

2022 ANNUAL REPORT

淘帝國際控股有限公司
TOPBI INTERNATAIONAL HOLDINGS LIMITED



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12 May 2023

Title	Name	Nationality	Main Experiences
Chairman	Zhou Xun Cai	Hong Kong	Chairman of TOPBI International Holdings Limited
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Independent Director	Wu Chin Shan	Taiwan	Division Director of Taiwan Life Insurance Enterprise Financing Associate Professor of Department of Finance, Tamkang University
Independent Director	Lai Tiao Tsan	Taiwan	Chairman of Shanghai Taiwei Medical Equipment Co. LTD Chairman of Hong Kong Zhuo Hang International Holding Limited President of China Industrial and Economic Development Association
Independent Director	Chen DongSheng	China	Dean of Min Jiang University, Fashion and Arts Engineering College Director of Min Jiang University, Textile and Apparel Research Institute Vice President of Jiangxi Institute of Fashion Technology General Manager of New Asia Construction & Development Corp.

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Accounting firm : ShineWing Taiwan

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7. Places where the overseas securities are listed and traded and the way to inquire about the overseas securities information: None

8. Company website : <http://www.topbi.com.tw/>

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I. Letter to shareholders

Dear shareholders,

Thank you for coming to our company's annual general meeting in 2023. The annual operating performance of 2022 and the business plan for 2023 are summarized as follows:

1. Operating performance in 2022

(1) Implementation results of the last year's plan

In 2022, the economic operation pressure of China's garment industry has increased significantly because of the influence of risk factors such as weak demand in China's foreign market, high cost of raw materials, and more complicated foreign trade environment, the economic operation pressure of China's garment industry increased significantly, and the overall development trend showed a sustained slowdown. At the end of the year, as the national epidemic prevention policy was optimized and relaxed and residents in most areas gradually entered the stage of virus infection, the production and marketing cycle gradually recovered. However, the market demand did not improve significantly, and the indexes of production, domestic sales and benefits of the garment industry continued to decline.

According to the National Bureau of Statistics from January to December 2022, the retail sales of apparel products of units above designated size in China totaled 922.26 billion yuan, decrease 7.7% year on year, and the growth rate was 21.9 percentage points lower than the same period in 2021. Sales in physical stores declined significantly. According to the statistics of the China National Commercial Information Center, from January to December, the retail sales and volume of clothing of large retail enterprises in the country decreased by 14.79% and 18.61% respectively compared with the same period last year. Online clothing retail grew steadily, with growing by 3.5% year-on-year from January to December. According to the data of the National Bureau of Statistics, from January to December, there were 13,219 enterprises above designated size (annual main business income of 20 million yuan or above) in China's garment industry, with operating income of 1,453.889 billion yuan, down by 4.56% year-on-year; The total profit was 76.382 billion yuan, down 6.34 percent year-on-year. The loss of the industry expands, and the operation efficiency slows down. From January to December, the loss ratio of enterprises above designated size in the garment industry reached 19.37%, 2.52 percentage points higher than the same period in 2021, and the loss ratio of loss-making enterprises increased by 12.46%

year-on-year. In 2022, the Company adopted the business strategy of "seeking progress while maintaining stability, saving money", assisted all agents to transform online channels, fully developed Pin-Duo Duo, Wechat Mall and Tmall Taobao and other e-commerce platforms, and completed the asset replacement of Maoshan Industrial Park and Topbi Tower, basically achieving the annual business target. The Company gradually improved its operating performance in 2022, compared with a simultaneous decline in revenue and profit in 2020 and 2021.

(2) Implementation of the budget

The company's 2022 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.

(3) The financial revenues and expenditures and profitability analysis

In terms of financial performance, the company's consolidated revenue in 2022 was NT\$2546 billion, a 14.1% decrease from its consolidated revenue of NT \$2,964 million for 2021. rise 5.54 percent from its consolidated revenue of NT\$2.808 billion in 2020; Net profit after tax for 2022 was NT\$133 billion, declined 118.94% from a net loss of NT\$700 million in 2021; Earnings per share after tax for 2022 was NT\$1.22. (see table below).

Analysis of the project		Year		Increase (decrease) ratio (%)
		2022	2021	
Profit and loss analysis	Operating income (thousand)	2,546,156	2,963,906	-14.1%
	Operating margin (thousand)	292,883	-220,712	232.70%
	After-tax profit (thousand)	132,767	-700,818	118.94%
Profitability	Net profit rate (%)	5.21%	-23.65%	122.03%
	EPS (NT)	1.22	-6.43	118.97%

(4) Research and development status

Affected by the rebound of the epidemic in China in 2022 and the increasingly complicated international political and economic environment, China's garment industry has been faced with major challenges such as periodic stop-work and production in some regions, poor logistics operation, high and rising raw material prices, and the production and business environment is not optimistic. In order to cope with market risks, the company has continued to firmly study the relevant technologies of e-commerce channels since the epidemic. With academic institutions and commercial institutions such as Minjiang University, Fuzhou University, Hangzhou Kualang Network Technology Co., LTD., and Fujian Lebaishi Culture Media Co., LTD., were conducted research on the impact of new media economic formats such as live broadcast economy on clothing sales and explored channel integration and development under the new business environment. In addition, the company's R & D center keeps cooperating with suppliers to study the flexible supply chain system, so as to achieve "flexible" supply chain manufacturing, and achieve controllable process, flexible manufacturing, reliable price and reliable quality. In the product research and development link, the company has been for many years to study the antibacterial fabric in the application of new products. At present, some antibacterial fabric products have achieved better market performance. In the post-epidemic era, the company will continue to cooperate with Minjiang University, Art Institute of Fuzhou University, Jiangxi Institute of Fashion Technology and other scientific research institutions to study the application direction of various new healthy antibacterial materials. To use the latest antibacterial technology in the field of children's wear, for the company's children's wear products into the core competitiveness.

2. A summary of the business plan for 2023

(1) Business objectives

In 2023, the company believes that the customer flow of the clothing retail market is expected to recover, and the consumption environment is expected to show a positive trend of change. As the epidemic prevention and control has been fully lifted, local governments have introduced policies to boost consumption. A series of measures are expected to improve the consumption environment. According to agents and market research, although consumer confidence still fluctuates at present, looking back to the SARS period in 2003, consumer confidence also declined significantly from April to May due to the widespread epidemic.

Subsequently, consumer confidence steadily increased and recovered with the effective control of the epidemic. Therefore, the company believes that the current downturn in consumer willingness and confidence will be followed by consumers' future income expectations to stabilize, consumer confidence is expected to show a slow recovery. Therefore, seizing the opportunity is the important issue of the company in 2023 to stand out in the industry. The company believes that after years of development, China's children's wear industry has entered the stage of fine development with the overall clothing industry, which is dominated by internal circulation, and the growth rate is relatively slow. In the early stage, excess production capacity, uncertain demand market, inefficient and unstable production quality have caused great pressure on poorly operated small and medium-sized enterprises, forcing garment enterprises to promote intellectualization and digitalization and develop into online channels. Enterprises with low intellectualization level and imperfect digitalization system will be quickly integrated or eliminated. China's decentralized competition pattern is evolving into a multi-point and multi-level competition pattern. Therefore, faced with the above operational, the company has been thinking about accelerating the digital transformation.

At present, like other competitors in the children's wear industry in China, although the company does not have a long business chain, it is very fragmented with a large number of SKUs and in the past era of mass production, it is difficult to cope with the epidemic and other sudden disasters, planning failure, production mistakes, resulting in a sharp increase in inventory pressure, delayed channel response, and even negative impact on the company's revenue and profit. Therefore, it is necessary to build a production mode of "rapid response and flexible manufacturing". At the front end, digital transformation and large-scale collaboration of the traditional supply chain system are carried out, and at the back end, online channels are fully transformed to embrace new economic formats such as live streaming economy. Only in this way can we have a chance to break through the difficulties.

(2) Expected sales volume and basis

The epidemic has caused severe impact and great pressure on the production, sales, industrial chain and supply chain of the garment industry in the past three years. However, it is believed that China's children's wear market will return to the track of rapid growth in the post-epidemic era, driven by positive factors such as consumption upgrading, the rise of the new middle class and the national policy of supporting childbirth and reducing the burden of family

rearing. The company will continue to strengthen product research and development and brand building, increase online marketing and channel expansion, and increase the construction of e-commerce live broadcasting business and community private domain. The company plans to rely on the Internet, through the deep integration of "online services, offline experience and modern logistics", to achieve a comprehensive upgrade of the production, circulation and sales process of commodities. In the future, in terms of sales channels, the company can not only rely on stores to display products, provide more convenient sales, and compensate online traffic, but also obtain sales data to guide production through the e-commerce channels of agents. Therefore, the company is cautiously optimistic about the business sales forecast in 2023. It is expected to continue to adopt the business strategy of "seeking progress in stability, saving money", fully rely on the market data feedbacks from agents to guide the production of orders, and at the same time, continue to steadily increase the shipping price to ensure the gross profit, and strive to achieve double growth of revenue and profit compared with 2022.

(3) Important production and marketing policies

(a) Strengthen agents' transformation into online e-commerce sales

In the post-epidemic era, contactless consumption has further promoted the mature development of online consumption in China, with online consumption channels and diversified forms of e-commerce. Live streaming e-commerce and social e-commerce are very strong. According to data from China's Ministry of Commerce, the total online retail sales of clothing, shoes, hats and textiles in China have been increasing from 2016 to 2021. In 2021, China's total online retail sales of clothing, shoes, hats and textiles reached 2.84 trillion yuan, up 8.3 percent year on year. Throughout China's clothing retail market, with the digital age, the popularity of the Internet, consumer lifestyle changes, clothing retail enterprises also undergo changes in the business strategy. Compared with a few years ago, when general merchandise retailing was the dominant form of business, technological innovation is combined with materials, logistics, brand communication, sales mode and other aspects, constantly updating the connotation of clothing brands in today's clothing market. The innovation of brand and business form has become the key point in the era of brand great development, and digitalization and comprehensiveness are the important direction of business form development in the future. In order to achieve the medium - and long-term strategic goals of the company, the management team will continue to strengthen the transformation of agents into online e-commerce channels, the strategic layout of more platforms, the introduction of various service resources,

synchronously toward the flexible development of multiple online sales platforms, including wechat member special, live broadcast, short video platforms, etc., to help agents enhance good interaction with consumers, improve brand adhesion.

(b) Continue to reform the logistics system and improve the efficiency of Topbi's warehousing and logistics

At present, the clothing industry has entered the era of Internet and information, and the clothing retail has changed from the traditional retail centered on enterprises to the new retail centered on consumers. In this process, logistics, design, production and sales, has become one of the most important business systems of garment enterprises. With the help of efficient logistics systems to accelerate product distribution and improve warehousing efficiency, it has become a common understanding of garment enterprises. As the Group continues to deepen its new retail layout, the construction of warehousing and logistics systems in East China is urgently required. Among them, the Topbi E-commerce Industrial Park project is still the most important goal. To upgrade the logistics and warehousing system, the company plans to introduce automated warehousing and logistics design and improve the order, purchase, shipment and financial management through the ERP system. The Smart Warehouse Logistics Park will also adopt the modern logistics management mode of integrated information, procurement, transportation, warehousing and other logistics activities to build a powerful logistics distribution system to support the group's growing operations. After acquiring Toprich Industrial Park in 2022, Topbi is plan to make full use of the park's independent planning right, give full play to the architectural advantages and support the booming business environment to rebuild the new "Topbi E-commerce Headquarters building", so as to create a good platform for Topbi to develop its e-commerce business, to introduce more talents and realize the corporate plan, enhance share price performance and create long-term value for shareholders.

(c) Introduce new media and new economic businesses, including live streaming e-commerce

Facing the booming new media and new economy business in China, the Company will introduce it in the process of expanding e-commerce business at the right time and strive to develop new media business including live streaming to become a new driving force to

accelerate Topbi's business. At this stage, the Company will use the influence of the live broadcast team in Internet channels and the ability to produce Internet content to enhance brand awareness of the Group's products. In the future, the live streaming team can match the actual needs of the group, start the live streaming business of Topbi goods, accelerate channel realization, and truly realize the common development of the new media and new economy team and Topbi.

(d) Management reform supply chain flexible

With the rapid rise of light fashion style, the increasingly diversified demand of end consumers, the accelerated of trend iteration, and the trend of fragmentation of orders oriented by major e-commerce platforms have spawned the demand for flexible supply mode. The flexibility of supply chain refers to the ability of supply chain to adapt to the change of market demand, it refers to the ability of the whole supply chain system to respond to the change of customer demand. To adapt to this changing trend, the company will do its best to promote the "flexible" manufacturing of the supply chain, so as to achieve a controllable process, flexible manufacturing, reliable price and reliable quality, and retain 15%-20% of the flexibility of the product design of the season. Currently, the fastest time from research and development production to sales can be shortened to four weeks, and the company will launch the fashionable children's wear products of the season with a high average unit price contribute to the overall profitability.

3. The company's future development strategy

The main four points mentioned above: 1. Strengthen agents to transform online e-commerce sales; 2. Continue to deepen the reform of logistics system and improve the efficiency of Taodi warehousing logistics; 3. Introduce new media and new economic businesses including live streaming e-commerce; 4. Supply chain flexible management reform.

4. The impact of the external competition environment, regulatory environment and macroeconomic conditions

Considering the changes of China's retail data in the context of repeated COVID-19 outbreaks from 2020 to 2022, the data of social retail are greatly affected by the spread of COVID-19 and the prevention and control policies, and the sensitivity of clothing brands is significantly higher than the average level of social retail. The emergence of COVID-19 from January to April 2020, the country introduced the policy of dividing close contacts and

quarantine control to restrict the development of the COVID-19 epidemic, which affected the fluctuation of China's social retail. From January to April 2020, the social retail decreased by 16.2%, and the retail sales of clothing decreased by 29.0%. The decrease range is significantly higher than the average level of social retail sales, which is greatly affected. From then until the second half of 2021, the COVID-19 epidemic recurred in China, which had a certain impact on China's retail industry, especially the clothing industry, and the retail growth rate decreased month-on-month. Since March 2022, with the further recurrence of the COVID-19 epidemic, China's consumer industry has been greatly affected. The annual retail sales data are in a downward trend. From January to November 2022, China's social retail sales decreased by 0.1%, and clothing retail sales decreased by 5.8%. Apparel retail is highly correlated with COVID-19 and policies, and the decline and recovery elasticity of apparel retail sales is higher than that of the overall social retail. Looking forward to the future, with the comprehensive control policies of the COVID-19 epidemic, the clothing industry is expected to usher in a great elasticity of repair, and the elasticity is expected to be higher than the overall growth rate of social retail. At this point, we predict that clothing retail will officially enter the improvement cycle in 2023Q2. Therefore, the company will continue to implement the general work tone of "stability is the top priority, seeking progress while maintaining stability", actively implement the operating principle of "increase income and reduce expenditure", implement channel transformation, introduce new economy and accelerate the development strategy of e-commerce and logistics park, and create greater value for shareholders.

From Chairman Zhou Xun Cai

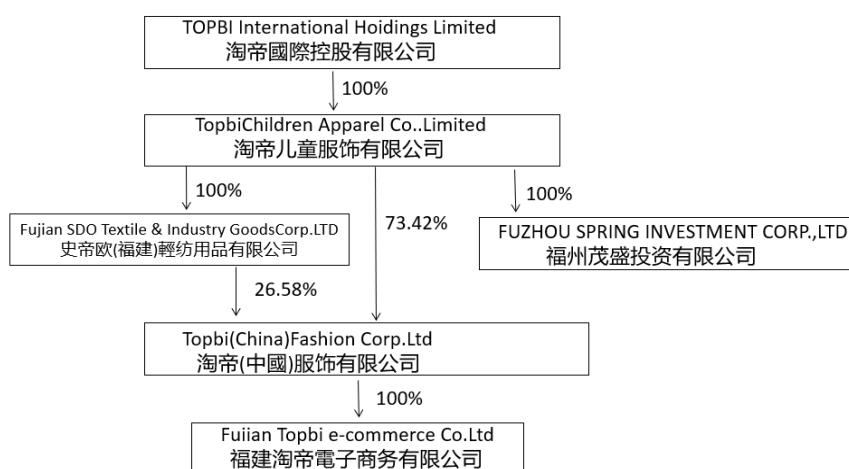
II. Corporate Profile

1. Establishment date and group profile

- (1) TOPBI International Holdings Limited (hereinafter called "the company", "the group" or "TOPBI International company" established on October 3, 2012, in the British Cayman Islands, and completed the restructuring of the group in the fourth quarter. Our important investments are TOPBI Children Apparel Co., Limited, Fujian SDO Textile & Industry Goods Corp., Limited, TOPBI (China) Fashion Co., Limited, Fujian Shengrenda Medical Technology Co., Limited, Fujian Topbi E-commerce Co., Limited, and Fuzhou Spring Investment Corp., Limited. TOPBI Children Apparel Co., Limited is the main operating entity of the group, while the remaining re-investment companies are the investment holding company. Fujian Shengrenda Medical Technology Co., Limited is mainly engaged in the production and sales of medical devices and medical supplies. Since its establishment in 2020, there has been no sales activity and the cancellation of registration was completed with the approval of the local government on February 9, 2022. Fujian Topbi E-commerce Co., Ltd. is mainly engaged in online sales of children's brand clothing. Since its establishment in 2021, there has been no sales activity. Fuzhou Spring Investment Corp., Limited is mainly engaged in investment real estate leasing activities. The rest are investment holding companies.
- (2) The group is mainly engaged in the design of children's clothing from 1 to 16 years old and its sales target is the agents in China. The company has set up sales point in 13 provinces and 2 municipalities under the central government in China through 18 agents and targeted to Chinese consumers. In addition to maintaining long-term and stable cooperation with agents, the company also keeps abreast of the latest development direction and fashion trends of the market, and designs products with both fashion concepts and consumer demands. The management team of the company has rich experience in the children's clothing industry. Since its establishment, with the help of the high-quality management team, the company has been recognized as one of the top ten children's clothing brands in China by the China clothing association, which helps the company in business development and has a considerable competitive advantage and market position in the industry.
- (3) Risk Analysis: Please refer to the section 7 item 6 of this annual report.

(4) Group structure:

December 31, 2022



2. Company History

Annual	Important notes on the evolution of the company and the group
February 2004	Fuzhou Topbi Clothing Co. LTD was registered and established (Fuzhou Topbi Company)
September 2005	FUJIAN SDO TEXTILE & INDUSTRY GOODS CORP., LTD was registered and established (SDO Company)
October 2007	The change of the business scope of Fuzhou Topbi (from "production and processing of various clothing products" to "production and processing of all kinds of clothing products, TOPBI clothing products franchising")
December 2007	Obtain the product quality award of Fuzhou city by the people's government of Fuzhou city
March 2010	"TOPBI" brand was awarded the second "top ten children's clothing brand" issued by the China apparel association.
February 2011	TOPBI Children Apparel Co., Limited was registered and established (Hong Kong Topbi Company)
December 2011	TOPBI graphics trademark was appraised by Fujian provincial administration of industry and commerce as "famous trademark of Fujian province"
October 2012	Topbi International Holdings Limited was registered and established (Topbi International Company)

October 2012	TOPBI international company has acquired 100% of the Hong Kong TOPBI company by issuing new shares in exchange for equity
November 2012	Obtained by the ministry of industry and information technology and the China textile industry association as the "key tracking and cultivation of Chinese clothing home textile independent brand enterprises."
December 2012	The company's equity restructuring registration completed
May 2013	"TOPBI" brand has been awarded the 3rd "China's top 10 children's clothing brands" by the China apparel association.
December 2013	TOPBI international company successfully listed in Taiwan
January 2014	The total investment of TOPBI in Fuzhou increased from RMB 63 million to RMB 180 million
March 2014	"TOPBI" brand was awarded the "best visual merchandise award" by the organizing committee of China international garment fair
July 2014	Name changed from Fuzhou Topbi Clothing Co. LTD to Topbi (China) Fashion Corp., LTD. (Topbi China Company)
October 2015	The "TOPBI" brand has won the award of "excellence" in China's national garment quality supervision and inspection center
November 2015	TOPBI was awarded the top 200 list of small and medium sized enterprises in Asia in 2015
January 2016	"TOPBI" brand was awarded the top 10 babies clothing brand in 2015
March 2016	"TOPBI" brand was awarded the 4th "China's top 10 children's wear brand" by the Chinese apparel association
December 2016	"TOPBI" brand has been awarded the title of independent brand enterprise of apparel home textile in 2016
January 2017	"TOPBI" brand has won the "national children's clothing industry quality benchmark enterprise" issued by the Chinese apparel association.
November 2017	"TOPBI" brand has won the "Evaluation certificate of integrated management system of two industries" issued by China classification society quality certification company.
March 2018	"TOPBI" brand through the provincial department of industry and information technology provincial integration of key projects identified.
November 2018	"TOPBI" brand won the title of "Independent brand enterprise of clothing and home textile" in 2018.

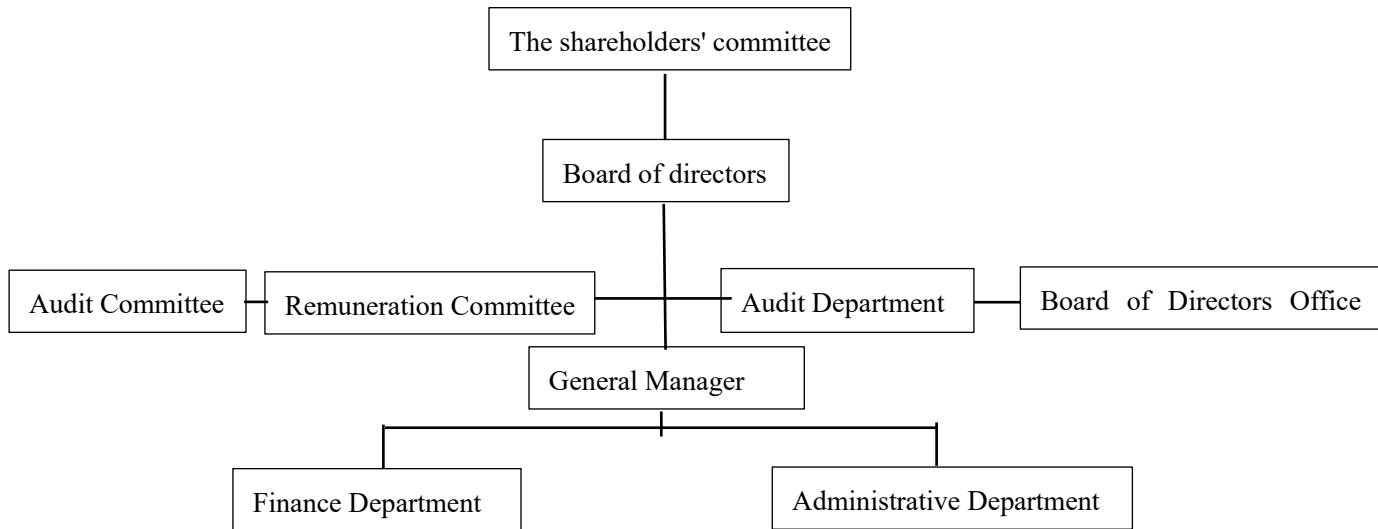
May 2019	"TOPBI" brand was awarded "Advanced Private Enterprise" by FuJian branch of Agricultural Development Bank of China.
July 2019	"TOPBI" brand was awarded the title of "2018 top 100 enterprises in China's garment industry" by China Garment Association.
October 2020	"TOPBI" brand was awarded the title of "Star Service Sponsor of the 3rd Digital China Construction Summit" by the Organizing Committee of Digital China Construction Summit.
November 2020	"TOPBI" brand was awarded the title of "China Pregnancy, Infant and Child Brand Quality Strength List" issued by China National Textile and Textile Industry Council.
November 2020	Fujian Shengrenda Medical Technology Co., Limited was registered and established (Fujian Shengrenda)
September 2021	Fujian Topbi E-commerce Co., Limited was registered and established (Topbi E-commerce)
February 2022	Fujian Shengrenda Medical Technology Co., Limited was cancellation of registration (Fujian Shengrenda)
September 2022	Acquired 100% equity of Fuzhou Spring Investment Corp., Limited

III. Corporate Governance Report

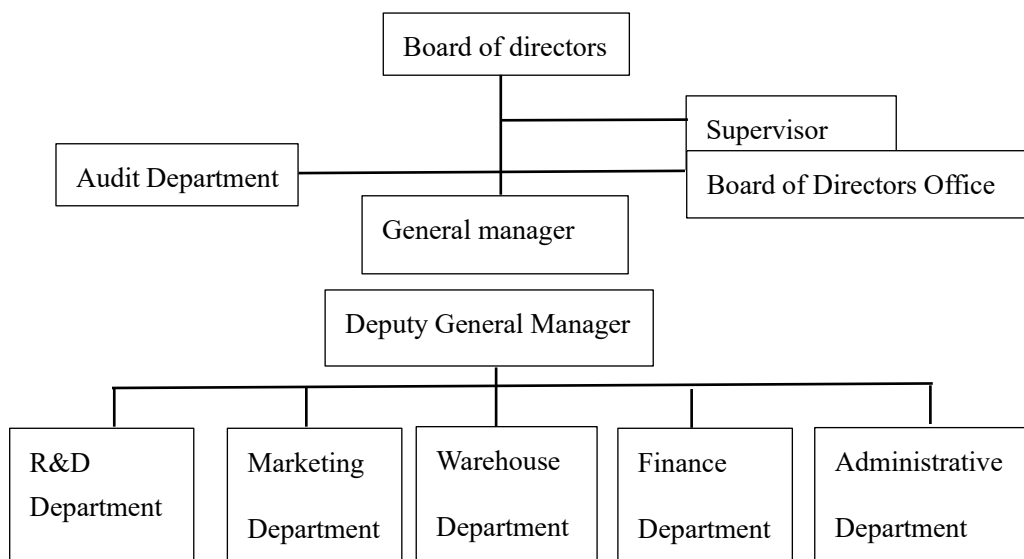
1. Organization

(1) Organizational Chart

Organization Chart of TOPBI International Company



Organization Chart of Topbi China Company



(2) Major Corporate Functions

Company	Department	Responsibilities
Topbi International Holdings Limited	Audit Division	To oversee the audits of the audit and internal controls, and track the progress
	Board of Directors Office	Assist management to implement projects
	Administrative Dept.	Handle group general affairs
	Finance Dept.	To deal with the company's investment and fund scheduling issues, and to coordinate the group's external statements to provide the the right information to investors
TOPBI (China) Fashion Corp., Ltd.	Marketing Dept.	Duty of product sales, customer service, marketing, industry trend analysis, market information collection, competitor's analysis. To maintain a clear and efficient distribution system, to cooperate with the overall marketing campaign and to achieve the strategic objective
	Administration Dept.	To deal with the general affairs, information technology and related matters, and to formulate employee standards and incentives, improving the overall employee standards
	Research and Development Division	Design related products according to market research and search for fashionable trends; Production of samples, unique designs and relevant fabric development, and to provide technical data on outsourced production
	Warehouse Dept.	Handle the company's turnover, inventory and other related matters. Warehouse planning, reasonable utilization of warehouse and various resources to make all kinds of materials appropriate and reasonable. Inventory and management of stock of all types of

		material, and provide accurate inventory data for production purchase and marketing departments
	Finance Dept.	Establish cost budget, accounting and control system and compile financial decision report. Participate in all economic activities of the company, participate in the operation and management of the company, and be responsible for daily accounting, tax declaration and financial management of the company

2. Information of directors, supervisors and management team:

(1) Information of directors and supervisors

(a) Name, education and major experience, current shareholding of directors

May 12, 2023; Unit: thousand shares

Title	Nationality	Name	Gender	Date elected	Term (Years)	Initial selection date	Shareholding when elected		Current shareholding		Spouse and minor share holding		Shareholding by nominee arrangement		Experience (Education)	Other Position	Executives, directors or supervisors who have a spouse or other relationship		
							Share	%	Share	%	Share	%	Share	%			Title	Name	Relationship
Chairman	Hong Kong	Zhou Xun Cai	Male	2021.1.21	3 years	2013.3.8	Note 1	Note 1	Note 1	Note 1	-	-	-	-	College of Foreign Trade, Beijing University of International Business and Economics Chairman of Children's Wear Committee of China National Garment Association President of Taiwan Association of Enterprises	Chairman of Topbi International Holdings LTD Chairman of Topbi (China) Fashion Corp., LTD Chairman of Hong Kong Toprich Corp., Holdings Limited Chairman of TOPBI Children Apparel Co., Limited Chairman of Fujian SDO Textile & Industry Goods Corp., Limited	-	-	-
Director	Taiwan	Lien Chih Chi	Male	2021.1.21	3 years	2021.1.21	-	-	-	-	-	-	-	-	Major in International Trade, Chinese Culture University Vice President of Overseas Business Division, Zord Trade (Shanghai) Co., Ltd Deputy General Manager of Liang Jeng Industrial Co.,Ltd	Supervisor of trade of Taiwan Toprich International Ltd	-	-	-

Independent Director	China	Chen Dongsheng	Male	2021.1.21	3 years	2013.3.8	-	-	-	-	-	-	-	-	Doctor of Engineering, China Textile University Dean of College of Fashion and Art Engineering, Minjiang University Director of Institute of Textile and Garment, Minjiang University	Vice President of Jiangxi Institute of Fashion Technology	-	-	-
Independent Director	Taiwan	Wu Chin Shan	Male	2021.1.21	3 years	2021.1.21	-	-	-	-	-	-	-	-	Ph.D., of Finance, Tamkang University EMBA of National Taiwan University Division Director of Taiwan Life Insurance Enterprise Financing	Associate Professor, Department of Finance, Tamkang University	-	-	-
Independent Director	Taiwan	Lai Tiao Tsan	Male	2021.1.21	3 years	2021.1.21	-	-	-	-	-	-	-	-	Doctor of Finance, Southwestern University of Finance and Economics Chairman of Shanghai Taiwei Medical Equipment Co. LTD	Chairman of Hong Kong Zhuo Hang International Holding Limited President of China Industrial and Economic Development Association General Manager of New Asia Construction & Development Corp.	-	-	-

Note 1: Zhou Xun Cai has a stake in the company through Topwealth International Holdings Limited, and the shares of the company were 16,061 thousand shares, and the shareholding ratio was 14.66%.

- (b) The main shareholder of the corporate shareholder: The directors of the company are not the representative of the legal person, so it is not applicable.
- (c) The major shareholders are the main shareholders of the legal person: The directors of the company are not the representative of the legal person, so it is not applicable.
- (d) The professional qualifications and independent information disclosure of directors :

Criteria Name	Professional Qualification and Work Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Zhou Xun Cai	Served as the chairman of the board of directors of the company since its establishment and has nearly 30 years of experience in the trade field, specializing in board leadership experience, operation and management, financial and accounting business experience. There was no violation of Article 30 of the Company Act.	Not Available	-
Lien Chih Chi	Expertise in board leadership experience, operation and management experience. There was no violation of Article 30 of the Company Act.		-

Chen DongSheng	Expertise in board leadership experience, operation and management experience. There was no violation of Article 30 of the Company Act.	<p>The independent directors of the Company have met the following independence requirements under the Securities and Exchange Act:</p> <ul style="list-style-type: none"> • Not an employee of the company or any of its affiliates. • Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. • Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. • Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs. 	-
Wu Chin Shan	Expertise in board leadership experience, operation and management, financial expertise, and work experience of the board members of other publicly issued companies. There was no violation of Article 30 of the Company Act.	<ul style="list-style-type: none"> • Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. • If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. 	-
Lai Tiao Tsan	Expertise in board leadership experience, operation and management, accounting expertise, and work experience of the board members of other publicly issued companies. There was no violation of	<ul style="list-style-type: none"> • If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. • Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company. 	-

	Article 30 of the Company Act.	<ul style="list-style-type: none"> • Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations. • Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company. • Not having any of the situations set forth in Article 30 of the Company Act of the ROC. • Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the ROC 	
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(e) Board diversity and independence

1. Board diversity:

In accordance with the company's policy of diversity, strengthening corporate governance and promoting the sound composition and structure of the board of directors, the company shall adopt the candidate nomination system in accordance with the provisions of the Articles of Association. Evaluate the candidates' academic qualifications and work experiences, measure their professional background, credibility, or relevant professional qualifications, and submit them to the shareholders' meeting for election after passing the resolution of the board of directors. The composition of the board of directors shall not exceed one third of the total number of directors who are also managers of the company, and shall formulate appropriate diversification policies for its own operation, business type and development needs, including but not limited to the following:

- A. Basic qualifications and values: sex, age, nationality, and culture.
- B. Professional knowledge and skills: Operational judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international market view, leadership, and decision-making skills.

Title	Name	Basic Composition				Industry Background				Professional knowledge and skills					
		Nationality	Sex	Age		Accounting	Industry	Law	Business	Operational Judgment	Management ability	Leadership and decision making ability	Crisis management capability	Industry knowledge	International market view
				40~50 Years	60~70 Years										
Director	Zhou Xun Cai	Hong Kong	Male		v		v		v	v	v	v	v	v	v
	Lien Chih Chi	Taiwan	Male	v			v		v	v	v	v	v	v	v
Independent Director	Chen DongSheng	China	Male		v		v		v	v	v	v	v	v	v
	Wu Chin Shan	Taiwan	Male		v	v	v		v	v	v	v	v	v	v
	Lai Tiao Tsan	Taiwan	Male		v	v	v		v	v	v	v	v	v	v

2. Board independence:

The company has a total of 5 directors, among which 3 are independent directors, accounting for 60% of the total number of directors. All the directors of the company are not related to each other by spouse or second relative, and if the matters of the board meeting involve the interests of the directors, the directors will avoid the discussion and voting of the proposal, so as to ensure the independent and objective performance of the board of directors. The board of directors of the Company is independent (please refer to page 18 of this Annual Report - The professional qualifications and independent information disclosure of directors). The education, sex and work experience of each director (please refer to page 16-17 of this annual Report - Directors' information)

(2) Information of management team

May 12, 2023; Unit: thousand shares

Title	Name	Gender	Nationality	Date of election	Current shareholding		Spouse and minor shareholding		Shareholding by nominee arrangement		Experience (Education)	Other Position	A manager with a spouse or a close relationship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Managing Director of Topbi International	Zhou ZhiHong	Male	China	2016.03	—	—	—	—	—	—	MBA of Nanchang University Vice President of Bailide Group Co. Ltd Managing Director of Bailide Youth Clothing Co., LTD	Managing Director of Topbi (China) Fashion Corp., Ltd. Director of Topbi (China) Fashion Corp., Ltd. Chairman and Managing Director of Fujian Topbi E-commerce Co., LTD	—	—	—
Director of Administration Department of Topbi International	Wu DongFeng	Female	China	2006.06	—	—	—	—	—	—	Major in Administrative management, Sanming Junior College Assistant of General Manager of Fujian Teknik Group Co., LTD Manager of human resources department, Fujian Toprich Group Co., LTD	Director of Administration Department of Topbi (China) Fashion Corp., Ltd. Vice President of Fujian Toprich Group Co., LTD	—	—	—
CFO of Topbi International	Chen Chien Wei	Male	Taiwan	2020.11	—	—	—	—	—	—	Major in Agricultural Economics, Taiwan University Leader of Group of Deloitte & Touche Taiwan Deputy Director of the Audit Office of Tripod Technology Corporation Audit Supervisor of Topbi International	General Manager of Taiwan Toprich International Holdings Limited	—	—	—
Audit Supervisor of Topbi International	Jiang Ming	Male	China	2020.11	—	—	—	—	—	—	Major in Social Work and Management, Fuzhou University Internal Audit of Topbi (China) Fashion Corp., Ltd	Supervisor of Fujian Topbi E-commerce Co., LTD	—	—	—
Director of Finance Department of Topbi (China) Fashion Corp., Ltd.	Cheng Zhang Tao	Male	Hong Kong	2019.08	—	—	—	—	—	—	Major in International Finance, Wuhan University MBA, Fuzhou University	—	—	—	—

Title	Name	Gender	Nationality	Date of election	Current shareholding		Spouse and minor shareholding		Shareholding by nominee arrangement		Experience (Education)	Other Position	A manager with a spouse or a close relationship					
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship			
											Director of Financial Center of Topbi (China) Fashion Corp., Ltd CFO of General Nice Resources (HK) Limited Public Secretary and CFO of Fuzhou Wangcheng Food Development Co., LTD							
Director of R&D Department of Topbi (China) Fashion Corp., Ltd.	Guan YouJin	Male	China	2004.02	—	—	—	—	—	—	Major in Fashion Design and Engineering, Nanchang University Production Manager of Fuzhou Rongshengmei Textile Clothing Co., LTD.	—	—	—				
Director of Marketing Department of Topbi (China) Fashion Corp., Ltd.	Lin, Yong	Male	China	2007.01	—	—	—	—	—	—	Major in Mathematics Computer Network, Fuzhou University Regional Manager of Feimaotui (Fujian) Electronics Co., LTD	—	—	—				
Director of Warehouse Department of Topbi (China) Fashion Corp., Ltd.	Yang Wen	Female	China	2004.02	—	—	—	—	—	—	Major in Logistics Management, Minjiang Vocational University Brand Deputy Manager of Fujian Toprich Group Co., LTD	—	—	—				
Board Secretary of Topbi (China) Fashion Corp., Ltd. And Head of corporate governance	Zhuang, LingFeng	Male	China	2016.1	—	—	—	—	—	—	Major in Administrative Management, Fuzhou University Office Manager of the Board of Directors of Topbi (China) Fashion Corp., Ltd	Director of Topbi (China) Fashion Corp., Ltd Director of Fujian SDO Textile & Industry Goods Corp., Limited Vice chairman of Fujian Topbi E-commerce Co., Ltd	—	—	—			

3. Remuneration of Directors, Independent Directors, Supervisors, President, and Vice Presidents

(1) Payment of remuneration for directors and supervisors in the recent year

(a) Remuneration of Directors and Independent Director

Unit: NT \$ (thousand)

Title	Name	Directors remuneration								The total amount of A, B, C and D accounts for the ratio of net profit after tax		Remuneration of part-time employees						The total amount of items A, B, C, D, E, F and G accounts for the ratio of net profit after tax		Whether or not to receive remuneration from outside the subsidiary			
		Remuneration (A)		Retirement pension (B)		Director's remuneration (C)		Business implementation expense (D)				Salaries, bonuses and special payments (E)		Retirement pension (F)		Employee compensation (G)							
		Our company	All companies in the financial report	Our company	All companies in the financial report	Our company	All companies in the financial report	Our company	All companies in the financial report	Our company	All companies in the financial report	Our company	All companies in the financial report	Cash bonus	Stock dividend amt	Cash bonus	Stock dividend amt	Our company	All companies in the financial report				
Director	Zhou Xun Cai (Chairman)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	Lien Chih Chi	322	322	-	-	-	-	15	15	337	337	0.25%	0.25%	-	-	-	-	-	-	-	-		
Independent Director	Chen DongSheng	536	536	-	-	-	-	-	-	536	536	0.40%	0.40%	-	-	-	-	-	-	536	536	0.40%	0.40%
	Wu Chin Shan	536	536	-	-	-	-	15	15	551	551	0.42%	0.42%	-	-	-	-	-	-	551	551	0.42%	0.42%
	Lai Tiao Tsan	536	536	-	-	-	-	15	15	551	551	0.42%	0.42%	-	-	-	-	-	-	551	551	0.42%	0.42%
<ul style="list-style-type: none"> Please state the remuneration policy, system and standard of independent directors, and state the correlation between the remuneration amount and the responsibility, risk, investment time and other factors: The remuneration conditions of independent directors are consistent. Remuneration received by directors of the company for services rendered in the most recent year (e.g., as an adviser to the parent company/to all companies listed in the financial reports/to subventures other than employees) except as disclosed in the table above: None. 																							

(b) Remuneration of Supervisor: The company sets up the audit committee, so it does not apply.

(2) Remuneration of general manager and deputy general manager

Unit: NT \$ (thousand)

Title	Name	Salary (A)		Retirement pension (B)		Bonus and special fees and so on (C)		Employee compensation (D)				Total amount of such items as A, B, C and D is the proportion of net profit after tax (%)		Whether or not to receive remuneration from outside the subsidiary.
		Our company	All companies in the financial report	Our company	All companies in the financial report	Our company	All companies in the financial report	Our company		All companies in the financial report		Our company	All companies in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Zhou ZhiHong	-	5,121	-	-	-	425	-	-	-	-	-	5,546 4.18%	-

Name of the manager who appoints the remuneration for the employees and the assignment status:

The company does not distribute employee remuneration

(3) Remuneration of the Top Five Executives of Company

Unit: NT \$ (thousand)

Title	Name	Salary (A)		Retirement pension (B)		Bonus and special fees and so on (C)		Employee compensation (D)				Total amount of such items as A, B, C and D is the proportion of net profit after tax (%)		Whether or not to receive remuneration from outside the subsidiary.
		Our company	All companies in the financial report	Our company	All companies in the financial report	Our company	All companies in the financial report	Our company		All companies in the financial report		Our company	All companies in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Zhou ZhiHong	-	5,121	-	-	-	425	-	-	-	-	-	5,546 4.18%	-
Director of Administration Dept. of Topbi International	Wu DongFeng	-	1,924	-	-	-	158	-	-	-	-	-	2,082 1.57%	-
Director of Warehouse Dept. of Topbi (China) Fashion Corp., Ltd.	Yang Wen	-	1,924	-	-	-	158	-	-	-	-	-	2,082 1.57%	-
Director of R&D Dept. of Topbi (China) Fashion Corp., Ltd.	Guan YouJin	-	1,924	-	-	-	158	-	-	-	-	-	2,082 1.57%	-
Director of Marketing Dept of Topbi (China) Fashion Corp., Ltd.	Lin, Yong	-	1,924	-	-	-	158	-	-	-	-	-	2,082 1.57%	-

(4) Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents.

(a) The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, president, and vice presidents of the Company, to the net income:

Unit : NT\$ (thousand)

Project	2021				2022			
	The company		Consolidated		The company		Consolidated	
	Amount	%	Amount	%	Amount	%	Amount	%
Director	1,924	-0.27	1,924	-0.27	1,975	1.49	1,975	1.49
General Manager & Deputy General Manager	—	—	6,136	-0.88	—	—	5,546	4.18
After-tax profit	-700,818	100.00	-700,818	100.00	132,767	100.00	132,767	100.00

Note: The company has an audit committee but no supervisors.

(b) The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance:

A. The company has set up the remuneration board, which is chaired by the independent board of directors, and the remuneration board is responsible for regular review of policies, institutions, standards and structures of the board of directors and managers, and regularly assessing the salaries of directors and managers.

B. In accordance with article 85 from the articles of association, the remuneration of the directors shall be determined by the board of directors in accordance with the standards of the Republic of China, and shall be subject to the provisions of article 7 of the remuneration committee, which shall refer to the general level of the industry, taking into account of the time and responsibilities of the individual, the performance of the individuals, the performance of the position requirement, the remuneration of the company standards for the same position for the current financial year, the achievement

of the company's short-term and long-term business objectives, the financial status of the company, and the rationality of the relationship between the performance of the company and future risks.

C. The manager's payroll, the scale of the firm's current operation and the amount of wages paid in the past year.

4. Implementation of Corporate Governance

(1) Operations of the board of directors

A total of 6 of the Board of Directors were held in the previous period. The attendance of director as follows:

Title	Name	Attendance in Person (B)	By proxy	Attendance Rate (%) (B/A)	Remarks
Chairman	Zhou Xun Cai	6	-	100%	Re-appointed on January 21,2021
Director	Lien Chih Chi	6	-	100%	Newly appointed on January 21, 2021
Independent director	Chen DongSheng	6	-	100%	Re-appointed on January 21, 2021
Independent director	Wu Chin Shan	6	-	100%	Newly appointed on January 21, 2021
Independent director	Lai Tiao Tsan	6	-	100%	Newly appointed on January 21, 2021

Other items to be recorded:

1. If the board of directors operates under any of the following circumstances, it shall specify the date of the board meeting, the period, the content of the proposal, the opinions of all independent directors.

(a) Matters referred to in Article 14-3 of the Securities and Exchange Act.

Board meetings	Motion and follow-up	Securities and exchange act 14-3 listed items	The independent director opposes or neutral

The fifth session, 12th meeting 2022.3.18	1.Report subsidiary Topbi China to revise the internal control cycle of purchasing, production and quality control	√	None
	2.The effectiveness assessment and internal control statement of the company's internal control system in 2021	√	None
	3.The company intends to commence the evaluation of the Group's asset activation and related benefits plan	√	None
	4.Revise to the provisions of the Procedures for the Disposal of Assets of the company	√	None
	5.Passed the company's 2022 annual accountant fee and accountant independence	√	None
	Opinions of independent directors: None		
	The firm's opinion on independent directors: None		
	The resolution: The board of directors and independent directors unanimously passed		
The fifth session, 13th meeting 2022.5.13	1.Proposal of loans and transactions through subsidiaries	√	None
	2.Proposal of borrowing from the subsidiary – Topbi (China) Fashion Co., Ltd	√	None
	3.Passed the amendment of the company's second buyback of share and transfer method for employees	√	None
	Opinions of independent directors: None		
	The firm's opinion on independent directors: None		
	The resolution: Zhou Xun Cai is avoiding exercise his voting rights in the case of loans and transactions through subsidiaries and case of borrowing from the subsidiary – Topbi (China) Fashion Co., Ltd. All the attending of directors and independent directors passed the case without objection.		
The fifth session, 14th meeting 2022.5.18	1. Passed the group asset activation plan	√	None
	Opinions of independent directors: Independent Directors Wu Chin Shan and Lai Tiao Tsan raised the following three questions: 1. As to whether the after-sale conditions of Topbi Building will be added, if Yuansheng directly sells the real estate plant and land of the original Topbi Building within three years after acquiring Topbi Building, part of the profits will be allocated to us. 2. Will the process of public auction be increased? 3. Please ask a third party to assist the company in handling the procedures related to subsequent transactions and execute them on behalf of the company.		
The firm's opinion on independent directors: 1(a) Based on the equality of the contract, if the increase of the distribution clause, the other party may require lower prices and reciprocal resale profit compensation, increasing subsequent uncertainty. 1(b) Yuansheng may undertake not to resell for a period of three years, and in order to protect the Company's lease interests, give three years of non-adjustment of rent concessions. The above conditions will be set out in the lease agreement signed with Yuansheng after the transfer of Tower. 2(a) Considering the domestic macro environment and timing factors, if the additional public auction will not be completed in this 2022/6/29 general meeting, it will need to convene a temporary general meeting or postpone to next year's general meeting. The move will result in the company reinvesting in costs such as audits and appraisals. At			

	<p>present, in order to improve the operation of the Company, we are making every effort to improve the source of revenue and reduce expenditure. At this time, adjusting the selling procedure will inevitably increase the intermediate cost significantly, which is difficult for the Company to bear.</p> <p>2(b) At present, the activity of China's domestic real estate market has declined compared with previous years, and transactions are in a state of absence. Due to the need to rebuild the integrity of the garment city sector, Yuansheng is willing to provide more reasonable trading prices than the general market. As a related party, the Company also has a relatively better understanding of the financial strength and payment credit of Yuansheng Company, and believes that in the current complex economic environment and market background, Yuansheng is a reliable and appropriate object with trading strength, and in order to avoid outsiders to abandon the bid after malicious bidding and ensure the safety of the transaction, the company selects the related party and adopts a specific transaction object.</p> <p>3. In the case of physical transactions in mainland China, Mainland lawyers will be asked to assist in the subsequent transaction procedures.</p>		
	The resolution: For acting as the ultimate controller of the counterparty to the transaction, Zhou Xun Cai is avoiding exercise his voting rights in the case of passed the group asset activation plan. All the attending of directors and independent directors passed the case without objection.		
The fifth session, 15th meeting 2022.8.29	1. Report on the loan case of the subsidiary Topbi Children Apparel Co., Limited. to the related party Topwealth International Holdings Limited	√	None
	Opinions of independent directors: None		
	The firm's opinion on independent directors: None		
	The resolution: The board of directors and independent directors unanimously passed		
The fifth session, 16th meeting 2022.11.14	1. Passed the revision of internal trading management procedures	√	None
	Opinions of independent directors: None		
	The firm's opinion on independent directors: None		
	The resolution: The board of directors and independent directors unanimously passed		
The fifth session, 17th meeting 2022.12.30	1. Report the internal control methods of Fuzhou Spring Investment Corp., Limited	√	None
	2. Passed the organizational procedures of the company's salary and compensation committee and proposed salary management measures	√	None
	3. Passed the amendment to the provisions of the procedures for the operation and management of the Board of Directors	√	None
	Opinions of independent directors: None		
	The firm's opinion on independent directors: None		
	The resolution: The board of directors and independent directors unanimously passed		

(b) In addition to the preceding items, other independent directors who have objected or retained their opinion and have a record or written notice: None

2. The directors shall specify the name of the directors, the contents of the motion, the reasons for the

withdrawal of interests and the circumstances of participation in the voting:

Name	Contents of motion	Reasons for avoiding interest	Voting situation
Zhou Xun Cai	Passed the proposal of borrowing from the subsidiary – Topbi (China) Fashion Co., Ltd	interest at stake	Approval from the other directors
Zhou Xun Cai	Passed the proposal of borrowing from the subsidiary – Topbi (China) Fashion Co., Ltd	interest at stake	Approval from the other directors
Zhou Xun Cai	Passed the group asset activation plan	interest at stake	Approval from the other directors

3. Implementation of self-evaluations by the Company's Board of Directors:

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Items
Once a year	Performance evaluation for January 1, 2022 to December 31, 2022	Board of Directors	internal self-evaluation by the Board of Directors	1.Level of participation in company operations 2.Improvement of the quality of the Board decision 3.Board composition and structure 4.Appointment of directors and their continued development 5.Internal controls
		Individual Directors	self-assessment by directors,	1.Grasp of company targets and missions 2.Understanding of the director's role and responsibilities 3.Level of participation in company operations 4.Relationship management and communication 5.Director's specialty and continued development 6.Internal controls
		Functional Committees	internal self-evaluation by the Board of Directors	1. Participation in company operations 2.Understanding of the responsibilities of functional committees 3.Improvement of the decision-making quality of functional committees 4.Composition of functional committees 5.Member selection and internal control.

4. Objectives and performance evaluation of the board functions of the current year and the most recent year: The audit committee was established on March 18, 2013.

(2) The operation of the audit committee or the supervisory board's participation in the operation of the board of directors.

A total of 6 (A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance (B)	By proxy	Attendance rate (%) (B/A)	Remarks
Independent director	Chen DongSheng	6	-	100%	Re-appointed on January 21, 2021
Independent director	Wu Chin Shan	6	-	100%	Newly appointed on January 21, 2021
Independent director	Lai Tiao Tsan	6	-	100%	Newly appointed on January 21, 2021

Other items to be recorded:

1. If the audit committee operates under any of the following circumstances, it shall specify the date, the period, the content of the proposals, the opinions of all independent directors.

(a) Matters referred to in Article 14-5 of the Securities and Exchange Act.

Audit Committee	Motion and follow-up	Securities and exchange act 14-5 listed items	The independent director opposes or neutral
The fifth session, 12th meeting 2022.3.18	1.Report subsidiary Topbi China to revise the internal control cycle of purchasing, production and quality control	√	None
	2. Approved the company's consolidated financial statements for the year 2021	√	None
	3.The effectiveness assessment and internal control statement of the company's internal control system in 2021	√	None
	4.The company intends to commence the evaluation of the Group's asset activation and related benefits plan	√	None
	5.Revise to the provisions of the Procedures for the Disposal of Assets of the company	√	None
	6.Passed the company's 2022 annual accountant fee and accountant independence	√	None
	Audit committee opinion: None		

	The firm's opinion on audit committee: None		
	Resolution result: All members of the board of auditors have passed without objection		
The fifth session, 13th meeting 2022.5.13	1.Proposal of loans and transactions through subsidiaries	√	None
	2.Proposal of borrowing from the subsidiary – Topbi (China) Fashion Co., Ltd	√	None
	3.Passed the amendment of the company's second buyback of share and transfer method for employees	√	None
	Audit committee opinion: None		
	The firm's opinion on audit committee: None		
	Resolution result: All members of the board of auditors have passed without objection		
The fifth session, 14th meeting 2022.5.18	1. Passed the group asset activation plan	√	Yes
	<p>Audit committee opinion:</p> <p>Independent Directors Wu Chin Shan and Lai Tiao Tsan raised the following three questions:</p> <p>1. As to whether the after-sale conditions of Topbi Building will be added, if Yuansheng directly sells the real estate plant and land of the original Topbi Building within three years after acquiring Topbi Building, part of the profits will be allocated to us.</p> <p>2. Will the process of public auction be increased?</p> <p>3. Please ask a third party to assist the company in handling the procedures related to subsequent transactions and execute them on behalf of the company.</p>		
<p>The firm's opinion on audit committee:</p> <p>1(a) Based on the equality of the contract, if the increase of the distribution clause, the other party may require lower prices and reciprocal resale profit compensation, increasing subsequent uncertainty.</p> <p>1(b) Yuansheng may undertake not to resell for a period of three years, and in order to protect the Company's lease interests, give three years of non-adjustment of rent concessions. The above conditions will be set out in the lease agreement signed with Yuansheng after the transfer of Tower.</p> <p>2(a) Considering the domestic macro environment and timing factors, if the additional public auction will not be completed in this 2022/6/29 general meeting, it will need to convene a temporary general meeting or postpone to next year's general meeting. The move will result in the company reinvesting in costs such as audits and appraisals. At present, in order to improve the operation of the Company, we are making every effort to improve the source of revenue and reduce expenditure. At this time, adjusting the selling procedure will inevitably increase the intermediate cost significantly, which is difficult for the Company to bear.</p> <p>2(b) At present, the activity of China's domestic real estate market has declined compared with previous years, and transactions are in a state of absence. Due to the need to rebuild the integrity of the garment city sector, Yuansheng is willing to provide more reasonable trading prices than the general market. As a related party, the Company also has a relatively better understanding of the financial strength and payment credit of Yuansheng Company, and believes that in the current complex economic environment and market background, Yuansheng is a reliable and appropriate object with trading strength, and in order to avoid outsiders to abandon the bid after malicious bidding and ensure the safety of the transaction, the company selects the related party and adopts a specific transaction object.</p>			

	3. In the case of physical transactions in mainland China, Mainland lawyers will be asked to assist in the subsequent transaction procedures.		
	The resolution: For acting as the ultimate controller of the counterparty to the transaction, Zhou Xun Cai is avoiding exercise his voting rights in the case of passed the group asset activation plan. All the attending of directors and independent directors passed the case without objection.		
The fifth session, 15th meeting 2022.8.29	1.Report on the loan case of the subsidiary Topbi Children Apparel Co., Limited. to the related party Topwealth International Holdings Limited	√	None
	2.Approved the Company's consolidated financial report for the second quarter of 2022	√	None
	Audit committee opinion: None		
	The firm's opinion on audit committee: None		
	Resolution result: All members of the board of auditors have passed without objection		
The fifth session, 16th meeting 2022.11.14	1.Passed the revision of internal trading management procedures	√	None
	Audit committee opinion: None		
	The firm's opinion on audit committee: None		
	Resolution result: All members of the board of auditors have passed without objection		
The fifth session, 17th meeting 2022.12.30	1. Report the internal control methods of Fuzhou Spring Investment Corp., Limited	√	None
	2. Passed the organizational procedures of the company's salary and compensation committee and proposed salary management measures	√	None
	3.Passed the amendment to the provisions of the procedures for the operation and management of the Board of Directors	√	None
	Audit committee opinion: None		
	The firm's opinion on audit committee: None		
	Resolution result: All members of the board of auditors have passed without objection		

(b) In addition to the preceding items, other items which was not passed by the audited committees and has passed through with the consent of more than two-thirds of all directors: Refer to the instructions on page 25 above.

2. The independent director shall state the name of the independent director, the content of the motion, the reasons for the withdrawal of the interest and the voting conditions of the independent director: None.

3. The communication between the independent director and internal audit supervisor and the accountant (including the major issues, financial and business status of the company):

The audit committee of the company shall investigate the business and financial situation of the company at any time and shall request the directors or managers to contact accountant if necessary; In addition, the internal audit supervisor will report to the independent director on a regular basis.

Accountants also attend on the quarterly audit committee or board meetings and independently communicate and interact with each other on issues relating to the review or examination of financial statements or financial, tax or internal controls.

(3) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			The differences and reasons of the code of practice on governance of listed companies
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the code of practice on corporate governance based on the code of practice on the corporate governance of listed companies?	Yes		The company has established a code of practice on corporate governance in accordance with the code of practice on the corporate governance of listed companies and has disclosed the relevant contents to the company's website and the public information observatory.	No significant difference
2. Equity structure and shareholders' equity of the company.				
(a) Whether the company has set up an internal operation procedure to deal with shareholder's suggestions, doubts, disputes, and lawsuits, and to implement them in accordance with the procedures?	Yes		(a) The company has set up a spokesperson and a dedicated person for the unit to handle the proposal or dispute of the shareholders and shall coordinate the execution by the relevant company.	No significant difference
(b) Does the company have a list of the main shareholders of the company and the ultimate controller of the major shareholders?	Yes		(b) To provide actual information through the security firms, which is required by the law to expose the final control of the major shareholders and the major shareholders.	No significant difference
(c) Whether the company has established, implemented, and implemented the risk control and firewall mechanism between enterprises?	Yes		(c) The assets and financial responsibilities of each relationship enterprise shall be independent and handled according to the internal control system of the company, the risk control and firewall mechanism shall be implemented.	No significant difference
(d) Whether the company sets internal standards and prohibits the company's insiders from taking advantage of the non-public information in the market to buy and sell securities?	Yes		(d) The company has set up "prevention of insider trading procedures" and prohibits the company insiders from taking advantage of the unpublished information in the market to buy and sell securities.	No significant difference
3. Composition and responsibilities of the board of directors.	Yes		(a) The directors of the company have different expertise in various fields and are helpful in the development and operation of the company.	No significant difference

Evaluation Item	Implementation Status			The differences and reasons of the code of practice on governance of listed companies
	Yes	No	Abstract Illustration	
<p>(a) Does the board formulate and implement a diversity policy and specific management objectives regarding membership?</p> <p>(b) In addition to the remuneration committee and audit committee, does the company voluntarily set up other functional committees?</p> <p>(c) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?</p> <p>(d) Does the company regularly assess the independence of the CPA?</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>		<p>(b) The company has set up the audit committee and the remuneration committee, other functional commissions shall be subject to separate authorization by the board of directors.</p> <p>(c) The company has established the board of directors' performance evaluation to deal with the performance review of the board of directors of the preceding year, information is collected by the board committee and reported to the board of directors.</p> <p>(d) The company has assessed the independence of the accountants each year in accordance with the regulations, the accounting independence are prepared by the financial center. The content includes factors such as self-interest, self-assessment, defense, familiarity and intimidation, which will affect the independence of the accountant, the results are reported to the board of directors.</p>	<p>No significant difference</p> <p>No significant difference</p> <p>No significant difference</p>
<p>4. Whether the listed company of the configuration and the corporate governance of the appropriate number of personnel competency, and specify the head of corporate governance, responsible for corporate governance related issues (including but not limited to provide the required information to perform business directors and supervisors, assist to follow the law, directors and supervisors in accordance with the meeting of the board of directors and shareholders related issues, such as making the board of directors and the shareholders' committee proceedings?</p>	<p>Yes</p>		<p>The company has not appointed a director of corporate governance, the office of the board of directors is the corporate governance unit, responsible for corporate governance related matters. This includes assisting directors in complying with laws and regulations, providing information necessary for directors to carry out their business, handling matters relating to meetings of the board of directors and the board of shareholders according to law, handling company registration and change registration, and making the proceedings of the board of directors and the board of shareholders' meetings.</p>	<p>No significant difference</p>

Evaluation Item	Implementation Status			The differences and reasons of the code of practice on governance of listed companies
	Yes	No	Abstract Illustration	
5. Does the company establish a communication channel with stakeholders (including but not limited to shareholders, employees, customers and suppliers etc.), does the company's corporate site has a stakeholders' zones, and respond to stakeholders regarding the importance of corporate social responsibility?	Yes		The company is equipped with specialist and corporate email, to deal with company related foreign relations. In the company's web site, it contains a corporate zone, this optimizes the response to stakeholder regarding the importance of corporate social responsibility.	No significant difference
6. Does the company appoint a professional stock agency to handle the affairs of the shareholders' committee?	Yes		The company has appointed the professional stock agent – Grand Fortune Security Co., Ltd. to handle the shareholders' affairs.	No significant difference
7. Information disclosure (a) Does the company set up a website to disclose financial business and corporate governance information? (b) Whether the company adopt other methods of information disclosure (e.g., setting up an English website, assigning a responsible to gather information, corporate talk held by the legal person). (c) Does the company announce and report its annual financial reports within two months after the end of the fiscal year, and report its first, second and third quarter financial reports and monthly operations earlier than the prescribed time limit?	Yes Yes Yes		(a) The company has set up a Chinese website, and the information regarding the company's financial business and corporate governance will continue to be disclosed. (b) The company has a Chinese website, and it displays the company's financial information and information on corporate governance, revealing "public information observatory", a corporate presentation in accordance with the provisions of the securities exchange, and the company has corporate talk held by the legal person in accordance with relevant laws. (c) The company announces the relevant financial information at the specified time.	No significant difference No significant difference No significant difference
8. Does the company provide other important information to help in understanding the company operational situation (including but not limited to employee rights, employee benefits,	Yes		1. Board of directors continued education, note 1. 2. In respect of the employees' rights and maintenance measures, the company has an internal control system and various other measures in place, the content clearly states the employees' rights	No significant difference

Evaluation Item	Implementation Status			The differences and reasons of the code of practice on governance of listed companies
	Yes	No	Abstract Illustration	
investor relations, supplier relations, directors and supervisors' continued education, risk management policies and the implementation of risk measure, as well as the purchase of liable insurance for directors and supervisors etc.)?			<p>and obligations, contents of employee welfare are regularly reviewed in order to maintain employees' interest.</p> <p>3. The company has not purchased liability insurance for directors and supervisors, and the necessity of purchasing liability insurance shall be evaluated in the future.</p> <p>4. The implementation of risk management policies and risk management standards shall be submitted to the management level during the board of directors meeting. The audit department shall submit the annual audit plan to the board of directors according to the risk assessment plan, the actual audit situation and report shall be reviewed by the members of the audit committee. In addition, the relevant departments of the company should have completed the internal control assessment for the year, and hereby declares the book through the internal control system.</p>	
<p>9. Please referred to the annual corporate governance evaluation released by the Taiwan Stock Exchange, it shows our recent improvements, and priorities to strengthen the matters that have yet to be improved: The improvement of the items that did not score in the initial assessment of the Company's 2022 corporate governance evaluation is as follows.</p>				
Evaluation index content		Improved condition		
Does the company have a corporate governance supervisor who is responsible for corporate governance related matters and explains the terms of reference and training status on the company's website and annual report?		The Company has appointed a corporate governance officer who is responsible for matters related to corporate governance and explains the terms of reference and further study on the company's website and annual report.		
Has the company's Board performance evaluation method been approved by the Board of Directors to perform external evaluation at least once every three years, has the evaluation been performed in the year of evaluation or the past two years, and has the implementation status and evaluation results been disclosed on the company's website or annual report?		The Company has established the board performance evaluation method and has been approved by the Board of Directors, and the evaluation results will be disclosed on the company's website or annual report after implementation this year.		
Is the company certified to ISO 14001, ISO50001 or similar environmental or energy management systems?		The company has obtained OHSAS18001 2004 environmental management system certification.		

Evaluation Item	Implementation Status			The differences and reasons of the code of practice on governance of listed companies
	Yes	No	Abstract Illustration	
Does the company's annual report voluntarily disclose the individual remuneration of directors and supervisors ?			The Company has voluntarily disclosed the individual remuneration of directors and supervisors in the Annual Report.	
Does the company's annual report voluntarily disclose the individual remuneration of the General Manager and Deputy General Manager?			The Company has voluntarily disclosed the individual remuneration of the General Manager and Deputy General Manager in the annual report.	
Are all interim financial statements approved by the audit committee and submitted to the Board for discussion and resolution?			The interim financial report of the company has been approved by the audit committee and discussed and approved by the Board of directors.	

Priorities and measures for reinforcement have not been improved:

Evaluation index content	Improved condition
Does the company report the remuneration received by directors at the general meeting, including the remuneration policy, the content and amount of individual remuneration?	The Company will consider reporting the remuneration received by directors at the ordinary meeting of shareholders, including the remuneration policy, the content and amount of individual remuneration.
Does the company hold a general meeting of shareholders before the end of May?	The Company's priority is to hold a general meeting of shareholders before the end of May.
Does the company have a diversity policy on the board of Directors and disclose the specific management objectives and implementation of the diversity policy on the company's website and annual report?	The directors of the Company have different expertise in various fields, which is helpful to the development and operation of the company.
Do the members of the company's compensation committee attend at least twice a year and disclose information about policies, systems, standards and structures for regularly reviewing performance evaluations and compensation for directors, supervisors and managers?	Members of the Company's compensation committee attend at least twice a year and disclose information on policies, systems, standards and structures for regularly reviewing performance evaluations and compensation for directors, supervisors and managers.
Does the company have a non-statutory functional committee such as a nomination committee, a risk management committee or a sustainability committee, with at least three members, more than half of whom are independent directors, and more than one member possessing the required professional competence of the committee and disclosing its composition, responsibilities and operations?	The Company has established a compensation committee composed of three independent directors.
Does the company disclose the separate communication between the independent directors and the internal audit supervisor and accountants (such as the way, events and results of the communication on the company's financial reports and financial business status) on the company's website?	The Company will prioritize the addition of independent directors' communication with internal audit directors and accountants to the Company's website.

Does the chairman of the company personally attend the shareholders' meeting?	The Chairman of the Company will give priority to personal attendance at shareholders' meetings.
Does the Company establish and disclose on the Company's website internal rules prohibiting directors or employees, and other insiders, from trading securities using undisclosed information in the market, including (but not limited to) directors from trading their shares during the 30 days prior to the announcement of the annual financial report and the 15 days prior to the announcement of the quarterly financial report, and explain the implementation?	The Company will develop and disclose on the Company's website internal rules prohibiting directors or employees and other insiders from trading securities using undisclosed information in the market, including (but not limited to) that directors shall not trade their shares during the 30 days prior to the announcement of the annual financial report and the 15 days prior to the announcement of the quarterly financial report, and explain the implementation.
Does the company have a corporate governance code adopted by the Board of Directors?	The Corporate Governance Code will be developed and approved by the Board of Directors.
Do the independent directors of the company complete the training in accordance with the standard of "Key Points for the Training of Directors and Supervisors of TWSE Listed and TPEX Listed Companies"?	The Company will assist the independent directors to complete the training in accordance with the time limit of the "Key Points for the Training of Directors and Supervisors of TWSE Listed and TPEX Listed Companies".
Does the board include at least one female director?	The Company will consider adding one female director to the next board of Directors.
Does the company have a succession plan for board members and key management and disclose its operation on the company's website or annual report?	The Company will develop a succession plan for Board members and key management and disclose its operation on the company's website or annual report.
Does the company conduct an internal performance evaluation of the functional Committee (including at least the Audit Committee and the Compensation Committee) on a regular basis every year, and disclose the performance and evaluation results on the company's website or annual report?	The Company will periodically conduct internal performance evaluations of the functional committees (including at least the Audit Committee and the Compensation Committee) each year during the study period, and disclose the implementation status and evaluation results on the company's website or annual report.
Does the company have a risk management policy and procedure approved by the Board that discloses the scope of risk management, the organizational structure and how it operates, and reports to the Board at least once a year?	The Company will develop risk management policies and procedures approved by the Board of Directors, disclose the scope of risk management, organizational structure and operation, and report to the Board of Directors at least once a year.
Does the company have an intellectual property management plan linked to its business objectives, disclose the implementation on the company's website or annual report, and report to the board of directors at least once a year?	The Company will develop an intellectual property management plan linked to its business objectives, disclose the implementation status on the company's website or annual report, and report to the Board of Directors at least once a year.
Does at least one of the company's internal auditors have the certificate of International Internal Auditor, International Computer Auditor or Accountant examination?	The Company gives priority to evaluating internal auditors by taking the International Internal Auditor, International Computer Auditor or Accountant examination.
Does the company publish annual financial reports audited by accountants within two months after the end of the fiscal year?	The Company prioritizes the publication of annual financial reports audited by accountants within two months after the end of the fiscal year.
Does the company upload the annual financial report in English 7 days before the general meeting?	The Company prioritizes the publication of annual financial reports audited by accountants within two months after the end of the fiscal year.
Does the company disclose the interim financial report in English within two months after the deadline for filing the Chinese version of the interim financial report?	The Company gives priority to the disclosure of the interim financial report in English within two months after the deadline for filing the Chinese version of the interim financial report.

Does the company voluntarily publish quarterly financial forecast reports and the relevant operations have not been corrected by the competent authorities, the stock exchange or the counter buying center?	The Company gives priority to the assessment of the voluntary publication of the quarterly financial forecast report and the relevant operations have not been corrected by the competent authorities, and the stock exchange or the counter buying center is missing.
Does the company website disclose the list of major shareholders, including shareholders with an equity ratio of more than 5%, if there are less than ten shareholders, the name, amount and proportion of the top ten shareholders with an equity ratio should be disclosed?	The company's priority assessment and disclosure of the list of major shareholders on the company's website, including shareholders with an equity ratio of more than 5%, if there are less than ten shareholders, the name, amount and proportion of the top ten shareholders with an equity ratio should be disclosed.
Does the company website disclose financial, business and corporate governance information?	The Company prioritizes the evaluation and disclosure of relevant information including financial, business and corporate governance on the Company's website.
Does the company website provide information related to shareholders' meetings, including at least the latest annual report of shareholders' meetings, notices of meetings, manuals and proceedings?	The company's priority assessment and the company's website provide relevant information about shareholders' meetings, including at least the latest annual report of shareholders' meetings, notices of meetings, manuals and proceedings, etc.
Is the company invited (on its own) to hold at least two corporate presentations with a gap of more than three months between the first and last of the year reviewed?	The company is preferred to be invited to hold at least two corporate presentations (by itself), and the gap between the first and last two corporate presentations of the year evaluated is more than three months.
Does the company set up a dedicated (and part-time) sustainability unit to conduct risk assessment on environmental, social or corporate governance issues related to the company's operations and formulate relevant risk management policies or strategies based on the principle of materiality, and the sustainability promotion situation is supervised by the Board of directors and disclosed on the company's website and annual report?	The Company prioritises the establishment of a dedicated (and part-time) sustainability promotion unit, conducts risk assessment on environmental, social or corporate governance issues related to the company's operations in accordance with the principle of materiality, formulates relevant risk management policies or strategies, and supervises the sustainability promotion situation by the Board of directors and discloses it on the company's website and annual report.
Does the company set up a unit to promote corporate integrity management, responsible for the formulation and supervision of the implementation of integrity management policies and prevention programs, and explain the operation and implementation of the unit on the company's website and annual report, and report to the board of directors at least once a year?	The company gives priority to the evaluation and establishment of a dedicated (and part-time) unit to promote enterprise integrity management, responsible for the formulation and supervision of the implementation of integrity management policies and prevention programs, and explain the operation and implementation of the unit on the company's website and annual report, and report to the board of directors at least once a year.
Does the company regularly disclose the specific corporate sustainability (ESG) initiatives and implementation results on the company's website, annual report or sustainability report?	The company prioritized the assessment of the specific promotion plans and implementation results of corporate sustainability (ESG) on the company's website, annual report or sustainability report on a regular basis.
Has the company prepared and uploaded a sustainability report to the Open Information Observatory and the company website by the end of September in accordance with the GRI Standards published by the Global Sustainability Reporting Association (GRI)?	The Corporate Priority Assessment is based on the GRI Criteria published by the Global Sustainability Reporting Association (GRI), and the Sustainability report is prepared and uploaded to the Open Information Observatory and the corporate website by the end of September.
Are the sustainability reports prepared by the company verified by third parties?	The company has not prepared a sustainability report.

Does the company make reference to international human rights conventions, formulate human rights protection policies and specific management plans, and disclose them on the company's website or annual report?	The company gives priority to evaluate and refer to international human rights conventions, formulate human rights protection policies and specific management plans, and disclose them on the company's website or annual report.
Does the Company upload the English version of the Sustainability report on the Public Information Observatory and the company website?	The Company gives priority to uploading the English version of the Sustainability report on the Open Information Observatory and the Company's website.
Do the company website and annual report disclose employee benefits, retirement systems and their implementation?	The Company prioritizes the disclosure of various employee benefit measures, retirement systems and their implementation on the company's website or annual report.
Do the company's website and annual report disclose employee safety and work environment protection measures and their implementation?	The Company gives priority to evaluating the protection measures and implementation of employees' personal safety and working environment disclosed on the company's website or annual report.
Does the company disclose annual greenhouse gas emissions, water consumption and total waste weight for the past two years?	The Company prioritizes assessment by revealing the annual greenhouse gas emissions, water consumption and total waste weight of the last two years.
Does the company have a greenhouse gas reduction, water reduction or other waste management policy, including reduction targets, promotion measures and achievement scenarios?	The Company prioritizes the development of greenhouse gas reduction, water reduction or other waste management policies, including reduction targets, promotion measures and achievement scenarios.
Does the company website or annual report disclose the identity of the identified stakeholders, issues of concern, channels of communication and responses?	The Company prioritizes the identification of stakeholders, issues of concern, communication channels and response methods as revealed on the company's website or annual report.
Does the company website or annual report disclose the integrity management policy adopted by the board of directors, specify specific practices and prevention of dishonest practices, and explain the implementation?	The Company gives priority to evaluating the integrity management policy adopted by the Board of Directors and disclosed on the company's website or annual report, specifying specific practices and prevention programs of dishonest behavior, and explaining the implementation situation.
Does the company have a whistle-blowing system for illegal (including corruption) and unethical practices by internal and external personnel in place and detailed on the company website?	The Company prioritizes the system of reporting illegal (including corruption) and unethical behavior by internal and external personnel and discloses it in detail on the company website.
Does the company website, annual report or sustainability report disclose the supplier management policy that requires suppliers to comply with relevant regulations on environmental protection, occupational safety and health or labor human rights, and explain the implementation?	The Company prioritizes the disclosure of its supplier management policies on the company's website, annual report or sustainability report, and requires suppliers to comply with relevant norms on issues such as environmental protection, occupational safety and health or labor human rights, and explain the implementation.
Does the company disclose information about its governance, strategy, risk management, targets and targets for climate-related risks and opportunities under the framework of the Climate-related Financial Disclosure Proposal (TCFD)?	The Company prioritised evaluating information related to the disclosure of corporate governance, strategies, risk management, targets and targets for climate-related risks and opportunities under the framework of the Climate-Related Financial Disclosure Proposal (TCFD).

Remarks 1: Directors' training records in 2022.

Title	Name	Date	Hours	Organization	Course
Independent Director	Lai Tiao Tsan	2022.10.05	3	Securities & Futures Institute	2022 Insider Equity Trading Law Compliance Briefing
		2022.11.09	3	Taiwan Corporate Governance Association	Family Business Inheritance and Planning
	Wu Chin Shan	2021.9.1	3	Securities & Futures Institute	2022 Insider Equity Trading Law Compliance Briefing

(4) Composition, Responsibilities and Operations of the Remuneration Committee.

(a) Member information of remuneration committee.

2023.05.12

Title	Criteria Name	Professional qualifications and working experience	Independent Criteria	Concurrently assume other public company remuneration committee member number	
Independent director	Chen DongSheng	Refer to page 18 for directors' professional qualifications and disclosure of independent directors' independence	<ul style="list-style-type: none"> • Not an employee of the Company or any of its affiliates. • Not a director or supervisor of the Company or any of its affiliates (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws). • Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders. • Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a manager in (1) or personnel in (2) and (3). • Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% more of the Company's outstanding shares, is a top five shareholder, or appointed a representative as the Company's director or supervisor in accordance with Article 27, Paragraph 1 or 2 of the Company Act (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws). 	0	
Convener and independent director	Lai Tiao Tsan			<ul style="list-style-type: none"> • Not a director, supervisor, or employee of other companies controlled by the same person with over half of the Company's director seats or shares with voting rights (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws). • Not a director, supervisor, or employee of another company or institution who is the same person or spouse of the Company's chairperson, president or equivalent position (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws). 	0
Independent director	Wu Chin Shan			<ul style="list-style-type: none"> • Shareholders (not applicable in cases where the specific company or institution holds 20% or more but less than 50% of the Company's outstanding shares, and is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws). • Not a professional individual who, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that audited or provided commercial, legal, financial, or accounting services for total compensation not exceeding NT\$500,000 in the most recent two years to the company or to any affiliate of the company, or a spouse thereof, This does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Merger and Acquisition Special Committee performing duties in accordance with the Securities and Exchange Act or laws and regulations related to mergers and acquisitions. • Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C. 	0

(b) Remuneration committee's operation information.

A. The compensation committee of the company has 3 members.

B. Term of office: 21.01.2021-20.01.2024. The remuneration committee met 2 times (A) in the 2022 annual report, members and attendance are as follows:

Title	Name	Attendance (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Member	Chen DongSheng	2	-	100	Re-appointed on January 21, 2021
Member	Lai Tiao Tsan	2	-	100	Newly appointed on January 21, 2021
Convener	Wu Chin Shan	2	-	100	Newly appointed on January 21, 2021

Other items to be recorded:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

(5) Implementation of Sustainable Development and Deviations from the "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons.

Promote Item	Implementation Status			The differences and reasons of the code of practice on sustainable development of the listed company
	Yes	No	Summary	
1. Whether the company has established a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle, and the board of directors' supervision?	Yes		The company has established a governance structure to promote sustainable development and set up a full-time unit of sustainable development in the office of the board of directors, and the board of directors authorized senior management to deal with the situation and report to the board of directors.	There are no significant differences.
2. Does the company conduct risk assessment on environmental, social, and corporate governance issues related to the company's operations and formulate relevant risk management policies or strategies in accordance with the materiality principle?	Yes		Our management of the company carries out risk assessment on environmental, social, and corporate governance issues related to the operation of the company in accordance with the principle of materiality, and formulates relevant risk management policies or strategies, such as safety technical specifications for infants and children's textile products, to ensure the safety of children's clothing.	There are no significant differences.
3. Environmental Issues (I) Does the company establish a suitable environmental management system according to its industrial characteristics?	Yes		(I) Our subsidiary company – Topbi (China) Fashion Corp., Ltd is a subsidiary company for research and sales, which is not related to relevant environmental pollution problems; Fujian SDO Textile & Industry Goods Corp., Ltd and Fujian Topbi E-commerce Co., Ltd have no business activity and does not involve in relevant environmental pollution problems.	There are no significant differences.
(II) Is the company committed to improving the efficiency of resources and using recycled materials with low impact on the environment?	Yes		(II) Our company is committed to improving the utilization efficiency of various resources and encourages the employees to promote low-carbon office, water-saving electricity and photovoltaic power stations have been built.	There are no significant differences.
(III) Does the company assess current and future potential risks and opportunities from climate change and take action on climate-related issues?	Yes		(III) When designing children's wear products, the company evaluates the present and future potential risks and opportunities	There are no significant differences.

Promote Item	Implementation Status			The differences and reasons of the code of practice on sustainable development of the listed company
	Yes	No	Summary	
(IV) Has the company made statistics on greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for energy conservation and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?	Yes		of climate change and launches products such as sunscreen clothing in response to climate-related issues. (IV) Our company to promote low-carbon office, water and electricity saving and photovoltaic power stations have been built.	There are no significant differences.
4. Social Issues				
(I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	Yes		(I) Our company has formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions.	There are no significant differences.
(II) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	Yes		(II) Our company has formulated and implemented reasonable employee benefit measures (including salaries, leave and other benefits) in the salary management method, and appropriately reflected the business performance or results in the employee salaries.	There are no significant differences.
(III) Does the company provide a safe and healthy working environment and provide employees with regular safety and health training?	Yes		(III) Our company has provided a safe and healthy working environment for employees and conducted staff education and training in accordance with building public safety, fire safety and other relevant laws and regulations.	There are no significant differences.
(IV) Does the company set up effective career development and training programs for its employees?	Yes		(IV) Our company has established effective career development and training programs for employees, and regularly conducts relevant trainings for employees.	There are no significant differences.
(V) Does the company comply with relevant regulations and international standards in customer health and safety, customer privacy, and marketing and labeling its goods and services, and has it established consumer rights protection policies and complaint procedures?	Yes		(V) The company has complied with the relevant regulations and international standards for the marketing and labeling of its products and services.	There are no significant differences.
(VI) Does the company have a supplier management policy, require suppliers to comply with regulations on	Yes		(VI) Our company has formulated supplier management policies, requiring suppliers to follow relevant norms in environmental	There are no significant differences.

Promote Item	Implementation Status			The differences and reasons of the code of practice on sustainable development of the listed company
	Yes	No	Summary	
environmental protection, occupational safety and health, and labor rights, and what is its implementation status?			protection, occupational safety and health, labor rights and other issues, and will renew the contract only after regular inspection of whether the supplier is in compliance.	
5. Does the company prepare corporate social responsibility reports and other reports that disclose non-financial information of the company in accordance with international reporting standards or guidelines? Has the report been confirmed or endorsed by a third party?		No		The Company will refer to internationally accepted reporting standards or guidelines for overall development considerations, Prepare sustainability reports and other reports that disclose non-financial information of the company, and obtain assurance or assurance opinions from third-party verification units
6. If a company has its own sustainable development code of practice in accordance with the Code of Practice on Sustainable Development for listed companies, please state the difference between its operation and the code of practice: The company has established and adhered to the code of practice on sustainable development for listed companies without material difference.				
7. The sustainable development report should be explained in the form of verification by the relevant authorities: The company has passed ISO 9001: 2008 international quality management system certification, ISO 14001: 2004 environmental management system certification, OHSAS 18001: 2007 occupational health and safety management system certification.				

(6) Implementation of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons

Evaluation Item	Implementation Status			The differences and reasons of the code of practice on corporate social responsibility of the listed company
	Yes	No	Summary	
<p>1. Establish integrity business policy and proposal.</p> <p>(I) Does the company have a policy of honest management approved by the board of directors, and clearly state the policy and practice of honest management in the regulations and external documents, as well as the commitment of the board of directors and senior management to actively implement the policy?</p> <p>(II) Does the company established an assessment mechanism for the risk of dishonest conduct, regularly analyzed and evaluated the business activities with high risk of dishonest conduct within its business scope, and formulated a plan to prevent dishonest conduct, including at least the preventive measures for the behaviors in item 2, article 7 of the code of conduct for listed and listed companies? Does the company take preventive measures against the business activities of the "ethical code of conduct for listed companies" article 7, paragraph 2, or other business activities with higher risk of dishonesty?</p> <p>(III) Does the company implement and regularly review and revise the pre-disclosure plan in accordance with the operational procedures, conduct guidelines and disciplinary</p>	Yes		<p>(I) Our company has formulated the "code of ethics" and "code of conduct for ethical management" (collectively referred to as the "code of ethics"). All colleagues and members of the board of directors of the company shall believe in and practice the aforementioned integrity standards and shall implement them in the internal management and external business activities. All colleagues and board members of our company abide by the aforementioned integrity standard, there is no need to set up a plan to prevent dishonest behavior.</p> <p>(II) All colleagues of the company and members of the board of directors follow the above code of good faith, which prohibits bribery and accepting bribes and illegal political contributions.</p> <p>(III) All colleagues of the company and the members of the board of directors follow the above code of integrity, and there is no need to formulate a plan to prevent dishonest behavior.</p>	<p>There are no significant differences.</p> <p>There are no significant differences.</p> <p>There are no significant differences.</p>

Evaluation Item	Implementation Status			The differences and reasons of the code of practice on corporate social responsibility of the listed company
	Yes	No	Summary	
and complaint systems for violations of the code of conduct in the prevention of dishonest conduct plans?				
2. Integrity management				
(I) Does the company assess the integrity record of the other party and stipulate the terms of good faith in the contract with the other party?	Yes		(I) Our company's personnel shall avoid engaging in business transactions with agents, suppliers, customers or other business contacts that are not in good faith and shall immediately cease their business dealings with those who have found to have dishonest behaviors, and shall list them as objects of refusal, in order to implement the company's integrity standards.	There are no significant differences.
(II) Does the company have a dedicated unit under the board of directors to promote business integrity and report to the board of directors regularly (at least once a year) on its integrity policies, prevention plans and implementation monitoring?	Yes		(II) Our company shall designate the office of the board of directors to conduct the revision, implementation, interpretation, consultation service and notification of the registration and filing of the procedures and guidelines, and report to the board of directors every year.	There are no significant differences.
(III) Whether the company has established policies to prevent conflicts of interest, provides appropriate statement of piping, and the implementation ?	Yes		(III) Our company shall prepare the interests of integrity specification and set up the appropriate pipeline mechanism.	There are no significant differences.
(IV) Does the company established an effective accounting system and internal control system in order to implement the operation in good faith, and the internal audit unit shall draw up the relevant audit plan based on the assessment results of the risk of dishonest behaviors, and check the compliance of the plan to prevent dishonest behaviors, or entrust the accountant to carry out the audit?	Yes		(IV) The company shall establish an effective accounting system and internal control system and shall not have any external accounts or secret accounts and shall review them at any time to ensure that the design and implementation of the system remain effective. Internal auditors shall periodically check the compliance situation of the foregoing system.	There are no significant differences.
(V) Does the company regularly hold in the good faith management of internal and external education training?	Yes		(V) The company regularly conducts internal integrity management, external education training.	There are no significant differences.
3. The operation of the company's prosecution system.				

Evaluation Item	Implementation Status			The differences and reasons of the code of practice on corporate social responsibility of the listed company
	Yes	No	Summary	
(I) Does the firm set up a specific report and reward system, establish a convenient conduit, and appoint the appropriate person responsible for the prosecution?	Yes		(I) The company consider the integrity of the business to be incorporated into the employee's performance review, to establish a clear and effective reward/grievance system, and to appoint the appropriate persons to handle the case against the prosecution.	There are no significant differences.
(II) Does the company have a standard operating procedure for accepting the investigation and a confidentiality mechanism for the follow-up measures to be taken after the investigation is completed?	Yes		(II) The person responsible for the handling of the inspection, is also responsible for client's confidential information.	There are no significant differences.
(III) Does the company take measures to protect the prosecutor against improper handling of the prosecution?	Yes		(III) The company take measures to protect the prosecutor against improper handling of the prosecution.	There are no significant differences.
4. Enhance the disclosure of information. (I) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website?	Yes		(I) The company's website has been completed and implemented in accordance with relevant laws of Taiwan.	There are no significant differences.
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: The company has established the "good faith operation code" for the company to establish the integrity corporate culture and perfect the operation of the company, so as to comply with it.				
6. Other important information contributes to an understanding of corporate social responsibility operation situation: (In case of the company's review and revision of the code of conduct for conduct business, etc.) The company has established the "good faith operation procedure and behaviors guide" of the company in order to establish good corporate culture and perfect operation of the company, so as to comply with it.				

(7) If the company has a set of corporate governance rules and relevant regulations, should reveal the query methods:

Regarding the management rules and related regulations of our company, investors can search from the following


A. http://mops.twse.com.tw/mops/web/t100sb04_1

B. <http://www.topbi.com.tw/>

(8) Other important information regarding the corporate governance: None.

(9) Internal Control Systems



(a) Disclosures Required for the Implementation of the Internal Control System


淘帝國際控股有限公司
內部控制制度聲明書

日期：2023年3月27日

本公司2022年度之內部控制制度，依據自行評估的結果，謹聲明如下：

- 一、本公司確知建立、實施和維護內部控制制度係本公司董事會及經理人之責任，本公司業已建立此一制度。其目的係在對營運之效果及效率(含獲利、績效及保障資產安全等)、報導具可靠性、及時性、透明性及符合相關規範暨相關法令規章之遵循等目標之達成，提供合理的確保。
- 二、內部控制制度有其先天限制，不論設計如何完善，有效之內部控制制度亦僅能對上述三項目標之達成提供合理的確保；而且，由於環境、情況之改變，內部控制制度之有效性可能隨之改變。惟本公司之內部控制制度設有自我監督之機制，缺失一經辨認，本公司即採取更正之行動。
- 三、本公司係依據「公開發行公司建立內部控制制度處理準則」(以下簡稱「處理準則」)規定之內部控制制度有效性之判斷項目，判斷內部控制制度之設計及執行是否有效。該「處理準則」所採用之內部控制制度判斷項目，係為依管理控制之過程，將內部控制制度劃分為五個組成要素：1. 控制環境，2. 風險評估，3. 控制作業，4. 資訊與溝通，及5. 監督作業。每個組成要素又包括若干項目。前述項目請參見「處理準則」之規定。
- 四、本公司業已採用上述內部控制制度判斷項目，評估內部控制制度之設計及執行的有效性。
- 五、本公司基於前項評估結果，認為本公司於2022年12月31日的內部控制制度(含對子公司之監督與管理)，包括瞭解營運之效果及效率目標達成之程度、報導係屬可靠、及時、透明及符合相關規範暨相關法令規章之遵循有關的內部控制制度等之設計及執行係屬有效，其能合理確保上述目標之達成。
- 六、本聲明書將成為本公司年報及公開說明書之主要內容，並對外公開。上述公開之內容如有虛偽、隱匿等不法情事，將涉及證券交易法第二十條、第三十二條、第一百七十一條及第一百七十四條等之法律責任。
- 七、本聲明書業經本公司2023年3月27日董事會通過，出席董事5人均同意本聲明書之內容，併此聲明。

淘帝國際控股有限公司
董事長：  簽章
總經理：  簽章

(b) The internal audit report by the entrusted accountant shall be disclosed:



信永中和聯合會計師事務所 | ShineWing CPAs (Taiwan) | T +886 2 7706 4888 | F +886 2 7706 4899
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內部控制制度審查確信報告

淘帝國際控股有限公司 公鑒：

後附淘帝國際控股有限公司民國一一二年三月二十七日謂經評估其與外部財務報導及保障資產安全有關之內部控制制度，於民國一一一年十二月三十一日係有效設計及執行之聲明書，業經本會計師執行合理確信審查程序竣事。

標的、標的資訊與適用基準

本確信案件之標的及標的資訊係淘帝國際控股有限公司與外部財務報導和保障資產安全有關之內部控制制度於民國一一一年十二月三十一日之設計及執行情形，及淘帝國際控股有限公司於民國一一二年三月二十七日所出具謂經評估其與外部財務報導及保障資產安全有關之內部控制制度係有效設計及執行之聲明書（以下併稱確信標的）。

用以衡量或評估上開確信標的之適用基準係「公開發行公司建立內部控制制度處理準則」之內部控制制度有效性判斷項目。

先天限制

由於任何內部控制制度均有其先天上之限制，故淘帝國際控股有限公司上述內部控制制度仍可能未能預防或偵測出業已發生之錯誤或舞弊。此外，未來之環境可能變遷，遵循內部控制制度之程度亦可能降低，故在本期有效之內部控制制度，並不表示在未來亦必有效。

管理階層之責任

管理階層之責任係依據相關法令規章建立內部控制制度，且隨時檢討，以維持內部控制制度之設計及執行持續有效，並於評估其有效性後，據以出具內部控制制度聲明書。

會計師之責任

本會計師之責任係依照「公開發行公司建立內部控制制度處理準則」及確信準則 3000 號「非屬歷史性財務資訊查核或核閱之確信案件」對確信標的執行必要程序以取得合理確信，並對確信標的在所有重大方面是否遵循適用基準及是否允當表達表示結論。

獨立性及品質管制規範

本會計師及所隸屬會計師事務所已遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及盡專業上應有之注意、保密及專業態度。此外，本會計師所隸屬會計師事務所遵循品質管制準則，維持完備之品質管制制度，包含與遵循職業道德規範、專業準則及所適用法令相關之書面政策及程序。

所執行程序之彙總說明

本會計師係基於專業判斷規劃及執行必要程序，以獲取相關確信標的之證據。所執行之程序包括瞭解公司內部控制制度、評估管理階層評估整體內部控制制度有效性之過程、測試及評估其與外部財務報導及保障資產安全有關之內部控制制度設計及執行之有效性，以及本會計師認為必要之其他審查程序。本會計師相信此項審查工作可對所表示之結論提供合理之依據。

確信結論

依本會計師意見，依照「公開發行公司建立內部控制制度處理準則」之內部控制制度有效性判斷項目判斷，淘帝國際控股有限公司與外部財務報導及保障資產安全有關之內部控制制度於民國一一一年十二月三十一日之設計及執行，在所有重大方面可維持有效性；淘帝國際控股有限公司於民國一一二年三月二十七日所出具謂經評估其與外部財務報導及保障資產安全有關之內部控制制度係有效設計及執行之聲明書，在所有重大方面則屬允當。

信永中和聯合會計師事務所
會計師：陳光



郭鎮



金融監督管理委員會證券期貨局
核准文號：(107)金管證審字第 1070345892 號
(108)金管證審字第 1080305189 號
中華民國一一二年三月二十七日

(10) If there has been any legal penalty against the company and its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder interests or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: No.

(11) Important resolutions of the shareholders' meeting and the board of directors in the most recent year (2022) and as of the date of publication of the annual report:

(a) Major resolutions of the shareholders' meeting or board of directors:

Shareholders' meeting or BOD	Date	Major resolutions
Board meeting	March 18, 2022	<ol style="list-style-type: none"> 1. Approved the Company's 2021 Board performance evaluation plan. 2. Approved the Company's consolidated financial statements for the year 2021 3. Approved the Company's annual loss allocation for 2021. 4. Approved the Company's employee and Director compensation allocation plan for 2021. 5. Approved the Company's 2021 Business Report. 6. Approved the Company's 2021 internal control system effectiveness assessment and internal control statement. 7. Approved the Company intends to commence the evaluation of the Group's asset activation and related benefits plan. 8. Approved the amendment to the provisions of the “Operational Procedures for Acquisition and Disposal of Assets” of the company 9. Approved the company's 2022 annual accountant fee and accountant independence. 10. By booking an ordinary meeting of shareholders on June 29, 2022.
Board meeting	May 13, 2022	<ol style="list-style-type: none"> 1. Approved the proposal of loans and transactions through subsidiaries 2. Approved the proposal of borrowing from the subsidiary – Topbi (China) Fashion Co., Ltd 3. Approved the amendment of the company's second buyback of share and transfer method for employees
Board meeting	May 18, 2022	<ol style="list-style-type: none"> 1. Approved the asset activation plan of the company 2. Approved the amendment to the Article of Association 3. Approved the amendment to the provisions of the “Rules of Procedure of Shareholders’ Meeting” of the company 4. By adding the cause of convening in the company's 2022 ordinary shareholders' Meeting
Interim meeting of shareholders	June 29, 2022	<ol style="list-style-type: none"> 1. Adoption of the company's 2021 annual business report and financial statements 2. Adoption of the company's 2021 deficit compensation proposal 3. Amendment to the provisions of the “Management Measures for Lending Funds to Other Parties” of the company

		<p>4. Amendment to the provisions of the “Operational Procedures for Acquisition and Disposal of Assets” of the company</p> <p>5. Asset activation plan of the company</p> <p>6. Amendment to the Article of Association</p> <p>7. Amendment to the provisions of the “Rules of Procedure of Shareholders’ Meeting” of the company</p>
Board meeting	August 29, 2022	<p>1. Approved the company's greenhouse gas inventory and check the schedule plan</p> <p>2. Approved the company's consolidated financial report for the second quarter of 2022</p> <p>3. Approved the open a foreign exchange deposit account, apply for Internet banking services and open a trust account at the International Finance Branch of Hua Nan Bank</p> <p>4. Approved the purchase of the directors' liability insurance of the Company</p>
Board meeting	November 14, 2022	<p>1. Approved the amendment to the revision of internal trading management procedures</p>
Board meeting	December 30, 2022	<p>1. Approved the 2022 audit plan of the company and its subsidiaries</p> <p>2. Approved the organizational procedures of the company's salary and compensation committee and proposed salary management measure</p> <p>3. The company carries out the performance evaluation plan of the Board of Directors in 2022</p> <p>4. Approved the amendment to the provisions of the procedures for the operation and management of the Board of Directors</p>
Board meeting	March 3, 2023	<p>1. Approved the transfer of shares between subsidiaries</p> <p>2. Approved the share funds are returned through the capital reduction of the subsidiary SDO (Fujian) Textile & Industry Goods Co., LTD</p> <p>3. Approved the proposal of loans and transactions through subsidiaries</p>
Board meeting	March 27, 2023	<p>1. Adopt the performance evaluation plan of the board of Directors in 2022</p> <p>2. Adoption of the company's 2022 consolidated financial statements</p> <p>3. Adoption of the company's 2022 deficit compensation proposal</p> <p>4. Approved the company's 2022 annual compensation distribution plan for employees and directors</p> <p>5. Adoption of the company's 2022 annual business report</p> <p>6. Approved the 2022 annual internal control system effectiveness assessment and internal control statement of the company</p> <p>7. Approved the company's 2023 accounting public expense and accountant independence</p> <p>8. Approved the amendment to the provisions of the “Rules of Organization of the Remuneration Committee” of the company</p>

		<p>9. Approved the amendment to the Article of Association</p> <p>10. Approved the proposed appointment of [Zhuang Ling Feng] as head of corporate governance</p> <p>11. By booking an ordinary meeting of shareholders for June 26, 2023</p>
Board meeting	May 12, 2023	<p>1. Approved the proposal of loans and transactions through subsidiaries</p> <p>2. Approved the proposal of borrowing from the subsidiary – Topbi (China) Fashion Co., Ltd</p> <p>3. By adding the meeting places for the company's 2022 ordinary shareholders' Meeting</p>

(b) Resolution result: Adopted by resolution of shareholders' meeting; The board of directors has agreed to pass unanimously.

(c) Results: Follow the resolution. Subsequent implementation of shareholders' meeting:

The implementation of important decisions of the shareholders' meeting (2022.6.29)
<ol style="list-style-type: none"> 1. Adoption of the 2021 annual business report and financial statements of the company: The resolution was passed. 2. Adoption of the company's 2021 deficit compensation proposal: The resolution was passed. 3. Approved to amendment to the provisions of the "Management Measures for Lending Funds to Other Parties" of the company: Has been operated in accordance with the revised provisions. 4. Approved to amendment to the provisions of the "Operational Procedures for Acquisition and Disposal of Assets" of the company: Has been operated in accordance with the revised provisions. 5. Approved to the asset activation plan of the company: Handle subsequent implementation matters in accordance with the resolution. 6. Approved to the amendment to the Article of Association: The modification was completed on August 5, 2022. 7. Approved the amendment to the provisions of the “Rules of Procedure of Shareholders’ Meeting” of the company: Has been operated in accordance with the revised provisions.

(12) Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

(13) Resignation or Dismissal of the Company’s Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D: None.

5. Information Regarding the Company's Audit Fee and Independence

(1) Certified Public Accountant Audit Fees

Unit:NT \$ (thousand)

Name of accounting firm	Name of the CPA	Inspection period	Audit fees	Non-audit fees	Total	Remarks
ShineWing Taiwan	Chen Kuang Hui	2022/01/01	9,601	456	10,057	Internal control audit report & Opinion on price rationality
	Kuo Chen Yu	- 2022/12/31				

(a) If the public audit fee for replacing accounting services is lower than that for the previous year, the amount and reason of the public audit fee before and after the shall be disclosed: None.

(b) The amount, proportion, and reasons for the reduction of the audit fees shall be disclosed if the audit fees are reduced by more than 10% compared with the previous year: The decrease of \$1,158 thousand (10.76%) was mainly due to corporate cut spending.

6. Replacement of CPA: None.

7. The chairman, general manager, finance, or accounting manager of the company who has served in the public accounting firm or its affiliated enterprises in the recent year: None.

8. In the most recent year and as of the date of publication of the annual report, changes in the transfer and pledge of shares of directors, supervisors, managers, and holders of shares of more than 10% of the company's shares:

(1) Changes in Shareholding of Directors, Managers and Major Shareholders

Unit: Share

Title	Name	2022		As of April 28, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Zhou Xun Cai (note 1)	-	-	-	-
Director of Administration Department	Wu DongFeng	-	-	-	-

Title	Name	2022		As of April 28, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Independent Director	Chen DongSheng	-	-	-	-
Director	Lien Chih Chi	-	-	-	-
Independent Director	Lai Tiao Tsan	-	-	-	-
Independent Director	Wu Chin Shan	-	-	-	-
CEO	Zhou ZhiHong	-	-	-	-
Finance Director of Topbi (China)	Chen ZhangTao				
Topbi (China) Director of R&D	Guan YouJin	-	-	-	-
Topbi (China) Sales Director	Lin, Yong	-	-	-	-
Topbi (China) Director of warehouse	Yang Wen	-	-	-	-
Topbi (China) Board Secretary	Zhuang, LingFeng	-	-	-	-
CFO	Chen Chien Wei	-	-	-	-
Audit Supervisor	Jiang Ming	-	-	-	-
Major shareholder	Topwealth International Holdings Limited (Note 1)	-	-	-	-

Note 1: Zhou Xun Cai is holds shares through Topwealth International Holdings Limited.

(2) Equity transfer, equity pledge, relative person information: None.

9. Relationship among the Top Ten Shareholders

May 12, 2023; Unit: Shares

Name	Current shareholding		Spouse's/ minor's shareholding		Shareholding by nominee arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Re mar ks
	Shares	%	Shares	%	Shares	%	Name	Relation ship	
Topwealth International Holdings Limited	16,061,082	14.67	-	-	-	-	-	-	-
Representative : Zhou Xun Cai	-	-	-	-	-	-	-	-	-
劉梅英	1,609,066	1.47%	-	-	-	-	-	-	-
邱鴻森	1,149,707	1.05%	-	-	-	-	-	-	-
花旗託管BNP投資 操作SN C投資專 戶	914,096	0.84%	-	-	-	-	-	-	-
花旗託管柏克萊資本 SBL/PB投資專 戶	656,182	0.60%	-	-	-	-	-	-	-
淘帝國際控股有限公 司庫藏股專 戶	507,000	0.46%	-	-	-	-	-	-	-
謝昭良	500,000	0.46%	-	-	-	-	-	-	-
黃焜榮	499,000	0.46%	-	-	-	-	-	-	-
徐航 健	490,798	0.45%	-	-	-	-	-	-	-
李姿樺	450,000	0.41%	-	-	-	-	-	-	-

Note: The above shareholding ratio of shareholders is calculated after deducting 507,000 Treasure shares.

10. Ownership of Shares in Affiliated Enterprises.

Unit: shares; % , Dec 31, 2022

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Number of shares	(%)	Number of shares	(%)	Number of shares	(%)
TOPBI Children Apparel Co., Limited	174,227,460	100	-	-	174,227,460	100
Fujian SDO Textile & Industry Goods Corp., Ltd	-	-	-	-	-	-
TOPBI (CHINA) Fashion Corp., Ltd	-	-	-	-	-	-
Fujian Topbi E-commerce Co., Ltd	-	-	-	-	-	-
Fuzhou Spring Investment Corp., Ltd	-	-	-	-	-	-

Note: It is an equity investment by the company

(IV) Capital Overview

1. Capital and Shares

(1) Sources of Capital

(a) Types of Stock

April 28, 2023; Unit: Shares

Type of shares	Authorized Capital (shares)			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common stock	109,493,838	40,506,162	150,000,000	Shares of listed companies

Note: Outstanding shares consist of 507,000 untransferred Treasury shares purchased by the company.

(b) Equity Formation Process

April 28, 2023; Unit: NT \$/ Share, unless otherwise noted

Month of year	Offering price	Authorized capital		Capital paid-in		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Using property other than cash as equity	Others
October 2012	USD1	1	USD1	1	USD1	Fixed equity 1 share	None	-
December 2012	USD1	50,000	USD50,000	50,000	USD50,000	Restructuring of issuing shares	None	-
February, 2013	10	100,000,000	1,000,000,000	148,020	1,480,200	Conversion ratio: 29.604 conversion of nt \$10 per share	None	-
February, 2013	10	100,000,000	1,000,000,000	45,000,000	450,000,000	Capital reserves, transferred to increase capital 448,519,800	None	-
December 2013	118	100,000,000	1,000,000,000	52,800,000	528,000,000	Raise capital in cash and issue 7,800,000 new shares	None	2013.11.29 金管證發 字第 10200 1447 號
July 2014	10	100,000,000	1,000,000,000	58,080,000	580,800,000	Surplus to increase capital, issue new shares 5,280,000 shares	None	-
September 2016	10	100,000,000	1,000,000,000	58,660,000	586,600,000	Restricted employee rights, 580,000 shares	None	2016.7.19 金管證發 字第

Month of year	Offering price	Authorized capital		Capital paid-in		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Using property other than cash as equity	Others
								105002755 5 號
December 2016	10	100,000,000	1,000,000,000	70,276,000	702,760,000	Surplus to increase capital, issue new shares 11,616,000	None	-
September 2017	10	150,000,000	1,500,000,000	71,682,000	716,820,000	Restricted employee rights: 1,406,000 shares	None	2017.7.17 金管證發 字第 106002637 5 號
December 2017	10	150,000,000	1,500,000,000	78,709,600	787,096,000	Surplus to increase capital, issue new shares 11,616,000	None	-
December 2018	10	150,000,000	1,500,000,000	82,645,080	826,450,800	Surplus to increase capital, issue new shares 3,935,480	None	-
December 2019	10	150,000,000	1,500,000,000	94,955,292	949,552,920	Surplus to increase capital, issue new shares 12,310,212	None	-
December 2020	10	150,000,000	1,500,000,000	109,493,838	1,094,938,380	Surplus to increase capital, issue new shares 14,538,546	None	-

General declaration of relevant information: Not applicable.

(2) Shareholder Structure

April 28, 2023; Unit: Person; Shares: %

Shareholder structure Quantity	Government agency	Financial institutions	Other legal persons	individual	Foreign institutions and foreigners	Total
Number of people	0	3	193	34,546	43	34,785
Number of shares held	0	28,398	1,454,114	88,273,647	19,737,679	109,493,838
Shareholding ratio	0.0	0.03	1.33	80.62	18.02	100

Note: The mainland capital of the company holds 1 share.

Note: The above shareholding ratio of shareholders has been calculated after deducting 507,000 Treasure shares.

(3) Equity Diversification

April 28, 2023; Unit: Person; Shares

Shareholding Classification	Number of Shareholders	Number of Shareholding	Shareholding Ratio
1 ~ 999	25,580	734,381	0.67%
1,000 ~ 5,000	6,094	14,052,907	12.83%
5,001 ~ 10,000	1,431	11,094,493	10.13%
10,001 ~ 15,000	513	6,401,820	5.85%
15,001 ~ 20,000	306	5,598,351	5.11%
20,001 ~ 30,000	315	7,883,614	7.20%
30,001 ~ 40,000	161	5,658,423	5.17%
40,001 ~ 50,000	103	4,720,482	4.31%
50,001 ~ 100,000	171	11,907,935	10.88%
100,001 ~ 200,000	70	9,668,694	8.83%
200,001 ~ 400,000	30	8,520,257	7.78%
400,001 ~ 600,000	6	2,862,348	2.61%
600,001 ~ 800,000	1	656,182	0.60%
800,001 ~ 1,000,000	1	914,096	0.84%
1,000,001 or over	3	18,819,855	17.19%
Total	34,785	109,493,838	100.00%

Note: No special shares.

Note: The above shareholding ratio of shareholders has been calculated after deducting 507,000 Treasure shares.

(4) List of Major Shareholders:

Name, amount, and proportion of shareholders listed in the top ten that have a shareholding ratio of more than 5%:

April 28, 2023; Unit: Person; Shares: %

Shares Name of main shareholders	Number of Shareholding	Shareholding Ratio
Topwealth International Holdings Limited	16,061,082	14.67%
劉梅英	1,609,066	1.47%
邱鴻森	1,149,707	1.05%
花旗託管 B N P 投資操作 S N C 投資專戶	914,096	0.84%
花旗託管柏克萊資本 S B L / P B 投資專戶	656,182	0.60%
淘帝國際控股有限公司庫藏股專戶	507,000	0.46%
謝昭良	500,000	0.46%
黃焜榮	499,000	0.46%
徐航健	490,798	0.45%
李姿樺	450,000	0.41%

Note: the above shareholding ratio of shareholders has been calculated after deducting 507,000 Treasury shares.

(5) Market value, net value per share, profit and related information of the last two years:

Unit: NT \$; Thousand; thousand shares

Items	Year	2021	2022	As of March 31, 2023 (Note 4)
	Market value	High	20.15	18.75
	Low	7.20	7.91	13.30
	Average	14.61	14.78	16.45
Net value per share	Before Distribution	25.23	26.81	26.87
	After Distribution	Note 1	Note 1	Note 1
Earnings per share	Weighted average number of shares	108,987	108,987	108,987

Items		Year	2021	2022	As of March 31, 2023 (Note 4)
		Earnings per share	Before adjustment	(6.43)	1.22
After adjustment	Note 1		Note 1	Note 1	
Dividend per share	Cash dividends		-	-	-
	Stock Dividends	Dividends from Retained Earnings	-	-	-
		Dividends from Capital Surplus	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Investment return analysis	PE ratio		-	12.11	78.33
	Principal and interest ratio		-	-	-
	Cash dividend yield		-	-	-

Note 1: No dividend will be paid in 2022.

(6) Dividend Policy and Implementation Status

(a) Dividend policy:

As the Company continues to grow, the need for capital expenditure, business expansion and a sound financial planning for sustainable development, it is the Company's dividends policy that the dividends may be allocated to the Shareholders in the form of cash dividends and/or shares in lieu of the cash amount of any dividend according to the Company's future expenditure budgets and funding needs.

Subject to the Law, and unless otherwise provided in the Applicable Listing Rules, the net profits of the Company for each annual financial year shall be allocated in the following order and proposed by the Board of Directors to the Shareholders in the general meeting for approval:

- (a) to make provision of the applicable amount of income tax pursuant to applicable tax laws and regulations;
- (b) to set off cumulative losses of previous years (if any);
- (c) to set aside ten percent (10%) as Legal Reserve pursuant to the Applicable Listing Rules unless the accumulated amount of such Legal Reserve equals to the total paid-up capital of the Company;

(d) to set aside an amount as Special Reserve pursuant to the Applicable Listing Rules and requirements of the Commission; and

(e) with respect to the earnings available for distribution (i.e. the net profit after the deduction of the items (a) to (d) above plus the previously cumulative undistributed Retained Earnings), the Board of Directors may present a proposal to distribute to the Shareholders by way of dividends at the annual general meeting for approval pursuant to the Applicable Listing Rules. Dividends may be distributed in the form of cash dividends and/or shares in lieu of the cash amount of any dividend, and the amount of dividends shall be at least twenty percent (20%) of the net profit after the deduction of the items (a) to (d) above. Cash dividends shall comprise a minimum of ten percent (10%) of the total dividends allocated to Shareholders.

(b) Proposed Distribution of Dividend:

The Company, as proposed by the Board of Directors on March 27, 2023, will not pay a cash dividend or a stock dividend.

(c) Description of significant changes in expected dividend policy:

The Company's dividend policy for the next three years is intended to be implemented in accordance with the foregoing distribution policy, without significant changes.

(7) The impact of the proposed free rights issue on the company's operating performance and earnings per share at the shareholders' meeting: Not applicable.

(8) Compensation of Employees, Directors and Supervisors

(a) The remuneration of employees, directors and supervisors as set out in the articles of association:

The Company shall set aside no more than 10% of its annual profits before tax as bonus to employees of the Company and set side no more than 2% of its annual profits before tax as bonus to Directors, provided however that the Company shall first offset its losses in previous years that have not been previously offset. The distribution of bonus to employees may be made by way of cash or Shares. To qualify for the distribution of bonus, employees must meet certain conditions as prescribed by the Company. The distribution of bonus to employees shall be approved by most of the Directors present at

a meeting attended by two-thirds or more of the total number of the Directors and shall be reported to the Members at the general meeting.

(b) The estimated amount of remuneration of employees, directors and supervisors in this period shall be calculated based on stock allocation. If there is any difference between the actual amount allocated and the estimated amount, the accounting method:

The employee's bonus and director's remuneration of the company shall be estimated at the most appropriate rate in accordance with the numbers set out in the articles of association of the company in accordance with each year. When there is a difference between the actual allocation and the estimated, the shareholder will adjust it in accordance with accountants and to list it as the annual profit or loss. In addition, the company has no supervisors.

(c) Remuneration distribution by the board of directors:

A. Payment of employees, directors and supervisors in cash or shares: The company's 2022 employee and director compensation allocation plan which was passed by the BOD on March 27, 2023 does not allocate employee and director remuneration.

B. The proportion of employees' remuneration distributed by shares as a percentage of the net profit after tax and the total remuneration of paid to employees: Not applicable.

(d) The actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number of shares distributed, amount and share price), if there is any difference between the remuneration recognized by accountants, the differences, the reasons and the handling situations shall be stated: Not applicable.

(9) Circumstances in which the company repurchases its shares: None.

2. Corporate bond status: None.

3. Special share status: None.

4. Global depository receipts status: None.

5. Employee stock options status: None.

6. Issuance of new restricted employee shares status: None.

7. Status of new shares issuance in connection with mergers and acquisitions: None.

8. Financing plans and implementation: Not applicable.

(V) Operation Overview

1. Business Activities

(1) Business Scope

(a) The main content of the business

The company is mainly engaged in the own brand children's clothing design and sales.

(b) Revenue distribution

Unit: NT \$ (thousand)

Year Product name	2021	2022	Increase (decrease) ratio (%)
	Amount	Amount	
Children's clothes	2,963,906	2,541,026	-14.27%

(c) Main products

Commodity items	Content
Children's clothes	Short pants, trousers, shirts, t-shirts, cotton-padded jacket, wind-coat, dress etc

(d) New products development

Affected by factors such as the rebound of the domestic epidemic and the more complicated international political and economic environment in 2022, China's garment industry has faced major challenges such as phased shutdown and production in local regions, poor logistics operation, and high rising raw material prices, and the production and operation environment are not optimistic. To cope with market risks, the company has continued to firmly study the relevant technologies of e-commerce channels since the epidemic. With academic institutions and commercial institutions such as Minjiang University, Fuzhou University, Hangzhou Kualang Network Technology Co., LTD., and Fujian Lebaishi Culture Media Co., LTD., we conducted research on the impact of new media economic formats such as live broadcast economy on clothing sales, and explored channel integration and development under the new business environment. The company's R & D center still maintains cooperation with suppliers to study the flexible supply chain system to achieve "flexible" supply chain manufacturing, and achieve controllable process, flexible manufacturing, reliable price and reliable quality. In product research and development, the company has been researching the application of antibacterial fabrics in new products

for many years. At present, some antibacterial fabric products have achieved better market performance. Entering the post-epidemic era, the company will continue to cooperate with Minjiang University, Fuzhou University Institute of Art and Technology, Jiangxi Institute of Fashion Technology and other scientific research institutions to study the application direction of various healthy antibacterial new materials. In order to use the latest antibacterial technology in the field of children's wear, the company's children's wear products into the core competitiveness.

(2) Industry Overview

(a) The current situation and development of the industry

A. The current situation of China children's wear industry

The decline in China's birth population will affect the children's wear market, as the mainland birth population has declined in recent years and the fertility rate has continued to decline. According to the National Bureau of Statistics, the number of births in China continued to decline from 2012 to 2022, reaching 10.62 million in 2022, with a birth rate of only 7.52 per thousand. The continuous decline in the birth population will bring certain pressure to the growth of the children's clothing industry. Although the number of births in China continues to decline, the spending of parents after 1985 on children's clothing and other products continues to grow, supporting the scale of the industry continues to expand. From 2016 to 2022, the market size of China's children's clothing industry fluctuated, declined in 2020 due to the impact of the epidemic, and resumed growth in 2022, with the market size reaching RMB 256.3 billion. In the future, under the continuous promotion of the three-child policy, the children's clothing industry still has greater development potential.

In 2022, the maternal and child products of the two major e-commerce platforms of Jingdong and Tmall totaled RMB204.22 billion, of which children's clothing sales were RMB 46.44 billion, down 1.3% from 2021, but still accounted for the largest share of maternal and child products. From the perspective of subcategories, children's swimwear, children's performance clothing, children's dresses and other children's clothing categories on Tmall and Jingdong platforms have experienced a greater growth in 2022, with growth rates reaching 88%, 85% and 37% respectively. This means that the application scenario of children's clothing is expanding, and the demand is also diversified. China's children's wear market competition is more intense, the market share is more dispersed, but the head brand is more stable. In 2021, the market share of brands such as BalaBala and Nan'Jren is at the forefront. With a market share of 5.5% in 2022, BalaBala is the only brand with a market share of more than 5%. In summary, from the perspective of the macro environment, the decline in the number of births in China will have a certain impact on the children's wear industry. From the perspective of market size, the market size of China's children's clothing industry has fluctuated from 2016 to 2022. In 2022, children's clothing sales on Tmall and JD.com platforms were declined, but new categories such as children's swimwear grew faster. From the perspective of brand competition pattern, BalaBala is ranked first. It is expected that in 2027, China's children's wear market size is close to RMB 460 billion, China's children's wear industry in the three-child policy and the continuous change of parents' consumption concept, will accelerate the replacement of foreign children's wear products, the future market size will continue to expand.

B. Policy and future development of China children's wear industry

I. The requirements of fashion design for children's wear are getting higher and higher

Children's clothing can be divided into baby clothing, toddler's clothing, small children's clothing, middle children's clothing, big children's clothing and so on. High-end children's clothing is mainly aimed at the 0-16 age group, and the price is higher than ordinary children's clothing. From the perspective of the development of China's high-end children's clothing, it has experienced three stages and is currently in a period of rapid development. Since the beginning of the 21st century, the design capacity and operation capacity of Chinese children's wear manufacturers have been improved, and local high-end children's wear brands have begun to appear, including Les Enphants, T100, etc., However, there are more foreign brand agents in China's high-end children's wear business enterprises.

II. Brand building is imperative

At present, the problem that China's children wear industry facing is the lack of awareness of brand building. Brand consumption of children's wear will become the mainstream, especially the well-known or mature brands, will become the first choice of children and parents to buy. But compared with imported brands, China children's wear brands lack competitiveness. First, enterprise should establish its own brand image and product market positioning, and then according to its own brand positioning carry out market research, grasp the popular trend. Understand consumer demand and design characteristic products that integrate popular elements, meet the needs and reflect the brand culture, should take brand construction and development as the main goal, rather than blindly pursue short-term profits, so as to conform to the brand market trend of children's wear.

III. The product structure is more reasonable

From the perspective of the overall market size of children's wear, the size of the children's wear market continued to grow from 2015 to 2019, due to the epidemic in 2020, the overall prosperity of the offline market declined significantly, the overall market size declined, and the market size returned to the pre-epidemic level in 2022. According to statistics, in 2022, the size of China's children's wear market reached RMB256.4 billion, an increase of 15.6%. The market segmentation pattern of China's children's wear industry has basically remained stable, and the mass children's wear occupies 80% of the market share. Specifically in 2022, the size of China's mass children's wear market will be RMB 211.348 billion, accounting for 82.4% of the overall children's wear market.

(b) Interconnectedness of upstream, middle and downstream industries

The business model of children's wear industry mainly includes research and development design, processing and production, and channel sales. The emergence of e-commerce enables the upper and middle reaches of the industry to directly connect with the downstream sales channels, increasing the liquidity in the upper and middle reaches of products. Research and development design as well as processing production of upstream also has a great requirement and increased the industry's initiative. The upstream of the children's clothing industry chain is all kinds of plant fiber, animal fiber, chemical fiber and other fibers and buttons, zippers and other accessories. The middle reaches are the production and supply links of children's clothing. The downstream is the children's clothing sales and circulation link, mainly including all kinds of online and offline channels.

(c) Product development trends

A. Worldwide

In recent years, the market size of the global children's wear industry has been growing, and in 2020, the industry scale has declined due to the impact of the epidemic. Data show that in 2021, the global children's wear industry market size is 19.8 billion US dollars, an increase of 5.9%; The high-end children's wear market continues to grow. According to Grand View Research data, the global high-end children's wear market size in 2021 is 42.3 billion US dollars, and the market size is expected to reach 59.5 billion US dollars in 2025.

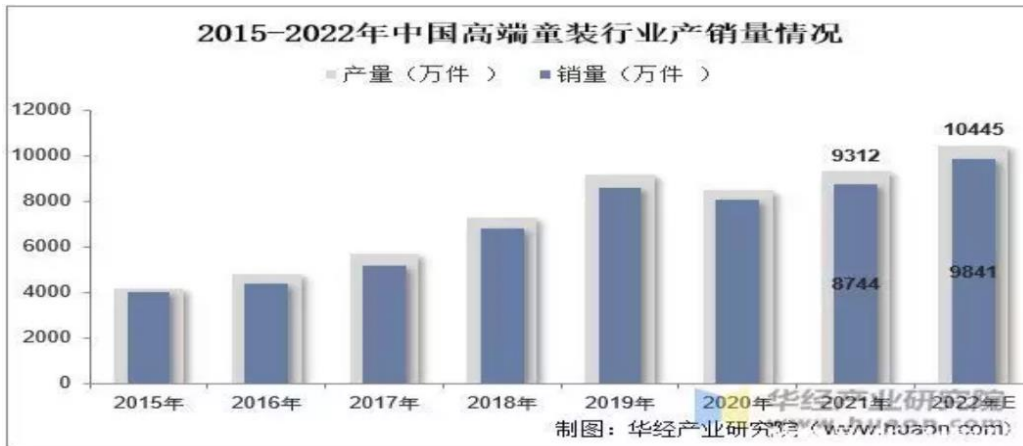


B. China

In terms of China's high-end children's wear market, with the growth of per capita disposable income, Chinese nationals have increased consumer demand for high-end brands, and the scale of the industry continues to expand. According to statistics, in 2022, China's high-end children's wear market size reached RMB 34 billion, an increase of 11.5%. It is expected that China's high-end children's wear market size will reach RMB38.9 billion in 2023.

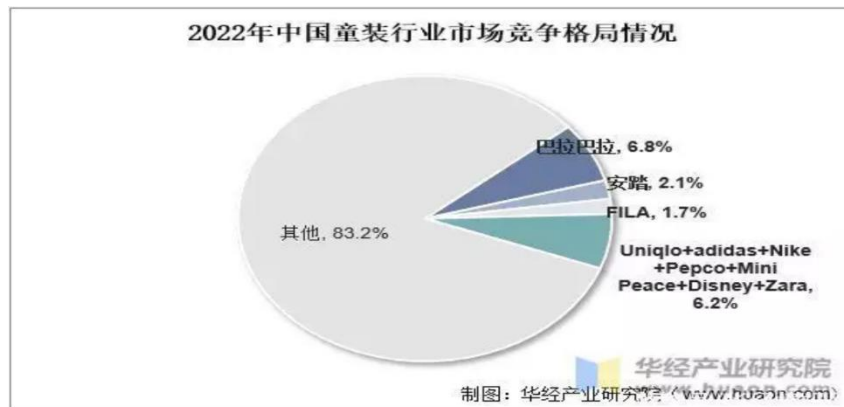


In terms of production and sales, according to statistics, China's high-end children's wear production and sales will double growth in 2022. China's high-end children's wear production and sales will complete 93.12 million and 87.44 million respectively in 2022, and it is expected that China's high-end children's wear production and sales will reach 104.45 million and 98.41 million in 2023.



C. High-end children's wear industry competition pattern

From the overall competition of children's clothing brands, the industry is scattered as a whole, there are many small brands, and the industry concentration is increasing year by year. According to statistics, the total market share of the top ten brands in China's children's wear industry (CR10) is 16.8% in 2022, and the total share of other brands is as high as 83.2%. However, in the past decade, with the development of China's children's wear industry, brand consumption awareness has been enhanced, and the market share of head brands has increased, with CR10 increasing from 9.3% in 2012 to 16.8% in 2022.



From the level of competition, the children's wear industry forms a pyramid structure according to different consumer needs, the high-end is dominated by overseas luxury brands, the middle and high-end are mostly overseas brands, the middle end is dominated by global sports and domestic head brands, and the number of mass brands is the largest. The comparison of middle and high-end children's clothing brands in China is as follows:

中国中高端童装品牌对比情况				
定位	品牌	国家	风格	价格区间（元）
中高端	暇步士	美国	美式休闲风	119-1500
	哈吉斯	韩国	英伦校园风	235-3000
	菲丝路汀	中国	法式优雅风	200-2700
	UNDER ARMOUR KIDS	美国	专业运动风	220-1600
	FILA KIDS	中国	运动时尚风	240-3100
	E-LAND KIDS	韩国	美式经典休闲风	120-1100
	Little MO&CO	中国	男女孩风	500-1400
	TEENIE WEENIE	中国	复古学院风	337-3000
高端	ANTA KIDS	中国	专业运动风	90-3000
	KENZO KIDS	法国	宽松自由风	900-5700
	HUGO Boss	德国	清新休闲风	500-3800
	EMPORIO ARMANI	意大利	中性风	2000-50000
	VERSACE	意大利	意式浪漫风	-
	BABY DIOR	法国	法式高贵风	1900-13000
	英氏	中国	清雅童趣风	355-4700
	BONPOINT	法国	浪漫优雅风	800-13000
GUCCI	意大利	奢华高端风	1500-19000	
BALENCIAGA	法国	简洁风	1700-4500	

D. High-end children's wear industry development trend

With the continuous improvement of the living standards of the Chinese people, the future requirements for high-end children's clothing will inevitably show a trend of personalized and branded development. Parents pay more attention to the personality of children's clothing, in order to meet the needs of themselves and their children in communication or other aspects, and branding can ensure the quality of high-end children's clothing.

At the same time, in the development of high-end brands, brands have occupied the main advantage, and the price of children's clothing has retreated behind. Small brands of children's wear are no longer important in terms of market share. In terms of children's clothing consumption, people are increasingly demanding, and are more inclined to go to first-line brands and other high-end quality, because its safety quality and good service make consumers more trust. Information is becoming more and more transparent, consumers are becoming more and more mature in their consumption awareness, and their choices are further promoting the development of the high-end market.

Offline sales line is still the main sales method in China's children's wear industry, but the penetration rate of online sales line is continuing to grow. Data show that in 2022, China's children's clothing e-commerce sales reached RMB 82.5 billion, and the penetration rate reached 32%. During the epidemic, the impact on offline children's clothing stores is very big, and the online sale is growing rapidly. In the future, online high-end children's clothing brands will become the key to market competition for the whole process of quality control such as sales service, after-sales service and logistics.



(d) Product competition

Area	Market positioning	Main competitive brands	Consumer groups	Brand image
East China	Middle end market	巴拉巴拉	Children aged 3-12, middle class and well-off families	Freedom, casual, fashion, health, sports, category complete, diverse and unrestrained style.
East China		安奈兒	Children between 2 to 12 years of age, with advanced education and high-income families	Environmental protection fabrics, simple and novel, adhere to elegant, delicate, comfortable design style.
North China		小豬班納	Children aged 0 to 15 years old, middle - and high-income families	Products advocate health, happiness, fashion.
South China		依戀	Children between the ages of 5 to 13, middle class families	The style of clothing is classical and academic, incorporated the aristocratic style of an adult costume into a child's clothing.
South China	Middle and high end	史努比	Middle and high-end children's wear brand	The brand image is taken from the cartoon character of beagle, and the cultural symbol is optimism and confidence.
East China (浙江)	market	巴布豆	Children aged 0 to 12 years old, middle- and high-income families	Brand characteristics as the colour profusion, advocates personality, healthy style. There are counters in major department stores in China.

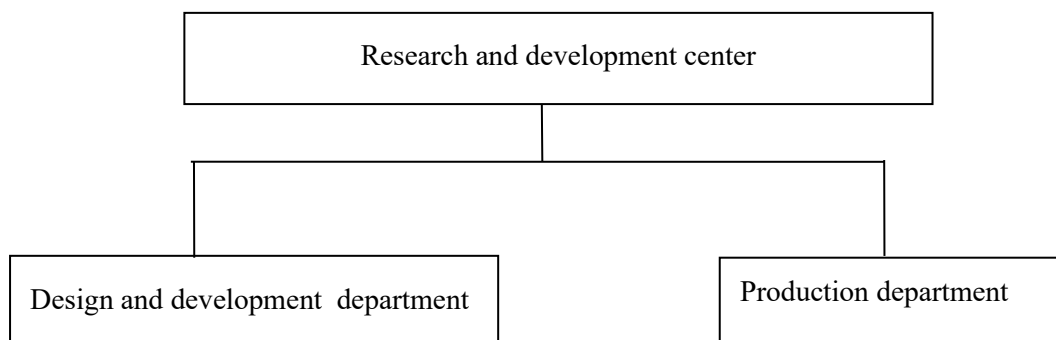
Source: company websites

(3) Technology and R&D (research and development) overview

(a) Technical level and research development of the business

In the high-end children's wear brand market style is further refined, manufacturers form differentiated competition. The children's series of global sports brands are still dominated by sports style, while other fashion brands have distinct styles, covering mass leisure, pastoral, American leisure, British school, and other styles, to meet the ever-advancing market demand. Luxury brands have a unique market due to their brand awareness, top design and fabrics.

The company mainly operating subject Topbi (China) research & development center, its according to its function, respectively set up the design research & development department and production department. Responsible for product design and development and control processes. The organizational structure of the R&D center is as follows:



(b) Development costs of the recent year and the date of issue of the annual end of the annual report

Unit: NT\$ (thousand)

Project \ Year	2022	First quarter of 2023
Research and development costs	45,379	10,252

(c) The successful development of technology or product

Year	Research and development content	Application field
2008	Children's wear production based on single side dyed fabric	New children's wear production
2011	Research on high color fastness and environmental protection crease printing technology of high grade cotton fabric	Children's clothing printing technology improvement
2013	Research and development of cool fabrics based on children's wear design	New children's wear production
2015	Electrospinning polyaniline composite nanofibers and their applications in functional fabrics	New children's wear production

2016	Research and development project of functional children's wear products of temperature sensing and color changing series	New fabric technology for children's wear
2017	Research on antibacterial finishing of cotton fabric	New fabric technology for children's wear
2018	Application of temperature-sensitive and colour-changing fabrics in children's wear	New fabric technology for children's wear
2020	Research and application of natural fiber antibacterial fabric for children's wear	New fabric technology for children's wear

(d) Competitive strategy

In recent years, the epidemic has made offline sales suffer, major brands of children's wear have increased the layout of e-commerce lines, through digital transformation, explore the full line integration mode, and increase the brand and consumer contact points through multi-dimensional lines. From the perspective of the online income of China's representative children's wear companies, ANTA's online income is the highest in 2022, reaching RMB 8.212 billion, accounting for 34.20% of the online income, but ANTA is not a simple children's wear company, its clothing categories are wider, and its customer base is wider. Compared with Semir Garment and Annil, the children's clothing business is more important and influential to the company. In 2022, the online revenue of Semir Garment will reach RMB 6.509 billion, accounting for 42.21% of the total. Annil's online revenue of RMB 429 million, online revenue accounted for 36.18%. In the future, the children's wear market has gradually transformed into online sales, and a group of new people after 1990 have married and had children, and online shopping has become an indispensable part of normal life. Therefore, the company will adjust the focus of sales to the online is the future trend.

Looking to the future, China's children's wear industry in the three-child policy and the continuous change of parents' consumption concept, will accelerate the replacement of foreign children's wear products, the future market size will continue to expand. According to Euronmonitor data, China's children's wear market will reach RMB 459.7 billion in 2027, with a compound growth rate of 9.81% from 2022 to 2027.

(4) Long-term and Short-term Development Plan

(a) Long term business development plan

A. Fashion

In the early years, parents' requirements for children's clothing only stay in the basic requirements, and now the post-80 and post-90's requirements for children's clothing are becoming higher and higher, requiring children's clothing to follow the trend of fashion.

B. Innocence

In the process of style design of children's clothing, designers are often affected by their own factors to design clothes to attract adults. This is also the use of some elements of adult clothing, such as: leopard print, high waist, metal and so on. Such a design makes children's clothes gradually lose their innocence. In the future design, there will be more children's elements to be added, emphasizing innocence and fun. Childlike design will also be the future trend of children's clothing.

C. Environmental safety

Children's health is the most concerned of every parent. The comfort of children's clothing, sweat absorption, breathability, non-stimulation are the mainstream requirements of the children's clothing market. In the future development of the children's wear industry, parents will pay more attention to the material safety and environmental protection of children's wear and its accessories when consuming.

D. Brand

In the future competition of the industry, with the maturity of consumption concepts, consumers' sensitivity to brands will gradually increase, and their sensitivity to prices will decline. As the children's market gradually matures, competition will also extend from products, prices, marketing methods to technology research and development, brand services and other dimensions. Youyou Deer, a new generation of Chinese children's wear brand, uses the original design sense comparable to big brands and the light luxury quality and price ratio without burden, which is Youyou Deer's in-depth interpretation of light luxury aesthetic education, to re-interpret the frontier trend of children's wear and create a new benchmark for leading light luxury tide children in China.

E. Change in consumption habits

With the rapid development of e-commerce and logistics distribution, online shopping is becoming more and more convenient and has become one of the most important channels for young mothers to shop. In the future, offline sales of children's clothing will be affected by online sales. However, offline physical stores will still be an important channel for consumption because of their good shopping experience. Now many children's clothing stores will increase the food area, toy area and other functions, so that parents can enjoy shopping more happily. Youyou Deer children's clothing store even innovatively integrates the fitting room and the runway skillfully, so that children can enjoy the pleasure of being a small model when trying clothes and increase the ordering scene.

F. Fine-differentiation

In the product segment is relatively chaotic, infant children's clothing is significantly more than children's products, and large children's clothing is directly included in youth clothing. In the face of international children's clothing brands entering the domestic market, the China consumer market presents a product differentiation competition situation, in the future product differentiation, differentiation will be the development trend of children's clothing industry, China's children's clothing

industry will also enter a new era.

G. Peripheral product extension

Children's clothing branding is the inevitable trend of the future development of the industry. children's wear, maternal and child products, early education, children's stationery, toys and other users are highly overlapping, enterprises can make full use of existing brand resources and brand influence in the process of brand development or market expansion and extend to its surrounding. Find new opportunities for enterprise development.

(b) Short term business development plan

A. Explore a variety of distribution modes to reduce the risk of agents

New direct sales channels are added to steadily cooperate with agents to develop the China children's wear market. In the context of the rapid growth of the overall children's wear industry, it is conservative to rely entirely on agents to develop the market. Under the premise of sufficient capital and sufficient preparation, it is undoubtedly faster and more direct to develop emerging markets directly by the company. The company plans to cooperate with agents to jointly develop the market through direct sales and set up brand life experience stores in blank areas or key image areas of agents by direct sales. Compared with the general store, the brand life experience store not only has the sales function of the store, but also sets up the children's game area in the store, provides entertainment space and snacks for children, provides parents with free Internet and other life experiences, attracting consumers to stay in the store for a long time, to login the website to learn about and download the APP. In this mode, the store will no longer be limited to static offline experience, no longer a simple shopping place, but at the same time shopping can be relaxing. Browse the product introduction on the APP. The pursuit of innovation and individuality and improve competitiveness.

B. Strengthen IP economic construction and introduce new media and new economic businesses, including live streaming e-commerce

The company has established a unique brand culture and connotation since its establishment. The brand products take the ocean as the theme, endow products with the concept of spirituality and life, create individual fashion, integrate the international trend and China culture, advocate the harmony between nature and human, and endow products with more concepts of spirituality and life. In the face of the booming new media and new economic business in China, the Company will introduce it in time during the expansion of e-commerce business, and strive to develop new media business, including live broadcasting, to become a new support point to accelerate Topbi's business. At this stage, the Company will use the influence of the live broadcast team in Internet channels and the ability to produce Internet content to enhance brand awareness of the Group's products. In the future, the live streaming team can match the actual needs of the group, start the live streaming business of Topbi goods, accelerate channel

realization, and truly realize the symbiosis and common development of the new media and new economy team and Topbi.

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

The clothing industry has entered the era of Internet and information, and the clothing retail has changed from the traditional retail centered on enterprises to the new retail centered on consumers. In this process, logistics, design, production and sales, has become one of the most important business systems of garment enterprises. With the help of efficient logistics systems to accelerate product distribution and improve warehousing efficiency, it has become a common understanding of garment enterprises. As the Group continues to deepen its new retail layout, the construction of warehousing and logistics systems in East China is urgently required. Among them, the Topbi E-commerce Industrial Park project is still the most important goal. To upgrade the logistics and warehousing system, the company plans to introduce automated warehousing and logistics design and improve the order, purchase, shipment and financial management through the ERP system. The Smart Warehouse Logistics Park will also adopt the modern logistics management mode of integrated information, procurement, transportation, warehousing and other logistics activities to build a powerful logistics distribution system to support the group's growing operations. After acquiring Toprich Industrial Park in 2022, Topbi is plan to make full use of the park's independent planning right, give full play to the architectural advantages and support the booming business environment to rebuild the new "Topbi E-commerce Headquarters building", so as to create a good platform for Topbi to develop its e-commerce business, to introduce more talents and realize the corporate plan, enhance share price performance and create long-term value for shareholders.

D. Reform supply chain flexible management

With the rapid rise of light fashion style, the increasingly diversified demand of end consumers, the accelerated of trend iteration, and the trend of fragmentation of orders oriented by major e-commerce platforms have spawned the demand for flexible supply mode. The flexibility of supply chain refers to the ability of supply chain to adapt to the change of market demand, it refers to the ability of the whole supply chain system to respond to the change of customer demand. To adapt to this changing trend, the company will do its best to promote the "flexible" manufacturing of the supply chain, so as to achieve a controllable process, flexible manufacturing, reliable price and reliable quality, and retain 15%-20% of the flexibility of the product design of the season. Currently, the fastest time from research and development production to sales can be shortened to four weeks, and the company will launch the fashionable children's wear products of the season with a high average unit price contribute to the overall profitability.

2. Market and the general situation of production and sales

(1) Market analysis

(a) Sales area of major commodities

The company's main sales area for mainland China, because the China market is vast, the company mainly through agents to sell products to the final consumers. According to the changes in the industry, agents are encouraged to develop online sales models. The company regularly provides systematic training, including marketing, product display design and inventory management training activities, to maintain the company's outstanding group image.

(b) Market share

China's children's wear market concentration is low, the first ranked Bala Bala occupies less than 3% of the market share, our company and other top ten children's wear brands are not up to 1% of the market share, independent brand children's wear in the market still has a potential for growth.

(c) The future supply and demand of the market and its growth

According to authoritative statistics, the scale of China's high-end children's wear market is expanding faster than the entire children's wear market, and the recently announced three-child policy will increase the demand of the children's wear industry to a certain extent. Through the analysis of the high-end children's wear industry from the supply side and the demand side, it is found that the number of new enterprises in China's high-end children's wear manufacturing industry is very considerable every year, which provides enough goods for the market. The consumption amount of children's wear per capita in China is also increasing year by year. With the improvement of people's living standards, more and more parents are willing to consume middle and high-end children's wear. This trend can be seen from the increasing proportion of middle and high-end children's wear in the children's wear industry. Therefore, the company's product positioning on the medium, the well-off class above the consumer groups, will steadily expand with the rapid growth of the market size.

(d) Competition niche

As one of the top ten children's wear brands in China, the company has been established for nearly twenty years. Long time focus on the China children's wear market, let the company obtain a high market reputation and popularity. At present, the company has online and offline agents throughout China, a solid market foundation and a large number of loyal consumer groups, which help the company have full confidence to face the future competition. In addition, in order to develop the TOPBI brand toward the "omni-channel" consumption trend, the company continues to strengthen the image exposure of TOPBI brand, drive the cooperation opportunities of online and offline dealers, and expand the operation scale of the group. Through the joining of online agents and the number of TOPBI brand online members has reached hundreds of thousands of people, leading to the overall proportion of e-commerce sales in the first quarter of 2022 to more than 50%, and continue to move towards the target of online and offline all-channel sales.

(e) The favorable and unfavorable factors and countermeasures of the development vision

A. Favorable factors

In recent years, the booming development of the global children's wear market seems to be immune to the impact of the global economic slowdown, when many luxury brands in many categories of sales are not good, the children's wear market has been thriving. By 2022, China has reached 1.4 billion people and is the world's largest consumer and producer of clothing. In recent years, China's garment industry has made great progress, and the development of the garment industry has greatly promoted the development of China's national economy and has been the first export surplus for five consecutive years, the garment industry has made great contributions to China's export foreign exchange earnings. The textile and garment industry is a traditional industry of China's national economy, an important livelihood industry and an industry with obvious international competitive advantages. In order to encourage and support the development of the industry, the state has issued a series of policies to create a good environment for the development of the industry, which is conducive to the long-term and healthy development of the industry. Children's clothing industry is one of the main subdivisions of China's textile and garment industry, and the industry has a prominent position in the national economy. With the continuous rise of China's national living standards, as well as the increasing importance of society and families to the next generation, the proportion of baby consumption expenditure in the family's consumption expenditure has increased year by year, China's children's wear market is entering a stage of rapid development. The continuous increase in the size of the children's wear market and the rapid market growth rate have brought good historical opportunities for the development of children's wear enterprises. With the maturity of the adult clothing market and the relatively rapid growth of the children's clothing market, many domestic and foreign adult clothing brand enterprises have entered the China children's clothing market, and the industry competition is becoming more and more aggressive. According to the different entry path, children's clothing brands can be divided into professional children's clothing brands and adult clothing extension brands. Among them, the local enterprises of professional children's wear brands are represented by Bala Bala, Pepco, Annil and Youyou Deer children's wear, and the foreign enterprises are represented by Paw in Paw. Such enterprises have profound professional knowledge and accumulation of children's wear industry, and the retail terminals are usually concentrated in shopping malls or specific areas of business circles. Adult clothing extension brand like Peacebird, JNBY, Anta, Xstep, 361 degrees as the representative, foreign brand like Nike Kids, Adidas Kids, ZARA, H&M, GAP, Gucci, E LAND KIDS as the representative, such enterprises usually maintain a similar design style with their adult clothing. Use the original brand advantages and resources to promote children's wear products, such as adding children's wear areas or shelves in the existing retail terminal line to form a comprehensive store model. According to retail sales, the overall scale of China's children's wear market has reached RMB 239.1 billion in 2019 before the epidemic. It will exceed 280 billion in 2021 and is expected to reach 470 billion in 2025, approaching 500 billion. With such a huge children's wear market, the biggest opportunity in the future of China's maternal and child products market comes from the repeated calculation of the crowd and consumption upgrading. Brands like Youyou Deer Children's wear, which have long been deeply rooted in the textile and garment industry, have advantages such as accurate crowd positioning, comparable to the design sense of international brands, and product quality superior to national clothing standards, and have long been out of the children's wear brand circle. If you want to enter the 500 billion market share of the children's

wear market, it is recommended to choose a reliable high-quality children's wear brand to start a business, get one-to-one training and support from the headquarters, with the strength of the brand and reputation, can get higher returns with lower risk.

B. Disadvantageous factors

In addition to a gradual shift to online sales, offline physical stores still have suffer points that must be faced:

I. The store operation model is old and the cost is rising, which cannot adapt to the new era market

Whether it is the location of the shop, or the operation and management are need enough funds, and the circulation of funds required for the operation of the shop is also a lot, but many shop owners do not have enough funds in their hands, which has caused their shops to make ends meet. Many shop owners often affected by the old operational thinking in the store operation management mode, cannot adapt to the new economic era. The current Internet e-commerce platform is competing for traffic resources from the online, but also competing for physical stores with their own traffic resources, resulting in store drainage costs are too high. If the physical store does not seek to break through, change the store operation model, shops go out of business easily.

II. Poor customer experience, will not change the user perspective

The Internet economy has largely impacted offline physical stores, and customer traffic is easily converted to online consumption. If entrepreneurs or shop owners cannot meet the needs of customers, cannot allow consumers to have a better consumption experience, lead to the stores wouldn't have been able to make ends meet. In the era of new stores, the users of physical stores also have a new definition, shifting from the original consumption to communication. If the owners of physical stores cannot reverse the user's perspective and carry out communication through consumers, the publicity cost will be greatly increased, resulting in the cash flow of stores.

III. It is difficult to lock and divert users, and the user turnover rate is high

At present, many stores choose offline promotion as marketing methods, the salary cost of personnel, the production cost of leaflets, and the cost of preferential activities are very high. The effect is not good enough, and the cost is greater than the harvest, which is an important reason for the gradual decline of physical stores. To improve the efficiency of lock drainage and really effectively reduce the loss of users, it is necessary to innovate the drainage mode to a certain extent, which can start from the thinking of cross-line compound in the era of new stores, provide more choices for store users, attract new customers, and create loyal customers.

C. Countermeasure

In order to deal with the impact of the epidemic on the children's clothing industry, the company has worked closely with agents, actively adjusted and closed non-important offline stores, helped the agents to recover cash flow, and guided agents to transform into online channels. Since 2020, the children's clothing market has accelerated into the online sales mode dominated by e-commerce mode.

The sales of various e-commerce and short video platforms will drive the traditional offline sales mode. The company will increase the online sales and actively promote the IP economic effect to face the challenges of the future market.

In addition, the company fully implement the "cutting expenditure" policy, in addition to the strategic expenses, as a basic marketing costs, development costs, and so on, these are essential that can't cut costs, minimize non-strategic expenses, such as company consumables, supplies, non-essential travel, electricity, etc. The reduction will not affect the part of the company's operations to help the company achieve stronger profitability and resilience.

From China's domestic existing epidemic prevention policy, epidemic affects the entity will continue, the company will be based on the new development pattern, implementation of seek improvement in stability, actively implement the "cutting expenditure", implement the development strategy of digital innovation and transformation line, and strive to promote the smooth and healthy operation and management to cope with the above adverse situation.

How to properly digest inventory after production:

Discount treatment: The longer the inventory is held down, the more the value of its goods will fall. Therefore, when there is inventory, the terminal business must find a way to clear the inventory. The most effective way to clear stock is to sell on special sale. A few discounts below the market price as a selling point to attract consumers, so that the terminal business cleaning special products will have losses. However, this loss can be minimized because it can drive sales of other regular-priced products during special sales. If the inventory is cleared in time, it can activate funds, and then enter some best-selling goods, it can also compensate for certain losses. Therefore, when clearing the inventory, it should be decisive, and it should be taking the shot when it's time. When the cleaning time with other clothing owners is concentrated, the clothes will be cheaper and harder to sell.

Joint promotion: The so-called joint promotion law here mainly refers to the joint between agents and dealers. Because of the large range of brand projection, each province and each region will have some dealers with strong capacity to digest inventory. Usually, the mall is a good digestion environment, but the dealer itself does not have so much inventory, cannot reach a consensus with the mall. At this time the two sides jointly, the agent will take the inventory to the dealer at a lower discount, the effect is very good. There have also been dealers who said that the sale effect in the mall is very good. Many times, they will even ask the manufacturer directly for inventory. Therefore, both agents and franchisees can jointly digest inventory according to their own needs.

Holding event: It is unrealistic for any clothing store to achieve zero inventory. Therefore, it is a good way to do some appropriate sales activities at the appropriate time, such as group buying, VIP

sales, issuing coupons, time periods selling, holiday promotions, etc. In general, such a method is less likely to damage the credibility and image of the operator, and it is not easy to affect the relationship with the supplier.

Sold with other seasonal clothing: Spring and autumn clothing and summer clothing can be sold across the season, can be used as winter bottoms, but also with seasonal fashion clothing, adding seasonal popular elements, it may form a more popular style of clothing, not due to the season and reduce the value.

Keep it in stock and sell it next year: Out-of-season clothing is not necessarily out of date, according to the fashion cycle, the popular clothing of the previous year is still relatively favored by consumers in the next year. Especially in the next year in advance of the market, will still be a hot clothing. The same goes for branded children's clothing, leaving out-of-season clothes behind. It will be listed in advance next year, which is more convenient and faster than the new listing and can impact the consumer market. It is generally recommended to let the money flow if have enough money, i, more conducive to the growth of the store.

The revival of stalls is good for commercial stores:

A. Commercial stores have high rents and high hiring costs, and they will choose differentiated and high gross profit goods to sell. Stall owners have low operating costs, and the goods sold are often cheap and low-end, and the two consumer groups are not the same, and there is no greater conflict. On the contrary, the popularity of stall culture again will stimulate consumers' desire to go out and consume, which just brings many customers to shops.

B. Physical stores need large passenger flow and many customers, but the stall owners are some unemployed or low-income groups. This group of people themselves have the ability to consume, and through the establishment of stalls to achieve passenger flow, promote sales, re-employment, so that the city is full of vitality.

C. The opening of the street stalls, more people will choose to develop business in the city, will make the city increase competitiveness, stimulate people's source of power, and stimulate the prosperity of the urban housing market and the demand for shops.

Between the above points, the company tries to cooperate with entertainment live broadcasting companies, which can borrow the high traffic of live broadcasting platforms, as well as low cost intervention. Slowly explore a new type of delivery mode that belongs to our own company.

(2) The main products of the important purpose and production process

(a) The main purpose of the product

Our main products are children's wear, which is a necessity for people's livelihood.

(b) The manufacturing process of major products

The company outsources children's wear production.

(3) Supply status of main raw materials:

The company is outsourcing processing and manufacturing, so there is no such situation.

(4) Customers who have accounted for more than 10% of the total amount of goods received (sold) in any of the last two years and the reasons for the increase or decrease:

(a) Major suppliers' information for the last two years

Major supplier who total sales volume not more than 10% in the last two years and the first quarter of 2023.

(b) Major client's information for the last two years

2021				2022				2023 (As of March 31)			
Company Name	Amount	Percent (%)	Relation with Issuer	Company Name	Amount	Percent (%)	Relation with Issuer	Company Name	Amount	Percent (%)	Relation with Issuer
A Client	825,849	27.86	No	A Client	641,394	25.24	No	A Client	128,817	23.37	No
B Client	344,699	11.63	No	B Client	338,054	13.30	No	B Client	71,132	12.91	No

(5) Production value for the last two years: Not applicable.

(6) Sales figures for the last two years

Unit: NT \$1000/ Thousand pieces

Year Sale Value Main Item	2021				2022			
	Internal sales		Export sales (note)		Internal sales		Export sales (note)	
	Number	Value	Number	Value	Number	Value	Number	Value
Children's clothing	17,730	2,963,906	-	-	9,842	2,541,026	-	-

Note: refers to the export sales to outside China area.

3. Number of employees in recent year

Unit: people:%

Year		2021	2022	May 12, 2023
Employee number	Manager	25	23	23
	General staff	128	113	102
	Production line employees	-	-	-
	Total	153	125	125
Average age		35.87	37.71	36.18
Average service years		8.88	9.73	8.91
Education distribution	Dr.	-	-	-
	Master	2	2	2
	Bachelor	23	19	19
	Junior college (including the following)	128	115	104
	Total	153	136	125

4. Environmental Protection Expenditure

(1) Last year (2022) and the date of publication of the annual report, losses (including compensation) due to pollution of the environment, the total amount of disposal, it also discloses its future countermeasures (including improvement measures) and possible expenditure (including the estimated amount of loss, punishment and compensation that may occur if no countermeasures are taken). If unable to reasonably estimate, should specify the fact of the not reasonable estimates): Not applicable.

5. Labor Relations

(1) State the company's various employee welfare measures, training, training, retirement system and its implementation, as well as the agreements between labor and capital, the protection of employee rights and interests:

(a) Employee benefits measures

Talent is the most important asset of the company. We carefully cultivate, cherish and care for every colleague, so that everyone can achieve balanced development in work, life and leisure. The company hopes all colleagues can understand the company's daily behavior profile as soon as possible, work and live more happily according to the standard requirements and improve the quality of each of our members. All staff of the company, regardless of age, duty and gender, have the duty and responsibility to maintain the dignity of all colleagues and ensure full implementation. Employees' rights are as follows:

- A. Equal employment.
- B. Pay by labor.
- C. Have the right to rest and vacation according to company regulations.
- D. Right of Labor safety, health and protection.
- E. The right to participate in learning and training.
- F. The person in charge shall have the right to appeal in a reasonable manner over the unreasonable handling of the matter.
- G. Allocate social insurance and housing fund for staff.
- H. Celebrate and deliver birthday gifts regularly.
- I. Major festive party activities.
- J. Provide staffs accommodation.

(b) Employee refresher and training

Talent is the company's most important core competitiveness, and continuing education training can stimulate the staff personal potential staff, make human get effective use of knowledge, and improve the company's overall business performance, to achieve the company's operating objectives. Implementation of staff training policy measures are as follows:

A. Training for new employees: After new employees come to our company, they have their own guidance, which not only enables them to familiarize themselves with the working environment, but also enhances their recognition and understanding of the company. And all departments are planning a new basic training course, to help the newcomer learning related knowledge on the job. It includes company introduction, organization structure, employee handbook, environmental protection knowledge, quality and environmental policy, company rules and regulations, production safety and hygiene knowledge training.

B. On-the-job training: At the end of each year, the company formulates the open course plan for the next year. plan the internal training operations for the courses in the company or departments. The internal training courses can be taught by the internal instructors, such as the use of the descent machine, the correct use of the needle cart, and the electrical safety of the molding workshop, etc.

C. Management training: The company arranges all kinds of management talent training according to its characteristics for all levels of executives and establishes the common vision and business consensus of the team. Management courses include social responsibility policies, goals and SA8000 management guidelines, management programs and hazard-identification and control, to develop a personal leadership style, and to establish management and maintenance of staff.

(c) Implementation of Retirement system

The company operating the main body, the main system according to the operation to the "enterprise worker is basic endowment insurance regulations", the contributions to the pension by the month to the financial department of local government revenue.

(d) Agreement between labor and capital

The company always attaches great importance to the employees' rights and interests of harmonious labor relations, the company attaches great importance to the employees' opinions, or the appropriate staff can directly to the HR department executives communication in order to maintain good relations, therefore, no major labor disputes affair happen so far.

(e) All staff rights and interest's maintenance measures

The company has an internal control system and various management measures, which stipulate the rights and obligations of employees and welfare items, and regularly review the welfare contents to protect the rights and interests of employees.

(2) The most recent fiscal year (2022) and by the print date of annual report, company losses incurred from the labor disputes, expose the present and the future possible estimated amount and response measures: None.

6. Information security management

(1) Explain the information security risk management structure, information security policy, specific management plan and resources invested in information security management.

(a) Information security risk management structure

Under the administrative center of the company, the information Department manages the normal operation of the company's hardware, software, data and communication, and conducts regular disaster recovery drills.

(b) Information security policy

There are professionals in the company responsible for information system security prevention and crisis management to prevent computer network crime and crisis, maintain information system security, and regularly promote information security policy to users

(c) Specific management plan and resources invested in information security management

Items	Management Methods
Data Files	<ol style="list-style-type: none"> 1. Encrypt important software and files, and update passwords regularly to avoid misappropriation or plagiarism 2. Important software and data are backed up and stored in a safe place 3. Perform daily backup for important software systems 4. Scan computer viruses and update virus codes regularly on personal computers and network servers 5. Conduct disaster recovery drills regularly
Computer room	<ol style="list-style-type: none"> 1. The machine room is locked on weekdays, and the key is kept by the information personnel. Colleagues are not allowed to enter or leave the machine room 2. The machine room has fire facilities and regular inspection. Take into account natural disasters such as earthquakes and fires 3. The server equipment has an independent power supply system
Network Management	<ol style="list-style-type: none"> 1. Establish a security control mechanism for computer network systems to ensure the security of network data transmission and protect network operations 2. System access shall be authorized
Audit	<ol style="list-style-type: none"> 1. The company's internal auditors carry out the information security inspection every year 2. The information department conducts internal evaluation every year

(2) State the losses, possible impacts and countermeasures incurred due to labor disputes in the most recent year and up to the date of publication of the annual report. If it cannot be reasonably estimated, state the fact: None.

7. Important Contracts

Nature of the contract	Client	The date on which the contract begins and ends	Main content	Restrictions
Lease contract	江蘇財茂科工貿城股份有限公司	2022.10.01~ 2023.09.30	江蘇財茂科工貿城的廠房31#A第三層2972.95平方米(建築面積)區域廠房	-
Lease contract	江蘇財茂科工貿城股份有限公司	2022.12.01- 2023.11.30	江蘇財茂科工貿城下列區域廠房30#-1, 31#-1, 合計14,828.45平方米(建築面積)	-
Lease contract	福建源盛紡織服裝城有限公司	2022.10.01~ 2023.09.30	齊安路756號(15#七樓區域)廠房。面積:2413.43平方米	-
Lease contract	福州東南繞城高速公路有限公司	2021.07.22- 2022.07.21	淘帝樓五樓部分區域,租賃面積為1,346.00平方米	-
Insurance contracts	中國大地財產保險股份有限公司	2022.12.06~ 2023.12.05	Inventory insurance The insurance amount is RMB30 million	-
Advertising contracts	杭州商聚電子商務有限公司	2023.03.01- 2024.02.29	EVI brand visual design and promotion services	-
Advertising contracts	福州天歌文化傳媒有限公司	2023.05.01- 2024.04.30	Taxi headlights	-
Advertising contracts	北京華鐵傳媒集團有限公司	2022.05.01- 2023.04.30	Advertising for high-speed trains and trains	-
Agency contract	江蘇慧巧商貿有限公司	2022.06.01~ 2023.05.31	Distribution agent TOPBI brand children's wear	徐州市、宿遷、連雲港、鹽城、淮安、揚州、泰州
Agency contract	南寧寶諾商貿有限公司	2022.07.01~ 2023.06.30	Distribution agent TOPBI brand children's wear	南寧市
Agency contract	B公司	2022.07.01~ 2023.06.30	Distribution agent TOPBI brand children's wear	福州、莆田、三明、南平、寧德
Agency contract	西安伯青度商貿有限公司	2022.08.01~ 2023.07.31	Distribution agent TOPBI brand children's wear	西安
Agency contract	G公司	2022.09.01~ 2023.08.31	Distribution agent TOPBI brand children's wear	青島、威海、煙臺、濰坊、日照
Agency contract	杭州智麗貿易有限公司	2022.09.01~ 2023.08.31	Distribution agent TOPBI brand children's wear	紹興、寧波、杭州、湖州、嘉興、溫州
Agency contract	J公司	2022.09.01~ 2023.08.31	Distribution agent TOPBI brand children's wear	遼寧
Agency contract	A公司	2022.12.01~ 2023.11.30	Distribution agent TOPBI brand children's wear	Online Platform

Nature of the contract	Client	The date on which the contract begins and ends	Main content	Restrictions
Agency contract	C公司	2023.01.01~ 2023.12.31	Distribution agent TOPBI brand children's wear	四川（南充、自貢、宜賓地區以外）
Agency contract	D公司	2023.01.01~ 2023.12.31	Distribution agent TOPBI brand children's wear	長沙、湘潭、岳陽、常德、株洲市、益陽
Agency contract	H公司	2023.02.01~ 2024.01.31	Distribution agent TOPBI brand children's wear	徐州市、宿遷、連雲港、鹽城、淮安、揚州、泰州
Agency contract	F公司	2023.02.01~ 2024.01.31	Distribution agent TOPBI brand children's wear	天津
Agency contract	E公司	2023.03.01~ 2024.02.29	Distribution agent TOPBI brand children's wear	蘇州、常州、無錫、鎮江、南京
Agency contract	I公司	2023.03.01~ 2024.02.29	Distribution agent TOPBI brand children's wear	南昌、九江、宜春、新余、景德鎮
Agency contract	G公司	2021.09.01~ 2022.08.31	Distribution agent TOPBI brand children's wear	上海
Cooperation framework agreement	中山市卓越毛衫製衣有限公司	2020.05.11~ 2023.05.10	Distribution agent TOPBI brand children's wear	懷化、婁底、邵陽、湘西土家族自治州
Cooperation framework agreement	廣州市唯超服裝有限公司	2020.05.11~ 2023.05.10	Distribution agent TOPBI brand children's wear	紹興、寧波、杭州、湖州、嘉興、溫州
Cooperation framework agreement	福清市錦騰服裝有限公司	2020.09.04~ 2023.09.03	Clothing OEM production	90 days after invoice date
Cooperation framework agreement	泉州煌騰紡織有限公司	2021.04.20- 2024.04.19	Clothing OEM production	90 days after invoice date
Cooperation framework agreement	福州鑫錦裳服裝有限公司	2021.05.03- 2024.05.02	Clothing OEM production	90 days after invoice date
Cooperation framework agreement	福州銘錦服裝有限公司	2021.07.15- 2024.07.14	Clothing OEM production	90 days after invoice date
Cooperation framework agreement	福州常錦服飾有限公司	2021.07.30- 2024.07.29	Clothing OEM production	90 days after invoice date
Cooperation framework agreement	泉州伊衫服飾有限公司	2022.05.06- 2025.05.05	Clothing OEM production	90 days after invoice date
Cooperation framework agreement	福州市坤杰服飾科技有限公司	2022.05.07~ 2025.05.06	Clothing OEM production	90 days after invoice date

Nature of the contract	Client	The date on which the contract begins and ends	Main content	Restrictions
Cooperation framework agreement	蘇州市斯恩晟服饰有限公司	2022.05.08~ 2025.05.07	Clothing OEM production	90 days after invoice date
Cooperation framework agreement	福清市健坤服饰有限公司	2022.05.09~ 2025.05.08	Clothing OEM production	90 days after invoice date
Cooperation framework agreement	福州凱詩麗服饰有限公司	2022.06.28~ 2025.06.27	Clothing OEM production	90 days after invoice date
Cooperation framework agreement	福清市瑞强制衣有限公司	2022.08.27~ 2025.08.26	Clothing OEM production	90 days after invoice date
Cooperation framework agreement	江蘇金路時裝有限公司	2022.08.30~ 2025.08.29	Clothing OEM production	90 days after invoice date
Cooperation framework agreement	南平市豐祥服装有限公司	2022.08.30~ 2025.08.29	Clothing OEM production	90 days after invoice date

(VI) Financial Information

1. Five-Year Financial summary

(1) Consolidated Condensed Balance Sheet

Unit: NT \$ (Thousands)

		Financial information for the last five years (Note 1)					March 31, 20223(Note 1)
		2018	2019	2020	2021	2022	
Current assets		7,909,543	7,578,881	5,225,949	3,625,291	4,055,825	3,836,341
Property, plant and equipment		312,532	279,093	256,292	234,773	65	58
Intangible assets		-	-	-	-	501	474
Other assets		276,749	220,662	319,337	276,338	322,379	314,609
Total assets		8,498,824	8,078,636	5,801,578	4,136,402	4,378,770	4,151,482
Current liabilities	Before distribution	3,225,836	2,068,105	2,025,191	1,090,163	1,158,038	923,499
	After distribution (Note 2)	3,484,350	2,084,269	2,025,191	1,090,163	1,158,038	923,499
Non-current liabilities		309,583	303,710	341,290	299,926	296,968	298,606
Total liabilities	Before distribution	3,529,546	2,409,395	2,311,808	1,387,131	1,456,644	1,222,505
	After distribution (Note 2)	3,788,060	2,425,559	2,325,117	1,387,131	1,456,644	1,222,505
Equity vested in the parent company		4,969,278	5,669,241	3,476,461	2,749,271	2,922,126	2,928,977
Equity capital		826,451	949,553	1,094,938	1,094,938	1,094,938	1,094,938
Capital reserves		1,517,887	1,520,022	1,520,022	1,520,022	1,520,022	1,520,022
Retained earnings	Before distribution	2,982,646	3,735,849	1,339,602	638,784	771,551	763,136
	After distribution (Note 2)	2,601,029	3,574,300	1,339,602	638,784	771,551	763,136
Other equity interest		-322,541	-536,183	-460,949	-487,321	-447,233	-431,967
Treasury stock		-35,165	-	-17,152	-17,152	-17,152	-17,152
Non-controlling interest		-	-	-	-	-	-
Total equity	Before distribution	4,969,278	5,669,241	3,476,461	2,749,271	2,922,126	2,928,977
	After distribution (Note 2)	4,710,764	5,653,077	3,476,461	2,749,271	2,922,126	2,928,977

Note 1: Consolidated financial data for the last five years and the first quarter of 2023 have been checked and reviewed by accountants.

Note 2: The allocated figures are listed in the annual board resolution.

(2) Consolidated Condensed Statement of Comprehensive Income

Unit: NT \$ (Thousands); EPS: NT\$

Year Items	Financial information for the last five years (Note 1)					March 31, 2023 (Note 1)
	2018	2019	2020	2021	2022	
Operating revenue	6,764,779	7,169,864	2,808,383	2,963,906	2,546,156	555,859
Gross profit	2,629,007	2,802,906	-1,357,552	-220,712	292,883	90,407
Income from operations	1,341,398	1,554,456	-2,431,000	-734,432	-138,341	-8,687
Non-operating income	-17,544	2,168	132,834	68,370	302,730	5,480
Non-operating expenses	1,323,854	1,556,624	-2,298,166	-666,062	164,389	-3,207
Income before tax	953,626	1,134,819	-2,234,698	-700,818	132,767	-8,415
Net income (Loss)	-	-	-	-	-	-
Other comprehensive income (income after tax)	953,626	1,134,819	-2,234,698	-700,818	132,767	-8,415
Total comprehensive income	-95,632	-213,642	75,234	-26,372	40,088	15,266
Operating revenue	857,994	921,177	-2,159,464	-727,190	172,855	6,851
Net income attributable to shareholders of the parent	953,626	1,134,819	-2,234,698	-700,818	132,767	-8,415
Net income attributable to non- controlling interest	-	-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent	857,994	921,177	-2,159,464	-727,190	172,855	6,851
Comprehensive income attributable to non-controlling interest	-	-	-	-	-	-
Earnings per share	10.06	12.01	-20.44	-6.43	1.22	-0.08

Note 1: Consolidated financial data for the last five years and the first quarter of 2023 have been checked and reviewed by accountants.

(3) The name and audit opinion of certified public accountants in last 5 years

Year	CPA	Company name	Audit opinion
2018	Chiang Ming-Nan, Shih Ching-Pin	Deloitte & Touche Taipei	No reservations
2019	Chiang Ming-Nan, Shih Ching-Pin	Deloitte & Touche Taipei	No reservations
2020	Chen Kuang Hui, Kuo Chen Yu	ShineWing Taiwan	No reservations
2021	Chen Kuang Hui, Kuo Chen Yu	ShineWing Taiwan	No reservations
2022	Chen Kuang Hui, Kuo Chen Yu	ShineWing Taiwan	No reservations
2023Q1	Chen Kuang Hui, Kuo Chen Yu	ShineWing Taiwan	No reservations

2. Five Year Financial Analysis

Year		Financial analysis for the last five years					Current year ends March 31, 2023 (Note 1)
		2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	
Items to be analyzed							
Financial structure (%)	Debt-to-assets ratio	41.53	29.82	40.08	33.53	33.27	29.45
	Long-term capital ratio of property, plant and equipment	1687.18	2153.59	1473.47	1297.53	4954295.38	5565487.93
Solvency (%)	Liquidity ratio	269.01	366.47	258.05	332.55	350.23	415.41
	Quick ratio	265.12	364.09	256.78	330.39	325.41	379.58
	Times interest earned	78.92	41.58	-	-	69.90	-
Operating Capacity	Accounts receivables turnover (times)	2.79	2.80	1.54	2.70	2.49	0.72
	Average collection days	130.82	130.35	237.27	135.19	146.72	506.55
	Inventory turnover (times)	82.13	86.62	118.86	149.12	160.95	21.86
	Accounts payable turnover (times)	3.00	2.96	2.79	2.53	2.62	0.77
	Average days of sale	4.44	4.21	3.07	2.45	2.27	16.70
	Property, plant and equipment turnover (times)	20.65	24.24	10.49	12.07	21.68	9038.36
	Total asset turnover (times)	0.86	0.87	0.40	0.60	0.60	0.13
Profitability	Return on assets (%)	12.32	14.04	-32.10	-14.03	3.16	-0.16
	Return on equity (%)	20.13	21.33	-48.87	-22.51	4.68	-0.29
	Ratio of net profit to paid-in capital before tax (%)	160.19	160.19	-224.82	-60.83	15.01	-0.29
	Net profit rate (%)	14.10	15.83	-79.57	-23.65	5.21	-1.51
	Earnings per share (\$)	11.56	12.01	-20.44	-6.43	1.22	-0.08
Cash flow	Cash flow ratio (%)	30.42	55.51	-62.56	-118.86	-9.29	3.09
	Cash flow allowance ratio (%)	2.75	2.96	2.06	0.55	-0.81	-6.59
	Cash reinvestment ratio (%)	11.18	12.51	-0.35	-0.43	-0.04	0.01
Leverage	Operating leverage	1.11	1.10	0.94	0.82	-0.03	-2.32
	Financial leverage	1.02	1.03	1.00	0.99	0.98	0.82
		1. Increase in the long-term capital ratio of property, plant and equipment and property, plant and equipment turnover (times) : Mainly due to the sale of real estate in 2022.					

Year Items to be analyzed	Financial analysis for the last five years					Current year ends March 31, 2023 (Note 1)
	2018 (Note 1)	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	
	<p>2. Increase in the return on assets, return on equity, ratio of net profit to paid-in capital before tax, net profit rate, earnings per share: Mainly due to gains from the sale of real estate in 2022.</p> <p>3. The change of cash flow ratio, cash flow allowance ratio, cash reinvestment ratio mainly due to the increase in the price of gross profit.</p>					

Note 1: In 2018-2022 consolidated financial data has been checked by accountants; Consolidated financial data for the first quarter of 2023 shall be reviewed by the accountant.

Note 2: The calculation formula are as follows:

1. Financial structure

- (a) debt-to-assets ratio = total liabilities/total assets.
- (b) ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities)/net amount of property, plant and equipment.

2. Solvency

- (a) current ratio = current assets/current liabilities.
- (b) quick ratio = (current assets - inventory - prepaid expenses)/current liabilities.
- (c) interest guarantee multiple = net profit before income tax and interest expenses/current interest expenses.

3. Operating capacity

- (a) the accounts receivable (including accounts receivable and notes receivable) due to business turnover = net sales/periods, on average, receivables (including accounts receivable and notes receivable due to business) balance.
- (b) the average number of days received = 365 / receivable turnover.
- (c) inventory turnover rate = cost of goods sold/average inventory.
- (d) the accounts payable (including accounts payable and notes payable due to business) average accounts payable turnover ratio = cost of goods sold/periods (including accounts payable and notes payable due to business) balance.
- (e) average days of sale = 365 / inventory turnover.
- (f) property, plant and equipment turnover = net sales/average real estate, plant and equipment.

(g) total assets turnover rate = net sales/average total assets.

4. Profitability

(a) return on assets = (after tax profit and loss + interest expenses * (1-tax rate))/total average assets.

(b) equity return rate = after-tax profit and loss/average equity total.

(c) net profit ratio = after-tax profit and loss/net sales.

(d) earnings per share = (profit and loss attributable to the parent company - special share dividends)/weighted average number of issued shares. (Note 4)

5. Cash flow

(a) cash flow ratio = net cash flow of operating activities/current liabilities.

(b) net cash flow allowable ratio = net cash flow from operating activities in the last five years/last five years (capital expenditure + inventory increment + cash dividend).

(c) cash reinvestment ratio = (net cash flow of business activities - cash dividends) / (gross amount of property, plant and equipment+long-term investment+other non-current assets + working capital). (Note 5)

6. Leverage:

(a) operating leverage = (net operating income - variable operating costs and expenses)/operating benefits (note 6).

(b) financial leverage = operating benefits / (operating benefits - interest expenses).

3. Supervisors' /Audit Committee's Report for the Most Recent Year

**淘帝國際控股有限公司
審計委員會查核報告書**

董事會造具本公司民國一百一十一年度營業報告書、合併財務報表及虧損撥補表，其中合併財務報表業經委託信永中和聯合會計師事務所陳光慧會計師及郭鎮宇會計師查核完竣，並出具查核報告。上述營業報告書、合併財務報表及虧損撥補表經本審計委員會查核，認為尚無不合，爰依證券交易法第十四條之四及公司法第二百零一十九條之規定報告如上，敬請 鑒核。

淘帝國際控股有限公司
審計委員會召集人：賴調燁

賴調燁

中華民國一百一十二年三月二十七日

4. Financial statements

(I) Recent annual financial report: Please refer to pages 122-210 of this annual report.

5. The most recent fiscal year by the certified public accountants'(CPA) individual financial report: Our company is the listed company, it does not need to prepare the individual financial report, so it is not applicable.

6. The company and its affiliated enterprises shall, in the most recent year and as of the date of publication of the annual report, specify the impact on the financial position of the company in the event of financial difficulties: None.

(VII) Review of Financial Conditions, Financial Performance, and Risk Management

1. Analysis of Financial Status

Unit: NT \$ (Thousands); %

Items	Year	2021	2022	Difference	
				Amount	%
Current assets		3,625,291	4,055,825	430,534	11.88%
Property, plant and equipment		234,773	65	-234,708	-99.97%
Intangible assets		-	501	501	-
Other assets		276,338	322,379	46,041	16.66%
Total assets		4,136,402	4,378,770	242,368	5.86%
Current liabilities		1,090,163	1,158,038	67,875	6.23%
Non-current liabilities		296,968	298,606	1,638	0.55%
Total liabilities		1,387,131	1,456,644	69,513	5.01%
Equity attributable to the parent company		2,749,271	2,922,126	172,855	6.29%
Equity capital		1,094,938	1,094,938	-	-
Capital reserves		1,520,022	1,520,022	-	-
Retained earnings		638,784	771,551	132,767	20.78%
Other rights and interests		-487,321	-447,233	-40,088	-8.23%
Treasury stock		-17,152	-17,152	-	-
Non-controlling interest		-	-	-	-
Total equity		2,749,271	2,922,126	172,855	6.29%
Significant changes in project specification: (the amount change of more than 10%, and 1% of the total amount of current assets).					
<ol style="list-style-type: none"> 1. Current assets and total assets: Mainly caused by the increase in cash in the current period due to net profit and proceeds received from disposal of real estate in 2022. 2. Other assets: Mainly caused by the acquisition of investment real estate in 2022 due to the acquisition of equity merger of Fuzhou Spring Investment Company. 3. Equity attributable to the parent company, retained earnings and total equity: Mainly caused by net profit in 2022. 					

2. Analysis of Financial Performance

(1) Comparative analysis of business results

Unit: NT \$ (Thousands); %

Items	Year		Difference	
	2021	2022	Amount	%
Operating income	2,963,906	2,546,156	-417,750	-14.09%
Minus: sales return and discount	-	-	-	-
Net operating income	2,963,906	2,546,156	-417,750	-14.09%
Operating cost	3,184,618	2,253,273	-931,345	-29.25%
Operating margin	-220,712	292,883	513,595	232.70%
Unrealized gross profit reduction (increased) between affiliated companies	-	-	-	-
Net operating margin	-220,712	292,883	513,595	232.70%
Operating expenses	513,720	431,224	-82,496	-16.06%
Operating profit	-734,432	-138,341	596,091	81.16%
Non-operating income and benefits	73,047	305,116	232,069	317.70%
Non-operating expenses and losses	4,677	2,386	-2,291	-48.98%
Pre-tax profit	-666,062	164,389	830,451	124.68%
Minus: income tax expenses	34,756	31,622	-3,134	-9.02%
After-tax profit	-700,818	132,767	833,585	118.94%
<p>Significant changes in project specification: (the amount change of more than 10%, and 1% of the total amount of current assets).</p> <ol style="list-style-type: none"> 1. Operating cost and net operating margin: Mainly caused the improvement of negative gross profit in 2022. 2. Changed in operating expenses, operating profit, pre-tax profit, income tax expenses and after-tax profit decreased: Mainly caused by the impact of the epidemic, increased sales and reduced expenses. 3. Non-operating income and benefits increased: Mainly caused by the sale of Topbi Tower resulting in the disposal of assets. 4. Non-operating expenses and losses decreased: Mainly caused by decrease in interest expense. 				

(2) The expected sales volume and its basis, the possible impact on the company's future financial business and the corresponding plan.

The expected sales volume of the company shall be based on previous year's sales. With the improvement of brand awareness, the company's performance will continue to grow. China's economy is still growing at a high rate and consumption level is constantly improving. Therefore, the company should perform well in the future.

3. Analysis of Cash Flow

(1) Analysis of the change in cash flow in the most recent year (2022)

Unit: NT\$; %

Items \ Year	Year		Increase (decrease) amount	Increase (decrease) ratio
	2021	2022		
Operating activities	-1,295,771	-107,539	1,188,232	91.70%
Investment activities	91,446	416,495	325,049	355.45%
Financing activities	-386,576	296,109	682,685	176.60%
Analysis of variation:				
1. Operating activities: Mainly due to the net profit in 2022.				
2. Investment activities: Mainly due to the disposal of real estate, plant and equipment in 2022.				
3. Financing activities: Mainly caused by borrowing from related parties in 2022.				

(2) Cash liquidity analysis and liquidity improvement plan for the year of 2023

The Company's loss for the year 2023 is reduced, but cash on the books is expected to remain sufficient to cover outflows from operating activities. Therefore, we have no shortage of liquidity at present and in the future.

4. The impact of major capital expenditure on financial business in recent years

(1) Application of major capital expenditures and sources of funds: None.

(2) Expected benefits: None.

5. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

(1) The policy of reinvestment

At present, the company's reinvestment policy is mainly based on the investment objectives related to the basic business and does not engage in investment in other industries. The relevant executive departments shall follow the internal control system, such as "investment cycle", "trading operation procedures for group enterprises, specific companies and related parties" and "procedures for acquiring or disposing of assets". The above-mentioned measures or procedures shall be discussed and adopted by the board of directors or shareholders' meeting.

(2) The main causes for its profits or losses

Only TOPBI (China) has substantial business activities, the rest of the investment companies (Topbi International, TOPBI Children, Fujian SDO) are all investment holding companies. Therefore, the latest annual investment gains and losses of TOPBI China are listed as follows:

Unit: NT \$ (Thousands); %

Reinvest	Investment gains and losses recognized in 2021	Explanations
TOPBI (China)	184,326	This is mainly due to the disposal of real estate recognition benefits in mid-2022.

(3) Improvement plan and investment plan for the next year

The company has no definite investment plan at present and will propose an investment plan in the future according to the operational requirements. The company will carefully evaluate the investment plan and handle it according to the relevant approval authority.

6. Analysis of Risk Management

(1) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

(a) Interest rate change

The interest rate risk of the company mainly comes from bank deposits, which forces the company to bear the risk of cash flow rate and market rate. Interest income for the company in 2022 and 2021 were NT \$27,087 thousand and NT \$28,483 thousand respectively, net operating income ratio is 1.06% and 0.96% respectively, the proportion is not significant, so the change in interest rate has limited influence on the company's operation.

Countermeasures:

The company has always maintained good relations with the correspondent banks. The interest rates are set by the banks. However, a change in interest rate should not have a significant impact on the overall operation of the company. In addition, the company should observe interest rate changes in the market at any time to avoid short-term drastic interest rate changes.

(b) Exchange rate change

The main operating entity of the company is in mainland China, and the daily operation is based on RMB as the functional currency. The conversion gains and losses generated in 2022 and 2021 were NT\$1,914 thousand and NT\$4,005 thousand respectively, accounting for -1.38% and -0.54% of the current operating loss respectively.

Countermeasures:

Staying close with the main banks, and to carefully monitor any changes of the foreign exchange market. This is to avoid any valuation gain or loss due to the amount of foreign currency held by the company.

(c) Inflation

The group is currently operating and trading in mainland China, and the consumer price index (CPI) published by the China national bureau of statistics shows that inflation will tend to moderate. Therefore, the current profit and loss situation of the company will not be affected by inflation.

(2) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

At present, the company has formulated the procedures of "acquiring or disposing of assets processing procedures", "fund lending and others operation procedures", "endorsement guarantee operation procedures" and other relevant operation procedures to regulate the company and its affiliated companies to engage in high-risk, highly leveraged investment, capital lending to others, endorsement guarantee and derivative trading. In the recent year and as of the date of publication of the prospectus, the company and its affiliated companies have not engaged in high-risk, high-leverage investment trading and other endorsements and derivatives trading.

(3) Future Research & Development Projects and Corresponding Budget

In view of the development trend of children's wear industry in the future, from the design of children's wear products to a series of designs for brand planning, integration and research. At the same time, the company will study digital animation, explore the combination of digital animation and clothing brands, and strengthen the dissemination of clothing brands with science and technology. Especially the rapid development of e-commerce, clothing brand in the virtual world of the internet communication. The company expects future R&D spending to account for 1 to 2 percent of revenue in 2023. Considering R&D as the company's core advantage, the company will continue to invest in R&D expenses and is expected to grow gradually with the change of operating income in the future.

(4) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The company is registered in the British Cayman Islands and is politically and economically stable. China is the main operating point. At present, Taiwan and China are gradually opening up their investment and the market is developing steadily. At present, the operation of the company has not been affected by important policies at home and abroad. In the future, we will continue to pay attention to relevant laws and regulations and adjust the operation of the company in accordance with laws and policies.

(5) Effects of and Response to Changes in Technology Including Information Security Risks and the Industry Relating to Corporate Finance and Sales

The technology of raw materials changes rapidly, and children's wear products are improved with the public's requirements for comfort. The new fiber materials are used to improve the comfort and perspiration of children's wear. Changes in technology and industry

have had no significant impact on the company's business in recent years and as of the date of publication of the prospectus. For details of the company's security risk framework, please refer to page 93 of this annual report - Security Management

(6) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

Since the establishment of the company, the company has been carrying out the enterprise objective, continuously strengthening the brand awareness and establishing the brand image, and there has been no crisis management caused by the change of the corporate image. The company will continue to strengthen its corporate governance, strengthen its obligations to the public, and continuously expand its brand visibility, maintain its brand image, and strengthen consumers' loyalty to the brand.

(7) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

The company has not conducted any acquisition in the most recent year and as of the date of publication of the prospectus.

(8) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

The company has not carried out any expansion plans in the recent year and as of the date of publication of the prospectus.

(9) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

(a) Centralized risk of purchase

The company mainly engaged in children's clothing' sales and design, all children's clothing is manufactured by external suppliers, as there are many children's clothing apparel production factory, we must have good evaluation system in place, and to maintain a good relationship with each supplier, in order to ensure the stability of supply sources.

The company in 2022 and 2021 has more than 20 suppliers, each product has more than two alternative suppliers, and no vendors have a stock ratio above 10%, therefore there is no major concentration risk.

(b) Centralized risk of sales

The company's sales & distribution are mainly through local agents, so the top ten sales customers in 2022 and 2021 are all local agents, the company has 14 agents responsible for sales in China in 2022, therefore there is no major concentration risk.

(10) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

The most recent fiscal year and as of the date of public disclosure print, the company major business operation and management mechanism of decision-making, and there was no significant change, and the company has selected three independent directors, to strengthen the company's board of directors to perform the major decision function, effective implementation of corporate governance at the same time. Therefore, the company does not cause operating risks to the company due to the transfer or replacement of a large number of shares.

(11) Effects of, Risks Relating to and Response to the Changes in Management Rights

In the recent year and up to the date of publication of the prospectus, the company has not changed its management rights. The company has introduced independent directors to strengthen corporate governance to protect the interests of its shareholders. In addition, the company relies on professional managers for daily operations, and all departments have experienced managers in the industry.

(12) Litigation or non-litigation documents shall state that the company and its directors, supervisors, general managers, material principals, major shareholders with a shareholding ratio of more than 10%, and affiliated companies have decided or are still under the jurisdiction of major litigation, non-litigation or administrative litigation matters. If the results may have a significant impact on shareholders' rights and interests or securities prices, they shall disclose the fact of dispute, the amount of the subject matter, the date of publication, and the date of the annual reports of the parties involved: None.

(13) Other important risks and countermeasures

(a) For more information regarding company's operating risk and response measures, please read the annual reports of the market's production situation about in the company's future development of favorable and unfavorable factors.

(b) The company is equipped with dedicated units, responsible for trademark application and management. This is to ensure intellectual property rights, however, there is no guarantee protection of intellectual property from competitors or other manufacturers.

(c) The specific situations may still fail to provide adequate security: Companies operation are always accompanied by many risks, including and not limited to, equipment, damage, malfunction, delay, capacity constraints, labor strikes, fires, natural disasters such as earthquakes or typhoons, environmental disasters or occupational accidents. The foregoing circumstances may have a material adverse effect on the operation of the company. Although the company has taken out insurance in accordance with the practice of the country where the company operates, such insurance may not provide adequate protection under certain circumstances.

(d) For the first time, the management level is faced with the challenge of becoming a listed company: The company has made remarkable achievements in its management. However, after being listed, we must face many investors, shareholders and professional investment institutions, and the company is a foreign enterprise. The relevant securities laws and regulations in Taiwan are yet to be adapted to and understood. In the future, full-time staff will be charged with maintaining investor relations and implementing the relevant securities laws and regulations in Taiwan to meet the challenges after the listing.

(e) Protection of shareholders' rights and interests: The British Cayman Islands' corporation law and the company law of the Republic of China have different provisions. Although the company has amended its articles of association in accordance with the "reference example of shareholder's rights protection important matters" stipulated by Taiwan stock exchange co., LTD., the laws of both places still have operational differences.

7. Other important matters: None.

IV. Special Disclosure

1. Information of related enterprises

(1) Consolidated business report of related enterprises

(a) Organization chart of related enterprises: Please refer to article 2, 1 and 4 of this annual report.

(b) Basic information related to enterprises.

December 31, 2022; Unit: NT \$ (Thousands)

Name of firm	Date of establishment	Address	Paid-in capital	Main business or production
TOPBI Children Apparel Co., Limited	2011.02.09	Unit 3 10/F Wing On Plaza 62 Mody Rd TST, KL	1,384,211 (RMB318,649 thousands)	Reinvestment
Fujian SDO Textile & Industry Goods Corp., LTD	2005.09.05	福建省平潭縣進城路嵐湖工業區	208,425 (RMB47,980 thousands)	Reinvestment
Topbi (China) Fashion Corp., LTD	2004.02.24	福建省福州市倉山區蓋山鎮齊安路756號	781,920 (RMB180,000 thousands)	Sale of children's clothing
Fujian Topbi E-commerce Co., Ltd	2021.09.09	福建省福州市倉山區蓋山鎮齊安路756號（福灣工業區10號地塊）品牌車間GJ-15號樓7層	-	Online sales of children's clothing
Fuzhou Spring Investment Corp., Ltd	2002.09.27	福建省福州市倉山區金山工業區金洲北路6號	277,704 (RMB63,000 thousands)	Investment real estate lease

Note: NT to RMB \$4.4080 to ¥ 1

(c) The presumption of control and subordinate relationship is the same shareholder information: None.

(d) Information on directors, supervisors and general managers of related enterprises

Name of firm	Title	Name	Shares	(%)
TOPBI Children Apparel Co., Limited	Chairman	Zhou Xun Cai	-	-
Fujian SDO Textile & Industry Goods Corp., LTD	Chairman	Zhou Xun Cai	-	-
	Director	Zhuang LingFeng	-	-
	Director	Wang Zhi Feng	-	-
	Supervisor	Zhou LinHong	-	-
Topbi (China) Fashion Corp., LTD	Chairman	Zhou Xun Cai	-	-
	Director	Zhou ZhiHong	-	-
	Director	Zhuang LingFeng	-	-
	Supervisor	Zhou Lin Hong	-	-
	General Manager	Zhou ZhiHong	-	-
Fujian Shengrenda Medical Technology Co., Limited	Chairman	Zhou ZhiHong	-	-
	Director	Zhuang LingFeng	-	-
	Director	Cheng Zhang Tao	-	-
	General Manager	Zhou ZhiHong	-	-
Fujian Topbi E-commerce Co., Ltd	Chairman	Zhou ZhiHong	-	-
	Vice Chairman	Zhuang LingFeng	-	-
	Supervisor	Jiang Min	-	-
	General Manager	Zhou ZhiHong	-	-
Fuzhou Spring Investment Corp., Ltd	Director	Guo Shao Quan	-	-
	Supervisor	Wang Xi	-	-
	General Manager	Guo Shao Quan	-	-
	Financial officer	Wang Zhi Feng	-	-

(e) Operation profile of all related enterprises

December 31, 2022; Unit: RMB (Thousands)

Name of firm	Paid-in capital	Total assets	Total liabilities	Net value	Operating income	Operating profit (loss)	Current profit (loss) (after tax)	EPS (RMB)(after tax)
TOPBI Children Apparel Co., Ltd.	318,649	1,244,136	320,660	923,475	-	(9)	41,887	(Note 1)
Fujian SDO Textile&Industry Goods Corp., Ltd.	47,980	312,940	908	312,032	-	(1)	11,079	(Note 1)
Topbi (China) Fashion Corp., Ltd.	180,000	1,367,236	190,071	1,177,165	574,646	(25,538)	41,685	(Note 1)
Fujian Topbi E-commerce Co., Ltd	-	-	-	-	-	-	-	(Note 1)
Fuzhou Spring Investment Corp., Ltd	63,000	10,072	361	67,837	4,756	2,794	2,926	(Note 1)

Note 1: Not a limited liability company, so the earnings per share cannot be calculated.

2. The most recent year and as of the date of publication of the annual report, the handling of private securities: None.
3. In the most recent year and as of the date of publication of the annual report, the subsidiary holds or disposes of the company's shares: None.
4. Other necessary supplementary instructions: None.

5. Description of major differences between the Company's AOA and Taiwan's regulations on protection of share holders' rights and interests: As the law of the Cayman Islands and the law of the Republic of China (Taiwan) slightly vary from each other, the Checklist of Protection of Shareholders' Rights/Interests in the Jurisdiction where a Foreign Securities Issuer ("Shareholders' Rights/Interests Protection Checklist"), as amended by Taiwan Stock Exchange Corporation, does not always apply to the Company. The table below provides information about the differences between the Company's current Memorandum and Articles of Association ("AOA") and the Shareholders' Rights/Interests Protection Checklist due to the law of the Cayman Islands, and the provisions of the AOA

Differences	Cayman law and description	AOA regulations and description
<p>9. The following matters shall be enumerated and explained in the notice to convene the shareholders meeting, with key information being provided, and should not be proposed by way of an extemporary motion at the meeting; material contents of such matters may be uploaded onto the website designated by the TWSE, TPEX or the Company with the address of website indicated in the notice:</p> <ol style="list-style-type: none"> (1) Election or discharge of director(s) and supervisor(s); (2) Amendment to the memorandum and articles of association; (3) Reduction in share capital; (4) Application for de-registration as a public company; (5) Dissolution, merger, share transfer and split-up of the company; (6) Signing of, amendment to or termination of a contract in respect of lease of all business, appointment of an agent to operate business, or regular joint operation with a third party; (7) Assignment of all or major business or assets; (8) Assumption of all business or assets of a third party that may have a significant impact on the operation of the company; (9) Issue of securities of a nature similar to shares in private placement; (10) Approval of performance of activities by director in violation of non-compete restrictions; (11) Allocation of all or part of share dividends and bonuses through issue of new shares; (12) Allocation of legal reserve and additional paid-in capital from the income derived from the issuance 	<p>The Companies Law does not have specific regulations on extemporary motion. According to the Cayman lawyer, with regard to extemporary motion, a notice of shareholders' meeting should specify issues to be discussed at the meeting as well as related information to help shareholders understand the issues. While the notice of shareholders' meeting usually includes the section of "any other proposals", that section should cover only issues of an informal or insignificant nature. The chairperson of the meeting should not propose any important issue by way of an extemporary motion. In the event of an important issue not scheduled for discussion, another meeting should be convened for discussion and resolution according to the procedure. In case of emergency, however, where an additional issue must be discussed at the shareholders' meeting, specific information about the issue must be proposed again for ratification at the next meeting. Despite of the fact the Cayman law does not include an explicit prohibition on extemporary motion, the Cayman lawyer advised against any extemporary motion at a shareholders' meeting.</p>	<p>As the Companies Law does not have specific regulations on extemporary motion, the requirement under Item 9 is provided in Article 50 of the AOA.</p> <p>According to the Cayman lawyer, with regard to extemporary motion, a notice of shareholders' meeting should specify issues to be discussed at the meeting as well as related information to help shareholders understand the issues. While the notice of shareholders' meeting usually includes the section of "any other proposals", that section should cover only issues of an informal or insignificant nature. The chairperson of the meeting should not propose any important issue by way of an extemporary motion. In the event of an important issue not scheduled for discussion, another meeting should be convened for discussion and resolution according to the procedure. In case of emergency, however, where an additional issue must be discussed at the shareholders' meeting, specific information about the issue must be proposed again for ratification at the next meeting.</p>

Differences	Cayman law and description	AOA regulations and description
<p>of new shares at a premium or from endowments received by the company by issuing new shares or by paying cash to original shareholders through issue of shares.</p>		
<p>2. When voting rights are to be exercised in writing or by way of electronic transmission, the method for exercising the voting power shall be described in the shareholders' meeting notice to be given to the shareholders. A shareholder exercising his or her voting rights in writing or by way of electronic transmission is deemed present at the shareholders' meeting in person, but will be deemed to have waived his or her rights to cast votes on issues proposed by way of an extemporary motion and amendment to an existing proposal.</p>	<p>The Companies Law does not have any specific regulations on the requirement under Item 2.</p>	<p>As the Companies Law does not have any specific regulations on the first part of requirement under Item 2, the first part of the requirement under Item 2 is provided in Article 68 of the AOA. Also, according to the Cayman lawyer, a shareholder casting votes in writing is deemed to have appointed the chairperson of the meeting to cast votes on his or her behalf. Thus, with reference to the Cayman lawyer's opinion, the second part of the requirement under Item 2 is provided in Article 68 of the AOA (i.e. a shareholder exercising his or her voting rights in writing or by way of electronic transmission is deemed to have authorized the chairperson of the meeting to exercise his or her rights at the shareholders' meeting as instructed in the written or electronic instructions, but the shareholder will be deemed to have waived his or her rights to cast votes on issues proposed by way of an extemporary motion and amendment to an existing proposal at the shareholders' meeting, provided that the above authorization shall not work as appointment of agent under the listing regulations).</p>
<p>4. If a shareholder decides to attend the shareholders' meeting in person after he or she has exercised his or her voting rights in writing or by way of electronic transmission, he or she should revoke the declaration of intent to exercise of voting rights in the same manner as how he or she has exercised voting rights two days before the shareholders' meeting, or he or she shall still be deemed to have exercised his or her voting rights by writing or by way of electronic transmission.</p>	<p>The Companies Law does not have any specific regulations on the requirement under Item 4.</p>	<p>As the Companies Law does not have any specific regulations on the requirement under Item 4, the requirement under Item 4 is provided in Article 70 of the AOA. According to the Cayman lawyer, under common law, a person may revoke its proxy by attending the meeting in person. In view that a shareholder exercising his or her voting rights in writing or by way of electronic transmission is deemed to have authorized the chairperson of the shareholders' meeting to exercise voting rights on his or her behalf according to his or her written or electronic instructions, the requirements under Item 4 may not be enforceable.</p>
<p>4. If a shareholder decides to attend the shareholders' meeting in person or exercise his or her voting rights in writing or by way of electronic transmission after his or her proxy has been delivered to the company, he or she should issue a written notice to the company to revoke the authorization two days before the shareholders' meeting, or he or she shall still be deemed to have authorized his or her proxy to vote at the meeting.</p>	<p>The Companies Law does not have any specific regulations on proxy or solicitation of proxies.</p>	<p>As the Companies Law does not have any specific regulations on proxy or solicitation of proxies, the requirement under Item 4 is provided in Article 62B of the AOA. According to the Cayman lawyer, under common law, a person may revoke its proxy by attending the meeting in person. Therefore, the requirements under Item 4 may not be enforceable.</p>
<p>3. Twenty-one days before a company is to convene a regular shareholders' meeting, or 15 days before it convenes a special shareholders' meeting, it shall prepare an electronic file of the shareholders' meeting agenda handbook and the supplemental materials referred to in the preceding paragraph, and upload it to the information disclosure website</p>	<p>Regarding the Item 3 hereto, please see the Cayman lawyer's opinion of the right column for details.</p>	<p>Article 49 of the AOA is expected to be amended by the annual shareholders' meeting of 2022 in accordance with the provision set forth in the Item 3 hereto of the "Checklist of Protection of Shareholders' Rights/Interests in the Jurisdiction where a Foreign Securities Issuer" issued by Taiwan Stock Exchange Corporation on March 11, 2022. According to the Cayman lawyer, the Article of the AOA expected to be amended</p>

Differences	Cayman law and description	AOA regulations and description
<p>specified by the FSC. However, in the case of a TWSE or TPEx listed company with paid-in capital reaching NT\$10 billion or more as of the last day of the most recent fiscal year, or in which the aggregate shareholding percentage of foreign investors and Mainland Chinese investors reached 30% or more as recorded in the shareholders' register at the time of holding of the regular shareholders' meeting in the most recent fiscal year, it shall upload the aforesaid electronic file by 30 days prior to the day on which the regular shareholders' meeting is to be held.</p>		<p>hereto are not inconsistent with Cayman Islands law.</p>
<p>Regulations on supervisors.</p>	<p>The Companies Law does not have any specific regulations on supervisors.</p>	<p>The AOA is not amended for this purpose as the Company does not have any supervisor.</p>
<ol style="list-style-type: none"> 1. A shareholder holding 1% or more of the Company's total issued shares for six consecutive months or longer may request in writing the supervisor to institute an action against the director on behalf of the Company, in which case the Taiwan Taipei District Court shall be the court of first instance. 2. In the absence of action initiated by supervisor after 30 days of a shareholder's request, the shareholder may initiate an action for the Company, in which case the Taiwan Taipei District Court shall be the court of first instance. 3. In addition to the condition that the board of directors does not or is unable to convene a meeting of shareholders, the supervisors may, for the benefit of the company, call a meeting of shareholders when it is deemed necessary. 	<p>The Cayman law does not provide any specific requirement or prohibition.</p> <p>According to the Cayman law, a shareholder may file an action on behalf of the company against: (A) an action that is illegal or not within the powers or authority of the company, and therefore cannot be ratified by shareholders; or (B) an action constituting fraud against minority shareholders (i.e. the purpose of the action is to seek relief against majority shareholders who will not allow the company to do nothing against the plaintiff to the action seeking relief, provided that the shareholder must prove the occurrence of fraud and that the person engaging in unlawful activities has controlling power over the company before an action may be initiated.)</p> <p>To the extent that an action is performed within the powers of the company, or an action performed is not within the powers of the company but can be ratified by shareholders, generally the Cayman court will not interfere with the company's internal acts. We have doubt on the enforceability in Cayman Islands of this provision if it is incorporated into the AOA of the Company because the courts of Cayman Islands are unlikely to recognize and enforce foreign judgment which is not the monetary judgment without any re-examination of merits of the underlying dispute.</p> <p>Regarding the Item 3 hereto, please see the Cayman lawyer's opinion of the right column for details.</p>	<p>The Cayman law does not provide any specific requirement or prohibition, and the Company does not have a supervisor and instead has established the audit committee. With reference to TWSE Tai-Zheng-Shang-Zi No. 1011702189 Letter of July 27, 2012, providing those supervisors shall be replaced by independent directors of the audit committee, the requirement on replacement of supervisors by audit committee under Items 1 and 2 is provided in Article 123 of the AOA, and the governing court (including the Taiwan Taipei District Court, if applicable) shall have jurisdiction over the matter. Also, according to the Cayman lawyer, Article 123 of the AOA must be in consistence with the Cayman law, which states that if the director believes filing of an action is not beneficial to the company, the director shall not be liable to initiate an action against other directors of the company despite of the request of a shareholder holding more than 1% of the shares.</p> <p>The Company establishes an audit committee instead of supervisors. According to Article 165-1 of Securities and Exchange Act in Taiwan, Item 4 of Article 14-4 of the same Act, which provides that Article 220 of Company Act, which allows the supervisors to call a meeting of shareholders for the benefit of the company when it is deemed necessary, shall apply mutatis mutandis with regard to independent directors who are members of the audit committee, doesn't apply mutatis mutandis with regard to the foreign company. Article 123A of the AOA, which allows independent directors who are members of the audit committee to call a meeting of shareholders for the benefit of the company when it is deemed necessary, is expected to be amended by the annual shareholders' meeting of 2022 in accordance with the provision set forth in the Item 3 hereto of the "Checklist of Protection of Shareholders' Rights/Interests in the Jurisdiction where a Foreign Securities Issuer" issued by Taiwan Stock Exchange Corporation on March 11, 2022. According to</p>

Differences	Cayman law and description	AOA regulations and description
<ol style="list-style-type: none"> 1. Directors of the company shall have the loyalty and shall exercise the duty of care as good administrators in conducting the business operation of the company. Director shall be liable for damages to the company in the event of a violation of the above. If the act was performed for themselves or others, the shareholders may resolve at a general meeting to treat the gains from the act as the gains of the company. 2. If directors have, in the course of conducting the business operations, violated any provision of the applicable laws and/or regulations and thus caused damage to any other person, the directors and the company shall be jointly and severally liable for the damages to the injured. 3. Within the scope of performance of their duties and functions, managers and supervisors of the company shall have the same liability as the directors of the company. 	<p>According to the Cayman law, directors have fiduciary duties to the company. In the event of damage to the company due to violation of the duties, the court of law may order the directors to be liable for damage compensation. If directors violated their fiduciary duties for themselves or others and have gained profits as a result, the court may order return of the profits derived therefrom.</p> <p>According to the Cayman law, if a director causes damage to a third-party during performance of company business, the third party may claim damages against the company, and the company may further claim compensation by the director for losses arising from the third-person claim. Despite of the fact that the AOA provides directors and the Company have joint and several liability, from the perspective of the Cayman law, the third party cannot directly claim against the director.</p>	<p>the Cayman lawyer, the Article of the AOA expected to be amended hereto are not inconsistent with Cayman Islands law.</p> <p>By referring to the Cayman lawyer (see the left column for details), we have included the requirements under Items 1, 2, and 3 in Article 97A of the AOA. According to the Cayman lawyer, however, despite of the fact that the AOA provides directors and the Company have joint and several liability, from the perspective of the Cayman law, a third party cannot directly claim against the director.</p>
<p>1. If any director has a personal interest in any matter to be discussed at the board meeting, such director shall explain the essential contents of such personal interest at the same board meeting. Before the company adopts any resolution of merger and acquisition, a director who has a personal interest in the transaction shall declare such interest to the board at the board meeting and to the shareholders at the general meeting the essential contents of such personal interest and the reasons that such director votes for or against the relevant resolution, and the company shall itemize the essential contents of such director's personal interest and the reasons that such director votes for or against the relevant resolution in the notice to convene a meeting of shareholders; such contents may be uploaded onto the website designated by the Taiwan competent authorities or by the company, and the address of such website shall be indicated in the above notice.</p>	<p>Regarding the Item 1 hereto, please see the Cayman lawyer's opinion of the right column for details.</p>	<p>Article 107 of the AOA are expected to be amended by the annual shareholders' meeting of 2023 in accordance with the provision set forth in the Item 1 hereto of the "Shareholders' Rights/Interests Protection Checklist" issued by Taiwan Stock Exchange Corporation on January 9, 2023. According to the Cayman lawyer, the Article of the AOA expected to be amended hereto are not inconsistent with Cayman Islands law.</p>

6. The most recent year and as of the date of publication of the annual report, if there is any matter that has a significant impact on shareholders' rights and interests or securities prices as set out in section 2, paragraph 2, article 36 of the securities and exchange law: None.

Appendix

**TOPBI International Holdings Limited Company
and Subsidiaries
Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
Together with Independent Auditors' Report**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

TOPBI International Holdings Limited Company and Subsidiaries
Letter of Representation

For the year ended December 31, 2022, pursuant to “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, the entities that are required to be included in the consolidated financial statements of affiliates, are the same entities required to be included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10, “Consolidated Financial Statements”. In addition, the relevant information required to be disclosed in the consolidated financial statements of affiliates is included in the aforementioned consolidated financial statements. Accordingly, it is not required to prepare a separate set of consolidated financial statements of affiliates.

Hereby declare,

TOPBI International Holdings Limited Company

Zhou, Xun Cai
Chairman

March 27, 2023

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, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years 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 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 Certified 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, 2022. 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 of cash and cash equivalents accounts.

As of December 31, 2022, the balances of cash and cash equivalents of the Group is \$1,263,907 thousand, accounting for 29% 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.

Evaluation of financial assets at amortized cost

Please refer to Note 4(7) to the consolidated financial statements for the accounting policies of evaluation of financial assets at amortized cost; and please refer to Note 6(2) to the consolidated financial statements for the details of financial assets at amortized cost.

Independent Auditors' Report (Continued)

As of December 31, 2022, the balances of financial assets at amortized cost of the Group is \$1,542,800 thousand, accounting for 37% of the total consolidated assets, due to the significant proportion of balances and the inherent risks; we therefore considered the financial assets at amortized cost as the key audit matters for the year.

Our audit procedures included, but were not limited to, obtaining details of the balance of financial assets amortized at cost (fixed deposits) in the accounts of TOPBI and its subsidiaries, and checking to the bank confirmation; to assess whether it is consistent with the balance of the fixed deposit in the account, and check whether the fixed deposit is restricted.

Revenue recognition

Please refer to Note 4(22) to the consolidated financial statements for the accounting policies of revenue recognition; and please refer to Note 6(20) to the consolidated financial statements for the details 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, 2022, 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.

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 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 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, 2022 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, Kuang-Hui



Kuo, Chenyu

For and on behalf of ShineWing CPAs

March 27, 2023

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, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

Assets	<u>Notes</u>	December 31,			
		2022	%	2021	%
<i>Current assets</i>					
Cash and cash equivalents	6.(1)	\$ 1,263,907	29	\$ 640,907	15
Financial assets at amortized cost - current	6.(2)	1,542,800	37	1,520,400	37
Accounts receivable, net	6.(3)	932,667	21	1,114,349	27
Other receivables	6.(4)	7,686	-	7,935	-
Current income tax assets		21,302	-	20,993	1
Inventories	6.(5)	6,517	-	21,483	1
Prepayments	6.(11), 7	280,946	6	299,224	7
		4,055,825	93	3,625,291	88
<i>Non-current assets</i>					
Property, plant and equipment	6.(6)	65	-	234,773	5
Right-of-use asset	6.(7)	142,662	3	194,726	5
Investment properties, net	6.(9)	130,977	3	-	-
Intangible assets	6.(10)	501	-	-	-
Deferred tax assets	6.(26)	48,740	1	81,395	2
Refundable deposits	6.(11), 7	-	-	217	-
		322,945	7	511,111	12
Total assets		\$ 4,378,770	100	\$ 4,136,402	100

(Continued on next page)

TOPBI International Holdings Limited Company and Subsidiaries

Consolidated balance sheets

December 31, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

(Continued from previous page)

Liabilities and equity	Notes	December 31,			
		2022	%	2021	%
<i>Current liabilities</i>					
Short-term borrowings	6.(12), 7	\$ 310,593	7	\$ 12,577	-
Accounts payable	6.(13)	718,875	16	1,002,143	24
Accounts payable to related parties	6.(13), 7	50,646	1	-	-
Other payables	6.(14)	74,813	2	75,364	2
Other payables to related parties	7	2,977	-	76	-
Other current liabilities		<u>134</u>	-	<u>3</u>	-
		<u>1,158,038</u>	<u>26</u>	<u>1,090,163</u>	<u>26</u>
<i>Non-current liabilities</i>					
Deferred tax liabilities	6.(26)	298,166	7	296,134	7
Deposits received	7	<u>440</u>	-	<u>834</u>	-
		<u>298,606</u>	<u>7</u>	<u>296,968</u>	<u>7</u>
Total liabilities		<u>1,456,644</u>	<u>33</u>	<u>1,387,131</u>	<u>33</u>
<i>Equity attributable to shareholders of the parent</i>					
Ordinary shares	6.(16)	1,094,938	25	1,094,938	27
Capital surplus	6.(17)	1,520,022	34	1,520,022	37
Retained earnings:	6.(18)				
Legal reserve		593,778	14	593,778	14
Special reserve		487,320	11	460,948	11
Unappropriated earnings		(309,547)	(7)	(415,942)	(10)
Other equity interest	6.(19)	(447,233)	(10)	(487,321)	(12)
Treasury shares		<u>(17,152)</u>	<u>-</u>	<u>(17,152)</u>	<u>-</u>
Total equity		<u>2,922,126</u>	<u>67</u>	<u>2,749,271</u>	<u>67</u>
Total liabilities and equity		<u>\$ 4,378,770</u>	<u>100</u>	<u>\$ 4,136,402</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, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

		For the year ended December 31,			
	Notes	2022	%	2021	%
Revenue	6.(20), 7	\$ 2,546,156	100	\$ 2,963,906	100
Cost of revenue	6.(5), 7	(2,253,273)	(89)	(3,184,618)	(108)
Gross profit (loss)		292,883	11	(220,712)	(8)
Operating expenses	6.(23), 7				
Selling expenses		(256,629)	(10)	(305,730)	(10)
General & administrative expenses		(129,216)	(5)	(158,894)	(5)
Research and development expenses		(45,379)	(2)	(49,096)	(2)
		(431,224)	(17)	(513,720)	(17)
Loss from operations		(138,341)	(6)	(734,432)	(25)
Non-operating income and expenses					
Other income	6.(21), 7	63,458	3	68,829	2
Other gains and losses	6.(22)	241,658	9	4,217	-
Finance costs	6.(25), 7	(2,386)	-	(4,676)	-
		302,730	12	68,370	2
Income (Loss) before income tax		164,389	6	(666,062)	(23)
Income tax expenses	6.(26)	(31,622)	(1)	(34,756)	(1)
Net Income (loss) for the year		132,767	5	(700,818)	(24)
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		40,088	2	(26,372)	-
Total other comprehensive income (loss) for the year		40,088	2	(26,372)	-
Total comprehensive income (loss) for the year		\$ 172,855	7	(\$ 727,190)	(24)
Net income (loss) attributable to					
shareholders of the parent		\$ 132,767	5	(\$ 700,818)	(24)
Total comprehensive income (loss) attributable to					
shareholders of the parent		\$ 172,855	7	(\$ 727,190)	(24)
Earnings per share (In New Taiwan dollars)	6.(27)				
Basic earnings (loss) per share		\$ 1.22		(\$ 6.43)	

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, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of the parent							Total equity	
	Ordinary shares	Capital surplus	Retained earnings			Unappropriated earnings	Other equity interest Exchange differences on translating the financial statements of foreign operations		Treasury shares
			Legal reserve	Special reserve	Special reserve				
Balance, January 1, 2021	\$ 1,094,938	\$ 1,520,022	\$ 593,778	\$ 536,182	\$ 209,642	(\$ 460,949)	(\$ 17,152)	\$ 3,476,461	
Appropriation of prior year's earnings:									
Reversal of special reserve	-	-	-	(75,234)	75,234	-	-	-	
	<u>1,094,938</u>	<u>1,520,022</u>	<u>593,778</u>	<u>460,948</u>	<u>284,876</u>	<u>(460,949)</u>	<u>(17,152)</u>	<u>3,476,461</u>	
Net loss for the year	-	-	-	-	(700,818)	-	-	(700,818)	
Other comprehensive loss for the year	-	-	-	-	-	(26,372)	-	(26,372)	
Total other comprehensive loss for the year	-	-	-	-	(700,818)	(26,372)	-	(727,190)	
Balance, December 31, 2021	1,094,938	1,520,022	593,778	460,948	(415,942)	(487,321)	(17,152)	2,749,271	
Appropriation of prior year's earnings:									
Special capital reserve	-	-	-	26,372	(26,372)	-	-	-	
	<u>1,094,938</u>	<u>1,520,022</u>	<u>593,778</u>	<u>487,320</u>	<u>(442,314)</u>	<u>(487,321)</u>	<u>(17,152)</u>	<u>2,749,271</u>	
Net income for the year	-	-	-	-	132,767	-	-	132,767	
Other comprehensive income for the year	-	-	-	-	-	40,088	-	40,088	
Total other comprehensive income for the year	-	-	-	-	132,767	40,088	-	172,855	
Balance, December 31, 2022	<u>\$ 1,094,938</u>	<u>\$ 1,520,022</u>	<u>\$ 593,778</u>	<u>\$ 487,320</u>	<u>(\$ 309,547)</u>	<u>(\$ 447,233)</u>	<u>(\$ 17,152)</u>	<u>\$ 2,922,126</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, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

	For the year ended December 31,	
	2022	2021
Cash flows from operating activities		
Income (Loss) before income tax for the year	\$ 164,389	(\$ 666,062)
Adjustments for:		
Income and expenses having no effect on cash flows		
Depreciation	17,126	25,492
Amortization	89	-
Allowance (reversal) of inventory for decline in market value and obsolescence	(19,049)	4,060
Interest expenses	2,386	4,676
Interest income	(27,087)	(28,483)
Gain on disposal of property, plant and equipment	(253,574)	(213)
Foreign exchange loss (gain)	1,914	(4,005)
Gain on bargain purchase	(11,309)	-
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	181,682	(33,085)
Decrease (increase) in other receivables	5,635	(753)
Decrease (increase) in inventories	34,015	(4,313)
Decrease (increase) in prepayments	18,764	(47,533)
Decrease in other current assets	-	755
Decrease in accounts payable	(232,622)	(508,900)
Decrease in other payables	(29)	(37,405)
Increase (decrease) in other current liabilities	131	(2)
Cash used in operations	(107,539)	(1,295,771)
Income taxes paid	-	-
Net cash used in operating activities	(107,539)	(1,295,771)

(Continued on next page)

TOPBI International Holdings Limited Company and Subsidiaries

Consolidated statement of cash flows

For the years ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

(Continued from previous page)

	For the year ended December 31,	
	2022	2021
Cash flows from investing activities		
Acquisition of financial assets at amortized cost	(3,095,330)	(1,520,050)
Proceeds from sale of financial assets at amortized cost	3,095,330	1,563,480
Acquisition of property, plant and equipment	-	(84)
Proceeds from disposal of property, plant and equipment	665,608	213
Acquisition of intangible assets	(591)	-
Acquisition of subsidiary	(276,022)	-
Decrease in refundable deposits	221	-
Interest received	27,279	47,887
Net cash generated from investing activities	416,495	91,446
Cash flows from financing activities		
Increase in short-term borrowings	296,958	29,194
Repayments of short-term borrowings	-	(402,415)
Decrease in guarantee deposits received	(849)	(696)
Interest paid	-	(12,659)
Net cash generated from (used in) financing activities	296,109	(386,576)
Effect of exchange rate changes on cash and cash equivalents	17,935	(15,743)
Increase (decrease) in cash and cash equivalents	623,000	(1,606,644)
Cash and cash equivalents at beginning of year	640,907	2,247,551
Cash and cash equivalents at end of year	\$ 1,263,907	\$ 640,907

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

TOPBI International Holdings Limited Company and Subsidiaries

Notes to the consolidated financial statements

(Expressed in thousands of New Taiwan dollars, except as otherwise specified)

1. History and organization

TOPBI International Holdings Limited (the “Company”) was incorporated in the British Cayman Islands in October 2012. The Company was established after an organizational restructuring for listing on the Taiwan Stock Exchange (“TWSE”). The Company’s shares have been listed and traded on the TWSE since December 30, 2013. The consolidated financial statements comprised the Company and its subsidiaries (collectively referred as the “Group”), the Group is primarily engaged in design, development and sales of its private label children’s clothing and accessories.

2. The date of authorization for issuance of the consolidated financial statements and procedures for authorization

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 27, 2023.

3. Application of new standards, amendments and interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IAS”) and interpretations as endorsed and announced by the Financial Supervisory Commission (“FSC”).

A. IFRSs, IAS and interpretations endorsed and announced by the FSC effective from 2022 are as follows:

New standards, interpretations and amendments	Main amendments	IASB effective date
Reference to the Conceptual Framework (amendments to IFRS 3)	The amendments updated the definition of assets and liabilities reference to the “Conceptual Framework for Financial Reporting” issued in 2018 in respect of how an acquirer to determine what constitutes	January 1, 2022

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an asset or a liability during a business merger. Due to the above amendment, the amendment also added an exception to the recognition principle of IFRS 3 for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately.

Due to the above index amendment, this amendment adds an exception to the recognition principle for liabilities and contingent liabilities. For certain types of liability and contingent liabilities, reference should be made to IAS 37 "Provisions, Contingent Liabilities and Contingent" or International Financial Reporting Interpretations Committee ("IFRIC") 21 Levies", instead of the aforementioned "Conceptual Framework of Financial Reporting" issued in 2018. At the same time, this amendment also clarifies that the acquirer shall not recognize contingent assets under IAS 37 on the acquisition date.

Property, Plant and Equipment -
Proceeds before Intended Use
(amendments to IAS 16)

This amendment prohibits enterprise from deducting the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management,

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	such as samples produced for testing whether the asset is operating normally . The price of selling such items and the cost of production should be recognized in profit or loss. This amendment also stated that testing whether an asset is operating normally means assessing its technical and physical performance, and has nothing to do with the financial performance of the asset.	
Onerous Contracts - Cost of Fulfilling a Contract (amendments to IAS 37)	This amendment clarifies that the cost of fulfilling the contract includes the cost directly related to the contract. The cost directly related to the contract is composed of the allocation of the incremental cost of fulfilling the contract and other costs directly related to the fulfilling of the contract.	January 1, 2022
Annual improvements - 2018-2020 cycle	(1) IFRS 1 "Subsidiary as first-time adopter" This amendment allows the subsidiaries select to adopt IFRS 1 that are exempted from paragraph D16(a) of IFRS No. 1, when measuring cumulative conversion differences, should use the carrying amount of cumulative conversion differences included in the parent company's consolidated financial statements on the date of the parent company's convert to IFRS. This amendment also applies to affiliates and joint ventures that are exempted from paragraph	January 1, 2022

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D16(a) of IFRS 1.

- (2) Amendments to IFRS 9 “Fees in the “10 per cent” Test for Derecognition of Financial Liabilities”

This amendment stipulates that the expenses that should be included in the 10% test of financial liabilities are excluded. Enterprise may pay the costs or fees to third parties or lenders. According to this amendment, the cost or expense paid to third parties is not included in the 10% test.

- (3) IAS 41 “Taxation in Fair Value Measurements”

This amendment of IAS 41 is to remove the requirement of using pre-tax cash flows when measuring the fair value of a biological asset.

B. The Group assessed the above standards and interpretations and there is no significant impact to the Group’s financial position and financial performance.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group.

A. New standards, interpretations and amendments as endorsed by the FSC effective from 2023 are as follows:

New standards, interpretations and amendments	Main amendments	IASB effective date
Disclosure of Accounting Policies (amendments to IAS 1)	This amendment requires companies to disclose information about their material significant accounting policies information, instead of their significant accounting policies. This amendment clarifies how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material.	January 1, 2023
Definition of accounting estimates (amendments to IAS 8)	The amendment clarifies how an entity should distinguish between changes in accounting policies and changes in accounting estimates. The amendment also clarifies that changes in accounting estimates resulting from new information or new developments are not corrections of errors. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.	January 1, 2023
Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12)	This amendment requires the entity to recognize the relevant deferred income tax assets and liabilities for specific transactions that generate the same amount of taxable and	January 1, 2023

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deductible temporary differences at the time of original recognition.

B. The Group assessed the above standards and interpretations and there is no significant impact to the Group's financial position and financial performance.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

A. The Group has not yet applied the following new standards and amendments issued by IASB but not yet endorsed by the FSC:

New standards, interpretations and amendments	Main amendments	IASB effective date
Sale or Contribution of Assets Between An Investor and Its Associate or Joint Venture (amendments to IFRS 10 and IAS 28)	This amendment addresses inconsistencies between the current IFRS 10 and IAS 28. When an investor sells (invests) assets to its affiliates or joint ventures, it is determined to recognize all or part of the disposal gains or losses depending on the nature of the assets sold (invested): (1) When the assets sold (invested) meet the "business", all disposal gains and losses shall be recognized; (2) When the assets sold (invested) do not qualify as "business", non-related investors can only recognize partial disposal of gains and losses within the scope of interests in affiliated companies or joint ventures.	To be determine by IASB
Lease Liability in a Sale and Leaseback (amendment to IFRS 16)	This amendment states how a seller-lessee applied its subsequent measurement for the related right-of-use asset and lease liabilities arising	January 1, 2024

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from a sale and leaseback transaction, where the lease payments are variable lease payments that do not depend on an index or rate; and the seller-lessee should determine the lease payments or revised lease payments such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee. And the new sample is provided for reference.

IFRS 17 “Insurance Contracts”

This Standard replaces IFRS 4 “Insurance Contracts” and establishes the principles for the recognition, measurement, presentation and disclosure of Insurance and reinsurance contracts that it issues by the entities. This standard applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds; and investment contracts with discretionary participation features it issues, provided that the entity also issues insurance contracts. Embedded derivatives, distinct investment components and distinct performance obligations should be separated from insurance contracts. On initial recognition, each portfolio of insurance contracts issued shall be divided into a minimum of three groups by the entities: onerous, no significant possibility of becoming onerous and the remaining contracts in the portfolio. This Standard

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requires a current measurement model where estimates are re-measured at each reporting period.

Measurements are based on discounted contract and probability-weighted cash flows, risk adjustments, and the expected profit from the unearned portion of the contract (contractual service margins).

An entity may apply a simplified approach to the measurement for some of insurance contracts (premium allocation approach). The entity should recognize the revenue generated by a group of insurance contract during the period when the entity provides insurance coverage and when the entity releases the risk.

The entity should recognize the loss immediately, if a group of insurance contracts becomes onerous. The entity should present insurance income, insurance service fees, and insurance finance income and expenses separately and its shall also disclose the amount, judgment and risk information from the insurance contract.

Insurance Contracts
(amendments to IFRS 17)

This amendment includes the deferral of effective date, the expected recovery of the cash flow obtained by insurance, the contractual service margin attributable to investment services, the reinsurance contract held, the recovery of losses and other amendments. These amendments

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	have not changed the basics of the standard in principle.	
Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17)	<p>This amendment allows enterprise to choose to apply the classification overlay approach for each comparative period reported in the initial application of IFRS 17.</p> <p>This option allows the financial assets held by an entity, including those held in activities that are not linked to contracts within the scope of IFRS 17, on an instrument-by-instrument basis, based on how they expect to classify these financial assets in the comparative period when IFRS 9 is initially applied. Entities that have applied IFRS 9 or will apply both IFRS 9 and IFRS 17 for the first time may choose to apply the classification overlay approach.</p>	January 1, 2023
Classification of Liabilities as Current or Non-current (amendments to IAS 1)	<p>This amendment clarifies that the classification of liabilities is based on the rights existing at the end of the reporting period. At the end of the reporting period, the enterprise does not have the right to defer the settlement period of liabilities for at least 12 months after the reporting period, and the liabilities should be classified as current. In addition, this amendment defines "settlement" of a liability is the extinguishment of the liability with cash or other economic resources or the enterprise's own equity instruments. The terms of the liability may result in the settlement of</p>	January 1, 2024

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	the liability by transferring the company's own equity instruments, only if the enterprise has the right to classify an equity instrument as an equity component of a compound financial instrument. These terms do not affect the classification of the liability as current or non-current.	
Non-current Liabilities with Covenants (amendments to IAS 1)	This amendment clarifies that the contractual terms to which an entity is bound after the end of the reporting period do not affect the classification of liabilities as current or non-current. In addition, this amendment increases the disclosure of non-current liabilities subject to terms.	January 1, 2024

B. The Group assessed the above standards and interpretations and there is no significant impact to the Group's financial position and financial performance.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations, and SIC Interpretations as endorsed by the FSC.

(2) Basis of preparation

A. Except for the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured by financial instruments measured at fair value, the

accompanying consolidated financial statements have been prepared under the historical cost basis.

- B. The following significant accounting policies applied consistently to all periods of coverage of the consolidated financial statements.
- C. The preparation of financial statements that comply with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations, and SIC Interpretations as endorsed by the FSC requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements

- (A) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (B) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (C) Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income is attributed to the owners of the Company and to the non-controlling interests even if this results in the

non-controlling interests having a deficit balance.

- (D) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (E) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of. The gains or losses should transfer directly to retained earnings if the gain or loss from disposal of underlying assets is transferred to retained earnings at disposal.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Note
			2022	2021	
The Company	TOPBI Children Apparel Co., Limited ("HK TOPBI")	Investment	100.00	100.00	-
HK TOPBI	Fujian SDO Textile & Industry Goods Crop., Ltd. ("Fujian SDO")	Investment	100.00	100.00	-
HK TOPBI	Fujian Shengrenda Medical Technology Co., Ltd. ("Shengrenda")	Manufacturing and sales of medical equipment and medical supplies	-	100.00	1
HK TOPBI	TOPBI (China) Fashion Corp., Ltd. ("TOPBI China")	Sales of private label children's clothing	73.42	73.42	-
HK TOPBI	Fuzhou Spring Investment Corp., Ltd ("Fuzhou Spring")	Leasing activities	100.00	-	2
Fujian SDO	TOPBI China.	Sales of private label children's clothing	26.58	26.58	-
TOPBI China	Fujian TOPBI E-commerce Co., Ltd. ("TOPBI E-commerce")	Online Sales of private label children's clothing	100.00	100.00	-

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Details of the Company's issued shares held by the subsidiaries: None

G. Subsidiaries that have non-controlling interests that are material to the Group: None

Note 1: On February 9, 2022, Shengrenda obtained the approval of the local government which is domiciled for its completion of the cancellation of registration.

Note 2: HK TOPBI acquired 100% of the shares of Fuzhou Spring Investment Corp., Ltd on September 19, 2022, with an amount of CN¥281,799 thousand.

(4) *Foreign currency translation*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is CN¥, in order to comply with local filing requirements and regulations, the consolidated financial statements are presented in New Taiwan dollars, which is the Group's presentation currency.

A. Foreign currency translation and balances

- (A) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction or valuation where items are re-measured, except for those that comply with cash flow hedging and net investment hedging and are deferred to other comprehensive gains and losses. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (B) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (C) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value

are translated using the historical exchange rates at the dates of the initial transactions.

- (D) All exchange gains and losses are reported in the income statement under "Other gains and losses".

B. Translation of foreign operations

- (A) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognized in other comprehensive income.

- (B) When the foreign operation partially disposed of or sold as a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) *Classification of current and non-current items*

A. Assets that meet one of the following criteria are classified as current assets:

- (A) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (B) Assets held mainly for trading purposes;
- (C) Assets that are expected to be realized within twelve months from the balance sheet date; or

(D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

The Group classified its assets that do not meet above criteria as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

(A) Liabilities that are expected to be paid off within the normal operating cycle;

(B) Liabilities arising mainly from trading activities;

(C) Liabilities that are to be paid off within twelve months from the balance sheet date; or

(D) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classified its liabilities that do not meet above criteria as non-current liabilities.

(6) Cash and cash equivalents

A. For the purpose of the statements of cash flows, cash and cash equivalents consists of cash on hand, cash in bank, short-term, highly liquid investments, which were within three months of maturity when acquired, and repayable bank overdraft, as part of the cash management. Bank overdraft items listed under short-term borrowings in current liabilities on the balance sheet.

B. Cash equivalents refer to short-term, highly liquid investments that also meet the following conditions:

(A) Readily convertible to known amount of cash.

(B) Subject to an insignificant risk of changes in interest rates.

(7) Financial assets at amortized cost

A. Financial assets at amortized cost are those that meet all of the following criteria:

(A) The aim of the Group's business model is achieved by collecting contractual cash flows.

(B) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way of purchase or sales, financial assets at amortized cost are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts receivable

A. In accordance with terms and conditions of the contracts, entitle a legal right to unconditionally receive consideration in exchange of receivables for transferred goods or rendered services.

B. Short-term accounts receivable without bearing interest are measured at initial invoice amount by the Group as effect of discounting is immaterial.

(9) Impairment of financial assets

On each balance sheet date, the Group's investment in debt instruments measured at fair value through other comprehensive income and financial assets measured at amortized cost, and accounts receivable or contractual assets, lease receivables, loan commitments and financial guarantee contracts

with significant financial components, after considering all reasonable and corroborative information (including forward-looking), the loss allowance is measured on the 12-month expected credit losses for those who have not significantly increased the credit risk since the initial recognition. For those who have significantly increased the credit risk since the initial recognition, the loss allowance is measured by the expected credit losses during the period of existence; the accounts receivable or contract assets that do not contain significant financial components are measured by the lifetime expected credit loss.

(10) Derecognition of financial assets

The Group derecognizes a financial asset when:

- A. The contractual rights to receive the cash flows from the financial asset expired.
- B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows from the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(11) Leasing arrangements as lessor - Lease receivables/lease

- A. Based on the term of a lease contract, a lease is classified as finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.
 - (A) At commencement of the lease term, a finance lease should record as a receivable, at an amount equal to the total investment (including original direct costs) in the lease. The difference between total lease receivables and present value should record as 'unearned finance lease income'.
 - (B) The lessor should recognize finance income based on a pattern reflecting a constant periodic rate of return on the lessor's net

investment outstanding in respect of the finance lease.

(C) Associated lease payments (excluding service costs) offset the total investment in the lease during the period would reduce the principal and unearned finance income.

B. Lease income from an operating lease (net of any incentives given to lessee) is recognized in profit and loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are mainly merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives.

Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

The assets' residual values, useful lives and depreciation methods are

reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of machinery and equipment, transportation equipment, office equipment, are 5~10 years.

(14) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

- A. Lease assets are recognized as a right-of-use asset and lease liabilities at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is recognized at cost, includes:
 - (A) The initial measured amount of the lease liability; and
 - (B) Any lease payments made at or before the commencement date.

The right-of use assets is measured using the cost model subsequently and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment

to the right-of-use asset.

(15) *Investment properties*

Investment properties are initially recorded at cost, and is subsequently measured using the cost model. Except for land, depreciation is provided on a straight-line basis based on the estimated useful life, which is 20 years.

(16) *Intangible assets*

Computer software is initially recorded at cost and amortized using the straight-line method over the estimated useful life of 5 years.

(17) *Impairment of non-financial assets*

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to dispose or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(18) *Borrowing costs*

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(19) *Accounts payable*

- A. Accounts payable refer to debts arising from purchase of goods or services and notes due to operation and non-operation.
- B. Short-term accounts payable without bearing interest are measured at initial invoice amount by the Group as effect of discounting is immaterial.

(20) *Employee benefits*

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' compensation and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the shareholders at their shareholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

(21) *Income tax*

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operated and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriated based on the amounts expected to be paid to the tax authorities.
- C. Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(22) Revenue recognition

After the Group identifies performance obligations in the customer contract, it allocates the transaction price to each performance obligation, and recognizes revenue when each performance obligation is met.

For contracts where the time interval between the transfer of goods and the receipt of the consideration is within one year, the transaction price of the major financial components of the contract will not be adjusted.

Revenue from merchandise sales from the sale of private label children's clothing. The Group recognizes revenue and accounts receivable at the point of time when merchandises are delivered at shipping point to customer along with the transfer of the right of setting price, the right-of-use, the main responsibility for resale, and the risks of obsolescence of products to the customers. The private label children's clothing sold online is recognized as revenue when the product arrives at the customer's designated location.

(23) Business combinations

A. The Group uses the acquisition method for the business combination. The consideration is calculated based on the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued, and the transferred consideration includes the fair value of any assets and liabilities arising from the contingent consideration agreement. Acquisition-related costs are recognized as an expense as incurred. All assets acquired and liabilities assumed in a business combination are measured at acquisition-date fair value. The Group is based on individual acquisition transactions, if the components of non-controlling interests are current ownership interests and its holders are entitled to a pro rata share of the net assets of the enterprise when liquidation occurs, choice in measurement at acquisition-date fair value or the non-controlling interests; or the non-controlling interests' proportionate share of net assets of the acquiree. All other components of non-controlling interests are measured at their acquisition-date fair value.

B. If the transferred consideration, the non-controlling interests of acquiree and the total fair value of interests in the acquiree previously held exceeds the fair value of the identifiable assets acquired and liabilities assumed, it is recognized as goodwill on the acquisition date; if the fair value of the identifiable assets acquired and liabilities assumed exceeds the total fair value of the transferred consideration, the non-controlling interests of the acquiree, and the fair value of the interests in the acquiree previously held, the difference is recognized on the acquisition date for the current profit and loss.

(24) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the strategic business unit. The strategic business unit, who is responsible for allocating resources and assessing performance of the operation segments, has been identified as the board of directors that makes strategic decisions.

(25) Earnings per shares

The Group presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the net income attributable to shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the statement of income attributable to shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares.

5. Critical accounting judgments, estimates and key sources of assumption uncertainty

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The information is addressed below:

(1) Critical judgments in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

The Group makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgments and estimates. Due to the rapid changes in the environment, the Group assesses the value of inventory on the balance sheet date due to obsolescence, or no market sales value, and writes down the cost of inventory to the net realizable value. This inventory evaluation is mainly based on the estimated demand for products in a specific period in the future, therefore, there might be material changes to the evaluation.

As of December 31, 2022, the Group's carrying amount of inventories is \$6,517 thousand.

6. Details of significant accounts

(1) Cash and cash equivalents

	December 31,	
	2022	2021
Cash on hand and working capital	\$ 21	\$ 12
Checking accounts and demand deposits	1,263,886	640,895
Total	<u>\$ 1,263,907</u>	<u>\$ 640,907</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, therefore the probability of counterparty default is remote. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B. Time deposits, for the purpose of meeting short-term commitments rather than investments or other purpose, are within three months of maturity when acquired, and can be readily converted into a fixed amount of cash and subject to insignificant risk of changes in value, are presented in cash and cash equivalents.

(2) *Financial assets at amortized cost - current*

	December 31,	
	2022	2021
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 1,542,800	\$ 1,520,400

The interest rate for time deposits with original maturities of more than 3 months was 1.45% - 1.65% and 1.55% - 1.65% as of December 31, 2022 and 2021 respectively.

(3) *Accounts receivable*

	December 31,	
	2022	2021
Accounts receivable	\$ 932,667	\$ 1,114,349
Less: allowance for doubtful accounts	-	-
Total	\$ 932,667	\$ 1,114,349

A. The Group grants an interest free and average credit term of 90 days to its customer accounts.

B. The Group's maximum exposure to credit risk at December 31, 2022 and 2021 was the carrying amount of each class of accounts receivable and notes receivable.

C. The Group's aging analysis of accounts receivable is as follows:

	December 31,	
	2022	2021
Not past due	\$ 932,667	\$ 1,114,349
Past due less than 1 month	-	-
Past due less than 1 - 3 months	-	-
Past due less than 3 - 6 months	-	-
Past due less over 6 months	-	-
Total	\$ 932,667	\$ 1,114,349

D. The provision matrix for measuring the allowance for doubtful accounts receivable by the Group is as follows:

December 31, 2022	Expected credit loss rate	Total carrying amount	Allowance for doubtful accounts (Lifetime expected credit loss)	Amortized cost
Not past due	-	\$ 932,667	\$ -	\$ 932,667
Past due less than 1 month	-	-	-	-
Past due 1 - 3 months	-	-	-	-
Past due 3 - 6 months	-	-	-	-
Past due over 6 months	-	-	-	-
Total		\$ 932,667	\$ -	\$ 932,667

December 31, 2021	Expected credit loss rate	Total carrying amount	Allowance for doubtful accounts (Lifetime expected credit loss)	Amortized cost
Not past due	-	\$ 1,114,349	\$ -	\$ 1,114,349
Past due less than 1 month	-	-	-	-
Past due 1 - 3 months	-	-	-	-
Past due 3 - 6 months	-	-	-	-
Past due over 6 months	-	-	-	-
Total		\$ 1,114,349	\$ -	\$ 1,114,349

E. Information relating to credit risk, please refer to Note 12(2).

(4) *Other receivables*

	December 31,	
	2022	2022
Other receivables	\$ 7,686	\$ 7,935
Less: allowance for doubtful accounts	-	-
Total	\$ 7,686	\$ 7,935

(5) *Inventories*

	December 31,	
	2022	2021
Merchandise	\$ 34,185	\$ 67,463
Less: allowance for decline in market value and obsolescence	(27,668)	(45,980)
Total	\$ 6,517	\$ 21,483

The cost of inventories recognized as expense (income) is as follows:

	For the year ended December 31,	
	2022	2021
Cost of sales	\$ 2,267,286	\$ 3,180,558
Impairment losses (reversal)	(19,049)	4,060
Total	<u>\$ 2,248,237</u>	<u>\$ 3,184,618</u>

(6) *Property, plant and equipment*

	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Total
<u>Cost</u>					
At January 1, 2022	\$ 431,711	\$ 2,955	\$ 13,716	\$ 4,574	\$ 452,956
Disposals	(439,452)	(83)	-	(1,246)	(440,781)
Net exchange differences	7,741	44	203	70	8,058
At December 31, 2022	<u>\$ -</u>	<u>\$ 2,916</u>	<u>\$ 13,919</u>	<u>\$ 3,398</u>	<u>\$ 20,233</u>
At January 1, 2021	\$ 434,990	\$ 2,977	\$ 17,740	\$ 4,524	\$ 460,231
Additions	-	-	-	84	84
Disposals	-	-	(3,889)	-	(3,889)
Net exchange differences	(3,279)	(22)	(135)	(34)	(3,470)
At December 31, 2021	<u>\$ 431,711</u>	<u>\$ 2,955</u>	<u>\$ 13,716</u>	<u>\$ 4,574</u>	<u>\$ 452,956</u>
<u>Accumulated depreciation and impairment</u>					
At January 1, 2022	\$ 197,037	\$ 2,955	\$ 13,716	\$ 4,475	\$ 218,183
Disposals	(210,574)	(82)	-	(1,244)	(211,900)
Depreciation	10,004	-	-	34	10,038
Net exchange differences	3,533	43	203	68	3,847
At December 31, 2022	<u>\$ -</u>	<u>\$ 2,916</u>	<u>\$ 13,919</u>	<u>\$ 3,333</u>	<u>\$ 20,168</u>
At January 1, 2021	\$ 178,729	\$ 2,977	\$ 17,740	\$ 4,493	\$ 203,939
Disposals	-	-	(3,889)	-	(3,889)
Depreciation	19,651	-	-	15	19,666
Net exchange differences	(1,343)	(22)	(135)	(33)	(1,533)
At December 31, 2021	<u>\$ 197,037</u>	<u>\$ 2,955</u>	<u>\$ 13,716</u>	<u>\$ 4,475</u>	<u>\$ 218,183</u>

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Total</u>
Net book value					
At December 31, 2022	\$ -	\$ -	\$ -	\$ 65	\$ 65
At December 31, 2021	\$ 234,674	\$ -	\$ -	\$ 99	\$ 234,773

(7) *Leasing arrangements as lessee*

A. The leased assets by the Group are land use right with the length of lease usually ranges from three to fifty years. Lease contracts are negotiated individually and contain a variety of terms and conditions. The leased assets are not to be subleased, pledged, disposed of, and no other restrictions are imposed.

B. The carrying amounts of the right-of-use asset and the depreciation expense recognized are as follows:

	<u>December 31, 2022</u>	<u>For the year ended December 31, 2022</u>
	<u>Carrying amount</u>	<u>Depreciation</u>
Land-use-right	\$ 142,662	\$ 4,553

	<u>December 31, 2021</u>	<u>For the year ended December 31, 2021</u>
	<u>Carrying amount</u>	<u>Depreciation</u>
Land-use-right	\$ 194,726	\$ 5,826

C. Movements of the rights-of-use assets of the Group for the year 2022 and 2021 were as follows:

	<u>Land and land use right</u>
At January 1, 2022	\$ 194,726
Acquisition from business combination	146,371
Depreciation	(4,553)
Disposals	(195,253)
Net exchange differences	1,371
At December 31, 2022	<u>\$ 142,662</u>

	<u>Land and land use right</u>
At January 1, 2021	\$ 202,077
Depreciation	(5,826)
Net exchange differences	(1,525)
At December 31, 2021	<u>\$ 194,726</u>

D. In 2022 and 2021, the addition of the Group's right-of-use assets were both \$0.

E. The income and expenses related to the lease contracts are recognized as follows:

<u>Items affecting profit or loss</u>	<u>For the year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Interest expense on lease liabilities	\$ -	\$ -
Expense on short-term lease	<u>\$ 13,535</u>	<u>\$ 12,622</u>
Expense on lease of low-value assets	<u>\$ -</u>	<u>\$ -</u>

F. The total cash outflow for the leases of the Group in 2022 and 2021 amounted to \$13,535 thousand and \$12,622 thousand respectively.

(8) *Leasing arrangements as lessor*

A. The leased assets of the Group include land and buildings. The length of lease contracts usually ranges from one to fifteen years. Lease contracts are negotiated individually and contain various terms and conditions. To ensure that the leased assets of the Group are used normally, the contract requires the lessee not to sublease, add, modify, pledge or use by a third party.

B. The Group respectively recognized the rental income from operating lease contracts of \$29,311 thousand and \$37,698 thousand in 2022 and 2021, of which none of the rental income was recognized as variable lease payments.

C. The lease receipts due under an operating lease of the Group are analyzed as follows:

	December 31,	
	2022	2021
At December 31, 2022	\$ -	\$ 8,556
At December 31, 2023	20,227	-
At December 31, 2024	20,657	-
At December 31, 2025	12,509	-
At December 31, 2026	3,485	-
At December 31, 2027	3,527	-
After December 31, 2027	32,806	-
Total	<u>\$ 93,211</u>	<u>\$ 8,556</u>

(9) *Investment properties*

Cost	Buildings	
At January 1, 2022	\$	-
Acquisition from business combination		135,473
Net exchange differences	(1,969)
At December 31, 2022	<u>\$</u>	<u>133,504</u>
<u>Accumulated depreciation and impairment</u>		
At January 1, 2022	\$	-
Depreciation		2,535
Net exchange differences	(8)
At December 31, 2022	<u>\$</u>	<u>2,527</u>
<u>Net book value</u>		
At December 31, 2022	<u>\$</u>	<u>130,977</u>

A. Rental income and direct operating expenses of investment properties

	<u>For the year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Rental income from investment properties	<u>\$ 5,130</u>	<u>\$ -</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 5,036</u>	<u>\$ -</u>
Direct operating expenses arising from the investment property that did not generate rental income during the year	<u>\$ -</u>	<u>\$ -</u>

B. The fair value of the investment properties held by the Group as of December 31, 2022 are ranged from \$275,809 thousand to \$ 279,688 thousand. The fair value is based on the evaluation results of independent appraiser. The evaluation adopted the income approach and the sales comparison approach and belongs to the level 3 of fair value.

(10) Intangible assets

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Computer software	<u>\$ 501</u>	<u>\$ -</u>

	<u>Computer software</u>	
<u>Cost</u>		
At January 1, 2022	\$	13,889
Acquisition		591
Net exchange differences		115
At December 31, 2022	<u>\$</u>	<u>14,595</u>
At December 31, 2021	<u>\$</u>	<u>13,889</u>
<u>Accumulated amortization</u>		
At January 1, 2022	\$	13,889
Amortization		89
Net exchange differences		116
At December 31, 2022	<u>\$</u>	<u>14,094</u>

	<u>Computer software</u>
At December 31, 2021	<u>\$ 13,889</u>
<u>Net book value</u>	
At December 31, 2022	<u>\$ 501</u>
At December 31, 2021	<u>\$ -</u>

(11) *Prepayments*

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Other prepayment	\$ 1,866	\$ 2,032
Input tax	1,199	1,059
Tax overpaid retained for offsetting the future tax payable	<u>277,881</u>	<u>296,133</u>
	<u>\$ 280,946</u>	<u>\$ 299,224</u>
<u>Non-current</u>		
Refundable deposits	<u>\$ -</u>	<u>\$ 217</u>

(12) *Short-term borrowings*

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Other short-term loans	<u>\$ 310,593</u>	<u>\$ 12,577</u>
Interest rate range (%)	<u>2.40</u>	<u>2.40</u>

A. Other short-term loans from related parties are obtained by the Group from the investors with significant influence over the Group; the loan contract with related parties was executed by the Group on August 2, 2018, of which, if 3M LIBOR+1% exceeds 3.50% in the future, the borrowing rate can be negotiated and adjusted at any time. On May 11, 2020, the board of directors resolved that due to the recent interest rate cut in the U.S. dollar, the borrowing rate was lowered to 2.4%, if 3M LIBOR+1.5% exceeds 2.5% in the future, the borrowing rate can be adjusted at any time. The board of directors resolved on June 10, 2021 that the loan interest rate of the revised loan contract is a fixed interest rate of 2.4%. The principal and interest of the borrowings from related parties are paid in lump sum on maturity. However, the loan contract guarantees that the Group may not repay the loan before it obtained other sources of funds and repatriated its Chinese

subsidiary's retained earnings.

B. The Group signed a loan contract with a related party on August 1, 2022. The loan from a related party by the Group is from an investor with significant influence to the Group, and the loan interest rate is agreed to be 2.4% and the principal and interest are to be repaid in a one-off payment. The Group may repay part or all of the related party's loan in advance depending on its financial schedule, but the loan contract guarantees shall not demand the Group to repay the loan before it has obtained other sources of funds.

(13) *Accounts payable*

	December 31,	
	2022	2021
Accounts payable	\$ 718,875	\$ 1,002,143
Accounts payable to related parties	50,646	-
	<u>\$ 769,521</u>	<u>\$ 1,002,143</u>

(14) *Other payable*

	December 31,	
	2022	2021
Salaries payable	\$ 16,284	\$ 20,169
Advertisements payable	21,179	45,213
Employees' bonus and directors' compensation payable	833	-
Other	36,517	9,982
Total	<u>\$ 74,813</u>	<u>\$ 75,364</u>

(15) *Retirement benefit plans*

The Company's Taiwan office adopted a pension plan under the Labor Pension Act (the "Act"), which is a government-managed defined contribution plan in ROC. Under the Act, an entity makes monthly contributions to employees' individual pension accounts established at the Bureau of Labor Insurance at 6% of monthly salaries and wages.

The employees of the Group's subsidiary, TOPBI China in China is a member of the government-managed retirement benefit plan operated by the government of China. The Group is required to contribute a specified

percentage of payroll costs to the retirement benefit scheme. The total retirement benefit amount recognized in consolidated statements of comprehensive income was \$4,589 thousand and \$4,586 thousand for the years ended December 31, 2022 and 2021, respectively. The Group does not have its own retirement plan.

(16) *Ordinary shares*

A. As of December 31, 2022, the Company's authorized capital was \$1,500,000 thousand with par value of \$10 per share, all of which are ordinary shares. As of December 31, 2022, total paid-in capital was \$1,094,938 thousand.

B. Movements in the number of the Company's ordinary shares outstanding are as follows:

	Number of ordinary shares (in thousand shares)	
	<u>For the year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
At January 1	109,494	109,494
Share dividends	-	-
At December 31	<u>109,494</u>	<u>109,494</u>

C. Treasury shares

	Number of treasury shares (in thousand shares)	
	<u>For the year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
At January 1	507	507
Increase	-	-
At December 31	<u>507</u>	<u>507</u>

On August 12, 2020, the Company's board of directors resolved to buy-back no more than 1,000 thousand treasury shares from the centralized securities exchange market in order to transfer the shares to employees. The repurchase price per share was between \$30 per share to \$67 per share during the period from August 13, 2020 to October 12, 2020. During the repurchase period, the Company bought-back a total of 507 thousand treasury shares at a cost of \$17,152 thousand.

In accordance with the provisions of the Securities Exchange Act mentioned in the preceding paragraph, the proportion of shares purchased by the Company shall not exceed 10% of the total issued shares of the Company; the total amount of shares purchased shall not exceed the Company's retained earnings plus the premium on the issued shares and the realized amount of capital reserve.

Treasury shares held by the Group shall not be pledged in accordance with the provisions of the Securities Exchange Act, and shall not own the shareholder rights until the completion of transfer.

(17) *Capital surplus*

	December 31,	
	2022	2021
Share premium	\$ 1,517,887	\$ 1,517,887
Compensation cost of employees of transfer of treasury shares	2,135	2,135
Total	<u>\$ 1,520,022</u>	<u>\$ 1,520,022</u>

Pursuant to the ROC Company Act, capital surplus arising from paid-up capital in excess of par value on the issuance of ordinary shares and donations can be used to cover accumulated deficit or to issue new shares or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Act of ROC requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. The capital surplus should not be used to cover the accumulated deficit unless the legal reserve is insufficient.

(18) *Retained earnings*

A. Legal reserve

Except for covering accumulated deficit or issuing new shares or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of the legal reserve for the issuance of shares or cash to shareholders is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the

Company's paid-in capital.

B. Special reserve

When the Company distributes the earnings, in accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the current year balance sheet date. When the debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

The amounts previously set aside by the Company as a special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022 dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified.

C. Distribution of retained earnings

In accordance with the Articles of Association, the current year's earnings, if any, shall be used to pay all taxes and offset prior years' operating losses, thereafter 10% of retained earnings shall be either set aside as legal reserve or appropriate to or reverse to special reserve according to the relevant regulations or as requested by the competent authorities. However, the Company shall not be subject to this requirement when the amount of legal reserve accumulated is equal to the total authorized capital. The remaining earnings plus and prior years' unappropriated retained earnings may be appropriated for at least 20% according to a proposal by the board of directors and approved in the shareholders' meeting as shareholders' dividends.

This distribution of shareholders' dividends shall be either in cash or shares, in which cash dividends are not less than 10% of the total dividend.

D. On June 29 2022, the Company passed the resolution of the shareholders' meeting not to distribute the earnings due to losses in 2021, and to set aside a special reserve of \$26,372 thousand in accordance with the law. In addition, on August 5, 2021, the Company passed the resolution of the shareholders' meeting not to distribute the earnings due to losses in 2020, and to reverse the special reserve of \$75,234 thousand.

E. For details of information on employee's compensation and directors and supervisors' remuneration, please refer to Note 6(24).

(19) *Other equity items*

Exchange differences on translating the financial statements of foreign operations

	For the year ended December 31,	
	2022	2021
At January 1	(\$ 487,321)	(\$ 460,949)
Exchange differences on translation to the presentation currency	40,088	(26,372)
At December 31	(\$ 447,233)	(\$ 487,321)

(20) *Revenue*

	For the year ended December 31,	
	2022	2021
Revenue from customer contracts		
Sales revenue - merchandise	\$ 2,541,026	\$ 2,963,906
Rental revenue	5,130	-
	<u>\$ 2,546,156</u>	<u>\$ 2,963,906</u>

Breakdown information of the Group's revenue from customer contracts in 2022 and 2021:

	For the year ended December 31,	
	2022	2021
<u>Primary geographical markets</u>		
China	<u>\$ 2,541,026</u>	<u>\$ 2,963,906</u>
<u>Major merchandise</u>		
Infant clothing	\$ 496,279	\$ 623,955
Other children's clothing	2,044,747	2,339,951
	<u>\$ 2,541,026</u>	<u>\$ 2,963,906</u>
<u>Timing of revenue recognition</u>		
Satisfied at shipping point	<u>\$ 2,541,026</u>	<u>\$ 2,963,906</u>

(21) *Other income*

	For the year ended December 31,	
	2022	2021
Interest income		
Interest on bank deposits	\$ 27,087	\$ 28,483
Rental revenue	24,181	37,698
Gain on bargain purchase	11,309	-
Other income	881	2,648
Total	<u>\$ 63,458</u>	<u>\$ 68,829</u>

(22) *Other gains and losses*

	For the year ended December 31,	
	2022	2021
Gain on disposal of property, plant and equipment	\$ 243,574	\$ 213
Net currency exchange gain (loss)	(1,914)	4,005
Other losses	(2)	(1)
Total	<u>\$ 241,658</u>	<u>\$ 4,217</u>

(23) *Additional disclosures related to cost of revenues and operating expenses are as follows:*

	For the year ended December 31,					
	2022			2021		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefit expenses	\$ -	\$ 119,042	\$ 119,042	\$ -	\$ 95,644	\$ 95,644
Depreciation	4,122	13,004	17,126	-	25,492	25,492
Amortization expenses	-	89	89	-	-	-

(24) *Employee benefit expenses*

	For the year ended December 31,	
	2022	2021
Wages and salaries – Non-director employee	\$ 99,962	\$ 77,064
Director’s remuneration	-	-
Pension costs	4,589	4,586
Other personnel expenses	14,491	13,994
Total	<u>\$ 119,042</u>	<u>\$ 95,644</u>

A. In accordance with the Articles of Association, the current year's earnings, of the Company, shall be allocated no more than 10% as employees' compensation, and no more than 2% shall be paid as directors' remuneration.

B. The Company was in accumulated losses in 2022 and 2021, therefore the remuneration payable to employees and director was not accrued.

If there is a change in the amount after publication of the annual consolidated financial report, the differences are adjusted and recorded as change in accounting estimates next year.

C. Please refer to Market Observation Post System for more information on the resolution related to the appropriation of distributable earnings as employees' compensation and directors' remuneration of the Company's board of directors and shareholders' meeting.

(25) *Finance costs*

	<u>For the year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Interest expense		
Loans from related parties loans	\$ 2,386	\$ 4,676

(26) *Income tax*

A. Income tax expense

Components of income tax expense:

	<u>For the year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Current income tax for the year		
Current income tax for the year	\$ -	\$ -
Deferred tax		
Relating to origination and reversal of temporary differences	31,622	34,756
Income tax expense	<u>\$ 31,622</u>	<u>\$ 34,756</u>

B. Reconciliation between income tax expense and income (loss) before income tax:

	For the year ended December 31,	
	2022	2021
Income (loss) before income tax	\$ 164,389	(\$ 666,062)
Income tax expense at statutory rate	59,713	(166,516)
Tax effect of adjusting items		
Permanent differences	24	46
Unrecognized temporary differences	(1,292)	(9,976)
Loss on unrecognized deferred tax assets	(16,294)	210,213
Change in assessment of the realizability of deferred tax assets	(10,529)	-
Adjustments for prior years	-	989
Income tax expense	<u>\$ 31,622</u>	<u>\$ 34,756</u>

C. Deferred income tax assets and liabilities are as follows:

	For the year ended December 31, 2022			
	At January 1	Recognized in profit or loss	Exchange differences	At December 31
Deferred tax assets				
Accrued expenses	\$ 81,395	(\$ 44,490)	\$ 1,339	\$ 38,244
Tax losses	-	10,529	(33)	10,496
	<u>\$ 81,395</u>	<u>(\$ 33,961)</u>	<u>\$ 1,306</u>	<u>\$ 48,740</u>
Deferred tax liabilities				
Investments accounted for using the equity method	\$ 292,114	\$ -	\$ 4,304	\$ 296,418
Other	4,020	(2,339)	67	1,748
	<u>\$ 296,134</u>	<u>(\$ 2,339)</u>	<u>\$ 4,371</u>	<u>\$ 298,166</u>

	For the year ended December 31, 2021			
	At January 1	Recognized in		At
		profit or loss	Exchange differences	December 31
Deferred tax assets				
Accrued expenses	\$ 117,041	(\$ 34,756)	(\$ 890)	(\$ 81,395)
Deferred tax liabilities				
Investments				
accounted for				
using the equity				
method	\$ 294,333	\$ -	(\$ 2,219)	\$ 292,114
Other	4,051	-	(31)	4,020
	<u>\$ 298,384</u>	<u>\$ -</u>	<u>(\$ 2,250)</u>	<u>\$ 296,134</u>

D. The Group's income tax filing has been completed within the filing period in according to the local governments of different jurisdiction.

(27) *Earnings per share*

A. The calculation of earnings per share and weighted average number of ordinary share is as follows:

	For the year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares used in computation of basic earnings (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the Company	<u>\$ 132,767</u>	<u>108,987</u>	<u>\$ 1.22</u>
<u>Diluted earnings per share</u>			
None			

	<u>For the year ended December 31, 2021</u>		
	<u>Amount</u>	<u>Weighted average number of ordinary shares used in computation of basic earnings (in thousands)</u>	<u>Earnings per share (in dollars)</u>
	<u>after tax</u>		
<u>Basic earnings per share</u>			
Loss attributable to the Company	(\$ 700,818)	108,987	(\$ 6.43)
<u>Diluted earnings per share</u>			
None			

(28) Business combination

A. On September 19, 2022, the Group acquired 100% equity and control of Fuzhou Spring with cash of \$ 281,799 thousand (CN¥ 63,000 thousand). Fuzhou Spring is engaged in investment and leasing activities of real estate in China. The Group expects to use the Company's real estate to plan an independent industrial park, in order to revitalize the assets after the acquisition.

B. The information on the consideration paid for the acquisition of Fuzhou Spring, such as the fair values of the assets acquired and liabilities assumed on the acquisition-date, and the fair values of the non-controlling interests on the acquisition-date are as follows:

	<u>September 19, 2022</u>
Acquisition consideration	
Cash	\$ 281,799
Fair value of identifiable assets acquired and liabilities assumed	
Current assets	
Cash	5,777
Other receivables	5,578
Prepayments	486
Non-current assets	
Right-of-use asset	146,371
Investment properties	135,473
Non-current liabilities	
Deposits received	(447)
Total net identifiable net assets	<u>293,238</u>
Net exchange differences	<u>130</u>
Gain on bargain purchase	<u><u>(\$ 11,309)</u></u>

The consideration determined by the Group was a reference to the fair value of Fuzhou Spring evaluated by an independent appraiser. A bargain purchase gain arising from the increase in the net value of Fuzhou Spring due to the continuous operation of profit during the period from the determination of the purchase price to the completion of the acquisition process.

C. Cash flows used in acquisition of subsidiary

	<u>September 19, 2022</u>
Cash paid for consideration	\$ 281,799
Less: balance of cash and cash equivalents from acquisition	(5,777)
	<u><u>\$ 276,022</u></u>

D. Since the acquisition of Fuzhou Spring on September 19, 2022, the operating income and net income before income tax contributed by Fuzhou Spring are \$5,130 thousand and \$ 2,408 thousand, respectively. Had Fuzhou Spring been included in the Group since January 1, 2022, the operating income and net income before income tax of the Group will be \$21,032 thousand and \$12,377 thousand, respectively.

(29) *Changes in liabilities from financing activities*

The reconciliation of the Group's liabilities from financing activities is as follows:

	January 1, 2022	Cash flow	Other non-cash	December 31, 2022
Short-term borrowings	\$ 12,577	\$ 296,958	\$ 1,058	\$ 310,593
Guarantee deposits	834	(849)	455	440
Total	<u>\$ 13,411</u>	<u>\$ 296,109</u>	<u>\$ 1,513</u>	<u>\$ 311,033</u>
	January 1, 2021	Cash flow	Other non-cash	December 31, 2021
Short-term borrowings	\$ 393,315	(\$ 373,221)	(\$ 7,517)	\$ 12,577
Guarantee deposits	1,542	(696)	(12)	834
Total	<u>\$ 394,857</u>	<u>(\$ 373,917)</u>	<u>(\$ 7,529)</u>	<u>\$ 13,411</u>

7. Related party transactions

Balances and amounts of transaction between the Company and subsidiaries had been eliminated upon consolidation and was not disclosed in this note. Details of transactions between the Group and other related parties were disclosed as follows:

(1) *Related party name and category*

<u>Related party name</u>	<u>Related party category</u>
Taiwan Toprich International Ltd.	Associate owned by the same director
Fujian Eastdragon Group Corp. Ltd	Associate owned by the same director
Fujian Topcom Garment City Corp., Ltd.	Associate owned by the same director
Fuzhou Spring Investment Corp., Ltd	Associate owned by the same director
Jiangsu Longstar SITC Holding Corp., Ltd	Associate owned by the same director

<u>Related party name</u>	<u>Related party category</u>
Jiangsu Jinlu Fashion Co., Ltd.	Associate owned by the same director
Topwealth International Holdings Limited	Investor with significant influence over the Group
Fuzhou Toprich Textile Co., Ltd.	Associate owned by the same director
Suqian Goldenway Trading Co., Ltd.	Associate owned by the same director
Jiangsu Spring Trading Co., Ltd.	Associate owned by the same director
Toprich Group International Holdings Limited	Associate owned by the same director

Note 1: The Company's director, Zhou Xun Cai, held the Company's shares through the shares of Topwealth International Holdings Limited.

Note 2: The related party transaction between the Group and Fuzhou Spring was done before the acquisition date was disclosed.

(2) *Purchase*

	<u>For the year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Purchase of merchandize		
Jiangsu Jinlu Fashion Co., Ltd.	\$ 82,673	\$ -

The purchase of merchandise from a related party is in general commercial terms and conditions.

(3) *Lease arrangements - Group as a lessee*

Rental expenses are as follows:

<u>Name</u>	<u>For the year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Fuzhou Spring Investment Corp., Ltd	\$ 2,520	\$ 3,713
Jiangsu Longstar SITC Holding Corp., Ltd	9,071	8,909
Fujian Topcom Garment City Corp., Ltd.	1,747	-
	<u>\$ 13,338</u>	<u>\$ 12,622</u>

Future payments of lease payable are as follows:

Name	December 31,	
	2022	2021
Fuzhou Spring Investment Corp., Ltd	\$ -	\$ 3,713
Jiangsu Longstar SITC Holding Corp., Ltd	8,010	7,894
Fujian Topcom Garment City Corp., Ltd.	3,447	-
	<u>\$ 11,457</u>	<u>\$ 11,607</u>

(4) Lease arrangements - Group as a lessor

Rental income is as follows:

Name	For the year ended December 31,	
	2022	2021
Fujian Eastdragon Group Corp. Ltd	\$ 14,299	\$ 21,955
Fujian Topcom Garment City Corp., Ltd.	9,139	13,461
Fuzhou Toprich Textile Co.,Ltd	342	-
Suqian Goldenway Trading Co.,Ltd	310	-
Jiangsu Spring Trading Co.,Ltd	213	-
	<u>\$ 24,303</u>	<u>\$ 35,416</u>

Future payments of lease receivable are as follows:

Name	December 31,	
	2022	2021
Fujian Eastdragon Group Corp. Ltd	\$ -	\$ 3,660
Fujian Topcom Garment City Corp., Ltd.	2,250	3,504
Fuzhou Toprich Textile Co.,Ltd	2,665	-
Suqian Goldenway Trading Co.,Ltd	2,411	-
Jiangsu Spring Trading Co.,Ltd	1,653	-
	<u>\$ 8,979</u>	<u>\$ 7,164</u>

The Group not only leases office to related parties but also leases office from related parties. Leasing price is calculated at local level. The lease payments were paid and collected monthly or yearly.

(5) *Other income - property management income*

Name	For the year ended December 31,	
	2022	2021
Fujian Eastdragon Group Corp. Ltd	\$ 288	\$ 424
Fujian Topcom Garment City Corp., Ltd.	530	812
	<u>\$ 818</u>	<u>\$ 1,236</u>

(6) *Consultant fee*

Name	For the year ended December 31,	
	2022	2021
Taiwan Toprich International Ltd.	\$ 665	\$ 660

(7) *Payables to related parties (excluding loans from related parties)*

Item	Name	December 31,	
		2022	2021
Account payable			
- related parties	Jiangsu Jinlu Fashion Co., Ltd.	\$ 50,646	\$ -
Other payable - related parties	Topwealth International Holdings Limited	2,455	76
Other payable - related parties	Jiangsu Spring Trading Co.,Ltd	522	-
		<u>\$ 53,623</u>	<u>\$ 76</u>

The outstanding balances of trade payable to related parties are unsecured. Other payable - related parties included interest payable for loans from related parties.

(8) *Prepayments*

Name	December 31,	
	2022	2021
Jiangsu Longstar SITC Holding Corp., Ltd	\$ 1,245	\$ -

(9) *Refundable deposits*

Name	December 31,	
	2022	2021
Fuzhou Spring Investment Corp., Ltd	\$ -	\$ 217

(10) *Guarantee deposits received*

Name	December 31,	
	2022	2021
Fujian Eastdragon Group Corp. Ltd	\$ -	\$ 434

(11) *Loans from related parties*

Short-term borrowings

Name	December 31,	
	2022	2021
Topwealth International Holdings Limited	\$ 310,593	\$ 12,577

Interest expense

Name	For the year ended December 31,	
	2022	2021
Topwealth International Holdings Limited	\$ 2,386	\$ 4,676

The Group obtained loans from related parties at rates comparable to market interest rates (see Note 6(12)). The loans from related parties were unsecured.

(12) *Property transaction*

A. Acquired the shares of Fuzhou Spring

	For the year ended December 31,	
	2022	2021
Toprich Group International Holdings Limited	\$ 277,704	\$ -

B. Disposal of property, plant and equipment

	For the year ended December 31,			
	2022		2021	
	Disposal price	Disposal gains (losses)	Disposal price	Disposal gains (losses)
Fujian Topcom Garment City Corp., Ltd.	\$ 665,608	\$ 243,576	\$ -	\$ -

(13) *Compensation of key management personnel*

	For the year ended December 31,	
	2022	2021
Short-term employee benefits	\$ 24,077	\$ 26,134
Post-employment benefits	346	334
Other employee benefits	-	-
	<u>\$ 24,423</u>	<u>\$ 26,468</u>

8. Pledged of assets

None.

9. Significant contingent liabilities and unrecognized commitments

None.

10. Significant disaster loss

None.

11. Significant events after the balance sheet date

None.

12. Others

(1) *Capital management*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts to adjust the most appropriate capital structure. The Group monitors capital on the basis of the gearing ratio. The Group's gearing ratios as of December 31, 2022 and 2021 are as follows:

	December 31,	
	2022	2021
Total liabilities	\$ 1,456,644	\$ 1,387,131
Total assets	\$ 4,378,770	\$ 4,136,402
Gearing ratio	33%	33%

In reviewing the current gearing ratio, as of December 31, 2022 and 2021 debt-to-equity ratios are the same, respectively.

(2) *Financial instruments*

A. Financial instruments by category

<u>Financial assets</u>	December 31,	
	2022	2021
Financial assets at amortized cost		
Cash and cash equivalents	\$ 1,263,907	\$ 640,907
Financial assets at amortized cost - current	1,542,800	1,520,400
Accounts receivables	932,667	1,114,349
Other receivable	7,686	7,935
Refundable deposits	-	217
	<u>\$ 3,747,060</u>	<u>\$ 3,283,808</u>

<u>Financial liabilities</u>	December 31,	
	2022	2021
Financial liabilities at amortized cost		
Short-term borrowings	\$ 310,593	\$ 12,577
Accounts payable (include related parties)	769,521	1,002,143
Other payable (include related parties)	77,790	75,440
Guarantee deposits	440	834
	<u>\$ 1,158,344</u>	<u>\$ 1,090,994</u>

B. Financial risk management objectives and policies

The Group's financial instruments include equity and accounts receivables, other receivables, refundable deposits, accounts payable and other payables. Risk management is coordinated by the Group's finance department by entering domestic and international financial market operations and responsible to monitor and manage the financial risk according to the degree of risk and evaluating the breadth analysis of risk exposure. Such risk includes market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to reduce the risk by employing a risk management and to analyze, identify and evaluate the related financial risk that potentially poses adverse effects on the Group. The Group has a relevant plan to hedges the adverse factors of financial risk.

(A) Market risk

Market risk is arising from movements in market prices, such as foreign exchange risk and interest rate risk that affecting the Group's earning or financial instruments held by the Group. The objective of market risk management is to control the market risk exposure within affordable range and to optimize the return on investment.

The major markets risks undertake by the Group's operation are foreign exchange risk, interest rate risk and equity price risk. In practice, a movement by a single change in risk variables is rare, hence change in risk variables are always interrelated. The following sensitivity analysis did not consider the interaction of related risks variables.

a. Exchange risk

The exchange rate risk of the Group is mainly related to business activities (when the currency used for income or expenses is different from the functional currency of the Group) and the net investment of foreign operating entities. The Group's exchange risk is mainly arising from the cash and cash equivalents, accounts receivable, other receivables, short-term borrowings, accounts payable, other payable

and other payables – related parties that are dominated in foreign currency.

Details of the unrealized exchange gains and losses of the Group’s monetary items whose value would significant affected by exchange rate fluctuation are as follows:

For the year ended December 31, 2022			
	Foreign currency amount (in thousands)		Unrealized exchange gains and losses (NT\$)
		Exchange rate	
<u>Financial assets</u>			
US\$: CN¥	\$	38	6.9669 \$ -
HK\$: CN¥		30	0.8934 -
NT\$: CN¥		57	0.2269 -
<u>Financial liabilities</u>			
US\$: CN¥	\$	1,088	6.9669 \$ -

For the year ended December 31, 2021			
	Foreign currency amount (in thousands)		Unrealized exchange gains and losses (NT\$)
		Exchange rate	
<u>Financial assets</u>			
US\$: CN¥	\$	202	6.3720 (\$ 3)
HK\$: CN¥		40	0.8170 -
NT\$: CN¥		278	0.2302 -
<u>Financial liabilities</u>			
US\$: CN¥	\$	454	6.3720 \$ 2

The sensitivity analysis of the Group’s exchange risk mainly focuses on the relevant foreign currency appreciation or depreciation of main foreign currency items at the closing date of financial reporting period, and its impact of appreciation/devaluation on the Group’s profit and loss and equity.

The determination of below sensitivity analysis is based on the Group’s non-functional currency assets and liabilities with significant exchange rate exposure at the balance date. The relevant information is as follows:

December 31, 2022						
	Foreign currency amount	Exchange rate	Carrying amount (NT\$)	Variation	Effect on profit or loss	Effect on equity
<u>Financial assets</u>						
<u>Monetary items</u>						
US\$	\$ 38	6.9669	\$ 266	5%	\$ 13	\$ -
HK\$	30	0.8934	27	5%	1	-
NT\$	57	0.2269	13	5%	1	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
US\$	\$ 1,088	6.9669	\$ 7,580	5%	\$ 379	\$ -

December 31, 2021						
	Foreign currency amount	Exchange rate	Carrying amount (NT\$)	Variation	Effect on profit or loss	Effect on equity
<u>Financial assets</u>						
<u>Monetary items</u>						
US\$	\$ 202	6.3720	\$ 1,286	5%	\$ 64	\$ -
HK\$	40	0.8170	33	5%	2	-
NT\$	278	0.2302	64	5%	3	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
US\$	\$ 454	6.3720	\$ 2,895	5%	\$ 145	\$ -

b. Interest rate risk

The borrowing by the entities within the Group at floating rate, exposes the Group to change in fair value risk and cash flow risk. The Group by maintaining an appropriate combination of floating rate to manage interest rate risk. The Group assesses its hedging activities on a regular basis to ensure hedging strategies are established consistently between interest rate and risk preferences and in most cost-effective manner.

The Group's exposure on financial liabilities rate risk is described in this note for liquidity risk management below.

Sensitivity analysis

The following sensitivity analysis is based on interest rate risk exposure on the non-derivative instruments at the closing reporting date of reporting period. Regarding the liabilities with variable interest rate, the following analysis is on the basis of the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 1% when key management report internally, which also represents management of the Group's assessment on the reasonably possible interval of interest rate change.

If the interest rate has increased or decreased by 1% with other variable held constant, the net profit before tax would have increased or decrease by \$3,106 thousand and \$126 thousand for the years ended December 31, 2022 and 2021, respectively, which would be mainly resulted from the Company's borrowing with variable interest rate.

(B) Credit risk

Credit risk refers to the risk of financial loss to the Group arising from default by counterparties on the contract obligations. The Group's credit risk is attributable to its operating activities (mainly accounts receivables) and financial activities (mainly bank deposits).

Each unit of the Group follows credit risk policies, procedures and controls to manage credit risk. The credit risk assessment of all counterparties is based on factors such as the financial position, the rating of the credit rating agency, historical trading experience, the current economic environment and the Group's internal rating criteria etc.

The credit risk by geographic location of the Group is mainly concentrated in China which accounts for 100% of the total accounts receivable as of December 31, 2022 and 2021. However, the accounts receivable did not significantly concentrate on the individual customers. Based on previous experience, the credit status of the customers is good and the credit risk is relatively insignificant.

The credit risk from bank deposits and other financial instruments is measured and supervised by the finance department of the Group. The counterparties of the Group are banks with good credit rankings, which have no contract performance risk. Thus, the credit risk is insignificant.

(C) Liquidity risk

Liquidity risk refers to risk when the Group is unable to settle its financial liabilities by cash or other financial assets and failure to fulfill obligations associated with existing operations.

The Group manages its liquidity risk by maintaining adequate cash and cash equivalents in order to cope and mitigate the effects of the Group's operating cash flow fluctuations. The Group's management oversight banking facilities usage and ensure the terms of the loan agreement are followed.

Table of liquidity and interest rate risk

The table below analyses the Group's non-derivative financial liabilities based on remaining period to the contractual maturity date during the agreed repayment period and in accordance to the possible earliest required date of repayment. The financial liabilities in below table prepared by undiscounted cash flows.

December 31, 2022				
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total of undiscounted cash flows
<u>Non-derivative</u>				
<u>financial liabilities</u>				
Short-term borrowings	\$ 310,593	\$ -	\$ -	\$ 310,593
Accounts payable (include related parties)	769,521	-	-	769,521
Other payables (include related parties)	77,790	-	-	77,790
Guarantee deposits	440	-	-	440
Total	<u>\$ 1,158,344</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,158,344</u>

December 31, 2021				
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total of undiscounted cash flows
<u>Non-derivative</u>				
<u>financial liabilities</u>				
Short-term borrowings	\$ 12,577	\$ -	\$ -	\$ 12,577
Accounts payable	1,002,143	-	-	1,002,143
Other payables (include related parties)	75,440	-	-	75,440
Guarantee deposits	834	-	-	834
Total	<u>\$ 1,090,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,090,994</u>

The amount of above non-derivative financial assets and liabilities instruments with floating interest rate will be varied when the estimated rate became different at the end of reporting period.

(3) *Fair value information*

A. The different levels of valuation techniques which are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: The input value of this level is the public quotation (unadjusted) of the identical asset or liability in the active market. A market is regarded as active when the goods in the market are in the same nature and the price information is readily available in the public market for both buyers and sellers. The fair values of the Group's investments in publicly listed securities and beneficiary certificates are included in this level.

Level 2: Inputs other than the observable publicly quoted prices included within Level 1 for assets and liabilities, either directly (such as price) or indirectly (such as derived from the price).

Level 3: Unobservable inputs for the asset or liability.

B. Please refer to Note 6(9) for the details description of fair value of investment property measured at cost.

C. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, accounts receivable, other receivables, refundable deposits, accounts payable and other payables are reasonable approximations of fair values.

(4) *Other*

A. Since the outbreak of the COVID-19 pandemic began to heat up, the Group followed the Chinese local government's epidemic prevention policy to suspend work from March 20, 2022 to April 3, 2022; the warehouse center in Suqian City, Jiangsu Province suspended on April 1, 2022 until the resumption of work on April 7, 2022. The Group adopted an online office, which did not have a major impact on its finances and operations.

B. In February 2023, the chairman and others of the Group received an indictment from the Taiwan Taipei District Prosecutor Office due to the

special breach of trust, false reporting, false announcements, etc. of the Securities and Exchange Act. Those involved in the case have appointed lawyers to read relevant files to further understand the case for follow-up processing. As of the release date of these consolidated financial statements, no court session has been held.

13. Supplementary disclosures

(1) *Significant transactions information:*

No.	Items	Footnote
1	Loans to others	Table 1
2	Provision of endorsements and guarantees to others	None
3	Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates and joint ventures)	None
4	Purchase or sale of the same security with the accumulated cost exceeding \$300 million or 20% of paid-in capital or more	Table 2
5	Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more	None
6	Disposal of real estate reaching \$300 million or 20% of paid-in capital or more	Table 3
7	Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more	None
8	Receivables from related parties reaching \$100 million or 20% of paid-in capital or more	Table 4
9	Derivative financial instruments undertaken	None
10	Significant inter-company transactions between the Company and subsidiaries	Table 5

(2) *Information on investments: Table 6*

(3) *Information on investments in Mainland China: Table 7*

(4) *Information of major shareholders: Table 8*

Table 1

TOPBI International Holdings Limited Company and Subsidiaries

Loans to others

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan dollars and Chinese Yuan)

NO. (Note 1)	Lender	Borrower	Financial statement account	Related party	Maximum balance for the period (Note 4)	Ending balance	Actual borrowing amount	Interest rate (%)	Nature of financing (Note 2)	Business transaction amount	Reasons for short-term financing	Allowance for impairment loss	Collateral		Financing limit for each borrower (Note 3)	Aggregate financing limit (Note 3)	Note
													Item	Value			
1	TOPBI China	The Company	Other receivables from related parties	Yes	\$ 2,204,000 (CN¥500,000)	\$ 2,204,000 (CN¥500,000)	\$ 1,040,402 (CN¥236,026)	2.4%	(2)	\$ -	Working capital	\$ -	-	-	\$ 10,377,885	\$ 10,377,885	-
	TOPBI China	HK TOPBI	Other receivables from related parties	Yes	1,322,400 (CN¥300,000)	1,322,400 (CN¥300,000)	744,738 (CN¥175,757)	2.4%	(2)	-	Working capital	-	-	-	10,377,885	10,377,885	-

Note 1: The intercompany transactions between the companies are identified and numbered as follows for indication:

- (1) Parent company: 0
- (2) Subsidiaries start from 1 consecutively.

Note 2: The types of transactions between related parties are as follows:

- (1) Have business dealings
- (2) Those who need short-term financings.

Note 3: According to the lending policies of TOPBI China, the aggregate amounts of loan to other companies shall not exceed forty percent (40%) of net worth stated in the latest financial report of lender. The respective loan amounts shall not exceed ten percent (10%) of the net worth of borrower. The loan will not be subjected to the restriction mentioned in the aforesaid paragraph, when the loan between the lender and the foreign company held by the Company, whose voting shares are 100% directly or indirectly owned; or when the loan to the Company of which the lender and the foreign company held by the Company, whose voting shares are 100% directly or indirectly owned. However, the total amount of loan and loan to individual borrower shall not exceed two hundred (200%) of the net worth of the lender.

Note 4: The maximum balance is calculated based on the exchange rate at the end of the period.

Note 5: Transactions between the Company and its subsidiaries were eliminated on consolidation.

Table 2

TOPBI International Holdings Limited Company and Subsidiaries

Purchase or sale of the same security with the accumulated cost exceeding \$300 million or 20% of paid-in capital or more

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan dollars and Chinese Yuan)

Acquisition / sales of company	Type and name of marketable securities	Financial statement accounts	Transaction party	Relationship	At January 1, 2022		Purchase		Sale				At December 31, 2022	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
HK TOPBI	The shares of Fuzhou Spring	Investments accounted for under equity method	Toprich Group International Holdings Limited	Associate owned by the same director		\$ -	60,000	\$ 281,799 (CNY¥ 63,000)		\$ -	\$ -	\$ -	60,000	\$ 299,027 (CNY¥ 63,000)

Table 3

TOPBI International Holdings Limited Company and Subsidiaries
 Disposal of real estate reaching \$300 million or 20% of paid-in capital or more
 For the year ended December 31, 2022
 (Expressed in thousands of New Taiwan dollars and Chinese Yuan)

Disposal of investment property	Name of real estate	Date of fact	Original date of acquisition	Book value	Amount of transaction	Amount received	Gain (loss) on disposal	Counterparty	Relationship	Reason of disposal	Basis of reference for price determination	Other agreed matters
TOPBI China	Investment property at Fujian Fuzhou (TOPBI Building)	September, 2022	January, 2012	\$ 424,131 (CN¥95,916)	\$ 665,608 (CN¥51,000)	Amount fully received	\$ 243,576 (CN¥55,084)	Fujian Yuansheng Textile & Garment City Co., Ltd.	Substantive related parties	Revitalize the assets	Result of valuation report is CN¥143,030 and CN¥154,000	None

Table 4

TOPBI International Holdings Limited Company and Subsidiaries
 Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
 December 31, 2022
 (Expressed in thousands of New Taiwan dollars)

Company name	Transaction party	Relationship	Financial statement account and ending balance	Turnover rate	Overdue		Amount received in subsequent period	Allowance for doubtful accounts
					Amount	Actions taken		
TOPBI China.	The Company	Ultimate parent company	\$ 1,109,043	-	\$ -	-	\$ -	\$ -
TOPBI China	HK TOPBI	Parent company	837,535	-	-	-	-	-

Note: Transactions between the Company and its subsidiaries were eliminated on consolidation.

Table 5

TOPBI International Holdings Limited Company and Subsidiaries
Significant inter-company transactions between the Company and subsidiaries
For the year ended December 31, 2022
(Expressed in thousands of New Taiwan dollars and Chinese Yuan)

No.	Transaction party	Counterparty	Type of transactions (Note 1)	Transaction details			
				Financial statement accounts	Amount	Payment terms	% to total sales or total assets
0	The Company	HK TOPBI	1	Other receivables	\$ 872 (CN¥ 198)	Advance payment	-
1	TOPBI China	The Company	2	Other receivables	1,106,165 (CN¥ 250,945)	Loan to (principal and interest)	25
1	TOPBI China	The Company	2	Other receivables	2,878 (CN¥ 653)	Advance payment	-
1	TOPBI China	The Company	2	Interest income	25,048 (CN¥ 5,665)	Loan to	1
1	TOPBI China	HK TOPBI	3	Other receivables	836,661 (CN¥ 189,805)	Loan to (principal and interest)	19
1	TOPBI China	HK TOPBI	3	Other receivables	2 (CN¥ 1)	Advance payment	-
1	TOPBI China	HK TOPBI	3	Interest income	18,652 (CN¥ 4,218)	Loan to	1
1	TOPBI China	Fujian SDO	3	Other receivables	4,004 (CN¥ 908)	Loan (interest)	-

Note 1: The types of transactions between related parties are as follows for indication:

- (1) From parent company to subsidiary: 1
- (2) From subsidiary to parent company: 2
- (3) Between subsidiaries: 3

Note 2: Transaction between the Company and its subsidiaries were eliminated on consolidation.

Table 6

TOPBI International Holdings Limited Company and Subsidiaries

Information on investments

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan dollars and Chinese Yuan)

Investor company	Investee company	Location	Main business and products	Original investment amount (Note 1)		As of December 31, 2021			Net income (loss) of the investee	Share of profit (loss)	Note
				December 31, 2021	December 31, 2020	Number of shares	%	Carrying amount			
The Company	HK TOPBI	Hong Kong	Investment holding	\$ 1,404,605 (CN¥ 318,649)	\$ 1,404,605 (CN¥ 318,649)	174,227,460	100	\$ 4,070,680 (CN¥ 923,475)	\$ 185,218 (CN¥ 41,887)	\$ 185,218 (CN¥ 41,887)	-

Note 1: The amount was calculated at the year-end exchange rate.

Note 2: Net income of investees, investments accounted for using the equity method of investor and net assets of investee company between the investor and investee company have been eliminated on consolidation.

Note 3: Refer to Table 7 for information relating to investees in Mainland China.

Table 7

TOPBI International Holdings Limited Company and Subsidiaries
Information on investments in Mainland China
For the year ended December 31, 2022
(Expressed in thousands of New Taiwan dollars and Chinese Yuan)

Investee company in Mainland China	Main businesses and products	Paid-in capital (Note 1)	Method of investments (Note 2)	Accumulated outward remittance for investment from Taiwan as of January 1, 2022	Remittance of funds		Accumulated outward remittance for investment from Taiwan as of December 31, 2022	Net Income (loss) of the investee	% Ownership of direct or indirect investment	Investment gain (loss) (Note 3)	Carrying amount as of December 31, 2022	Accumulated repatriation of investment income as of December 31, 2022
					Outward	Inward						
TOPBI China	Sale of private label children's clothing	\$ 793,440 (CN¥180,000)	(2)、(3)	\$ -	\$ -	\$ -	\$ -	\$ 184,326 (CN¥ 41,685)	100	\$ 184,326 (CN¥ 41,685)	\$ 5,188,942 (CN¥ 1,177,165)	\$ -
Fujian SDO	Investment holding	211,496 (CN¥ 47,980)	(2)	-	-	-	-	148,991 (CN¥ 11,079)	100	48,991 (CN¥ 11,079)	1,375,437 (CN¥ 312,032)	-
Shengrenda	Manufacturing and sales of medical equipment and medical supplies	-	(2)	-	-	-	-	3 (CN¥ 1)	100	3 (CN¥ 1)	-	-
TOPBI E-commerce	Online sale of private label children's clothing	-	(3)	-	-	-	-	-	100	-	-	-
Fuzhou Spring	Investment property	277,704 (CN¥ 63,000)	(2)	-	-	-	-	12,937 (CN¥ 2,926)	100	12,937 (CN¥ 2,926)	299,027 (CN¥ 67,837)	-
Accumulated outward remittance for investment in Mainland China as of December 31, 2022				Investment amount authorized by Investment Commission, Ministry of Economic Affairs				Upper limit on the amount of investment stipulated by Investment Commission, Ministry of Economic Affairs				
Not applicable				Not applicable				Not applicable				

Note 1: The amount was calculated at the year-end exchange rate.

Note 2: Three types of investment methods are as follows for indication:

- (1) Invest directly in Mainland China.
- (2) Invest in Mainland China through third-region companies.
- (3) Other methods: Invest in Mainland through Chinese subsidiary

Note 3: The amount is recognized based on the audited financial statements. .

Note 4: Net income of investees, investments accounted for using the equity method of investor and net assets of investee company between the investor and investee company have been eliminated on consolidation.

Note 5: Shengrenda has deregistered on February 9, 2022, and the relevant gains and losses on investment have been fully written off when preparing the consolidated financial statements.

Table 8

TOPBI International Holdings Limited Company and Subsidiaries
Information of major shareholders
For the year ended December 31, 2022
(Expressed in thousands of shares)

No.	Name of major shareholder	Number of shares held	Percentage of shareholding (%)
1	Topwealth International Holdings Limited	16,061	14.66

Note 1: The information of major shareholders in the above table was calculated by the Taiwan Depository and Clearing Corp. based on the information of shareholders of the Company who hold more than 5% of ordinary shares and special shares and has been completed the non-physical registration and delivery (including treasury shares) on the last business day of the end of each quarter. As for the shares capital recorded in the Company's financial statements may vary from the Company's actual number of shares which has completed the non-physical registration and delivery due to different calculation basis or differences.

14. Segment information

(1) General information

The management of the Group has identified the reportable segment based on the reported information used by the board of directors in decisions making.

The Group is divided by operating business, and its reportable segments include sales of children's clothing, investment holding and leasing business.

(2) Segment information

The segment information provided to the strategic business unit for the reportable segments is as follows:

The Group's reportable segments are the strategic business unit to provide different types of products and services. The accounting policies of the segments are in agreement with the significant accounting policies summarized in Note 4.

The Group's reportable segment income, profit and loss, assets and liabilities are adjusted, eliminated and summarized as follows:

	For the year ended December 31, 2022				
	Sales of				
	children's clothing	Investment holding	Leasing business	Elimination & adjustment	Total
Total segment revenue					
Revenue from external customers	\$ 2,541,026	\$ -	\$ 21,032	(\$ 15,902)	\$ 2,546,156
Inter-segment revenue	-	-	-	-	-
Total	\$ 2,541,026	\$ -	\$ 21,032	(\$ 15,902)	\$ 2,546,156
Segment net income (loss)	\$ 226,477	\$ 366,979	\$ 12,377	(\$ 441,444)	\$ 164,389
Segment assets	\$ 6,026,775	\$ 10,936,048	\$ 44,395	(\$ 12,628,448)	\$ 4,378,770
Segment liabilities	\$ 837,832	\$ 2,567,805	\$ 1,590	(\$ 1,950,583)	\$ 1,456,644

Inter-segment income, profit and loss, assets and liabilities are adjusted and eliminated.

For the year ended December 31, 2021

	Sales of				
	children's clothing	Investment holding	Leasing business	Elimination & adjustment	Total
Total segment revenue					
Revenue from external customers	\$ 2,963,906	\$ -	\$ -	\$ -	\$ 2,963,906
Inter-segment revenue	-	-	-	-	-
Total	\$ 2,963,906	\$ -	\$ -	\$ -	\$ 2,963,906
Segment net income (loss)	(\$ 592,819)	(\$ 1,520,319)	\$ -	\$ 1,447,076	(\$ 666,062)
Segment assets	\$ 6,008,084	\$ 10,076,609	\$ -	(\$ 11,948,291)	\$ 4,136,402
Segment liabilities	\$ 1,075,559	\$ 2,190,379	\$ -	(\$ 1,878,807)	\$ 1,387,131

Inter-segment income, profit and loss, assets and liabilities are adjusted and eliminated.

(3) *Products information*

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the year ended December 31,	
	2022	2021
Infant clothing	\$ 496,279	\$ 623,955
Other children's clothing	2,044,747	2,339,951
Total	\$ 2,541,026	\$ 2,963,906

(4) *Geographical information*

The Group operates mainly in China.

(5) *Information about major customers*

For the years ended December 31, 2022 and 2021, the Group's revenue from one single customer which exceeds 10% of total operating revenue is as of the followings:

Customer	For the years ended December 31,			
	2022	%	2021	%
Customer A	\$ 641,394	25	\$ 825,849	28
Customer B	338,054	13	344,699	12



topbi

淘帝童装

淘帝國際控股有限公司

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