

Stock Code: 1460

EVEREST TEXTILE CO., LTD.

Parent Company Only Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2023 and 2022

Address: No. 256, Minghe Vil., Shanshang Dist., Tainan City, Taiwan (R.O.C.)
Telephone: (06)578-2561

Notice to Reader

For the convenience of readers, this report has been translated into English from the original Chinese version. The English version has not been audited or reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

§TABLE OF CONTENTS§

Contents	Page	No. in Notes to the Financial Statements
I. Cover Page	1	-
II. Table of Contents	2	-
III. Independent Auditors' Report	3-6	-
IV. Parent Company Only Balance Sheets	7	-
V. Parent Company Only Statements of Comprehensive Income	8	-
VI. Parent Company Only Statements of Changes in Equity	9	-
VII. Parent Company Only Statements of Cash Flows	10	-
VIII. Notes to the Parent Company Only Financial Statements		
1. Company History	11	1
2. Date and Procedures of Approval of the Financial Statements	11	2
3. Application of New and Amended Standards and Interpretations	11-12	3
4. Summary of Significant Accounting Policies	12-22	4
5. Significant Accounting Judgments and Assumptions, and Key Sources of Estimation Uncertainty	23	5
6. Details of Significant Accounts	23-49	6-26
7. Related-Party Transactions	50-55	27
8. Assets Pledged as Security	55	28
9. Significant Contingent Liabilities and Unrecognized Contractual Commitments	55	29
10. Significant Disaster Loss	55	30
11. Significant Events After the Balance Sheet Date	-	-
12. Others	56	31
13. Supplemental Disclosures		
(1) Information on Significant Transactions	57, 59-63	32
(2) Information on Investees	57, 64	32
(3) Information on Investment in Mainland China	57-58, 62- 63, 65-66	32
(4) Information on Major Shareholders	58, 67	32
IX. Statements of Major Accounting Items	68-82	-

INDEPENDENT AUDITORS' REPORT

To: Everest Textile Co., Ltd.,

Audit Opinion

We have audited the parent company only balance sheets of Everest Textile Co., Ltd. (the “Company”) as of December 31, 2023 and 2022, the statements of comprehensive income for the years ended December 31, 2023 and 2022, statements of changes in equity, statements of cash flows for the years then ended, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other independent auditors (refer to the Other Matters section of our report), the accompanying parent company only 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 Auditing and Attestation of Financial Statements by Certified Public Accountants” and auditing standards generally accepted in the ROC. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the ROC, 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 for 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 parent company only financial statements of the Company for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the Company’s financial statements for the year ended December 31, 2023, are as follows:

Recognition of Sales of Goods

The Company is mainly engaged in the manufacturing and sales of various textiles such as chemical fibers, cotton and blended fabrics. The sales revenue of filament fabric of the Company has a

significant impact on the overall operating income and profit of the Company, and therefore we have identified the authenticity of the sales revenue of filament fabric from specific customers of the Company as a key audit matter.

With respect to the key audit matter mentioned above, we performed the following audit procedures:

1. We reviewed the relevant internal control mechanism and operating procedures of the sales transaction cycle and designed the internal control audit procedures accordingly to assess the effectiveness of the internal control operations.
2. We conducted sample checking on the sales revenue of filament fabric from the Company's specific customers and checked the shipping documents, customs documents and payment documents in order to verify the recognition and payment status of its revenue as well as confirm the authenticity of the sales transactions.

Other Matters

For the parent company only financial reports of the Company for the fiscal years 2023 and 2022, some of the investments in subsidiaries accounted for using the equity method were audited by other auditors. Consequently, the opinion expressed by this auditor on the parent company only financial reports, regarding the aforementioned investment amounts accounted for using the equity method and their profits and losses, is based on the audit reports of the other auditors. As of December 31, 2023 and 2022, the amounts of the aforementioned investments accounted for using the equity method were NT\$981,366 thousand and NT\$955,681 thousand, respectively, representing 9% and 8% of total assets, respectively; The Company's share of comprehensive income accounted for using the equity method for the years ended December 31, 2023 and 2022, was a loss of NT\$131,929 thousand and a gain of NT\$89,422 thousand, respectively, representing 11% and 38% of the total comprehensive income, respectively.

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

Management is responsible for the preparation and fair presentation of the parent company only 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 the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing related matters, and using the going concern basis of accounting unless the 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 the Audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the ROC will always detect a material misstatement in the parent company only financial statements when it exists. Misstatements can arise from fraud or error. If it could have been reasonably anticipated that misstated amounts, individually or in aggregate, could have influenced the economic decisions made by the users of the Parent Company Only Financial Statements, it will be deemed as material.

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

1. Identify and assess the risks of material misstatement of the parent company only 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; and obtain sufficient and appropriate evidence as the basis for audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including relevant notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or businesses within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the group audit, and we are also responsible for forming the audit opinion of the Company.

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 the governing body with a statement that the personnel of the firm to which the auditor belongs have complied with the independence requirements of the code of professional ethics for accountants, and communicates with the governing body all relationships and other matters that may reasonably be thought to bear on the auditor's independence (including related safeguards).

From the matters communicated with those charged with governance, we determined key audit matters of the parent company only financial statements of the Company for the year ended December 31, 2023. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

The engagement partners on the audits resulting in this independent auditors' report are Hung Ju Liao and Li-Yuan Guo.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 6, 2024

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EVEREST TEXTILE CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2023 and 2022

Unit: NT\$ Thousands

Code	Assets	December 31, 2023		December 31, 2022		Code	Liabilities and Equity	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
	Current Assets					2120	Financial liabilities at fair value through profit or loss – current (Note 4 and 7)	71	-	-	-
1100	Cash (Note 4 and 6)	\$ 112,027	1	\$ 131,488	1	2150	Notes payable (Note 17)	29,963	-	19,621	-
1110	Financial assets at fair value through profit or loss – current (Note 4 and 7)	2,468	-	-	-	2160	Notes payable from related parties (Note 17 and 27)	42,260	1	17,048	-
1150	Notes receivable (Note 4, 10 and 21)	10,994	-	50,585	1	2170	Trade payables (Note 17)	225,435	2	232,181	2
1160	Net amount of notes receivable from related parties (Note 4, 10, 21 and 27)	684	-	-	-	2180	Trade payables to related parties (Note 17 and 27)	132,977	1	139,432	1
1170	Trade receivables (Note 4, 10 and 21)	290,577	3	549,850	5	2219	Other payables (Note 18)	303,730	3	273,397	3
1180	Trade receivables (Note 4, 10, 21 and 27)	157,464	2	135,098	1	2220	Other payables to related parties (Note 27)	3,752	-	52	-
1200	Other receivables (Note 4)	26,188	-	445,078	4	2250	Refund Liabilities – Current	7,154	-	7,154	-
1210	Other receivables from related parties (Note 4 and 27)	642,410	6	25,685	-	2280	Lease liabilities – current (Note 4 and 14)	9,114	-	33,428	-
1220	Current Income Tax Assets (Note 23)	1,975	-	1,868	-	2322	Long-term borrowings due within 1 year (Note 16, 27 and 28)	140,000	2	490,000	5
130X	Inventories (Note 4 and 11)	3,327,820	32	3,867,631	34	2399	Other current liabilities (Note 18 and 21)	14,409	-	6,888	-
1470	Other current assets (Note 15)	46,430	-	73,133	1	21XX	Total Current Liabilities	4,063,202	39	3,458,658	31
11XX	Total Current Assets	4,619,037	44	5,280,416	47		Non-Current Liabilities				
	Non-Current Assets					2540	Long-term borrowings (Note 16, 27 and 28)	400,000	4	617,500	5
1517	Financial assets at fair value through other comprehensive income – non-current (Note 4 and 8)	5,494	-	5,267	-	2570	Deferred income tax liabilities (Note 4 and 23)	179,276	1	169,777	2
1550	Investments accounted for using equity method (Note 4 and 12)	3,124,115	30	3,241,851	28	2580	Lease liabilities – non-current (Note 4 and 14)	3,197	-	8,917	-
1600	Property, plant and equipment (Note 4, 13, 27 and 28)	2,539,685	24	2,603,911	23	2630	Long-term deferred revenue (Note 4)	5,625	-	-	-
1755	Right-of-use assets (Note 4 and 14)	12,590	-	42,104	-	2640	Net defined benefit liabilities – non-current (Note 4 and 19)	-	-	42,937	-
1840	Deferred income tax assets (Note 4 and 23)	93,214	1	91,178	1	2645	Guarantee deposits	770	-	721	-
1975	Net defined benefit assets – non-current (Note 4 and 19)	5,381	-	-	-	25XX	Total Non-Current Liabilities	588,868	5	839,852	7
1990	Other non-current assets (Note 9, 15 and 28)	120,358	1	88,490	1	2XXX	Total Liabilities	4,652,070	44	4,298,510	38
15XX	Total Non-Current Assets	5,900,837	56	6,072,801	53		Equity (Note 20)				
1XXX	Total Assets	\$ 10,519,874	100	\$ 11,353,217	100	3110	Share capital				
						3110	Ordinary shares	6,946,434	66	6,946,434	61
						3200	Capital Surplus	115,943	1	115,943	1
							Retained Earnings				
						3310	Legal Reserve	198,758	2	192,358	2
						3320	Special Reserve	305,704	3	248,096	2
						3350	Undistributed Earnings (Deficits to Be Compensated)	(1,173,977)	(11)	64,008	1
						3300	Net amount of retained earnings (accumulated deficit)	(669,515)	(6)	504,462	5
						3400	Other Equity Interest	(192,222)	(2)	(179,296)	(2)
						3500	Treasury Shares (Note 4)	(332,836)	(3)	(332,836)	(3)
						31XX	Total Equity	5,867,804	56	7,054,707	62
							Total Liabilities and Equity	\$ 10,519,874	100	\$ 11,353,217	100

The accompanying notes are an integral part of the consolidated financial statements.
(Refer to Deloitte & Touche auditors' report dated March 6, 2024)

Chairman: Johnny Hih

Manager: Wen Kuei Hsiang

Accounting Executive: Mei Hsiu Huang

EVEREST TEXTILE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2023 and 2022

Unit: NT\$ Thousands (NT\$ for earnings (net loss) per share)

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating Revenue (Note 4, 21 and 27)	\$ 5,196,838	100	\$ 6,869,836	100
5000	Operating Costs (Note 11, 19, 22 and 27)	<u>5,212,875</u>	<u>100</u>	<u>5,858,983</u>	<u>85</u>
5900	Operating Gross Profit (Loss)	(16,037)	-	1,010,853	15
5910	Unrealized Gains with Subsidiaries	(4,817)	-	(16,022)	-
5920	Realized Gains with Subsidiaries	<u>16,022</u>	<u>-</u>	<u>4,370</u>	<u>-</u>
5950	Realized Operating Gross Profit (Loss)	(<u>4,832</u>)	<u>-</u>	<u>999,201</u>	<u>15</u>
	Operating Expenses (Note 19, 22 and 27)				
6100	Selling and Marketing Expenses	372,492	7	593,026	9
6200	Administrative Expenses	234,903	5	226,400	3
6300	Research and Development Expenses	<u>176,690</u>	<u>3</u>	<u>189,063</u>	<u>3</u>
6000	Total Operating Expenses	<u>784,085</u>	<u>15</u>	<u>1,008,489</u>	<u>15</u>
6500	Other Non-Operating Income and Expenses (Note 22 and 27)	<u>7,749</u>	<u>-</u>	<u>5,245</u>	<u>-</u>
6900	Net Operating Profit (Loss)	(<u>781,168</u>)	(<u>15</u>)	(<u>4,043</u>)	<u>-</u>
	Non-Operating Revenue and Expenses (Note 4, 7, 11, 22 and 27)				
7100	Interest Income	7,398	-	498	-
7010	Other Income	57,178	1	43,792	1
7020	Other Gains and Losses	(16,808)	-	36,382	-
7510	Interest Expenses	(61,323)	(1)	(39,104)	(1)
7070	Share of profit or loss of subsidiaries under equity method	(<u>417,247</u>)	(<u>8</u>)	(<u>12,519</u>)	<u>-</u>
7000	Total non-operating income and expenses	(<u>430,802</u>)	(<u>8</u>)	<u>29,049</u>	<u>-</u>
7900	Net Profit (Loss) Before Income Tax	(\$ 1,211,970)	(23)	\$ 25,006	-
7950	Income Tax Expense (Note 4 and 23)	<u>-</u>	<u>-</u>	<u>3,162</u>	<u>-</u>
8200	Net Profit (Loss) for the Year	(<u>1,211,970</u>)	(<u>23</u>)	<u>21,844</u>	<u>-</u>
	Other Comprehensive Income				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Re-measurement on defined benefit plans (Note 19)	47,492	1	35,327	-
8316	Unrealized valuation gain or loss on investments in equity instruments at fair value through other comprehensive income	227	-	4,598	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 23)	(<u>9,499</u>)	(<u>1</u>)	(<u>7,065</u>)	<u>-</u>
		<u>38,220</u>	<u>-</u>	<u>32,860</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	(<u>13,153</u>)	<u>-</u>	<u>183,159</u>	<u>3</u>
8300	Other comprehensive income(net amount after tax) for the year	<u>25,067</u>	<u>-</u>	<u>216,019</u>	<u>3</u>
8500	Total Comprehensive Income for the Year	(<u>\$ 1,186,903</u>)	(<u>23</u>)	<u>\$ 237,863</u>	<u>3</u>
	Earnings (Net Loss) per Share (Note 24)				
9710	Basic	(\$ 1.80)		\$ 0.03	
9810	Diluted	(1.80)		0.03	

The accompanying notes are an integral part of the consolidated financial statements.

(Refer to Deloitte & Touche auditors' report dated March 6, 2024)

Chairman: Johnny Hih

Manager: Wen Kuei Hsiang

Accounting Executive: Mei Hsiu Huang

EVEREST TEXTILE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2023 and 2022

Unit: NT\$ Thousands

Code		Retained Earnings (Accumulated Deficit)				Other Equity Items			Treasury Shares	Total Equity	
		Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Undistributed Earnings (Deficits to Be Compensated)	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income			Total
A1	Balance on January 1, 2022	\$ 6,946,434	\$ 115,943	\$ 174,022	\$ 83,073	\$ 183,359	(\$ 366,427)	\$ 13,276	(\$ 353,151)	(\$ 332,836)	\$ 6,816,844
	Distribution of 2021 Earnings (Note 20)										
B1	Legal Reserve	-	-	18,336	-	(18,336)	-	-	-	-	-
B3	Special Reserve	-	-	-	165,023	(165,023)	-	-	-	-	-
D1	Net Profit for The Year Ended December 31, 2022	-	-	-	-	21,844	-	-	-	-	21,844
D3	Other Comprehensive Income After Tax for the Year Ended December 31, 2022	-	-	-	-	28,262	183,159	4,598	187,757	-	216,019
D5	Total Comprehensive Income for the Year Ended December 31, 2022	-	-	-	-	50,106	183,159	4,598	187,757	-	237,863
Q1	Disposal of Equity Instruments at Fair Value Through Other Comprehensive Income	-	-	-	-	13,902	-	(13,902)	(13,902)	-	-
Z1	Balance on December 31, 2022	6,946,434	115,943	192,358	248,096	64,008	(183,268)	3,972	(179,296)	(332,836)	7,054,707
	Distribution of 2022 Earnings (Note 20)										
B1	Legal Reserve	-	-	6,400	-	(6,400)	-	-	-	-	-
B3	Special Reserve	-	-	-	57,608	(57,608)	-	-	-	-	-
D1	Net Loss for the Year Ended December 31, 2023	-	-	-	-	(1,211,970)	-	-	-	-	(1,211,970)
D3	Other Comprehensive Income After Tax for the year ended December 31, 2023	-	-	-	-	37,993	(13,153)	227	(12,926)	-	25,067
D5	Total Comprehensive Income for the Year Ended December 31, 2023	-	-	-	-	(1,173,977)	(13,153)	227	(12,926)	-	(1,186,903)
Z1	Balance on December 31, 2023	\$ 6,946,434	\$ 115,943	\$ 198,758	\$ 305,704	(\$ 1,173,977)	(\$ 196,421)	\$ 4,199	(\$ 192,222)	(\$ 332,836)	\$ 5,867,804

The accompanying notes are an integral part of the consolidated financial statements.

(Refer to Deloitte & Touche auditors' report dated March 6, 2024)

Chairman: Johnny Hih

Manager: Wen Kuei Hsiang

Accounting Executive: Mei Hsiu Huang

EVEREST TEXTILE CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2023 and 2022

Unit: NT\$ Thousands

Code		2023	2022
	Cash Flows from Operating Activities		
A10000	Net Profit (Loss) Before Tax for the Year	(\$ 1,211,970)	\$ 25,006
	Income and Expense Items		
A20100	Depreciation expenses	322,106	320,955
A20900	Interest expenses	61,323	39,104
A21200	Interest income	(7,398)	(498)
A21300	Dividend income	(791)	(1)
A23700	Loss for market price decline and obsolete and slow-moving inventories	58,081	-
A29900	Fire damage	-	430,808
A22400	Share of profit or loss of subsidiaries under equity method	417,247	12,519
A22500	Gains on disposal of property, plant and equipment	(7,749)	(5,245)
A23900	Unrealized gains with subsidiaries	4,817	16,022
A24000	Realized gains with subsidiaries	(16,022)	(4,370)
A29900	Losses (gains) from the early termination of lease liabilities	(6)	7
A30000	Net Changes in Operating Assets and Liabilities		
A31130	Notes receivable	38,907	520
A31150	Trade receivables	259,273	279,611
A31160	Trade receivables from related parties	(22,366)	(35,989)
A31180	Other receivables	418,890	(404,472)
A31190	Other receivables from related parties	13,903	(3,893)
A31200	Inventories	481,730	(468,058)
A31240	Other current assets	26,703	(38,459)
A31990	Financial assets at fair value through profit or loss	(2,468)	-
A32125	Contract liabilities	(157)	(384)
A32130	Notes payable	10,342	(60,369)
A32140	Notes payable to related parties	25,212	(2,289)
A32150	Trade payables	(6,746)	(171,053)
A32160	Trade payables to related parties	(6,455)	(120,722)
A32180	Other payables	21,393	(40,564)
A32190	Other payables to related parties	3,700	(330)
A32230	Other current liabilities	7,678	(152)
A32240	Net defined benefit liabilities – non-current	(826)	1,645
A32250	Financial liabilities at fair value through profit or loss	71	-
A32990	Long-term deferred revenue	5,625	-
A33000	Cash Generated from (Used in) Operations	894,047	(230,651)
A33100	Interest Received	7,398	498
A33300	Interest Paid	(\$ 61,451)	(\$ 39,955)
A33500	Income Tax Paid	(2,143)	(4,324)
AAAA	Net Cash Inflows (Outflows) from Operating Activities	<u>837,851</u>	<u>(274,432)</u>
	Cash Flows from Investing Activities		
B00040	Acquisition of financial assets at amortized cost	-	(100)
B00020	Disposal of financial assets at fair value through other comprehensive income	-	84,305
B02700	Acquisition of property, plant and equipment	(248,573)	(335,049)
B02800	Proceeds from disposal of property, plant and equipment	95	-
B03700	Increase in refundable deposits	(407)	(899)
B03800	Decrease in refundable deposits	991	1,217
B04300	Increase of other receivables from related parties	(880,005)	-
B04400	Decrease of other receivables from related parties	249,377	-
B07600	Dividends received	791	1
BBBB	Net Cash Outflows from Investing Activities	<u>(877,731)</u>	<u>(250,525)</u>
	Cash Flows from Financing Activities		
C00100	Increase in short-term borrowings	9,760,585	7,736,597
C00200	Decrease in short-term borrowings	(9,325,585)	(7,046,004)
C00500	Increase in short-term notes and bills payable	14,633,624	12,799,727
C00600	Decrease in short-term notes and bills payable	(14,153,744)	(12,830,055)
C01600	Proceeds from long-term borrowings	1,080,000	1,760,000
C01700	Repayments of long-term borrowings	(1,647,500)	(1,960,000)
C03000	Increase in guarantee deposits	49	-
C04020	Principal repayments of lease liabilities	(34,010)	(37,190)
C05400	Acquisition of subsidiary equity	(293,000)	-
CCCC	Net Cash Inflows from Financing Activities	<u>20,419</u>	<u>423,075</u>
EEEE	Net Decrease of Cash	(19,461)	(101,882)
E00100	Opening Cash Balance	<u>131,488</u>	<u>233,370</u>
E00200	Closing Cash Balance	<u>\$ 112,027</u>	<u>\$ 131,488</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Refer to Deloitte & Touche auditors' report dated March 6, 2024)

Chairman: Johnny Hih

Manager: Wen Kuei Hsiang

Accounting Executive: Mei Hsiu Huang

EVEREST TEXTILE CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022

(Unit: NT\$ Thousands, unless specified otherwise)

1. Company History

Everest Textile Co., Ltd. (the “Company”) was incorporated in February 1988 and commenced business in October of the same year. The Company mainly engages in the manufacturing of various textiles such as chemical fibers, cotton, and blended fabrics, and knitting processing, dyeing processing, printing processing, and polyester film businesses, as well as the manufacturing, trading, and import/export trading of the above-mentioned products and products related to yarn materials and garments.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since April 1995.

The parent company only financial statements are presented in the Company’s functional currency, New Taiwan Dollars (NTD).

2. Date and Procedures of Approval of the Financial Statements

The parent company only financial statements were approved by the board of directors on March 6, 2024.

3. Application of New and Amended Standards and Interpretations

- (1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRS”) endorsed and issued into effect by the Financial Supervisory Commission (the “FSC”)

The application of the amended IFRS endorsed and issued into effect by the FSC did not result in significant changes on the accounting policies of the Company.

- (2) The IFRS Endorsed by the FSC for Application Starting from 2024

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendment to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendment to IAS 1 “Classification of Liabilities as Current or Non-Current”	January 01, 2024
Amendment to IAS 1 “Non-current Liabilities with Covenants”	January 01, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

- Note 1: Unless stated otherwise, the above new/revised/amended IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.
- Note 2: The seller, who is also the lessee, should retrospectively apply the amendments to IFRS 16 for a sale and leaseback transaction entered into after the date of the initial application of IFRS 16.
- Note 3: The amendment exempts some disclosure requirements when first applied.

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the amendments to the aforementioned criteria and interpretations are not expected to have a significant impact on its financial position and financial performance.

(3) IFRS that Have Been Issued by the IASB but not yet Endorsed and Issued Into Effect by the FSC

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”	To be determined
IFRS 17 “Insurance Contracts”	January 01, 2023
Amendment to IFRS 17	January 01, 2023
Amendment to IFRS 17 “Initial application of IFRS 17 and IFRS 9 – Comparative information”	January 01, 2023
Amendment to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

- Note 1: Unless stated otherwise, the above new/revised/amended IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.
- Note 2: Effective for annual reporting periods beginning on or after January 1, 2025. On initial application of the amendment, the effect is recognized in retained earnings at the date of initial application. When the Company uses a non-functional currency as its presentation currency, the effect is adjusted to the exchange differences on translating foreign operations under equity at the date of initial application.

As of the approval date for the publishing of the Parent Company Only Financial Statements, the Company continuously assesses the impacts of amendments to the above mentioned standards and interpretations on its financial position and financial performance and will disclose relevant impacts upon the completion of the assessment in due course.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of Preparation

The parent company only financial statements have been prepared on a historical cost basis except for financial instruments which are measured at fair value and net defined benefit assets (liabilities) which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of relevant inputs:

1. Level 1 inputs: Refers to quoted prices in active markets for identical assets or liabilities on the measurement date (unadjusted).
2. Level 2 inputs: Refers to observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly (i.e., prices) or indirectly (i.e., deduced from prices).
3. Level 3 inputs: Refer to unobservable inputs for asset or liability.

When preparing parent company only financial statements, the Company adopts the equity method to account for investments in subsidiaries. To make the current year's profit or loss, other comprehensive income and equity in the parent company only financial statements the same as those in the consolidated financial statements, certain accounting differences between the parent company only basis and the consolidated basis are adjusted for "investments accounted for using equity method", "share of profit or loss of subsidiaries accounted for using equity method", "share of other comprehensive income of subsidiaries accounted for using equity method" and related equity items.

(3) Standards for the Classification of Current and Non-current Assets and Liabilities

Current assets include:

1. Assets held primarily for the purpose of trading.
2. Assets expected to be realized within 12 months after the reporting period.
3. Cash (excluding those being restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading.
2. Liabilities due to be settled within 12 months after the reporting period.
3. Liabilities for which the settlement may not be unconditionally deferred for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

(4) Foreign Currencies

When the Company prepares its financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded in the functional currency at the exchange rates prevailing on the transaction dates.

Foreign currency monetary items are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from the settlement of monetary items or the translation of monetary items are recognized in profit or loss for the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period, except for the changes in the fair value are recognized in other comprehensive income, in which cases, the exchange differences arising thereof are also recognized in other comprehensive income.

Non-monetary items measured at historical costs that are denominated in foreign currencies are translated using the exchange rate on the date of the transaction without re-translation.

In preparing the parent company only financial statements, assets and liabilities of overseas operating institutions (including subsidiaries in other countries that have or use currencies that are different from that of the Company) are translated into the New Taiwan Dollar at exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting translation differences are recognized in other comprehensive income.

(5) Inventories

Inventories consist of raw materials, supplies, finished goods, and work in progress. Inventory is measured by the lower of cost and net realizable value. When comparing cost and net realizable value, except for similar stock in hand, it is based on individual items. The net realizable value refers to the balance of the estimated selling price in normal circumstances after deducting the estimated cost required till completion and the estimated cost to complete the sale. The weighted-average method is adopted for the calculation of inventory costs.

(6) Investment in Subsidiary

The Company accounts for its investments in subsidiaries using the equity method.

A subsidiary refers to an entity over which the Company has control.

Under the equity method, investments are initially recognized at cost, and the subsequent carrying amount is increased or decreased to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary, as well as distributions received. In addition, changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions.

When assessing impairment, the Company considers the cash-generating unit as a whole in its financial reporting and compares its recoverable amount with its carrying amount. If

the recoverable amount of an asset increases in the future, the reversal of an impairment loss will be recognized as a gain, but the carrying amount of the asset after the reversal of the impairment loss shall not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Unrealized gains and losses from upstream transactions between the Company and its subsidiaries are eliminated in the parent company only financial statements. Any upstream or downstream transactions between the Company and its subsidiaries that result in profits or losses are recognized in the parent company only financial statements only to the extent that they are unrelated to the Company's interests in the subsidiaries.

(7) Property, Plant, and Equipment

Property, plant and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation.

Property, plant and equipment under construction are recognized at costs less accumulated impairment losses. Cost includes professional fees and borrowing costs eligible for capitalization. These assets are measured at cost or net realization value, whichever is lower, before reaching the expected use status, and their sales price and cost are recognized in profit or loss. Such assets are classified into the appropriate categories of property, plant and equipment and depreciated when they are completed and ready for their intended use.

Except for self-owned land, the remaining property, plant and equipment are recognized using the straight-line method during its useful life. Each significant part is depreciated separately. The Company reviews estimated useful lives, residual values, and depreciation methods at the end of each year, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the net consideration from the disposal and the carrying amount of the asset is recognized in profit or loss.

(8) Impairment of Property, Plant and Equipment, and Right-Of-Use Assets

At the end of each reporting period, the Company determines whether there is any indication that property, plant and equipment, and right-of-use assets have suffered any impairment loss. If any impairment indication exists, the Company estimates the recoverable amount of the asset. When it is impossible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less selling costs and value in use. If the recoverable amount of an asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset or cash-generating unit shall be reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years (less depreciation). A reversal of an impairment loss is recognized in profit or loss.

(9) Financial Instruments

Financial assets and financial liabilities are recognized in the parent company only balance sheets when the Company becomes a party to the contractual provisions of the instruments.

Upon initial recognition, apart from financial assets and financial liabilities measured at fair value through profit or loss, financial assets and financial liabilities are measured at fair value, plus transaction costs that are directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately as profit or loss.

1. Financial Assets

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

(1) Measurement Categories

The types of financial assets held by the Company are financial assets at fair value through profit or loss, financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income.

A. Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss include financial assets designated at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value, and its gains or losses arising from re-measurement are recognized in other gains and losses. Please refer to Note 26 for the methods to determine fair value.

B. Financial Assets at Amortized Cost

When the Company's investments in financial assets fulfill the following conditions at the same time, the investment shall be categorized as financial assets at amortized cost:

- a. Held under a certain business model, and the purpose of the model is holding such financial assets to collect the contractual cash flows; and
- b. The contractual terms give rise to cash flows on specified dates that are solely used for payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost (including cash, receivables at amortized cost, other receivables, and refundable deposits (stated as other non-current assets)) are measured at the gross carrying amount determined through the effective interest method less amortized costs of any impairment losses. Any exchange gain or loss of foreign currencies is recognized in profit or loss.

Except for the following two situations, interest income is calculated by multiplying the effective interest rate by the total gross carrying amount of financial assets:

- a. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.
- b. For financial assets that are not credit-impaired at acquisition or origination, but subsequently become credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

Credit-impaired financial assets are those where the issuer or debtor has experienced major financial difficulties or defaults, and the debtor is likely to claim bankruptcy or other financial restructurings, or disappearance of an active market for the financial asset due to financial difficulties.

- C. Investments in equity instruments measured at fair value through other comprehensive income

Upon initial recognition, the Company may make an irrevocable election to designate the investments in equity instruments that are neither held for trading nor recognized as contingent consideration to a business acquisition to be measured at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, and any subsequent changes in the fair value are recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be

reclassified to profit or loss upon their disposal; instead, they will be directly transferred to retained earnings.

Dividends of investments in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss when the Company's right to receive payment is established, unless such dividends clearly represent the recovery of a part of the investment cost.

(2) Impairment of Financial Assets

At the end of each reporting period, the Company evaluates the impairment loss of financial assets at amortized cost (including trade receivables) based on the expected credit loss.

Loss allowances are recognized against trade receivables based on the lifetime expected credit loss. For other financial instruments, the Company recognizes their loss allowance at an amount equal to 12-month expected credit losses if their credit risk has not increased significantly since initial recognition, or otherwise, their lifetime expected credit losses.

An expected credit loss is a weighted-average credit loss with the risks of default as weights. The 12-month expected credit loss on a financial instrument represents the portion of its lifetime expected credit loss that is expected to result from possible default events within 12 months after the end of the reporting period, whereas the lifetime expected credit loss represents the expected credit loss that will result from all possible default events over the expected life of a financial instrument.

For the purpose of internal credit risk management, the Company deems the occurrence of the following conditions as a default on financial assets, without considering the collateral held:

- A. There is any internal or external information indicating that it is impossible for the debtor to settle the debt.
- B. Where the account ages more than 365 days, unless there is any reasonable and authenticated information indicating that the deferred default basis is more appropriate.

The impairment loss of all financial assets is reduced based on the allowance account.

(3) Derecognition of Financial Assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when the financial asset is transferred, and nearly all the risks and rewards of ownership of the asset are transferred to other entities.

On derecognition of financial assets at amortized cost in its entirety, the difference between its carrying amount and the consideration received is recognized in profit or loss. On derecognition of equity instruments at fair value through other comprehensive income its entirety, the cumulative gain or loss is directly transferred to retained earnings, instead of reclassifying as profit or loss.

2. Financial Liabilities

(1) Subsequent Measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of Financial Liabilities

On derecognition of financial liabilities, the differences between its carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, are recognized as profit or loss.

(10) Treasury Shares

The Company's shares held by subsidiaries are stated at cost and shown as a deduction in equity attributable to owners of the Company.

(11) Income Recognition

The Company allocates the transaction price to each performance obligation after the customer had identified the performance obligations and recognizes its income upon the fulfillment of each performance obligation.

Sales of goods are generated from the sales of textiles, raw materials for yards, and garments. Upon the fulfillment of trading conditions for textiles, raw materials for yards, and garments, the customer has the right to the pricing and use of the commodities, assumes the primary responsibility of re-sale, and bears the risk of obsolescence; the Company recognizes its income and trade receivables at such time.

For processing subcontract, the control over the ownership of the processing products is not transferred; therefore, the Company does not recognize the income thereof.

(12) Leases

The Company evaluates whether a contract is (or includes) a lease on the contract establishment date.

With the exception of low-value asset leases and short-term leases for which recognition exemptions apply and lease payments are recognized as expenses on a straight-line basis over the lease term, the Company recognizes right-of-use assets and lease liabilities for all other leases at the commencement date of the lease.

Right-of-use assets are initially measured at cost, and subsequently measured at cost less accumulated depreciation, and adjusted for any re-measurements of the lease liability. Right-of-use assets are separately presented in the parent company only balance sheets.

Right-of-use assets are depreciated on a straight-line basis over the period from the lease commencement date to the end of its useful lives, or to the end of the lease term, whichever is earlier.

Lease liabilities are initially measured at the present value of lease payments. When the interest rate implicit in a lease can be easily determined, lease payments are discounted using the interest rate. If the interest rate cannot be easily determined, lease payments are discounted using the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expenses are amortized over the lease term.

(13) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset until substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

Investment income earned on the temporary investment of specific borrowings pending their capital expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized as profit or loss in the period in which they are incurred.

(14) Government Grants

Government grants are only recognized when they can be reasonably assured that the Company would comply with the conditions imposed for the government grants and that such grants can be received.

Government grants related to revenue are recognized in other income on a systematic basis during the period when the Company recognizes the relevant costs that such grants are intended to compensate as expenses.

Government grants conditional upon a company purchasing, constructing or otherwise acquiring non-current assets are recognized as deferred income and transferred to profit or loss on a systematic and reasonable basis over the useful life of the related assets.

If the government grants are used to compensate fees or losses that had occurred, or are given to the Company for the purpose of immediate financial support without related future costs, such grants may be recognized in profit or loss within the collectible period.

(15) Employee Benefits

1. Short-Term Employee Benefits

Liabilities recognized in respect of short-term employee benefits are measured at the non-discounted amount of the benefits expected to be paid in exchange for the employees' services.

2. Retirement Benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest, and re-measurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on net defined benefit liabilities (assets) are recognized as employee benefits expense when incurred. Re-measurement amounts (including actuarial gains and losses, and the return on plan assets after deducting interest) are recognized in other comprehensive income and included in retained earnings when they occur, and are not subsequently reclassified to profit or loss.

Net defined benefit liabilities (assets) are the deficit (surplus) of the defined benefit retirement plan. The net defined benefit asset shall not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

(16) Income Tax

The income tax expense represents the sum of the current income tax and deferred tax.

1. Current Income Tax

The Company determines its current income (losses) according to the regulations established by the governing authority of each income tax reporting region and calculates the income tax payable (recoverable) accordingly.

According to the Income Tax Law of the ROC, an additional income tax of unappropriated earnings is recognized in the year the shareholders approve to retain earnings.

Adjustments to the income tax payables in prior years are accounted for as the current income tax.

2. Deferred Income Tax

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized when it is probable that there will be taxable income against which deductible temporary differences and tax losses can be utilized.

Deferred income tax liabilities are recognized for temporary taxable differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets related to deductible temporary differences arising from such investments are recognized to the extent that it is probable that sufficient taxable income will be available against which temporary differences can be utilized, and such deductible temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred income tax assets not previously recognized are reviewed at each balance sheet date and increased to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered and the carrying amount to be increased.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liabilities are settled, or the assets are realized. Such tax rate is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax liabilities and assets reflects the tax consequences arising from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities at the end of the reporting period.

3. Current and Deferred Income Taxes

Current and deferred income taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred income taxes are recognized in other comprehensive income or directly in equity, respectively.

5. Significant Accounting Judgments and Assumptions, and Key Sources of Estimation Uncertainty

When adopting the Company's accounting policies, the management is required to make judgments, estimates, and assumptions for relevant information that are not readily apparent from other sources based on historical experiences and other related factors. Actual results may differ from these estimates.

The accounting policies, estimates and basic assumptions adopted by the Company have been assessed by the management of the Company and there are no significant accounting judgments, estimates and assumptions with uncertainty.

6. Cash

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and working capital	\$ 1,396	\$ 1,762
Checks and demand deposits in banks	<u>110,631</u>	<u>129,726</u>
	<u>\$ 112,027</u>	<u>\$ 131,488</u>

7. Financial Instruments at Fair Value Through Profit or Loss– December 31, 2023

	<u>Amount</u>
<u>Financial Assets – Current</u>	
Held-for-trading	
Derivatives (not designated for hedging)	
– Forward exchange contracts	<u>\$ 2,468</u>
<u>Financial Liabilities – Current</u>	
Held-for-trading	
Derivatives (not designated for hedging)	
– Forward exchange contracts	<u>\$ 71</u>

The forward exchange contracts that are not applicable to hedge accounting and have not yet expired on the balance sheet date are as follows:

December 31, 2023

<u>Contract Content</u>	<u>Currency</u>	<u>Expiration Period</u>	<u>Contractual Amount (NT\$ in thousands)</u>
Forward foreign exchange sale	USD to NTD	January 5, 2024 to January 26, 2024	USD 5,920/NTD 184,148

For the year ended December 31, 2023, the purpose of the Company's forward exchange transactions is mainly to avoid the risk of foreign currency assets and liabilities arising from exchange rate fluctuations. However, it does not meet the conditions for effective hedging so hedging accounting is not applicable.

For the year ended December 31, 2023, the valuation gains on financial assets and liabilities measured at fair value through profit or loss amounted to NT\$3,677 thousand, which is recorded under other gains and losses in the parent company only statement of comprehensive income.

8. Financial Assets at Fair Value through Other Comprehensive Income

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-Current</u>		
Domestic investments		
Unlisted shares		
Jin Lead Industrial Co., Ltd. – ordinary shares	\$ 5,479	\$ 5,252
Dah Chung Bills Finance Corp. – ordinary shares	<u>15</u>	<u>15</u>
	<u>\$ 5,494</u>	<u>\$ 5,267</u>

The Company invests in the ordinary shares of the above companies for strategic purposes and expects to make profits through strategic investments. The management of the Company elected to designate these investments to be measured at fair value through other comprehensive income as they believed that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the aforementioned strategic investment plan.

9. Financial Assets at Amortized Cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-Current (accounted for as other non-current assets)</u>		
Pledge time deposit with an initial maturity of more than 3 months	<u>\$ 100</u>	<u>\$ 100</u>

- (1) The interest rates of time deposits with original maturities over 3 months were 1.58% and 1.46% as of December 31, 2023 and 2022, respectively.
- (2) Please refer to Note 28 for the information on pledges of financial assets measured at cost after amortization.

10. Notes Receivable (Including Those from Related Parties) and Trade Receivables (Including Those from Related Parties)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes Receivable to Related Parties</u>		
Measured at amortized costs		
Gross carrying amount – arising due to operations	<u>\$ 11,678</u>	<u>\$ 50,585</u>
<u>Trade Receivables from Related Parties</u>		
Measured at amortized costs		
Gross carrying amount	\$ 450,690	\$ 687,597
Less: Loss allowances	<u>2,649</u>	<u>2,649</u>
	<u>\$ 448,041</u>	<u>\$ 684,948</u>

The Company's average credit period for sales of goods is 30 to 180 days. Interest does not accrue for trade receivables. To mitigate credit risks, the management of the Company has assigned a delegated team to be responsible for the determination of credit facilities, loan approval, and other monitoring procedures to ensure that appropriate actions are adopted for the recovery of overdue trade receivables. In addition, the Company reviews the recoverable amount

of trade receivable on a case-by-case basis at the end of the reporting period to ensure that adequate allowance for impairment losses are made for the irrecoverable trade receivables. In this regard, the management of the Company believes that the Company's credit risk has been significantly reduced.

The Company recognizes the allowance for losses of trade receivables based on the lifetime expected credit loss. Lifetime expected credit loss is calculated based on a provision matrix, taking into account the customer's past default records and its current financial conditions. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer bases, customer bases are not further distinguished for the provision matrix, and the Company stipulates the rate of expected credit loss merely based on the number of days past due regarding the trade receivables.

The Company writes-off trade receivables when there is evidence indicating that the counterparty is experiencing severe financial difficulty and the Company has no recoverable amount that is reasonably expected, such as liquidation undergoing by the counterparty. However, the Company will continue to engage in enforcement activity to attempt to recover the receivables due.

As of December 31, 2023 and 2022, the Company analyzed the notes receivable based on the number of days overdue, all of which were not overdue, and therefore no expected credit losses were provided for notes receivable.

The Company's loss allowances of trade receivables (including those from related parties) measured based on the provisional matrix are as follows:

December 31, 2023

	90 Days and Below	91 to 180 Days	181 to 365 Days	366 Days and Above	Total
Expected credit loss rate	0%	0%	0%	0%-100%	
Gross carrying amount	\$ 289,140	\$ 159,073	\$ -	\$ 2,477	\$ 450,690
Loss allowances (lifetime expected credit loss)	-	(172)	-	(2,477)	(2,649)
Amortized costs	<u>\$ 289,140</u>	<u>\$ 158,901</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 448,041</u>

December 31, 2022

	90 Days and Below	91 to 180 Days	181 to 365 Days	366 Days and Above	Total
Expected credit loss rate	0%	0%	0%-2.33%	0%-100%	
Gross carrying amount	\$ 547,770	\$ 110,259	\$ 27,091	\$ 2,477	\$ 687,597
Loss allowances (lifetime expected credit loss)	-	-	(172)	(2,477)	(2,649)
Amortized costs	<u>\$ 547,770</u>	<u>\$ 110,259</u>	<u>\$ 26,919</u>	<u>\$ -</u>	<u>\$ 684,948</u>

As of December 31, 2023 and 2022, the Company did not have any changes in the allowance for doubtful accounts receivable.

11. Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Finished Goods	\$ 2,365,480	\$ 2,344,633
Work in Progress	835,361	1,276,222
Raw Materials	41,042	54,655
Supplies	<u>85,937</u>	<u>192,121</u>
	<u>\$ 3,327,820</u>	<u>\$ 3,867,631</u>

The cost of sales related to inventories for the years ended December 31, 2023 and 2022 was NT\$5,212,875 thousand and NT\$5,858,983 thousand, respectively. Among them, the amount of inventory damage due to fire in 2022 was NT\$425,052 thousand, which was included in the Other Gains and Losses of the Parent Company Only Statement of Comprehensive Income. The cost of goods sold for the year 2023 included inventory write-down and obsolescence loss of \$58,081 thousand.

12. Investments Accounted for Using the Equity Method – Investment in Subsidiaries

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Everest Investment (Holding) Ltd.	\$ 3,149,871	\$ 2,950,012
Everest International Develop Investment Co., Ltd.	306,441	623,655
Everest Textile (HK) Ltd.	<u>639</u>	<u>1,020</u>
	3,456,951	3,574,687
Less: Shares of the parent company held by a subsidiary are treated as treasury shares.	<u>332,836</u>	<u>332,836</u>
	<u>\$ 3,124,115</u>	<u>\$ 3,241,851</u>

As of the balance sheet date, the Company's percentage of ownership and voting rights in its subsidiaries are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Everest Investment (Holding) Ltd.	100%	100%
Everest International Develop Investment Co., Ltd.	100%	100%
Everest Textile (HK) Ltd.	99.3%	99.3%

For details of the investees indirectly held by the Company, please refer to Table 6 and Table 7.

13. Property, Plant, and Equipment

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Other Equipment	Construction in Progress	Total
Costs								
Balance on January 1, 2022	\$ 622,008	\$1,410,769	\$1,773,465	\$ 23,220	\$ 215,685	\$ 118,597	\$ 20,283	\$4,184,027
Additions	-	18,480	238,330	4,410	12,098	69,951	2,493	345,762
Disposals	-	(29,534)	(76,464)	(700)	(25,223)	(29,566)	-	(161,487)
Balance on December 31, 2022	<u>\$ 622,008</u>	<u>\$1,399,715</u>	<u>\$1,935,331</u>	<u>\$ 26,930</u>	<u>\$ 202,560</u>	<u>\$ 158,982</u>	<u>\$ 22,776</u>	<u>\$4,368,302</u>
Accumulated depreciation								
Balance on January 1, 2022	\$ -	\$ 739,104	\$ 749,355	\$ 14,132	\$ 86,549	\$ 47,262	\$ -	\$ 1,636,402
Depreciation expenses	-	43,935	170,269	4,112	21,835	43,569	-	283,720
Disposals	-	(24,756)	(75,520)	(700)	(25,189)	(29,566)	-	(155,731)
Balance on December 31, 2022	<u>\$ -</u>	<u>\$ 758,283</u>	<u>\$ 844,104</u>	<u>\$ 17,544</u>	<u>\$ 83,195</u>	<u>\$ 61,265</u>	<u>\$ -</u>	<u>\$1,764,391</u>
Net amount as of December 31, 2022	<u>\$ 622,008</u>	<u>\$ 641,432</u>	<u>\$1,091,227</u>	<u>\$ 9,386</u>	<u>\$ 119,365</u>	<u>\$ 97,717</u>	<u>\$ 22,776</u>	<u>\$2,603,911</u>
Costs								
Balance on January 1, 2023	\$ 622,008	\$1,399,715	\$1,935,331	\$ 26,930	\$ 202,560	\$ 158,982	\$ 22,776	\$4,368,302
Additions	-	43,126	138,062	1,611	9,477	32,182	-	224,458
Disposals	-	(13,712)	(91,465)	(3,986)	(6,862)	(37,314)	-	(153,339)
Reclassifications	-	-	1,798	-	-	-	(1,798)	-
Balance on December 31, 2023	<u>\$ 622,008</u>	<u>\$1,429,129</u>	<u>\$1,983,726</u>	<u>\$ 24,555</u>	<u>\$ 205,175</u>	<u>\$ 153,850</u>	<u>\$ 20,978</u>	<u>\$4,439,421</u>
Accumulated depreciation								
Balance on January 1, 2023	\$ -	\$ 758,283	\$ 844,104	\$ 17,544	\$ 83,195	\$ 61,265	\$ -	\$ 1,764,391
Depreciation expenses	-	45,585	173,508	4,424	21,360	43,733	-	288,610
Disposals	-	(13,712)	(91,465)	(3,912)	(6,862)	(37,314)	-	(153,265)
Balance on December 31, 2023	<u>\$ -</u>	<u>\$ 790,156</u>	<u>\$ 926,147</u>	<u>\$ 18,056</u>	<u>\$ 97,693</u>	<u>\$ 67,684</u>	<u>\$ -</u>	<u>\$1,899,736</u>
Net balance as of December 31, 2023	<u>\$ 622,008</u>	<u>\$ 638,973</u>	<u>\$1,057,579</u>	<u>\$ 6,499</u>	<u>\$ 107,482</u>	<u>\$ 86,166</u>	<u>\$ 20,978</u>	<u>\$2,539,685</u>

The Company did not recognize any impairment losses for the years 2023 and 2022.

The depreciated expenses are provided for on a straight-line basis over the following estimated useful lives:

Buildings	
Main Buildings	2 to 56 years
Engineering Systems	2 to 51 years
Machinery and Equipment	2 to 30 years
Transportation Equipment	2 to 16 years
Furniture and Fixtures	2 to 15 years
Other Equipment	2 to 10 years

Please refer to Note 28 for the amount of property, plant and equipment pledged as collateral for borrowings.

Part of the Company's land is agricultural land, and the ownership is temporarily registered in the name of others. Furthermore, it has been mortgaged to the Company.

14. Lease Agreements

(1) Right-Of-Use Asset

	<u>Buildings</u>	<u>Transportation Equipment</u>	<u>Total</u>
<u>Costs</u>			
Balance on January 1, 2022	\$ 178,135	\$ 5,884	\$ 184,019
Additions	4,969	2,973	7,942
Decrease	(61,192)	(4,267)	(65,459)
Balance on December 31, 2022	<u>\$ 121,912</u>	<u>\$ 4,590</u>	<u>\$ 126,502</u>
<u>Accumulated Depreciation</u>			
Balance on January 1, 2022	\$ 107,611	\$ 4,307	\$ 111,918
Depreciation expenses	35,696	1,539	37,235
Decrease	(60,518)	(4,237)	(64,755)
Balance on December 31, 2022	<u>\$ 82,789</u>	<u>\$ 1,609</u>	<u>\$ 84,398</u>
Net amount as of December 31, 2022	<u>\$ 39,123</u>	<u>\$ 2,981</u>	<u>\$ 42,104</u>
<u>Costs</u>			
Balance on January 1, 2023	\$ 121,912	\$ 4,590	\$ 126,502
Additions	3,467	1,154	4,621
Decrease	(73,553)	(1,076)	(74,629)
Balance on December 31, 2023	<u>\$ 51,826</u>	<u>\$ 4,668</u>	<u>\$ 56,494</u>
<u>Accumulated Depreciation</u>			
Balance on January 1, 2023	\$ 82,789	\$ 1,609	\$ 84,398
Depreciation expenses	31,919	1,577	33,496
Decrease	(72,914)	(1,076)	(73,990)
Balance on December 31, 2023	<u>\$ 41,794</u>	<u>\$ 2,110</u>	<u>\$ 43,904</u>
Net balance as of December 31, 2023	<u>\$ 10,032</u>	<u>\$ 2,558</u>	<u>\$ 12,590</u>

(2) Lease Liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying Amount of Lease Liabilities		
Current	<u>\$ 9,114</u>	<u>\$ 33,428</u>
Non-Current	<u>\$ 3,197</u>	<u>\$ 8,917</u>

The discount rate ranges for lease liabilities are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Buildings	1.05%-1.86%	1.01%-1.38%
Transportation Equipment	1.06%-2.03%	1.06%-1.62%

(3) Major Lease Activities and Terms

The Company leases certain transportation equipment for operational use, and the lease period is 3 years.

The Company also leases certain buildings to use as plants, offices, and retail outlets, and the lease period is 3 to 4 years. At the end of the lease period, the Company has no right of first refusal for the leased building.

(4) Other Lease Information

	<u>2023</u>	<u>2022</u>
Short-Term Lease Expenses	\$ 12,752	\$ 10,242
Total Cash Outflows on Lease	\$ 47,060	\$ 48,035

The Company elects to apply the recognition exemptions to buildings and transportation equipment that qualify as short-term leases, and the Company does not recognize the related right-of-use assets and lease liabilities.

15. Other Assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Prepaid expenses	\$ 40,569	\$ 30,585
Prepayments for goods	4,763	38,582
Temporary payments – Import fees	431	2,192
Temporary payments – Others	349	1,450
Others	<u>318</u>	<u>324</u>
	\$ 46,430	\$ 73,133
<u>Non-Current</u>		
Prepayments for business facilities	\$ 111,726	\$ 79,274
Refundable deposits	8,532	9,116
Others (Note 9)	<u>100</u>	<u>100</u>
	\$ 120,358	\$ 88,490

16. Borrowings

(1) Short- Term Borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured Borrowings (Note 28)</u>		
Bank Loan	\$ 730,000	\$ 10,000
<u>Unsecured Borrowings</u>		
Credit facilities	<u>1,075,000</u>	<u>1,360,000</u>
	\$ 1,805,000	\$ 1,370,000

The interest rates of short-term borrowings were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bank Secured Borrowings	1.82%	1.86%
Bank Credit Borrowings	1.80%-1.91%	1.15%-1.92%

(2) Short-Term Notes and Bills Payable

December 31, 2023

Promissory Institution – Commercial Papers Payable	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate Range (%)	Name of the Collateral
Grand bills	\$ 300,000	\$ 134	\$ 299,866	1.45	None
Mega Bills Finance Co., Ltd.	350,000	168	349,832	1.59	None
China bills	300,000	108	299,892	1.42	None
China bills	50,000	17	49,983	1.41	None
Ta Ching bills	100,000	78	99,922	1.58	None
International bills	250,000	158	249,842	1.44	None
	<u>\$1,350,000</u>	<u>\$ 663</u>	<u>\$1,349,337</u>		

December 31, 2022

Promissory Institution – Commercial Papers Payable	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate Range (%)	Name of the Collateral
China bills	\$ 300,000	\$ 133	\$ 299,867	1.35	None
China bills	200,000	36	199,964	1.29	None
China bills	100,000	53	99,947	1.30	None
Ta Ching bills	150,000	250	149,750	1.90	None
International bills	120,000	71	119,929	1.80	None
	<u>\$ 870,000</u>	<u>\$ 543</u>	<u>\$ 869,457</u>		

(3) Long-Term Loans

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Unsecured Borrowings</u>		
Bank credit borrowings	\$ 540,000	\$ 1,007,500
<u>Secured Borrowings (Note 28)</u>		
Bank mortgage borrowings	-	100,000
	540,000	1,107,500
Less: Those that mature within one year	140,000	490,000
	<u>\$ 400,000</u>	<u>\$ 617,500</u>

The maturity dates for the aforementioned bank loans gradually expire before December 2025. The annual interest rate as of December 31, 2023 and 2022 is 1.78% to 2.11% and 1.53% to 2.05%, respectively.

17. Notes Payable (Including Those from Related Parties) and Trade Payables (Including Those from Related Parties)

The Company's notes payable and trade payables occurred due to its operations.

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. Other Liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payables		
Payable for salaries or bonuses	\$ 133,821	\$ 128,460
Payable for annual leave	26,178	26,633
Payable for labor and health insurance	21,325	20,032
Payable for shipping expenses	21,200	15,985
Payable for utilities	18,257	20,433
Payables on equipment	15,118	6,050
Payable for pension	10,031	10,953
Payable for processing expenses	2,205	4,453
Payable for employees' compensation	906	4,666
Others	<u>54,689</u>	<u>35,732</u>
	<u>\$ 303,730</u>	<u>\$ 273,397</u>
Other current liabilities		
Deferred revenue	\$ 7,500	\$ -
Receipts under custody	6,084	5,906
Contract liabilities (Note 21)	<u>825</u>	<u>982</u>
	<u>\$ 14,409</u>	<u>\$ 6,888</u>

19. Post-Employment Benefit Plans

(1) Defined Contribution Plans

The Company adopted a pension plan under the "Labor Pension Act," which is a state-managed defined contribution plan. Under the Labor Pension Act, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries.

(2) Defined Benefit Plan

The pension system adopted by the Company in accordance with the "Labor Standards Act" is a defined benefit plan operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries for the six months before retirement. The Company contributes amounts equal to 4% of total monthly salaries to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor, and the Company has no right to affect the investment management policy and strategy.

The amounts included in the parent company only balance sheets in respect of the defined benefit plans are set out as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 339,054	\$ 386,564
Fair value of plan assets	(<u>344,435</u>)	(<u>343,627</u>)
Net defined benefit liabilities (assets)	(<u>\$ 5,381</u>)	(<u>\$ 42,937</u>)

Movements in net defined benefit liabilities (assets) are as follows:

	<u>Present Value of Defined Benefit Obligation</u>	<u>Fair Value of Plan Assets</u>	<u>Net Defined Benefit Liabilities (Assets)</u>
Balance on January 1, 2022	\$ 410,581	(\$ 333,962)	\$ 76,619
Service cost			
Current service cost	38,683	-	38,683
Interest expenses (income)	<u>3,079</u>	(<u>2,639</u>)	<u>440</u>
Recognized in profit or loss	<u>41,762</u>	(<u>2,639</u>)	<u>39,123</u>
Re-measurements			
Return on plan assets (excluding amounts that are included in net interest)	-	(25,207)	(25,207)
Actuarial losses – changes in financial assumptions	18,994	-	18,994
Actuarial gains – experience adjustments	(<u>29,114</u>)	-	(<u>29,114</u>)
Recognized in other comprehensive income	(<u>10,120</u>)	(<u>25,207</u>)	(<u>35,327</u>)
Contributions from the employer	-	(<u>37,478</u>)	(<u>37,478</u>)
Benefits paid	(<u>55,659</u>)	<u>55,659</u>	-
Balance on December 31, 2022	<u>386,564</u>	(<u>343,627</u>)	<u>42,937</u>
Service cost			
Current service cost	31,727	-	31,727
Interest expenses (income)	<u>5,412</u>	(<u>5,073</u>)	<u>339</u>
Recognized in profit or loss	<u>37,139</u>	(<u>5,073</u>)	<u>32,066</u>
Re-measurements			
Return on plan assets (excluding amounts that are included in net interest)	-	(2,252)	(2,252)
Actuarial losses – changes in financial assumptions	2,168	-	2,168
Actuarial gains – experience adjustments	(<u>47,408</u>)	-	(<u>47,408</u>)
Recognized in other comprehensive income	(<u>45,240</u>)	(<u>2,252</u>)	(<u>47,492</u>)
Contributions from the employer	-	(<u>31,851</u>)	(<u>31,851</u>)
Benefits paid	(<u>39,409</u>)	<u>38,368</u>	(<u>1,041</u>)
Balance on December 31, 2023	<u>\$ 339,054</u>	(<u>\$ 344,435</u>)	(<u>\$ 5,381</u>)

The amounts recognized in profit or loss in respect of the defined benefit plans by functions are compiled as follows:

	<u>2023</u>	<u>2022</u>
Operating Costs	\$ 23,824	\$ 29,586
Selling and Marketing Expenses	2,030	2,025
Administrative Expenses	3,956	4,915
Research and Development Expenses	<u>2,256</u>	<u>2,597</u>
	<u>\$ 32,066</u>	<u>\$ 39,123</u>

The Company is exposed to the following risks due to the defined benefit plans under the “Labor Standards Law”:

1. **Investment Risk:** The labor pension funds are invested in domestic and foreign equity and debt securities, bank deposits, and other targets. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor, or through its designated agencies. However, the rate of return on plan assets of the Company shall not be less than the interest rate on a two-year time deposit published by the local banks.
2. **Interest rate risk:** A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, the debt investment returns on the plan assets would also increase accordingly, and both items have the effect of offsetting the effects of net defined benefit liabilities.
3. **Salary risk:** The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations for the present value of the Company’s defined benefit obligation were carried out by qualified actuaries. The significant assumptions on the date of measurement are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount Rate	1.30%	1.40%
Expected Growth Rate of Salary	2.50%	2.50%

When possible reasonable changes in the significant actuarial assumptions occur, and all other assumptions remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
Increase of 0.25%	(\$ <u>5,554</u>)	(\$ <u>6,453</u>)
Decrease of 0.25%	<u>\$ 5,706</u>	<u>\$ 6,634</u>
Expected growth rate of salary		
Increase of 0.25%	<u>\$ 5,459</u>	<u>\$ 6,348</u>
Decrease of 0.25%	(\$ <u>5,341</u>)	(\$ <u>6,207</u>)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation, as it is unlikely that changes in any of the assumptions would occur in isolation of one another for the reason that the assumptions may be correlated.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Expected contributions to the plan within one year	<u>\$ 31,851</u>	<u>\$ 37,478</u>
Average duration of the defined benefit obligation	7 years	7 years

20. Equity

(1) Capital Stock – Common Shares

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Number of shares authorized (in thousands)	800,000	800,000
Share capital authorized	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>
Number of shares issued and paid-up (in thousands)	694,643	694,643
Share capital issued	<u>\$ 6,946,434</u>	<u>\$ 6,946,434</u>

Issued ordinary shares with a par value of NT\$10 carry the right of one vote per share and a right to dividends.

(2) Capital Surplus

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>May Be Used to Offsetting a Deficit, Distributed as Cash Dividends, or Transferred to Share Capital</u>		
Premium on issuance of shares	\$ 16,299	\$ 16,299
Treasury share transactions (Note)	99,644	99,644
	<u>\$ 115,943</u>	<u>\$ 115,943</u>

Note: Such capital surplus may be used to offset a deficit. In addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, but only at a certain percentage of the Company's capital surplus and once a year.

(3) Retained Earnings and Dividend Policy

Under the dividend policy as set forth in the Company's Articles of Incorporation (hereinafter referred to as "the Articles"), where the Company made profits in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any unappropriated earnings from the previous year shall be used as earnings available for appropriation. Such earnings shall be distributed as shareholders' dividends equally based on the number of all shares, provided that a portion of such earning may be retained in accordance with the business conditions. However, in case of capital increases, the incremental shares shall be appropriated in accordance with the respective resolution made in the shareholders' meetings. For the Company's policies on the distribution of employees' compensation and remuneration of directors, refer to Note 22(8) "Employees' compensation and remuneration of directors and supervisors."

The Company appropriates dividends according to a stable dividend distribution while taking into account the features of economic changes regarding its business, the effects of products or services, in terms of their life cycle, and taxation on its future cash demands. Except for capital demands such as improving the financial structure and providing for the reinvestment, expansion of production capacity, or other significant capital expenditure,

the distribution of dividends shall be no less than 50% of the balances equal to the net profit after income tax for the year less amounts offsetting deficits, legal reserve, and special reserve. The cash dividends shall be no less than 10% of the current shareholders' bonuses for the year.

The legal reserve shall be appropriated until its balances reach the total paid-in capital of the Company. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's total paid-in capital, the excess may be transferred to capital and distributed in cash.

The shareholders' meetings of the Company held on June 9, 2023 and June 16, 2022 resolved to approve the earnings distribution for 2022 and 2021, respectively.

	Earnings Distribution	
	2022	2021
Legal reserve provided	<u>\$ 6,400</u>	<u>\$ 18,336</u>
Special reserve provided	<u>\$ 57,608</u>	<u>\$ 165,023</u>

The deficit offsetting proposal for 2023 is pending the resolution of the shareholders' meeting to be held in June 2024.

(4) Treasury Shares

At the end of the reporting period, the Company's shares held by its subsidiary Everest International Develop Investment Co., Ltd. for the purpose of investment and wealth management were accounted for as treasury shares. The information related to the Company's shares held by its subsidiaries is disclosed as follows (number of shares in thousands):

Purpose of Buy-Back	Number of Shares at the Beginning of the Year	Increase During the Year	Decrease During the Year	At the end of the year		
				Number of Shares	Carrying Amount	Market Price
For the year ended December 31, 2023						
Shares of the Company held by subsidiaries as a deduction to equity	<u>20,178</u>	<u>-</u>	<u>-</u>	<u>20,178</u>	<u>\$332,836</u>	<u>\$150,121</u>
For the year ended December 31, 2022						
Shares of the Company held by subsidiaries as a deduction to equity	<u>20,178</u>	<u>-</u>	<u>-</u>	<u>20,178</u>	<u>\$332,836</u>	<u>\$143,059</u>

Except for the exclusion from the Company's capital increase and having no voting right, the Company's shares held by subsidiaries are accounted for as treasury shares, and shall be entitled to the same rights as general shareholders.

21. Revenue

	<u>2023</u>	<u>2022</u>
Revenue from the sales of goods	<u>\$ 5,196,838</u>	<u>\$ 6,869,836</u>

(1) Explanation of the Customer Contract

Revenue from the Sales of Goods

Textiles, raw materials for yarn, and garments are sold to manufacturers or wholesalers. The goods are sold at an agreed price stated in the contract.

(2) Contract Balance

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>2022 January 1</u>
Notes receivable	<u>\$ 11,678</u>	<u>\$ 50,585</u>	<u>\$ 51,105</u>
Trade receivables	<u>\$ 448,041</u>	<u>\$ 684,948</u>	<u>\$ 928,570</u>
Contract liabilities – current (accounted for as other current liabilities)			
Sales of goods	<u>\$ 825</u>	<u>\$ 982</u>	<u>\$ 1,366</u>

The changes in contract liabilities are mainly arising from the difference between the time of fulfilling the performance obligation and the time of customer payment.

The amounts of revenue recognized during the year generated from contract liabilities at the beginning of the year and the performance obligations fulfilled in previous periods are set out as follows:

	<u>2023</u>	<u>2022</u>
<u>Contract Liabilities at the Beginning of the Year</u>		
Sales of goods	<u>\$ 982</u>	<u>\$ 1,366</u>

22. Net Profit (Loss) Before Income Tax

(1) Other Income

	<u>2023</u>	<u>2022</u>
Gains on disposal of property, plant and equipment	<u>\$ 7,749</u>	<u>\$ 5,245</u>

(2) Interest Income

	<u>2023</u>	<u>2022</u>
Bank deposits	\$ 1,292	\$ 465
Funds lending and interest	6,042	-
Security deposit interest calculation	64	33
	<u>\$ 7,398</u>	<u>\$ 498</u>

(3) Other Income

	<u>2023</u>	<u>2022</u>
Grants	\$ 15,343	\$ 4,867
Income from endorsement guarantee fees	9,497	11,986
Dividend income	791	1
Others	<u>31,547</u>	<u>26,938</u>
	<u>\$ 57,178</u>	<u>\$ 43,792</u>

(4) Other Gains and Losses

	<u>2023</u>	<u>2022</u>
Loss from fire damage (Note 30)	\$ -	(\$ 449,532)
Insurance claim income (Note 30)	-	415,397
Net gains (losses) on foreign currency exchange	(19,270)	64,096
Gains on financial assets at fair value through profit or loss	3,677	-
Others	(<u>1,215</u>)	<u>6,421</u>
	(<u>\$ 16,808</u>)	<u>\$ 36,382</u>
Net foreign currency exchange profit or loss		
Total amount of gains on foreign currency exchange	\$ 77,450	\$ 152,544
Total amount of losses on foreign currency exchange	(<u>96,720</u>)	(<u>88,448</u>)
	(<u>\$ 19,270</u>)	<u>\$ 64,096</u>

(5) Interest Expenses

	<u>2023</u>	<u>2022</u>
Interests on Borrowings	\$ 62,489	\$ 39,932
Interest on Lease Liabilities	298	603
Less: Amounts included in the cost of required assets	<u>1,464</u>	<u>1,431</u>
	<u>\$ 61,323</u>	<u>\$ 39,104</u>

Information related to interest capitalization is as follows:

	<u>2023</u>	<u>2022</u>
Amount of Interest Capitalization	\$ 1,464	\$ 1,431
Interest Rate on Interest Capitalization	1.86%-1.94%	1.15%-1.77%

(6) Depreciation Expenses

	<u>2023</u>	<u>2022</u>
An Analysis of Depreciation by Function		
Operating Costs	\$ 267,905	\$ 263,131
Operating Expenses	<u>54,201</u>	<u>57,824</u>
	<u>\$ 322,106</u>	<u>\$ 320,955</u>

(7) Employee Benefits Expenses

	<u>2023</u>	<u>2022</u>
Short-Term Employee Benefits		
Salaries	\$ 834,823	\$ 942,258
Labor and health insurance	100,133	105,716
Others	<u>38,404</u>	<u>41,313</u>
	<u>973,360</u>	<u>1,089,287</u>
Retirement Benefits		
Defined contribution plans	31,462	33,645
Re-measurement on defined benefit plans (Note 19)	<u>32,066</u>	<u>39,123</u>
	<u>63,528</u>	<u>72,768</u>
	<u>\$ 1,036,888</u>	<u>\$ 1,162,055</u>
Summary by Function		
Operating costs	\$ 703,841	\$ 813,737
Operating expenses	<u>333,047</u>	<u>348,318</u>
	<u>\$ 1,036,888</u>	<u>\$ 1,162,055</u>

(8) Employees' Compensation and Directors' Remuneration

The Company appropriates employees' compensation and remuneration of directors at the rates of 2% to 3.5% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors for the year according to its Articles. As the Company incurred a net loss before tax for the year 2023, no employees' compensation and directors' remuneration were accrued. The employees' compensation and directors' remuneration for the year 2022 resolved by the board of directors on March 9, 2023 were as follows:

Estimated Percentage

	<u>2022</u>
Employees' Compensation	3.5%
Directors' Remuneration	-

Amount

	<u>2022</u>
Employees' Compensation	<u>\$ 906</u>
Directors' Remuneration	<u>\$ -</u>

If there is a change in the proposed amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimates, which shall be adjusted and accounted for in the following year.

There is no difference between the actual distribution of employees' compensation and directors' remuneration in 2022 and the recognized amount in the parent company only financial statements in 2022.

Information on the employees' compensation and directors' remuneration resolved by the Company's board of directors is available at the "Market Observation Post System" website of the Taiwan Stock Exchange.

23. Income Tax

(1) Major Components of Income Tax Expense Recognized in Profit or Loss

	<u>2023</u>	<u>2022</u>
Current Income Tax		
Incurred During the Year	\$ 2,036	\$ 1,164
Adjustments for Prior Years	-	3,160
Deferred Income Tax		
Incurred During the year	(<u>2,036</u>)	(<u>1,162</u>)
	<u>\$ -</u>	<u>\$ 3,162</u>

A reconciliation of accounting income and income tax expense was as follows:

	<u>2023</u>	<u>2022</u>
Net profit (loss) before income Tax	(<u>\$ 1,211,970</u>)	<u>\$ 25,006</u>
Income Tax expenses (benefits) calculated based on the net profit (loss) before income Tax at the statutory rate	(\$ 242,394)	\$ 5,001
Unrecognized loss carryforwards	171,446	1,382
Recognized temporary differences	(14,403)	(10,475)
Loss from equity method investments	83,449	2,504
Non-deductible expenses in determining taxable income	24	426
Tax-exempt income	(158)	-
Withholding Tax incurred for overseas income	2,036	1,164
Adjustments to current income Tax expenses for previous years during the year	-	3,160
	<u>\$ -</u>	<u>\$ 3,162</u>

(2) Income Tax Recognized in Other Comprehensive Income

	<u>2023</u>	<u>2022</u>
<u>Deferred Income Tax</u>		
Incurred during the year		
Re-measurement on defined benefit plans	(<u>\$ 9,499</u>)	(<u>\$ 7,065</u>)

(3) Current Income Tax Assets and Liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current Income Tax Assets		
Tax Refund Receivable	<u>\$ 1,975</u>	<u>\$ 1,868</u>

(4) Deferred Income Tax Assets and Liabilities

The movements of deferred income tax assets and liabilities were as follows:

2023

Deferred Income Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized exchange losses	\$ 109	\$ 8,242	\$ -	\$ 8,351
Allowance for sales discount	1,431	-	-	1,431
Unrealized gains with subsidiaries	8,577	(3,932)	-	4,645
Defined benefit retirement plan	8,587	(164)	-	8,423
Payable for annual leave	5,327	(91)	-	5,236
Loss on inventory valuation	39,110	26,018	-	65,128
	63,141	30,073	-	93,214
Loss carryforwards	28,037	(28,037)	-	-
	<u>\$ 91,178</u>	<u>\$ 2,036</u>	<u>\$ -</u>	<u>\$ 93,214</u>
<u>Deferred Income Tax Liabilities</u>				
Temporary differences				
Reserve for land value increment tax	\$ 169,777	\$ -	\$ -	\$ 169,777
Defined benefit retirement plan	-	-	9,499	9,499
	<u>\$ 169,777</u>	<u>\$ -</u>	<u>\$ 9,499</u>	<u>\$ 179,276</u>

2022

Deferred Income Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized exchange losses	\$ -	\$ 109	\$ -	\$ 109
Allowance for sales discount	1,431	-	-	1,431
Unrealized gains with subsidiaries	6,885	1,692	-	8,577
Defined benefit retirement plan	15,324	328	(7,065)	8,587
Payable for annual leave	3,333	1,994	-	5,327
Loss on inventory valuation	43,185	(4,075)	-	39,110
	70,158	48	(7,065)	63,141
Loss carryforwards	27,651	386	-	28,037
	<u>\$ 97,809</u>	<u>\$ 434</u>	<u>(\$ 7,065)</u>	<u>\$ 91,178</u>
<u>Deferred Income Tax Liabilities</u>				
Temporary differences				
Reserve for land value increment tax	\$ 169,777	\$ -	\$ -	\$ 169,777
Unrealized exchange gains	728	(728)	-	-
	<u>\$ 170,505</u>	<u>(\$ 728)</u>	<u>\$ -</u>	<u>\$ 169,777</u>

(5) Deductible Temporary Differences and Unused Loss Deduction of Deferred Income Tax Assets Which Have yet to Be Recognized in the Parent Company Only Balance Sheets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible Temporary Differences	\$ 234,358	\$ 306,372
Loss Carryforwards		
Expires in 2030	\$ 304,728	\$ 219,404
Expires in 2031	181,712	131,912
Expires in 2032	75,883	9,164
Expires in 2033	712,918	-
	<u>\$ 1,275,241</u>	<u>\$ 360,480</u>

(6) Relevant Information of Unused Investment Tax Credit, Loss Carry Forward and Tax-Exempt

As of December 31, 2023, information on loss carry forward is as follows:

<u>Balance not Deducted yet</u>	<u>Last Year of Deduction</u>
\$ 304,728	2030
181,712	2031
75,883	2032
712,918	2033
<u>\$ 1,275,241</u>	

(7) The Aggregate Amount of Temporary Difference Associated with Investments for Which Deferred Income Tax Liabilities Have not Been Recognized

As of December 31, 2023 and 2022, taxable temporary differences associated with investments in subsidiaries for which no deferred income tax liabilities have been recognized were NT\$1,964,026 thousand and NT\$1,761,044 thousand, respectively.

(8) Income Tax Assessments

Except for the fiscal year 2020, the Company and its subsidiary Everest International Develop Investment Co., Ltd.'s profit-seeking enterprise income tax return cases for the fiscal year 2021 have been reviewed and approved by the tax authorities.

24. Earnings (Net Loss) per Share

The earnings (loss) per share and the weighted average number of ordinary shares used in the calculation are as follows:

	<u>2023</u>	<u>2022</u>
Net Profit (Loss) for the year	(\$ <u>1,211,970</u>)	\$ <u>21,844</u>
<u>Number of Shares</u>		
		Unit: thousand shares
	<u>2023</u>	<u>2022</u>
Basic Earnings (net Loss) per Share		
Number of issued ordinary shares at the beginning of the year	694,643	694,643
Less: The weighted average number of treasury shares regarding the Company's shares held by subsidiaries	<u>20,178</u>	<u>20,178</u>
The weighted average number of ordinary shares used in the calculation of basic earnings (net loss) per share	674,465	674,465
Impacts of Potential Ordinary Shares With Dilution Effect:		
Employees' compensation	<u>-</u>	<u>193</u>
The weighted average number of ordinary shares used in the calculation of diluted earnings (net loss) per share	<u>674,465</u>	<u>674,658</u>

If the Company has the option to issue the employee bonus in stocks or cash when calculating the diluted earnings per share, it is assumed that the employee bonus will adopt the method of issuing shares, and the weighted average number of outstanding shares will be included in the calculation of diluted earnings per share when the potential ordinary shares are diluted. While calculating diluted earnings per share before distributing shares to employees as compensations in the following year, dilutive effects of such potential ordinary shares should still be considered.

As the Company incurred a net loss for the year 2023, which has an anti-dilutive effect, there was no need to calculate the diluted loss per share.

25. Capital Risk Management

The Company requires sufficient amounts of capital for the expansion and upgrades of its production facilities and equipment. The Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources and operating plan to provide for its working capital, capital expenditures, research and development expenses, debt repayment, and dividend payments required in the future.

26. Financial Instruments

(1) Fair Value Information – Financial Instruments not Measured at Fair Value

The carrying amounts of the Company’s financial instruments that are not measured at fair value approximate their fair values; these financial instruments include cash, receivables (including those from related parties), other receivables (including those from related parties), financial assets at amortized cost – non-current (accounted for as other non-current assets), refundable deposits (accounted for as other non-current assets), short-term borrowings, short-term bills payable, payables (including those to related parties), other payables (including those to related parties), long-term borrowings (including those due within one year), and guarantee deposits received.

(2) Fair Value Information – Financial Instruments Measured at Fair Value on a Recurring Basis

1. Fair Value Hierarchy

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial Assets at Fair Value through Other Comprehensive Income</u>				
Investments in equity instruments				
– Shares of domestic unlisted companies	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,494</u>	<u>\$ 5,494</u>
<u>Financial Assets at Fair Value Through Profit or Loss</u>				
Derivative instruments – forward exchange contract	<u>\$ -</u>	<u>\$ 2,468</u>	<u>\$ -</u>	<u>\$ 2,468</u>
<u>Financial Liabilities at Fair Value Through Profit or Loss</u>				
Derivative instruments – forward exchange contract	<u>\$ -</u>	<u>\$ 71</u>	<u>\$ -</u>	<u>\$ 71</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial Assets at Fair Value through Other Comprehensive Income</u>				
Investments in equity instruments				
– Shares of domestic unlisted companies	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,267</u>	<u>\$ 5,267</u>

There were no transfers between Level 1 and 2 during the years ended December 31, 2023 and 2022.

2. Valuation Techniques and Inputs Applied for Level 2 Fair Value Measurement

Categories of Financial Instruments	Valuation Techniques and Inputs
Derivative instruments – forward exchange contract	The fair value of forward exchange contracts is measured at the interest rate yield curve of the quoted price at the forward exchange rate and derived from the quoted interest rate matching the expiry period of the contract.

3. Reconciliation of Level 3 Fair Value Measurement of Financial Instruments

Financial Assets at Fair Value through Other Comprehensive Income	Equity Instruments	
	2023	2022
Opening balance	\$ 5,267	\$ 3,448
Recognized in other comprehensive income (Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income)	227	1,819
Closing balance	<u>\$ 5,494</u>	<u>\$ 5,267</u>

4. Valuation Techniques and Inputs Applied for Level 2 Fair Value Measurement

The fair values of investments in domestic unlisted equity were determined based on the net value of comparable companies' shares; the liquidity allowance is taken into consideration to calculate the value of valuation targets.

(3) Categories of Financial Instruments

	December 31, 2023	December 31, 2022
<u>Financial Assets</u>		
Financial assets at amortized cost (Note 1)	\$ 1,248,976	\$ 1,347,000
Financial assets at fair value through profit or loss – designated at fair value through profit or loss	2,468	-
Financial assets at fair value through other comprehensive income – non-current		
Investments in equity instruments	5,494	5,267
<u>Financial Liabilities</u>		
Measured at amortized costs (Note 2)	4,433,224	4,029,409
Financial assets at fair value through profit or loss – designated at fair value through profit or loss	71	-

Note 1: The balances include cash, notes and trade receivables (including those from related parties), other receivables (including those from related parties), financial assets at

amortized cost – non-current (accounted for as other non-current assets), refundable deposits (accounted for as other non-current assets), and other financial assets at amortized cost.

Note 2: The balances include short-term borrowings, short-term bills payable, notes and trades payables (included those to related parties), other payables (included those to related parties), long-term borrowings (including those due within one year), guarantee deposits received, and other financial liabilities at amortized costs.

(4) Financial Risk Management Objectives and Policies

The Company's major financial instruments include investments in equity instruments, trade receivables, trade payables, borrowings, and lease liabilities. The Company's Corporate Treasury function provides services to all business departments, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports, which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk, and other price risks), credit risk, and liquidity risk.

Material treasury activities of the Company are reviewed by the board of directors in accordance with relevant regulations and internal control systems. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not perform any financial instruments (including derivative financial instruments) transaction for speculative purposes.

1. Market Risk

The Company's operating activities exposed itself primarily to the financial risks of changes in foreign currency exchange rates (see (1) below), interest rates (see (2) below), and other price risks (see (3) below).

There was no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

(1) Foreign Currency Risk

The Company engages in sales and purchases denominated in foreign currencies, which exposed the Company to the risks of changes in foreign currency exchange rates.

The carrying amounts of monetary assets and monetary liabilities not denominated in the functional currency of the Company at the end of the reporting period are set out in Note 31.

Sensitivity Analysis

The Company is mainly exposed to the fluctuation of the United States dollar (USD) and Thai Baht (THB).

The following table details the Company's sensitivity to a 1% increase and decrease in NT\$ (the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding monetary items denominated in foreign currencies, and their translations at the end of the year are adjusted at 1% of changes in the exchange rate. The positive figures in the following table indicate the increase (decrease) in net profit (loss) before tax when the New Taiwan Dollar depreciates by 1% against each related foreign currency; when the New Taiwan Dollar appreciates by 1% against each related foreign currency, the impact on net profit before tax will be a negative amount of the same magnitude.

	USD Impact	
	2023	2022
Profit or loss	\$ 9,619	\$ 6,171

	THB Impact	
	2023	2022
Profit or loss	\$ -	\$ 302

The management of the Company believes that the sensitivity analysis cannot represent the inherent foreign exchange risk, as the foreign currency exposure on the balance sheet date cannot reflect the exposure during the period, and the sales denominated in non-functional currencies will change along with customer orders and investment positions in assets.

(2) Interest Rate Risk

The Company was exposed to interest rate risk as it borrows funds at both fixed and floating interest rates concurrently. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating-rate borrowings.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period was as follows:

	December 31, 2023	December 31, 2022
Fair Value Interest Rate Risk		
– Financial assets	\$ 100	\$ 100
– Financial liabilities	2,836,648	1,961,802
With Cash Flow Interest Rate Risk		
– Financial assets	94,990	115,655
– Financial liabilities	870,000	1,427,500

Sensitivity Analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis assumed that the

amount of the liability outstanding at the end of the reporting period was outstanding throughout the reporting period.

If the interest rate increases by 1%, with all other variables held constant, the net profit (loss) before tax for the years 2023 and 2022 would decrease (increase) by \$(7,750) thousand and \$13,118 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its variable-rate borrowings.

(3) Other Price Risk

The Company was exposed to equity price risk due to its investments in shares. The Company manages such exposure by maintaining a portfolio of investments with different risks and through asset allocation.

Sensitivity Analysis

The sensitivity analysis below was conducted based on the Company's exposure to equity price risk at the end of the reporting period. If equity prices had been 1% higher/lower, other comprehensive income before tax for the years ended December 31, 2023 and 2022 would have increased/decreased by NT\$55 thousand and NT\$53 thousand, respectively, as a result of the changes in the fair values of financial assets at fair value through other comprehensive income.

2. Credit Risk

Credit risk refers to the risk where the counterparty is having any default on its contractual obligations that results in financial losses to the Company. At the end of the reporting period, the Company's maximum exposure to credit risk due to the failure of counterparties to discharge its obligations is primarily arising from the carrying amount of financial assets recognized in the parent company only balance sheets.

- (1) The book value of financial assets recognized in the parent company only balance sheet.
- (2) The maximum amount that the Company may need to pay for financial guarantees it provides, regardless of the probability of occurrence.

The accounts receivable are from numerous customers spread across different geographical regions. The Company continues to assess the financial condition of its accounts receivable customers.

At the end of 2023 and 2022, the maximum credit risk exposure amounts undertaken by the Company for off-balance sheet endorsements and guarantees were NT\$1,016,572 thousand and NT\$2,349,694 thousand, respectively.

3. Liquidity Risk

The Company maintains sufficient cash positions through management to fund its operations and mitigate the effects of fluctuations in cash flows. The Company's management monitors the utilization of bank loan facilities and ensures compliance with loan covenants.

The Company's working capital and the bank facilities acquired are sufficient to meet its demand for future operations; therefore, there is no liquidity risk relating to the incapability of raising funds for performing contractual obligations.

(1) Liquidity and Interest Rate Risk Table for Derivative Financial Liabilities

The analysis of remaining contractual maturity for the Company's non-derivative financial liabilities was drawn up based on the undiscounted cash flows of financial liabilities (including principals and estimated interests) from the earliest date on which the Company can be required to make the repayment. Therefore, the bank borrowings of the Company that are repayable on demand are included in the earliest time band, regardless of the probability of the banks choosing to exercise their right to call the loans immediately; The maturity analysis for other non-derivative financial liabilities is prepared based on the agreed repayment dates.

The amount of undiscounted interests relating to cash flow paid from floating rate payments is extrapolated based on the interest rate yield curve at the end of the reporting period.

December 31, 2023

	Payment on Demand or Less Than 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years
<u>Non-Derivative Financial Liabilities</u>				
Non-interest-bearing liabilities	\$ 596,536	\$ 141,581	\$ -	\$ 770
Lease liabilities	1,540	3,340	4,357	1,071
Floating rate instruments	22,537	285,699	164,492	423,541
Fixed rate instruments	2,448,717	380,867	-	-
Financial guarantee liabilities	<u>1,016,572</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,085,902</u>	<u>\$ 811,487</u>	<u>\$ 168,849</u>	<u>\$ 425,382</u>

Further information on the maturity analysis of lease liabilities is listed as follows:

	Less than 1 year	1 to 5 years
Lease liabilities	<u>\$ 9,237</u>	<u>\$ 1,071</u>

December 31, 2022

	Payment on Demand or Less Than 1 Month	1 to 3 months	3 to 12 months	1 to 5 years
<u>Non-Derivative</u>				
<u>Financial Liabilities</u>				
Non-interest-bearing liabilities	\$ 500,718	\$ 180,107	\$ 906	\$ 721
Lease liabilities	4,666	3,923	25,133	8,923
Floating rate instruments	82,559	491,054	240,054	649,371
Fixed rate instruments	1,021,507	591,308	313,436	-
Financial guarantee liabilities	<u>2,349,694</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,959,144</u>	<u>\$ 1,266,392</u>	<u>\$ 579,529</u>	<u>\$ 659,015</u>

Further information on the maturity analysis of lease liabilities is listed as follows:

	Less Than 1 Year	1 to 5 Years
Lease Liabilities	<u>\$ 33,722</u>	<u>\$ 8,923</u>

The amount of floating interest rate instruments of the aforementioned non-derivative financial assets and liabilities will change due to the difference between the floating interest rates and the estimated interest rates on the balance sheet date.

The amount of the aforementioned financial guarantee contracts refers to the maximum amount that the Company may have to pay to fulfill its guarantee obligations if the holder of the financial guarantee contracts claims the full amount of the guarantee from the guarantor. Based on expectations as of the balance sheet date, the Company does not consider it probable that it will have to make payments under these contracts.

(2) Liquidity and Interest Rate Risk Table for Derivative Financial Assets and Liabilities

Liquidity analysis for derivative financial instruments, for gross-settled derivatives, is prepared on the basis of gross undiscounted cash inflows and outflows.

December 31, 2023

	Payment on Demand or Less Than 1 Month	1 to 3 Months
<u>Total Amount of Delivery</u>		
Forward exchange contracts		
— Inflow	\$ 2,468	\$ -
— Outflow	(<u>71</u>)	<u>-</u>
	<u>\$ 2,397</u>	<u>\$ -</u>

27. Related-Party Transactions

Transactions between the Company and its related parties are as follows:

(1) Names of Related Parties and Relationships with the Company

<u>Names of the Related Party</u>	<u>Relationship with the Company</u>
Far Eastern New Century Corporation (FENC)	Investors with significant influence over the Company
Far Eastern International Bank (FEIB)	Other related parties (the Vice-Chairman is a second degree relative of the Chairman of the Company)
Far Eastern Fibertech Co., Ltd.	Other related parties (the subsidiary of FENC)
Far Eastern New Apparel (Vietnam) Ltd.	Other related parties (the subsidiary of FENC)
Jin Lead Industrial Co., Ltd.	Other related parties (the Company is the corporate director of Jin Lead Industrial Co., Ltd.)
Everest Textile (HK) Ltd.	Subsidiary – 99.3% shareholding
Everest Investment (Holding) Ltd.	Subsidiary – 100% shareholding
Everest International Develop Investment Co., Ltd.	Subsidiary – 100% shareholding
Everest International (HK) Ltd.	Subsidiary – 100% shareholding
Everest Apparel (HK) Ltd.	Subsidiary – 100% shareholding
Everest Textile (Thailand) Co., Ltd.	Subsidiary – 100% shareholding
Everest Textile (Shanghai) Ltd.	Subsidiary – 100% shareholding
Everest USA Holdings, Inc.	Subsidiary – 100% shareholding
Everest Textile USA, LLC.	Subsidiary – 100% shareholding
Everest Development USA, LLC.	Subsidiary – 100% shareholding
Everest Apparel (Ethiopia) S.C.	Subsidiary – 100% shareholding
Everest Apparel (Haiti) S.A.	Subsidiary – 100% shareholding

(2) Sales of Goods

<u>Category of Related Party</u>	<u>2023</u>	<u>2022</u>
Subsidiary	\$ 477,862	\$ 832,241
Other related parties	2,250	-
Investors with significant influence over the Company	31	6,819
	<u>\$ 480,143</u>	<u>\$ 839,060</u>

The sales to related parties are made at general transaction prices with collection terms of 1 to 6 months, equivalent to general customers.

(3) Purchases

<u>Category of Related Party</u>	<u>2023</u>	<u>2022</u>
Investors with significant influence over the Company	\$ 232,157	\$ 216,498
Other related parties	314,872	413,779
Subsidiary	533,655	388,544
	<u>\$ 1,080,684</u>	<u>\$ 1,018,821</u>

The purchase prices of purchases from related parties were equivalent to those of purchases from general suppliers. Purchases of yarn products from investors with

significant influence over the Company require partial payment in advance; the payment terms for remaining purchases range from 1 to 6 months.

(4) Payables to Related Parties (Excluding Loans from Related Parties)

<u>Line Items</u>	<u>Category/Name of Related Parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable to related parties	Other related parties	<u>\$ 684</u>	<u>\$ -</u>
Trade receivables from related parties	Subsidiary		
	Everest Textile USA, LLC.	\$ -	\$ 101,035
	Everest Textile (Shanghai) Ltd.	8,587	21,154
	Everest Apparel (Haiti) S.A.	148,864	12,339
	Others	-	169
	Investors with significant influence over the Company	13	-
	Other related parties	<u>-</u>	<u>401</u>
		<u>\$ 157,464</u>	<u>\$ 135,098</u>
Other receivables from related parties	Subsidiary		
	Everest Textile USA, LLC.	\$ 3,072	\$ 9,286
	Everest Apparel (Haiti) S.A.	6,000	6,144
	Everest International (HK) Ltd.	-	4,968
	Everest Apparel (Ethiopia) S.C.	2,003	4,730
	Others	637	557
	Investors with significant influence over the Company	44	-
	Other related parties	<u>25</u>	<u>-</u>
		<u>\$ 11,781</u>	<u>\$ 25,685</u>

For the years ended December 31, 2023 and 2022, no allowance for losses was provided for receivables from related parties.

(5) Payables to Related Parties (Excluding Loans from Related Parties)

<u>Line Items</u>	<u>Category/Name of Related Parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes payable to related parties	Investors with significant influence over the Company Far Eastern New Century Corporation (FENC)	<u>\$ 42,260</u>	<u>\$ 17,048</u>
Trade payables to related parties	Subsidiary Everest Textile (Thailand) Co., Ltd. Everest Textile USA, LLC. Everest International (HK) Ltd. Others Other related parties Investors with significant influence over the Company	\$ 50,409 34,514 11,380 2,913 16,085 <u>17,676</u>	\$ 44,803 57,377 5,478 9,291 20,304 <u>2,179</u>
		<u>\$ 132,977</u>	<u>\$ 139,432</u>
Other payables to related parties	Investors with significant influence over the Company Subsidiary	\$ 1,332 <u>2,420</u>	\$ - <u>52</u>
		<u>\$ 3,752</u>	<u>\$ 52</u>

The balance of outstanding payables to related parties refers to unsecured amounts that will be settled in cash.

(6) Loans to Related Parties – December 31, 2023

<u>Category/Name of Related Parties</u>	<u>December 31, 2023</u>
<u>Other Receivables</u> Subsidiary Everest Apparel (Haiti) S.A.	<u>\$ 630,629</u>
<u>Category/Name of Related Parties</u>	<u>2023</u>
<u>Interest Income</u> Subsidiary Everest Apparel (Haiti) S.A.	<u>\$ 6,042</u>

The Company loaned funds to its subsidiaries due to the working capital needs of its subsidiaries, with interest rates ranging from 1.95% to 1.96% in 2023, which is similar to market rates. In the year 2023, the loans to subsidiaries were unsecured loans.

(7) Borrowings from Related Parties

Category/Name of Related Parties	December 31, 2023	December 31, 2022
<u>Other Related Parties (Included in Short-Term Borrowings)</u>		
FEIB	\$ 730,000	\$ 10,000

Interest Expenses

Category/Name of Related Parties	2023	2022
<u>Other Related Parties</u>		
FEIB	\$ 7,922	\$ 2,487

The interest rates of the Company's borrowings from related parties are similar to the market interest rates for the years ended December 31, 2023 and 2022. In addition, to apply for a credit line, the Company provided land, buildings and machinery equipment as collateral to FEIB for financing. The carrying amounts of the related assets were NT\$1,036,638 thousand and NT\$1,154,686 thousand as of December 31, 2023 and 2022, respectively.

(8) Endorsement and Guarantee

Endorsement and Guarantee Provided for Others

Category/Name of Related Parties	December 31, 2023	December 31, 2022
<u>Subsidiary</u>		
guarantee amount		
Everest Textile USA, LLC.	\$ 2,057,235	\$ 2,195,765
Everest International (HK) Ltd.	1,412,430	1,136,270
Everest International Develop Investment Co., Ltd.	590,000	540,000
Everest Textile (Thailand) Co., Ltd.	307,050	307,100
Everest Investment (Holding) Ltd.	61,410	61,420
	<u>\$ 4,428,125</u>	<u>\$ 4,240,555</u>

Actual amount utilized		
Everest Textile USA, LLC.	\$ 626,382	\$ 1,409,589
Everest International (HK) Ltd.	36,846	509,786
Everest International Develop Investment Co., Ltd.	334,000	335,000
Everest Textile (Thailand) Co., Ltd.	-	76,893
Everest Investment (Holding) Ltd.	19,344	18,426
	<u>\$ 1,016,572</u>	<u>\$ 2,349,694</u>

Category/Name of Related Parties	2023	2022
<u>Income from Endorsement</u>		
<u>Guarantee Fees</u>		
Subsidiary		
Everest Textile USA, LLC.	\$ 5,129	\$ 7,588
Everest International (HK) Ltd.	2,489	2,086
Others	1,879	2,312
	<u>\$ 9,497</u>	<u>\$ 11,986</u>

(9) Other Transactions with Related Parties

1. Processing Expenses

Category/Name of Related Parties	2023	2022
Subsidiary		
Everest Textile (Thailand) Co., Ltd.	\$ 613,603	\$ 639,054
Others	51,140	64,979
Other related parties		
Jin Lead Industrial Co., Ltd.	<u>18,662</u>	<u>33,393</u>
	<u>\$ 683,405</u>	<u>\$ 737,426</u>

Priced at normal transaction prices, the payment term is offset against accounts receivable or is the same as general processing factories at 1 to 2 months.

2. Commission Expense

Category/Name of Related Parties	2023	2022
Subsidiary		
Everest International (HK) Ltd.	<u>\$ 28,019</u>	<u>\$ 26,706</u>

3. Procurement Agency Transactions

The amounts for the purchases of equipment, materials, dyes and auxiliaries, and advance payments on behalf of related parties by the Company are as follows:

Category/Name of Related Parties	2023	2022
Subsidiary		
Everest Textile (Thailand) Co., Ltd.	\$ 48,006	\$ 55,853
Everest International (HK) Ltd.	35,315	33,657
Everest Textile USA, LLC.	7,235	22,660
Everest Apparel (Haiti) S.A.	303	7,406
Everest Apparel (Ethiopia) S.C.	2,106	7,312
Everest Textile (Shanghai) Ltd.	<u>58</u>	<u>1,129</u>
	<u>\$ 93,023</u>	<u>\$ 128,017</u>

(10) Other Transactions with Related Parties

In the year 2023, our company recognized other income of NT\$3,528 thousand from the sale of real estate, plant, and equipment by its subsidiary Everest Apparel (Haiti) S.A. to its related party Far Eastern Apparel (Vietnam) Ltd.

(11) Compensation of Key Management Personnel

	2023	2022
Short-term employee benefits	\$ 24,197	\$ 23,296
Retirement benefits	<u>2,198</u>	<u>2,067</u>
	<u>\$ 26,395</u>	<u>\$ 25,363</u>

The remuneration of directors and other key management personnel was determined by the remuneration committee with regard to the correlation and rationale of general

remuneration standards within the industry, individual performance, the Company's performance, and future risk.

28. Assets Pledged as Security

The following assets were provided as collateral for short-term and long-term bank facilities and customs deposits:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land	\$ 472,450	\$ 472,450
Buildings	188,180	202,956
Machinery and Equipment	542,009	648,145
Financial assets at amortized cost – non-current (accounted as other non-current assets)		
– Pledged bank time deposits	100	100
	<u>\$ 1,202,739</u>	<u>\$ 1,323,651</u>

29. Significant Contingent Liabilities and Unrecognized Contractual Commitments

In addition to those disclosed in other notes, actual or potential significant commitments of the Company at the end of the reporting period are as follows:

Significant Commitments

- (1) As of December 31, 2023, the Company participated in the “Brand Low-Carbon Circular Fashion Textile Products Demonstration Development Project,” “Small and Medium-sized Manufacturing Industry Low-Carbon and Intelligent Upgrading and Transformation Subsidy” and “5G Dedicated Frequency and Network Realization of Factory Intelligent Logistics AGV System Project” of the Ministry of Economic Affairs and the Ministry of Digital Development. The total amount of the guarantee provided by Mega Bank was \$46,800 thousand.
- (2) The Company's contractual commitments that were contracted for but not realized are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Acquisition of Property, Plant and Equipment	<u>\$ 172,060</u>	<u>\$ 140,777</u>

- (3) As of December 31, 2023, the Company's unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately NT\$10,194 thousand.

30. Significant Disaster Loss

A fire broke out at the warehouse of the Company's Tainan Factory on March 15, 2022, causing damage to part of the buildings and inventory. The amount of damage before deducting claims was NT\$449,532 thousand. All the damaged assets were insured by the Company. The gain on insurance proceeds of NT\$415,397 thousand has been recognized in 2022, and has been fully collected in February 2023.

31. Significant Assets and Liabilities Denominated in Foreign Currencies

The following information is an aggregation of the foreign currencies other than functional currencies of the Company, and the exchange rates disclosed are the exchange rate used in translating such foreign currencies into the functional currency. Significant assets and liabilities denominated in foreign currencies were as follows:

Unit: foreign currencies and NT\$ in thousand

December 31, 2023

Financial Assets	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Monetary Items</u>			
USD	\$ 38,746	30.705	\$ 1,189,688
<u>Non- Monetary Items</u>			
Subsidiaries under equity method			
USD	102,742	30.705	3,154,688
<u>Financial Liabilities</u>			
<u>Monetary Items</u>			
USD	7,417	30.705	227,746

December 31, 2022

Financial Assets	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Monetary Items</u>			
USD	\$ 25,793	30.71	\$ 792,091
THB	33,821	0.8941	30,239
<u>Non-Monetary Items</u>			
Subsidiaries under equity method			
USD	96,582	30.71	2,966,034
<u>Financial Liabilities</u>			
<u>Monetary Items</u>			
USD	5,697	30.71	174,962

The aforementioned investment's New Taiwan Dollar book value accounted for using the equity method is the amount before deducting any unrealized profits.

The significant foreign exchange gains or losses (including realized and unrealized) are as follows:

Currency	2023		2022	
	Exchange Rate	net Exchange (Losses) Gains	Exchange Rate	net Exchange (Losses) Gains
USD	31.1548 (USD:NTD)	(\$ 19,508)	29.8043 (USD:NTD)	\$ 57,132
THB	0.9005(THB:NTD)	190	0.8555(THB:NTD)	6,942
Others		48		22
		(\$ 19,270)		\$ 64,096

32. Supplemental Disclosures

(1) Information on Significant Transactions

1. Loaning to others. (Table 1)
2. Endorsement and guarantee provided for others. (Table 2)
3. Securities held at end of period (excluding investments in subsidiaries). (Table 3)
4. Cumulative purchase or sales of securities of the same company with an amount achieving NT\$300,000 thousand or reaching 20% of its paid-in capital and above. (None)
5. Properties acquired with an amount achieving NT\$300,000 thousand or reaching 20% of its paid-in capital and above. (None)
6. Disposal of properties with an amount achieving NT\$300,000 thousand or reaching 20% of its paid-in capital and above. (None)
7. Purchases and sales with related parties with an amount achieving NT\$100,000 thousand or reaching 20% of its paid-in capital and above. (Table 4)
8. Receivables from related parties achieving NT\$100,000 thousand or reaching 20% of its paid-in capital and above. (Table 5)
9. Engaging in derivatives trading. (Note 7)

(2) Information on Investees (Table 6)

(3) Information on Investment in Mainland China:

1. Information on invested companies in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding, profit or loss and investment gain or loss recognized for the period, carrying amount of investment at the end of the period, repatriated investment gain or loss, and ceiling of investments in mainland China. (Table 7)
2. Significant transactions directly with investee companies in mainland China or directly or indirectly through a third region, and their prices, payment terms, unrealized profit or loss. (Table 4, 5 and 8)
 - (1) Purchase amount and percentage, and the closing balance and percentage of the related payables.
 - (2) Sales amount and percentage, and the closing balance and percentage of the related receivables.

- (3) Property transaction amount and the resulting profit or loss.
 - (4) Closing balances and purposes of endorsements and guarantees or collateral provided.
 - (5) The maximum balance, closing balance, interest rate range, and total amount of current interest of financing facilities.
 - (6) Other transactions having a significant impact on profit or loss or financial position for the period, such as provision or receipt of service.
- (4) Information on Major Shareholders: Names of shareholders with a shareholding ratio of 5% or more and the amount and proportion of shareholding. (Table 9)

EVEREST TEXTILE CO., LTD. AND ITS SUBSIDIARIES
CAPITAL LOANS TO OTHERS

For the year ended December 31, 2023

Table 1

Unit: NTS Thousands

Code	Financing Company	Borrower	Current Account	Related Party or not	Current Maximum Balance	Closing Balance	Actual Amount Utilized (Note 4)	Interest Rate Range (%)	Nature for Financing (Note 3)	Transaction Amount	Reason for the Necessity of Short-Term Financing	Allowance for Doubtful Debts Provided	Collateral		Credit Limit for the Individual Borrower	Total Credit Limit for Loans
													Name	Value		
0	The Company	Everest International (HK) Ltd.	Other receivables from related parties	Yes	\$ 460,575	\$ 460,575	\$ -	-	2.	\$ -	Working capital	\$ -	None	\$ -	\$ 1,173,561 (Note 1)	\$ 2,347,122 (Note 2)
		Everest Apparel (Haiti) S.A.	Other receivables from related parties	Yes	354,950	354,950	105,573	1.95~1.96	2	-	Working capital	-	None	-	1,173,561 (Note 1)	
		Everest Apparel (Haiti) S.A.	Other receivables from related parties	Yes	525,056	525,056	525,056	1.95~1.96	2	-	Working capital	-	None	-	1,173,561 (Note 1)	
					<u>\$ 1,340,581</u>	<u>\$ 1,340,581</u>	<u>\$ 630,629</u>									
1	Everest International (HK) Ltd.	Everest Apparel (Ethiopia) S.C.	Other receivables from related parties	Yes	\$ 506,915	\$ 506,915	\$ 506,915	5.35~6.68	2.	-	Working capital	-	None	-	1,717,142 (Note 1)	2,861,903 (Note 2)
		Everest Apparel (Ethiopia) S.C.	Other receivables from related parties	Yes	23,121	23,121	14,239	6.42~6.68	2.	-	Working capital	-	None	-	1,717,142 (Note 1)	
		Everest Apparel (Haiti) S.A.	Other receivables from related parties	Yes	66,937	66,937	-	6.28~6.48	2.	-	Working capital	-	None	-	1,717,142 (Note 1)	
		Everest Apparel (Haiti) S.A.	Other receivables from related parties	Yes	44,522	44,522	-	5.99~6.48	2.	-	Working capital	-	None	-	1,717,142 (Note 1)	
		Everest Apparel (Ethiopia) S.C.	Other receivables from related parties	Yes	59,875	54,673	54,673	5.35~6.68	2.	-	Working capital	-	None	-	1,717,142 (Note 1)	
			<u>\$ 701,370</u>	<u>\$ 696,168</u>	<u>\$ 575,827</u>											
2	Everest Textile (Shanghai) Ltd.	Everest International (HK) Ltd.	Other receivables from related parties	Yes	<u>\$ 399,165</u>	<u>\$ 399,165</u>	<u>\$ 399,165</u>	4.67~5.31	2.	-	Working capital	-	None	-	1,763,700 (Note 1)	2,645,550 (Note 2)
		Everest Textile USA, LLC.	Other receivables from related parties	Yes	<u>\$ 122,820</u>	<u>\$ 122,820</u>	<u>\$ -</u>	-	2.	-	Working capital	-	None	-	1,763,700 (Note 1)	
3	Everest Textile USA, LLC.	Everest Development USA, LLC.	Other receivables from related parties	Yes	<u>\$ 130,496</u>	<u>\$ 130,496</u>	<u>\$ 130,496</u>	7.23~7.70	2.	-	Working capital	-	None	-	779,640 (Note 1)	1,169,460 (Note 2)
4	Everest USA Holdings, Inc.	Everest Textile USA, LLC.	Other receivables from related parties	Yes	<u>\$ 153,525</u>	<u>\$ 153,525</u>	<u>\$ 153,525</u>	5.13	2.	-	Working capital	-	None	-	981,366 (Note 1)	1,472,049 (Note 2)

Note 1: Based on 20% of the equity attributable to owners of the Company, 150% of the equity of HK International, 100% of the equity of Everest Textile Shanghai, 100% of the equity of Everest Textile USA, LLC., and 100% of the equity of Everest USA Holdings, Inc.

Note 2: Based on 40% of the equity attributable to owners of the Company, 250% of the equity of HK International, 150% of the equity of Everest Textile Shanghai, 150% of the equity of Everest Textile USA, LLC., and 150% of the equity of Everest USA Holdings, Inc.

Note 3: Nature of the loan:

- (1) For a borrower having transactions with the Company, please input "1".
- (2) For a borrower who has short-term financing requirements, please input "2".

EVEREST TEXTILE CO., LTD. AND ITS SUBSIDIARIES
ENDORSEMENT AND GUARANTEE PROVIDED FOR OTHERS

For the year ended December 31, 2023

Table 2

Unit: NT\$ Thousands

Code	Name of the Endorsement and Guarantee Provider	Parties Being Endorsed and Guaranteed		Limit of Endorsement and Guarantee for a Single Entity (Note 1)	Current Maximum Balance of Endorsement and Guarantee	Closing Balance of Endorsement and Guarantee	Actual Amount Utilized	Amount of Endorsement and Guarantee Secured with Collateral	Ratio of Cumulative Endorsement and Guarantee to the Net Value Stated in the Latest Financial Statements (%)	Cap of Endorsement and Guarantee (Note 2)	Endorsement and Guarantee Provided by the Parent for Subsidiary	Endorsement and Guarantee Provided by the Subsidiary for Parent	Endorsement and Guarantee Provided for Entities in Mainland China
		Name of the Company	Relationship										
0	The Company	Everest Investment (Holding) Ltd.	Subsidiary – 100% shareholding	\$ 4,400,853	\$ 61,410	\$ 61,410	\$ 19,344	\$ -	1.05		Y	N	N
		Everest Textile (Thailand) Co., Ltd.	"	4,400,853	307,050	307,050	-	-	5.23		Y	N	N
		Everest International Develop Investment Co., Ltd.	"	4,400,853	590,000	590,000	334,000	-	10.05		Y	N	N
		Everest Textile USA, LLC.	"	4,400,853	2,978,385	2,057,235	626,382	-	35.06		Y	N	N
		Everest International (HK) Ltd.	"	4,400,853	<u>1,412,430</u>	<u>1,412,430</u>	<u>36,846</u>	-	<u>24.07</u>		Y	N	N
					<u>\$ 5,349,275</u>	<u>\$ 4,428,125</u>	<u>\$ 1,016,572</u>		<u>75.46</u>	<u>\$ 8,801,706</u>			

Note 1: Based on 75% of the equity attributable to owners of the Company.

Note 2: Based on 150% of the equity attributable to owners of the Company.

EVEREST TEXTILE CO., LTD. AND ITS SUBSIDIARIES
STATEMENT OF SECURITIES HELD AT THE END OF THE PERIOD

December 31, 2023

Table 3

Unit: NT\$ Thousands

Company Held	Category and Name of Securities	Relationship with the Issuer of Securities	Accounting Item	End of the Period				Remarks
				Unit/Number of Shares	Carrying Amount	Ratio (%)	Market Value/Net Equity Value	
The Company	Jin Lead Industrial Co., Ltd. – shares of an unlisted company	The Company is a corporate director of Jin Lead Industrial Co., Ltd.	Financial assets at fair value through other comprehensive income – non-current	526,800	\$ 5,479	19	\$ 5,479	
	Dah Chung Bills Finance Corp. – shares of a listed company	None	"	1,204	<u>15</u>	-	<u>15</u>	
					<u>\$ 5,494</u>		<u>\$ 5,494</u>	
Everest International Develop Investment Co., Ltd.	Everest Textile – shares of a listed company	Parent company	Financial assets at fair value through other comprehensive income – non-current	20,177,533	<u>\$ 150,121</u>	2.9	<u>\$ 150,121</u>	

Note 1: The term “securities” used in this Schedule refers to shares, bonds, beneficiary certificates, and securities derived from the aforesaid items.

Note 2: Please see Table 6 and Table 7 for information related to investments in subsidiaries.

EVEREST TEXTILE CO., LTD. AND ITS SUBSIDIARIES
**PURCHASES AND SALES WITH RELATED PARTIES WITH AN AMOUNT ACHIEVING NT\$100,000 THOUSAND OR REACHING 20% OF ITS PAID-IN CAPITAL AND
 ABOVE**

For the year ended December 31, 2023

Table 4

Unit: NT\$ Thousands

Purchasing (Selling) Company	Counterparty	Relationship	Transaction Status				Circumstance and Reason for Transaction Conditions Differ from General Transactions		Transaction Status		Remarks
			Purchase (Sales) of Goods	Amount	Ratio to Total Purchase (Sales) of Goods (%)	Credit Period	Unit Price	Credit Period	Balance	Ratio to Total Receivables (Payables) (%)	
The Company	Everest Textile (Thailand) Co., Ltd.	Subsidiary	Outsourced processing	\$ 613,603	80	Settle every 1 month	No comparable goods under the same category		(\$ 50,409)	(12)	Note
		Subsidiary	Sales	(250,649)	(5)	Settle every 6 months	Equivalent	Equivalent	-	-	Note
	Far Eastern New Century Corporation (FENC)	Company evaluates the Company using the equity method	Purchases	232,157	11	Settle every 1 to 2 months, except for partial advance payments made for yarn products	Equivalent	Equivalent	(59,936)	(14)	
			Purchases	164,514	8	Settle every 1 month	Equivalent	Equivalent	(6,883)	(2)	
			Purchases	150,358	7	Settle every 1 month	Equivalent	Equivalent	(9,202)	(2)	
	Far Eastern Fibertech Co., Ltd.	Company evaluates the Company using the equity method	Purchases	164,514	8	Settle every 1 month	Equivalent	Equivalent	(6,883)	(2)	
	Jin Lead Industrial Co., Ltd.	The Company is a corporate director of Jin Lead Industrial Co., Ltd.	Purchases	150,358	7	Settle every 1 month	Equivalent	Equivalent	(9,202)	(2)	
Everest Textile (Shanghai) Ltd.	Subsidiary	Sales	(159,870)	(3)	Settle every 6 month	Equivalent	Equivalent	8,587	2	Note	
Everest Textile USA, LLC.	Subsidiary	Purchases	455,533	23	1 to 2 months	Equivalent	Equivalent	(34,514)	(8)	Note	
Everest Textile (Shanghai) Ltd.	Everest International (HK) Ltd.	Fellow subsidiary	Sales	(713,879)	(41)	Settle every 2 to 4 months	Equivalent	Equivalent	59,878	21	Note
Everest Textile USA, LLC.	Everest Textile (Thailand) Co., Ltd.	Fellow subsidiary	Sales	(158,326)	(18)	1 to 2 months	Equivalent	Equivalent	5,232	11	Note

Note: Written-off during the preparation of the consolidated financial statements.

EVEREST TEXTILE CO., LTD. AND ITS SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES ACHIEVING NT\$100,000 THOUSAND OR REACHING 20% OF ITS PAID-IN CAPITAL AND ABOVE

December 31, 2023

Table 5

Unit: NT\$ Thousands

Company with Book Receivables	Counterparty	Relationship	Balance of Receivables from the Related Party (Note 3)	Turnover Rate	Overdue Receivables from Related Parties		Amount Recovered from Related Parties After Expiry	Allowance for Losses Provided
					Amount	Method of Disposal		
The Company	Everest Apparel (Haiti) S.A.	Subsidiary	\$ 148,864	—	\$ -	—	\$ -	\$ -
		Subsidiary	636,629	Note	-	—	-	-
Everest Textile (Shanghai) Ltd.	Everest International (HK) Ltd.	Fellow subsidiary	429,091	Note	-	—	429,091	-
Everest Textile USA, LLC.	Everest Development USA, LLC.	Fellow subsidiary	142,650	Note	-	—	-	-
Everest International (HK) Ltd.	Everest Apparel (Ethiopia) S.C.	Fellow subsidiary	629,592	Note	-	—	-	-
Everest USA Holdings, Inc.	Everest Textile USA, LLC.	Subsidiary	153,622	Note	-	—	-	-

Note: The nature of the financing, not applicable for turnover rate calculation.

EVEREST TEXTILE CO., LTD. AND ITS SUBSIDIARIES
INFORMATION ON INVESTEEES

For the year ended December 31, 2023

Table 6

Unit: NT\$ Thousands

Name of the Investing Company	Name of the Investees	Location	Principal Business Activities	Initial Investment Amount		Held at the End of the Period			Current Gain (Loss) of the Investees	Investment Gain (Loss) Recognized for the Period	Remarks
				End of the Period	End of the Previous Year	Number of Shares	Ratio (%)	Carrying Amount			
The Company	Everest Investment (Holding) Ltd.	Bermuda	Holdings and international trade	\$ 955,893	\$ 955,893	1,300	100	\$ 3,149,871	\$ 206,169	\$ 206,169	Note 3
	Everest International Develop Investment Co., Ltd.	Taiwan	General investment	2,291,400	1,998,400	220,700,000	100	(26,395) (Note 1)	(623,033)	(623,033)	Note 3
	Everest Textile (HK) Ltd.	Hong Kong	International trade	2,427	2,427	695,000	99.3	639	(383)	(383)	Note 3
Everest Investment (Holding) Ltd.	Everest Textile (Thailand) Co., Ltd.	Thailand	Original equipment manufacturing, production, and sales of processed silk and woven fabrics	701,063	701,063	79,999,993	100	1,410,424	117,226		Note 3
Everest International Develop Investment Co., Ltd.	Everest International (HK) Ltd.	Hong Kong	Investment and holdings	1,418,047	1,260,433	46,300,000	100	1,144,761	(105,199)		Note 3
	Everest Apparel (HK) Ltd.	Hong Kong	Investment and holdings	974,505	848,467	31,580,000	100	(818,008)	(509,005)		Note 3
Everest International (HK) Ltd.	Everest USA Holdings, Inc.	The U.S.	Investment and holdings	1,418,047	1,260,433	1,000	100	981,366	(129,847)		Note 3
Everest USA Holdings, Inc.	Everest Development USA, LLC.	The U.S.	Operating asset management	79,170	79,170	2,500,000	100	41,941	(11,083)		Note 3
	Everest Textile USA, LLC.	The U.S.	Production and dyeing of yarn and woven fabrics	1,181,263	1,181,263	38,800,000	100	779,640	(119,229)		Note 3
Everest Apparel (HK) Ltd.	Everest Apparel (Ethiopia) S.C.	Ethiopia	Apparel production	557,696	557,696	542,415	100	(160,422)	(192,089)		Note 3
	Everest Apparel (Haiti) S.A.	Haiti	Apparel production	390,960	390,960	4,000	100	(663,552)	(310,330)		Note 3

Note 1: The carrying amount at the end of the period is the balance after deducting the parent company's shares held by the subsidiary that are deemed as treasury shares amounting to NT\$332,836 thousand.

Note 2: Please refer to Table 7 for information on investments in mainland China.

EVEREST TEXTILE CO., LTD. AND ITS SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA

For the year ended December 31, 2023

Table 7

Unit: NT\$ Thousands, unless specified otherwise

Name of the Investee Company in Mainland China	Principal Business Activities	Paid-In Capital (Note 2)	Investment Method	Cumulative Investment Amount Remitted from Taiwan at the Beginning of the Period	Investment Amount Remitted or Recovered for the Period		Cumulative Investment Amount Remitted from Taiwan at the end of the Period	Current Gain (Loss) of the Investees	the Company's Direct or Indirect Investment Shareholding (%)	Investment (Loss) Gain Recognized for the Period (Note 3 and 4)	Name of the Investee Company in Mainland China	Principal Business Activities
					Remitted	Recovered						
Everest Textile (Shanghai) Ltd.	Research, development, dyeing, back-end processing and selling of high emulation chemical fibers and high-grade textile cloth	\$ 921,150 (US\$30,000 thousand)	The Company's indirect investment via the third party Everest Investment (Holding) Ltd.	\$ 980,349 (US\$30,000 thousand)	\$ -	\$ -	\$ 980,349 (US\$30,000 thousand)	\$ 92,545	100	\$ 90,460	\$ 1,763,700	\$ -

Cumulative Investment Amount Remitted from Taiwan to Mainland China at the End of the Period (Note 2)	Investment Amount Approved by the Ministry of Economic Affairs Investment Committee (Note 2)	Investment Limits Stated by MOEAIC Regarding Investments in Mainland China (Note 1)
\$ 921,150 (US\$30,000 thousand)	\$ 921,150 (US\$30,000 thousand)	\$ 3,520,682

Note 1: Calculated based on the limits stated in the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" amended by the MOEAIC on August 29, 2009 ($\$5,867,804 \times 60\% = \$3,520,682$).

Note 2: The amount is translated at a currency rate where USD\$1 equals NT\$30.705.

Note 3: Investment gains are recognized according to the financial statements audited by an international accounting firm that cooperates with CPA Associations R.O.C. (Taiwan).

Note 4: Investment gains recognized for the period is the net amount after deducting the realized gross sales of goods amounted to NT\$2,085 thousand arising from the side current transactions.

EVEREST TEXTILE CO., LTD. AND ITS SUBSIDIARIES
**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD AREA, AND
 THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES**

For the year ended December 31, 2023

Table 8

Unit: NT\$ Thousands

Purchasing (Selling) Company	Counterparty	Relationship	Transaction Status				Circumstance and Reason for Transaction Amount Differ from General Transactions		Notes and Trade Receivables (Payables)		Unrealized Gains (Losses) (Note)
			Purchase (Sales) of Goods	Amount (Note)	Ratio to Total Purchase of Goods (%)	Credit Period	Unit Price	Credit Period	Balance (Note)	Proportion to Total Notes and Accounts Receivable (Payable) (%)	
The Company	Everest Textile (Shanghai) Ltd.	Subsidiary	Sales	(\$ 159,870)	(3)	Settle every 6 month	Equivalent	Equivalent	\$ 8,587	2	\$ 4,817
Everest Textile (Shanghai) Ltd.	Everest International (HK) Ltd.	Fellow subsidiary	Sales	(713,879)	(41)	Settle every 2 to 4 months	Equivalent	Equivalent	59,878	21	(2,266)
Everest Textile (Thailand) Co., Ltd.	Everest Textile (Shanghai) Ltd.	Fellow subsidiary	Sales	(63,059)	(3)	Settle every 2 to 4 months	Equivalent	Equivalent	68	-	-

EVEREST TEXTILE CO., LTD.
INFORMATION ON MAJOR SHAREHOLDERS

December 31, 2023

Table 9

Name of the Major Shareholder	Shares	
	Number of Shares Held (Share)	Shareholding Ratio
Yuan Ding Investment Corp.	164,613,745	23.69%

§TABLE OF CONTENTS FOR STATEMENTS OF MAJOR ACCOUNTING ITEMS§

Contents	No./Index
Statement of Assets, Liabilities and Equity Items	
Statement of cash flows	Statement 1
Statement of notes payable to non-related parties	Statement 2
Statement of trade receivables from related parties	Statement 3
Other Receivables Detail Statement	Statement 4
Statement of Inventories	Statement 5
Statement of other non-current assets	Note 15
Statement of changes in investments accounted for using the equity method	Statement 6
Statement of changes in property, plant, and equipment	Note 13
Statement of changes in accumulated depreciation of property, plant, and equipment	Note 13
Statement of changes in right-of-use assets	Note 14
Statement of changes in accumulated depreciation of right-of-use assets	Note 14
Statement of deferred income tax assets	Note 23
Statement of other non-current assets	Note 15
Statement of Short-term borrowings	Statement 7
Statement of short-term notes and bills payable	Note 16
Statement of notes payable to non-related parties	Statement 8
Statement of trade payables to non-related parties	Statement 9
Statement of other payables	Note 18
Statement of other current liabilities	Note 18
Statement of long-term borrowings	Statement 10
Statement of lease liabilities	Note 14
Statement of deferred income tax liabilities	Note 23
Income Statement	
Statement of operating revenue	Statement 11
Statement of operating costs	Statement 12
Statement of operating expenses	Statement 13
Statement of net amount of other non-operating income and expenses	Note 23
Summary of employee benefits and depreciation expenses by function in this period	Statement 14

EVEREST TEXTILE CO., LTD.
STATEMENT OF CASH FLOWS

December 31, 2023

Statement 1

Unit: NT\$ Thousands (only foreign currencies are quoted in units)

Items	Amount
Petty Cash	\$ 1,090
Cash on Hand	306
Bank Deposits	
Checks and demand deposits	44,256
Foreign currency demand deposits (Note 1)	66,375
	\$ 112,027

Note 1: (i.e. US\$2,161,677.49 thousand, EUR\$0.05 and RMB\$125)

Note 2: USD, EUR, and RMB are converted at exchange rates of US\$1 = NT\$30.705, EUR\$1 = NT\$33.98, and RMB\$1 = NT\$4.3352, respectively.

EVEREST TEXTILE CO., LTD.
STATEMENT OF NOTES PAYABLE TO NON-RELATED PARTIES

December 31, 2023

Statement 2

Unit: NTS Thousands

Name of Customer	Summary	Amount
Arising due to operations		
N-Stars Fashion Co., Ltd.	Sales	\$ 2,500
Wingot Textile Corp.	Sales	2,278
New Destiny International Co., Ltd.	Sales	1,362
Wu Fang Fiber Co., Ltd.	Sales	1,262
Labrave Co., Ltd.	Sales	872
Hsin Sin Textile Co., Ltd.	Sales	629
Others (Note)	Sales	2,091
		\$ 10,994

Note: The balance of each account does not exceed 5% of the balance of this subject.

EVEREST TEXTILE CO., LTD.
STATEMENT OF TRADE RECEIVABLES FROM RELATED PARTIES

December 31, 2023

Statement 3

Unit: NT\$ Thousands

<u>Name of Customer</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks (Note 2)</u>
PT EAGLENICE INDONESIA	Sales	\$ 28,983	\$ -
UNIPAX CO., LTD.	Sales	28,148	-
SOUTH ISLAND GARMENT SDN BHD	Sales	20,882	-
TAN DE COMPANY LIMITED	Sales	18,723	-
Others (Note 1)		<u>196,490</u>	<u>2,477</u>
		293,226	<u>\$ 2,477</u>
Less: Loss Allowances		<u>2,649</u>	
		<u>\$ 290,577</u>	

Note 1: The balance of each account does not exceed 5% of the balance of this subject.

Note 2: For each customer account with an age of more than one year, an allowance for doubtful accounts of NT\$2,477 thousand has been provided.

EVEREST TEXTILE CO., LTD.
STATEMENT OF OTHER PAYABLES

December 31, 2023

Statement 4

Unit: NTS Thousands

<u>Items</u>	<u>Amount</u>
Business Tax Refund Receivable	\$ 25,674
Others (Note)	<u>514</u>
	<u>\$ 26,188</u>

Note: The balance of each account does not exceed 5% of the balance of this subject.

EVEREST TEXTILE CO., LTD.
STATEMENT OF INVENTORIES

December 31, 2023

Statement 5

Unit: NTS Thousands

Items	Amount	
	Costs	Net Realizable Value
Finished Goods	\$ 2,365,480	\$ 2,550,729
Work in Progress	835,361	933,613
Raw Materials	41,042	41,417
Supplies	85,937	87,577
	\$ 3,327,820	\$ 3,613,336

Note: Net realizable value refers to the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

EVEREST TEXTILE CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

2023

Statement 6

Unit: NT\$ Thousands

Name	Opening Balance		Increase (Decrease) in Net Amount for the Year			Investment Profit or Loss	Cumulative Translation Adjustment	Closing Balance			Market Value/Net Equity Value	Provision of Guarantees or Pledges
	Number of Shares	Amount	Number of Shares	Amount	Remarks			Number of Shares	Shareholding (%)	Amount		
Unlisted Companies												
Everest Investment (Holding) Ltd.	1,300	\$2,950,012	-	\$ 11,205	Note 1	\$ 206,169	(\$ 17,515)	1,300	100	\$3,149,871	\$ 3,154,688	None
Everest International Develop Investment Co., Ltd.	191,400,000	623,655	29,300,000	301,459	Note 2	(623,033)	4,360	220,700,000	100	306,441	324,850	"
Everest Textile (HK) Ltd.	695,000	<u>1,020</u>	-	<u>-</u>	Note 1	(<u>383</u>)	<u>2</u>	695,000	99.3	<u>639</u>	<u>639</u>	"
		3,574,687		<u>\$ 312,664</u>		(<u>\$ 417,247</u>)	(<u>\$ 13,153</u>)			3,456,951	<u>\$ 3,480,177</u>	
Less: Shares of the parent company held by a subsidiary are treated as treasury shares.		<u>332,836</u>								<u>332,836</u>		
		<u>\$3,241,851</u>								<u>\$3,124,115</u>		

Note 1: The change amount for the year is an adjustment for unrealized gains and losses on downstream transactions.

Note 2: The increase in amount for the current year was NT\$293,000 thousand for capital increase and NT\$8,459 thousand for adjustment of unrealized profits from downstream transactions.

EVEREST TEXTILE CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS

December 31, 2023

Statement 7

Unit: NT\$ Thousands

	<u>Loan Terms</u>	<u>Annual Interest Rate (%)</u>	<u>Balance</u>	<u>Pledge or Guarantee</u>	<u>Remarks</u>
Credit Loans					
Export-Import Bank of the Republic of China (Eximbank)	2023.11-2024.11	1.91	\$ 80,000	None	
Mizuho Bank	2023.12-2024.01	1.83	170,000	None	
First Commercial Bank	2023.12-2024.03	1.80	250,000	None	
CTBC Bank	2023.12-2024.02	1.82	180,000	None	Note
CTBC Bank	2023.12-2024.02	1.82	60,000	None	Note
Shin Kong Bank	2023.11-2023.12	1.83	35,000	None	
Bank of Taiwan	2023.12-2024.03	1.81	100,000	None	
Bank SinoPac	2023.11-2024.01	1.85	<u>200,000</u>	None	
			<u>1,075,000</u>		
Secured Borrowings					
Far Eastern International Bank (FEIB)	2023.11-2024.01	1.82	490,000	Yes	Note
Far Eastern International Bank (FEIB)	2023.11-2024.01	1.82	200,000	Yes	Note
Far Eastern International Bank (FEIB)	2023.12-2024.02	1.82	<u>40,000</u>	Yes	Note
			<u>730,000</u>		
			<u>\$ 1,805,000</u>		

Note: It is a loan under a shared credit limit.

EVEREST TEXTILE CO., LTD.
STATEMENT OF NOTES PAYABLE TO NON-RELATED PARTIES

December 31, 2023

Statement 8

Unit: NTS Thousands

<u>Company Name</u>	<u>Summary</u>	<u>Amount</u>
Formosa Asahi Spandex Co., Ltd.	Purchase material payment	\$ 7,038
Tainan Spinning Co., Ltd.	Purchase material payment	5,197
Chung Shing Textile Marketing Co., Ltd.	Purchase material payment	3,572
Hong Yi Fiber Ind. Co., Ltd.	Purchase material payment	3,041
Zeustex Co., Ltd.	Purchase material payment	3,996
Taiwan Textile Research Institute	Purchase material payment	2,520
Zig Sheng Industrial Co., Ltd.	Purchase material payment	2,738
Others (Note)		<u>1,861</u>
		<u>\$ 29,963</u>

Note: The balance of each account does not exceed 5% of the balance of this subject.

Everest Textile Co., Ltd.

STATEMENT OF TRADE PAYABLES TO NON-RELATED PARTIES

December 31, 2023

Statement 9

Unit: NT\$ Thousands

<u>Company Name</u>	<u>Summary</u>	<u>Amount</u>
Taiwan Nicca Chemical Co., Ltd.	Purchase material payment	\$ 18,882
Farsmart Co., Ltd.	Purchase material payment	12,441
Others (Note)		<u>194,112</u>
		<u>\$ 225,435</u>

Note: The balance of each account does not exceed 5% of the balance of this subject.

EVEREST TEXTILE CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS

December 31, 2023

Statement 10

Unit: NT\$ Thousands

	<u>Loan Terms</u>	<u>Annual Interest Rate (%)</u>	<u>Balance</u>	<u>Financing Limit</u>	<u>Pledge or Guarantee</u>
Credit Loans					
The Shanghai Commercial & Savings Bank, Ltd.	2022.12-2025.12	2.06	\$ 100,000	\$ 200,000	None
Mega Bank	2019.9-2024.9	1.78	90,000	300,000	None
Bangkok Bank	2022.6-2025.6	2.11	<u>350,000</u>	350,000	None
			540,000		
Less: due within 1 year			<u>140,000</u>		
			<u>\$ 400,000</u>		

EVEREST TEXTILE CO., LTD.
STATEMENT OF OPERATING REVENUE

2023

Statement 11

Unit: NTS Thousands

Items	Quantity	Amount
Total Amount of Sales of Goods		
Finished fabric	37,481 thousand yards	\$ 4,055,946
Draw textured yarn	8500 tons	834,862
Others (Note)		425,645
		5,316,453
Less: Sales Returns		24,527
Sales discounts and allowances		95,088
Net amount of sales revenue		\$ 5,196,838

Note: None of the amounts exceed 10% of the total amount for this category.

EVEREST TEXTILE CO., LTD.
STATEMENT OF OPERATING COSTS

2023

Statement 12

Unit: NTS Thousands

Items	Amount
Raw materials at the beginning of the year	\$ 54,655
Add: Cost of raw materials purchased for the year	956,198
Net amount of inventory profit	755
Less: Raw materials costs to sell	28,412
Transfer fees	2,021
Raw materials at the end of the year	41,042
Direct material consumption	940,133
Direct labor	402,160
Production overheads	1,612,631
Manufacturing costs	2,954,924
Add: Work in progress at the beginning of the year	1,276,222
Less: Work in progress at the end of the year	835,361
Net amount of inventory profit	1,186
Transfer fees	605
Cost of finished goods	3,393,994
Add: Finished goods at the beginning of the year	2,344,633
Outsourcing for the year	1,066,083
Outsourced processing fees	769,185
Less: Finished goods at the end of the year	2,365,480
Net amount of inventory profit	21,034
Transfer fees	23,475
Cost of goods sold	5,163,906
Add: Raw materials costs to sell	28,412
Net amount of loss on physical inventory	21,465
Less: Revenue from sale of scraps	908
Operating costs	\$ 5,212,875

EVEREST TEXTILE CO., LTD.
STATEMENT OF OPERATING EXPENSES

2023

Statement 13

Unit: NT\$ Thousands

Items	Summary	Selling and Marketing Expenses	Administrative Expenses	Research and Development Expenses	Total
Salaries or bonuses	Salary, bonus, overtime pay, etc.	\$ 84,937	\$ 109,919	\$ 74,036	\$ 268,892
Shipping expenses	Freight charges for land, sea and air transportation, etc.	97,058	15,860	456	113,374
Traveling expenses	Employee travel and miscellaneous expenses	18,879	11,112	12,135	42,126
Depreciation	Provision of property, plant and equipment, and right-of- use assets	18,801	25,148	10,252	54,201
Commission	Paying fees to domestic and foreign agents	37,253	-	-	37,253
Service expenses	Paying professional service fees, etc.	7,435	13,305	2,670	23,410
Receiving finished goods	Sample fees	8,357	84	11,382	19,823
Advertisement expenses	Advertising costs for product sales and talent recruitment	7,996	140	17,148	25,284
Others		<u>91,776</u>	<u>59,335</u>	<u>48,611</u>	<u>199,722</u>
		<u>\$ 372,492</u>	<u>\$ 234,903</u>	<u>\$ 176,690</u>	<u>\$ 784,085</u>

EVEREST TEXTILE CO., LTD.

**SUMMARY OF EMPLOYEE BENEFITS AND DEPRECIATION EXPENSES BY
FUNCTION**

Statement 14

Unit: NT\$ Thousands

	2023			2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee Benefits						
Salaries	\$ 565,931	\$ 266,772	\$ 832,703	\$ 659,347	\$ 279,321	\$ 938,668
Labor and health insurance	70,806	29,327	100,133	76,942	28,774	105,716
Pension	42,291	21,237	63,528	50,537	22,231	72,768
Directors' remuneration	-	2,120	2,120	-	3,590	3,590
Others	<u>24,813</u>	<u>13,591</u>	<u>38,404</u>	<u>26,911</u>	<u>14,402</u>	<u>41,313</u>
	<u>\$ 703,841</u>	<u>\$ 333,047</u>	<u>\$1,036,888</u>	<u>\$ 813,737</u>	<u>\$ 348,318</u>	<u>\$1,162,055</u>
Depreciation	\$ 267,905	\$ 54,201	\$ 322,106	\$ 263,131	\$ 57,824	\$ 320,955

Note 1: The number of employees for the current year and the previous year were 1,520 and 1,618 respectively, of which the number of non-executive directors were 9 and 8 respectively.

Note 2: Companies whose stocks are listed on the stock exchange or traded over-the-counter at the securities trading center should disclose the following information:

- (1) The average employee benefit expense this year is NT\$685 thousand (“Total employee benefit expenses for the year” – “Total remuneration for directors” / “Number of employees for the year” – “Number of directors who are not also employees”). The average employee benefit expense for the previous year was NT\$720 thousand (“Total employee benefit expenses for the previous year – Total directors’ remuneration” / “Number of employees for the previous year – Number of directors who are not also employees”).
- (2) The average employee salary expense this year is NT\$551 thousand (Total salary expense this year / “Number of employees this year – Number of non-concurrent directors”). The average employee salary expense for the previous year was NT\$583 thousand (total salary expense for the previous year / “number of employees for the previous year – number of directors who are not concurrently employees”).
- (3) Adjustment of average employee salary and benefit expenses – 5% (“Average employee salary and benefit expenses for the current year – Average employee salary and benefit expenses for the previous year” / Average employee salary and benefit expenses for the previous year).
- (4) There were no supervisors in the current year and the previous year.
- (5) The Company’s salary and compensation policy for directors, managers and employees:
 - 1) The remuneration of the directors of this Company is determined based on their degree of participation in the Company’s operations and their value of contribution. Independent directors are paid a fixed remuneration.
 - 2) The remuneration of the Company’s managers and employees is determined based on their educational background and work experience, as well as an evaluation of their parent company only performance and the Company’s operating results.