



CODE : 1476

ECLAT TEXTILE CO., LTD.

2018 ANNUAL SHAREHOLDERS' MEETING

MEETING AGENDA

(Translation)

June 14, 2018

Place: ECLAT's Hsichou Plant 3F meeting room.

(No.39, Sanhao Rd., Houlong Township, Miaoli County, Taiwan)

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Translation

This English version is a translation based on the original Chinese version.

Where any discrepancy arises between the two versions, the Chinese version shall prevail.

ECLAT TEXTILE CO., LTD.
2018 ANNUAL SHAREHOLDERS' MEETING PROCEDURE

I. Call the Meeting to Order

II. Chairperson Remarks

III. Report Items.

IV. Proposed Resolutions

V. Directors Election

VI. Other Items

VI. Questions and Motions

VII. Meeting Adjourned

ECLAT TEXTILE CO., LTD.
2018 ANNUAL SHAREHOLDERS' MEETING AGENDA
(Translation)

Time: 9:00 a.m., June 14, 2018

Place: ECLAT's Hsichou Plant 3F meeting room.

(No.39, Sanhao Rd., Houlong Township, Miaoli County, Taiwan)

1. Report Items

- (1) 2017 Business Reports.
- (2) Audit Committee's Review Report on the 2017 Financial Statements.
- (3) Appropriation for Employees' Bonus.
- (4) Announce of the Corporate Social Responsibility Best Practice Principles

2. Proposed Resolutions

- (1) To accept 2017 Business Report and Financial Statements.
- (2) To approve the Proposal for distribution of 2017 Profits

3. Directors Election

4. Other Items: To Release Non-Compete Restrictions on Newly-Elected Directors and their Representatives.

5. Questions and Motions

6. Meeting Adjourned

I. Report Items

Report No. 1

2017 Business Reports.

Explanation:

The 2017 Business Report is attached as Supplement 1.

Report No. 2

Audit Committee's Review Report on the 2017 Financial Statements.

Explanation:

The 2017 Audit Committee's Review Report is attached as Supplement 2.

Report No. 3

Appropriation for Employees' Bonus.

Explanation:

- (1) The appropriation of the Employee' bonus for 2017 had been approved by the Board of Directors.
- (2) The net income of the company for 2017 is NT\$3,052,055,468, and the net income before tax of the company is NT\$3,726,843,588. According to the resolution of the Boards of Directors, the appropriated amounts of the Employee' profit sharing bonus for 2017 amounted to NT\$6,000,000, and is in accordance with the Articles of the Company.
- (3) The employee' bonus will all be paid by cash and distributed to the full-time employees (excluding Directors and Management) of the company only, the specific details of the employee' bonus will be authorized to the chairman of the company to handle it.

Report No. 4

Announce of the Corporate Social Responsibility Best Practice Principles

Explanation:

Refer to the rule of "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", the Company set up the rule of "Corporate Social Responsibility Best Practice Principles" in 2017 for the need of the regular of the authority.

II. Proposals

Proposal No. 1

Proposed by the Board

To accept 2017 Business Report and Financial Statements.

Explanation:

- (1) The Company's Financial Statements, including balance sheet, Statements of Comprehensive Income, Statements of Changes in Equity, and statement of cash flows, were audited by independent auditors, Kuo Hsin Yi and Chen Hsiu Lan of the KPMG Firm. Also Business Report and Financial Statements had been approved by the Board and examined by the Audit Committee.
- (2) The 2017 Business Report, independent auditors' audit report and the above-mentioned Financial Statements are attached as Supplement 3.

Resolution:

Proposal No. 2

Proposed by the Board

To approve the Proposal for distribution of 2017 Profits

Explanation:

- (1) The Board had adopted a Proposal for Distribution of 2017 Profits which is in accordance with the Company Act and Articles of Incorporation.
- (2) 2017 net profit after tax was NT\$ 3,052,055,468, adding beginning retained earnings of NT\$ 3,590,924,311 and other comprehensive income NT\$6,850,000, the total distributable amount was NT\$6,649,829,779.
After setting aside the legal reserve of NT\$ 305,205,547 and the special reserve of NT\$104,098,637, the Company proposed dividend to shareholders NT\$9.5 per share in cash and total amount was NT\$2,606,487,555.
- (3) Upon the approval of the Annual Meeting of Shareholders, it is proposed that the chairman of the Company be authorized to resolve the ex-dividend date.
- (4) In the event that, before the distribution record date, the proposed profit distribution is affected by an amendment to relevant laws or regulations, a request by the competent authorities, or a buyback of shares or issuance of new shares for transferring treasury shares to employees or employee stock options, it is proposed that the chairman of the Company be authorized to adjust the cash and stock to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.
- (5) The Profit Distribution Table is attached as Supplement 4.

Resolution:

III. Directors Election

To Elect 11 Directors (Including 3 Independent Directors) of the Company

Explanation:

- (1) According to the Corporate Charter, a total of 11 Directors (including of 3 independent directors) shall be elected from person of disposing capacity at this year's Annual Meeting of Shareholders. The three-year term of the Board is from June 14, 2018 to June 13,2021.
- (2) According to the Corporate Charter, a total of 3 independent directors shall be elected from the nomination list prepared by the company. The qualification of the 3 nominated independent directors has been reviewed by the Board meeting on May 3rd, 2018. Personal information of the 3 nominees is as follows:

No.	Name	Education	Experience
1	Yea-Kang Wang	<ul style="list-style-type: none">● Bachelor, Transportation and Communication Management Science, National Cheng Kung University● Master of Science in Urban Planning, National Chung Hsing University	<ul style="list-style-type: none">● Head of Department of Industrial Technology,● Secretary of National Industry Organization.● CEO of Taiwan Textile Research Institute...etc.
2	Cheng-Ping Yu	Ph.D., University of Leeds, UK	<ul style="list-style-type: none">● Research fellow of the University of Leeds● Associate Professor of the Department of Textiles and Clothing, Fu Jen Catholic University.
3	Nai-Ming Liu (Bruce, N. M. Liu)	<ul style="list-style-type: none">● Bachelor in Accountancy, National Cheng Kung University.● Master in Accounting, National Chengchi University.	<ul style="list-style-type: none">● Independent director of INPAQ Technology Co., Ltd.● Lecturer of Hsing Wu University.● CPA of Cheng Yuan Certified Public Accountants● Independent director of APAQ Technology Co., Ltd.● Independent director of Bioptik Technology, Inc

Resolution:

IV. Other items:

To Release Non-Compete Restrictions on Newly-Elected Directors and their Representatives.

Explanation:

- (1) According to article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (2) With no conflicts of interests, the directors can contribute their expertise and request to release the prohibition on the newly elected directors from participation in competitive business.

Resolution:

V. Questions and Motions

VI. Meeting Adjourned

Shareholders' proposals for the 2018 Meeting of the Shareholders

Details of accepting shareholder proposals for the 2018 Annual General Meeting of the Shareholders.

Explanation:

1. According to Article 172-1 of the Company Act, a shareholder who holds more than 1% of the total issued and outstanding shares may submit one proposal in writing to the Company to be discussed at the shareholders' meeting; the proposal may only address one matter, and may not contain more than 300 Chinese characters.
2. Shareholder proposals must be submitted during the period from April 8, 2018 to April 18, 2018. As required by law, the Company has posted information regarding shareholder proposals on MOPS.
3. The Company has not received any written submission of shareholder proposals during the period of the submitted Shareholder proposals.

Appendix II

ECLAT TEXTILE CO., LTD.
Shareholdings of All Directors

Record Date : April 16, 2018

Title	Name	Current Shareholding	
		Shares	%
Chairman	HUNG, CHENG-HAI	9,035,318	3.29%
Director	WANG, LI-CHEN	7,932,435	2.89%
Director	TSAI, HSIEN-CHIN	21,634,993	7.89%
Director	YEH, SOU-TSUN	517,330	0.19%
Director	CHEN, KUN-TANG	482,864	0.18%
Director	LO, JEN-CHIEH	365,724	0.13%
Director	WANG, SHU-WEN	28,008	0.01%
Director	Yih-Yuan Investment Corp. Representative : HsIEH, KUO-SUNG	25,790,335	9.40%
	Subtotal	65,787,007	23.98%
Independent Director	WANG, YEA-KANG	0	0.00%
Independent Director	YU, CHENG-PING	0	0.00%
Independent Director	LIU, NAI-MING	0	0.00%
	Subtotal	0	0.00%
Note 1: Total outstanding shares as of April 16, 2018: 274,367,111 Shares.			
Note 2: Minimum share ownership by all directors of the Company: 12,000,000 shares.			
The share ownership by all directors of April 16, 2018: 65,787,007 shares.			

2017 Business Report

I. Introduction

Most of the developed world either tightened or normalized their monetary policy in 2017. The Trump government put America First with the intention to grow economy by reducing trade deficit. Under the complicated global political environment, foreign exchange rate fluctuated and New Taiwan Dollar rose 8% on a year-over-year basis. The primary markets of Eclat were the US and Europe. Hence, strong NTD had negative impact on our business.

As the global economy grew and international trade recovered, consumer expenses also increased. The holiday season sales number of brands and retailers surprised the market. Brands successfully expanded international markets and direct-to-customer channels (owned stores, official website) while struggled to further grow North American. The traditional retailers suffered from the price and customer experiences competition of online retailers. In response, they transformed to omni-channel to leverage the functionality of physical stores. Eclat will continue to invest in R&D and focus on premium and high value products to strengthen the international competitiveness.

II. Summary of 2017 Operation

1. Summary of 2017 Operation

(1) Optimizing Production

The expansion plan of Colltex Vietnam 3rd and E-Top Vietnam 2nd started the recruitment and training in Q4 2017 and will operate mass production in 2018. We kept improving the quality and yield of production. Furthermore, Eclat maintained as a sustainable enterprise by promoting and applying green energy and circular economy.

(2) Exploring new market actively

We kept diversifying and expanding our customer portfolio to reduce the risk of high concentration on specific region or market. To balance the sales structure, we worked with high potential and selective customers.

(3) Investing in Innovation

To cater the variety needs of clients, we will apply new technologies and introduce modern facilities. Meanwhile, we will differentiate our products by leveraging our talent designers and foster our digital & automation capacity.

(4) Global Strategy

The language, culture, and regulatory difference of our production base increased our operational risk in those emerging markets. Eclat continued to deepened the relationship with local workers and government to reduce the risk. The global monetary policy changing also increased the volatility of foreign exchange market. We will synergize our global footprint to

fulfill our client needs, to utilize the best solutions, and to response actively to the fast-changing world.

2. Report of achievement of 2017 operation plan and budget implementation

The company's consolidated revenue decreases 1.26% year over year to NT\$24.20 billion, in which fabric accounts for 30.29% or NT\$7.33 billion while garment accounts 69.71% or NT\$16.87 billion. Operating profit decreases 10.70% year over year to NT\$4.13 billion while net income decreases 16.60% year over year to NT\$3.05 billion. The diluted earnings per share of 2017 is NT\$11.12.

3. Financial revenue and expenditure and profitability analysis

Unit: NT\$ thousands dollars

ITEMS		YEAR	
		2017	2016
Financial results	Operating revenues	24,196,831	24,506,137
	Operating profit	6,163,277	6,548,812
	Operating income	4,134,585	4,630,026
	Net income	3,052,055	3,659,517
Profitability analysis	Return on assets (%)	16.78	22.02
	Return on shareholders' equity (%)	20.23	27.24
	Operating income to common stock ratio (%)	150.70	172.13
	Net income before Tax to common stock ratio (%)	135.83	168.60
	Net income to Operating revenues ratio (%)	12.61	14.93
	Basic Earnings per share(in dollars)	11.12	13.67

III. Outlook and Strategy of 2018

1. Outlook and Strategy of 2018

(1) Strengthening Capital Expenditure

With the growth of our business, employees increase accordingly and current office is insufficient for our needs. Therefore, we plan to build the new headquarter office to improve the internal communication & efficiency and strength the image of company. The land has been purchased by the end of 2017. There is a growing demand on high quality and premium fabrics. We will build a new fabric factory in Taiwan and expand the Eclat Fabrics Vietnam.

(2) Balancing Sales and Production

As Colltex Vietnam 3rd and E-Top Vietnam 2nd start production, we will utilize each production base to enhance the productivity. To satisfy customers' increasing need on short lead time and high mix/low-volume products, we will reengineer the production process and innovate production line. Meanwhile, we will increase our operational flexibility by revamping production plan on peak and low season. Last but not least, we will continue reviewing our

product mix and customer portfolio to optimize efficiency.

(3) Deepening Customer relationship

Most of the international brands and retailers start to reduce the number of vendors in their supply chain. The centralized supply chain requires vendors to work closely with buyers to satisfy the end users' needs. Therefore, Eclat will continue to devote in eco-production, cooperate social responsibility, sustainability, R&D, and talent development.

2. R&D Plan of 2018

(1) Continuing the Research and Development of Functional Fabric

Functional fabric is our core product. We will apply new materials and modern facilities, renovate our process, and develop our products to improve production quality and yield. We will further devote our resources, both in talents and equipment, to premium products. At the meantime, many new manufacturing procedures will be incorporated in our knitting and dyeing processes, which seek to explore new technology in order to lead textile industry into next era and amplify the application of functional fabric.

(2) Collaboration with Clients to Create Values

We employ the vertical integration model and join together with suppliers and clients for product development. In addition, we establish the one stop shop service to build up our niche market. In order to increase product margins and reduce price competition, our in-house designers join forces with clients to develop products and hence we could migrate to higher percentage of ODM production.

(3) Aligning the Resources of Academy and Industry

We seek opportunities for strategic alliance and interdisciplinary applications. All in all, we will focus on sharpening our competitive advantages and creating win-win game with clients.

The trend of centralizing supply chain continues in 2018. The price competition intensifies as internet and new technology enables consumers to discover all possible price and choices. At the same time, facing the challenges of hiking oil price, which results in higher material price, and fluctuating foreign exchange rate, Eclat will continue to invest in R&D, to improve the product quality, and to develop talents. We are ready to deliver our best to our clients, employees, and shareholders.

Finally, wish all the shareholders great success and a prosperous year!

ECLAT TEXTILE CO., LTD

Chairman:	HUNG CHENG HAI
General Managers:	TASI JUN CHING CHEN KUN TANG
Head of Accounting:	LO JEN CHIEH

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2017 Business Report, Financial Statements, and proposal for distribution of profits. The 2017 Financial Statements (including Consolidated Financial Statements) of the Company have been audited and certified by independent auditors, Kuo Hsin Yi, and Chen Hsiu Lan of the KPMG firm. The Business Report, Financial Statements, and profit distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of ECLAT TEXTILE CO., LTD. According to Article 219 of the Company Law, we hereby submit this report.

ECLAT TEXTILE CO., LTD.

Chairman of the Audit Committee:

Sir WANG, YEA-KANG

March 15, 2018

Independent Auditors' Report

To the Board of Directors of ECLAT TEXTILE CO., LTD.:

Opinion

We have audited the financial statements of ECLAT TEXTILE CO., LTD. ("the Company"), which comprise the balance sheets as of December 31, 2017 and 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31, 2017 and 2016, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and its financial performance and its cash flows for the year ended December 31, 2017 and 2016 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company are stated as follows:

1. Revenue recognition

Please refer to Note 4(m) for details of the accounting policies of the recognition of revenue and Note 6(k) revenues.

How the matter was addressed in our audit

The shareholders and investors of the Company are the main concern in furnishing this financial report. Therefore, the assessment of revenue recognition is one of the key matters in our audit.

Our principal audit procedures included:

Understanding and testing the design and implementation of internal control over revenue recognition, inspecting the accuracy of revenue recognition, and reconciling between sales systems and general ledger to evaluate the rationality of the accounting policies implied; analyzing the Company's main sources of revenues to evaluate the adequacy of revenue recognition; analyzing the trend of revenue from different products to compare the variations between actual and budget figures; analyzing the agreements of selected customers to understand the sales terms and conditions for revenue recognition and to further inspect related transaction documents to ensure that the revenue is recorded in the appropriate period.

2. Assessment of Receivables

Please refer to Note 4(f) for details of the accounting policies of accounts receivable and Note 6(b) for relevant disclosures of accounts receivable of the independent auditors' report.

How the matter was addressed in our audit

The economy boom of the Company is subject to seasonal effects. The average period of collection of accounts receivable is 30~60 days. The impairment loss of accounts receivable is estimated based on the historical trends of sales return and discounts, wherein the management subjectively modifies the estimated amount by considering the collection records of each customer. Therefore, the accounts receivable are the key matters in our audit.

Our principal audit procedures included:

Analyzing the aging schedule of accounts receivable, past collection records, industry boom and concentration of customers' credit risk to evaluate the rationality of the impairment loss estimated.

3. Assessment of inventories

Please refer to Note 4(g) for details of the accounting policies of inventories and Note 6(c) for relevant disclosures of inventories of the independent auditors' report.

How the matter was addressed in our audit

The inventories of the Group are measured at the lower of cost and net realizable value. The industry is subject to seasonal effects resulting in a risk wherein the carrying value of inventories may exceed its net realizable value. Therefore we determined the valuation of inventories was a key audit matter.

Our principal audit procedures included:

Evaluating the rationality of the inventory policies such as the policy of provision for inventory valuation and obsolescence and understanding whether the valuation of inventory was performed in accordance with the Company's policy; inspecting the inventory aging report and analyzing the trends of inventory aging; assessing the provision for inventory valuation and obsolescence including sampling and inspecting the accuracy of the inventory aging report and net realizable value of inventories; inspecting the post period sales situation and evaluating the net realizable value of measurement applied on aging inventory in order to verify the evaluation accuracy of the estimated inventory allowance by the Group; and assessing whether the disclosures of provision for inventory valuation and obsolescence were appropriate.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuo Hsin Yi and Chen Hsiu Lan.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2018

Notes to Readers

The accompanying financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
ECLAT TEXTILE CO., LTD.
Balance Sheets
December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2017		December 31, 2016				December 31, 2017		December 31, 2016	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents(notes 6(a)(n))	\$ 1,019,058	6	5,199,693	29	2150	Notes payable(note 6(n))	\$ 301,660	2	343,295	2
1150	Notes receivable(including related parties)(notes 6(b)(n) and 7)	9,994	-	4,077	-	2170	Accounts payable(note 6(n))	1,277,618	7	1,024,483	6
1170	Accounts receivable, net(notes 6(b)(n))	3,400,900	19	3,090,786	17	2180	Accounts payable to related parties(notes 6(o) and 7)	321,286	2	268,711	1
1200	Other receivables, net(notes 6(b)(n))	64,264	-	84,254	-	2200	Other payables(notes 6(g)(n))	747,525	4	694,395	4
1310	Inventories, manufacturing business, net(note 6(c))	3,718,751	20	2,847,075	16	2230	Current tax liabilities	403,347	2	436,027	2
1470	Other current assets(notes 6(f) and 8)	143,642	1	157,266	1	2399	Other current liabilities, others	55,616	-	41,949	-
	Total current assets	<u>8,356,609</u>	<u>46</u>	<u>11,383,151</u>	<u>63</u>		Total current liabilities	<u>3,107,052</u>	<u>17</u>	<u>2,808,860</u>	<u>15</u>
Non-current assets:						Non-Current liabilities:					
1550	Investments accounted for using equity method, net(note 6(d))	3,690,579	20	3,967,051	22	2570	Deferred tax liabilities(note 6(h))	367	-	40,297	-
1600	Property, plant and equipment(notes 6(e) and 7)	6,158,612	34	2,627,834	15	2640	Net defined benefit liability, non-current(note 6(g))	127,307	1	131,699	1
1780	Intangible assets	15,713	-	27,339	-	2645	Guarantee deposits received	1,488	-	2,702	-
1840	Deferred tax assets(note 6(h))	60,735	-	31,537	-		Total non-current liabilities	<u>129,162</u>	<u>1</u>	<u>174,698</u>	<u>1</u>
1900	Other non-current assets(note 6(f))	26,212	-	42,846	-		Total liabilities	<u>3,236,214</u>	<u>18</u>	<u>2,983,558</u>	<u>16</u>
	Total non-current assets	<u>9,951,851</u>	<u>54</u>	<u>6,696,607</u>	<u>37</u>		Equity(Note 6(i)):				
						3110	Common stock	<u>2,743,671</u>	<u>15</u>	<u>2,689,874</u>	<u>15</u>
						3200	Capital surplus	<u>3,769,437</u>	<u>21</u>	<u>3,769,437</u>	<u>21</u>
							Retained earnings:				
						3310	Legal reserve	2,013,408	11	1,647,456	9
						3350	Unappropriated retained earnings (note 6(h))	6,649,830	36	6,835,041	38
							Total retained earnings	<u>8,663,238</u>	<u>47</u>	<u>8,482,497</u>	<u>47</u>
						3490	Other equity, others	(104,100)	(1)	154,392	1
							Total equity	<u>15,072,246</u>	<u>82</u>	<u>15,096,200</u>	<u>84</u>
Total assets		<u>\$ 18,308,460</u>	<u>100</u>	<u>18,079,758</u>	<u>100</u>		Total liabilities and equity	<u>\$ 18,308,460</u>	<u>100</u>	<u>18,079,758</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
ECLAT TEXTILE CO., LTD.
Statements of Comprehensive Income
For the years ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		<u>2017</u>		<u>2016</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue(notes 6(k) and 7)	\$ 24,196,831	100	24,506,137	100
5000	Operating costs(notes 6(e)(g)(l) and 7):	<u>18,033,554</u>	<u>75</u>	<u>17,957,325</u>	<u>73</u>
	Gross profit from operations	<u>6,163,277</u>	<u>25</u>	<u>6,548,812</u>	<u>27</u>
	Operating expenses(notes 6(b)(e)(g)(l) and 7):				
6100	Selling expenses	1,251,036	5	1,198,681	5
6200	Administrative expenses	614,193	2	568,203	2
6300	Research and development expenses	<u>163,463</u>	<u>1</u>	<u>151,902</u>	<u>1</u>
	Total operating expenses	<u>2,028,692</u>	<u>8</u>	<u>1,918,786</u>	<u>8</u>
	Net operating income	<u>4,134,585</u>	<u>17</u>	<u>4,630,026</u>	<u>19</u>
	Non-operating income and expenses(note 6(m)):				
7010	Other income	62,892	-	29,489	-
7020	Other gains and losses, net	(475,960)	(2)	(43,006)	-
7050	Finance costs	(471)	-	(421)	-
7070	Share of (loss) profit of associates accounted for using equity method, net	<u>5,797</u>	<u>-</u>	<u>(80,865)</u>	<u>-</u>
	Total non-operating income and expenses	<u>(407,742)</u>	<u>(2)</u>	<u>(94,803)</u>	<u>-</u>
7900	Profit from continuing operations before tax	3,726,843	15	4,535,223	19
7950	Less: Income tax(note 6(h))	<u>674,788</u>	<u>2</u>	<u>875,706</u>	<u>4</u>
	Profit	<u>3,052,055</u>	<u>13</u>	<u>3,659,517</u>	<u>15</u>
	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans(note 6(g))	6,850	-	(15,221)	-
8349	Income tax expense related to items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total of items that will not be reclassified subsequently to profit or loss	<u>6,850</u>	<u>-</u>	<u>(15,221)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(311,436)	(1)	(69,949)	-
8399	Income tax expense related to items that may be reclassified subsequently(note 6(h)) to profit or loss	<u>52,944</u>	<u>-</u>	<u>11,891</u>	<u>-</u>
	Total of items that may be reclassified subsequently	<u>(258,492)</u>	<u>(1)</u>	<u>(58,058)</u>	<u>-</u>
	Other comprehensive income, net of income tax	<u>(251,642)</u>	<u>(1)</u>	<u>(73,279)</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 2,800,413</u>	<u>12</u>	<u>3,586,238</u>	<u>15</u>
9750	Basic earnings per share(in dollars)(note 6(j))	<u>\$ 11.12</u>		<u>13.40</u>	
9850	Diluted earnings per share(in dollars)(note 6(j))	<u>\$ 11.12</u>		<u>13.40</u>	

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
ECLAT TEXTILE CO., LTD.
Statements of Changes in Equity
For the years ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings				Other equity		Total equity
	Common stocks	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	
Balance at January 1, 2016	\$ 2,609,874	1,289,437	1,230,078	6,432,490	7,662,568	212,450	11,774,329
Profit	-	-	-	3,659,517	3,659,517	-	3,659,517
Other comprehensive income	-	-	-	(15,221)	(15,221)	(58,058)	(73,279)
Total comprehensive income	-	-	-	3,644,296	3,644,296	(58,058)	3,586,238
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	417,378	(417,378)	-	-	-
Cash dividends to shareholders	-	-	-	(2,824,367)	(2,824,367)	-	(2,824,367)
Other changes in capital surplus:							
Issue of shares	80,000	2,480,000	-	-	-	-	2,560,000
Balance at December 31, 2016	2,689,874	3,769,437	1,647,456	6,835,041	8,482,497	154,392	15,096,200
Profit	-	-	-	3,052,055	3,052,055	-	3,052,055
Other comprehensive income	-	-	-	6,850	6,850	(258,492)	(251,642)
Total comprehensive income	-	-	-	3,058,905	3,058,905	(258,492)	2,800,413
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	365,952	(365,952)	-	-	-
Cash dividends to shareholders	-	-	-	(2,824,367)	(2,824,367)	-	(2,824,367)
Stock dividends to shareholders	53,797	-	-	(53,797)	(53,797)	-	-
Balance at December 31, 2017	\$ 2,743,671	3,769,437	2,013,408	6,649,830	8,663,238	(104,100)	15,072,246

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
ECLAT TEXTILE CO., LTD.
Statements of Cash Flows
For the years ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

	2017	2016
Cash flows from (used in) operating activities:		
Income before income tax	\$ 3,726,843	4,535,223
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	267,672	235,637
Amortization expense	12,078	9,181
Provision for bad debt expense	-	32,331
Interest expense	471	421
Interest income	(58,288)	(26,815)
Share of loss (profit) of associates accounted for using equity method	(5,797)	80,865
Gain on disposal of property, plant and equipment	(816)	(1,077)
Total adjustments to reconcile profit	215,320	330,543
Net changes in operating assets:		
Increase in notes and accounts receivable	(316,031)	(36,756)
(Increase) decrease in inventories	(871,676)	196,900
Decrease (increase) in other current assets	35,762	(35,832)
Total changes in operating assets	(1,151,945)	124,312
Net changes in operating liabilities:		
Increase (decrease) in notes and accounts payable	264,075	(23,550)
Increase (decrease) in other payable	89,890	(56,213)
Increase in other current liabilities	13,667	4,464
Increase (decrease) in net defined benefit liability	2,458	(72,548)
Total changes in operating liabilities	370,090	(147,847)
Total changes in operating assets and liabilities	(781,855)	(23,535)
Total adjustments	(566,535)	307,008
Cash inflow generated from operations	3,160,308	4,842,231
Interest received	56,140	26,815
Interest paid	(471)	(421)
Income tax paid	(760,412)	(1,053,753)
Net cash flows from operating activities	2,455,565	3,814,872
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(31,491)	(1,329,742)
Acquisition of property, plant and equipment	(3,674,702)	(48,883)
Proceeds from disposal of property, plant and equipment	1,962	7,385
Decrease (increase) in refundable deposits	623	(643)
Acquisition of intangible assets	(452)	(27,439)
Increase in prepayments for equipment	(108,883)	(196,916)
Dividends received	2,324	2,179
Net cash flows used in investing activities	(3,810,619)	(1,594,059)
Cash flows from (used in) financing activities:		
Decrease in guarantee deposits received	(1,214)	(81,399)
Cash dividends paid	(2,824,367)	(2,824,367)
Proceeds from issuing shares	-	2,560,000
Net cash flows used in financing activities	(2,825,581)	(345,766)
Net increase in cash and cash equivalents	(4,180,635)	1,875,047
Cash and cash equivalents at beginning of period	5,199,693	3,324,646
Cash and cash equivalents at end of period	\$ 1,019,058	5,199,693

Independent Auditors' Report

To the Board of Directors of ECLAT TEXTILE CO., LTD.:

Opinion

We have audited the accompanying consolidated financial statements of ECLAT TEXTILE CO., LTD. AND ITS SUBSIDIARIES (the "Group"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended December 31, 2017 and 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2017 and 2016 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group are stated as follows:

1. Revenue recognition

Please refer to note 4(n) for details of the accounting policies of the recognition of revenue and note 6(m) operating revenues.

How the matter was addressed in our audit

The shareholders and investors of the Group are the main concern in furnishing this consolidated financial report. Therefore, the assessment of revenue recognition is one of the key matters in our audit.

Our principal audit procedures included:

Understanding and testing the design and implementation of internal control over revenue recognition, inspecting the accuracy of revenue recognition, and reconciling between sales systems and general ledger to evaluate the rationality of the accounting policies implied; analyzing the Group's main sources of revenues to evaluate the adequacy of revenue recognition; analyzing the trend of revenue from different products to compare the variations between actual and budget figures; analyzing the agreements of selected customers to understand the sales terms and conditions for revenue recognition and to further inspect related transaction documents to ensure that the revenue is recorded in the appropriate period.

2. Assessment of receivables

Please refer to note 4(g) for details of the accounting policies of accounts receivable and note 6(b) for relevant disclosures of accounts receivable of the independent auditors' report.

How the matter was addressed in our audit

The economy boom of the Group is subject to seasonal effects. The average days of collection of accounts receivable is 30~60 days. The impairment loss of accounts receivable is estimated based on the historical trends of sales return and discounts, wherein the management subjectively modifies the estimated amount by considering the collection records of each customer. Therefore, the accounts receivable are the key matters in our audit.

Our principal audit procedures included:

Analyzing the aging schedule of accounts receivable, past collection records, industry boom and concentration of customers' credit risk to evaluate the rationality of the impairment loss estimated.

3. Assessment of inventories

Please refer to note 4(h) for details of the accounting policies of inventories and note 6(c) for relevant disclosures of inventories of the independent auditors' report.

How the matter was addressed in our audit

The inventories of the Group are measured at the lower of cost and net realizable value. The industry is subject to seasonal effects resulting in a risk wherein the carrying value of inventories may exceed its net realizable value. Therefore we determined the valuation of inventories was a key audit matter.

Our principal audit procedures included:

Evaluating the rationality of the inventory policies such as the policy of provision for inventory valuation and obsolescence and understanding whether the valuation of inventory was performed in accordance with the Group's policy; inspecting the inventory aging report and analyzing the trends of inventory aging; assessing the provision for inventory valuation and obsolescence including sampling and inspecting the accuracy of the inventory aging report and net realizable value of inventories; inspecting the post period sales situation and evaluating the net realizable value of measurement applied on aging inventory in order to verify the evaluation accuracy of the estimated inventory allowance by the Group; and assessing whether the disclosures of provision for inventory valuation and obsolescence were appropriate.

Other Matter

The Group has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2017 and 2016, on which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuo Hsin Yi and Chen Hsiu Lan.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2018

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
ECLAT TEXTILE CO., LTD. AND ITS SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2017</u>		<u>December 31, 2016</u>				<u>December 31, 2017</u>		<u>December 31, 2016</u>	
Assets		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:											
1100	Cash and cash equivalents(notes 6 (a)(p))	\$ 1,439,958	7	6,189,487	31	2100	Short-term borrowings(notes 6 (g)(p))	\$ 1,481,155	7	1,509,622	8
1150	Notes receivable(including related parties)(notes 6 (b)(p) and 7)	9,994	-	4,077	-	2150	Notes payable(note 6 (p))	301,660	2	343,295	2
1170	Accounts receivable, net(notes 6 (b)(p))	3,401,420	17	3,093,252	16	2170	Accounts payable(note 6 (p))	1,552,586	8	1,226,207	6
1200	Other receivables, net(notes 6 (b)(p))	16,070	-	15,642	-	2180	Accounts payable to related parties(notes 6 (p) and 7)	3,324	-	-	-
1310	Inventories, net(notes 6 (c))	4,295,782	22	3,340,601	17	2200	Other payables(notes 6 (i)(p))	1,023,675	5	934,821	5
1460	Non-current assets classified as held for sale, net(note 6 (d))	13,676	-	-	-	2230	Current tax liabilities	410,861	2	437,898	2
1470	Other current assets(notes 6(f) and 8)	<u>377,954</u>	<u>2</u>	<u>309,988</u>	<u>1</u>	2320	Long-term liabilities, current portion(notes 6 (h)(p))	-	-	66,693	-
	Total current assets	<u>9,554,854</u>	<u>48</u>	<u>12,953,047</u>	<u>65</u>	2399	Other current liabilities, others	<u>83,479</u>	<u>-</u>	<u>86,480</u>	<u>-</u>
Non-current assets:							Total current liabilities	<u>4,856,740</u>	<u>24</u>	<u>4,605,016</u>	<u>23</u>
1550	Investments accounted for using equity method, net	32,638	-	31,454	-		Non-current liabilities:				
1600	Property, plant and equipment(notes 6 (e) and 7)	9,916,705	50	6,416,816	33	2540	Long-term borrowings(notes 6 (h)(p))	-	-	30,980	-
1780	Intangible assets	24,969	-	37,889	-	2570	Deferred tax liabilities(note 6 (j))	367	-	40,297	-
1840	Deferred tax assets(note 6 (j))	60,735	-	31,537	-	2640	Net defined benefit liability, non-current(note 6 (i))	127,307	1	131,699	1
1900	Other non-current assets(note 6 (f))	<u>476,513</u>	<u>2</u>	<u>437,323</u>	<u>2</u>	2645	Guarantee deposits received	1,488	-	3,874	-
	Total non-current assets	<u>10,511,560</u>	<u>52</u>	<u>6,955,019</u>	<u>35</u>	2670	Other non-current liabilities, others	<u>8,266</u>	<u>-</u>	<u>-</u>	<u>-</u>
							Total non-current liabilities	<u>137,428</u>	<u>1</u>	<u>206,850</u>	<u>1</u>
							Total liabilities	<u>4,994,168</u>	<u>25</u>	<u>4,811,866</u>	<u>24</u>
							Equity(Note 6 (k)):				
						3110	Common stock	<u>2,743,671</u>	<u>14</u>	<u>2,689,874</u>	<u>13</u>
						3200	Capital surplus	<u>3,769,437</u>	<u>19</u>	<u>3,769,437</u>	<u>19</u>
							Retained earnings:				
						3310	Legal reserve	2,013,408	10	1,647,456	8
						3350	Unappropriated retained earnings (note 6 (j))	<u>6,649,830</u>	<u>33</u>	<u>6,835,041</u>	<u>35</u>
							Total retained earnings	<u>8,663,238</u>	<u>43</u>	<u>8,482,497</u>	<u>43</u>
						3490	Other equity, others	<u>(104,100)</u>	<u>(1)</u>	<u>154,392</u>	<u>1</u>
							Total equity	<u>15,072,246</u>	<u>75</u>	<u>15,096,200</u>	<u>76</u>
							Total liabilities and equity	<u>\$ 20,066,414</u>	<u>100</u>	<u>\$ 19,908,066</u>	<u>100</u>
	Total assets	<u>\$ 20,066,414</u>	<u>100</u>	<u>19,908,066</u>	<u>100</u>						

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
ECLAT TEXTILE CO., LTD. AND ITS SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		<u>2017</u>		<u>2016</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (notes 6 (m) 7 and 14)	\$ 24,231,970	100	24,525,694	100
5000	Operating costs (notes 6 (c)(e)(i)(n) 7 and 12)	<u>17,565,757</u>	<u>72</u>	<u>17,515,778</u>	<u>71</u>
	Gross profit from operations	<u>6,666,213</u>	<u>28</u>	<u>7,009,916</u>	<u>29</u>
	Operating expenses (notes 6(b)(e)(i)(n) 7 and 12):				
6100	Selling expenses	1,370,850	5	1,295,493	5
6200	Administrative expenses	932,978	4	860,948	4
6300	Research and development expenses	<u>163,463</u>	<u>1</u>	<u>151,902</u>	<u>1</u>
	Total operating expenses	<u>2,467,291</u>	<u>10</u>	<u>2,308,343</u>	<u>10</u>
	Net operating income	<u>4,198,922</u>	<u>18</u>	<u>4,701,573</u>	<u>19</u>
	Non-operating income and expenses (note 6 (o)):				
7010	Other income	76,776	-	43,537	-
7020	Other gains and losses, net	(480,021)	(2)	(64,916)	-
7050	Finance costs	(26,858)	-	(32,063)	-
7060	Share of (loss) profit of associates accounted for using equity method, net	<u>(6,201)</u>	<u>-</u>	<u>2,521</u>	<u>-</u>
	Total non-operating income and expenses	<u>(436,304)</u>	<u>(2)</u>	<u>(50,921)</u>	<u>-</u>
7900	Profit from continuing operations before tax	3,762,618	16	4,650,652	19
7950	Less: Income tax (note 6 (j))	<u>694,599</u>	<u>3</u>	<u>885,963</u>	<u>4</u>
	Profit from continuing operations	3,068,019	13	3,764,689	15
8100	Loss from discontinued operations (note 12(b))	<u>(15,964)</u>	<u>-</u>	<u>(105,172)</u>	<u>-</u>
8200	Profit	<u>3,052,055</u>	<u>13</u>	<u>3,659,517</u>	<u>15</u>
	Other comprehensive income:				
	Items that will not be reclassified subsequently to profit or loss				
8310	Gains (losses) on remeasurements of defined benefit plans (note 6 (h))	6,850	-	(15,221)	-
8349	Income tax expense related to items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total of items that will not be reclassified to profit or loss	<u>6,850</u>	<u>-</u>	<u>(15,221)</u>	<u>-</u>
	Items that may not be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(311,436)	(1)	(69,949)	-
8399	Income tax expense related to items that may be reclassified subsequently to profit or loss	<u>52,944</u>	<u>-</u>	<u>11,891</u>	<u>-</u>
	Total of items that may be reclassified subsequently	<u>(258,492)</u>	<u>(1)</u>	<u>(58,058)</u>	<u>-</u>
	Other comprehensive income, net of income tax	<u>(251,642)</u>	<u>(1)</u>	<u>(73,279)</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 2,800,413</u>	<u>12</u>	<u>3,586,238</u>	<u>15</u>
	Basic earnings per share (in dollars)				
	Basic earnings per share from continuing operations	\$ 11.18		13.79	
	Basic loss per share from discontinued operations	<u>(0.06)</u>		<u>(0.39)</u>	
	Total basic earnings per share	<u>\$ 11.12</u>		<u>13.40</u>	
9850	Diluted earnings per share (in dollars)				
	Diluted earnings per share from continuing operations	\$ 11.18		13.79	
	Diluted loss per share from discontinued operations	<u>(0.06)</u>		<u>(0.39)</u>	
	Total diluted earnings per share	<u>\$ 11.12</u>		<u>13.40</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
ECLAT TEXTILE CO., LTD. AND ITS SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity	Total equity
	Common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	
Balance at January 1, 2016	\$ 2,609,874	1,289,437	1,230,078	6,432,490	7,662,568	212,450	11,774,329
Profit	-	-	-	3,659,517	3,659,517	-	3,659,517
Other comprehensive income	-	-	-	(15,221)	(15,221)	(58,058)	(73,279)
Total comprehensive income	-	-	-	3,644,296	3,644,296	(58,058)	3,586,238
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	417,378	(417,378)	-	-	-
Cash dividends to shareholders	-	-	-	(2,824,367)	(2,824,367)	-	(2,824,367)
Other changes in capital surplus:							
Issue of shares	80,000	2,480,000	-	-	-	-	2,560,000
Balance at December 31, 2016	2,689,874	3,769,437	1,647,456	6,835,041	8,482,497	154,392	15,096,200
Profit	-	-	-	3,052,055	3,052,055	-	3,052,055
Other comprehensive income	-	-	-	6,850	6,850	(258,492)	(251,642)
Total comprehensive income	-	-	-	3,058,905	3,058,905	(258,492)	2,800,413
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	365,952	(365,952)	-	-	-
Cash dividends to shareholders	-	-	-	(2,824,367)	(2,824,367)	-	(2,824,367)
Stock dividends to shareholders	53,797	-	-	(53,797)	(53,797)	-	-
Balance at December 31, 2017	\$ 2,743,671	3,769,437	2,013,408	6,649,830	8,663,238	(104,100)	15,072,246

See accompanying notes to consolidated financial statements.

ECLAT TEXTILE CO., LTD. AND ITS SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2017 and 2016****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2017</u>	<u>2016</u>
Cash flows from (used in) operating activities:		
Profit from continuing operations before tax	\$ 3,762,618	4,650,652
Loss from discontinued operations before tax	(15,964)	(105,172)
Income before income tax	3,746,654	4,545,480
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	771,430	794,169
Amortization expense	14,837	15,909
Provision for bad debt expense	-	31
Interest expense	26,858	32,063
Interest income	(72,172)	(40,907)
Share of loss (profit) of associates accounted for using equity method	6,201	(2,521)
Loss on disposal of property, plant and equipment	11,593	16,722
Total adjustments to reconcile profit	<u>758,747</u>	<u>815,466</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
(Increase) in notes and accounts receivable	(314,085)	(39,264)
(Increase) decrease in inventories	(954,768)	222,833
(Increase) decrease in other current assets	(65,817)	28,605
(Increase) decrease in other financial assets	(428)	35,030
Decrease (increase) in other operating assets	46,848	(166,863)
Total changes in operating assets	<u>(1,288,250)</u>	<u>80,341</u>
Net changes in operating liabilities:		
Increase in notes and accounts payable	288,068	31,538
Increase (decrease) in other payable	88,854	(59,820)
(Decrease) increase in other current liabilities	(3,001)	3,204
Increase (Decrease) in net defined benefit liability	2,458	(72,548)
Total changes in operating liabilities	<u>376,379</u>	<u>(97,626)</u>
Total changes in operating assets and liabilities	<u>(911,871)</u>	<u>(17,285)</u>
Total adjustments	<u>(153,124)</u>	<u>798,181</u>
Cash inflow generated from operations	3,593,530	5,343,661
Interest received	70,023	40,907
Interest paid	(26,858)	(32,063)
Income tax paid	(790,765)	(1,058,120)
Net cash flows from operating activities	<u>2,845,930</u>	<u>4,294,385</u>
Cash flows from investing activities:		
Acquisition of investments accounted for using equity method	(12,144)	(19,350)
Acquisition of property, plant and equipment	(4,643,220)	(449,366)
Proceeds from disposal of property, plant and equipment	83,385	10,252
Decrease (increase) in refundable deposits	653	(303)
Acquisition of intangible assets	(2,813)	(31,953)
Increase in prepayments for equipment	(57,414)	(246,806)
Dividends received	2,324	2,179
Net cash flows used in investing activities	<u>(4,629,229)</u>	<u>(735,347)</u>
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(28,467)	(717,587)
Repayment of long-term borrowings	(97,673)	(38,091)
Decrease in guarantee deposits received	(2,386)	(81,419)
Decrease in other non-current liabilities	8,266	-
Cash dividends paid	(2,824,367)	(2,824,367)
Proceeds from issuing shares	-	2,560,000
Net cash flows used in financing activities	<u>(2,944,627)</u>	<u>(1,101,464)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(7,927)</u>	<u>70,839</u>
Net increase (decrease) in cash and cash equivalents	(4,735,853)	2,528,413
Cash and cash equivalents at beginning of period	6,189,487	3,661,074
Cash and cash equivalents at end of period	<u>\$ 1,453,634</u>	<u>6,189,487</u>
Components of cash and cash equivalents		
Cash and cash equivalents reported in the statement of financial position	\$ 1,439,958	6,189,487
Reclassification to non-current assets held for sale	13,676	-
Cash and cash equivalents at end of period	<u>\$ 1,453,634</u>	<u>6,189,487</u>

Supplement 4

PROFIT DISTRIBUTION TABLE
Year 2017

(Unit: NTD \$)

Items	Total
Beginning retained earnings	3,590,924,311
Add: Net profit after tax	3,052,055,468
Other comprehensive income	6,850,000
Distributable net profit	6,649,829,779
Distributable items:	
Less: 10% legal reserve	-305,205,547
Special reserve	-104,098,637
Cash dividend (NT\$9.5 per share)	-2,606,487,555
Unappropriated retained earnings	3,634,038,040
Notes: Distribute the retained earnings of 2017 first.	