

TOPBI INTERNATIONAL HOLDINGS LIMITED

淘帝國際控股有限公司

(the "Company")

MINUTES FOR THE ANNUAL GENERAL MEETING OF YEAR 2021

DATE : 9:00 AM ON AUGUST 5, 2021, THURSDAY

**VENUE : MEETING ROOM, 15TH FLOOR, PRIMASIA CONFERENCE & BUSINESS CENTER,
NO. 99, FUXING NORTH ROAD, SONGSHAN DISTRICT, TAIPEI CITY, TAIWAN (R.O.C)**

Shares Present: the shares present represented 60,326,959 shares and 55.35% of total 108,986,838 issued (507,000 shares excluding the number of non-voting shares stipulated in article 179 of the company law), and outstanding common shares.

Chairman: Lien, Chih Chi, Director

Recorder: Chen, Chien Wei

Attendees :

Zhou, Zhi-Hong, Chief Executive Officer (Video Conference)

Lai, Tiao Tsan, Independent Director

Chen, Chien Wei, Chief Financial Officer

Zhuang, Ling Feng, Secretary of the Board (Video Conference)

Wu, Chin Shan, Independent Director

Chen, Kuanghui, CPA of ShineWing Taiwan

HUNG, Chih-Hsun, Lawyer of Formosa Transnational

Board Members present

Lien, Chih Chi, Director

Lai, Tiao Tsan, Independent Director

1.Declaration of the Start of the Meeting:

The aggregate number of shares present in person and by proxy constituted the quorum requirement of the Memorandum and Articles of Association of the Company. The Chairman called the meeting to order.

2. Chairman's Address: Due to the epidemic control policy, Zhou Xun Cai, Chairman of Topbi company could not attend this meeting of shareholders, so I would like to entrust my representative of the board, Mr.Lien Chih Chi, to attend the meeting as chairman and chair today's meeting on behalf of him. Thank you for taking time out of your busy schedule to attend this regular meeting. Here, on behalf of all the employees of the company, I would like to express my deepest gratitude to you, thank you! Please proceed with the agenda.

3. Report Items:

The First Item

Report: The Company's Financial Year ("FY") 2020 annual business report.

Description: The Company's FY 2020 annual business report, as referenced in Appendix 1.

The Second Item

Report: Audit Committee's Review Report.

Description: The Audit Committee's Review Report, as referenced in Appendix 2.

Shareholder Number: 5100

Shareholder Name: The Securities and Futures Investors Protection Center

Speak:

1. It is reported that a shareholder has filed a lawsuit to cancel the resolution of the provisional shareholders' meeting on January 21, 110, or the resolution of the shareholders' meeting does not exist or is invalid. Please explain the lawsuit to the shareholders.

2. The stock exchange has asked you to indicate that the board of directors has performed its duty of loyalty and duty. Please explain to the shareholders whether you have issued such written statement and whether the directors have performed their duty.

3. Please write down our statement and your reply in detail in the minutes of the shareholders' meeting. Thank you.

HUNG, Chih-Hsun, Lawyer of Formosa Transnational replied:

1. We know that a person claiming to be a shareholder of the company has filed a lawsuit in Kaohsiung District Court against the company and the relevant directors to confirm the non-existence of the resolution of the provisional shareholders' meeting. However, according to the current investigation of the company, it is doubtful whether the complainant was a shareholder when the company called the provisional shareholders' meeting. Therefore, the lawsuit he filed in the Kaohsiung District Court is not in accordance with the relevant procedures. Since the plaintiff filed the lawsuit in this case, the company

has contacted the Kaohsiung District Court for many times, asking why there is no substantial progress, and the court replied that there is a problem with the plaintiff's lawsuit procedure, and the current situation is only to present the supplement. Recently, the court has notified the company that if there is a problem with the procedural requirements of the lawsuit, it can present its opinion to the court and make a formal petition. The company has reported the information to Kaohsiung District Court. If there is any follow-up progress, the company will report to the shareholders as soon as possible.

Chen, Chien Wei, Chief Financial Officer replied:

2. The company has issued a written statement that the new directors of the company, including Director Wu and Director Lai, have made suggestions to the company at the audit Committee, and have made inquiries before or after each motion of the board meeting. I believe that the directors have made great efforts to fulfill their duty of kindness and loyalty, and the company's recent operating conditions will be better and better under the leadership of General Manager.

Shareholder Number: 28941

Shareholder Name: Du Qi Yun

Speak:

1. How is the company's current legal progress against vultures?
2. Why the revenue decline in June and the future outlook?
3. The challenge of zero shareholding of directors and supervisors. If the board of supervisors wants us to feel confident, please increase the shareholding.

HUNG, Chih-Hsun, Lawyer of Formosa Transnational replied:

1. We filed a complaint at the end of last year, but due to the three-level alert of the epidemic, the investigation procedures were delayed. In addition to this case, other cases like our firm are also stalled, unless there is a video court session. but at present, the court and the district prosecutor's office still focus on physical sessions, with the exception of video sessions. I just want to say that we are waiting for the current investigation. Of course, we also hope that shareholders to believe that our determination to fight the vulture will not change. We will actively cooperate with the prosecution unit in the relevant investigation.

Zhou, Zhi-Hong, Chief Executive Officer replied:

1. I would like to thank all shareholders for attending the shareholders' meeting of Topbi during the epidemic period. As for the question, the company's financial results were examined by four accounting firms during this period. The FSC, the SECURITIES exchange Board, the stock exchange and the accountants of ShineWing, truth will be told.
2. The overall revenue in this year is higher than that of last year. Efforts are being made from company

to turn to profit situation. Our spring series and month of April are in positive margin. The revenue in June is lower than in May due to April and May are the order peak season. Children's day and Dragon Boat Festival are happened in June, so the products for the market in June is the peak season. Our products are shipped in advance. Why is the inventory level of Topbi is so high? The inventory of Topbi has been reduced to the lowest level in history. Because of the epidemic and flood in last year, many new products of this season were not shipped in time. In the second half of this year, our product gross margin must be positive, Topbi is began to change from traditional children's clothing brand to e-commerce brand in the second half of this year. The epidemic in China accelerated the transformation of Topbi from a traditional value company to e-commerce technology company, this is the change of Topbi in the future.

3. Directors and supervisors' shareholding is decided by their own economic strength. Because we've been through a lot happens in the last year, and hopefully the board will take this into consideration. The shareholding ratio of the board of supervisors will not affect our management team.

4. Proposed Resolutions

The First Item (Proposed by the Board)

Proposal: Proposed to approve the FY 2020 Business Report and Financial Statements. (**Ordinary Resoluti**

Description:

- (a) The Company's FY 2020 Financial Statements have been approved by the resolution of the Board of Directors, were audited by Ms. Chen Kuanghui and Mr. Kuo Chenyu, CPAs of ShineWing Taiwan, and submitted together with the FY 2020 Business Report to the Audit Committee for review, who issued a written audit report.
- (b) For FY 2020 Financial Statements and Business Report, please refer to Appendix 1 and Appendix 3.

Resolution: The voting result was described as below:

Shares represented at the time of voting: 60,326,959 votes

Voting Results	% of the total represented share present
Votes in favor: 58,541,547 votes (including 8,030,218 votes cast electronically)	97.04%

Votes against:	2,061 votes (including 2,061 votes cast electronically)	0.00%
Votes invalid:	0 votes (including 0 votes cast electronically)	0.00%
Votes abstained:	1,783,351 votes (including 1,428,340 votes cast electronically)	2.95%

Note: including votes cast electronically

RESOLVED, that the above proposal be and hereby approved by way of Ordinary Resolution.

The Second Item (Proposed by the Board)

Proposal: Proposed to approve the Company's FY 2020 deficit compensation. (**Ordinary Resolution**)

Description: In accordance with article 129A of the articles of association of the company, the 2020 deficit compensation table as shown in the following table.

TOPBI INTERNATIONAL HOLDINGS LIMITED

DEFICIT COMPENSATION TABLE

Financial Year 2020

Item	Total Amount	
	(Unit: NT\$)	
Un-appropriated earnings of January 1, 2020		2,444,339,691
Net Income		(2,234,697,946)
Special Capital Reserve (Reversal)	(75,234,177)	
Un-appropriated earnings after distribution		284,875,922
Note: No cash and stock dividends are planned for the current year		

Chairman: Zhou, Xun Cai Manager: Zhou, ZhiHong Accounting supervisor: Chen, Chien Wei

Resolution: The voting result was described as below:

Shares represented at the time of voting: 60,326,959 votes

Voting Results		% of the total represented share present
Votes in favor:	58,522,106 votes (Including 8,010,777 votes cast electronically)	97.00%
Votes against:	31,677 votes (Including 31,677 votes cast electronically)	0.05%
Votes invalid:	0 votes (Including 0 votes cast electronically)	0.00%
Votes abstained:	1,773,176 votes (Including 1,418,165 votes cast electronically)	2.93%

Note: including votes cast electronically

RESOLVED, that the above proposal be and hereby approved by way of Ordinary Resolution.

5. Discussion Items:

The First Item (Proposed by the Board)

Proposal: Proposal of amendment to the provisions of the “Management Measures for Lending Funds to Other Parties” of the Company. (Ordinary Resolution).

Description: To meet the needs of the operation of the company, propose to revise the management method of capital lending and others. Please refer to the comparison table of the revised provisions in appendix 4.

Resolution: The voting result was described as below:

Shares represented at the time of voting: 60,326,959 votes

Voting Results		% of the total represented share present
Votes in favor:	58,379,120 votes	96.77%

	(including 7,960,948 votes cast electronically)	
Votes against:	222,661 votes (including 129,504 votes cast electronically)	0.36%
Votes invalid:	0 votes (including 0 votes cast electronically)	0.00%
Votes abstained:	1,725,178 votes (including 1,370,167 votes cast electronically)	2.85%

Note: including votes cast electronically

RESOLVED, that the above proposal be and hereby approved by way of Special Resolution.

6. Special motion: None.

7. Adjournment

****In case of any discrepancy between the English and Chinese version of those minutes of 2020 Annual General Shareholders' Meeting of Topbi International Holdings Limited, the Chinese version shall prevail.**



Chairman

Lien, Chih Chi



Recorder

Chen, Chien Wei

【Attachment 1】

TOPBI INTERNATIONAL HOLDINGS LIMITED

2020 Annual Business Report

1. Operating results for 2020

(a) Implementation results of last year's plan

Since the epidemic in 2020, the consumer industry has been confronted with unprecedented challenges and crises. In particular, the optional consumer goods, which are mainly sold by offline channels, the impact is particularly significant especially the clothing industry. The major adverse environment has a serious impact on the company's operation, mainly from the following aspects:

First, the COVID-19 epidemic has led to profound changes in the garment market at home and abroad. The business environment of enterprises is extremely severe and complex, with increasing uncertainties, and the pressure of the company's production and operation is suddenly increased. Continued weakness in the domestic garment market, high cost of manufacturing raw materials, sluggish growth of wholesale and retail prices, inventory growth, discounted shipments and other factors have resulted in a severe compression of the company's profit margin, which has significantly increased the operating pressure of the company.

Second, under the influence of factors such as sluggish demand in the international market, escalating trade friction between China and the United States, and increasingly fierce market competition, China's garment export has decreased significantly. The adjustment of international market structure and domestic regional layout is accelerated. a large number of children's wear enterprises selling abroad turn to domestic market, which further intensifies the competition in the domestic children's wear market and lower the price of end products, leading to price competition in the market.

Third, the epidemic has accelerated the transformation of children's wear consumption to online channels, so that major challenge facing by traditional offline wholesale and retail enterprises. The new retail model puts forward higher requirements for the integration and reform of the sales and supply side of enterprises, and channel transformation and upgrading has become the only way for enterprises to overcome the difficulties. The company's online channel layout is relatively insufficient, and it is difficult to adjust in the process of responding to the market channel reform.

Fourth, although the COVID-19 epidemic has been alleviated after the summer of 2020, the floods at the south regional came suddenly and spread in 24 provinces, the damage is comparable to the flood in 1988. Moreover, the disaster ravaged areas are mostly major market with booming

sales of Topbi. Planning to reconstruction of the market after end of the flood, but the second wave of the epidemic once again in autumn and winter season, the market at home and abroad into a panic mood, the performance of the Topbi’s agents worse.

In conclusion, in the face of the complex under severe market challenges, the company to avoid backlog of inventory, make greater efforts to clear the goods for the agent of shipping discount and lead to decline in the sales gross margin, caused the company operating performance in 2020 has a big recession, compared with 2019 revenue of 2.808 billion yuan, a 60.83% decline in 2019.

(b) Implementation of the budget

The company's 2020 annual budget has ensured that the funds are used according to the planned purposes, and the company's fixed assets procurement, various marketing expenses and intangible assets expenditure are strictly carried out in accordance with the internal control procedures. The expenses are slightly reduced due to the impact of the epidemic, and the budget implementation is still in good condition.

(c) Financial revenue and expenditure and profitability analysis

In terms of financial performance, the company's consolidated revenue in 2020 was NT\$2.808 billion, declined 60.83 percent from its consolidated revenue of NT\$7.170 billion in 2019; Net loss after tax for 2020 was NT\$2.235 billion, declined 296.92 percent from NT\$1.135 million net profit after tax in 2019; Earnings per share after tax for 2020 was a loss of NT\$20.44. (see table below).

Analyze project		Year	2020	2019	Increase (decrease) ratio (%)
Profit and loss analysis	Operating income (Thousand yuan)		2,808,383	7,169,864	-60.83
	Operating margin (Thousand yuan)		-1,357,552	2,802,906	-148.43
	After-tax profit (Thousand yuan)		-2,234,698	1,134,819	-296.92
Profitability	Net profit rate (%)		-79.57%	15.83%	-602.65
	EPS (yuan)		-20.44	12.01	-270.19

(d) Research and development

The epidemic in 2020 will have a significant impact on the company's business. The company will increase investment in product research and development, in addition to keeping up with the

changes of 5G technology to the garment industry, and continuing to study the seamless integration of supply chain and sales end, so as to realize flexible production and smart sales. As a children's clothing enterprise, in order to better protect children from bacteria and viruses, spend a safe and healthy childhood, the company will pay more attention to the results of the market related new antibacterial fabrics. At the same time with Minjiang College, Fuzhou University Arts and Technology Institute and Jiangxi Institute of Clothing and other institutions of higher learning close cooperation, investment in the research of healthy antibacterial new materials, the application of new technology in the field of children's wear, so that enhance children's wear with antibacterial ability, improve the safety of children's wear products in the face of uncertain pollution environment, but also improve the degree of technological innovation of children's wear to a certain extent, and create more differentiated advantages for the company's children's wear products.

2. A summary of the business plan for 2020

(a) The company's current business policy

In 2020, the epidemic, flood and trade frictions between China and US will have a great impact on the domestic macro economy, and the growth rate of people' consumption will begin to slow down, and the consumption power will be significantly reduced. Through the investigation of the clothing industry, many brands of children's wear for autumn and winter 2020 are overstocked in stores. According to public information reports, many well-known clothing brands are in a desperate situation. The sales of international clothing brands such as C&A and Forever 21 are miserable. There are many news such as withdrawing from the China market, continuing losses in performance and large-scale store closures. Reflects the weak economic environment at the beginning of 2021 and the competition situation of children's wear industry in 2021 will become more complicated.

- i. Not only relying on big brands, 1980's and 1990's parents are very concern about the safety, comfort and style of children's clothes. In particular, the post-90s children's wear consumer group will become the consumer mainstream of the children's wear market and the new generation of mothers reflects the following characteristics: not sensitive to the price, high requirements for fashion and comfort. Therefore, the new generation of children's wear market consumers put forward higher requirements for the design and development of children's wear products of the company.
- ii. Famous children's clothing accelerated expansion, domestic adult clothing brands began to compete for children's clothing market. Adult clothing brands have taken advantage of existing advertising to occupy mainstream channels of department stores and street shops in the first and second tier cities and form a greater competitive pressure on the publicity of traditional children's wear brands. The company's agent stores are mainly department

stores and community stores. The brand awareness and reputation of the company are slightly lower than that of the well-known adult clothes. Therefore, it is necessary to strengthen the response to the competitive brands and future market changes.

- iii. Before the epidemic, fast fashion clothing brands gradually began to upgrade due to the consumption upgrading of the market, which had forced the clothing industry to transform online. However, this epidemic accelerated this process. In the era of digital prevalence, the rapid development of the Internet economy and the constant changes in consumer demands have made traditional retail channels increasingly fragmented, and enterprises have to face the continuous challenges of Internet and consumption scenarios and diversified demands.

In this situation, the company carefully examined its own strengths and weaknesses and business conditions, and determined the business policy for 2021 as follows: Strengthen the transformation of online channels, improve product quality and value, maintain brand awareness and reputation, improve the efficiency of warehousing and logistics, assist agents to improve the turnover rate of core stores, improve the profit level of agents, promote the benign return of funds, and ensure the steady development of the enterprise.

(b) Expected sales volume and basis

The epidemic COVID-19 in 2020 has brought an unprecedented trouble to the children's wear industry. According to scout's research data show that the total sales of children's clothing in this year may shrink by 45% (about 80 billion yuan) affected by the epidemic. It was thought that with the gradual disappearance of the national epidemic, the business of stores would improve, but the market continued to be depressed, consumer purchasing power showed a declining trend, agents did not dare to open stores to purchase goods, market confidence is seriously insufficient. Many clothing brands have closed a large number of stores due to the epidemic, and their performance has been significantly impacted. Nike, Puma, Levi's, Columbia, Muji and others closed more than 50% of their stores. Adidas's sales in China have plunged 85% since the 2020 Chinese New Year. Old Navy, part of the Gap Group, announced it was pulling out of the market altogether on March 1. Even though the impact of the epidemic is gradually fading, it will have a lasting impact on the clothing industry. With the change of consumers' shopping mode, the business of children's wear relying on offline experience sales will be more difficult. Therefore, 2021 business expectations of the company are remaining cautious attitude, is expected to take a conservative development trend in this year, according to the market conditions to appropriately adjust the business strategy.

(c) Important production and marketing policies

1. Strengthen the diversified transformation of channels and strive for a greater breakthrough in online channels

Starting from 2021, the company will more actively layout the online retail market. Since the epidemic, leading domestic clothing brands have made rapid responses to channel changes, seized

the opportunity of consumers' mobile terminal time greatly increased to develop online retail, and actively carried out sales business. Some domestic brands use WeChat member special show, small program distribution, live broadcast and other forms to boost online channels, which greatly reduces the impact of the sluggish offline channels on performance. In the past two years, the rapidly rising short video platform has also brought more chances to online channels. Some children's wear brands have entered various short video platforms to realize multi-dimensional interaction with consumers. Under the influence of the epidemic, the residential economy has accelerated the growth of the content of short videos. Some clothing brands, following the development opportunity, have launched various short video platforms to interact with consumers in a multi-dimensional way and build emotional connections. For example, a domestic clothing brand released a video on Douyin, promising that "clothes" would be safe in the face of the epidemic. It shows the brand's full preparation in the epidemic period and it strengthens consumers' trust in the brand and converts traffic into sales through social networking platforms. Therefore, in this year, the company will seek diversified development of online channels, actively try different online platforms, and strive to explore the way of rapid response in the channel change period.

2. Promote brand diversification of Topbi and Enhance product quality and value

Affected by the epidemic, the launch date of Mini Topb has been postponed continuously due to the continuous failure of the flexible supply chain to meet the standards. However, under the epidemic situation, the clothing industry's sales channel accelerated to the online transformation proved that the company's strategy is correct. In the future, the company will still accelerate the construction of MINI TOPBI brand and accelerate the launch of products. In the process of synchronizing the development of the entity brand TOPBI and the e-commerce MINI TOPBI, the company will realize the realization of multiple brands to perform their duties and do not interfere with each other online and offline. By refining product categories, the company will fill the market segments. To complete the shopping experience to help Topbi development in the next decade. The company will further enhance the quality value of online and offline dual brand products, healthy, antibacterial and other new fabrics to enhance the Topbi product technological innovation degree, ensure Topbi brand safety, environmental protection, healthy, comfort and other multiple connotations, truly enhance the quality value of Topbi products.

3. Continue to reform the logistics system and improve the efficiency of Topbi's warehousing and logistics.

In the future, the company will accelerate to build a new omni-channel retail model based on online channels. Therefore, in order to adapt to the requirements of online channels on the logistics system, the company will continue to promote the e-commerce industrial park project in this year. Due to the epidemic, the replacement of the company's online and offline agents are increased. In the future there will be more powerful online or offline agents to join, it is bound to be a great test

for logistics warehousing and distribution. The wisdom of warehousing and logistics plays an important role in improving the efficiency of the supply chain, shortening the material distribution and circulation cycle in the process of product processing, and speeding up the market response. It is also regarded by more and more enterprises as one of the core competitiveness in the future. Therefore, the company will continue to promote the construction of warehousing and logistics system in east China, build Topbi e-commerce logistics industrial park, shorten the distribution time of logistics in the national market, and reduce costs.

(d) Affected by external competition environment, regulatory environment and overall operating environment

At present, China has more than 10,000 children's clothing enterprises, and industrial clusters are mainly distributed in Guangdong, Zhejiang, Fujian and other places. The brand of children's wear industry in China started late. From the perspective of industry cycle, the industry is still in the growth stage, and it is the most important growth force of the clothing industry. In recent years, the market size of the industry has achieved rapid expansion. From 2015 to 2019, the compound growth rate of the market size of China's children's wear industry reached 14.32%. In 2020, the scale of the industry affected by the epidemic will decline. Although the epidemic has hit the industry hard, but it has given new business opportunities to the industry. In the future, consumers will pay more attention to children's wear products that have special effects in terms of health and functionality. Therefore, there will be considerable growth opportunities in children's health clothing industry, functional clothing industry and child protective equipment. During the epidemic period, the intelligent application of data linked by digital technology was extended to the garment supply chain, manufacturing, research and development and other links, promoting the digital and intelligent collective upgrading of China's garment industry. Online and offline multi-channel integrated marketing to promote the application of intelligent wearable clothing. To deepen brand culture and improve brand awareness is a major direction for the revitalization of the industry. But at the same time, the grasp of industrial business opportunities and to the final results need a longer period of market operation and keep up with the market changes. Therefore, in the post-epidemic era, the company will continue to make efforts in the direction of channel reform, product improvement, brand strengthening and other directions, actively seek new driving forces for enterprise growth, and create greater value for shareholders.

Chairman : Zhou, Xun Cai

CEO : Zhou, Zhi-Hong

CFO : Chen, Chien Wei

【Attachment 2】

Topbi International Holdings Limited

Audit Committee's Review Report

The Board of Directors has prepared and submitted the business report and consolidated financial statements of the company for the year of 2020, in which the consolidated financial statements have been audited by authorized accountants Chen Kuanghui and Kuo Chenyu behalf of ShineWing CPAs and review report is accordingly issued. The above business reports and consolidated financial statements have been examined and deemed as fairly presented by Audit Committee. This Review Report is duly submitted in accordance with Article 14, section 4 of the Securities and Exchange Act and Article 219 of the Company Act. Submission for perusal.

Topbi International Holdings Limited

Convenor of the Audit Committee: Lai Tiao Tsan

Date: April 23, 2021

Topbi International Holdings Limited

Audit Committee's Review Report

The Board of Directors has prepared and submitted the proposal on deficit compensation for the year 2020. The above proposal on deficit compensation have been examined and deemed as fairly presented by Audit Committee. This proposal on deficit compensation is duly submitted in accordance with Article 14, section 4 of the Securities and Exchange Act and Article 219 of the Company Act. Submission for perusal.

Topbi International Holdings Limited

Convenor of the Audit Committee: Lai Tiao Tsan

Date: May 13, 2021

Independent Auditors' Report

TOPBI International Holdings Limited Company

Opinion

We have audited the accompanying consolidated balance sheets of TOPBI International Holdings Limited Company (the "Company") and its subsidiaries (collectively referred as the "Group") as of December 31, 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the **Independent auditors' responsibilities for the audit of the consolidated financial statements** section of our report. We are independent of the Group in accordance with the Code of professional Ethics for Certificate Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with this Code. Based on our audits, we believe that our audits provide a reasonable basis for our opinion.

Independent Auditors' Report (Continued)

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, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters. We determined the key audit matters should be communicated in our audit report are as follows:

Evaluation of cash and cash equivalents

Please refer to Note 4(6) to the consolidated financial statements for the accounting policies of evaluation of cash and cash equivalents; and please refer to Note 6(1) to the consolidated financial statements for the details description of cash and cash equivalents accounts.

As of December 31, 2020, the balances of cash and cash equivalents of the Group is \$2,247,551 thousand, accounting for 39% of the total consolidated assets, due to the significant proportion of balances and the inherent risks; we therefore considered the cash and cash equivalents as the key audit matters for the year.

Our audit procedures included, but are not limited to, obtaining the list of bank deposits balances in the account of the Group, and verifying them to the bank statements; checking the receipt and payment vouchers of major cash and cash equivalents transaction; to check all bank confirmations whether it matches the bank deposit balance in the account, and check whether there are restrictions on bank deposits.

Independent Auditors' Report (Continued)

Revenue recognition

Please refer to Note 4(23) to the consolidated financial statements for the accounting policies of revenue recognition; and please refer to Note 6(21) to the consolidated financial statements for the details description of revenue.

The main operating income of the Group is the sale of its private label children clothing. The Group mainly fulfill the performance obligations at the point of time when the goods are delivered, and the sales revenue will be recognized at that point of time. As of December 31, 2020, the portion of operating income which are outstanding for collection as the key audit matter for the year.

The audit procedures performed by us include the understanding of recognition process of sales revenue transaction of the Group, and the assessment of whether the revenue recognition meets the requirements of the International Financial Reporting Standard No. 15 "Revenue from Contracts with Customer"; and execute the test whether the relevant control points of the sales and collection cycle are valid; obtain the sales details and check the general ledger, and select the vouchers of relevant sales transaction; obtain the audit confirmation letter and review the subsequent collection of payment after balance sheet date, in order to confirm whether there are major abnormalities in sales revenue.

Other matters

The Group's consolidated financial statements for the year ended December 31, 2019 were audited by other auditors and the Independent Auditors' Report was issued on March 30, 2020 with an unqualified opinion.

Independent Auditors' Report (Continued)

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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 charges with governance, including members of the Audit Committee, are responsible for overseeing the Group's financial reporting process.

Independent auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards 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.

Independent Auditors' Report (Continued)

As part of an audit in accordance with the generally accepted auditing standards, 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 risks of not detecting a material misstatement resulting from fraud is higher than for the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of internal controls 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 controls.
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 going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern.

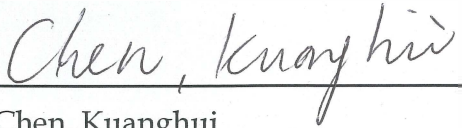
Independent Auditors' Report (Continued)

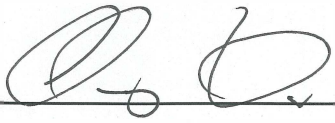
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the footnote disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentations.
6. Obtain sufficient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

We communicate with those charged with governance regarding 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 relationship 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, 2020 and are therefore the key audit matters. We describe these matters in our 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.


Chen, Kuanghui


Kuo, Chenyu

For and on behalf of ShineWing CPAs

April 23, 2021

Taipei, Taiwan

Republic of China

Notice to Readers

The accompanying consolidated financial statements are not intended to present the financial position, results of financial operations and cash flows in accordance with accounting principles and practice generally accepted in countries and jurisdictions other than the Republic of China. The standard, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, ShineWing CPAs cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TOPBI International Holdings Limited Company and Subsidiaries

Consolidated balance sheets

December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

Assets	<u>Notes</u>	December 31,			
		2020	%	2019	%
<i>Current assets</i>					
Cash and cash equivalents	6.(1)	\$ 2,247,551	39	\$ 1,056,966	13
Financial assets at fair value through profit or loss - current	6.(2)	-	-	2,385,637	29
Financial assets at amortized cost - current	6.(3)	1,575,720	27	1,506,750	19
Accounts receivable, net	6.(4)	1,081,264	19	2,569,995	32
Other receivables	6.(5)	26,586	-	9,790	-
Current income tax assets		21,152	-	-	-
Inventories	6.(6)	21,230	-	48,866	1
Prepayments	6.(11)	251,691	5	177	-
Other current assets		755	-	700	-
		5,225,949	90	7,578,881	94
<i>Non-current assets</i>					
Financial assets at amortized cost – non - current	6.(3)	-	-	9,010	-
Property, plant and equipment	6.(7)	256,292	5	279,093	3
Right-of-use asset	6.(8)	202,077	3	204,528	3
Deferred tax assets	6.(27)	117,041	2	6,909	-
Refundable deposits	6.(11)	219	-	215	-
		575,629	10	499,755	6
Total assets		\$ 5,801,578	100	\$ 8,078,636	100

(Continued on next page)

TOPBI International Holdings Limited Company and Subsidiaries

Consolidated balance sheets

December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

(Continued from previous page)

Liabilities and equity	Notes	December 31,			
		2020	%	2019	%
<i>Current liabilities</i>					
Short-term borrowings		\$ 393,315	7	\$ 276,104	4
Accounts payable	6.(14), 7	1,511,043	26	1,469,359	18
Other payables	6.(15)	11,874	2	143,354	2
Other payables to related parties		7,954	-	354	-
Current tax liabilities	6.(22)	-	-	133,881	2
Current lease liabilities	6.(13)	-	-	45,049	-
Other current liabilities		5	-	4	-
		<u>2,025,191</u>	<u>35</u>	<u>2,068,105</u>	<u>26</u>
<i>Non-current liabilities</i>					
Long-term borrowings	6.(13)	-	-	45,049	-
Deferred tax liabilities	6.(27)	298,384	5	293,476	4
Deposits received		1,542	-	2,765	-
		<u>299,926</u>	<u>5</u>	<u>341,290</u>	<u>4</u>
Total liabilities		<u>2,325,117</u>	<u>40</u>	<u>2,409,395</u>	<u>30</u>
<i>Equity attributable to shareholders of the parent</i>					
Ordinary shares	6.(17)	1,094,938	19	949,553	12
Capital surplus	6.(18)	1,520,022	26	1,520,022	19
Retained earnings:	6.(19)				
Legal reserve		593,778	10	480,296	6
Special reserve		536,182	9	322,542	4
Unappropriated earnings		209,642	4	2,933,011	36
Other equity interest	6.(20)	(460,949)	(8)	(536,183)	(7)
Treasury shares		(17,152)	-	-	-
Total equity		<u>3,476,461</u>	<u>60</u>	<u>5,669,241</u>	<u>70</u>
Total liabilities and equity		<u>\$ 5,801,578</u>	<u>100</u>	<u>\$ 8,078,636</u>	<u>100</u>

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

TOPBI International Holdings Limited Company and Subsidiaries

Consolidated statement of comprehensive income

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

	Notes	For the year ended December 31,			
		2020	%	2019	%
Revenue	6.(21)	\$ 2,808,383	100	\$ 7,169,864	100
Cost of revenue	6.(6)	(4,165,935)	(148)	(4,366,958)	(61)
Gross profit (loss)		(1,357,552)	(48)	2,802,906	39
Operating expenses					
Selling expenses	6.(24)	(847,674)	(30)	(999,171)	(14)
General & administrative expenses	6.(24)	(139,875)	(5)	(162,906)	(2)
Research and development expenses	6.(24)	(85,899)	(3)	(86,373)	(1)
		(1,073,448)	(38)	(1,248,450)	(17)
Profit (loss) from operations		(2,431,000)	(86)	1,554,456	22
Non-operating income and expenses					
Other income	6.(22)	64,942	2	81,002	1
Other gains and losses	6.(23)	77,381	3	(40,476)	(1)
Finance costs	6.(26)	(9,489)	-	(38,358)	-
		132,834	5	2,168	-
Profit (loss) before income tax		(2,298,166)	(81)	1,556,624	22
Income tax expenses	6.(27)	63,468	2	(421,805)	(6)
Net profit (loss) for the year		(2,234,698)	(79)	1,134,819	16
Other comprehensive income (loss)					
Component of other comprehensive income that will not be reclassified to profit or loss					
Exchange differences arising on translation to the presentation currency		75,234	2	(213,642)	(3)
Income tax expenses related to components that will not be reclassified to profit or loss		-	-	-	-
Total other comprehensive income (loss) for the year		75,234	2	(213,642)	(3)
Total comprehensive income (loss) for the year		(2,159,464)	(77)	921,177	13
Net income (loss) attributable to shareholders of the parent		(\$ 2,234,698)	(79)	\$ 1,134,819	16
Total comprehensive income (loss) attributable to shareholders of the parent		(\$ 2,159,464)	(77)	\$ 921,177	13
Earnings (loss) per share (In New Taiwan dollars)	6.(28)				
Basic earnings (loss) per share		(\$ 20.44)		\$ 12.01	

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

TOPBI International Holdings Limited Company and Subsidiaries

Consolidated statement of changes in equity

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

Equity attributable to shareholders of the parent

	Retained earnings					Other equity interest	Treasury Shares	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations		
Balance, January 1, 2019	\$ 826,451	\$ 1,517,887	\$ 384,933	\$ 226,909	\$ 2,307,804	(\$ 322,541)	(\$ 35,165)	\$ 4,969,278
Appropriation of prior year's earnings:								
Legal reserve	-	-	95,363	-	(95,363)	-	-	-
Special capital reserve	-	-	-	95,633	(95,633)	-	-	-
Cash dividends	-	-	-	-	(258,514)	-	(258,514)	-
Share dividends	123,102	-	-	-	(123,102)	-	-	-
Buy-back of treasury shares	-	-	-	-	-	-	(12,894)	(12,894)
Exercise of employee share options	-	-	-	-	-	-	48,059	48,059
Transfer of treasury shares to employee compensation costs	-	2,135	-	-	-	-	-	2,135
	<u>949,553</u>	<u>1,520,022</u>	<u>480,296</u>	<u>322,542</u>	<u>1,798,192</u>	<u>(322,541)</u>	<u>-</u>	<u>4,748,064</u>
Net profit for the year	-	-	-	-	1,134,819	-	-	1,134,819
Other comprehensive income (loss) for the year	-	-	-	-	-	(213,642)	-	(213,642)
Total other comprehensive income (loss) for the year	-	-	-	-	1,134,819	(213,642)	-	921,177
Balance, December 31, 2019	949,553	1,520,022	480,296	322,542	2,933,011	(536,183)	-	5,669,241
Appropriation of prior year's earnings:								
Legal reserve	-	-	113,482	-	(113,482)	-	-	-
Special capital reserve	-	-	-	213,640	(213,640)	-	-	-
Cash dividends	-	-	-	-	(16,164)	-	(16,164)	-
Share dividends	145,385	-	-	-	(145,385)	-	-	-
Buy-back of treasury shares	-	-	-	-	-	-	(17,152)	(17,152)
	<u>1,094,938</u>	<u>1,520,022</u>	<u>593,778</u>	<u>536,182</u>	<u>2,444,340</u>	<u>(536,183)</u>	<u>(17,152)</u>	<u>5,635,925</u>
Net loss for the year	-	-	-	-	(2,234,698)	-	-	(2,234,698)
Other comprehensive income (loss) for the year	-	-	-	-	-	75,234	-	75,234
Total other comprehensive income (loss) for the year	-	-	-	-	(2,234,698)	75,234	-	(2,159,464)
Balance, December 31, 2020	<u>\$ 1,094,938</u>	<u>\$ 1,520,022</u>	<u>\$ 593,778</u>	<u>\$ 536,182</u>	<u>\$ 209,642</u>	<u>(\$ 460,949)</u>	<u>(\$ 17,152)</u>	<u>\$ 3,476,461</u>

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

TOPBI International Holdings Limited Company and Subsidiaries

Consolidated statement of cash flows

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

	For the year ended December 31,	
	2020	2019
Cash flows from operating activities		
Income before (loss) income tax for the year	(\$ 2,298,166)	\$ 1,556,624
Adjustments for:		
Income and expenses having no effect on cash flows		
Depreciation	26,921	28,634
Amortization expenses	-	3,210
Gain on financial assets at fair value through profit or loss	(62,384)	(18,581)
Allowance of inventory for decline in market value and obsolescence	35,114	5,642
Interest expense	9,489	38,358
Interest income	(35,308)	(34,620)
Compensation cost of share-based payments	-	2,135
Impairment loss on other intangible assets	-	14,298
Loss on disposal of property, plant and equipment	6,145	-
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	1,488,731	(123,181)
Decrease (increase) in other receivables	59	(16)
Increase in inventories	(7,478)	(4,433)
Increase in prepayments	(251,514)	-
Increase other current assets	(55)	(32)
Increase in accounts payable	41,684	48,507
Decrease in other payables	(23,497)	(3,024)
Increase in other current liabilities	1	1
Cash (used in) generated from operations	(1,070,258)	1,513,522
Income taxes paid	(196,789)	(365,593)
Net cash (used in) generated from operating activities	(1,267,047)	1,147,929

(Continued on next page)

TOPBI International Holdings Limited Company and Subsidiaries

Consolidated statement of cash flows

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

(Continued from previous page)

	For the year ended December 31,	
	2020	2019
Cash flows from investing activities		
Acquisition of financial assets at amortized cost	(1,562,760)	(1,574,559)
Proceed from sale of financial assets at amortized cost	1,528,435	1,296,880
Proceed from sales (acquisition) of financial assets at fair value through profit or loss	2,467,970	(2,459,600)
Acquisition of property, plant and equipment	-	(23)
Interest received	18,453	24,932
Net cash generated from (used in) investing activities	2,452,098	(2,712,370)
Cash flows from financing activities		
Increase in short-term borrowings	401,481	479,918
Repayments of short-term borrowings	(70,737)	(1,580,393)
Repayments of long-term borrowings	(87,690)	-
Decrease guarantee deposits received	(1,259)	-
Payment of cash dividend	(16,164)	(258,514)
Exercise of employee share options	-	48,059
Payments for buy-back of treasury shares	(17,152)	(12,894)
Interest paid	(8,872)	(49,507)
Net cash generated from (used in) financing activities	199,607	(1,373,331)
Effect of exchange rate changes on cash and cash equivalents	(194,073)	(12,101)
(Decrease) increase in cash and cash equivalents	1,190,585	(2,949,873)
Cash and cash equivalents at beginning of year	1,056,966	4,006,839
Cash and cash equivalents at end of year	\$ 2,247,551	\$ 1,056,966

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

【Attachement 4】

Topbi International Holdings Limited

Comparison Table for the Amendment to Management Measures for Lending Funds to Other Parties

Amended Articles	Current Articles	Explanations
<p>Article 1</p> <p>The net value referred to in these rules refers <u>to the company's latest financial report which has been audited (reviewed) by an accountant or the net value (whichever is the most recent) of the consolidated financial statements of the most recent incorporation of the company into the ultimate parent company, Topbi International Holdings Limited, as audited by the accountant.</u></p> <p><u>"Loan and enterprise" means an enterprise that lends funds.</u></p>	<p>Article 1</p> <p>The term "net value" as used in these measures means the equity vested in the owner of the parent company in the balance sheet provided for in the financial reporting standards of the securities issuer.</p>	<p>According to Article 3, Item 1, and the Q&A set of the criteria for the treatment of the capital loan and endorsement guarantee of the public offering company, the provisions of the net value and the loan and the enterprise are defined</p>
<p>Article 3</p> <p>The limitation of this article shall not apply to foreign companies that directly or indirectly hold 100% of the voting shares of the company, or foreign companies that directly or indirectly hold 100% of the voting shares of the company, to engage in capital lending of the company. However, the limit of the total amount of funds and individual targets shall not exceed <u>200%</u> of the net value of the company.</p>	<p>Article 3</p> <p>The limitation of this article shall not apply to foreign companies that directly or indirectly hold 100% of the voting shares of the company, or foreign companies that directly or indirectly hold 100% of the voting shares of the company, to engage in capital lending of the company. However, the limit of the total amount of funds and individual targets shall not exceed <u>100%</u> of the net value of the company.</p>	<p>Due to the business development of the company, the relevant quota needs to be adjusted.</p>