

Everest Textile Co., Ltd.
and Subsidiaries

Consolidated Financial Statements and
Independent Auditors' Review Report
for the Three Months Ended March 31,
2023 and 2022

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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, 2023 and 2022, and the consolidated statements of comprehensive income from January 1 to March 31, 2023 and 2022, the consolidated statements of changes in equity and consolidated statements of cash flows, 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 Review Standard 2410, "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, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2023 and 2022, and its financial performance and its cash flows for the years ended March 31, 2023 and 2022 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.

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 8, 2023

Everest Textile Co., Ltd. and Its Subsidiaries
Consolidated Balance Sheets
March 31, 2023 and December 31 and March 31, 2022

Unit: NT\$ Thousands

Code	Assets	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
		Amount	%	Amount	%	Amount	%
Current Assets							
1100	Cash and Cash Equivalents (Note 6)	\$ 560,805	4	\$ 547,231	4	\$ 489,491	4
1110	Financial Assets at Fair Value Through Profit or Loss - Current (Note 7)	766	-	189	-	4,668	-
1120	Financial Assets at Fair Value Through Other Comprehensive Income - Current (Note 8)	-	-	-	-	92,523	1
1150	Notes Receivable (Notes 10 and 21)	9,888	-	54,553	-	35,846	-
1170	Trade Receivables (Notes 10, 21, and 26)	993,248	7	1,149,237	8	1,550,250	11
1200	Other Receivables	32,057	-	452,048	3	61,611	-
1220	Current Tax Assets	9,216	-	11,072	-	7,890	-
130X	Inventories (Note 11)	6,080,510	43	6,148,768	41	5,609,078	39
1470	Other Current Assets (Note 15)	227,568	2	302,909	2	206,032	2
11XX	Total Current Assets	<u>7,914,058</u>	<u>56</u>	<u>8,666,007</u>	<u>58</u>	<u>8,057,389</u>	<u>57</u>
Non-Current Assets							
1517	Financial Assets at Fair Value Through Other Comprehensive Income - Non-Current (Note 8)	5,267	-	5,267	-	3,448	-
1600	Property, Plant and Equipment (Notes 13, 26, and 27)	5,536,572	39	5,625,211	38	5,519,561	39
1755	Right-Of-Use Assets (Note 14)	462,234	3	490,919	3	471,484	3
1840	Deferred Tax Assets	130,734	1	130,690	1	138,162	1
1990	Other Non-current Assets (Notes 9, 15 and 27)	55,992	1	59,426	-	43,447	-
15XX	Total Non-Current Assets	<u>6,190,799</u>	<u>44</u>	<u>6,311,513</u>	<u>42</u>	<u>6,176,102</u>	<u>43</u>
1XXX	Total Assets	<u>\$ 14,104,857</u>	<u>100</u>	<u>\$ 14,977,520</u>	<u>100</u>	<u>\$ 14,233,491</u>	<u>100</u>
Liabilities and Equity							
Current Liabilities							
2100	Short-Term Borrowings (Notes 16, 26 and 27)	\$ 3,005,454	22	\$ 3,774,426	25	\$ 2,827,962	20
2110	Short-Term Bills Payable (Note 16)	889,426	6	869,457	6	1,409,596	10
2120	Financial Liabilities at Fair Value Through Profit or Loss - Current (Note 7)	523	-	240	-	110	-
2130	Contract Liabilities - Current (Note 21)	37,589	-	56,820	1	82,507	1
2150	Notes Payable (Note 17)	19,447	-	19,621	-	31,619	-
2160	Notes Payable to Related Parties (Notes 17 and 26)	6,200	-	17,048	-	5,214	-
2170	Trade Payables (Note 17)	345,877	3	502,472	4	656,597	5
2180	Trade Payables to Related Parties (Notes 17 and 26)	22,797	-	22,483	-	55,568	-
2219	Other Payables (Note 18)	353,836	3	432,343	3	393,505	3
2220	Other Payables to Related Parties (Note 26)	33,140	-	22,205	-	75,877	-
2230	Current Tax Liabilities	33,643	-	20,682	-	57,875	-
2250	Refund Liabilities - Current	7,154	-	7,154	-	7,154	-
2280	Lease Liabilities - Current (Notes 14 and 26)	98,523	1	105,778	1	90,601	1
2322	Long-Term Borrowings Due Within One Year (Notes 16, 26 and 27)	602,500	4	490,000	3	820,000	6
2399	Other Current Liabilities (Note 18)	27,030	-	43,184	-	14,640	-
21XX	Total Current Liabilities	<u>5,483,139</u>	<u>39</u>	<u>6,383,913</u>	<u>43</u>	<u>6,528,825</u>	<u>46</u>
Non-Current Liabilities							
2540	Long-Term Borrowings (Notes 16, 26 and 27)	924,266	7	885,918	6	445,000	3
2570	Deferred Tax Liabilities	169,668	1	169,668	1	170,505	1
2580	Lease Liabilities - Non-Current (Notes 14 and 26)	413,677	3	439,248	3	431,933	3
2640	Net Defined Benefit Liabilities - Non-Current (Notes 4 and 19)	43,454	-	42,937	-	76,710	1
2645	Guarantee Deposits	770	-	720	-	720	-
2670	Other non-current liabilities	384	-	402	-	438	-
25XX	Total Non-Current Liabilities	<u>1,552,219</u>	<u>11</u>	<u>1,538,893</u>	<u>10</u>	<u>1,125,306</u>	<u>8</u>
2XXX	Total Liabilities	<u>7,035,358</u>	<u>50</u>	<u>7,922,806</u>	<u>53</u>	<u>7,654,131</u>	<u>54</u>
Equity Attributable to Owners of The Company (Note 20)							
Share Capital							
3110	Ordinary Shares	6,946,434	49	6,946,434	46	6,946,434	49
3200	Capital Surplus	115,943	1	115,943	1	115,943	1
Retained Earnings							
3310	Legal Reserve	192,358	1	192,358	1	174,022	1
3320	Special Reserve	248,096	2	248,096	2	83,073	-
3350	Undistributed Earnings (Deficits to Be Compensated)	69,511	-	64,008	-	(190,341)	(1)
3300	Total Retained Earnings	509,965	3	504,462	3	66,754	-
3400	Other Equity Interest	(170,013)	(1)	(179,296)	(1)	(216,944)	(2)
3500	Treasury Shares	(332,836)	(2)	(332,836)	(2)	(332,836)	(2)
31XX	Total Equity Attributable to Owners of the Parent	7,069,493	50	7,054,707	47	6,579,351	46
36XX	Non-Controlling Interests	6	-	7	-	9	-
3XXX	Total Equity	<u>7,069,499</u>	<u>50</u>	<u>7,054,714</u>	<u>47</u>	<u>6,579,360</u>	<u>46</u>
Total Liabilities and Equity		<u>\$ 14,104,857</u>	<u>100</u>	<u>\$ 14,977,520</u>	<u>100</u>	<u>\$ 14,233,491</u>	<u>100</u>

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

Chairman of the board: 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, 2023 and 2022

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

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

Code		January 1 to March 31, 2023		January 1 to March 31, 2022	
		Amount	%	Amount	%
4000	Operating Revenue (Notes 21 and 26)	\$ 1,926,820	100	\$ 2,634,229	100
5000	Operating Costs (Notes 11, 22, and 26)	<u>1,524,597</u>	<u>79</u>	<u>2,140,388</u>	<u>81</u>
5900	Gross Profit	<u>402,223</u>	<u>21</u>	<u>493,841</u>	<u>19</u>
	Operating Expenses (Notes 10, 22 and 26)				
6100	Selling and Marketing Expenses	128,154	7	231,684	9
6200	General and Administrative Expenses	122,793	6	110,943	4
6300	Research and Development Expenses	57,755	3	59,087	2
6450	Expected Credit Impairment Loss (Reversal Gain)	<u>5,006</u>	<u>-</u>	(<u>1,845</u>)	<u>-</u>
6000	Total Operating Expenses	<u>313,708</u>	<u>16</u>	<u>399,869</u>	<u>15</u>
6500	Other Operating Income and Expenses, Net (Note 22)	<u>193</u>	<u>-</u>	<u>-</u>	<u>-</u>
6900	Net Operating Profits	<u>88,708</u>	<u>5</u>	<u>93,972</u>	<u>4</u>
	Non-Operating Income and Expenses (Notes 7, 11, 22 and 26)				
7100	Interest Income	1,444	-	1,471	-
7010	Other Income	11,756	1	6,898	-
7230	Other Gains and Losses	(28,448)	(2)	11,787	-
7590	Fire damage	-	-	(435,174)	(16)
7510	Interest Expenses	(<u>55,681</u>)	(<u>3</u>)	(<u>20,133</u>)	(<u>1</u>)
7000	Total Non-Operating Income and Expenses	(<u>70,929</u>)	(<u>4</u>)	(<u>435,151</u>)	(<u>17</u>)
7900	Net Profit (Loss) Before Income Tax	17,779	1	(341,179)	(13)

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Code		January 1 to March 31, 2023		January 1 to March 31, 2022	
		Amount	%	Amount	%
7950	Income Tax Expense (Notes 4 and 23)	<u>\$ 12,277</u>	<u>1</u>	<u>\$ 32,521</u>	<u>1</u>
8200	Net Profit (Loss) for the Period	<u>5,502</u>	<u>-</u>	<u>(373,700)</u>	<u>(14)</u>
	Other Comprehensive				
	Income/(Loss)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income	-	-	10,997	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	<u>9,283</u>	<u>1</u>	<u>125,210</u>	<u>5</u>
8300	Other comprehensive income/(loss) for the period, net of income tax	<u>9,283</u>	<u>1</u>	<u>136,207</u>	<u>5</u>
8500	Total comprehensive income/(loss) for the period	<u>\$ 14,785</u>	<u>1</u>	<u>(\$ 237,493)</u>	<u>(9)</u>
8600	Net profit (loss) attributable to:				
8610	Owners of the Company	\$ 5,503	-	(\$ 373,700)	(14)
8620	Non-Controlling Interests	(<u>1</u>)	-	<u>-</u>	<u>-</u>
		<u>\$ 5,502</u>	<u>-</u>	<u>(\$ 373,700)</u>	<u>(14)</u>
8700	Total comprehensive income/(loss) attributable to:				
8710	Owners of the Company	\$ 14,786	1	(\$ 237,493)	(9)
8720	Non-Controlling Interests	(<u>1</u>)	-	<u>-</u>	<u>-</u>
		<u>\$ 14,785</u>	<u>1</u>	<u>(\$ 237,493)</u>	<u>(9)</u>
	Earnings (net loss) per share (Note 24)				
9710	Basic	\$ 0.01		(\$ 0.55)	
9810	Diluted	0.01		(0.55)	

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

Chairman of the board: 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, 2023 and 2022
(Reviewed only, not audited in accordance with 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 on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Treasury Shares	Total	Non-Controlling Interests	Total Equity
A1	Balance on January 1, 2023	\$ 6,946,434	\$ 115,943	\$ 192,358	\$ 248,096	\$ 64,008	(\$ 183,268)	\$ 3,972	(\$ 179,296)	(\$ 332,836)	\$ 7,054,707	\$ 7	\$ 7,054,714
D1	Net Profit (Loss) of January 1 to March 31, 2023	-	-	-	-	5,503	-	-	-	-	5,503	(1)	5,502
D3	Other comprehensive income/(loss) after tax of January 1 to March 31, 2023	-	-	-	-	-	9,283	-	9,283	-	9,283	-	9,283
D5	Total comprehensive income/(loss) of January 1 to March 31, 2023	-	-	-	-	5,503	9,283	-	9,283	-	14,786	(1)	14,785
Z1	Balance on March 31, 2023	<u>\$ 6,946,434</u>	<u>\$ 115,943</u>	<u>\$ 192,358</u>	<u>\$ 248,096</u>	<u>\$ 69,511</u>	(\$ 173,985)	<u>\$ 3,972</u>	(\$ 170,013)	(\$ 332,836)	<u>\$ 7,069,493</u>	<u>\$ 6</u>	<u>\$ 7,069,499</u>
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>	(\$ 190,341)	(\$ 241,217)	<u>\$ 24,273</u>	(\$ 216,944)	(\$ 332,836)	<u>\$ 6,579,351</u>	<u>\$ 9</u>	<u>\$ 6,579,360</u>

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

Chairman of the board: 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, 2023 and 2022

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

Unit: NT\$ Thousands

Code		January 1 to March 31, 2023	January 1 to March 31, 2022
	Cash flows from operating activities		
A10000	Net Profit (Loss) Before Income Tax for the Period	\$ 17,779	(\$ 341,179)
	Adjustments for:		
A20100	Depreciation expenses	204,852	190,845
A20300	Expected Credit Impairment Loss (Reversal Gain)	5,006	(1,845)
A20900	Interest Expenses	55,681	20,133
A21200	Interest Income	(1,444)	(1,471)
A22500	Gain on disposal of property, plant and equipment	(193)	-
A24100	Net losses on foreign currency exchange	24,179	9,000
A29900	Fire damage	-	435,174
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	44,665	26,547
A31150	Trade receivables	151,269	386,552
A31180	Other Receivables	420,049	(5,019)
A31200	Inventories	69,092	(256,956)
A31240	Other current assets	75,713	(71,293)
A31990	Financial assets at fair value through profit or loss	(577)	394
A32125	Contract liabilities	(19,231)	28,914
A32130	Notes payable	(174)	(49,716)
A32140	Notes payable to related parties	(10,848)	(14,123)
A32150	Trade payables	(158,130)	(84,054)
A32160	Trade payables to related parties	314	2,227
A32180	Other payables	(68,026)	(75,473)
A32190	Other payables to related parties	10,935	23,161
A32230	Other current liabilities	(15,067)	107
A32240	Net defined benefit liabilities - non-current	517	91
A32250	Financial liabilities at fair value through profit or loss	283	88
A32990	Other non-current liabilities	(18)	(36)

(Continued)

(Continued)

Code		January 1 to March 31, 2023	January 1 to March 31, 2022
A33000	Cash used in operations	\$ 806,626	\$ 222,068
A33100	Interest received	1,444	1,471
A33300	Interest paid	(60,963)	(19,342)
A33500	Income tax paid	<u>2,540</u>	<u>(45,087)</u>
AAAA	Net cash inflows from operating activities	<u>749,647</u>	<u>159,110</u>
	Cash flows from investing activities		
B02700	Acquisition of property, plant and equipment	(105,544)	(102,284)
B02800	Proceeds from disposal of property, plant and equipment	198	-
B03700	Increase in refundable deposits	(152)	(336)
B03800	Decrease in refundable deposits	<u>160</u>	<u>430</u>
BBBB	Net cash outflows from investing activities	<u>(105,338)</u>	<u>(102,190)</u>
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	2,673,305	2,169,708
C00200	Decrease in short-term borrowings	(3,428,594)	(2,436,362)
C00500	Increase in short-term notes and bills payable	2,257,155	3,208,614
C00600	Decrease in short-term notes and bills payable	(2,237,186)	(2,698,803)
C01600	Proceeds from long-term borrowings	893,221	100,000
C01700	Repayments of long-term borrowings	(742,500)	(382,500)
C03000	Increase in guarantee deposits	1,547	133
C03100	Decrease in guarantee deposits	(2,608)	(2,184)
C04020	Payments of lease liabilities	<u>(30,386)</u>	<u>(28,910)</u>
CCCC	Net cash outflows from financing activities	<u>(616,046)</u>	<u>(70,304)</u>
DDDD	Effects of exchange rate changes on cash and cash equivalents	<u>(14,689)</u>	<u>20,972</u>
EEEE	Net increase in cash and cash equivalents	13,574	7,588
E00100	Balance of cash and cash equivalents at the beginning of the period	<u>547,231</u>	<u>481,903</u>
E00200	Balance of cash and cash equivalents at the end of the period	<u>\$ 560,805</u>	<u>\$ 489,491</u>

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

Chairman of the board: 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, 2023 and 2022
(Reviewed only, not audited in accordance with 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 approved by the Board on April 27, 2023.

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

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”	To be determined
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above new/revised/amended IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The seller, who is also the lessee, should retrospectively apply the amendments to IFRS 16 for a sale and leaseback transaction entered into after the date of the initial application of IFRS 16.

As of the approval date for the publishing of the Consolidated Financial Statements, 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 12 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 2022 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, 2022.

VI. **Cash and Cash Equivalents**

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Cash on hand and working capital	\$ 4,876	\$ 5,960	\$ 5,577
Checks and demand deposits in banks	495,029	397,964	483,914
Cash equivalents (investments with original maturity date less than 3 months)			
Time deposits	<u>60,900</u>	<u>143,307</u>	<u>-</u>
	<u>\$ 560,805</u>	<u>\$ 547,231</u>	<u>\$ 489,491</u>

As of March 31, 2023 and December 31, 2022, the interest rate ranges for time deposits with original maturity date less than 3 months were 4.70% and 1.90% - 1.96% respectively.

VII. **Financial instruments at fair value through profit or loss**

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Financial assets - current</u>			
Held-for-trading			
Derivatives (not designated for hedging)			
-Forward exchange contracts	<u>\$ 766</u>	<u>\$ 189</u>	<u>\$ 4,668</u>

(Continued)

(Continued)

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Financial liabilities - current</u>			
Held-for-trading			
Derivatives (not designated for hedging)			
-Forward exchange contracts	<u>\$ 523</u>	<u>\$ 240</u>	<u>\$ 110</u>

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

March 31, 2023

<u>Contract Content</u>	<u>Currency</u>	<u>Maturity Date</u>	<u>Contractual amount (NT\$ in thousands)</u>
Purchase of forward exchange contracts	RMB:USD	2023.04.07-2023.04.27	RMB 75,587/USD 11,000

December 31, 2022

<u>Contract Content</u>	<u>Currency</u>	<u>Maturity Date</u>	<u>Contractual amount (NT\$ in thousands)</u>
Purchase of forward exchange contracts	RMB:USD	2023.01.09-2023.01.19	RMB 62,564/USD 9,000

March 31, 2022

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

For the year ended December 31, 2023 and 2022, 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, 2023 and 2022, the valuation gain (loss) on financial assets and liabilities at fair value through profit or loss were (NT\$3,391) thousand and NT\$2,857 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, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Domestic investments			
Shares of listed companies			
Far Eastern International Bank Co., Ltd. - ordinary shares	\$ -	\$ -	\$ 92,523
<u>Non-current</u>			
Domestic investments			
Unlisted shares			
Jin Lead Industrial Co., Ltd. - ordinary shares	\$ 5,252	\$ 5,252	\$ 3,433
Dah Chung Bills Finance Corp. - ordinary shares	15	15	15
	<u>\$ 5,267</u>	<u>\$ 5,267</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. Financial assets at amortized cost

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Non-current (accounted for as other non-current assets)</u>			
Pledged time deposits with original maturity date over 3 months	\$ 100	\$ 100	\$ -

- (I) As of March 31, 2023 and December 31, 2022, the interest rates for time deposits with original maturity date over 3 months were 1.58% and 1.46% respectively.
- (II) Please refer to Note 27 for information on pledges of financial assets at amortized cost.

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

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Notes receivable</u>			
Measured at amortized costs			
Gross carrying amount - occurred due to operations	<u>\$ 9,888</u>	<u>\$ 54,553</u>	<u>\$ 35,846</u>
<u>Trade receivables</u>			
Measured at amortized costs			
Gross carrying amount	\$ 1,123,707	\$ 1,275,623	\$ 1,567,220
Less: allowance for losses	<u>130,459</u>	<u>126,386</u>	<u>16,970</u>
	<u>\$ 993,248</u>	<u>\$ 1,149,237</u>	<u>\$ 1,550,250</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 is 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, 2023 and December 31 and March 31, 2022, 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, 2023

	No indicators of impairment for the individual asset exists.			Indicators of impairment for the individual asset exist.	Total
	90 days and below	91 - 180 days	181 days and above		
Rate of expected credit loss	0%-8.76%	0%-25.71%	0%-100%	100%	
Gross carrying amount	\$ 841,068	\$ 57,932	\$ 141,087	\$ 83,620	\$ 1,123,707
Allowance for loss (lifetime expected credit loss)	(1,562)	(741)	(44,536)	(83,620)	(130,459)
Amortized costs	<u>\$ 839,506</u>	<u>\$ 57,191</u>	<u>\$ 96,551</u>	<u>\$ -</u>	<u>\$ 993,248</u>

December 31, 2022

	No indicators of impairment for the individual asset exists.			Indicators of impairment for the individual asset exist.	Total
	90 days and below	91 - 180 days	181 days and above		
Rate of expected credit loss	0%-8.76%	0%-25.71%	0%-100%	100%	
Gross carrying amount	\$ 941,314	\$ 106,210	\$ 142,966	\$ 85,133	\$ 1,275,623
Allowance for loss (lifetime expected credit loss)	(1,497)	(110)	(39,646)	(85,133)	(126,386)
Amortized costs	<u>\$ 939,817</u>	<u>\$ 106,100</u>	<u>\$ 103,320</u>	<u>\$ -</u>	<u>\$ 1,149,237</u>

March 31, 2022

	No indicators of impairment for the individual asset exists.			Total
	90 days and below	91 - 180 days	181 days and above	
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>

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

	January 1 to March 31, 2023	January 1 to March 31, 2022
Opening balance	\$ 126,386	\$ 18,306
Recognized for the period (reversed)	5,006	(1,845)
Differences of foreign currency translation	(933)	509
Closing balance	<u>\$ 130,459</u>	<u>\$ 16,970</u>

XI. Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Finished goods	\$ 3,621,362	\$ 3,780,767	\$ 3,448,657
Work in progress	1,960,615	1,726,974	1,724,646
Raw materials	246,476	309,089	215,288
Supplies	<u>252,057</u>	<u>331,938</u>	<u>220,487</u>
	<u>\$ 6,080,510</u>	<u>\$ 6,148,768</u>	<u>\$ 5,609,078</u>

The inventories-related costs of sales amounted to NT\$1,524,597 thousand and NT\$2,140,388 thousand, respectively, from January 1 to March 31, 2023 and 2022. 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.

XII. 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, 2023	December 31, 2022	March 31, 2022
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

XIII. 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, 2023	\$ 707,579	\$ 2,201,219	\$ 5,936,115	\$ 88,856	\$ 443,059	\$ 1,705,725	\$ 100,995	\$ 11,183,548
Additions	-	4,705	59,367	2,985	5,311	24,147	7,070	103,585
Disposals	-	(1,729)	(34,670)	(1,006)	(1,531)	(15,417)	-	(54,353)
Net exchange difference	(98)	(367)	(1,839)	(127)	129	(6,205)	326	(8,181)
Balance on March 31, 2023	<u>\$ 707,481</u>	<u>\$ 2,203,828</u>	<u>\$ 5,958,973</u>	<u>\$ 90,708</u>	<u>\$ 446,968</u>	<u>\$ 1,708,250</u>	<u>\$ 108,391</u>	<u>\$ 11,224,599</u>
Accumulated depreciation and impairment								
Balance on January 1, 2023	\$ -	\$ 1,175,908	\$ 3,211,907	\$ 60,934	\$ 266,555	\$ 843,033	\$ -	\$ 5,558,337
Depreciation expenses	-	21,975	95,325	3,378	11,631	45,929	-	178,238
Disposals	-	(1,729)	(34,670)	(1,006)	(1,526)	(15,417)	-	(54,348)
Net exchange difference	-	1,411	4,861	(85)	272	(659)	-	5,800
Balance on March 31, 2023	<u>\$ -</u>	<u>\$ 1,197,565</u>	<u>\$ 3,277,423</u>	<u>\$ 63,221</u>	<u>\$ 276,932</u>	<u>\$ 872,886</u>	<u>\$ -</u>	<u>\$ 5,688,027</u>
Net amount on December 31, 2022 and January 1, 2023	<u>\$ 707,579</u>	<u>\$ 1,025,311</u>	<u>\$ 2,724,208</u>	<u>\$ 27,922</u>	<u>\$ 176,504</u>	<u>\$ 862,692</u>	<u>\$ 100,995</u>	<u>\$ 5,625,211</u>
Net amount on March 31, 2023	<u>\$ 707,481</u>	<u>\$ 1,006,263</u>	<u>\$ 2,681,550</u>	<u>\$ 27,487</u>	<u>\$ 170,036</u>	<u>\$ 835,364</u>	<u>\$ 108,391</u>	<u>\$ 5,536,572</u>
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 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>

The Group did not recognize or reverse the impairment loss from January 1 to March 31, 2023 and 2022

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

Buildings

Main buildings 3-56 years
Engineering systems 5-56 years

Machinery and equipment 2-30 years

Transportation equipment 2-16 years

Furniture and fixtures 3-15 years

Miscellaneous equipment 2-15 years

Please refer to Note 27 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.

XIV. Lease Agreements

(I) Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amount of right-of-use assets			
Buildings	\$ 459,079	\$ 487,938	\$ 470,323
Transportation equipment	<u>3,155</u>	<u>2,981</u>	<u>1,161</u>
	<u>\$ 462,234</u>	<u>\$ 490,919</u>	<u>\$ 471,484</u>
	January 1 to March 31, 2023	January 1 to March 31, 2022	
Addition of right-of-use assets	<u>\$ 581</u>	<u>\$ 703</u>	
Depreciation expense of right-of-use assets			
Buildings	\$ 26,206	\$ 24,839	
Transportation equipment	<u>408</u>	<u>416</u>	
	<u>\$ 26,614</u>	<u>\$ 25,255</u>	

(II) Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amount of lease liabilities			
Current	<u>\$ 98,523</u>	<u>\$ 105,778</u>	<u>\$ 90,601</u>
Non-current	<u>\$ 413,677</u>	<u>\$ 439,248</u>	<u>\$ 431,933</u>

The discount rate ranges for lease liabilities are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Buildings	1.01%-4.12%	1.01%-4.12%	1.01%-4.12%
Transportation equipment	1.06%-1.82%	1.06%-1.62%	1.06%-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 1-13 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, 2023	January 1 to March 31, 2022
Short-term lease expenses	\$ <u>7,363</u>	\$ <u>8,105</u>
Total cash outflows on lease	\$ <u>39,808</u>	\$ <u>39,192</u>

XV. Other assets

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Prepayments for goods	\$ 132,878	\$ 201,601	\$ 99,333
Prepaid expenses	45,714	56,680	40,187
Input tax	24,008	24,905	34,174
Refundable deposits	729	357	483
Others	<u>24,239</u>	<u>19,366</u>	<u>31,855</u>
	<u>\$ 227,568</u>	<u>\$ 302,909</u>	<u>\$ 206,032</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 37,958	\$ 40,947	\$ 25,792
Refundable deposits	17,934	18,379	17,655
Others	<u>100</u>	<u>100</u>	<u>-</u>
	<u>\$ 55,992</u>	<u>\$ 59,426</u>	<u>\$ 43,447</u>

XVI. Borrowings

(I) Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Bank credit borrowings	\$ 864,300	\$ 1,512,798	\$ 399,718
Bank secured borrowings	1,942,636	2,109,656	2,067,874
Bank mortgage borrowings	<u>198,518</u>	<u>151,972</u>	<u>360,370</u>
	<u>\$ 3,005,454</u>	<u>\$ 3,774,426</u>	<u>\$ 2,827,962</u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
Bank credit borrowings	1.70%-3.83%	1.15%-6.30%	0.62%-2.00%
Bank secured borrowings	2.25%-8.39%	2.15%-7.59%	1.14%-3.72%
Bank mortgage borrowings	2.94%-3.26%	1.86%-6.45%	0.88%-2.03%

(II) Short-term bills payable
March 31, 2023

<u>Promissory institution</u>	<u>Nominal amount</u>	<u>Discount amount</u>	<u>Carrying amount</u>	<u>Interest rate range (%)</u>	<u>Name of the collateral</u>
<u>Commercial paper payable</u>					
Mega bills	\$ 350,000	\$ 86	\$ 349,914	1.50	None
Taiwan	100,000	26	99,974	1.59	None
Cooperative bills					
China bills	50,000	45	49,955	1.30	None
China bills	90,000	109	89,891	1.30	None
Grand bills	<u>300,000</u>	<u>308</u>	<u>299,692</u>	1.50	None
	<u>\$ 890,000</u>	<u>\$ 574</u>	<u>\$ 889,426</u>		

December 31, 2022

<u>Promissory institution</u>	<u>Nominal amount</u>	<u>Discount amount</u>	<u>Carrying amount</u>	<u>Interest rate range (%)</u>	<u>Name of the collateral</u>
<u>Commercial paper payable</u>					
China bills	\$ 300,000	\$ 133	\$ 299,867	1.35	None
China bills	200,000	36	199,964	1.29	None
China bills	100,000	53	99,947	1.30	None
Ta Ching bills	150,000	250	149,750	1.90	None
International bills	<u>120,000</u>	<u>71</u>	<u>119,929</u>	1.80	None
	<u>\$ 870,000</u>	<u>\$ 543</u>	<u>\$ 869,457</u>		

March 31, 2022

<u>Promissory institution</u>	<u>Nominal amount</u>	<u>Discount amount</u>	<u>Carrying amount</u>	<u>Interest rate range (%)</u>	<u>Name of the collateral</u>
<u>Commercial paper payable</u>					
Mega bills	\$ 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>		

(III) Long-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Unsecured borrowings</u>			
Bank credit borrowings	\$ 875,000	\$ 1,247,500	\$ 1,040,000
<u>Secured borrowings</u>			
Bank mortgage borrowings	<u>651,766</u>	<u>128,418</u>	<u>225,000</u>
	1,526,766	1,375,918	1,265,000
Less: Those mature within one year	<u>602,500</u>	<u>490,000</u>	<u>820,000</u>
	<u>\$ 924,266</u>	<u>\$ 885,918</u>	<u>\$ 445,000</u>

The abovementioned bank borrowings fall due one after another by December 2025. The interest rate per annum on March 31, 2023 and December 31 and March 31, 2022 are 1.69%-3.76%, 1.50%-2.71% and 1.00%-1.31%, respectively.

XVII. Notes Payable (including those to related parties) and Trade Payables (including those to related parties)

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.

XVIII. Other current liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Other payables</u>			
Payable for salaries or bonuses	\$ 102,323	\$ 177,738	\$ 105,018
Payable for pension	29,452	26,541	17,191
Payable for annual leave	24,593	27,362	26,538
Payable for labor and health insurance	19,590	20,686	20,176
Payable for utilities	19,337	25,534	27,772
Payable for shipping expenses	11,140	20,495	28,854
Payable for commissions	6,347	6,254	15,150
Payable for purchases of equipment	5,336	10,532	25,417
Payable for processing expenses	3,312	4,453	3,982
Payable for employees' compensation	1,207	4,855	3,949
Others	<u>131,199</u>	<u>107,893</u>	<u>119,458</u>
	<u>\$ 353,836</u>	<u>\$ 432,343</u>	<u>\$ 393,505</u>
<u>Other liabilities</u>			
Receipts under custody	\$ 21,850	\$ 35,538	\$ 9,884
Guarantee Deposits	2,981	4,068	3,994
Others	<u>2,199</u>	<u>3,578</u>	<u>762</u>
	<u>\$ 27,030</u>	<u>\$ 43,184</u>	<u>\$ 14,640</u>

XIX. Retirement Benefit Plans

The defined benefit plan-related retirement expense recognized from January 1 to March 31, 2023 and 2022 were calculated using the actuarially determined retirement cost rate of NT\$8,255 thousand and NT\$9,847 thousand as of December 31, 2022 and 2021, respectively.

XX. Equity

(I) Ordinary Shares

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

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

(II) Capital Surplus

	March 31, 2023	December 31, 2022	March 31, 2022
<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	\$ 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>\$ 115,943</u>

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

(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 22(8) "Employees' compensation and remuneration of directors and supervisors."

The Company appropriates dividends according to a stable dividend distribution while taking into account the features of economic changes regarding its business, the effects of products or services, in terms of their 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 proposal and resolution on appropriation of earnings for 2022 and 2021 were approved by the Board of Directors on March 9, 2023 and at the shareholders' meetings held on June 16, 2022, respectively.

	<u>Appropriation of earnings</u>	
	<u>2022</u>	<u>2021</u>
Legal reserve provided	<u>\$ 6,401</u>	<u>\$ 18,336</u>
Special reserve provided	<u>\$ 57,608</u>	<u>\$ 165,023</u>

The appropriation of earnings for 2022 is subject to resolution at the shareholders' meeting to be held on June 9, 2023.

(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, 2023						
Shares of the Company held by subsidiaries as a deduction to equity	<u>20,178</u>	<u>-</u>	<u>-</u>	<u>20,178</u>	<u>\$ 332,836</u>	<u>\$ 154,156</u>
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>

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.

XXI. Revenue

	January 1 to March 31, 2023		January 1 to March 31, 2022	
Revenue from the sales of goods	<u>\$ 1,926,820</u>		<u>\$ 2,634,229</u>	
(I) Contract balance				
	March 31, 2023	December 31, 2022	March 31, 2022	January 1, 2022
Notes receivable	<u>\$ 9,888</u>	<u>\$ 54,553</u>	<u>\$ 35,846</u>	<u>\$ 62,393</u>
Trade receivables	<u>\$ 993,248</u>	<u>\$ 1,149,237</u>	<u>\$ 1,550,250</u>	<u>\$ 1,902,269</u>
Contract liabilities – current				
Sales of goods	<u>\$ 37,589</u>	<u>\$ 56,820</u>	<u>\$ 82,507</u>	<u>\$ 53,593</u>
(II) Disaggregation of revenue from customer contracts				
	January 1 to March 31, 2023		January 1 to March 31, 2022	
Finished fabric	\$ 1,609,086		\$ 2,232,716	
Processed silk	113,251		231,218	
Others	<u>204,483</u>		<u>170,295</u>	
	<u>\$ 1,926,820</u>		<u>\$ 2,634,229</u>	

XXII. Net Profit (Loss) Before Income Tax

(I)	Other Operating Income and Expenses, Net	January 1 to March 31, 2023	January 1 to March 31, 2022
	Gains on disposal of property, plant and equipment	<u>\$ 193</u>	<u>\$ -</u>
(II)	Interest Income	January 1 to March 31, 2023	January 1 to March 31, 2022
	Bank deposits	\$ 1,444	\$ 1,458
	Others	<u>-</u>	<u>13</u>
		<u>\$ 1,444</u>	<u>\$ 1,471</u>
(III)	Other Income	January 1 to March 31, 2023	January 1 to March 31, 2022
	Grants	\$ -	\$ 267
	Others	<u>11,756</u>	<u>6,631</u>
		<u>\$ 11,756</u>	<u>\$ 6,898</u>
(IV)	Other Gains and Losses	January 1 to March 31, 2023	January 1 to March 31, 2022
	Net gains (losses) on foreign currency exchange	(\$ 23,440)	\$ 8,284
	Gains (losses) on financial liabilities at fair value through profit or loss	(3,391)	2,857
	Others	(<u>1,617</u>)	<u>646</u>
		(<u>\$ 28,448</u>)	<u>\$ 11,787</u>
	Net income (loss) on foreign currency exchange includes:	January 1 to March 31, 2023	January 1 to March 31, 2022
	Total gains on foreign currency exchange	\$ 116,475	\$ 84,697
	Total loss on foreign currency exchange	(<u>139,915</u>)	(<u>76,413</u>)
		(<u>\$ 23,440</u>)	<u>\$ 8,284</u>

(V)	Interest Expenses	January 1 to March 31, 2023	January 1 to March 31, 2022
	Interests on bank borrowings	\$ 54,017	\$ 18,177
	Interest on lease liabilities	2,059	2,177
	Less: Amounts included in the cost of required assets	<u>395</u>	<u>221</u>
		<u>\$ 55,681</u>	<u>\$ 20,133</u>
	Information related to interest capitalization is as follows:		
		January 1 to March 31, 2023	January 1 to March 31, 2022
	Amount of interest capitalization	\$ 395	\$ 221
	Interest rate on interest capitalization	1.86%	1.15%
(VI)	Depreciation expenses	January 1 to March 31, 2023	January 1 to March 31, 2022
	An analysis of depreciation by function		
	Operating costs	\$ 183,162	\$ 168,361
	Operating expenses	<u>21,690</u>	<u>22,484</u>
		<u>\$ 204,852</u>	<u>\$ 190,845</u>
(VII)	Employee benefits expenses	January 1 to March 31, 2023	January 1 to March 31, 2022
	Short-term employee benefits	<u>\$ 474,122</u>	<u>\$ 448,362</u>
	Retirement benefits		
	Defined contribution plans	24,496	19,867
	Defined benefit plans (Note 19)	<u>8,255</u>	<u>9,847</u>
		<u>32,751</u>	<u>29,714</u>
		<u>\$ 506,873</u>	<u>\$ 478,076</u>
	By function		
	Operating costs	\$ 369,750	\$ 347,615
	Operating expenses	<u>137,123</u>	<u>130,461</u>
		<u>\$ 506,873</u>	<u>\$ 478,076</u>

(VIII) 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; hence, employees' compensation and remuneration of directors is not estimated. Employees' compensation and remuneration of directors estimated during January 1 to March 31, 2023 are as follows:

Estimated percentage

	<u>January 1 to March 31, 2023</u>
Employees' compensation	2%
Remuneration of directors	-

Amount

	<u>January 1 to March 31, 2023</u>
Employees' compensation	<u>\$ 112</u>
Remuneration of directors	<u>\$ -</u>

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.

Employees' compensation and remuneration of directors for the year ended December 31, 2022 and 2021, which were approved by the Board of Directors on March 9, 2023 and March 3, 2022, respectively, were as follows:

	<u>Cash</u>	
	<u>2022</u>	<u>2021</u>
Employees' compensation	<u>\$ 906</u>	<u>\$ 3,760</u>
Remuneration of directors	<u>\$ -</u>	<u>\$ -</u>

There was no difference between the actual amount paid for employees' compensation and remuneration of directors and the amount recognized in the financial statements for the year ended December 31, 2022 and 2021.

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.

XXIII. Income tax

(I) Income tax recognized in profit or loss

	January 1 to March 31, 2023	January 1 to March 31, 2022
Current income tax Incurred during the period	\$ <u>12,277</u>	\$ <u>32,521</u>

(II) Income tax assessments

The Company and its subsidiary Everest International Develop Investment Co., Ltd.'s income tax returns as of 2019 and 2021, respectively, have been assessed by the tax authorities.

XXIV. Earnings (net loss) per share

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

	January 1 to March 31, 2023	January 1 to March 31, 2022
Net profit (loss) attributable to owners of the Company	\$ <u>5,503</u>	(<u>\$ 373,700</u>)

Number of shares

	January 1 to March 31, 2023	Unit: thousand shares January 1 to March 31, 2022
Basic earnings (net loss) per share		
Number of issued ordinary shares at the beginning of the year	694,643	694,643
Less: The weighted average number of treasury shares regarding the Company's shares held by subsidiaries	<u>20,178</u>	<u>20,178</u>
The weighted average number of ordinary shares used in the calculation of basic earnings (net loss) per share	674,465	674,465
Impacts of potential ordinary shares with dilution effect:		
Employees' compensation	<u>101</u>	<u>-</u>
The weighted average number of ordinary shares used in the calculation of diluted earnings (net loss) per share	<u>674,566</u>	<u>674,465</u>

From January 1 to March 31, 2022, the Company's potential ordinary shares for employee compensation were not included in the calculation of net loss per share because of anti-dilution effect.

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

XXV. 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 and cash equivalents, receivables, other receivables, financial assets at amortized cost - non-current (accounted for as other non-current assets), refundable deposits (accounted for as other current and 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 (including those accounted for as other current liabilities).

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

1. Fair value hierarchy

March 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial Assets at Fair Value through Other Comprehensive Income</u>				
Investments in equity instruments				
- Shares of domestic unlisted companies	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,267</u>	<u>\$ 5,267</u>
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments – forward exchange contract	<u>\$ -</u>	<u>\$ 766</u>	<u>\$ -</u>	<u>\$ 766</u>
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments – forward exchange contract	<u>\$ -</u>	<u>\$ 523</u>	<u>\$ -</u>	<u>\$ 523</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial Assets at Fair Value through Other Comprehensive Income</u>				
Investments in equity instruments				
- Shares of domestic unlisted companies	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,267</u>	<u>\$ 5,267</u>
<u>Financial assets at fair value through profit or loss</u>				
Derivative instruments – forward exchange contract	<u>\$ -</u>	<u>\$ 189</u>	<u>\$ -</u>	<u>\$ 189</u>
<u>Financial liabilities at fair value through profit or loss</u>				
Derivative instruments – forward exchange contract	<u>\$ -</u>	<u>\$ 240</u>	<u>\$ -</u>	<u>\$ 240</u>

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>

There were no transfers between Level 1 and 2 during January 1 to March 31, 2023 and 2022.

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, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 1,614,761	\$ 2,221,905	\$ 2,155,336
Financial assets at fair value through profit or loss - designated at fair value through profit or loss	766	189	4,668
Financial assets at fair value through other comprehensive income (current and non-current)			
Investments in equity instruments	5,267	5,267	95,971
<u>Financial liabilities</u>			
Measure at amortized costs (Note 2)	6,206,694	7,040,761	6,725,652
Financial assets at fair value through profit or loss - designated at fair value through profit or loss	523	240	110

Note 1: The balances include cash and cash equivalents, notes and trade receivables, other receivables, financial assets at amortized cost - non-current (accounted for as other non-current assets), 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 (including those accounted for as other current liabilities), 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 (1) below), interest rates (see (2) below), and other price risks (see (3) 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, 2023	January 1 to March 31, 2022
Profit or loss	\$ 15,637	\$ 23,949

	THB impact	
	January 1 to March 31, 2023	January 1 to March 31, 2022
Profit or loss	\$ 312	\$ 336

	ETB impact	
	January 1 to March 31, 2023	January 1 to March 31, 2022
Profit or loss	\$ 1,623	\$ 1,854

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, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
Financial assets	\$ 61,000	\$ 143,407	\$ -
Financial liabilities	3,658,391	2,464,483	3,383,418
With cash flow interest rate risk			
Financial assets	446,763	367,117	409,598
Financial liabilities	2,275,455	4,100,344	2,641,674

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/lower and all other variables were held constant, the Group's net profit before income tax from January 1 to March 31, 2023 would have decreased by NT\$4,572 thousand and net losses before income tax from January 1 to March 31, 2022 would have increased by NT\$5,580 thousand, 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, 2023 and 2022 would have increased/decreased by NT\$53 thousand and NT\$960 thousand, respectively, as a result of the changes in the fair values of financial assets at fair value through other comprehensive income.

2. Credit risk

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

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

3. Liquidity risk

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

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

(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, 2023

	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	\$ 303,707	\$ 350,518	\$ 130,053	\$ 770	\$ -
Lease liabilities	7,946	15,979	81,691	272,699	158,224
Floating rate instruments	557,423	188,276	618,976	1,007,455	-
Fixed rate instruments	<u>2,756,256</u>	<u>402,073</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,625,332</u>	<u>\$ 956,846</u>	<u>\$ 830,720</u>	<u>\$ 1,280,924</u>	<u>\$ 158,224</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>\$ 105,616</u>	<u>\$ 272,699</u>	<u>\$ 158,224</u>	<u>\$ -</u>

December 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	\$ 512,906	\$ 434,609	\$ 72,725	\$ 720	\$ -
Lease liabilities	11,302	17,196	84,861	286,724	171,408
Floating rate instruments	706,625	1,903,276	615,036	927,184	-
Fixed rate instruments	<u>1,021,507</u>	<u>591,308</u>	<u>313,436</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,252,340</u>	<u>\$ 2,946,389</u>	<u>\$ 1,086,058</u>	<u>\$ 1,214,628</u>	<u>\$ 171,408</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>\$ 113,359</u>	<u>\$ 286,724</u>	<u>\$ 171,408</u>	<u>\$ -</u>

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>

(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, 2023

	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	\$ 766	\$ -	\$ -	\$ -	\$ -
— Outflow	(523)	-	-	-	-
	<u>\$ 243</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 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	\$ 189	\$ -	\$ -	\$ -	\$ -
— Outflow	(240)	-	-	-	-
	<u>(\$ 51)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

March 31, 2022

<u>Total amount of delivery</u> Forward exchange contracts	Payment on				
	demand or less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	5 years and above
– Inflow	\$ 1,695	\$ 2,371	\$ 602	\$ -	\$ -
– Outflow	<u>-</u>	<u>-</u>	(<u>110</u>)	<u>-</u>	<u>-</u>
	<u>\$ 1,695</u>	<u>\$ 2,371</u>	<u>\$ 492</u>	<u>\$ -</u>	<u>\$ -</u>

XXVI. 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, 2023</u>	<u>January 1 to March 31, 2022</u>
Investors with significant influence over the Company	\$ -	\$ 8
Other related parties	<u>892</u>	<u>-</u>
	<u>\$ 892</u>	<u>\$ 8</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, 2023</u>	<u>January 1 to March 31, 2022</u>
Investors with significant influence over the Company	\$ 44,418	\$ 48,835
Other related parties	<u>58,367</u>	<u>125,190</u>
	<u>\$ 102,785</u>	<u>\$ 174,025</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, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Trade receivables	Investors with significant influence over the Company	\$ -	\$ -	\$ 8
	Other related parties	<u>268</u>	<u>401</u>	<u>1,025</u>
		<u>\$ 268</u>	<u>\$ 401</u>	<u>\$ 1,033</u>

Receivables from related parties were not charged with guarantee. Receivables from related parties for the period ends March 31, 2023 and December 31 and March 31, 2022 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, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Notes payable to related parties	Investors with significant influence over the Company			
	Far Eastern New Century Corporation (FENC)	<u>\$ 6,200</u>	<u>\$ 17,048</u>	<u>\$ 5,214</u>
Trade payables to related parties	Other related parties	\$ 22,434	\$ 20,304	\$ 50,726
	Investors with significant influence over the Company	<u>363</u>	<u>2,179</u>	<u>4,842</u>
		<u>\$ 22,797</u>	<u>\$ 22,483</u>	<u>\$ 55,568</u>
Other payables to related parties	Other related parties			
	Everest Shanghai	\$ 33,140	\$ 21,676	\$ 75,284
	Others	<u>-</u>	<u>529</u>	<u>593</u>
		<u>\$ 33,140</u>	<u>\$ 22,205</u>	<u>\$ 75,877</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, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Lease liabilities	Other related parties			
	Far Eastern Investment (Holding) Ltd.	<u>\$ 86,330</u>	<u>\$ 92,323</u>	<u>\$ 102,956</u>

<u>Category of related party</u>	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
<u>Interest Expenses</u>		
Other related parties	<u>\$ 882</u>	<u>\$ 1,042</u>

(VII) Borrowings from related parties

<u>Category/name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Other related parties (included in short-term and long-term borrowings)</u>			
FEIB	<u>\$ 510,000</u>	<u>\$ 10,000</u>	<u>\$ 168,264</u>

Interest Expenses

<u>Category/name of related party</u>	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
<u>Other related parties</u>		
FEIB	<u>\$ 2,956</u>	<u>\$ 296</u>

In addition, to apply for a credit line, the Company provided land, buildings and machinery equipment as collateral to FEIB for financing. The carrying amounts of the pledged assets were NT\$1,124,967 thousand, NT\$1,154,686, and NT\$1,250,580 thousand as of March 31, 2023, and December 31 and March 31, 2022, 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, 2023 and 2022 are NT\$5,273 thousand and NT\$11,249 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		
Category/name of related party	January 1 to March 31, 2023	January 1 to March 31, 2022
Other related parties		
Everest Shanghai	\$ 46,637	\$ 58,007
Others	-	463
	<u>\$ 46,637</u>	<u>\$ 58,470</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, 2023	January 1 to March 31, 2022
Short-term employee benefits	\$ 6,702	\$ 5,396
Retirement benefits	547	517
	<u>\$ 7,249</u>	<u>\$ 5,913</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.

XXVII. Pledged Assets

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

	March 31, 2023	December 31, 2022	March 31, 2022
Land	\$ 512,455	\$ 512,250	\$ 510,950
Buildings	250,654	254,713	266,901
Machinery and equipment	621,675	648,606	735,300
Financial assets at amortized cost - non-current (accounted for as other non-current assets)			
- pledged time deposits in banks	100	100	-
	<u>\$ 1,384,884</u>	<u>\$ 1,415,669</u>	<u>\$ 1,513,151</u>

XXVIII. 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:

- (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\$6,796 thousand, NT\$ 6,771 thousand, and NT\$6,552 thousand (translated into THB7,573 on March 31, 2023 and December 31 and March 31, 2022) as of March 31, 2023, December 31 and March 31, 2022, respectively.

- (II) As of March 31, 2023, December 31 and March 31, 2022, the Group's unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately NT\$21,315 thousand, NT\$21,497 thousand, and NT\$20,038 thousand, respectively.
- (III) The contractual commitments that were contracted for but not realized are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Acquisition of property, plant and equipment	<u>\$ 132,487</u>	<u>\$ 140,777</u>	<u>\$ 81,287</u>

XXIX. 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. The insurance compensation income of 415,397 thousand yuan has been recognized in 2022, and the full amount has been received in February 2023.

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, 2023

Financial assets	Foreign currencies	Exchange rate	Carrying amount
<u>Monetary items</u>			
USD	\$ 20,029	30.45 (USD:NTD)	\$ 609,890
USD	22,628	33.935 (USD:THB)	689,033
USD	19,480	6.872 (USD:RMB)	593,157
THB	34,744	0.8973 (THB:NTD)	31,176
ETB	296,571	0.0184 (ETB:USD)	165,876
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	7,692	30.45 (USD:NTD)	234,236
USD	2,341	33.935 (USD:THB)	71,279
USD	750	6.872 (USD:RMB)	22,833
ETB	6,352	0.0184 (ETB:USD)	3,553

December 31, 2022

Financial assets	Foreign currencies	Exchange rate	Carrying amount
<u>Monetary items</u>			
USD	\$ 25,793	30.71 (USD:NTD)	\$ 792,091
USD	15,054	34.347 (USD:THB)	462,322
USD	15,634	6.965 (USD:RMB)	480,133
THB	33,821	0.8941 (THB:NTD)	30,239
ETB	301,898	0.0186 (ETB:USD)	172,098
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	5,697	30.71 (USD:NTD)	174,962
USD	9,617	34.347 (USD:THB)	295,331
USD	750	6.965 (USD:RMB)	23,028
ETB	6,973	0.0186 (ETB:USD)	3,975

March 31, 2022

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

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, 2023		January 1 to March 31, 2022	
	Functional currency translated into presentation currency	Net exchange (losses) gains	Functional currency translated into presentation currency	Net exchange (losses) gains
USD	30.395 (USD:NTD)	(\$ 2,068)	27.994 (USD:NTD)	(\$ 5,981)
NTD	1 (NTD:NTD)	(8,480)	1 (NTD:NTD)	9,680
RMB	4.4425 (RMB:NTD)	(5,951)	4.4082 (RMB:NTD)	(356)
THB	0.9009 (THB:NTD)	(6,951)	0.8535 (THB:NTD)	4,934
HKD	3.8780 (HKD:NTD)	10	3.5860 (HKD:NTD)	7
		<u>(\$ 23,440)</u>		<u>\$ 8,284</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, 2023</u>			
Segment revenue - from external customers	<u>\$ 1,926,820</u>	<u>\$ -</u>	<u>\$ 1,926,820</u>
Segment profits (losses)	<u>\$ 88,801</u>	<u>(\$ 93)</u>	\$ 88,708
Interest Income			1,444
Interest Expenses			(55,681)
Other non-operating income - net			(16,692)
Net profit before income tax			<u>\$ 17,779</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 loss before income tax			<u>(\$ 341,179)</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, 2023 and 2022.

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, 2023	December 31, 2022	March 31, 2022
Textile segment	\$ 14,097,999	\$ 14,970,634	\$ 14,226,277
Investment segment	<u>6,858</u>	<u>6,886</u>	<u>7,214</u>
Consolidated total assets	<u>\$ 14,104,857</u>	<u>\$ 14,977,520</u>	<u>\$ 14,233,491</u>

Everest Textile Co., Ltd. and Subsidiaries
 Loaning to Others
 January 1 to March 31, 2023

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		
0	The Company	Everest Textile USA, LLC.	Other receivables from related parties	Yes	<u>\$ 761,250</u>	<u>\$ 761,250</u>	<u>\$ -</u>	-	2.	\$ -	Working capital	\$ -	None	\$ -	\$ 1,413,899 (Note 1)	\$ 2,827,797 (Note 2)
1	Everest International (HK) Limited	Everest Apparel (Ethiopia) S.C.	Other receivables from related parties	Yes	\$ 502,706	\$ 502,706	\$ 502,706	5.35~5.88	2.	-	Working capital	-	None	-	1,570,754 (Note 1)	2,617,923 (Note 2)
		Everest Apparel (HK) Limited	Other receivables from related parties	Yes	104,748	104,748	104,748	5.35~5.88	2.	-	Working capital	-	None	-	1,570,754 (Note 1)	
		Everest Apparel (Haiti) S.A.	Other receivables from related parties	Yes	313,635	313,635	310,395	5.35~5.88	2.	-	Working capital	-	None	-	1,570,754 (Note 1)	
		Everest Apparel (Haiti) S.A.	Other receivables from related parties	Yes	81,302	81,302	73,080	5.35~5.88	2.	-	Working capital	-	None	-	1,570,754 (Note 1)	
		Everest Apparel (Ethiopia) S.C.	Other receivables from related parties	Yes	59,378	59,378	38,987	5.35~5.88	2.	-	Working capital	-	None	-	1,570,754 (Note 1)	
							<u>\$ 1,061,769</u>	<u>\$ 1,061,769</u>	<u>\$ 1,029,916</u>							
2	Hongzhan Textile (Shanghai) Ltd.	Everest International (HK) Limited	Other receivables from related parties	Yes	<u>\$ 395,850</u>	<u>\$ 395,850</u>	<u>\$ 395,850</u>	4.67~4.95	2.	-	Working capital	-	None	-	1,735,457 (Note 1)	2,603,186 (Note 2)
3	Everest Textile USA, LLC.	Everest Development USA, LLC.	Other receivables from related parties	Yes	\$ 129,413	\$ 129,413	\$ 129,413	7.23~7.67	2.	-	Working capital	-	None	-	849,896 (Note 1)	1,274,844 (Note 2)
		Everest Apparel (Haiti) S.A.	Other receivables from related parties	Yes	325,815	325,815	325,815	7.23~7.67	2.	-	Working capital	-	None	-	849,896 (Note 1)	
					<u>\$ 455,228</u>	<u>\$ 455,228</u>	<u>\$ 455,228</u>									

Note 1: Attributable to 20% equity of the Company's owners, 150% equity of HK International HK, 100% equity of Everest Textile Shanghai, and 100% equity of Everest Textile USA, LLC.

Note 2: Attributable to 40% equity of the Company's owners, 250% equity of HK International HK, 150% equity of Everest Textile Shanghai, and 150% equity of Everest Textile USA, LLC.

Note 3: Nature of the loan:

- (1) Please complete item 1. for a borrower having transactions with the Group.
- (2) Please complete item 2. for a borrower who has short-term financing requirements.

Note 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, 2023

Table 2

Unit: NT\$ Thousands

Code	Name of the endorsement and guarantee provider	Parties being endorsed and guaranteed		Limit of endorsement and guarantee for a single entity (Note 1)	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	\$ 5,302,120	\$ 60,900	\$ 60,900	\$ 18,270	\$ -	0.86		Y	N	N
		Everest Textile (Thailand) Co., Ltd.	"	5,302,120	304,500	304,500	32,303	-	4.31		Y	N	N
		Everest International Development Co., Ltd.	"	5,302,120	540,000	540,000	337,000	-	7.64		Y	N	N
		Everest Textile USA, LLC.	"	5,302,120	2,649,150	2,649,150	1,269,765	-	37.47		Y	N	N
		Everest International (HK) Limited	"	5,302,120	1,126,650	1,126,650	525,263	-	15.94		Y	N	N
					<u>\$ 4,681,200</u>	<u>\$ 4,681,200</u>	<u>\$ 2,182,601</u>		<u>66.22</u>	<u>\$ 10,604,240</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, 2023

Table 3

Unit: NT\$ Thousands

Company held	Category and name of securities	Relationship with the issuer of securities	Accounting item	End of the period			Market value/net equity value	Remarks
				Unit/number of shares	Carrying amount	Ratio (%)		
The Company	Jin Lead Industrial Co., Ltd. - shares of an unlisted company	The Company is a corporate director of Jin Lead Industrial Co., Ltd.	Financial assets at fair value through other comprehensive income - non-current	526,800	\$ 5,252	19	\$ 5,252	
	Dah Chung Bills Finance Corp. - shares of a listed company	None	"	1,204	<u>15</u>	-	<u>15</u>	
					<u>\$ 5,267</u>		<u>\$ 5,267</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>\$ 154,156</u>	2.9	<u>\$ 154,156</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, 2023

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	\$ 172,061	83	Settle every 1 months	No comparable goods under the same category	—	(\$ 56,162)	(16)	Note
	Everest Textile USA, LLC.	Subsidiary	Purchases	171,682	34	Settle every 1 to 2 months	Equivalent	Equivalent	(80,790)	(23)	Note
Everest Textile (Shanghai) Ltd.	Everest International (HK) Limited	Fellow subsidiary	Sales	(170,554)	(43)	Settle every 2 to 4 months	Equivalent	Equivalent	39,983	16	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, 2023

Table 5

Unit: NT\$ Thousands

Company with book receivables	Counterparty	Relationship	Balance of receivables from the related party (Note 2)	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	\$ 409,928	Note 1	\$ -	—	\$ -	\$ -
Everest Textile USA, LLC.	Everest Apparel (Haiti) S.A.	Fellow subsidiary	349,850	Note 1	-	—	-	-
	Everest Development USA, LLC.	Fellow subsidiary	135,242	Note 1	-	—	-	-
Everest International (HK) Limited	Everest Apparel (Ethiopia) S.C.	Fellow subsidiary	570,496	Note 1	-	—	-	-
	Everest Apparel (Haiti) S.A.	Fellow subsidiary	391,284	Note 1	-	—	-	-
	Everest Apparel (HK) Limited	Fellow subsidiary	110,886	Note 1	-	—	-	-

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, 2023

Table 6

Unit: NT\$ Thousands

Name of the investing company	Name of the investee Companies	Location	Principal business activities	Initial investment amount		Held at the end of the period			Current (loss) gain of the investee company	Investment (loss) 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	\$ 3,051,241	\$ 71,603	\$ 71,603	Note 3
	Everest International Develop Investment Co., Ltd.	Taiwan	General investment	1,998,400	1,998,400	191,400,000	100	164,665 (Note1)	(120,478)	(120,478)	Note 3
	Everest Textile (HK) Co., Ltd.	Hong Kong	International trade	2,427	2,427	695,000	99.3	862	(144)	(144)	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	1,335,398	48,965		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	1,047,169	(38,376)		Note 3
	Everest Apparel (HK) Limited	Hong Kong	Investment and holdings	848,467	848,467	27,580,000	100	(518,497)	(80,154)		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	905,752	(41,762)		Note 3
Everest USA Holdings, Inc.	Everest Development USA, LLC.	The U.S.	Operating asset management	79,170	79,170	2,500,000	100	49,745	(2,676)		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	849,896	(39,086)		Note 3
Everest Apparel (HK) Limited	Everest Apparel (Ethiopia) S.C.	Ethiopia	Apparel production	557,696	557,696	542,415	100	9,738	(17,063)		Note 3
	Everest Apparel (Haiti) S.A.	Haiti	Apparel production	390,960	390,960	4,000	100	(417,301)	(61,610)		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, 2023

Table 7

Unit: NT\$ Thousands, unless specified otherwise

Name of the investee company in Mainland China	Principal business activities	Paid-in capital (Note 2)	Investment method	Cumulative investment amount remitted from Taiwan at the beginning of the period	Investment amount remitted or recovered for the period		Cumulative investment amount remitted from Taiwan at the end of the period	Current (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 emulation chemical fibers and high-grade textile cloth	\$ 913,500 (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)	\$ 23,266	100	\$ 23,023	\$ 1,735,457	\$ -

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)
\$ 913,500 (USD\$30,000 thousand)	\$ 913,500 (USD\$30,000 thousand)	\$ 4,241,696

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 ($\$7,069,493 \times 60\% = \$4,241,696$).

Note 2: The amount is translated at a currency rate where USD\$1 equals NT\$30.45.

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

Note 4: Investment gains recognized for the period is the net amount after deducting the unrealized gross sales of goods amounted to NT\$243 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, 2023

Table 8

Unit: NT\$ Thousands

Purchasing (selling) company	Counterparty	Relationship	Transaction status				Circumstance and reason for transaction amount differ from general transactions		Notes and trade receivables (payables)		Unrealized gains (losses) (Note)
			Purchase (sales) of goods	Amount (Note)	Ratio to total purchase (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	(\$ 27,272)	(2)	Settle every 6 months	Equivalent	Equivalent	\$ 13,845	3	\$ 1,435
Everest Textile (Shanghai) Ltd.	Everest International (HK) Limited	Fellow subsidiary	Sales	(170,554)	(43)	Settle every 2 to 4 months	Equivalent	Equivalent	39,983	16	(409)

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, 2023

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	\$ 61,754	The transactions are made at general transaction prices; collection terms shall be settled every 6 months.	3		
				Processing expenses	172,061	No comparable goods under the same category; payment terms shall be settled every 1 month.	9		
				Purchase of machine supplies on behalf of others	13,003	The transactions are made at general transaction prices; collection terms shall be settled every 6 months.	1		
				Trade payables to related parties	56,162		-		
				Sales of goods	27,272	The transactions are made at general transaction prices; collection terms shall be settled every 6 months.	1		
				Trade receivables from related parties	13,845		-		
				Sales of goods	29,568	The transactions are made at general transaction prices; collection terms shall be settled every 6 months.	2		
		Everest Textile (Shanghai) Ltd.	1	Everest Textile USA, LLC.	1	Purchases	171,682	The transactions are made at general transaction prices; payment terms shall be settled every 1 to 2 months.	9
						Trade receivables from related parties	88,414		1
						Trade payables to related parties	80,790		1
						Other receivables from related parties	11,214		-
						Purchases	14,862	The transactions are made at general transaction prices; payment terms shall be settled every 1 to 2 months.	1
						Trade payables to related parties	10,165		-
						Trade receivables from related parties	10,012		-
2	Everest Textile (Shanghai) Ltd.	Everest Apparel (Haiti) S.A. Everest International (HK) Limited	3	Sales of goods	170,554	The transactions are made at general transaction prices; collection terms shall be settled every 2 to 4 months.	9		
				Trade receivables from related parties	39,983		-		
3	Everest International (HK) Limited	Everest Apparel (HK) Limited Everest Apparel (Haiti) S.A. Everest Apparel (Ethiopia) S.C.	3	Other receivables from related parties	409,928		3		
				Other receivables from related parties	110,886		1		
				Other receivables from related parties	391,284		3		
4	Everest Textile USA, LLC.	Everest Textile (Thailand) Co., Ltd.	3	Other receivables from related parties	570,496		4		
				Trade receivables from related parties	40,132		-		
5	Everest Textile (Thailand) Co., Ltd.	Everest Apparel (Haiti) S.A. Everest Development USA, LLC. Everest Apparel (Ethiopia) S.C.	3	Sales of goods	29,016	The transactions are made at general transaction prices; collection terms shall be settled every 6 months.	2		
				Other receivables from related parties	349,850		2		
				Other receivables from related parties	135,242		1		
				Purchases	15,148	The transactions are made at general transaction prices; payment terms shall be settled every 1 to 2 months.	1		
				Trade receivables from related parties	25,879		-		
				Other receivables from related parties	24,983		-		

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, 2023

Table 10

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