

Jinli Group Holdings Limited And Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Jinli Group Holdings Limited

Opinion

We have audited the accompanying consolidated balance sheets of Jinli Group Holdings Limited and its subsidiaries as at December 31, 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Jinli Group Holdings Limited and its subsidiaries as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations Committee (IFRIC) Interpretations, and Standard Interpretations Committee (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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Jinli Group Holdings Limited and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters for Jinli Group Holdings Limited and its subsidiaries' consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Cash and Financial Assets at Amortized Cost

For details of cash and cash equivalent accounts, please refer to Note 6(1). For accounting policies on financial assets at amortized cost, please refer to Note 4(6) and for details of current financial assets at amortized cost accounts, please refer to Note 6 (2).

On December 31, 2022, Jinli Group Holdings Limited and its subsidiaries' total cash and financial assets at amortized cost amounted to NTD 5,978,631 thousand. The aforementioned assets constitute 87% of total consolidated assets, thus, we consider cash and financial assets at amortized cost as a key audit matter.

Our key audit procedures performed in respect of the above included the following:

1. Inspected the bank statements and online banking information of significant accounts and sample tested bank receipts and payments records.
2. Verified that the contact information of the bank was true and correct.
3. Sent out confirmations to all relevant financial institutions to inquire on the balances of cash and financial assets at amortized cost. If the replied amounts did not agree with the recorded amounts, obtained the reconciliation statements of cash in banks prepared by Jinli Group Holdings Limited and its subsidiaries' management and verified the reasonableness and correctness of the adjustments.
4. Sample tested the cash receipts and payments of Jinli Group Holdings Limited and its subsidiaries, confirmed that the nature of the transactions was for operating needs.
5. Counted the physical certificates of time deposits.

Income Recognition

For accounting policies on revenue recognition, please refer to Note 4(22). For details of operating revenue accounts, please refer to Note 6(14). The consolidated operating revenue of Jinli Group Holdings Limited and its subsidiaries for the year ended December 31, 2022 amounted to NTD 212,674 thousand.

Our key audit procedures performed in respect of the above included the following:

1. Understand and test the internal control related to authenticity of recognizing income, including if the internal controls related the order operations and shipping are effective, and thus recognition of operating revenue.
2. Randomly inspect if the details of operating revenue are consistent with the counterparties on the delivery orders and invoices to ensure sale revenue has been appropriately recognized and the recipient and the customer are the same.
3. Randomly inspect the accounts receivable receipts and counterparties in the details of operating revenue are identical to the counterparties of sales.

Other Matters – The Previous Financial Report were Audited by other Accountants

The consolidated financial report of Jinli Group Holdings Limited and its subsidiaries in 2021 was audited by other accountants, who issued unqualified opinion on March 30, 2022.

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 Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal controls 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 Jinli Group Holdings Limited and its subsidiaries' 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 Jinli Group Holdings Limited and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing Jinli Group Holdings Limited and its subsidiaries' financial reporting process.

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 an auditors' 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 Jinli Group Holdings Limited and its subsidiaries' 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 Jinli Group Holdings Limited and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Jinli Group Holdings Limited and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Jinli Group Holdings Limited and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Lin Chao-Min and Shih Dai-Ping.

Candor Taiwan CPAs
Taipei, Taiwan
Republic of China

March 30, 2023

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

JINLI GROUP HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	Note6(1)	\$ 4,655,667	68	\$ 4,750,430	67
Current financial assets at amortized cost	Note 4(6), 6(2)	1,322,964	19	1,302,813	19
Accounts receivable, net	Note4(7), 4(9), 6(3)	18,929	-	70,311	1
Other receivables		12,228	-	-	-
Other receivables- related parties	Note7	1,632	-	1,607	-
Current tax assets	Note4(19), 6(21)	1,533	-	1,510	-
Inventories	Note4(11), 6(4)	4,393	-	17,470	-
Prepayments		9,937	-	7,439	-
Total current assets		6,027,283	87	6,151,580	87
NON-CURRENT ASSETS					
Property, plant and equipment	Note 4(12), 6(5)	3,142	-	15,819	-
Right-of-use assets	Note 4(13), 6(6), 7	160,328	2	165,029	2
Investment property, net	Note 4(14), 6(8)	754,118	11	757,925	11
Other non-current assets		41	-	5	-
Total non-current assets		917,629	13	938,778	13
Total		\$ 6,944,912	100	\$ 7,090,358	100
		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Accounts payable	Note 4(16)	\$ 4,648	-	\$ 37,306	1
Other payables	Note 6(9)	64,644	1	81,376	1
Other payables- related parties	Note 7	700	-	700	-
Current income tax liabilities	Note 4(19), 6(21)	122	-	426	-
Current lease liabilities	Note 4(13), 6(6), 7	3,896	-	3,670	-
Total current liabilities		74,010	1	123,478	2
NON-CURRENT LIABILITIES					
Deferred tax liabilities	Note 6(21)	571,825	8	532,804	7
Non-current lease liabilities	Note 4(13), 6(6), 7	35,457	1	38,754	1
Total non-current liabilities		607,282	9	571,558	8
Total liabilities		681,292	10	695,036	10
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital - common stock	Note 4(20), 6(21)	1,857,472	27	1,857,472	26
Capital surplus	Note 6(12)	1,617,452	23	1,617,452	23
Retained earnings	Note 6(13)				
Special reserve		576,637	8	549,614	8
Unappropriated retained earnings		2,717,038	39	2,945,321	41
Other equity interest		(506,082)	(7)	(576,637)	(8)
Equity attributable to owners of the parent		6,262,517	90	6,393,222	90
Non-controlling interests		1,103	-	2,100	-
Total equity		6,263,620	90	6,395,322	90
Total		\$ 6,944,912	100	\$ 7,090,358	100

The accompanying notes are an integral part of the consolidated financial statements.
(With Candor Taiwan CPAs auditor's report dated March 30, 2023)

JINLI GROUP HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For The Year Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2022		2021	
		Amount	%	Amount	%
OPERATING REVENUE	Note 4(22), 6(14)	\$ 212,674	100	\$ 432,077	100
OPERATING COSTS	Note 6(4), 6(19), 6(20)	(263,057)	(124)	(396,791)	(92)
GROSS PROFIT (LOSS)		(50,383)	(24)	35,286	8
OPERATING EXPENSES	Note 6(19), 6(20), 7				
Selling expense		(7,109)	(3)	(9,195)	(2)
General and administrative expense		(148,866)	(70)	(77,589)	(18)
Research and development expense		(26,290)	(12)	(41,604)	(10)
Expected Credit Gain (Loss)		(8,132)	(4)	77,825	18
Total operating expenses		(190,397)	(89)	(50,563)	(12)
OPERATIONS LOSS		(240,780)	(113)	(15,277)	(4)
NON-OPERATING INCOME AND EXPENSES					
Interest income	Note 6(15)	36,875	17	36,019	8
Other income	Note 6(16), 7	18,740	9	19,285	5
Other gains and losses	Note 6(17)	(32,964)	(15)	(11,648)	(3)
Finance costs	Note 6(18), 7	(1,852)	(1)	(985)	-
Total non-operating income and expenses		20,799	10	42,671	10
INCOME BEFORE INCOME TAX		(219,981)	(103)	27,394	6
INCOME TAX (EXPENSE) BENEFIT	Note 4(19), 6(21)	18,721	8	(4,826)	(1)
PROFIT (LOSS) FOR CONTINUING OPERATIONS		(201,260)	(95)	22,568	5
PROFIT (LOSS) FOR DISCONTINUING OPERATION		-	-	-	-
PROFIT (LOSS) FOR THE YEAR		(201,260)	(95)	22,568	5
OTHER COMPREHENSIVE INCOME (LOSS)					
Components of other comprehensive income that will not be reclassified to profit or loss					
Exchange differences from translation of foreign operations		685,373	322	(181,954)	(42)
Components of other comprehensive income that will be reclassified to profit or loss					
Exchange differences from translation of foreign operations		(615,815)	(289)	154,931	36
Other comprehensive (loss) income, net		69,558	33	(27,023)	(6)
TOTAL COMPREHENSIVE LOSS		\$ (131,702)	(62)	\$ (4,455)	(1)
NET INCOME (LOSS) ATTRIBUTABLE TO:					
Owners of the parent		\$ (201,260)	(95)	\$ 22,879	5
Non-controlling interests		-	-	(311)	-
		\$ (201,260)	(95)	\$ 22,568	5
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Owners of the parent		\$ (130,705)	(61)	\$ (4,144)	(1)
Non-controlling interests		(997)	(1)	(311)	-
		\$ (131,702)	(62)	\$ (4,455)	(1)
EARNINGS PER SHARE					
Basic (diluted) earnings (losses) per share	Note 6(22)	2022	2021		
		\$ (1.08)	\$ 0.12		

The accompanying notes are an integral part of the consolidated financial statements.
(With Candor Taiwan CPAs auditor's report dated March 30, 2023)

JINLI GROUP HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For The Year Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

	Capital Stock	Capital Surplus- additional paid- in capital	Retained Earnings		Other Equity	Total Equity Attributable to Shareholders of the Parent	Non-Controlling Interests	Total Equity
			Special Reserve	Unappropriated Retained Earnings	Exchange Differences from Translation of Foreign Operations			
BALANCE, JANUARY 1, 2021	\$ 1,857,472	\$ 1,617,452	\$ 383,087	\$ 3,088,969	\$ (549,614)	\$ 6,397,366	\$ 2,411	\$ 6,399,777
Special reserve appropriated	-	-	166,527	(166,527)	-	-	-	-
Profit (loss) for the year	-	-	-	22,879	-	22,879	(311)	22,568
Other comprehensive (loss) income for the year	-	-	-	-	(27,023)	(27,023)	-	(27,023)
BALANCE, DECEMBER 31, 2021	<u>\$ 1,857,472</u>	<u>\$ 1,617,452</u>	<u>\$ 549,614</u>	<u>\$ 2,945,321</u>	<u>\$ (576,637)</u>	<u>\$ 6,393,222</u>	<u>\$ 2,100</u>	<u>\$ 6,395,322</u>
BALANCE, JANUARY 1, 2022	\$ 1,857,472	\$ 1,617,452	\$ 549,614	\$ 2,945,321	\$ (576,637)	\$ 6,393,222	\$ 2,100	\$ 6,395,322
Special reserve appropriated	-	-	27,023	(27,023)	-	-	-	-
Profit (loss) for the year	-	-	-	(201,260)	-	(201,260)	-	(201,260)
Other comprehensive (loss) income for the year	-	-	-	-	70,555	70,555	(997)	69,558
BALANCE, DECEMBER 31, 2022	<u>\$ 1,857,472</u>	<u>\$ 1,617,452</u>	<u>\$ 576,637</u>	<u>\$ 2,717,038</u>	<u>\$ (506,082)</u>	<u>\$ 6,262,517</u>	<u>\$ 1,103</u>	<u>\$ 6,263,620</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Candor Taiwan CPAs auditor's report dated March 30, 2023)

JINLI GROUP HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For The Year Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) Income before income tax	\$ (219,981)	\$ 27,394
Adjustments for:		
Depreciation on property, plant and equipment	23,089	37,474
Depreciation on right-of-use assets	7,289	7,154
Expected credit (gain) loss	8,132	(77,825)
Finance costs	1,852	985
Interest income	(36,875)	(36,019)
Gain on disposal of property, plant and equipment, net	(3,213)	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	44,601	36,355
(Increase) decrease in other receivables	(12,229)	5,420
(Increase) decrease in inventories	13,424	1,220
(Increase) decrease in prepayments	(2,408)	1,523
Increase (decrease) in accounts payable	(33,402)	3,283
Increase (decrease) in other payables	14,813	(25,147)
Cash generated (used in) from operations	(194,908)	(18,183)
Interest received	36,875	36,019
Interest paid	(1,852)	(985)
Income tax refunded (paid)	(777)	34,464
Net cash generated (used in) by operating activities	(160,662)	51,315
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition for property, plant and equipment	(1,037)	(4,096)
Acquisition for investment property	-	(7,272)
Proceeds from disposal of property, plant and equipment	9,725	-
Decrease (increase) in refundable deposits	(35)	16
Net cash generated (used in) from investing activities	8,653	(11,352)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in other payables - related parties	-	(2,000)
Repayment of the principal portion of lease liabilities	(3,737)	(4,601)
Net cash generated (used in) financing activities	(3,737)	(6,601)
EFFECT OF EXCHANGE RATE CHANGES	60,983	(34,384)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(94,763)	(1,022)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,750,430	4,751,452
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 4,655,667	\$ 4,750,430

The accompanying notes are an integral part of the consolidated financial statements.
(With Candor Taiwan CPAs auditor's report dated March 30, 2023)

Jinli Group Holdings Limited and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

(Expressed in thousands of new Taiwan Dollars, except as otherwise indicated)

1. GENERAL

Jinli Group Holdings Limited (the “Company”) was incorporated as a company in Cayman Island in December 2010. The Company was established as part of an organizational restructuring implemented for the purpose of applying for listing on the Taiwan Stock Exchange. The Company and subsidiaries are primarily engaged in manufacture, processing and sale of clothing and footwear. The Company was listed on the Taiwan Stock Exchange starting from December 20, 2012.

2. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were authorized for issuance by the Board of Directors on March 30, 2023.

3. APPLICATION OF NEW, AMENDMENTS AND REVISED STANDARD AND INTERPRETATIONS

- (1) The International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), Interpretations of IFRS (“IFRIC”), and Interpretations of IAS (“SIC”) (collectively, the “IFRSs”) endorsed and issued into effect by the ROC Financial Supervisory Commission (“FSC”).

The application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company and subsidiaries’ accounting policies.

- (2) The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2023

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IABS</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Company and subsidiaries is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

(3) The New IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB(Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

As of the date the consolidated financial statements were authorized for issue, the Company and subsidiaries is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) **Statement of Compliance**

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, IFRSs as endorsed and issued into effect by FSC.

(2) **Basis of Preparation**

A. The consolidated financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company and subsidiaries' accounting policies.

The areas involving a higher degree of judgement 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 Company and subsidiaries' consolidated financial statements. Subsidiaries are all entities controlled by the Company and subsidiaries. The Company and subsidiaries controls an entity when the Company and subsidiaries 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 Company and subsidiaries obtains control of the subsidiaries and ceases when the Company and subsidiaries loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Company and subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company and subsidiaries.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non- controlling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	
			December 31, 2022	December 31, 2021
The Company	Jinli Group Holdings Limited (Jinli Bermuda)	Investment holdings	100	100
The Company	Leads Bio Co., Ltd (Leads Bio)	Manufacture and sales of cosmetics	51	51
Jinli Bermuda	Topoint Group Limited (Topoint)	Investment holdings	100	100
Jinli Bermuda	Dragon Flair Limited (Dragon)	Investment holdings	100	100
Topoint	Gold Apple (HK) Int'l Trading Co., Limited (Gold Apple (HK))	Investment holdings	100	100
Dragon Flair	Million Win Creation Limited (Million Win)	Investment holdings	100	100
Gold Apple (HK)	Gold Apple (China) Co., Ltd (Gold Apple (China))	Manufacture and sales of clothing and footwear	100	100
Gold Apple (HK)	Changtai Gold Apple Industry Co., Ltd (Gold Apple (Changtai))	Manufacture and sales of clothing and footwear	100	100
Million Win	Aiqi (Fujian) Shoes Model Co., Ltd (Aiqi (Fujian))	Manufacture and sales of clothing and footwear	100	100

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

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

E. Significant restrictions

Cash and bank deposits of \$5,976,729 deposited in mainland China are under local foreign exchange control which restricts the capital to be remitted outside the borders (except for normal dividend distribution).

F. Subsidiaries that have non-controlling interests that are material to the Company and subsidiaries: None.

(4) Foreign Currency Translation

Items included in the financial statements of each of the Company and subsidiaries' entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is US dollars; however, the consolidated financial statements are presented in New Taiwan dollars under the regulations of the country where the consolidated financial statements are reported to the regulatory authorities.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. 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 held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, 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 foreign exchange gains and losses are presented in the statement of comprehensive income within '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:

- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period;
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is 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, even when the Company and subsidiaries 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; otherwise they are classified as non-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;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (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.

(6) Financial Assets at Amortized Cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
- (a) The objective of the Company and subsidiaries' 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 purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.

C. The Company and subsidiaries' 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.

(7) Accounts and Notes Receivable

A. Accounts and notes receivable entitle the Company and subsidiaries a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of Financial Assets

For financial assets at amortized cost, at each reporting date, the Company and subsidiaries recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company and subsidiaries recognizes the impairment provision for lifetime ECLs.

(9) Derecognition of Financial Assets

The Company and subsidiaries derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Leasing Arrangements (Lessor)-operating Leases

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

(11) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) 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 Company and subsidiaries 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. 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.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. 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 property, plant and equipment are as follows:

Buildings and structures	3 ~ 20 years
Machinery and equipment	5 ~ 10 years
Transportation equipment	5 ~ 10 years
Office equipment	5 years
Other equipment	5 ~ 10 years

(13) Leasing Arrangements (Lessee) - Right-of-Use Assets / Lease Liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company and subsidiaries. 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 Company and subsidiaries subsequently measures the lease liability at amortised 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 stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model 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.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognize the difference between remeasured lease liability in profit or loss.

(14) Investment Property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 10 ~ 50 years.

(15) Impairment of Non-Financial Assets

The Company and subsidiaries 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 sell or value in use. 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.

(16) Notes and Accounts Payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(17) Derecognition of Financial Liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(18) 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 expense in that period when the employees render service.

B. Pensions

For defined contribution plans, the contributions are recognized as pension expense 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 expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(19) 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 Company and its subsidiaries operate 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 appropriate based on the amounts expected to be paid to the tax authorities.

C. Deferred tax is recognized, using the balance sheet liability 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 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 tax is provided on temporary differences arising on investments in subsidiaries, 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 tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled.

- D. Deferred 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 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 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.

(20) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(21) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(22) Revenue recognition

- (a) The Company and subsidiaries manufactures and sells a range of clothing and footwear in the wholesale market. Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Company and subsidiaries has objective evidence that all criteria for acceptance have been satisfied.
- (b) Sales of clothing and footwear is recognized based on the price specified in the contract, net of the estimated sales returns and discounts. A refund liability is recognized for expected sales returns and discounts payable to customers in relation to sales made until the end of the reporting period. The sales usually are made with a credit term of 90 days,

which is in agreement with the market practice. Therefore, the contract does not include a significant financing component.

- (c) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(23) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Company and subsidiaries' chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Company and subsidiaries' 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. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company and subsidiaries' accounting policies

None.

(2) Critical accounting estimates and assumptions

Valuation of allowance for uncollectible accounts

The Company and subsidiaries manages collection and monitoring of receivables as well as bore relevant credit risk. The management periodically assesses the credit quality and collection of customers to properly adjust the credit policy on customers. Additionally, the valuation of impairment on accounts receivable is based on IFRS 9 to estimate expected credit loss. The management uses ageing of receivables as of the balance sheet date and the payment history of individual customers, financial status and economic situation of customers and many other factors that would affect the payment ability of customers as well as the forecastability to assess the default possibility of accounts receivable.

As of December 31, 2022, the carrying amount of accounts receivable that the Company and subsidiaries recognized was \$18,929.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	\$ 1	\$ 2
Checking accounts and demand deposits	4,655,666	4,750,428
	<u>\$ 4,655,667</u>	<u>\$ 4,750,430</u>

The Company and subsidiaries transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

(2) Financial assets at amortized cost

	December 31, 2022	December 31, 2021
Current items:		
Time deposits	<u>\$ 1,322,964</u>	<u>\$ 1,302,813</u>

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Interest income	<u>\$ 22,187</u>	<u>\$ 21,479</u>

B. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Company and subsidiaries was \$1,322,964 and \$1,302,813 respectively.

C. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2).

(3) Accounts receivable, net

	December 31, 2022	December 31, 2021
Accounts receivable	\$ 18,935	\$ 126,358
Less: Loss allowance	(6)	(56,047)
	<u>\$ 18,929</u>	<u>\$ 70,311</u>

- A. Information relating to ageing analysis and credit risk of accounts receivable is provided in Note 12(2).
- B. The Company and subsidiaries write off account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Company and subsidiaries continue to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

(4) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Work in progress	\$ 4,365	\$ -	\$ 4,365
Finished goods	28	-	28
	<u>\$ 4,393</u>	<u>\$ -</u>	<u>\$ 4,393</u>

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,371	(\$ 427)	\$ 944
Work in progress	15,660	(7)	15,653
Finished goods	873	-	873
	<u>\$ 17,904</u>	<u>(\$ 434)</u>	<u>\$ 17,470</u>

The cost of inventories recognized as expense:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Cost of goods sold	\$ 262,833	\$ 399,119
(Gain on reversal of) inventory valuation losses	(442)	(1,604)
Sale of scraps	(334)	(724)
	<u>\$ 263,057</u>	<u>\$ 396,791</u>

The Company and subsidiaries reversed a previous inventory write-down because the Company and subsidiaries' goods and raw materials, which were previously provided with valuation loss, were sold and used in 2022 and 2021.

(5) Property, plant and equipment

	Buildings and structures	Machinery	Transportation equipment	Office equipment	Other equipment	Total
<u>January 1, 2022</u>						
Cost	\$ 131,349	\$ 44,643	\$ 14,761	\$ 303	\$ 181	\$ 191,237
Accumulated depreciation	(127,037)	(37,414)	(10,544)	(242)	(181)	(175,418)
	<u>\$ 4,312</u>	<u>\$ 7,229</u>	<u>\$ 4,217</u>	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ 15,819</u>
Opening net book amount as at January 1, 2022	\$ 4,312	\$ 7,229	\$ 4,217	\$ 61	\$ -	\$ 15,819
Additions	-	1,037	-	-	-	1,037
Disposals	-	(6,465)	-	(47)	-	(6,512)
Depreciation charge	(4,403)	(1,723)	(1,355)	(18)	-	(7,499)
Net exchange differences	91	131	71	4	-	297
Closing net book amount as at December 31, 2022	<u>\$ -</u>	<u>\$ 209</u>	<u>\$ 2,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,142</u>
<u>At December 31, 2022</u>						
Cost	\$ 133,398	\$ 5,972	\$ 14,985	\$ -	\$ -	\$ 154,355
Accumulated depreciation	(133,398)	(5,763)	(12,052)	-	-	(151,213)
	<u>\$ -</u>	<u>\$ 209</u>	<u>\$ 2,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,142</u>

	Buildings and structures	Machinery	Transportation equipment	Office equipment	Other equipment	Total
<u>January 1, 2021</u>						
Cost	\$ 131,991	\$ 40,864	\$ 14,873	\$ 305	\$ 182	\$ 188,215
Accumulated depreciation	(110,510)	(33,574)	(9,285)	(226)	(164)	(153,759)
	<u>\$ 21,481</u>	<u>\$ 7,290</u>	<u>\$ 5,588</u>	<u>\$ 79</u>	<u>\$ 18</u>	<u>\$ 34,456</u>
Opening net book amount as at January 1, 2021	\$ 21,481	\$ 7,290	\$ 5,588	\$ 79	\$ 18	\$ 34,456
Additions	-	4,096	-	-	-	4,096
Disposals	(17,067)	(4,091)	(1,328)	(16)	(18)	(22,520)
Net exchange differences	(102)	(66)	(43)	(2)	-	(213)
Closing net book amount as at December 31, 2021	<u>\$ 4,312</u>	<u>\$ 7,229</u>	<u>\$ 4,217</u>	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ 15,819</u>
<u>At December 31, 2021</u>						
Cost	\$ 131,349	\$ 44,643	\$ 14,761	\$ 303	\$ 181	\$ 191,237
Accumulated depreciation	(127,037)	(37,414)	(10,544)	(242)	(181)	(175,418)
	<u>\$ 4,312</u>	<u>\$ 7,229</u>	<u>\$ 4,217</u>	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ 15,819</u>

(6) Leasing arrangements – lessee

A. The Company and subsidiaries lease various assets including land and buildings. Rental contracts are typically made for periods of 10 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2022	December 31, 2021
	Book value	Book value
Land	\$ 122,178	\$ 123,039
Buildings and structures	38,150	41,990
	<u>\$ 160,328</u>	<u>\$ 165,029</u>
	For the year ended December 31, 2022	For the year ended December 31, 2021
	Depreciation charge	Depreciation charge
Land	\$ 2,790	\$ 2,249
Buildings and structures	4,499	4,905
	<u>\$ 7,289</u>	<u>\$ 7,154</u>

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$0 and \$44,199, respectively.

D. Information on profit or loss in relation to lease contracts is as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liability	<u>\$ 1,852</u>	<u>\$ 985</u>

E. For the years ended December 31, 2022 and 2021, the Company and subsidiaries' total cash outflow for leases was \$5,589 and \$5,586, respectively.

(7) Leasing arrangements – lessor

A. The Company and subsidiaries lease various assets including buildings. Rental contracts are typically made for periods of 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. For the years ended December 31, 2022 and 2021, the Company and subsidiaries recognised rent income in the amounts of \$18,740 and \$19,285 based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2022		December 31, 2021
2023	\$ 19,633	2022	\$ 19,275
2024	8,181	2023	19,275
	<u>\$ 27,814</u>	2024	<u>8,031</u>
			<u>\$ 46,581</u>

(8) Investment property

	Buildings and structures
<u>At January 1, 2022</u>	
Cost	\$ 811,265
Accumulated depreciation and impairment	(53,340)
	<u>\$ 757,925</u>
Opening net book amount as at January 1, 2022	\$ 757,925
Additions	-
Depreciation charge	(15,607)
Net exchange differences	11,800
Closing net book amount as at December 31, 2022	<u>\$ 754,118</u>
<u>At December 31, 2022</u>	
Cost	\$ 823,813
Accumulated depreciation and impairment	(69,695)
	<u>\$ 754,118</u>

	<u>Buildings and structures</u>
<u>At January 1, 2021</u>	
Cost	\$ 808,567
Accumulated depreciation and impairment	(38,600)
	<u>\$ 769,967</u>
Opening net book amount as at January 1,2021	\$ 769,967
Additions	7,272
Depreciation charge	(14,954)
Net exchange differences	(4,360)
Closing net book amount as at December 31,2021	<u>\$ 757,925</u>
<u>At December 31, 2021</u>	
Cost	\$ 811,265
Accumulated depreciation and impairment	(53,340)
	<u>\$ 757,925</u>

- A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Rental income from investment property	<u>\$ 18,740</u>	<u>\$ 19,285</u>
Direct operating expenses arising from the investment property that generated rental income	<u>\$ 18,230</u>	<u>\$ 17,036</u>

- B. The fair value of the investment property held by the Company and subsidiaries as at December 31, 2022 and 2021 was \$769,402 and \$758,231, respectively, which was valued by independent valuers based on the effective dates, December 31, 2022 and 2021.

(9) Other payables

	December 31, 2022	December 31, 2021
Employee benefits payable	\$ 60,888	\$ 79,011
Payables for service fees	1,324	1,717
Taxes payable	2,432	519
Others	-	129
	<u>\$ 64,644</u>	<u>\$ 81,376</u>

(10) Pensions

- A. The Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- B. The Company’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. For the years ended December 31, 2022 and 2021, the contribution percentage was 16%. Other than the monthly contributions, the Company and subsidiaries has no further obligations.
- C. Jinli Bermuda, Topoint, Dragon Flair Limited, Gold Apple (HK) and Million Win, have no related employee pension plan.
- D. The pension costs under defined contribution pension plans of the Company and subsidiaries for the years ended December 31, 2022 and 2021 were \$7,554 and (\$1,052), respectively.

(11) Share capital

- A. As of December 31, 2022 and 2021, the Company’s authorized capital was \$3,000,000, consisting of 300,000 thousand shares of ordinary stock, and the paid-in capital was \$1,857,472 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	For the year ended December 31, 2022	For the year ended December 31, 2021
At January 1(December 31)	<u>\$ 185,747,151</u>	<u>\$ 185,747,151</u>

(12) Capital surplus

Under the Company's Articles of Incorporation, which was approved by the shareholders during their meeting, additional paid-in capital arising from issuance of share shall be distributed to shareholders in proportion to their share ownership as dividends or bonus.

(13) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses. Set aside an amount as special reserve in accordance with regulations for publicly traded companies or as requested by the competent authority. The remainder ("distributable earnings"), if any, to be appropriated shall be resolved by the stockholders at the stockholders' meeting.
- B. The Company's dividend policy is summarized below: the remaining earnings can be distributed as dividends after taking into consideration related regulations for publicly traded companies or as requested by the competent authority, profitability of the current year and the Company's capital structure. Unless otherwise resolved by the Board of Directors or the shareholders' meeting, earnings distributed to shareholders shall not be lower than 10% of the current earnings (net of tax), and the cash dividends shall not be lower than 10% of current distributable earnings.
- C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The Company provides and reverses the special reserve pursuant to the Letter Jin-Guan-Zheng-Fa-Zi No. 1090150022 and "Q&A for Applications of Providing Special Reserve after Adopting International Financial Reporting Standards (IFRSs)."

- D. On June 23, 2022 and August 18, 2021, the stockholders resolved that the distribution of earnings for the years 2021 and 2020 are as follows:

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Special reserve	\$ 27,023	\$ -	\$ 166,527	\$ -

The abovementioned distributions of earnings for the years 2021 and 2020 were in agreement with those amounts proposed by the Board of Directors on May 12, 2022 and May 11, 2021, respectively.

- E. As of March 31, 2023, the appropriation of the Company's 2022 earnings has not been resolved by the Board of Directors. Information about appropriation of earnings as proposed by the Board of Directors and resolved by the stockholders at the stockholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.
- F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(20).

(14) Operating revenue

	For the year ended December 31, 2022	For the year ended December 31, 2021
Total revenue from contracts with customers	<u>\$ 212,674</u>	<u>\$ 432,077</u>

Disaggregation of revenue from contracts with customers

The Company and subsidiaries derives revenue from at a point in time in the following major product lines and geographical regions:

	Clothing and footwear	Cosmetics	Total
For the year ended December 31, 2022			
Revenue from external customer contracts	<u>\$ 212,674</u>	<u>\$ -</u>	<u>\$ 212,674</u>
Timing of revenue			
At a point in time	<u>\$ 212,674</u>	<u>\$ -</u>	<u>\$ 212,674</u>

For the year ended December 31, 2021	Clothing and footwear	Cosmetics	Total
Revenue from external customer contracts	<u>\$ 432,077</u>	<u>\$ -</u>	<u>\$ 432,077</u>
Timing of revenue			
At a point in time	<u>\$ 432,077</u>	<u>\$ -</u>	<u>\$ 432,077</u>

(15) Interest income

	For the year ended December 31, 2022	For the year ended December 31, 2021
Interest income from bank deposits	\$ 14,688	\$ 14,540
Interest income from financial assets measured at amortized cost	<u>22,187</u>	<u>21,479</u>
	<u>\$ 36,875</u>	<u>\$ 36,019</u>

(16) Other income

	For the year ended December 31, 2022	For the year ended December 31, 2021
Rent income	<u>\$ 18,740</u>	<u>\$ 19,285</u>

(17) Other gains and losses

	For the year ended December 31, 2022	For the year ended December 31, 2021
Net currency exchange gain(loss)	(\$ 17,962)	\$ 5,388
Depreciation for investment property	(15,607)	(14,954)
Depreciation charges on right-of-use assets – land	(2,608)	(2,082)
Loss on disposal of property, plant and equipment, net	<u>3,213</u>	<u>-</u>
	<u>(\$ 32,964)</u>	<u>(\$ 11,648)</u>

(18) Finance costs

	For the year ended December 31, 2022	For the year ended December 31, 2021
Interest expense	<u>\$ 1,852</u>	<u>\$ 985</u>

(19) Expenses by nature

	For the year ended December 31, 2022	For the year ended December 31, 2021
Raw materials and supplies used	\$ 100,657	\$ 209,870
Employee benefit expense	248,575	165,910
Outside purchase finished good	6,441	25,253
Depreciation charges on property, plant and equipment	7,482	22,520
Cost of services	9,665	9,171
Change in inventory of finished goods and work in progress	13,545	6,154
Depreciation charges on buildings and structures right-of-use assets	4,681	5,072
Transportation expenses	188	291
Other expenses	54,432	81,662
Expected credit (gain)losses	8,132	(77,825)
Revenue from sale of scraps	(344)	(724)
Operating cost and operating expenses	<u>\$ 453,454</u>	<u>\$ 447,354</u>

(20) Employee benefit expense

	For the year ended December 31, 2022	For the year ended December 31, 2021
Wages and salaries	\$ 136,333	\$ 154,303
Severance pay	83,283	-
Other personnel expenses	21,405	12,659
(Reversal of) pension costs	<u>7,554</u>	(<u>1,052</u>)
	<u>\$ 248,575</u>	<u>\$ 165,910</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 0.1% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration.
- B. The employees' compensation and directors' and supervisors' remuneration will not be distributed as resolved by the Board of Directors due to the Company having a deficit in 2022.
- C. For the years ended December 31, 2021, the estimated employees' compensation was \$27. There were no directors' and supervisors' remuneration accrued.

- D. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.
- E. The Company and subsidiaries paid five insurances and one fund in accordance with the local regulation. The difference between the amounts paid and the amounts required by relevant regulation has been accrued and reversed relevant liabilities when it was expired. As wages and salaries decreased for the year, accrued amounts of the five insurances and one fund was less than the reversed amount.

(21) Income tax

A. Income tax expense (benefit)

(a) Components of income tax expense (benefit):

	For the year ended December 31, 2022	For the year ended December 31, 2021
Current tax:		
Current tax on profits for the year	\$ 473	\$ 1,430
Deferred tax:		
Origination and reversal of temporary differences	(19,194)	3,396
Income tax expense (benefit)	(\$ 18,721)	\$ 4,826

B. Reconciliation between income tax expense (benefit) and accounting profit

	For the year ended December 31, 2022	For the year ended December 31, 2021
Tax calculated based on profit before tax and statutory tax rate	(\$ 45,640)	\$ 9,625
Temporary differences not recognized as deferred tax assets	(80)	(19,880)
Taxable loss not recognized as deferred tax assets	46,210	11,751
Effect of income tax on overseas earnings	(19,211)	3,330
Income tax (benefit) expense	(\$ 18,721)	\$ 4,826

C. Amounts of deferred tax liabilities as a result of temporary differences are as follows:

For the year ended December 31, 2022						
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Translation differences	Payments during the year	December 31
Temporary differences:						
– Deferred tax assets:						
Unrealised exchange loss	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
– Deferred tax liabilities:						
Income tax on overseas earnings	(532,803)	19,211	-	(58,215)	-	(571,807)
Unrealised exchange gain	(1)	(17)	-	-	-	(18)
Subtotal	(\$532,804)	19,194	\$ -	(\$ 58,215)	\$ -	(\$ 571,825)
For the year ended December 31, 2021						
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Translation differences	Payments during the year	December 31
Temporary differences:						
– Deferred tax assets:						
Unrealised exchange loss	\$ 65	(\$ 65)	\$ -	\$ -	\$ -	\$ -
– Deferred tax liabilities:						
Income tax on overseas earnings	(546,973)	(3,330)	-	17,500	-	(532,803)
Unrealised exchange gain	-	(1)	-	-	-	(1)
Subtotal	(\$546,973)	(\$ 3,331)	\$ -	\$ 17,500	\$ -	(\$ 532,804)

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2022						
Region	Year incurred	Currency (thousands dollars)	Amount filed/ assessed	Unused amount	Deferred tax assets	Expiry year
China	2019	CNY	\$ 14,973	\$ 14,973	\$ 14,973	2024
China	2020	CNY	107,242	107,242	107,242	2025
China	2021	CNY	10,650	10,650	10,650	2026
China	2022	CNY	41,800	41,800	41,800	2027
December 31, 2021						
Region	Year incurred	Currency (thousands dollars)	Amount filed/ assessed	Unused amount	Deferred tax assets	Expiry year
China	2019	CNY	\$ 14,973	\$ 14,973	\$ 14,973	2024
China	2020	CNY	107,242	107,242	107,242	2025
China	2021	CNY	10,650	10,650	10,650	2026

- E. The amounts of deductible temporary difference that are not recognized as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	<u>\$ 54,695</u>	<u>\$ 56,463</u>

- F. The Company is a registered company in the British Cayman Islands, Jinli Bermuda is a registered company in the Bermuda Islands, and Topoint and Dragon Flair are registered companies in the British Virgin Islands. All these companies are exempt from business income tax under local laws and regulations.
- G. Gold Apple (HK) and Million Win are registered companies in the Hong Kong Special Administrative Region of the People's Republic of China. Under the rules of Hong Kong's Inland Revenue Ordinance, only income sourced in Hong Kong is taxable. The aforementioned subsidiaries did not generate taxable income for the years ended December 31, 2022 and 2021.
- H. Gold Apple (China) and Aiqi (Fujian) were established in People's Public of China, and their applicable income tax rate were both 25% effective from 2013.
- I. The income tax returns of Leads Bio through 2020 have been assessed and approved by the Tax Authority.

(22) Earnings(losses) per share

	For the year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic (Diluted) loss per share			
Earnings attributable to ordinary shareholders of the parent	<u>(\$ 201,260)</u>	<u>\$ 185,747</u>	<u>(\$ 1.08)</u>

	For the year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Earnings attributable to ordinary shareholders of the parent	<u>\$ 22,879</u>	<u>185,747</u>	<u>\$ 0.12</u>
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 22,879	185,747	
Assumed conversion of all dilutive potential ordinary shares- Employees' compensation	<u>-</u>	<u>2</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 22,879</u>	<u>185,749</u>	<u>\$ 0.12</u>

(23) Changes in liabilities from financing activities

	Lease liability	Others	Liabilities from financing activities-gross
January 1, 2022	\$ 42,424	\$ 700	\$ 43,124
Changes in cash flow from financing activities	(3,737)	-	(3,737)
Interest expense paid (Note)	(1,852)	-	(1,852)
Effect of exchange rate changes	666	-	666
Changes in other non-cash items	<u>1,852</u>	<u>-</u>	<u>1,852</u>
December 31, 2022	<u>\$ 39,353</u>	<u>\$ 700</u>	<u>\$ 40,053</u>

Note: Shown as operating cash flows.

	Lease liability	Others	Liabilities from financing activities-gross
January 1, 2021	\$ 2,838	\$ 2,700	\$ 5,538
Changes in cash flow from financing activities	(4,601)	(2,000)	(6,601)
Interest expense paid (Note)	(985)	-	(985)
Effect of exchange rate changes	(12)	-	(12)
Changes in other non-cash items	<u>45,184</u>	<u>-</u>	<u>45,184</u>
December 31, 2021	<u>\$ 42,424</u>	<u>\$ 700</u>	<u>\$ 43,124</u>

Note: Shown as operating cash flows.

7. RELATED PARTY TRANSACTIONS

(1) Related party name and categories

<u>Related Parties Name</u>	<u>Related Party Categories</u>
Longfei Plastic Products Co., Ltd. Jinjiang Fujian (Jingjiang Longfei)	The Company's chairman and the chairman of the company are within first degree of kinship
Aiqi Plastic Product Co., Ltd. Jinjiang Fujian (Jinjiang Aiqi)	The Company's chairman and the chairman of the company are within first degree of kinship
Leads (Hong Kong) Bio Co., Ltd. (Leads Hong Kong)	The company's Chairman is the chairman of the Company
Leads (Hong Kong) bio Co., Ltd. (Leads China)	The company's Chairman is the chairman of the Company
All directors, general managers and vice general manager	Key management

(2) Related party transaction

A. Other income

(a) Rent income

	For the year ended December 31, 2022	For the year ended December 31, 2021
Leads China	\$ 18,740	\$ 19,285

The Company and subsidiaries lease plants to other related parties, and the rent is based on market rates as agreed by both parties. The rent is payable monthly based on the lease agreement.

B. Lease transactions – lessee

(a) The Company and subsidiaries lease land and plant from Jinjiang Longfei and Jinjiang Aiqi. These leases have terms expiring between 2021 and 2031. Rents are paid at the beginning of each quarter.

(b) Acquisition of right-of-use assets

	For the year ended December 31, 2022	For the year ended December 31, 2021
Jinjiang Longfei	\$ -	\$ 34,449
Jinjiang Aiqi	-	9,750
	\$ -	\$ 44,199

(c) Lease liability

i: Outstanding balance

	December 31, 2022	December 31, 2021
Jinjiang Longfei	\$ 30,674	\$ 33,065
Jinjiang Aiqi	8,679	9,359
	<u>\$ 39,353</u>	<u>\$ 42,424</u>

ii. Interest expense

	For the year ended December 31, 2022	For the year ended December 31, 2021
Jinjiang Longfei	\$ 1,445	\$ 765
Jinjiang Aiqi	407	220
	<u>\$ 1,852</u>	<u>\$ 985</u>

C. Other receivables

	December 31, 2022	December 31, 2021
Leads China	<u>\$ 1,632</u>	<u>\$ 1,607</u>

D. Loans to /from related parties (shown as other payables)

Loans from related parties

	December 31, 2022	December 31, 2021
Key management	<u>\$ 700</u>	<u>\$ 700</u>

The principal must be repaid within 1 year, and the interest rate of the borrowing is 0%.

(3) Compensation of key management personal

	For the year ended December 31, 2022	For the year ended December 31, 2021
Short-term employee benefits	\$ 20,254	\$ 21,581
Post-employment benefits	344	145
Total	<u>\$ 20,598</u>	<u>\$ 21,726</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

None.

10. LOSS DUE TO MAJOR DISASTERS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS MATTER

(1) Capital management

The Company and subsidiaries' objectives when managing capital are to safeguard the Company and subsidiaries' 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 and issue new shares to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital.

During the year ended December 31, 2022, the Company and subsidiaries' strategy, which was unchanged from 2021 was to maintain the gearing ratio under 100%. The gearing ratios as at December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Total liabilities	\$ 681,292	\$ 695,036
Total equity	6,263,620	6,395,322
Gearing ratio	11%	11%

(2) Financial instruments

A. Type of financial instrument

	December 31, 2022	December 31, 2021
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 4,655,667	\$ 4,750,430
Financial assets at amortized cost- current	1,322,964	1,302,813
Accounts receivable	18,929	70,311
Other receivables (including related parties)	13,860	1,607
	<u>\$ 6,011,420</u>	<u>\$ 6,125,161</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Accounts payable	\$ 4,648	\$ 37,306
Other payables (including related parties)	65,344	82,076
	<u>\$ 69,992</u>	<u>\$ 119,282</u>
Lease liability	<u>\$ 39,353</u>	<u>\$ 42,424</u>

B. Financial risk management policies

- (a) The Company and subsidiaries' activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (The Company and subsidiaries treasury) under policies approved by the Board of Directors. The Company and subsidiaries treasury identifies, evaluates and hedges financial risks in close co-operation with the Company and subsidiaries' operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company and subsidiaries operate internationally and are exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, HKD and RMB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- ii. The total exchange gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the

Company and subsidiaries for the years ended December 31, 2022 and 2021 amounted to (\$17,962) and \$5,388, respectively.

Price risk

Because the Company and subsidiaries do not hold equity instruments reclassified as financial assets in the consolidated balance sheets, therefore, the Company and subsidiaries have no significant price risk.

Cash flow and fair value Interest rate risk

Because the Company and subsidiaries do not hold long-term and short-term borrowings reclassified as financial liabilities in the consolidated balance sheets, therefore, the Company and subsidiaries have no significant cash flow and fair value interest rate risk.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company and subsidiaries arising from default by the clients on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.
- ii. The Company and subsidiaries manage their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with an optimized crediting rating are accepted. According to the Company and subsidiaries' credit policy, each local entity in the Company and subsidiaries are responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- iii. The Company and subsidiaries adopt following assumptions under IFRS 9 to assess whether there have been a significant increase in credit risk on that instrument since initial recognition. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Company and subsidiaries adopt the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The Company and subsidiaries apply the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

vi. The Company and subsidiaries used the forecastability of manufacturing purchasing managers' index released by the National Bureau of Statistics of China to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2022 and 2021, the provision matrix is as follows:

(1) Domestic customers

	<u>Not past due</u>	<u>Up to 29 days past due</u>	<u>30 to 59 days past due</u>	<u>60 to 89 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
At December 31, 2022						
Expected loss rate	0.03%	0.07%	0.07%	0.07%	100%	
Total book value	\$ 1,898	\$ -	\$ -	\$ -	\$ -	\$ 1,898
Loss allowance	-	-	-	-	-	-
	<u>Not past due</u>	<u>Up to 29 days past due</u>	<u>30 to 59 days past due</u>	<u>60 to 89 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
At December 31, 2021						
Expected loss rate	0.36%	25.07%	33.40%	41.74%	100%	
Total book value	\$ 43,340	\$ -	\$ -	\$ -	\$ 55,884	\$ 99,224
Loss allowance	155	-	-	-	55,884	56,039

(2) Export customers

	<u>Not past due</u>	<u>Up to 29 days past due</u>	<u>30 to 59 days past due</u>	<u>60 to 89 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
At December 31, 2022						
Expected loss rate	0.03%	0.07%	0.07%	0.07%	100%	
Total book value	\$ 8,150	\$ -	\$ 8,887	\$ -	\$ -	\$ 17,037
Loss allowance	1	-	5	-	-	6
	<u>Not past due</u>	<u>Up to 29 days past due</u>	<u>30 to 59 days past due</u>	<u>60 to 89 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
At December 31, 2021						
Expected loss rate	0.03%	0.07%	0.07%	0.07%	100%	
Total book value	\$ 27,134	\$ -	\$ -	\$ -	\$ -	\$ 27,134
Loss allowance	8	-	-	-	-	8

vii. Movements in relation to the Company and subsidiaries applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2022
	<u>Accounts receivable</u>
At January 1	\$ 56,047
Provision of impairment loss	8,132
Written off due to uncollectible	(64,971)
Effect of exchange rate changes	798
At December 31	<u>\$ 6</u>

	2021
	<u>Accounts receivable</u>
At January 1	\$ 134,918
Reversal of impairment loss	(77,825)
Effect of exchange rate changes	(1,046)
At December 31	<u>\$ 56,047</u>

I Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and subsidiaries and aggregated by the Company and subsidiaries treasury. The Company and subsidiaries treasury monitors rolling forecasts of the Company and subsidiaries' liquidity requirements to ensure it has sufficient cash to meet operational needs and to maintain it has sufficient cash to meet capital needs at all times so that the Company and subsidiaries do not breach covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company and subsidiaries' debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the group treasury. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2022 and 2021, the Company and subsidiaries held money market position of \$4,655,667 and \$4,750,430, respectively and current financial assets at amortized cost of \$1,322,964 and \$1,302,813, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

- iii. The table below analyses the Company and subsidiaries' non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2022	Less than 3 months	Between 3 months and 1 year	Over 1 year
Non-derivative financial liabilities			
Accounts payable	\$ 4,648	\$ -	\$ -
Other payables (including related parties)	65,344	-	-
Lease liability	958	2,938	35,457

December 31, 2021	Less than 3 months	Between 3 months and 1 year	Over 1 year
Non-derivative financial liabilities			
Accounts payable	\$ 37,306	\$ -	\$ -
Other payables (including related parties)	81,376	700	-
Lease liability	1,361	4,084	46,289

(3) Fair value information

Fair value information of investment property at cost is provided in Note 6(8).

(4) Other matter

Due to the spread of the COVID-19 pandemic all over the world, global economic activities and consumption patterns have changed. Currently, the effects of the pandemic had raised in China, causing reduction in operating revenue for the year ended December 31, 2022, in comparison to the previous year. The Company and subsidiaries have taken the following measures in response to the impact of the pandemic on operations:

A. Operational adjustment

Due to the impact of the COVID-19 pandemic, the offline stores of our distributors have been struggling to survive, with sales plummeting significantly. The company is currently planning that change to online live broadcast e-commerce sales mode.

B. Financial adjustment

While maintaining good operating efficiency, strengthened control over various cost and expense items, and lay off a part of idle staff to improve our cost and expense structure as well as our cash outflow situation.

13. ADDITION DISCLOSURES

(1) Information on significant transactions

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 4.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 5.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

(4) Major shareholders information

Major shareholders information: Please refer to table 7.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

Clothing and footwear segment: manufacture and sales of clothing and footwear.

Cosmetics segments: manufacture and sales of masks and cosmetics

(2) Measurement of segment information

The Company and subsidiaries' segment profit (loss) of the operating segments is measured with the profit before tax, which is used as a basis for the Company and subsidiaries in assessing the performance.

(3) Information about segment profit or loss and assets

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Clothing and footwear	Cosmetics	Clothing and footwear	Cosmetics
Revenue from external customers, net	\$ 212,674	\$ -	\$ 432,077	\$ -
Inter-segment revenue	-	-	-	-
Segment revenue	<u>\$ 212,674</u>	<u>\$ -</u>	<u>\$ 432,077</u>	<u>\$ -</u>
Segment profit (loss) before tax	<u>\$ 219,958</u>	<u>(\$ 23)</u>	<u>\$ 27,963</u>	<u>(\$ 569)</u>
Depreciation	<u>\$ 7,482</u>	<u>\$ -</u>	<u>\$ 22,520</u>	<u>\$ -</u>
Interest income	<u>\$ 36,875</u>	<u>\$ -</u>	<u>\$ 36,019</u>	<u>\$ -</u>
Other income	<u>\$ 18,740</u>	<u>\$ -</u>	<u>\$ 19,285</u>	<u>\$ -</u>
Other gains and losses	<u>(\$ 33,330)</u>	<u>\$ 366</u>	<u>(\$ 11,482)</u>	<u>(\$ 166)</u>
Finance costs	<u>\$ 1,852</u>	<u>\$ -</u>	<u>\$ 985</u>	<u>\$ -</u>
	December 31, 2022		December 31, 2021	
	Clothing and footwear	Cosmetics	Clothing and footwear	Cosmetics
Total segment assets	<u>\$ 6,942,632</u>	<u>\$ 2,280</u>	<u>\$ 7,086,060</u>	<u>\$ 4,298</u>
Total segment liabilities	<u>\$ 681,260</u>	<u>\$ 32</u>	<u>\$ 695,025</u>	<u>\$ 11</u>

(4) Reconciliation for segment income (loss)

The revenue from external customers, segment income (loss) reported to the Chief Operating Decision-Maker are measured in a manner consistent with revenue and profit before tax in the financial statements. Therefore, such reconciliation is not required.

(5) Information on products and services

Revenue from external customers is mainly from footwear manufacturing and sales, clothing wholesale and cosmetics sales. Revenue of footwear manufacturing and sales and clothing wholesale is primarily from the Company's own brand "Gold Apple", revenue of cosmetics sales is primarily from the subsidiary, Leads Bio, of the Company.

Details of revenue is as follows:

Product type	For the year ended December 31, 2022	For the year ended December 31, 2021
Footwear sales	\$ 204,680	\$ 396,101
Clothing sales	7,925	35,494
Other sales	69	482
Subtotal	<u>\$ 212,674</u>	<u>\$ 432,077</u>

(6) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Revenue	Non-current assets	Revenue	Non-current assets
China	\$ 212,674	\$ 917,624	\$ 432,077	\$ 938,773
Taiwan	-	5	-	5
	<u>\$ 212,674</u>	<u>\$ 917,629</u>	<u>\$ 432,077</u>	<u>\$ 938,778</u>

(7) Major customer information

For the years ended December 31, 2022 and 2021, details of sales revenue that accounted for at least 10% of sales amount in the consolidated statement of comprehensive income are as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
	Revenue	Revenue
Client L	\$ 91,436	\$ 131,835
Client J	52,322	89,823
Client A	23,221	49,573
Client D	14,879	48,544

Jinli Group Holdings Limited and its subsidiaries

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

(Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance December 31, 2022	Balance at December 31 2022	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for uncollectible accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
0	The Company	Gold Apple (HK)	Other receivable	Yes	\$ 400,000	\$ 400,000	\$ 228,246	1.38	Note 1	\$ -	Operations	\$ -	None	\$ -	\$ 2,505,007	\$ 2,505,007	
1	Gold Apple (HK)	Gold Apple (China)	Other receivable	Yes	400,000	400,000	228,246	1.38	Note 1	-	Operations	-	None	-	2,360,481	4,720,962	
2	Gold Apple (China)	Gold Apple (Changtai)	Other receivable	Yes	900,000	450,000	351,891	1.07	Note 1	-	Operations	-	None	-	2,382,035	4,764,070	

Note 1 : Short-term financing.

Note 2 : The Company's limit on loans granted to a single party is 40% of the Company's net value, and the subsidiary's limit on loans granted to a single party is 40% of the company's net value.

Note 3 : The Company's ceiling on total loans granted is 40% of the Company's value, and the subsidiary's ceiling on total loans granted is 80% of the company's net value.

Table 2

Jinli Group Holdings Limited and its subsidiaries
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
 Year ended December 31, 2022

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for uncollectible accounts
					Amount	Action taken		
The Company	Gold Apple (HK)	Subsidiary	Other receivables \$ 229,245	\$ -	\$ -	\$ -	\$ -	\$ -
Gold Apple (HK)	Gold Apple (China)	Subsidiary	Other receivables \$ 229,245	-	-	-	-	-
Gold Apple (China)	Gold Apple (Changtai)	Sister companies	Other receivables \$ 354,762	-	-	-	-	-

Jinli Group Holdings Limited and its subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

		Transaction					Percentage of consolidated total consolidated total operating revenues or total assets (Note 3)
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	
0	The Company	Gold Apple (HK)	1	Interest income	\$ 3,141	Note 5	1.48
0	The Company	Gold Apple (HK)	1	Other receivables	228,246	Note 4	3.29
0	The Company	Gold Apple (HK)	1	Other receivables	999	Note 5	0.01
1	Gold Apple (HK)	Gold Apple (China)	3	Interest income	3,141	Note 5	1.48
1	Gold Apple (HK)	Gold Apple (China)	3	Other receivables	228,246	Note 4	3.29
1	Gold Apple (HK)	Gold Apple (China)	3	Other receivables	999	Note 5	0.01
2	Gold Apple (China)	Aiqi (Fujian)	3	Cost of sales	6,662	Note 7	3.13
2	Gold Apple (China)	Gold Apple (Changtai)	3	Interest income	3,904	Note 6	1.84
2	Gold Apple (China)	Gold Apple (Changtai)	3	Other receivables	351,891	Note 4	5.07
2	Gold Apple (China)	Gold Apple (Changtai)	3	Other receivables	2,871	Note 6	0.04

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts

Note 4: Loans to subsidiaries

Note 5: Interest from loans to subsidiaries, which is calculated based on 1.38% annual interest rate.

Note 6: Interest from loans to subsidiaries, which is calculated based on 1.07% annual interest rate.

Note 7: Provided buildings and structures for operation use, rental is mutual agreement and collected monthly.

Jinli Group Holdings Limited and its subsidiaries
Information on investees
Year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income(loss) recognized by the Company for the year ended December 31, 2022	Footnote
				Balance at December 31, 2022	Balance at December 31, 2021	Number of shares	Ownership (%)	Book value			
The Company	Jinli Bermuda	Bermuda Island	Investment holdings	\$ 1,858,875	\$ 1,858,875	825,458,519	100	\$ 6,038,541	(\$ 167,246)	(\$ 167,246)	Subsidiary
The Company	Leads Bio	Taiwan	Manufacture and sales of cosmetics	13,260	17,850	1,326,000	100	1,148	(39)	(20)	Subsidiary
Jinli Bermuda	Topoint	BVI	Investment holdings	963,079	963,079	41,100	100	5,901,567	(169,206)	(169,206)	Second-tier subsidiary
Jinli Bermuda	Dragon Flair	BVI	Investment holdings	37,501	37,501	20,000	100	132,822	1,421	1,421	Second-tier subsidiary
Topoint	Gold Apple (HK)	Hong Kong	Investment holdings	980,586	980,586	254,217,784	100	5,901,202	(169,205)	(169,205)	Third-tier subsidiary
Dragon Flair	Million Win	Hong Kong	Investment holdings	37,320	37,320	10,000,000	100	132,818	1,421	1,421	Third-tier subsidiary

Table 5

Jinli Group Holdings Limited and its subsidiaries														Expressed in thousands of NTD	
Information on investments in Mainland China														(Except as otherwise indic	
Year ended December 31, 2022															
Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022															
Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Remitted to Mainland China Remitted back	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote		
Gold Apple (China)	Clothing and footwear manufacturing	\$ 949,186	1	\$ -	\$ -	\$ -	\$ -	(\$ 169,205)	100	(\$ 169,205)	\$ 5,955,088	\$ -	Note 2		
Aiqi (Fujian)	Clothing and footwear manufacturing	37,283	1	-	-	-	-	1,421	100	1,421	132,816	-	Note 2		
Gold Apple (Changtai)	Clothing and footwear manufacturing	521,566	1	-	-	-	-	(3,843)	100	(3,843)	517,470	-	Note 2		

Note 1 : It was invested through the third area. Gold Apple (China) was invested thorough Gold Apple (HK), Aiqi (Fujian) was invested through Million Win, and Gold Apple (Changtai) was invested through Gold Apple (HK).

Note 2 : Investment income (loss) recognized for the year ended December 31, 2022 was evaluated and disclosed based on the financial statements that are audited and attested by parent company's CPA.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
—	\$ -	\$ -	\$ -

Note: The Company was established in Cayman, thus, the approval from MOEA for the Company's investments in Mainland China was not applicable.

Jinli Group Holdings Limited and its subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		endorsements/guarantees or collaterals		Maximum balance during the year ended December 31, 2022	Balance at December 31, 2022	Interest rate	Interest during the year ended December 31, 2022	Others
	Amount	%	Amount	%	Balance at December 31, 2022	%	Balance at December 31, 2022	Purpose					
Gold Apple (China)	\$ -		\$ -		\$ -		\$ -		\$ 400,000	\$ 400,000	1.38	\$ 3,141	
Gold Apple (Changtai)	-		-		-		-		900,000	450,000	1.07	3,904	

Jinli Group Holdings Limited and its subsidiaries

Major shareholders information

Year ended December 31, 2022

Table 7

Unit:Share

Name of major shareholders	Shares	
	No. of shares held (in thousands shares)	Ownership(%)
Chong Chun Lung	35,303,883	19.00
KGI Bank Entrust Dragon Million (Asia) Limited Investment Account	12,160,544	6.54
Li, Chun Fei	9,808,652	5.28