

Everest Textile Co., Ltd.

2021 Annual General Shareholders Meeting Minutes

Meeting time: 2021/05/04 (Tuesday) 9:00AM

Meeting place: No. 261 Nanmen Road, Tainan City (The Conference Hall on 1F of the Labor Recreational Center)

Shareholding of the attending shareholders: 266,142,473 shares of the attending shareholders and by proxy, representing 55.015% of the total issuance of 483,767,120 shares(excluding 26,067,062 shares from subsidiary Everest International Develop Investment Co., Ltd.)

Attendees: Directors-Johnny Hih, Donglas Tong Hsu, Kao Shan Wu, Eric Hu, Ching Lai Yeh, Shou-Chun Yeh, Haw Sheng Lin, Charles Wang;
Independent Directors: Yin Chi Chuang, Shiou Chung Chen, Jen Fa Chen;
Attorney Haw Sheng Lin, CPA Lou Liao

Chairman: Chairman Johnny Hih

Clerk: Mei Hsiu Huang

Meeting commencement: Omitted

Statement by the Chairman: Omitted

Reporting Items:

1. 2020 Business Report.
2. 2020 Financial Statements.
3. Improvement report in relation to the loans to others that exceeded the limit by our subsidiary, Everest Apparel (HK) Limited.
4. The Audit Committee's review report on the 2020 Financial Statements

Approval Items:

Case 1:

Subject: To accept 2020 Business Report and Financial Statements

The Board of Directors proposes and recommends that each shareholder vote FOR the acceptance of 2020 Business Report and Financial Statements.

Explanatory notes:

(1)Everest Textile Co., LTD's 2020 Business Report and Financial Statements (including consolidated balance sheets, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows, and balance sheets, statements of comprehensive income, statements of changes in equity, statements of cash flows, please refer to p7– p30) have been audited by independent auditors, Mr. Lou Liao and Ms. Li-yuan Guo of Deloitte & Touche, and have been examined and determined to be correct and accurate by Audit Committee

of Everest Textile Co., LTD. We thereby submit this report.

(2) Please accept the aforesaid Business Report and Financial Statements.

Resolutions: The total voting rights of the presenting shareholders (including electronic voting) is 266,142,473 voting rights. This case was voted with 262,184,306 voting rights in favor, accounting for 98.51 % of the total voting rights. There were 974,405 voting right not in favor of the case. There were 2,983,762 waived/not voted . This case is passed according to the revolution reached by voting in the board meeting.

Case 2:

Subject: To approve the proposal for the provision for the loss in 2020

The Board of Directors proposes and recommends that each shareholder vote FOR the provision for the loss in 2020.

Explanatory notes :

(1) The company's after-tax losses in 2020 are intended to be compensated. The allocation is as follows

1.	2020 Net loss after income tax(EPS -1.94)	(936,986,590)
2.	Plus : Confirmed reevaluated amount of welfare plan for retained earnings	314,011
3.	2020 total net loss	(936,672,579)
4.	Beginning of 2020 accumulated deficit	(215,234,405)
5.	Accumulated losses of current year.	(1,151,906,984)
6.	Accumulated losses at the end of year.	(1,151,906,984)

(2) In accordance with the Article 26 of Articles of Incorporation the company will not distribute employee bonus or directors' remuneration.

(3) In accordance with the Article 27 of Articles of Incorporation the company will not distribute surplus in 2020 year.

(4) The accumulated losses at the end of the period are NTD 1,151,906,984.

(5) Please accept the aforesaid proposal.

Resolutions: The total voting rights of the presenting shareholders (including electronic voting) is 266,142,473 voting rights. This case was voted with 262,691,309 voting rights in favor, accounting for 98.70 % of the total voting rights. There were 1,060,525 voting right not in favor of the case. There were 2,390,639 waived/not voted . This case is passed according to the revolution reached by voting in the board meeting.

Discussion and Election Items:

1. The Company intended to reduce capital to make up for the loss

Explanatory notes:

- (1) In order to strengthen the financial structure and increase the net value per share, the company intended to reduce capital to make up for the loss.
- (2) Amount and ratio of make up for capital reduction: It is intended to have capital reduction in NT\$1,151,906,980, in total issued shares 115,190,698 shares, based on the 509,834,182 outstanding shares as the calculation basis, capital reduction ratio is approximately 22.593757%.
- (3) Based on the shareholder's shareholding ratio recorded in the shareholder register on the base date of capital reduction and share conversion, around 226 shares will be cancelled for every thousand shares. Less than a share after the capital reduction, shareholders can consolidate by their own selves and register to our stock agency between the period of the end of the 5 days and 1 day before the transfer date. If it is not combined or there is still less than 1 share, the company will pay cash based on the denomination of the stock (calculated to NTD Yuan only, round down below Yuan, offsetting the transfer fee of collective insurance or non-physical registration fee. Its shares authorize the chairman of the board to contact a specific person to subscribe for the denomination.
- (4) Paid-in capital after capital reduction is NT\$3,946,434,840, par value is NT\$10, and the issued shares are 394,643,484 shares.
- (5) In this case, the capital reduction to make up for the loss and the exchange of new shares are issued in non-physical way. Its right is the same as that of the original shares. Once the shareholders' general meeting has passed the resolution and the competent authority's application effective, the Board of Directors is authorized to set the base date for capital reduction, the issuance of shares for capital reduction and other related matters.
- (6) Before the date of the capital reduction benchmark for this case, if there is a change in the company's share capital, causing impact on capital reduction ratio needs to be adjusted depending on the number of shares outstanding. Or the capital reduction plan change due to amendments to laws or regulations or approved by the competent authority, it is proposed to ask the shareholders' general meeting to authorize the chairman of the board to handle the matter.
- (7) Please referendum.

Supplemental instruction:

Supplement for reason of reducing capital, business improvement plan, and execution measures described as below-

1. Reason of reducing capital: Accumulated loss at the end of 2020 is TWD 1 billion and 152 million. In order to make up loss, it is planned to reduce capital TWD 1 billion and 152 million, which will be resulting to strengthen the financial structure and increase the net value per share.
2. Business improvement plan measures:
 - (1) Develop diversified high-value products and explore customer needs.
 - (2) Exceed brand limits through the purple cow product Evertek Inside.
 - (3) Develop anti-epidemic product strategy through Everest's core technology.
 - (4) Integrate innovative service models and build a new economic and business ecosystem.
 - (5) Deepen the Group's digital thinking and make digital applications bloom everywhere.
 - (6) Promote global talent sustainable development and build a win-win ecosystem for all stakeholders.
3. Execution measures: The company will call operating meeting on weekly basis and discuss about operating goals and performance to keep the company in competitive position.
4. The progress of Business Improvement Plan and execution performance will be reported in 2022 Annual General Shareholders Meeting.

Resolutions: The total voting rights of the presenting shareholders (including electronic voting) is 266,142,473 voting rights. This case was voted with 262,358,739 voting rights in favor, accounting for 98.58% of the total voting rights. There were 1,435,570 voting right not in favor of the case. There were 2,348,164 waived/not voted . This case is passed according to the revolution reached by voting in the board meeting.

2. To amend the Articles of Incorporation of Everest Textile Co., LTD

The Board of Directors proposes and recommends that each shareholder vote FOR the amendments of the Articles of incorporation.

Explanatory notes:

- (1)The Company's total capital shall be NT\$5,600,000,000 divided into 560,000,000 shares of NT\$10 each. Paid-in capital is NT\$5,098,341,820.
- (2)Considering future business development of the Company, it is necessary to increase authorized capital and intend to raise authorized capital up to NT\$8,000,000,000 divided into 800,000,000 shares of NT\$10 each.
- (3)The revisions to the company's Articles of Incorporation is as follows:

Section	Proposed Changes	Current Articles
Article 6	The Company's total capital shall be <u>NT\$8,000,000,000</u> divided into <u>800,000,000</u> shares of NT\$10 each. The Board of Directors is authorized to issue separately the un-issued shares.	The Company's total capital shall be <u>NT\$5,600,000,000</u> divided into <u>560,000,000</u> shares of NT\$10 each. The Board of Directors is authorized to issue separately the un-issued shares.
Article 29	These Articles of Incorporation came into effect on January 27, 1988, following the approval of the General Shareholders' Meeting and the competent authorities. Amendments shall also follow suit. (Omitted) <u>Twenty-third amendment on May 4, 2021.</u>	These Articles of Incorporation came into effect on January 27, 1988, following the approval of the General Shareholders' Meeting and the competent authorities. Amendments shall also follow suit. (Omitted) <u>Twenty-second amendment on June 15, 2020.</u>

(4) Please approve the proposal for the amendment of Everest Textile Co., LTD's Articles of Incorporation.

Resolutions: The total voting rights of the presenting shareholders (including electronic voting) is 266,142,473 voting rights. This case was voted with 262,636,063 voting rights in favor, accounting for 98.68 % of the total voting rights. There were 982,517 voting right not in favor of the case. There were 2,523,893 waived/not voted . This case is passed according to the revolution reached by voting in the board meeting.

3. The Company intend to issue new shares by capital increase.

The Board of Directors proposes and recommends that each shareholder vote FOR issuing new shares by capital increase.

Explanatory notes:

In order to enrich the working capital, improve the financial structure and long-term development of the company. It is proposed to be submitted to the shareholders' meeting to authorize the Board of Directors to issue new shares by collecting domestic cash capital in appropriate timing, within the NT\$3 billion quota and depending on the market environment and the company's capital status. The main contents of which are explained as follows:

(1) The cash capital increase par value is NT\$10 per share, and the actual issue price will be in accordance with Taiwan Securities Association "Underwriters counsel the issuance company's solicitation and Self-discipline Rules for Issuing Securities"

and depending on the time of issuance and market conditions to authorize the chairman and the underwriter to negotiate and report to the authorities, and then issuing shares after the declaration.

- (2) The rights and obligations of the new shares issued by cash capital increase are the same as those of the issued shares.
- (3) Except for the 10%~15% of total number of shares to be reserved for subscribed by the employees at the issue price in accordance with Article 267 Paragraph 1 of the Company Law, they are also traded on the basis of securities Article 28-1 Item 2 of the Act stipulates that 10% of the total number of shares to be issued shall be allocated public underwriting. The remaining shares are recognized first by the original shareholders according to the original proportion of shares. It is proposed to authorize the chairman of the board to contact a specific person to subscribe for it at the issue price, if the company's employees and original shareholders waived the subscription or short of subscription
- (4) The funds raised in this cash increase are expected to be used to repay bank borrowings, and enrich business capacity. It is expected to be used within one year after the completion of the fundraising which can strengthen the company's competitiveness and improve operating efficiency. It is positively helpful to the company's future development.
- (5) The important content of the cash capital increase plan, including the determination of securities underwriters, underwriters sales method, issuance price, actual number of issued shares, issuance conditions, plans, fundraising amount, scheduled progress and expected benefits ...etc related matters, it is planned for shareholders general meeting authorizing the chairman to adjust, formulate and have full authority based on market conditions to deal with it.
- (6) In the future, due to changes in laws or regulations or requirements of the competent authority for amendments or based on operational evaluations, the Board of Directors is also authorized to deal with it.
- (7) Cash capital increase and issuance of new shares is planned to be submitted shareholders general meeting to authorize the chairman of the Board to set date of subscription, payment period, date of capital increase and handling all related matters after the approval of authority.
- (8) If there are unmentioned matters, the chairman of the Board shall be authorized to deal with it in accordance with relevant laws and regulations.
- (9) Please approve the proposal.

Resolutions: The total voting rights of the presenting shareholders (including electronic voting) is 266,142,473 voting rights. This case was voted with 262,738,861 voting rights in favor, accounting for 98.72 % of the total voting rights. There were

1,048,507 voting right not in favor of the case. There were 2,355,105 waived/not voted . This case is passed according to the revolution reached by voting in the board meeting.

4. Amendment to certain provisions the “Procedures for Endorsements and Guarantees” of the company

The Board of Directors proposes and recommends that each shareholder vote FOR the amendments to certain provisions the “Procedures for Endorsements and Guarantees” of the company.

Explanatory notes:

- (1) For the financing needs of subsidiaries and intend to raise ceiling limit of endorsements and guarantees amount, the revisions to provisions the “Procedures for Endorsements and Guarantees” of the company is as follows:

Section	Proposed Changes	Current Articles
Article 3	<p>The total amount of the company’s external endorsement guarantee liability is limited based on <u>150% of the company’s most recent net worth</u>. The limit of a single enterprise endorsement guarantee is based on <u>the company 75% of the most recent net worth</u>.</p> <p>The total external endorsement guarantee liability amount of the Company and its subsidiaries is limited based on <u>150% of the company’s most recent net worth</u>. The limit of the endorsement guarantee of the company and its subsidiaries for single enterprise is based on <u>75% of the company’s most recent net worth</u>. When the total amount of the overall external endorsement guarantee liability reaches above 50% of the company’s most recent net worth. It should be explained its necessity and rationality at the shareholders meeting.</p> <p>The company’s financial report is</p>	<p>The total amount of the company’s external endorsement guarantee liability is limited based on <u>the company’s most recent net worth</u>. The limit of a single enterprise endorsement guarantee is based on <u>the company 50% of the most recent net worth</u>.</p> <p>The total external endorsement guarantee liability amount of the Company and its subsidiaries is limited based on <u>the company’s most recent net worth</u>. The limit of the endorsement guarantee of the company and its subsidiaries for single enterprise is based on <u>50% of the company’s most recent net worth</u>. When the total amount of the overall external endorsement guarantee liability reaches above 50% of the company’s most recent net worth. It should be explained its necessity and rationality at the shareholders meeting.</p> <p>The company’s financial report is</p>

	based on the international financial report Compilers of guidelines. The net worth referred to in this procedure, refers to the equity attributed to parent company interest on the balance sheet of the securities issue	based on the international financial report Compilers of guidelines. The net worth referred to in this procedure, refers to the equity attributed to parent company interest on the balance sheet of the securities issue
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(2) Please approve the proposal for the amendment to certain provisions the “Procedures for Endorsements and Guarantees” of the company.

Resolutions: The total voting rights of the presenting shareholders (including electronic voting) is 266,142,473 voting rights. This case was voted with 255,985,496 voting rights in favor, accounting for 96.18 % of the total voting rights. There were 7,624,540 voting right not in favor of the case. There were 2,532,437 waived/not voted . This case is passed according to the revolution reached by voting in the board meeting.

5. Re-election of the Directors (including Independent Directors) of the Company

The 11th Board of Directors of the company was elected by the 2018 shareholders’ meeting. As the period is about to expire, the re-election shall be handled at the current (2021) annual general meeting of shareholders according to law.

Explanatory notes:

(1) 11 directors will be elected this time (three of them are independent directors).

Candidates nomination and be elected, the term of duty is three years, from 4th May 2021 to 3rd May 2024.

(2) The election of directors and independent directors of the company adopts a candidate nomination system. Nomination of candidates can be made by the Board of Directors or shareholders holding more than 1% of the shares. Resolution of the 11-13 Board of Directors meeting on 5th February 2021 approved the list of nominated directors (including independent directors) candidates in total of eight directors and three independent director candidates. The current (term of 12th) director candidates list is as appendix.

4. Please refer to "Director Election Regulations" of the company.

5. Please vote.

Result of election: As illustrated below:

Elected Directors		
Account No. (ID No.)	Name of the elected	Elected shareholding

141248	Da Ju Fiber Co., Ltd. Representative: Johnny Hih	289,260,018
204	Yuan Ding Investment Co., Ltd. Representative: Donglas Tong Hsu	284,004,613
26036	Yue Ding Industry Co., Ltd. Representative: Ching Lai Yeh	271,584,179
25307	Shuo Quan Co., Ltd. Representative: Shou-Chun Yeh	262,570,373
204	Yuan Ding Investment Co., Ltd. Representative: Eric Hu	259,964,571
204	Yuan Ding Investment Co., Ltd. Representative: Kao Shan Wu	256,622,925
25301	Yu Yuan Investment Co., Ltd. Representative: Haw Sheng Lin	255,511,860
25301	Yu Yuan Investment Co., Ltd. Representative: Charles Wang	252,614,820

Elected Independent Directors		
Account No. (ID No.)	Name of the elected	Elected shareholding
59	Yin Chi Chuang	252,410,232
A10205xxxx	Shiou Chung Chen	251,824,761
125	Jen Fa Chen	250,393,079

6. Removal of the Director's competition restriction in accordance with Article 209 of the Company Act

Explanatory notes:

1. According to the first paragraph of Article 209 of the Company Law, "the directors behaviors for themselves or others, within the business scope of the company, it shall be explained to shareholders' general meeting the importance of their behaviors to obtain its permission".
2. The company's new directors may invest or operate other companies with the same or similar business scope and be directors or managers. In accordance with Article 209 of the Company Law, it is proposed to request the shareholders' general meeting to remove the Directors' competition restriction of new directors and representatives of the Company. Please refer to the appendix for the list
3. Please referendum

Resolutions: The total voting rights of the presenting shareholders (including electronic voting) is 266,142,473 voting rights. This case was voted with 262,454,708 voting rights in favor, accounting for 98.61 % of the total voting rights. There were 1,122,783 voting right not in favor of the case. There were 2,564,982 waived/not voted . This case is passed according to the revolution reached by voting in the board meeting.

Appendix

Name of Director	Managing a third party operating in a scope of business similar to that of the Company
Da Ju Fiber Co., Ltd. Representative: Johnny Hih	Vice Chairman, Far Eastern New Century Co., Ltd.
Yuan Ding Investment Co., Ltd. Representative: Donglas Tong Hsu	
Yuan Ding Investment Co., Ltd. Representative: Eric Hu	GM, Far Eastern New Century Co., Ltd. Chairman, Far Eastern Textile Dyeing (Suzhou) Co., Ltd Chairman, Far Eastern Industry (Wuxi) Ltd Chairman, Far Eastern Industry (Suzhou) Ltd Chairman, Far Eastern Apparel (Suzhou) Ltd Chairman, Oriental Industries (Suzhou) Ltd Chairman, Suzhou An He Garment Ltd Director, Fu Kwok Knitting & Garment Co., Ltd. Director, Far Eastern Apparel Co., Ltd. Director, Yuan Faun Ltd. Director, Chung Nan Textile Co., Ltd.
Yuan Ding Investment Co., Ltd. Representative: Kao Shan Wu	GM, Far Eastern New Century Co., Ltd. Chairman, Yuan Faun Ltd. Director, Far Eastern Industry (Shanghai) Ltd
Yue Ding Industry Co., Ltd. Representative: Ching Lai Yeh	Director, Jin Lead Industrial Co., Ltd.
Shuo Quan Co., Ltd. Representative: Shou-Chun Yeh	Chairman, Zig Sheng Industrial Co., Ltd. Supervisor, Evertex Fabrinology Limited Director, Yen Hsing Textile Co., Ltd Director, Eclat Textile Co.Ltd

Jen Fa Chen	Chairman, Chyang Sheng Dyeing & Finishing Co., Ltd
Yin Chi Chuang	GM, Hsing Pao Textile Co., Ltd. Director, Tainan Spinning Co., Ltd.
Shiou Chung Chen	Chairman, Tah Tong Textile Co., Ltd. Director, Great Bell Printing & Dyeing Co., Ltd.

Extemporary Motions: None

Meeting adjourned

Chairman: Johnny Hih

Clerk: Mei Hsiu Huan