dissenting opinion content, risk management committee resolution result, and Company's handling of comments of risk management committee.

2023 risk management committee resolutions are as follows:

Risk management committee term number and date	Agenda content and resolution result	Company's handling of comments of Risk management committee
The 3 rd meeting of the 1 st session (May 4, 2023)	Proposal Content: Approve the discussion on the proposals of credit extension cases of customers. Resolution: Upon a comprehensive review and amendments of each customer's credit conditions, the proposal was unanimously approved by all committee members.	Not applicable.

Risk management committee term number and date	Agenda content and resolution result	Company's handling of comments of Risk management committee
The 4 th meeting of the 1 st session (August 7, 2023)	Proposal Content: Approve the discussion on the proposals of credit extension cases of customers. Resolution: Upon a comprehensive review and amendments of each customer's credit conditions, the proposal was unanimously approved by all committee members.	Not applicable.
The 5 th meeting of the 1 st session (November 28, 2023)	Proposal Content: Approved the information security risk control operation upgrade and implementation budget of the Company. Resolution: 1. The adjustment of the host backup mechanism was approved by all attending members after being consulted by the chairperson. 2. The introduction of a privileged account management was resolved to adopt the solution of the vendor Uda, but after subsequent system compatibility tests with two vendors, if there are problems, a report should be submitted to this committee.	Not applicable.
To implement risk management mechanism, the risk environment faced by the Company, management focus assessment and responsive measures are reported in the risk management meeting periodically. The chair of the Risk Management Committee has reported the risk management supervision status during the Board of Directors' meeting held on January 12, 2024.		

Note: Professional scope of Risk Management Committee: Please refer to Eclat Textile Co., Ltd. 2023 Annual Report II-(I)-2 of III. Corporate Governance Report for disclosure of professional qualification of directors and supervisors and independence of independent directors.

(VIII)

(1) Deviation of the Company's actual promotion of sustainable development execution status from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof:

Item	Implementation status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Y	N	Summary description (Note 2)	
I. Has the company established the governance structure for promoting the sustainable development, and has set up a unit that specializes (or is involved) in the promotion of sustainable development, and does the board of directors authorize the senior management to handle such matter, and the supervision status of the board of directors?	V		The Company has established the "ESG Committee" consisting of three commissioners selected from directors, and it is divided into five teams of "Sustainable Environment Development", "Human Resources", "Corporate Governance", "Product and Service" and "Social Participation". Each team is led by one convener. The committee chairperson and the conveners of each team are elected by the board of directors. The responsibilities of the ESG Committee are to identify sustainable operation topics, execute action plans and propose sustainable development related topics, and report to the board of directors at least once annually, in order to ensure the implementation of the Sustainable Development Best Practice Principles. Our company has also set up the "Sustainability and Occupational Safety and Health Management Office" to specialize in promoting ESG-related affairs of the company's operation. It reports to the board of directors every quarter, with a total of 4 executions in 2023, including progress of greenhouse gas inventory, impacts of sustainable-related laws and regulations, international trends, sustainable-related strategic goals and progress of plan execution, and more. After listening to the team's report, the board of directors evaluates whether the execution status of the company's sustainable development is feasible and further instructs the team to adjust strategies or goals. Please refer to the "ESG Committee Organization System Diagram" on page 30 of the 2022 ESG Report (referred to as "Report") for details. In 2023, a total of 16 team meetings and 1 committee meeting were held. In addition, the ESG committee's 2023 work execution status and 2024 work plan were reported to the board of directors on February 29, 2024. Relevant information has been disclosed on the Company's website.	None
II. Has the Company conducted risk assessment on the environment, society and corporate governance issues related to the company's operation according to the materiality principle, and has the company established relevant risk management	V		The Company establishes the ESG report and adopts the questionnaire and interview method, reviews the survey results of all units and senior officers, and assesses relevant operational risks according to the materiality principle, in order to specify risks identified in the existing Risk Management Regulations. The scope of coverage focuses on the Company in principle, including sites in Taiwan, Vietnam, Cambodia and Indonesia. According to the risk assessed, relevant risk management policies or strategies have been established as follows: (I) Customer risk: 1. Control the upper limit of revenue percentage from one single customer in order to distribute the customer's	None

Item	Implementation status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Y	N	Summary description (Note 2)	
policy or strategy? (Note 2)			centralized revenue risk. 2. Implement diverse operation strategies to distribute operating risk. 3. Reduce credit risk through credit ranking, insurance and factoring of accounts receivable. (II) Financial risk: 1. Enhance financial management and company control. 2. Enhance currency and exchange rate risk control. 3. Enhance customer communication transparency, understand purchase policy changes. (III) Supply risk: 1. Request suppliers' productivity, quality and R&D potential. 2. Engage in collaborative R&D with suppliers. 3. Adopt distributed purchase strategy. (IV) Talent risk: 1. Improve basic employee training. 2. Promote academic and industry collaboration to increase recruitment resources. 3. Enhance promotion system and management training. 4. Implement continuous tracking of turnover rate and employee satisfaction, and perform system adjustments. (V) Climate change risk: 1. Identify climate change opportunities and risks according to the TCFD structure. 2. Manage risk, and seize opportunities. 3. Perform project or educational training. 4. Track performance and perform timely review and adjustment. 5. Establish a response operation process for the re-occurrence of risk. (VI) Information risk: 1. Implement facility room access security, and periodically update new software and hardware equipment. 2. Use direct lines to ensure internal data security and stability. 3. Reduce remote processing, and handle matters on a project basis for special cases. 4. Enhance firewall and patch vulnerability, and periodically rehearse software reconstruction and response steps. 5. Implementing MFA (multi-factor authentication) authorization. 6. Introducing (PAM) Privileged Account Management. For the operation status, please refer to section "1.2 Sustainability Strategy and Risk Management" on page 29 and section "1.4 Material Topic Identification" on page 38 of the Report.	

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III. Environmental Topic A. Does the Company have an appropriate environmental management system established in accordance with its industrial characteristics?	V		The Company truly understands that it is the joint responsibility of the mankind to protect the earth's environment; therefore, for all aspects of the management, the Company considers the environmental protection. The Company has identified the material environmental topics, potential risks and opportunities as well as responsive measures according to the risk management policy, which has also been disclosed in the content of page 114 of Chapter 5 "Guardian Angel of Environmental Resources" of the Report. (I) The appropriate environment management system establishment according to the industrial characteristics of the Company is as follows (please refer to Energy Utilization and Management on page 115 of the Report for relevant descriptions): 1. Energy saving and carbon reduction For purpose of reduction of the carbon emission, effective management of energy use, and increase in energy efficiency are important aspects of achieving the goal of carbon reduction. Dayuan Plant was the first factory to participate in the 2017 Manufacturing Industry Energy Management Demonstration and Guidance Plan of the Industrial Development Bureau, MOEA, and ISO50001 energy management system was constructed, and external inspection was also completed after successful implementation. In 2020, a new version of the management certification audit was completed, and the permit license is valid until 2024. Vietnam Fabric Plant has implemented the ISO50001 energy management system in 2019, and has also obtained the external audit approval permit license in 2020. 2. Greenhouse gas emission reduction Under the promotion of the greenhouse gas inspection executive committee, all plant sites execute works according to the ISO14064-1 greenhouse gas inspection and verification standard. Take year 2017 as the base year of greenhouse gas inspection, and perform the greenhouse gas inspection operation every year. 3. Reduction of water consumption In 2018, the Company established the water resource management policy, and the factory implemented daily meter recording, monthly analysis and quarterly review, in order to achieve the effective early warning and management of water resource issues. As for the water saving strategy, the Company actively invests in the eco-friendly process, and aims to reduce water resource use through process research and development, such as the waterless dyeing technology developed with operators in the same industry in the past is one of the key milestones for the textile manufacturing industry. For the Fabric Division with	None

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			relatively greater water consumption, since 2016, a new rainwater recycling system was constructed. Since 2019, the rainwater recycling system has been extended to the garment business unit. 4. Waste management policy The Company emphasizes waste management, and has completed the waste management policy establishment and announcement in 2018. Legal compliance is the basic requirements for the Company's waste management policy. All industrial wastes are reported and responded to according to the local regulatory requirements, and are classified and stored according to the characteristics of wastes. Each factory assigns dedicated personnel to implement the waste temporary storage area patrol inspection and to report relevant output and temporary storage quantity.	
B. Is the Company committed to achieving efficient use of resources, and using renewable materials that has less impact on the environment?	V		(II) The core business of the Company is fabric manufacturing; therefore, the Company cannot perform improvements on the raw materials as the upstream yarn suppliers, such as recycling raw materials for the reproduction of recycled yarn. Accordingly, our eco-friendly design method is to start from the processing method. Through the processing method, the R&D direction complying with quantity reduction, energy saving and carbon reduction is established, along with the use of recycled yarn designated by customers, in order to beneficially achieve the objective of an eco-friendly environment. Please refer to "4.1.1 Innovative R&D Advantages" on page 97 of the Report. The processing method improvements include the following: 1. Characteristic change Change of yarn processing method in order to achieve greater elasticity, increased filling power, and improved water delivery of the yarn. 2. Structure change (1)Flexible structure provides greater mechanical elasticity and softness to fabrics, and a better moisture conduction structural layer is constructed, in order to reduce the discomfort due to wet attachment of fabrics. Porous structure enhances the air permeability; (2) Quick adjustment of body temperature to increase drying speed; (3) Multi-layer structure increases the micro-climate effect between the fabric and the body, thereby increasing thermal resistance. 3. Change of yarn extraction and false twist technology The original yarn extraction is combined with new false-twist technology in order to simplify the manufacturing process, increase color fastness, reduce	None

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			carbon emissions and water source use amount. 4. Subtraction design Selection of one single material and simple fabric composition can be beneficial to the clothing recycle and waste recycle process (including elastic fabric clothing requiring re-processing for recycling and reproduction into recycled yarn). 5. Energy Saving Achievements: Starting from the year 2020, the Company has progressively introduced low bath ratio equipment, resulting in water and energy conservation effects. The Company have also gradually replaced high-energy motors with more efficient ones to enhance energy utilization. The Company reviews the achievement of our goals every 3 years, with the energy reduction baseline year set as 2020. The energy-saving objectives for the year 2023 are a 6% reduction in intensity for both divisions. Regarding the total electricity consumption, in comparison to the year 2020, there was an increase of 1,149,861 kWh in the year 2023 due to the ongoing growth of our company's operations. Total Electricity Consumption (Unit: kWh) <table><tr><th colspan="3">Baseline Year</th></tr><tr><th>Year</th><th>Fabric</th><th>Garment</th></tr><tr><td>2020</td><td>65,881,315</td><td>23,189,719</td></tr><tr><th colspan="3">Last 2 Years</th></tr><tr><th>Year</th><th>Fabric</th><th>Garment</th></tr><tr><td>2022</td><td>65,925,916</td><td>25,455,959</td></tr><tr><td>2023</td><td>65,056,488</td><td>25,164,407</td></tr></table> In 2023, electricity consumption intensity reduction results were as follows: the Garment Division decreased by 17.20%, and the Fabric Division increased by 13.47%. Electricity Consumption Intensity (Unit: kWh): <table><tr><th colspan="3">Baseline Year</th></tr><tr><th>Year</th><th>Fabric (per ton)</th><th>Garment (per thousand dozen)</th></tr><tr><td>2020</td><td>3,276.37</td><td>5,000.69</td></tr><tr><th colspan="3">Last 2 Years</th></tr><tr><th>Year</th><th>Fabric (per ton)</th><th>Garment (per thousand dozen)</th></tr><tr><td>2022</td><td>2,378.02</td><td>4,193.43</td></tr><tr><td>2023</td><td>2,712.95</td><td>5,674.05</td></tr></table>	Baseline Year			Year	Fabric	Garment	2020	65,881,315	23,189,719	Last 2 Years			Year	Fabric	Garment	2022	65,925,916	25,455,959	2023	65,056,488	25,164,407	Baseline Year			Year	Fabric (per ton)	Garment (per thousand dozen)	2020	3,276.37	5,000.69	Last 2 Years			Year	Fabric (per ton)	Garment (per thousand dozen)	2022	2,378.02	4,193.43	2023	2,712.95	5,674.05	
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C. Has the Company evaluated the climate change on the present and future potential risks and opportunities of the corporation, and has the company adopted responsive actions on climate related issues?	V		(III)The Company's assessment of the climate change potential risks and opportunities are handled by the headquarters ESG committee as the organization for managing climate change. The board of directors acts as the highest directive unit, and the environmental sustainability team designs the risk and opportunity identification table, and domestic and overseas factories and business management departments are summoned to perform indicator comparisons based on the TCFD. In addition, through the inspection and identification of various risks and opportunities, material risk and opportunity matrix are established, and the management cost and property impact are estimated accordingly, in order to enhance the corporate climate change governance, systematically assess financial correlation, to reduce risk and to seize potential improvement and transformation opportunities. Please refer to the "Identification and assessment table for major climate risks" and the "Identification and Evaluation Table of Major Opportunities of Climate" under the table and "5.2.1 Climate Change Risk and Opportunity" on page 117 of the Report.	None
D. Has the Company statistically analyzed the greenhouse gas emission, water usage and waste total weight over the past years, and has the company established policies for energy saving, carbon reduction, greenhouse emission reduction, reduction of water usage or other waste management?	V		(IV)The statistical data on the greenhouse gas emission, water consumption and waste total weight in the last two years is summarized in the following Data Scope: "All figures include consolidated financial statements of parent and subsidiary companies." Individual reduction policies and goals are outlined as follows: (please refer to the description of "5.2.2 Greenhouse Gas Management" on page 124 of the Report): 1. Greenhouse gas emission Baseline year for greenhouse gas emissions is 2017. Carbon reduction goal for the year 2025: Both divisions aim to achieve a 20% reduction in emission intensity compared to the baseline year. Each year, external verification by the reputable third-party organization SGS is commissioned, and this verification process has been completed for the year 2022. The verification for the year 2023 has not yet been completed. The complete verification data will be disclosed in the Report. Greenhouse Gas Emission Results for the Year 2023: The Garment Division achieved a reduction of 9.03%, and the Fabric Division achieved a reduction of 0.48%. Regarding the total greenhouse gas emissions, in comparison to the year 2017, there was an increase of 756.42 metric tons of CO ₂ e emissions in the year 2023 within Scopes 1 and 2 categories due to the continuous growth of our company's operations.	None

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			Greenhouse gas emission quantity(unit: tons CO₂e) <table><tr><th colspan="4">Baseline Year</th></tr><tr><th>Year</th><th>Scope 1</th><th>Scope 2</th><th>Scope 3</th></tr><tr><td>2017</td><td>45,347.43</td><td>77,081.62</td><td>NA</td></tr><tr><th colspan="4">Last 2 Years</th></tr><tr><th>Year</th><th>Scope 1</th><th>Scope 2</th><th>Scope 3</th></tr><tr><td>2022</td><td>27,129.81</td><td>97,001.44</td><td>2,848.89</td></tr><tr><td>2023</td><td>28,121.36</td><td>93,551.27</td><td>8,102.70</td></tr></table> Greenhouse gas emission intensity (unit: tons CO₂e) <table><tr><th colspan="3">Baseline Year</th></tr><tr><th>Year</th><th>Fabric (per ton)</th><th>Garment (per thousand dozen)</th></tr><tr><td>2017</td><td>5.94</td><td>4.35</td></tr><tr><th colspan="3">Last 2 Years</th></tr><tr><th>Year</th><th>Fabric (per ton)</th><th>Garment (per thousand dozen)</th></tr><tr><td>2022</td><td>3.62</td><td>3.50</td></tr><tr><td>2023</td><td>4.17</td><td>4.37</td></tr></table> The scope 1 and scope 2 total emission quantity of 2023 was decreased by 2,458.62 tons CO₂e in comparison to the quantity in 2022, and the absolute emission was decreased by 1.98%. In terms of the emission intensity, the emission intensity of the Fabric Division in 2023 was increased by 15.05%, and the emission intensity of the Garment Division increased by 24.50%. 2. Water consumption The company conducts a review of water consumption goals every 3 years, with the baseline year set at 2020. The reduction goal for the year 2023 is a 12% decrease in intensity for the Fabric Division. Water consumption is internally audited and no formal arrangement has been made to commission impartial third-party verification. In the year 2023, resulting in a water consumption reduction of 24.5% for the Fabric Division. Regarding the total water consumption, in comparison to the year 2020, the Company's total water usage decreased by 102,557 cubic meters in the year 2023, despite the ongoing growth of our business operations. Water consumption (unit: square meter) <table><tr><th colspan="4">Baseline Year</th></tr><tr><th>Year</th><th>Headquarter</th><th>Fabric</th><th>Garment</th></tr><tr><td>2020</td><td>33,014</td><td>2,027,765</td><td>472,811</td></tr><tr><th colspan="4">Last 2 Years</th></tr><tr><th>Year</th><th>Headquarter</th><th>Fabric</th><th>Garment</th></tr><tr><td>2022</td><td>41,332</td><td>1,786,891</td><td>595,303</td></tr><tr><td>2023</td><td>31,429</td><td>1,825,679</td><td>573,925</td></tr></table> The water consumption for fabric in 2020 was misprinted as 1,786,217. This is the corrected figure.	Baseline Year				Year	Scope 1	Scope 2	Scope 3	2017	45,347.43	77,081.62	NA	Last 2 Years				Year	Scope 1	Scope 2	Scope 3	2022	27,129.81	97,001.44	2,848.89	2023	28,121.36	93,551.27	8,102.70	Baseline Year			Year	Fabric (per ton)	Garment (per thousand dozen)	2017	5.94	4.35	Last 2 Years			Year	Fabric (per ton)	Garment (per thousand dozen)	2022	3.62	3.50	2023	4.17	4.37	Baseline Year				Year	Headquarter	Fabric	Garment	2020	33,014	2,027,765	472,811	Last 2 Years				Year	Headquarter	Fabric	Garment	2022	41,332	1,786,891	595,303	2023	31,429	1,825,679	573,925	
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			Water consumption emission intensity (unit: square meter) <table><tr><th colspan="3">Baseline Year</th></tr><tr><th>Year</th><th>Fabric (per ton)</th><th>Garment (per thousand dozen)</th></tr><tr><td>2020</td><td>100.84*</td><td>101.96</td></tr><tr><th colspan="3">Last 2 Years</th></tr><tr><th>Year</th><th>Fabric (per ton)</th><th>Garment (per thousand dozen)</th></tr><tr><td>2022</td><td>64.45</td><td>98.065</td></tr><tr><td>2023</td><td>76.13</td><td>129.41</td></tr></table> *Emission intensity is amended. Since the year 2016, we have established a rainwater harvesting system to alleviate the pressure on water resource development. In the year 2023, the amount of rainwater accounted for 9.45% of the total water usage. In addition, a wastewater recycling system has been further established in order to increase the recovery and reuse amount of water consumption, thereby increasing the water resource use efficiency. In 2023, the reuse water amount was increased to 12.66% of the total water consumption, higher than the ratio of 12.46% in 2022. In the future, the Company will continue to increase the ratio of the rainwater and the recovered and reused water ratio, in order to reduce environmental impact and cope with the water resource risk due to climate change. 3. Waste management The company conducts a comprehensive review of waste management goals every three years, using the year 2020 as the baseline. The reduction goal for the year 2023 focuses on a 6% decrease in emission intensity for both divisions. Waste quantity is internally audited and no formal arrangement has been made to commission impartial third-party verification. In the year 2023, the waste reduction result showed an increase of 15.58% for the Garment Division and a decrease of 3.29% for the Fabric Division. Regarding the total waste quantity, in comparison to the year 2020, our company's total waste generation increased by 1,758,515 kilograms in the year 2023, due to the ongoing growth of our business operations. Waste management (unit: kg) Non-hazardous wastes <table><tr><th colspan="3">Last 2 Years</th></tr><tr><th>Year</th><th>Fabric</th><th>Garment</th></tr><tr><td>2022</td><td>7,910,566</td><td>4,086,326</td></tr><tr><td>2023</td><td>10,315,348</td><td>3,752,493</td></tr></table>	Baseline Year			Year	Fabric (per ton)	Garment (per thousand dozen)	2020	100.84*	101.96	Last 2 Years			Year	Fabric (per ton)	Garment (per thousand dozen)	2022	64.45	98.065	2023	76.13	129.41	Last 2 Years			Year	Fabric	Garment	2022	7,910,566	4,086,326	2023	10,315,348	3,752,493	
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			Hazardous wastes (unit: kg) <table><tr><th colspan="3">Last 2 Years</th></tr><tr><th>Year</th><th>Fabric</th><th>Garment</th></tr><tr><td>2022</td><td>179,024</td><td>5,265</td></tr><tr><td>2023</td><td>224,148</td><td>5,740</td></tr></table> Due to the type of waste specified by the local regulations in Vietnam, hazardous wastes only cover the fabric plant in Vietnam. Waste total weight (unit: kg) <table><tr><th colspan="3">Baseline Year</th></tr><tr><th>Year</th><th>Fabric</th><th>Garment</th></tr><tr><td>2020</td><td>9,138,708</td><td>3,394,766</td></tr><tr><th colspan="3">Last 2 Years</th></tr><tr><th>Year</th><th>Fabric</th><th>Garment</th></tr><tr><td>2022</td><td>8,089,590</td><td>4,091,591</td></tr><tr><td>2023</td><td>10,539,496</td><td>3,752,493</td></tr></table> Waste intensity (unit: kg) <table><tr><th colspan="3">Baseline Year</th></tr><tr><th>Year</th><th>Fabric (per ton)</th><th>Garment (per thousand dozen)</th></tr><tr><td>2020</td><td>454.48</td><td>732.06</td></tr><tr><th colspan="3">Last 2 Years</th></tr><tr><th>Year</th><th>Fabric (per ton)</th><th>Garment (per thousand dozen)</th></tr><tr><td>2022</td><td>288.80</td><td>674.01</td></tr><tr><td>2023</td><td>439.51</td><td>846.11</td></tr></table> In addition to the basic regulatory requirements, in 2016, the Taiwan plant site has established the “Waste Handling Contractor Survey Form” and “Waste Handling Contractor Audit Form” for the handling of wastes, and the scope of the survey includes document review, disposal capability and risk assessment (illegal events, public protest or complaint), and the audit items include disposal, storage, processing, final treatment and document review. In 2018, the Vietnam plant site has implemented the “Waste Handling Contractor Evaluation Regulations” in order to perform contractor evaluation. Through a complete review mechanism, the most optimal handling contractor is selected, thereby ensuring that the industrial wastes are handled via the most appropriate method.	Last 2 Years			Year	Fabric	Garment	2022	179,024	5,265	2023	224,148	5,740	Baseline Year			Year	Fabric	Garment	2020	9,138,708	3,394,766	Last 2 Years			Year	Fabric	Garment	2022	8,089,590	4,091,591	2023	10,539,496	3,752,493	Baseline Year			Year	Fabric (per ton)	Garment (per thousand dozen)	2020	454.48	732.06	Last 2 Years			Year	Fabric (per ton)	Garment (per thousand dozen)	2022	288.80	674.01	2023	439.51	846.11	
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IV. Social Issues A. Has the Company formulated the administrative policies and procedure in compliance with	V		A. The Company complies with the local laws of each operating sites globally. The Company treats each current employee with respect according to the internally recognized human rights standards of the “International Bill of Human Rights”, “Core Labor Standards of International Labour Convention” and the sustainable development standard system etc. as	None																																																						

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relevant laws and international convention on human right?			well as the local laws and regulations. Most importantly, in terms of the policy and management aspects, the Company has established management mechanism in order to protect the human rights of employees. Relevant employee welfares, employee safety and health as well as employee career development and training implementation have been disclosed in the Report of the Company. Please refer to “3.2 Labor Human Rights Protection” on page 85 of the Report. The human rights policy and specific management actions of the Company is as follows: <table><tr><th>Human Rights Policy</th><th>Management Actions</th></tr><tr><td>Respect humanity/care employees</td><td>1. Observe and conduct interviews to assist colleagues in adapting to work or addressing needs; closely monitor progress. 2. Establish workplace harassment prevention and complaint procedures, including a dedicated helpline.</td></tr><tr><td>Prohibit and prevent discrimination</td><td>1. Advocate non-discriminatory employment practices. 2. Maintain gender equality in the workplace; establish procedures for harassment prevention and complaints, and establish complaint channels.</td></tr><tr><td>Fair employment.</td><td>1. Prioritize domestic job opportunities before hiring foreign migrant workers. 2. Adhere to non-discrimination principles under Article 5 of the Employment Service Act during recruitment. 3. Implement migrant worker fee-free policy.</td></tr><tr><td>Prohibition on child labor</td><td>1. Develop and implement internal regulations in accordance with the minimum working age as stipulated by Taiwan's labor laws. 2. Verify the age of applicants during recruitment by checking government-issued identification documents. 3. In cases of doubt during interviews, inquire separately about age-related matters to confirm minimum working age compliance.</td></tr><tr><td>Legitimate working hour management</td><td>1. Utilize a clock-in system to record daily attendance and working hours; promptly alert supervisors to overtime</td></tr></table>	Human Rights Policy	Management Actions	Respect humanity/care employees	1. Observe and conduct interviews to assist colleagues in adapting to work or addressing needs; closely monitor progress. 2. Establish workplace harassment prevention and complaint procedures, including a dedicated helpline.	Prohibit and prevent discrimination	1. Advocate non-discriminatory employment practices. 2. Maintain gender equality in the workplace; establish procedures for harassment prevention and complaints, and establish complaint channels.	Fair employment.	1. Prioritize domestic job opportunities before hiring foreign migrant workers. 2. Adhere to non-discrimination principles under Article 5 of the Employment Service Act during recruitment. 3. Implement migrant worker fee-free policy.	Prohibition on child labor	1. Develop and implement internal regulations in accordance with the minimum working age as stipulated by Taiwan's labor laws. 2. Verify the age of applicants during recruitment by checking government-issued identification documents. 3. In cases of doubt during interviews, inquire separately about age-related matters to confirm minimum working age compliance.	Legitimate working hour management	1. Utilize a clock-in system to record daily attendance and working hours; promptly alert supervisors to overtime	
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Prohibition on child labor	1. Develop and implement internal regulations in accordance with the minimum working age as stipulated by Taiwan's labor laws. 2. Verify the age of applicants during recruitment by checking government-issued identification documents. 3. In cases of doubt during interviews, inquire separately about age-related matters to confirm minimum working age compliance.															
Legitimate working hour management	1. Utilize a clock-in system to record daily attendance and working hours; promptly alert supervisors to overtime															

Item	Implementation status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Y	N	Summary description (Note 2)	
			situations. 2. Send computer system reminders as the end of the workday approaches.	
			Care for employees' physical and mental health 1. Employ qualified nurses and contract physicians as required by regulations; conduct labor inspections for protection. 2. Implement annual health plans, review employee health check results, and address anomalies. 3. Organize health-related activities.	
			Implement employee trainings and occupational development 1. Provide diverse educational and training opportunities related to various job functions. 2. Implement an online training platform.	
			Provide healthy and safe working environment 1. Establish the "Ju Hong Enterprise Environmental, Health and Safety, and Energy Policy," and follow occupational health and safety management systems for continuous workplace environment improvement. 2. Implement the ISO45001 Occupational Health and Safety Management System to evaluate health and safety management, prevent work-related injuries and diseases, and invest in equipment upgrades to improve the working environment. 3. Ensure a consistently comfortable and pleasant working environment, and regularly conduct environmental monitoring. 4. Set up yoga studios and fitness rooms, providing employees with diverse fitness equipment.	
			Prohibition of forced labor. 1. Prohibit any requirement for labor against an employee's will through punitive or coercive means. 2. Implement migrant worker fee-free measures. Employees retain their passports, accounts, and related documents.	

Item	Implementation status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Y	N	Summary description (Note 2)	
B. as the Company established and implement reasonable welfare measures (incl. remuneration, vacation and other benefits), and properly based employees' remuneration on business performance?	V		B. The status of relevant employee welfare provided by the Company, employee safety and health as well as employee career development and training implementation is disclosed in the following. (Please refer to "2.3 Remuneration Welfare and Care" on page 62 of the Report.) 1. Continuous salary raise From 2018 to 2022, the business of the Company has continued to grow, and to compliment employees' effort, the Company has adjusted the overall salary by 3% to 5%. In addition, To encourage the employees in 2023, the board of directors reached a resolution to approve the additional distribution of incentive reward. Since the second and third quarter of the year 2023, a quarterly bonus has been awarded. 2. Addition of overseas staff's relative rental subsidy and education allowance The maximum overseas staff's relative rental subsidy reaches USD 650 per month and the children's education allowance of USD 3,400 per academic year, allowing overseas employees to work securely in foreign places and increase the retention rate. 3. No makeup work for makeup working days When the business performance reaches the target in the previous fiscal year, no makeup work is required for the makeup working day on Saturdays announced by the government and employees can take the day off directly, allowing employees to have sufficient rest and to achieve a balance between work and life. 4. Workplace diversity and equality The Company has established sites in Taiwan, Vietnam, Cambodia and Indonesia. Up to the end of 2023, the total number of employees in these four regions has reached 18,615 people. In addition, female employees account for the majority of the employees, and the ratio of female employees over the total number of employees in Taiwan is 62%, 87.3% in Vietnam, 84.1% in Cambodia and 92.9% in Indonesia. 5. Ratio of female senior management roles The ratio of female employees above the rank of manager in Taiwan is 38.1%; and the ratio of female employees above the rank of associate manager is 5.5%. 6. Among the specific measures that are taken to create a diverse and friendly workplace are: Establish a "diverse, equal, and inclusive policy" that emphasizes creating a female-friendly workplace, as the majority of our employees are women. We provide lactation rooms, breastfeeding breaks, and VIP parking spaces for pregnant colleagues. The headquarters has an on-site childcare center. Children entrusted to the company's childcare center will	None

Item	Implementation status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons						
	Y	N	Summary description (Note 2)							
			receive a childcare allowance. Furthermore, the company provides economic assistance to colleagues so that they do not have to choose between childcare and their careers. Additionally, we have observed the demand for childcare services within the local community. Therefore, we have opened enrollment to external families. By doing so, we not only optimize resource utilization but also contribute to serving the needs of the community households. Currently, we have admitted 24 children for internal enrollment and 7 children for external enrollment.							
C. Has the Company provided a safe and healthy workplace, and delivered safety and health education to its workers periodically?	V		C. The Company provides employees a safe and healthy working environment, and provides safety and health education to employees regularly as described in the following (please refer to the description of “3.1 Labor Safety and Health” on page 74 of the Report): To rigorously complies with the national laws and workplace regulations, the Company has established the “Eclat Corporate Environmental Safety, Health and Resource Policy” and also establishes the “Occupational Safety and Health Management System” according to the requirements of the occupational safety and health management systems of ISO45001: 2018, CNS 45001: 2018 and TOSHMS, and has also qualified the ISO 45001 and TOSHMS certification. The verification scope covers all of the company's manufacturing facilities in Taiwan and certain production bases in Vietnam. Through a complete PDCA occupational safety and health management system, the Company periodically convenes environmental and occupational safety and health committee meetings, and continues to improve the operating environment, as well as prevent the occurrence of occupational injuries and diseases completely. The workers include relevant personnel performing work activities under the control of the Company, including employees (accounted for 97.9%) and non-employees (accounting for 2.1%). In Vietnam, similar to the system in Taiwan, has also established the “Labor Safety and Health Regulations” in order to ensure the consistency of the operating environment criteria. 2023 Number of employees of occupational accidents and ratio thereof (Excluding Commuting Accidents) <table><tr><th>Region</th><th>Number of employees in occupational accidents</th><th>Ratio of occupational accidents</th></tr><tr><td>Taiwan</td><td>1</td><td>0.06%</td></tr></table>	Region	Number of employees in occupational accidents	Ratio of occupational accidents	Taiwan	1	0.06%	None
Region	Number of employees in occupational accidents	Ratio of occupational accidents								
Taiwan	1	0.06%								

Item	Implementation status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons																																							
	Y	N	Summary description (Note 2)																																								
			<table><tr><th>Region</th><th>Number of employees in occupational accidents</th><th>Ratio of occupational accidents</th></tr><tr><td>Vietnam</td><td>15</td><td>0.12%</td></tr><tr><td>Cambodia</td><td>12</td><td>0.75%</td></tr><tr><td>Indonesia</td><td>2</td><td>0.06%</td></tr><tr><td>Total</td><td>30</td><td>0.16%</td></tr></table> In 2023, for the environmental improvement expenses at each plant site of the Company, the investment amount was approximately NT\$2 million in Taiwan, NT\$7.2 million in Vietnam, NT\$500 thousand in Cambodia and 270 thousand in Indonesia. The improvement content includes not only basic protection equipment but also firefighting equipment for the factory site, improvement, improvement of the hot environment and ventilation equipment in order to increase the comfort of the operating environment, installation of machine safety protection device, plant site lighting, and assessing the factory building structure. Each year, the Company implements occupational safety and health related education and training. In 2023, the occupational safety and health training expenses and hours of the Company please refer to “5.5.2 Employee Development and Training Programs. In 2023, the table below illustrates the number of fire incidents, casualties, and the ratio of casualties to the total number of employees: <table><tr><th>Region</th><th>Number of Fire Incidents</th><th>Number of Casualties</th><th>Ratio of occupational accidents</th></tr><tr><td>Taiwan</td><td>0</td><td>0</td><td>0%</td></tr><tr><td>Vietnam</td><td>0</td><td>0</td><td>0%</td></tr><tr><td>Cambodia</td><td>0</td><td>0</td><td>0%</td></tr><tr><td>Indonesia</td><td>0</td><td>0</td><td>0%</td></tr><tr><td>Total</td><td>0</td><td>0</td><td>0%</td></tr></table> Every six months, we conduct regular disaster preparedness drills, and each production site also completes annual building fire safety inspections and tests on fire systems maintenance to ensure their smooth operation during emergencies. All factory colleagues undergo online occupational safety, health, and fire management basic courses to learn about fire and explosion risk identification, analysis, response strategies, and evaluation concepts, achieving the participation of all staff in fire prevention and enhancing fire safety awareness.	Region	Number of employees in occupational accidents	Ratio of occupational accidents	Vietnam	15	0.12%	Cambodia	12	0.75%	Indonesia	2	0.06%	Total	30	0.16%	Region	Number of Fire Incidents	Number of Casualties	Ratio of occupational accidents	Taiwan	0	0	0%	Vietnam	0	0	0%	Cambodia	0	0	0%	Indonesia	0	0	0%	Total	0	0	0%	
Region	Number of employees in occupational accidents	Ratio of occupational accidents																																									
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Total	0	0	0%																																								

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	Y	N	Summary description (Note 2)	
			In Taiwan, quarterly patrols using infrared (IR) thermography are conducted on electrical panels to detect equipment abnormalities in advance. Upon identifying abnormal temperatures on the panels, investigations into the root causes are conducted, and improvements are made. If abnormal temperature points are detected, the facilities and electricians are promptly notified to rectify the abnormalities, and continuous monitoring is conducted to mitigate operational risks in the factories.	
D. Has the Company offered effective training programs for vocational skills development to its workers?	V		D. The Company establishes effective career and skill development training program for employees as described in the following. (Please refer to the description of “2.2 Talent Cultivation and Development” on page 58 of the Report): To ensure that employees are able to receive training and knowledge necessary for their professions and occupational demands, the educational training plans for the employees are proposed by each level of supervisor at the end of each year according to the requests of their business units and staff, thereby proposing the work training plan and budget of each unit for next year. The plan and budget are then submitted to the human resource division for approval, in order to provide and handle relevant resources. The human resource division is also responsible for the establishment of the Company’s education and training directives, internal instructor training and tracking, and evaluation and review of education and training plans. In 2023, the training (including internal and external training) organized reached a total of 167,946 personnel participating in such training; the total number of training hours was approximately 282,805 hours; the annual training expense was approximately NTD 948 thousand. Since 2019, the Company has launched the “Eclat e-School” program, and the internally prepared digital courses have increased from 25 courses to 40 courses, such that employees’ learning is not restricted by location and time. We also implement online and offline education, allowing employees to select the learning model most suitable to their needs.	None

Item	Implementation status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons						
	Y	N	Summary description (Note 2)							
E. Has the Company conformed to relevant laws and international standards, and established policies on consumer rights protection and complaint system, in regard to the health and safety of its customers, client confidentiality, product marketing and labeling?	V		E. The product sales target of the Company refers to international brand makers, and the products provided by the Company must comply with relevant regulations and international standards. With regard to the research and development, procurement, manufacturing, operation and service processes, the Company establishes the inspection procedure, including the use of non-toxic dyes, metal testing probe, autonomous or third party verification institution to conduct test reports etc. in order to ensure the rights and benefits of consumers. Please refer to"4.2 Service Quality and Customer Management" on page 101 of the report. In our business model, the Company doesn't sell its products to end consumers but to the global brands, and the global brands sell them directly to consumers and deal with consumer complaint. However, once the Company's clients convey any consumer complaint to it, the Company must investigate its cause and reply to its clients as soon as possible.	None						
F. Has the Company enforced policies on supplier management that request the suppliers to comply with the regulations – incl. environmental protection, occupational safety and health and labor rights, etc. and that track their actual practice?	V		F. The Company has officially established the "Sustainable Development Best Practice Principles" and has explicitly specifies that the contract content of suppliers shall include the signing of the "Supplier Code of Conduct", and the impacts of the suppliers on the overall environment and society is incorporated into the assessment in order to request suppliers for compliance and to prevent occurrence of matters violating the Supplier's Code of Conduct, The code of conduct includes the following aspects: 1. environmental practices, 2. human rights, 3. overtime work, 4. anti-discrimination, 5.prohibition of child labor, 6. measures against harassment, 7. workplace safety and employee health, 8. adherence to environmental laws and regulations, 9. pollution prevention and control, 10. management of hazardous substances, 11. wastewater and waste disposal management, and 12. air pollution management. All these aspects must meet at least the legal requirements. The Company has completed the signing of renewed contracts with all outsourced and contracted suppliers in 2023. Please refer to"4.3 Sustainability Value Supply Chain" on page 106 of the report. Determine the severity of violations against sustainability issues by identifying specific requirements. <table><tr><th>Level</th><th>Type</th></tr><tr><td>No Issue</td><td>No defects</td></tr><tr><td>Needs Improve</td><td>1.No written labor contract is not signed 2.Failure to retain salary records and attendance logs.</td></tr></table>	Level	Type	No Issue	No defects	Needs Improve	1.No written labor contract is not signed 2.Failure to retain salary records and attendance logs.	None
Level	Type									
No Issue	No defects									
Needs Improve	1.No written labor contract is not signed 2.Failure to retain salary records and attendance logs.									

Item	Implementation status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Y	N	Summary description (Note 2)	
			ment 3.Over the hour limit of overtime 4.Salary is not paid on a regular basis 5.At least 1 day off every 7 days 6.Failure to lawfully establish and maintain the fire system in proper working condition. 7.Non-compliant management of chemical storage. 8.Non-compliance with machine equipment operation, education and training, or permits. 9.Lack of environmental-related permits or licenses. 10.Other labor or environmental health and safety deficiencies.	
			Critical 1.Discrepancy between registered business or factory address and actual location. 2.Physical or verbal violence, harassment, obstruction of freedom of association. 3.Lack of a clock-in system to track attendance and working hours. 4.Severe environmental issues: such as illegal discharge or burial of chemicals, wastewater, or waste. 5.Serious occupational health and safety problems: like unsafe building structures, failure to report safety inspections of fire evacuation equipment, lack of maintenance for fire equipment, insufficient emergency exits, dormitories not separate from production buildings and warehouses.	
			Zero Tolerance 1.Non-cooperation during investigations, providing false documents. 2.Utilizing subcontractors without proper authorization. 3.Operating without a business license, bribing auditors, retaliating or attempting to influence interviewed employees. 4.Failing to meet minimum wage requirements, not providing overtime pay. 5.Confiscating colleagues' passports, bankbooks, identification documents, etc. 6.Forced labor. 7.Withholding wages, compelling savings. 8.Use child labor.	

Item	Implementation status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																												
	Y	N	Summary description (Note 2)																													
			In 2023, the assessment included 6 subcontractors located in Taiwan that undertook specific orders for a particular client. The evaluation result for these subcontracting factories is "in need of improvement." The identified deficiencies have all been rectified within the given time frame under the guidance of Eclat. These deficiencies are categorized as "non-major level" environmental health and safety issues. The details are listed as follows: <table><tr><th>Aspect</th><th>Level</th><th>Deficiency</th><th>Improvement</th></tr><tr><td>Business Ethics</td><td colspan="3">N/A</td></tr><tr><td>Labor</td><td colspan="3">N/A</td></tr><tr><td rowspan="7">Environmental Health and Safety</td><td rowspan="7">Non-critical</td><td>Factory fire extinguishers not fixed</td><td>Secure and fix the fire extinguishers.</td></tr><tr><td>Didn't use secondary containers for chemical additives.</td><td>Use secondary containers for chemical additives.</td></tr><tr><td>Employee water bottles placed on machines</td><td>Remove the water bottles. Education and training</td></tr><tr><td>Warehouse chemicals (dry and wet) not segregated</td><td>Segregate chemicals in the warehouse based on their properties.</td></tr><tr><td>No first aid kit in the factory, and no list of medicines or expired medicines not replaced</td><td>Compile a list, replenish the first aid kit, and replace expired medicines</td></tr><tr><td>No certification for first aid personnel or certifications expired:</td><td>Rectify and update certifications for first aid personnel.</td></tr><tr><td>Dormitory emergency lights not bright enough</td><td>Replace the emergency lights for better visibility.</td></tr></table>	Aspect	Level	Deficiency	Improvement	Business Ethics	N/A			Labor	N/A			Environmental Health and Safety	Non-critical	Factory fire extinguishers not fixed	Secure and fix the fire extinguishers.	Didn't use secondary containers for chemical additives.	Use secondary containers for chemical additives.	Employee water bottles placed on machines	Remove the water bottles. Education and training	Warehouse chemicals (dry and wet) not segregated	Segregate chemicals in the warehouse based on their properties.	No first aid kit in the factory, and no list of medicines or expired medicines not replaced	Compile a list, replenish the first aid kit, and replace expired medicines	No certification for first aid personnel or certifications expired:	Rectify and update certifications for first aid personnel.	Dormitory emergency lights not bright enough	Replace the emergency lights for better visibility.	
Aspect	Level	Deficiency	Improvement																													
Business Ethics	N/A																															
Labor	N/A																															
Environmental Health and Safety	Non-critical	Factory fire extinguishers not fixed	Secure and fix the fire extinguishers.																													
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Item	Implementation status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Y	N	Summary description (Note 2)	
V. Has the Company stipulated standards or guidelines according to the internationally accepted report, prepared corporate ESG report etc. and reports for disclosing non-financial information of the Company? Has the aforementioned reports obtained the assurance or guarantee opinions from a third verification unit?	V		The Company entrusts the independent Ernst & Young (EY) with credibility to assist the Company to perform limited assurance according to the report prepared by GRI Standards, Assurance Standards No. 1 "Non-historical Financial Information Audit or Review Assurance Cases" announced by the Accounting Research and Development Institute (established based on ISAE3000), and to issue the limited assurance report of independent auditor.	None
VI. Where the Company establishes its own ESG according to the "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies", please describe the discrepancy between its operation and the principles established: The Company has established the "Sustainable Development Best Practice Principles" and has established the "ESG Committee" in order to allow various business development strategies of the Company to further comply with the concept of sustainable development and implementation of the execution thereof.				
VII. Other important information to facilitate the understanding of				
1. Eclat is deeply rooted in Taiwan, The new headquarters building of our company, which houses the global logistics center, is located in Xinzhuang, New Taipei City and there are factories located at Dayuan District, Taoyuan City, and Houlong Township, Miaoli County etc., creating job opportunities locally. 2. The Company establishes the industry-university collaboration relationship with various universities, the Company still provided 6 students with the paid internship opportunities at the company. In addition, the Company donated and established Eclat Educational Foundation to provide scholarships to outstanding students. As well as, the business management level also participates in various seminar courses in light of cultivating textile industry talents and to providing students with practical participation experience. 3. To support the development of domestic culture: (1) We have invested resources in a fashion design competition. The aim is to cultivate outstanding new fashion designers from Taiwan and provide them with international visibility. We donated NTD800 thousand to sponsor the "FJU Talents" raising project. (2) For a consecutive of 9 years, Eclat clothing design contest has been held in order to improve the creativity and beauty of sports recreation clothing industry, to discover domestic outstanding design talents and to activate the industry overall atmosphere. The Company jointly organized the 9th clothing design contest with the Eclat Education Foundation in order to provide a total prize reaching NT\$ 1.53 million, and approximately 400 outstanding design talents participated in the contest. Due to the COVID-19 pandemic, the event was suspended in 2023. (3) For many years, we have sponsored the Taiwan Textile Federation's (TFDA) New Fashion Design Award.				

Item	Implementation status (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Y	N	Summary description (Note 2)	
4. Community Interaction:				
(1) Headquarter: A total of 45 employees participated in the New Taipei Linkou JIA BAO beach cleanup event. We also organized a second-hand market, with a total revenue of NTD 4,285. Donated to the Children's Welfare League Foundation, while the remaining items were contributed to the Eden Social Welfare Foundation and Eslite Foundation for Education and Culture. Additionally, some items were sold to the Treasure Factory. (2) Dayuan plant: adopts the upstream section of the Laojchieh River at Taoyuan City, and periodically inspects the cleanness as well as river section maintenance operation. (3) Hsichou Plant: participates in the Houlong Township neighborhood caring activities, the Company also sponsors NTD 711,400 in local police and fire department activities. For further information, please refer to “3.3 Co-prosperity With Community and Society” on page 89 of the Report.				

Note 1: If the Implementation Status is selected as "Yes," please explain the key policies, strategies, measures taken and execution status; if Implementation Status is selected as "No," please explain deviation and reasons in the field of "Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons", and explain any relevant policy, strategy and measure planned for the future.

Note 2: Materiality principle refers to relevant environment, society and corporate governance issues having material impacts on the investors and other interested parties of the company.

Note 3: Climate change risk assessment results and the corresponding mitigation measures adopted:

Identification and assessment table for major climate risks

Type of Risk		Risks regarding climate	Potential impacts	Financial Impacts	Impact boundary	Management strategies and goals
Physical risks	Long term	a. Disaster of drought	A severe water shortage may cause the following operational risks: 1. Limited water use leads to the obstacles of brewing raw materials procedure. 2. The amount of water for the dyeing process reduces, causing production to stop. 3. If the air compressor lacks cooling water, it will stop production.	Revenue may loss	Eclat Downstream	Strategies: Response Measures 1. Monitor water consumption, identify major water consumption stages and implement various water-saving measures. 2. Lay down response measures to limit water and increase the water recovery rate. Goals: 1. Enhance the water recycling rate, expected to increase recycling rate to 15% in 2023. The water recycling rate in 2023

Type of Risk		Risks regarding climate	Potential impacts	Financial Impacts	Impact boundary	Management strategies and goals
						is 12.66%. 2. Raise the number of water towers to improve the water storage capacity of the plant.
Transformation	Policies and regulations	b. Increasing demands of revealing the carbon emission data	The increasing demands for carbon-related requirements from investors and customers have led to increased costs and profits reduction.	Cost of production may increase	Eclat	Strategies: Response Measures: To respond to customer demands as early as possible, we have been gradually replacing the high energy-consuming equipment with decentralized low energy-consuming equipment. Goal: Complete all equipment replacement and improvement in every garment factory.
		c. The laws and regulations regarding greenhouse gas are tightened; Carbon border tax	1. The requirements of the Taiwan Stock Exchange for disclosure of non-financial information in annual reports have become increasingly strict and detailed day by day. 2. If the greenhouse gas management law and regulations officially implement the carbon trading system, open the carbon trading market, or start to impose carbon taxes, the purchase of carbon credits or the company's emission costs will increase. 3. "Renewable Energy Development Act." If the Taiwanese government imposes a certain ratio of	Cost of production may increase	Eclat	Strategies: Response Measures: 1. Trace and identify the related laws and regulations every month. 2. Closely pay attention to Carbon Border Adjustment Mechanism, CBAM. 3. Transform the energy and raise the using proportion of renewable energy to decrease product carbon footprint. Goals: 1. In 2025, ECLAT's (The Taiwan plant) renewable energy use will account for 10%. 2. Overseas factories' renewable energy use will account for 15% in 2025.

Type of Risk		Risks regarding climate	Potential impacts	Financial Impacts	Impact boundary	Management strategies and goals
			renewable energy on large-scale energy consumers, it will increase the costs for renewable energy consumption of the Company. 4. The border carbon tax will increase operating costs.			
	Technology	d. Replace the existing products and services with low-carbon products	Additional costs incurred by implementation of new technology and equipment.	Cost of production may increase	Upstream Downstream	Strategies: Response Measures: Modify some technology and raw materials, as well as invest in new equipment (such as anhydrous dyeing machine), and increase the renewable energy capacity. Goal: Will invest in some new equipment and technical specialists. Long-term goal: The cost of energy deployment or technical operations can be reduced once it is stabilized.
		e. The cost for the transformation of low-carbon technology				

Identification and Evaluation Table of Major Opportunities of Climate

Opportunity category		Opportunities regarding climate	Potential impacts	Financial Impacts	Impacted site	Management strategies and goals
Opportunities	Resource efficiency	a-1. Adopt a more efficient transportation approach	Prevent the cost and waste of manpower due to repeated transportation.	Production cost may reduce	Fabric Division	Strategies: Response Measures: Organize and combine the shipments at the same export location to reduce the number of shipments, as well as reduce carbon emissions caused by transportation. Goal: Organize and combine orders from all business departments for unified production scheduling.
			Encourage our suppliers to invest in the areas surrounding our factories to reduce the overseas shipping costs. The procurement cost of raw materials is expected to be reduced with shorter transportation distance and the greenhouse gas emissions in scope 3 of plants can also be reduced.	Production cost may reduce		Strategies: Response Measures: Invite and advise our close strategic alliance suppliers of the investment advantages and encourage them to establish factories in Vietnam. Goal: 80% of raw materials are locally purchased to form a clustering effect for the industry and enhance the vertical communication efficiency in the supply chain.
		a-2. Use more efficient processes of production and distribution	Prevent wasting resources (energy and human resources) from repeatedly producing the same product and reduce environmental loading (carbon emissions and wastewater).	Production cost may reduce.		Strategies: Response Measures: Through combining the end customers, integrate the orders and produce them at once. Goal: Improve production quality and reduce re-repair rate. Simplify the production process

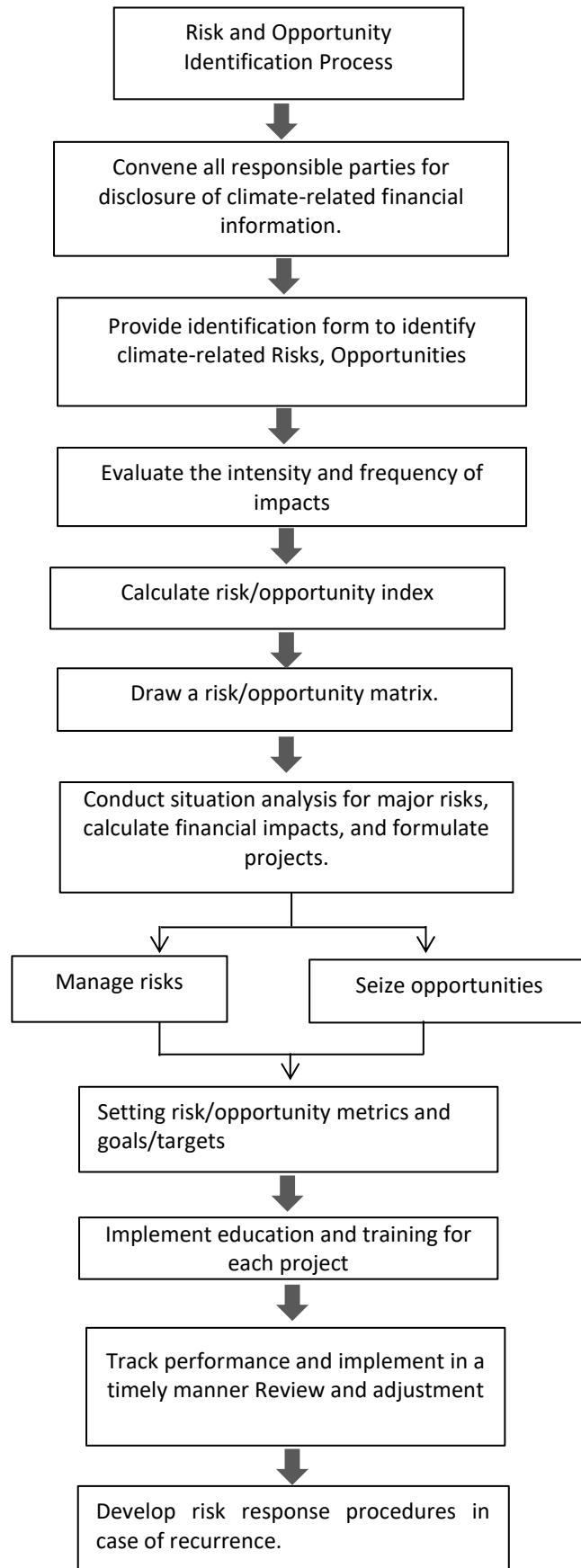
Opportunity category		Opportunities regarding climate	Potential impacts	Financial Impacts	Impacted site	Management strategies and goals
						and consolidate shipments.
		a-3. Reduce energy consumption and decrease emissions	Save the energy consumption for the company	Production cost may reduce	All production division	Strategies: Response Measures: Reduce various kinds of energy use, increase energy efficiency. Goal: All factories finish replacing the high energy-consuming equipment, and all paper consumption reduces 50%.
	Energy sources	b. Use low-carbon energy	1. We replace some of our electricity sources with solar power by taking the advantage of the abundant sunshine in Vietnam. (The factory provides the roof areas, and the solar manufacturers are responsible for investment in the equipment and maintenance. Since we use the green energy produced by ourselves, the electricity costs can be discounted by 8%-10%). Despite increasing the rate of using green electricity, we can also get green electricity at preferred rates. 2. Moreover, it can also decrease the market-based emissions in scope 2, and the lower product emissions are beneficial to reduce the cost of the border carbon tax in the future.	Production cost may reduce	Vietnam production sites	Strategies: Response Measures: Evaluate the benefits and applicability of using solar power, and gradually introduce the use of green energy in each factory. Goal: 1. In 2025, the use of renewable energy in the Taiwan Plant will account for 10%. 2. Overseas factories' renewable energy use will account for 15% in 2025.
	Products and services	c. Develop and/or increase low-carbon products and services	The Carbon Footprint Verification of products set a goal for carbon reduction in the production process.	Revenue can increase	Fabric Division	Strategy: Conduct carbon footprint certification for our major products, understand the hot spots of energy consumption and make improvements. Short-term goal: Obtain the carbon

Opportunity category		Opportunities regarding climate	Potential impacts	Financial Impacts	Impacted site	Management strategies and goals
						footprint certification for 10% of our self-developed products, and understand the hot spots of energy consumption in the production process. Long-term goal: Improve the energy efficiency in production process by 10% in five years.
		d. R&D and innovation of developing new products and services	As the average temperature rises, the demands of moisture perspiration auxiliary fabric have increased. Our company currently has developed functional fabric with better moisture absorption and perspiration performance. Temperature changes will indeed change consumers' preferences and demands for clothing. However, we cannot assure the change tendency of the temperature; thus, the transformation opportunity cannot ensure to be consistent.			Strategies: Response Measures: Continue to develop functional fabrics with better moisture absorption and perspiration performance. Goal: Increase the orders for moisture perspiration auxiliary fabric.

Climate Change Risks and Opportunities Metric Disclosure Framework

Category	Metric	Corporate Governance Actions
Governance	a. Describe the board's oversight of climate-related risks and opportunities.	Climate change-related risks have been integrated into the scope of corporate risk management, and Eclat's "Climate Change Risk Management Procedure" has been approved by the Chairman. ESG Committee reports corporate risks and response measures to the Board of Directors on an annual basis.
	b. Describe management's role in assessing and managing risks and opportunities.	The ESG Committee manages climate change matters at the Company, with the Board of Directors as the highest level decision-making unit, which reviews the status of the promotion of climate change related issues every <u>quarter</u> , and reports the results of the implementation of climate change related issues directly to the Board of Directors on an annual basis.
Strategies	a. Describe the short-, medium-, and long-term climate-related risks and opportunities that have been identified by the organization.	Following Eclat's internal goal management timeline, climate risks and opportunities are defined within the framework of short-term (less than three years), medium-term (three to five years), and long-term (more than five years) periods.
	b. Describe the climate-related risks and opportunities that pose a significant impact on the organization's business, strategy and financial planning.	In accordance with the "Climate Change Risk Management Procedure," the "Climate Change Risk and Opportunity Identification Questionnaire" is used to identify material risks and opportunities related to climate change. This assessment helps to evaluate their potential operational and financial impacts on Eclat.
	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or harsher scenario.	Eclat takes climate change scenarios into account to set strategies and short-, medium- and long-term goals for major risks and opportunities.
Risk Management	a. Describe the organization's processes for identifying and assessing climate-related risks.	The TCFD framework is used to identify climate risks and opportunities, and all departments and plant-related units are brought together to discuss and reach a consensus on the results of the annual significant climate risks, which are confirmed by senior management.
	b. Describe the organization's processes for managing climate-related risks.	This is conducted in accordance with the risk identification process of Eclat's "Climate Change Management Procedures".
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	In 2010, the Company formulated the Enterprise Risk Management (ERM) methodology, and the second revision was completed in 2018, incorporating climate change risk management into the scope of the ERM methodology, defining and identifying climate change risks and opportunities, evaluating their financial impacts, formulating climate risk management strategies, and proposing risk mitigation measures.
Metrics and Targets	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Reduce total greenhouse gas emissions, electricity consumption, and water consumption per unit of product; reduce landfill and incineration of waste, increase the reuse rate of waste, increase the proportion of renewable energy use, and minimize production interruptions due to climate disasters.

Climate Change Risk and Opportunity Identification Flowchart



(2) Climate-Related Information of TWSE/TPEX Listed Company

1. Implementation of Climate-Related Information

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	The ESG Committee of the headquarters is responsible for managing climate change. The Board of Directors serves as the highest-level guiding authority, conducting quarterly reviews of the progress in climate change-related initiatives. Annually, the commissioner of the Committee reports directly to the Board of Directors on the execution outcomes of climate change-related matters. The Environmental Sustainability Team has developed a risk and opportunity identification table, convening various overseas and domestic factories, as well as business management departments. They align with the TCFD framework to compare indicators. Through GHG inventory and identification of various risks and opportunities, a matrix of significant risks and opportunities is developed. Based on the analysis of this matrix, the estimated management costs and financial impacts are calculated. This information is then used to enhance the Company's climate change governance systematically, evaluate financial correlations, mitigate risks, and seize potential opportunities for improvement and transformation.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	Refer to page 86-91, "Identification and assessment table for major climate risks".
3. Describe the financial impact of extreme weather events and transformative actions.	Refer to page 86-91, "Identification and assessment table for major climate risks".
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Refer to page 93, "Climate Change Risk and Opportunity Identification Flowchart".
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	Refer to page 86-92, "Identification and assessment table for major climate risks", "Climate Change Risk" and "Opportunity Identification Flowchart".
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	Refer to page 86-92, "Identification and assessment table for major climate risks", "Climate Change Risks" and "Opportunities Metric Disclosure Framework".
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	We will continue to plan and improve in the future.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	Refer to page XX, "(VIII) (1) Deviation of the Company's actual promotion of sustainable development execution status from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof: Item III. Environmental Topic D. Has the Company statistically analyzed the greenhouse gas emission, water usage and waste total weight over the past years, and has the company established policies for energy saving, carbon reduction, greenhouse emission reduction, reduction of water usage or other waste management?"
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	

1-1. Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory Information Describe the emission volume (metric tons CO₂e), intensity (metric tons CO₂e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

Information of the Company ☐ Companies with a capital of 10 billion NT dollars or more, engaged in the steel and cement industries. ☐ Companies with a capital of 5 billion NT dollars or more but less than 10 billion NT dollars. ☒ Companies with a capital of less than 5 billion NT dollars	According to the Sustainability Development Roadmap for listed companies, the following disclosures are required at minimum: ☐ Individual Inventory of the parent company ☐ Inventory of subsidiary companies for consolidated financial reporting ☐ Individual Assurance of the parent company ☐ Assurance of subsidiary companies for consolidated financial reporting
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Greenhouse Gas Inventory and Assurance Status for Year 2022

Scope 1	Emission Volume (metric tons CO2e)	Intensity (metric tons CO2e/NT\$ million)	Assurance Institution	Assurance Information		
Eclat Textile Co., Ltd.	8,169.9319	0.21	SGS	The disclosed total greenhouse gas emissions of the Company amount to 126,980.151 metric tons of CO2e (constituting 100% of the total emissions) have been assured by a credible institution following the ISO 14064-3 standard. Further details on the reasonable assurance are provided.		
Eclat Fabrics Co., Ltd. (Vietnam)	16,147.5632	0.41				
Colltex Garment Mfy Co., Ltd.(VN)	241.9079	0.01				
Eclat Textile Co. Ltd. (Vietnam)	729.5268	0.02				
Tai-Yuan Garments Co., Ltd.	117.1253	0.00				
E-TOP (Vietnam) Co., Ltd.	945.1971	0.02				
Eclat Textile (Cambodia) Co., Ltd	559.0319	0.01				
PT Eclat Textile International	219.5242	0.01				
Total	27,129.8083	0.68				
Scope 2	Emission Volume (metric tons CO2e)	Intensity (metric tons CO2e/NT\$ million)				
Eclat Textile Co Ltd.	55,721.2175	1.40				
Eclat Fabrics Co., Ltd. (Vietnam)	22,790.7758	0.57				
Colltex Garment Mfy Co., Ltd.(VN)	3,043.3323	0.08				
Eclat Textile Co. Ltd. (Vietnam)	6,815.5748	0.17				
Tai-Yuan Garments Co., Ltd.	1,620.1036	0.04				
E-TOP (Vietnam) Co., Ltd.	3,494.9640	0.09				
Eclat Textile (Cambodia) Co., Ltd	1,460.6666	0.04				
PT Eclat Textile International	2,054.8110	0.05				
Total	97,001.4456	2.44				
Scope 3	2,848.8970					

Greenhouse Gas Inventory and Assurance Status for Year 2023

Scope 1	Emission Volume (metric tons CO2e)	Intensity (metric tons CO2e/NT\$ million)	Assurance Institution	Assurance Information		
Eclat Textile Co Ltd.	7,956.4197	0.26	SGS	The Company has not obtained a complete greenhouse gas assurance opinion by the date of printing of the annual report, “Complete assurance information will be disclosed in the ESG report		
Eclat Fabrics Co., Ltd. (Vietnam)	17,859.7054	0.58				
Colltex Garment Mfy Co., Ltd.(VN)	214.6337	0.01				
Eclat Textile Co. Ltd. (Vietnam)	675.3427	0.02				
Tai-Yuan Garments Co., Ltd.	132.4667	0.00				
E-TOP (Vietnam) Co., Ltd	435.0780	0.01				
Eclat Textile (Cambodia) Co., Ltd	564.2375	0.02				
PT Eclat Textile International	283.4763	0.01				
Total	28,121.3600	0.91				
Scope 2	Emission Volume (metric tons CO2e)	Intensity (metric tons CO2e/NT\$ million)				
Eclat Textile Co Ltd.	53,294.8480	1.73				
Eclat Fabrics Co., Ltd. (Vietnam)	23,184.1759	0.75				
Colltex Garment Mfy Co., Ltd.(VN)	2,874.2093	0.09				
Eclat Textile Co. Ltd. (Vietnam)	5,775.2201	0.19				
Tai-Yuan Garments Co., Ltd.	1,568.6900	0.05				
E-TOP (Vietnam) Co., Ltd	2,130.6134	0.07				
Eclat Textile (Cambodia) Co., Ltd	1,474.2343	0.05				
PT Eclat Textile International	3,249.285	0.11				
Total	93,551.2760	3.04				
Scope 3	8,102.7050					

Note 1: Direct emissions (scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) and other indirect emissions (scope 3, i.e., emissions from company activities that are not indirect energy emissions, but originate from sources owned or controlled by other companies).

Note 2: The data coverage scope for direct emissions and indirect energy emissions shall comply with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Other indirect emissions information may be voluntarily disclosed.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT\$ 1 million) shall be disclosed.

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

Greenhouse Gas Assurance Information for year 2022

Scope 1	Emission Volume (metric tons CO2e)	Intensity (metric tons CO2e/NT\$ million)	Assurance Institution	Assurance Information		
Eclat Textile Co Ltd.	8,169.9319	0.21	SGS	The disclosed total greenhouse gas emissions of the Company amount to 126,980.151 metric tons of CO2e (constituting 100% of the total emissions) have been assured by a credible institution following the ISO 14064-3 standard. Further details on the reasonable assurance are provided.		
Eclat Fabrics Co., Ltd. (Vietnam)	16,147.5632	0.41				
Colltex Garment Mfy Co., Ltd.(VN)	241.9079	0.01				
Eclat Textile Ltd. Co. (Vietnam)	729.5268	0.02				
Tai-Yuan Garments Co., Ltd.	117.1253	0.00				
E-TOP (Vietnam) Co., Ltd.	945.1971	0.02				
Eclat Textile (Cambodia) Co., Ltd	559.0319	0.01				
PT Eclat Textile International	219.5242	0.01				
Total	27,129.8083	0.68				
Scope 2	Emission Volume (metric tons CO2e)	Intensity (metric tons CO2e/NT\$ million)				
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Eclat Fabrics Co., Ltd. (Vietnam)	22,790.7758	0.57				
Colltex Garment Mfy Co., Ltd.(VN)	3,043.3323	0.08				
Eclat Textile Ltd. Co. (Vietnam)	6,815.5748	0.17				
Tai-Yuan Garments Co., Ltd.	1,620.1036	0.04				
E-TOP (Vietnam) Co., Ltd.	3,494.9640	0.09				
Eclat Textile (Cambodia) Co., Ltd	1,460.6666	0.04				
PT Eclat Textile International	2,054.8110	0.05				
Total	97,001.4456	2.44				
Scope 3	2,848.8970					

Greenhouse Gas Assurance Information for year 2023

Scope 1	Emission Volume (metric tons CO ₂ e)	Intensity (metric tons CO ₂ e/NT\$ million)	Assurance Institution	Assurance Information
Eclat Textile Co Ltd.	7,956.4197	0.26	SGS	The Company has not obtained a complete greenhouse gas assurance opinion by the date of printing of the annual report, "Complete assurance information will be disclosed in the ESG report
Eclat Fabrics Co., Ltd. (Vietnam)	17,859.7054	0.58		
Colltex Garment Mfy Co., Ltd.(VN)	214.6337	0.01		
Eclat Textile Ltd. Co. (Vietnam)	675.3427	0.02		
Tai-Yuan Garments Co., Ltd.	132.4667	0.00		
E-TOP (Vietnam) Co., Ltd.	435.0780	0.01		
Eclat Textile (Cambodia) Co., Ltd	564.2375	0.02		
PT Eclat Textile International	283.4763	0.01		
Total	28,121.3600	0.91		
Scope 2	Emission Volume (metric tons CO ₂ e)	Intensity (metric tons CO ₂ e/NT\$ million)		
Eclat Textile Co Ltd.	53,294.8480	1.73		
Eclat Fabrics Co., Ltd. (Vietnam)	23,184.1759	0.75		
Colltex Garment Mfy Co., Ltd.(VN)	2,874.2093	0.09		

Scope 2	Emission Volume (metric tons CO ₂ e)	Intensity (metric tons CO ₂ e/NT\$ million)		
Eclat Textile Ltd. Co. (Vietnam)	5,775.2201	0.19		
Tai-Yuan Garments Co., Ltd.	1,568.6900	0.05		
E-TOP (Vietnam) Co., Ltd.	2,130.6134	0.07		
Eclat Textile (Cambodia) Co., Ltd.	1,474.2343	0.05		
PT Eclat Textile International	3,249.285	0.11		
Total	93,551.2760	3.04		
Scope 3		8,102.7050		

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. If the Company has not obtained a complete greenhouse gas assurance opinion by the date of printing of the annual report, it shall note that "Complete assurance information will be disclosed in the sustainability report." If the Company does not prepare a sustainability report, it shall note that "Complete assurance information will be disclosed on the Market Observation Post System (MOPS)," and shall disclose the complete assurance information in the annual report of the following fiscal year.

Note 2: The assurance institutions shall meet the directions regarding assurance of sustainability reports prescribed by the TWSE and the TPEx.

Note 3: When preparing the disclosure content, the Company may refer to the best practice reference examples on the TWSE Corporate Governance Center website.

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

(1) Corporate Strategies for Climate Change Adaptation and Greenhouse Gas Management

In response to the increasing threat of extreme climate disasters and the growing demand for stringent low-carbon sustainability regulations, evaluating the risks and opportunities posed by climate change and initiating energy-saving and carbon reduction management has become a crucial agenda for the Company. We commit to the following strategies as the guiding principles for addressing climate change:

A. Compliance with Local Regulations and Response to International Climate Advocacy:

We adhere to or exceed local greenhouse gas and carbon management regulations within the factory premises, respond to international carbon disclosure questionnaires, and meet sustainability disclosure requirements from brands to align with customer needs and local societal expectations.

B. Execution of Climate Hazard Awareness and Promotion of Climate Risk Actions:

We convene the ESG Committee's senior management and relevant department heads to advocate the importance of addressing climate change issues and the urgency of managing climate risks.

We cultivate employees' autonomous sustainability consciousness and convey the company's determination to address climate risks.

C. Assessment of Significant Climate Risks and Identification of Potential Climate Opportunities:

We inventory the risks and opportunities brought about by climate change to various production bases of the company.

We evaluate potential operational and financial impacts of significant risks and opportunities, establishing a risk management system and formulating performance indicators.

D. Establishment of Risk Management System and Formulation of Performance Indicators:

Based on the impact sorting results and existing internal target management schedules, we establish short, medium, and long-term energy-saving and carbon reduction goals. We devise risk response measures and implement energy-saving and carbon reduction schemes.

E. Reduction of Equipment Energy Consumption and Enhancement of Energy Efficiency:

We lower equipment energy consumption and improve energy usage efficiency.

We strengthen greenhouse gas reduction management and promote low-carbon processes.

We plan for climate change adaptation and prevention measures to enhance corporate climate resilience.

(2) Corporate Greenhouse Gas Emission Reduction Targets

Set the year 2017 as the baseline, the intensity target for the year 2025 is a 20% reduction. (As of 2023, achieved GHG emission reductions include a 0.02% decrease in the Garment Division and a 29.82% decrease in the Fabric Division).

(3) Budget and Plan for Corporate Greenhouse Gas Emission Reduction

In response to both external and internal pressures for emission reduction, the Company will actively pursue energy transition by installing solar power generation facilities. The initial plan is to set up these facilities in the Taiwan manufacturing plant, with completion scheduled for June 2023. The estimated electricity generation in 2023 is around 1.53 million kWh, resulting in a carbon reduction of 762.05 metric tons of carbon dioxide equivalent.

(4) Carbon Reduction Effects of the Company Products or Services for Customers or Consumers

The Company will focus on locally sourcing raw materials to reduce indirect emissions caused by logistics and transportation. Additionally, efforts will be made to increase the usage of eco-friendly yarns, thereby reducing carbon emissions from the production of raw yarn. The development of low-carbon processes is prioritized to create environmentally friendly products.

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations.

Note 2: The base year shall be the fiscal year in which the greenhouse gas inventory is completed based on the consolidated financial reporting boundary. For example, under the order issued under Article 10, paragraph 2 of the Regulations, a company with capital of NT\$10 billion shall complete the inventory for its fiscal 2024 annual consolidated financial report in 2025, so the base year will be 2024. If a company has disclosed its inventory in its consolidated financial report in an earlier year, it may take the earlier fiscal year as its base year. Also, the data for the base year may be calculated based on a single fiscal year or the average of multiple fiscal years.

Note 3: When preparing the disclosure content, the Company may refer to the best practice reference examples on the TWSE Corporate Governance Center website.

(IX) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons:

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
1. Establishing ethical management policies and plans (I) Has the Company established the ethical management policies approved by the board of directors, and stated in its Memorandum or external correspondence about the policies and practices it has to maintain business integrity? Are the board of directors and the management level committed to fulfilling this commitment?	V		The Company has established the “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct” and has been approved by the board of directors. The board of directors and management of the Company uphold the principle of ethics to establish the Ethical Management Best Practice Principles, actively implement the ethical management policies.	None
(II) Has the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis, which shall at least include preventive measures listed in Paragraph 2, Article 7 of “Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies”?	V		The Company has established the ethical corporate management best practice principles, and gradually requests suppliers to sign the anti-corruption policy declaration in order to prevent operations risk due to unethical management. All of the new employees sign an “employment code of conduct” after the new employee orientation to make the statement that they understand the content of the “employment code of conduct” and willing to follow the “employment code of conduct.	None
(III) Has the company established any measures against unethical conduct? Are these measures supported by proper procedures, behavioral guidelines, disciplinary actions and complaint systems? In addition, is the aforementioned plan reviewed and revised periodically?	V		The Company performs educational trainings on employees in order to prevent unethical conducts. The operation status is proper, and in the employee, management rules, the rules specify relevant requirements. The Company has established the Complaint Handling Regulations in order to handle complaints from internal and external interested parties.	None

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
2. Implement ethical policies (I) Does the Company evaluate the integrity of all counter parties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	V		For the business activities of the Company, dealings with parties with unethical records are prevented. Before dealings with suppliers, the suppliers are requested to sign "Suppliers Code of Conduct", included the anti-corruption policy declaration in order to ensure ethical conducts.	None
(II) Does the Company have a unit established under the board of directors that specializes (or is involved) in business integrity? Does this unit report to the board of directors on a regular basis (at least once a year) for ethical policies, programs for preventing unethical conduct and implements on supervision?	V		The Company had established the "ESG Committee" in 2017, and under its organizational structure, it establishes the Human Resources" team to promote the corporate ethical management, and provides reports to the board of directors on relevant execution status regularly. The latest date reported to the BOD was Feb 29, 2024.	None
(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the reporting of conflicting interests and is executed properly?	V		The Company provides appropriate communication channels to prevent conflict of interest or occurrence of unethical conducts.	None
(IV) Has the Company implemented effective accounting and internal control systems for the purpose of maintaining ethical operation? In addition, has the internal audit unit established relevant audit plan according to the risk assessment result of unethical conduct-and audited the status of compliance with the prevention against unethical conduct plan, or entrust CPA to audit?	V		To implement ethical management, the Company has established relevant accounting system, internal control system and audit unit to perform audits, and the operation status is proper.	None
(V) Has the Company provided internal and external educational training on ethical operation on a regular basis?	V		The Company has provided internal and external educational training on ethical operation on a regular basis.	None
3. Reporting of misconducts (I) Does the Company provide incentives and means for employees to report misconducts? Does the Company assign dedicated personnel to investigate the reported misconducts?	V		The Company establishes the whistleblowing channel and punishment as well as complaint filing system for violation of ethical management rules, and the operation status thereof is proper.	None

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(II) Has the Company implemented any standard procedures of investigations, follow-up measures after investigations of cases reported are completed and confidentiality mechanisms for handling reported misconducts?	V		The Company has implemented the standard procedures of investigations or confidentiality mechanisms for handling reported misconducts.	None
(III) Has the Company provided proper whistleblower protection from inappropriate handling?	V		The Company has provided proper whistleblower protection from inappropriate handling.	None
4. Enhance information disclosure Has the Company disclose the content of the ethical corporate management best practice principles and their implementation results on its website and the MOPS?	V		Please refer to the official website of the Company.	None
V. If the Company establishes its own ethical corporate management best practice principles according to the “Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies”, please describe the discrepancy between its operation and the Company’s ethical corporate management best practice principles: The Company has established the “Ethical Corporate Management Best Practice Principles” and has been approved by the board of directors in order to ensure the directors, managerial personnel and employees of the Company properly comply with relevant rules, and it has been executed according to the regulations established.				
VI. Other important information that is helpful in understanding the ethical corporate management operation of the Company? (Such as, the Company reviews the amendment of the ethical corporate management best practice principles etc.):				
(1). The Company has established the “Ethical Corporate Management Best Practice Principles” and has been approved by the board of directors on November 7, 2014 ; and has established the “Procedures for Ethical Management and Guidelines for Conduct” and has been approved by the board of directors on November 4, 2021. The corporate ethical management is promoted by the “Human Resources” team under the “ESG Committee”.				
(2). Ethical management principle is implemented in various different aspects of the operation. In 2023, 4 online required education and training courses were opened, in order to educate the specific types of ethical management to all employees of the Company:				
1. Based on the consideration that the Company is in the labor intense industry, for both its own factories and outsourced factories, a great number of first line of manpower is required in the field. Accordingly, to ensure that employees have a basic understanding of the labor criteria and human rights, the Company has created a human rights and social policy course, in order to allow employees to have a basic understanding of the human rights and social policy of the Company;				
2. To ensure that gender equality can be implemented in the Company, and to convey information on the complaint filing method in case of occurrence of relevant incidents, the Company has opened sexual harassment prevention course;				
3. The Company is a publicly listed company, and employees may access relevant internal information in the Company; however, if employees lack relevant understanding, they may engage in illegal conduct without knowing. Accordingly, the Company has opened the insider trading prevention course to provide explanation and review through actual example cases, allowing employees to have a basic understanding of possible types of insider trading.				

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																				
	Yes	No	Summary description																					
4. Introduce the important contents of our company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct s" to ensure that the principles of integrity are implemented by every colleague in the company.																								
3 compulsory online Training Course was introduced on 2023, the results before December 31, 2023 are listed below:																								
<table><tr><th>Course Name</th><th>Number of qualified persons</th><th>Qualification rate*</th><th>Total number of hours (hour)</th></tr><tr><td>Human rights policy and social</td><td>1,018</td><td>91.63%</td><td>334.95</td></tr><tr><td>Sexual harassment prevention</td><td>1,028</td><td>92.53%</td><td>136.85</td></tr><tr><td>Insider trading prevention</td><td>1,013</td><td>91.18%</td><td>125.94</td></tr><tr><td>Ethical Corporate Management</td><td>1,024</td><td>92.17%</td><td>152.49</td></tr></table>					Course Name	Number of qualified persons	Qualification rate*	Total number of hours (hour)	Human rights policy and social	1,018	91.63%	334.95	Sexual harassment prevention	1,028	92.53%	136.85	Insider trading prevention	1,013	91.18%	125.94	Ethical Corporate Management	1,024	92.17%	152.49
Course Name	Number of qualified persons	Qualification rate*	Total number of hours (hour)																					
Human rights policy and social	1,018	91.63%	334.95																					
Sexual harassment prevention	1,028	92.53%	136.85																					
Insider trading prevention	1,013	91.18%	125.94																					
Ethical Corporate Management	1,024	92.17%	152.49																					
* Average Attendance: 1,111																								
(3). All of the new employees sign an “employment code of conduct” after the new employee orientation to make the statement that they understand the content of the “employment code of conduct” and willing to follow the “employment code of conduct”. In 2023, there were 244 new employees signing the document.																								
(4). To prevent insider trading, the Company has explicitly specified that directors accessing the financial report or relevant business performance content of the Company shall not trade their stocks during the closed period of thirty days before the announcement of the annual financial report and fifteen days before the announcement of a quarterly financial report according to Article 10 of the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”, and the Company also informs directors and insiders to pay special attention to the aforementioned regulations on a monthly basis. In addition, the Company also informs individual directors and insiders not to perform any equity trading on the stocks of the Company after confirmation of material information, 18 hours before or after the announcement of material information, according to Article 157-1 of the Securities and Exchange Act.																								

(X) If the Company has established corporate governance principles or other relevant guidelines, references to such principles must be disclosed:

The Company has established the “Corporate Governance Principles” and the “Procedures for Prevention of Insider Trading and Handling Material Inside Information” and has approved by the board of directors for execution in order to ensure the directors, managerial personnel and employees of the company to comply with relevant rules in light of establishing proper handling and disclosure mechanism for material inside information of the company, thereby preventing improper disclosure of information and ensuring the consistency and accuracy of the information announced by the company to the external.

(XI) Other important information to understanding of corporate governance within the Company: None.

(XII) Disclosures relating to the execution of internal control policies:

1. Internal Control system Statement:

Eclat Textile Co., Ltd.

Management's Reports on Internal Control

Date: February 29, 2024

According to the Company's internal control policy, the following statement had been made based on the results of self-assessment in 2023:

1. The Company acknowledges and understands that it is the Board of Directors' and the management team's responsibility to establish, implement, and sustain an internal control system, and that such a system has already been established throughout the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc.), reliable, timely and transparent financial reporting, and compliance of relevant regulations and relevant laws etc.
2. The internal control system has inherent limitations, no matter how comprehensively it is well-designed. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, self-supervision measures were embedded within the internal control system and it is able to facilitate immediate rectification once flaws have been identified.
3. The Company evaluates the effectiveness of its internal control policy design and execution based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria introduced by the "Regulations" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation, 3. Control procedures, 4. Information and communication, 5. Supervision activities. Each element further contains several items. Please refer to the Regulations for the details.
4. The Company adopted the above-mentioned criteria to evaluate the effectiveness of its internal control policy design and execution.
5. Based on the assessments described above, the Company considered the design and execution of its internal control system to be effective as at December 31, 2023. This system (including the supervision and management of the Company's subsidiaries) has provided assurance with regards to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
6. This Statement constitutes a part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or non-disclosure in the public statement above are subject to legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement was approved by the Company's board of Directors on February 29, 2024. None of the 12 board directors present to the meeting held any objections, and unanimously agreed to the contents of this Statement.

Eclat Textile Co., Ltd.

Chairperson: Cheng-Hai Hung

President: Jun-Ching Tsai, Kun-Tang Chen

2. If the internal control policy was reviewed by an external auditor, the result of such review must be disclosed: None.

(XIII) Penalties imposed against the Company for regulatory violation, or penalties against employees for violation of internal control policy in the most recent year up till the publication date of this annual report; describe areas of weakness and any corrective actions taken: None.

(XIV) Major resolutions made by the Shareholders' Meeting and the Board of Directors during the latest financial year up until the publication date of this annual report:

1. The 2023 Annual General shareholders' meeting was convened on June 15, 2023 in Miaoli. Resolutions of attending shareholders and execution status were as follows:

(1) Adoption of 2022 Business Report and Financial Statements.

Execution status: Approved through resolution.

(2) Adoption of the Proposal for 2022 appropriation of profits.

Execution status: Approved through resolution. In addition, according to the resolution of the shareholders' meeting, the date of June 23, 2023 was the ex-dividend base date, and completed the profit appropriation for the issuance of cash dividend of NT\$ 4,664,240,887 (Cash dividend \$17 per share).

(3) Approve the amendment to the internal regulations of the Company :

1. Articles of Incorporation

Execution status: Approved through resolution, and execution according to the regulation of the shareholders' meeting has been completed, above regulations are published on the Company website.

2. Major resolutions made by the Board of directors' Meeting for 2023 and up to the printing date of the annual report:

(1) Board of directors' meeting on March 2, 2023:

1. Adoption of 2022 Business Report and Financial Statements.
2. Approved the proposal for Distribution of 2022 Profits.
3. Approved the proposal of 2022 Employees' remuneration appropriation.
4. Approved the proposal of the Company's 2023 annual general shareholders' meeting convention.
5. Approved the amendments to the Company's "Articles of Incorporation".
6. Approved 2022 internal control system effectiveness review and issued the "Management's Reports on Internal Control".
7. Approved the addition of "Procedures for Acquisition and Disposal of Assets" for each subsidiary company of the Group.
8. Approved 2022 internal control system effectiveness review and issued the "Management's Reports on Internal Control".
9. Approved the proposal for the donation to Eclat Education Foundation.
10. Approved the change of business address for the Company.
11. Approved the Proposal on non-assurance service expected to be provided by KPMG in 2023.
12. Approved the proposal for establishing the incentive and bonus distribution standards of each quarter for the first three quarters of 2023 for all personnel (including managerial officers) of the Company.

Execution status: The No.1 to No.5 proposals were reported, approved or resolved in 2023 AGM. Proposal No. 10, which has been completed, proceeded with the company registration change. Other proposals have been processed and completed according to the resolutions of the Board of Directors.

(2) Board of directors' meeting on May 4, 2023:

1. Approved the amendments to the Company's "Articles of Incorporation".
2. Approved the proposal for the 2023 fiscal year regarding the lending limit of funds to affiliated companies of our company.

3. Approved the addition of “Operational Procedures for Loaning Funds to Other” for each subsidiary company of the Group.
4. Adoption of 2023 Q1 Financial Statements.
5. Approved the amendments to the Company’s “Corporate Governance Best Practice Principles”.
6. Approved the amendments to the Company’s “Risk Management Policies and Procedures”.
7. Approved the addition of the "Operational Procedures for the Preparation and Verification of Sustainability Reports" for our company.

Execution status: The No. 1 proposals were approved in 2023 AGM; all other proposals have been processed and completed according to the resolutions of the Board of Directors.

(3) Board of directors’ meeting on August 7, 2023:

1. To establish internal auditing system” Operational Procedures for the Preparation and Verification of Sustainability Reports" for our company.
2. Adoption of 2023 Q2 Financial Statements.
3. Approved the amendments to the Company’s “Corporate Governance Best Practice Principles”.
4. Approved the establishment of the “Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises” to replace the “Operation Procedure for Transactions of Interested Parties, Important Subsidiaries and Group Enterprises” of the Company.
5. Approved succession plan for Board members.

Execution status: All proposals have been executed completely according to the resolution of the board of directors’ meeting.

(4) Board of directors’ meeting on September 7, 2023:

1. Approved the amendment to the Company’s “Rules Governing the Procedures for Shareholders’ Meetings”.
2. Approved the disposal of real assets in Hong Kong asset.
3. Approved the disposal of real asset in Wugu District, New Taipei City.

Execution status: The No. 1 proposal is still pending resolution at the shareholders’ meeting, while the rest of the proposals have already been fully executed according to the resolution of the board of directors’ meeting.

(5) Board of directors’ meeting on November 2, 2023:

1. Approved the 2024 Internal Auditing plan.
2. Adoption of 2023 Q3 Financial Statements.
3. Approved the proposal for establishing the incentive and bonus distribution standards of each quarter for the first three quarters of 2024 for all personnel of the Company.

Execution status: All proposals have been executed completely according to the resolution of the board of directors’ meeting.

(6) Board of directors’ meeting on January 12, 2024:

1. Approved the proposal of 2023 managerial personnel yearend bonus reviewed by the Remuneration Committee.
2. Approved 2024 business plan - financial budget proposal.
3. Approved the 2024 independent CPA assignment.
4. Approved the proposal on non-assurance service expected to be provided by KPMG in 2024.

5. Approved the proposal for establishing the incentive and bonus distribution standards of each quarter for the first three quarters of 2024 for all personnel of the Company
6. Approved the proposal for the 2024 fiscal year regarding the lending limit of funds to affiliated companies of our company.
7. Approved 2024 financing facility of the Company.

Execution status: Except that No. 6 and No. 7 proposals, which are still in the process of execution, the rest of proposals have already been executed completely according to the resolution of the board of directors' meeting.

(7) Board of directors' meeting on February 29, 2024:

1. Adoption of 2023 Business Report and Financial Statements.
2. Approved the proposal for Distribution of 2023 Profits.
3. Approved the proposal of 2023 Employees' remuneration appropriation.
4. Approved the proposal of the Company's 2024 annual general shareholders' meeting convention.
5. Discussed the 2024 directors election of the Company
6. Approved 2023 internal control system effectiveness review and issued the "Management's Reports on Internal Control".
7. Approved the amendments to the Company's "Regulations for Remunerations of Directors, Functional Committee Members and Managerial Officers".
8. Approved the amendment to the Company's "Rules Governing the Procedures for board of directors' meeting".
9. Approved the amendment to the Company's "Audit Committee Charter"
10. Approved the enrollment of liability insurance for directors and managerial personnel.
11. Approved the proposal for the donation to Eclat Education Foundation.

Execution status: Except for proposals 1 to 5, which are awaiting approval, resolution, or report from the shareholders' meeting, all other proposals have been processed and completed according to the resolutions of the Board of Directors.

(8) Board of directors' meeting on May 2, 2024:

1. Review the list of independent director candidates nominated by the Nomination Committee.
2. Review the list of director candidates nominated by the Board of Directors.
3. Approved the Release of "Non-competition Restrictions on the 14th Terms Directors of the Company" as specified in Article 209 of the Company Act.
4. Approved the amendments to the Company's "Sustainable Development Committee Establishment and Operation Regulations".
5. Approved the amendments to the Company's "Corporate Governance Best Practice Principles".
6. Approved the amendments to the Company's "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises"

Execution status: Except for proposals 1 to 3, which are still pending for the resolution at the shareholders' meeting, the rest of proposals have already been executed completely according to the resolution of the board of directors' meeting.

(XV) Documented opinions or written statement made by Directors or Supervisors against board resolutions in the most recent year, up till the publication date of this annual report: None.

(XVI) Resignation or discharge of the Chairman, President, head of accounting, head of finance, chief internal auditor, or head of R&D in the most recent year up till the publication date of this annual report:

Position	Name	Date of Appointment	Date of Termination	Reason for Resignation or Termination
Deputy General Manager, Finance and Accounting Department	Jen-Chieh Lo	December 31, 1994	July 15, 2024	Retirement

Note: As of May 2, 2024, the company's board of directors approved the change of the financial supervisor.

3.4 Information on the Professional Fees of The Attesting CPAs

(I) Audit Fees:

The content of the amounts of both audit and non-audit fees and the details of the non-audit services for non-audit fees paid to the CPA, to the accounting firm of the CPA, and to any affiliated enterprise of such accounting firm are equivalent to one quarter or more of the audit fees paid:

Unit: NT\$1,000

Name of CPA firm	Name of CPA	Period covered by the CPA audit	Audit fee	Non-audit fee	Total	Remark
KPMG	Hui-Chih Kou Yu-Feng Hsu	January 1 to December 31, 2023	3,920	1,326	5,246	Note1

Note: If the company changed its CPAs or accounting firm during the fiscal year, list the audit periods before and after the change separately, and specify the reason for the change in the "Remarks" column and disclose sequentially the audit and non-audit fees paid. For non-audit fees, additionally specify the content of the services:

2. Changes its CPAs or accounting firm: None.

3. Non-audit fee details: Please see the Note 1.

Note 1: Non-audit service includes tax audit fee 540 thousand, the transfer pricing 250 thousand, the tax consulting 383 thousand and other 153 thousand.

(II) When the accounting firm is changed and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed: None.

(III) When the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10 percent or more, the amount and percentage of and reason for the reduction in audit fees: None.

3.5 Information on Replacement of Certified Public Accountant:

(I) Information relating to the former CPAs: None.

(II) Information relating to the successor CPAs: None.

(III) Replay of former auditor to item 1 and item 2-3 of Subparagraph 6 of Article 10 of these Regulations: Not applicable.

3.6 Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: None.

3.7 Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

(1) Changes in Shareholding of Directors, Supervisors, Managerial Officers, and Major Shareholders:
Unit: share

Title	Name	2023		As of May 2, 2024	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Chairman	Cheng-Hai Hung	0	0	0	0
Director	Li-Chen Wang	0	0	0	0
Director and President	Kun-Tang Chen	0	0	0	0
Director	Xin-Xin Limited Company	0	0	0	0
	Representative-Hsien-Chin Tsai	0	(3,261,603)	0	0
Director	Yih-Yuan Investment Corp.	0	0	0	0
	Representative-Kuo-Sung Hsieh	0	0	0	0
Director	Shou-Tsun Yeh	0	0	0	0
Director and Vice President	Jen-Chieh Lo	0	0	0	0
Director and Executive Vice President	Shu-Wen Wang	0	0	0	0
Independent Director	Yea-Kang Wang	0	0	0	0
Independent Director	Cheng-Ping Yu	0	0	0	0
Independent Director	Nai-Ming Liu	0	0	0	0
Independent Director	Chiu-Chun Lai	0	0	0	0
President	Jun-Ching Tsai	0	0	0	0
Vice President	Sheng-Tien Lee	0	0	0	0
Vice President	Cheng-Chin Tsai	0	0	0	0
Vice President	Li-Fen Cheng	0	0	0	0
Vice President	Jui-Ting Hung	0	0	0	0
Assistant Vice President	Jui-Li Fang	0	0	0	0
Assistant Vice President	Chia-Chun Chiang	0	0	0	0
Assistant Vice President	Ping-Chi Hsu	0	0	0	0
Assistant Vice President	Hao-He Chen	(3,000)	0	0	0
Assistant Vice President	Lien-Tsai Chen	0	0	0	0
Assistant Vice President	Wei-Yeh Huang	0	0	0	0
Assistant Vice President	Shih-Tu Chen	(1,436)	0	0	0
Assistant Vice President	Heng-Wei Hsu	0	0	0	0
Assistant Vice President	Chen-Chang Feng	0	0	0	0
Assistant Vice President	Kuo-Chang Huang	(4,000)	0	0	0
Assistant Vice President	Lin Wen Chun	0	0	0	0

(2) Information on Transfers of Shareholding:

Name	Reason for transfer	Date of transaction	Counterparty	Relationship of transaction counterparty with the Company, directors, supervisors and shareholders with shareholding percentage exceeding 10%	No. of shares	Transaction price
None	-	-	-	None	-	-

(3) The information of Pledge of Shareholding:

Name (Note 1)	Reason for pledge status (Note 2)	Date of change	Counterparty	Relationship of transaction counterparty with the Company, directors, supervisors and shareholders with shareholding percentage exceeding 10%	Number of shareholding (share)	Percentage of Shareholding Ratio	Percentage of Pledge Ratio	Pledge (redemption) amount
Hsien-Chin Tsai	redemption	July 6, 2023	Taishin International Bank, Jianbei Branch	None	3,261,603	2.83%	42%	USD (\$ 2.5 million)

Note 1: Information on the name the Company's directors, supervisors, managers and shareholders with shareholding percentage exceeding 10%.

Note 2: Information on pledge or redemption.

3.8 Relationship among the Top 10 Shareholders

Name(Note)	Current shareholding		Spouse and Minor shareholding		Shareholding by Nominee Arrangement		Relationship characterized as spouse or the second degree relative or closer among the top 10 shareholders.		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Yih-Yuan Investment Corp. - Shih-Fan Chen	25,790,335	9.40%	0	0	0	0	Cheng-Hai Hung Ching-Fang Chen	Second degree kinship	-
	-	-	Note 2	Note 2	Note 2	Note 2			
Nu-Dan Co., Ltd- Hsien-Chin Tsai	14,000,000	5.10%	0	0	0	0	Hsien-Chin Tsai	The same person	
	7,769,160	2.83%	0	0	Note 1	Note 1			
Ching-Fang Chen	9,543,332	3.48%	9,035,318	3.29%	0	0	Cheng-Hai Hung Shih-Fan Chen	Spouses Second degree kinship	-
Cheng-Hai Hung	9,035,318	3.29%	9,543,332	3.48%	0	0	Ching-Fang Chen Shih-Fan Chen	Spouses Second degree kinship	-
Chin-Chih Wang Cheng	8,663,463	3.16%	8,233,769	3.00%	0	0	Li-Chen Wang Cheng-Shin Wang	Spouses First degree kinship	-
Li-Chen Wang	8,233,769	3.00%	8,663,463	3.16%	0	0	Chin-Chih Wang Cheng Cheng-Shin Wang	Spouses First degree kinship	-
Hsien-Chin Tsai	7,769,160	2.83%	0	0	Note 1	Note 1	Nu-Dan Co., Ltd	Major shareholders	
Nan Shan Life Insurance Co., Ltd - Chung-yao Yin	6,760,000	2.46%	0	0	0	0	None	None	-
	-	-	Note 2	Note 2	Note 2	Note 2			

Name(Note)	Current shareholding		Spouse and Minor shareholding		Shareholding by Nominee Arrangement		Relationship characterized as spouse or the second degree relative or closer among the top 10 shareholders.		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Cathay Life Insurance Co., Ltd-Ming-Ho Hsiung	5,821,000	2.12%	0	0	0	0	None	None	-
	-	-	Note 2	Note 2	Note 2	Note 2			
Xinli Limited Company -Cheng-Shin Wang	5,466,000	1.99%	0	0	0	0	None	None	-
	612,472	0.22%	Note 2	Note 2	Note 2	Note 2	Li-Chen Wang Chin-Chih Wang Cheng	First degree kinship First degree kinship	

Note : The top 10 shareholders should all be listed, and those who are corporate shareholders should list the name of the corporate shareholder and the representative separately.

Note 1: This shareholder owns Eclat's 14,000,000 shares under the names of Nu-Dan Co., Ltd, with a shareholding ratio of 5.10%.

Note 2: Relevant information could not be obtained.

3.9 Comprehensive Shareholding Percentage

Unit: In Thousand Shares, %

Investee (note)	Held by the Company		Held by Directors, Supervisors, managers, and directly or indirectly controlled entities		Aggregate investment	
	Shares	%	Shares	%	Shares	%
GRAND ELITE HOLDINGS INC.	21	100%	—	—	21	100%
ECLAT CAYMAN ISLAND HOLDINGS	121,080	100%	—	—	121,080	100%
ECLAT TEXTILE (CAMBODIA) CO., LTD.	8,000	100%	—	—	8,000	100%
ECLAT ENTERPRISE LTD.	1	100%	—	—	1	100%
TAI-YUAN GARMENTS CO., LTD.	6,800	100%	—	—	6,800	100%
COLLTEX GARMENT MFY CO., LTD.(VN)	16,800	100%	—	—	16,800	100%
E-TOP (VIETNAM) CO., LTD	36,000	100%	—	—	36,000	100%
ECLAT TEXTILE CO., LTD. (VIETNAM)	22,000	100%	—	—	22,000	100%
ECLAT FABRICS CO., LTD. (VIETNAM)	40,000	100%	—	—	40,000	100%
PT ECLAT TEXTILE INTERNATIONAL	5,000	100%	—	—	5,000	100%

Note: For relevant detailed information on investee companies, please refer to: VIII. Special Remarks.

IV. Information on Capital Raising Activities

4.1 Capital and Shares

1. Source of capital

Year/Month	Par Value (NT\$)	Authorized capital		Paid-in capital		Remark		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Source of capital	Capital Increased by Assets Other than cash	Others (Note)
1977.11	1,000	500	500,000	500	500,000	Registration	-	-
1981.09	1,000	1,000	1,000,000	1,000	1,000,000	Cash capital increase	-	-
1987.11	1,000	7,000	7,000,000	7,000	7,000,000	Cash capital increase	-	-
1988.08	1,000	52,000	52,000,000	52,000	52,000,000	Cash capital increase	-	-
1991.03	1,000	65,333	65,333,000	65,333	65,333,000	Capitalization of earnings	-	-
1992.03	1,000	110,333	110,333,000	110,333	110,333,000	Cash capital increase of NT\$ 9,000,000 Capitalization of earnings of NT\$ 15,000,000 Creditor's right for payment of shares of NT\$ 21,000,000	-	-
1992.12	10	19,500,000	195,000,000	19,500,000	195,000,000	Cash capital increase of NT\$ 44,667,000 Capitalization of earnings of NT\$ 40,000,000	-	-
1997.06	10	160,000,000	1,600,000,000	72,430,896	724,308,960	Cash capital increase of NT\$ 200,000,000 Capitalization of earnings of NT\$ 156,000,000 Consolidated capital increase of NT\$ 173,308,960	-	(1997) Tai-Tsai-Zheng(1) No. 51666 Letter
1998.09	10	160,000,000	1,600,000,000	79,673,986	796,739,860	Capitalization of earnings of NT\$ 72,430,900	-	(1998) Tai-Tsai-Zheng(1) No. 59366 Letter
1999.08	10	160,000,000	1,600,000,000	86,047,896	860,478,960	Capitalization of earnings of NT\$ 63,739,100	-	(1999) Tai-Tsai-Zheng(1) No. 63075 Letter
2000.09	10	160,000,000	1,600,000,000	91,210,766	912,107,660	Capitalization of earnings of NT\$ 51,628,700	-	2000/7/12 (2000) Tai-Tsai-Zheng(1) No. 60720 Letter
2004.08	10	160,000,000	1,600,000,000	95,771,304	957,713,040	Capitalization of earnings of NT\$ 45,605,380	-	2004/6/30 Tai-Tsai-Zheng(1)-Zi No. 0930128923
2005.06	10	160,000,000	1,600,000,000	109,179,286	1,091,792,860	Capitalization of earnings of NT\$ 134,079,820	-	2005/6/16 Jin-Guan-Zheng-Yi-Zi No. 0940125666
2005.12	10	160,000,000	1,600,000,000	129,179,286	1,291,792,860	Cash capital increase of NT\$ 200,000,000	-	2005/10/17 Jin-Guan-Zheng-Yi-Zi No. 0940148057

Year/Month	Par Value (NT\$)	Authorized capital		Paid-in capital		Remark		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Source of capital	Capital Increased by Assets Other than cash	Others (Note)
2006.07	10	160,000,000	1,600,000,000	143,389,007	1,433,890,070	Capitalization of earnings of NT\$ 142,097,210	-	2006/7/13 Jin-Guan-Zheng-Yi-Zi No. 0950132152
2007.06	10	250,000,000	2,500,000,000	159,161,797	1,591,617,970	Capitalization of earnings of NT\$ 157,727,900	-	2007/6/21 Jin-Guan-Zheng-Yi-Zi No. 0960033202
2007.07	10	250,000,000	2,500,000,000	184,161,797	1,841,617,970	Cash capital increase of NT\$ 250,000,000	-	2007/6/14 Jin-Guan-Zheng-Yi-Zi No. 0960032162
2008.09	10	250,000,000	2,500,000,000	189,686,651	1,896,866,510	Capitalization of earnings of NT\$ 55,248,540	-	2008/7/4 Jin-Guan-Zheng-Yi-Zi No. 0970033483
2009.09	10	250,000,000	2,500,000,000	193,480,384	1,934,803,840	Capitalization of earnings of NT\$ 37,937,330	-	2009/7/7 Jin-Guan-Zheng-Fa-Zi No. 0980033696
2010.09	10	250,000,000	2,500,000,000	199,284,795	1,992,847,950	Capitalization of earnings of NT\$ 58,044,110	-	2010/7/28 Jin-Guan-Zheng-Fa-Zi No. 0990039425
2011.09	10	250,000,000	2,500,000,000	211,241,882	2,112,418,820	Capitalization of earnings of NT\$ 119,570,870	-	2011/8/9 Jin-Guan-Zheng-Fa-Zi No. 1000036962
2012.09	10	300,000,000	3,000,000,000	226,028,813	2,260,288,130	Capitalization of earnings of NT\$ 147,869,310	-	2012/7/10 Jin-Guan-Zheng-Fa-Zi No. 1010030287
2012.10	10	300,000,000	3,000,000,000	246,028,813	2,460,288,130	Cash capital increase of NT\$ 200,000,000	-	2012/7/18 Jin-Guan-Zheng-Fa-Zi No. 1010030728
2013.09	10	300,000,000	3,000,000,000	250,949,389	2,509,493,890	Capitalization of earnings of NT\$ 49,205,760	-	2013/7/25 Jin-Guan-Zheng-Fa-Zi No. 1020029077
2014.09	10	300,000,000	3,000,000,000	260,987,364	2,609,873,640	Capitalization of earnings of NT\$ 100,379,750	-	2014/7/27 Jin-Guan-Zheng-Fa-Zi No. 1030027248
2016.02	10	300,000,000	3,000,000,000	268,987,364	2,689,873,640	Cash capital increase of NT\$ 80,000,000	-	2015/11/27 Jin-Guan-Zheng-Fa-Zi No. 1040046754
2017.09	10	300,000,000	3,000,000,000	274,367,111	2,743,671,110	Capitalization of earnings of NT\$ 53,797,470	-	Report effective date of June 22, 2017

Note : Please fill in the data for the current year up to the date of publication of the annual report.

Note1: Effective Date & Approval Document Number

Unit: share

Type of share	Authorized capital			Remarks
	Issued shares	Unissued shares	Total	
Common shares	274,367,111	25,632,889	300,000,000	Listed shares

Note : Listed company stock.

2. Shareholders structure:

April 14, 2024

Structure Quantity	Government agencies	Financial institutes	Other juridical persons	Individuals	Foreign institutions and foreign individuals	Total
Number of shareholders	5	27	142	9,899	767	10,840
Number of shareholding	9,709,205	32,295,277	58,192,923	64,245,381	109,924,325	274,367,111
Percentage of Shareholding	3.54%	11.77%	21.21%	23.42%	40.06%	100.00%

Note: The shareholding percentage of Mainland China investment shall be disclosed. The “Mainland China Investment” refers to the people, corporate, organization, other institutions or companies invested at third region specified in Article 3 of the Regulations Governing Permission for People from the Mainland Area to Invest in Taiwan.

3. Shareholding distribution status:

April 14, 2024

Class of Shareholding (Unit: Share)	Number of shareholders	Number of shareholding	Percentage of Shareholding %
1~999	7,004	742,843	0.27
1,000~5,000	2,867	4,772,167	1.74
5,001~10,000	283	2,062,534	0.75
10,001~15,000	101	1,267,364	0.46
15,001~20,000	70	1,246,832	0.45
20,001~30,000	87	2,157,268	0.79
30,001~40,000	55	1,935,921	0.71
40,001~50,000	35	1,579,339	0.58
50,001~100,000	109	7,735,531	2.82
100,001~200,000	88	12,341,246	4.5
200,001~400,000	47	13,157,797	4.8
400,001~600,000	20	9,756,840	3.56
600,001~800,000	14	9,646,353	3.52
800,001~1,000,000	6	5,542,186	2.02
1,000,001 and above	54	200,422,890	73.03
Total	10,840	274,367,111	100

4. List of major shareholders:

Shareholding List of major shareholders	Number of shareholding	Percentage of Shareholding
Yih-Yuan Investment Corp. - Shih-Fan Chen	25,790,335	9.40%
Nu-Dan Co., Ltd.- Hsien-Chin Tsai	14,000,000	5.10%
Ching-Fang Chen	9,543,332	3.48%
Cheng-Hai Hung	9,035,318	3.29%
Chin-Chih Wang Cheng	8,663,463	3.16%
Li-Chen Wang	8,233,769	3.00%
Hsien-Chin Tsai	7,769,160	2.83%
Nan Shan Life Insurance Co., Ltd -Chung-yao Yin	6,760,000	2.46%
Cathay Life Insurance Co., Ltd-Ming-Ho Hsiung	5,821,000	2.12%
Xinli Limited Company -Cheng-Shin Wang	5,466,000	1.99%

5. Market Price, net value, Earnings, Dividend per Share and relevant information for the last two years:

Unit: NT\$

Year		2022	2023	Year-to-date May 2, 2024 (Note 8)
Items				
Market Price Per Share (Note 1)	Highest	660.00	598.00	580.00
	Lowest	377.00	448.50	485.00
	Average	476.11	509.29	535.61
Net worth Per share (Note 2)	Before distribution	91.64	93.56	86.06
	After distribution	74.64	80.06	-
Earnings Per Share (Note 3)	Weighted average outstanding shares	274,367 thousand shares	274,367 thousand shares	274,367 thousand shares
	Earnings Per Share - before adjustment	24.75	18.87	5.19
	Earnings Per Share - after adjustment	24.75	18.87	5.19
Dividend Per share	Cash dividend Per Share	17	13.50	-
	Stock grants	-	-	-
		-	-	-
	Accumulated undistributed dividends (Note 4)	-	-	-
Return on Investment	Price/Earnings Ratio (PER) (Note 5)	19.24 times	26.99 times	-
	Price/Dividend Ratio (PDR) (Note 6)	28.01 times	37.73 times	-
	Cash Dividend yield (Note 7)	3.57%	2.65%	-

* If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: Indicates the highest and lowest market price of common shares in each year, and the average market price of each year is calculated according to the closing trading value and trading volume of each year.

Note 2: Calculate the net worth per share based on the number of outstanding shares at year-end. Calculate the amount of distribution based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Note 3: In case of any Issuance of bonus shares such that there is a need for retroactive adjustment, the earnings per share before and after the adjustment shall be indicated.

Note 4: If the issuance criteria of equity securities specify that dividends undistributed in the current year are to be accumulated to the year with earnings for issuance, then the accumulated unissued dividends up to the current year shall be disclosed respectively.

Note 5: Price-to-Earnings Ratio (PER) = Average Market Price / Earnings Per Share (EPS)

Note 6: Price-to-Dividend Ratio (PDR) = Average Market Price / Cash dividend per share.

Note 7: Cash Dividend yield = Cash dividend per share / Average Market Price.

Note 8: Net worth per share, EPS shall indicate the information audited by CPA for the most recent quarter up to the printing date of the annual report; the remaining fields shall be indicated with the current year information up to the printing date of the annual report.

6. Dividend policy and implementation:

(1) Dividend policy specified in the Articles of Incorporation:

Where the Company has a profit (the term "profit" refers to the income before deducting the distribution of employee remuneration from the income before tax) 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.

Where the Company has earnings in current year, after tax is paid according to the law, it shall be used to cover the accumulated loss first, following which, 10% thereof shall be set aside as the legal reserve; however, when the legal reserve has reached the paid-in capital of the Company, it may be exempted from such appropriation. For the remaining amount, after special reserve is further set aside or reversed according to the laws. It is combined with the undistributed surplus earnings at the beginning of the same period, for proposing to the shareholders' meeting for resolution on the distribution.

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.

(2) Status of distribution of dividends proposed for resolution in the Board of Directors:

The amendment of the Articles of Incorporation of the Company was approved by the shareholders' meeting through resolution on June 14, 2022. Accordingly, the board of directors is authorized to determine the distribution of retained earnings in cash through resolution after the end of a fiscal year and report to the shareholders' meeting. According to the board resolution of the Company on February 29, 2024, the 2023 cash dividend amount for distribution is NT\$ 3,703,955,998 (NT\$ 13.5 per share), and the Chairman is set the ex-dividend date on April 18, 2024. The cash dividend for 2023 was distributed on May 13, 2024.

7. Impact to Business Performance and EPS Resulting from Stock Dividend:

Item		2023
Beginning Paid-in Capital (in thousands of NT\$)		2,743,671
Current dividend distribution	Cash dividend per share (NT\$)	13.50
	Dividend per share for capitalization of earnings	None
	Dividend per share for capitalization of Capital Surplus	None
Changes in Operating performance	Operating profit (in thousands of NT\$)	Not applicable
	Operating profit increase (decrease) ratio from same period of last year	
	Net income (in thousand NT\$)	
	Net income increase (decrease) ratio from same period of last year	
	Earnings per Share (EPS) (NT\$)	
	EPS increase (decrease) ratio from same period of last year	
	Annual average return on investment (annual average PER reciprocal)	
Pro Forma EPS and PER	Capitalization of earnings changed to distribution of cash dividend in full	Pro Forma EPS (NT\$)
		Pro Forma annual average return ratio
	Without capitalization of Capital Surplus	Pro Forma EPS (NT\$)
		Pro Forma annual average return ratio
	Without capitalization of Capital Surplus and capitalization of earnings changed to issuance of cash dividends	Pro Forma EPS (NT\$)
		Pro Forma annual average return ratio

8. Employees' remunerations and remuneration of directors and supervisors:

- (1) The Articles of Incorporation specifies the percentage or range of the employees' remuneration: The Company's Articles of Incorporation do not specify the remuneration of directors and related explanations for employee remuneration please refer to 6. (1) for detail.

- (2) Estimation of employees' remuneration and remuneration of directors for the present period:

- (A) The distribution amount proposed by the board of directors and the recognized expense annual estimation amount are as follows: (NT\$)

Item	Distribution amount proposed by the board of directors	Recognized expense annual estimation amount	Difference
Employee cash remuneration	7,000,000	7,000,000	None
Remuneration of directors and supervisors	0	0	None

- (B) Cause of difference: Not applicable.

- (C) Handling of difference amount: If the distribution amount approved by the shareholders' meeting differs from the amount proposed by the board of directors, the difference amount shall be recognized based on the accounting estimation after the approval of the shareholders' meeting.

- (D) EPS recalculated: NT\$ 18.87.

- (3) Distribution of employees' bonus and remunerations of directors and supervisors for the previous year:

	Resolution of shareholders meeting	Originally approved by the board of directors	
<u>Item</u>	<u>Actual distribution Quantity</u>	<u>Proposed distribution quantity</u>	<u>Difference</u>
(1) Distribution status: (Unit: NT\$)			
Employees' cash remuneration	9,000,000	9,000,000	None
The remuneration of directors and supervisors	0	0	None
Cause of difference: Not applicable.			
Handling of difference amount: If the distribution amount approved by the shareholders' meeting differs from the amount proposed by the board of directors, the difference amount shall be recognized based on the accounting estimation after the approval of the shareholders' meeting.			

- (2) Information on EPS: (unit: NT\$)

Original EPS	NT\$ 24.75
Calculated EPS	NT\$ 24.75

9. Repurchase of the Company's shares: None.

4.2 Issuance of corporate bonds: None.

4.3 Issuance of preferred shares: None.

4.4 Issuance of overseas depository receipts: None.

4.5 Status of employee stock option plan and status of employee restricted stock: None.

4.6 Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

4.7 Implementation of the company's capital allocation plans: None.

V. An Overview of Operations

5.1 Business Activities:

5.1.1 Business scope

1. Main areas of business operations:

- a. Manufacturing, processing, trading business of knitting and dyeing of fabrics, garments and textile raw materials.
- b. Manufacturing, processing, trading business of various types of textiles of fabrics, garments, yarns, chemical synthetic fibers and silks etc.
- c. Relevant import and export business of aforementioned items.
- d. Wholesale of drugs, medical goods, Retail sale of medical equipment, Medical materials and equipment manufacturing.

2. Revenue distribution:

Item	2023 Operating Percentage
Knitted fabrics	37.73%
Garments	62.27%
Total	100.00%

3. Main products: Various elastic knitted fabrics and garments.

4. New products development:

Product development direction aims at diverse and differentiated product characteristics, specialized in functional fabrics, and sportswear series in order to establish complete production lines, such that the Company is able to provide comprehensive and differentiated services in order to satisfy the customer demand for a one-stop shop for all. Continue to research and develop technologies, improve product quality, collect latest domestic and foreign information, provide latest market trends, fabric types and styles to customers, in order to use such information as reference guides in determining the consumer market demands and to satisfy the needs of consumers.

5.1.2 Industry Overview

1. Industry Current Status and Development:

The development of the textile industry (including complete and large production system of man-made fiber, spinning, knitting, dyeing and clothes manufacturing etc.) in Taiwan has a history of more than 60 years. With the

drive for technological improvements and market demands, vertical specialization of upstream, midstream and downstream sectors has been established and the supply chain is relatively complete. Regarding the upstream sector, the raw materials are plentiful and the processing techniques are skillful, it includes outstanding basis for the production scale and technologies of man-made fiber production that are extremely competitive internationally. It is also one of the main supply sources of man-made fiber products around the globe. The midstream sector has always achieved remarkable export business performance, and business operators in this sector have been the best cooperating partners of international brands. For the downstream sector, the garment industry has been one of the leading industries to establish operations worldwide under the pressure of labor wages.

Presently, the development of textile industry in Taiwan has gradually developed from the traditional labor-intensive clothes manufacturing factories (such as garment processing, sweaters etc.) into a complete textile production system from upstream, midstream to downstream sectors. In addition, the products manufactured have also expanded from traditional yarns, fabrics, man-made fibers and garments to non-woven fabrics with specific functions, industrial specialized fabrics, building material and furniture fabrics, etc. Therefore, it has indeed become an industry with diverse development. Furthermore, the textile industry development in Taiwan has also shifted from OEM manufacturing model into an international cooperative production and sales system with vertical integration and horizontal specialization, which has certainly established solid foundation in the global textile industry with undeniable contribution worldwide.

The textile industry in Taiwan is an industry that is highly export-oriented with foreign exchange earnings. Due to the downstream business operators in our nation requiring sufficient labor manpower, they tend to spread to overseas and most operators still rely on the import of high performance and fabrics with high quality from Taiwan. Consequently, it serves as the driving force for the upstream and midstream industries in Taiwan. The textile garment industry in our nation is export-oriented, and from the table below, it can be understood that the average export dependence for textile garment industry (calculated based on the export value over the production value weight) reaches 77%. In addition, the import value of textile garment industry in 2023 was US\$ 3.65 billion, and the trade surplus reached US\$ 2.98 billion, which was the industry of the 4th largest trade surplus in Taiwan. The textile industry continues to drive the economic development in Taiwan and is one of the main industries for generating

foreign exchange earnings. The textile industry has significant benefits to the balance of trade of our nation.

unit: in 100 million US\$

Item	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Production value	151.9	148.2	133.6	121.3	126.4	129.1	116.6	97.8	123.3	115.1	104.5
Export value	117.0	115.6	108.0	99.3	100.7	100.7	91.8	75.3	90.2	88.4	66.3
Import value	33.0	34.3	34.6	33.4	33.6	36.8	35.5	33.7	38.6	39.4	36.5
Trade surplus	84.0	81.3	73.5	65.9	67.1	63.9	56.3	41.6	51.6	49.0	29.8
Export degree of dependence	77%	78%	81%	82%	80%	78%	79%	77%	73%	77%	63%

Source of Information: Department of Statistics, MOEA; Statistics of Customs Administration, MOF; Exchange rate based on the annual average exchange rate of Central Bank of R.O.C.; Summarized by Taiwan Textile Federation, March 2024. The data for 2023 is an estimated value.

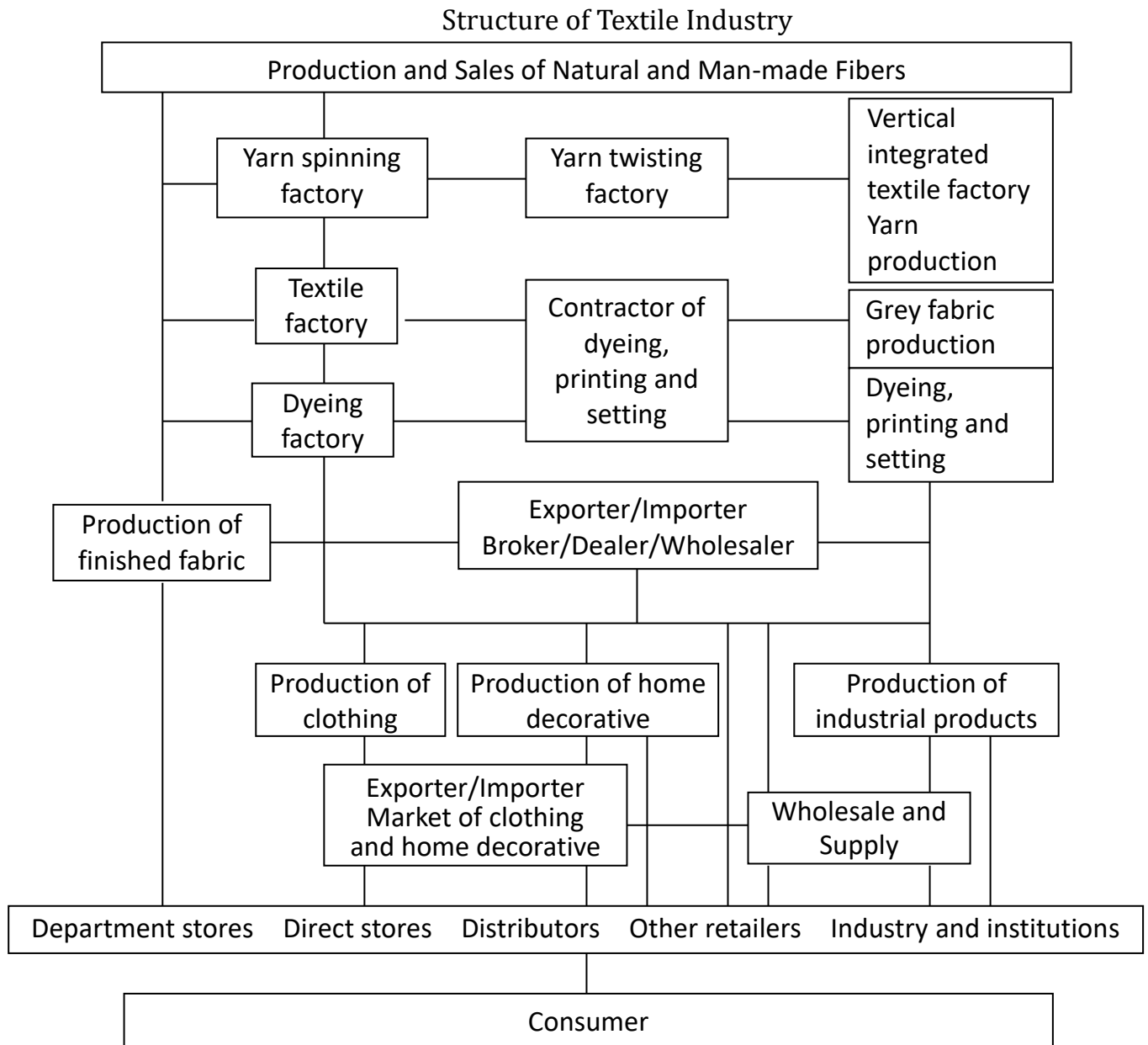
Due to the regional integration of the textile industry in Taiwan, for market competitiveness and seeking tariff preference or reducing production element costs, business operators show increasing overseas investments and production capacities in foreign countries. Among which, the overseas investment in Vietnam is most prominent. Functional and high-quality fabrics are characteristics of Taiwanese textiles, and business operators shall actively and continuously invest in research and development, and also utilize the plentiful supply of chemical fiber raw materials and innovative fabric knitting and dyeing technologies in Taiwan in order to establish the country's value chain and aggregation advantage for the functional textile industry. They will also push forward with the development of differentiated and high value-added products such that the competitive advantages can be maintained.

In view of the competitions due to various countries of Korea, China and the emerging Sri Lanka and India etc., textile enterprises in Taiwan shall establish the core abilities of innovative research and development and production of niche products in order to increase the added value of products as well as to establish the fast response ability to the upstream research and development and downstream customer demands, along with the integration of the fast response advantage in the integration of industry value chain and production cluster, such that the overall industry competitiveness can be increased.

Looking into the year of 2024, the global economic recovery outlook is unclear, and the international political and economic conditions are uncertain, along with geopolitical tensions, which may affect the global economic recovery. The giant leading brands will continue to maintain their market shares and will demand closer cooperation of the supply chains, value the issues of the production capacity, diversify production base

inventory management, corporate social responsibility etc. of their suppliers significantly. The economic impact on the high-end garment products is relatively smaller, and the Company will continue to implement R&D innovation and develop high value-added products to prompt response to terminal market demands, and to focus on niche market expansion as the keys to stable enterprise growth.

2. Correlation among upstream, midstream and downstream in the industry:



The scope of the textile industry is relatively broad, and the upstream, midstream and downstream of the industry include six main fields of yarn, spinning, knitting, dyeing, garment and retail etc. Presently, in the domestic textile industry, there are several large companies exploiting their corporate competitive advantages making the most appropriate development direction in different fields in order to construct a vertically integrated industry and are active in establishing their own textile territory internationally, such as Formosa Nan Ya Group, Far Eastern Group, Shin Kong Group, Tainan Spinning Group and Eclat Group.

3. Product development direction:

With the increasing popularity in the sporty and healthy trend, in addition to standard sportswear, comfortable and fitted sportswear has

become the main stream of daily wears. A lot of fashion brands and channel brands have started to launch relevant series of products, indicating the growth of sportswear is more prominent than the performance of the overall clothing.

Based on the consideration of the fast growth in the sports wear market and consumers have higher standard on functional products, domestic and foreign manufacturers are actively engaging in innovative research and development in relevant production technologies, such as: use of microporous membranes in the knitting and dyeing process methods, high-density fabrics, other special auxiliary treatment; use of special cutting, attachment ...etc. technologies for garment, in order to achieve the functional effects of low resistance, abrasion resistance, high strength, light and thin, insulation, UV protection, absorbing and fast drying, breathable and waterproof, anti-bacterial and deodorization etc. In recent years, the textile industry in Germany has also successfully developed biomedical technology and electronic technology textiles with the use of polymer and fiber materials in order to integrate the concepts of telecommunication, information processing, medical and sensor etc. into textiles, such that textiles are able to be equipped with the functions of being capable of responding to toxic substances or gases, temperature, heart rate, pulse, pressure, movement, breath, self-cleaning, temperature regulation, protection and healthcare etc.; consequently, consumer demands on health, sports and recreation can be satisfied.

The textile industry in Taiwan is known as the “Trillion Dollar Industry”, and under the influence of the global regional trading agreements signed, the global development of the Taiwanese supply chain is accelerating. Despite that there is a declining trend in the domestic production value, the percentages of order received and global production in Taiwan increases year after year. With the labor advantages in terms of quantity and lower wage, China and various Southeast countries are gradually causing greater pressure to be put on Taiwanese manufacturers in the international market of general sportswear, garment and decorative, and they also threaten the development of Taiwanese manufacturers in the professional OEM market. Accordingly, the company is of the opinion that enterprises having their own research and development abilities in order to continuously achieve innovations in products and manufacturing processes while being equipped with the differentiation ability to move from OEM to high value-added ODM business, is the key competitive ability for the continuous development of the industry. This is the main direction for the future operation strategic development of enterprises, and is also essential for the sustainable operation of the textile industry in Taiwan.

4. Competition:

Competitiveness of the Company

- A. Quality: The Company has accumulated extensive manufacturing experience and is of great commitment to quality. In 1993, the company received the “Q Mark” quality certification from DuPont to come the first enterprise to receive such great honor in the Asia-Pacific region.
- B. Technology:
- (A). Fabrics: Since knitted fabrics are made from elastic yarns and general non-elastic yarns, to blend the two types of elastic and non-elastic yarns and to allow them to interlace with each other firmly without interferences while maintaining the original characteristics of long and short fibers, the technology level required is relatively higher. The company owns various knitting machines of different specifications, and since 1989, the company has cooperated with DuPont such that presently, the technology of the company is mature and leads the industry.
- (B). Dyeing: Since elastic fibers behave in a way similar to rubber bands, such that during dyeing process at high temperature, the elastic yarn can be in a molten state or generate ripples. Through continuous research and development as well as testing for different high/low dyeing solution temperatures, curve graphs, the company has been able to achieve most optimal control on such process.
- (C). Garment: The Company establishes a dedicated unit in collecting the market trend information. In addition, the headquarters of the company has established a fast sample center of the largest scale in Taiwan, and in conjunction with various latest equipment of sewing machines, pattern making software and operators, such that the company is able to provide the one-stop shop service including on-site fitting and ODM etc. to customers.
- (D). Lead time: The headquarters of the company is a global logistics center, capable of achieving fast order receiving, selecting appropriate production site according to the customer demands, lead time and cost etc., in order to maintain the competitiveness of the company. In addition, the company also strengthens the cooperation with raw material suppliers and various relevant manufacturing process vendors in order to effectively manage the manufacturing process and to control the delivery date.
- (E). Research and development: Obtain the market trend, develop various

fabrics of modern technology materials, and jointly develop garment styles with customers in order to satisfy the modern consumer demands on the diverse textile products.

(F). Consumer demands: Actively participate in domestic and international trade shows, collect themes and colors of the current market trend, as well as actively participate in projects and events organized by various professional institutions entrusted by the Ministry of Economic Affairs in order to increase the design and competitiveness of the company.

5.1.3 Research and Development:

1. Research and development budget invested in recent years up to the printing date of annual report: Unit: NTD 1,000

	R&D budget invested	Current operating revenue	R&D budget to current operating revenue ratio
2023	153,456	30,790,462	0.50%
January to March, 2024	36,175	7,632,681	0.47%

2. Technology and product :

Product Type	Technology	Usage and Description
Sustainable Series	Carbon reduction and energy saving - Reduce	
	Tencel®	A. In view of the focus of the international brands on environmental protection issue, Eclat and Lenzing Group have developed a range of materials with REFIBRA™. Its high-efficient closed-loop production technique is able to upgrade and reuse the large amount of cotton fabrics waste left from the garment production, such that the waste are blended with wood pulp to become raw material, thereby allowing it to be bio-degraded in the natural world and reducing impacts to the environment and the Earth. B. The material is comfortable and soft with the characteristics of skin-friendly feel, natural drape, and also blended with good moisture wicking synthetic fibers, making Tencel products to be equipped with both aesthetics and functionality. C. It can be applied to lifestyle apparel and yoga clothes, etc.
	Polypropylene	A. Polypropylene fiber is an eco-material, its weight is lighter than water with better heat capture. In addition, it also has the advantages of being lightweight and heat insulation. With hydrophobic fibers, the material can be presented in its original color without coloring during the dyeing process, such that the process also saves water resources. B. Low moisture regain rate characteristic makes the materials with fast drying function to increase wearing comfort. C. Materials are ideal for outdoor Base layer and Running related products.

Product Type	Technology	Usage and Description
	Recycle and reuse	
	Recycled PET Recycled Nylon	A. Through consumer end waste recycle or industrial waste recycle with raw material treatment, eco-friendly fibers are obtained through recycle and reuse treatment processes. B. It is equipped with multi-function and characteristics of moisture management and wearing comfort. C. It can be used for pro-sportswear category.
	Renew type	
	Sorona®	A. DuPont's Sorona fibers use the raw material extracted from corn and protein carbohydrates, which is different from man-made fibers using raw material extracted from petroleum. B. Sorona exhibits the characteristics of softness, wearing comfort, elasticity and restoration performance. C. It complies with the innovation concept of global sustainable development.
	Bioenergy nylon	A. Eclat and the international giant manufacturer in Germany, BASF, cooperate with each other to launch, the first bioenergy nylon textile in the world. B. It uses 100% renewable raw material alternative production - regenerated from waste bio-oil, bio-waste, food industry waste substances of vegetable oil etc. Its production process is eco-friendly and is able to effectively reduce 35% of the greenhouse gas emission. C. It complies with the company's commitment in sustainable development.

Product Type	Technology	Usage and Description
Functional series	Sunlight Management	
	BodyCare® UV Resistance	A. BodyCare® is a trademark of Eclat Textile Company. B. The trademark registration includes the U.S.A., European Union, and Asia. C. Based on the main focus of wearing comfort and functionally, it utilizes the technology and development in fibers, interlacing or after-processing treatment in order to achieve the function of UV resistance. D. It is applied to outdoor sportswear products.
	FIR warmth	A. With the utilization of the insulation and warmth characteristics of fibers, the fabrics can be made to have excellent insulation and wearing comfort. B. Through professional design, diverse applications can be provided for selection. C. This series is suitable to fall, winter outdoor sportswear.
	Reflection	A. This series of fabric is provided for safety protection of sportsman performing exercises in the morning or night time. The fabrics are equipped with the night luminous and light reflective functions in order to satisfy the demand of consumers during the outdoor walking or exercising, such that the fabric is equipped with the function for warning others while maintaining a pleasing appearance. B. Night luminous series: Through the utilization of yarns and special manufacturing process, light is absorbed in the fabric in order to maintain a certain level of effect. C. Light reflective series: Through special manufacturing process, the light reflection principle of vehicle headlights is utilized to achieve the light reflective effect. D. It is a fabric that is suitable to the exercises of jogging, cycling in the morning or at night.

Product Type	Technology	Usage and Description
	Air Management	
	BodyCare® Anti-bacterial	A. BodyCare® is a trademark of Eclat Textile Company. B. The trademark registration includes the U.S.A., European Union, and Asia. C. This series of fabric mainly focuses on performance and functionality. It utilizes the technology and development in fibers, interlacing or after-processing treatment in order to allow the fabric to become a BodyCare® product with anti-bacterial function. D. It is widely used in sportswear, recreation wear, home wear
	Cool Sensation	A. With the use of natural fibers or fibers with the addition of cool elements, textiles can have the characteristic of cool touch feeling. B. Increase the wearing comfort. C. It is suitable to wear under long period of sunlight exposure.
	3-in-1 multi-function	A. Use of specially modified fibers, along with texture design in order to allow textiles to have the functions of UV resistance, heat isolation and deodorization. B. Deodorization function: Long lasting of reduction of odor due to the breeding of microorganisms. C. UV resistance function: Capable of isolating and reducing skin damages caused by UV radiation, capable of preventing skin sunburn, and suitable for outdoor sports. D. Heat isolation function: Equipped with UV shielding capability and reflecting visible light, reducing heat conduction speed in order to increase the wearing comfort of sportsman. E. It is designed for jogging, outdoor activities and athleisure.

Product Type	Technology	Usage and Description
	Moisture Management	
	BodyCare® Moisture Management	A. BodyCare® is a trademark of Eclat Textile Company. B. The trademark registration includes the U.S.A., European Union, and Asia. C. The material mainly focuses on performance and functionality. It utilizes the technology and development in fibers, interlacing or after-processing treatment in order to allow the Material has better moisture absorbing and perspiration drying functions. D. It can be applied to sportswear and recreation wear.
	Umorfil®	A. Through nanotechnology, collagen peptide amino acid is applied to fiber. It increases moisture retention and wearing comfort of the material; in addition, it is an eco-friendly material. B. With the use of fibers and the moisture permeability knitting structure, the functionality related to the efficiency of moisture wicking and sweat absorption of the product is increased. C. It is a bionic fiber with skin-friendly characteristic, which is suitable to intimate apparel and home apparel.
	Aqua-Guide®	A. Aqua-Guide is a trademark of Eclat Textile Company. B. Faster moisture wicking and quick dry attributes. Moisture can be absorbed by the absorbing layer and transferred to the medium moisture storage layer for absorbing, which is then swiftly exhausted to the fabric surface layer. Consequently, It is able to prevent moisture from returning back to the fabric to cause skin attachment; as a result, wearing comfort can be increased. C. It is applied to outdoor products of sportswear and athleisure wear.

Product Type	Technology	Usage and Description
Functional series	Drylight Light and highly breathable series	A. Product name of Eclat Textile Company B. Moisture transfer and fast drying performance allow the water absorption later to absorb sweat and transfer to the fabric surface. 3D weaving structure provides high breathability, preventing the fabric from attaching to the skin after absorbing sweat, thereby increasing comfort when worn. C. It is applied to extreme sports, jogging, outdoor sports and recreation wear.
High Performance products	Woveknit™	
	Woveknit™ for mid-layer	A. It is a patented technology and a trademark of Eclat, and has received the recognition of Top 10 in the ISPO exhibition. B. With the utilization of fiber cross section principle, it is able to achieve insulation effect by preventing the loss of body heat, in conjunction with special fleece processing technology to enhance the warmth and breathable functions. C. High CLO value and pilling resistance characteristics in order to increase the added value of the textile. D. It can be used for hiking and mountain climbing activities.
	Woveknit™ for outerlayer	A. It is a patented technology and a trademark of Eclat. This series of fabric has received the recognition of Outer Layer Top 10 in the ISPO exhibition. B. It utilizes Eclat's patented technology - Windbreaker knitted fabric. C. In comparison to conventional windbreaker jacket available in the market, such type of fabric is lighter and packable, along with elasticity. D. It is applied to outdoor and travel clothing.

Product Type	Technology	Usage and Description
	Woveknit™ for baselayer	A. It is a patented technology of Eclat. In addition, this series of fabric has also received the recognition of Top 10 in the ISPO exhibition. B. It utilizes the high-density knitting method, along with elastic fiber series of characteristic in order to increase the wearing comfort during exercises. C. Through bonding techniques for making 2.5 Layers, 3 Layers bonded fabrics for protection type of products and it also utilizes environmentally friendly C6 and C0 coating chemicals for the product developments for consumers to choose. D. It is suitable for mountain climbing, cycling and styling.

5.1.4 Long-term and Short-term Development

(1). Short-term development plan:

1. Plan the training of new knitting technical and machines learning, continue innovation, increase production and competitiveness, root in Taiwan, and global manufacturing. Establish the design, research and development as well as the high-level production technical center in Taiwan, utilize raw materials of excellent quality and use quality system to improve the product competitiveness, achieve global market expansion, in light of increasing production capacity, reducing costs and shortening lead time.
2. Integration strategy for upstream, midstream and downstream:
 - Reduce the number of suppliers and centralize the management of suppliers, strengthening the cooperation relationship with suppliers.
 - Establish raw material joint development model, improve quantity and quality, and increase value of suppliers.
 - Cooperate with suppliers to develop new technical guidance and new materials. Strengthen supply chain capabilities and breadth.
3. Product development from fabric to garment:
 - Provide customers a complete service from fabric to garment, establish vertically integrated order receiving operation model.
 - Obtain market trend, provide products satisfying customer demands, and establish service value of excellent quality and short lead time.
 - Cooperate with world first-class suppliers, utilize innovative technologies in research and development of fabrics and garment styles in order to increase the differentiation with competitors and to create values in the overall value chain.

(2). Long-term development plan:

1. Collaborate with customers in designs to create values jointly:
 - Strengthen brand manufacturers, cultivate medium and small customers, and drive the company revenue performance with customers' growth.
 - Cultivate designers to co-design with clients on customized fabric patterns and garment styles. Develop new garment brands, products or markets with professional experiences of production.
 - R&D personnel collaborate with customers in the development of fabrics, anticipate customer demands, coordinate production through the order and planned production methods in order to accelerate the product supply capabilities, to strengthen relationships with customers and to create joint value.

2. Development of eco-friendly sustainable textile:

- Focus on the global trend on environmental protection awareness, actively develop products complying with the eco-friendly concept.
- In 2006, the company has received the organic cotton manufacturing process certification from CONTROL UNION and IMO. Since Europe and American countries emphasize on the environmental protection issue more and more, the company has cooperated with the development strategy of brand manufacturers on organic cotton products in order to satisfy the market demand and to actively develop new products for business opportunities.

3. To cope with the global trend of environment protection awareness, the company has also received the bluesign certification in 2011 in compliance with the specification of brand manufacturers in order to establish a closer cooperation relationship with customers and to fulfill the international social responsibility.

5.2 An Analysis of the Market as Well as the Production and Marketing Situation

5.2.1 Market analysis

1. Sales region:

Unit: NTD 1,000

Year Region		2021		2022		2023	
		Amount	%	Amount	%	Amount	%
Domestic Sales		394,705	1.10	188,634	0.47	135,426	0.44
Export Sales	America	19,988,931	55.65	18,426,424	46.37	14,439,220	46.90
	Asia	11,417,463	31.79	14,441,647	36.34	10,827,938	35.17
	Others	4,116,148	11.46	6,679,468	16.82	5,387,878	17.49
	Sub-total	35,522,542	98.90	39,547,539	99.53	30,655,036	99.56
Total		35,917,247	100.00	39,736,173	100.00	30,790,462	100.00

2. Market Share (%) of Major Product Categories in the Last Two Years

According to the Taiwan Top 2,000 survey by the CommonWealth Magazine, Eclat is ranked 111st in the manufacturing industry, and for the textile industry, Eclat is the 3rd in terms of the operating revenue, 3rd in terms of the net income after tax, and 5th in terms of the profitability. Since 2023, the monthly production capacity for knitted fabrics of the company reaches above 15 million yards, and the monthly production capacity for garments reaches above 11.2 million pieces. The production capacity scale of Eclat is also ranked high among the top domestic manufacturers.

3. Market Analysis of Major Product Categories:

(1). Market future supply and demand outlook – textile and dyeing industry:

For spun, with the fast-emerging origins of natural fiber raw materials of China, Pakistan and Indonesia etc., and due to the excessive factory expansion by the domestic manufacturers, production capacity is in excess. This has led to price competition and significant reduction in profit for domestic natural fiber yarns and textiles manufacturers, such that a great number of manufacturers move out of the country. Regarding Synthetic fiber, in terms of the woven fabrics, with the significant increase in the demand for functional textiles, and since such type of functional textiles are mostly made from the modification and processing from man-made fibers, the future market for functional textiles is expected to continue to grow. Post-processing fabric are closely related to the market information trend.

Regarding the knitted fabrics, in recent years, due to the short product life cycle of knitted fabrics, low entrance barrier and the trend

of low product price in the international market, traders and distributors tend to seek sources in the regions of China and Southeast Asia. Under the influence of technical guidance over the past years, the manufacturers in the regions of China and Southeast Asia are now able to produce products of competent level to the products made by Taiwanese Manufacturers. Despite of the fact that the quality of products from China and Southeast Asia are still unstable, their prices are nevertheless far more attractive than Taiwanese products, such that the domestic export quantity of knitted fabrics is decreasing year after year.

Countermeasure and Required Criteria:

The countermeasures that can be adopted by the knitted fabrics and dyeing industry include reinforcement of the differentiation, technology alliance, local market rooting, branding management and global market expansion. The required criteria include product planning and innovative research and development abilities; investment in research and development budget; increase of successful rate in new products; maintaining excellent cooperation relationship with vendors; market keenness and ambition of leaders; excellent financial ability; equipped with market development type of sales talents; outstanding management team; and the ability to completely satisfy the demands of branded customers and purchasers in terms of the criteria of quality, price, research and development, service, lead time, human rights, environmental protection etc.

(2) Market future supply and demand outlook -- garment industry:

Garment industry is characterized by its labor-intensive industry, and the factory establishment cost and capital technology level are relatively low. In recent years, due to the continuous increase of the wage in Taiwan, the basic employee labor supply is clearly insufficient such that garment manufacturing operation environment is difficult. In addition to the cheap labor cost advantages in China and new emerging countries, manufacturers in the industry continue to move out of Taiwan.

Countermeasure and Required Criteria:

The strategy combinations recommended to be adopted by the garment industry include the three strategies of global market expansion, branding management and local market rooting etc. The required criteria include sound financial standing, outstanding management talents, market keenness and ambition of leaders, equipped with product planning and R&D talents, and the ability to satisfy the basic demands of branded customers in terms of the criteria

of quality, price, research and development, service, lead time, human rights, environmental protection etc. completely.

Future growth:

The main products of the company include elastic knitted fabrics and professional/functional clothes. The main raw materials of such fabrics and clothes are natural fiber yarns, man-made fiber yarns and elastic fiber yarns. Since the petrochemical industry in Taiwan is mature, there is no concern on the semi-finished petroleum raw materials. With the complete industry structure, the production capacity for fibers and processed yarns is ranked high worldwide. As a result, the raw materials can be obtained relatively easily, the source of supply is abundant and the quality is also stable. Regarding elastic fibers, Eclat mainly uses the elastic fibers of “Lycra” produced by Invista, and such elastic fiber is at the leading position in the industry. In terms of the market demand, all developed and emerging countries worldwide are gradually focusing on recreation lifestyles, and the outdoor activity time generally increases. This is particularly so in developed countries in Europe and America, which place great emphasis on health and recreational lifestyles. So much so that the demand for recreation, functional and healthy wear is being driven to increase, and the scale of relevant market is expanding significantly. Knitted fabric of the characteristics of small-volume with large-variety have earned great recognition from professional designers such that knitted fabric is used as the material for high-end fashion wear and is of great potential in fashion trend development. The future outlook of the elastic fabric of the company demonstrates great market potential.

4. Competitive niche and favorable, unfavorable factors in future development outlook and countermeasures:

Competitive niche:

The main products of the company include circular elastic knitted fabric and garment manufacturing thereof, which utilizes elastic yarn and conventional synthetic fiber and spun mixed knitting as well as special post-processing fabric treatment technology. The company is active in the research and development of trendy, sporty, recreational, eco-friendly, health and multi-functional fabric in conjunction of trendy style designs. This allows the company’s fabrics to be widely applied to diverse product series of sportswear, recreation wear, underwear and pajamas, yoga wear etc., for sales to all well-known brands, department stores and major retailers worldwide.

Main competitive advantages:

- 1) Provide excellent brand reputation to customers, establish reliable partnership.
- 2) Own factory with complete vertical integration (from knitting→dyeing→setting→garment) as a key in earning customer trust.
- 3) Production reaches the economies of scale, equipped with greater price bargain power in raw material purchase, along with the utilization of mature Synthetic fiber industry in Taiwan in order to obtain quality raw materials at low price.
- 4) Technology integration with upstream vendors in order to reduce production errors, improve quality and increase product competitiveness.
- 5) Product innovation ability and high added value, excellent and stable production quality, equipped with relatively greater competitiveness; strong ability in global logistics management, capable of achieving short fast delivery. Local offices established in New York, Los Angeles and Hong Kong, capable of satisfying the all-round service demands of customers from raw materials to finished products.
- 6) The operation management level of the company is committed to the sustainable operation.

Favorable factors to business development:

A. Stable raw material source:

- (a) Synthetic fiber: In recent years, with the rapid development of the petrochemical industry in Taiwan, the production capacity of the downstream man-made fibers, processed yarns are driven to expand, and the production capacity of polyester fibers is also ranked top 4th worldwide. For knitted fabric, synthetic fiber can be obtained easily and the supply source is stable while the price of raw material is also lower than other competitors in, such as Japan and the US.
- (b) Spun: Under the impact of global climate change, the annual production quantity and price of natural fibers also fluctuate. To ensure the stable raw material supply source, the company engages in long-term cooperation with well-known suppliers, such as: Tai Yuen Textile and Far Eastern New Century, in order to ensure the stable source of yarns such that the Company is able to cooperate with the production progress and to arrange the lead time.

(c) Elastic fiber yarns: The elastic fiber yarns used by the company mainly refer to the elastic fiber yarn of “Lycra” manufactured by Invista. In addition, the company signs contracts with suppliers for planned procurement such that the expected procurement quantity is arranged according to the annual order demand on a quarterly basis, and reasonable price are negotiated in order to ensure the quantity and quality of elastic yarns of the company.

B. Leading technology:

- (a) Knitting technology: Since elastic knitted fabrics are made from elastic yarns and general non-elastic yarns, to blend the two types of elastic and non-elastic yarns and to allow them to interlace with each other firmly without interferences while maintaining the original characteristics of synthetic fiber and spun, it is clear that requirements for the technology level are high. Since 1989, the company has cooperated with DuPont and accepted the technical guidance of DuPont engineers. Presently, the technology of the company is mature and is at the leading position in the industry.
- (b) Dyeing technology: Since elastic fibers behave in a way similar to rubber bands, and dyeing on rubber band is known to be difficult. This is mainly due to the reason that during the dyeing process at high temperature, the elastic yarn can be in a molten state or generate ripples. Through continuous research and development as well as testing for different high/low dyeing solution temperatures, curve graphs, the company has been able to achieve most optimal control on such process.

C. Strong R&D department:

The company established the R&D Department in 1993, and it is presently under Material Division, which is in charge of the research and development of new fabrics. This includes knitting, dyeing and post-processing treatment technologies. In addition, the company also establishes the Test Center for testing various qualification standards of textiles, such as: shrinkage rate test, color fastness test, physical test etc. The Planning and R&D Departments irregularly participate in the international textile trade shows, including the ISPO in Germany, Functional Fabric Fair in US etc., in order to provide fabrics successfully developed by and garment styles from Eclat on its own for buyer's selection, creating excellent brand image and reputation for the company as well as establishing reliable partnership with customers or branded manufacturers.

D.Global market expansion:

The Company positions the headquarters in Taiwan as the business center. Product development and business promotion are achieved through the utilization of technologies, in order to understand the consumer market status, to collect fashion trend information, and to receive orders and service customers without space limitation. In addition, in all major consumer markets worldwide, the company has agents in a long-term relationship with the company in order to represent the company in the business and sales of fabrics and garments.

Regarding the production site, for the production of knitted fabrics, due to the factors that the production technology requirement is high, investment cost is large, and customer designates for products made in Taiwan, Eclat has established knitting, setting, digital printing and quality inspection packaging factories in Hsichou, Miaoli, and dyeing factory in Dayuan, Taoyuan. In terms of overseas factories, there is a knitting and dyeing factory, Eclat Fabrics (Vietnam) Co., Ltd in Vietnam. Regarding the production of garments, the company has established Eclat Textile Co., Ltd (Vietnam), Colltex Garment Mfy Co., Ltd. (Vietnam), E-Top (Vietnam) Co., Ltd, Tai-Yuan Garments Co., Ltd. (Vietnam), Eclat Textile (Cambodia) Co., Ltd. and PT Eclat Textile International (Indonesia) in order to diversify the risk of concentrated production bases and expand the production scale to meet the demand for production capacity.. In addition, the company has also established strategic alliance OEM factories in various areas of Lesotho of South Africa, Vietnam and China. Presently, the company production site layout is as shown in the table below:

Operating Offices	Taiwan Taipei Headquarters	
Production Sites	Fabrics	Garments
	Hsichou knitting, setting, digital printing and packaging factory, Tashan knitting factory, Dayuan dyeing factory, Eclat Fabrics (Vietnam) Co., Ltd.	Eclat Textile Co., Ltd(Vietnam), Colltex Garment Mfy Co., Ltd.(VN), E-Top (Vietnam) Co., Ltd., Tai-Yuan Garments Co., Ltd., (Vietnam),Eclat Textile (Cambodia) Co., Ltd., PT Eclat Textile International (Indonesia) and strategic alliance OEM factories in Lesotho, Vietnam and China, etc.

Unfavorable factors affecting future development and countermeasures:

A. Unfavorable factors:

- a. For the textile market, the price competition is more intense due to the low-price products from Southeast Asia countries, such as Vietnam, India, Pakistan, and countries of Korea and China etc.
- b. After the global market expansion, the localization ratio of the management team is insufficient, causing difficulty in the management thereof.
- c. Labor cost is high, and OEM profit is low.
- d. Formation of regional economy, leading to greater trade protection.

B. Countermeasures:

a. Production innovation:

1. Innovation in production design:

R&D personnel shall obtain the trend information at all times, perform self-development or collect latest products, provide such products to sales personnel.

2. Innovation in marketing and sales:

Sales personnel shall provide services based on the customer-oriented approach, and cooperate closely with the R&D personnel in order to jointly design and provide products demanded by the customers, or even generate additional customer demand.

3. Innovation in administrative operation:

Introduction of e-system; through the establishment of ERP, provide the production and sales enterprise mode that is of fast innovation, fast R&D, fast production and fast sales to customers and suppliers.

Through the creation of corporate innovation culture and global logistics electronic assistance, provide value-added products to customers in order to increase the competitiveness of the company.

b. Marketing and sales strategy:

1. Short-term:

Prompt response, close to market, enhance the cooperation with customers, establish close relationship with customers as partners, and increase the efficiency of the supply chain. In addition, when customers choose to cooperate with suppliers with advanced operation procedures and systems in the future, the company is able to reduce the risk, lower the production

development cost and improve the production capability.

2. Medium-term:

Based on the concern of a more efficient supply chain management, European and American customers will shift their procurement subjects to suppliers with the vertical integration ability and capable of providing the complete service from raw material to finished product or even design service. Accordingly, the company will exploit its advantage in vertical integration as a supplier in order to provide a complete solution and service in ODM model to customers such that the relationship with customers is strengthened further.

Establish "Brand Partner". Based on the consideration of the trend that large scale of international buyers and brand retailers tend to become greater in scale, the primary markets will be gradually dominated by several large brand companies. Regardless of whether it is for the agency of foreign brands, seeking agency for new brands, obtaining licensed production from foreign well-known brand manufacturers, the company will provide a one-stop shop for all model of production service from finished fabrics to finished garments in order to satisfy the demands of customers completely.

3. Long-term:

Establish excellent branding reputation as an ODM supplier, and improve product added values. Actively establish the global logistics channel mapping, spread out the production locations, and choose a production region with competitiveness for manufacturing. Regarding strategy, Taiwan serves as the operation center in charge of design, research and development, order receiving, management of order distribution and customer service in Taiwan. In addition, in view of the global regional economy development, the company will establish domestic factories for production for countries with greater tariff advantages in order to increase competitiveness.

5.2.2 Production Procedures of Main Products:

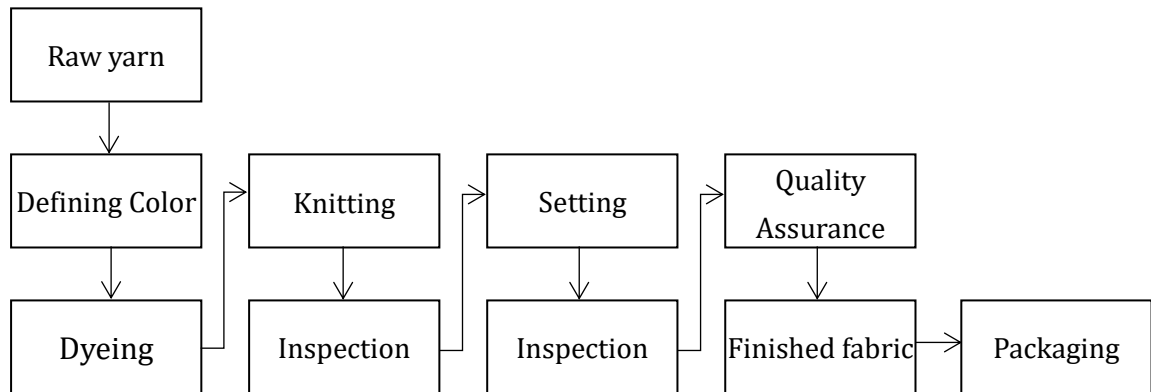
1. Key purpose of main products

The main products of the company include fabrics for garments that are made from man-made fibers, and blended yarn fibers; among which, circular knitting elastic knitted fabric is a key product of the company. The fabrics manufactured by the company are widely used in recreation wear,

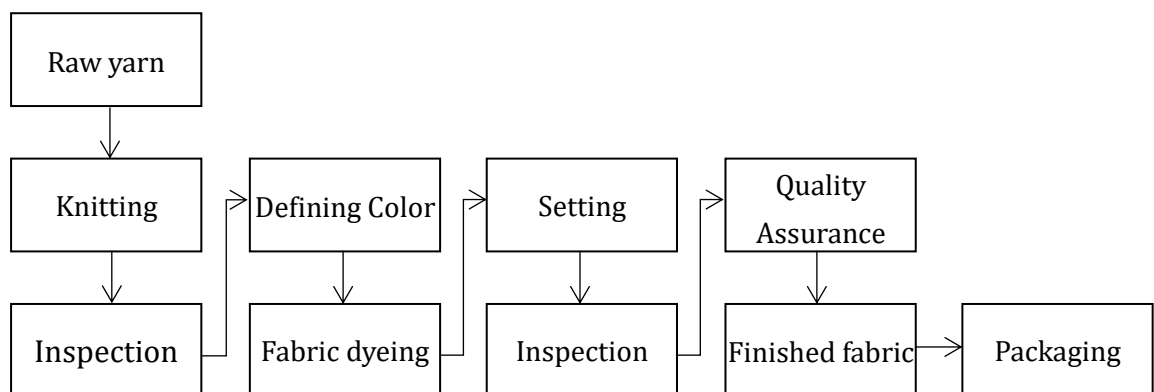
sportswear and yoga wear etc. following the latest fashion trend in the market.

2. Production process of main products

(1) Yarn-dye:



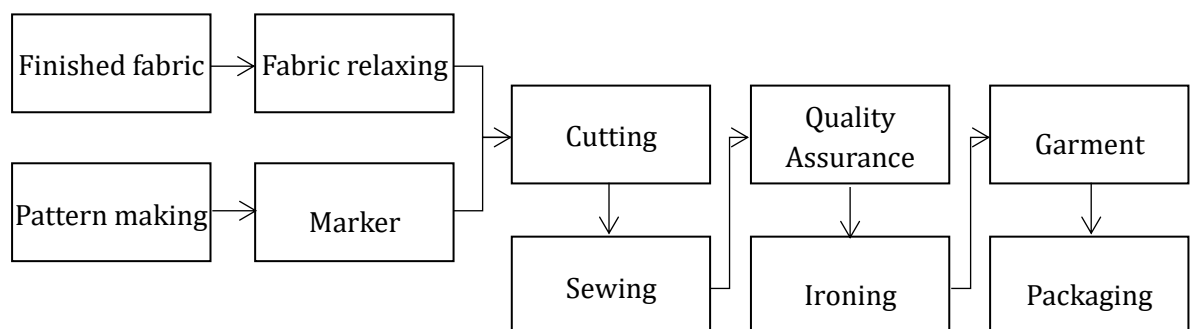
(2) Piece-dye:



(3) Post-processing:

According to different types of fabrics, the processes of printing, embossing, folding, burn-out printing, fleece finishing, brushing, shearing.

(4) Finished garment:



5.2.3 Supply Status of Main Materials:

Main industrial Division	Product Name	Main raw material		
		Raw material name	Main supply source	Supply status
Fabric Division	Knitted fabric	Grey yarn	Taiwan and Vietnam	Stable
		Elastic yarn	Singapore, Vietnam and Taiwan	Stable
Garment Division	Garment	Finished fabric	Self-manufactured and Taiwan, Vietnam	Stable

5.2.4 Name of customers accounted for more than 10% of total purchase/sales amount of the company in the most recent two years or in any year and the purchase/sales amount and ratio thereof:

1. Name of customers accounted for more than 10% of total sales amount of the company in the most recent two years and its sales amount and ratio:

Unit: NTD 1,000

	2022				2023				Up to the last quarter of 2024			
Item	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	A	6,415,367	16.15	-	A	4,735,617	15.38	-	A	1,277,885	16.74	
2	B	3,776,453	9.50	-	B	3,178,107	10.32	-	B	671,087	8.79	
	Others	29,544,353	74.35	-	Others	22,876,738	74.30	-	Others	5,683,709	74.47	
	Net sales amount	39,736,173	100.00	-	Net sales amount	30,790,462	100.00	-	Net sales amount	7,632,681	100.00	

The main products of the company are knitted fabrics and garments, and the main customers are mainly brands and distributors with good credit and stable operation. In recent years, it has been committed to collaborative development and design with customers, and provided vertically integrated one-stop purchase services from fabrics to garments. Benefiting from the centralized procurement policy of customers, the proportion of major customers has increased year by year.

2. Name of suppliers accounted for more than 10% of total purchase amount of the company in the most recent two years and its purchase amount and ratio:

Unit: NTD 1,000

	2022				2023				Up to the latest quarter of 2024			
Item	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	A	1,441,131	10.89	-	A	1,042,969	8.96	-	A	356,143	10.74	-

	2022				2023				Up to the latest quarter of 2024			
Item	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
	Others	11,791,433	89.11	-	Others	10,601,222	91.04	-	Others	2,959,151	89.26	-
	Net purchase amount	13,232,564	100.00	-	Net purchase amount	11,644,191	100.00	-	Net purchase amount	3,315,294	100.00	-

The main raw materials of the knitted fabrics manufactured by the Company are synthetic, spun and elastic fibers. For elastic fibers, the Company uses the “Lycra” manufactured by the Lycra Company, and spandex manufactured by Formosa Asahi and Hyosung. For synthetic fibers, the main suppliers include Toung Loong, Zig Sheng, Nan Ya, Italon and Shin Kong. For staple fibers, they are from well-known manufacturers cooperate with the Company. The Company has established long-term relationship with the suppliers, and the supply sources are stable such that there is no concern in the situation of the shortage, interrupt or overly concentrated supply.

The company is made to order, and the amount of supplier purchases fluctuates according to customer order requirements.

5.2.5 Production in the Last Two Years

Unit: NTD 1,000

Year Product		2022			2023		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Knitted fabric	Tons	23,953	27,723	16,363,257	23,705	23,980	13,529,331
Garment	Dozen	-	6,070,438	18,237,502	-	4,435,183	14,027,827

5.2.6 Sales quantity table for the most recent two years

Unit: NTD 1,000

Year Product		2022				2023			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Knitted fabric	Tons	1,255	175,428	23,398	14,786,394	965	135,425	18,008	11,481,408
Garment	Dozen	1,860	13,206	8,863,207	24,761,145	3,066	20,947	6,626,377	19,152,682

5.3 Human Resources:

Year		2022	2023	Up to 2024.5.2of the current year
Number of employees	Direct labor	13,503	13,553	14,151
	Indirect labor	2,624	3,019	3,216
	Company staff	2,056	2,043	1,917
	Total	18,183	18,615	19,284
Average age		31.49	31.24	31.64
Average service year		4.46	4.28	4.51
Education %	PhD	0	0	0
	Masters's Degree	1	1	1
	Bachelor's Degree	11	11	11
	Senior High School	42	40	41
	Below Senior High	46	48	47

5.4 Disbursements for Environmental Protection

1. According to the laws and regulations, regarding the application of pollution facility installation permit license or pollution emission permit license or required payment for pollution control fees or requirement on the installation of dedicated unit/personnel for environmental protection, please refer to the following description on the application, payment or establishment status thereof:

(1) Waste water, air emission, discarded fabrics and residual yarns possibly generated during the production process of textiles of the company. Regarding the waste water and air emission treatment, the company has installed the waste water and air emission treatment equipment in the factories of the company. For the waste treatment, presently the company follows the waste classification requirements, and performs the preliminary collection inside the factories, followed by handling such wastes to professional environmental service contractors approved by the Environmental Protection Administration for handling.

(2) According to the laws and regulations, relevant permit licenses obtained by the company are as follows:

Factory name	Application unit	Permit license type	Relevant laws	Certificate No.	Valid period
Hsichou Plant	Miaoli County Government	Water pollution control permit license	Water Pollution Control Act	Miao-Hsien-Huan-Pai Permit No. 00031-13	2023.09.22 -2028.09.21
Hsichou Plant	Miaoli County Government	Stationary pollution source Operational permit license	Air Pollution Control Act	Miao-Fu-Huan-Tsao Certificate No. K0308-07	2023.11.29 -2028.11.28
Hsichou Plant	Miaoli County Government	Stationary pollution source Operational permit license	Air Pollution Control Act	Miao-Fu-Huan-Tsao Certificate No. K0309-08	2023.05.24 -2028.05.23
Hsichou Plant	Miaoli County Government	Stationary pollution source Operational permit license	Air Pollution Control Act	Miao-Fu-Huan-Tsao-Certificate No. K0878-05	2023.12.02 -2028.12.01
Hsichou Plant	Miaoli County Government	Stationary pollution source Operational permit license	Air Pollution Control Act	Miao-Fu-Huan-Tsao-Certificate No. K0984-00	2020.03.06 -2025.03.05
Hsichou Plant	Miaoli County Government	Waste disposal plan	Waste Disposal Act	Miao-Fu-Huan-Fei-Zi No. 1120041844	2023.04.23 -2028.04.24
Dayuan Plant	Taoyuan City Government	Stationary pollution source Operational permit license	Air Pollution Control Act	Tsao Certificate No. H2978-08	2021.01.20 -2026.01.19
Dayuan Plant	Taoyuan City Government	Water pollution control permit license	Water Pollution Control Act	Tao-Shi-Huan-Pai Permit No. H3241-06	2021.12.22 -2026.12.21
Dayuan Plant	Taoyuan City Government	Waste disposal plan	Waste Disposal Act	Fu-Huan-Certificate No. 1011140009	2021.02.09 -2026.02.09
E-Top (Vietnam) Co., Ltd	Resource Environmental Protection Agency	Environmental Protection Assessment Report Decision	Environmental Protection Act (55 / 2014 / QH13)	128 / QD-BQL-MT	Permanent
E-Top (Vietnam) Co., Ltd	Resource Environmental Protection Agency	Hazardous Waste Gas Source Registration Log	Regulations Governing Hazardous Wastes 12 / 2011 / TTBTNMT	QLCTNH: 77.000742.T	Permanent
Eclat Textile Co., Ltd(Vietnam)	Resource Environmental Protection Agency	Environmental Protection Assessment Report Decision	Environmental Protection Act (55 / 2014 / QH13)	3905 / QD-UBND	Permanent
Eclat Textile Co., Ltd(Vietnam)	Resource Environmental Protection Agency	Hazardous Waste Gas Source Registration Log	Regulations Governing Hazardous Wastes 12 / 2011 / TTBTNMT	QLCTNH: 75.001016.T	Permanent
Eclat Fabrics Co., Ltd (Vietnam)	Resource Environmental Protection Agency	Hazardous Waste Gas Source Registration Log	Regulations Governing Hazardous Wastes 12 / 2011 / TTBTNMT	QLCTNH: 77.000715.T	Permanent

Factory name	Application unit	Permit license type	Relevant laws	Certificate No.	Valid period
Eclat Fabrics Co., Ltd (Vietnam)	Resource Environmental Protection Agency	Environmental Protection Assessment Report Decision	Environmental Protection Act (55 / 2014 / QH13)	394 / QD-STNMT	Permanent
Eclat Fabrics Co., Ltd (Vietnam)	Industrial Zone Management Bureau	Environmental Protection Assessment Report and Environmental Protection Construction Acceptance Confirmation Letter	Environmental Protection Act (55 / 2014 / QH13)	421 / XN-BQL-MT	Permanent
Eclat Fabrics Co., Ltd (Vietnam)	Provincial Government	Waste water discharge license	Environmental Protection Act (55 / 2014 / QH13)	07 / GP-UBND	2026.03.25
Tai-Yuan Garments Co., Ltd.	Resource Environmental Protection Agency	Environmental Protection Assessment Report Decision	Environmental Protection Act (29 / 2011 / ND-CP)	H3 / QD-BQLKKT	Permanent
Colltex Garment Mfy Co., Ltd.(VN)	Resource Environmental Protection Agency	Environmental Protection Assessment Report Decision	Environmental Protection Act (29 / 2011 / ND-CP)	1184 / QD-UBND	Permanent
Colltex Garment Mfy Co., Ltd.(VN)	Resource Environmental Protection Agency	Hazardous Waste Gas Source Registration Log	Regulations Governing Hazardous Wastes 12 / 2011 / TTBTNMT	QLCTNH: 72.000174.T	Permanent
Colltex Garment Mfy Co., Ltd.(VN)	Resource Environmental Protection Agency	Environmental Protection Assessment Report Decision	Environmental Protection Act (18 / 2015 / ND-CP)	1037 / QD-UBND	Permanent
Eclat Textile (Cambodia) Co., Ltd.	Bureau of Environment	Environmental Protection Assessment Report Decision	Labor's Act 1269 / 36 / 19961224	Bureau of Environment Certificate SORCHON0160	Permanent
PT Eclat Textile International (Indonesia)	PT. Kawasan Industri Kendal	Wastewater Disposal Permit	Environmental Protection and Management	660.3.1/003/DPMPTS P/2020	2025.08.18

(3) Payment of pollution control fees according to the laws and regulations.

(4) Environmental protection dedicated personnel required to be staffed according to the scale, manufacturing process characteristics and regulatory requirements for each production factory:

Factory name	Name	Dedicated Technology	Qualification Certification No.
Hsichou Plant	Pao-Kuei Wang	Class B Waste Treatment Technician	(2003) EPA-Training Certificate No. HB090773

Factory name	Name	Dedicated Technology	Qualification Certification No.
Hsichou Plant	Yuan-Ming Chung	Class B Waste water treatment dedicated	(2000) EPA-Training Certificate No. GB120347
Dayuan Plant	Kuan-En Lin	Class A Waste water treatment dedicated	(2011) EPA-Training Certificate No. GA150559
Dayuan Plant	Yu-Hui Peng	Class A Waste Professional Engineer	(2016) EPA-Training Certificate No. HA310394
Eclat Fabrics Co., Ltd. (Vietnam)	Hu Thi đảo	Environmental protection technician	Environmental Technology University No. 00113573

2. Investment in main equipment for environmental control pollution and its purpose and possible benefits:

December 31, 2023; Unit: NTD 1,000

Equipment name	Quantity	Acquisition date	Investment and modification cost	Nondepreciating balance amount	Purpose and expected possible benefit
Hsichou Plant electrostatic precipitator	1 set	2012.03.14	6,721	0	Treatment of waste gas to comply with the emission standard
Hsichou Plant setting electrostatic precipitator	1 set	2015.11.09	9,833	970	Treatment of waste gas to comply with the emission standard
Hsichou Plant waste water treatment construction	1 set	1999.11.16	9,910	812	Treatment of waste water to comply with the discharge standard
Hsichou Digital Print Plant electrostatic precipitator	1 set	2019.08.01	5,750	1,437	Treatment of waste gas to comply with the emission standard
Hsichou Plant waste water treatment precipitator	1 set	2020.11.25	6,966	3,364	Treatment of waste water to comply with the discharge standard
Dayuan Plant setting electrostatic precipitator	1 set	2010.10.01	6,816	1,416	Treatment of waste gas to comply with the emission standard
Dayuan Plant waste water treatment system improvement construction	1 set	2013.10.28	22,623	1,002	Treatment of waste water to comply with the discharge standard

Equipment name	Quantity	Acquisition date	Investment and modification cost	Nondepreciating balance amount	Purpose and expected possible benefit
Dayuan Plant waste water treatment equipment Phase 2 construction	1 set	2014.07.01	10,853	187	Treatment of waste water to comply with the discharge standard
Dayuan Plant setting electrostatic precipitator	1 set	2020.02.03	12,850	4,903	Treatment of waste gas to comply with the emission standard
Eclat Fabrics Co., Ltd (Vietnam) waste water system equipment	1 set	2015.01.01	28,665	11,575	Treatment of waste water to comply with the discharge standard (Class A standard)
Eclat Fabrics Co., Ltd (Vietnam) setting electrostatic precipitator	1 set	2018.12.06	17,758	8,610	Treatment of waste gas to comply with the emission standard
Tai-Yuan Garments Co., Ltd. living sewage treatment system	1 set	2015.03.26	2,409	1,558	Treatment of waste water to comply with the discharge standard
Colltex Garment Mfy Co., Ltd.(VN) living sewage treatment system	1 set	2018.04.03	2,354	0	Treatment of waste water to comply with the discharge standard
E-TOP (Vietnam) Co., Ltd. living sewage treatment system	1 set	2018.09.05	8,786	6,755	Treatment of waste water to comply with the discharge standard
E-TOP (Vietnam) Co., Ltd living sewage filter system	1 set	2020.05.01	209	176	Treatment of waste gas to comply with the emission standard
PT Eclat Textile International (Indonesia) wastewater treatment equipment and filter	1 set	2022.11.1	9,420	8,806	Treatment of waste gas to comply with the emission standard

3. History of environment protection improvement of the company in the recent years to the printing date of the annual report:

Factory	Project	2022	2023
Hsichou Plant	Replacement of lighting into high power LED lighting fixtures	Saving electricity of 1,478 kWh	Saving electricity of 872 kWh
Hsichou Plant	Solar PV installation	-	Reduction of 487.2 tons CO ₂ e

Factory	Project	2022	2023
Dayuan Plant	Sludge drying and weight reduction operation	Reduction amount of 604 tons	Reduction amount of 419 tons
Dayuan Plant	Solar PV installation	-	Reduction of 267.32 tons CO ₂ e
Dayuan Plant	Team condensing water recycling and reuse	Saving water of 138,041 tons	Saving water of 133,679 tons
Eclat Fabrics Co., Ltd (Vietnam)	Sludge drying and weight reduction operation	Reduction amount of 676 tons	Reduction amount of 424 tons
Eclat Fabrics Co., Ltd (Vietnam)	Blower efficiency improvement plan	Saving electricity of 389,596 kWh	Saving electricity of 57,600 kWh
Eclat Fabrics Co., Ltd (Vietnam)	Cooled water thermal energy recycle plan	Saving electricity of 1,814,586 kWh	Saving electricity of 444,661 kWh
Eclat Fabrics Co., Ltd (Vietnam)	Wastewater plant air compressor reduction plan	Saving electricity of 434, 107 kWh	Saving electricity of 347, 200 kWh

4. Total amount of losses (including indemnification) and penalties of the company in recent years and up to the printing of the annual report due to environmental pollution and future countermeasures as well as possible expenses: None.

5.5 Labor Relations

5.5.1 Employee Welfare

As part of the operation principles, the company values humanity and the care of people. To take care of employees both physically and provide the employee welfare rights. With this employees are able to be cared for and be focused on their working performance. Furthermore, the Employee Welfare Committee is established to plan and execute welfare related activities for all employees. The current employee welfare programs mainly consist of the following:

1. Regular benefits:

National health insurance, labor insurance, group insurance, traveling safety insurance, appropriation of pension reserve, appropriation of overdue wage repayment fund and appropriation of occupational disaster insurance.

2. Special benefits:

Happy early hour: one day a week (employees are out of work one hour early), flexible commuting schedule, health examination, employee parking spots (registering is needed), dormitory living area (registering is needed), meal subsidy, library, fitness gym, yoga room, employee restaurant, nursery room, allowance for housing and children's education for overseas personnel, employee childcare subsidies and babysitting center (location is set up at the company headquarters), the reinstatement rate of employees that leave for childcare reaches 70%.

3. Employee Welfare Committee activities:

Monthly birthday gift giving, employees and department gathering lunch/dinner twice a year, company trips, clubs and event subsidies and welfare fund subsidy for marriage and funeral events, holiday benefits, agreement with certain shops .

4. Workplace Diversity Policy

In the year 2023, the proportion of local employees in Taiwan was 74.7%(Native people:1,233 ; international people 418), the proportion of female colleagues of the total number in Taiwan is 62% (male employees:628 ; female employees:1023)

5. Employee incentive reward:

The company's revenue and profit performance in 2023 has achieved top tier results. In order to stimulate the morale of colleagues, the board of directors has approved the issuance of quarterly operating performance bonuses.

5.5.2 Employee Development and Training Programs:

The Company provides training courses to employees timely, including the new employee orientation, on-the-job training (OJT), management skills training and other advanced trainings. In addition, the company also provides customized training on professional knowledge and skills to employees of different job functions.

In 2023, the training (including internal and external trainings) organized by the company have a total of 167,980 people in staff participation; approximately 283,182 training hours; the annual training expense is approximately NT\$ 1,649,000.

5.5.3 Retirement Program and Status quo:

The Company handles the employee retirement program in accordance with relevant laws of competent authority, and the retirement program covers all officially employed staff. According to the requirements of the regulations, the "Labor Standards Act" is applicable to the payment of

employee pension fund, and the calculation of the pension is based on the base figure obtained from the service period and the average of monthly salary of six months before the retirement. Regarding the aforementioned number of bases, two bases are given to each full year of service rendered for the service of the first 15 years, and starting from the sixteenth year, one base is given to each full year of service rendered. Under such retirement regulations, the full amount of the pension payment is completely borne by the company.

Since the implementation of the “Labor Pension Act” (hereinafter referred to as the “new system”) on July 1, 2005, employees may choose to apply the “Labor Standards Act” or choose to use the new system and reserve the service years before the application of the Act. For employees with the applicability of the original “Labor Standards Act” choose to the use of the new system for the service year or employees on board at work after the implementation of the new system, then their service years are changed to the defined contribution plan, and the payment of the pension is handled by the company through the appropriation of no less than 6% of the monthly wage on a monthly basis for saving into each worker's individual pension account.

5.5.4 Important Agreements between Labor and Employer: None.

5.5.5 Preservation mechanism of welfare and benefits of employees

All managers of each department not only have effective communication with their staff through periodic business meetings, such as, production and sales meetings, as well as individual performance reviews, but through a yearly employee opinion survey, in which both parties have transparent two-way communication and confirmation about improvement directions. All of such activities make harmonic relations between employees and employers.

Besides, the company sets up a suggestion box and various grievance channels, served by the designated staff to give instant response and make sure no infringement on employees’ rights.

5.5.6 List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate

cannot be made, an explanation of the facts of why it cannot be made shall be provided.: None.

5.5.7 Gender Equality and Diversity :

To uphold gender equality at work and the dignity of individuals, Eclat not only complies with the Act of Gender Equality in Employment but also actively responds to the ethical guidelines of various brands. We publish these ethical norms in each of our plants and offices, emphasizing that we ensure our employees are not subject to discrimination based on gender, gender identity, race, religion, age, disability, illness, marital status, pregnancy, sexual orientation, nationality, political beliefs, social or ethnic background, or other factors in areas such as recruitment, compensation, benefits, promotions, rewards, penalties, resignation, or retirement.

For sexual harassment prevention, we have established an exclusive complaint mailbox, help@eclat.com.tw, and we have also established and announced the Regulations for Sexual Harassment Preventive Measures, Complaint Filing, and Disciplinary Actions. In addition, sexual harassment prevention online courses are also organized annually. In 2023, the ratio of female employees in the region of Taiwan was 62%, the ratio of female employees in the region of Vietnam was 87.3%, the ratio of female employees in the region of Cambodia was 84.1%, and the ratio of female employees in the region of Indonesia was 92.9%. The ratio of female supervisors in the region of Taiwan was 53.6%, the ratio of female supervisors in the region of Vietnam was 68.5%, the ratio of female supervisors in the region of Cambodia was 65.5%, and the ratio of female supervisors in the region of Indonesia was 71.2%.

5.6 Cyber Security Management:

- (1) Describe the cyber security risk management architecture, cyber security policy, specific management solution and resources invested in cyber security management.
 - Management structure of information security
 1. Senior information security officer: Manage information security policy promotion, cross-department coordination and resource allocation. Verify information security strategic plan and objective, provide resources, and review important information security management measures.
 2. IT office: Responsible for planning, executing and promoting information security. Conduct independent and objective assessment periodically each year to reflect the latest status quo of the Company's information

security management policy, regulation, technology and business, so as to ensure the effectiveness and feasibility of information security practical operation.

3. Internal audit office: Responsible for regular or irregular information security checking. Reporting the auditing results to the Audit Committee and then submitting to the Board of Directors.
4. All the staff: Complying with all kinds of information security policies, non-disclosure agreement procedures and operation requirements.
5. It is established according to Article 9-1 of the “Regulations Governing Establishment of Internal Control Systems by Public Companies” and Secondary Standard of OTC Companies in order to enhance the security of Eclat and its subsidiaries and to achieve a balance between rigorous measures and maintenance of autonomy. To further enhance our commitment, on September 7, 2023, we assigned an Information Security Officer and established a dedicated information security team.
6. Board supervision: The Information Security Officer reports to the Board of Directors of Eclat periodically and proposes annual risk assessments and strategic recommendations for review.

- Policy of Information Security

To ensure the confidentiality, completeness and accessibility is secured during the process of data processing and circulation. Avoiding company's resources from being interfered, damaged, invaded or any other malicious attempts by inadequate factors. Every internal department should comply with all kinds of information security measures and norms to ensure the firm's operation and development.

- Information security related status evaluation, response and participation
To strengthen the public company's information security status sharing, to improve the information security event reporting and response abilities, the Company has applied to become a member of the Taiwan Computer Emergency Response Team / Coordination Center (TWCERT/CC) in order to obtain information security early warning related information, information security threat and voluntarily information.

- Information security management measures

1. The Company establishes the “Information Security Management Essentials” to norm the executive requirements of information security.
2. Examining the information security environment periodically each year based on the “Information Security Auditing Checklist”. Conducting risks assessment to implement controlling measures.
3. The Company has “Disaster Recovering Plans” to disclose the reporting

procedures, authority units and execution steps when information accident happens.

4. The measures of information security are listed below:

Item	Description	Measures Plan and resources
Physical and environmental security	● Server room environment maintaining and management ● Network disconnection and interruption risk ● Regulate equipment procurement and services contract ● Compliance	● Information server room checklist and server room access registration record ● Environmental control system management ● Server room access control ● Establish backup circuit lines ● IT equipment destroy procedures ● profile offering, searching and deleting
System availability	● System status reporting ● Abnormal status process ● Disaster immediate recovery	● System and internet status surveillance ● Data and offsite backup ● Regular drill
Access control	● Data access control measures ● Connection equipment control ● Remote access control	● Authority set up ● Personnel and special authority account management ● Regulate portable access devices ● Blocking connection of unsecured equipment ● Preserving action trace ● Isolation of network segment ● Remote access double authentication implementation
Internal and External threats	● System weakness detection and reinforcement ● Establish protection measurements ● Improve personnel information security awareness ● Intranet equipment risk management	● Construction of firewall, virus protection, malware detection and blocking ● Enhance personnel information security education and control ● Email filtering mechanism ● Organize mail social engineering and system vulnerability scans periodically

Item	Description	Measures Plan and resources
		● Advanced and continuous threat and attack defense measures ● Corporate network connection equipment risk control platform ● Core system terminal threat detection and protection

● **Cyber security risks and responsive measures**

Despite that the Company has implemented detection, protection, prevention, backup equipment and software according to the information security management requirements, network attack techniques continue to evolve and the Company cannot completely assure that the system is secured from all attacks such that system crashes may still occur, leading to improper internal operation, and data effective transmission can be affected. The scope of impact includes the aspects of sales, production, shipping and accounting, such that the operation and business reputation of the Company can be adversely affected. The Company will continue to enhance the information security protection measures and will also timely implement protective devices and systems and request all employees of the Company and cooperating suppliers to comply with the information security principles rigorously, in order to prevent computer virus infection, phishing events that may lead to the disclosure of information or occurrence of network blackmails, thereby reducing the possible impact caused by information security risk to the minimum.

(2) Up to the printing of the annual report, Loss from Major Information Security Incidents, Potential Impact, and Corresponding Response Measures or Major cyber security events: None.

5.7 Important contracts:

Type	Counter Party	Duration Period	Main Contents	Contract Restrictions
Long-Term Borrowing	CTBC	2021/07/22-2024/07/19	Bank loan agreement	None

VI. An Overview of the Company's Financial Status

6.1 Condensed Balance Sheets and Statements of Comprehensive Income for The Past 5 Fiscal Years

(1) Condensed Balance Sheet and Comprehensive Income Statement - International Financial Reporting Standards (IFRS) – Consolidated

Condensed Balance sheet

Unit : NTD1,000

Year Item		Financial information for the most recent 5 years					Year-to-date Financial information on March 31, 2024 (Note 1)
		2019	2020	2021	2022	2023	
Current assets		12,148,471	14,857,735	15,823,176	18,355,052	17,398,018	19,536,446
Property, plant and equipment		10,600,139	10,383,556	12,064,535	13,627,154	12,287,751	13,112,101
Intangible assets		18,619	23,285	18,655,	19,472	25,128	28,876
Other assets		552,191	1,181,849	1,372,401	1,361,845	2,121,838	1,416,056
Total assets		23,319,420	26,446,425	29,278,767	33,363,523	31,832,735	34,093,479
Current liabilities	Before distribution	5,106,826	6,627,539	7,026,763	7,577,232	6,080,958	10,400,497
	After distribution	8,124,864	9,645,577	10,319,168	12,241,473	9,784,914	Undistributed
Non-current liabilities		88,842	650,902	1,102,573	644,324	81,196	80,597
Total Liabilities	Before distribution	5,195,668	7,278,441	8,129,336	8,221,556	6,162,154	10,481,094
	After distribution	8,213,706	10,296,479	11,421,741	12,885,797	9,866,110	Undistributed
Equity attributable to Shareholders of the parent		18,123,752	19,167,984	21,149,431	25,141,967	25,670,581	23,612,385
Share capital		2,743,671	2,743,671	2,743,671	2,743,671	2,743,671	2,743,671
Capital surplus		3,769,547	3,769,547	3,769,547	3,769,547	3,769,547	3,769,803
Retained Earnings	Before distribution	11,699,576	12,946,471	15,065,660	18,604,885	19,117,834	16,839,156
	After distribution	8,681,538	9,928,433	11,773,255	13,940,644	15,413,878	Undistributed
Other equity		(89,042)	(291,705)	(429,447)	23,864	39,529	259,755
Treasury shares		0	0	0	0	0	0
Non-controlling interests		0	0	0	0	0	0
Total Equity	Before distribution	18,123,752	19,167,984	21,149,431	25,141,967	25,670,581	23,612,385
	After distribution	15,105,714	16,149,946	17,857,026	20,477,726	21,966,625	Undistributed

* If the Company has prepared individual financial report, the Individual Condensed Balance Sheet and Comprehensive Income Statement for the Most Recent Five Years shall be prepared.

Note 1: 2024 1st quarter financial information had been reviewed by CPA.

Condensed Comprehensive Income Statement

Unit : NTD1,000

Year Item	Financial information for the most recent 5 years					Year-to-date Financial information on March 31, 2024 (Note 1)
	2019	2020	2021	2022	2023	
Operating Revenue	28,125,136	28,175,401	35,917,247	39,736,173	30,790,462	7,632,681
Gross profit	8,114,159	8,078,742	9,491,147	11,065,327	9,679,081	2,246,639
Operating Income (Loss)	5,470,784	5,496,552	6,398,482	7,737,008	6,548,850	1,476,484
Non-operating income and expenses	(48,784)	(172,694)	(12,717)	803,393	126,748	300,765
Profit before tax	5,422,000	5,323,858	6,385,765	8,540,401	6,675,598	1,777,249
Continuing operations Net income	4,303,043	4,254,626	5,148,611	6,790,348	5,176,467	1,425,278
Loss of discontinuing operation	(3,794)	(92)	0	0	0	0
Net income	4,299,249	4,254,534	5,148,611	6,790,348	5,176,467	1,425,278
Total other comprehensive income (loss) (Net, after tax)	(86,440)	(192,264)	(149,126)	494,594	16,388	220,226
Total comprehensive income	4,212,809	4,062,270	4,999,485	7,284,942	5,192,855	1,645,504
Net profit attributed to Shareholders of the Parent	4,299,249	4,254,534	5,148,611	6,790,348	5,176,467	1,425,278
Net profit attributed to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributed to owners of the parent	4,212,809	4,062,270	4,999,485	7,284,942	5,192,855	1,645,504
Comprehensive income attributable to non-controlling shareholders	0	0	0	0	0	0
Earnings Per Share (Note 2)	15.67	15.51	18.77	24.75	18.87	5.19

* If the Company has prepared individual financial report, the Individual Condensed Balance Sheet and Comprehensive Income Statement for the Most Recent Five Years shall be prepared.

Note 1: 2024 1st quarter financial information has been reviewed by CPA.

Note 2: Earnings per share has been calculated based on the issued common shares with the weighted average method.
For the increased number of shares due to capitalization from earnings or capital surplus, retroactive adjustment is made for the calculation.

(2) Condensed Balance Sheet and Comprehensive Income Statement - IFRS - Individual

Condensed Balance sheet

Unit : NTD1,000

Year Item		Financial information for the most recent 5 years					Year-to-date Financial information on March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		10,025,838	12,420,894	13,484,625	15,570,017	16,133,386	Not applicable
Investment accounted for using the equity method		4,516,119	5,119,953	5,174,499	5,732,285	5,213,184	
Property, plant and equipment		6,716,581	7,236,086	8,105,180	8,734,501	7,761,959	
Intangible assets		5,111	13,427	6,652	8,136	13,094	
Other assets		161,559	172,534	254,006	246,538	1,038,579	
Total assets		21,425,208	24,962,894	27,024,962	30,291,477	30,160,202	
Current liabilities	Before distribution	3,261,834	5,189,630	5,372,873	5,120,212	4,461,886	
	After distribution	6,279,872	8,207,668	8,665,278	9,784,453	8,165,842	
Non-current liabilities		39,622	605,280	502,658	29,298	27,735	
Total liabilities	Before distribution	3,301,456	5,794,910	5,875,531	5,149,510	4,489,621	
	After distribution	6,319,494	8,812,948	9,167,936	9,813,751	8,193,577	
Equity attributable to Shareholders of the parent		Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
Share capital		2,743,671	2,743,671	2,743,671	2,743,671	2,743,671	
Capital surplus		3,769,437	3,769,547	3,769,547	3,769,547	3,769,547	
Retained Earnings	Before distribution	11,699,576	12,946,471	15,065,660	18,604,885	19,117,834	
	After distribution	8,681,538	9,928,433	11,773,255	13,940,644	15,413,878	
Other equity		(89,042)	(291,705)	(429,447)	23,864	39,529	
Treasury shares		0	0	0	0	0	
Non-controlling interests		Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
Total Equity	Before distribution	18,123,752	19,167,984	21,149,431	25,141,967	25,670,581	
	After distribution	15,105,714	16,149,946	17,857,026	20,477,726	21,966,625	

Condensed Comprehensive Income Statement

Unit : NTD1,000

Item \ Year	Financial information for the most recent 5 years					Year-to-date Financial information on March 31, 2024
	2019	2020	2021	2022	2023	
Operating Revenue	28,074,641	28,057,641	35,835,602	39,614,539	30,685,904	Not applicable
Gross profit	7,519,402	7,429,572	8,629,190	10,311,977	8,827,159	
Operating Income	5,333,674	5,363,684	6,102,499	7,652,901	6,368,906	
Non-operating income and expenses	66,422	(52,279)	240,718	820,970	242,601	
Profit before tax	5,400,096	5,311,405	6,343,217	8,473,871	6,611,507	
Continuing operations Net income	4,299,249	4,254,534	5,148,611	6,790,348	5,176,467	
Net income	4,299,249	4,254,534	5,148,611	6,790,348	5,176,467	
Total other comprehensive income (loss) (Net, after tax)	(86,440)	(192,264)	(149,126)	494,594	16,388	
Total comprehensive income	4,212,809	4,062,270	4,999,485	7,284,942	5,192,855	
Earnings Per Share(Note 1)	15.67	15.51	18.77	24.75	18.87	

Note 1: Earnings per share has been calculated based on the issued common shares with the weighted average method. For the increased number of shares due to capitalization from earnings or capital surplus, retroactive adjustment is made for the calculation.

(II) Names of auditors and audit opinions for the most recent 5 years

Year	Name of auditors' firm	Name of auditors	Audit opinion
2019	KPMG	Hui-Chih Kou, Hsin-I Kuo	Unqualified opinion
2020	KPMG	Hui-Chih Kou, Hsin-I Kuo	Unqualified opinion
2021	KPMG	Hui-Chih Kou, Hsin-I Kuo	Unqualified opinion
2022	KPMG	Hui-Chih Kou, Yu-Feng Hsu	Unqualified opinion
2023	KPMG	Hui-Chih Kou, Yu-Feng Hsu	Unqualified opinion

6.2 Financial Analyses for The Past 5 Fiscal Years:

(I) Financial Analysis - International Financial Reporting Standards (IFRS) - Consolidated

Analysis Item (Note 3)		Year (Note 1)	Financial analysis for the most recent 5 years					As of March 31, 2024 (Note 2)
			2019	2020	2021	2022	2023	
Financial structure (%)	Debt to assets ratio		22.28	27.52	27.77	24.64	19.36	30.74
	Long-term capital to property, plant & equipment ratio		171.81	190.87	184.44	189.23	209.57	180.70
Solvency %	Current ratio		237.89	224.18	225.18	242.24	286.11	187.84
	Quick ratio		153.39	143.91	105.41	179.83	211.23	138.36
	Times interest earned		8,698.16	15,795.34	27,986.65	12,581.59	5,787.46	9,506.92
Management capacity	Receivables turnover ratio (times)		8.22	6.91	7.18	9.15	7.23	6.42
	Average collection days		44	52	50	39	50	56
	Inventory turnover ratio (times)		4.71	4.26	3.92	4.44	4.67	4.56
	Payables turnover ratio (times)		12.01	8.96	9.87	13.42	12.60	10.98
	Days sales outstanding		77	85	93	82	78	80
	Property, plant and equipment turnover ratio (times)		2.73	2.69	3.20	3.09	2.38	2.40
	Total asset turnover (times)		1.24	1.13	1.29	1.27	0.94	0.93
Profitability	Return on asset (%)		19.19	17.21	18.54	21.85	16.17	17.48
	Return on equity (%)		24.53	22.82	25.54	29.34	20.37	23.14
	Income before tax to Paid-in Capital ratio (%)		197.62	194.04	232.75	311.28	243.31	64.78
	Net Profit Margin (%)		15.29	15.10	14.33	17.09	16.81	18.67
	Earnings per Share (EPS) (NT\$)		15.67	15.51	18.77	24.75	18.87	5.19
Statement of Cash Flows	Cash flow ratio (%)		114.90	58.81	39.53	162.57	76.70	14.85
	Cash flow adequacy ratio (%)		96.89	87.70	67.14	110.54	103.20	100.75
	Cash reinvestment ratio (%)		12.22	3.54	(0.94)	26.87	0.00	4.74
Leverage	Operating leverage		1.76	1.76	1.67	1.65	1.89	1.02
	Financial leverage		1.01	1.01	1.00	1.01	1.02	1.01

Explanations for the variations of financial ratios for the last 2 years. (If the variation of increase/decrease is less than 20%, analysis may be exempted.) * Explanations for the variations of financial ratios reaching 20% for the last 2 years: 1. Debt to assets ratio decreased, which was mainly due to repay the most of bank borrowing during 2023, such that the liabilities decreased. 2. Interest earned ratio decreased, which was mainly due to the increase of the borrowing interest rate, such that the interest expense increased. 3. Accounts receivable turnover rate decreased and Average collection days increased, which was mainly due to the sales revenue on 2023Q4 has higher than 2022Q4, such that the ending receivables on December 31, 2023 increased. 4. Property, plant and equipment turnover ratio and Total asset turnover decreased, which was mainly due to the sales revenue on 2023 has lower than 2022. 5. Return on asset, Return on equity, Income before tax to Paid-in Capital ratio and Earnings per Share decreased, which was mainly due to the sales revenue on 2023 has lower then 2022, even though the Net Profit Margin on 2023 has the same level as 2022, but the amount of net income still decreased. 6. Cash flow ratio and Cash reinvestment ratio decreased, which was mainly due to the decrease in the net income of the current period, accordingly, the cash inflow from operating activities in the current period decreased.
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* If the Company has prepared individual financial report, the Individual Financial Ratio Analysis of the Company shall be further prepared.

Note 1: The fiscal year not yet audited by the independent auditors shall be indicated.

Note 2: Publicly listed company or companies with stocks traded at securities firm business places shall also incorporate the financial information up to the quarter before the printing date of the annual report for that year into analysis.

Note 3: Calculation formulas as follows:

1. Financial structure

(1) Debt to asset ratio = Total liabilities / Total assets.

(2) Long-term capital to property, plant & equipment ratio = (Total equity + non-current liabilities) / net property, plant & equipment.

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Times interest earned = net profit before interest and tax / interest expenses for the current period.

3. Management capacity

(1) Receivables turnover ratio (including account receivables and note receivables from operating activities) = net sales / average receivables balance (including account receivables and note receivables from operating activities).

(2) Average collection days = 365 / receivables turnover ratio.

(3) Inventory turnover ratio = cost of sales / average inventory.

(4) Payables turnover ratio (including account payables and note payables from operating activities) = cost of sales / average payables balance (including account payables and note payables from operating activities).

(5) Days sales outstanding = 365 / Inventory turnover ratio.

(6) Property, plant and equipment turnover ratio = net sales / average net property, plant and equipment.

(7) Total asset turnover = net sales / average total assets.

4. Profitability

(1) Return on assets = (net Income + interest expenses * (1 - effective tax rate)) / average total assets.

(2) Return on equity = net income / average equity.

(3) Net profit margin = net Income / net Sales.

(4) Earnings per share = (net profit or loss attributed to shareholders of the parent - preference dividend) / weighted average number of shares outstanding (Note 4).

5. Cash flow

(1) Cash flow ratio = net cash provided by operating activities / current liabilities.

(2) Cash flow adequacy ratio = five-year sum of cash from operations / five-year (sum of capital expenditures, inventory additions, and cash dividend).

(3) Cash reinvestment ratio = (net cash provided by operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital) (Note 5).

6. Leverage:

(1) Operating leverage = (net operating revenue - operating variable cost and expense) / operating income (Note 6).

(2) Financial leverage = operating income / (operating income - interest expenses).

Note 4: The aforementioned calculation equation for earnings per share, please be aware of the following during the measurement:

1. It is calculated based on the number of weighted average outstanding common shares, rather than based on the number of shares already issued by the end of year.
2. For cash capital increase or treasury shares transactions, the circulation period has been considered in order to calculate the number of weighted average shares.
3. For earning converting into capital increase or capital surplus converting into capital increase, during the calculation of the earning per share for the previous year and semi-annually, retroactive adjustment has been made according to the ratio of the capital increase, but the issuance period of the capital increase is not yet considered.

Note 5: During the measurement of the cash flow analysis, please be aware of the following:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expense refers to the cash outflow of capital investment in each year.
3. Inventory increase is only counted when the ending balance is greater than the opening balance. If the inventory at the end of year decreases, then it is counted as zero for the calculation.
4. Cash dividends include the cash dividends of common stocks and preference shares.
5. Gross property, plant and equipment refer to the total amount of property, plant and equipment before deduction of accumulated depreciation.

Note 6: Issuer shall classify the operating cost and operating expense into fixed and variable. In case where estimation or subjective judgment is involved, issuer shall be aware of its reasonability and shall maintain the consistency of such cost and expense.

(II) Financial Analysis - International Financial Reporting Standards (IFRS) - Individual

Analysis \ Year		Financial analysis for the most recent 5 years					As of March 31, 2024
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt to assets ratio	15.41	23.21	21.74	17.00	14.89	Not applicable
	Long-term capital to property, plant & equipment ratio	270.43	273.26	267.14	288.18	331.08	
Solvency %	Current ratio	307.37	239.34	250.98	304.09	361.58	
	Quick ratio	198.57	150.41	112.74	231.47	277.24	
	Times interest earned	37,960.87	42,074.12	69,936.14	124,532.76	1,708,499.74	
Management capacity	Receivables turnover ratio (times)	8.20	6.89	7.19	9.16	7.23	
	Average collection days	45.00	53.00	51.00	40.00	50.00	
	Inventory turnover ratio (times)	5.88	5.15	4.60	5.34	5.98	
	Payables turnover ratio (times)	12.01	8.52	9.15	12.48	12.13	
	Days sales outstanding	61.00	73.00	73.00	68.00	61.00	
	Property, plant and equipment turnover ratio (times)	4.18	3.88	4.42	4.54	3.95	
	Total asset turnover (times)	1.35	1.21	1.38	1.38	1.02	
Profitability	Return on asset (%)	20.71	18.39	19.83	23.71	17.13	
	Return on equity (%)	24.53	22.82	25.54	29.34	20.37	
	Income before tax to Paid-in Capital ratio (%)	196.82	193.59	231.19	308.85	240.97	
	Net Profit Margin (%)	15.31	15.16	14.37	17.14	16.87	
	Earnings per Share (EPS) (NT\$)	15.67	15.51	18.77	24.75	18.87	
Statement of Cash Flows	Cash flow ratio (%)	163.26	60.85	46.04	231.95	87.78	
	Cash flow adequacy ratio (%)	102.25	87.72	69.49	121.37	109.26	
	Cash reinvestment ratio (%)	11.50	0.67	(2.46)	30.75	(2.61)	
Leverage	Operating leverage	1.34	1.33	1.34	1.30	1.38	
	Financial leverage	1.00	1.00	1.00	1.00	1.00	
Explanations for the variations of financial ratios for the last 2 years. (If the variation of increase/decrease is less than 20%, analysis may be exempted.) * Explanations for the variations of financial ratios reaching 20% for the last 2 years:							

	1. Interest earned ratio increased, which was mainly due to repay the long term borrowing during 2022 and scarcely any borrowing during 2023, such that the interest expense decreased. 2. Accounts receivable turnover rate decreased and Average collection days increased, which was mainly due to the sales revenue on 2023Q4 has higher than 2022Q4, such that the ending receivables on December 31, 2023 increased. 3. Return on asset, Return on equity, Income before tax to Paid-in Capital ratio and Earnings per Share decreased, which was mainly due to the sales revenue on 2023 has lower then 2022, even though the Net Profit Margin on 2023 has the same level as 2022, but the amount of net income still decreased. 4. Cash flow ratio and Cash reinvestment ratio decreased, which was mainly due to the decrease in the net income of the current period, accordingly, the cash inflow from operating activities in the current period decreased.
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6.3 Audit Committee's Report for The Most Recent Year's Financial Statement

Audit Committee's Review Report

The Board of Directors prepares and submits the 2023 Business Report, Financial Statements and Profit Distribution Proposal etc., where the financial statements had been audited by KPMG's CPA Hui-Chih Kou and CPA Yu-Feng Hsu, and financial reports are issued. The aforementioned Business Report, Financial Statements and Profit Distribution Proposal have been reviewed by the Audit Committee and are considered to be conformed to requirements. Consequently, it is reported for review according to the relevant regulations of Securities and Exchange Act and the Company Act.

Respectfully submitted

The Company's 2024 Annual General Shareholders' Meeting

Eclat Textile Co., Ltd.

Audit Committee Convener: Yea-Kang Wang

February 29, 2024

6.4 Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022, and Independent Auditors' Report

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, 2023 and 2022, 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023 and 2022 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 Financial Statement Audit and Attestation Engagements of 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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(p) for details of the accounting policies of the recognition of revenue and note 6(q) revenue from contracts with customers.

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, 2023 and 2022, 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 maintain 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)
February 29, 2024

Notes to Readers

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

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

Consolidated Balance Sheets
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

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, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the years ended December 31			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (note 6(q))	\$ 30,790,462	100	39,736,173	100
5000	Operating costs (notes 6(c)(e)(f)(k)(m)(r) and 12)	21,111,381	69	28,670,846	72
	Gross profit from operations	9,679,081	31	11,065,327	28
	Operating expenses (notes 6(e)(f)(g)(k)(m)(r), 7 and 12):				
6100	Selling expenses	1,583,652	5	1,701,503	4
6200	Administrative expenses	1,393,123	4	1,466,538	4
6300	Research and development expenses	153,456	1	160,278	1
	Total operating expenses	3,130,231	10	3,328,319	9
	Net operating income	6,548,850	21	7,737,008	19
	Non-operating income and expenses (notes 6(e)(k)(l)(s) and 7):				
7010	Other income	24,523	-	14,360	-
7020	Other gains and losses, net	103,912	1	811,975	2
7050	Finance costs	(117,374)	(1)	(68,424)	-
7100	Interest income	115,687	1	45,482	-
	Total non-operating income and expenses	126,748	1	803,393	2
7900	Income before income tax	6,675,598	22	8,540,401	21
7950	Less: Tax expenses (note 6(n))	1,499,131	5	1,750,053	4
8200	Profit (note 6(v))	5,176,467	17	6,790,348	17
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(m))	723	-	41,283	-
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	723	-	41,283	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	19,581	-	566,638	1
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(n))	3,916	-	113,327	-
	Total components of other comprehensive income that will be reclassified to profit or loss	15,665	-	453,311	1
8300	Other comprehensive income, net of income tax	16,388	-	494,594	1
8500	Total comprehensive income	\$ 5,192,855	17	7,284,942	18
	Earnings per share (note 6(p))				
9750	Basic earnings per share (in dollars)	\$ 18.87		24.75	
9850	Diluted earnings per share (in dollars)	\$ 18.87		24.75	

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, 2023 and 2022

(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, 2022	\$ 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
Appropriation and distribution of retained earnings:								
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
Profit	-	-	-	-	5,176,467	5,176,467	-	5,176,467
Other comprehensive income (loss)	-	-	-	-	723	723	15,665	16,388
Total comprehensive income (loss)	-	-	-	-	5,177,190	5,177,190	15,665	5,192,855
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	683,163	-	(683,163)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,664,241)	(4,664,241)	-	(4,664,241)
Reversal of special reserve	-	-	-	(429,446)	429,446	-	-	-
Balance at December 31, 2023	\$ 2,743,671	3,769,547	4,809,262	-	14,308,572	19,117,834	39,529	25,670,581

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, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 6,675,598	8,540,401
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	859,702	774,551
Amortization expense	21,751	19,684
Interest expense	117,374	68,424
Interest income	(115,687)	(45,482)
Loss (gain) on disposal of property, plant and equipment	(493)	883
Property, plant and equipment transferred to expenses	-	404
Loss (gain) on disposal of non-current assets held for sale	(9,532)	-
Gain on lease modification	(6)	-
Total adjustments to reconcile profit	<u>873,109</u>	<u>818,464</u>
Changes in operating assets and liabilities:		
Decrease (increase) in notes and accounts receivable	(910,767)	1,077,195
Decrease (increase) in inventories	222,753	3,650,617
Decrease (increase) in other current assets	142,365	136,644
Decrease (increase) in other financial assets	(142,670)	(134,744)
Decrease (increase) in other operating assets	3,814	(3,244)
Decrease (increase) in net defined benefit asset	(1,486)	(402)
Increase (decrease) in notes and accounts payable	(19,525)	(899,634)
Increase (decrease) in other payables	(357,464)	281,059
Increase (decrease) in other current liabilities	<u>(106,185)</u>	<u>110,667</u>
Total changes in operating assets and liabilities	<u>(1,169,165)</u>	<u>4,218,158</u>
Total adjustments	<u>(296,056)</u>	<u>5,036,622</u>
Cash inflow generated from operations	6,379,542	13,577,023
Interest received	110,422	37,353
Interest paid	(107,110)	(67,254)
Income taxes paid	<u>(1,718,710)</u>	<u>(1,229,121)</u>
Net cash flows from (used in) operating activities	<u>4,664,144</u>	<u>12,318,001</u>
Cash flows from (used in) investing activities:		
Proceeds from disposal of non-current assets held for sale	44,516	-
Acquisition of property, plant and equipment	(289,482)	(1,476,654)
Proceeds from disposal of property, plant and equipment	1,086	321
Increase in refundable deposits	-	(2,080)
Decrease in refundable deposits	2,000	-
Acquisition of intangible assets	(14,880)	(8,898)
Increase in other financial assets	(1,565,870)	(3,000,000)
Increase in prepayments for business facilities	<u>(13,265)</u>	<u>(319,297)</u>
Net cash flows from (used in) investing activities	<u>(1,835,895)</u>	<u>(4,806,608)</u>
Cash flows from (used in) financing activities:		
Increase in current borrowings	10,000	431,477
Decrease in current borrowings	(1,164,337)	-
Proceeds from long-term borrowings	-	214,150
Repayments of long-term borrowings	(204,825)	(580,000)
Increase in guarantee deposits received	2,239	1,413
Payment of lease liabilities	(30,579)	(28,465)
Cash dividends paid	<u>(4,664,241)</u>	<u>(3,292,406)</u>
Net cash flows from (used in) financing activities	<u>(6,051,743)</u>	<u>(3,253,831)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>14,956</u>	<u>4,862</u>
Net increase (decrease) in cash and cash equivalents	(3,208,538)	4,262,424
Cash and cash equivalents at beginning of period	<u>6,022,271</u>	<u>1,759,847</u>
Cash and cash equivalents at end of period	<u><u>\$ 2,813,733</u></u>	<u><u>6,022,271</u></u>

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, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Eclat Textile Co., Ltd. (the “Company”) was incorporated on November 28, 1977. The Company has established the Ta-shan Plant, Hsi-chou Plant in Miao-li, and Dayuan Plant in Taoyuan. The Company and its subsidiaries (the “Group”) have mainly been involved in the manufacturing and marketing of knitwear. Please refer to note 4(b) for more details about the operation of the Group.

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

The consolidated financial statements were approved by the Board of Directors and issued on February 29, 2024.

(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 has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- 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”

The Group has initially adopted the following new amendment, which does not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

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

(Continued)

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

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

The Group does not expect the following 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 IAS 21“Lack of Exchangeability”

(4) Summary of material accounting policies

The material 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 IFRSs 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 assets and liabilities are measured at the fair value of the plan assets, less the present value of the defined benefit obligation, limited as explained in note 4 (q).

- (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		Note
			December 31, 2023	December 31, 2022	
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 that 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 the transaction.

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

(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 exchange rate. Exchange differences are recognized in other comprehensive income.

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 receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(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.

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(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

Accounts receivables are initially recognized when they are originated. 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.

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

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 being more than agreement days;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for the financial assets because of financial difficulties.

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

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

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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.

Other financial liabilities 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. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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.

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES
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(i) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group are remeasured in accordance with the Group's accounting policies. Thereafter, the assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses measured both at the time of classification as held for sale and subsequently could be recognized in profit or loss. A gain from any subsequent increase in the above measurement can be recognized in profit or loss to the extent that it is not in excess of the cumulative impairment loss.

The property, plant and equipment no longer depreciated when classified as held for sale.

(j) Investment in associates

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

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

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

(k) Investment property

Investment property is held for earning rent income or for capital appreciation, or both of them, it rather than for normal business operation, for sale, used in production, for supply of goods or services, or for administrative purposes. Investment property is initially measured at cost and then subsequently measured at cost subtracting by accumulated depreciation. The depreciation methods, life duration and residual values of investment property are same as the practice of the property, plant, and equipment.

The gain or loss on disposal of investment property (calculated based on the difference between the net disposal proceeds and the book value) is recognized in profit and loss.

The rent income arising from investment property is recognized as other income in accordance with the straight-line method over the lease period. Also, the given lease incentives is recognized as part of the overall rent income over the lease period.

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

(l) 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.

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	3 to 15 years

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

(iv) Reclassified to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner occupied to investment property.

(m) 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 lessee

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

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

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any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

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

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

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

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

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

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss relating to the partial or full termination of the lease.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. The

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

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Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(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 lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Rental revenue'.

(n) Intangible assets

(i) Recognition and measurement

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

Software: 2 to 10 years.

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

(o) 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

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

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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.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(p) 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.

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

Remeasurements of the net defined benefit liability (asset), which comprise actuarial gains and

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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.

(r) 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 at the reporting date 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 at the time of the transaction that affects neither accounting nor taxable profits (losses) and does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries and associates that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, 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;

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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.

(s) 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.

(t) 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

In preparing these consolidated financial statements, management has made 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 basic 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.

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Notes to Consolidated Financial Statements

(6) Explanation to significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash	\$ 5,918	10,513
Bank deposits	2,757,278	4,019,416
Term deposits	<u>50,537</u>	<u>1,992,342</u>
Cash and cash equivalents	<u>\$ 2,813,733</u>	<u>6,022,271</u>

Please refer to note 6(t) 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, 2023	December 31, 2022
Notes receivable-operating activities	\$ 19,459	3,046
Accounts receivable	4,715,410	3,821,056
Less: allowance for doubtful accounts	<u>(24,086)</u>	<u>(24,086)</u>
Total	<u>\$ 4,710,783</u>	<u>3,800,016</u>

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

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

	December 31, 2023		
	Gross carrying amount	Weighted-average credit loss rate	Expected credit loss
Current	\$ 4,221,174	0.48 %	20,220
Within 30 days past due	512,672	0.63 %	3,246
31 to 120 days past due	590	31.69 %	187
Over 121 days past due	<u>433</u>	100.00 %	<u>433</u>
	<u>\$ 4,734,869</u>		<u>24,086</u>

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES
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	December 31, 2022		
	Gross carrying amount	Weighted-average credit loss rate	Expected credit loss
Current	\$ 3,409,744	0.16 %	5,361
Within 30 days past due	344,384	0.28 %	961
31 to 120 days past due	69,542	24.92 %	17,332
Over 121 days past due	432	100.00 %	432
	<u>\$ 3,824,102</u>		<u>24,086</u>

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

	For the years ended December 31	
	2023	2022
Opening balance (Ending balance)	<u>\$ 24,086</u>	<u>24,086</u>

None of notes receivable and accounts receivable held by the Group were pledged, collateralized or discounted as of December 31, 2023 and 2022.

Accounts receivable of the Group had been insured accounts receivable credit risk. The insured amounts were \$2,313,553 thousand, and \$1,431,968 thousand as of December 31, 2023 and 2022, 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, 2023					
Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
E.Sun Bank	<u>\$ -</u>	<u>2,462,234</u>	<u>-</u>	<u>-</u>	None
CTBC Bank	<u>\$ -</u>	<u>3,084,010</u>	<u>-</u>	<u>-</u>	None

December 31, 2022					
Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
E.Sun Bank	<u>\$ -</u>	<u>2,275,298</u>	<u>-</u>	<u>-</u>	None
CTBC Bank	<u>\$ -</u>	<u>1,879,452</u>	<u>-</u>	<u>-</u>	None

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

(c) Inventories

	December 31, 2023	December 31, 2022
Raw materials(including raw materials in transit)	\$ 2,547,931	2,542,231
Supplies	540,749	528,112
Work in progress	1,103,637	1,365,467
Finished goods	<u>210,119</u>	<u>189,366</u>
	<u>\$ 4,402,436</u>	<u>4,625,176</u>

In 2023 and 2022, the price change of inventory resulted in gain from value recovery (loss on value depreciation) and recognized as cost of goods sold.

The details were as follows:

	For the years ended December 31	
	2023	2022
Gain from value recovery (loss on value depreciation)	<u>\$ (862)</u>	<u>3,470</u>

None of inventories held by the Group were pledged as of December 31, 2023 and 2022.

(d) Non-current assets held for sale

The Group's board of directors approved a resolution to sell the part of property, plant and equipment on September 7, 2023, then the sales procedure have been commenced. Accordingly, the related assets were reported as held for sale.

The details were as follows:

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

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

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

(e) Property, plant and equipment

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

		Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Construction in progress	Total
Cost:									
Balance at January 1, 2023	\$	4,817,819	9,088,332	5,628,911	118,502	241,940	1,540,996	10,301	21,446,801
Additions		-	59,675	121,508	934	11,476	91,520	4,369	289,482
Disposals		-	(574)	(23,254)	-	(2,407)	(5,040)	-	(31,275)
Reclassification		(648,321)	(269,332)	820	-	163	1,240	(10,155)	(925,585)
Effect of exchange rate changes		(5)	(967)	(1,103)	(24)	(102)	(1,406)	33	(3,574)
Balance at December 31, 2023	\$	4,169,493	8,877,134	5,726,882	119,412	251,070	1,627,310	4,548	20,775,849
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
Depreciation:									
Balance at January 1, 2023	\$	-	2,007,560	4,322,782	84,884	205,262	1,199,159	-	7,819,647
Depreciation		-	397,210	295,052	9,529	9,277	119,488	-	830,556
Disposals		-	(574)	(22,844)	-	(2,406)	(4,858)	-	(30,682)
Reclassification		-	(123,283)	-	-	-	-	-	(123,283)
Effect of exchange rate changes		-	(3,101)	(3,179)	(60)	(117)	(1,683)	-	(8,140)
Balance at December 31, 2023	\$	-	2,277,812	4,591,811	94,353	212,016	1,312,106	-	8,488,098
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
Carrying amounts:									
Balance at December 31, 2023	\$	4,169,493	6,599,322	1,135,071	25,059	39,054	315,204	4,548	12,287,751
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

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

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

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES
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(f) 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:

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Miscellaneous equipment</u>	<u>Total</u>
Cost:						
Balance at January 1, 2023	\$ 51,176	32,951	46,011	7,747	1,250	139,135
Additions	-	1,629	7,494	-	-	9,123
Disposals	-	(9,214)	(9,367)	(2,883)	-	(21,464)
Effect of changes in foreign exchange rates	(8)	-	-	-	-	(8)
Balance at December 31, 2023	<u>\$ 51,168</u>	<u>25,366</u>	<u>44,138</u>	<u>4,864</u>	<u>1,250</u>	<u>126,786</u>
Balance at January 1, 2022	\$ 46,127	42,874	41,485	2,883	1,250	134,619
Additions	-	8,520	14,187	4,864	-	27,571
Disposals	-	(18,443)	(9,661)	-	-	(28,104)
Effect of changes in foreign exchange rates	5,049	-	-	-	-	5,049
Balance at December 31, 2022	<u>\$ 51,176</u>	<u>32,951</u>	<u>46,011</u>	<u>7,747</u>	<u>1,250</u>	<u>139,135</u>
Accumulated depreciation:						
Balance at January 1, 2023	\$ 7,028	22,538	22,765	2,464	909	55,704
Depreciation	1,783	6,631	14,662	2,174	227	25,477
Disposals	-	(9,213)	(9,367)	(2,813)	-	(21,393)
Effect of changes in foreign exchange rates	(27)	-	-	-	-	(27)
Balance at December 31, 2023	<u>\$ 8,784</u>	<u>19,956</u>	<u>28,060</u>	<u>1,825</u>	<u>1,136</u>	<u>59,761</u>
Balance at 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
Disposals	-	(17,905)	(9,661)	-	-	(27,566)
Effect of changes in foreign exchange rates	571	-	-	-	-	571
Balance at December 31, 2022	<u>\$ 7,028</u>	<u>22,538</u>	<u>22,765</u>	<u>2,464</u>	<u>909</u>	<u>55,704</u>
Carrying amount:						
Balance at December 31, 2023	<u>\$ 42,384</u>	<u>5,410</u>	<u>16,078</u>	<u>3,039</u>	<u>114</u>	<u>67,025</u>
Balance at December 31, 2022	<u>\$ 44,148</u>	<u>10,413</u>	<u>23,246</u>	<u>5,283</u>	<u>341</u>	<u>83,431</u>

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

(g) Investment property

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

The details of the changes were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at January 1, 2023	\$ -	-	-
Reclassification from property, plant and equipment	<u>627,050</u>	<u>211,042</u>	<u>838,092</u>
Balance at December 31, 2023	<u><u>\$ 627,050</u></u>	<u><u>211,042</u></u>	<u><u>838,092</u></u>
Depreciation:			
Balance at January 1, 2023	\$ -	-	-
Depreciation	-	3,669	3,669
Reclassification from property, plant and equipment	<u>-</u>	<u>96,643</u>	<u>96,643</u>
Balance at December 31, 2023	<u><u>\$ -</u></u>	<u><u>100,312</u></u>	<u><u>100,312</u></u>
Carrying amounts:			
December 31, 2023	<u><u>\$ 627,050</u></u>	<u><u>110,730</u></u>	<u><u>737,780</u></u>
Fair value:			
December 31, 2023			<u><u>\$ 1,361,108</u></u>

The fair value of investment properties was based on a valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being valued. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3: The input parameters used to measure fair value are not information available from active markets.

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

(h) Other current or non-current assets

Current:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Tax refund receivables	\$ 225,889	115,757
Payment in advance	89,014	74,473
Prepaid expense	35,962	28,940
Prepaid value-added tax	168,732	176,364
Other financial assets-term deposits	4,868,900	3,303,030
Refundable deposits	4,209	-
Others	<u>22,207</u>	<u>37,821</u>
	<u><u>\$ 5,414,913</u></u>	<u><u>3,736,385</u></u>

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

The Group's assets were pledged as collaterals to secure natural gas, solar energy and electricity as of December 31, 2023 and 2022, please refer to note 8.

Non-current:

	December 31, 2023	December 31, 2022
Prepayments for equipment	\$ 116,447	103,182
Long-term prepaid expense	294,375	304,850
Prepayments for land purchase	736,375	711,845
Refundable deposits	5,400	11,609
Others	-	3,814
	<u><u>\$ 1,152,597</u></u>	<u><u>1,135,300</u></u>

(i) Current borrowings

Details of current borrowings of the Group were as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loans	<u><u>\$ 623,772</u></u>	<u><u>1,778,109</u></u>
Unused quota	<u><u>\$ 6,009,793</u></u>	<u><u>4,734,690</u></u>
Range of interest rates	<u><u>5.71%~6.60%</u></u>	<u><u>4.65%~5.54%</u></u>

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

(j) Long-term borrowings

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

	December 31, 2023	December 31, 2022
Unsecured bank loans - due by July 2024	\$ 562,925	767,750
Less: Maturing within one year	(562,925)	(204,733)
Total	<u><u>\$ -</u></u>	<u><u>563,017</u></u>
Unused quota	<u><u>\$ 150,000</u></u>	<u><u>3,340,975</u></u>
Range of interest rates	<u><u>5.60%~6.32%</u></u>	<u><u>2.25%~5.95%</u></u>

The Group's long-term borrowing facilities include secured and unsecured bank loans. None of the Group's assets were pledged as collaterals to secure long-term borrowings as of December 31, 2023.

The Group's assets were pledged as collaterals to secure long-term borrowings as of December 31, 2022, 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 amount of repaid was \$580,000 thousand.

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

(k) Lease liabilities

The Group's lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	<u>\$ 13,835</u>	<u>21,989</u>
Non-current	<u>\$ 55,759</u>	<u>67,281</u>

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

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

	For the years ended December 31 2023	2022
Interest on lease liabilities	<u>\$ 1,790</u>	<u>\$ 1,847</u>
Expenses relating to short-term leases	<u>\$ 27,446</u>	<u>32,305</u>

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

	For the years ended December 31 2023	2022
Total cash outflow for leases	<u>\$ 59,815</u>	<u>62,617</u>

(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 that leases period are 1 to 10 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.

(l) Operating Leases

The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note(g) that sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date were as follows:

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES
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	December 31, 2023
Less than one year	\$ 27,000
Between one and two years	27,000
Between two and three years	26,473
Between three and four years	21,679
Between four and five years	<u>7,040</u>
Total undiscounted lease payments	<u>\$ 109,192</u>

Rental income from investment properties was \$19,960 thousand in 2023.

(m) 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, 2023	December 31, 2022
Present value of the defined benefit obligations	\$ 212,686	212,269
Fair value of plan assets	<u>(324,050)</u>	<u>(321,424)</u>
Net defined benefit (assets)liabilities	<u>\$ (111,364)</u>	<u>(109,155)</u>

The Group's employee benefit liabilities were as follows:

	December 31, 2023	December 31, 2022
Compensated absences liability	<u>\$ 62,149</u>	<u>68,670</u>

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.

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, 2023, the Group's pension fund with Bank of Taiwan amounted to \$324,050 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,

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES
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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	
	2023	2022
Defined benefit obligation at January 1	\$ 212,269	231,815
Current service costs and interest	6,715	4,316
Remeasurement of the net defined benefit liability		
— Actuarial losses (gains) of experience adjustments	(1,583)	4,627
— Actuarial loss (gain) arising from changes in financial assumptions	2,166	(22,978)
Benefits paid	(6,881)	(5,511)
Defined benefit obligation at December 31	<u><u>\$ 212,686</u></u>	<u><u>212,269</u></u>

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	
	2023	2022
Fair value of plan assets at January 1	\$ 321,424	299,285
Remeasurement of the net defined benefit liabilities (assets)		
— Return on plan assets (excluding current interest)	6,799	24,757
Appropriated amount to the plan	2,708	2,836
Benefits paid	(6,881)	(5,454)
Fair value of plan assets at December 31	<u><u>\$ 324,050</u></u>	<u><u>321,424</u></u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

	For the years ended December 31	
	2023	2022
Current service costs	\$ 3,091	2,110
Net interest of net defined benefit obligations	(1,774)	(395)
	<u><u>\$ 1,317</u></u>	<u><u>1,715</u></u>

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES
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	For the years ended December 31	
	2023	2022
Operating costs	\$ 1,815	1,314
Selling expenses	(452)	120
Administrative expenses	(46)	281
	\$ 1,317	1,715

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

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

	For the years ended December 31	
	2023	2022
Accumulative amount at January 1	\$ (1,227)	40,056
Recognized in current period	(723)	(41,283)
Accumulative amount at December 31	\$ (1,950)	(1,227)

- 6) Actuarial assumptions

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

	December 31, 2023	December 31, 2022
Discount rate	1.625%~7.14%	1.75%~7.43%
Future salary increases rate	3.00%~7.00%	3.00%~7.00%

The Group is expected allocation payment of \$23,086 thousand to the defined plans for the one-year period after the reporting date of 2023.

The weighted average duration of the defined benefit obligation is 10.75~27.77 years.

- 7) Sensitivity analysis

As of December 31, 2023 and 2022, the effects of the present value of the defined benefit obligation arising from changes in principal actuarial assumptions were as follows:

	Effects on defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2023		
Discount rate	\$ (5,507)	6,082
(change 0.25%)		
Future salary increases rate	5,939	(5,376)
(change 0.25%)		

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES
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	Effects 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)

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 liability (asset) at the balance sheet date.

There is no change in the methods and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(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 \$95,508 thousand and \$104,599 thousand in 2023 and 2022, respectively. Those pension costs have been contributed to Bureau of the Labor Insurance or local relevant authorities.

(n) Income taxes

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

	For the years ended December 31	
	2023	2022
Current tax expense		
Current period	\$ 1,592,135	1,814,609
Adjustment for prior periods	(79,306)	(58,364)
	1,512,829	1,756,245
Deferred tax expense		
The occurrence and reversal of temporary differences	(13,698)	(6,192)
Income tax expense	<u>\$ 1,499,131</u>	<u>1,750,053</u>

(Continued)

ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES
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The components of the Group's income tax recognized in other comprehensive income were as follows:

	For the years ended December 31	
	2023	2022
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	\$ <u><u>3,916</u></u>	<u><u>113,327</u></u>

The income tax calculated on pre-tax financial income was reconciled to income tax expense for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31	
	2023	2022
Profit before income tax	\$ <u><u>6,675,598</u></u>	<u><u>8,540,401</u></u>
Income tax using the individual Company's domestic tax rate	\$ 1,335,120	1,708,080
The difference of tax assessment	(36,297)	(20,457)
The difference of estimated in prior periods	(43,009)	(37,907)
Undistributed earnings additional tax	95,684	59,668
Income tax on return earnings from subsidiaries	108,511	-
Others	<u>39,122</u>	<u>40,669</u>
Income tax expense	\$ <u><u>1,499,131</u></u>	<u><u>1,750,053</u></u>

(ii) Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2023 and 2022 were as follows:

Deferred tax assets:

Balance at January 1, 2023	\$ 31,045
Recognized in profit (loss)	16,202
Effect in exchange rate	<u>123</u>
Balance at December 31, 2023	\$ <u><u>47,370</u></u>
Balance at January 1, 2022	\$ 131,274
Recognized in profit (loss)	6,192
Exchange differences on translation of foreign financial statements	<u>(106,421)</u>
Balance at December 31, 2022	\$ <u><u>31,045</u></u>

(Continued)

ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Deferred tax liabilities:

Balance at January 1, 2023	\$ 6,906
Recognized in (profit) loss	2,504
Exchange differences on translation of foreign financial statements	3,916
Effect in exchange rate	<u>(36)</u>
Balance at December 31, 2023	<u><u>\$ 13,290</u></u>
Balance at January 1, 2022	\$ -
Exchange differences on translation of foreign financial statements	<u>6,906</u>
Balance at December 31, 2022	<u><u>\$ 6,906</u></u>

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

(o) Capital and other equity

(i) Common stock

As of December 31, 2023 and 2022, the Company's authorized share capital both amounted to \$3,000,000 thousand dollars, divided into 300,000 thousand shares of stock with \$10 par value per share. The total number of issued shares were 274,367 thousand shares.

(ii) Capital surplus

The components of capital surplus were as follows:

	December 31, 2023	December 31, 2022
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	<u>201,795</u>	<u>201,795</u>
	<u><u>\$ 3,769,547</u></u>	<u><u>3,769,547</u></u>

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.

(iii) Retained earnings

According to the Company's articles of incorporation, 10% of annual net earnings (net of income taxes), after deducting accumulated deficits, must be set aside as legal reserve. The remaining

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES
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portion is to be distributed upon a proposal by the board of directors.

In accordance with the Article 240, paragraph 5 of the Company Act and the Company's articles 37-1, the Company authorizes the Board of Directors, with the presence of more than two-thirds of the directors and the approval of a majority of the directors, to distribute all or part of the dividends and bonuses payable by way of cash, and to report to the shareholders' meeting. For the issuance of new shares, the proposal should be resolved during the shareholders' meeting.

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

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

In accordance with the requirements issued by the FSC, a portion of current period earnings and undistributed prior period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distributions for 2022 was proposed by the board of directors held on March 2, 2023 and earnings distributions for 2021 was approved by the annual general meeting of the shareholders held on June 14, 2022. The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31			
	2022		2021	
	per share (in dollars)	amount	per share (in dollars)	amount
Dividends distributed to ordinary shareholders:				
Cash dividends	\$ 17.00	<u>4,664,241</u>	12.00	<u>3,292,406</u>

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.

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

(iv) Other equity (net of income tax)

	Financial statements translation differences from foreign operations
Balance at January 1, 2023	\$ 23,864
Exchange differences on translation of foreign financial statements	15,665
Balance at December 31, 2023	<u><u>\$ 39,529</u></u>
Balance at January 1, 2022	\$ (429,447)
Exchange differences on translation of foreign financial statements	453,311
Balance at December 31, 2022	<u><u>\$ 23,864</u></u>

(p) Earnings per share

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

	For the years ended December 31	
	<u>2023</u>	<u>2022</u>
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	<u><u>\$ 5,176,467</u></u>	<u><u>6,790,348</u></u>
Weighted average number of ordinary shares outstanding (in thousands)	<u><u>274,367</u></u>	<u><u>274,367</u></u>
Basic earnings per share(in dollars)	<u><u>\$ 18.87</u></u>	<u><u>24.75</u></u>
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company	<u><u>\$ 5,176,467</u></u>	<u><u>6,790,348</u></u>
Weighted average number of ordinary shares outstanding (basic)(in thousands)	274,367	274,367
Effect on employee's profit-sharing bonus (in thousands)	16	20
Weighted average number of ordinary shares outstanding (diluted) (in thousands)	<u><u>274,383</u></u>	<u><u>274,387</u></u>
Diluted earnings per share (in dollars)	<u><u>\$ 18.87</u></u>	<u><u>24.75</u></u>

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES
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(q) Revenue from contracts with customers

	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Knitted fabrics	Clothing	Knitted fabrics	Clothing
Main market:				
Americas	\$ 986,103	13,453,117	1,130,065	17,296,359
Asia	9,162,103	1,801,261	12,212,660	2,228,987
Europe	45,043	3,522,006	22,183	4,733,545
the Middle East	1,179,276	95,241	1,292,175	138,231
ANZ	3,872	262,034	4,575	329,392
Africa	240,436	39,970	300,150	47,837
Others	-	-	14	-
	<u>\$ 11,616,833</u>	<u>19,173,629</u>	<u>14,961,822</u>	<u>24,774,351</u>

	For the year ended December 31, 2023	For the year ended December 31, 2022
Main product:		
Knitted fabrics	\$ 11,616,833	14,961,822
Clothing	<u>19,173,629</u>	<u>24,774,351</u>
	<u>\$ 30,790,462</u>	<u>39,736,173</u>

(r) 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, 2023 and 2022, the estimated employee's profit sharing bonuses amounted to \$7,000 thousand and \$9,000 thousand for 2023 and 2022, 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, 2023 and 2022. 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, 2022. The related information can be obtained from the Market Observation Post System website of the Taiwan Stock Exchange.

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES
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(s) Results from non-operating activities

(i) Interest income

The Group's interest income were as follows:

	For the years ended December 31	
	2023	2022
Interest income from bank deposits	\$ <u>115,687</u>	<u>45,482</u>

(ii) Other income

The Group's other income were as follows:

	For the years ended December 31	
	2023	2022
Rental income	\$ <u>24,523</u>	<u>14,360</u>

(iii) Other gains and losses, net

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

	For the years ended December 31	
	2023	2022
Foreign exchange gain (loss)	\$ 54,427	804,550
Gain(loss)on transaction for property	10,025	(883)
Others	<u>39,460</u>	<u>8,308</u>
	\$ <u>103,912</u>	<u>811,975</u>

(iv) Finance costs

The Group's finance costs were as follows:

	For the years ended December 31	
	2023	2022
Interest expense		
Bank borrowings	\$ 115,584	64,107
Lease liabilities	1,790	1,847
Accounts receivable factoring	<u>-</u>	<u>2,470</u>
	\$ <u>117,374</u>	<u>68,424</u>

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES
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(t) 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).

Other financial assets at amortized cost includes other receivables and term deposits.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 month expected credit losses.

As of December 31, 2022 and 2023, there were no other financial assets at amortized cost that required provision for impairment.

(ii) Liquidity risks

The followings were the contractual maturities of financial liabilities, including the impact of estimated interest.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>More than 5 years</u>
December 31, 2023						
Non-derivative financial liabilities						
Short-term borrowings	\$ 623,772	659,389	659,389	-	-	-
Accounts and notes payable	1,666,152	1,666,152	1,666,152	-	-	-
Lease liabilities	69,594	86,927	13,502	8,244	5,691	59,490
Long term borrowings (current portion included)	<u>562,925</u>	<u>594,449</u>	<u>594,449</u>	<u>-</u>	<u>-</u>	<u>-</u>
	\$ 2,922,443	3,006,917	2,933,492	8,244	5,691	59,490
December 31, 2022						
Non-derivative financial liabilities						
short-term 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)	<u>767,750</u>	<u>811,668</u>	<u>237,328</u>	<u>574,340</u>	<u>-</u>	<u>-</u>
	\$ 4,320,806	4,394,407	3,736,444	588,560	14,714	54,689

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

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 were as follows:

	December 31, 2023				December 31, 2022		
	Foreign currency	Exchange rate	NTD		Foreign currency	Exchange rate	NTD
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$	232,592	30.705	7,141,737	210,822	30.710	6,474,344
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD	\$	95,569	30.705	2,934,446	121,253	30.710	3,723,680

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, current borrowings, long-term borrowings, accounts payable and other payables. A 1% depreciation or appreciation of the NTD against the USD as of December 31, 2023 and 2022 would have increased or decreased the net income after tax by \$33,658 thousand and \$22,005 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			
	2023		2022	
	Exchange (loss) gain	Average rate	Exchange (loss) gain	Average rate
USD	\$ 54,427	31.155	804,550	29.798

(iv) Interest rate risk

The Group's exposure to interest rate risk arising from financial assets and liabilities is described in the liquidity risk part of this note.

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

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

If the interest rate increases/decreases by 1%, the Group's net income will decrease/increase by \$11,867 thousand and \$25,459 thousand for the years ended December 31, 2023 and 2022, 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.

(u) 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.

(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 and other receivables

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.

To minimize the risk of accounts receivable, the Group established a risk management

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

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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, 2023 and 2022.

(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, 2023 and 2022 amounted to \$6,159,793 thousand and \$8,075,665 thousand, respectively.

(v) Market risk

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

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

1) Exchange rate risk

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

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES
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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.

(v) 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, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Net income	\$ <u>5,176,467</u>	<u>6,790,348</u>
Total capital	\$ <u>25,670,581</u>	<u>25,141,967</u>
Return on capital	<u>20.16 %</u>	<u>27.01 %</u>

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

(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:

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

(b) Material transactions among related parties

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

(i) Leases

<u>Types of related parties</u>	<u>For the years ended</u> <u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	\$ <u>300</u>	<u>300</u>

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

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES
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(ii) Others

<u>Types of related parties</u>	<u>Donations</u>	
	<u>For the years ended</u>	
	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Eclat Foundation	\$ <u>2,153</u>	<u>2,138</u>

(c) Key management personnel transactions

Key management personnel compensation comprised:

	<u>For the years ended</u>	
	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ <u>150,145</u>	<u>158,357</u>

Cars provided to key management personnel were as follows:

	<u>December 31, December 31,</u>	
	<u>2023</u>	<u>2022</u>
Cost	\$ <u>30,894</u>	<u>30,934</u>
Quantities	<u>9</u>	<u>9</u>
Book value	\$ <u>13,496</u>	<u>17,755</u>

(8) Pledged assets

The Group's pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other financial assets - current	Natural gas, solar energy and electricity security deposit	\$ 1,124	4,718
Land	Long-term borrowing facilities	-	3,381,772
		<u>\$ 1,124</u>	<u>3,386,490</u>

(9) Commitments and contingencies

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

	<u>December 31, December 31,</u>	
	<u>2023</u>	<u>2022</u>
Unused letters of credit	\$ <u>7,815</u>	<u>8,226</u>

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES
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(b) Significant unrecognized commitments of the Group were as follows:

	December 31, 2023	December 31, 2022
Contract for building construction and machinery	\$ 313,622	351,143

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

	December 31, 2023	December 31, 2022
Issued promissory notes	\$ 20,000	-

(10) Losses due to major disasters : None.

(11) Subsequent events : None.

(12) Other :

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

By function By item	For the year ended December 31, 2023				For the year ended December 31, 2022			
	Operating costs	Operating expenses	Non-Operating expenses	Total	Operating costs	Operating expenses	Non-Operating expenses	Total
Employee benefits								
Salary	2,606,613	1,562,923	-	4,169,536	2,614,002	1,696,758	-	4,310,760
Labor and health insurance	285,648	128,654	-	414,302	222,273	121,067	-	343,340
Pension	55,116	41,709	-	96,825	61,010	45,304	-	106,314
Director's remuneration	-	7,551	-	7,551	-	7,685	-	7,685
Others	143,282	69,785	-	213,067	160,230	75,050	-	235,280
Depreciation	599,983	258,395	1,324	859,702	575,545	198,895	111	774,551
Amortization	10,265	11,486	-	21,751	8,584	11,100	-	19,684

(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 year ended December 31, 2023:

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ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES
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(i) Loans to other parties:

(In thousands of NTD/USD)

No.	Name of lender	Name of borrower (Note 3)	Account name	Related party	Highest balance of financing to other parties during the period (Note 5)	Ending balance (Note 4)	Actual usage amount during the period (Note 4)	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note)	Maximum limit of fund financing (Note)
													Item	Value		
0	The Company	Fabrics	Other receivables	Yes	648,500 (USD20,000)	614,100 (USD20,000)	245,640 (USD8,000)	5.82%-5.94%	2	-	Operating capital	-	-	-	2,567,058	5,134,116
0	The Company	Eclat Textile (ID)	Other receivables	Yes	972,750 (USD30,000)	921,150 (USD30,000)	736,920 (USD24,000)	5.70%-5.92%	2	-	Operating capital	-	-	-	2,567,058	5,134,116

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

Note 1: Approved by BOD

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

Note 3: Transaction listed above has been eliminated during preparing consolidated financial statements.

Note 4: The rate as of December 31, 2023 was USD 1 to NTD 30.705.

Note 5: The highest balance of financing rate during the period was USD 1 to NTD 32.425.

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

(iii) The securities held as of December 31, 2023 (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:

(In thousands of NTD)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases/ (sales)	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
The Company	Eclat Textile (VN)	Indirectly held subsidiaries	processing	1,256,114	16.74 % (Note)	30 days	(Note 2)	(Note 2)	Accounts payable (92,719)	(5.14)%	(Note 1)
Eclat Textile (VN)	The Company	Parent company	(sales)	(1,256,114)	(100.00)%	30 days	(Note 2)	(Note 2)	Accounts receivable 92,719	100.00 %	(Note 1)
The Company	Fabrics	Indirectly held subsidiaries	purchasing	2,469,481	18.87 %	30 days	(Note 2)	(Note 2)	Accounts payable (49,142)	(2.73)%	(Note 1)
Fabrics	The Company	Parent company	(sales)	(2,469,481)	(95.87)%	30 days	(Note 2)	(Note 2)	Accounts receivable 49,142	70.46 %	(Note 1)
The Company	E-TOP (VN)	Indirectly held subsidiaries	processing	713,528	9.51 % (Note)	30 days	(Note 2)	(Note 2)	Accounts payable (41,570)	(2.31)%	(Note 1)
E-TOP (VN)	The Company	Parent company	(sales)	(713,528)	(97.68)%	30 days	(Note 2)	(Note 2)	Accounts receivable 41,570	96.71 %	(Note 1)

(Continued)

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

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases/ (sales)	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)	
The Company	Colltex	Indirectly held subsidiaries	processing	572,663	7.63 % (Note)	30 days	(Note 2)	(Note 2)	Accounts payable (32,088)	(1.78)%	(Note 1)
Colltex	The Company	Parent company	(sales)	(572,663)	(96.86)%	30 days	(Note 2)	(Note 2)	Accounts receivable 32,088	100.00 %	(Note 1)
The Company	Eclat Textile (Cambodia)	Indirectly held subsidiaries	processing	465,967	6.21 % (Note)	30 days	(Note 2)	(Note 2)	Accounts payable (26,780)	(1.49)%	(Note 1)
Eclat Textile (Cambodia)	The Company	Parent company	(sales)	(465,967)	(100.00)%	30 days	(Note 2)	(Note 2)	Accounts receivable 26,780	100.00 %	(Note 1)
The Company	Tai-Yuan (VN)	Indirectly held subsidiaries	processing	305,199	4.07 % (Note)	30 days	(Note 2)	(Note 2)	Accounts payable (15,241)	(0.85)%	(Note 1)
Tai-Yuan (VN)	The Company	Parent company	(sales)	(305,199)	(100.00)%	30 days	(Note 2)	(Note 2)	Accounts receivable 15,241	100.00 %	(Note 1)
The Company	Eclat Textile(ID)	Subsidiaries	processing	547,460	7.30 % (Note)	30 days	(Note 2)	(Note 2)	Accounts payable (29,057)	(1.61)%	(Note 1)
Eclat Textile(ID)	The Company	Parent company	(sales)	(547,460)	(100.00)%	30 days	(Note 2)	(Note 2)	Accounts receivable 29,057	100.00 %	(Note 1)

Note: Percentage on processing expense

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

Note 2: The same as general processing/purchasing/sales

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

(In thousands of NTD/USD)

Name of Company	Name of counterparty	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period	Allowance for bad debts	Note
					Amount	Action taken			
The Company	Fabrics	Indirectly held subsidiaries	248,861 (USD 8,105)	- (Note)	-	-	62,929 (USD 2,049)	-	(Note1) (Note2)
The Company	Eclat Textile (ID)	Subsidiaries	745,425 (USD 24,277)	- (Note)	-	-	251,486 (USD 8,190)	-	(Note1) (Note2)

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

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

Note 2: The rate as of December 31, 2023 was USD 1 to NTD 30.705.

(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	2,469,481	The same as general sales	8.02 %

(Continued)

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

No.	Company name	Counter-party	Nature of relationship	Intercompany transactions			
				Financial statements item	Amount	Terms	Percentage of the consolidated net revenue or total assets
2	Eclat Textile (VN)	The Company	2	Processing revenue	1,256,114	The same as general processing	4.08 %
3	Colltex	The Company	2	Processing revenue	572,663	The same as general processing	1.86 %
4	E -TOP(VN)	The Company	2	Processing revenue	713,528	The same as general processing	2.32 %
5	Eclat Textile (Cambodia)	The Company	2	Processing revenue	465,967	The same as general processing	1.51 %
6	Tai-Yuan (VN)	The Company	2	Processing revenue	305,199	The same as general processing	0.99 %
7	Eclat Textile (ID)	The Company	2	Processing revenue	547,460	The same as general processing	1.78 %

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.

(b) Information on investees:

The following were the information on investment for the year ended December 31, 2023 (excluding these in Mainland China):

(In thousands of NTD/USD)

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest percentage of ownership during the year	Net income (losses) of the investee	Share of profits/losses of investee	Note
				December 31, 2023 (Note 1)	December 31, 2022 (Note 1)	Shares (thousands)	Percentage of ownership	Carrying value (Note)				
The Company	Grand Elite	British Virgin Islands	Investments in securities, real estate, and manufacturing industry	261,607 (USD 8,520)	261,607 (USD 8,520)	21	100.00 %	175,775	100.00 %	13,630	13,630	Subsidiaries (Note 2)
The Company	Eclat Cayman	Cayman Islands	Investments in securities, real estate, and manufacturing industry	3,850,591 (USD 125,406)	3,850,591 (USD 125,406)	121,080	100.00 %	3,947,851	100.00 %	176,588	176,588	Subsidiaries (Note 2)
The Company	Eclat Textile (ID)	Indonesia	Design, manufacture, processing, sale of clothing, knit fabric mills, printing, dyeing and finishing mill	1,535,250 (USD 50,000)	1,535,250 (USD 50,000)	5,000	100.00 %	1,089,558	100.00 %	(186,048)	(186,047)	Subsidiaries (Note 2) (Note 3)
Grand Elite	Eclat Textile (Cambodia)	Cambodia	Design, manufacture, processing and sale of clothing	245,640 (USD 8,000)	245,640 (USD 8,000)	8,000	100.00 %	158,193	100.00 %	13,455	13,455	Subsidiaries of Grand Elite (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, 2023			Highest percentage of ownership during the year	Net income (losses) of the investee	Share of profits/losses of investee	Note
				December 31, 2023 (Note 1)	December 31, 2022 (Note 1)	Shares (thousands)	Percentage of ownership	Carrying value (Note)				
Eclat Cayman	Colltex	Vietnam	Design, manufacture, processing and sale of clothing	489,898 (USD 15,955)	489,898 (USD 15,955)	16,800	100.00 %	533,339	100.00 %	867	(614)	Subsidiaries of Eclat Cayman (Note 2)
Eclat Cayman	E-TOP(VN)	Vietnam	Design, manufacture, processing and sale of clothing	1,105,380 (USD 36,000)	1,105,380 (USD 36,000)	36,000	100.00 %	1,156,132	100.00 %	38,820	38,820	Subsidiaries of Eclat Cayman (Note 2)
Eclat Cayman	Eclat Enterprise	Cambodia	Investments in securities, real estate, and manufacturing industry	31 (USD 1)	31 (USD 1)	1	100.00 %	(2,148)	100.00 %	(2,397)	(2,397)	Subsidiaries of Eclat Cayman (Note 2)
Eclat Cayman	Eclat Textile (VN)	Vietnam	Design, manufacture, processing and sale of clothing	650,056 (USD 21,171)	650,056 (USD 21,171)	22,000	100.00 %	684,938	100.00 %	9,447	9,447	Subsidiaries of Eclat Cayman (Note 2)
Eclat Cayman	Fabrics	Vietnam	Knit fabric mills, printing, dyeing and finishing mill	1,228,200 (USD 40,000)	1,228,200 (USD 40,000)	40,000	100.00 %	1,602,498	100.00 %	114,307	105,050	Subsidiaries of Eclat Cayman (Note 2)
Eclat Cayman	Tai - Yuan(VN)	Vietnam	Design, manufacture, processing and sale of clothing	212,325 (USD 6,915)	212,325 (USD 6,915)	6,800	100.00 %	(51,242)	100.00 %	25,774	25,484	Subsidiaries of Eclat Cayman (Note 2)
Eclat Cayman	E&I Printing	Vietnam	Design, printing, dyeing and finishing mill	30,705 (USD 1,000)	30,705 (USD 1,000)	1,000	40.00 %	-	40.00 %	-	-	Invested company under equity method
Eclat Cayman	Eclat Textile (ID)	Indonesia	Design, manufacture, processing, sale of clothing, knit fabric mills, printing, dyeing and finishing mill	6 (USD 0.20)	6 (USD 0.20)	0.02	- %	4	- %	(186,048)	(1)	Subsidiaries (Note 2) (Note 3)

Note: Accumulated translation is included.

Note 1: The rate as of December 31, 2023 was USD 1 to NTD 30.705.

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

Note 3: Eclat Textile (ID) was mutually set up by the Company and Eclat Cayman. The shareholding ratios are 99.9996% and 0.0004%, respectively.

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

(d) Major shareholders:

(Unit : Share)

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

Note: (i)The main shareholder information in this table was calculated by the insurance company Taiwan Depository & Clearing Corporation (TDCC) on the last business day at the end of

(Continued)

ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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.

(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 year ended December 31, 2023			
	Fabrics	Garments	Adjustments and write off	Total
Revenue				
From external clients	\$ 11,616,833	19,173,629	-	30,790,462
Inter-segments	4,856,677	3,890,947	(8,747,624)	-
Interest revenue	40,057	108,389	(32,759)	115,687
Total revenue	\$ 16,513,567	23,172,965	(8,780,383)	30,906,149
Interest expenses	\$ 28,162	121,971	(32,759)	117,374
Depreciation and amortization	323,840	557,613	-	881,453
Profit or loss from reportable segment	\$ 2,872,950	3,806,819	(4,171)	6,675,598

(Continued)

ECLAT TEXTILE CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the year ended December 31, 2023				
	Fabrics	Garments	Adjustments and write off	Total
Non current assets capital expenditure	\$ 113,252	204,375	-	317,627
Reportable segment assets	\$ 13,299,859	29,162,252	(10,629,376)	31,832,735
Reportable segment liabilities	\$ 1,901,419	5,569,426	(1,308,691)	6,162,154

For the year 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-segment	4,691,756	4,748,800	(9,440,556)	-
Interest revenue	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

(c) Geographical information

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

Region	For the years ended December 31	
	2023	2022
Revenue from external clients:		
Americas	\$ 14,439,220	18,426,424
Asia	10,963,364	14,441,647
Europe	3,567,049	4,755,728
the Middle East	1,274,517	1,430,406
ANZ	265,906	333,967
Africa	280,406	347,987
Other countries	-	14
	\$ 30,790,462	39,736,173

(Continued)

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

Region	For the years ended December 31	
	2023	2022
Non-current assets		
Taiwan	\$ 8,649,196	8,854,540
Asia	<u>5,621,085</u>	<u>6,010,817</u>
	<u>\$ 14,270,281</u>	<u>14,865,357</u>

Non-current assets include property, plant and equipment, right of use assets, investment property, intangible assets and other assets, excluding investments accounted for using equity method, deferred tax assets and net defined benefit asset.

(d) Major customers

	For the years ended December 31	
	2023	2022
A Customer	<u>\$ 4,735,617</u>	<u>6,415,367</u>
B Customer	<u>\$ 3,178,107</u>	<u>3,776,453</u>

6.5 Financial Statements for the Years Ended December 31, 2023 and 2022, and Independent Auditors' Report

Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of Eclat Textile Co., Ltd. ("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years ended December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of 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 Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were significant in our audit of the financial statements of the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters individually. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

Revenue recognition and cut-off

Please refer to note 4(p) for details of the accounting policies of the recognition of revenue and note 6(p) revenue from contracts with customers.

How the matter was addressed in our audit

Revenue recognition of the Company is the main concern of the financial report users. Therefore, the assessment of revenue recognition is the key audit matter 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 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 financial statements, due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 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)
February 29, 2024

Notes to Readers

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

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

(English Translation of Financial Statements Originally Issued in Chinese)

ECLAT TEXTILE CO., LTD.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 2,068,812	7	4,935,412	16	2150	Notes payable (note 6(s))	90,303	-	80,515	-
1150	Notes receivable (note 6(b))	19,459	-	3,046	-	2170	Accounts payable (note 6(s))	1,425,749	5	1,410,042	5
1170	Accounts receivable, net (including related parties) (notes 6(b) and 7)	4,678,411	16	3,793,097	13	2180	Accounts payable to related parties (notes 6(s) and 7)	286,597	1	311,100	1
1200	Other receivables	21,538	-	16,051	-	2200	Other payables (note 6(l))	912,399	3	1,244,508	4
1210	Other receivables due from related parties (note 7)	994,286	3	-	-	2230	Current tax liabilities	1,539,484	5	1,759,926	6
1310	Inventories, net (note 6(c))	3,658,599	12	3,655,602	12	2280	Current lease liabilities (notes 6(j)(s))	12,497	-	19,236	-
1460	Non-current assets held for sale, net (note 6(d))	25,863	-	-	-	2399	Other current liabilities, others	194,857	1	294,885	1
1470	Other current assets (note 6(i))	4,666,418	15	3,166,809	10		Total current liabilities	4,461,886	15	5,120,212	17
Total current assets		16,133,386	53	15,570,017	51	Non-current liabilities:					
						2570	Deferred tax liabilities (note 6(m))	10,822	-	6,906	-
Non-current assets:						2580	Non-current lease liabilities (notes 6(j)(s))	10,467	-	18,186	-
1550	Investments accounted for using equity method (note 6(e))	5,213,184	17	5,732,285	19	2645	Guarantee deposits received	6,446	-	4,206	-
1600	Property, plant and equipment (notes 6(f), 7 and 8)	7,761,959	27	8,734,501	29		Total non-current liabilities	27,735	-	29,298	-
1755	Right-of-use assets (note 6(g))	24,641	-	39,283	-		Total liabilities	4,489,621	15	5,149,510	17
1760	Investment property, net (note 6(h))	737,780	3	-	-	Equity (notes 6(n)(u)):					
1780	Intangible assets	13,094	-	8,136	-	3110	Ordinary share	2,743,671	9	2,743,671	9
1840	Deferred tax assets (note 6(m))	47,370	-	22,566	-	3200	Capital surplus	3,769,547	13	3,769,547	13
1975	Net defined benefit asset, non-current (note 6(l))	117,066	-	112,069	1	Retained earnings:					
1990	Other non-current assets, others (note 6(i))	111,722	-	72,620	-	3310	Legal reserve	4,809,262	16	4,126,099	14
Total non-current assets		14,026,816	47	14,721,460	49	3320	Special reserve	-	-	429,446	1
						3350	Unappropriated retained earnings	14,308,572	47	14,049,340	46
							Total retained earnings	19,117,834	63	18,604,885	61
						3490	Other equity, others	39,529	-	23,864	-
							Total equity	25,670,581	85	25,141,967	83
Total assets		\$ 30,160,202	100	30,291,477	100	Total liabilities and equity		\$ 30,160,202	100	30,291,477	100

See accompanying notes to the financial statements.

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

Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

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

		For the years ended December 31			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(p) and 7)	\$ 30,685,904	100	39,614,539	100
5000	Operating costs (notes 6(f)(g)(l)(q), 7 and 12)	21,858,745	71	29,302,562	74
	Gross profit from operations	8,827,159	29	10,311,977	26
	Operating expenses (notes 6(f)(g)(h)(j)(l)(q), 7 and 12):				
6100	Selling expenses	1,392,792	4	1,557,640	4
6200	Administrative expenses	917,320	3	949,626	3
6300	Research and development expenses	148,141	1	151,810	-
	Total operating expenses	2,458,253	8	2,659,076	7
	Net operating income	6,368,906	21	7,652,901	19
	Non-operating income and expenses (notes 6(j)(k)(r), 7 and 12):				
7010	Other income	24,523	-	14,360	-
7020	Other gains and losses, net	95,892	-	794,901	2
7050	Finance costs	(387)	-	(6,810)	-
7060	Share of profit of associates accounted for using equity method, net	4,171	-	(8,022)	-
7100	Interest income	118,402	1	26,541	-
	Total non-operating income and expenses	242,601	1	820,970	2
7900	Income before income tax	6,611,507	22	8,473,871	21
7950	Less: Tax expenses (note 6(m))	1,435,040	5	1,683,523	4
8200	Profit (note 6(u))	5,176,467	17	6,790,348	17
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(l))	1,021	-	42,113	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(298)	-	(830)	-
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	723	-	41,283	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	19,581	-	566,638	1
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(m))	3,916	-	113,327	-
	Total components of other comprehensive income that will be reclassified to profit or loss	15,665	-	453,311	1
8300	Other comprehensive income, net of income tax	16,388	-	494,594	1
8500	Total comprehensive income	5,192,855	17	7,284,942	18
	Earnings per share (note 6(o))				
9750	Basic earnings per share (in dollars)	\$ 18.87		24.75	
9850	Diluted earnings per share (in dollars)	\$ 18.87		24.75	

See accompanying notes to the financial statements.

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

Statements of Changes in Equity
For the Years Ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Retained Earnings					Exchange differences on translation of foreign financial statements	Total equity
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	
Balance at January 1, 2022	\$ 2,743,671	3,769,547	3,612,376	291,705	11,161,579	15,065,660	21,149,431
Profit	-	-	-	-	6,790,348	6,790,348	6,790,348
Other comprehensive income (loss)	-	-	-	-	41,283	41,283	494,594
Total comprehensive income (loss)	-	-	-	-	6,831,631	6,831,631	7,284,942
Appropriation and distribution of retained earnings:							
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	<u>2,743,671</u>	<u>3,769,547</u>	<u>4,126,099</u>	<u>429,446</u>	<u>14,049,340</u>	<u>18,604,885</u>	<u>25,141,967</u>
Profit	-	-	-	-	5,176,467	5,176,467	5,176,467
Other comprehensive income (loss)	-	-	-	-	723	723	16,388
Total comprehensive income (loss)	-	-	-	-	5,177,190	5,177,190	5,192,855
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	683,163	-	(683,163)	-	-
Cash dividends of ordinary share	-	-	-	-	(4,664,241)	(4,664,241)	(4,664,241)
Reversal of special reserve	-	-	-	(429,446)	429,446	-	-
Balance at December 31, 2023	<u>\$ 2,743,671</u>	<u>3,769,547</u>	<u>4,809,262</u>	<u>-</u>	<u>14,308,572</u>	<u>19,117,834</u>	<u>25,670,581</u>

See accompanying notes to the financial statements.

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

Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 6,611,507	8,473,871
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	348,896	324,097
Amortization expense	7,281	5,797
Interest expense	387	6,810
Interest income	(118,402)	(26,541)
Share of loss(gain) of associates accounted for using equity method	(4,171)	8,022
Loss (gain) on disposal of property, plant and equipment	(629)	883
Property, plant and equipment transferred to expenses	-	404
Loss (gain) on disposal of non-current assets held for sale	(9,532)	-
Gain on lease modification	(6)	-
Total adjustments to reconcile profit	<u>223,824</u>	<u>319,472</u>
Changes in operating assets and liabilities:		
Decrease (increase) in notes and accounts receivable	(901,727)	1,056,847
Decrease (increase) in inventories	(2,997)	3,658,059
Decrease (increase) in other current assets	16,428	206,457
Increase (decrease) in notes and accounts payable	992	(1,095,111)
Increase (decrease) in other payables	(332,087)	290,643
Increase (decrease) in other current liabilities	(100,028)	123,924
Increase (decrease) in net defined benefit liability	(3,976)	(2,486)
Total changes in operating assets and liabilities	<u>(1,323,395)</u>	<u>4,238,333</u>
Total adjustments	<u>(1,099,571)</u>	<u>4,557,805</u>
Cash inflow generated from operations	5,511,936	13,031,676
Interest received	85,153	18,412
Interest paid	(61)	(7,118)
Income taxes paid	(1,680,286)	(1,166,802)
Net cash flows from (used in) operating activities	<u>3,916,742</u>	<u>11,876,168</u>
Cash flows from (used in) investing activities:		
Proceeds from disposal of non-current assets held for sale	44,516	-
Acquisition of property, plant and equipment	(151,745)	(881,602)
Proceeds from disposal of property, plant and equipment	1,086	310
Decrease in refundable deposits	1,642	563
Increase in other receivables due from related parties	(982,560)	-
Acquisition of intangible assets	(12,239)	(7,281)
Increase in other financial assets	(1,500,000)	(3,000,000)
Increase in prepayments for business facilities	(40,744)	(95,942)
Dividends received	542,555	-
Net cash flows from (used in) investing activities	<u>(2,097,489)</u>	<u>(3,983,952)</u>
Cash flows from (used in) financing activities:		
Increase in current borrowings	10,000	-
Decrease in current borrowings	(10,000)	-
Repayments of long-term borrowings	-	(580,000)
Increase in guarantee deposits received	2,240	1,413
Payment of lease liabilities	(23,852)	(22,597)
Cash dividends paid	(4,664,241)	(3,292,406)
Net cash flows from (used in) financing activities	<u>(4,685,853)</u>	<u>(3,893,590)</u>
Net increase (decrease) in cash and cash equivalents	(2,866,600)	3,998,626
Cash and cash equivalents at beginning of period	4,935,412	936,786
Cash and cash equivalents at end of period	<u>\$ 2,068,812</u>	<u>4,935,412</u>

See accompanying notes to the financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

ECLAT TEXTILE CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

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

(1) Company history

Eclat Textile Co., Ltd.. (the “Company”) was incorporated on November 28, 1977. The Company has established the Ta-shan Plant, Hsi-chou Plant in Miao-li, and Da-yuan Plant in Taoyuan. The Company has mainly been involved in the manufacturing and marketing of knitwear.

(2) Approval date and procedures of the financial statements

The financial statements were approved by the Board of Directors and issued on February 29, 2024.

(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 Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

- 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”

The Company has initially adopted the following new amendment, which does not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

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

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

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

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its 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 IAS 21 “Lack of Exchangeability”

(4) Summary of material accounting policies

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

(a) Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the net defined benefit assets are measured at the fair value of the plan assets, less the present value of the defined benefit obligation, limited as explained in note 4(q).

(ii) Functional and presentation currency

The functional currency of each entity of the Company is determined based on the primary economic environment in which the entity operates. The Company 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) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of the Company 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 that 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 the transaction.

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

(ii) Foreign operations

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

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 Company 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 Company 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 receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) 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 Company 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.

(e) 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.

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

(f) Financial instruments

Accounts receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company 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 Company 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 Company 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 Company 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.

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 Company is exposed to credit risk.

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company 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 Company's historical experience and informed credit assessment as well as forward-looking information.

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

The Company 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 Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company 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 being more than agreement days;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for the financial assets because of financial difficulties.

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 Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company 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 Company 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 Company's procedures for recovery of amounts due.

3) Derecognition of financial assets

The Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company 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

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

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.

Other financial liabilities 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 Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

3) Offsetting of financial assets and liabilities

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

(g) 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.

(h) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group are remeasured in accordance with the Company's accounting policies. Thereafter, the assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses measured both at the time of classification as held for sale and subsequently could be recognized in profit or loss. A gain from any subsequent increase in the above measurement can be recognized in profit or loss to the extent that it is not in excess of the cumulative impairment loss.

The property, plant and equipment no longer depreciated when classified as held for sale.

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

(i) Investment in associates

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

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

The Company's financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases.

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

When the Company'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 Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Investment in subsidiaries

In preparing the financial statements, the Company appraises its investees by using equity method. Under equity method, current income and other comprehensive income from financial statement is the same as the consolidated income and other comprehensive income attributable to parent. Shareholders' equity is the same as the consolidated shareholders' equity.

The Company treated the changes of subsidiaries' equity as transactions among owners.

(k) Investment property

Investment property is held for earning rent income or for capital appreciation, or both of them, it rather than for normal business operation, for sale, used in production, for supply of goods or services, or for administrative purposes. Investment property is initially measured at cost and then subsequently measured at cost subtracting by accumulated depreciation. The depreciation methods, life duration and residual values of investment property are same as the practice of the property, plant, and equipment.

The gain or loss on disposal of investment property (calculated based on the difference between the net disposal proceeds and the book value) is recognized in profit and loss.

The rent income arising from investment property is recognized as other income in accordance with the straight line method over the lease period. Also, the given lease incentives is recognized as part of the overall rent income over the lease period.

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

(1) 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.

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 Company.

(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 15 years
3) Transportation equipment	3 to 5 years
4) Office equipment	5 to 9 years
5) Miscellaneous equipment	3 to 15 years

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

(iv) Reclassified to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner occupied to investment property.

(m) Leases

At inception of a contract, the Company 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.

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

(i) As a lessee

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

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

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

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

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

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

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

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss relating to the partial or full termination of the lease.

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company 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 Company 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Rental revenue'.

(n) Intangible assets

(i) Recognition and measurement

Other intangible assets are acquired by the Company 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

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

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

Software: 2 to 5 years.

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

(o) Impairment of non-financial assets

At each reporting date, the Company 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.

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

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.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(p) Revenue recognition

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

The Company manufactures and sells elastic fabrics and clothing. The Company 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 Company 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 Company has a right to an amount of consideration that is unconditional.

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

The Company'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 Company, 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.

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

Remeasurements of the net defined benefit liability (asset), 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 Company 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 Company 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 Company 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.

(r) Income taxes

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

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date 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 at the time of the transaction that affects neither accounting nor taxable profits (losses) and does not give rise to equal taxable and deductible temporary differences ;
- (ii) temporary differences related to investments in subsidiaries and associates that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

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

- (i) the Company 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.

(s) Earnings per share

The Company 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.

(t) Operating segments

The Company has already disclosed the segment information in the consolidated financial statement; therefore, the Company need not disclose the segment information again in the financial statement.

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

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

The management continues to monitor the accounting estimates and basic 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.

(6) Explanation to significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash	\$ 2,430	4,213
Bank deposits	2,066,382	3,070,549
Term deposits	-	1,860,650
Cash and cash equivalents	<u><u>\$ 2,068,812</u></u>	<u><u>4,935,412</u></u>

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

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Eclat Textile Co., Ltd.
Notes to the Financial Statements

(b) Notes receivable and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable-operating activities	\$ 19,459	3,046
Accounts receivable(including related parties)	4,702,497	3,817,183
Less: allowance for doubtful accounts	<u>(24,086)</u>	<u>(24,086)</u>
Total	<u><u>\$ 4,697,870</u></u>	<u><u>3,796,143</u></u>

The Company 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 Company were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average credit loss rate	Expected credit loss
Current	\$ 4,208,261	0.48 %	20,220
Within 30 days past due	512,672	0.63 %	3,246
31~120 days past due	590	31.69 %	187
Over 121 days past due	<u>433</u>	100.00 %	<u>433</u>
	<u><u>\$ 4,721,956</u></u>		<u><u>24,086</u></u>

	December 31, 2022		
	Gross carrying amount	Weighted-average credit loss rate	Expected credit loss
Current	\$ 3,405,871	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	<u>432</u>	100.00 %	<u>432</u>
	<u><u>\$ 3,820,229</u></u>		<u><u>24,086</u></u>

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

	For the years ended December 31	
	2023	2022
Opening balance (Ending balance)	<u><u>\$ 24,086</u></u>	<u><u>24,086</u></u>

None of notes receivable and accounts receivable held by the Company were pledged, collateralized or discounted as of December 31, 2023 and 2022.

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

Accounts receivable of the Company had been insured accounts receivable credit risk. The insured amounts were \$2,313,553 thousand and \$1,431,968 thousand as of December 31, 2023 and 2022, 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 Company has signed accounts receivable factoring contracts without recourse with financial institutions. As stated in the contract, the Company 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, 2023					
Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
E.Sun Bank	\$ -	<u>2,462,234</u>	-	-	None
CTBC Bank	\$ -	<u>3,084,010</u>	-	-	None
December 31, 2022					
Counterparty	Factored amount	Acceptable advances	Amount collected in advance	Interest rate	Pledged items
E.Sun Bank	\$ -	<u>2,275,298</u>	-	-	None
CTBC Bank	\$ -	<u>1,879,452</u>	-	-	None

(c) Inventories

	December 31, 2023	December 31, 2022
Raw materials(including raw materials in transit)	\$ 2,282,712	2,160,163
Supplies	528,788	509,724
Work in progress	644,509	810,729
Finished goods	<u>202,590</u>	<u>174,986</u>
	<u>\$ 3,658,599</u>	<u>3,655,602</u>

There were no recognized loss of inventory price due to write downs from inventories to net realizable value for 2023 and 2022.

None of inventories held by the Company were pledged as of December 31, 2023 and 2022.

(d) Non-current assets held for sale

The Company's board of directors approved a resolution to sell the part of property, plant and equipment on September 7, 2023, then the sales procedure have been commenced. Accordingly, the related assets were reported as held for sale.

The details were as follows:

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

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

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Eclat Textile Co., Ltd.
Notes to the Financial Statements

(e) Investment under equity method

The Company's financial information for equity accounted investees at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 5,213,184	5,732,285

1.Subsidiaries

Please refer to 2023 consolidated financial statements.

2.Pledged: None of investment under equity method held by the Company were pledged as of December 31, 2023 and 2022.

(f) Property, plant and equipment

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

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Miscellaneous equipment	Construction in progress	Total
Cost:								
Balance at January 1, 2023	\$ 4,790,091	4,366,993	1,947,764	50,073	109,542	226,057	3,674	11,494,194
Additions	-	50,413	85,287	-	5,875	10,165	5	151,745
Disposals	-	(476)	(21,100)	-	(2,171)	(4,883)	-	(28,630)
Reclassification	(648,321)	(273,828)	-	-	-	-	(3,431)	(925,580)
Balance at December 31, 2023	\$ 4,141,770	4,143,102	2,011,951	50,073	113,246	231,339	248	10,691,729
Balance at January 1, 2022	\$ 4,790,091	1,469,950	1,946,626	45,643	110,149	196,164	2,079,261	10,637,884
Additions	-	437,034	24,790	605	399	24,997	393,777	881,602
Disposals	-	-	(57,881)	(775)	(1,006)	(7,455)	-	(67,117)
Reclassification	-	2,460,009	34,229	4,600	-	12,351	(2,469,364)	41,825
Balance at December 31, 2022	\$ 4,790,091	4,366,993	1,947,764	50,073	109,542	226,057	3,674	11,494,194
Depreciation:								
Balance at January 1, 2023	\$ -	822,819	1,635,769	26,704	105,202	169,199	-	2,759,693
Depreciation	-	195,824	103,172	6,035	2,049	14,453	-	321,533
Disposals	-	(476)	(20,825)	-	(2,172)	(4,700)	-	(28,173)
Reclassification	-	(123,283)	-	-	-	-	-	(123,283)
Balance at December 31, 2023	\$ -	894,884	1,718,116	32,739	105,079	178,952	-	2,929,770
Balance at January 1, 2022	\$ -	686,279	1,557,367	20,155	103,296	165,607	-	2,532,704
Depreciation	-	136,540	136,050	7,210	2,912	10,201	-	292,913
Disposals	-	-	(57,648)	(661)	(1,006)	(6,609)	-	(65,924)
Balance at December 31, 2022	\$ -	822,819	1,635,769	26,704	105,202	169,199	-	2,759,693
Carrying amounts:								
Balance at December 31, 2023	\$ 4,141,770	3,248,218	293,835	17,334	8,167	52,387	248	7,761,959
Balance at December 31, 2022	\$ 4,790,091	3,544,174	311,995	23,369	4,340	56,858	3,674	8,734,501

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

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

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

(g) Right-of-use assets

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

	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Miscellaneous equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2023	\$ 32,951	46,011	7,747	1,250	87,959
Additions	1,629	7,494	-	-	9,123
Disposals	(9,214)	(9,367)	(2,883)	-	(21,464)
Balance at December 31, 2023	<u>\$ 25,366</u>	<u>44,138</u>	<u>4,864</u>	<u>1,250</u>	<u>75,618</u>
Balance at January 1, 2022	\$ 42,874	41,485	2,883	1,250	88,492
Additions	8,520	14,187	4,864	-	27,571
Disposals	(18,443)	(9,661)	-	-	(28,104)
Balance at December 31, 2022	<u>\$ 32,951</u>	<u>46,011</u>	<u>7,747</u>	<u>1,250</u>	<u>87,959</u>
Accumulated depreciation:					
Balance at January 1, 2023	\$ 22,538	22,765	2,464	909	48,676
Depreciation	6,631	14,662	2,174	227	23,694
Disposals	(9,213)	(9,367)	(2,813)	-	(21,393)
Balance at December 31, 2023	<u>\$ 19,956</u>	<u>28,060</u>	<u>1,825</u>	<u>1,136</u>	<u>50,977</u>
Balance at January 1, 2022	\$ 24,776	18,351	1,249	682	45,058
Depreciation	15,667	14,075	1,215	227	31,184
Disposals	(17,905)	(9,661)	-	-	(27,566)
Balance at December 31, 2022	<u>\$ 22,538</u>	<u>22,765</u>	<u>2,464</u>	<u>909</u>	<u>48,676</u>
Carrying amount:					
Balance at December 31, 2023	<u>\$ 5,410</u>	<u>16,078</u>	<u>3,039</u>	<u>114</u>	<u>24,641</u>
Balance at December 31, 2022	<u>\$ 10,413</u>	<u>23,246</u>	<u>5,283</u>	<u>341</u>	<u>39,283</u>

(h) Investment property

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

The details of the changes were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at January 1, 2023	\$ -	-	-
Reclassification from property, plant and equipment	627,050	211,042	838,092
Balance at December 31, 2023	<u>\$ 627,050</u>	<u>211,042</u>	<u>838,092</u>
Depreciation:			
Balance at January 1, 2023	\$ -	-	-
Depreciation	-	3,669	3,669
Reclassification from property, plant and equipment	-	96,643	96,643
Balance at December 31, 2023	<u>\$ -</u>	<u>100,312</u>	<u>100,312</u>
Carrying amounts:			
December 31, 2023	<u>\$ 627,050</u>	<u>110,730</u>	<u>737,780</u>
Fair value:			
December 31, 2023			<u>\$ 1,361,108</u>

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Eclat Textile Co., Ltd.
Notes to the Financial Statements

The fair value of investment properties was based on a valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being valued. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3: The input parameters used to measure fair value are not information available from active markets.

None of the investment property of the Company was pledged or mortgaged as collateral for loans as of December 31, 2023.

(i) Other current or non-current assets

Current:

	December 31, 2023	December 31, 2022
Tax refund receivables	\$ 40,402	43,212
Payment in advance	49,176	36,693
Prepaid expense	24,167	20,235
Other prepaid	5,365	5,973
Temporary payments	4,215	17,051
Office supplies	2,442	2,539
Other financial assets-term deposits	4,500,000	3,000,000
Prepaid value-added tax	40,651	41,106
	<u>\$ 4,666,418</u>	<u>3,166,809</u>

Non-current:

	December 31, 2023	December 31, 2022
Prepayments for equipment	\$ 110,425	69,681
Refundable deposits	1,297	2,939
	<u>\$ 111,722</u>	<u>72,620</u>

(j) Lease liabilities

The Company's lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	<u>\$ 12,497</u>	<u>19,236</u>
Non-current	<u>\$ 10,467</u>	<u>18,186</u>

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

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

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

	For the years ended December 31	
	2023	2022
Interest on lease liabilities	\$ <u>349</u>	<u>369</u>
Expenses relating to short-term leases	\$ <u>5,270</u>	<u>9,665</u>

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

	For the years ended December 31	
	2023	2022
Total cash outflow for leases	\$ <u>29,471</u>	<u>32,631</u>

1. Real estate leases

The Company leases buildings for its office space and dormitory, leases period are 2 to 5 years.

2. Other leases

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

The Company also leases miscellaneous equipment that leases period are 1 to 10 years, these leases are short-term or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(k) Operating Leases

The Company leases out its investment property. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(h) that sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date were as follows:

	December 31, 2023
Less than one year	\$ 27,000
Between one and two years	27,000
Between two and three years	26,473
Between three and four years	21,679
Between four and five years	7,040
Total undiscounted lease payments	\$ <u>109,192</u>

Rental income from investment properties was \$19,960 thousand in 2023.

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Eclat Textile Co., Ltd.
Notes to the Financial Statements

(1) Employee benefits

(i) Defined benefit plans

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

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	\$ 206,984	209,355
Fair value of plan assets	(324,050)	(321,424)
Net defined benefit liabilities (assets)	<u>\$ (117,066)</u>	<u>(112,069)</u>

The Company's employee benefit liabilities were as follows:

	December 31, 2023	December 31, 2022
Compensated absences liability	<u>\$ 44,429</u>	<u>52,105</u>

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

1) Composition of plan assets

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

As of December 31, 2023, the Company's pension fund with Bank of Taiwan amounted to \$324,050 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	
	2023	2022
Defined benefit obligation at January 1	\$ 209,355	231,815
Current service cost and interest	4,211	2,174
Remeasurement of the net defined benefit liabilities (assets)		
— Actuarial losses (gains) of experience adjustments	(1,867)	3,798
— Actuarial losses (gains) of financial assumptions change	2,166	(22,978)
Benefits paid	<u>(6,881)</u>	<u>(5,454)</u>
Defined benefit obligation at December 31	<u>\$ 206,984</u>	<u>209,355</u>

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

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

	For the years ended December 31,	
	2023	2022
Fair value of plan assets at January 1	\$ 321,424	299,285
Remeasurement of the net defined benefit liabilities (assets)		
— Return on plan assets (excluding current interest)	6,799	24,757
Appropriated amount to the plan	2,708	2,836
Benefits paid	(6,881)	(5,454)
Fair value of plan assets at December 31	<u><u>\$ 324,050</u></u>	<u><u>321,424</u></u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

	For the years ended December 31	
	2023	2022
Current service costs	\$ 718	780
Net interest of net defined benefit obligations	(1,986)	(430)
	<u><u>\$ (1,268)</u></u>	<u><u>350</u></u>

	For the years ended December 31	
	2023	2022
Operating costs	\$ (321)	81
Selling expenses	(452)	120
Administrative expenses	(495)	149
	<u><u>\$ (1,268)</u></u>	<u><u>350</u></u>

5) Remeasurements of the net defined benefit liabilities (assets) recognized in other comprehensive income

The Company's remeasurements of net defined benefit liabilities (assets) recognized in other comprehensive income were as follows:

	For the years ended December 31	
	2023	2022
Accumulated amount at January 1	\$ (2,057)	40,056
Recognized in current period	(1,021)	(42,113)
Accumulated amount at December 31	<u><u>\$ (3,078)</u></u>	<u><u>(2,057)</u></u>

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Eclat Textile Co., Ltd.
Notes to the Financial Statements

6) Actuarial assumptions

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

	December 31, 2023	December 31, 2022
Discount rate	1.625 %	1.750 %
Future salary increases rate	3.000 %	3.000 %

The Company is expected allocation payment of \$23,040 thousand to the defined plans for the one-year period after the reporting date of 2023.

The weighted average duration of the defined benefit obligation is 10.75 years.

7) Sensitivity analysis

As of December 31, 2023 and 2022, the effects of the present value of the defined benefit obligation arising from changes in principal actuarial assumptions were as follows:

	Effects on defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2023		
Discount rate	\$ (4,279)	4,420
(change 0.25%)		
Future salary increases rate	4,275	(4,153)
(change 0.25%)		
December 31, 2022		
Discount rate	\$ (4,648)	4,795
(change 0.25%)		
Future salary increases rate	4,630	(4,513)
(change 0.25%)		

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 liability (asset) at the balance sheet date.

There is no change in the methods and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(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.

The Company's pension costs under the defined contribution plan amounted to \$53,770 thousand and \$54,195 thousand in 2023 and 2022, respectively. Payments of contributions to the plan were made to the Bureau of the Labor Insurance.

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

(m) Income taxes

(i) Income tax expense

The details of the Company's income tax expense were as follows:

	For the years ended December 31	
	2023	2022
Current tax expense		
Current period	\$ 1,370,464	1,616,000
Adjustment for prior periods	89,380	72,878
	<u>1,459,844</u>	<u>1,688,878</u>
Deferred tax expense		
The occurrence and reversal of temporary differences	(24,804)	(5,355)
Income tax expense	<u><u>\$ 1,435,040</u></u>	<u><u>1,683,523</u></u>

The components of income tax recognized in other comprehensive income were as follows:

	For the years ended December 31	
	2023	2022
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	<u><u>\$ 3,916</u></u>	<u><u>113,327</u></u>

The income tax calculated on pre-tax financial income was reconciled to income tax expense for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31	
	2023	2022
Profit before income tax	<u><u>\$ 6,611,507</u></u>	<u><u>8,473,871</u></u>
Income tax using the individual Company's domestic tax rate	\$ 1,322,301	1,694,774
Income tax on return earnings from subsidiaries	108,511	-
The difference of tax assessment	(44,367)	(34,971)
The difference of estimated in prior periods	(45,013)	(37,907)
Undistributed earnings additional tax	95,684	59,668
Others	<u>(2,076)</u>	<u>1,959</u>
Income tax expense	<u><u>\$ 1,435,040</u></u>	<u><u>1,683,523</u></u>

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

(ii) Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2023 and 2022 were as follows:

Deferred tax assets:

Balance at January 1, 2023	\$ 22,566
Recognized in profit (loss)	<u>24,804</u>
Balance at December 31, 2023	<u><u>\$ 47,370</u></u>
Balance at January 1, 2022	\$ 123,632
Recognized in profit (loss)	5,355
Exchange differences on translation of foreign financial statements	<u>(106,421)</u>
Balance at December 31, 2022	<u><u>\$ 22,566</u></u>

Deferred tax liability:

Balance at January 1, 2023	\$ 6,906
Exchange differences on translation of foreign financial statements	<u>3,916</u>
Balance at December 31, 2023	<u><u>\$ 10,822</u></u>
Balance at January 1, 2022	\$ -
Exchange differences on translation of foreign financial statements	<u>6,906</u>
Balance at December 31, 2022	<u><u>\$ 6,906</u></u>

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

(n) Capital and other equity

(i) Common stock

As of December 31, 2023 and 2022, the Company's authorized share capital both amounted to \$3,000,000 thousand dollars, divided into 300,000 thousand shares of stock with \$10 par value per share. The total number of issued shares were 274,367 thousand shares.

(ii) Capital surplus

The components of capital surplus were as follows:

	December 31, 2023	December 31, 2022
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	<u>201,795</u>	<u>201,795</u>
	<u><u>\$ 3,769,547</u></u>	<u><u>3,769,547</u></u>

(Continued)

Eclat Textile Co., Ltd.
Notes to the 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.

(iii) Retained earnings

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

In accordance with the Article 240, paragraph 5 of the Company Act and the Company's articles 37-1, the Company authorizes the Board of Directors, with the presence of more than two-thirds of the directors and the approval of a majority of the directors, to distribute all or part of the dividends and bonuses payable by way of cash, and to report to the shareholders' meeting. For the issuance of new shares, the proposal should be resolved during the shareholders' meeting.

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

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

In accordance with the requirements issued by the FSC, a portion of current period earnings and undistributed prior period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

3) Earnings distribution

Earnings distributions for 2022 was proposed by the board of directors held on March 2, 2023 and earnings distributions for 2021 was approved by the annual general meeting of the shareholders held on June 14, 2022. The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31			
	2022		2021	
	per share (in dollars)	amount	per share (in dollars)	amount
Dividends distributed to ordinary shareholders:				
Cash dividends	\$ 17.00	<u>4,664,241</u>	12.00	<u>3,292,406</u>

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.

(iv) Other equity (net of income tax)

	Financial statements translation differences from foreign operations
Balance at January 1, 2023	\$ 23,864
Exchange differences on translation of foreign financial statements	15,665
Balance at December 31, 2023	<u>\$ 39,529</u>
Balance at January 1, 2022	\$ (429,447)
Exchange differences on translation of foreign financial statements	453,311
Balance at December 31, 2022	<u>\$ 23,864</u>

(o) Earnings per share

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

	For the years ended December 31	
	2023	2022
Basic earnings per share		
Profit attributable to ordinary shareholders	<u>\$ 5,176,467</u>	<u>6,790,348</u>
Weighted average number of ordinary shares outstanding (in thousands)	<u>274,367</u>	<u>274,367</u>
Basic earnings per share(in dollars)	<u>\$ 18.87</u>	<u>24.75</u>
Diluted earnings per share		
Profit attributable to ordinary shareholders	<u>\$ 5,176,467</u>	<u>6,790,348</u>
Weighted average number of ordinary shares outstanding (basic)(in thousands)	274,367	274,367
Effect on employee's profit-sharing bonus (in thousands)	16	20
Weighted average number of ordinary shares outstanding (diluted) (in thousands)	<u>274,383</u>	<u>274,387</u>
Diluted earnings per share (in dollars)	<u>\$ 18.87</u>	<u>24.75</u>

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

(p) Revenue from contracts with customers

	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Knitted fabrics	Clothing	Knitted fabrics	Clothing
Main market:				
Americas	\$ 985,414	13,453,117	1,128,966	17,296,359
Asia	9,061,918	1,801,261	12,098,491	2,227,033
Europe	45,043	3,522,006	22,183	4,733,545
the Middle East	1,179,276	95,241	1,292,175	138,231
ANZ	189	262,034	163	329,392
Africa	240,435	39,970	300,150	47,837
Others	-	-	14	-
	<u><u>\$ 11,512,275</u></u>	<u><u>19,173,629</u></u>	<u><u>14,842,142</u></u>	<u><u>24,772,397</u></u>
		For the year ended December 31, 2023		For the year ended December 31, 2022
Main product:				
Knitted fabrics	\$ 11,512,275		14,842,142	
Clothing	19,173,629		24,772,397	
	<u><u>\$ 30,685,904</u></u>		<u><u>39,614,539</u></u>	

(q) 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, 2023 and 2022, the estimated employee's profit sharing bonuses amounted to \$7,000 thousand and \$9,000 thousand for 2023 and 2022, 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, 2023 and 2022. 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.

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

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, 2022. The related information can be obtained from the Market Observation Post System website of the Taiwan Stock Exchange.

(r) Results from non-operating activities

(i) Interest income

The Company's interest income were as follows:

	For the years ended December 31	
	2023	2022
Interest income from bank deposits	\$ 85,642	26,541
Interest income from loans	32,760	-
	\$ 118,402	26,541

(ii) Other income

The Company's other income were as follows:

	For the years ended December 31	
	2023	2022
Rental income	\$ 24,523	14,360

(iii) Other gains and losses, net

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

	For the years ended December 31	
	2023	2022
Gain (loss) on transaction for property	\$ 10,161	(883)
Foreign exchange gain (loss)	52,423	784,083
Others	33,308	11,701
	\$ 95,892	794,901

(iv) Finance costs

The Company's finance costs were as follows:

	For the years ended December 31	
	2023	2022
Interest expense		
Bank borrowings	\$ 38	3,971
Lease liabilities	349	369
Accounts receivable factoring	-	2,470
	\$ 387	6,810

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

(s) 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 Company 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).

Other financial assets at amortized cost includes other receivables and term deposits.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 month expected credit losses.

As of December 31, 2022 and 2023, there were no other financial assets at amortized cost that required provision for impairment.

(ii) Liquidity risks

The followings were the contractual maturities of financial liabilities, including the impact of estimated interest.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>More than 5 years</u>
December 31, 2023						
Non-derivative financial liabilities						
Accounts and notes payable (related parties included)	\$ 1,802,649	1,802,649	1,802,649	-	-	-
Lease liabilities	<u>22,964</u>	<u>23,224</u>	<u>12,660</u>	<u>7,401</u>	<u>3,163</u>	<u>-</u>
	<u>\$ 1,825,613</u>	<u>1,825,873</u>	<u>1,815,309</u>	<u>7,401</u>	<u>3,163</u>	<u>-</u>
December 31, 2022						
Non-derivative financial liabilities						
Accounts and notes payable (related parties included)	\$ 1,801,657	1,801,657	1,801,657	-	-	-
Lease liabilities	<u>37,422</u>	<u>37,874</u>	<u>19,504</u>	<u>11,579</u>	<u>6,791</u>	<u>-</u>
	<u>\$ 1,839,079</u>	<u>1,839,531</u>	<u>1,821,161</u>	<u>11,579</u>	<u>6,791</u>	<u>-</u>

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

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Eclat Textile Co., Ltd.
Notes to the Financial Statements

(iii) Exchange rate risks

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risks were as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 217,644	30.705	6,682,759	165,651	30.710	5,087,142
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 43,234	30.705	1,327,500	48,809	30.710	1,498,924

2) Sensitivity analysis

The Company'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 and accounts payable. A 1% depreciation or appreciation of the NTD against the USD as of December 31, 2023 and 2022 would have increased or decreased the net income after tax by \$42,842 thousand and \$28,706 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 Company which was converted into functional currency (that was the Company'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			
	2023		2022	
	Exchange (loss) gain	Average rate	Exchange (loss) gain	Average rate
USD	\$ <u>52,423</u>	<u>31.155</u>	<u>784,083</u>	<u>29.798</u>

(iv) Interest rate analysis

The Company'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.

(v) Fair value

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

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Eclat Textile Co., Ltd.
Notes to the Financial Statements

(t) Financial risk management

i. Nature and extent

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

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

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

ii. Risk management framework

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

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

iii. Credit risk

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

1) Accounts receivable and other receivables

Every single client affects the credit risk exposure of the Company, 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.

To minimize the risk of accounts receivable, the Company established a risk management procedure relating to the financial condition of the client, credit risk rating, historical transactions inside the Company, and the current economic situation that may affect the clients' ability to pay up the bills. The Company also uses some credit improved tools such as prepayments and credit insurance in order to reduce specific client's credit risk.

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Eclat Textile Co., Ltd.
Notes to the Financial Statements

2) Financial investments

The credit risk exposure in the bank deposits, fix income investments and other financial instruments are measured and monitored by the Company's finance department. As the Company 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 Company does not have any compliance issues, and therefore, there is no significant credit risk.

3) Guarantee

The Company only provide guarantee to wholly owned subsidiaries. The Company did not provide guarantee to any third party as of December 31, 2023 and 2022.

iv. Liquidity risk

Liquidity risk is the risk that the Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation.

The Company 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 Company 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, 2023 and 2022 amounted to \$1,560,645 thousand and \$4,080,294 thousand, respectively.

v. Market risk

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

The Company 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 Company'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 Company, primarily the New Taiwan Dollars (NTD). The currencies used in these transactions are denominated in NTD and USD.

At any point of time, the Company'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 Company mainly hedges its currency risk using the foreign exchange contracts.

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Eclat Textile Co., Ltd.
Notes to the Financial Statements

2) Interest rate risk

All of the Company'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 Company's assets and liabilities are described in note of liquidity risk management.

(u) 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 Company focuses on ensuring necessary financial resources and increase stockholders' value, examining the capital return periodically. The Company's return on capital as of December 31, 2023 and 2022 were as follows:

	2023	2022
Net income	\$ <u><u>5,176,467</u></u>	<u><u>6,790,348</u></u>
Total capital	\$ <u><u>25,670,581</u></u>	<u><u>25,141,967</u></u>
Return on capital	<u><u>20.16 %</u></u>	<u><u>27.01 %</u></u>

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

(7) Related-party transactions

(a) Names and relationship of related parties

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

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Grand Elite Holdings Inc.(Grand Elite)	Subsidiaries
Eclat Cayman Islands Holdings (Eclat Cayman)	Subsidiaries
PT Eclat Textile International (Eclat Textile (ID))	Subsidiaries
Eclat Textile (Cambodia) Co., Ltd.(Eclat Textile (Cambodia))	Subsidiaries
Eclat Textile Co., Ltd. (Vietnam) (Eclat Textile (VN))	Subsidiaries
Eclat Fabrics (Vietnam) Co., Ltd.(Fabrics)	Subsidiaries
E-TOP (Vietnam) Co., Ltd.(E-TOP(VN))	Subsidiaries
Colltex Garment Mfy Co., Ltd. (Colltex)	Subsidiaries
Eclat Enterprise Ltd. (Eclat Enterprise)	Subsidiaries
Tai-Yuan Garments Co., Ltd. (Tai-Yuan(VN))	Subsidiaries
Yih Yuan Investment Corp.	The entity's chairman is the second degree kinship of the Company's chairman
Eclat Education Foundation(Eclat Foundation)	Founded by donation of the Company

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

(b) Material transactions among related parties

(i) Operating revenue

The Company's sales to related party were as follows:

	For the years ended December 31	
	2023	2022
Subsidiaries	<u>\$ 2,188</u>	<u>339</u>

Selling price and sales term to subsidiaries is the same as to general sales. The terms for receivables from subsidiaries were O/A 30 days.

(ii) Purchases and processing

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

	For the years ended December 31	
	2023	2022
Subsidiaries — Eclat Textile (VN)	\$ 1,256,114	1,731,131
Subsidiaries — Fabrics	2,469,481	2,022,671
Subsidiaries — Others	<u>2,604,817</u>	<u>2,987,769</u>
	<u>\$ 6,330,412</u>	<u>6,741,571</u>

Purchasing and processing price and payment term to subsidiaries and associates were the same as to general purchases and processes. The payment term to subsidiaries and associates were O/A 30 to 60 days.

(iii) Receivables from related parties

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

Account	Types of related parties	December 31, 2023	December 31, 2022
Accounts receivables	Subsidiaries	<u>\$ 777</u>	<u>281</u>

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

(iv) Payables to related parties

The Company's payables to related parties were as follows:

Account	Type of related parties	December 31, 2023	December 31, 2022
Accounts payable - related parties	Subsidiaries-Eclat Textile (VN)	\$ 92,719	114,139
Accounts payable - related parties	Subsidiaries-Fabrics	49,142	84,690
Accounts payable - related parties	Subsidiaries-Colltex	32,088	15,203
Accounts payable - related parties	Subsidiaries-E-TOP(VN)	41,570	56,820
Accounts payable - related parties	Subsidiaries-Eclat Textile (ID)	29,057	8,855
Accounts payable - related parties	Subsidiaries-others	42,021	31,393
		\$ 286,597	311,100

(v) Loans to Related Parties

The loans to related parties were as follows:

Account	Type of related parties	December 31, 2023	December 31, 2022
Other receivables due from related parties	Subsidiaries-Eclat Textile (ID)	\$ 736,920	-
Other receivables due from related parties	Subsidiaries-Fabrics	245,640	-
		\$ 982,560	-

The interest income from loans to related parties were as follows:

	For the years ended December 31	
	2023	2022
Subsidiaries — Eclat Textile (ID)	\$ 22,297	-
Subsidiaries — Others	10,463	-
	\$ 32,760	-

(Continued)

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Notes to the Financial Statements

The interest receivable due from loans to related parties were as follows:

<u>Account</u>	<u>Type of related parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other receivables due from related parties	Subsidiaries	\$ <u>11,726</u>	<u>-</u>

The interest charged by the Company to related parties is based on the average interest rate charged by financial institutions on the Company's borrowings. The loans to related parties are unsecured. There are no expected credit loss required after the management's assessment.

(vi) Leases

<u>Types of related parties</u>	<u>For the years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	\$ <u>300</u>	<u>300</u>

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

(vii) Others

<u>Types of related parties</u>	<u>Donations</u>	
	<u>For the years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Eclat Foundation	\$ <u>2,153</u>	<u>2,138</u>

(c) Key management personnel transactions

Key management personnel compensation comprised:

	<u>For the years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ <u>146,961</u>	<u>157,713</u>

Cars provided to key management personnel were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cost	\$ <u>30,894</u>	<u>30,934</u>
Quantities	<u>9</u>	<u>9</u>
Book value	\$ <u>13,496</u>	<u>17,755</u>

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

(8) Pledged assets

The Company's pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2023	December 31, 2022
Land	Long-term borrowing facilities	\$ -	<u>3,381,772</u>

(9) Commitments and contingencies

(i) The balances of unused letters of credit of the Company were as follows:

	December 31, 2023	December 31, 2022
Unused letters of credit	\$ <u>7,815</u>	<u>8,226</u>

(ii) Significant unrecognized commitments of the Company:

	December 31, 2023	December 31, 2022
Contract for building construction and machinery	\$ <u>65,232</u>	<u>109,181</u>

(iii) The balances of issued promissory notes of the Company were as follows

	December 31, 2023	December 31, 2022
Issued promissory notes	\$ <u>20,000</u>	<u>-</u>

(10) Losses due to major disasters : None.

(11) Subsequent events : None.

(12) Other :

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

By item	By function				For the year ended December 31, 2023				For the year ended December 31, 2022			
	Operating costs	Operating expenses	Non-Operating expenses	Total	Operating costs	Operating expenses	Non-Operating expenses	Total	Operating costs	Operating expenses	Non-Operating expenses	Total
Employee benefits												
Salary	476,931	1,345,134	-	1,822,065	483,325	1,501,865	-	1,985,190				
Labor and health insurance	40,388	103,249	-	143,637	38,171	103,197	-	141,368				
Pension	11,739	40,763	-	52,502	12,152	42,393	-	54,545				
Director's remuneration	-	7,551	-	7,551	-	7,685	-	7,685				
Others	12,157	45,215	-	57,372	19,747	54,697	-	74,444				
Depreciation	154,625	192,947	1,324	348,896	187,672	136,314	111	324,097				
Amortization	36	7,245	-	7,281	48	5,749	-	5,797				

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

The numbers of employees and employee benefits of the Company were as follows:

	For the years ended December 31	
	2023	2022
Number of employees	<u><u>1,805</u></u>	<u><u>1,856</u></u>
Number of directors who were not employees	<u><u>9</u></u>	<u><u>9</u></u>
The average employee benefit	<u><u>\$ 1,156</u></u>	<u><u>1,221</u></u>
The average salaries and wages	<u><u>\$ 1,015</u></u>	<u><u>1,075</u></u>
Percentage of average employee salary adjustment	<u><u>(5.58)%</u></u>	<u><u>14.10%</u></u>
Remuneration of supervisor	<u><u>\$ -</u></u>	<u><u>-</u></u>

The Company's salary and remuneration policy (including directors, supervisors, managers and employees) were as follows:

According to Article 25 of Incorporation, When the directors are performing duties, regardless of the operating loss or profit of the Company, the Company may pay remuneration for the performance of duties, and the remuneration is authorized to the Board of Directors make determination based on their participation level and value of contribution to the operation of the Company along with the consideration of the standard adopted in the same industry.

The Company has established the “Rules for Performance Evaluation of the Board of Directors and Functional Committee,” which forms basis for the evaluation of independent directors and inside directors. In addition to the consideration of the overall business performance, future operational risk and industry development trend, the individual performance achievement rate and contribution to the Company’s operational benefits etc. are also considered comprehensively, in order to provide reasonable remuneration. Furthermore, the remuneration evaluation system is also timely reviewed according to the actual operation status and relevant laws.

The president and vice presidents of the Company are responsible for the execution of the Company’s operation and management, and the salary structure refers to the base salary, allowance and business cars. The remuneration is determined according to the overall operational performance along with the consideration of the target achievement rate, profitability, operational benefits and level of contribution of each individual managerial officer along with the consideration of the standard adopted in the same industry, in order to provide reasonable remuneration. Furthermore, the remuneration evaluation system is also timely reviewed according to the actual operation status and relevant laws.

(Continued)

Eclat Textile Co., Ltd.

Notes to the Financial Statements

(13) Other disclosures

(a) Information on significant transactions

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” of the Company for the year ended December 31, 2023:

(i) Loans to other parties:

(Amounts Expressed in Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 4)	Ending balance (Note 1)	Actual usage amount during the period (Note 3)	Range of interest rates during the period rate	Purpose of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note)	Maximum limit of fund financing (Note)
													Item	Value		
0	The Company	Fabrics	Other receivables	Yes	648,500 (USD20,000)	614,100 (USD20,000)	245,640 (USD8,000)	5.82%-5.94%	2	-	Operating capital	-		-	2,567,058	5,134,116
0	The Company	Eclat Textile(ID)	Other receivables	Yes	972,750 (USD 30,000)	921,150 (USD 30,000)	736,920 (USD 24,000)	5.70%-5.92%	2	-	Operating capital	-		-	2,567,058	5,134,116

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

Note 1: Approved by BOD

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

Note 3: The rate as of December 31, 2023 was USD 1 to NTD 30.705.

Note 4: The highest balance of financing rate during the period was USD 1 to NTD 32.425.

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

(iii) The securities held as of December 31, 2023 (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:

(In thousands of NTD)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)	
			Purchases/ (sales)	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)
The Company	Eclat Textile (VN)	Indirectly held subsidiaries	processing	1,256,114	16.74 % (Note)	30 days	(Note 1)	(Note 1)	Accounts payable (92,719)	(5.14)%
Eclat Textile (VN)	The Company	Parent company	(sales)	(1,256,114)	(100.00)%	30 days	(Note 1)	(Note 1)	Accounts receivable 92,719	100.00 %
The Company	Fabrics	Indirectly held subsidiaries	purchasing	2,469,481	18.87 %	30 days	(Note 1)	(Note 1)	Accounts payable (49,142)	(2.73)%
Fabrics	The Company	Parent company	(sales)	(2,469,481)	(95.87)%	30 days	(Note 1)	(Note 1)	Accounts receivable 49,142	70.46 %
The Company	E-TOP (VN)	Indirectly held subsidiaries	processing	713,528	9.51 % (Note)	30 days	(Note 1)	(Note 1)	Accounts payable (41,570)	(2.31)%
E-TOP (VN)	The Company	Parent company	(sales)	(713,528)	(97.68)%	30 days	(Note 1)	(Note 1)	Accounts receivable 41,570	96.71 %

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)	
			Purchases/ (sales)	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ accounts receivable (payable)
The Company	Colltex	Indirectly held subsidiaries	processing	572,663	7.63 % (Note)	30 days	(Note 1)	(Note 1)	Accounts payable (32,088)	(1.78)%
Colltex	The Company	Parent company	(sales)	(572,663)	(96.86)%	30 days	(Note 1)	(Note 1)	Accounts receivable 32,088	100.00 %
The Company	Eclat Textile (Cambodia)	Indirectly held subsidiaries	processing	465,967	6.21 % (Note)	30 days	(Note 1)	(Note 1)	Accounts payable (26,780)	(1.49)%
Eclat Textile (Cambodia)	The Company	Parent company	(sales)	(465,967)	(100.00)%	30 days	(Note 1)	(Note 1)	Accounts receivable 26,780	100.00 %
The Company	Tai-Yuan (VN)	Indirectly held subsidiaries	processing	305,199	4.07 % (Note)	30 days	(Note 1)	(Note 1)	Accounts payable (15,241)	(0.85)%
Tai-Yuan (VN)	The Company	Parent company	(sales)	(305,199)	(100.00)%	30 days	(Note 1)	(Note 1)	Accounts receivable 15,241	100.00 %
The Company	Eclat Textile (ID)	Subsidiaries	processing	547,460	7.30 % (Note)	30 days	(Note 1)	(Note 1)	Accounts payable (29,057)	(1.61)%
Eclat Textile (ID)	The Company	Parent company	(sales)	(547,460)	(100.00)%	30 days	(Note 1)	(Note 1)	Accounts receivable 29,057	100.00 %

Note: Percentage on processing expense

Note 1: 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 (Note 1)	Turnover days	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Fabrics	Indirectly held subsidiaries	248,861 (USD 8,105)	(Note)	-	-	62,929 (USD 2,049)	-
The Company	Eclat textile(ID)	Subsidiaries	745,425 (USD 24,277)	(Note)	-	-	251,486 (USD 8,190)	-

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

Note 1: The rate as of December 31, 2023 was USD 1 to NTD 30.705.

(ix) Trading in derivative financial instruments: None.

(b) Information on investees:

The following were the information on investment for the year ended December 31, 2023 (excluding these in Mainland China):

(In thousands of NTD/USD)

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of the investee	Share of profits/losses of investee	Note
				December 31, 2023 (Note 1)	December 31, 2022 (Note 1)	Shares (thousands)	Percentage of ownership	Carrying value (Note)			
The Company	Grand Elite	British Virgin Islands	Investments in securities, real estate, and manufacturing industry	261,607 (USD 8,520)	261,607 (USD 8,520)	21	100.00 %	175,775	13,630	13,630	
The Company	Eclat Cayman	Cayman Islands	Investments in securities, real estate, and manufacturing industry	3,850,591 (USD 125,406)	3,850,591 (USD 125,406)	121,080	100.00 %	3,947,851	176,588	176,588	

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of the investee	Share of profits/losses of investee	Note
				December 31, 2023 (Note 1)	December 31, 2022 (Note 1)	Shares (thousands)	Percentage of ownership	Carrying value (Note)			
The Company	Eclat Textile (ID)	Indonesia	Design, manufacture, processing, sale of clothing, knit fabric mills, printing, dyeing and finishing mill	1,535,250 (USD 50,000)	1,535,250 (USD 50,000)	5,000	100.00 %	1,089,558	(186,048)	(186,047)	(Note 2)
Grand Elite	Eclat Textile (Cambodia)	Cambodia	Design, manufacture, processing and sale of clothing	245,640 (USD 8,000)	245,640 (USD 8,000)	8,000	100.00 %	158,193	13,455	13,455	
Eclat Cayman	Colltex	Vietnam	Design, manufacture, processing and sale of clothing	489,898 (USD 15,955)	489,898 (USD 15,955)	16,800	100.00 %	533,339	867	(614)	
Eclat Cayman	E-TOP(VN)	Vietnam	Design, manufacture, processing and sale of clothing	1,105,380 (USD 36,000)	1,105,380 (USD 36,000)	36,000	100.00 %	1,156,132	38,820	38,820	
Eclat Cayman	Eclat Enterprise	Cambodia	Investments in securities, real estate, and manufacturing industry	31 (USD 1)	31 (USD 1)	1	100.00 %	(2,148)	(2,397)	(2,397)	
Eclat Cayman	Eclat Textile (VN)	Vietnam	Design, manufacture, processing and sale of clothing	650,056 (USD 21,171)	650,056 (USD 21,171)	22,000	100.00 %	684,938	9,447	9,447	
Eclat Cayman	Fabrics	Vietnam	Knit fabric mills, printing, dyeing and finishing mill	1,228,200 (USD 40,000)	1,228,200 (USD 40,000)	40,000	100.00 %	1,602,498	114,307	105,050	
Eclat Cayman	Tai-Yuan(VN)	Vietnam	Design, manufacture, processing and sale of clothing	212,325 (USD 6,915)	212,325 (USD 6,915)	6,800	100.00 %	(51,242)	25,774	25,484	
Eclat Cayman	E&I Printing	Vietnam	Design, printing, dyeing and finishing mill	30,705 (USD 1,000)	30,705 (USD 1,000)	1,000	40.00 %	-	-	-	
Eclat Cayman	Eclat Textile (ID)	Indonesia	Design, manufacture, processing, sale of clothing, knit fabric mills, printing, dyeing and finishing mill	6 (USD 0.20)	6 (USD 0.20)	0.02	- %	4	(186,048)	(1)	(Note 2)

Note: Accumulated translation is included.

Note 1: The rate as of December 31, 2023 was USD 1 to NTD 30.705.

Note 2: 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:

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

Note: (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

(Continued)

Eclat Textile Co., Ltd.
Notes to the Financial Statements

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:

Please refer to the consolidated financial statements for the year ended December 31, 2023.

(Continued)

6.6 If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation : None.

VII. Review of Financial Position, Financial Performance, and Risk Assessment

7.1 Analysis of Financial Status:

Unit: NT\$ 1,000

Item \ Year	2022	2023	Variance	
			Amount	Percentage
Current assets	18,355,052	17,398,018	(957,034)	-5.21%
Property, plant and equipment	13,627,154	12,287,751	(1,339,403)	-9.83%
Intangible assets	19,472	25,128	5,656	29.05%
Other assets	1,361,845	2,121,838	759,993	55.81%
Total assets	33,363,523	31,832,735	(1,530,788)	-4.59%
Current liabilities	7,577,232	6,080,958	(1,496,274)	-19.75%
Long term liabilities	563,017	0	(563,017)	-100.00%
Other liabilities	81,307	81,196	(111)	-0.14%
Total liabilities	8,221,556	6,162,154	(2,059,402)	-25.05%
Share capital	2,743,671	2,743,671	0	0.00%
Capital surplus	3,769,547	3,769,547	0	0.00%
Retained earnings	18,604,885	19,117,834	512,949	2.76%
Translation adjustment and others	23,864	39,529	15,665	65.64%
Total equity	25,141,967	25,670,581	528,614	2.10%

Explanation of material variation:

For amount variance exceeding NT\$ 10,000 thousand and the percent variance exceeds 20%, the causes are analyzed as follows:

- (1) Other assets : The other assets have increased compared to the previous period, mainly due to the rental of offices and factories, so fixed assets are reclassified as investment properties.
- (2) Long-term liabilities: The main reason for the decrease in long-term liabilities is that the group has abundant funds and repaid long-term loans in advance.
- (3) Translation adjustment and others: The exchange rate fluctuation significantly increased the exchange difference calculated on the foreign operating institution's financial statements.

7.2 Analysis of Financial Performance

Unit: NT\$ 1,000

Item \ Year	2022	2023	Variance	Percent Variance
Operating revenue, net	39,736,173	30,790,462	(8,945,711)	-22.51%
Operating cost	28,670,846	21,111,381	(7,559,465)	-26.37%
Gross profit	11,065,327	9,679,081	(1,386,246)	-12.53%
Operating expenses	3,328,319	3,130,231	(198,088)	-5.95%
Operating profit	7,737,008	6,548,850	(1,188,158)	-15.36%
Non-operating income and expenses	803,393	126,748	(676,645)	-84.22%
Profit before tax from continuing operations	8,540,401	6,675,598	(1,864,803)	-21.84%
Income tax expense	1,750,053	1,499,131	(250,922)	-14.34%
Net income	6,790,348	5,176,467	(1,613,881)	-23.77%
Other comprehensive income (net, after tax)	494,594	16,388	(478,206)	-96.69%
Total comprehensive income	7,284,942	5,192,855	(2,092,087)	-28.72%

Explanation of material variation:

For amount variance exceeding NT\$ 10,000 thousand and the percent variance exceeds 20%, the causes are analyzed as follows:

- (1) Operating revenue and Operating cost : The main reason is the slowdown in demand in the ready-to-wear market, which led to a decrease in operating income and operating costs compared to the previous period.
- (2) Non-operating income and expense: The exchange (loss) gain difference of the two periods was mainly affected by the exchange rate fluctuation.
- (3) Other comprehensive income: Increase in other comprehensive income is mainly due to the exchange differences resulting from the translation of foreign operations.

7.3 Analysis of Cash Flow

7.3.1 Liquidity analysis for the last 2 years

Year Item	2022	2023	Percent Variance
Cash flow ratio	162.57	76.7	-52.82
Cash flow adequacy ratio	110.54	103.2	-6.64
Cash reinvestment ratio	26.87	0	-100.00

For the percent variance exceeds 20%, the causes are analyzed as follows:

- Cash flow ratio, Cash flow adequacy ratio and Cash reinvestment ratio decreased: The main reason is that the decrease in revenue and profit in this period has greatly reduced the cash flow from operating activities. In addition, due to market interest rate hikes, the cost of borrowing funds has increased. Instead of raising debts externally, funds are transferred within the group, and a large amount of loans are repaid, resulting in cash outflow from financing activities. Therefore, the cash level in this period is lower than in the previous period, resulting in a decrease in the cash flow ratio, the cash flow adequacy ratio, and the cash reinvestment ratio compared to the previous period

7.3.2 Cash liquidity analysis for the next year

Unit: NT\$ 1,000

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Cash Outflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
2,813,733	4,627,680	4,270,826	3,170,587	—	—

- (1) Operating activities: Based on the order acceptance status of the Company up to the printing date of the annual report and the expected operating status for the next year, it is expected that the Company's operation will continue to profit such that the net cash from operating activities is increased.
- (2) Investment activities: It is estimated that the disposal of own factory buildings will cash in NT\$80,000 thousand in 2024, and the purchase of production machines will cost NT\$83,586

thousand, estimating a net cash outflow of NT\$3,586 thousand from investment activities.

- (3) Financing activities: It is mainly estimated that the cash dividends will be distributed in 2024, with a cash outflow of NT\$3,703,956 thousand, long-term borrowings due for repayment of NT\$563,284 thousand, resulting in a net cash outflow from financing activities of NT\$4,267,240 thousand.

Expected cash deficiency amount remedies : None.

7.4 The Effect Upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year

Unit: NT\$/USD\$ 1,000

Plan items	Actual or expected source of fund	Actual or expected completion date	Fund needed Total	Actual or expected fund utilization status	
				Prior 2022	2023
Headquarters building - Construction	Working capital and bank borrowing	2022.09	2,911,238	2,678,343	232,895
PT Eclat Textile International investment	Working capital and bank borrowing	2022.10	3,130,516 (US101,938)	2,962,532 (USD96,468)	167,984 (USD5,470)

Note: USD exchange rate: 30.71.

Due to the continuous expansion of business scale of the Company, the office space becomes insufficient, and presently, the rented facilities and employee dormitories are spread out at various locations such the management thereof is difficult. Therefore, the Company has purchased land, as the base for the corporate headquarters. The corporate headquarter of the Company was officially in operation in September 2022.

For the purpose of diversifying the risk of over concentrated in Vietnam capacity and the order transferring effect from the trade war between the U.S and China, the Company plans to establish new factory in Indonesia. The Company expects to further fortify its overseas capability of manufacturing. The estimated investment amount is USD175 million. The investment project will be completed in three phases, starting from October 2019. The Indonesia garment plant phase 1 and phase 2 constructions were completed during December 2021 and October 2022 respectively and production has been implemented progressively. In the future, additional capital will be invested depending on the order status.

7.5 The Company's Reinvestment Policy for the Most Recent Fiscal Year, the Main Reasons for the Profits/Losses Generated Thereby, the Plan for Improving Re-Investment Profitability, and Investment Plans for the Coming Year

Unit: NT\$ /US\$1,000

Description Item	Investment Amount	Reinvestment policy	Profit or loss Main reasons	Improvement plan	Investment plan for next year
ECLAT CAYMAN ISLANDS HOLDINGS (CAYMAN)	3,851,218 (USD 125,406)	To expedite the global garment manufacturing planning, to seek production site with greater cost benefit, the Company actively expands the factory establishment in Vietnam, including the garment factories of Eclat Textile Co., Ltd(Vietnam), Colltex Garment Mfy Co., Ltd(Vn), E-Top (Vietnam) Co., Ltd, Tai-Yuan Garments Co., Ltd etc. and Eclat Fabrics Co., Ltd (Vietnam), in order to serve as garment and textile order production sites, thereby increasing product competitiveness.	In the first half of 2023, the garment factory benefited from the strong consumer power in the European and American markets after the COVID-19 epidemic, and the number of orders increased. However, in the second half of 2023, the market made inventory adjustments, and insufficient production caused its profits to decline. Despite this, it still achieved operating profit for the year.	-	-

Description Item	Investment Amount	Reinvestment policy	Profit or loss Main reasons	Improvement plan	Investment plan for next year
GRAND ELITE HOLDINGS INC.(GRAND ELITE)	261,649 (USD 8,520)	For the purpose of vertical integration of production capability and the increase of overseas garment production sites, the Company indirectly invests in Eclat Textile (Cambodia) Co., Ltd.	As the workers' skills and production efficiency have been stable at the Eclat Textile (Cambodia) Co., Ltd. the operation of the plant has been stable and profitable.	-	-
PT Eclat Textile International	1,535,500 (USD 50,000)	To diversify the concentration risk of production sites, the Company invested in garment plants in Indonesia to expand production scale, implement risk diversification, integrate the supply chains, and to enhance global strategy.	It was invested and established in 2019, and currently, it is still in the initial stage of operation. The recruitment and training of production personnel require a significant investment in cost, and the production output has not reached the expected value. Accordingly, the business has been operating at a loss.	The plant will continue to enhance its recruitment of workers and arrange training programs, in order to increase production efficiency and arrange customers to actively perform factory audits to increase sales orders. Through the aforementioned method, we expect to swiftly improve the operating loss at the beginning of the period.	The total investment plan is US\$175 million, the Company has invested USD \$50 million, and there are no plans to invest in 2024.

7.6 During the Most Recent Fiscal Year and As of The Date of Publication of The Annual Report, An Analysis and Assessment of Risk Factors.

1. The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

(1) Interest rates:

The working capital of the consolidated company mainly comes from the operating cash income and the amount gained from the bank loan. Assuming that the short-term and long-term outstanding loan balance was NT\$ 1.187 billion at the end of 2023, if the interest rate is increased or decreed by 1%, then under the condition where all other variables remain unchanged, it will cause an increase or decrease of interest expense at an amount of approximately NT\$ 11.867 million for the Company.

Future countermeasures:

In addition to the improvement in the product development, the consolidated company also executes business expansion and cost control in order to increase the profitability and the own fund such that the loan amount can be reduced and the interest expense be further decreased. Moreover, to reduce the risk of interest rate, the bank loan interest rate is evaluated regularly or irregularly. The company also actively negotiates with banks in order to obtain financing interest rate of greater discount; therefore, the interest rate fluctuations cannot cause major risk to the Company.

(2) Regarding the exchange rate fluctuation:

The main income and partial expense of the consolidated company is in USD; therefore, exchange rate fluctuation can still have impact on profit/loss in the foreign currency exchange transactions of the company. At the end of 2023, the USD net asset with exchange rate risk is NTD 137.023 million. If the exchange rate of NTD to USD depreciates or appreciates by 1%, under those conditions where all other factors remain unchanged, then it will cause an increase or decrease of net income after tax of the company by approximately NTD 33.658 million.

Future countermeasures:

The consolidated company will timely perform foreign exchange

accounts receivable factoring in order to reduce the foreign currency holding position, and will utilize foreign exchange forward as well as hedging process according to the market exchange rate fluctuation in order to reduce the loss caused by the exchange rate fluctuation.

(3) Regarding the inflation:

Up to the printing date of the annual report, the impact of inflation on the company is not significant. However, in view of the uncertainty of the global economic situation, the company cannot guarantee whether the future inflation or deflation can cause major changes, impact consumer confidence or reduce consumers' purchase intention, leading to major adverse impacts on the business operation result of the company.

2. The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

The Company does not engage in the investment action involving high risk or high leverage investments. The Company provides endorsements and guarantees to subsidiaries, and the purpose is mainly for the fund financing needs of each re-investment company in order to increase the flexibility in the utilization of the operating capital such that there is no significant risk on the Company.

3. Research and development work to be carried out in the future, and further expenditures expected for research and development work:

(1) Innovative textile development project

integrate aesthetics and functionality, focus on eco-friendliness of products, and research and develop high performance knitted elastic fabrics. By applying from raw material to production techniques and auxiliaries, we expect to achieve our goals with integrating industrial technologies or cross-industry alliance.

● Environmental protection

To implement the company's environmental policy of "Reduce our impact on the environment", during the production process, the company uses low-pollution or renewable objects or energies as much as possible in order to achieve continuous improvement through the

environmental management system. Each year, through the certifications of Bluesign® and ISO 14001, the company ensures the production factory site properly fulfills the responsibility on the environmental protection. In addition, Eclat Da-Yuan dye house has participated in the 2017 manufacturing industry energy management demonstrative guidance project of the Industrial Development Bureau, MOEA, in order to construct the ISO 50001 energy management system. In addition, the Company also successfully reduces the energy use through change of corporate energy strategy. The goal of 10% reduction of energy consumption by 2020 originally established had been achieved in 2016, and the total energy use reduction achieved 27.95%. In 2019, the Company continued to implement the plans of replacement of light fixtures and equipment update etc. in order to management the use of energy. In 2020, equipment for the wastewater treatment, the fixed smoke and waste gas treatment and the pad printing activated carbon filtering system, etc. were additionally installed in order to reduce the impacts of wastes on the environment.

● Comfort

Based on the main focus of lightweight, warm and comfort, the artificial fiber raw material processing technique is adopted to change the physical structure and to cope with the knitting weave change, in order to increase the moisture absorption rate of fabric, to reduce the moisture content of the fabric, and to increase the insulation continuity. With the combinational application of weave and yarn, fabric can be made to transfer sweat in one direction swiftly and to increase the fabric thickness while maintaining its light weight, thereby increasing the heat convection between the body heat and textile. Accordingly, greater natural elastic characteristics can be provided to cotton-feel material and change the skin-friendliness of functional fabric.

● Health

Further improvement of biomimetic fiber integrates the cotton-feel artificial fiber design and adopts the weaving design of inner and outer separate layers, and the purpose of such design is to provide different skin feeling in order to provide functional needs through weaving for sports activities. The functionality includes the regulation of apparent temperature and high air permeability.

● Appealing

Fashion design elements integrated with sports products will become the mainstream of the garment industry. The appearance demanded by sports brands will also become higher and broader. Design concepts will be obtained from the fashion clothing brands for application to functional clothing products. The double-side and single-side computer jacquard technique is utilized in conjunction with pattern design, yarn type and finishing process, the fabrics can be applied to more casual styles with different function attributes.

- Safety

Application of high visibility reflective material and printing technology. Through cross-sector collaboration and technology exchange, develop reflective textiles with higher visibility, such that products can be equipped with safety as well as the comfort and functionality of functional fabrics at the same time. With the pattern arrangement and layout, diverse variations of patterns can be presented, thereby integrating aesthetics and fashion elements with the safety protection function field of functional clothing.

(2) High performance textiles development project:

- a. For the development of high thermal insulation functional fabric, through the collaboration project with Industrial Technology Research Institute (ITRI), photothermal powders are injected into the fiber drawing process. The thermal insulators can absorb far/middle/near infrared and reflect heat. The third generation of photothermal powders is equipped with a faster temperature rising effect to increase the warming sensation with greater long-lasting insulation performance. To satisfy the demand and trend of lightweight products, the Company's development direction will head toward the one-side 3D pattern structure along with the reduction of the use ratio of elastic fibers in order to increase the heat storage space and shape-retaining capability of the structure.
- b. Jacquard-like fabric technology development; Products equipped with both fashion and recreation elements are being actively developed by all international major sports brands for the consumer market. The demand for freedom of changes in the appearance of the products is higher and broader. To increase the diversity of patterns and structure dimension on jacquard, front and back sides with different up and down patterns are provided

for visual play and unique hand-feel, allowing the brand designer to achieve greater amusement and technique on the design. The material structure includes single side and double side patterns. Various types of thickness are provided for different yarn specifications, such that the fabric is suitable for all seasons.

In 2024, the Company implements the functional fabric and garment development projects and it is expected to invest an amount of NT\$ 172 million in the budget for the product development and promotion.

4. Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

Impacts	(1) The contents of various free trade agreements on regional economy or bilateral relationship may have impacts on the export market competition, production site export tariff etc. of the company, such as FTA, AGOA. (2) The amendments on the laws related to human rights, basic wage, pollution control etc. made by the local government of the production site can impact production cost. (3) Changes on the imported textile quality certification standard in the export market can cause improvement of the processing raw materials and manufacturing technologies of manufacturers.
Countermeasures	(1) Regarding the information on the changes in domestic/foreign important policies and laws, the company has established a dedicated unit in charge of timely collect and summarizes responsive solutions in order to provide such solutions to the management level for decision-making. (2) All business units and production sites of the company comply with various regulations of local and external laws.

5. Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response:

Impacts	(1) In terms of the raw materials, changes in technologies can allow the terminal products to have broader applications. (2) In terms of the manufacturing, changes in technologies can improve textile manufacturing as well as dyeing equipment and technology such that the production capacity and energy saving of the company can be further improved. (3) Garment manufacturing has a high labor reliance percentage. The impact of technology change is mainly on the utilization of information equipment, as well as the management tools and technologies for enhancing the industrial engineering.
Countermeasures	(1) Engage in joint development of customized raw materials and equipment with raw material suppliers and manufacturing process equipment suppliers in order to control the manufacturing know-how. (2) Utilize information technology to continuously improve ERP system and to increase management performance.

6. Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:

Impacts	Since the establishment of the company, the company has valued integrity as the cornerstone with the commitment in providing services and products of excellent quality to customers in order to create the greatest value for customers, employees and shareholders. Up to the present day, the company has not faced any cooperate operational crisis caused by change of cooperate image.
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	The Company honorably receives the certification of “Sports Enterprise” issued by the Sports Administration, MOE, and one of the Top 300 enterprises in Asia by the Nikkei.
Countermeasures	(1) For any unjust and non-objective reports on the company reported by the media, the company will provide clarification immediately. If it is considered to be significant information, public announcement will be made according to the law immediately. (2) The company values the relationship with its customers, suppliers and investors. For the corporate governance, the company upholds the principle of transparent and open information in order to establish proper image of the company.

7. Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken:

Expected benefit	(1) Expand production scale, exploit the benefits of economies of scale. (2) Promptly establish own production capacity, actively seize market business opportunities.
Possible risk	(1) Whether the managing team, system and culture can swiftly accept and adapt to the merger. (2) Whether there is an error in the prior assessment due to insufficient information or experience. (3) Operation performance not reaching the expected level.
Countermeasures	(1) To allow the merger to achieve synergy, before the merger, the reserve management team shall establish the plan for system and culture incorporation in

	order to reduce the mutual fusion time. (2) Careful selection in subject matter for merger, actively consult professional institutions of accountants and attorneys etc. in order to prevent erroneous information or insufficient experience.
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8. Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:

Expected benefit	(1) Expand production scale to exploit the benefits of economies of scale. (2) Replacement of obsolete equipment in order to increase production performance.
Possible risk	(1) Whether financial planning is appropriate. (2) Operation performance not reaching the expected level.
Countermeasures	(1) Establish sufficient and proper financial planning in order to prevent impacts on the operating capital. (2) The three aspects of expansion of business, manufacturing of niche products, establishment of own production capacity shall cooperate with each other in order to achieve the operational growth target, strengthen the production technical team of the company and protect the manufacturing process technologies for niche products in order to maintain cooperate competitiveness.

9. Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

The product sales of the current session of the consolidated company are mainly centralized at the regions of America and Asia. The customers of the product sales are not overly centralized, and the sales amount of one single customer is not accounted for more than 10% of the consolidated revenue total amount of the company as much as possible. In addition, the purchase amount of the largest supplier of raw

yarn and garment fabric is not to be more than 10% of the total consolidated purchase amount of the company, as far as possible. During the material incoming, the company evaluates the supply quality, price of suppliers and also considers the market status in order to determine the incoming material suppliers. In view of the above, there are no possible risks for the company caused by overly centralized material incoming or product sales.

10. Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: Not applicable.
11. Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: Not applicable.
12. Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: Not applicable.
13. Other important risks, and mitigation measures being or to be taken: In order to elevate risk management of information security, the Company has "Program of Information Security Operation" based on the "Risk Management Regulation" by adopting PDCA (Plan-Do-Check-Act) measurements. Effectiveness and Feasibility are supervised under the "Information Security Checklist". For information on risk management countermeasures of cyber security, please refer to "5.6 Cyber Security Management" in V. Operational Highlights. Up to the printing date of the

annual report, no material cyber security events have occurred in the Company.

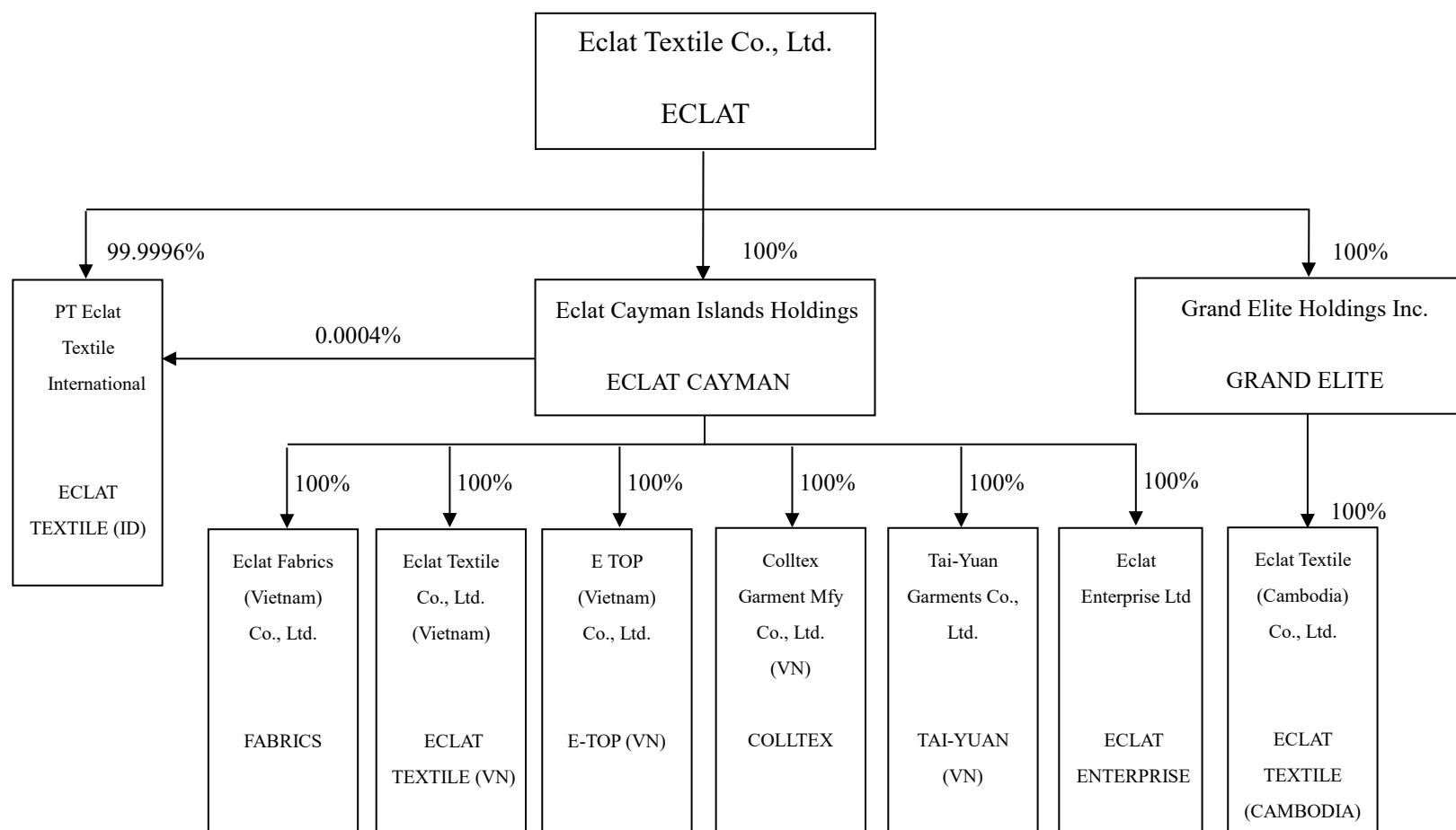
7.7 Other important matters: None.

VIII. Other Items Deserving Special Mention

8.1. Information Related to the Company's Affiliates

8.1.1. Consolidated Business Report of the Subsidiary

1.Subsidiary Chart :



2. Subsidiaries Profile:

Unit : USD\$1000

Company	Short Name	Date of Incorporation	Place of Registration	Paid-in Capital	Business Activities
Grand Elite Holdings Inc.	GRAND ELITE	1997.12.08	Palm Grove House, P.O. Box 438, Roadtown, Tortola British Virgin Islands	USD8,520	Investments in securities, real estate, and manufacturing industry.
Eclat Cayman Islands Holdings	ECLAT CAYMAN	1997.12.03	Po Box 613, 3 TH Floor, Harbour Centre, George Town, Grand Cayman, Cayman Islands	USD121,080	Investments in securities, real estate, and manufacturing industry.
Eclat Textile Co., Ltd. (Vietnam)	ECLAT TEXTILE (VN)	2006.02.15	Nhon Trach 2 IZ, Nhon Trach District, Dong Nai province, Vietnam	USD22,000	Design, manufacture, processing and sale of clothing.
Eclat Fabrics (Vietnam) Co., Ltd.	FABRICS	2007.11.29	My Xuan A2 Industrial Zone, My Xuan Ward, Phu My Town, Ba Ria Vung Tau Province, Vietnam	USD40,000	Knit fabrics mill, printing, dyeing and finishing mill.
Colltex Garment Mfy Co., Ltd. (VN)	COLLTEX	2010.11.29	Lot 28 Road No.7 Trang Bang Industrial Park An Tinh Village Trang Bang District Tay Ninh Province Vietnam	USD16,800	Design, manufacture, processing and sale of clothing.
E-TOP (Vietnam) Co., Ltd.	E-TOP (VN)	2010.10.20	Lot IX-1; IX-2; IX-3; IX-4, My Xuan B1 Tien Hung Industrial Zone, My Xuan Ward, Phu My Town, Ba Ria – Vung Tau Province, Vietnam	USD36,000	Design, manufacture, processing and sale of clothing.
Eclat Enterprise Ltd.	ECLAT ENTERPRISE	2012.03.12	PLOEUV LOUM CHOL WAT ANGTRAKET PHUM ANGTAKEAT, SANGKAT KANTOUK, KHAN PORSENCHHEY PHNOM PENH	USD1	Investments in securities, real estate, and manufacturing industry.
Eclat Textile (Cambodia) Co., Ltd.	ECLAT TEXTILE (CAMBODIA)	2012.09.05	PLOEUV LOUM CHOL WAT ANGTRAKET PHUM ANGTAKEAT, SANGKAT KANTOUK, KHAN PORSENCHHEY PHNOM PENH	USD8,000	Design, manufacture, processing and sale of clothing.
Tai-Yuan Garments Co., Ltd.	TAI-YUAN (VN)	2013.09.01	Lot LE11 and LE12, Xuyen A Industrial Park, My Hanh Bac Commune, Duc Hoa District, Long An Province	USD6,800	Design, manufacture, processing and sale of clothing.
PT Eclat Textile International	ECLAT TEXTILE (ID)	2019.12.20	KAWASAN EKONOMI KHUSUS KENDAL, Jl. SAPTARENGGA No. 11, Kel. Wonorejo, Kec. Kaliwungu, Kendal Regency, Central Java Province	USD50,000 (Note)	Design, manufacture, processing, sale of clothing, Knit fabrics mill, printing, dyeing and finishing mill.

The exchange rate as of December 31, 2023 was 30.705.

(Note) The Company and Eclat Cayman jointly invest in the PT Eclat Textile International with shares holding of 99.9996% and 0.0004%, respectively.

3. Shareholders and Its Subsidiaries with Deemed Control and Subordination: None.

4. Status of Business Allocation among Affiliated Company:

A. The Company indirectly invests in the following companies through Grand Elite Holdings Inc.:

* Eclat Textile (Cambodia) Co., Ltd.: Overseas production site for the garment orders of the Company.

B. The Company indirectly invests in the following companies through Eclat Cayman Islands Holdings:

* Eclat Textile Co., Ltd. (Vietnam), Colltex Garment Mfy Co., Ltd.(Vn), E-Top (Vietnam) Co., Ltd. and Tai-Yuan Garments Co., Ltd.: Overseas production sites for garment orders of the Company.

* Eclat Fabrics (Vietnam) Co., Ltd.: a dyeing and knitting factory in Vietnam that cooperates with the Vietnam garment factories in order to allow the company to become an all-in-one manufacturer with the vertical integration from the manufacturing processes of knitting, dyeing and garment production, such that a complete service can be offered to customers at once.

* Eclat Enterprise Ltd.: In charge of the assets management for the Company's investment in the region of Cambodia.

C. The Company and Eclat Cayman Islands Holdings have formed a joint venture in Indonesia as following:

* PT Eclat Textile International: PT Eclat Textile International is a vertical integration factory with functions of knitting, dyeing and finishing and garment manufacturing. The Company established the factory to diversify the risk of production base concentration and expand production scale to meet capacity requirement.

5. Information of Directors, Supervisors, and General Managers of the affiliates:

Unit : Share ; %

Company Name	Position (Note1)	Name / Representative	Shareholding (Note2) (Note3)	
			Share	Percentage
Grand Elite Holdings Inc.	Director	Hsien-Chin Tsai	-	-
	Director	Li-Chen Wang	-	-
	Director	Jen-Chieh Lo	-	-
Eclat Cayman Islands Holdings	Director	Hsien-Chin Tsai	-	-
	Director	Li-Chen Wang	-	-
	Director	Jen-Chieh Lo	-	-
PT Eclat Textile International	Director	Hsien-Chin Tsai	-	-
	Supervisor	Shu-Wen Wang	-	-
Eclat Textile Co., Ltd. (Vietnam)	Chairman	Cheng-Hai Hung	-	-
	Director	Kun-Tang Chen	-	-
	Director	Jen-Chieh Lo	-	-
	Director	Hsu, Heng-Wei	-	-
	Director	Shu-Wen Wang	-	--
Eclat Fabrics (Vietnam) Co., Ltd.	Chairman	Cheng-Hai Hung	-	-
	Director	Hsien-Chin Tsai	-	-
	Director	Kun-Tang Chen	-	-
	Director	Jen-Chieh Lo	-	-
	Director	Li-Chen Wang	-	-
	Director	Shu-Wen Wang	-	-
Colltex Garment Mfy Co., Ltd. (VN)	Chairman	Cheng-Hai Hung	-	-
	Director	Kun-Tang Chen	-	-
	Director	Jen-Chieh Lo	-	-

Company Name	Position (Note1)	Name / Representative	Shareholding (Note2) (Note3)	
			Share	Percentage
E-TOP (Vietnam) Co., Ltd.	Chairman	Cheng-Hai Hung	-	-
	Director	Kun-Tang Chen	-	-
	Director	Jen-Chieh Lo	-	-
Eclat Enterprise Ltd.	Chairman	Cheng-Hai Hung	-	-
	Director	Kun-Tang Chen	-	-
	Director	Jen-Chieh Lo	-	-
Eclat Textile (Cambodia) Co., Ltd.	Chairman	Cheng-Hai Hung	-	-
	Director	Kun-Tang Chen	-	-
	Director	Jen-Chieh Lo	-	-
Tai-Yuan Garments Co., Ltd.	Chairman	Cheng-Hai Hung	-	-
	Director	Kun-Tang Chen	-	-
	Director	Jen-Chieh Lo	-	-

Note 1: If an affiliate is a foreign company, equivalent job positions thereof are listed.

Note 2: If an investee is a corporate limited by shares, please indicate the number of shares and shareholding percentage. For others, please indicate the capital contribution amount and capital contribution percentage with notes.

Note 3: When a director or supervisor is a corporate, please further disclose relevant information of its representative.

6. Operational Highlights of Subsidiaries:

Unit : NT\$ 1,000, except EPS (NT\$)

Company	Capital Stock	Assets	Liabilities	Equity	Revenues	Operating Income	Net Income	EPS
Eclat Cayman Islands Holdings	3,717,761	3,952,003	0	3,952,003	0	-361	176,588	-
Grand Elite Holdings Inc.	261,607	175,775	0	175,775	0	-55	13,630	-
PT Eclat Textile International	1,535,250	2,873,069	1,783,507	1,089,562	543,903	-90,769	-186,048	-
Eclat Textile Co., Ltd. (Vietnam)	675,510	908,915	223,977	684,938	1,252,729	0	9,447	-
Eclat Fabrics (Vietnam) Co., Ltd.	1,228,200	1,989,922	387,424	1,602,498	2,575,760	154,957	114,307	-
Colltex Garment Mfy Co., Ltd.	515,844	588,255	54,916	533,339	591,253	3,107	867	-
E-Top (Vietnam) Co., Ltd.	1,105,380	1,251,357	95,225	1,156,132	730,438	33,245	38,820	-
Eclat Enterprise Ltd.	31	28,941	31,089	-2,148	2,056	1,480	-2,397	-
Eclat Textile (Cambodia) Co., Ltd.	245,640	306,290	148,097	158,193	465,105	37,914	13,455	-
Tai-Yuan Garments Co., Ltd.	208,794	184,162	235,404	-51,242	305,463	40,427	25,774	-

The exchange rate as of December 31, 2023 was 1: 30.705; the average exchange rate for 2023 was 1:31.155.

8.1.2. Consolidated Financial Statements of Subsidiaries and Affiliation Reports Representation Letter

Representation Letter

Our Company hereby declares that the companies required to be incorporated into the preparation of the consolidated financial statement of the affiliates according to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are identical to the companies required to be incorporated into the preparation of the consolidated financial statement of affiliates and parent company according to the “International Financial Reporting Standards 10 (IFRS 10)” approved by the Financial Supervisory Commission for the period from January 1, 2023 to December 31, 2023; in addition, relevant information required to be disclosed in the consolidated financial statement of the affiliates has been disclosed completely in the consolidated financial statement of affiliates and parent company. Accordingly, no separate consolidated financial statement of the affiliates is further provided.

Declared by

Company Name: Eclat Textile Co., Ltd.

Chairman: Cheng-Hai Hung

Date: February 29, 2024

8.1.3. Consolidated Financial Statements of Affiliates and Affiliation Reports Representation Letter: Not applicable.

8.2. Private Placement Securities in the Most Recent Fiscal Years or During the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

8.3. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or During the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

8.4. Other Matters that Require Additional Description: None.

8.5. Any Events During the Most Recent Fiscal Year or During the Current Fiscal Year Up to the Date of Publication of The Annual Report that Had Significant Impacts on Shareholders' Right or Security Prices: None.

Eclat Textile Co., Ltd.

Chairman : Cheng-Hai, Hung