

Everest Textile Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the
Three Months Ended March 31, 2022 and
2021 and Independent Auditors' Review
Report

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Independent Auditors' Review Report

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

Preface

We have audited the consolidated balance sheets of Everest Textile Co., Ltd. and its subsidiaries (the “Group”) as of March 31, 2022 and 2021, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and the notes to consolidated financial statements, including a summary of significant accounting policies. The preparation of financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as approved and issued by the Financial Supervisory Commission is the responsibility of the management and our responsibility is to conclude the consolidated financial statements based on our audit.

Scope

We conducted our review in accordance with Statement of Auditing Standard 65, "Review of Financial Statements". The procedures performed in the course of the review of consolidated financial statements include inquiries (mainly to those responsible for financial and accounting affairs), analytical procedures and other audit procedures. A review is significantly less in scope than an audit, and we may not be able to express an opinion on all significant matters that could be identified by an audit.

Conclusion

Based on our review and the review 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, 2022 and 2021, and its financial performance and its cash flows for the years ended December 31, 2022 and 2021 in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and

International Accounting Standards (IAS), IAS 34 “Statement of Auditing Standard” endorsed and issued into effect by FSC.

Other Matters

The financial statements of Everest Textile (Thailand) Co., Ltd. From January 1 to March 31, 2021 have not been audited by our accountants and are audited by other accountants in the subsidiaries included in the consolidated financial statements of Everest Textile Co., Ltd.. Accordingly, our conclusion on the above consolidated financial statements related to the amounts reported in the financial statements of this subsidiary is based on the review report of the other accountants. As of March 31, 2021, the total assets of the subsidiary were NT\$1,394,948 thousand, accounted for 10% of the consolidated total assets. The net operating revenue was NT\$218,606 thousand, accounted for 10% of the net consolidated operating revenue for January 1 to March 31, 2021.

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

May 11, 2022

Everest Textile Co., Ltd. and Its Subsidiaries
Consolidated Balance Sheets
March 31, 2022 and December 31 and March 31, 2021

Unit: NT\$ Thousands

Code	Assets	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
		Amount	%	Amount	%	Amount	%
	Current Assets						
1100	Cash (Note VI)	\$ 489,491	4	\$ 481,903	3	\$ 740,232	5
1110	Financial Assets at Fair Value Through Profit or Loss - Current (Note VII)	4,668	-	5,062	-	-	-
1120	Financial Assets at Fair Value Through Other Comprehensive Income - Current (Note VIII)	92,523	1	81,526	1	79,626	1
1150	Notes Receivable (Notes IX, XX, and XXV)	35,846	-	62,393	1	6,006	-
1170	Trade Receivables (Notes IX, XX, and XXV)	1,550,250	11	1,902,269	13	1,142,262	9
1200	Other Receivables (Note XXV)	61,611	-	55,914	-	55,518	-
1220	Current Tax Assets	7,890	-	6,186	-	4,141	-
130X	Inventories (Note X)	5,609,078	39	5,721,143	39	4,777,980	36
1470	Other Current Assets (Note XIV)	206,032	2	134,647	1	144,200	1
11XX	Total Current Assets	<u>8,057,389</u>	<u>57</u>	<u>8,451,043</u>	<u>58</u>	<u>6,949,965</u>	<u>52</u>
	Non-Current Assets						
1517	Financial Assets at Fair Value Through Other Comprehensive Income - Non-Current (Note VIII)	3,448	-	3,448	-	3,448	-
1600	Property, Plant and Equipment (Notes XXII, XXV, and XXVI)	5,519,561	39	5,453,756	37	5,706,347	43
1755	Right-Of-Use Assets (Note XIII)	471,484	3	482,329	3	519,711	4
1840	Deferred Tax Assets	138,162	1	136,977	1	134,549	1
1990	Other Non-Current Assets (Note XIV)	43,447	-	80,199	1	32,320	-
15XX	Total Non-Current Assets	<u>6,176,102</u>	<u>43</u>	<u>6,156,709</u>	<u>42</u>	<u>6,396,375</u>	<u>48</u>
1XXX	Total Assets	<u>\$ 14,233,491</u>	<u>100</u>	<u>\$ 14,607,752</u>	<u>100</u>	<u>\$ 13,346,340</u>	<u>100</u>
	Liabilities and Equity						
	Current Liabilities						
2100	Short-Term Borrowings (Notes XV, XXV and XXVI)	\$ 2,827,962	20	\$ 3,010,987	21	\$ 2,862,466	22
2110	Short-Term Bills Payable (Note XV)	1,409,596	10	899,785	6	1,599,515	12
2120	Financial Liabilities at Fair Value Through Profit or Loss - Current (Note VII)	110	-	22	-	339	-
2130	Contract Liabilities - Current (Note XX)	82,507	1	64,807	-	47,139	-
2150	Notes Payable (Note XVI)	31,619	-	81,335	1	35,298	-
2160	Notes Payable to Related Parties (Notes XVI and XXV)	5,214	-	19,337	-	5,070	-
2170	Trade Payables (Note XVI)	656,597	5	728,657	5	497,624	4
2180	Trade Payables to Related Parties (Notes XVI and XXV)	55,568	-	53,341	-	46,053	-
2219	Other Payables (Note XVII)	393,505	3	458,268	3	382,647	3
2220	Other Payables to Related Parties (Note XXV)	75,877	-	52,716	-	53,148	-
2230	Current Tax Liabilities	57,875	-	67,076	1	14,294	-
2250	Refund Liabilities - Current	7,154	-	7,154	-	7,154	-
2280	Lease Liabilities - Current (Notes XIII and XXV)	90,601	1	95,016	1	78,997	1
2322	Long-Term Borrowings Due Within One Year (Notes XV, XXV and XXVI)	820,000	6	830,000	6	752,500	6
2399	Other Current Liabilities (Note XVII)	14,640	-	16,406	-	25,182	-
21XX	Total Current Liabilities	<u>6,528,825</u>	<u>46</u>	<u>6,384,907</u>	<u>44</u>	<u>6,407,426</u>	<u>48</u>
	Non-Current Liabilities						
2540	Long-Term Borrowings (Notes XV, XXV and XXVI)	445,000	3	717,500	5	2,435,833	18
2570	Deferred Tax Liabilities	170,505	1	170,505	1	169,777	1
2580	Lease Liabilities - Non-Current (Notes XIII and XXV)	431,933	3	440,174	3	485,380	4
2640	Net Defined Benefit Liabilities - Non-Current (Notes IX and XVIII)	76,710	1	76,619	-	78,705	1
2645	Guarantee Deposits	720	-	720	-	720	-
2670	Other Non-Current Liabilities	438	-	474	-	771	-
25XX	Total Non-Current Liabilities	<u>1,125,306</u>	<u>8</u>	<u>1,405,992</u>	<u>9</u>	<u>3,171,186</u>	<u>24</u>
2XXX	Total Liabilities	<u>7,654,131</u>	<u>54</u>	<u>7,790,899</u>	<u>53</u>	<u>9,578,612</u>	<u>72</u>
	Equity Attributable to Owners of The Company (Note XIX)						
	Share Capital						
3110	Ordinary Shares	6,946,434	49	6,946,434	47	5,098,341	38
3200	Capital Surplus	115,943	1	115,943	1	99,644	1
	Retained Earnings (Accumulated Losses)						
3310	Legal Reserve	174,022	1	174,022	1	174,022	1
3320	Special Reserve	83,073	-	83,073	1	83,073	1
3350	Undistributed Earnings (Deficits to Be Compensated)	(190,341)	(1)	183,359	1	(1,131,911)	(9)
3300	Net Retained Earnings (Accumulated Losses)	66,754	-	440,454	3	(874,816)	(7)
3400	Other Equity Interest	(216,944)	(2)	(353,151)	(2)	(222,614)	(2)
3500	Treasury Shares	(332,836)	(2)	(332,836)	(2)	(332,836)	(2)
31XX	Total Equity Attributable to Owners of the Parent	<u>6,579,351</u>	<u>46</u>	<u>6,816,844</u>	<u>47</u>	<u>3,767,719</u>	<u>28</u>
36XX	Non-Controlling Interests	9	-	9	-	9	-
3XXX	Total Equity	<u>6,579,360</u>	<u>46</u>	<u>6,816,853</u>	<u>47</u>	<u>3,767,728</u>	<u>28</u>
	Total Liabilities and Equity	<u>\$ 14,233,491</u>	<u>100</u>	<u>\$ 14,607,752</u>	<u>100</u>	<u>\$ 13,346,340</u>	<u>100</u>

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

(Refer to Deloitte & Touche auditors' review report dated May 11, 2022)

Chairman: Johnny Hih

Manager: Ching Lai Yeh

Accounting Executive: Mei Hsiu Huang

Everest Textile Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to March 31, 2022 and 2021

(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

		Unit: NT\$ Thousands (NT\$ for earnings (net loss) per share)			
Code		January 1 to March 31, 2022		January 1 to March 31, 2021	
		Amount	%	Amount	%
4000	Operating Revenue (Notes XX and XXV)	\$ 2,634,229	100	\$ 2,142,152	100
5000	Operating Costs (Notes X, XXI, and XXV)	<u>2,140,388</u>	<u>81</u>	<u>1,721,288</u>	<u>80</u>
5900	Gross Profit	<u>493,841</u>	<u>19</u>	<u>420,864</u>	<u>20</u>
	Operating Expenses (Notes IX, XXI and XXV)				
6100	Selling and Marketing Expenses	231,684	9	193,066	9
6200	General and Administrative Expenses	110,943	4	106,050	5
6300	Research and Development Expenses	59,087	2	51,587	3
6450	Gains on Reversal of Expected Credit Loss	(<u>1,845</u>)	-	-	-
6000	Total Operating Expenses	<u>399,869</u>	<u>15</u>	<u>350,703</u>	<u>17</u>
6900	Net Operating Profits	<u>93,972</u>	<u>4</u>	<u>70,161</u>	<u>3</u>
	Non-Operating Income and Expenses (Notes VII, X, XXI and XXV)				
7100	Interest Income	1,471	-	54	-
7010	Other Income	6,898	-	21,370	1
7230	Other Gains and Losses	11,787	-	(33,513)	(1)
7590	Fire damage	(435,174)	(16)	-	-
7510	Interest Expenses	(<u>20,133</u>)	(<u>1</u>)	(<u>24,462</u>)	(<u>1</u>)
7000	Total Non-Operating Income and Expenses	(<u>435,151</u>)	(<u>17</u>)	(<u>36,551</u>)	(<u>1</u>)
7900	Net Profit (Loss) Before Income Tax	(341,179)	(13)	33,610	2
7950	Income Tax Expense (Notes IV and XXII)	<u>32,521</u>	<u>1</u>	<u>13,613</u>	<u>1</u>
8200	Net Profit (Loss) for the Period	(<u>373,700</u>)	(<u>14</u>)	<u>19,997</u>	<u>1</u>

(Continued)

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Code		January 1 to March 31, 2022		January 1 to March 31, 2021	
		Amount	%	Amount	%
	Other Comprehensive Income/(Loss)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	\$ 10,997	-	(\$ 1,116)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	<u>125,210</u>	<u>5</u>	(<u>57,473</u>)	(<u>3</u>)
8300	Other comprehensive income/(loss) for the period, net of income tax	<u>136,207</u>	<u>5</u>	(<u>58,589</u>)	(<u>3</u>)
8500	Total comprehensive income/(loss) for the period	(<u>\$ 237,493</u>)	(<u>9</u>)	(<u>\$ 38,592</u>)	(<u>2</u>)
8600	Net profit (loss) attributable to:				
8610	Owners of the Company	(\$ 373,700)	(14)	\$ 19,997	1
8620	Non-Controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		(<u>\$ 373,700</u>)	(<u>14</u>)	<u>\$ 19,997</u>	<u>1</u>
8700	Total comprehensive income/(loss) attributable to:				
8710	Owners of the Company	(\$ 237,493)	(9)	(\$ 38,592)	(2)
8720	Non-Controlling Interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		(<u>\$ 237,493</u>)	(<u>9</u>)	(<u>\$ 38,592</u>)	(<u>2</u>)
	Earnings (net loss) per share (Note XXIII)				
9710	Basic	(\$ 0.55)		\$ 0.05	
9810	Diluted	(0.55)		0.05	

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

(Refer to Deloitte & Touche auditors' review report dated May 11, 2022)

Chairman: Johnny Hih

Manager: Ching Lai Yeh

Accounting Executive: Mei Hsiu Huang

Everest Textile Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to March 31, 2022 and 2021

(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

Unit: NT\$ Thousands

		Equity attributable to owners of the Company											
		Share Capital		Retained Earnings (Accumulated Losses)			Other Equity Items						
Code		Ordinary Shares	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	Non-Controlling Interests	Total Equity
A1	Balance on January 1, 2022	\$6,946,434	\$ 115,943	\$ 174,022	\$ 83,073	\$ 183,359	(\$ 366,427)	\$ 13,276	(\$ 353,151)	(\$ 332,836)	\$6,816,844	\$ 9	\$6,816,853
D1	Net Loss of January 1 to March 31, 2022	-	-	-	-	(373,700)	-	-	-	-	(373,700)	-	(373,700)
D3	Other comprehensive income/(loss) after tax of January 1 to March 31, 2022	-	-	-	-	-	125,210	10,997	136,207	-	136,207	-	136,207
D5	Total comprehensive income/(loss) of January 1 to March 31, 2022	-	-	-	-	(373,700)	125,210	10,997	136,207	-	(237,493)	-	(237,493)
Z1	Balance on March 31, 2022	<u>\$6,946,434</u>	<u>\$ 115,943</u>	<u>\$ 174,022</u>	<u>\$ 83,073</u>	<u>(\$ 190,341)</u>	<u>(\$ 241,217)</u>	<u>\$ 24,273</u>	<u>(\$ 216,944)</u>	<u>(\$ 332,836)</u>	<u>\$6,579,351</u>	<u>\$ 9</u>	<u>\$6,579,360</u>
A1	Balance on January 1, 2021	\$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
D1	Net Profit of January 1 to March 31, 2021	-	-	-	-	19,997	-	-	-	-	19,997	-	19,997
D3	Other comprehensive income/(loss) after tax of January 1 to March 31, 2021	-	-	-	-	-	(57,473)	(1,116)	(58,589)	-	(58,589)	-	(58,589)
D5	Total comprehensive income/(loss) of January 1 to March 31, 2021	-	-	-	-	19,997	(57,473)	(1,116)	(58,589)	-	(38,592)	-	(38,592)
Z1	Balance on March 31, 2021	<u>\$5,098,341</u>	<u>\$ 99,644</u>	<u>\$ 174,022</u>	<u>\$ 83,073</u>	<u>(\$1,131,911)</u>	<u>(\$ 233,990)</u>	<u>\$ 11,376</u>	<u>(\$ 222,614)</u>	<u>(\$ 332,836)</u>	<u>\$3,767,719</u>	<u>\$ 9</u>	<u>\$3,767,728</u>

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

(Refer to Deloitte & Touche auditors' review report dated May 11, 2022)

Chairman: Johnny Hih

Manager: Ching Lai Yeh

Accounting Executive: Mei Hsiu Huang

Everest Textile Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to March 31, 2022 and 2021

(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

Unit: NT\$ Thousands

Code		January 1 to March 31, 2022	January 1 to March 31, 2021
	Cash flows from operating activities		
A10000	Net Profit (Loss) Before Income Tax for the Period	(\$ 341,179)	\$ 33,610
	Adjustments for:		
A20100	Depreciation Expenses	190,845	189,280
A20300	Gains on Reversal of Expected Credit Loss	(1,845)	-
A20900	Interest Expenses	20,133	24,462
A21200	Interest Income	(1,471)	(54)
A22500	Fire damage	435,174	-
A24100	Net losses (gains) on foreign currency exchange	9,000	(14,738)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	26,547	(1,980)
A31150	Trade receivables	386,552	188,606
A31180	Other receivables	(5,019)	(23,169)
A31200	Inventories	(256,956)	(154,360)
A31240	Other current assets	(71,293)	31,018
A31990	Financial assets and liabilities at fair value through profit or loss	482	339
A32125	Contract liabilities	28,914	(8,051)
A32130	Notes payable	(49,716)	34,700
A32140	Notes payable to related parties	(14,123)	(5,417)
A32150	Trade payables	(84,054)	(68,434)
A32160	Trade payables to related parties	2,227	13,070
A32180	Other payables	(75,473)	(64,328)
A32190	Other payables to related parties	23,161	1,920
A32230	Other current liabilities	107	(10,339)
A32240	Net defined benefit liabilities - non-current	91	3,190
A32990	Other non-current liabilities	(36)	(76)
A33000	Cash used in operations	222,068	169,249
A33100	Interest received	1,471	54
A33300	Interest paid	(19,342)	(23,570)

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<u>Code</u>		<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
A33500	Income tax paid	<u>(\$ 45,087)</u>	<u>(\$ 199)</u>
AAAA	Net cash inflows from operating activities	<u>159,110</u>	<u>145,534</u>
	Cash flows from investing activities		
B02700	Acquisition of property, plant and equipment	(102,284)	(82,822)
B03700	Increase in refundable deposits	(336)	(377)
B03800	Decrease in refundable deposits	<u>430</u>	<u>173</u>
BBBB	Net cash outflows from investing activities	<u>(102,190)</u>	<u>(83,026)</u>
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	2,169,708	3,564,958
C00200	Decrease in short-term borrowings	(2,436,362)	(3,342,086)
C00500	Increase in short-term notes and bills payable	3,208,614	2,497,912
C00600	Decrease in short-term notes and bills payable	(2,698,803)	(2,497,515)
C01600	Proceeds from long-term borrowings	100,000	440,000
C01700	Repayments of long-term borrowings	(382,500)	(707,500)
C03000	Increase in guarantee deposits	133	-
C03100	Decrease in guarantee deposits	(2,184)	(1,581)
C04020	Payments of lease liabilities	<u>(28,910)</u>	<u>(32,754)</u>
CCCC	Net cash outflows from financing activities	<u>(70,304)</u>	<u>(78,566)</u>
DDDD	Effects of exchange rate changes on cash	<u>20,972</u>	<u>8,099</u>
EEEE	Net increase (decrease) in cash	7,588	(7,959)
E00100	Cash balance at the beginning of the period	<u>481,903</u>	<u>748,191</u>
E00200	Cash balance at the end of the period	<u>\$ 489,491</u>	<u>\$ 740,232</u>

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

(Refer to Deloitte & Touche auditors' review report dated May 11, 2022)

Chairman: Johnny Hih

Manager: Ching Lai Yeh

Accounting Executive: Mei
Hsiu Huang

Everest Textile Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

January 1 to March 31, 2022 and 2021

(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

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

I. 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.

II. Date and Procedures for the Approval of Financial Statements

The consolidated financial statements were published after being submitted to the Board on May 6, 2022.

III. Application of New and Amended Standards and Interpretations

(I) 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 application of the amended IFRSs endorsed and issued into effect by the FSC did not result in significant changes on the accounting policies of the Group.

(II) IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2023

(Continued)

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<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IAS 1 in "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 - "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Income Tax related to Assets and Liabilities Derived from Single Transaction"	January 1, 2023 (Note 4)

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

Note 3: 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.

Note 4: Except for the deferred income tax recognized from temporary difference of lease and exemption obligations on January 1, 2022, the amendment was applied to all transactions after January 1, 2022.

Note 5: As of the date for the submission of the consolidated financial statements to the Board, the Group continuously assesses the impacts of amendments to the abovementioned standards and interpretations on financial position and financial performance and will disclose relevant impacts upon the completion of the assessment in due course.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by FSC. The consolidated financial statements do not contain all the IFRS disclosures required in the annual financial statements.

(II) 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.

(III) 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 11 and Tables 6 and 7 for details on subsidiaries, shareholding, and scope of business.

(IV) Others Significant Accounting Policies

Please refer to the summary of significant accounting policies in the consolidated financial statements for the year 2021 except as explained below.

1. Defined retirement benefits

The pension cost for the interim period is calculated using a rate determined on an actuarial basis at the end of the previous year, based on the period beginning to the end of the current year, adjusted for significant market fluctuations and significant plan amendments, settlements or other significant lump-sum events.

2. Income tax

The income tax expense represents the sum of the current income tax and deferred tax. Income tax for an interim period is evaluated on an annual basis, using the tax rate applicable to the total expected surplus for the year, in respect of the benefit before interim tax.

V. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Please refer to the description of the critical accounting judgments and key sources of estimation uncertainty on the consolidated financial statements for the year ended December 31, 2021.

VI. Cash

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand and working capital	\$ 5,577	\$ 5,600	\$ 3,399
Checks and demand deposits in banks	<u>483,914</u>	<u>476,303</u>	<u>736,833</u>
	<u>\$ 489,491</u>	<u>\$ 481,903</u>	<u>\$ 740,232</u>

VII. Financial instruments at fair value through profit or loss

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets - current</u>			
Held-for-trading			
Derivatives (not designated for hedging)			
-Forward exchange contracts	\$ 4,668	\$ 5,062	\$ -
<u>Financial liabilities - current</u>			
Held-for-trading			
Derivatives (not designated for hedging)			
-Forward exchange contracts	\$ 110	\$ 22	\$ 339

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

March 31, 2022

Contract Content	Currency	Maturity Date	Contractual amount (NT\$ in thousands)
Purchase of forward exchange contracts	RMB:USD	2022.04.08~2022.09.15	RMB 112,504/USD 17,500

December 31, 2021

Contract Content	Currency	Expiration Period	Contractual amount (NT\$ in thousands)
Purchase of forward exchange contracts	RMB:USD	2022.01.11~2022.06.28	RMB 103,809/USD 16,000

March 31, 2021

Contract Content	Currency	Expiration Period	Contractual amount (NT\$ in thousands)
Purchase of forward exchange contracts	RMB:USD	2022.04.30~2021.06.11	RMB 13,082/USD 2,000

For the year ended December 31, 2022 and 2021, the purpose of the Group's forward exchange transactions is mainly to avoid the risk of foreign currency assets and liabilities arising from exchange rate fluctuations. However, it does not meet the conditions for effective hedging so hedging accounting is not applicable.

From January 1 to March 31, 2022 and 2021, the valuation gain on financial assets and liabilities at fair value through profit or loss was a profit of NT\$5,985 thousand and a loss of NT\$339 thousand, respectively, recorded under other gain and loss in the consolidated statement of comprehensive income.

VIII. Financial Assets at Fair Value through Other Comprehensive Income

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Domestic investments			
Shares of listed companies			
Far Eastern International Bank Co., Ltd. - ordinary shares	\$ <u>92,523</u>	\$ <u>81,526</u>	\$ <u>79,626</u>
<u>Non-current</u>			
Domestic investments			
Unlisted shares			
Jin Lead Industrial Co., Ltd. - ordinary shares	\$ 3,433	\$ 3,433	\$ 3,433
Dah Chung Bills Finance Corp. - ordinary shares	<u>15</u>	<u>15</u>	<u>15</u>
	<u>\$ 3,448</u>	<u>\$ 3,448</u>	<u>\$ 3,448</u>

The Group invests in ordinary shares of the above-mentioned companies 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.

IX. Notes Receivable and Trade receivables

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Notes receivable</u>			
Measured at amortized costs			
Gross carrying amount - occurred due to operations	\$ <u>35,846</u>	\$ <u>62,393</u>	\$ <u>6,006</u>
<u>Trade receivables</u>			
Measured at amortized costs			
Gross carrying amount	\$ 1,567,220	\$ 1,920,575	\$ 1,164,996
Less: Allowance for losses	<u>16,970</u>	<u>18,306</u>	<u>22,734</u>
	<u>\$ 1,550,250</u>	<u>\$ 1,902,269</u>	<u>\$ 1,142,262</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 March 31, 2022 and December 31 and March 31, 2021, 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:

March 31, 2022

	90 days and below	91 - 180 days	181 days and above	Total
Rate of expected credit loss	0.02% ~ 10.09%	0.09% ~ 26.54%	2.48% ~ 100%	
Gross carrying amount	\$ 1,434,987	\$ 80,663	\$ 51,570	\$ 1,567,220
Allowance for loss (lifetime expected credit loss)	(4,005)	(1,175)	(11,790)	(16,970)
Amortized costs	<u>\$ 1,430,982</u>	<u>\$ 79,488</u>	<u>\$ 39,780</u>	<u>\$ 1,550,250</u>

December 31, 2021

	90 days and below	91 - 180 days	181 days and above	Total
Rate of expected credit loss	0.02% ~ 9.08%	0.09% ~ 22.07%	2.48% ~ 100%	
Gross carrying amount	\$ 1,812,643	\$ 53,364	\$ 54,568	\$ 1,920,575
Allowance for loss (lifetime expected credit loss)	(5,165)	(364)	(12,777)	(18,306)
Amortized costs	<u>\$ 1,807,478</u>	<u>\$ 53,000</u>	<u>\$ 41,791</u>	<u>\$ 1,902,269</u>

March 31, 2021

	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	\$ 1,014,489	\$ 76,988	\$ 73,519	\$ 1,164,996
Allowance for loss (lifetime expected credit loss)	(4,128)	(3,066)	(15,540)	(22,734)
Amortized costs	<u>\$ 1,010,361</u>	<u>\$ 73,922</u>	<u>\$ 57,979</u>	<u>\$ 1,142,262</u>

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

	January 1 to March 31, 2022	January 1 to March 31, 2021
Opening balance	\$ 18,306	\$ 23,328
Reversed during the period	(1,845)	-
Differences of foreign currency translation	<u>509</u>	(<u>594</u>)
Closing balance	<u>\$ 16,970</u>	<u>\$ 22,734</u>

X. Inventories

	March 31, 2022	December 31, 2021	March 31, 2021
Finished goods	\$ 3,448,657	\$ 3,472,823	\$ 3,225,477
Work in progress	1,724,646	1,796,334	1,213,472
Raw materials	215,288	223,591	156,404
Supplies	<u>220,487</u>	<u>228,395</u>	<u>182,627</u>
	<u>\$ 5,609,078</u>	<u>\$ 5,721,143</u>	<u>\$ 4,777,980</u>

The inventories-related costs of sales amounted to NT\$2,140,388 thousand and NT\$1,721,272 thousand, respectively, from January 1 to March 31, 2022 and 2021. Of this amount, NT\$425,326 thousand of inventory damage due to fire from January 1, 2022 to March 31, 2022 was included in the consolidated statement of income under fire loss.

XI. Subsidiary

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 (%)		
			March 31, 2022	December 31, 2021	March 31, 2021
The Company	Everest Investment (Holding) Ltd.	Holdings and international trade	100	100	100
	Everest International Develop Investment Co., Ltd.	General investment	100	100	100
	Everest Textile (HK) Co., Ltd.	International trade	99.3	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	100
	Everest Textile (Shanghai) Ltd.	Research, development, dyeing, back-end processing and selling of high emulsion chemical fibers and high-grade textile cloth	100	100	100
Everest International Develop Investment Co., Ltd.	Everest International (HK) Limited	Investment and holdings	100	100	100
	Everest Apparel (HK) Limited	Investment and holdings	100	100	100
Everest International (HK) Limited	Everest USA Holdings, Inc.	Investment and holdings	100	100	100
Everest USA Holdings, Inc.	Everest Development USA, LLC.	Operating asset management	100	100	100
	Everest Textile USA, LLC.	Production and dyeing of yarn and woven fabrics	100	100	100
Everest Apparel (HK) Limited	Everest Apparel (Ethiopia) S.C.	Apparel production	100	100	100
	Everest Apparel (Haiti) S.A.	Apparel production	100	100	100

XII. 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, 2022	\$ 700,702	\$ 2,125,892	\$ 5,476,640	\$ 79,572	\$ 429,941	\$ 1,474,583	\$ 46,544	\$ 10,333,874
Additions	-	6,768	82,147	2,834	4,747	34,550	7,778	138,824
Disposals	-	(16,644)	(19,780)	(11)	(5,461)	(1,227)	-	(43,123)
Net exchange difference	2,687	24,543	130,258	2,044	7,428	46,536	1,140	214,636
Balance on March 31, 2022	<u>\$ 703,389</u>	<u>\$ 2,140,559</u>	<u>\$ 5,669,265</u>	<u>\$ 84,439</u>	<u>\$ 436,655</u>	<u>\$ 1,554,442</u>	<u>\$ 55,462</u>	<u>\$ 10,644,211</u>
Accumulated depreciation and impairment								
Balance on January 1, 2022	\$ -	\$ 1,089,201	\$ 2,861,510	\$ 50,882	\$ 234,525	\$ 644,000	\$ -	\$ 4,880,118
Depreciation expenses	-	20,705	89,732	2,892	11,667	40,594	-	165,590
Disposals	-	(11,865)	(18,836)	(11)	(5,428)	(1,227)	-	(37,367)
Net exchange difference	-	12,135	76,622	1,348	5,200	21,004	-	116,309
Balance on March 31, 2022	<u>\$ -</u>	<u>\$ 1,110,176</u>	<u>\$ 3,009,028</u>	<u>\$ 55,111</u>	<u>\$ 245,964</u>	<u>\$ 704,371</u>	<u>\$ -</u>	<u>\$ 5,124,650</u>
Net amount on December 31, 2021 and January 1, 2022	<u>\$ 700,702</u>	<u>\$ 1,036,691</u>	<u>\$ 2,615,130</u>	<u>\$ 28,690</u>	<u>\$ 195,416</u>	<u>\$ 830,583</u>	<u>\$ 46,544</u>	<u>\$ 5,453,756</u>
Net amount on March 31, 2022	<u>\$ 703,389</u>	<u>\$ 1,030,383</u>	<u>\$ 2,660,237</u>	<u>\$ 29,328</u>	<u>\$ 190,691</u>	<u>\$ 850,071</u>	<u>\$ 55,462</u>	<u>\$ 5,519,561</u>
Costs								
Balance on January 1, 2021	\$ 707,958	\$ 2,101,138	\$ 5,541,890	\$ 78,723	\$ 451,694	\$ 1,471,928	\$ 65,944	\$ 10,419,275
Additions	-	11,505	57,964	1,046	3,248	12,282	58,147	144,192
Disposals	-	(6,942)	(28,107)	(165)	(3,358)	(1,793)	-	(40,365)
Net exchange difference	(2,036)	(19,341)	(48,131)	(535)	(5,567)	(17,732)	(538)	(93,880)
Balance on March 31, 2021	<u>\$ 705,922</u>	<u>\$ 2,086,360</u>	<u>\$ 5,523,616</u>	<u>\$ 79,069</u>	<u>\$ 446,017</u>	<u>\$ 1,464,685</u>	<u>\$ 123,553</u>	<u>\$ 10,429,222</u>
Accumulated depreciation								
Balance on January 1, 2021	\$ -	\$ 1,067,568	\$ 2,778,174	\$ 42,169	\$ 227,503	\$ 563,047	\$ -	\$ 4,678,461
Depreciation expenses	-	19,650	90,174	2,898	13,203	37,026	-	162,951
Disposals	-	(6,942)	(28,107)	(165)	(3,358)	(1,793)	-	(40,365)
Net exchange difference	-	(14,502)	(40,853)	(427)	(5,000)	(17,390)	-	(78,172)
Balance on March 31, 2021	<u>\$ -</u>	<u>\$ 1,065,774</u>	<u>\$ 2,799,388</u>	<u>\$ 44,475</u>	<u>\$ 232,348</u>	<u>\$ 580,890</u>	<u>\$ -</u>	<u>\$ 4,722,875</u>
Net amount on March 31, 2021	<u>\$ 705,922</u>	<u>\$ 1,020,586</u>	<u>\$ 2,724,228</u>	<u>\$ 34,594</u>	<u>\$ 213,669</u>	<u>\$ 883,795</u>	<u>\$ 123,553</u>	<u>\$ 5,706,347</u>

The Group did not recognize or reverse the impairment loss from January 1 to March 31, 2022 and 2021 Everest Apparel (Haiti) S.A., a subsidiary, has shown signs of impairment in the assessed asset value due to continuous operating losses. For the year ended

December 31, 2021, the Group determined the recoverable amount based on the asset valuation report issued by independent experts, and the recoverable amount of some property, plant and equipment is lower than its carrying amounts, so an impairment loss of NT\$6,119 thousand is recognized in 2021 Q4. The valuation method of the asset valuation report issued by independent experts is based on the cost method, which belongs to the level 3 of fair value measurement.

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.

XIII. Lease Agreements

(I) Right-of-use assets

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amount of right-of-use assets			
Buildings	\$ 470,323	\$ 480,752	\$ 517,429
Transportation equipment	<u>1,161</u>	<u>1,577</u>	<u>2,282</u>
	<u>\$ 471,484</u>	<u>\$ 482,329</u>	<u>\$ 519,711</u>
	January 1 to March 31, 2022	January 1 to March 31, 2021	
Addition of right-of-use assets	<u>\$ 703</u>	<u>\$ 1,811</u>	
Depreciation expense of right-of-use assets			
Buildings	\$ 24,839	\$ 25,916	
Transportation equipment	<u>416</u>	<u>413</u>	
	<u>\$ 25,255</u>	<u>\$ 26,329</u>	

(II) Lease liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amount of lease liabilities			
Current	<u>\$ 90,601</u>	<u>\$ 95,016</u>	<u>\$ 78,997</u>
Non-current	<u>\$ 431,933</u>	<u>\$ 440,174</u>	<u>\$ 485,380</u>

The discount rate ranges for lease liabilities are as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Buildings	1.01%~4.12%	1.02%~4.12%	1.06%~4.12%
Transportation equipment	1.06%~1.16%	1.06%~1.16%	1.10%~1.16%

(III) 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.

(IV) Other lease information

	January 1 to March 31, 2022	January 1 to March 31, 2021
Short-term lease expenses	<u>\$ 8,105</u>	<u>\$ 3,760</u>
Total cash outflows on lease	<u>\$ 39,192</u>	<u>\$ 39,039</u>

XIV. Other assets

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Prepayments for goods	\$ 99,333	\$ 63,785	\$ 43,066
Prepaid expenses	40,187	29,502	29,642
Input tax	34,174	25,305	21,393
Refundable deposits	483	391	10,255
Others	<u>31,855</u>	<u>15,664</u>	<u>39,844</u>
	<u>\$ 206,032</u>	<u>\$ 134,647</u>	<u>\$ 144,200</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 25,792	\$ 62,625	\$ 14,668
Refundable deposits	17,655	17,574	17,652
	<u>\$ 43,447</u>	<u>\$ 80,199</u>	<u>\$ 32,320</u>

XV. Borrowings

(I) Short-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
Bank credit borrowings	\$ 399,718	\$ 525,397	\$ 694,931
Bank secured borrowings	2,067,874	2,100,280	1,976,204
Bank mortgage borrowings	<u>360,370</u>	<u>385,310</u>	<u>191,331</u>
	<u>\$ 2,827,962</u>	<u>\$ 3,010,987</u>	<u>\$ 2,862,466</u>

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

	March 31, 2022	December 31, 2021	March 31, 2021
Bank credit borrowings	0.62% ~ 2.00%	0.62% ~ 2.00%	0.88% ~ 3.25%
Bank secured borrowings	1.14% ~ 3.72%	0.80% ~ 2.03%	1.13% ~ 2.88%
Bank mortgage borrowings	0.88% ~ 2.03%	0.79% ~ 2.03%	0.73% ~ 1.51%

(II) Short-term bills payable

March 31, 2022

Promissory institution	Nominal amount	Discount amount	Carrying amount	Interest rate range (%)	Name of the collateral
<u>Commercial paper</u>					
<u>payable</u>					
Mega bills	\$ 50,000	\$ 6	\$ 49,994	0.62	None
Mega bills	100,000	20	99,980	0.62	None
Ta Ching bills	200,000	40	199,960	0.52	None
Ta Ching bills	150,000	66	149,934	0.76	None
Taiwan	100,000	23	99,977	0.71	None
Cooperative bills					
China bills	100,000	35	99,965	0.60	None
China bills	100,000	37	99,963	0.65	None
China bills	200,000	93	199,907	0.65	None
International bills	60,000	5	59,995	0.47	None
International bills	100,000	39	99,961	0.68	None
International bills	50,000	25	49,975	0.69	None
Grand bills	<u>200,000</u>	<u>15</u>	<u>199,985</u>	0.38	None
	<u>\$1,410,000</u>	<u>\$ 404</u>	<u>\$1,409,596</u>		

December 31, 2021

Promissory institution	Nominal amount	Discount amount	Carrying amount	Interest rate range (%)	Name of the collateral
<u>Commercial paper payable</u>					
China bills	\$ 200,000	\$ 49	\$ 199,951	0.45	None
China bills	100,000	7	99,993	0.40	None
Grand bills	300,000	36	299,964	0.40	None
Ta Ching bills	200,000	55	199,945	0.50	None
International bills	<u>100,000</u>	<u>68</u>	<u>99,932</u>	0.51	None
	<u>\$ 900,000</u>	<u>\$ 215</u>	<u>\$ 899,785</u>		

March 31, 2021

Promissory institution	Nominal amount	Discount amount	Carrying amount	Interest rate range (%)	Name of the collateral
<u>Commercial paper payable</u>					
Mega bills	\$ 300,000	\$ 139	\$ 299,861	1.04	None
Ta Ching bills	150,000	26	149,974	1.05	None
Ta Ching bills	200,000	41	199,959	0.55	None
Taiwan	100,000	119	99,881	1.04	None
Cooperative bills					
China bills	300,000	44	299,956	1.02	None
China bills	100,000	-	100,000	0.55	None
International bills	150,000	31	149,969	1.02	None
Grand bills	<u>300,000</u>	<u>85</u>	<u>299,915</u>	1.05	None
	<u>\$1,600,000</u>	<u>\$ 485</u>	<u>\$1,599,515</u>		

(III) Long-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Unsecured borrowings</u>			
Bank credit borrowings	\$ 1,040,000	\$ 1,000,000	\$ 2,533,333
<u>Secured borrowings</u>			
Bank mortgage borrowings	<u>225,000</u>	<u>547,500</u>	<u>655,000</u>
	1,265,000	1,547,500	3,188,333
Less: Those mature within one year	<u>820,000</u>	<u>830,000</u>	<u>752,500</u>
	<u>\$ 445,000</u>	<u>\$ 717,500</u>	<u>\$ 2,435,833</u>

The abovementioned bank borrowings fall due one after another by September 2024. The interest rate per annum on March 31, 2022 and December 31 and March 31, 2021 are 1.00%-1.314%, 0.95%-1.47% and 0.98%-1.47%, respectively.

XVI. 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.

XVII. Other current liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
Other payables			
Payable for salaries or bonuses	\$ 105,018	\$ 190,238	\$ 108,914
Payable for shipping expenses	28,854	30,916	20,854
Payable for utilities	27,772	29,833	23,835
Payable for annual leave	26,538	16,663	16,308
Payable for purchases of equipment	25,417	17,376	31,461
Payable for labor and health insurance	20,176	20,380	19,624
Payable for pension	17,191	16,727	16,969
Payable for commissions	15,150	12,615	23,958
Payable for processing expenses	3,982	9,249	5,792
Payable for employees' compensation	3,949	3,949	189
Payable for remuneration of directors	-	-	3,160
Others	<u>119,458</u>	<u>110,322</u>	<u>111,583</u>
	<u>\$ 393,505</u>	<u>\$ 458,268</u>	<u>\$ 382,647</u>
Other liabilities			
Receipts under custody	\$ 9,884	\$ 9,619	\$ 9,333
Guarantee Deposits	3,994	5,867	3,846
Temporary payment	-	9	9,395
Others	<u>762</u>	<u>911</u>	<u>2,608</u>
	<u>\$ 14,640</u>	<u>\$ 16,406</u>	<u>\$ 25,182</u>

XVIII. Retirement Benefit Plans

The defined benefit plan-related retirement expense recognized from January 1 to March 31, 2022 and 2021 were calculated using the actuarially determined retirement cost rate of NT\$9,847 thousand and NT\$9,709 thousand as of December 31, 2021 and 2020, respectively.

XIX. Equity

(I) Ordinary Shares

	March 31, 2022	December 31, 2021	March 31, 2021
Number of shares authorized (in thousands)	<u>800,000</u>	<u>800,000</u>	<u>560,000</u>
Share capital authorized	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>	<u>\$ 5,600,000</u>
Number of shares issued and paid-up (in thousands)	<u>694,643</u>	<u>694,643</u>	<u>509,834</u>
Share capital issued	<u>\$ 6,946,434</u>	<u>\$ 6,946,434</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.

On May 4, 2021, the general meeting of shareholders of the Company passed the resolution to reduce capital in order to make up for the loss of NT\$1,151,907

thousand. The public offering of 115,191 thousand ordinary shares was eliminated, and the paid-in capital after the capital reduction was NT\$3,946,434 thousand.

On June 1, 2021, the Board of Directors of the Company resolved to issue 300,000 thousand of new shares through cash capital increase with the face value of each share, NT\$10, which was issued at NT\$10 per share. The paid-in capital after the capital increase was NT\$6,946,434 thousand. Those reserved for employees to subscribe had been recognized as salary expense of NT\$24,709 thousand based on the fair value of stock options, and, meanwhile, the issue cost of NT\$8,410 thousand has been deducted, recorded as capital surplus - stock issuance premium. The above-mentioned cash capital increase had been approved and declared by the Financial Regulatory Commission with the capital increase base date of September 15, 2021.

(II) Capital Surplus

	March 31, 2022	December 31, 2021	March 31, 2021
<u>May be used to offsetting a deficit, distributed as cash dividends, or transferred to share capital</u>			
Premium on issuance of shares	\$ 16,299	\$ 16,299	\$ -
Treasury share transactions (Note)	<u>99,644</u>	<u>99,644</u>	<u>99,644</u>
	<u>\$ 115,943</u>	<u>\$ 115,943</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.

(III) 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 21(7) "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's appropriations of deficit for 2020 and 2019 were approved at the shareholders' meetings held on May 4, 2021 and June 15, 2020, respectively. The Company's resolution on earnings distribution for 2021 approved by the Board of Directors on March 3, 2022 is as follows:

	<u>2021</u>
Legal reserve provided	<u>\$ 18,336</u>
Special reserve provided	<u>\$ 165,023</u>

The appropriation of earnings for 2021 is subject to resolution at the shareholders' meeting to be held on June 16, 2022.

(IV) 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 period	Increase in current period	Decrease in current period	End of the period		
				Number of shares	Carrying amount	Market price
January 1 to March 31, 2022						
Shares of the Company held by subsidiaries as a deduction to equity	<u>20,178</u>	<u>-</u>	<u>-</u>	<u>20,178</u>	<u>\$ 332,836</u>	<u>\$ 172,921</u>
January 1 to March 31, 2021						
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>\$ 213,229</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.

XX. Revenue`

	January 1 to March 31, 2022	January 1 to March 31, 2021
Revenue from the sales of goods	\$ 2,634,229	\$ 2,142,146
Processing revenue	<u>-</u>	<u>6</u>
	<u>\$ 2,634,229</u>	<u>\$ 2,142,152</u>

(I) Contract balance

	March 31, 2022	December 31, 2021	March 31, 2021	January 1, 2021
Notes receivable	<u>\$ 35,846</u>	<u>\$ 62,393</u>	<u>\$ 6,006</u>	<u>\$ 4,026</u>
Trade receivables	<u>\$ 1,550,250</u>	<u>\$ 1,902,269</u>	<u>\$ 1,142,262</u>	<u>\$ 1,336,873</u>
Contract liabilities – current				
Sales of goods	<u>\$ 82,507</u>	<u>\$ 64,807</u>	<u>\$ 47,139</u>	<u>\$ 55,190</u>

(II) Disaggregation of revenue from customer contracts

	January 1 to March 31, 2022	January 1 to March 31, 2021
Finished fabric	\$ 2,232,716	\$ 1,887,528
Processed silk	231,218	137,326
Others	<u>170,295</u>	<u>117,298</u>
	<u>\$ 2,634,229</u>	<u>\$ 2,142,152</u>

XXI. Net Profit (Loss) Before Income Tax

(I) Interest Income

	January 1 to March 31, 2022	January 1 to March 31, 2021
Bank deposits	\$ 1,458	\$ 39
Others	<u>13</u>	<u>15</u>
	<u>\$ 1,471</u>	<u>\$ 54</u>

(II) Other Income

	January 1 to March 31, 2022	January 1 to March 31, 2021
Grants	\$ 267	\$ 10,370
Others	<u>6,631</u>	<u>11,000</u>
	<u>\$ 6,898</u>	<u>\$ 21,370</u>

(III) Other Gains and Losses

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Net gains (losses) on foreign currency exchange	\$ 8,284	(\$ 33,553)
Gains (losses) on financial liabilities at fair value through profit or loss	2,857	(339)
Others	<u>646</u>	<u>379</u>
	<u>\$ 11,787</u>	<u>(\$ 33,513)</u>

Net income (loss) on foreign currency exchange includes:

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Total gains on foreign currency exchange	\$ 84,697	\$ 67,418
Total loss on foreign currency exchange	(<u>76,413</u>)	(<u>100,971</u>)
	<u>\$ 8,284</u>	<u>(\$ 33,553)</u>

(IV) Interest Expenses

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Interests on bank borrowings	\$ 18,177	\$ 22,099
Interest on lease liabilities	2,177	2,525
Less: Amounts included in the cost of required assets	<u>221</u>	<u>162</u>
	<u>\$ 20,133</u>	<u>\$ 24,462</u>

Information related to interest capitalization is as follows:

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Amount of interest capitalization	\$ 221	\$ 162
Interest rate on interest capitalization	1.15%	1.15%

(V) Depreciation expenses

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
An analysis of depreciation by function		
Operating costs	\$ 168,361	\$ 165,342
Operating expenses	<u>22,484</u>	<u>23,938</u>
	<u>\$ 190,845</u>	<u>\$ 189,280</u>

(VI) Employee benefits expenses

	January 1 to March 31, 2022	January 1 to March 31, 2021
Short-term employee benefits	\$ 448,362	\$ 479,811
Retirement benefits		
Defined contribution plans	19,867	18,100
Defined benefit plans (Note 18)	9,847	9,709
	<u>29,714</u>	<u>27,809</u>
	<u>\$ 478,076</u>	<u>\$ 507,620</u>
By function		
Operating costs	\$ 347,615	\$ 367,046
Operating expenses	130,461	140,574
	<u>\$ 478,076</u>	<u>\$ 507,620</u>

(VII) Employees' compensation and remuneration of directors

The Company appropriates employees' compensation and remuneration of directors based on 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. There is accumulated loss during January 1 to March 31, 2022 and 2021; hence, the remuneration of employees and directors is not estimated.

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.

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.

XXII. Income tax

(I) Income tax recognized in profit or loss

	January 1 to March 31, 2022	January 1 to March 31, 2021
Current income tax		
Incurred during the period	\$ 32,521	\$ 13,613

(II) Income tax assessments

The Company and its subsidiary Everest International Develop Investment Co., Ltd.'s income tax returns as of 2018 and 2020, respectively, have been assessed by the tax authorities.

XXIII. Earnings (net loss) per share

When calculating the net earnings per share, the effect of capital reduction to make up for the loss has been adjusted retrospectively, and the changes in net earnings per share from January 1 to March 31, 2021 are as follows:

	<u>Before retrospective adjustment</u>	<u>After retrospective adjustment</u>
Basic and diluted earnings per share	<u>\$ 0.04</u>	<u>\$ 0.05</u>

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

Net Profit (Loss) for the Period

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Net profit (loss) attributable to owners of the Company	(<u>\$ 373,700</u>)	<u>\$ 19,997</u>

Number of shares

	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
		Unit: thousand shares
Basic earnings (net loss) per share		
Number of issued ordinary shares at the beginning of the year	694,643	394,643
Less: The weighted average number of treasury shares regarding the Company's shares held by subsidiaries	<u>20,178</u>	<u>20,178</u>
The weighted average number of ordinary shares used in the calculation of basic earnings (net loss) per share	674,465	374,465
Impacts of potential ordinary shares with dilution effect:		
Employees' compensation	<u>289</u>	<u>-</u>
The weighted average number of ordinary shares used in the calculation of diluted earnings (net loss) per share	<u>674,754</u>	<u>374,465</u>

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

XXIV. Financial instruments

(I) 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.

(II) Fair value information - Fair value of financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

March 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial Assets at Fair Value through Other Comprehensive Income</u>				
Investments in equity instruments				
- Shares of domestic listed companies	\$ 92,523	\$ -	\$ -	\$ 92,523
- Shares of domestic unlisted companies	-	-	3,448	3,448
	<u>\$ 92,523</u>	<u>\$ -</u>	<u>\$ 3,448</u>	<u>\$ 95,971</u>
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments – forward exchange contract	<u>\$ -</u>	<u>\$ 4,668</u>	<u>\$ -</u>	<u>\$ 4,668</u>
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments – forward exchange contract	<u>\$ -</u>	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ 110</u>

December 31, 2021

	<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	\$ 81,526	\$ -	\$ -	\$ 81,526
- Shares of domestic unlisted companies	-	-	3,448	3,448
	<u>\$ 81,526</u>	<u>\$ -</u>	<u>\$ 3,448</u>	<u>\$ 84,974</u>
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments – forward exchange contract	<u>\$ -</u>	<u>\$ 5,062</u>	<u>\$ -</u>	<u>\$ 5,062</u>
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments – forward exchange contract	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 22</u>

March 31, 2021

	<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	\$ 79,626	\$ -	\$ -	\$ 79,626
- Shares of domestic unlisted companies	-	-	3,448	3,448
	<u>\$ 79,626</u>	<u>\$ -</u>	<u>\$ 3,448</u>	<u>\$ 83,074</u>
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments – forward exchange contract	<u>\$ -</u>	<u>\$ 339</u>	<u>\$ -</u>	<u>\$ 339</u>

There were no transfers between Level 1 and 2 during January 1 to March 31, 2022 and 2021.

2. Valuation techniques and inputs applied for Level 2 fair value measurement

Category of financial instruments	Valuation techniques and inputs
Derivative instruments – forward exchange contract	The fair value of forward exchange contracts is measured at the interest rate yield curve of the quoted price at the forward exchange rate and derived from the quoted interest rate matching the expiry period of the contract.

3. 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.

(III) Categories of financial instruments

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 2,155,336	\$ 2,520,444	\$ 1,971,925
Financial assets at fair value through profit or loss - designated at fair value through profit or loss	4,668	5,062	-
Financial assets at fair value through other comprehensive income (current and non-current)	95,971	84,974	83,074
<u>Financial liabilities</u>			
Financial assets at fair value through profit or loss - designated at fair value through profit or loss	110	22	339
Measure at amortized costs (Note 2)	6,725,652	6,858,513	8,674,720

Note 1: The balances include cash, notes and trade receivables, other receivables, refundable deposits (accounted for as other current and 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.

(IV) Financial risk management objectives and policies

The Group's major financial instruments include investments in equity and debt 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 (i) below), interest rates (see (ii) below), and other price risks (see (iii) below).

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

(1) 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 30.

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 period are adjusted at 1% of changes in the exchange rate. A positive number in the table below indicates an increase (decrease) in net profit (loss) 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 (loss) before income tax would be the same amount in negative.

	USD impact	
	January 1 to March 31, 2022	January 1 to March 31, 2021
Profit or loss	\$ 23,949	\$ 13,564

	THB impact	
	January 1 to March 31, 2022	January 1 to March 31, 2021
Profit or loss	\$ 336	\$ 457

	ETB impact	
	January 1 to March 31, 2022	January 1 to March 31, 2021
Profit or loss	\$ 1,854	\$ 2,656

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.

(2) 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:

	March 31, 2022	December 31, 2021	March 31, 2021
Fair value interest rate risk			
Financial liabilities	\$ 3,383,418	\$ 2,952,579	\$ 2,653,006
With cash flow interest rate risk			
Financial assets	409,598	270,167	325,998
Financial liabilities	2,641,674	3,040,883	5,561,685

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 profit (losses) before income tax from January 1 to March 31, 2022 and 2021 would have increased (decreased)/decreased (increased) by NT\$5,580 thousand and

NT\$13,089 thousand, respectively, which primarily relates to the Group's floating rate borrowings.

(3) 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 January 1 to March 31, 2022 and 2021 would have increased/decreased by NT\$960 thousand and NT\$831 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. The concentration of credit risk is not high as the customers of the combining companies are large and unrelated.

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.

(1) Liquidity and interest rate risk table for 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.

March 31, 2022

	Payment on demand or less than 1 month	1 to 3 months	3 to 12 months	1-5 years	5 years and above
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	\$ 523,846	\$ 592,986	\$ 105,542	\$ 720	\$ -
Lease liabilities	7,499	15,566	75,352	292,528	159,727
Floating rate instruments	370,643	1,098,625	735,609	462,550	-
Fixed rate instruments	<u>2,721,011</u>	<u>-</u>	<u>143,125</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,622,999</u>	<u>\$ 1,707,177</u>	<u>\$ 1,059,628</u>	<u>\$ 755,798</u>	<u>\$ 159,727</u>

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

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years
Lease liabilities	<u>\$ 98,417</u>	<u>\$ 292,528</u>	<u>\$ 155,948</u>	<u>\$ 3,779</u>

December 31, 2021

	Payment on demand or less than 1 month	1 to 3 months	3 to 12 months	1-5 years	5 years and above
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	\$ 781,017	\$ 551,330	\$ 67,174	\$ 720	\$ -
Lease liabilities	10,845	16,329	75,806	296,251	162,553
Floating rate instruments	417,171	643,692	1,272,083	740,249	-
Fixed rate instruments	<u>1,081,421</u>	<u>100,155</u>	<u>1,237,296</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,290,454</u>	<u>\$ 1,311,506</u>	<u>\$ 2,652,359</u>	<u>\$ 1,037,220</u>	<u>\$ 162,553</u>

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

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years
Lease liabilities	<u>\$ 102,980</u>	<u>\$ 296,251</u>	<u>\$ 155,245</u>	<u>\$ 7,308</u>

March 31, 2021

	Payment on demand or less than 1 month	1 to 3 months	3 to 12 months	1-5 years	5 years and above
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	\$ 568,935	\$ 377,119	\$ 77,632	\$ 720	\$ -
Lease liabilities	7,658	11,019	69,246	295,264	217,424
Floating rate instruments	1,062,603	576,080	1,502,121	2,535,967	-
Fixed rate instruments	1,990,193	100,081	-	-	-
	<u>\$ 3,629,389</u>	<u>\$ 1,064,299</u>	<u>\$ 1,648,999</u>	<u>\$ 2,831,951</u>	<u>\$ 217,424</u>

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

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years
Lease liabilities	<u>\$ 87,923</u>	<u>\$ 295,264</u>	<u>\$ 185,879</u>	<u>\$ 31,545</u>

(2) Liquidity and interest rate risk table for derivative financial assets and liabilities

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

March 31, 2022

	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>Total amount of delivery</u>					
Forward exchange contracts					
– Inflow	\$ 1,695	\$ 2,371	\$ 602	\$ -	\$ -
– Outflow	-	-	(110)	-	-
	<u>\$ 1,695</u>	<u>\$ 2,371</u>	<u>\$ 492</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021

	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>Total amount of delivery</u>					
Forward exchange contracts					
– Inflow	\$ 2,153	\$ 2,049	\$ 860	\$ -	\$ -
– Outflow	-	-	(22)	-	-
	<u>\$ 2,153</u>	<u>\$ 2,049</u>	<u>\$ 838</u>	<u>\$ -</u>	<u>\$ -</u>

March 31, 2021

	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>Total amount of delivery</u>					
Forward exchange contracts					
– Inflow	\$ -	\$ -	\$ -	\$ -	\$ -
– Outflow	(146)	(193)	-	-	-
	<u>(\$ 146)</u>	<u>(\$ 193)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

XXV. Related Party Transactions

In addition to the information disclosed in other notes, transactions between the Group and its related parties are as follows:

(I) 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.)

(II) Sales of goods

<u>Category of related party</u>	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Investors with significant influence over the Company	\$ 8	\$ -
Other related parties	-	1,872
	<u>\$ 8</u>	<u>\$ 1,872</u>

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

(III) Purchases

<u>Category of related party</u>	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Investors with significant influence over the Company	\$ 48,835	\$ 62,750
Other related parties	125,190	68,314
	<u>\$ 174,025</u>	<u>\$ 131,064</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.

(IV) Receivables from related parties

<u>Line item</u>	<u>Category of related party</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Notes receivable	Other related parties	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118</u>
Trade receivables	Investors with significant influence over the Company	\$ 8	\$ -	\$ -
	Other related parties	<u>1,025</u>	<u>1,831</u>	<u>108</u>
		<u>\$ 1,033</u>	<u>\$ 1,831</u>	<u>\$ 108</u>
Other receivables	Other related parties	<u>\$ -</u>	<u>\$ 33</u>	<u>\$ 30</u>

Receivables from related parties were not charged with guarantee. Receivables from related parties for the period ends March 31, 2022 and December 31 and March 31, 2021 were not recognized the allowance for loss.

(V) Payables to related parties (excluding loans from related parties)

<u>Line item</u>	<u>Category/name of related party</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Notes payable to related parties	Investors with significant influence over the Company			
	Far Eastern New Century Corporation (FENC)	<u>\$ 5,214</u>	<u>\$ 19,337</u>	<u>\$ 5,070</u>
Trade payables to related parties	Other related parties	\$ 50,726	\$ 51,959	\$ 43,702
	Investors with significant influence over the Company	<u>4,842</u>	<u>1,382</u>	<u>2,351</u>
		<u>\$ 55,568</u>	<u>\$ 53,341</u>	<u>\$ 46,053</u>
Other payables to related parties	Investors with significant influence over the Company	\$ -	\$ 1	\$ 7
	Other related parties			
	Everest Shanghai	75,284	52,480	52,960
	Others	<u>593</u>	<u>235</u>	<u>181</u>
		<u>\$ 75,877</u>	<u>\$ 52,716</u>	<u>\$ 53,148</u>

The outstanding payables to related parties are not guaranteed

(VI) Lease agreements

<u>Line item</u>	<u>Category/name of related party</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Lease liabilities	Other related parties			
	Far Eastern Investment (Holding) Ltd.	<u>\$ 102,956</u>	<u>\$ 105,283</u>	<u>\$ 123,417</u>

<u>Category of related party</u>	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
<u>Interest Expenses</u>		
Other related parties	<u>\$ 1,042</u>	<u>\$ 1,272</u>

(VII) Borrowings from related parties

<u>Category/name of related party</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
<u>Other related parties (included in short-term and long-term borrowings)</u>			
FEIB	<u>\$ 168,264</u>	<u>\$ 496,146</u>	<u>\$ 497,443</u>

<u>Category/name of related party</u>	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
<u>Interest Expenses</u>		
<u>Other related parties</u>		
FEIB	<u>\$ 296</u>	<u>\$ 318</u>

In addition, to apply for a credit line, the Company provided land, buildings and machinery equipments as collateral to FEIB for financing. The carrying amounts of the pledged assets were NT\$1,250,580 thousand, NT\$1,284,240, and NT\$1,386,473 thousand as of March 31, 2022, and December 31 and March 31, 2021, respectively.

(VIII) Other transactions with related parties

1. Processing expenses

The Group contracted processing with other related party, Jin Lead Industrial Co., Ltd. The processing fees recognized from January 1 to March 31, 2022 and 2021 are NT\$11,249 thousand and NT\$7,137 thousand, respectively. The abovementioned processing fees are made at general transaction prices; payment terms shall be settled as general processing plants every 1 to 2 months.

2. Energy expenses

<u>Category/name of related party</u>	<u>January 1 to March 31, 2022</u>	<u>January 1 to March 31, 2021</u>
Other related parties		
Everest Shanghai	<u>\$ 58,007</u>	<u>\$ 49,534</u>
Others	<u>463</u>	<u>171</u>
	<u>\$ 58,470</u>	<u>\$ 49,705</u>

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

(IX) Compensation of key management personnel

	January 1 to March 31, 2022	January 1 to March 31, 2021
Short-term employee benefits	\$ 5,396	\$ 5,489
Retirement benefits	<u>517</u>	<u>578</u>
	<u>\$ 5,913</u>	<u>\$ 6,067</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.

XXVI. Pledged Assets

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

	March 31, 2022	December 31, 2021	March 31, 2021
Land	\$ 510,950	\$ 509,679	\$ 613,846
Buildings	266,901	269,534	308,614
Machinery and equipment	<u>735,300</u>	<u>766,124</u>	<u>859,852</u>
	<u>\$ 1,513,151</u>	<u>\$ 1,545,337</u>	<u>\$ 1,782,312</u>

XXVII. 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

(I) 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\$6,552 thousand, NT\$ 6,322 thousand, and NT\$6,929 thousand (translated into THB7,573 on March 31, 2022 and December 31, 2020) as of March 31, 2022 and December 31, 2021, respectively.

(II) As of March 31, 2022, December 31 and March 31, 2021, the Group's unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately NT\$20,038 thousand, NT\$32,812 thousand, and NT\$29,649 thousand, respectively.

(III) The contractual commitments that were contracted for but not realized are as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Acquisition of property, plant and equipment	<u>\$ 81,287</u>	<u>\$ 72,005</u>	<u>\$ 54,554</u>

XXVIII. Major disaster loss

The warehouse of the Tainan Factory of the Group was damaged by a fire on March 15, 2022, resulting in damage to some buildings and inventory. The amount of uncompensated damages was NT\$435,174 thousand. The Group had insurance coverage for the damaged assets. As of May 11, 2022, the Group was still in the process of settling insurance claims with the insurance company. As the amount of insurance claims is yet to be confirmed, the insurance claims have not yet been estimated and recorded in the accounts.

XXIX. Other Matters

Affected by the global epidemic of COVID-19, Everest Textile (Shanghai) Ltd., a subsidiary of the consolidated financial statements, has been cooperating with the local government's epidemic prevention policy and has implemented the extended epidemic prevention and control management since April 12, 2022. However, in late April, Everest Textile (Shanghai) Ltd. has partially resumed production under the local government regulations and approval, and therefore, the Group continues to evaluate the impact of the epidemic.

XXX. 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

March 31, 2022

<u>Financial assets</u>	<u>Foreign currencies</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Monetary items</u>			
USD	\$ 26,788	28.625	\$ 766,795
USD	64,448	33.089	1,844,824
USD	20,887	(USD:THB) 6.348	597,886
THB	38,830	(USD:RMB) 0.8651	33,592
ETB	333,592	(THB:NTD) 0.0194 (ETB:USD)	185,431
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	13,381	28.625	383,043
USD	13,399	(USD:NTD) 33.089	383,554
USD	1,678	(USD:THB) 6.348 (USD:RMB)	48,046

December 31, 2021

<u>Financial assets</u>	<u>Foreign currencies</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Monetary items</u>			
USD	\$ 31,813	27.68 (USD:NTD)	\$ 880,583
USD	24,871	33.162 (USD:THB)	688,421
USD	24,730	6.367 (USD:RMB)	684,523
THB	44,983	0.8347 (THB:NTD)	37,548
ETB	335,143	0.0201 (ETB:USD)	186,709
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	28,643	27.68 (USD:NTD)	792,849
USD	15,264	33.162 (USD:THB)	422,520
USD	1,678	6.367 (USD:RMB)	46,460

March 31, 2021

<u>Financial assets</u>	<u>Foreign currencies</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Monetary items</u>			
USD	\$ 27,307	28.535 (USD:NTD)	\$ 779,208
USD	45,928	31.189 (USD:THB)	1,432,469
USD	20,241	4.342 (USD:RMB)	87,895
THB	49,897	0.915 (THB:NTD)	45,650
ETB	388,368	0.0240 (ETB:USD)	265,568
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	19,941	28.535 (USD:NTD)	569,025
USD	11,997	31.189 (USD:THB)	374,170

The Group is mainly exposed to the foreign currency risks related to USD. 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	January 1 to March 31, 2022		January 1 to March 31, 2021	
	Functional currency translated into presentation currency	Net exchange (losses) gains	Functional currency translated into presentation currency	Net exchange (losses) gains
USD	27.994 (USD:NTD)	(\$ 5,981)	28.366 (USD:NTD)	(\$ 22,642)
NTD	1 (NTD:NTD)	9,680	1 (NTD:NTD)	(18,846)
RMB	4.4082 (RMB:NTD)	(356)	4.3766 (RMB:NTD)	3,659
THB	0.8535 (THB:NTD)	4,934	0.9417 (THB:NTD)	4,274
HKD	3.5860 (HKD:NTD)	7	3.6570 (HKD:NTD)	2
		<u>\$ 8,284</u>		<u>(\$ 33,553)</u>

XXXI. Supplementary Disclosures

(I) 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. (None)
5. Properties acquired with an amount achieving NT\$300,000 thousand or reaching 20% of its paid-in capital and above. (None)
6. Disposal of properties with an amount achieving NT\$300,000 thousand or reaching 20% of its paid-in capital and above. (None)
7. Purchases and sales with related parties with an amount achieving NT\$100,000 thousand or reaching 20% of its paid-in capital and above. (Table 4)
8. Receivables from related parties achieving NT\$100,000 thousand or reaching 20% of its paid-in capital and above. (Table 5)
9. Engaging in derivatives trading. (Note 7)
10. Others: Business relationships and status and amount of significant transactions between the parent company and subsidiaries and between the respective subsidiaries. (Table 9)

(II) Information on Invested Companies. (Table 6)

(III) 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 7)
2. Significant transactions directly with investee companies in Mainland China or directly or indirectly through a third region, and their prices, payment terms, unrealized profit or loss. (Tables 4, 5, 8, and 9)
 - (1) Purchase amount and percentage, and the closing balance and percentage of the related payables.

- (2) Sales amount and percentage, and the closing balance and percentage of the related receivables.
 - (3) Property transaction amount and the resulting gain or loss.
 - (4) Closing balances and purposes of endorsements and guarantees or collateral provided.
 - (5) The maximum balance, closing balance, interest rate range, and total amount of current interest of financing facilities.
 - (6) Other transactions having a significant impact on profit or loss or financial position for the period, such as provision or receipt of service.
- (IV) Information on major shareholders: Names of shareholders with a shareholding ratio of 5% or more and the amount and proportion of shareholding. (Table 10)

XXXII. 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

(I) 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>January 1 to March 31, 2022</u>			
Segment revenue - from external customers	<u>\$ 2,634,229</u>	<u>\$ -</u>	<u>\$ 2,634,229</u>
Segment profits (losses)	<u>\$ 94,060</u>	<u>(\$ 88)</u>	\$ 93,972
Interest Income			1,471
Fire damage			(435,174)
Interest Expenses			(20,133)
Other non-operating income - net			<u>18,685</u>
Net profit before income tax			<u>(\$ 341,179)</u>
<u>January 1 to March 31, 2021</u>			
Segment revenue - from external customers	<u>\$ 2,142,152</u>	<u>\$ -</u>	<u>\$ 2,142,152</u>
Segment profits (losses)	<u>\$ 70,250</u>	<u>(\$ 89)</u>	\$ 70,161
Interest Income			54
Net loss on foreign currency exchange			(33,553)
Interest Expenses			(24,462)
Other non-operating income - net			<u>21,410</u>
Net profit before income tax			<u>\$ 33,610</u>

The revenue of reportable segments set out above were generated from transactions with external customers; there were no intra-segment sales for January 1 to March 31, 2022 and 2021.

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.

(II) Segment total assets

Segment assets	March 31, 2022	December 31, 2021	March 31, 2021
Textile segment	\$ 14,226,277	\$ 14,599,815	\$ 13,339,171
Investment segment	<u>7,214</u>	<u>7,937</u>	<u>7,169</u>
Consolidated total assets	<u>\$ 14,233,491</u>	<u>\$ 14,607,752</u>	<u>\$ 13,346,340</u>

Everest Textile Co., Ltd. and Subsidiaries
Loaning to Others
January 1 to March 31, 2022

Table 1

Unit: NT\$ Thousands

Code	Financing company	Borrower	Current account	Whether the borrower is a related party	Maximum balance for the period	Closing balance	Actual amount utilized (Note 4)	Interest rate range (%)	Nature of financing (Note 3)	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		
1	Everest International (HK) Limited	Everest Apparel (Ethiopia) S.C.	Other receivables from related parties	Yes	\$ 484,111	\$ 484,111	\$ 484,111	1.26~1.51	2.	-	Working capital	-	None	-	\$ 1,315,870 (Note 1)	\$ 2,631,740 (Note 2)
		Everest Apparel (Haiti) S.A.	Other receivables from related parties	Yes	286,250	286,250	163,163	1.26~1.51	2.	-	Working capital	-	None	-	1,315,870 (Note 1)	
		Everest Apparel (HK) Limited	Other receivables from related parties	Yes	98,470	98,470	98,470	1.26~1.51	2.	-	Working capital	-	None	-	1,315,870 (Note 1)	
		Everest Apparel (Ethiopia) S.C.	Other receivables from related parties	Yes	44,369	44,369	7,763	1.26~1.51	2.	-	Working capital	-	None	-	1,315,870 (Note 1)	
					<u>\$ 913,200</u>	<u>\$ 913,200</u>	<u>\$ 753,507</u>									
2	Hongzhan Textile (Shanghai) Ltd.	Everest International (HK) Limited	Other receivables from related parties	Yes	<u>\$ 372,125</u>	<u>\$ 372,125</u>	<u>\$ 372,125</u>	0.21~0.56	2.	-	Working capital	-	None	-	1,315,870 (Note 1)	2,631,740 (Note 2)
3	Everest Textile USA, LLC.	Everest Apparel (Haiti) S.A.	Other receivables from related parties	Yes	\$ 306,288	\$ 306,288	\$ 306,288	1.87~2.01	2.	-	Working capital	-	None	-	1,315,870 (Note 1)	2,631,740 (Note 2)
		Everest Development USA, LLC.	Other receivables from related parties	Yes	121,656	121,656	121,656	1.87~2.01	2.	-	Working capital	-	None	-	1,315,870 (Note 1)	
					<u>\$ 427,944</u>	<u>\$ 427,944</u>	<u>\$ 427,944</u>									

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: Nature of the loan:

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

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

Note 4: Written-off during the preparation of the consolidated financial statements.

Everest Textile Co., Ltd. and Subsidiaries
Endorsement and Guarantee Provided for Others
January 1 to March 31, 2022

Table 2

Unit: NT\$ Thousands

Code	Name of the endorsement and guarantee provider	Parties being endorsed and guaranteed		Limit of endorsement and guarantee for a single entity (Note 1)	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	\$ 4,934,513	\$ 143,125	\$ 143,125	\$ 20,038	\$ -	2.18		Y	N	N
		Everest Textile (Thailand) Co., Ltd.	Subsidiary - 100% shareholding	4,934,513	286,250	286,250	168,888	-	4.35		Y	N	N
		Everest Textile USA, LLC.	Subsidiary - 100% shareholding	4,934,513	2,189,813	2,189,813	1,451,288	-	33.28		Y	N	N
		Everest International Develop Investment Co., Ltd.	Subsidiary - 100% shareholding	4,934,513	667,000	667,000	331,000	-	10.14		Y	N	N
		Everest International (HK) Limited	Subsidiary - 100% shareholding	4,934,513	<u>916,000</u>	<u>916,000</u>	<u>334,913</u>	-	<u>13.92</u>		Y	N	N
					<u>\$ 4,202,188</u>	<u>\$ 4,202,188</u>	<u>\$ 2,306,127</u>		<u>63.87</u>	<u>\$ 9,869,027</u>			

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

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

Everest Textile Co., Ltd. and Subsidiaries
Details of Securities Held at the End of the Period
March 31, 2022

Table 3

Unit: NT\$ Thousands

Company held	Category and name of securities	Relationship with the issuer of securities	Accounting item	End of the period			Market value/net equity value	Remarks
				Unit/number of shares	Carrying amount	Ratio (%)		
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	7,583,800	\$ <u>92,523</u>	-	\$ <u>92,523</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	None	"	1,204	<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	20,177,533	\$ <u>172,921</u>	2.9	\$ <u>172,921</u>	

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

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

Everest Textile Co., Ltd. and Subsidiaries

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

January 1 to March 31, 2022

Table 4

Unit: NT\$ 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	\$ 182,350	74	Settle every 1 month	No comparable goods under the same category	—	\$ 71,302	13	Note
Everest Textile (Shanghai) Ltd.	Everest International (HK) Limited	Fellow subsidiary	Sales	(272,158)	(42)	Settle every 2 to 4 months	Equivalent	Equivalent	87,372	21	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
March 31, 2022

Table 5

Unit: NT\$ Thousands

Company with book receivables	Counterparty	Relationship	Balance of receivables from the related party (Note 3)	Turnover rate	Overdue receivables from related parties		Amount recovered from related parties after expiry	Allowance for losses provided
					Amount	Method of disposal		
Everest Textile (Shanghai) Ltd.	Everest International (HK) Limited	Fellow subsidiary	\$ 373,067	Note 1	\$ -	—	\$ -	\$ -
Everest Textile USA, LLC.	Everest Textile (Thailand) Co., Ltd.	Fellow subsidiary	143,234	2.14	-	—	14,409	-
	Everest Apparel (Haiti) S.A.	Fellow subsidiary	321,139	Note 1	-	—	-	-
	Everest Development USA, LLC.	Fellow subsidiary	122,633	Note 1	-	—	-	-
Everest International (HK) Limited	Everest Apparel (Ethiopia) S.C.	Fellow subsidiary	499,217	Note 1	-	—	7,782	-
	Everest Apparel (HK) Limited	Fellow subsidiary	100,144	Note 1	-	—	-	-
	Everest Apparel (Haiti) S.A.	Fellow subsidiary	163,863	Note 1	-	—	-	-
Everest Textile (Thailand) Co., Ltd.	Everest Apparel (Ethiopia) S.C.	Fellow subsidiary	193,700	-	-	—	-	-

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

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

Everest Textile Co., Ltd. and Subsidiaries
Information on Invested Companies
January 1 to March 31, 2022

Table 6

Unit: NT\$ Thousands

Investing company Name	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) gain 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	\$ 2,860,037	\$ 99,143	\$ 99,143	Note 3
	Everest International Develop Investment Co., Ltd.	Taiwan	General investment	1,998,400	1,998,400	191,400,000	100	397,353 (Note 1)	(42,711)	(42,711)	Note 3
	Everest Textile (HK) Co., Ltd.	Hong Kong	International trade	2,427	2,427	695,000	99.3	1,255	3	3	Note 3
Everest Investment (Holding) Ltd.	Everest Textile (Thailand) Co., Ltd.	Thailand	Original equipment manufacturing, production, and sales of processed silk and woven fabrics	701,063	701,063	79,999,993	100	1,263,853	35,508		Note 3
Everest International Develop Investment Co., Ltd.	Everest International (HK) Limited	Hong Kong	Investment and holdings	1,260,433	1,260,433	41,300,000	100	1,003,284	19,163		Note 3
	Everest Apparel (HK) Limited	Hong Kong	Investment and holdings	848,467	848,467	27,580,000	100	(241,986)	(60,664)		Note 3
Everest International (HK) Limited	Everest USA Holdings, Inc.	The U.S.	Investment and holdings	1,260,433	1,260,433	1,000	100	900,172	4,243		Note 3
Everest USA Holdings, Inc.	Everest Development USA, LLC.	The U.S.	Operating asset management	79,170	79,170	2,500,000	100	54,508	(694)		Note 3
	Everest Textile USA, LLC.	The U.S.	Production and dyeing of yarn and woven fabrics	1,181,263	1,181,263	38,800,000	100	839,919	4,820		Note 3
Everest Apparel (HK) Limited	Everest Apparel (Ethiopia) S.C.	Ethiopia	Apparel production	557,696	557,696	542,415	100	50,322	(20,816)		Note 3
	Everest Apparel (Haiti) S.A.	Haiti	Apparel production	390,960	390,960	4,000	100	(192,180)	(39,521)		Note 3

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

Note 2: Please refer to Table 7 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
January 1 to March 31, 2022

Table 7

Unit: NT\$ Thousands, unless specified otherwise

Name of the investee company in Mainland China	Principal business activities	Paid-in capital (Note 2)	Investment method	Cumulative investment amount remitted from Taiwan at the beginning of the period	Investment amount remitted or recovered for the period		Cumulative investment amount remitted from Taiwan at the end of the period	Current (loss) gain of the investee company	The Company's direct or indirect investment shareholding (%)	Investment (loss) gain recognized for the period (Note 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 emulsion chemical fibers and high-grade textile cloth	\$ 858,750 (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)	\$ 62,987	100	\$ 63,826	\$ 1,615,855	\$ -

Cumulative investment amount remitted from Taiwan to Mainland China at the end of the period (Note 2)	Investment amount approved by the Ministry of Economic Affairs Investment Committee (Note 2)	Investment limits stated by MOEAIC regarding investments in Mainland China (Note 1)
\$ 858,750 (USD\$30,000 thousand)	\$ 858,750 (USD\$30,000 thousand)	\$ 3,947,611

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 ($\$6,579,351 \times 60\% = \$3,947,611$).

Note 2: The amount is translated at a currency rate where USD\$1 equals NT\$28.625.

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

Note 4: Investment gains recognized for the period is the net amount after adding the realized gross sales of goods amounted to NT\$839 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

January 1 to March 31, 2022

Table 8

Unit: NT\$ Thousands

Purchasing (selling) company	Counterparty	Relationship	Transaction status				Circumstance and reason for transaction amount differ from general transactions		Notes and trade receivables (payables)		Unrealized gains (losses) (Note)
			Purchase (sales) of goods	Amount (Note)	Ratio to total purchase (sales) of goods (%)	Credit period	Unit price	Credit period	Balance (Note)	Ratio to total notes and trade receivables (payables) (%)	
The Company	Everest Textile (Shanghai) Ltd.	Subsidiary	Sales	(\$ 76,336)	(4)	Settle every 6 months	Equivalent	Equivalent	\$ 53,727	7	\$ 3,585
Everest Textile (Shanghai) Ltd.	Everest International (HK) Limited	Fellow subsidiary	Sales	(272,158)	(42)	Settle every 2 to 4 months	Equivalent	Equivalent	87,372	21	(451)

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.

January 1 to March 31, 2022

Table 9

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 Textile (Thailand) Co., Ltd.	1	Sales of goods	\$ 60,098	The transactions are made at general transaction prices; collection terms shall be settled every 6 months.	2
				Processing expenses	182,350	No comparable goods under the same category; payment terms shall be settled every 1 month.	7
				Purchase of machine supplies on behalf of others	16,594	The transactions are made at general transaction prices; collection terms shall be settled every 6 months.	1
				Trade payables to related parties	71,302		1
		Everest Textile (Shanghai) Ltd.	1	Sales of goods	76,336	The transactions are made at general transaction prices; collection terms shall be settled every 6 months.	3
				Trade receivables from related parties	53,727		-
		Everest Textile USA, LLC.	1	Sales of goods	21,171	The transactions are made at general transaction prices; collection terms shall be settled every 6 months.	1
				Purchases	68,690	The transactions are made at general transaction prices; payment terms shall be settled every 6 months.	3
				Trade receivables from related parties	23,225		-
				Trade payables to related parties	57,106		-
Everest Apparel (Haiti) S.A.	1	Sales of goods	11,655	The transactions are made at general transaction prices; collection terms shall be settled every 6 months.	-		
		Trade receivables from related parties	29,949		-		
2	Everest Textile (Shanghai) Ltd.	Everest International (HK) Limited	3	Sales of goods	272,158	The transactions are made at general transaction prices; collection terms shall be settled every 2 to 4 months.	10
				Trade receivables from related parties	87,372		1
				Other receivables from related parties	373,067		3
3	Everest International (HK) Limited	Everest Textile (Thailand) Co., Ltd.	3	Sales of goods	25,841	The transactions are made at general transaction prices; collection terms shall be settled every 6 months.	1
				Trade receivables from related parties	46,214		-
		Everest Apparel (HK) Limited	3	Other receivables from related parties	100,144		1
		Everest Apparel (Haiti) S.A.	3	Other receivables from related parties	163,863		1
		Everest Apparel (Ethiopia) S.C.	3	Other receivables from related parties	499,217		4
4	Everest Textile USA, LLC.	Everest Textile (Thailand) Co., Ltd.	3	Trade receivables from related parties	143,234		1
				Sales of goods	63,388	The transactions are made at general transaction prices; collection terms shall be settled every 6 months.	2
		Everest Apparel (Haiti) S.A.	3	Other receivables from related parties	321,139		2
		Purchases	11,757	The transactions are made at general transaction prices; payment terms shall be settled every 6 months.	-		
		Everest Development USA, LLC.	3	Other receivables from related parties	122,633		1
5	Everest Textile (Thailand) Co., Ltd.	Everest Apparel (Ethiopia) S.C.	3	Purchases	13,420	The transactions are made at general transaction prices; payment terms shall be settled every 6 months.	1
				Trade receivables from related parties	193,700		1
				Other receivables from related parties	20,625		-

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
March 31, 2022

Table 10

Name of the major shareholder	Shares	
	Number of shares held (share)	Shareholding
Yuan Ding Investment Corp.	164,613,745	23.69%