

Everest Textile Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2020 and 2019
and Independent Auditors' Report**

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Declaration of Consolidated Financial Statements of Affiliates

The companies required to be included in the Company's consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2020 are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in IFRS 10 "Consolidated Financial Statements." Relevant information that should be disclosed in the consolidated financial statements of affiliates has been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, no separate set of consolidated financial statements of affiliates would be otherwise prepared.

Hereby certify

Name of the Company: Everest Textile Co., Ltd.

Chairman: Johnny Hih

February 5, 2021

Independent Auditors' Report

The Board of Directors and Shareholders Everest Textile Co., Ltd.

Audit Opinion

We have audited the consolidated balance sheets of Everest Textile Co., Ltd. (the "Company") and its subsidiaries (the "Group") as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows for the years then ended, and the notes to consolidated 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 financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years ended December 31, 2020 and 2019 in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) endorsed and kissed into effect by the Financial Supervisory Commission (FSC) of ROC.

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the 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 consolidated financial statements of the Group for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the Group' financial statements for the year ended December 31, 2020 are as follows:

According to the descriptions in Note 4(6) Inventories, Note 5 Inventory Obsolescence Losses, and Note 9 Inventories of the accompanying consolidated financial statements, as of December 31, 2020, the amount of the inventory held by the Group was NT\$4,656,544 thousand, accounted for 34% of the total assets. The carrying amount of inventory is significant to the entire consolidated financial statements, and the valuation of obsolete inventory is subject to management's significant accounting judgment. Therefore, the evaluation and consideration for inventory obsolescence losses have been identified as a key audit matter.

With respect to the rationality for the evaluation of inventory obsolescence losses, we performed audit procedures as follows:

1. We understood and evaluated the design and operating effectiveness of internal controls for inventories.
2. We evaluated the inventory aging profile and selected samples to test the accuracy of the inventory aging.
3. We observed the physical inventory count and performed test counts to identify whether there were obsolete or damaged inventories.

Other Matters

Regarding the subsidiaries included in the Group's consolidated financial statements, the financial statements of Everest Textile (Thailand) Co., Ltd., Everest Apparel (Ethiopia) S.C., Everest Apparel (Haiti) S.A., Everest USA Holdings, Inc., Everest Development USA, LLC., and Everest Textile USA, LLC. for the years ended December 31, 2020 and 2019 were audited by other auditors. As of December 31, 2020 and 2019, the total assets of the above subsidiaries were NT\$4,047,433 thousand and NT\$3,984,859 thousand, respectively, accounted for 30% and 29% of the consolidated total assets. The net operating revenue was NT\$1,374,211 thousand and NT\$1,187,582 thousand, respectively, accounted for 19% and 13% of the net consolidated operating revenue for the years ended December 31, 2020 and 2019, respectively.

We have also audited the financial statements of the Company as of and for the years ended December 31, 2020 and 2019 on which we have issued unmodified opinions with Other Matters sections.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC of the ROC and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated 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 Consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to

cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including relevant notes, and whether the consolidated 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit.

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

We also provided those charged with governance with a statement that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and to communicate with them all relationships and other matters that may be thought to bear on our independence (including relevant preventive measures).

From the matters communicated with those charged with governance, we determined key audit matters of the consolidated financial statements of the Group for the year ended December 31, 2020. 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.

Deloitte & Touche

CPA Lou Liao

CPA Li-yuan Guo

Financial Supervisory Commission Approval
No.

Jin-guan-zheng-shen-zi No. 0990031652

Securities and Futures Commission Approval
No.

Tai-cai-zheng-liu-zi No. 0920123784

March 29, 2021

Everest Textile Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2020 and 2019
Unit: NT\$ Thousands

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current assets				
1100	Cash (Note 4 and 6)	\$ 748,191	6	\$ 185,145	2
1120	Financial assets at fair value through other comprehensive income - current (Notes 4 and 7)	80,742	1	86,548	1
1150	Notes receivable (Notes 4, 8, 19, and 25)	4,026	-	9,330	-
1170	Trade receivables (Notes 4, 8, 19, and 25)	1,336,873	10	1,129,351	8
1200	Other receivables (Notes 4 and 25)	32,639	-	46,275	-
1220	Current tax assets (Notes 4 and 21)	11,359	-	5,755	-
130X	Inventories (Notes 4, 5, and 9)	4,656,544	34	4,747,726	35
1470	Other current assets (Note 13)	175,618	1	163,508	1
11XX	Total current assets	<u>7,045,992</u>	<u>52</u>	<u>6,373,638</u>	<u>47</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	3,448	-	6,960	-
1600	Property, plant and equipment (Notes 4, 11, 25, and 26)	5,740,814	42	6,302,525	47
1755	Right-of-use assets (Notes 4 and 12)	544,190	4	657,623	5
1840	Deferred tax assets (Notes 4 and 21)	134,627	1	126,508	1
1990	Other non-current assets (Note 13)	96,025	1	55,842	-
15XX	Total non-current assets	<u>6,519,104</u>	<u>48</u>	<u>7,149,458</u>	<u>53</u>
1XXX	Total assets	<u>\$ 13,565,096</u>	<u>100</u>	<u>\$ 13,523,096</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Notes 14, 25, and 26)	\$ 2,642,698	20	\$ 2,711,074	20
2110	Short-term bills payable (Note 14)	1,599,118	12	799,378	6
2130	Contract liabilities - current (Note 19)	55,190	1	18,551	-
2150	Notes payable (Note 15)	598	-	52,073	1
2160	Notes payable to related parties (Note 25)	10,487	-	6,516	-
2170	Trade payables (Note 15)	569,480	4	569,138	4
2180	Trade payables to related parties (Note 25)	32,983	-	49,040	-
2219	Other payables (Note 16)	449,842	3	410,956	3
2220	Other payables to related parties (Note 25)	51,228	-	56,064	1
2230	Current tax liabilities (Note 21)	7,929	-	43,848	-
2250	Provisions - current	7,154	-	7,154	-
2280	Lease liabilities - current (Notes 4, 12, and 25)	85,578	1	94,044	1
2322	Long-term borrowings due within one year (Notes 14 and 26)	697,500	5	726,667	5
2399	Other current liabilities (Note 16)	37,128	-	29,921	-
21XX	Total current liabilities	<u>6,246,913</u>	<u>46</u>	<u>5,574,424</u>	<u>41</u>
	Non-current liabilities				
2540	Long-term borrowings (Notes 14 and 26)	2,758,333	20	2,265,833	17
2570	Deferred tax liabilities (Notes 4 and 21)	169,777	1	169,777	1
2580	Lease liabilities - non-current (Notes 4, 12, and 25)	506,670	4	609,650	5
2640	Net defined benefit liabilities - non-current (Notes 4 and 17)	75,515	1	60,048	-
2645	Guarantee deposits	721	-	825	-
2670	Other non-current liabilities	847	-	2,406	-
25XX	Total non-current liabilities	<u>3,511,863</u>	<u>26</u>	<u>3,108,539</u>	<u>23</u>
2XXX	Total liabilities	<u>9,758,776</u>	<u>72</u>	<u>8,682,963</u>	<u>64</u>
	Equity attributable to owners of the Company (Note 18)				
	Share capital				
3110	Ordinary shares	5,098,341	38	5,098,341	38
3200	Capital surplus	99,644	1	99,644	1
	Retained earnings (accumulated losses)				
3310	Legal reserve	174,022	1	174,022	1
3320	Special reserve	83,073	1	83,073	1
3350	Deficits to be compensated	(1,151,908)	(9)	(215,234)	(2)
3300	Net retained earnings (accumulated losses)	(894,813)	(7)	41,861	-
3400	Other equity interest	(164,025)	(1)	(66,888)	(1)
3500	Treasury shares (Note 4)	(332,836)	(3)	(332,836)	(2)
31XX	Total equity attributable to owners of the parent	3,806,311	28	4,840,122	36
36XX	Non-controlling interests	9	-	11	-
3XXX	Total equity	<u>3,806,320</u>	<u>28</u>	<u>4,840,133</u>	<u>36</u>
	Total liabilities and equity	<u>\$ 13,565,096</u>	<u>100</u>	<u>\$ 13,523,096</u>	<u>100</u>

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

(Refer to Deloitte & Touche auditors' report dated March 29, 2021)

Chairman: Johnny Hih

Manager: Ching Lai Yeh

Accounting Executive: Mei Hsiu Huang

Everest Textile Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2020 and 2019

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

Code		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4, 19, and 25)	\$ 7,343,877	100	\$ 8,863,627	100
5000	Operating costs (Notes 9, 17, 20, and 25)	<u>6,771,871</u>	<u>92</u>	<u>7,477,722</u>	<u>85</u>
5900	Gross Profit	<u>572,006</u>	<u>8</u>	<u>1,385,905</u>	<u>15</u>
	Operating expenses (Notes 8, 17, 20, and 25)				
6100	Selling and marketing expenses	734,956	10	646,788	7
6200	General and administrative expenses	468,512	7	512,126	6
6300	Research and development expenses	221,895	3	263,083	3
6450	Expected credit loss/(interests reversed)	(<u>950</u>)	<u>-</u>	<u>5,434</u>	<u>-</u>
6000	Total operating expenses	<u>1,424,413</u>	<u>20</u>	<u>1,427,431</u>	<u>16</u>
6500	Other comprehensive income and expenses (Note 20)	<u>573</u>	<u>-</u>	(<u>114</u>)	<u>-</u>
6900	Net operating losses	(<u>851,834</u>)	(<u>12</u>)	(<u>41,640</u>)	(<u>1</u>)
	Non-operating income and expenses (Notes 4, 20, and 25)				
7100	Interest income	1,007	-	822	-
7010	Other income	121,472	2	58,366	1
7020	Other gains and losses	(101,484)	(2)	(52,658)	(1)
7510	Interest expenses	(<u>101,423</u>)	(<u>1</u>)	(<u>116,693</u>)	(<u>1</u>)
7000	Total non-operating income and expenses	(<u>80,428</u>)	(<u>1</u>)	(<u>110,163</u>)	(<u>1</u>)
7900	Net loss before income tax	(932,262)	(13)	(151,803)	(2)
7950	Income tax expense (Notes 4 and 21)	<u>4,727</u>	<u>-</u>	<u>120,153</u>	<u>1</u>

(Continued)

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Code		2020		FY 2019	
		Amount	%	Amount	%
8200	Net loss for the year	(\$ 936,989)	(13)	(\$ 271,956)	(3)
	Other comprehensive income/(loss)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 17)	392	-	(\$ 32,071)	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	(5,806)	-	15,993	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 21)	(79)	-	6,414	-
		(5,493)	-	(9,664)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	(91,331)	(1)	(36,195)	(1)
8300	Other comprehensive income/(loss) for the year, net of income tax	(96,824)	(1)	(45,859)	(1)
8500	Total comprehensive income/(loss) for the year	(\$ 1,033,813)	(14)	(\$ 317,815)	(4)
8600	Net profit (loss) attributable to:				
8610	Owners of the Company	(\$ 936,987)	(13)	(\$ 271,959)	(3)
8620	Non-controlling interests	(2)	-	3	-
		(\$ 936,989)	(13)	(\$ 271,956)	(3)
8700	Total comprehensive income/(loss) attributable to:				
8710	Owners of the Company	(\$ 1,033,811)	(14)	(\$ 317,818)	(4)
8720	Non-controlling interests	(2)	-	3	-
		(\$ 1,033,813)	(14)	(\$ 317,815)	(4)
	Net loss per share (Note 22)				
9710	Basic	(\$ 1.94)		(\$ 0.56)	
9810	Diluted	(1.94)		(0.56)	

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

(Refer to Deloitte & Touche auditors' report dated March 29, 2021)

Chairman: Johnny Hih

Manager: Ching Lai Yeh

Accounting Executive: Mei Hsiu Huang

Everest Textile Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2020 and 2019

Unit: NT\$ Thousands
(NT\$ for dividends per share)

Code		Equity attributable to owners of the Company											Non-controlling interests	Total equity
		Share capital		Retained earnings (accumulated losses)					Other equity					
		Shares (in thousands)	Amount	Capital surplus	Legal reserve	Special reserve	Undistributed earnings (deficits to be compensated)	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total	Treasury shares	Total		
A1	Balance on January 1, 2019	499,837	\$ 4,998,374	\$ 99,644	\$ 158,285	\$ 80,182	\$ 200,977	(\$ 48,991)	\$ 2,305	(\$ 46,686)	(\$ 332,836)	\$ 5,157,940	\$ 8	\$ 5,157,948
	Appropriation of 2018 earnings (Note 18)													
B1	Legal reserve	-	-	-	15,737	-	(15,737)	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	2,891	(2,891)	-	-	-	-	-	-	-
B9	Share dividends - NT\$0.2 per share	9,997	99,967	-	-	-	(99,967)	-	-	-	-	-	-	-
D1	Net profit (loss) for the year ended December 31, 2019	-	-	-	-	-	(271,959)	-	-	-	-	(271,959)	3	(271,956)
D3	Other comprehensive income/(loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(25,657)	(36,195)	15,993	(20,202)	-	(45,859)	-	(45,859)
D5	Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	(297,616)	(36,195)	15,993	(20,202)	-	(317,818)	3	(317,815)
Z1	Balance on December 31, 2019	509,834	5,098,341	99,644	174,022	83,073	(215,234)	(85,186)	18,298	(66,888)	(332,836)	4,840,122	11	4,840,133
D1	Net loss for the year ended December 31, 2020	-	-	-	-	-	(936,987)	-	-	-	-	(936,987)	(2)	(936,989)
D3	Other comprehensive income/(loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	313	(91,331)	(5,806)	(97,137)	-	(96,824)	-	(96,824)
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	(936,674)	(91,331)	(5,806)	(97,137)	-	(1,033,811)	(2)	(1,033,813)
Z1	Balance on December 31, 2020	509,834	5,098,341	99,644	174,022	83,073	(1,151,908)	(176,517)	12,492	(164,025)	(332,836)	3,806,311	9	3,806,320

The accompanying notes are an integral part of the consolidated financial statements.
(Refer to Deloitte & Touche auditors' report dated March 29, 2021)

Chairman: Johnny Hih

Manager: Ching Lai Yeh

Accounting Executive: Mei Hsiu Huang

Everest Textile Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2020 and 2019

Unit: NT\$ Thousands

Code		2020	2019
	Cash flows from operating activities		
A10000	Net loss before income tax for the year	(\$ 932,262)	(\$ 151,803)
	Adjustments for:		
A20100	Depreciation expenses	757,444	757,365
A20300	Expected credit loss/(interests reversed)	(950)	5,434
A20900	Interest expenses	101,423	116,693
A21200	Interest income	(1,007)	(822)
A21300	Dividend income	(3,917)	(4,054)
A22500	Loss (gains) on disposal of property, plant and equipment	(573)	114
A23700	Inventory valuation and obsolescence losses	517,347	22,518
A24100	Net losses on foreign currency exchange	65,356	29,072
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	5,304	21,968
A31150	Trade receivables	(228,441)	23,158
A31180	Other receivables	20,827	(7,064)
A31200	Inventories	(486,766)	(254,823)
A31240	Other current assets	(136)	(23,678)
A32125	Contract liabilities	36,639	3,688
A32130	Notes payable	(51,475)	(32,055)
A32140	Notes payable to related parties	3,971	(23,628)
A32150	Trade payables	2,391	(83,723)
A32160	Trade payables to related parties	(16,057)	(24,737)
A32180	Other payables	39,265	(89,568)
A32190	Other payables to related parties	(4,836)	10,589
A32230	Other current liabilities	9,226	2,173
A32240	Net defined benefit liabilities - non-current	15,859	(31,845)
A32990	Other non-current liabilities	(1,559)	2,406
A33000	Cash generated from (used in) operations	(152,927)	267,378
A33100	Interest received	1,007	809
A33300	Interest paid	(102,815)	(111,034)
A33500	Income tax paid	(60,079)	(125,577)
AAAA	Net cash inflows (outflows) from operating activities	(314,814)	31,576

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Code		2020	2019
	Cash flows from investing activities		
B00200	Disposal of financial assets at fair value through other comprehensive income	\$ 3,512	\$ -
B02700	Acquisition of property, plant and equipment	(299,715)	(829,818)
B02800	Proceeds from disposal of property, plant and equipment	20,840	5,000
B03700	Increase in refundable deposits	(12,106)	(2,346)
B03800	Decrease in refundable deposits	1,367	1,537
B07600	Dividends received	<u>3,917</u>	<u>4,054</u>
BBBB	Net cash outflows from investing activities	(<u>282,185</u>)	(<u>821,573</u>)
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	6,927,002	4,767,349
C00200	Decrease in short-term borrowings	(6,922,268)	(4,032,244)
C00500	Increase in short-term notes and bills payable	8,490,954	6,323,250
C00600	Decrease in short-term notes and bills payable	(7,691,214)	(6,802,979)
C01600	Proceeds from long-term borrowings	1,070,000	2,375,000
C01700	Repayments of long-term borrowings	(606,667)	(1,690,834)
C03000	Increase in guarantee deposits	7,405	10,397
C03100	Decrease in guarantee deposits	(9,430)	(7,049)
C04020	Payments of lease liabilities	(<u>100,829</u>)	(<u>96,983</u>)
CCCC	Net cash inflows from financing activities	<u>1,164,953</u>	<u>845,907</u>
DDDD	Effects of exchange rate changes on cash	(<u>4,908</u>)	(<u>3,114</u>)
EEEE	Net increase in cash	563,046	52,796
E00100	Cash balance at the beginning of the year	<u>185,145</u>	<u>132,349</u>
E00200	Cash balance at the end of the year	<u>\$ 748,191</u>	<u>\$ 185,145</u>

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

(Refer to Deloitte & Touche auditors' report dated March 29, 2021)

Chairman: Johnny Hih Manager: Ching Lai Yeh Accounting Executive: Mei Hsiu Huang

Everest Textile Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Unit: NTS Thousands, unless specified otherwise)

1. General Information

Everest Textile Co., Ltd. (the "Company") was incorporated in February 1988 and commenced business in October 1988. 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 abovementioned 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 consolidated financial statements are presented in the Company's functional currency, New Taiwan dollars.

2. Date and Procedures for the Approval of Financial Statements

The financial statements were approved by the board of directors (the "Board") on February 5, 2021.

3. Application of New and Amended Standards and Interpretations

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

The initial application of the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group's accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2021

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective from the date of promulgation
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 - "Interest Rate Benchmark Reform - Phase 2"	Effective from the annual reporting period beginning after January 1, 2021
Amendments to IFRS 16 "Covid-19-Related Rent Concessions"	Effective from the annual reporting period beginning after June 1, 2021

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

c. IFRSs in issue but not yet endorsed and issued into effect by the FSC

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRSs 2018-2020 Cycle"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Amendments to References to the Conceptual Framework"	January 1, 2022 (Note 3)
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 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2023
Amendments to IAS 1 in "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendment to IAS 8 - "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

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 amendments to IFRS 9 apply to the exchanges of financial liabilities or the alterations in its terms that occur during the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" apply to the fair value measurements during the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" apply for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments shall apply to the business merger with an acquisition date during the annual reporting periods beginning on or after January 1, 2022.

Note 4: The amendments apply to property, plant and equipment that arrived at the location and achieved the condition required for their operating method expected by the management on or after January 1, 2021.

Note 5: The amendments apply to contracts with outstanding obligations on January 1, 2022.

Note 6: Application of the amendments is deferred for the annual reporting period beginning on or after January 1, 2023.

Note 7: The amendments apply to the changes in accounting estimates and changes in accounting policies that occurred during the annual reporting period beginning on or after January 1, 2023.

As of the approval date for the publishing of the financial statements, the Company continuously assesses the impacts of amendments to other 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

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs endorsed and issued into effect by FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit 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 input: Refer to quoted prices in active markets for identical assets or liabilities on the measurement date (unadjusted);
- 2) Level 2 input: Refer 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 input: Refer to unobservable inputs for asset or liability.

c. 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; and
- 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; and
- 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.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., subsidiaries). Adjustments are made to the financial statements of subsidiaries to align their accounting policies with those used by the Group. All intra-group transactions, account balances, income, and expenses are eliminated in full upon consolidation. The total comprehensive income of subsidiaries is attributed to

owners of the Company and non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 10 and Tables 7 and 8 for details on subsidiaries, shareholding, and scope of business.

e. Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in 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/(loss), in which cases, the exchange differences arising thereof are also recognized in other comprehensive income/(loss).

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 consolidated 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/(loss).

f. Inventory

Inventories consist of raw materials, supplies, finished goods, and work in progress. Inventories are measured at the lower of costs or net realizable value. Apart from inventories under the same category, an item-by-item basis is adopted in comparing costs and net realizable value. The net realizable value is the estimated selling price of inventories less estimated costs to be invested until the completion and the estimated costs required for the completion of the sale under general circumstances. The weighted-average method is adopted for the calculation of inventory costs.

g. Property, plant and equipment

Property, plant and equipment are recognized at cost, and are subsequently measured at costs

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. 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.

Property, plant and equipment are recognized using the straight-line method during its useful life. Each significant part is depreciated separately. The Group 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.

h. Impairment of property, plant and equipment, and right-of-use assets

At the end of each reporting period, the Group 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 Group estimates the recoverable amount of the asset. When it is impossible to estimate the recoverable amount of an individual asset, the Group 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 shall be increased to the revised recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

i. Financial instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheets when the Group 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.

a) Measurement categories

Financial assets held by the Group are classified into financial assets at amortized cost and investments in equity instruments measured at fair value through other comprehensive income.

i. Financial assets at amortized cost

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

- i) Held under a certain business model, and the purpose of the model is holding such financial assets to collect the contractual cash flows; and
- ii) 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 circumstances, interest income is calculated by multiplying the effective interest rate by the gross carrying amount of the financial assets:

- i) In the case of purchased or originated credit-impaired financial assets, interest income is recognized by applying the credit-adjusted effective interest rate to the amortized cost.
- ii) In the case of a financial asset that is not a purchased or originated credit-impaired financial asset but subsequently has 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.

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

Upon initial recognition, the Group may make an irrevocable election to designate the investments in equity instruments that are neither held for trading nor contingent consideration recognized 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 Group's right to receive payment is established, unless such dividends clearly represent the recovery of a part of the investment cost.

b) Impairment of financial assets

At the end of each reporting period, the Group 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 Group 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 Group deems the occurrence of the following conditions as a default on financial assets, without considering the collateral held:

- i. There is any internal or external information indicating that it is impossible for the debtor to settle the debt.
- ii. Where the account ages more than 366 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.

c) Derecognition of financial assets

The Group 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

a) Subsequent measurement

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

b) 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.

j. 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.

k. Income recognition

The Group 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 Group 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.

l. Lease

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

Except for lease payment of low-value assets lease and short-term leases to which exemption is

applicable are recognized as expenses on a straight-line basis over the lease term, other leases are recognized as right-of-use assets and lease liabilities on the lease's starting date.

Right-of-use assets are initially measured at cost, and subsequently measured at cost less accumulated depreciation, and adjusted for any remeasurements of the lease liability. Right-of-use assets are separately presented in the consolidated 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.

m. Government grants

Government grants are only recognized when they can be reasonably assured that the Group 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 Group recognizes the relevant costs that such grants are intended to compensate as expenses.

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

n. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction, or production of qualifying assets are added to the cost of such assets, until such time as the assets are substantially ready for their intended use or sale.

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.

o. 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 remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expenses upon occurrence. Remeasurement, comprising actuarial gains or losses and the return on plan assets (net of interest), is recognized in other comprehensive income/(loss) upon occurrence, and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the appropriation deficit in the defined benefit plans.

p. Income tax

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

1) Current income tax

The Group 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 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 tax

Deferred 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 tax liabilities are generally recognized for all temporary taxable differences. Deferred tax assets are recognized for all temporary deductible differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those temporary deductible differences can be utilized.

Deferred tax liabilities are recognized for temporary taxable differences associated with investments in subsidiaries, except where the Group 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 tax assets arising from temporary deductible differences associated with such investments are only recognized to the extent that it is probable that

there will be sufficient taxable profits against which to utilize the benefits of the temporary differences, and they are expected to reverse in the foreseeable future.

The carrying amount of deferred 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. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and increased to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

5. **Critical Accounting Judgments and Key Sources of Estimation Uncertainty**

When adopting the Group'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 Group has included the economic impacts caused by COVID-19 into the considerations for significant accounting estimates. The management will review the estimates and basic assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key sources of estimation uncertainty - inventory obsolescence losses

The obsolescence status of inventories is evaluated according to their aging status, and the ratio for providing the impairment amount is estimated based on historical experiences, to serve as the basis for evaluating inventory obsolescence losses. Significant losses may occur when the actual inventory impairment in the future is higher than expected.

6. Cash

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand and working capital	\$ 4,737	\$ 5,358
Checks and demand deposits in banks	743,454	179,787
	<u>\$ 748,191</u>	<u>\$ 185,145</u>

7. Financial Assets at Fair Value through Other Comprehensive Income

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Domestic investments		
Shares of listed companies		
Far Eastern International Bank Co., Ltd. - ordinary shares	\$ 80,742	\$ 86,548
<u>Non-current</u>		
Domestic investments		
Unlisted shares		
Jin Lead Industrial Co., Ltd. - ordinary shares	\$ 3,433	\$ 6,945
Dah Chung Bills Finance Corp. - ordinary shares	15	15
	<u>\$ 3,448</u>	<u>\$ 6,960</u>

The Group invests in ordinary shares of Far Eastern International Bank Co., Ltd., Jin Lead Industrial Co., Ltd., and Dah Chung Bills Finance Corp. according to its strategic objectives and expects to earn profits from the strategic investments. The management of the Group 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.

8. Notes Receivable and Trade receivables (including those from Related Parties)

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Notes receivable</u>		
Measured at amortized costs		
Gross carrying amount - occurred due to operations	\$ 4,026	\$ 9,330
<u>Trade receivables</u>		
Measured at amortized costs		
Gross carrying amount	\$ 1,360,201	\$ 1,159,383
Less: Allowance for losses	23,328	30,032
	<u>\$ 1,336,873</u>	<u>\$ 1,129,351</u>

The Group'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 Group 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 Group reviews the recoverable amount of trade receivables 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 Group believes that the Group's credit risk has been significantly reduced.

The Group 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 Group'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 Group stipulates the rate of expected credit loss merely based on the number of days past due regarding the trade receivables.

The Group writes-off trade receivables when there is evidence indicating that the counterparty is experiencing severe financial difficulty and the Group 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, 2020 and 2019, according to the analysis based on the number of days past due conducted by the Group, notes receivables are not overdue; therefore, no expected credit loss is provided for note receivables.

The Group's allowances for loss of trade receivables measured based on the provisional matrix are as follows:

December 31, 2020

	90 days and below	91 - 180 days	181 days and above	Total
Rate of expected credit loss	0.07%~4.94%	1.02%~14.66%	3.69%~100%	
Gross carrying amount	\$ 1,233,354	\$ 92,497	\$ 34,350	\$ 1,360,201
Allowance for loss (lifetime expected credit loss)	(6,513)	(6,696)	(10,119)	(23,328)
Amortized costs	<u>\$ 1,226,841</u>	<u>\$ 85,801</u>	<u>\$ 24,231</u>	<u>\$ 1,336,873</u>

December 31, 2019

	90 days and below	91 - 180 days	181 days and above	Total
Rate of expected credit loss	0.06%~22.16%	0.54%~53.03%	2.83%~100%	
Gross carrying amount	\$ 1,108,413	\$ 35,046	\$ 15,924	\$ 1,159,383
Allowance for loss (lifetime expected credit loss)	(17,636)	(3,155)	(9,241)	(30,032)

Amortized costs \$ 1,090,777 \$ 31,891 \$ 6,683 \$ 1,129,351

Changes in allowance for loss of trade receivables are as follows:

	2020	2019
Opening balance	\$ 30,032	\$ 24,996
Add: Provided (reversed) during the year	(950)	5,434
Less: Write-offs during the year	(5,226)	(88)
Differences of foreign currency translation	(<u>528</u>)	(<u>310</u>)
Closing balance	<u>\$ 23,328</u>	<u>\$ 30,032</u>

9. Inventories

	December 31, 2020	December 31, 2019
Finished goods	\$ 3,431,007	\$ 3,170,854
Work in progress	933,412	1,357,820
Raw materials	121,651	114,211
Supplies	<u>170,474</u>	<u>104,841</u>
	<u>\$ 4,656,544</u>	<u>\$ 4,747,726</u>

The cost of sales related to inventories for the years ended December 31, 2020 and 2019 was NT\$6,260,612 thousand and NT\$6,843,823 thousand, respectively. The cost of sales, including inventory valuation and obsolescence losses, for the years ended December 31, 2020 and 2019 was NT\$517,347 thousand and NT\$22,518 thousand, respectively.

10. Subsidiaries

Subsidiaries included in the consolidated financial statements

The subjects for the preparation of the consolidated financial statements are as follows:

Name of the investing company	Name of the subsidiary	Nature of business	Shareholding ratio (%)	
			2020 December 31	2019 December 31
The Company	Everest Investment (Holding) Ltd.	Holdings and international trade	100	100
	Everest International Develop Investment Co., Ltd.	General investment	100	100
	Everest Textile (HK) Co., Ltd.	International trade	99.3	99.3
Everest Investment (Holding) Limited	Everest Textile (Thailand) Co., Ltd.	Original equipment manufacturing, production, and sales of processed silk and woven fabrics	100	100
	Everest Textile (Shanghai) Ltd.	Research, development, dyeing, back-end processing and selling of high emulation chemical fibers and high-grade textile cloth	100	100
Everest International Develop Investment Co., Ltd.	Everest International (HK) Limited	Investment and holdings	100	100
	Everest Apparel (HK) Limited	Investment and holdings	100	100
Everest International (HK) Limited	Everest USA Holdings, Inc.	Investment and holdings	100	100
Everest USA Holdings, Inc.	Everest Development USA, LLC.	Operating asset management	100	100
	Everest Textile USA, LLC.	Production and dyeing of yarn and woven fabrics	100	100
Everest Apparel (HK) Limited	Everest Apparel (Ethiopia) S.C.	Apparel production	100	100
	Everest Apparel (Haiti) S.A.	Apparel production	100	100

11. Property, Plant and Equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Furniture and fixtures	Miscellaneous equipment	Construction in progress and equipment to be tested	Total
Costs								
Balance on January 1, 2019	\$ 708,787	\$ 2,077,608	\$ 5,501,255	\$ 76,910	\$ 363,365	\$ 805,584	\$ 644,810	\$ 10,178,319
Additions	1,808	47,209	392,286	3,139	42,521	264,335	130,038	881,336
Disposals	-	(22,011)	(405,988)	(5,697)	(7,023)	(21,537)	-	(462,256)
Net exchange difference	2,044	15,668	(28,479)	1,082	5,959	12,948	(26,979)	(17,757)
Balance on December 31, 2019	<u>\$ 712,639</u>	<u>\$ 2,118,474</u>	<u>\$ 5,459,074</u>	<u>\$ 75,434</u>	<u>\$ 404,822</u>	<u>\$ 1,061,330</u>	<u>\$ 747,869</u>	<u>\$ 10,579,642</u>
Accumulated depreciation								
Balance on January 1, 2019	\$ -	\$ 939,095	\$ 2,543,227	\$ 28,244	\$ 162,127	\$ 372,993	\$ -	\$ 4,045,686
Depreciation expenses	-	81,465	403,187	12,522	44,110	104,074	-	645,358
Disposals	-	(22,011)	(401,133)	(5,697)	(7,013)	(21,288)	-	(457,142)
Net exchange difference	-	16,752	1,433	-	5,434	19,596	-	43,215
Balance on December 31, 2019	<u>\$ -</u>	<u>\$ 1,015,301</u>	<u>\$ 2,546,714</u>	<u>\$ 35,069</u>	<u>\$ 204,658</u>	<u>\$ 475,375</u>	<u>\$ -</u>	<u>\$ 4,277,117</u>
Net balance on December 31, 2019	<u>\$ 712,639</u>	<u>\$ 1,103,173</u>	<u>\$ 2,912,360</u>	<u>\$ 40,365</u>	<u>\$ 200,164</u>	<u>\$ 585,955</u>	<u>\$ 747,869</u>	<u>\$ 6,302,525</u>
Costs								
Balance on January 1, 2020	\$ 712,639	\$ 2,118,474	\$ 5,459,074	\$ 75,434	\$ 404,822	\$ 1,061,330	\$ 747,869	\$ 10,579,642
Additions	-	28,726	321,481	9,491	75,592	498,500	(672,540)	261,250
Disposals	-	(9,935)	(129,675)	(4,257)	(18,473)	(20,398)	-	(182,738)
Net exchange difference	(4,681)	(36,127)	(108,990)	(1,945)	(10,247)	(67,504)	(9,385)	(238,879)
Balance on December 31, 2020	<u>\$ 707,958</u>	<u>\$ 2,101,138</u>	<u>\$ 5,541,890</u>	<u>\$ 78,723</u>	<u>\$ 451,694</u>	<u>\$ 1,471,928</u>	<u>\$ 65,944</u>	<u>\$ 10,419,275</u>
Accumulated depreciation								
Balance on January 1, 2020	\$ -	\$ 1,015,301	\$ 2,546,714	\$ 35,069	\$ 204,658	\$ 475,375	\$ -	\$ 4,277,117
Depreciation expenses	-	80,172	380,718	12,058	47,199	133,561	-	653,708
Disposals	-	(9,935)	(110,290)	(4,203)	(17,894)	(20,149)	-	(162,471)
Net exchange difference	-	(17,970)	(38,968)	(755)	(6,460)	(25,740)	-	(89,893)
Balance on December 31, 2020	<u>\$ -</u>	<u>\$ 1,067,568</u>	<u>\$ 2,778,174</u>	<u>\$ 42,169</u>	<u>\$ 227,503</u>	<u>\$ 563,047</u>	<u>\$ -</u>	<u>\$ 4,678,461</u>
Net balance on December 31, 2020	<u>\$ 707,958</u>	<u>\$ 1,033,570</u>	<u>\$ 2,763,716</u>	<u>\$ 36,554</u>	<u>\$ 224,191</u>	<u>\$ 908,881</u>	<u>\$ 65,944</u>	<u>\$ 5,740,814</u>

No impairment assessment was performed for the years ended December 31, 2019 as there was no indication of impairment.

The Company assessed the impairment of property, plant and equipment for the year ended December 31, 2020 and used the value in use as the basis for calculating the recoverable amount. The value-in-use calculation is based on the estimated cash flows of the Company's future financial projections and is calculated by the rate of 7.44% as of December 31, 2020 to reflect the specific risks of the related cash-generating units. After the assessment, no impairment loss on property, plant and equipment has been recognized in 2020.

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

Buildings	
Main buildings	2-56 years
Engineering systems	5-51 years
Machinery and equipment	2-30 years
Transportation equipment	2-16 years
Furniture and fixtures	2-15 years
Miscellaneous equipment	2-15 years

Please refer to Note 26 for the amount of property, plant and equipment pledged as collateral for borrowings. Part of the Group's land is agricultural land, and the ownership is temporarily registered in the name of others. Furthermore, it has been mortgaged to the Group.

12. Lease Agreements

a. Right-of-use assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amount of right-of-use assets		
Buildings	\$ 541,495	\$ 654,702
Transportation equipment	2,695	2,842
Furniture and fixtures	-	79
	<u>\$ 544,190</u>	<u>\$ 657,623</u>
	<u>2020</u>	<u>2019</u>
Addition of right-of-use assets	<u>\$ 28,471</u>	<u>\$ 15,390</u>
Depreciation expense of right-of-use assets		
Buildings	\$ 101,832	\$ 110,133
Transportation equipment	1,825	1,711
Furniture and fixtures	79	163
	<u>\$ 103,736</u>	<u>\$ 112,007</u>

b. Lease liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amount of lease liabilities		
Current	<u>\$ 85,578</u>	<u>\$ 94,044</u>
Non-current	<u>\$ 506,670</u>	<u>\$ 609,650</u>

The discount rate ranges for lease liabilities are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Buildings	1.06%~4.12%	1.12%~4.12%
Transportation equipment	1.10%~3.77%	1.11%~3.77%
Furniture and fixtures	3.77%	3.77%

c. Major lease activities and terms

The Group leases certain transportation equipment and furniture and fixtures for operational use, and the lease period is 1 to 3 years.

The Group also leases certain buildings to use as plants, office, and retail outlets, and the lease period is 1-3 years. At the end of the lease period, the Group has no right of first refusal for the leased building.

d. Other lease information

	<u>2020</u>	<u>2019</u>
Short-term lease expenses	<u>\$ 15,266</u>	<u>\$ 14,257</u>
Total cash outflows on lease	<u>\$ 127,215</u>	<u>\$ 121,177</u>

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

13. Other Assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Prepayments for goods	\$ 63,639	\$ 40,762
Input tax	43,820	40,554
Prepaid expenses	26,376	53,768
Refundable deposits	10,655	777
Others	<u>31,128</u>	<u>27,647</u>
	<u>\$ 175,618</u>	<u>\$ 163,508</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 78,867	\$ 39,174
Refundable deposits	<u>17,158</u>	<u>16,668</u>
	<u>\$ 96,025</u>	<u>\$ 55,842</u>

14. Borrowings

a. Short-term loans

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bank credit borrowings	\$ 1,031,336	\$ 1,300,861
Bank secured borrowings	1,334,915	1,354,645
Bank mortgage borrowings	<u>276,447</u>	<u>55,568</u>
	<u>\$ 2,642,698</u>	<u>\$ 2,711,074</u>

The interest rates of short-term borrowings at the end of the reporting period were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bank credit borrowings	0.83%~1.07%	0.97%~3.915%
Bank secured borrowings	1.175%~2.9%	2.708%~3.463%
Bank mortgage borrowings	0.93%~2.04%	3%

b. Short-term bills payable

December 31, 2020

<u>Promissory institution</u>	<u>Nominal amount</u>	<u>Discount amount</u>	<u>Carrying amount</u>	<u>Interest rate range (%)</u>	<u>Name of the collateral</u>
<u>Commercial paper payable</u>					
Mega bills	\$ 300,000	\$ 142	\$ 299,858	1.058	N/A
Ta Ching bills	150,000	34	149,966	1.07	N/A
Ta Ching bills	100,000	68	99,932	1.01	N/A
Ta Ching bills	200,000	58	199,942	0.55	N/A
China bills	300,000	196	299,804	1.05	N/A
Grand bills	300,000	86	299,914	1.06	N/A
Taiwan Cooperative bills	100,000	138	99,862	1.05	N/A
International bills	150,000	160	149,840	1.045	N/A
	<u>\$1,600,000</u>	<u>\$ 882</u>	<u>\$1,599,118</u>		

December 31, 2019

<u>Promissory institution</u>	<u>Nominal amount</u>	<u>Discount amount</u>	<u>Carrying amount</u>	<u>Interest rate range (%)</u>	<u>Name of the collateral</u>
<u>Commercial paper payable</u>					
Mega bills	\$ 150,000	\$ 106	\$ 149,894	0.78	N/A
Ta Ching bills	150,000	108	149,892	0.77	N/A
China bills	100,000	51	99,949	0.56	N/A
Grand bills	200,000	153	199,847	0.80	N/A
Taiwan Cooperative bills	100,000	77	99,923	0.83	N/A
International bills	<u>100,000</u>	<u>127</u>	<u>99,873</u>	0.62	N/A
	<u>\$ 800,000</u>	<u>\$ 622</u>	<u>\$ 799,378</u>		

c. Long-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Unsecured borrowings</u>		
Bank credit borrowings	\$ 2,898,333	\$ 2,975,833
<u>Secured borrowings</u>		
Bank mortgage borrowings	<u>557,500</u>	<u>16,667</u>
	3,455,833	2,992,500
Less: Those mature within one year	<u>697,500</u>	<u>726,667</u>
	<u>\$ 2,758,333</u>	<u>\$ 2,265,833</u>

The abovementioned bank borrowings fall due one after another by September 2024. The interest rate per annum on December 31, 2020 and 2019 is 0.95%-1.47% and 1%-1.4%, respectively.

15. Notes Payable and Trade Payables

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

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

16. Other Liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other payables		
Payable for salaries or bonuses	\$ 182,515	\$ 185,040
Payable for purchases of equipment	33,690	29,629
Payable for utilities	28,076	27,614
Payable for shipping expenses	28,622	17,990
Payable for labor and health insurance	21,977	20,677
Payable for commissions	20,234	9,725
Payable for pension	16,912	17,863
Payable for annual leave	14,945	16,399
Payable for processing expenses	9,235	7,480
Payable for remuneration of directors	2,830	2,830
Payable for employees' compensation	189	5,854
Others	<u>90,617</u>	<u>69,855</u>
	<u>\$ 449,842</u>	<u>\$ 410,956</u>
Other liabilities		
Temporary payment	\$ 12,399	\$ 9,879
Receipts under custody	9,665	11,234
Guarantee deposits	5,453	7,472
Others	<u>9,611</u>	<u>1,336</u>
	<u>\$ 37,128</u>	<u>\$ 29,921</u>

17. Retirement Benefit Plans

a. Defined contribution plans

The Group 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.

Employees of the Group's subsidiaries in China, Thailand, Hong Kong, the U.S., Ethiopia, and Haiti are the participants of the retirement benefit plans operated by local governments.

The subsidiaries shall allocate salary costs at a particular ratio to the retirement benefit plans to provide funds for the plans. The obligation of the Group regarding the retirement benefit plans operated by such governments is limited to the allocation of a particular amount.

b. Defined benefit plans

The pension system adopted by the Group 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 consolidated balance sheets in respect of the defined benefit plans are set out as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligation	\$ 397,945	\$ 402,576
Fair value of plan assets	(322,430)	(342,528)
Net defined benefit liabilities	<u>\$ 75,515</u>	<u>\$ 60,048</u>

Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Balance on January 1, 2019	<u>\$ 403,893</u>	<u>(\$ 344,071)</u>	<u>\$ 59,822</u>
Service cost			
Current service cost	11,178	-	11,178
Interest expenses (income)	<u>4,544</u>	<u>(4,286)</u>	<u>258</u>
Recognized in profit or loss	<u>15,722</u>	<u>(4,286)</u>	<u>11,436</u>
Remeasurements			
Return on plan assets (excluding amounts that are included in net interest)	-	(12,528)	(12,528)
Actuarial losses - changes in demographic assumptions	1,624	-	1,624
Actuarial losses - changes in financial assumptions	8,118	-	8,118
Actuarial losses - experience adjustments	<u>34,857</u>	<u>-</u>	<u>34,857</u>
Recognized in other comprehensive income/(loss)	<u>44,599</u>	<u>(12,528)</u>	<u>32,071</u>
Contributions from the employer	<u>-</u>	<u>(40,814)</u>	<u>(40,814)</u>
Benefits paid	<u>(61,638)</u>	<u>59,171</u>	<u>(2,467)</u>
Balance on December 31, 2019	<u>402,576</u>	<u>(342,528)</u>	<u>60,048</u>
Service cost			
Current service cost	40,959	-	40,959
Interest expenses (income)	<u>3,221</u>	<u>(2,920)</u>	<u>301</u>
Recognized in profit or loss	<u>44,180</u>	<u>(2,920)</u>	<u>41,260</u>
Remeasurements			
Return on plan assets (excluding amounts that are included in net interest)	\$ -	(\$ 11,313)	(\$ 11,313)
Actuarial losses - changes in demographic assumptions	2,351	-	2,351
Actuarial losses - changes in financial assumptions	11,753	-	11,753
Actuarial gains - experience adjustments	<u>(3,183)</u>	<u>-</u>	<u>(3,183)</u>
Recognized in other comprehensive income/(loss)	<u>10,921</u>	<u>(11,313)</u>	<u>(392)</u>
Contributions from the employer	<u>-</u>	<u>(23,508)</u>	<u>(23,508)</u>
Benefits paid	<u>(59,732)</u>	<u>57,839</u>	<u>(1,893)</u>
Balance on December 31, 2020	<u>\$ 397,945</u>	<u>(\$ 322,430)</u>	<u>\$ 75,515</u>

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

	2020	2019
Operating costs	\$ 26,505	\$ 8,955
Selling and marketing expenses	4,693	540
General and administrative expenses	5,925	1,342
Research and development expenses	<u>4,137</u>	<u>599</u>
	<u>\$ 41,260</u>	<u>\$ 11,436</u>

The Group is exposed to the following risks due to the defined benefit plans under the "Labor Standards Act":

- 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 Group 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 Group's defined benefit obligation were carried out by qualified actuaries. The significant assumptions on the date of measurement are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate	0.35%	0.80%
Expected growth rate of salary	1.00%	1.00%

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, 2020</u>	<u>December 31, 2019</u>
Discount rate		
Increase by 0.25%	(\$ <u>6,676</u>)	(\$ <u>6,385</u>)
Decrease by 0.25%	<u>\$ 6,873</u>	<u>\$ 6,573</u>
Expected growth rate of salary		
Increase by 0.25%	<u>\$ 6,538</u>	<u>\$ 6,230</u>
Decrease by 0.25%	(<u>\$ 6,382</u>)	(<u>\$ 6,080</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, 2020</u>	<u>December 31, 2019</u>
Expected contributions to the plan within one year	\$ <u>23,508</u>	\$ <u>45,000</u>
Average duration of the defined benefit obligation	7 years	7 years

18. Equity

a. Ordinary shares

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Number of shares authorized (in thousands)	<u>560,000</u>	<u>560,000</u>
Share capital authorized	\$ <u>5,600,000</u>	\$ <u>5,600,000</u>
Number of shares issued and paid-up (in thousands)	<u>509,834</u>	<u>509,834</u>
Share capital issued	\$ <u>5,098,341</u>	\$ <u>5,098,341</u>

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

In June 2019, the shareholders resolved in their meeting to issue new shares by utilizing the earnings for 2018 in capital increase; the par value of a new share is NT\$10, totaled NT\$99,967 thousand.

b. Capital surplus

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>May be used to offsetting a deficit, distributed as cash dividends, or transferred to share capital</u>		
Treasury share transactions (Note)	\$ <u>99,644</u>	\$ <u>99,644</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.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's Articles of Incorporation (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 20(h) "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 lifecycle, 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 Company makes appropriation and reversal for special reserves according to requirements under Letter Jin-guan-zheng-fa-zi No. 1010012865 and Letter Jin-guan-zheng-fa-zi No. 1010047490 issued by the FSC and the "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs."

The Company's appropriations of earnings for 2019 and 2018 were approved at the shareholders' meetings in June 2020 2019, respectively. The appropriations of earnings were as follows:

	Appropriations of earnings
	<u>2018</u>
Legal reserve	<u>\$ 15,737</u>
Special reserve	<u>\$ 2,891</u>
Share dividends	<u>\$ 99,967</u>
Dividends per share (NT\$)	\$ 0.2

The appropriation of earnings for 2020 is subject to resolution at the shareholders' meeting to be held in May 2021.

d. 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, 2020						
Shares of the Company held by subsidiaries as a deduction to equity	<u>26,067</u>	<u>-</u>	<u>-</u>	<u>26,067</u>	<u>\$332,836</u>	<u>\$256,761</u>
For the year ended December 31, 2019						
Shares of the Company held by subsidiaries as a deduction to equity	<u>25,556</u>	<u>511</u>	<u>-</u>	<u>26,067</u>	<u>\$332,836</u>	<u>\$238,253</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.

19. Revenue

	2020	2019
Revenue from the sales of goods	\$ 6,930,817	\$ 8,185,773
Service revenue	<u>413,060</u>	<u>677,854</u>
	<u>\$ 7,343,877</u>	<u>\$ 8,863,627</u>

a. Explanation of the customer contract

1) Income 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) Service revenue

Regarding the dyeing and finishing manufacturing process and processing for the Textile Department, the transaction price shall be agreed and determined under the contract with reference to prior contracts with similar conditions.

b. Contract balance

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable	<u>\$ 4,026</u>	<u>\$ 9,330</u>	<u>\$ 31,298</u>
Trade receivables	<u>\$ 1,336,873</u>	<u>\$ 1,129,351</u>	<u>\$ 1,162,792</u>
Contract liabilities - current			
Sales of goods	<u>\$ 55,190</u>	<u>\$ 18,551</u>	<u>\$ 14,863</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>2020</u>	<u>2019</u>
Contract liabilities at the beginning of the year		
Sales of goods	<u>\$ 18,551</u>	<u>\$ 14,863</u>

c. Disaggregation of revenue from customer contracts

Please refer to Note 31 for the information on disaggregation of revenue.

20. Profit before income tax

a. Other operating income and expenses

	<u>2020</u>	<u>2019</u>
Gain (loss) on disposals of property, plant and equipment	<u>\$ 573</u>	<u>(\$ 114)</u>

b. Interest income

	<u>2020</u>	<u>2019</u>
Bank Deposits	\$ 962	\$ 776
Others	<u>45</u>	<u>46</u>
	<u>\$ 1,007</u>	<u>\$ 822</u>

c. Other income

	<u>2020</u>	<u>2019</u>
Grants	\$ 75,341	\$ 1,124
Dividend income	3,917	4,054
Insurance compensation	100	12,732
Others	<u>42,114</u>	<u>40,456</u>
	<u>\$ 121,472</u>	<u>\$ 58,366</u>

d. Other gains and losses

	<u>2020</u>	<u>2019</u>
Net foreign currency exchange losses	<u>(\$ 105,964)</u>	<u>(\$ 67,957)</u>
Others	<u>4,480</u>	<u>15,299</u>
	<u>(\$ 101,484)</u>	<u>(\$ 52,658)</u>
Gains or losses on foreign currency exchange include:		
Total gains on foreign currency exchange	\$ 137,684	\$ 164,139
Total losses on foreign currency exchange	<u>(243,648)</u>	<u>(232,096)</u>
	<u>(\$ 105,964)</u>	<u>(\$ 67,957)</u>

e. Interest expenses

	<u>2020</u>	<u>2019</u>
Interests on bank borrowings	\$ 90,857	\$ 106,886
Interest on lease liabilities	11,120	10,308
Less: Amounts included in the cost of required assets	<u>554</u>	<u>501</u>
	<u>\$ 101,423</u>	<u>\$ 116,693</u>

Information related to interest capitalization is as follows:

	<u>2020</u>	<u>2019</u>
Amount of interest capitalization	\$ 554	\$ 501
Interest rate on interest capitalization	1.08%~1.27%	1.14%~1.19%

f. Depreciation expenses

	<u>2020</u>	<u>2019</u>
An analysis of depreciation by function		
Operating costs	\$ 668,929	\$ 668,671
Operating expenses	<u>88,515</u>	<u>88,694</u>
	<u>\$ 757,444</u>	<u>\$ 757,365</u>

g. Employee benefits expenses

	<u>2020</u>	<u>2019</u>
Short-term employee benefits		
Salaries	\$ 1,632,999	\$ 1,735,063
Labor and health insurance	140,583	152,399
Others	<u>138,009</u>	<u>146,617</u>
	<u>1,911,591</u>	<u>2,034,079</u>
Retirement benefits		
Defined contribution plans	51,402	86,576
Defined benefit plans (Note 17)	<u>41,260</u>	<u>11,436</u>
	<u>92,662</u>	<u>98,012</u>
	<u>\$ 2,004,253</u>	<u>\$ 2,132,091</u>
By function		
Operating costs	\$ 1,393,950	\$ 1,469,520
Operating expenses	<u>610,303</u>	<u>662,571</u>
	<u>\$ 2,004,253</u>	<u>\$ 2,132,091</u>

h. Employees' compensation and remuneration of directors and supervisors

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. The Company recorded a net loss before income tax for the year ended December 2020 and 2019; therefore, no employees' compensation or remuneration of directors is appropriated.

If there is a change in the proposed amounts after the annual 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 was no difference between the actual amounts of employees' compensation and remuneration of directors distributed for the year ended December 31, 2018 and the amounts recognized in the financial statements for the year ended December 31, 2018.

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

21. Income Taxes

a. Major components of tax expense recognized in profit or loss

	<u>2020</u>	<u>2019</u>
Current income tax		
Incurred during the year	\$ 4,341	\$ 112,179
Adjustments to prior years	<u>8,358</u>	<u>7,514</u>
	12,699	119,693
Deferred income tax		
Incurred during the year	(<u>7,972</u>)	<u>460</u>
	<u>\$ 4,727</u>	<u>\$ 120,153</u>

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

	<u>2020</u>	<u>2019</u>
Net loss before income tax	(<u>\$ 932,262</u>)	(<u>\$ 151,803</u>)
Income tax gains calculated based on the net loss before income tax at the statutory rate	(\$ 148,313)	\$ 97,078
Nondeductible expenses in determining taxable income	926	55
Unrecognized loss carryforwards	59,789	14,085
Tax-exempt income	(783)	(715)
Withholding tax incurred for overseas income	3,779	-
Unrecognized temporary differences	94,364	2,136
Grants	(13,393)	-
Adjustments to current income tax expenses for previous years during the year	<u>8,358</u>	<u>7,514</u>
	<u>\$ 4,727</u>	<u>\$ 120,153</u>

b. Income tax recognized in other comprehensive income/(loss)

	<u>2020</u>	<u>2019</u>
<u>Deferred income tax</u>		
Incurred during the year		
Remeasurement on defined benefit plans	(<u>\$ 79</u>)	<u>\$ 6,414</u>

c. Current tax assets and liabilities

	December 31, 2020	December 31, 2019
Current tax assets		
Tax refund receivable	\$ <u>11,359</u>	\$ <u>5,755</u>
Current tax liabilities		
Income tax payable	\$ <u>7,929</u>	\$ <u>43,848</u>

d. Deferred tax assets and liabilities

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

2020

Deferred tax assets	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income/(loss)	Exchange differences	Closing balance
Temporary differences					
Unrealized exchange losses	\$ 5,187	\$ 5,108	\$ -	\$ -	\$ 10,295
Allowance for sales discount	1,431	-	-	-	1,431
Unrealized gains	6,412	886	-	-	7,298
Defined benefit retirement plan	12,009	3,173	(79)	-	15,103
Payable for annual leave	3,280	(291)	-	-	2,989
Loss on allowance for doubtful debts	2,334	(1,371)	-	31	994
Loss on inventory valuation	89,769	467	-	500	90,736
	<u>120,422</u>	<u>7,972</u>	<u>(79)</u>	<u>531</u>	<u>128,846</u>
Loss carryforwards	6,086	-	-	(305)	5,781
	<u>\$ 126,508</u>	<u>\$ 7,972</u>	<u>(\$ 79)</u>	<u>\$ 226</u>	<u>\$ 134,627</u>
Deferred tax liabilities					
Temporary differences					
Reserve for land value increment tax	\$ 169,777	\$ -	\$ -	\$ -	\$ 169,777

2019

Deferred tax assets	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income/(loss)	Exchange differences	Closing balance
Temporary differences					
Unrealized exchange losses	\$ -	\$ 5,187	\$ -	\$ -	\$ 5,187
Allowance for sales discount	1,431	-	-	-	1,431
Unrealized gains	3,585	2,827	-	-	6,412
Defined benefit retirement plan	11,964	(6,369)	6,414	-	12,009
Payable for annual leave	3,160	120	-	-	3,280
Loss on allowance for doubtful debts	327	2,059	-	(52)	2,334
Loss on inventory valuation	90,623	446	-	(1,300)	89,769
	<u>111,090</u>	<u>4,270</u>	<u>6,414</u>	<u>(1,352)</u>	<u>120,422</u>
Loss carryforwards	12,616	(6,381)	-	(149)	6,086
	<u>\$ 123,706</u>	<u>(\$ 2,111)</u>	<u>\$ 6,414</u>	<u>(\$ 1,501)</u>	<u>\$ 126,508</u>
Deferred tax liabilities					
Temporary differences					
Unrealized exchange gains	\$ 1,651	(\$ 1,651)	\$ -	\$ -	\$ -
Reserve for land value increment tax	169,777	-	-	-	169,777
	<u>\$ 171,428</u>	<u>(\$ 1,651)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,777</u>

- e. Deductible temporary differences and unused loss carryforwards which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Deductible temporary differences	<u>\$ 481,818</u>	<u>\$ 39,853</u>
Loss carryforwards		
Expire in 2029	\$ 11,910	\$ 20,439
Expire in 2030	316,725	-
Expire in 2032	<u>24,032</u>	<u>25,297</u>
	<u>\$ 352,667</u>	<u>\$ 45,736</u>

- f. The aggregate amount of temporary difference associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2020 and 2019, taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were NT\$1,099,573 thousand and NT\$1,174,314 thousand, respectively.

- g. Income tax assessments

The Company and its subsidiary Everest International Develop Investment Co., Ltd.'s income tax returns through 2018 have been assessed by the tax authorities.

22. Net Loss per Share

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

Net loss for the year

	<u>2020</u>	<u>2019</u>
Net loss attributable to owners of the Company	(<u>\$ 936,987</u>)	(<u>\$ 271,959</u>)

Number of shares

	Unit: thousand shares	
	<u>2020</u>	<u>2019</u>
Basic and diluted net loss per share		
Number of issued ordinary shares at the beginning of the year	509,834	509,834
Less: The weighted average number of treasury shares regarding the Company's shares held by subsidiaries	<u>26,067</u>	<u>26,067</u>
The weighted average number of ordinary shares used in the calculation of basic and diluted net loss per share	<u>483,767</u>	<u>483,767</u>

23. Capital 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.

24. Financial Instruments

- a. Fair value information - Fair value of 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, other receivables, 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.

- b. Fair value information - Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2020

	<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 listed companies	\$ 80,742	\$ -	\$ -	\$ 80,742
- Shares of domestic unlisted companies	-	-	3,448	3,448
	<u>\$ 80,742</u>	<u>\$ -</u>	<u>\$ 3,448</u>	<u>\$ 84,190</u>

December 31, 2019

	<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 listed companies	\$ 86,548	\$ -	\$ -	\$ 86,548
- Shares of domestic unlisted companies	-	-	6,960	6,960
	<u>\$ 86,548</u>	<u>\$ -</u>	<u>\$ 6,960</u>	<u>\$ 93,508</u>

There were no transfers between Level 1 and 2 during the years ended December 31, 2020 and 2019.

2) Reconciliation of Level 3 fair value measurement of financial instruments

Financial assets at fair value through other comprehensive income	Equity instruments	
	2020	2019
Opening balance	\$ 6,960	\$ 6,960
Capital reduction	(3,512)	-
Closing balance	<u>\$ 3,448</u>	<u>\$ 6,960</u>

3) Valuation techniques and inputs applied for Level 3 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.

c. Categories of financial instruments

	December 31, 2020	December 31, 2019
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 2,149,542	\$ 1,387,546
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	84,190	93,508
<u>Financial liabilities</u>		
Measure at amortized costs (Note 2)	8,818,441	7,655,036

Note 1: The balances include cash, notes and trade receivables, other receivables, 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 trade payable (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.

d. Financial risk management objectives and policies

The Group's major financial instruments include investments in equity instruments, trade receivables, trade payables, borrowings, and lease liabilities. The Group'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 Group 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 Group are reviewed by the Board 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 Group did not perform any financial instruments (including derivative financial instruments) transaction for speculative purposes.

1) Market risk

The Group's operating activities exposed itself primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below), and other price risks (see (c) below).

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

a) Foreign currency risk

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

The carrying amounts of monetary assets and monetary liabilities (including monetary items not denominated in the functional currency being written-off in the consolidated financial statements) not denominated in the functional currency of the Group at the end of the reporting period are set out in Note 29.

Sensitivity analysis

The Group is mainly exposed to the fluctuation of the United States dollar (USD) and Thai Baht (THB). In addition, certain subsidiaries (whose functional currency is not NT\$) are affected by the fluctuation in NTD.

The following table details the Group'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. A positive number in the table below indicates an increase in net profit before income tax that would result when the functional currency weakens 1% against the relevant currency. For a 1% strengthening of NTD against the relevant currency, the effect on the net profit before income tax would be the same amount in negative.

	USD impact	
	2020	2019
Profit or loss	\$ 16,479	\$ 13,741

	NTD impact	
	2020	2019
Profit or loss	\$ -	(\$ 2,000)

	THB impact	
	2020	2019
Profit or loss	\$ 1,076	\$ 215

In the management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk as the exposure at the end of the reporting period is unable to reflect the exposure during the period. Furthermore, trade receivables and other receivables not denominated in the functional currency would change in accordance with the working capital.

b) Interest rate risk

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

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Fair value interest rate risk		
Financial liabilities	\$ 3,571,778	\$ 1,151,643
With cash flow interest rate risk		
Financial assets	226,053	143,945
Financial liabilities	4,718,119	5,351,309

Sensitivity analysis

The sensitivity analysis below was determined based on the Group'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 interest rates had been 1% higher and all other variables were held constant, the Group's net losses before income tax for the years ended December 31, 2020 and 2019 would have increased by NT\$44,921 thousand and NT\$52,074 thousand, respectively, which primarily relates to the Group's floating rate borrowings.

c) Other price risks

The Group was exposed to equity price risk due to its investments in shares. The Group 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 Group's exposure to equity price risk at the end of the reporting period. If equity prices had been 1% higher/lower, other comprehensive income/(loss) before income tax for the years ended December 31, 2020 and 2019 would have increased/decreased by NT\$807 thousand and NT\$865 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 Group. At the end of the reporting period, the Group'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 consolidated balance sheets.

Counterparties for trade receivables involve diverse customers who locate in different geographical regions. Ongoing credit evaluations are performed on the financial conditions of customers with whom the Group has trade receivables.

3) Liquidity risk

The Group manages and maintains sufficient cash to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, the Group's management monitors the utilization of bank facilities and ensures compliance with the borrowings' contract terms.

The Group'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.

Liquidity and interest rate risk table for non-derivative financial liabilities

The analysis of remaining contractual maturity for the Group'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 Group can be required to make the repayment. Specifically, the Group's bank borrowings with repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights immediately. The analysis of maturity dates for other non-derivative financial liabilities is 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, 2020

	Payment on demand or less than 1 month	1 to 3 months	3 to 12 Months	1 to 5 years	5 years and above
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	\$ 556,940	\$ 510,974	\$ 52,157	\$ 721	\$ -
Lease liabilities	9,291	15,143	71,718	300,765	234,083
Floating rate instruments	96,128	674,966	1,197,966	2,850,142	-
Fixed rate instruments	2,193,200	650,686	138,755	-	-
	<u>\$ 2,855,559</u>	<u>\$ 1,851,769</u>	<u>\$ 1,460,596</u>	<u>\$ 3,151,628</u>	<u>\$ 234,083</u>

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

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>5 to 10 years</u>	<u>10 to 15 years</u>
Lease liabilities	<u>\$ 96,152</u>	<u>\$ 300,765</u>	<u>\$ 195,550</u>	<u>\$ 38,533</u>

December 31, 2019

	<u>Payment on demand or less than 1 month</u>	<u>1 to 3 months</u>	<u>3 to 12 Months</u>	<u>1 to 5 years</u>	<u>5 years and above</u>
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	\$ 706,204	\$ 353,821	\$ 91,234	\$ 825	\$ -
Lease liabilities	11,002	15,685	79,657	403,483	245,080
Floating rate instruments	1,303,568	669,107	1,126,764	2,372,551	-
Fixed rate instruments	<u>190,525</u>	<u>962,423</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,211,299</u>	<u>\$ 2,001,036</u>	<u>\$ 1,297,655</u>	<u>\$ 2,776,859</u>	<u>\$ 245,080</u>

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

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>5 to 10 years</u>	<u>10 to 15 years</u>
Lease liabilities	<u>\$ 106,344</u>	<u>\$ 403,483</u>	<u>\$ 204,517</u>	<u>\$ 40,563</u>

25. Related Party Transactions

Transactions, account balances, income and expenses between the Company and its subsidiaries (who are related parties of the Company) have been eliminated upon consolidation and are not disclosed in this note. In addition to the information disclosed in other notes, transactions between the Company and its related parties are as follows:

a. Names of related parties and relationships with the Company

<u>Names of the related party</u>	<u>Relationship with the Group</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 investee of FENC)
Everest Textile (Shanghai) Ltd. (Everest Shanghai)	Other related parties (the investee of FENC)
Far Eastern Apparel (Suzhou) Co., Ltd.	Other related parties (the investee of FENC)
Far Eastern Investment (Holding) Ltd.	Other related parties (the investee of FENC)
Oriental Petrochemical (Shanghai) Corporation	Other related parties (the investee of FENC)
Jin Lead Industrial Co., Ltd.	Other related parties (the Company is the corporate director of Jin Lead Industrial Co., Ltd.)

b. Sales of goods

<u>Category of related party</u>	<u>2020</u>	<u>2019</u>
Other related parties	\$ 2,276	\$ 3,226
Investors with significant influence over the Company	<u>54</u>	<u>3</u>
	<u>\$ 2,330</u>	<u>\$ 3,229</u>

The sales to related parties are made at general transaction prices with collection terms of 1 to 3 months, equivalent to general customers.

c. Purchase of goods

Category of related party	2020	2019
Investors with significant influence over the Company	\$ 173,765	\$ 193,973
Other related parties	<u>281,348</u>	<u>332,597</u>
	<u>\$ 455,113</u>	<u>\$ 526,570</u>

The purchase prices 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 4 months.

d. Receivables from related parties

Line item	Category of related party	December 31, 2020	December 31, 2019
Notes receivable	Other related parties	<u>\$ 894</u>	<u>\$ 964</u>
Trade receivables	Other related parties	<u>\$ 646</u>	<u>\$ 685</u>
Other receivables	Other related parties	<u>\$ 22</u>	<u>\$ 18</u>

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2020 and 2019, no allowance for losses was provided for receivables from related parties.

e. Payables to related parties (excluding loans from related parties)

Line item	Category of related party	December 31, 2020	December 31, 2019
Notes payable to related parties	Investors with significant influence over the Company Far Eastern New Century Corporation (FENC)	<u>\$ 10,487</u>	<u>\$ 6,516</u>
Trade payables to related parties	Investors with significant influence over the Company	\$ 5,359	\$ 925
	Other related parties	<u>27,624</u>	<u>48,115</u>
		<u>\$ 32,983</u>	<u>\$ 49,040</u>
Other payables to related parties	Investors with significant influence over the Company	\$ 13	\$ 1
	Other related parties		
	Everest Shanghai	50,486	48,982
	Others	<u>729</u>	<u>7,081</u>
		<u>\$ 51,228</u>	<u>\$ 56,064</u>

The outstanding payables to related parties are not guaranteed

f. Lease agreements

Line item	Category/name of related party	December 31, 2020	December 31, 2019
Lease liabilities	Other related parties		
	Far Eastern Investment (Holding) Ltd.	<u>\$ 130,005</u>	<u>\$ 153,793</u>
	<u>Category of related party</u>	<u>2020</u>	<u>2019</u>
	<u>Interest expenses</u>		
	Other related parties	<u>\$ 5,599</u>	<u>\$ 6,851</u>

g. Borrowings from related parties

Category/name of related party	December 31, 2020	December 31, 2019
<u>Other related parties (included in short-term and long-term borrowings)</u>		
FEIB	<u>\$ 344,391</u>	<u>\$ 47,748</u>
<u>Interest expenses</u>		
<u>Category/name of related party</u>	<u>2020</u>	<u>2019</u>
<u>Other related parties</u>		
FEIB	<u>\$ 2,294</u>	<u>\$ 1,146</u>

The interest rates of the Group's borrowings from related parties are similar to the market interest rates for the years ended December 31, 2020 and 2019. In addition, to apply for a credit line, the Group provided land and buildings as collateral to FEIB for financing. The carrying amounts of the related assets were NT\$429,970 thousand and NT\$445,523 thousand as of December 31, 2020 and 2019, respectively.

h. Other transactions with related parties

1) Processing expenses

The Group has entrusted other related parties, Jin Lead Industrial Co., Ltd., with processing services. The processing expenses were NT\$16,094 thousand and NT\$88,245 thousand for the years ended December 31, 2020 and 2019, respectively. These processing expenses are based on general trading prices, and the payment terms range from 1 to 2 months, equivalent to that of processing suppliers.

2) Energy expenses

Category/name of related party	2020	2019
Other related parties		
Everest Shanghai	\$ 191,767	\$ 223,031
Others	<u>1,525</u>	<u>2,128</u>
	<u>\$ 193,292</u>	<u>\$ 225,159</u>

The provision of electricity and steam for production were assessed based on market price.

i. Compensation of key management personnel

	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 27,222	\$ 27,292
Retirement benefits	<u>2,188</u>	<u>546</u>
	<u>\$ 29,410</u>	<u>\$ 27,838</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.

26. Assets Pledged as Collateral

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Land	\$ 615,670	\$ 618,057
Buildings	315,756	343,978
Machinery and equipment	<u>2,125</u>	<u>3,105</u>
	<u>\$ 933,551</u>	<u>\$ 965,140</u>

27. Significant Contingent Liabilities and Unrecognized Contract Commitments

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

Significant commitments

- a. The subsidiary in Everest Thailand has applied to the electric power company for the right to use electricity. The guarantees provided by the entrusted bank were NT\$7,237 thousand and NT\$7,648 thousand (translated into THB7,573 on December 31, 2020 and 2019) as of December 31, 2020 and 2019, respectively.
- b. As of December 31, 2020 and 2019, the Group's unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately NT\$27,734 thousand and NT\$27,159 thousand, respectively.
- c. The contractual commitments that were contracted for but not realized are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Acquisition of property, plant and equipment	<u>\$ 14,705</u>	<u>\$ 20,977</u>

28. Other Matters

Under the effect of COVID-19's global outbreak, the Group recorded a significant year-on-year decrease in its operating revenue for the year ended December 31, 2020. The Group applied for salary and working capital subsidies from the government and had received grants that amounted to NT\$66,965 thousand (Note 20). As of the approval date for the issuance of the consolidated financial statements, the Group continues assessing the economic effects arising from the outbreak on the Group.

29. Significant Assets and Liabilities Denominated in Foreign Currencies

The following information is an aggregation of the foreign currencies other than functional currencies of the Group, 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, 2020

Assets denominated in foreign currencies	Foreign currencies	Exchange rate	Carrying amount
<u>Monetary items</u>			
USD	\$ 85,061	28.48	\$ 2,422,540
THB	112,628	0.9556	107,627
<u>Liabilities denominated in foreign currencies</u>			
<u>Monetary items</u>			
USD	27,201	28.48	774,670

December 31, 2019

Assets denominated in foreign currencies	Foreign currencies	Exchange rate	Carrying amount
<u>Monetary items</u>			
USD	\$ 69,376	29.98	\$ 2,079,886
THB	21,332	1.0098	21,541
<u>Liabilities denominated in foreign currencies</u>			
<u>Monetary items</u>			
USD	23,540	29.98	705,743
NTD	200,000	1	200,000

The Group is mainly exposed to the foreign currency risks related to USD and THB. The following information is an aggregation of the functional currencies of the entities holding foreign currencies. The currency rates disclosed were the rates used to translate such functional currencies into the presentation currency. The significant realized and unrealized foreign exchange gains or losses are as follows:

Functional currency	2020		2019	
	Functional currency translated into presentation currency	Net exchange (losses) gains	Functional currency translated into presentation currency	Net exchange (losses) gains
USD	29.5493 (USD:NTD)	(\$ 2,180)	30.9118 (USD:NTD)	(\$ 4,928)
NTD	1 (NTD:NTD)	(78,558)	1 (NTD:NTD)	(29,041)
RMB	4.2827 (RMB:NTD)	(20,558)	4.4821 (RMB:NTD)	1,200
THB	0.9496 (THB:NTD)	(4,674)	1.0009 (THB:NTD)	19,640
HKD	3.8094 (HKD:NTD)	6	3.9450 (HKD:NTD)	39
ETB	-	-	1.053 (ETB:NTD)	(54,867)
		<u>(\$ 105,964)</u>		<u>(\$ 67,957)</u>

30. Supplementary Disclosures

a. Information on Significant Transactions

- 1) Loaning to others. (Table 1)
- 2) Endorsement and guarantee provided for others. (Table 2)
- 3) Securities held at the end of the period (excluding the 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. (Table 4)
- 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 5)
- 8) Receivables from related parties achieving NT\$100,000 thousand or reaching 20% of its paid-in capital and above. (Table 6)
- 9) Engaging in derivatives trading (None)
- 10) Others: Business relationships and status and amount of significant transactions between the parent company and subsidiaries and between the respective subsidiaries. (Table 10)

b. Information on Invested Companies. (Note 7)

c. Information on investments 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 8)
- 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. (Tables 5, 6, 9, and 10)
 - a) Purchase amount and percentage, and the closing balance and percentage of the related payables.
 - b) Sales amount and percentage, and the closing balance and percentage of the related receivables.
 - c) Property transaction amount and the resulting gain or loss.
 - d) Closing balances and purposes of endorsements and guarantees or collateral provided.

- e) The maximum balance, closing balance, interest rate range, and total amount of current interest of financing facilities.
- f) Other transactions having a significant impact on profit or loss or financial position for the period, such as provision or receipt of service.
- d. Information on major shareholders: Names of shareholders with a shareholding ratio of 5% or more and the amount and proportion of shareholding. (Table 11)

31. Segment information

Information reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments were as follows

Textile segment - textile production

Investment segment - general investment

a. Segment revenue and operating results

The analysis of the Group's revenue and operating result of continuing operations by reportable segment is as follows:

	<u>Textile segment</u>	<u>Investment segment</u>	<u>Total</u>
<u>2020</u>			
Segment revenue - from external customers	<u>\$ 7,343,877</u>	<u>\$ -</u>	<u>\$ 7,343,877</u>
Segment losses	<u>(\$ 851,095)</u>	<u>(\$ 739)</u>	<u>(\$ 851,834)</u>
Interest income			1,007
Net loss on foreign currency exchange			(105,964)
Interest expenses			(101,423)
Other non-operating income - net			<u>125,952</u>
Net loss before income tax			<u>(\$ 932,262)</u>
<u>2019</u>			
Segment revenue - from external customers	<u>\$ 8,863,592</u>	<u>\$ 35</u>	<u>\$ 8,863,627</u>
Segment profits (losses)	<u>(\$ 42,426)</u>	<u>\$ 786</u>	<u>(\$ 41,640)</u>
Interest income			822
Net loss on foreign currency exchange			(67,957)
Interest expenses			(116,693)
Other non-operating income - net			<u>73,665</u>
Net loss before income tax			<u>(\$ 151,803)</u>

The revenue of reportable segments set out above were generated from transactions with external customers; there were no intra-segment sales for the years ended December 31, 2020 and 2019.

Segment profit represented the profit earned by each segment without the allocation of interest revenue, net foreign exchange gains or losses, interest expenses, and income tax expenses.

The measured amounts are reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets

<u>Segment assets</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Textile segment	\$ 13,551,069	\$ 13,518,264

Investment segment	<u>14,027</u>	<u>4,832</u>
Consolidated total assets	<u>\$ 13,565,096</u>	<u>\$ 13,523,096</u>

c. Revenue from major products

The analysis of the Group's revenue from its major products is as follows:

	<u>2020</u>	<u>2019</u>
Finished fabric	\$ 6,196,798	\$ 7,906,494
Polyester textured yarn	374,210	663,615
Others	<u>772,869</u>	<u>293,518</u>
	<u>\$ 7,343,877</u>	<u>\$ 8,863,627</u>

d. Geographical information

The Group principally operates in five geographical areas - Taiwan, China, Thailand, the U.S., and Ethiopia.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are set out as follows:

	<u>Revenue from external customers</u>	
	<u>2020</u>	<u>2019</u>
Taiwan	\$ 3,987,732	\$ 5,099,030
China	1,981,934	2,577,014
Thailand	665,111	1,147,155
The U.S.	331,651	40,428
Ethiopia	<u>377,449</u>	<u>-</u>
	<u>\$ 7,343,877</u>	<u>\$ 8,863,627</u>

	<u>Non-current assets</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Taiwan	\$ 3,850,780	\$ 3,925,067
China	480,563	536,583
Thailand	446,121	550,799
The U.S.	1,103,078	1,363,426
Ethiopia	232,340	320,495
Others	<u>250,989</u>	<u>302,952</u>
	<u>\$ 6,363,871</u>	<u>\$ 6,999,322</u>

Non-current assets exclude financial instruments and deferred tax assets.

e. Information on major customers

There was no single customer contributing 10% or more to the Group's revenue for the years ended December 31, 2020 and 2019.

Everest Textile Co., Ltd. and Subsidiaries

Loaning to Others

For the year ended December 31, 2020

Unit: NT\$ Thousands, unless specified otherwise

Code	Financing Company	Borrower	Current account	Whether the borrower is a related party	Maximum balance for the period	Closing balance	Actual amount utilized (Note 6)	Interest rate range (%)	Nature of financing (Note 5)	Transaction amount	Reason for the 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 Textile USA, LLC.	Other receivables from related parties	Yes	\$ 512,640	\$ 512,640	\$ -	-	2	\$ -	Working capital	\$ -	No	\$ -	\$ 761,262 (Note 1)	\$ 1,522,524 (Note 2)
			Other receivables from related parties	Yes	256,320	256,320	-	-	2.	-	Working capital	-	No	-	761,262 (Note 1)	
		Everest Apparel (Haiti) S.A.	Other receivables from related parties	Yes	128,160	128,160	123,207	0.43~1.17	2	-	Working capital	-	No	-	761,262 (Note 1)	
			Other receivables from related parties	Yes	147,502	147,502	147,502	1.15~1.17	2.	-	Working capital	-	No	-	761,262 (Note 1)	
		Everest Apparel (Ethiopia) S.C.	Other receivables from related parties	Yes	170,880	170,880	24,094	0.43~1.17	2	-	Working capital	-	No	-	761,262 (Note 1)	
			Other receivables from related parties	Yes	138,031	138,031	138,031	1.15~1.17	2.	-	Working capital	-	No	-	761,262 (Note 1)	
		Everest International Develop Investment Co., Ltd.	Other receivables from related parties	Yes	88,000	88,000	-	-	2	-	Working capital	-	No	-	761,262 (Note 1)	
			Everest Apparel (HK) Limited	Other receivables from related parties	Yes	97,117	97,117	-	-	2	-	Working capital	-	No	-	
		Other receivables from related parties		Yes	98,256	98,256	97,829	1.16~1.17	2	-	Working capital	-	No	-	761,262 (Note 1)	
					<u>\$ 1,636,906</u>	<u>\$ 1,636,906</u>	<u>\$ 530,663</u>									
1	Everest International (HK) Limited	Everest Development USA, LLC.	Other receivables from related parties	Yes	\$ 119,616	\$ 119,616	\$ 119,616	1.27~1.63	2	-	Working capital	-	No	-	761,262 (Note 1)	1,522,524 (Note 2)
			Other receivables from related parties	Yes	165,184	165,184	165,184	1.27~1.63	2	-	Working capital	-	No	-	761,262 (Note 1)	
		Everest Apparel (Haiti) S.A.	Other receivables from related parties	Yes	341,760	341,760	25,632	1.35	2	-	Working capital	-	No	-	761,262 (Note 1)	
							<u>\$ 626,560</u>	<u>\$ 626,560</u>	<u>\$ 310,432</u>							
2	Everest International Develop Investment Co., Ltd.	The Company	Other receivables from related parties	Yes	<u>\$ 97,117</u>	<u>\$ 97,117</u>	<u>\$ 28,480</u>	0.25~1.04	2	-	Working capital	-	No	-	334,435 (Note 3)	382,212 (Note 4)

Note 1: Based on 20% of the equity attributable to owners of the Company.

Note 2: Based on 40% of the equity attributable to owners of the Company.

Note 3: Based on 35% of the shareholders' interests in the subsidiary.

Note 4: Based on 40% of the shareholders' interests in the subsidiary.

Note 5: Nature of the loan:

(1) Please complete item 1. for a borrower having transactions with the Group.

(2) Please complete item 2. for a borrower who has short-term financing requirements.

Note 6: Written-off during the preparation of the consolidated financial statements.

Everest Textile Co., Ltd. and Subsidiaries

Endorsement and Guarantee Provided for Others

For the year ended December 31, 2020

Unit: NT\$ Thousands, unless specified otherwise

Code	Endorsements/guarantees Provider Company Name	Parties being endorsed and guaranteed		Limit of endorsement and guarantee for a single entity (Note 1)	Maximum balance of endorsement and guarantee for the period	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	\$ 1,903,156	\$ 1,310,080	\$ 1,082,240	\$ -	\$ -	28.43		Y	N	N
		Everest Textile (Thailand) Co., Ltd.	"	1,903,156	284,800	284,800	138,562	-	7.48		Y	N	N
		Everest Textile USA, LLC.	"	1,903,156	1,566,400	1,566,400	911,360	-	41.15		Y	N	N
		Everest International Develop Investment Co., Ltd.	"	1,903,156	480,000	360,000	360,000	-	9.46		Y	N	N
		Everest International (HK) Limited	"	1,903,156	<u>655,040</u>	<u>655,040</u>	<u>284,800</u>	-	<u>17.21</u>		Y	N	N
					<u>\$ 4,296,320</u>	<u>\$ 3,948,480</u>	<u>\$ 1,694,722</u>		<u>103.73</u>	<u>\$ 3,806,311</u>			

Note 1: Based on 50% of the equity attributable to owners of the Company.

Note 2: Based on 100% of the equity attributable to owners of the Company.

Everest Textile Co., Ltd. and Subsidiaries

Details of Securities Held at the End of the Period

December 31, 2020

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	Far Eastern International Bank - shares of a listed company	The Vice-Chairman is a second degree relative of the Chairman of the Company	Financial assets at fair value through other comprehensive income - current	7,441,665	<u>\$ 80,742</u>	-	<u>\$ 80,742</u>	
	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	\$ 3,433	19	\$ 3,433	
	Dah Chung Bills Finance Corp. - shares of a listed company	No	"	1,175	<u>15</u>	-	<u>15</u>	
					<u>\$ 3,448</u>		<u>\$ 3,448</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	26,067,062	<u>\$ 256,761</u>	5	<u>\$ 256,761</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 7 and Table 8 for information related to investments in subsidiaries.

Everest Textile Co., Ltd. and Subsidiaries

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
For the year ended December 31, 2020

Unit: NT\$ Thousands

Name of company purchased or sold	Category and name of securities	Accounting item	Counterparty	Relationship	Beginning of the period		Purchase		Sale			End of the period		
					Number of shares/unit	Amount	Number of shares/unit	Amount	Number of shares/unit	Selling price	Book costs	(Losses) gains on disposals	Number of shares/unit	Amount
The Company	Everest International Develop Investment Co., Ltd.	Investments accounted for using the equity method	Note 2	Subsidiary	144,600,000	\$ 727,938	46,800,000	\$ 270,983 (Note 1)	-	\$ -	\$ -	\$ -	191,400,000	\$ 998,921

Note 1: Include additional investments amounted to NT\$468,000 less losses of subsidiaries accounted for using the equity method amounted to NT\$151,703 and exchange differences on translating the financial statements of foreign operations adjusted due to the changes in exchange rates amounted to NT\$45,314.

Note 2: Issuance of ordinary shares for cash for a subsidiary.

Everest Textile Co., Ltd. and Subsidiaries

Purchases and Sales with Related Parties with an Amount Achieving NTS\$100,000 Thousand or Reaching 20% of its Paid-in Capital and Above

For the year ended December 31, 2020

Unit: NTS Thousands

Purchasing (selling) company	Counterparty	Relationship	Transaction status				Circumstance and reason for transaction conditions differ from general transactions		Notes and trade receivables (payables)		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	\$ 335,825	58	Settle every 1 month	No comparable goods under the same category	-	\$ -	-	Note	
		Subsidiary	Purchase	259,995	11	Settle every 6 months		Equivalent	(66,861)	14	Note	
	Far Eastern New Century Corporation (FENC)	Subsidiary	Sales	(325,237)	(6)	Settle every 6 months		Equivalent	-	-	Note	
		Company evaluates the Company using the equity method	Purchase	172,181	7	Settle every 1 to 2 months, except for advance payments made for partial yarn products		Equivalent	(15,846)	3		
			Purchase	173,762	7	Settle every 1 month		Equivalent	(13,893)	3		
	Everest Textile (Shanghai) Ltd.	Subsidiary	Sales	(343,692)	(7)	Settle every 6 months		Equivalent	52,607	5	Note	
		Subsidiary	Purchase	199,673	9	Settle every 6 months		Equivalent	(42,274)	9	Note	
	Everest Textile (Shanghai) Ltd.	Everest Textile USA, LLC.	Subsidiary	Sales	(167,070)	(3)		Settle every 6 months	Equivalent	73,127	7	Note
			Subsidiary	Sales	(349,719)	(7)		Settle every 6 months	Equivalent	334,003	33	Note
		Everest Apparel (Ethiopia) S.C.	Parent company	Sales	(429,634)	(21)		Settle every 2 to 4 months	Equivalent	21,974	4	Note
Everest Investment (Holding) Ltd.		Fellow subsidiary	Sales	(479,815)	(24)	Settle every 2 to 4 months	Equivalent	174,292	34	Note		
Everest Textile USA, LLC.	Everest Textile (Thailand) Co., Ltd.	Fellow subsidiary	Sales	(249,908)	(32)	Settle every 6 months	Equivalent	122,877	71	Note		
Everest Textile (Thailand) Co., Ltd.	Everest Apparel (Ethiopia) S.C.	Fellow subsidiary	Sales	(196,045)	(12)	Settle every 6 months	Equivalent	175,355	34	Note		

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

Everest Textile Co., Ltd. and Subsidiaries

Receivables from Related Parties Achieving NT\$100,000 Thousand or Reaching 20% of Its Paid-in Capital and Above
December 31, 2020

Unit: NT\$ Thousands, unless specified otherwise

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 (Ethiopia) S.C.	Subsidiary	\$ 255,331	- (Note 1 and Note 2)	\$ -	—	\$ 255,331	\$ -
		"	334,003	2.11	-	-	334,003	-
	Everest Apparel (Haiti) S.A.	"	301,799	- (Note 1 and Note 2)	-	—	-	-
Everest Textile (Shanghai) Ltd.	Everest International (HK) Limited	Fellow subsidiary	174,292	5.51	-	—	174,292	-
Everest International (HK) Limited	Everest Textile USA, LLC.	Same ultimate parent company	166,383	- (Note 1)	-	—	166,383	-
	Everest Development USA, LLC.	"	120,484	- (Note 1)	-	—	120,484	-
Everest Textile USA, LLC.	Everest Textile (Thailand) Co., Ltd.	Fellow subsidiary	122,877	1.34	-	—	76,899	-
Everest Textile (Thailand) Co., Ltd.	Everest Apparel (Ethiopia) S.C.	Fellow subsidiary	175,355	2.24	-	—	18,953	-

Note 1: The nature of the financing, not applicable for turnover rate calculation.

Note 2: Amount of property, plant and equipment purchased on behalf of others or sold, not applicable for turnover rate calculation.

Note 3: Written-off during the preparation of the consolidated financial statements.

Everest Textile Co., Ltd. and Subsidiaries

Information on Invested Companies
For the year ended December 31, 2020
Unit: NT\$ Thousands

Name of the investing company	Name of the investee Companies	Location	Principal business activities	Initial investment amount		Held at the end of the period			Current (loss) gain of the investee company	Investment loss recognized for the period	Remarks
				End of the period	End of 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	\$ 2,493,422	(\$ 16,308)	(\$ 16,308)	Note 3
Everest Investment (Holding) Ltd.	Everest International Develop Investment Co., Ltd.	Taiwan	General investment	1,998,400	1,530,400	191,400,000	100	666,085 (Note 1)	(147,095)	(147,095)	Note 3
	Everest Textile (HK) Co., Ltd.	Hong Kong	International trade	2,427	2,427	695,000	99.3	1,313	(203)	(203)	Note 3
	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	1,204,549	1,273		Note 3
	Everest International Develop Investment Co., Ltd.	Everest International (HK) Limited	Hong Kong	Investment and holdings	1,260,433	964,343	41,300,000	100	889,018	81,501	
Everest International (HK) Limited	Everest Apparel (HK) Limited	Hong Kong	Investment and holdings	848,467	685,001	27,580,000	100	133,869	(220,426)		Note 3
	Everest USA Holdings, Inc.	The U.S.	Investment and holdings	1,260,433	964,343	1,000	100	860,795	52,539		Note 3
Everest USA Holdings, Inc.	Everest Development USA, LLC.	The U.S.	Operating asset management	79,170	79,170	2,500,000	100	57,766	(2,796)		Note 3
	Everest Textile USA, LLC.	The U.S.	Production and dyeing of yarn and woven fabrics	1,181,263	885,173	38,800,000	100	797,313	55,395		Note 3
Everest Apparel (HK) Limited	Everest Apparel (Ethiopia) S.C.	Ethiopia	Apparel production	557,696	411,221	542,415	100	183,713	(40,260)		Note 3
	Everest Apparel (Haiti) S.A.	Haiti	Apparel production	390,960	273,780	4,000	100	48,123	(179,690)		Note 3

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

Note 2: Please refer to Table 8 for information on investments in Mainland China.

Note 3: Written-off during the preparation of the consolidated financial statements.

Everest Textile Co., Ltd. and Subsidiaries

Information on Investments in Mainland China
For the year ended December 31, 2020
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	Gains of the investee company during the period	The Company's direct or indirect investment shareholding (%)	Investment losses recognized for the period (Notes 3 and 4)	Carrying amount of investments at the end of the period	Investment gains repatriated at the end of the period
					Remitted	Recovered						
Everest Textile (Shanghai) Ltd.	Research, development, dyeing, back-end processing and selling of high emulation chemical fibers and high-grade textile cloth	\$ 854,400 (USD\$30,000 thousand)	The Company's indirect investment via the third party Everest Investment (Holding) Ltd.	\$ 980,349 (USD\$30,000 thousand)	\$ -	\$ -	\$ 980,349 (USD\$30,000 thousand)	\$ 1,919	100	(\$ 2,036)	\$1,314,555	\$ -

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 (MOEAIC) (Note 2)	Investment limits stated by MOEAIC regarding investments in Mainland China (Note 1)
\$ 854,400 (USD\$30,000 thousand)	\$ 854,400 (USD\$30,000 thousand)	\$ 2,283,787

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 ($\$3,806,311 \times 60\% = \$2,283,787$).

Note 2: The amount is translated at a currency rate where USD\$1 equals NT\$28.48.

Note 3: Investment losses 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 losses recognized for the period is the net amount after deducting the unrealized gross sales of goods amounted to NT\$3,955 thousand arising from the side current transactions.

Everest Textile Co., Ltd. and 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, 2020
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 (loss) (Note)
			Purchase (sales) of goods	Amount (Note)	Ratio to total purchase and sales (%)	Credit period	Unit price	Credit period	Balance (Note)	Ratio to total notes and trade receivables (payables)	
The Company	Everest Textile (Shanghai) Ltd.	Subsidiary	Sales	(\$ 343,692)	(7)	Settle every 6 months	Equivalent	Equivalent	\$ 52,607	5	\$ 3,803
Everest Investment (Holding) Ltd.	Everest Textile (Shanghai) Ltd.	Subsidiary	Purchase	429,634	100	Settle every 2 to 4 months	Equivalent	Equivalent	(21,974)	(100)	-
Everest Textile (Shanghai) Ltd.	Everest International (HK) Limited	Fellow subsidiary	Sales	(479,815)	(24)	Settle every 2 to 4 months	Equivalent	Equivalent	174,292	34	(4,003)
Everest Textile (Thailand) Co., Ltd.	Everest Textile (Shanghai) Ltd.	Fellow subsidiary	Sales	(80,649)	(5)	Settle every 2 to 4 months	Equivalent	Equivalent	16	-	-

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

Everest Textile Co., Ltd. and Subsidiaries

Business Relationships and Status of Significant Transactions between the Parent Company and Subsidiaries and between the Respective Subsidiaries.
For the year ended December 31, 2020
Unit: NT\$ Thousands

Code	Name of the transacting party	Counterparty of the transaction	Relationship with the transacting party (Note 1)	Transaction status			
				Accounts	Amount (Note 2)	Transaction conditions	Ratio to the consolidated total operating revenue or total assets (%)
0	The Company	Everest Investment (Holding) Ltd.	1	Advances	\$ 50,864	The transactions are made at general transaction prices; payment terms shall be settled every 6 months.	1
				Purchase	15,458		-
		Everest Textile (Thailand) Co., Ltd.	1	Commission expenses	10,205	Price negotiation is adopted, the payment may offset other receivables	-
				Sales	325,237	The transactions are made at general transaction prices; collection terms shall be settled every 6 months.	4
				Purchase	259,995	The transactions are made at general transaction prices; payment terms shall be settled every 6 months.	4
				Processing expenses	335,825	No comparable goods under the same category; payment terms shall be settled every 1 month.	5
		Everest Textile (Shanghai) Ltd.	1	Purchase of machine supplies on behalf of others	48,871	The transactions are made at general transaction prices; collection terms shall be settled every 6 months.	1
				Trade payables to related parties	66,861		-
		Everest Textile (Shanghai) Ltd.	1	Sales	343,692	The transactions are made at general transaction prices; collection terms shall be settled every 6 months.	5
				Trade receivables from related parties	52,607		-
		Everest International Develop Investment Co., Ltd.	1	Other payables to related parties	28,480		-
		Everest Textile USA, LLC.	1	Other receivables from related parties	47,400		-
				Sales	167,070	The transactions are made at general transaction prices; collection terms shall be settled every 6 months.	2
				Purchase	199,673	The transactions are made at general transaction prices; payment terms shall be settled every 6 months.	3
				Trade receivables from related parties	73,127		1
				Trade payables to related parties	42,274		-
				Purchase of machine supplies on behalf of others	26,524	The transactions are made at general transaction prices; collection terms shall be settled every 6 months.	-
				Disposal of fixed assets	37,913	The transactions are made at general transaction prices; collection terms shall be settled every 6 months.	1
		Everest Apparel (HK) Limited	1	Other receivables from related parties	97,790		1
				Purchase	64,986	The transactions are made at general transaction prices; payment terms shall be settled every 6 months.	1
		Everest Apparel (Ethiopia) S.C.	1	Trade payables to related parties	42,051		-
				Trade receivables from related parties	334,003		2
Other receivables from related parties	255,331				2		
Advances	35,569				-		
Sales	349,719			The transactions are made at general transaction prices; collection terms shall be settled every 6 months.	5		
Processing expenses	34,665			No comparable goods under the same category; payment terms shall be settled every 1 month.	-		
Everest Apparel (Haiti) S.A.	1	Purchase of property, plant and equipment on behalf of others	15,251	Price negotiation is adopted; collection terms shall be settled every 6 months.	-		
		Other receivables from related parties	301,799		2		
		Advances	44,845		1		

(Continued)

(Continued)

Code	Name of the transacting party	Counterparty of the transaction	Relationship with the transacting party (Note 1)	Transaction status			
				Accounts	Amount (Note 2)	Transaction conditions	Ratio to the consolidated total operating revenue or total assets (%)
1	Everest Investment (Holding) Ltd.	Everest Textile (Shanghai) Ltd.	3	Processing expenses	\$ 34,077	No comparable goods under the same category; payment terms shall be settled every 1 month.	-
				Trade payables to related parties	21,974		-
2	Everest Textile (Shanghai) Ltd.	Everest Textile (Thailand) Co., Ltd.	3	Purchase	429,634	The transactions are made at general transaction prices; payment terms shall be settled every 2 to 4 months.	6
				Sales	32,622		-
3	Everest International (HK) Limited	Everest International (HK) Limited	3	Sales	479,815	The transactions are made at general transaction prices; collection terms shall be settled every 6 months.	7
				Trade receivables from related parties	174,292		1
4	Everest Textile USA, LLC.	Everest Textile USA, LLC.	3	Other receivables from related parties	166,383	The transactions are made at general transaction prices; collection terms shall be settled every 2 to 4 months.	1
				Trade receivables from related parties	120,484		1
5	Everest Textile (Thailand) Co., Ltd.	Everest Textile (Thailand) Co., Ltd.	3	Sales	10,169	The transactions are made at general transaction prices; collection terms shall be settled every 2 to 4 months.	-
				Other receivables from related parties	10,520		-
6	Everest Textile USA, LLC.	Everest Apparel (Haiti) S.A.	3	Other receivables from related parties	25,659	The transactions are made at general transaction prices; collection terms shall be settled every 2 to 4 months.	-
				Trade receivables from related parties	122,877		1
7	Everest Textile (Thailand) Co., Ltd.	Everest Textile (Thailand) Co., Ltd.	3	Sales	249,908	The transactions are made at general transaction prices; collection terms shall be settled every 6 months.	3
				Other receivables from related parties	15,571		-
8	Everest Textile (Thailand) Co., Ltd.	Everest Textile (Shanghai) Ltd.	3	Sales	80,649	The transactions are made at general transaction prices; collection terms shall be settled every 6 months.	1
				Other receivables from related parties	196,045		3
9	Everest Textile (Thailand) Co., Ltd.	Everest Apparel (Ethiopia) S.C.	3	Trade receivables from related parties	175,355	The transactions are made at general transaction prices; collection terms shall be settled every 6 months.	1
				Other receivables from related parties	20,599		-

Note 1: The relationship with a transacting party is divided into three categories set out below:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 2: Written off during the preparation of the consolidated financial statements

Everest Textile Co., Ltd.**Information on Major Shareholders
December 31, 2020**

Name of the major shareholder	Shares	
	Number of shares held (share)	Shareholding (%)
Yuan Ding Investment Corp.	128,618,422	25.22%
Everest International Develop Investment Co., Ltd.	26,067,062	5.11%