

--Important Disclaimer--

This is a translation of the 2022 Annual Report for the 2023 Annual General shareholders Meeting of JINLI GROUP HOLDINGS Limited The translation is for reference only. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

Stock Code:8429

JINLI GROUP HOLDINGS Limited

**2022 Annual Report
(Translation)**

Link to Annual Report
<http://mops.twse.com.tw>

Link to Corporate Website
<http://www.jinligroup.com.tw>

Printed on: 24th May 2023

I. Name, Title, Contact Number and Email Address of Spokesperson, Deputy Spokesperson:

<u>Spokesperson of the Company</u>		<u>Deputy Spokes Person of the Company</u>	
Name	: CHONG Chun Lung	Name	: Simon POON
Title	: Special Assistant to the Chairman and Spokesperson	Title	: Director of Finance
Tel	: (886)2-2881-2120	Tel:	: (886)2-2881-2120
Email	: -	Email	: simonpoon@jinligroup.com.tw

II. Address, Contact Number of Headquarters, Branch Office and Factory

Headquarter : Jinli Group Holdings Limited (Cayman)
Address : PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
Tel : (852) 3707 1812

Subsidiary : Jinli Group Holdings Limited (Bermuda)
Address : Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda
Tel : (852) 3707 1812

Subsidiary : Leads Biotechnology Limited
Address : Rm. 502, 5F., No. 11, Qiangang St., Shilin Dist., Taipei City 111 ,
Taiwan (R.O.C.)
Tel : (886)2-2881-2120

Subsidiary : Topoint Group Limited
Address : P.O. Box 933, 3rd Floor, Omar Hodge Building, Wickhams Cay 1, Road
Town, Tortola, British Virgin Islands
Tel : (852) 3707 1812

Subsidiary : Dragon Flair Limited
Address : P.O. Box 933, 3rd Floor, Omar Hodge Building, Wickhams Cay 1, Road
Town, Tortola, British Virgin Islands
Tel : (852) 3707 1812

Subsidiary : Gold Apple (HK) Int'l Trading Co. Limited

Address	: Room 1101, 11th Floor, Yingchuanghui, 625 King's Road, North Point, Hong Kong
Tel	: (852) 3707 1812
Subsidiary	: Million Win Creation Limited
Address	: Room 1101, 11th Floor, Yingchuanghui, 625 King's Road, North Point, Hong Kong
Tel	: (852) 3707 1812
Subsidiary	: Gold Apple (China) Co., Ltd
Address	: Shuanggou Industrial Zone, Meiling Street, Jinjiang City, Fujian Province, China
Tel	: (86) 595-85655777
Subsidiary	: Aiqi (Fujian) Shoes Model Co., Ltd
Address	: Shuanggou Industrial Zone, Meiling Street, Jinjiang City, Fujian Province, China
Tel	: (86) 595-85655777
Subsidiary	: Changtai Gold Apple Co., Ltd (China)
Address	: Xingtai Industrial Park, Changtai Economic Development Zone, Zhangzhou City, Fujian Province, China
Tel	: (86) 595-85655777
Office	: Jinli Group Holdings Limited (Cayman) – Taiwan Office
Address	: Rm. 502, 5F., No. 11,Qiangang St.,Shilin Dist., Taipei City 111 , Taiwan (R.O.C.)
Tel	: (886)2-2881-2120
Factory	: Shuanggou Industrial Zone, Meiling Street, Jinjiang City, Fujian Province, China
Tel	: (86) 595-85655777

III. Names, Titles, Contact numbers and E-mail Address of Litigation, Non-litigation Agents in the Republic of China:

Name: Wang, Le Chun Title: Director of the Company

Phone: (886)2-2881-2120

Email: wang@jinligroup.com.tw

IV. Name of Entities, Address, Website URL, and Contact Number of Handling Stock Transfers

Name of Entity: Sinopac Securities Co., Ltd.- Stock Affairs

Website: <http://www.sinopacsecurities.com>

Address: 3F, 17 Bo-Ai Road, Taipei Phone: (02)2381-6288

V. Name of Certified Public Accountants, Firm, Address, Website, and Contact Number of Most Recent Annual Report

Name of Firm: Candor Taiwan CPAs Taipei, Taiwan

Accountant: Ken Lin, Diana Shih

Address: 13F, No. 159, Section 1, Keelung Road, Xinyi District, Taipei City 110, Taiwan (R.O.C.)

Website: <http://www.taiwancpa.com.tw/>

Phone: (886) 2- 2763 8098

VI. Name of stock exchange for overseas securities, and method of inquiry for overseas securities information:

None

VII. Corporate website: <http://www.jinligroup.com.tw>

VIII. Board of Directors List:

Position Title	Name	Nationality	Work Experience and Education History
Chairman	Chong, Chun Lung	Hong Kong	Graduated from Fourth Senior High School of Jinjian City. General Manager of Jinjiang Shuanggou Longfei Shoe Factory. Vice President of Jinjiang City Footwear Chamber of Commerce. Vice President of Quanzhou Footwear Chamber of Commerce. President of The Young Entrepreneurs Association and the Youth Chamber of Commerce.
Director	Li, Chun Fei	China	Graduated from Fourth Senior High School of Jinjian City. Supervisor of Jinjiang Shuanggou Longfei Shoe Factory. General Manager of Golden Apple (China) Co., Ltd.
Director	Lin, Zhao Wen	China	Graduated from the School of Business Administration, Jilin University. Production Manager of Fuqing Jingxin Taiping Shoes Co., Ltd. Executive Deputy General Manager of Golden Apple (China) Co., Ltd.
Director	Wang, Le Chun	Republic of China	Master of Industrial Engineering, Tsinghua University. General Manager of Shuimu Management Consulting Co., Ltd.
Independent Director	Chen, Shih Ying	Republic of China	LLM, University of Sheffield, United Kingdom Master of Finance and Finance (EMBA), School of Management, National Taiwan University Owner of Ton-Li Law Firm
Independent Director	Huang, Ta Hsiang	Republic of China	Department of Business Studies, National Taiwan University. Qunying Enterprise Management Consulting (Stock) Company Consultant.
Independent Director	Chong, Pui Yeung	Hong Kong	School of Mathematics of University of Guangdong Petroleum School. Sales Manager of Aysheno International Trading Co., Ltd.

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I. Letter to Shareholders

Dear ladies and gentlemen:

Thank you for taking your time to attend the 2022 Annual Shareholders Meeting. I hereby share with you the operational performance and plans as follows:

1. 2022 results of operation, competition, regulations and business environment as a whole

In 2022, the overall economic environment in China grew slowly. According to the "2022 National Economic and Social Development Statistical Bulletin" released by the National Bureau of Statistics, the income of urban and rural residents continued to increase. The per capita disposable income of residents in the country for the whole year was RMB36,883, an increase of 5.0% from the previous year. After deducting price factors, the actual growth was 2.9%. The per capita consumption expenditure of residents in the country was RMB24,538, which was an increase of 1.8% from the previous year. After deducting price factors, the actual decrease was 0.2%. The total retail sales of consumer goods in the society for the whole year of 2022 reached RMB44.0 trillion, a decrease of 0.2% from the previous year. Looking back at 2022, due to the impact of the COVID-19 pandemic, it had a huge impact on various aspects of life safety, medical systems, politics, society, and the economy in countries around the world. With the impact of the COVID-19 virus mutation, economic activities began to recover and decline from time to time. Various data indicators such as China's economy and consumer demand gradually stabilized due to the recovery from the epidemic. However, it has been unable to shake off the impact of the epidemic and return to normal, becoming a cloud hanging over the head of the Chinese economy. There was an atmosphere of poor operation in the Chinese branded footwear and clothing market, and the company's long-term cooperation with offline agents marketing in various provinces and European and American foreign trade footwear orders have not shown obvious signs of recovery, resulting in unsatisfactory revenue performance. Therefore, the shoe factory's capacity utilization rate is still not high, and the manufacturing cost is relatively higher than in previous years. In terms of financial performance, the Company's consolidated revenue for 2022 was NT\$213 million, a decline of 50.69% from the consolidated revenue of NT\$432 million in 2021. The pre-tax net loss for 2022 was NT\$220 million, a significant decline from the pre-tax net loss of NT\$27 million in 2021. The after-tax loss per share for 2022 was NT\$1.08.

2. Financial Income, Expense and Profitability Analysis

Unit: in thousands of NTD; %

Year		2022	2021	Increase (Decrease) (%)
Category of Analysis				
Analysis of Profit &	Operating Income	212,674	432,077	(50.78%)
	Operating Gross Profit	(50,383)	35,286	(242.78%)
	After-tax Net Profit	(201,260)	22,568	(991.79%)
Profitability	Return Rate of Asset (%)	(2.87)	0.33	(960.61%)
	Return on shareholders' equity (%)	(3.18)	0.35	(1,008.57%)
	Pre-tax net profit as a percentage of paid-up capital (%)	(11.84)	1.47	(905.44%)
	Net profit rate (%)	(94.63)	5.22	(1,912.84%)
	Earnings Per Share (NTD)	(1.08)	0.12	(1,000.00%)

3. Status of Research and Development and Strategy for Future Business Development

The company currently has three brands: G-apple, E.T, and MegustaMe. The first two brands are casual footwear and apparel products, while the MegustaMe brand are beauty products. However, due to poor market conditions, the Company temporarily withdrew from the beauty product market and plans to re-enter when the economy recovers. In 2022, due to the impact of the COVID-19 pandemic and the slow recovery of the Chinese economy, the Company conducted a merger of its casual footwear and apparel brand agents. At the same time, the Company adjusted the production ratio of owned footwear brands and increased the production of OEM footwear. The Company plans to shift its focus to e-commerce sales channels for future development. The Company's fashion style still emphasizes leisure and combines with consumer preferences for wearing denim clothing to satisfy the fashion preferences of young people. In terms of footwear, the demand for leisure footwear in the youth market has significantly increased, so the Company has adjusted its footwear style direction and reduced the proportion of sportswear in its product line.

4. Overview of the 2022 Business Operation Plan

As the COVID-19 pandemic in 2023 continues to be controlled through widespread vaccination, countries around the world are adopting strategies to coexist with the virus, bringing new hope for the recovery of the global economic environment. As the epidemic eases, the previously tense economic activities are also loosening. Looking back at the past three years, China has implemented strict restrictive measures against the COVID-19 pandemic, which has severely impacted the economy. Since the major policy shift on epidemic prevention and control in December last year, production and life have gradually resumed, which may drive short-term consumption. However, the long-term recovery is not optimistic. China's National People's Congress has also mentioned that due to the significantly lower-than-expected economic growth rate last year, the outside world is concerned about the targets set out in the Chinese government work report. The focus is on a low base period plus economic recovery, and Chinese think tanks

or international organizations believe that it will not be lower than 5%. Furthermore, according to IMF forecasts, 2023 will be another "challenging year". Global economic growth will slow to below 3.0%, but China's GDP growth rate is expected to reach 5.2%, indicating that the China's economic market will operate steadily. This year, our company will focus on online e-commerce, while streamlining and adjusting brand sales channels, and strengthening the development of potential agents to accumulate the company's long-term competitiveness.

The Company will uphold a steady pace of sustainable operation and continuously develop new customers, design new products, improve production processes, and create maximum benefits for shareholders. We believe that with the support of our shareholders, our operational performance will surely create new achievements again.

Best regards,

Chong, Chun Lung
Chairman

II. Company Introduction

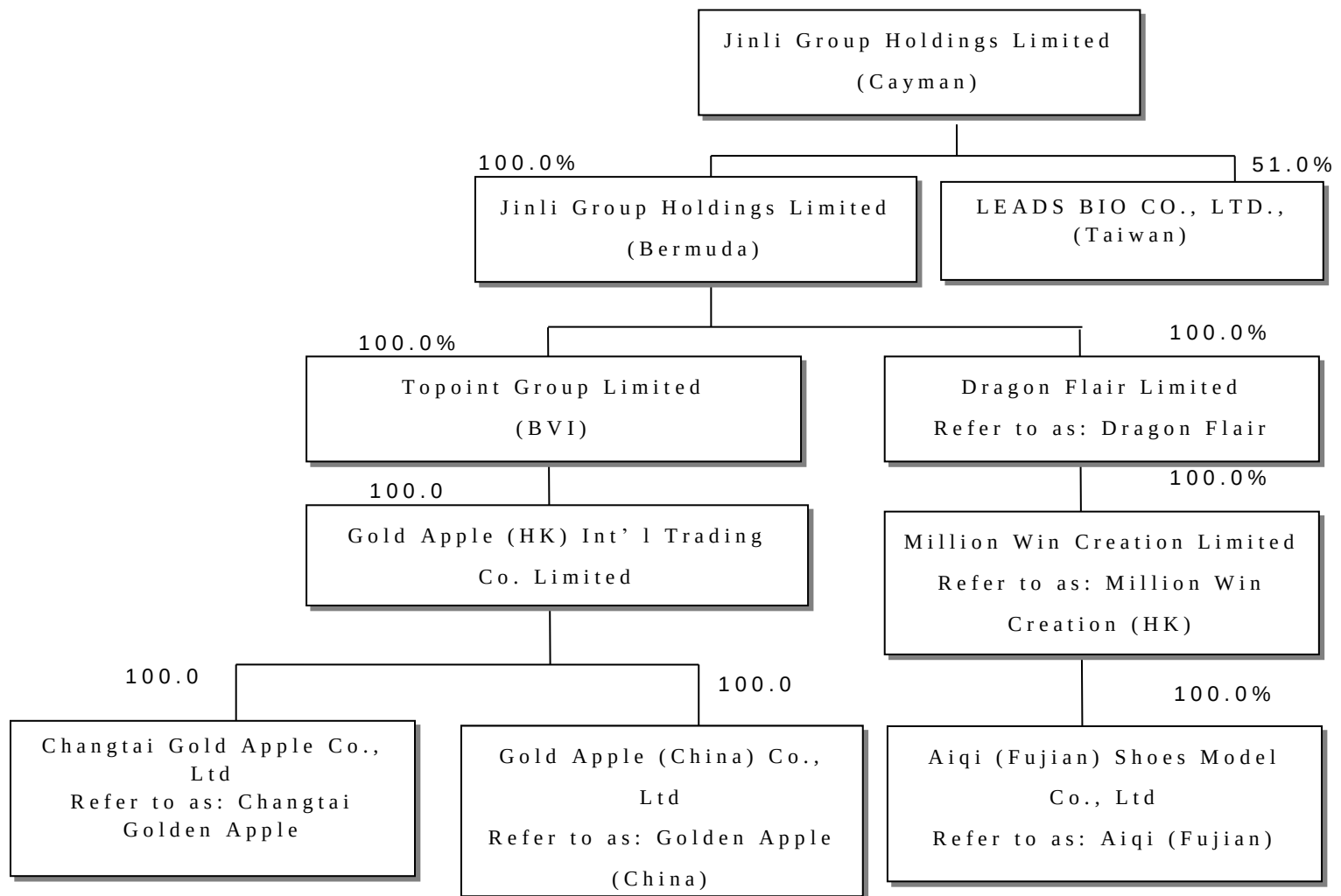
2.1 Company and Group Introduction

2.1.1 Date of Establishment and Group Introduction

Jinli Group Holdings Limited (Cayman) (hereon after referred to as *the Company*, *the Group* or *Jinli Company*) was established in the British Cayman Islands on December 15, 2010, and completed company reorganization in April 2011. The Group's important investment projects include: Jinli Group Holdings Limited (Bermuda), Topoint Group Limited, Dragon Flair Limited, Gold Apple (HK) Int'l Trading Co. Limited, Million Win Creation Limited, Aiqi (Fujian) Shoes Model Co., Ltd, Gold Apple (China) Co., Ltd, Changtai Gold Apple Co., Ltd. and Leads Bio Co., Ltd.; Aiqi (Fujian) Shoes Model Co., Ltd. is the founding company of the Group. Gold Apple (China) Co., Ltd is the main source of revenue and profits for the Group, while the rest are investments holding companies. Changtai Gold Apple Co., Ltd. was established by Gold Apple (HK) Int'l Trading Co. Limited on December 25, 2014, for the operation of a new factory in Zhangzhou. In March 2, 2016, the Company invested and obtained a 51% share in Leads Bio Co., Ltd., as a brand creation and marketing company for the group's entry into the beauty and cosmetics industry. However, due to poor market conditions for beauty products, the Company temporarily withdrew from the market and plan to re-enter when the economy recovers.

The Group is mainly engaged in the design, manufacture, and sales of casual shoes and sports shoes, as well as the design and sales of casual clothing (including denim clothing) and accessories. The sales targets are authorized agents and shoe traders in mainland China, and the Company sells to Chinese consumers through authorized agents in each province (city). In addition to maintaining long-term and stable cooperation relationships with authorized agents and shoe traders, the Company also keeps up with the latest market developments and fashion trends, designing products that combine fashion concepts with consumer demand. In 2022, the Group was still affected by the COVID-19 pandemic, and the recovery of China's economy and consumer demand has not yet been completed. The marketing situation of the Group's long-term cooperative authorized agents in each province has worsened, and some of the retail stores are even experiencing financial difficulties. Therefore, the Group plans to eliminate weaker agents and support stronger ones while increasing online sales channels and restructuring its operations. The management team of the Company has rich experience in the footwear, clothing, and accessories industries and, with the support of a highly qualified management team, has greatly benefited the company's business expansion. The Company also has a considerable competitive advantage and market position within the industry.

2.1.2 Corporate Structure



2.2 Company History

Year	Major Milestone
2010	The Company was established in the Cayman Islands as the holding parent company of the Group and the main entity for applying for the first listing in Taiwan. The Company has a total of five shoe assembly lines, 29 shoe upper sewing production lines, and four clothing sewing production lines. Launched the G-APPLE JEANS denim series. The Gold Apple brand was ranked 439th on the World Brand Lab's list of "China's 500 Most Valuable Brands," with a brand value of RMB 1.501 billion. Awarded the "Top 100 Enterprises Caring for Employees in China's Brand Capital." Rated as an A-level taxpayer by the National Taxation Bureau in Quanzhou.
2011	Launched the e.t brand. The Gold Apple brand was ranked 445th on the World Brand Lab's list of "China's 500 Most Valuable Brands," with a brand value of RMB 1.865 billion. Completed the restructuring of the Group's structure. Established the Xiamen Brand Operation Headquarters.
2012	Awarded the "Fujian Famous Brand Product." The Gold Apple brand was ranked 454th on the World Brand Lab's list of "China's 500 Most Valuable Brands," with a brand value of RMB 2.189 billion. After a shareholder vote, the Company applied for the first listing in Taiwan. The company was successfully listed on the Taiwan Stock Exchange.
2013	The Gold Apple brand was ranked 448th on the World Brand Lab's list of "China's 500 Most Valuable Brands," with a brand value of RMB 2.489 billion.
2014	The Company issued convertible corporate bonds. The Zhangzhou new self-owned factory started construction. Changtai Gold Apple Co., Ltd. was established by Gold Apple (HK) Int'l Trading Limited.
2015	The group planned to establish a Taiwan beauty and cosmetics brand operation center. Began planning for the MegustaMe brand. Started developing face masks for the beauty and cosmetics industry.
2016	Acquired 51% share in LEADS BIO CO., LTD. (Taiwan). Officially launched eight facial masks, including flower water and ocean series, three moisturizing facial cleansers, and three nourishing and revitalizing oils. These products were sold in well-known drugstore chains and online stores.
2017	Actively expanded its footwear processing business. Developed and sold five facial masks, including Leciel, in Taiwan, with sales focused on e-commerce platforms.
2018	Brand license for MegustaMe in China.
2019	Actively expanded our foreign trade order business.
2020	Worked on consolidating authorized agents.
2021	Work on consolidating authorized agents and develop online e-commerce sales channels.
2022	Develop online e-commerce sales channels.

2.3 Risk

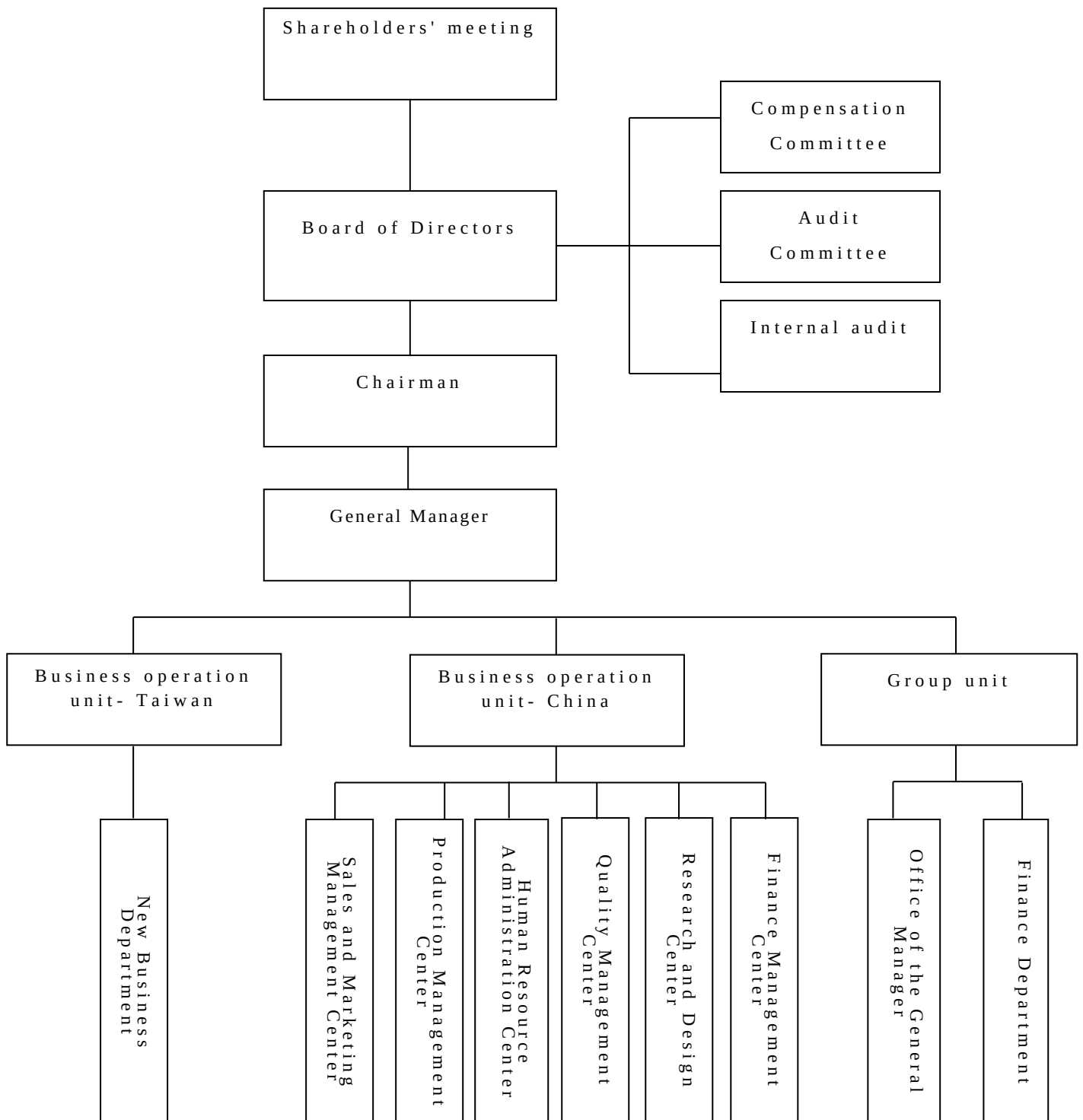
Please refer to Section VII: Financial Status, Financial Performance Review Analysis and Risk

III. Company Organization System

3.1 Company Organization System

3.1.1 Organization Structure

Jinli Group Holdings Limited Organization Chart



3.1.2 Operating Business for Main Departments

Department		Primary Job Scope
Chairman		Establish policies and guidelines for the Company's business operations and appoint key managers to implement and promote the business.
Salary and Remuneration Committee		1.Establish and periodically review policies, systems, standards, and structures for evaluating the performance and salary and remuneration of directors, supervisors, and managers. 2.Periodically evaluate and set the salary and remuneration for directors and managers.
Audit Committee		1. Establish or revise internal control systems. 2. Assess the effectiveness of internal control systems. 3. Establish or revise procedures for significant financial transactions involving acquisition or disposal of assets, derivative trading, lending money to others, endorsing or providing guarantees for others. 4. Make decisions regarding matters that involve the interests of directors themselves. 5. Approve significant asset or derivative transactions. 6. Review significant lending, endorsing, or guaranteeing of funds. 7. Raise, issue, or privately place equity securities. 8. Appoint, dismiss, or compensate auditors. 9. Appoint or dismiss financial, accounting, or internal audit executives. 10. Review the annual and semi-annual financial reports. 11. Other significant matters as required by the company or regulatory authorities.
Auditing Office		Responsible for all audit work and internal control evaluation, and track progress of improvement.
General Manager		Execute decisions of the Board of Directors, manage all company affairs, and lead the Company team to achieve company goals.
Group Departments	Office of the General Manager	Assist the general manager in executing various projects and coordinate external communication and document drafting for the Group, providing correct information to investors.
	Finance Department	Handle the consolidation of investment accounting information for the group and fund scheduling matters.
Operation Departments	Sales and Marketing Management Center	Responsible for product sales, customer service, and market development, as well as conducting industry trend analysis, collecting market information, and investigating competitive information.
	Production Management Center	Responsible for production and outsourcing matters, and achieving the Company's annual production plan and goals.

	Human Resource Administration Center	Handle group general affairs, network information, and related equipment matters, and establish and execute personnel and welfare regulations to enhance employee quality and assist in the human resources development of various departments.
	Quality Management Center	Ensure product quality assurance and handle customer complaints.
	Research and Design Center	Design relevant products based on market research and trends, as well as creating product prototypes, purchasing material samples, and developing related technical data for outsourcing production.
	Finance Management Center	Responsible for company accounting work, establishing cost budgeting, accounting, and control systems, and preparing accounting and financial reports.
	New Business Department	Establish brands, develop and operate new business products, currently temporarily withdrawing from the market and planning to re-enter when the economy improves.

3.2 Information on the directors, supervisors, general managers, deputy general managers, assistant managers, and the heads of each department and branch

3.2.1 Directors and supervisors

3.2.1.1 Name, gender, age, nationality or place of registration education and work experience backgrounds, ownership of shares and nature of directors and supervisors

April 23, 2023

Remarks		Remark	
Executives, Directors or Supervisors who are spouses or within two degrees of kinship	Relationship	Brothers	
	Name	Li, Chun Fei	
	Title	Director	
Current Positions in the Company and Other Companies		Chairman and General Manager of the Company Chairman of Dragon Million (Asia) Limited (BVI). Chairman of Jinli Group Holdings Limited (Bermuda). Chairman of Topoint Group Limited (BVI). Chairman of Dragon Flair Limited (BVI). Chairman of Golden Apple (HK) Int'l Trading Co. Limited Chairman of Million Win Creation Limited Chairman of Chairman of Aiqi (Fujian) Footwear Co., Ltd. Chairman of Golden Apple (China) Co., Ltd. General Manager of Jinjiang Aiqi Plastic Products Co., Ltd. Chairman of Changtai Golden Apple Industrial Co., Ltd. Chairman of LEADS BIO CO., LTD.	
Education and Work Experiences		Graduates of Fourth Senior High School of Jinjian City. General Manager of Jinjiang Shuanggou Longfei Shoe Factory. Vice President of Jinjiang City Footwear Chamber of Commerce. Vice President of Quanzhou Footwear Chamber of Commerce. President of The Young Entrepreneurs Association and the Youth Chamber of Commerce.	
Current Shares held in the name of others	Shareholding %	5.83% (Remark 1)	
	Share	10,824,408 (Remark 1)	
Current Shares held by the Spouse and Minor	Shareholding %	—	
	Share	—	
Current Shares held	Shareholding %	19.01%	
	Share	35,303,883	
Shares held upon Election	Shareholding %	—	
	Share	1	
Date First Elected		2010/12/15	
Term		3 years	
Date Elected		2020/6/23	
Gender age		M (51-60)	
Name		Chong, Chun Lung	
Nationality		Hong Kong	
Title		Chairman	

Remarks		-	-	-
Executives, Directors or Supervisors who are spouses or within two degrees of kinship	Relationship	Brothers	-	-
	Name	Chong, Chun Lung	-	-
	Title	Chairman	-	-
Current Positions in the Company and Other Companies		Director of the Company. Director of Jinli Group Holdings Limited (Bermuda), Director of Dragon Million (Asia) Limited (BVI) Director of Golden Apple (HK) Int'l Trading Co. Limited. General Manager of Aiqi (Fujian) Shoes & Plastic Co., Ltd. General Manager of Golden Apple (China) Co., Ltd. Deputy General Manager of Jinjiang Aiqi Plastic Products Co., Ltd. Director of the Company		Director of the Company. Supervisor of Ecom Software (Inc.) Director of EDOM Technology Co., Ltd. Director of Paragon Semiconductor Lighting Technology Co., Ltd. Director of Paragon Technologies Co., Ltd. Director of LEADS BIO CO., LTD. Gallium Unicom Technology (Share) Legal Person Director Representative/Chairman
Education and Work Experiences		Graduates of Fourth Senior High School of Jinjiang City. Supervisor of Jinjiang Shuanggou Longfei Shoe Factory.	Graduate from School of Business Administration, Jilin University. Production Manager of Fujing Jingxin Taiping Shoes Co., Ltd. Executive Deputy General Manager of Golden Apple (China) Co., Ltd. Master of Industrial Engineering, Tsinghua University. General Manager of Shuimu Management Consulting Co., Ltd.	
Current Shares held in the name of others	Shareholding %	0.72% (Remark 2)	-	-
	Share	1,336,136 (Remark 2)	-	-
Current Shares held by the Spouse and Minor	Shareholding %	-	-	-
	Share	-	-	-
Current Shares held	Shareholding %	5.28%	-	-
	Share	9,808,652	-	-
Shares held upon Election	Shareholding %	-	-	-
	Share	-	-	-
Date First Elected		2011/12/8	2017/6/22	2012/6/7
Term		3 years	3 years	3 years
Date Elected		2020/6/23	2020/6/23	2020/6/23
Gender age		Male (41-50)	Male (51-60)	Male (51-60)
Name		Li, Chun Fei	Lin, Zhao Wen	Wang, Le Chun
Nationality		China	China	Republic of China
Title		Director	Director	Director

Title	Nationality	Name	Gender age	Date Elected	Term	Date First Elected	Shares held upon Election		Current Shares held		Current Shares held by the Spouse and Minor		Current Shares held in the name of others		Education and Work Experiences	Current Positions in the Company and Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
							Shareholding %	Share	Shareholding %	Share	Shareholding %	Share	Shareholding %	Share			Title	Name	Relationship	
Independent Director	Republic of China	Chen, Shih Ying	Male(51-60)	2020/6/23	3 years	2011/12/8	—	—	—	—	—	—	—	—	Independent Director of the Company. Independent Director, Yonggu Group Co., Ltd. Independent Director of Noah Holdings Ltd. The legal representative of the director of Gamaia Digital Technology (Stock) Company.	Independent Director of the Company. Independent Director, Yonggu Group Co., Ltd. Independent Director of Noah Holdings Ltd. The legal representative of the director of Gamaia Digital Technology (Stock) Company.	—	—	—	—
Independent Director	Republic of China	Huang, Ta Hsiang	Male(61-70)	2020/6/23	3 years	2020/6/23	—	—	—	—	—	—	—	—	Qunying Enterprise Management Consulting (stock) company consultant.	Qunying Enterprise Management Consulting (stock) company consultant.	—	—	—	—
Independent Director	Hong Kong	Chong, Pui Yeung	Male(61-70)	2020/6/23	3 years	2011/12/8	—	—	—	—	—	—	—	—	Independent Director of the Company. Director and Chief Financial Officer, Junan International Trade Co., Ltd. Director and major shareholder, Shing On (Fujian) Shoes Co., Ltd. Director and Legal Representative, Shing On (Fujian) Shoes Co., Ltd.	Independent Director of the Company. Director and Chief Financial Officer, Junan International Trade Co., Ltd. Director and major shareholder, Shing On (Fujian) Shoes Co., Ltd. Director and Legal Representative, Shing On (Fujian) Shoes Co., Ltd.	—	—	—	—

Remark 1: Chong, Chun Lung's other shareholdings, are 10,824,408 shareholdings of the Company, gained through Dragon Million (Asia) Limited.

Remark 2: Li, Chun Fei's other shareholdings, are 1,336,136 shareholdings of the Company, gained through Dragon Million (Asia) Limited.

3.2.1.2 The principal shareholder of a corporate shareholder: Not applicable. All directors of the Company are not legal representative of shareholders.

3.2.1.3 The main shareholder is a legal representative shareholder: None.

3.2.1.4 Disclosure of Professional Qualifications of Directors and Independence of Independent Directors.

Name	Condition	Professional qualifications and experience (Note 1)	Independence situation (Note 2)	Number of independent directors of other public companies
Chong, Chun Lung		- More than five years of work experience required by the Company's business. - Currently serves as the chairman and general manager of Jinli Group Holdings Co., Ltd. - Served as a director of the Company. - None of the items in Article 30 of the Company Law.	Not applicable	0
Li, Chun Fei		- More than five years of work experience required by the Company's business. - Currently serving as the general manager of Golden Apple (China) Co., Ltd. - Served as a director of the Company. - None of the items in Article 30 of the Company Law.		0
Lin, Zhao Wen		- More than five years of work experience required by the Company's business. - Currently serves as the deputy general manager of Gold Apple (China) Co., Ltd. - None of the items in Article 30 of the Company Law.		0
Wang, Le Chun		- More than five years of work experience required by the Company's business. - Currently serving as the general manager of Shuimu Management Consultants (Shares) Company. - Served as a director of the Company. - None of the items in Article 30 of the Company Law.		0

Condition Name	Professional qualifications and experience (Note 1)	Independence situation (Note 2)	Number of independent directors of other public companies
Chen, Shih Ying	● At least five years of work experience required for legal affairs. ● Currently serves as the chief lawyer of Tongli Law Firm, the independent director of Yonggu Group Co., Ltd., and the legal person representative of Game Orange Digital Technology Co., Ltd. ● He has served as an in-house lawyer of Dahe Cathay Securities Co., Ltd., a supervisor of Thermalake Technology Co., Ltd., an independent director of Noage Holdings Co., Ltd. and a director of the company. ● None of the items in Article 30 of the Company Law.	● Personnel not employed by the Company or its affiliates ● Not a Director or Supervisor of the Company or its affiliates. (However, this does not apply to the circumstance where the person is an Independent Director of the company or its parent company, subsidiary who has more than fifty percent of the total number of outstanding shares are set up according to this Act or local country ordinances). ● Not a natural-person shareholder who holds shares, and not the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of outstanding shares of the Company or ranking in the top ten in holdings. Not a spouse, second-degree relative or third-degree relative of those listed in the above three items ● Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings. ● Not a director, supervisor, manager or a shareholder holding five percent or more of the shares of a company or institution that has a business or financial relationship with the Company.	1
	● Have more than five years of working experience in finance. ● Currently the consultant of Qunying Enterprise Management Consultant (stock) company. ● He served as the chief financial officer of Meiwhua (stock) Company, the chief financial officer of Jingyue Biotechnology (stock) Company, the general manager of Guanghui Biotechnology (stock) Company and the director of the company. ● None of the items in Article 30 of the Company Law.	● Not a Business owner, partner, director, supervisor, manager or professional who provide business, legal, financial, accounting and other services or consulting services for companies or related companies, sole proprietorships, partnerships, companies or institutions. However, the members of the salary remuneration committee that are listed on the stock market or in the establishment of the salary and remuneration committee of the securities company's business premises and the exercise of the powers of the seventh party are not part of such restriction. ● Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. ● Has not been a person of any of the conditions defined in Article 30 of the Company Act. ● Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law. ● Not having any of the conditions defined in Article 30 of the Company Law	0

Name	Condition	Professional qualifications and experience (Note 1)	Independence situation (Note 2)	Number of independent directors of other public companies
Chong, Pui Yeung		● Have more than five years of working experience in finance. ● Currently serves as the director and chief financial officer of Jun An International Trading Co., Ltd., the director and major shareholder of Cheng An Footwear (Hong Kong) Co., Ltd., and the director and legal representative of Cheng An Footwear (Fujian) Co., Ltd. ● Served as the sales manager of Shing On International Trade (Hong Kong) Co., Ltd. and the director of the company. ● None of the items in Article 30 of the Company Law.		0

3.2.1.5 Status of the dividend policy and the independence of the board of directors:

A. The diversity policy of the board of directors

In view of the diversity policy, fortifying and promoting the formation and healthy structure of the board of directors. The candidate of the company's director should follow the nominating system that the Article of Incorporation regulates. Assessing the candidate's experience qualification, evaluate profession background, integrity, and other related professional qualifications. After being passed by the board of directors, it will be appointed in the shareholders' meeting. The composition of the members, except for the directors who also serve as managers, should not be more than one third of the seats. The board of directors should formulate diversified policy in view of operation, business model, and the need of development, included but not limited to the following:

(a) Basic requirement and value: gender, age, nationality, and culture.

(b) Judgment ability in operation, accounting and financial analysis capabilities, business management capabilities, crisis management capabilities, industrial knowledge, International market view, Leadership and Decision-making ability.

The company's current Board of Directors is composed by 7 directors, and the specific management goals and accomplishments of the diversified policy are as follows.

management goals	Achievement
The number of independent directors exceeds one third of the number of directors	Reach
Directors who also serve as company managers should not exceed one-third of the number of directors	Reach
Adequate and diverse professional knowledge and skills	Reach

The implementation of the Board Diversity Policy is as follows:

Name		Diversified Core		Basic component				Professional background				Professional knowledge and skills						
				Gender	As an employee	Age			Finance	Industry	Law	Tech	Operational Judgment	Management ability	leadership decision-making skills	Crisis management ability	Industry knowledge	International market view
						41-50	51~60	61~70										
Director	Chong, Chun Lung	HK	Male	V		V			V		V	V	V	V	V	V	V	
	Li, Chun Fei	China	Male	V					V		V	V	V	V	V	V	V	
	Lin, Zhao Wen	China	Male	V	V				V		V	V	V	V	V	V	V	
	Wang, Le Chun		Male		V			V	V	V	V	V	V	V	V	V	V	
Independent director	Chen, Shih Ying	TW	Male			V			V	V	V	V	V	V	V	V	V	
	Huang, Ta Hsiang		Male			V	V		V	V	V	V	V	V	V	V	V	
	Chong, Pui Yeung	HK	Male			V	V	V	V	V	V	V	V	V	V	V	V	

B. Status of the independence of the current Board of Directors:

There are 7 members in the company's current Board of Directors including 3 independent directors , 1 director not being an employee and 3 directors with the identity of an employee(which accounts for 42.86% of the whole members of the Board of Directors, 14.28%, and 42.86%) By the end of 2022, each independent director all meet the independent director regulation of Securities and Futures Bureau. Besides, each director and independent director does not involve cases in Securities and Exchange Act, Article 26-3, Paragraph 3 and 4. The company's Board of Directors has independence.

3.2.2 Information on the general manager, deputy general managers, assistant managers, and the heads of each department and branch

April 25, 2022

Title	Nationality	Name	Gender	Date Elected	Current Shares Held		Current Shares Held by the Spouse and Minor		Current Positions in the Company and Other Companies		Education and Work Experiences	Current Positions in the Company and Other Companies	Remarks
Title	Nationality	Name	Gender	Date Elected	Current Shares Held		Current Shares Held by the Spouse and Minor		Current Positions in the Company and Other Companies		Education and Work Experiences	Current Positions in the Company and Other Companies	Remarks
General Manager and Spokesperson	Hong Kong	Chong, Chun Lung	Male	2011.11	35,303,883	19.01%	—	—	Shareholding %	5.83% (remark 1)	Graduate of Fourth Senior High School of Jinjiang City. General Manager of Jinjiang Shuanggou Longfei Shoe Factory. Vice President of Jinjiang City Footwear Chamber of Commerce. Vice President of Quanzhou Footwear Chamber of Commerce. President of The Young Entrepreneurs Association and the Youth Chamber of Commerce.	Chairman and General Manager of the Company Chairman of Dragon Million (Asia) Limited (BVI). Chairman of Jinli Group Holdings Limited (Bermuda). Chairman of Topoint Group Limited (BVI). Chairman of Dragon Flair Limited (BVI). Chairman of Gold Apple (HK) Int'l Trading Co. Limited Chairman of Million Win Creation Limited Chairman of Chairman of Aiqi (Fujian) Footwear Co., Ltd. Chairman of Golden Apple (China) Co., Ltd. General Manager of Jinjiang Aiqi Plastic Products Co., Ltd. Chairman of Changtai Golden Apple Industrial Co., Ltd. Chairman of LEADS BIO CO., LTD.	General Manager, Golden Apple (China)
General Manager, Golden Apple (China) Co., Ltd.	China	Li, Chun Fei	Male	2005.01	9,808,652	5.28%	—	—	Shareholding %	0.72% (remark 2)	Graduate of Fourth Senior High School of Jinjiang City. Supervisor of Jinjiang Shuanggou Longfei Shoe Factory.	Director of the Company. Director of Jinli Group Holdings Limited (Bermuda). Director of Dragon Million (Asia) Limited (BVI) Director of Golden Apple (HK) Int'l Trading Co. Limited. General Manager of Aiqi (Fujian) Shoes & Plastic Co., Ltd. General Manager of Golden Apple (China) Co., Ltd. Deputy General Manager of Jinjiang Aiqi Plastic Products Co., Ltd.	Brother

Remarks					
Executives, Directors or Supervisors who are spouses or within two degrees of kinship	Relation	—	—	—	—
	Name	—	—	—	—
	Title	—	—	—	—
Current Positions in the Company and Other Companies		Director of the Company	—	—	—
Education and Work Experiences		Graduated from the School of Business Administration, Jilin University. Production Manager, Fuqing Jingxin Taiping Shoes Co., Ltd.	Graduated from the Department of Accounting, Shue Yan University, Hong Kong. Audit Manager, BDO Limited Senior Auditor, Philip Poon & Partners CPA Ltd. Member of the Association of International Accountants	Graduate of Nanping Economic and Trade School. Quanzhou Hongyuan Industry and Trade Co., Ltd. Fujian Eastern Trade Co., Ltd.	Design Director of Mizu (China) E-commerce Operation Center.
Current Positions in the Company and Other Companies	Shareholding %	—	—	—	—
	Shares	—	—	—	—
Current Shares Held by the Spouse and Minor	Shareholding %	—	—	—	—
	Shares	—	—	—	—
Current Shares Held	Shareholding %	—	—	—	—
	Shares	—	—	—	—
Date Elected		1998.09	2010.01	2017.08	2022.07
Gender		Male Male	Male	Male	Male
Name		Lin, Zhao Wen	Simon POON	Huan-Zhang CHEN	Wen-long YE
Nationality		China	Hong Kong	China	China
Title		Executive Deputy General Manager, Golden Apple (China) Co., Ltd.	Director of Finance	Director of Finance, Golden Apple (China) Co., Ltd.	Director of Deisgn, Golden Apple (China) Co., Ltd.

Title	Nationality	Name	Gender	Date Elected	Current Shares Held		Current Shares Held by the Spouse and Minor		Current Positions in the Company and Other Companies		Education and Work Experiences	Current Positions in the Company and Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
Title	Nationality	Name	Gender	Date Elected	Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %	Education and Work Experiences	Current Positions in the Company and Other Companies	Title	Name	Relation	
Director of Sales and Marketing, Golden Apple (China) Co., Ltd.	China	Hong-Lin CHEN	Male	2022.12	—	—	—	—	—	—	E-Commerce Sales Director of Golden Apple (China) Co., Ltd.	—	—	—	—	
Audit Manager	China	Hua-Jin LIAN	Male	2022.12	—	—	—	—	—	—	Finance Manager of Leads China Bio. Co., Ltd	—	—	—	—	

Remark 1: Chong, Chun Lung's other shareholdings, are 10,824,408 shareholdings of the Company, gained through Dragon Million (Asia) Limited.

Remark 2: Li, Chun Fei's other shareholdings, are 1,336,136 shareholdings of the Company, gained through Dragon Million (Asia) Limited.

3.2.3 Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person,

spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.

- (1) The chairman and general manager of the Company is the same person, the reason is that the Company's structure is simple, the nature of the business is also not complex and chairman is very knowledgeable of the industry and have leadership skills which the Company is in. In order for the board to better grasp the operating conditions of the Company, increase management efficiency by flat management, efficient implementation of decisions to create maximum business value and with the goal of benefiting the shareholders, the fact that the chairman and general manager of the Company is the same person is the reasonable and necessary.
- (2) Response measures:

- A. The current three independent directors are experts in financial accounting, legal and industry respectively, therefore will be able to provide effective oversight.
- B. Arrangements for the directors to participate in professional directors courses provided by external agencies such as the Securities & Futures Institution to enhance the efficiency of operation of the board.
- C. Independent directors in each functional committee can fully discuss and make recommendations for the consideration of the board to realize corporate governance.
- D. A majority of the members of the Board did not act concurrently as employees or managers.

3.2.4 Remunerations of the Director, Supervisor, General Manager, and Deputy General Manager

3.2.4.1 Remunerations paid to the Director and Supervisor in the Most Recent Fiscal Year

(1) Remunerations of the Director

Remunerations of the Director (including the Independent Director)

Unit: in thousands of NTD

Title	Name	Remuneration for the Director						% of total net profit in 4 categories (A, B, C, D) after tax		Remuneration for Part-Time Employees				% of total net profit in 7 categories (A, B, C, D, E, F, G) after tax	Receive remuneration			
		Remuneration (A)		Pension (B)		Director's Remuneration (C)		Business Expenses (D)		Salary, Bonuses and Special Expenses (E)	Pension (F)	Employee Remuneration (G)						
		All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company			All companies in financial report	The Company			Stock Amount	Cash Amount	
Chairman	Chong, Chun Lung	595	595	-	-	-	-	-	595 (0.30)	595 (0.30)	-	-	-	-	595 (0.30)	2,718 (1.35)	All companies in the financial report	The Company
Director	Li, Chun Fei	595	595	-	-	-	-	-	595 (0.30)	595 (0.30)	-	-	-	-	595 (0.30)	2,279 (1.13)		
Director	Wang, Le Chun	595	595	-	-	-	-	-	595 (0.30)	595 (0.30)	-	-	-	-	595 (0.30)	595 (0.30)		
Director	Lin, Zhao Wen	595	595	-	-	-	-	-	595 (0.30)	595 (0.30)	-	-	-	-	595 (0.30)	1,768 (0.88)		
Independent Director	Chen, Shih Ying	744	744	-	-	-	-	-	744 (0.37)	744 (0.37)	-	-	-	-	744 (0.37)	744 (0.37)		
Independent Director	Chong, Pui Yeung	595	595	-	-	-	-	-	595 (0.30)	595 (0.30)	-	-	-	-	595 (0.30)	595 (0.30)		
Independent Director	Huang, Ta Hsiang	744	744	-	-	-	-	-	744 (0.37)	744 (0.37)	-	-	-	-	744 (0.37)	744 (0.37)		

1. Please clarify the payment policy, system, standard and structure for the remuneration of independent directors and the correlation between the duties, risks and time invested with the remuneration amount:

In accordance with Article 30.2 of the Company's Articles of Incorporation, the remuneration for directors may only be distributed in the form of cash. The remuneration amount shall be determined by the board and shall consider the directors' scope of service and value for the company and the amount standards for the same industry domestic and abroad. In accordance with Article 4.2.2 of the Remuneration Committee Charter, performance evaluation, salaries and remunerations for directors and managers shall consider the usual payment standard of the industry, time, assumed invested, individual achievement, performance in other positions, salary and remuneration given to similar positions by the Company, achievements of short-term and long term business objectives of the Company, and financial situation of the Company to assess the correlation between individual performance and companies operating performance and future risks. Considering that the independent directors of the Company had given their best effort during transformation of the Company to promote various businesses and given their time and effort to lead the Company to a brand new future, the Remuneration Committee proposed to the board of directors to distribute remuneration each quarter, however, due to losses of the Company, compared with other listed companies, the remuneration for directors in contrast is lower and in the future the Remuneration Committee will irregularly assess and propose salary and remuneration rises.

*Other than the table disclosed above, remuneration received by the directors, for service provided for all companies in the financial report (such as: non-employee consultant position) in the most recent year: none

Chart of Remuneration Tiers

Tiers for Remuneration Paid to Directors	Name of Directors			
	(A+B+C+D)		(A+B+C+D)	
	Total of first 4 remuneration categories (A+B+C+D)	The Company	Total of first 4 remuneration categories (A+B+C+D)	The Company
Under 1,000,000	Chong, Chun Lung Li, Chun Fei Lin, Zhao Wen Wang, Le Chun Chen, Ying Hao Huang, Ta Hsiang Chong, Pui Yeung	Chong, Chun Lung Li, Chun Fei Lin, Zhao Wen Wang, Le Chun Chen, Ying Hao Huang, Ta Hsiang Chong, Pui Yeung	Chong, Chun Lung Li, Chun Fei Lin, Zhao Wen Wang, Le Chun Chen, Ying Hao Huang, Ta Hsiang Chong, Pui Yeung	Chong, Chun Lung Li, Chun Fei Lin, Zhao Wen Wang, Le Chun Chen, Shih Ying Huang, Ta Hsiang Chong, Pui Yeung
	\$1,000,000 (included) ~ \$2,000,000 (excluded)	—	—	Lin, Zhao Wen
	\$2,000,000 (included) ~ \$3,500,000 (excluded)	—	—	Chong, Chun Lung, Li, Chun Fei
	\$3,500,000 (included) ~ \$5,000,000 (excluded)	—	—	—
	\$5,000,000 (included) ~ \$10,000,000 (excluded)	—	—	—
	\$10,000,000 (included) ~ \$15,000,000 (excluded)	—	—	—
	\$15,000,000 (included) ~ \$30,000,000 (excluded)	—	—	—
	\$30,000,000 (included) ~ \$50,000,000 (excluded)	—	—	—
	\$50,000,000 (included) ~ \$100,000,000 (excluded)	—	—	—
	Over \$100,000,000	—	—	—
Total	7 people	7 people	7 people	7 people

(2) Remunerations of Supervisors: Not Applicable. The Company has established an Auditing Committee to replace the authority of the Supervisors.

(3) Remunerations of the General Manager and Deputy General Manager

Unit: in thousands of NTD

Title	Name	Salary (A)		Pension (B)		Bonus and Allowance (C)		Employee's Compensation				% of total net profit (A+B+C+D) after tax		Compensation paid to directors from an invested company other than the company's subsidiary
		The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company		All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement		
								Cash	Stock				Cash	
General Manager	Chong, Chun Lung	-	2,123	-	-	-	-	-	-	-	-	2,123 (1.05)	None	
General Manager, Golden Apple (China) Co., Ltd.	Li, Chun Fei	-	1,684	-	-	-	-	-	-	-	-	1,684 (0.84)		
Executive Deputy General Manager, Golden Apple (China) Co., Ltd.	Lin, Zhao Wen	-	1,173	-	-	-	-	-	-	-	-	1,173 (0.58)		

Chart of Remuneration Tiers

Tiers of remuneration paid to each General Manager and Deputy General Manager		Name of the General Manager and Deputy General Manager	
		The Company	All companies in the consolidated financial statement (E)
Under 1,000,000		—	—
\$1,000,000 (included) ~ \$2,000,000 (excluded)		—	Li, Chun Fei Lin, Zhao Wen
\$2,000,000 (included) ~ \$3,500,000 (excluded)		—	Chong, Chun Lung
\$3,500,000 (included) ~ \$5,000,000 (excluded)		—	—
\$5,000,000 (included) ~ \$10,000,000 (excluded)		—	—
\$10,000,000 (included) ~ \$15,000,000 (excluded)		—	—
\$15,000,000 (included) ~ \$30,000,000 (excluded)		—	—
\$30,000,000 (included) ~ \$50,000,000 (excluded)		—	—
\$50,000,000 (included) ~ \$100,000,000 (excluded)		—	—
Over \$100,000,000		—	—
Total		—	3 people

(4) Remuneration paid to the top five management personnel of TWSE or the TPEX listed companies:

Compensation paid to directors from an invested company other than the company's subsidiary		None									
% of total net profit (A+B+C+D) after tax		All companies in the consolidated financial		The Company		All companies in the consolidated		The Company		Employee's Compensation	
Salary (A)	Pension (B)	Bonus and Allowance (C)	All companies in the consolidated financial	The Company	All companies in the consolidated financial	The Company	All companies in the consolidated	The Company	Employee's Compensation	All companies in the consolidated	The Company
Name	Title	All companies in the consolidated financial	The Company	All companies in the consolidated financial	The Company	All companies in the consolidated financial	The Company	All companies in the consolidated	The Company	Employee's Compensation	The Company
Chong, Chun Lung	General Manager	2,123	-	1,827	-	1,684	-	1,380	-	1,380	-
Simon POON	Director of Finance	1,827	-	1,827	-	1,684	-	1,380	-	1,380	-
Li, Chun Fei	General Manager Golden Apple (China)	1,684	-	1,684	-	1,684	-	1,684	-	1,684	-
Andy LEE	Special Assistant to the Chairman and Spokesperson	1,380	-	1,380	-	1,380	-	1,380	-	1,380	-

Executive Deputy General Manager, Golden Apple (China) Co., Ltd.	Lin, Zhao Wen	-	1,173	-	-	-	-	-	-	-	-	-	1,173 (0.58)	
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(5) Manager names and distribution situation of employee bonuses: The Board of Directors of the Company decided on March 30, 2023 not to distribute employee compensation and not to allocate director compensation.

3.2.4.2 Comparison and explanation of the total remuneration paid to the company's directors, supervisors, general managers, and deputy general managers in the past two years in the company's and consolidated financial statements, as a percentage of the after-tax net profit, and explanation of the policy, standards, and combination of remuneration, the process of determining remuneration, and the relationship between business performance and future risks:

(1) Analysis of the proportion of the total remuneration paid to the Company's directors, supervisors, general managers, and deputy general managers in the past two years in the Company's and consolidated financial statements as a percentage of the after-tax net profit

Unit: in thousands of NTD

Category	2021				2022			
	The Company		Consolidated Statement		The Company		Consolidated Statement	
	Amount	%	Amount	%	Amount	%	Amount	%
Chairman	4,201	18.62%	8,422	37.32%	4,464	(0.37%)	9,443	(4.69%)
Supervisors	Note							
General Manager and Deputy General Manager	—	—	4,221	18.70%	-	-	4,979	(2.47%)
Net profit after tax	22,568	100.00	22,568	100.00	(201,260)	100.00	(201,260)	100.00

(2) The policy, standards, and combination of remuneration, the process of determining remuneration, and the relationship between business performance and future risks:

a. The Company has set up a compensation committee, consisting of all independent directors, responsible for formulating and reviewing

policies, systems, standards, and structures for performance evaluation and remuneration of directors and managers, as well as periodically evaluating and determining their remuneration.

- b. According to Article 30.2 of the Company's Articles of Association, director compensation can only be paid in cash. The amount of compensation should be determined by the Board of Directors, taking into account the scope and value of the director's services to the Company and the level of compensation paid to peers in domestic and overseas industries. In accordance with Article 4.2.2 of the organization regulations of the compensation committee, the compensation paid should be based on the usual level of compensation in the industry, the time and responsibilities invested by the individual, the achievement of personal goals, performance in other positions, the compensation paid to individuals in similar positions by the Company in recent years, and the evaluation of individual performance, company business performance, and future risks based on the company's short-term and long-term business objectives and financial condition.
- c. The manager's salary and compensation are based on the current scale of the Company's operations and the past salary and compensation distribution.

3.3 Status and Operation of Corporate Governance

3.3.1 Information on Status and Operation of the Board of Directors Meeting

In the most recent year, 7 Board of Director Meetings were held, and the attendance status of directors, supervisors are as follows:

Position	Name	Actual Attendance	Attendance by Proxy	Actual Attendance Rate	Remark
Chairman	Chong, Chun Lung	10	0	100%	—
Chairman	Li, Chun Fei	1	6	0%	—
Chairman	Lin, Zhao Wen	3	1	30%	—
Chairman	Wang, Le Chun	8	2	80%	—
Independent Director	Chen, Shih Ying	10	0	100%	—

Independent Director	Huang, Ta Hsiang	10	0	100%	—
Independent Director	Chong, Pui Yeung	6	1	60%	—
Other mandatory remarks: i. The operation of the board of directors shall state the date, period, content of the proposal, the opinions of all independent directors and the company's opinion on the independent directors if there is one of the following circumstances: None. 1. Issues listed in Article 14 of the Securities Exchange Law.					
Meeting Held On	Period	Content of Discussion	Comments from Independent Director	Implementation of Comments from Independent Directors	
2022/3/30	The 11 th meeting, 2022, the 5 th Term	Approved the employee and director compensation distribution and payment method for the fiscal year 2021.	None	None	
		Approved the 2021 annual business report and 2021 consolidated financial statements.			
		Established the "Internal Control System Statement" for the Company.			
		Revised the "Asset Acquisition or Disposal Processing Procedures" for the Company.			
		Revised the "Corporate Governance Practice Guidelines" for the Company.			
		Revised the "Corporate Social Responsibility Practice Guidelines" for the Company.			
2022/5/12	The 12 th meeting, 2022, the 5 th Term	Approved the assessment of the independence of the accountant.	None	None	
		Appointed the accountant for the Company.			
		Approved the profit and loss appropriation statement for the fiscal year 2021.			
		Revised the "Articles of Incorporation" for the Company.			

			Revised the "Rules of Shareholders' Meeting" for the Company.		
			Modified the audit plan for the year 2022.		
			Considered the proposal of reducing capital by 65% in cash and whether to include it in the agenda of the 2022 annual shareholders' meeting.		
	2022/6/7	The 13 th meeting, 2022, the 5 th Term	Approved the funding between companies in the Group	None	None
			Revised the "Internal Control System" and "Internal Audit System" for the Company.		
			Phased implementation of greenhouse gas investigation and verification.		
	2022/8/30	The 14 th meeting, 2022, the 5 th Term	Approved the Company's consolidated financial statements for the second quarter of 2021	None	None
			Approved the funding between companies in the group.		
	2022/11/11	The 15 th meeting, 2022, the 5 th Term	Approved the consolidated financial statements for the third quarter of 2022.	None	None
			Adopted the director and manager liability insurance plan.		
			Changed the internal audit and agency personnel.		
			Changed the spokesperson.		
			Adopted the operational transformation plan.		
	2022/12/8	The 16 th meeting, 2022, the 5 th Term	Considered changing the accountant.	None	None
	2022/12/30	The 17 th meeting, 2022, the 5 th Term	Approved the budget plan for the year 2023.	None	None
			Revised the operating procedures for managing insider trading and handling major internal information for the Company.		
			Changed the head of the audit department.		

			Approved the internal audit plan for the year 2023.		
			Approved the compensation for directors recommended by the compensation committee.		
			Approved the compensation for managers recommended by the compensation committee.		
			Conducted a self or peer evaluation of the board of directors and individual directors.		
	2023/02/17	The 18 th meeting, 2023, the 5 th Term	Organized the matters related to the 2023 annual shareholders' meeting.	None	None
	2023/03/30	The 19 th meeting, 2022, the 5 th Term	Approved the employee and director compensation distribution and payment method for the 2022.	None	None
			Adopted the 2022 annual business report and 2022 consolidated financial statements.		
			Established the "Internal Control System Statement" of the Company.		
			Revised the "Articles of Incorporation" of the Company.		
			Revised the "Corporate Governance Practice Guidelines" of the Company.		
	2023/05/08	The 20 th meeting, 2022, the 5 th Term	Approved the profit and loss appropriation statement for the fiscal year 2022.	None	None
			Approved the consolidated financial statements for the first quarter of 2023.		
			Updated the "Internal Control System Statement" of the Company.		
			Planned to establish a corporate governance supervisor position.		
			Re-elected the directors and independent directors and proposed and reviewed the list of candidates for directors and independent directors.		
			Lifted the non-compete clause for the newly appointed director		

Note: Independent director attending in person. 2022/3/30 - Chen Shih Ying, Huang, Ta Hsiang and Chong, Pui Yeung, 2022/5/11 - Chen, Shih Ying and Huang, Ta Hsiang, 2022/6/7 - Chen, Shih Ying and Huang, Ta Hsiang, 2022/08/30 - Chen, Shih Ying、Huang, Ta Hsiang and Chong, Pui Yeung, 2022/11/11 - Chen, Shih Ying、Huang and Ta Hsiang、Chong, Pui Yeung, 2022/12/8 - Chen, Shih Ying、Huang, Ta Hsiang and Chong, Pui Yeung, 2022/12/23 Chen, Shih Ying and Huang, Ta Hsiang, 2023/3/30 - Chen, Shih Ying、Huang, Ta Hsiang and Chong, Pui Yeung, 2023/5/8 - Chen, Shih Ying, Huang, Ta Hsiang and Chong, Pui Yeung.

2. Besides the aforementioned matters, other matters at the board meeting that have been objected to or retained by independent directors, and have a record or written statement: None.

ii. The directors shall state the name of the directors, the content of the proposal, the reasons for avoiding the interests, and the participation in the voting.

On December 28, 2022, the Board of Directors discussed the salary remuneration of directors. Directors Chong, Chun Lung, Li, Chun Fei, Zhaowenwen and Wang Lequn Wang, Le Chun were interested in the case, so they avoided voting in this case; In the case of independent directors' remuneration, independent directors Chen Shiyong, Chen, Shih Ying, Huang, Ta Hsiang and Zhuang training Chong, Pui Yeung, etc., have a stake in the case, so they evaded the vote in this case.

iii. TWSE/TPEX listed companies shall disclose information including the assessment cycle and duration of the self-assessment (or peer-to-peer assessments), the scope, method and results of assessment of the directors and fill out Form (2) Implementation status of the board of director assessment.

The Company formulated “Rules governing the self-assessment or peer-to-peer assessments for the Board of Directors” by resolution of the board on March 27, 2020. The internal self-assessment of the Board of Directors and the self-assessment of board members will be conducted by means of internal questionnaires. On December 28, 2022, the Board of Directors discuss and pass the 2022 self-assessment of the board of directors and individual directors or their peers.

Assessment cycle	Assessment duration	Scope of assessment	Assessment method	Content of the assessment
The board of directors of the Company shall implement internal performance assessment of the board of directors at least once a year.	At the end of each year.	The Board of Directors, functional committees, and individual directors.	Internal self-assessment for the Board of Directors and for individual directors, self-assessment, peer-to-peer assessments, engaging outside professional institutions, or	Assessment items for the board of directors (functional committees): 1. The degree of participation in the company's operations. 2. Improvement in the quality of decision making by the Board of Directors. 3. The composition and structure of the Board of Directors. 4. The election of the directors and their continuing professional education. 5. Internal controls.

				in any other appropriate manner.	Assessment items for directors (self-assessment or peer-to-peer assessments): 1. Their grasp of the Company's goals and missions. 2. Their recognition of director's duties. 3. Their degree of participation in the company's operations. 4. Their management of internal relationships and communication. 5. Their professionalism and continuing professional education. 6. Internal controls. Assessment items for the functional committees: 1. Their degree of participation in the company's operations. 2. Their recognition of the duties of the functional committee. 3. Improvement in the quality of decision making by the functional committee. 4. The composition of the functional committee, and election and appointment of committee members. 5. Internal controls. Adopted by all the attending directors and independent directors with voting rights without objection
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iv. The objectives of strengthening the functions of the Board of Directors in the current and most recent years (such as setting up an audit committee, improving information transparency, etc.) and performance assessment:

- (1) The Company believes that a sound and efficient Board of Directors is the foundation of good corporate governance. Under this principle, the company established an Audit Committee and a compensation committee to assist the board in carrying out its duties.
- (2) The Board of Directors of the Company has established the "Rules of the Board of Directors" in accordance with the specifications of the "Measures for the Board of Directors of the Public Offering Company". It has also formulated and passed the "Code of Practice for Corporate

Governance", "Code of Integrity Management", and "Measures for Performance Evaluation of the Board of Directors" for compliance.

(3) Both the Accounting Director and the internal Audit Supervisor of the Company attend the Board of Directors meeting, report the financial status and audit results quarterly, and maintain good communication with the Board of Directors. There is a contact area on the company's website, which provides company contact information for shareholders to consult the company's financial and business-related information. At the same time, it has formulated and passed the "Management Procedures for Internal Significant Information Processing and Prevention of Insider Transactions" by the Board of Directors.

3.3.2 Information on the operation of the Audit Committee or the participation of the supervisor in the operation of the Board of Directors

In the most recent 9 Audit Committee meetings, the status of independent directors attendance are listed as follows:

Position	Name	Actual Attendance	Attendance by Proxy	Actual Attendance Rate	Remark
Independent Director	Chen, Shih Ying	9	0	100%	—
Independent Director	Huang, Ta Hsiang	9	0	100%	—
Independent Director	Chong, Pui Yeung	5	1	56%	—

Other mandatory remarks:

i. The operation of the Audit Committee shall state the date, The date of the meeting of the audit committee, the period, the content of the proposals, the independent directors' objections, reservations or major recommendations, the results of the audit committee's resolutions, and the company's handling of the audit committee's opinions should be stated:

1. Issue listed in Article 14 of the Securities Exchange Act.

Meeting Held On	Period	Content of Discussion	Objections of independent directors see, reserve or reiterate	Comments from Independent Director	Implementation of Comments from Independent Directors
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			Contents of the big proposed project		
2022/3/30	The 10 th meeting, 2022, the 4 th Term	Approved the employee and director compensation distribution and payment method for the fiscal year 2021.	None	All directors and independent directors were present and entitled to vote; matters were passed without objection.	Not applicable
		Approved the 2021 annual business report and 2021 consolidated financial statements.			
		Established the "Internal Control System Statement" for the Company.			
		Revised the "Asset Acquisition or Disposal Processing Procedures" for the Company.			
		Revised the "Corporate Governance Practice Guidelines" for the Company.			
		Revised the "Corporate Social Responsibility Practice Guidelines" for the Company.			
2022/5/12	The 11 th meeting, 2022, the 4 th Term	Approved the assessment of the independence of the accountant.	None		
		Appointed the accountant for the Company.			
		Approved the profit and loss appropriation statement for the fiscal year 2021.			
		Revised the "Articles of Incorporation" for the Company.			
		Revised the "Rules of Shareholders' Meeting" for the Company.			
		Modified the audit plan for the year 2022.			

		Considered the proposal of reducing capital by 65% in cash and whether to include it in the agenda of the 2022 annual shareholders' meeting.			
2022/6/7	The 12 th meeting, 2022, the 4 th Term	Approved the funding between companies in the Group Revised the "Internal Control System" and "Internal Audit System" for the Company.	None		
2022/8/30	The 13 th meeting, 2022, the 4 th Term	Approved the Company's consolidated financial statements for the second quarter of 2021 Approved the funding between companies in the group.	None		
2022/11/11	The 14 th meeting, 2022, the 4 th Term	Approved the consolidated financial statements for the third quarter of 2022. Adopted the director and manager liability insurance plan. Changed the internal audit and agency personnel. Changed the spokesperson. Adopted the operational transformation plan.	None		
2022/12/8	The 15 th meeting, 2022, the 4 th Term	Considered changing the accountant.	None		
2022/12/28	The 16 th meeting, 2022, the 4 th Term	Approved the budget plan for the year 2023. Revised the operating procedures for managing insider trading and handling major internal	None		

		information for the Company.			
		Changed the head of the audit department.			
		Approved the internal audit plan for the year 2023.			
		Conducted a self or peer evaluation of the board of directors and individual directors.			
2023/3/30	The 17 th meeting, 2023, the 4 th Term	Adopted the 2022 annual business report and 2022 consolidated financial statements.			
		Established the "Internal Control System Statement" of the Company.	None		
		Revised the "Articles of Incorporation" of the Company.			
		Revised the "Corporate Governance Practice Guidelines" of the Company.			
2023/5/8	The 18 th meeting, 2023, the 4 th Term	Approved the profit and loss appropriation statement for the fiscal year 2022.			
		Approved the consolidated financial statements for the first quarter of 2023.	None		
		Updated the "Internal Control System Statement" of the Company.			

2. Besides the aforementioned matters, other matters that have not been approved by the Audit Committee and have been approved by more than two-thirds of all directors: None.

- ii. The independent directors shall state the name of the independent directors, the content of the proposal, the reasons for avoiding the interests, and the participation in the voting: none.
- iii. Communication between the independent directors and the internal audit supervisor and accountant (shall include the major issues, methods and results of the company's financial and business conditions).

The independent director of the Company is also a member of the audit committee. The internal auditor of the Company has submitted the audit report and the follow-up report to the Chairman of the Board of Directors, and will be delivered to “each” of the Audit Committee members before the end of the audit project, and the internal audit supervisor of the Company. The audit committee will report to the audit committee for the second time; the accountant will need to communicate with the Audit Committee according to the agenda of each meeting. In addition to the above, the audit supervisor and accountant should also contact the independent director directly as needed, and the communication is in good status.

Both the Accounting Director and the internal Audit Supervisor of the Company attend the Board of Directors, report the financial status and audit results quarterly, and maintain good communication with the Board of Directors.

3.3.3 The status of corporate governance and its differences with the Company's practice

on the rules for listing

Item for Evaluation	Status of Operation			Reason for Differences that Occurred in the Company's Practice and Rules of Governance for Listed Company
	Y	N	Summary	
i. Does the Company establish and disclose the Code of Practice for Corporate Governance in accordance with the Code of Practice for Corporate Governance in Listed Companies?	V		The company has formulated a code of practice for corporate governance, and in line with the code, it strengthens the internal control system and enhances the transparency of information to safeguard the rights and interests of shareholders and stakeholders. and is disclosed on the company's website http://www.jinligroup.com.tw .	No major difference
ii. Company shareholding structure and shareholders' rights 1. Does the Company stipulate internal operating procedures to deal with shareholder suggestions, doubts, disputes and litigation?	V		1. The Company has a dedicated person and e-mail address to handle shareholder suggestions, doubts, disputes and litigation matters, and implement it according to procedures.	No major difference

Item for Evaluation	Status of Operation			Reason for Differences that Occurred in the Company's Practice and Rules of Governance for Listed Company
	Y	N	Summary	
2. Does the Company have a list of the ultimate controllers of the major shareholders, and major shareholders of the actual controlled Company?	V		2. The actual information can be provided through the stock agency. The Company will disclose the list of the ultimate controllers of the major shareholders, and major shareholders in accordance with the law.	No major difference
3. Does the Company establish, implement, and manage risk management and firewall mechanisms between related companies?	V		3. The assets and financial management rights and responsibilities of each relationship enterprise are independent, and they are handled according to the internal control system of the Company, and the risk control and firewall mechanism are indeed implemented.	No major difference
4. Does the Company have internal regulations that prohibit insiders from using unpublished market information to buy and sell securities?	V		4. The Company has established “Internal Major Information Processing and Prevention of Internal Transactions Management Operation Procedures”, which prohibits insiders from using market unpublished information to buy and sell securities. When the new directors and managers take office, the company also provides relevant normative information for publicity, and reminds the precautions involved in insider trading.	No major difference
iii. Formation and responsibilities of the Board of Directors 1. Whether the board of directors has formulated a diversity policy, specific management objectives and guidelines for the composition of members and implemented them?	V		1. Article 20 of the Company's ‘Code of Practice on Corporate Governance’ stipulates, explicitly regulate the diversity policy of the composition of the board of directors that board members should generally have the knowledge, skills and literacy necessary to perform their duties. In order to	No major difference

Item for Evaluation	Status of Operation			Reason for Differences that Occurred in the Company's Practice and Rules of Governance for Listed Company
	Y	N	Summary	
2.Does the Company set up other functional committees on a voluntarily basis, in addition to the Remuneration Committee and the Audit Committee?	V		achieve the ideal goal of corporate governance, the overall ability of the Board of Directors should be as follows: (1) operational judgment ability (2) accounting and financial analysis capabilities (3) business management capabilities (4) crisis management capabilities (5) industrial knowledge (6) International market view (7) Leadership (8) Decision-making ability. The company's current Board of Directors, its members include business management, industry, law and other diversified fields of professionals, has been specifically implemented. In addition, at present, all directors and independent directors of the company have complete and rich academic experience and a diverse composition. The specific management goal of "the director who also serves as the company's manager does not exceed one-third of the number of directors" drives the company to give full play to the role of business decision-making and supervision. function. See page 13 for details on the implementation of diversity among board members. 2. Currently, the Company only sets up the Audit Committee and the Remuneration Committee.	No major difference

Item for Evaluation	Status of Operation			Reason for Differences that Occurred in the Company's Practice and Rules of Governance for Listed Company
	Y	N	Summary	
3. Will the Company formulate rules governing performance assessment of the board of directors, conduct periodic performance assessment annually and submit results of such performance assessment to the board of directors and reference such result in determining salary and remuneration payment and nomination for consecutive terms of the individual directors?	V		3. The Company had formulated “Rules governing the self-assessment or peer-to-peer assessments for the board of directors” on March 27, 2019 and will conduct a performance assessment for the board of directors at the end of the year, in addition, the Company has established Remuneration Committee, which regularly review the performance of directors and managers and performance assessment in accordance with the revision of the salary payment policy, system, standard and reference such result in determining salary and remuneration payment and nomination for consecutive terms of the individual directors.	No major difference
4. Does the Company evaluate the independence of the Certified Public Accountant on a regular basis?	V		4. The Company selects the Certified Public Accountant from an accounting firm known for its credibility. The firm has no interest in the Company and strictly remains independent. It also refers to the ‘Republic of China Accountants’ Code of Ethics No. 10 ‘Integrity, Justice, Objectivity and Independence’. Review is conducted on a yearly basis, to: evaluate independence and eligibility of the Certified Public Accountant, ensure that the Certified Public Accountant does not hold any shares in the Company and does not hold any position in the Company. The evaluation results are then submitted to the Board of Directors for discussion, for reference for the appointment of Accountants. On May 12, 2020 and May 11	No major difference

Item for Evaluation	Status of Operation			Reason for Differences that Occurred in the Company's Practice and Rules of Governance for Listed Company
	Y	N	Summary	
			2021, the Board of Directors and the Audit Committee evaluated the Certified Public Accountant's independence.	
iv. Does the TWSE/TPEX listed companies have Competent and appropriate number of corporate governance personnel that specializes (or is involved) in corporate governance and appoint management for corporate governance (including but not limited to providing information necessary for directors and supervisors to perform their duties, assist directors and supervisors to comply with the laws and regulations, organizing board meetings and general shareholders' meetings, and compiling minutes of board meetings and general shareholders' meetings)?		V	The part time worker of General Manager's Office is responsible for corporate governance related matters, including: providing information required for directors to perform their business, handling matters related to the meetings of the Board of Directors and shareholders meeting in accordance with the law, handling company registration and change registration, recording the minutes of the meeting for the Board of Directors and shareholders' meetings, as well as records on status of latest government regulatory clauses.	On May 8, 2023, the Board of Directors resolved that Poon Chit Lun, the chief financial officer, should also serve as the director of corporate governance.
v. Did the Company establish communication channels with interested parties (including but not limited to: shareholders, employees, customers	V		The company has dedicated personnel and e-mail boxes to deal with matters related to the company's external relations and stakeholders, and provides diversified information channels through financial	No major difference

Item for Evaluation	Status of Operation			Reason for Differences that Occurred in the Company's Practice and Rules of Governance for Listed Company
	Y	N	Summary	
and suppliers), set up stakeholder areas on the Company's website, and respond in an appropriate manner to address important corporate social responsibility issues, in which the stakeholders are concerned about?			business briefings. To protect their interests.	
vi. Did the Company appoint a professional stock affair agent to take care of all matters related to the shareholders' meeting?	V		The Company appointed Sinopac Securities Co., Ltd.- Stock Affairs to handle the shareholders' meeting.	No major difference
vii. Disclosure of information 1. Did the Company set up a website to disseminate financial business and corporate governance information?	V		1. The Company established a website in Chinese, while continuing to disclose related information; the same information for financial matters and corporate governance is also accessible on the Market Observation Post System.	No major difference
2. Did the Company use other methods to disclose information (such as setting up an English website, having a dedicated person to be responsible to gather and disclose Company information, implementing the spokesperson system, and make Investors Conference accessible on the Company's corporate website)?	V		2. The company has set up a Chinese and English website, and has established information about the company's financial business and corporate governance information. In the future, the company's legal person briefing will be set up on the company's website, and will be reported regularly and irregularly at the public information observatory. Various financial and business related information.	No major difference

Item for Evaluation	Status of Operation			Reason for Differences that Occurred in the Company's Practice and Rules of Governance for Listed Company
	Y	N	Summary	
		V	3. The Company will announce relevant financial reports within the time limit in accordance with the law.	In the future, the timing of the announcement will be considered based on the financial and operating conditions.
viii. Does the Company have other important information that helps to understand the operation of corporate governance (including but not limited to: employee benefits, employee care, investor relations, supplier relationships, stakeholder rights, status of directors and supervisors going through educational training, policies of risk management, implementation of policy and risk measurement standards, the implementation of customer policies, the company's purchase of liability insurance for directors and supervisors, etc.)	V		1. Care for employees' rights: the Company has established internal control and various management measures, which clearly define employee rights, obligations and welfare. The Company review these measures on a regular basis, to safeguard the rights of the employees. 2. Investor Relations: The Company holds a shareholders' meeting every year in compliance with the relevant laws and regulations. The Company also gives shareholders the opportunity to fully question and give proposals; in addition, the spokesperson system is set up to handle shareholders' suggestions, doubts and disputes. Currently, the information is fully disclosed through the Market Observation Post System and the Company websites, to let investors know about the Company's operating conditions. 3. Supplier relationship: The company pays attention to the rationality of the purchase price. After going through quotation, price comparison, price negotiations with several suppliers, the purchasing personnel will make a decision based on unit price, specifications, payment terms, delivery	No major difference

Item for Evaluation	Status of Operation			Reason for Differences that Occurred in the Company's Practice and Rules of Governance for Listed Company
	Y	N	Summary	
			date, product and service quality or other materials. The Company establishes a long-term close relationship with the suppliers, cooperation, mutual trust and mutual benefit, and common pursuit of sustainable win-win growth. 4. Rights of interested parties: The Company and its banks, employees, customers and suppliers maintain a smooth communication channel and respect and maintain their legitimate rights and interests, and have a spokesperson system to answer investors' questions. The goal is to provide investors and stakeholders with transparent financial business information. 5. Directors and supervisors' training: The Directors of the Company have relevant professional knowledge. The directors of the Company have participated in relevant courses organized by the Securities and Futures Institute and other certified institutions to understand their obligations. 6. Status on the implementation of risk management policies and risk measurement standards: when the Board of Directors meeting of the Company is held, directors provide professional comments and indicate the risks that the Company is about to face, to management personnel. The Audit Department will submit an audit plan based on the risk measurement assessment, then deliver it to the Board of	

Item for Evaluation	Status of Operation			Reason for Differences that Occurred in the Company's Practice and Rules of Governance for Listed Company
	Y	N	Summary	
			Directors for approval. Thereon after, the approved plan will be implemented accordingly, the actual audit status and report are submitted to the audit committee for review. In addition, after the relevant departments of the Company completed the internal control self-assessment for the year, the Company will pass the Internal Control System Declaration. 7. Implementation of customer policy: for a comprehensive range of services and the protection of customers, the Company communicates with customers efficiently to understand customer needs, to promote the interaction between the Company and its customers. Furthermore, customer policies are being reviewed from time to time during the Company's internal meetings. 8. The Company purchased liability insurance for directors and supervisors: The Company has purchased insurance from Cathay Product Insurance for the directors and important staff; the insurance amount is US\$8 million.	
ix. Please indicate the improvement of the Company's corporate governance evaluation results released by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd. in the past year, and propose priorities and measures for matters not yet improved. (Not required for Company, not part of evaluation) 1. Status of improvements made 1. Does the company disclose the communication between independent directors, internal audit supervisors and accountants (such as the methods, events and results of communication on the company's financial reports and financial business conditions) on the company's website? Improved this year. 2. Has the company handled the verification and public handling procedures for major information of listed companies without being punished by liquidated damages? Improved this year. 3. Does the company release major news in English simultaneously? Improved this year.				

Item for Evaluation	Status of Operation			Reason for Differences that Occurred in the Company's Practice and Rules of Governance for Listed Company
	Y	N	Summary	
4. Does the company handle the procedures in accordance with the relevant regulations such as the operation method for information declaration of listed OTC companies without being punished by liquidated damages? Improved this year.				
5. Does the company upload the annual financial report disclosed in English 7 days before the ordinary shareholders' meeting: Improved this year.				
2. Tasks to strengthen (top priority) and measures to take				
1. Does the company website disclose relevant information including financial, business and corporate governance?				
2. Does the company have an English company website that includes financial, business and corporate governance related information?				
3. Does the company formulate policies to appropriately reflect the operating performance or results in employee remuneration and disclose it on the company website or annual report?				
4. Does the company website and annual report disclose various employee welfare measures, retirement systems and their implementation?				
5. Do the company's website and annual report disclose the protection measures for employees' personal safety and working environment and their implementation?				

Remark: regardless of whether the check box is "Yes" or "No", it should be stated in the Summary field.

3.3.4 Composition, responsibilities and status of the Salary and Remuneration Committee

On June 23, 2020, the board of directors of the company decided to establish a compensation and remuneration committee. The purpose of the compensation and compensation committee is to assist the board of directors in implementing and evaluating the company's overall compensation and welfare policies, as well as the compensation of managers. There are three members of the compensation and compensation committee of the company. As an independent director, the members are Huang Daxiang, Chen Shiyang and Zhuang Caili, and the elected chairman is Huang Daxiang, and all have voting rights; in addition, the organizational rules of the Remuneration Committee have been passed by the resolution of the board of directors on November 29, 2011, and on August 12, 2020. Amendments are carried out in accordance with the rules and regulations of the compensation committee to improve corporate governance.

3.3.4.1 Salary and Compensation Committee Member Information

April 23, 2023

Identity	Qualifications Name	Professional qualifications and experience	Independence situation	Number of members who are concurrently members of the compensation and remuneration committees of other public offering companies
Independent	Convenor cum and	Please refer to page 10 for information disclosure on the professional qualifications of directors and the independence of independent directors.	- Personnel not employed by the Company or its affiliates - Not a Director or Supervisor of the Company or its affiliates. (However, this does not apply to the circumstance where the person is an Independent Director of the company or its parent company, subsidiary who has more than fifty percent of the of the total number of outstanding shares are set up according to this Act or local country ordinances).	0
	Independent director			1

Independent director	Chong, Pui Yeung	● Not a natural-person shareholder who holds shares, and not the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of outstanding shares of the Company or ranking in the top ten in holdings. Not a spouse, second-degree relative or third-degree relative of those listed in the above three items ● Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings. ● Not a director, supervisor, manager or a shareholder holding five percent or more of the shares of a company or institution that has a business or financial relationship with the Company. ● Not a Business owner, partner, director, supervisor, manager or professional who provide business, legal, financial, accounting and other services or consulting services for companies or related companies, sole proprietorships, partnerships, companies or institutions. However, the members of the salary remuneration committee that are listed on the stock market or in the establishment of the salary and remuneration committee of the securities company's business premises and the exercise of the powers of the seventh party are not part of such restriction. ● Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. ● Has not been a person of any of the conditions defined in Article 30 of the Company Act. ● Not a governmental, juridical person or its	0
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			representative as defined in Article 27 of the Company Law. ● Not having any of the conditions defined in Article 30 of the Company Law	
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3.3.4.2 Information on the Salary and Remuneration Committee operations

1. Total committee members: 3
2. Period of office: July 23, 2020 to June 22, 2023; recent meetings held: 3 times(A); qualifications and attendance of the committee members are as follows:

Title	Name	Actual Attendance (B)	Attendance via Proxy	Actual Attendance Rate (%) (B / A)(Remark)	Remarks
Committee Chair	Huang, Ta Hsiang	3	0	100%	—
Committee Member	Chen, Shih Ying	3	0	100%	—
Committee Member	Chong, Pui Yeung	2	0	67%	—

Other mandatory records:

- i. If the Board of Directors does not adopt or amend the suggestion proposed by the Salary and Remuneration Committee, it shall state the date and time of the Board of Directors meeting, the content of the proposal, the results of the resolutions reached by the Board of Directors, and how would the Company handle the suggestion of the Salary and Remuneration Committee (such as: salary and remuneration passed by the Board is better than that of the Salary and Remuneration Committee, description should be provided for the difference and reason): None.
- ii. For matters decided as per resolutions reached by the Salary and Remuneration Committee, should there be any objections, reserved comments, and have a record or written statement, it should state the date, period, the content of the motion, the opinions of all committee members and how were members' opinions handled: None.

3. The reasons for discussion and resolution of the remuneration committee in the most recent year, and the company's handling of members' opinions:

Date	Meeting	Resolution situation	The company's intentions for members Seeing
March 30, 2022/ (The 5 th Meeting of 2022, the 4 th Term)	Review the Company's 2021 employee and director remuneration distribution and payment methods	After the chairman consulted all the members present, the proposal was passed without objection	None
December 28, 2022/ (The 6 th Meeting of 2022, the 4 th Term)	1. Review the compensation and remuneration for the directors to be implemented by the Company in 2023. 2. Review the salary and remuneration for the managers to be implemented by the Company in 2023.		
March 30, 2023/ (The 7 th Meeting of 2023, the 4 th Term)	Review the company's 2022 employee and director remuneration distribution and payment methods		

4. Information and operation of Nomination Committee members: Not applicable.

3.3.5 Implementation of the promotion of sustainable development and the differences and

reasons for the code of practice for sustainable development of listed OTC

companies

push the project	Implementation (Note 1)			Differences and reasons with the Code of Practice for Sustainable Development
	Yes	No	Summary note	
1.Has the company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle senior management, and supervised by the board of directors?		V	The Company has not yet established a governance structure to promote sustainable development and set up a dedicated (part-time) unit to promote sustainable development.	In the future, a governance structure to promote sustainable development will be established according to actual needs, and a dedicated (part-time) unit to promote sustainable development will be set up.
2.Does the company conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies? (Note 2)		V	The company has not yet conducted risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality. At present, it has formulated a code of practice for sustainable development, which will continue to be implemented in the future.	The future will be determined according to actual needs.

push the project	Implementation (Note 1)			Differences and reasons with the Code of Practice for Sustainable Development
	Yes	No	Summary note	
3.environmental issues (1)Whether the company has established an appropriate environmental management system according to its industrial characteristics ?	V		The Company's subsidiaries in China, Golden Apple (China) Co., Ltd. and Aiqi (Fujian) Shoe Plastic Co., Ltd., have obtained temporary permits for pollutant discharge, which are implemented in accordance with the relevant regulations of the Jinjiang Environmental Protection Bureau to promote the environmental management system, and Set up part-time environmental safety and health management personnel, responsible for promoting and maintaining environmental safety management.	No major differences.
(2)Is the company committed to improving energy efficiency and using recycled materials with low impact on the environment?	V		The company is committed to improving the utilization efficiency of various resources. In addition to recycling water resources, it also cooperates with suppliers to recycle packaging materials for reuse, and formulates hazardous substances and pollution monitoring specifications in ISO management system documents to comply with regulations and the company's environmental safety and health. Policy commitment and reducing the burden on the environment.	No major differences.
(3) Has the company assessed the current and future potential risks and opportunities of climate change for the company, and	V		Pay attention to and adjust the temperature and opening hours of the company's business premises and office air conditioners at any	No major differences.

push the project	Implementation (Note 1)			Differences and reasons with the Code of Practice for Sustainable Development
	Yes	No	Summary note	
taken relevant countermeasures?			time to achieve the goal of energy saving and carbon reduction.	
(4) Has the company counted greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for greenhouse gas reduction, water use reduction or other waste management?	V		The company has gradually updated the information system to reduce the amount of paper used in the office. In addition, all office locations cooperate with continuous garbage sorting and resource recycling operations to reduce waste.	No major differences.
4.social issues (1) Does the company formulate relevant management policies and procedures in accordance with relevant laws and international human rights conventions?	V		In accordance with the relevant labor laws and regulations, the company has formulated various management systems and norms such as personnel management rules and employee work rules to protect the legitimate rights and interests of employees.	No major differences.
(2) Does the company formulate and implement reasonable employee benefit measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect business performance or results in employee compensation?	V		Through internal education and training, the company communicates work rules to employees, encourages participation in social welfare, and measures for energy conservation and carbon reduction. In addition, the articles of association of the company clearly stipulate that if there is a profit in the current year, more than one thousandth of the profit will be allocated as employee compensation, which will be distributed to employees in the form of shares and/or cash.	No major differences.

push the project	Implementation (Note 1)			Differences and reasons with the Code of Practice for Sustainable Development
	Yes	No	Summary note	
(3) Does the company provide employees with a safe and healthy working environment, and conduct regular safety and health education for employees?	V		The company has provided employees with a safe and healthy working environment and conducted employee education and training in accordance with relevant laws and regulations such as building public safety and fire safety.	No major differences.
(4) Does the company establish an effective career development training program for employees?	V		The company establishes an annual employee training plan, and regularly conducts internal and external training for employees according to their job functions and abilities.	No major differences.
(5) Does the company follow relevant laws and international standards, and formulate relevant policies and complaint procedures for the protection of consumer or customer rights and interests regarding issues such as customer health and safety, customer privacy, marketing and labelling of products and services?	V		The company has a customer contact line, and has special personnel responsible for handling customer-related issues to protect consumer rights.	No major differences.
(6) Has the company formulated a supplier management policy, requiring suppliers to follow relevant norms on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation?	V		The company formulates supplier management measures, regularly evaluates suppliers, and the contracts signed with suppliers have relevant restrictions.	No major differences.

push the project	Implementation (Note 1)			Differences and reasons with the Code of Practice for Sustainable Development
	Yes	No	Summary note	
5. Does the company refer to the internationally accepted reporting standards or guidelines to prepare reports that disclose non-financial information of the company, such as sustainability reports? Has the previous disclosure report obtained the assurance or assurance opinion of the third-party verification unit?		V	The company has not prepared a sustainability report.	In the future, a sustainability report will be prepared according to actual needs.
6. If the company has its own sustainable development code in accordance with the "Code of Practice for Sustainable Development of Listed OTC Companies", please describe the difference between its operation and the prescribed code: The company has formulated a code of practice for sustainable development of listed OTC companies , and follow, there are no significant differences.				
7. Other important information to help understand the implementation of promoting sustainable development: None.				

3.3.6 Status of how the Company fulfills integrity management and measures implemented

Item for Evaluation	Status of Operation			Reason for Differences that Occurred in Company's Practice Rule and Integrity Management Code of Listed Company
	Yes	No	Summary	
i. Establishing integrity management policies and plan of execution	V			
1. Does the Company disclose its commitment to integrity management policies and practices in its bylaws and external documents, as well as the commitment of the Board of Directors and management to actively implement business policies?	V		1. The Company has established a code and working procedure of integrity management, and a guide to conduct (referred to as the 'Code of Good Faith'). All of our employees and board members should believe in and practice the aforementioned integrity rules and implement them in internal management and external business activities.	No major difference
2. Did the Company put together a plan to prevent dishonesty, and specify operating procedures, behavioral guidelines, disciplinary and grievance systems for violations in each program, and implement them?	V		2. Entire staff teams and board members of the Company follow the above-mentioned good faith rules, prohibiting dishonest actions as listed in the content of the code, and implementing them in internal management and commercial activities, as well as set up reporting and disciplinary and appeal systems.	No major difference
3. Did the Company implement preventive measures for the business activities in Article 7.2 of the "Code of Integrity of Listed Companies" or other business activities with high risk of dishonesty?	V		3. To ensure the implementation of integrity management, the Company has established a good and effective accounting and internal control system. The internal audit personnel has included dishonest behavior in operational activities and aforementioned matters into the auditing scope of various operational range, to ensure implementation of internal management control.	No major difference

Item for Evaluation	Status of Operation			Reason for Differences that Occurred in Company's Practice Rule and Integrity Management Code of Listed Company
	Yes	No	Summary	
ii. Implementation of integrity management 1. Does the Company assess the integrity record of all point of contacts, and specify the terms of good faith in the contract signed with all partners involved in business transactions?		V	1. Employees of the Company shall avoid engaging in commercial transactions with agents, suppliers, customers or other business partners who operate dishonestly, and shall immediately cease business with them upon discovering any dishonest business dealings, and list them as debarred contacts, to implement the company's integrity specifications. The terms of good faith have not been stated in the contract before, signed by vendors in business transactions; policies will be added in the future as needed.	Will establish depending on status of company operation
2. Does the Company set up a special (part-time) position that promotes the integrity management of the Company, and report to the Board of Directors on a regular basis, regarding the status of its implementation?	V		2. The Company shall appoint the General Manager's Office a designated team to handle: amendment, implementation, explanation, and consultation of this work procedures and Code of Conduct. Furthermore, this team will also be responsible for record-keeping operation and supervising that it's been done properly, as well as reporting to the Board of Directors on a regular basis.	No major difference
3. Does the Company establish policies to prevent conflicts of interest, and provide proper channels to report a claim, and implement it?	V		3. The "Rules of Procedure of the Board of Directors" expressly stipulates that those who have an interest in the matters of the meeting with themselves or the legal person they represent may not participate in the discussion and voting if there is a risk of harming the interests of the company. In addition, it clearly stipulates the avoidance of interests in the integrity code, and establishes a proper statement channel mechanism.	No major difference
4. Has the company established an effective accounting system and internal control system for the implementation of credit management, and the internal auditing team that conducts regular checks or entrusts an accountant to perform the check?	V		4. The company shall establish an effective accounting system and internal control system, shall not have external accounts or keep secret accounts, and shall review it at any time to ensure the continued effectiveness of the design and implementation of the system. The internal audit unit of the company performs audit operations in accordance with the annual audit plan approved by the board of directors. Among the risk factors considered in the annual audit plan, the risk of non-compliance with laws and regulations of each operation has been included. Internal auditors should regularly check the compliance of the system in the preceding paragraph situation.	No major difference

Item for Evaluation	Status of Operation			Reason for Differences that Occurred in Company's Practice Rule and Integrity Management Code of Listed Company
	Yes	No	Summary	
5. Does the Company regularly hold education training inside and outside of the integrity management perimeter?	V		5. The Company has an Employee Handbook to ensure the integrity of employees, and is listed as the content of employee's on-the-job training.	No major difference
iii. Status of the Company's Reporting System				
1. Does the Company have a specific report and reward system, establish an easy reporting channel, and designate appropriate personnel to attend the claims?	V		1. The Company has a staff mailbox, as a channel to file complaints against the Company's senior executives, and personnel for misconducts. Those who has misconduct of dishonesty, disciplinary actions will be taken, in order to implement the Code of Good Faith.	No major difference
2. Did the Company establish operational procedures for investigation and the relevant confidentiality mechanism while accepting the report?	V		2. The Company sets rules for reporting and disciplining in good faith, accepts the investigation standard operating procedures and related confidentiality mechanism for reporting matters. The Company has a designated personnel to take care of the related matters, and keeps personal information of the person who filed the claim, as well as the content of the report, confidential.	No major difference
3. Does the Company take measures to protect the accuser from being subject to improper treatment, because he/she filed the claim?	V		3. The Company shall keep the personal information of those who filed a report, and the contents of the report confidential, to protect the accuser from being subject to improper treatment, because he/she filed the claim.	No major difference
iv. Strengthen information disclosure				
1. Does the Company disclose the content of the Code of Integrity Management, and the result of promoting such code, on its corporate website and market observatory post system?	V		1. The Company set up a corporate website to disclose directions of business operation and relevant contents of the Code of Integrity Management information; the Code of Integrity Management is also disclosed on the market observatory post system.	No major difference
If the Company has its own code of conduct in accordance with the Code of Conduct for the Listed Companies, please describe the difference between its operation and the code: no major difference				

Item for Evaluation	Status of Operation			Reason for Differences that Occurred in Company's Practice Rule and Integrity Management Code of Listed Company
	Yes	No	Summary	
Other important information that helps to understand the Company's operation on integrity and honesty: (such as: the Company reviews and amends its Code of Conduct, etc.): The company complies with the Corporate Law, Securities Trading Law and the relevant regulations for listed companies. The Company takes integrity and honesty as the foundation of its business operations. The Company has an "Ethical Code of Conduct" that guides the conduct of directors and management personnel of the Company, to be aligned with ethical standards and enables the Company's stakeholders to better understand the Company's ethical standards. There is also an ‘Internal Important Information Processing and Prevention of Internal Transaction of Management Procedures’, requiring executives not to disclose important internal information to others. Employee must not inquire or collect important internal information that is not relevant to the execution of his or her job position, from those who have knowledge of.				

3.3.7 If the Company has established a corporate governance code and related regulations,

it should disclose its inquiry method.

The Company has established a website. For the Company's established governance code and related regulations, investors can visit the company's website:

<http://www.jinligroup.com.tw>.

3.3.8 Other important information that is sufficient to enhance the understanding on the

operation of corporate governance must be disclosed together:

None.

3.3.9 Status of Implementation of the Internal Control System

(1) Statement on the Internal Control System

Jinli Group Holdings Limited

Management's Reports on Internal Control

Date: May 8, 2023

The Company hereby releases the statement regarding its 2022 Internal Control System, based on the results of the self-assessment, as follows:

1. The Company acknowledges that the establishment, implementation and maintenance of the Internal Control System is the responsibility of the Board of Directors and Management Personnel of the Company, with the purpose of: reasonably ensuring business operation results and efficiency (include: profitability, performance and asset security, etc.), providing feedback with reliability, timeliness, transparency, compliance to relevant government regulations, and adhering to relevant laws and regulations.
2. The Internal Control System has its limitations by nature. Regardless of how flawless the system may be designed, an effective Internal Control System can only provide reasonable assurance to reach the three objectives in the preceding paragraph. Furthermore, as the environment and status may change, the effectiveness of the Internal Control System may change. The Company's Internal Control System also contains a self-monitoring mechanism. Once a flaw has been recognized, the Company shall implement corrective measures.
3. The Company judges whether the design and implementation of the internal control system is effective based on the items for determining the effectiveness of the internal control system as stipulated in the "Guidelines for the Establishment of Internal Control Systems for Publicly Listed Companies" (hereinafter referred to as "Processing Guidelines"). The internal control system judgment project used in the "processing criteria" is based on the process of management control, which divides the internal control system into five components: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Supervised operations. Each

component also includes several items. Please refer to the “Handling Guidelines” for the above items.

4. The Company has adopted the above internal control system to judge the project and evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the results of the previous assessment, the Company believes that its Internal Control System (including supervision and management of subsidiaries) as of December 31, 2022, including the understanding of the effectiveness and efficiency of the operation, and reporting the design and implementation of the system, is effective and can reasonably ensure the achievement of the above objectives.
6. For the purpose of listing announcement and reporting, the Company entrusted the accountant to review the reliability of the opening period and external financial reports and ensure the safety of assets in accordance with the provisions of Article 28 of the “Handling Guidelines” (current assets). The design and implementation of the internal control system are effective as described in the preceding paragraph. There is no significant loss of reliability in the recording, processing, aggregation and reporting of financial information. There is no impact on the security of the assets, so that the assets are not directly authorized to obtain, use or dispose of the major missing.
7. This statement will become the main content of the Company's annual report and will be made public. If the content of the above disclosure is illegal or concealed, it will involve legal liabilities such as Articles 20.32.171 and 174 of the Securities Exchange Law.
8. This statement was approved by the Board of Directors of the Company on May 8, 2023. Among the 7 directors, 0 opposed, and the rest agreed to the contents of this statement.

Jinli Group Holdings Limited
(British Cayman Islands)

Chairman : Chong, Chun Lung
General Manager : Chong, Chun Lung

3.3.10 Status of: Company and Internal Personnel Penalized according to Lawful

Regulations, Company and Internal Personnel Penalized for Violation of the Internal

Control System, Primary Flaws and Improvement (in the most recent years up to the

date of printing of this annual report):

None.

3.3.11 Important Resolutions of Shareholders Meeting and Board of Directors Meeting (in

the most recent years up to the date of printing of this annual report)

3.3.11.1 Important Resolutions of the Shareholders Meeting and Board of Directors Meeting:

Shareholders Meeting or Board of Directors Meeting	Date	Important Resolutions
Board of Directors Meeting	2022.3.30	1. Approved the employee and director compensation distribution and payment method for the fiscal year 2021. 2. Approved the 2021 annual business report and 2021 consolidated financial statements. 3. Established the "Internal Control System Statement" for the Company. 4. Revised the "Asset Acquisition or Disposal Processing Procedures" for the Company. 5. Revised the "Corporate Governance Practice Guidelines" for the Company. 6. Revised the "Corporate Social Responsibility Practice Guidelines" for the Company.
Board of Directors Meeting	2022.5.12	1. Approved the assessment of the independence of the accountant. 2. Appointed the accountant for the Company. 3. Approved the profit and loss appropriation statement for the fiscal year 2021. 4. Revised the "Articles of Incorporation" for the Company.

Shareholders Meeting or Board of Directors Meeting	Date	Important Resolutions
		5. Revised the "Rules of Shareholders' Meeting" for the Company. 6. Modified the audit plan for the year 2022. 7. Considered the proposal of reducing capital by 65% in cash and whether to include it in the agenda of the 2022 annual shareholders' meeting.
Board of Directors Meeting	2022.6.7	1. Approved the funding between companies in the Group. 2. Revised the "Internal Control System" and "Internal Audit System" for the Company. 3 Phased implementation of greenhouse gas investigation and verification.
Board of Directors Meeting	2022.8.30	1. Approved the Company's consolidated financial statements for the second quarter of 2021. 2. Approved the funding between companies in the group.
Board of Directors Meeting	2022.11.11	1. Approved the consolidated financial statements for the third quarter of 2022. 2. Adopted the director and manager liability insurance plan. 3. Changed the internal audit and agency personnel. 4. Changed the spokesperson. 5. Adopted the operational transformation plan.
Board of Directors Meeting	2022.12.8	1. Considered changing the accountant.
Board of Directors Meeting	2022.12.30	1. Approved the budget plan for the year 2023. 2. Revised the operating procedures for managing insider trading and handling major internal information for the Company. 3. Changed the head of the audit department. 4. Approved the internal audit plan for the year 2023. 5. Approved the compensation for directors recommended by the compensation committee. 6. Approved the compensation for managers recommended by the compensation committee. 7. Conducted a self or peer evaluation of the board of directors and individual directors.
Board of Directors Meeting	2023.2.17	1. Organized the matters related to the 2023 annual shareholders' meeting.
Board of Directors Meeting	2023.3.30	1. Approved the employee and director compensation distribution and payment method for the 2022. 2. Adopted the 2022 annual business report and 2022 consolidated financial statements.

Shareholders Meeting or Board of Directors Meeting	Date	Important Resolutions
		3. Established the "Internal Control System Statement" of the Company. 4. Revised the "Articles of Incorporation" of the Company. 5. Revised the "Corporate Governance Practice Guidelines" of the Company.
Board of Directors Meeting	2023.5.8	1. Approved the profit and loss appropriation statement for the fiscal year 2022. 2. Approved the consolidated financial statements for the first quarter of 2023. 3. Updated the "Internal Control System Statement" of the Company. 4. Planned to establish a corporate governance supervisor position. 5. Re-elected the directors and independent directors and proposed and reviewed the list of candidates for directors and independent directors. 6. Lifted the non-compete clause for the newly appointed director.

3.3.11.2 Resolution results:

(1) Board of Directors: The above board of directors is approved by all directors present and entitled to vote without objection.

(2) Shareholders' meeting:

Date	Important resolutions	Vote Resolutions	Implementation description
June 23, 2022 Shareholders meeting	Resolution Items: 1. Ratification of the Company 2021 Business Report and Consolidated Financial Statements 2. Ratification of the Company 2022 Profit and Deficit Appropriation Statement	Resolution Items: 1. At the time of the vote, there were 118,169,093 voting rights present at the shareholders' general meeting, with 114,249,086 votes in favor (including 6,453,227 electronic votes), accounting for 96.68% of the total voting rights, 775,624 votes against (including 775,624 electronic votes), accounting for 0.65% of the total voting rights, 0 invalid votes, and 3,144,383 abstaining and not voting (including 3,142,910 electronic votes), accounting for 2.66% of the total voting rights.	The original proposal was passed by the vote.

Date	Important resolutions	Vote Resolutions	Implementation description
		2. At the time of the vote, there were 118,169,093 voting rights present at the shareholders' general meeting, with 112,075,664 votes in favor (including 4,279,805 electronic votes), accounting for 94.84% of the total voting rights, 3,067,774 votes against (including 3,067,774 electronic votes), accounting for 2.59% of the total voting rights, 0 invalid votes, and 3,025,655 abstaining and not voting (including 3,024,182 electronic votes), accounting for 2.56% of the total voting rights.	
	Discussion items: 1. Amendment to the "Shareholders' Meeting Regulations" of the Company. 2. Amendment to the "Rules of Procedure for Shareholders' Meetings" of the Company. 3. Establishment of the "Asset Acquisition or Disposal Processing Procedures" of the Company. 4. Proposal by shareholders under Article 172-1 of the Company Law to reduce capital by 65% in cash.	Discussion items: 1. At the time of the vote, there were 118,169,093 voting rights present at the shareholders' general meeting, with 112,029,725 votes in favor (including 4,233,866 electronic votes), accounting for 94.80% of the total voting rights, 2,845,410 votes against (including 2,845,410 electronic votes), accounting for 2.40% of the total voting rights, 0 invalid votes, and 3,293,958 abstaining and not voting (including 3,292,485 electronic votes), accounting for 2.78% of the total voting rights. 2. At the time of the vote, there were 118,169,093 voting rights present at the shareholders' general meeting, with 112,029,843 votes in favor (including 4,233,984 electronic votes), accounting for 94.80% of the total voting rights, 2,845,292 votes against (including 2,845,292 electronic votes), accounting for 2.40% of the total voting rights, 0 invalid votes, and 3,293,958 abstaining and not voting (including 3,292,485 electronic votes),	Discussion items: 1. The original proposal was passed and has been implemented in accordance with the resolution of the shareholders' meeting. 2. The original proposal was passed and has been implemented in accordance with the resolution of the shareholders' meeting. 3. The original proposal was passed and has been implemented in accordance with the resolution of the shareholders' meeting.

Date	Important resolutions	Vote Resolutions	Implementation description
		accounting for 2.78% of the total voting rights. 3. At the time of the vote, there were 118,169,093 voting rights present at the shareholders' general meeting, with 112,027,179 votes in favor (including 4,231,320 electronic votes), accounting for 94.80% of the total voting rights, 2,846,398 votes against (including 2,846,398 electronic votes), accounting for 2.40% of the total voting rights, 0 invalid votes, and 3,295,516 abstaining and not voting (including 3,294,043 electronic votes), accounting for 2.78% of the total voting rights. 4. At the time of the vote, there were 118,169,093 voting rights present at the shareholders' general meeting, with 5,486,569 votes in favor (including 5,421,569 electronic votes), accounting for 4.64% of the total voting rights, 109,868,357 votes against (including 2,137,498 electronic votes), accounting for 92.97% of the total voting rights, 0 invalid votes, and 2,814,167 abstaining and not voting (including 2,812,694 electronic votes), accounting for 2.38% of the total voting rights.	4. The original proposal was not passed.
	Provisional motion: 1. Cease all forms of remuneration for directors before distributing dividends.	Resolution Items: 1. At the voting time, the total voting rights of shareholders present were 118,169,093, with 1,939,000 in favor (1.64% of total voting rights), 107,730,859 against (91.17% of total voting rights), 0 invalid votes, and 8,499,234 abstentions or not voted (7.19% of total voting rights).	The original motion was not passed.

(3) Result of execution: A per voting result.

3.3.12 Contents of records or written statements of Directors or Supervisors with different

opinions on the Important Resolutions Consented to by the Board of Directors (in the

most recent years up to the date of printing of this annual report):

None occurred within the Company

3.3.13 Summary of the resignation of Company's Chairman, General Manager, Accounting

Supervisor, Financial Supervisor, Internal Audit Supervisor, Research and

Development Supervisor (in the most recent years up to the date of printing of this

annual report):

Title	Name	Date of arrival	Date of resignation	Reasons for resignation or dismissal
Design Director of Gold Apple (China) Co., Ltd.	Su Guanzhou	2011/03/01	2022/04/30	Resign
Design Director of Gold Apple (China) Co., Ltd.	Xi-shuang HUANG		2022/07/01	Resign
Spokesperson of Jinli Group Holdings Limited	Andy LEE		2022/11/11	Job re-allocation
Director of Sales and Marketing of Gold Apple	Su-Ping LIAN		2022/12/08	Resign

(China) Co., Ltd.				
Audit Manager of Jinli Group Holdings Limited	Peng-Yu LI		2022/12/28	Retied

3.3.14 Information on Accountant Audit Fee

Amount unit: NT\$ thousand

Name of Accounting Firm	Name of Accountants	Auditing Period	Audit public expenses	Non Audit public expenses	Total	Remarks
Candor Taiwan CPAs Taipei, Taiwan	Ken Lin	2022.01.01~2022.12.31	1,350	-	1,350	None
	Diana Shih					
PwC Taiwan	Xian-Zheng CHEN	2022.01.01~2022.09.30	4,230	-	4,230	None
	Se-Kai LIN					

3.4 Information on Accountant Audit Fee

Amount unit: NT\$ thousand

Name of Accounting Firm	Name of Accountants	Auditing Period	Audit public expenses	Non Audit public expenses	Total	Remarks
Candor Taiwan CPAs Taipei, Taiwan	Ken Lin	2022.01.01~2022.12.31	1,350	-	1,350	None
	Diana Shih					
PwC Taiwan	Xian-Zheng CHEN	2022.01.01~2022.09.30	4,230	-	4,230	None
	Se-Kai LIN					

- (i) Should the replacing Accounting Firm and change of audit fee paid was less than the audit fee paid in the previous year, the Company should disclose the audit fee paid before and after the change of Accountant, as well as the reason to change Accountants: None.
- (ii) If the auditing fee is reduced by more than 15% compared to the previous year, the amount, ratio of fee change, and reasons for the reduction of the audit fee

should be disclosed. The term "audit fee" mentioned in the previous paragraph, refers to the fee paid by the Company to the Certified Public Accountant for reviewing and secondary review of the Financial Report, review of financial forecast and Tax Compliance Audit: None.

3.5 Information on Change of Accountant:

1. Regarding the former accountant

Date of change:	December 8, 202, approved by the Board of Directors Meeting		
Reasons for change and explanation:	In consideration of internal management needs, the Company changed the signing accountant for financial statements from Xian-Zheng CHEN and Se-Kai LIN from PwC Taiwan, to Ken Lin and Diana Shih from Candor Taiwan CPAs Taipei, Taiwan.		
Explanation of whether the appointee or accountant terminated or refused the appointment	Party		Accountant
	Situation		Appointee
	Voluntary termination of appointment		Jinli Group Holdings Limited
	Not accepting (continuing) appointment		
Whether there were any opinions and reasons for audit reports other than unqualified opinions in the past two years:	None		
Whether there were any different opinions from the issuer:	Yes		Accounting principles or practices:
			Disclosure of financial reports:
			Scope or steps of the audit
			Others
	No		
	Explanation : Not applicable		
Other disclosure items (which should be disclosed according to the first Subparagraph of Paragraph 6 of Article 10 of the standard, from item 4 to item 7)	None		

2. Regarding the successor accountant

Name of accounting firm	Candor Taiwan CPAs Taipei, Taiwan
Name of accountant:	Ken Lin and Diana Shih
Date of appointment	December 23, 2022
Matters and results of consultation with the previous accountant on the accounting treatment or accounting principles for specific transactions or matters that may affect the issuance of financial report opinions:	None
Written opinions of the successor accountant on any differing opinions from the previous accountant:	None

3.6 Chairman, General Manager, Management Personnel in Finance or Accounting Affairs

of the Company (who has worked in the office of the certified public accountants or its

affiliates during the past 1 year):

Non-applicable

3.7 In the past few years and up to the date of printing of this annual report, changes in the

directors, supervisors, managers and shareholders holding more than 10% of the equity

transfer and equity pledge:

a. Status of changes in shareholdings of directors, supervisors, managers and major shareholders

Unit: shares

Position	Name	2022		Year 2023 Up to the Date of Printing of this Annual Report	
		Shareholding Quantity increase (decrease)	Pledged shares Quantity increase (decrease)	Shareholding Quantity increase (decrease)	Pledged shares Quantity increase (decrease)
Director	Chong, Chun Lung	(40,000) (Remark 1)	–	–	–
Director	Li, Chun Fei	–	–	–	–
Director	Lin, Zhao Wen				
Director	Wang, Le Chun	–	–	–	–
Independent Director	Chen, Shih Ying	–	–	–	–
Independent Director	Shih, Ying Hao				
Independent Director	Chong, Pui Yeung	–	–	–	–
Shareholder of more than 10%	Dragon Million (Asia) Limited	–	–	–	–
Shareholder of more than 10%	Chong, Chun Lung	(40,000) (Remark 1)	–	–	–
General Manager and Spokesperson	Chong, Chun Lung	(40,000) (Remark 1)	–	–	–
General Manager , Golden Apple (China) Co., Ltd.	Li, Chun Fei	–	–	–	–
Executive Deputy General Manager, Golden Apple (China) Co., Ltd., Golden Apple (China) Co., Ltd.	Lin, Zhao Wen	–	–	–	–
Director of Finance	Simon POON	–	–	–	–

Position	Name	2022		Year 2023 Up to the Date of Printing of this Annual Report	
		Shareholding Quantity increase (decrease)	Pledged shares Quantity increase (decrease)	Shareholding Quantity increase (decrease)	Pledged shares Quantity increase (decrease)
Director of Finance, Golden Apple (China) Co., Ltd.	Huan-Zhang CHEN	–	–	–	–
Director of Design, Golden Apple (China) Co., Ltd.	Wen-long YE	–	–	–	–
Director of Design, Golden Apple (China) Co., Ltd.	Xi-shuang HUANG (Resigned on 2022/07/01)	–	–	–	–
Director of Sales and Marketing, Golden Apple (China) Co., Ltd.	Hong-Lin CHEN	–	–	–	–
Director of Sales and Marketing, Golden Apple (China) Co., Ltd.	Su-Ping LIAN (Resigned on 2022/12/08)	–	–	–	–
Audit Manager	Hua-Jin LIAN	–	–	–	–
Audit Manager	Peng-Yu LI (Retied on 2022/12/28)	–	–	–	–
Special Assistant to the Chairman	Andy LEE (Job re- allocation on 2022/11/11)	–	–	–	–

Remark 1: The change in the number of shares was due to the disposal of stocks in the centralized trading market in 2021 and 2022 as of the publication date of the annual report.

- b. Directors, supervisors, managers and shareholder equity transfer and equity pledge information with a shareholding ratio of more than 10%

Equity Transfer Information

Name (Remark 1)	Reasons for equity transfer (Remark 2)	Date of the Transaction	Counterparty of the Transaction	Relationship between the counterparty of the transaction and the company, directors, supervisors and shareholders of more than 10%	Number of shares (shares)	Trading price
Chong, Chun Lung	Traded	Year 2022	Centralized exchange market	Non-related party	40,000	11.83

Remark 1: The company's directors, supervisors, managers and shareholders of more than 10% are included.

Remark 2: Obtained or traded

3.8 Relationship information, if among the 10 largest shareholders any one is a related

party, or is the spouse or a relative within the second degree of kinship of another

April 23, 2023

Name	Shares owned by the Party		Spouse, minor children holding shares		Shares held in the name of others		The top 10 shareholders have the sixth person in the Financial Accounting Standards Bulletin or the relatives within the relationship of spouse, second parent, etc., their names or names and relationships		Remarks
	Share	Shareholding %	Share	Shareholding %	Share	Shareholding %	Entity (Name)	Relationship	-
Chong, Chun Lung	35,303,883	19.01%	-	-	10,824,408 (Remark 2)	5.83% (Remark 2)	(1) Dragon Million (Asia) Limited (2) Li, Chun Fei (3) KGI Bank Entrust Dragon Million (Asia) Limited Investment Account	(1) Chong, Chun Lung holds 89% equity for Dragon Million(Asia) Limited (2) Brother with Li, Chun Fei (3) Remark 1	-
Dragon Million (Asia) Limited president : Chong, Chun Lung	12,160,544	6.55%	-	-	-	-	(1) Chong, Chun Lung (2) Li, Chun Fei (3) KGI Bank Entrust Dragon Million (Asia) Limited Investment Account	(1) Chong, Chun Lung holds 89% equity for Dragon Million(Asia) Limited (2) Li, Chun Fei holds 11% of equity in Dragon Million(Asia) Limited (3) Remark 1	-
	35,303,883	19.01%	-	-	10,824,408 (Remark 2)	5.83% (Remark 2)	(1) Dragon Million (Asia) Limited (2) Li, Chun Fei (3) KGI Bank Entrust Dragon Million (Asia) Limited Investment Account	(1) Li, Chun Fei holds 11% of equity in Dragon Million(Asia) Limited (2) Brother with Li, Chun Fei (3) Remark 1	-
Li, Chun Fei	9,808,652	5.28%	-	-	1,336,136 (Remark 3)	0.72% (Remark 3)	(1) Dragon Million (Asia) Limited (2) Chong, Chun Lung (3) KGI Bank Entrust Dragon Million (Asia) Limited Investment Account	(1) Li, Chun Fei holds 19% of equity in Dragon Million(Asia) Limited (2) Brother with Chong, Chun Lung (3) Remark 1	-

Name	Shares owned by the Party		Spouse, minor children holding shares		Shares held in the name of others		The top 10 shareholders have the sixth person in the Financial Accounting Standards Bulletin or the relatives within the relationship of spouse, second parent, etc., their names or names and relationships		Remarks
	Share	Shareholding %	Share	Shareholding %	Share	Shareholding %	Entity (Name)	Relationship	-
Zheng Jinhong	3,253,000	1.73%	-	-	-	-	-	-	-
Ou Shuqing	1,694,000	0.91%	-	-	-	-	-	-	-
Wang Ziheng	1,382,831	0.74%	-	-	-	-	-	-	-
Cai Zongdian	1,365,000	0.73%	-	-	-	-	-	-	-
Chen Songqin	1,200,000	0.65%	-	-	-	-	-	-	-
Ou Shuzhen	935,000	0.50%	-	-	-	-	-	-	-
Chen Yulian	770,446	0.41%	-	-	-	-	-	-	-

Remark 1: Investment account held by Dragon Million (Asia) Limited

Remark 2: Chong, Chun Lung's other shareholdings hold 10,824,408 shares of the Company is through the ownership of shares at Dragon Million (Asia) Limited.

Remark 3: Li, Chun Fei's other shareholdings of 1,336,136 shares of the Company is through the ownership of shares at Dragon Million (Asia) Limited.

3.9 Quantity of Shares Held by the Company, Company's Directors, Supervisors,

Management Personnel, Entities Directly or Indirectly Controlled by the Company in

the Same Investment Business, and Consolidated Calculation of Comprehensive

Shareholding Ratio

Comprehensive Shareholding Ratio

Unit: thousands of shares; %

Transfer investment (Remark)	Invested by the Company		Direct or Indirect Investment from Directors, Supervisors or Management Personal		Comprehensive Investment	
	Share	Shareholding %	Share	Shareholding %	Share	Shareholding %
Jinli Group Holdings Limited (Bermuda)	825,459	100%	-	-	825,459	100%
Topoint Group Limited(BVI)	41	100%	-	-	41	100%
Dragon Flair Limited	20	100%	-	-	20	100%
Gold Apple (HK) Int'l Trading Co. Limited	254,218	100%	-	-	254,218	100%
Million Win Creation Limited	10,000	100%	-	-	10,000	100%
Gold Apple (China) Co., Ltd	Remark 1	100%	-	-	Remark 1	100%
Aiqi (Fujian) Shoes Model Co., Ltd (China)	Remark 1	100%	-	-	Remark 1	100%
Changtai Gold Apple Co., Ltd (China)	Remark 1	100%	-	-	Remark 1	100%
LEADS BIO CO., LTD., (Taiwan),	1,326	51%	1,274	49%	2,600	100%

Remark 1: It is a limited company and therefore has no shares.

IV. Status of Crowdfunding

4.1 Capital and shares

4.1.1 Source of equity

(1) Type of shares

April 23, 2023

Type of Shares	Approved Share capital			Remarks
	Circulated Share	Unissued Shares	Total	
Common stock	185,747,151	114,252,849	300,000,000	Stocks of listed company

(2) Process of Equity Formation

Unit: thousands of NTD/share

Year. Month	Issue price	Approved share capital		Paid-up share capital		Remarks		
		Shares	Amount in Value	Quantity of Stocks	Amount in Value	Source of the shares	Deducting shares from property other than cash	Othe rs
2010.12	10	5,000	50,000	1	10	Establishment of a share capital at 1 share	None	-
2011.4	15.78	300,000,000	3,000,000,000	100,003,629	1,000,036,290	Capital increase and convertible issued new shares 100,003,628 shares (Remark 1)	None	-
2012.6	47.6	300,000,000	3,000,000,000	107,527,579	1,075,275,790	Convertible corporate bonds, convert to ordinary shares 7,523,950 shares	None	-
2012.12	70	300,000,000	3,000,000,000	120,968,579	1,209,685,790	Capital increase and share issue of new shares 13,441,000 shares	None	-

Year. Month	Issue price	Approved share capital		Paid-up share capital		Remarks		Others
		Shares	Amount in Value	Quantity of Stocks	Amount in Value	Source of the shares	Deducting shares from property other than cash	
2015.9	-	300,000,000	3,000,000,000	128,831,537	1,288,315,370	Earnings to increase capital, for issuing 7,862,958 shares	None	-
2016.9	-	300,000,000	3,000,000,000	167,480,998	1,674,809,980	Earnings to increase capital, for issuing 38,649,461 shares	None	-
2017.2	71	300,000,000	3,000,000,000	174,358,462	1,743,584,620	Convertible corporate bonds, convert to ordinary shares 6,877,464 shares	None	-
2017.9	-	300,000,000	3,000,000,000	179,589,216	1,795,892,160	Earnings to increase capital, for issuing 5,230,754 shares	None	-
2018.9	-	300,000,000	3,000,000,000	182,642,233	1,826,422,330	Earnings to increase capital, for issuing 3,053,017 shares	None	-
2019.9	-	300,000,000	3,000,000,000	185,747,151	1,857,471,510	Earnings to increase capital, for issuing 3,104,918 shares	None	-

Remark 1: The Company is here to apply for listing in Taiwan, and has agreed to exchange shares with Jinli Group Holdings Co., Ltd. (Bermuda). In April 2011, the Company obtained a limited shareholding of Jinli Group with a ratio of 1:4.969, at 100% equity of the company (Bermuda).

(3) Relevant information about the declaration: Not applicable

4.1.2 Shareholder Structure

April 23, 2023

Shareholder Structure Quantity	Government institution	financial institution	Other Legal Representative	Individual shareholders	Foreign institution and foreigner	Total
Shareholder	0	3	88	29,117	58	22,166
Shares	0	122,000	1,047,271	123,146,326	61,431,554	185,747,151
Shareholding ratio (%)	0	0.07	0.56	66.30	33.36	100.00

Remarks: Shareholding ratio from China-based companies: 6.00%

4.1.3 Status of equity dispersion

1. Common stock

April 23, 2023

Tiers of Shareholding	Number of Shareholders	Share(s) held	Shareholding ratio
1 ~ 999	15,668	1,898,841	1.02
1,000 ~ 5,000	9,128	20,106,408	10.82
5,001 ~ 10,000	2,072	14,864,606	8.00
10,001 ~ 15,000	858	10,492,533	5.65
15,001 ~ 20,000	436	7,777,423	4.19
20,001 ~ 30,000	462	11,353,036	6.11
30,001 ~ 40,000	194	6,683,684	3.60
40,001 ~ 50,000	120	5,458,833	2.94
50,001 ~ 100,000	194	13,613,457	7.33
100,001 ~ 200,000	74	9,700,316	5.22
200,001 ~ 400,000	36	10,044,681	5.41
400,001 ~ 600,000	6	3,192,105	1.72
600,001 ~ 800,000	5	3,458,318	1.86
800,001 ~ 1,000,000	1	935,000	0.50
Above 1,000,001	8	66,167,910	35.62
Total	29,262	185,747,151	100.00

2. Special shares: not issued by the Company

4.1.4 List of primary shareholders

Shareholders with shareholding ratio above 5% or shareholders who holds TOP 10 shareholding quantities, or belong to TOP 10 shareholding ratio:

April 23, 2023

Shares Name of Primary Shareholders	Share(s) in holding	Shareholding ratio
Chong, Chun Lung	35,303,883	19.01%
Dragon Million (Asia) Limited	12,160,544	6.55%
Li, Chun Fei	9,808,652	5.28%
Zheng Jinhong	1,874,000	1.01%
Ou Shuqing	1,488,000	0.80%
Wang Ziheng	1,428,000	0.77%
Cai Zongdian	1,382,831	0.74%
Chen Songqin	1,365,000	0.73%
Ou Shuzhen	1,294,333	0.70%
Chen Yulian	1,180,000	0.64%

4.1.5 Price per share, net worth, surplus, dividends and related information from the past

2 years

Units: thousands of NTD; thousands of shares

Years			2021	2022	Mar. 31.2023 (See Remark No.8)
Categories					
Market price per share (Remark 1)	Highest		21.65	13.10	11.90
	Minimum		8.10	9.10	9.95
	Average		11.83	10.43	11.20
Net worth per share (Remark 2)	Before distribution		34.42	37.39	37.09
	After distribution (Remark 9)		-	-(Note 9)	-
Earnings per share	Surplus weighted per share		185,747	185,747	185,747
	Earnings per share (Remark 3)	Before adjustment	0.12	(1.08)	(0.02)
		After adjustment	0.12	(1.08)	-
Dividends per share	Cash dividends		-	-	-
	Free	Surplus allotment	-	-	-
		Capital reserve allotment	-	-	-
	Accumulated unpaid dividends (Remark 4)		-	-	-
Analysis on cost-benefit ratio	P/E ratio (Remark 5)		-		
	Ratio of dividend/price to dividend ratio (Remark 6)		-	-	-
	Cash dividend yield (Remark 7)		-	-	-

If the surplus or capital reserve is converted into capital and allotted shares, the market price and cash dividend information retrospectively adjusted according to the number of issued shares shall be disclosed.

Remark 1: The chart above lists the highest and lowest market prices of common stocks for each year, and the average market price for each year is calculated based on the annual transaction value and volume.

Remark 2: Please refer to the number of shares that have been issued at the end of the year, and the allocation according to the resolution of the shareholders meeting of the next year.

Remark 3: If there is a retrospective adjustment due to circumstances such as free placement of shares, the pre-adjustment and adjusted earnings per share should be presented.

Remark 4: If there are provisions for equity securities that are not issued in the current year, the accumulated unpaid dividends for the year ended.

- Remark 5: $P/E \text{ ratio} = \text{average closing price per share} / \text{earnings per share for the year}.$
- Remark 6: $\text{The present ratio} = \text{the average closing price per share} / \text{cash dividend per share}.$
- Remark 7: $\text{Cash dividend yield} = \text{cash dividend per share} / \text{average closing price per share for the year}.$
- Remark 8: The net value per share and earnings per share should be filled in with the information of the account audited (audited) in the most recent quarter of the annual report date; the remaining fields should be filled in the year as of the date of publication of the annual report.
- Remark 9: The 2021 annual surplus allocation has not yet been resolved during the shareholders meeting.

4.1.6 Status of Implementation on Company dividend policy

4.1.6.1 Dividend policy as set out in the Article of Incorporation:

According to the Article of Incorporation (hereinafter referred to as the “Article of Incorporation of Listed Company”) passed as per resolution at the Company’s shareholders meeting on December 8, 2011, and resolution of the Audit Committee on May 7, 2012. Amendment on Article of Incorporation was passed at the Company’s shareholders meeting: Article 34.1 stipulates, if the company is profitable in the current year, resolution needs to be reached based on more than two-thirds of the directors on the board in attendance, withdrawing one-thousandth of the profit to serve as remuneration for employees, distributed to employees by shares and / or cash. The employee’s remuneration can be allotted in accordance with the employee incentive plan agreed upon in accordance with the provisions of Article 11.1. The remuneration for directors, may be disbursed at no more than 2%, as per resolution reached by two-thirds of the directors attending the board of directors meeting.

However, if the Company still has accumulated losses (including adjustment of undistributed surplus amount), it should retain the amount of compensation in advance, and then based on the remaining amount, withdraw the remuneration of employee and directors, as per aforementioned percentage. The employee and director remuneration distribution shall be reported during the shareholders' meeting. The director and the executive director of the Company are subject to the compensation of the Company's employees. The Company will first pay all relevant taxes, make up for losses (including previous year's losses and adjust the undistributed surplus amount, if any) for the annual profit, and then provide special surplus according to the

requirements of the public company law or the competent authority. After the accumulation, if there is any surplus profit, it shall be prepared according to the profit distribution plan adopted by the board of directors and approved by the shareholders by ordinary resolution, in accordance with the provisions of the decree and the public company law, and consider the surplus status of the current year and the company's capital structure. Dividends to shareholders, except for other resolutions of the shareholders' meeting, the amount of surplus allocated to shareholders shall not be less than 10% of the remaining after-tax earnings for the year, and the amount of cash dividends shall not be less than the percentage of dividends to be distributed in the current year.

4.1.6.2 Status of the (already) proposed dividend distribution for this year:

Proposed no distribution of cash dividends and stock dividends

4.1.6.3 Significant changes in the expected dividend policy: None.

4.1.7 Impact of the proposed free share allotment on the Company's operating performance

and earnings per share for the year :

None.

4.1.8 Remuneration of employees, directors and supervisors

4.1.8.1 The number or scope of compensation for employees, directors and supervisors stated as per Company's Articles of Incorporation:

Except statements otherwise provided in the Act, the Memorandum, the Articles of Incorporation and the Public Company Act, if the Company is profitable in the current year, it shall be subject to the resolution of more than two-thirds of the directors of the Board of Directors and the resolution of the directors who have attended the meeting. More than one is paid for by employees and is distributed to employees by shares and/or cash. The employees are paid in accordance with the employee incentive plan agreed upon in accordance with Article 11.1; and more than two-thirds of the directors attending the board of directors meeting. The majority of the directors' resolutions are no more than 2% of the directors' remuneration distributed to the directors. However, if the Company still has accumulated losses (including adjustment of undistributed surplus amount), it should retain the amount of compensation in advance, and then reimbursement of employees and directors for the remaining amount in accordance with the aforementioned proportion. The employee and director compensation distribution shall be reported during

the shareholders' meeting. Except as otherwise provided by the Public Company Act, directors' remuneration shall not be paid by way of issuing shares. The term "profit" as used in this section means the pre-tax benefit of the remuneration of employees and the remuneration of directors. The director and the executive director of the Company are subject to the compensation of the company's employees.

4.1.8.2 In the current period, the estimated basis of the remuneration of the employees, directors and supervisors, the calculation basis of the number of shares remunerated by the stocks and the actual distribution amount are treated as if they differ from the estimated number of entries:

If the Company is profitable, it shall be subject to the attendance of more than two-thirds of the directors of the Board of Directors and the resolution of more than one-half of the directors, and more than one-thousandth of the directors shall be paid for the employees' compensation, and shall be distributed to the employees by shares and/or cash, and more than 2% are distributed to directors as directors' compensation; otherwise, the Company has no supervisor.

4.1.8.3 Status of remuneration disbursement approved by the Board of Directors

(1) The amount of employee compensation and director/supervisor remuneration to be distributed in cash or stock: After review and approval by the Compensation Committee and the Board of Directors on March 30, 2023, no employee compensation will be distributed, and there will be no allocation of director remuneration.

(2) The proportion of employee compensation paid by shares and the total net profit after tax and the total employee bonus of individual or individual financial reports for the current period: non-applicable.

4.1.8.4 The actual disbursement remuneration for employees, directors and supervisors in the previous year (including the number of shares, amount and share price), and the recognition of employees, directors and supervisors should be different, the reasons and processing situation: none.

4.1.9 Status of shares bought back by the company:

None.

4.2 Company debt (including overseas corporate bonds) handling situation:

None.

4.3 Status of handling special stock:

None.

4.4 Participation in the issuance of overseas depositary receipts:

None

4.5 Status of processing employee stock option certificate:

None.

4.6 Restriction to rights of employees to deal with new shares:

None.

4.7 Mergers and acquisitions (including mergers, acquisitions and divisions) or transfer of

shares of new shares of other company:

None.

4.8 Status of implementation on fund utilization plan

The intended plan and implementation of the previous issue or private placement of securities that have not been completed or have been completed in the last three years and the planned benefits have not yet been revealed: None.

V. Overview of Business Operation

5.1 Company Operation

5.1.1 Business operation

5.1.1.1 Scope of business

(1) Primary content of business operation

The company mainly engaged in the design, production and sales of its own brand of casual shoes, casual wear (including denim) and accessories.

(2) Business share

Unit: in thousands of NTD; %

Year	2021		2022	
	Value	%	Value	%
Products				
Casual footwear	396,101	91.67%	204,680	96.24%
Causal Apparel (include denim)	35,494	8.22%	7,925	3.73%
Accessories and others	482	0.11%	69	0.03%
Total	432,077	100.00%	212,674	100.00%

(3) Current Products

Product Categories	Content
Footwear	Brand casual shoes, OEM shoes
Apparel (include denim)	POLO shirts, T-shirts, trousers, shorts, coats, skirts and divided skirts.
Accessories	Hats and socks.

(4) New product in development

- Fashion design is oriented towards innovation and fashion trends.
- Casual shoes are based on demand for leather as texture.
- Strengthen the value of the company's G-Apple and E.T brands.
- Continuously design and strengthen the development of footwear OEM technology.
- Revert with consumer feedback, information to develop cross-domain product brands.

5.1.1.2 Industry Overview

(1) Current status and development of the industry

i. Footwear

The concept, connotation, and function of footwear are closely related to the ideal and lifestyle of leisure. People use the style, brand, and connotation of footwear to decorate and showcase themselves, obtaining aesthetic pleasure and symbolic spiritual satisfaction. From a usage perspective, footwear has both practical and aesthetic functions. Lacking either one can significantly affect the usability of footwear. Practical functionality is a prerequisite for the existence of footwear, while aesthetic and symbolic functionality is an important extension. The target consumer group is generally between 18 and 45 years old, and they value brand culture and personality, so various brand manufacturers are actively investing in the footwear market. In the Chinese market, the footwear industry is a typical labor-intensive industry. With social progress and technological development, people's demands for footwear are increasing, and materials, processing and assembly technology, style, and functionality are all evolving, borrowing from each other, complementing each other, and competing with each other. This has led to rapidly changing footwear styles, structures, materials, and functions.

With the vertical integration of some regional industrial chains, China's footwear industry has formed three important footwear production areas in Guangdong, Zhejiang, and Fujian, where the combined annual output accounts for over 70% of the national total. Since the introduction of technology and equipment by Quanzhou Rubber Shoe Factory in 1981 and the official production of Nike sneakers in September 1982, Quanzhou's footwear industry has taken off. Town and village enterprises, especially in Jinjiang and Shishi, have leveraged their advantages as hometowns of overseas Chinese, introduced specialized equipment, absorbed and digested the production technology, technology, and styles of foreign famous brands, and developed various innovative footwear products for sale in China and abroad. After twenty years of effort, Quanzhou's footwear industry has developed rapidly, experiencing the process from small to large, from family processing to modern enterprise development, and has now comprehensively entered the stage of transformation and upgrading, with characteristics such as enterprise scale, product technology, brand management, and

modern management increasingly apparent. The industry has rapidly expanded in size, and its quality and competitiveness have continued to improve. Quanzhou has become an important base for China's footwear industry and a major production base for sports shoes, travel shoes, and casual shoes worldwide. In recent years, as China's economic aggregate has continued to increase and urban and rural incomes have continued to rapidly grow, the development of the consumer market has rapidly boosted the demand for footwear.

After China joined the World Trade Organization, the footwear industry entered a golden age of development, with production and exports continuously growing, making it the center of the global footwear industry. Since 2011, as the world economy has slowly recovered, China's footwear industry has entered a difficult period of transformation and adjustment, entering a new era of normalcy.

China's already struggling economy was hit hard in 2020 by the COVID-19 pandemic, which led to city-wide lockdowns and temporary factory closures. This had a significant impact on global industries, particularly the footwear industry, which heavily relies on production in China. As a result, the production capacity of the footwear industry decreased significantly, which also affected the shoe manufacturing capacity of other countries, posing a huge challenge for footwear retailers. According to the latest data from the Footwear Distributors & Retailers of America (FDRA), in January 2020, imports of footwear products from China to the United States fell by 15.7%, reaching the lowest level in over a decade and the largest year-on-year decline in nearly four years. The FDRA data shows that up to 70% of shoes sold in the US are imported from China. The US-China trade war had already impacted US footwear retailers, and although tensions eased at the end of 2019, they still had to bear high additional tariffs and began seeking supply chain diversification to reduce their reliance on China and gradually shift production lines to countries like Vietnam.

After 2020, with the COVID-19 pandemic still raging around the world, all countries need to strengthen structural reforms to keep their economies vibrant and promote strong and sustainable economic recovery. The Organization for Economic Cooperation and Development (OECD) predicts that China will see a 5.3% economic growth in 2023 after lifting its pandemic prevention and control measures. Meanwhile, the International Monetary Fund

predicts a 5.2% growth rate, the World Bank predicts 4.3%, Fitch Ratings predicts 5.2%, and Goldman Sachs' latest forecast for China's economic growth in 2023 is 5.5%.

According to the Hong Kong Trade Development Council's economic and trade research, China is currently the world's largest shoe manufacturer, accounting for over 60% of global footwear production. According to data from the National Bureau of Statistics, in 2021, the operating income of leather, fur, feather and their products, and shoe-making enterprises above a designated scale reached RMB 1,105.72 billion, an increase of 8.2% year-on-year. China Industry Research reports that in 2021, China's footwear market reached a size of \$69.9 billion and is expected to continue to grow in the coming years.

The rapid development of online retailers in the shoe sales sector has provided consumers with a more convenient and efficient way to purchase shoes, greatly reducing the time and transaction costs associated with shoe purchases and accelerating the circulation of shoes from production to sales.

In terms of shoe sales channels, the severe impact of e-commerce platforms and shopping center formats has forced shoe companies to consolidate their channels. The industry is still experiencing a wave of store closures, indicating that after a period of rapid expansion, the industry is now in a stage of fine-tuning its operations and management.

ii. Casual apparel

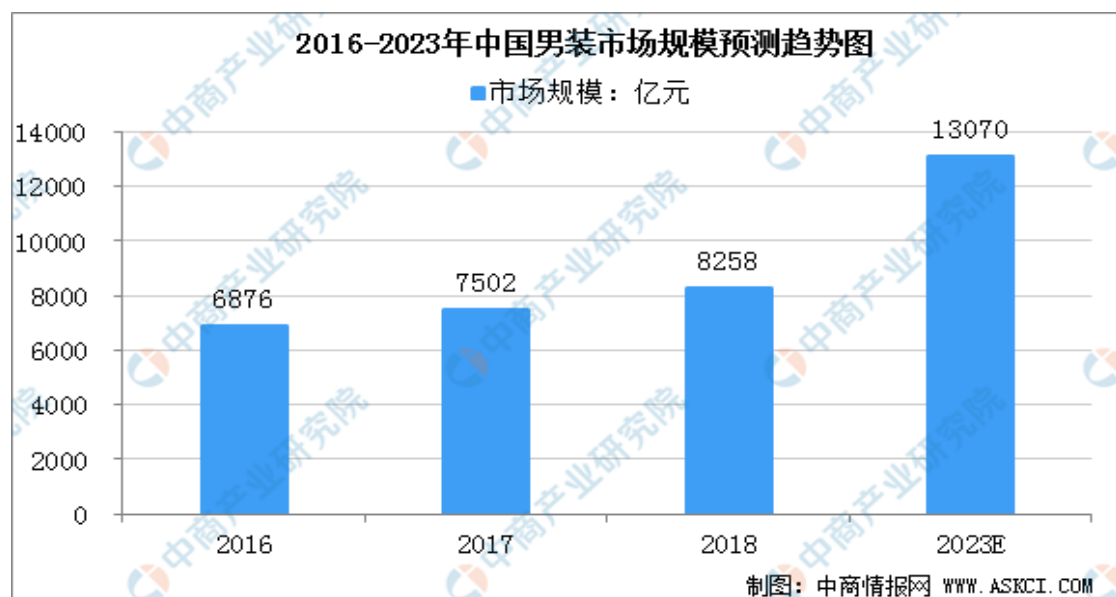
Since 2019, the world economy and international trade have shown a trend of slowing down, with increasing external uncertainties. Although the domestic economy has remained stable overall, it still faces pressure, with some structural problems that need to be addressed. Against the backdrop of many risks and uncertainties, the Chinese clothing industry has actively carried out structural adjustments and pragmatic innovation, accelerating the transformation of growth momentum. Although there are increasing pressures from both domestic and international markets, the industry as a whole has maintained a basically stable development trend and has entered a new phase of strategic reconstruction and accumulated development.

According to data released by the National Bureau of Statistics of China, the total retail sales of consumer goods in 2022 amounted to 43.9733 trillion yuan, a decrease of 0.2% from the previous year.

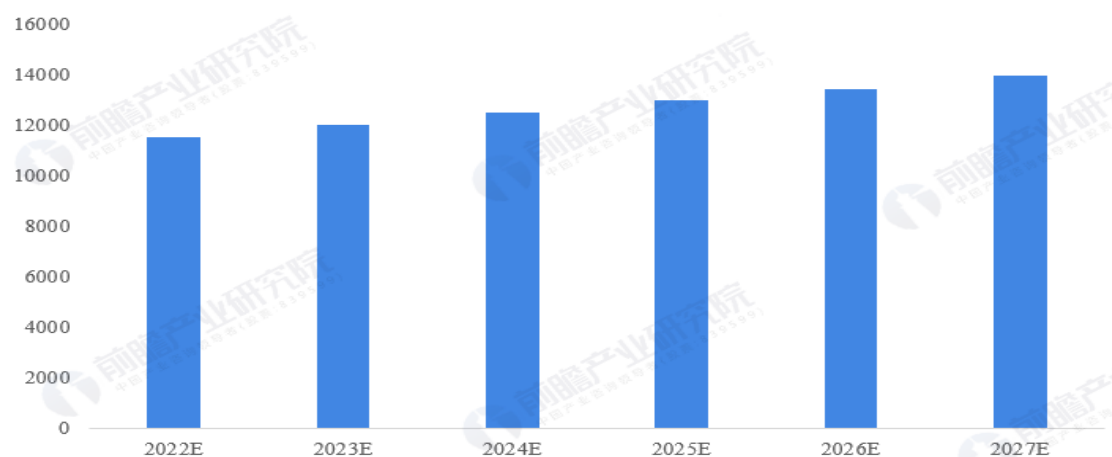
In terms of operating areas, retail sales in urban areas amounted to 38.0448 trillion yuan, a decrease of 0.3%, while retail sales in rural areas amounted to 5.9285 trillion yuan, basically flat compared to the previous year. As the "total retail sales of consumer goods" index reflects the level of development of people's material and cultural life during a certain period, the degree of realization of social commodity purchasing power, and the scale of the retail market, overall, China's consumption power remained stable in 2022 due to the continuation of the US-China trade war and the impact of the COVID-19 pandemic, showing a plateau phenomenon.

According to data released by the National Bureau of Statistics of China, the cumulative retail sales of clothing, shoes, hats, needles, and textiles in 2022 amounted to RMB 1.3003 trillion, a decrease of 6.5% from the same period in 2021. As Chinese clothing, shoes, hats, needles, and textiles include leisure clothing and footwear items, according to the current published data in China, it is not yet possible to further classify them into leisure clothing and footwear items.

In recent years, the development trend of the Chinese men's wear market has been good. From 2016 to 2018, the market size of China's men's wear industry increased year by year. In 2016, the domestic men's wear industry market size reached RMB 687.6 billion. It is expected to achieve a compound annual growth rate of 9.6% between 2018 and 2023, and the market size of China's men's wear industry is expected to increase to RMB 1.307 trillion in 2023. In recent years, the level of education for women in China has been increasing year by year, with more than 50% of female students receiving undergraduate education and good job opportunities, directly promoting an increase in women's income and indirectly stimulating an increase in women's demand for aesthetics and purchasing power for high-end brands. In 2019, the overall market size of the women's wear industry still had a slight growth rate, reaching 856 billion yuan, and the market size of China's women's wear industry was approximately RMB 1.0573 trillion. In 2020, the market size of the women's wear industry fell to RMB 940.7 billion due to the impact of the pandemic. Although the market size has decreased significantly, it is still about twice the size of the men's wear market. The Forward Industry Research Institute predicts that the market size of China's women's wear industry will reach RMB 1.4 trillion by 2027.



图表5：2022-2027年中国女装市场规模预测(单位：亿元)



资料来源：前瞻产业研究院

©前瞻经济学人APP

Source: National Bureau of Statistics of China, Qianzhan Industry Research Institute, China Business Intelligence Network

Future trends in the fashion industry may result in three phenomena:

- a. The trend towards youthfulness and individuality will become more pronounced.

Consumers' consumption concepts have undergone a transformation, becoming more rational. Consumers are becoming increasingly youthful, individualistic, and international, paying more attention to product quality and meeting individualized needs. They aspire to higher quality,

more creative products, more reasonable prices, and better shopping experiences and services, particularly young people who place a greater emphasis on personalization and fashion. They hope to establish resonance and emotional connections with brands, expressing their lifestyles through products.

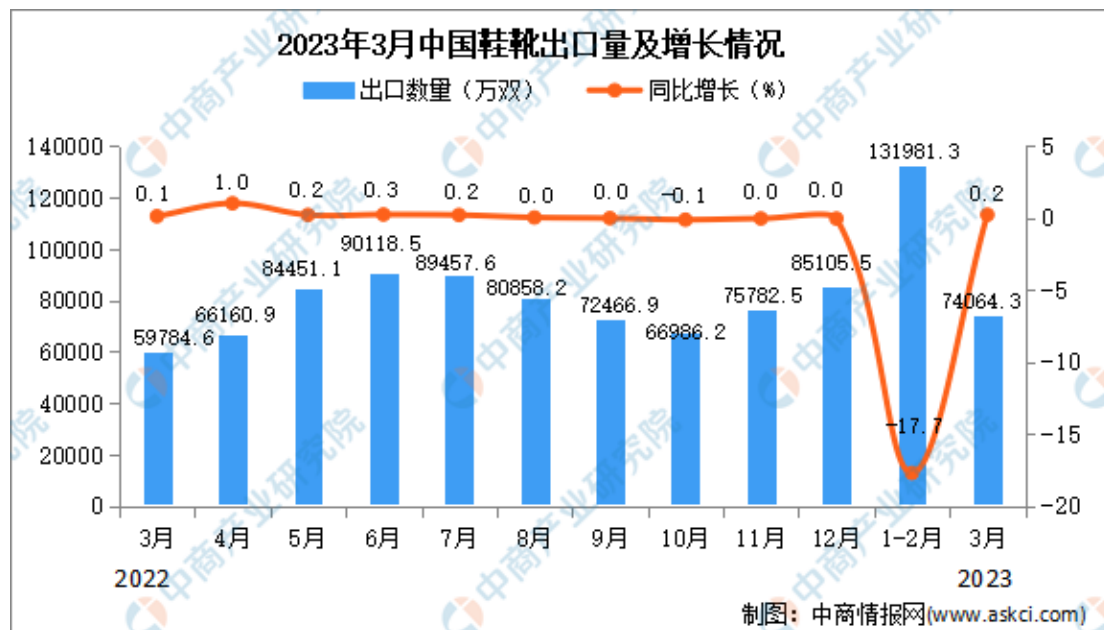
- b. Mobile social networking has become a new consumer engine.

Mobile social networking can actively stimulate user demand for consumption and utilize social platform information sharing functions to form a fissile network transmission through users' "word of mouth." The experiential consumption and dissemination of acquaintances can more effectively endorse products, enhance user trust and consumer confidence, and continuously improve purchasing frequency and efficiency, making communication between brands and customers more warm, establishing close and direct links similar to social "friends," and better satisfying the personalized needs of consumer groups.

- c. Online and offline channels are integrating.

With the development of e-commerce over the years, the dividend period of e-commerce may be coming to an end. Compared to physical stores, e-commerce requires enormous promotional expenses, as well as website operation and labor costs, etc. These costs add up to be no less than the cost of opening physical stores, and even rental costs in many areas are gradually decreasing. The channels of the fashion industry are not limited to online or offline but should be integrated. For example, Uniqlo launched an online and offline, same-style, same-price model several years ago, guiding consumers not only to online consumption.

According to data from the China Business Industry Research Institute database, in April 2023, China's footwear exports reached 768.903 million pairs, a year-on-year increase of 0.2%; From January to March, China's cumulative footwear exports reached 2,829.357 million pairs, a year-on-year decrease of 0.9%.



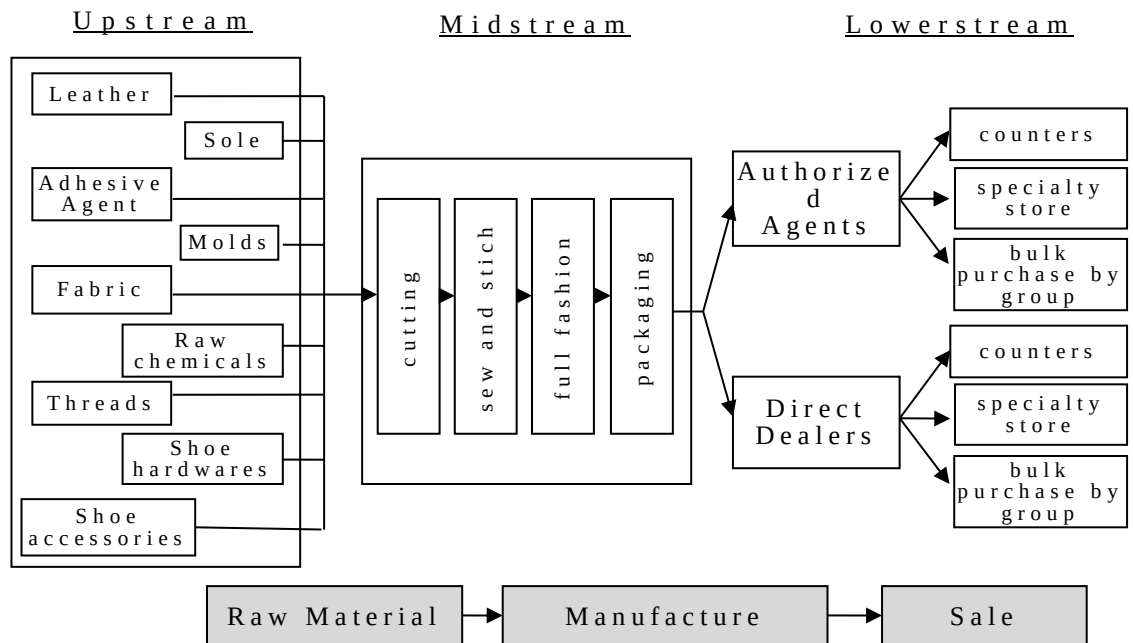
Source: Database of China Business Industry Research

In terms of amount, in April 2023, China's footwear export amount was USD 429.31 million, a year-on-year increase of 0.1%; From January to March, China's cumulative footwear export amount was USD 1,656.98 million, a year-on-year increase of 3.2%.

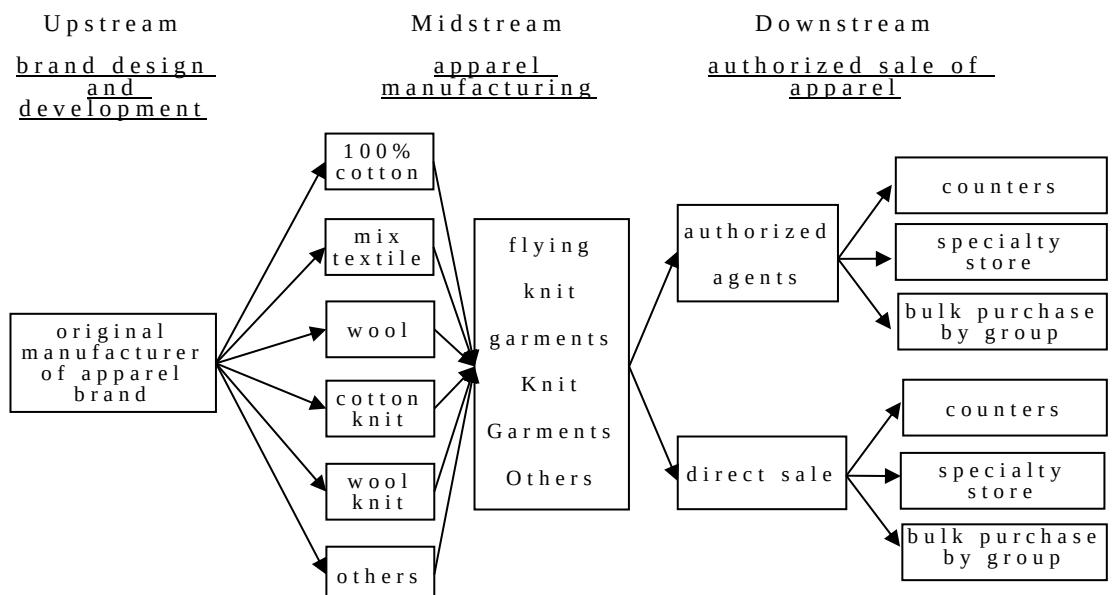
(2) Relevance of up, middle and downstream sectors of the industry:

The company is a manufacturer of footwear and apparel, with its own corporate brand. See the diagram below for upstream and downstream chains of the industry:

- i. Relevance of the upper, middle and lower stream are illustrated as per image below:

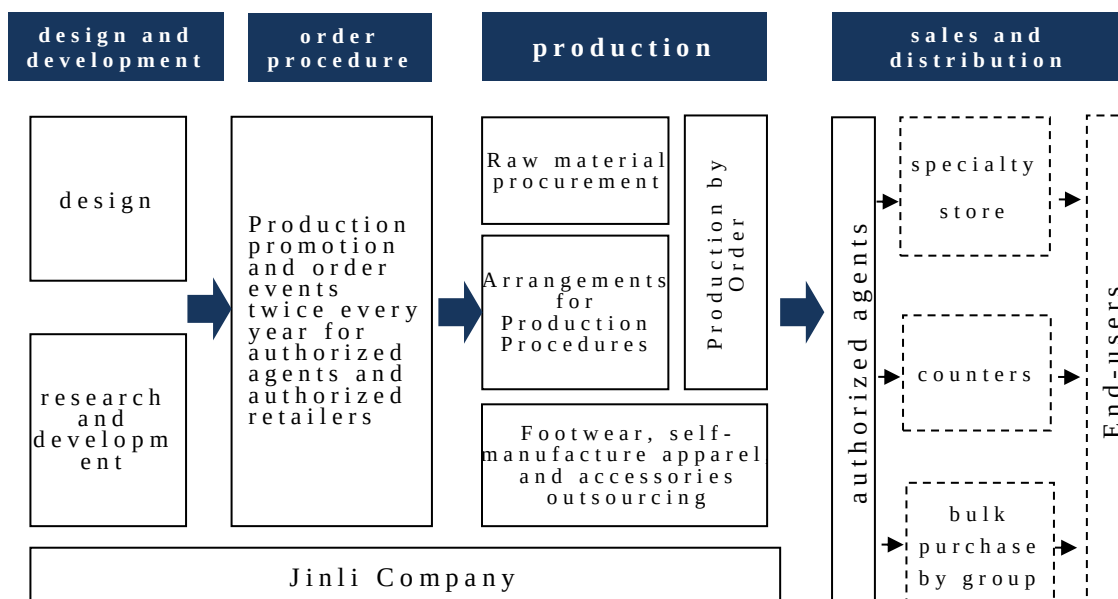


- ii. Relevance of the upper, middle and lower stream for the Corporate Brand are illustrated as per image below:



The Company manufactures its products in its own production factory and/or by outsourced vendors. The product is then shipped to authorized agents, who buy-out the products. The authorized agents then sell the products to consumers, through a diversified sales network.

iii. The Company's sales and distribution model



Our company holds two large product ordering meetings every year. We follow the delivery details specified in the purchase and sales contracts signed with our agents to schedule shoe production or purchase clothing and accessories from outsourced factories. On the agreed delivery date, the agents will entrust the shipping to our company or processing plant for pickup, and our products will be sold to Chinese consumers through the agents' sales channels, including exclusive stores, counters, and group purchases.

(3) Trends in Product Development

The consumer market for branded footwear and clothing is now consumer-oriented. As the era of refined and trendy consumption approaches, our company mainly operates in branded clothing and footwear, targeting young people aged 18 to 35 who are the most individualized consumer group. Although this age group may not have the strongest purchasing power, they have the highest frequency of consumption. They usually pay more attention to style, quality, and brand perception.

Therefore, high-quality, fashionable and well-known brands are the focus of the target customers. The development trend of branded clothing will be closely integrated with the lifestyle of the customer group, including continuous innovation of material, brand value manifestation, and improvement of pre- and post-sale customer service.

(4) Competitive Situation of Products

Our company's main sales area is China. Due to the continuous growth of China's economy, the footwear and clothing market on the mainland is in a period of rapid development, which not only helps local brands to rise, but also attracts international brands to enter the market. In terms of our mainline brand footwear and clothing, our main competitors are Chinese mainland brands, including Li Ning, Anta, Xtep, and 361 Degrees in the footwear and leisure clothing industry, and Zengzhi Jeans and B.T.BOY in the denim clothing industry. However, due to the vast territory of China and different market demands in different regions, most footwear and clothing retailers operate regionally, and there are many small-scale operators. Therefore, the main competitors vary by region and product category.

5.1.1.3 Technical and Research & Development Overview

(1) The technical level and research and development status of our business

The Company is committed to designing and developing products under the G-APPLE and E.T brands. The G-APPLE product line mainly targets a range of sports and casual footwear, clothing (including denim) and accessories to expand our product range and meet the needs of end customers. So far, the Company have developed a range of footwear products with different functions and features, including products made from breathable materials and with shock absorption functions. The design of E.T products adopts a "composite design pattern" that combines the advantages of both design-oriented and market-oriented design. The "composite design pattern" is mainly established by traditional "design-oriented" methods to establish our own brand image, supplemented by "market-oriented" design patterns to quickly respond to changes in market trends. Our success in product design is largely attributed to our ability to discover and predict trends in the casual footwear and clothing industry and keep up with consumer preferences. In addition, we officially entered the beauty industry in 2016 and set up our Taiwan subsidiary as our brand and Research & Development center, continuously investing in the development of beauty products, including developing raw materials,

formulation, and overall product design. However, due to poor market conditions, we temporarily withdrew from the beauty market and will re-enter the market when the economy improves.

(2) Research and development personnel and their education and experience

Unit: person; %

Year Type of employee	2020		2021		2021		2022First Quarter	
	Staff	%	Staff	%	Staff	%	Staff	%
University (vocational college) graduate	10	91%	13	87%	1	14%	1	17%
High school graduate and below	1	9%	2	13%	6	86%	5	83%
Total	11	100%	15	100%	7	100%	6	100%

(3) From the Past 5 Years: Research & Development Expenses, Successfully Developed Technologies or Products

Unit: in thousands of NTD

category	2018	2019	2020	2021	2022	2023 First Quarter
Research & Development Expenses	7,441	55,320	60,715	41,604	26,290	584
Net Revenue	3,988,324	2,080,819	378,255	432,077	212,674	21,582
Net Revenue Ratio	0.19%	2.66%	16.05%	9.63%	12.36%	2.71%

Remark 1: Financial information are audited, certified, or reviewed by Accountants

(4) Research & Development Expenses, Successfully Developed Technologies or Products

(i) Corporate-brand logo:

The Company has applied for and obtained trademarks in: China, European Union (EU), Hong Kong and Taiwan. Up to now, 68 trademarks for the corporate-brand have been obtained, 10 are in the review process. The trademarks in process of review are listed as follows:

April 30,2022

Company	Golden Apple (China)	Aiqi (Fujian)	Golden Apple (Hong Kong)		Jin Li (Cayman)	total
Region	China	China	EU	Hong Kong	Taiwan	
Obtained	11	43	1	1	12	68
Under review	9	1	0	0	0	10
Subtotal	20	44	1	1	12	78

(ii) Name of Awards

Year	Name of Award	Awards Received From
2009	2008 Customer Service Satisfaction	Quality Association of Fujian Province
2009	Top 500 Valuable Brands in China	World Brand Lab
2010	Top 500 Valuable Brands in China	World Brand Lab
2010	Top 100 Enterprises in China's Brand Capital - Care for Employee	People's Government of Jinjiang
2011	Top 500 Valuable Brands in China	World Brand Lab
2012	Well-known Products in Fujian Province	People's Government of Fujian
2012	Top 500 Valuable Brands in China	World Brand Lab
2013	Top 500 Valuable Brands in China	World Brand Lab

5.1.1.4 Long-term and short-term business development plans

(1) Short-term Development Strategies and Plans

(i) Operation Strategy

- A. Continuously obtain various quality certifications.
- B. Implement labor health and safety management and fulfill our responsibility to society and employees.
- C. Strengthen our OEM footwear technology.

(ii) Production Strategy

- A. Use semi-automated machines to increase production efficiency.
- B. Strengthen the allocation of human resources to cope with changes in business cycles.

(iii) Marketing Strategy

- A. Consolidate product and customer relationships, accurately grasp market trends, expand product diversity, meet customer needs for product integration, and proactively position ourselves for the future.

- B. Devote ourselves to developing trendy products and enhancing the intrinsic value of our products, thereby improving our company's self-brand image.
- C. Strengthen the G-APPLE and E.T brand images and expand market penetration.
- D. Create the Meiaimei Taiwan brand, influence consumers on both sides of the Taiwan Strait through online and offline channels. However, due to poor market conditions, we temporarily withdrew from the beauty market and will re-enter the market when the economy improves.

(2) Long-term development strategies and plans

(i) Operation strategy

- A. Continuously expand sales outlets and agents, and network expansion will remain an important development strategy for the Company.
- B. G-APPLE denim stores will be established in third- and fourth-tier cities in China to consolidate the Company's position in the Chinese market.

(ii) Production strategy

- A. Continuously strengthen our control over incoming materials quality, delivery time, and cost reduction.
- B. Expand production facilities to increase capacity and provide suitable accommodation and welfare for employees, in order to improve productivity.

(iii) Marketing strategy

- A. Expand market share, distribution networks and specialty stores in China, covering provincial capitals and other major cities.
- B. Continuously improve design professionals and maintain the Company's product brand image and visibility.
- C. Develop diversified products to reduce the impact of significant changes in a single market.

5.1.2 Overview for Marker, Production and Sales

5.1.2.1 Market analysis

(1) Sales Area for Primary Product

Unit: in thousands of NTD

Region	2021		2021	
China	432,077	100.00%	212,674	100.00%
Total	432,077	100.00%	212,674	100.00%

The Company's main sales area is mainland China. Due to the vast size of the Chinese market, our products are mainly sold to the end consumers through agents located in five provinces. We provide regular training activities, including marketing, product display design, and inventory management, to maintain our company's excellent image. In recent years, the Company have gradually increased our foreign trade footwear processing and sales business. The Company also ventured into the beauty industry in 2016, initially generating revenue from Taiwan and obtaining brand licensing fees through brand licensing in China. However, due to poor market conditions, the Company temporarily withdrew from the beauty market and will re-enter the market when the economy improves.

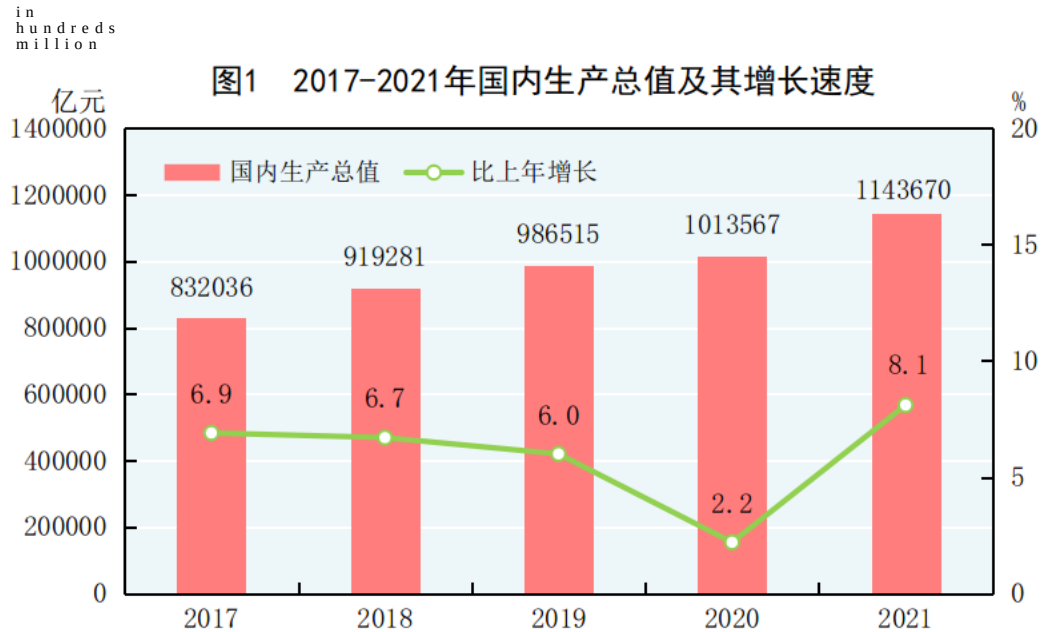
(2) Market share

The Company is mainly engaged in the design and sales of footwear, clothing (including denim clothing), and accessories. Since the establishment of our own brand, G-APPLE, in 2002, the Company have actively established an internal product design and development team and committed to maintaining long-term and stable cooperation with agents. By relying on the high-quality product image, the Company have expanded our market share in the vast domestic market in China and aimed to align our brand with fashion trends and international trends, to accumulate loyal customers and specific consumer groups quickly. Since the Chinese footwear and clothing market is vast, there are many small and medium-sized businesses with no brand or low brand awareness, and it is difficult to have accurate statistics on individual businesses' market share. Based on the National Bureau of Statistics of China's 2021 retail sales of clothing, shoes, hats, knitwear, and textile products, which was RMB 1,300.3 billion, our market share is approximately 0.004% based on our 2022 annual revenue of approximately RMB 48 million.

(3) Future Market Supply and Demand Status and Growth

As our company mainly focuses on the domestic market in China, the future supply and demand situation will be closely related to China's economic growth rate. China's real GDP growth rate in 2021 and 2022 was 8.1% and 3%, respectively.

GDP and Growth Rate in China



Source of information: Statistics Bureau, People's Republic of China (2022.02); organized by the Company

Due to the continuation of the US-China trade war and the impact of the COVID-19 pandemic, China's overall consumption power showed negative growth for the first time in 2021, despite no significant improvement in the Chinese economic environment. However, due to the low base effect, there was growth. According to the Organization for Economic Co-operation and Development (OECD), China will experience a 5.3% economic growth in 2023 after easing pandemic control measures. The International Monetary Fund predicted a 5.2% economic growth for China in 2023, the World Bank predicted 4.3%, Fitch Ratings predicted 5.2%, and Goldman Sachs' latest forecast for China's economic growth in 2023 is 5.5%.

In the clothing industry, the domestic market for textile and clothing products steadily recovered in 2021, enhancing the driving force for the industry's economic recovery. According to the National Bureau of Statistics, the total retail sales of clothing, shoes, hats, knitwear, and textile products exceeded RMB 1.38 trillion in 2021, a year-on-year

increase of 12.7%. In recent years, China's menswear market has developed well. In 2016, the domestic menswear industry's market size reached RMB 687.6 billion, and it is expected to achieve a compound growth rate of 9.6% from 2018 to 2023, with the market size expected to reach RMB 1.307 trillion in 2023. In recent years, as China's cost advantage in the clothing industry gradually weakens, combined with the escalation of US-China trade friction, China's clothing industry's export scale has also declined. The outbreak of COVID-19 in 2020 also led to a significant pressure on the clothing industry due to the sluggish demand for terminal clothing consumption in the international market. In 2020, the market size of women's clothing dropped to RMB 940.7 billion due to the pandemic's impact. Although the market size has decreased substantially, it is still about twice the size of the menswear market. The China Commerce Industry Research Institute predicts that the China women's wear market size will reach RMB 1.0446 trillion in 2022.

(4) Competitive niche

(i) Strategy for product diversification

The Company's product style has gradually shifted from sporty to fashionable and casual. In terms of apparel, the Company focused on denim clothing in 2011 and also established the E.T brand with a British style to meet the fashion preferences of young consumers. In the footwear category, our sports products were popular among the public after the 2008 Beijing Olympics, but the demand for casual footwear increased significantly in the second half of 2011, especially among teenagers. As a result, the Company adjusted the footwear style and reduced the proportion of sports products. Despite the overall decline in the sports brand market, our company's profits continue to grow year by year. Last year, in response to changing consumer demands, the Company once again adjusted the materials of the casual shoes to leather to satisfy the young consumer group's desire for novelty and change. In 2016, the Company also entered the beauty industry with our G-APPLE brand, starting with face masks and gradually developing other products. The Company have already developed and sold 13 types of face masks, 3 types of facial cleansers, and 3 types of revitalizing oils. The Company have also licensed our face mask development experience to China to enhance the richness of the brand.

(ii) Market segmentation

The Company has been deeply involved in the Chinese market for over a decade, actively expanding into third and fourth-tier cities. International brands such as Nike and Adidas mainly enter China's first and second-tier cities, while well-known Chinese sports apparel brands such as Li Ning, Anta, Xtep, and 361 Degrees mainly focus on the consumer market in first to third-tier cities. Therefore, the Company faces relatively low competition from international brands.

(iii) Differentiated pricing strategy

In the future, the Company will make better use of cost-effective online marketing to reach a wider range of consumers, improve the sales performance of retail outlets, and strive to optimize the image of agents' specialty stores. The Company encourage agents to open flagship stores or image stores and sponsor events or other public relations activities to promote the excellent quality and brand image of our products, bringing our brand closer to target consumers.

(iv) Improving advertising and sales image

In the future, the Company will make better use of cost-effective online marketing to reach a wider range of consumers, improve the sales performance of retail outlets, and strive to optimize the image of agents' specialty stores. The Company encourage agents to open flagship stores or image stores and sponsor events or other public relations activities to promote the excellent quality and brand image of our products, bringing our brand closer to target consumers.

(v) Having gained a certain market share in China, we have a broad distribution network

Based on our brand image and recognition, the Company have established a broad distribution network for selling products in China, expanding our coverage to various provinces and cities. Our sales network in China includes G-APPLE specialty stores and counters located in various provinces and cities, mainly concentrated in third and fourth-tier cities, while the E.T brand is sold in first and second-tier cities. The Company continue to expand our sales network and improve our business performance

(vi) Excellent product design and development capabilities

The Company's footwear and clothing design and development team continuously stays up-to-date with market trends in China and closely follows the latest international fashion trends through

various channels, such as the internet, industry journals, and fashion magazines. We work closely with the marketing department to provide comprehensive services that meet customer needs.

(vii) Prioritize product quality

The Company implement quality control procedures throughout the entire production process. In 2008, the Company received ISO9001:2000 quality control system certification from the Fujian Southeast Standard Certification Center. Our quality control procedures start with receiving raw materials and extend throughout the entire production process. With a continuous focus on improving quality management, the Company have gained the trust of our customers and established a good brand image that contributes to our business growth and sustainability. Our beauty product OEM factory meets the basic standards of Taiwan's GMP regulations, and the Company conduct on-site inspections of the OEM factory and quality inspections of products.

(viii) Competitive cost structure

The Company production base is located in Jinjiang City, Fujian Province, China, which benefits from China's operating costs, such as labor and raw material costs, being generally more competitive than those of developed countries and some developing countries. Additionally, our location in the China Jinjiang area, known as the "shoe capital," gives us an advantage in proximity to suppliers and outsourcing manufacturers, enabling us to obtain lower transportation costs and have a deep cost competitive advantage.

(ix) Establish a good relationship with authorized agents

The Company have established a long-term relationship with authorized agents. Through training and guidance for specialty shops, the Company make our cooperation more close and collect feedback from agents regularly to provide products that meet the needs of end customers. Through advertising and promotion activities, the Company strengthen brand awareness and expand the product market, creating a win-win situation with agents. In the years 2020-2021, under the significant changes in the Chinese economic environment, the purchasing power of the people will become more conservative. Therefore, the Company plan to re-examine the agent system and plan to adopt a regional agent model that is suitable for the larger environment to achieve the optimal management policy for promoting brand apparel.

(x) Management team with solid experience

The Company's chairman has over 20 years of experience in the footwear, clothing, and accessories industry and has been responsible for the Company's strategy and planning since its inception. The management team also has many years of experience in the footwear, clothing, and accessories industry. With the support of an excellent management team, the Company aim to continue to enhance core competitiveness, expand sales areas, and consolidate customer sources, thereby strengthening the competitive advantages.

(xi) Recruit outstanding research and development, design talents

The Company recruit excellent research and development design talents by going public, developing higher value-added products that better meet customer needs, creating new brands, and seizing different customer sources or developing overseas sales markets.

(5) Favorable and unfavorable factors and response strategies for development vision

(i) Favorable factors

A. Urbanization trend and population structure changes

The Chinese government has determined the direction of China's future economy through various conferences and meetings. They will promote rural urbanization and implement the "two-child policy" to expand domestic demand and increase the young population. In recent years, the trend of urbanization in China has been very clear, especially in the development of third-tier and fourth-tier cities. According to data from the National Bureau of Statistics of China, in 2011, the urban population surpassed the rural population for the first time, which significantly increased China's consumption power. Our company has been deeply involved in the Chinese market for 10 years and has actively laid out in third-tier and fourth-tier cities. With the trend of urbanization and the growth of consumer demand, future business opportunities are promising.

B. Middle-class demand creates consumer opportunities

With the increase in disposable income and the widespread availability of consumer information, consumers' demands for cost-effective clothing have gradually increased. Consumer attitudes have shifted from being able to afford to purchasing

high-quality products, presenting opportunities and challenges for businesses with good products and channels. China has a large population, and the consumption of the upper middle class has attracted global attention. However, what is worth more attention in recent years is the rise of middle-class consumption (middle class, middle price range), which will inevitably become the mainstream trend of market consumption. Our company's target audience is the middle class, which is the future main force of consumption, and therefore, the future prospects are not to be underestimated.

(ii) Unfavorable factors and response strategies:

A. Intense competition in the industry

The entry barriers for our company's industry are not high, and new competitors are entering the market one after another. Many domestic and international brands are competing with each other in terms of brand loyalty, product diversity, product design, product quality, and price.

Response Strategies

- (a) Continuously invest in the Company's product research and development, design, and marketing capabilities to develop products with higher added value to increase profit margins.
- (b) Based on the Company's brand image and recognition, establish a diversified sales network through agents to sell our products in the vast Chinese market.
- (c) The Company targets the large development space of domestic denim brands in China, and further develops our own brand of denim clothing. Utilize the established marketing network to quickly expand the denim clothing business.

B. Affected by the fluctuations in the supply and prices of raw materials and outsourced products

The operation of footwear production relies mainly on the ability to obtain footwear materials in a timely manner and have sufficient supply. The Company has not signed long-term contracts with major raw material suppliers, so the Company cannot guarantee to obtain major raw materials at competitive prices continuously. As the Company have been deeply involved in the casual footwear market for many years and have

a high level of understanding of shoe production costs, our product sales prices are determined based on our pricing strategy, so the gross profit margin for casual shoes can be maintained at a certain level. However, in the future, labor wages and raw material costs will start to affect the gross profit margin, as the cost of raw materials and outsourced products (G-Apple and e.t. clothing) manufactured by our shoe factory begins to increase.

Response Strategies

- (a) Maintain good cooperative relationships with upstream suppliers and negotiate based on quality, productivity, reliability, and delivery speed to obtain competitive purchase prices. This will help to reduce the impact of changes in the unit price of raw materials to a controllable level.
- (b) Collect market supply information and use our advantage in large-scale procurement to reduce material costs and maintain the profitability of our products.

C. Facing the Impact of Labor Shortages and Labor Cost Increases in China

The footwear and clothing industries are labor-intensive, and in recent years, the rapid development of inland areas has caused a labor shortage in coastal areas. China's labor costs have also been trending upward in the past few years, as people's living standards have improved, and labor costs have continued to rise. To cope with the overall changes in the environment, salary increases have become an unavoidable option for companies, resulting in an increase in labor costs and the direct labor costs and manufacturing costs of outsourced products (G-Apple and e.t. clothing) manufactured by the shoe factory.

Response Strategies

- (a) Strengthen employee welfare and provide good dormitory conditions. Plan regular and irregular education and training for employees to increase their understanding and sense of identification with the company culture. This will not only increase productivity but also increase employee loyalty and stability.

- (b) As labor costs continue to rise, timely reflect the costs in product prices, and transfer them to customers to mitigate the impact on our company's gross profit margin.

D. Risks of sales concentration on authorized agents

The company mainly sells products through authorized agents. Due to the vast territory of China, brand products sold for domestic consumption generally need to be marketed through wholesalers or agents familiar with the local customs and habits, in order to reduce our marketing costs. The authorized agents have exclusive rights to sell our products in their respective provinces. However, we have no control over their operations and cannot accurately grasp the accuracy of their sales and inventory data. If changes occur in our cooperation with distributors or if they violate our distributor management system during actual operations, it may have a negative impact on our business performance or brand reputation.

Response Strategies

- (a) Strengthen brand marketing, establish a brand image, and enhance market awareness to give our products a strong market position. This will increase the dependence of our distributors on the company and continue to achieve the concept of profit sharing, allowing them to enjoy a certain profit space while coexisting and prospering with our company.
- (b) Through regular supervision and guidance of distributors in each province by regional managers, the Company can ensure that distributors comply with our relevant regulations, thereby maintaining our brand image and improving their sales capabilities.
- (c) The Company sends personnel to regularly supervise distributors every month to grasp their inventory and sales conditions. In the future, to more accurately grasp the operational status of distributors, the Company will require them to provide monthly sales and inventory reports, which regional managers will review locally, and the review results will be included in the monthly work report.

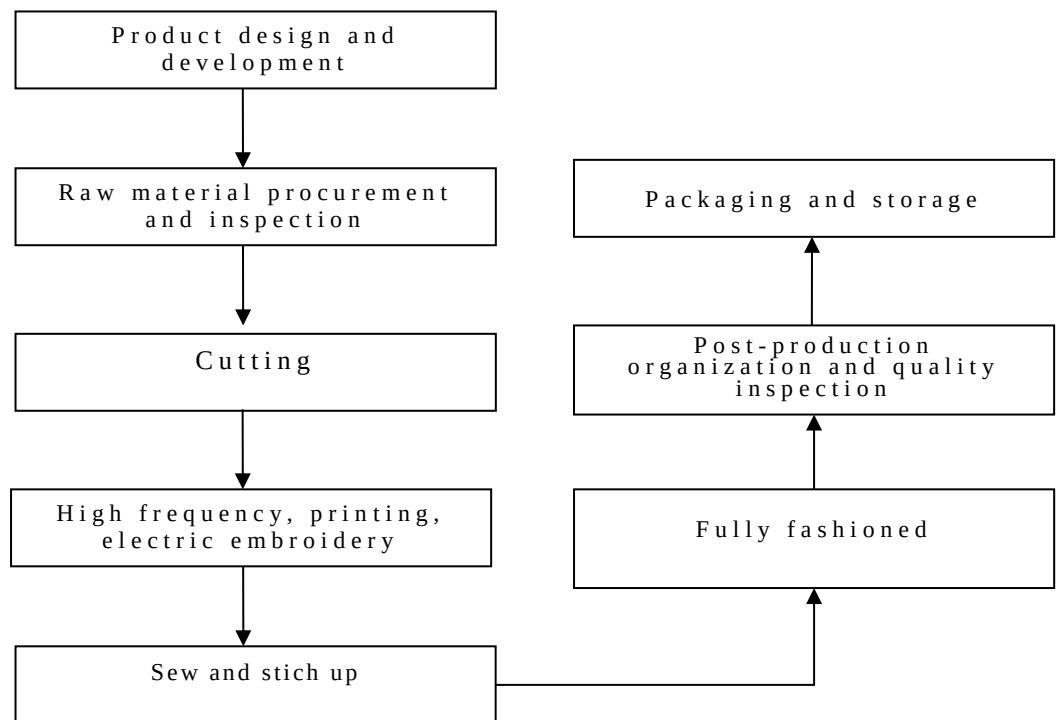
5.1.2.2 Important usage and manufacturing process for primary products

(1) Important usage of primary products

The Company' s primary products are: apparel, footwear and accessories. These are essential consumer goods.

(2) Manufacturing process for primary products

The main products of the company' s footwear line are self-manufactured, while apparel and accessories are outsourced. Please see the following diagram for footwear manufacturing (from development, design, receiving of raw materials, assembly, to finished products):



(3) Supply status of primary raw materials

Raw Material	Supplier	Supply Status
Sole	K Company, L Company, HR Company	Good
Space leather, PVC, PU leather	Z F Company, Z D Company	Good
Packaging and Printing	E Company	Good

(4) List of Primary Clients (with purchase and sale activities)

- (i) Name of suppliers, amount and ratio of purchase and sale, along with reason for the increase or decrease of purchase:

Units: thousands of NTD

	2021				2022				First Quarter of 2023			
	Name	Amount	Ratio of Annual Net Purchase (%)	Relationship to the Issuer	Name	Amount	Ratio of Annual Net Purchase (%)	Relationship to the Issuer	Name	Amount	Ratio of Annual Net Purchase (%)	Relationship to the Issuer
1	HR Company	49,682	18.92	None	K Company	23,398	19.02	None	K Company	5,228	38.95	None
2	K Company	41,418	15.77	None	HR Company	22,682	18.44	None	L Company	1,947	14.50	None
3	ZD Company	33,166	12.63	None	E Company	16,112	13.10	None	ZF Company	1,763	13.14	None
4	L Company	30,737	11.71	None	L Company	14,787	12.02	None	E Company	1,482	11.04	None
	Other	107,583	40.97	—	Other	46,046	37.42	—	Other	3,001	22.37	—
	Net purchase	262,586	100.00	—	Net purchase	123,025	100.00	—	Net purchase	13,421	100.00	—

Analysis on Change: The company's suppliers include raw material suppliers and outsourced manufacturing contractors. In the past two years and first quarter of 2023, the suppliers whose purchases accounted for over 10% of the total procurement amount were K Company, L Company, HR Company, ZF Company, ZD Company, and E Company, and their purchase amounts and ratios are shown in the table above. In 2022, due to the weakening of domestic consumption and the impact of the COVID-19 pandemic on shipments, many international brands entered the Chinese market, and the trend of e-commerce consumption emerged, resulting in a significant decline in sales, and a decrease in the overall procurement amount. In first quarter of 2023, due to the economic situation not yet showing signs of improvement, the overall procurement amount decreased significantly, and we provided raw materials based on the work resumption status of each supplier. However, with the exception of an increase in the purchases of PVC and PU leather from ZF Company, the suppliers whose purchase ratio exceeded 10% remained the same as in 2022.

- (ii) Name of suppliers, amount and ratio of purchase and sale, along with reason For the increase or decrease of purchase:

Units: thousands of NTD

	2021				2022				First Quarter of 2023			
	Name	Amount	Ratio of Annual Net Purchase (%)	Relationship to the Issuer	Name	Amount	Ratio of Annual Net Purchase (%)	Relationship to the Issuer	Name	Amount	Ratio of Annual Net Purchase (%)	Relationship to the Issuer
1	JF Company	131,835	30.51	None	JF Company	91,435	42.99	None	JF Company	19,679	91.18	None
2	WH Company	89,823	20.79	None	WH Company	52,322	24.60	None	—	—	—	—
3	O Company	49,573	11.47	None	O Company	23,220	10.92	—	—	—	—	—
4	P Company	48,544	11.24	None	—	—	—	—	—	—	—	—
	Other	112,302	25.99	—	Other	45,697	21.49	—	Other	1,903	8.82	—
	Net purchase	432,077	100.00	—	Net purchase	212,674	100.00	—	Net purchase	21,582	100.00	—

Analysis on Change: In 2022, due to the weakening of domestic consumption and the impact of the COVID-19 pandemic on shipments, many international brands expanded into third-tier cities and the popular Chinese e-commerce market. The outlook for the leisure footwear industry was conservative, and distributors were cautious in purchasing leisure shoes. Therefore, the Company strengthened its business in foreign trade orders (shoe OEM), and JF Company and WH Company became the first and second largest suppliers respectively. In the first quarter of 2022, due to the economic situation not yet showing signs of improvement, the overall sales amount decreased significantly. Sales mainly came from foreign trade orders and there was not much different from the supplier rankings compared to 2022.

(5) Production Volume Chart: Past 2 Years

Units: piece; pair; In thousands of NTD

Year Value of Production Quantity Primary product (or department)	2021			2022		
	Production Capacity	Quantity of Production	Production Value	Production Capacity	Quantity of Production	Production Value
Footwear	5,695,000	1,233,353	363,760	5,220,000	571,461	202,936
Apparel (including denim)	—	—	—	—	—	—
Total	5,695,000	1,233,353	363,760	5,220,000	571,461	202,936

Remark 1: Production Capacity: Indicates quantity that can be produced under normal business operations, after the Company has taken necessary reasons to stop production, or holidays, into consideration, using existing production equipment.

Remark 2: The production of each product is substitutable; it can be calculated using combined production capacity; additional remarks will be provided.

Analysis on Change: From March 24th to April 18th, 2022, we temporarily suspended operations to cooperate with local government's epidemic prevention work, resulting in a decrease in production capacity compared to 2021. In 2022, due to the impact of the COVID-19 pandemic, China's economic growth slowed down, and orders for agents' shoes and foreign trade orders decreased one after another. The output was about 11% of the production capacity, and the production value decreased as the output decreased.

(6) Sales Volume Chart: Past 2 Years

Units: piece; pair; In thousands of NTD

Value of Production Quantity Primary Product	Year	2021				2022			
		Sale - Domestic		Export (Remark)		Sale - Domestic		Export (Remark)	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Casual footwear		1,232,450	401,870	—	—	571,461	202,936	—	—
Apparel (including denim apparel)		75,790	36,026	—	—	16,970	9,133	—	—
Accessories		7,730	489	—	—	780	71	—	—
Total		1,315,970	438,385	—	—	1,315,970	212,140	—	—

Remark: Export indicates sales made outside of China

Analysis on Change: The sales volume and value in 2022 decreased significantly compared to 2021, mainly due to the impact of the COVID-19 pandemic, the slowing down of China's economic growth, and the expansion of many international brands into third-tier cities and the popular Chinese e-commerce market. The outlook for the leisure footwear industry was conservative, and the overall business operation was unable to recover as expected.

5.1.2.3 Number of employees: Past 2 Years

Unit: person

Year		By End of 2021	By End of 2022	Up to Mar.31, 2023
Number of employees	Management personnel	15	12	12
	Regular employee	125	34	31
	Production line staff	561	92	92
	Total	724	138	135
Average age (years)		27.92	29.52	29.30
Average years of service (years)		7.36	7.25	7.30
Mix of Employee Education Background	Master	0.13%	0.73%	0.74%
	Junior College	10.8%	13.04%	11.85%
	High School	49.82%	43.48%	44.44%
	Below High School	39.25%	42.75%	42.97%

5.1.2.4 Environmental protection expenditure information

In the recent year and up to the date of printing the annual report, losses incurred due to environmental pollution (including compensation and violations of environmental protection regulations as identified by environmental protection inspections, with the date of punishment, punishment reference number, violated regulation articles, violated content, and punishment content specified) have been disclosed, and the estimated amounts and corresponding measures that may occur currently and in the future have been disclosed. If it is not possible to estimate reasonably, the fact that it cannot be estimated reasonably should be explained: None.

5.1.2.5 Labor relations

(1) List the various employee welfare measures, training and development programs, retirement system, and the implementation status of such measures, as well as the agreements between labor and management and the measures taken to protect the rights of employees.

(a) Employee welfare measures

Talents are the most valuable asset of our company, and we carefully cultivate, cherish, and care for each colleague, allowing everyone to achieve a balanced development in work, life, and leisure. The company hopes that all colleagues can quickly understand the daily operations of the company, work and live happily according to regulations, and improve the quality of each member. All employees of the company, regardless of age, position, or gender, have the obligation and responsibility to maintain the dignity of all employees and ensure full implementation. The rights of employees are as follows:

- A. Equal employment opportunities.
- B. The right to receive remuneration for labor.
- C. The right to rest and vacation in accordance with company regulations.
- D. The right to labor safety, health, and protection.
- E. The right to participate in learning and training.
- F. The right to file a complaint in a reasonable manner regarding unreasonable treatment by superiors.
- G. To provide employees with social insurance and housing provident fund.
- H. Hold birthday parties regularly and distribute birthday gifts.
- I. Organize major festival celebrations and evening activities.
- J. Provide employee accommodation.

(b) Employee training and development

Talent is the most important core competitiveness of our company, and continuous education and training can stimulate employees' personal potential, enhance their knowledge, and effectively improve the company's overall performance, thereby achieving the company's operational goals. The measures for implementing the employee training policy are as follows:

- A. New employee training: After new employees arrive at the company, they have a dedicated mentor to guide and lead them. In addition to familiarizing new employees with the work environment, it also strengthens their identification and understanding of the company. Each department also plans basic training courses for new employees to assist them in learning relevant knowledge for their work. This includes knowledge training on the company's introduction, organizational structure, employee handbook, environmental protection, quality and environmental policies, company rules and regulations, and production safety and health.
- B. On-the-job training: The company formulates an annual public course plan at the end of each year, which is planned and opened by the company or each department. Internal training courses can be taught by internal lecturers, such as the correct use of elevators, correct use of sewing machines, and safe use of electricity in the molding workshop to ensure that employees use work machinery correctly, effectively improve work efficiency and prevent occupational injuries.
- C. Management training: The company has arranged various management talent training programs based on the characteristics of each level of management, establishing a common vision and business consensus for the team. The management courses include social responsibility policies, goals and SA8000 management guidelines, management procedures, and hazard identification and control, cultivating their personal leadership style, establishing management abilities, and maintaining employee safety.

(c) Retirement system and its implementation status

The main operating entity of the company, Gold Apple (China) Co., Ltd., mainly follows the "Regulations on Basic Old-age Insurance for Enterprise Employees" of the country of operation and pays old-age pensions on a monthly basis to the local government financial department account.

(d) Agreements between labor and management

The Company has always attached great importance to employee rights, and labor-management relations are harmonious. The Company value employee feedback, and employees can communicate directly with the human resources department or appropriate senior managers to maintain good relationships. Therefore, there have been no major labor disputes to date.

(e) Measures taken to protect the rights of employees

Our company has established an internal control system and various management measures, which clearly stipulate the rights, obligations, and welfare items of employees and regularly review the welfare content to protect employee rights.

5.1.2.6 Information security management

(1) Describe the framework for managing information security risks, information security policies, specific management plans, and resources invested in information security management.

(a) Framework for managing information security risks

The responsibility unit for information security in our company is the Information Department, which is responsible for planning, executing, and promoting information security management matters and raising awareness of information security.

(b) Information security policies

- A. Maintain the sustainable operation of various information systems.
- B. Prevent hackers, various viruses from invading and destroying.
- C. Prevent improper and illegal use by human intentions.
- D. Prevent sensitive data leakage.
- E. Avoid accidental human error.

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

The company's audit department is the auditing unit for information security management. If any deficiencies are found during the audit, the audited unit is required to submit a related improvement plan and report it to the board of directors, and regularly track the effectiveness of the improvements to reduce internal information security risks.

(2) List the losses suffered, potential impacts, and response measures taken due to significant information security incidents in the current and previous fiscal year up to the date of the annual report's publication. If it is impossible to estimate reasonably, explain the fact that it cannot be reasonably estimated: There is no such situation.

5.1.2.7 Important contract

No.	Nature of Contract	Responsible Party	Contract Start and End Date	Primary Content	Restriction Clause
1	Property Lease Contract	Jinjiang Longfei Plastic Products Co., Ltd.	July 1, 2021 to June 30, 2031	Jinjiang Longfei Plastic Products Co., Ltd. leased the 7th floor factory (6,873.14 M2) of Shuanggou Industrial Zone, Meiling Street, Jinjiang City, Fujian Province, to Golden Apple.	--
2	Property Lease Contract	Fujian Jinjiang Aiqi Plastic Products Co., Ltd.	July 1, 2021 to June 30, 2031	Fujian Jinjiang Aiqi Plastic Products Co., Ltd. leased the 4th floor of Building A and the 6th floor of Building B (2,133.21 M2) in Shuanggou Industrial Zone, Meiling Street, Jinjiang City, Fujian Province, to Golden Apple	--
3	Property Lease Contract	Aiqi (Fujian) Shoes & Plastic Co., Ltd.	July 1, 2021 to June 30, 2031	Aiqi (Fujian) Shoes & Plastic Co., Ltd. leased the 6th floor, 2nd floor, 3rd floor, 7 th floor and 4th floor of the factory building of Shuanggou Industrial Zone, Meiling Street, Jinjiang City (with a building area of 10,140.67 M2) to Golden Apple.	--
4	Property Lease Contract	Leads (China)bio tech Ltd.	June 1, 2021 to May 31, 2023	Changtai Golden Apple leased the factory in Zhangzhou Changtai Economic Development Zone for use in Leading (China).	--
5	Franchise License Contract (G-APPLE)	O company	Authorized franchise license period is three years (from Oct 1, 2020 to Sep 30, 2023)	Golden Apple (China) authorizes O Company to handle the sale of "Golden Apple" brand products in Guangdong Province according to the provincial license regulations.	--

VI. Finance Overview

6.1 Condensed Financial Information for the Past 5 Years

6.1.1 Condensed Balance Sheet and Consolidated Income Statement

6.1.1.1 Condensed Consolidated Balance Sheet

(as per IFRS Finance Accounting Guideline)

Unit: in thousands of NTD

Year Category		2018	2019	2020	2021	2022	Financial Data from Year ending until March 31, 2023
Current assets		7,398,316	6,680,060	6,159,995	6,151,580	6,027,283	5,984,744
Real estate, plant and equipment		111,698	70,378	34,456	15,819	3,142	2,779
Right-of-use asset		—	182,937	128,702	165,029	160,328	157,389
Net investment property		819,563	771,766	769,967	757,925	754,118	744,911
Other and intangible assets		187,034	5	86	5	41	40
Total assets		8,516,611	7,705,146	7,093,206	7,090,358	6,944,912	6,889,863
Current liabilities	Before distribution	723,160	295,015	146,456	123,478	74,010	73,335
	After distribution	746,903	298,730	146,456	123,478	— (Remark 1)	—
Non-current liabilities		646,399	632,114	546,973	571,558	607,282	590,544
Total liabilities	Before distribution	1,369,559	927,129	693,429	695,036	681,292	663,879
	After distribution	1,393,302	930,844	693,429	695,036	— (Remark 1)	—
Attributable to the owners of the parent company		7,146,593	6,776,562	6,397,366	6,393,222	6,262,517	6,224,893
Share capital		1,826,422	1,857,472	1,857,472	1,857,472	1,857,472	1,857,472
Capital reserve		1,617,452	1,617,452	1,617,452	1,617,452	1,617,452	1,617,452
Preserving surplus	Before distribution	4,085,234	3,976,627	3,472,056	3,494,935	3,293,675	3,289,302
	After distribution	4,061,491	3,972,912	3,472,056	3,494,935	— ((Remark 1)	—

Other interests – exchange rate differences in the translation of financial statements of foreign operating agencies		(382,515)	(674,989)	(549,614)	(576,637)	(506,082)	(539,333)
Treasury stock		—	—	—	—	—	—
Non-controlling interest		459	1,455	2,411	2,100	1,103	1,091
Total equity	Before distribution	7,147,052	6,778,017	6,399,777	6,395,322	6,263,620	6,225,984
	After distribution	7,123,309	6,774,302	6,399,777	6,395,322	—((Remark 1))	—

Remark 1: The profit distribution proposal for 2021 has not yet been resolved by the shareholders meeting.

Remark 2: 2018~2022 consolidated financial information has been verified by an accountant, and the consolidated financial information for the first quarter of 2023 has been verified by an accountant.

6.1.1.2 Consolidated Income Statement

(as per IFRS Finance Accounting Guidelines)

Unit: in thousands of NTD

Year Category	2018 (Remark 1)	2019 (Remark 1)	2020 (Remark 1)	2021 (Remark 1)	2022 (Remark 1)	Year ending until March 31, 2023 (Remark 1)
Operating income	3,988,324	2,080,819	378,255	432,077	212,674	21,582
Operating gross profit	997,550	379,052	(111,044)	35,286	(50,383)	(1,132)
Business (loss) benefit	586,530	(89,093)	(611,987)	(15,277)	(240,780)	(13,828)
Non-operating income and expenses	26,925	39,163	57,290	42,671	20,799	9,841
Net profit before tax	613,455	(49,930)	(554,697)	27,394	(219,981)	(3,987)
Continued business unit net profit for the period	613,455	(49,930)	(554,697)	27,394	(219,981)	(3,987)
Loss of business unit	—	—	—	—	—	—
Current net profit (loss)	407,441	(52,818)	(499,900)	22,568	(201,260)	(4,382)
Other comprehensive profit and loss of the period (net after tax)	407,441	(52,818)	(499,900)	22,568	(201,260)	(4,382)
Total consolidated profit and loss for the period	239,876	(345,292)	(374,525)	(4,455)	(131,702)	(37,636)
Net profit attributable to the parent company owner	408,854	(53,814)	(500,856)	22,879	(201,260)	(4,373)
Net profit attributable to non-controlling interests	(1,413)	996	956	(311)	—	(9)
The total profit and loss is attributable to the parent company owner	241,289	(346,288)	(375,481)	(4,144)	(130,705)	(37,624)
Total consolidated profit and loss is attributable to non-controlling interests	(1,413)	996	956	(311)	(997)	(12)
Earnings per share (unit: yuan)	2.20	(0.29)	(2.70)	0.12	(1.08)	(0.02)

Remark 1: 2018~2022 consolidated financial information has been verified by an accountant, and the consolidated financial information for the first quarter of 2023 has been verified by an accountant.

6.1.2 Names and Auditing Comments of Certified Public Accountants in the Past 5 Years

Year	Certified Public Accountants	Name of Accountant Firm	Auditing Comments
2018	Xian-Zheng CHEN, Se-kai LIN	PwC Taiwan	No reserved comments
2019	Xian-Zheng CHEN, Se-kai LIN	PwC Taiwan	No reserved comments
2020	Xian-Zheng CHEN, Se-kai LIN	PwC Taiwan	No reserved comments
2021	Xian-Zheng CHEN, Se-kai LIN	PwC Taiwan	No reserved comments
2022	Ken Lin, Diana Shih	Candor Taiwan CPAs Taipei, Taiwan	No reserved comments

6.2 Financial Analysis (as per IFRS Finance Accounting Guidelines)

Category		Financial analysis for the past 5 years					Year ending until March 31, 2023 (Remark 2)
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt to asset ratio	16.08	12.03	9.78	9.80	9.81	9.64
	Long-term funds as a percentage of real estate, plant and equipment	6,398.55	9,630.87	18,573.77	40,673.09	200,479.85	225,228.61
Management capacity	Current ratio	1,023.05	2,264.31	4,206.04	4,981.92	8,143.88	8,160.83
Financial structure (%)	Quick ratio	997.51	2,218.13	4,187.16	4,961.75	8,124.51	8,139.58
Solvency (%)	Interest coverage	—	(81.67)	(1,829.68)	28.81	(117.78)	(8.47)
Management capacity	Receivables turnover rate (times)	4.99	3.20	1.46	2.99	2.61	5.43
	Average date of receipt	73.14	114.06	250	122.07	140.00	67.00
	Inventory turnover rate (times)	25.33	19.06	11.21	20.54	23.6	20.63
	Payable turnover rate (times)	11.35	8.06	6.19	11.13	7.38	2.55
	Average sales day	14.40	19.15	32.56	17.77	15.00	18.00
	Real estate, plant and equipment turnover rate (times)	35.71	29.57	10.98	27.31	67.69	31.06
	Total asset turnover rate (times)	0.47	0.27	0.05	0.06	0.03	0.01

Category		Financial analysis for the past 5 years					Year ending until March 31, 2023 (Remark 2)
		2018	2019	2020	2021	2022	
Profitability	Return on assets (%)	4.93	(0.64)	(6.75)	0.33	(2.87)	(0.22)
	Return on equity (%)	5.79	(0.76)	(7.59)	0.35	(3.18)	(0.28)
cash flow	Pre-tax net profit as a percentage of paid-up capital ratio	33.59	(2.69)	(29.86)	1.47	(12.96)	(0.74)
Profitability	Net profit rate (%)	10.22	(2.54)	(132.16)	5.22	(94.63)	(20.30)
cash flow	Earnings per share (yuan)	2.20	(0.29)	(2.70)	0.12	(1.08)	(0.02)
Leverage	Cash flow ratio (%)	41.33	103.16	(145.12)	41.56	(217.06)	(7.92)
Profitability	Cash flow rate (%)	302.12	533.60	429.81	365.33	271.31	271.31
cash flow	Cash reinvestment ratio (%)	3.91	4.27	(3.49)	0.83	(2.61)	(0.10)
Leverage	Operating leverage	1.23	(2.70)	0.93	(0.81)	0.95	0.89
	Financial leverage	1.00	0.99	1.00	0.94	0.99	0.97

The change in the financial ratios from the previous 2 years has increased by 20%:

1. The ratio of long-term funds to real estate, plant and equipment in 2022 increased compared with the previous period, mainly due to the accumulated depreciation and amortization of real estate, plant and equipment, which reduced the net amount of real estate, plant and equipment.
2. The increase in interest coverage ratio in 2022 compared with the previous period was mainly due to the fact that interest expenses were incurred due to lease liabilities and the after-tax profit was relatively small.
3. The turnover rate of receivables in 2022 increased compared with the previous period, mainly due to the increase in the turnover rate due to the collection of overdue accounts in 2022.
4. The average collection days in 2022 decreased compared with the previous period, mainly due to the increase in the turnover rate of receivables compared with the previous period.
5. The inventory turnover rate in 2022 increased compared with the previous period, mainly due to the slowdown of the epidemic in 2022 and normal shipments.
6. The turnover rate of payables in 2022 increased compared with the previous period, mainly due to the poor prosperity and the decrease in purchases and the decrease in accounts payable at the beginning of the period, which increased the turnover rate of payables.
7. The average sales days in 2022 decreased compared with the previous period, mainly due to the increase in the inventory turnover rate compared with the previous period.
8. The turnover rate of real estate, plant and equipment in 2022 increased compared with the previous period, mainly due to the recovery of sales compared with the previous period, and the net amount of real estate, plant and equipment at the beginning of the period was lower than the previous period.
9. The total asset turnover rate in 2022 increased compared with the previous period, mainly due to the recovery of sales compared with the previous period.
10. The return on assets in 2022 increased compared with the previous period, mainly due to the increase in profit.
11. The increase in return on equity in 2022 compared with the previous period was mainly due to the growth in profit.
12. The ratio of net profit before tax to paid-in capital in 2022 has increased compared with the previous period, mainly due to the growth in profit.
13. The increase in net profit ratio in 2022 compared with the previous period was mainly due to the increase in profit.
14. The increase in earnings per share in 2022 compared with the previous period was mainly due to profit growth.
15. The increase in the cash flow ratio in 2022 compared with the previous period was mainly due to the increase in profit growth, which increased the net cash flow from operating activities.
16. The increase in the cash reinvestment ratio in 2021 compared with the previous period was mainly due to the increase in profit and the increase in net cash flow from operating activities compared with the same period.
17. The operating leverage in 2022 decreased compared with the previous period, mainly due to the negative value of operating profit.

Remark 1: The consolidated financial information for 2018~2022 has been verified by an accountant; the consolidated financial information for the first quarter of 2023 has been reviewed by an accountant.

Remark 2: The consolidated financial data for 2018~2022 and the first quarter of 2023 are prepared in accordance with international accounting standards approved by the Financial Regulatory Commission.

Remark 3: Calculation formula are as follows

1. Financial structure

(1) Debt to asset ratio = total liabilities / total assets.

(2) Long-term capital as a percentage of real estate, factory and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid) / current liabilities.

(3) Interest coverage ratio = net profit before income tax and interest expense / interest expense for the period.

3. Operating capacity

(1) Receivables (including accounts receivable and notes receivable due to business) Turnover rate = net sales / average receivables for each period (including accounts receivable and business due to business) The balance of notes receivable.

(2) Average collection days = 365 / receivables turnover rate.

(3) Inventory turnover rate = cost of goods sold / average inventory amount.

(4) Payables (including accounts payable and bills payable due to business) Turnover rate = cost of goods sold / average payables for each period (including accounts payable and notes payable due to business).

(5) Average sales days = 365 / inventory turnover.

(6) Real estate, factory and equipment turnover rate = net sales of goods / average real estate, factory and equipment net.

(7) Total asset turnover rate = net sales of goods / average total assets.

4. Profitability

(1) Return on assets = [after-tax profit and loss + interest expense × (1 - tax rate)] / Average total assets.

(2) Return on equity = after-tax profit and loss / total equity.

(3) Net profit ratio = post-tax profit and loss / net sales.

- (4) Earnings per share = (profits and losses attributable to owners of the parent company - special dividends) / weighted average number of issued shares. (Remark 4)

5. Cashflow

- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
- (2) Net cash flow allowable ratio = net cash flow of business activities in the past 5 years / the most recent 5 years (capital expenditure + inventory increase + cash dividend).
- (3) (註 5) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (real estate, plant and equipment gross + long-term investment + other non-current assets + working capital). (Remark 5)

6. Leverage:

- (1) Operating leverage = (net operating income - variable operating costs and expenses) / operating profit (Remark 6).
- (2) Financial leverage = operating profit / (business profit - interest expense).

6.3 Audit committee review report by the Supervisor or Audit Committee for recent years

Audit Committee Review Report

The Board of Directors has prepared and submitted to the undersigned, Audit Committee of Alchip Technologies, Limited 2022 Business Report, Consolidated Financial Statements and Dividend Distribution proposal. The Consolidated Financial Statements have been duly audited by Certified Public Accountants Lin Chao-Min and Shih Dai-Ping of Candor Taiwan CPAs. The above Business Report, Consolidated Financial Statements and Dividend Distribution proposal have been examined and determined to be correct and accurate by the undersigned. This Report is duly submitted in accordance with Article 14-4 of Securities and Exchange Law and Article 219 of the Company Law.

Chairman of the Audit committee: Chen, Shih Ying

May 8, 2023

6.4 Financial report

1. Recent financial report: please refer to pages 100 to 146.
2. Individual Entity Financial Report for the recent years, audited by the Accountant: the company is the first listed company and does not need to prepare an Individual Entity Financial Report, so it is not applicable.

6.5 Any difficulty of financial turnover for the Company and its affiliates, such that any impact it causes on the

company' s financial status should be listed:

None.

VII. Financial Status, Financial Performance Review Analysis and Risk

7.1 Financial status

Primary reasons for the significant changes in assets, liabilities and shareholders equity for the past 2 years, and its impacts. If the impact is significant, the plan for the corresponding measures in the future, should be stated:

Unit: in thousands of NTD; %

Year Category	2021	2022	Changes (Increase, decrease)	
			Amount	Ratio of Change (%)
Current assets	6,151,580	6,027,283	(124,297)	(2.02 %)
Real estate, plant and equipment	15,819	3,142	(12,677)	(80.14%)
Other non-current assets	165,029	160,328	(4,701)	(2.85%)
Total assets	757,925	754,118	(3,807)	(0.50%)
Other current liabilities	5	41	36	720%
Total assets	7,090,358	6,944,912	(145,446)	(2.05%)
Deferred income tax liabilities	123,478	74,010	(49,468)	(40.06%)
Total current liabilities	571,558	607,282	35,724	6.25%
Total liabilities	695,036	681,292	(13,744)	(1.98%)
Share capital	1,857,472	1,857,472	0	0.00%
Retained earnings and capital reserve	5,112,387	4,911,127	(201,260)	(3.94%)
Other rights	(576,637)	(506,082)	70,555	(12.24%)
Total shareholders' equity	6,395,322	6,263,620	(131,702)	(2.06%)
Remarks on categories with important changes: (for amount changes that are more than 10%, and the amount reaches 1% of the total assets of the year). Not applicable.				

7.2 Financial performance

1. Primary reason for the important changes in operating income, operating net profit and pre-tax net profit in the past 2 years

Unit: in thousands of NTD; %

Year Category	2021	2022	Changes (Increase, decrease)	
			Amount	Ratio of Change (%)
Operating income	432,077	212,674		14.23%
Operating cost	396,791	263,057		(18.91%)
Operating gross profit	35,286	(50,383)		131.78%
Operating expenses	50,563	190,397		(89.91%)
Operating profit	(15,277)	(240,780)		97.50%
Non-operating income and expenses	42,671	20,799		(25.52%)
Net profit before tax	27,394	(219,981)		104.94%
Deduct: income tax expense	4,826	18,721		108.81%
Net profit after tax	22,568	(201,260)		104.51%
Total comprehensive benefits in the current period	(4,455)	(131,702)		98.81%
Net profit attributable to the parent company	22,879	(201,260)		104.57%
The total comprehensive income attributable to the parent company	(4,144)	(130,705)		98.90%
Remarks on categories with important changes: (for amount changes that are more than 10%, and the amount reaches 1% of the total assets of the year).				
1. Operating income, operating costs, operating gross profit, operating profit, net profit before tax, net profit after tax, net profit attributable to the parent company, and total comprehensive income attributable to the parent company: Have decreased compared to the previous period, mainly due to poor business conditions, unfavorable order status from agents, lower net sales, decreased willingness to purchase from suppliers, and lower cost of goods sold, resulting in losses.				

Category	Year	2021	2022	Changes (Increase, decrease)	
				Amount	Ratio of Change (%)
2.	Operating expenses: Due to poor sales conditions, employee work hours decreased significantly, personnel were reduced, and approximately 80% of employees were laid off, and severance payments must be made in accordance with relevant Chinese labor laws.				

2. Expected sales volume and basis

The Company expects overall sales revenue in 2023 to grow compared to 2022, mainly due to the gradual recovery of China's domestic demand market as the COVID-19 pandemic slows down. Sales volume and customer order status are expected to stabilize. However, the future is still subject to the impact of the pandemic on the global economy and the recovery of the business environment. Relevant market research analysis and industry status and development can be found in the operational overview.

3. Possible impact on the company's future financial operations and response plans

There are concerns about the growth momentum of the company's domestic demand market in China's leisure footwear and apparel market, which is becoming increasingly competitive. The Company will pay close attention to changes in market demand and trends, invest in the development of new designs, increase the visibility of its own brand, and improve its profitability to maintain stable brand performance and financial situation.

7.3 Cashflow

1. Change of cash flow in the recent year (2021):

Unit: in thousands of NTD; %

Category	Year	2021	2022	Amount increase (decrease)	Ratio of Increase (decrease)
Operation activities		51,315	(160,662)	(211,977)	(413.09%)
Investment activities		(11,352)	8,653	20,005	(176.22%)
Financing activities		(6,601)	(3,737)	2,864	(43.39)
Analysis of change:					
1. Operating activities: Net cash flow from operating activities decreased by NTD 211,977 thousand in the current period, mainly due to poor business conditions and declining profitability.					
2. Investment activities: Net cash outflow from investment activities increased by NTD 20,005 thousand in the current period, mainly due to the acquisition of real estate, factories, and equipment in the previous period.					

2. Improvement plan for insufficient liquidity: Not applicable.

3. Analysis of cash flow for the next year (2023):

Although the Company has several capital expenditure plans for 2022, the COVID-19 pandemic may cause uncertainty in the global economy and a possible decrease in consumer purchasing power, which calls for cash reserves to support uncertain environmental difficulties. However, the current cash level can maintain the company's normal operations, and there is no risk of insufficient liquidity.

7.4 Impact of significant capital expenditures in the latest fiscal year on financial operations:

There were no significant capital expenditures for the company in 2022.

7.5 Recent investment policy, main reasons for profit or loss, improvement plans, and investment plans for the next

year:

1. Company's investment policy:

The company's current investment policy focuses on investment targets related to basic business and invests based on the state of China's consumer market, with relevant departments following internal control measures such as "investment cycle," "operating procedures for group companies, specific companies, and related-party transactions," and "procedures for acquiring or disposing of assets," which have been approved by the board of directors or shareholders' meeting.

2. Main reasons for profit or loss:

The Company's investment in Gold Apple (China) and LEADS BIO CO., LTD. has substantial operating activities, and the investment gains and losses for the latest fiscal year are as follows:

Unit: in thousands of NTD

Transfer of investment	Business profits and losses recognized in year 2022	Remarks
Golden Apple (China)	(167,246)	The company's main business is the design, manufacturing, and sales of fashion casual shoes, sports shoes, as well as the design and sales of casual clothing (including jeans) and accessories. However, in 2022, due to the impact of the US-China trade war and the COVID-19 pandemic, the competition in the leisure footwear and clothing industry was fierce, and agents' orders were conservative. In addition, the rising costs of Chinese raw materials and labor caused Gold Apple (China) to perform less profitably than in the past, resulting in a loss of 167,246.
LEADS BIO CO., LTD. (Taiwan)	(39)	The Company's main business is the sales and research and development of beauty products, and it receives brand licensing fees. However, due to poor market conditions, the Company temporarily withdrew from the market and recognized an investment loss of 324,000. The Company plans to re-enter the market and expand its business when the economy recovers.

3. Improvement plan and investment plan for the upcoming 1 year:

The Company currently does not have a clear investment plan. In the future, the investment plan will be proposed in accordance with the demands of business operation. The Company will carefully evaluate the investment plan, and implement according to the relevant verification procedures.

7.6 Risk Management should analyze and evaluate the following factors:

i. Risk factors

1. Impact of interest rate, exchange rate fluctuations, and inflation on the company's profits and future response measures:

(1) Interest rate fluctuations:

Currently, the Company has no lending relationship with banks. However, as the Company is in a growth stage, the Company continue to expand our business scale to enhance competitiveness and maintain good relationships with banks to obtain lower-cost funding in the future. Therefore, the Company and its subsidiaries will consider the overall amount and cost of various funding sources to raise the necessary funds. The interest expenses of the Company in 2021 and 2022 were NT\$985 million and NT\$1,852 million, respectively. The interest expenses in 2022 were generated by lease liabilities. Therefore, it is expected that interest rate fluctuations will not significantly impact the overall operation of our company.

(2) Exchange rate fluctuations:

The main operating entity of the Company is Gold Apple (China) Co., Ltd. Because the agents, raw material suppliers, and outsourcing contractors of our sales targets all trade within China, all transactions are denominated in RMB. A small amount of products sold overseas is exported through trading companies, but payment is still collected in Chinese yuan. Therefore, the daily operating-related payments of Gold Apple (China) Co., Ltd. are almost functional currency in RMB. The functional currency of the Company and its subsidiaries in Hong Kong and BVI is accounted for in US dollars and Hong Kong dollars. The Company issued convertible corporate bonds, and when preparing pro forma consolidated financial statements, adjustments are made to financial assets and financial liabilities, resulting in foreign exchange gains or losses. However, the proportion of foreign exchange gains or losses to net operating income and pre-tax income is very small, and all convertible corporate bonds issued by the Company have been fully redeemed or converted. In addition, the foreign exchange position generated by the fund loans between our company and its 100% subsidiary and the foreign exchange position generated by the fund loans

between its 100% subsidiaries resulted in a partial exchange loss of NT\$17,962 million at the end of 2022 due to Asian currency exchange rate fluctuations, accounting for only 8.45% of the operating income for that year. Therefore, exchange rate fluctuations have not had a significant impact on the revenue and profit of our company so far.

The main operating entity of our company currently has no significant exchange rate fluctuations. However, in the future, when our company issues dividends in New Taiwan dollars to domestic investors or raises funds in New Taiwan dollars domestically, there may be exchange rate fluctuation risks when exchanging Chinese yuan to New Taiwan dollars. The response measures that our finance department may take are as follows:

- A. The Company maintains close contact with major banks to monitor changes in the foreign exchange market at any time, so that relevant managers can fully grasp the trend of exchange rates and respond to sudden market situations.
- B. The Company formulated the "Derivative Trading Handling Procedure for Publicly Traded Companies to Acquire or Dispose of Assets" in accordance with the "Guidelines for Handling Derivative Financial Products" and it was approved by the board of directors on May 10, 2011, and the shareholders' meeting on December 8, 2011. It was revised and approved by the board of directors on March 20, 2014, and the shareholders' meeting on June 24, 2014. The procedure regulates the operations related to derivative financial products, and when necessary, it can be executed according to the procedure in response to foreign exchange positions and exchange rate fluctuations to reduce the exchange rate risk generated by the Company's business operations.

(3) Inflation:

The past profits of the Company have not been significantly affected by inflation. If the cost of purchasing goods increases due to inflation, the Company will adjust selling prices appropriately as necessary to reduce the impact on our operations.

2. Policies, main reasons for profit or loss, and future response measures for engaging in high-risk, high-leverage investments, lending funds to others, endorsing guarantees, and trading in derivative products:

Based on the principles of prudence and practicality, as of the date of this annual report, our company has not engaged in high-risk, high-leverage investments or similar transactions beyond our core business areas. In addition, our company has established procedures such as the "Fund Lending to Others Operating Procedure," "Endorsement and Guarantee Operating Procedure," "Asset Acquisition or Disposition Processing Procedure," and "Derivative Product Transaction Processing Procedure" as a basis for compliance for related operations conducted by our company and subsidiaries. As of the date of this annual report, the Company has not engaged in derivative product trading or endorsement guarantee activities. Moreover, there is no situation where funds have been lent to others outside of the group, so the related risks remain limited.

3. Future research and development plans and expected R&D expenses:

Given the continuous expansion of demand in the footwear and apparel industry and the need for constant innovation and development to stay abreast of market trends and develop brands that cater to different customer groups, our company continues to invest manpower and funding in product design and development. In the past two years, the expenses incurred by our R&D design center accounted for 9.63% and 12.36% of our consolidated revenue, respectively. The proportion of expenses for product design expected to be invested in the future will vary with changes in personnel and revenue, as China's labor costs continue to rise. In 2022, this trend may be reflected in product development activities, and R&D expenses will be increased accordingly, but considering the optimization of cost-effectiveness in initial investment.

4. The impact of significant policy and legal changes at home and abroad on the company's financial business and response measures:

The country of registration for the Company is the Cayman Islands, and the main operating country is China. The Cayman Islands primarily engage in financial services, while China is one of the world's major economic systems with stable political and economic environments. The footwear, apparel (including jeans), and accessories developed and sold by our company are consumer goods that are not subject to special or restricted industries. Therefore, the Company has not been significantly affected financially by major policy and legal changes in the Cayman Islands or China. Furthermore, our company conducts all business operations in compliance with important domestic and foreign policies and legal regulations and keeps abreast of the latest developments in important policies and legal changes at home and abroad, and timely responds to changes in market environments by adopting appropriate response measures.

5. Impact and response measures of technological changes (including information security risks) and industry changes on Company financial operations:
 - (1) Technological changes

The Company is a manufacturer that designs, develops, produces, and sells branded footwear, clothing (including denim clothing), accessories, as well as researches and sells beauty brands. Technological changes can provide our company with innovative new products and bring extensive business opportunities, which should not have a significant impact on our company's financial operations.

The Company has not experienced any major information security incidents or property losses. Currently, our subsidiary's information department serves as the information security management department and will strengthen information security management in the future, such as establishing firewalls, electronic file encryption systems, etc., to control personnel usage rights and records and reduce the company's information security risks.
 - (2) Industry changes

With China's reform and opening-up policy, China has become the main production base for global footwear and clothing markets in the past 30 years. The consumption potential of 1.3 billion people makes China the most promising emerging market in the 21st century, and the growth of the consumer market in recent years is even more remarkable. Therefore, the current changes in the industry are a favorable trend for our company's financial operations. Our own brands and diversified distribution network will be the best leverage for our company to respond to industry changes.
6. Impact of Changes in Corporate Image on Corporate Crisis Management and Response Measures:

Our company strives to operate with the business philosophy of "creating the highest value for customers" and has a certain reputation and image in the industry. Therefore, there have been no changes in corporate image that have caused corporate crises. In addition, after listing on the Taiwan Stock Exchange, our company will be subject to supervision by relevant regulatory authorities and regulations, and corporate information will be more transparent and open, which will have a positive impact on our company's image.
7. Expected Benefits, Possible Risks, and Response Measures of Mergers and Acquisitions:

The Company has no specific plans to acquire other companies outside of our group in the current and previous fiscal years, so this does not apply.
8. Risks and response measures faced by concentrated purchasing or sales:

The Company has no plans to expand factory buildings in the current and previous fiscal years, so this does not apply.
9. Risks and response measures faced by concentrated purchasing or sales:
 - (1) Concentrated Purchasing Risk: The recent changes in our company's purchasing situation are mainly due to factors such as the composition structure of our products, purchase prices, and product quality. In addition, as our company's main operation is located in the city of China's shoe industry, the supply of raw materials required for production is not lacking, and no single supplier has exceeded 30% of the total purchase amount. Therefore, there have been no significant concentrated purchasing risks.
 - (2) Concentrated Sales Risk: In the past fiscal year, the sales of our largest customer accounted for 42.99% of the net consolidated revenue. This customer is an overseas trade order client. As sales of branded footwear and clothing did not meet expectations, our company's business strategy is to undertake overseas trade processing orders, which resulted in an increase in sales of overseas trade orders in 2022. The sales proportion to other customers is all below 25%, so there have been no significant concentrated sales risks.
10. The impact, risks, and response measures of a large-scale transfer or replacement of directors, supervisors, or shareholders holding more than 10% of shares:

In the past fiscal year until the date of printing of the annual report, the Chairman of the Board sold 40,000 shares in the centralized exchange market for personal financial planning, accounting for 0.02% of the Company's capitalization. However, the Chairman and his family still hold 30.83% of the Company's capitalization, and this sale had no significant impact on the Company's operations.
11. The impact, risks, and response measures of changes in management control:

In the past fiscal year until the date of printing of the annual report, there were no changes in management control of the Company. The Company have strengthened various corporate governance measures, introduced independent directors, and established an audit committee. Therefore, if there were changes in management control, it should not have a significant adverse impact on our company.

12. Significant lawsuits, non-litigation events, or administrative disputes involving the company, directors, supervisors, general manager, substantial responsible person, shareholders holding more than 10% of shares, or subsidiary companies that have been adjudicated or are still pending, and their outcomes may have a significant impact on shareholder equity or securities prices, should be disclosed with the facts, amount of the subject matter, the date the dispute commenced, the main parties involved, and the processing situation until the date of printing of the annual report: None.
13. Other important risks and response measures:
- (1) For other important risks and response measures related to the Company's operations, please refer to the favorable and unfavorable factors and relevant response measures for the Company's future development in the market and production and sales overview in this annual report.
 - (2) Although the Company has a dedicated unit responsible for trademark application and management to ensure intellectual property rights, we cannot guarantee complete protection of our company's intellectual property and the design results from infringement by competitors or other manufacturers.
 - (3) Specific situations may still not provide sufficient protection: Company operations always involve many risks and dangers, including machine equipment failure, damage or abnormalities, delayed equipment delivery, production capacity limitations, labor strikes, fires, natural disasters such as earthquakes or typhoons, environmental disasters, or occupational hazards. The aforementioned situations may have a significant adverse impact on the Company's operations. Although the Company has insured fixed assets in accordance with the conventions of the operating country, such insurance may still not provide sufficient protection in specific situations. If our company suffers losses as a result, it may have an adverse impact on our company's operations.
 - (4) Protection of shareholder equity: The laws of the Cayman Islands and Taiwan have many different provisions. Although the Company has revised the company's articles of association in accordance with the "Important Matters for Shareholder Equity Protection Reference Example" of the Taiwan Stock Exchange, there are still many different regulations for the operation of companies under the laws of the two regions. Investors cannot ensure their legal rights and interests in investing in local Taiwanese companies, and cannot apply them to the Cayman Islands companies in which they invest.

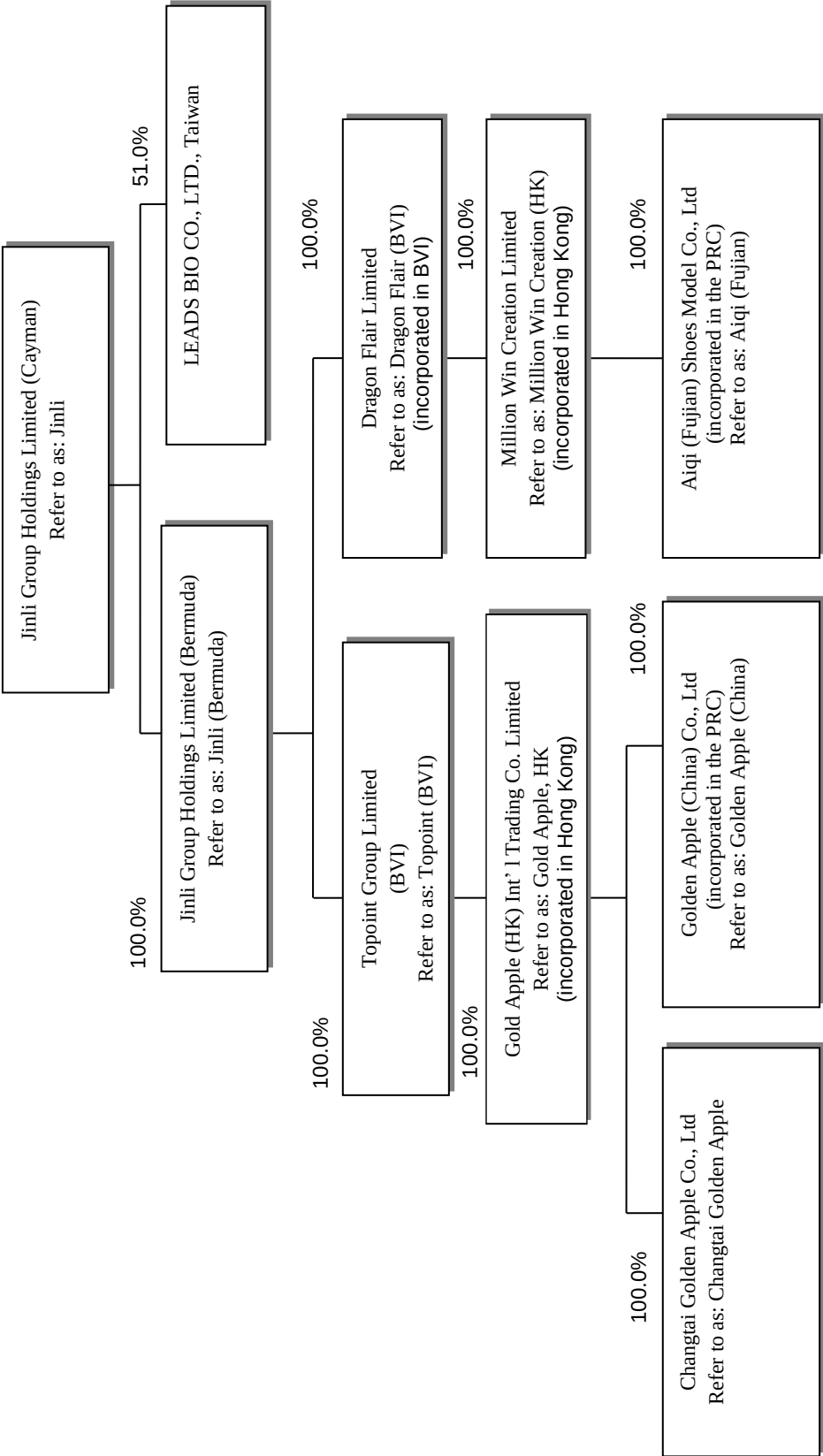
7.7 Other important matters:

None.

VIII. Special Remarks

8.1 Relevant information of affiliates

8.1.1 Organizational Chart



8.1.2 Basic information of affiliates

March 31, 2023; in thousands of NTD

Name of Entity	Date of Establishment	Address	Actual capital received	Primary business operation or production category
Jinli Group Holdings Limited (Bermuda)	2010.5.10	Clarendon House, 2 Church Street, Hamilton HM11, Bermuda	1,858,875	Holding company
Topoint Group Limited (BVI)	2007.1.8	P.O. Box 933, 3 rd Floor, Omar Hodge Building, Wickhams Cay 1, Road Town, Tortola, BVI	963,079	Holding company
Dragon Flair Limited	2008.7.1	P.O. Box 933, 3 rd Floor, Omar Hodge Building, Wickhams Cay 1, Road Town, Tortola, BVI	37,501	Holding company
Gold Apple (HK) Int'l Trading Co. Limited	2003.7.11	Suite 1016, 10th Floor, Chinachem Golden Plaza, 77 Mody Road, Tsimshatsui East, Kowloon, Hong Kong	980,586	Holding company
Million Win Creation Limited	2008.7.17	Room A, Block 4, 24th Floor, City Garden, 233 Electric Road, North Point, Hong Kong	37,320	Holding company
Gold Apple (China) Co., Ltd	2005.1.18	Shuanggou Industrial Zone, Meiling Street, Jinjiang City, Fujian Province, China	949,186	Footwear and apparel production
Aiqi (Fujian) Shoes Model Co., Ltd (China)	1998.9.15	Shuanggou Industrial Zone, Meiling Street, Jinjiang City, Fujian Province, China	37,283	Footwear and apparel production
Changtai Gold Apple Co., Ltd (China)	2014.12.25	Xingtai Industrial Park, Changtai Economic Development Zone, Zhangzhou City, Fujian Province, China	521,566	Footwear and apparel production
LEADS BIO CO., LTD. (Taiwan)	2015.11.23	Rm. 502, 5F., No. 11, Qiangang St., Shilin Dist., Taipei City 111, Taiwan (R.O.C.)	26,000	Whole sale and retail of beauty and cosmetic product

8.1.3 Information on the common shareholder information for those presumed to be in a controlling and subordinate relationship: None

8.1.4 Information on Directors, Supervisors and General Managers of various related companies

March 31, 2023; in thousands of shares

Name of Entity	Position	Full Name	Share(s) held	Holding percentage
Jinli Group Holdings Limited (Bermuda)	Chairman	Chong, Chun Lung	0	0%
Topoint Group Limited (BVI)	Chairman	Chong, Chun Lung	0	0%
Dragon Flair Limited	Chairman	Chong, Chun Lung	0	0%
Gold Apple (HK) Int'l Trading Co. Limited	Chairman	Chong, Chun Lung	0	0%
Million Win Creation Limited	Chairman	Chong, Chun Lung	0	0%
Gold Apple (China) Co., Ltd	Chairman	Chong, Chun Lung	0	0%
Aiqi (Fujian) Shoes Model Co., Ltd (China)	Chairman	Chong, Chun Lung	0	0%
Changtai Gold Apple Co., Ltd (China)	Chairman	Chong, Chun Lung	0	0%
LEADS BIO CO., LTD.(Taiwan)	Chairman	Chong, Chun Lung	0	0%

8.1.5 Operation overview of affiliated companies (loss), current (loss), profit per share earnings

Name of Entity	December 31, 2022; in thousands of NTD							
	Actual capital received	Total capital	Total liabilities	Net value	Operating income	Business profit (loss)	Profit (loss) of this quarter	Earnings per share (NTD)
Jinli Group Holdings Limited (Bermuda)	1,858,875	6,035,863	—	6,035,863	—	—	(167,246)	(0.20)
Topoint Group Limited(BVI)	963,079	5,901,407	—	5,901,407	—	(3)	(169,206)	(4,127.07)
Dragon Flair Limited	37,501	132,819	—	132,819	—	(1)	1,421	71.05
Gold Apple (HK) Int'l Trading Co. Limited	980,586	6,701,954	800,751	5,901,202	—	(5)	(169,205)	(0.67)
Million Win Creation Limited	37,320	132,818	—	132,818	—	(3)	1,421	0.14
Gold Apple (China) Co., Ltd.	949,186	6,331,472	376,119	5,955,353	212,190	(220,732)	(169,205)	Remark 1
Aiqi (Fujian) Shoes Model Co., Ltd. (China)	37,283	133,020	198	132,822	—	(5,155)	1,421	Remark 1
Changtai Gold Apple Co., Ltd (China)	521,566	873,306	355,813	517,493	—	(479)	(3,843)	Remark 1
LEADS BIO CO., LTD. (Taiwan)	26,000	2,280	32	2,248	—	(389)	(39)	(0.02)

Remark 1: Entity is not limited company by share, not possible to calculate the earnings per share

8.1.6 Relationship between the company and affiliates, mutual shareholding ratio, share and actual investment amount

March 31, 2023; units: in thousands of NTD; in thousands of shares									
Company Making the Investment	Company being Invested on	Primary business operation	Relationship	Equity of company making the investment		Owner of Company Equity			
				Shares	Percentage	Actual amount invested	Shares	Percentage	Actual amount invested
The Company	Jinli Group Holdings Limited (Bermuda)	Holding company	Subsidiary company	825,459	100%	1,858,875	0	0	0

Company Making the Investment	Company being Invested on	Primary business operation	Relationship	Equity of company making the investment			Owner of Company Equity		
				Shares	Percentage	Actual amount invested	Shares	Percentage	Actual amount invested
The Company	LEADS BIO CO., LTD.(Taiwan)	Whole sale and retail of beauty and cosmetic product	Subsidiary company	1,326	51%	17,850	0	0	0
Jinli Group Holdings Limited (Bermuda)	Topoint Group Limited (BVI)	Holding company	Second-tier company	41	100%	963,079	0	0	0
Jinli Group Holdings Limited (Bermuda)	Dragon Flair Limited	Holding company	Second-tier company	20	100%	37,501	0	0	0
Topoint Group Limited (BVI)	Golden Apple (HK) Int'l Trading Co. Limited	Holding company	Third-tier company	254,218	100%	980,586	0	0	0
Dragon Flair Limited	Million Win Creation Limited	Holding company	Third-tier company	10,000	100%	37,320	0	0	0
Golden Apple (HK) Int'l Trading Co. Limited	Golden Apple (China) Co., Ltd	Footwear and apparel production	Subsidiary of third-tier company	(Remark)	100%	949,186	0	0	0
Million Win Creation Limited	Aiqi (Fujian) Shoes Model Co., Ltd (China)	Footwear and apparel production	Subsidiary of third-tier company	(Remark)	100%	37,283	0	0	0
Golden Apple (HK) Int'l Trading Co. Limited	Changtai Golden Apple Co., Ltd (China)	Footwear and apparel production	Subsidiary of third-tier company	(Remark)	100%	521,566	0	0	0

Remark: company limited

8.1.7 Consolidated financial statements of affiliated companies: Same as the consolidated financial statements of the Company, no separate consolidated financial statements of related companies will be prepared. Please refer to pages 149 to 205 for the consolidated financial statements of the Company.

8.1.8 Relationship Report: Not applicable.

- 8.2 In the most recent year and as at the publication date of the annual report, handling of private placement of securities:
None.
- 8.3 In the most recent year and as at the publication date of the annual report, the holding or disposal of the Company's stocks by subsidiaries:
None.
- 8.4 Other necessary supplementary explanations: Please refer to page 206 for explanations of major differences between the Company's Articles of Association and the Republic of China shareholder rights protection regulations.
- 8.5 In the most recent year and as at the publication date of the annual report, if any event that has a material impact on shareholders' equity or securities prices as specified in Subparagraph 2, Paragraph 3, Article 36 of the Securities Exchange Act:
None.

Stock code : 8429

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	Note 6(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	Note 4(7), 4(9), 6(3)	18,929	-	70,311	1
Other receivables		12,228	-	-	-
Other receivables- related parties	Note 7	1,632	-	1,607	-
Current tax assets	Note 4(19), 6(21)	1,533	-	1,510	-
Inventories	Note 4(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	29 11	757,925	11
Other non-current assets		-	-	5	-
Total non-current assets		917,6	13	938,778	13
Total		\$ 6,944,912	100	\$ 7,090,358	100
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	82 8	532,804	58 7
Non-current lease liabilities	Note 4(13), 6(6), 7	35,	92 1	38,	36 1
Total non-current liabilities		607,2	9	571,5	8
Total liabilities		681,2	10	695,0	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	7) 8
Unappropriated retained earnings		2,717,038	39	2,945,321	41
Other equity interest		(506,082)	(7)	(576,63	00 (8)
Equity attributable to owners of the parent		6,262,517	90	6,393,222	90
Non-controlling interests		1,103	-	2,1	-
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)				
		\$	(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)

	Retained Earnings			Other Equity		Total Equity Attributable to Shareholders of the Parent	Non-Controlling Interests	Total Equity
	Capital Stock	Capital Surplus- additional paid-in capital	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	\$ 1,857,472	\$ 1,617,452	\$ 549,614	\$ 2,945,321	\$ (576,637)	\$ 6,393,222	\$ 2,100	\$ 6,395,322
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	\$ 1,857,472	\$ 1,617,452	\$ 576,637	\$ 2,747,038	\$ (506,082)	\$ 6,262,517	\$ 1,103	\$ 6,263,620

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		
Cash generated (used in) from operations	14,813	
Interest received	(194,908)	(18,183)
Interest paid	36,875	36,019
Income tax refunded (paid)	(1,852)	(985)
Net cash generated (used in) by operating activities	(777)	
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		
Net cash generated (used in) from investing activities	(35)	16
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	<u>\$ 4,655,667</u>	<u>\$ 4,750,430</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
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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB(Note 1)</u>
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	<u>4,655,666</u>	<u>4,750,428</u>
	<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	<u>28</u>	<u>-</u>	<u>28</u>
	<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	<u>873</u>	<u>-</u>	<u>873</u>
	<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	(<u>334</u>)	(<u>724</u>)
	<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

	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
<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	<u>91</u>	<u>131</u>	<u>71</u>	<u>4</u>	<u>-</u>	<u>297</u>
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>

	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
<u>January 1, 2021</u>						
Cost	\$ 131,991	\$ 40,864	\$ 14,873	\$ 305	\$ 182	\$ 188,215
Accumulated depreciation	(<u>110,510</u>)	(<u>33,574</u>)	(<u>9,285</u>)	(<u>226</u>)	(<u>164</u>)	(<u>153,759</u>)
	<u>\$ 21,481</u>	<u>\$ 7,290</u>	<u>\$ 5,588</u>	<u>\$ 79</u>	<u>\$ 18</u>	<u>\$ 5,588</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	(<u>102</u>)	(<u>66</u>)	(<u>43</u>)	(<u>2</u>)	-	(<u>213</u>)
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	(<u>127,037</u>)	(<u>37,414</u>)	(<u>10,544</u>)	(<u>242</u>)	(<u>181</u>)	(<u>175,418</u>)
	<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	<u>8,181</u>	2023	19,275
	<u>\$ 27,814</u>	2024	<u>8,031</u>
			<u>\$ 46,581</u>

(8) Investment property

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

	<u>Buildings and structures</u>
<u>At January 1, 2021</u>	
Cost	\$ 808,567
Accumulated depreciation and impairment	(<u>38,600</u>)
	<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	(<u>4,360</u>)
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	(<u>53,340</u>)
	<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	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
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. Amounts of deferred tax liabilities as a result of temporary differences are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	\$ 54,695	\$ 56,463

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	(\$ 201,260)	\$ 185,747	(\$ 1.08)

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

	<u>Lease liability</u>	<u>Others</u>	<u>Liabilities from financing activities-gross</u>
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.

	<u>Lease liability</u>	<u>Others</u>	<u>Liabilities from financing activities-gross</u>
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

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

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 Jingjiang 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

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

(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 instruments

	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:

	<u>2022</u>
	<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>

	<u>2021</u>
	<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>

(c) 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.

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

<u>December 31, 2021</u>	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Over 1 year</u>
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 rased 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, 2022	
	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.

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

Table 2

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for uncollectible accounts
				Turnover rate			
				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 (Changrai)	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)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Transaction		
					Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
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 (Changrai)	3	Interest income	3,904	Note 6	1.84
2	Gold Apple (China)	Gold Apple (Changrai)	3	Other receivables	351,891	Note 4	5.07
2	Gold Apple (China)	Gold Apple (Changrai)	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

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 4

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	
Investor	Investee	Location	Main business activities	Balance at December 31, 2022	Balance at December 31, 2021				Number of shares
The Company	Jinli Bermuda	Bermuda Island	Investment holdings	\$ 1,858,875	\$ 1,858,875	825,458,519	100	\$ 6,038,541	Subsidiary
The Company	Leads Bio	Taiwan	Manufacture and sales of cosmetics	13,260	17,850	1,326,000	100	1,148	Subsidiary
Jinli Bermuda	Topoint	BVI	Investment holdings	963,079	963,079	41,100	100	5,901,567	Second-tier subsidiary
Jinli Bermuda	Dragon Flair	BVI	Investment holdings	37,501	37,501	20,000	100	132,822	Second-tier subsidiary
Topoint	Gold Apple (HK)	Hong Kong	Investment holdings	980,586	980,586	254,217,784	100	5,901,202	Subsidiary
Dragon Flair	Million Win	Hong Kong	Investment holdings	37,320	37,320	10,000,000	100	132,818	Subsidiary Third-tier subsidiary

Jinli Group Holdings Limited and its subsidiaries
Information on investments in Mainland China

Year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

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 through 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

Table 6

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				\$	400,000		\$	3,141
Gold Apple (China)	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 400,000	\$ 400,000	1.38	\$	3,141			
Gold Apple (Changtai)	-	-	-	-	-	-	-	-	900,000	450,000	1.07		3,904			

Expressed in thousands of NTD
(Except as otherwise indicated)

Expressed in thousands of NTD
(Except as otherwise indicated)

Jinli Group Holdings Limited and its subsidiaries
Major shareholders information
Year ended December 31, 2022

Table 7

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

Explanation of major differences between the articles of association or organizational documents of the company and the "Checklist for the Protection of the Rights and Interests of Shareholders in the Country of Registration of Foreign Issuers" published by the Taiwan Stock Exchange Co., Ltd.

We conducted our audits in accordance with the Company's Articles of Incorporation, within the allowed scope of laws and decrees of Cayman Islands of British Overseas Territory (hereinafter "Cayman Islands"), and according to the requirements of "Checklist for Protecting Shareholder's Equity Items of Foreign Issuers in Country of Incorporation" amended and announced by Taiwan Stock Exchange Corporation on March 11, 2022, the content of protecting and exercising shareholder's equity was formulated; and furthermore in compliance with added items in "Checklist for Protecting Shareholder's Equity Items of Foreign Issuers in Country of Incorporation" (hereinafter "Checklist for Protecting Shareholder's Equity Items") amended and announced by Taiwan Stock Exchange Corporation on January 9, 2023. The Company will amend Articles of Incorporation in the annual shareholders' meeting this year for achieving the requirements of norms. However, to meet laws and decrees of Cayman Islands, and refer to opinion of Cayman counsel, there is still difference in partial matters and checklist for protecting shareholder's equity items, and reasons, regulations of country of incorporation (if any) and influence of shareholder's equity in Taiwan, please refer to explanation in the following table:

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
1. When the Company reduces capital without complying with a resolution of a shareholders' meeting, its shares may not be eliminated; capital reduction, shall be done by the share ratio held by shareholders. 2. When the Company reduces capital, it may refund share capital with property other than cash; its refunded property and offset amount shall be resolved by a shareholders' meeting and approved by the shareholder receiving property. 3. The property value and offset amount in the preceding paragraph shall be submitted to a public certified accountant for audit and verification before a shareholders' meeting.	Relevant specification of a company's capital reduction is prescribed in Article 14-18 of the Company Act of Cayman Islands, and the relevant specifications are mandatory provision, and shall not amend in accordance with Articles of Incorporation.	Article 14-18 of the Company Act of Cayman Islands has set restrict procedures and substantive norms, and relevant regulations are mandatory provision, shall not amend in accordance with Articles of Incorporation, and requirements of a company's capital reduction norms in checklist for protecting shareholder's equity items has considerable difference. Capital reduction specified in Article 14.1 (d) means capital reduction made in accordance with the Company Act of Cayman Islands, it shall be made in compliance with a special resolution of a shareholders' meeting, and the Company shall acquire capital reduction confirmation order issued by the court of Cayman Islands in accordance with laws of Cayman Islands. Requirement of capital reduction used with share ratio held by shareholders specified in checklist for protecting shareholder's equity items, after it was approved by the attorney of Cayman Islands, may be done by repurchasing shares and elimination, so the regulation of Article 10.7 (1) of Articles of Incorporation: "Except as otherwise provided by laws or regulations, according to a special resolution of a shareholders' meeting, the Company may repurchase shares and eliminate in compliance with a shareholder's share ratio (with amounts of less than NT\$ 1.00 unconditionally rounded down). When repurchasing shares in accordance with the preceding section, payable consideration shall be cash or property other than cash; when the consideration is property other than cash, shall be approved by a special resolution of a shareholders' meeting, and agreed by the shareholder receiving property; furthermore, the board of directors shall submit the property value and offset capital amount to a public certified accountant for audit and verification before the shareholders' meeting."

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
		As for the Company Act and Securities and Exchange Act of Taiwan, regulation of the Company's treasury stock is in Article 10.1-10.6 of Articles of Incorporation, and they are described together here.

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
When the Company adopts non-par value shares, it shall not convert into par value shares.	According to Article 8(1), the last section of the Company Act of Cayman Islands: “Provided further that no exempted company shall divide its capital into both shares of a fixed amount and shares without nominal or par value.” After acquiring the attorney’s opinion of Cayman Islands, exempting that the Company shall not convert par value shares into no-par value shares in accordance with the preceding regulation and assessment of practical share issuance process; vice versa.	As the shares issued by the Company are par value shares, the Company cannot issue no-par value shares, or convert par value shares into no-par value shares, moreover, the Company shall not actually apply to the norms in the far left column. For the avoidance of doubt, the Company refers to the purpose of norms, and according to the Company’s current status, formulates in Article 3.4 in Articles of Incorporation: “The Company shall not issue no-par value shares, or convert par value shares into no-par value shares.”

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
When a shareholder holds 3 percent or more of total number of issued shares continuing for more than a year, he/she/it may record proposed matters and reasons in writing, and require the board of director to convene an extraordinary shareholders' meeting. The board of directors does not make a convention notice within fifteen days after submitted, shareholders may convene the meeting on their own after approved by central authority.	There's no central authority approving for the convention of a shareholders' meeting in the territory of Cayman Islands.	As the Company was established in accordance with the Company Act of Cayman Islands, there's no central authority taking in charge of review whether a shareholders' meeting can be convened by shareholders on their own, according to Article 16.8 of the Company's Articles of Incorporation, if the board of directors does not made a notice for the convention of an extraordinary shareholders' meeting within fifteen days from shareholders submitted a request, and shareholders submitting a request may convene an extraordinary shareholders' meeting on their own without reporting to central authority for approval. It still meets the intention of Tai Cheng Shang Tzu letter no. 0991701319 issued by Taiwan Stock Exchange Corporation on April 13, 2010, and shareholder's equity shall not have unfavorable affects.

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person.	There's no relevant regulation in the Company Act of Cayman Islands.	When a shareholder exercises voting rights by correspondence or electronic means, it shall be regarded to appoint the chair of board of directors as a proxy in Cayman Islands, in Article 19.6 of the Company's Articles of Incorporation and according to the regulation of the attorney's opinion of Cayman Islands: "...when voting rights may be exercised by correspondence or electronic means, the way of exercising voting rights shall be specified in the shareholders' meeting notice of sending to all shareholders. A shareholder exercising voting rights by the preceding method shall be regarded to appoint the chair of the shareholders' meeting as a proxy, and the method of exercising voting rights of shares in a shareholders' meeting shall be specified in writing or electronic document. However, the designation shall not be regarded an entrusted proxy in accordance with the Company Act of a public company. The chair serving as a proxy has no right to exercise shareholder's voting rights without mentioning or specifying any matter in writing or electronic document, and shall not exercise voting rights for the submission of amendments to any original proposal or any extraordinary motion. A shareholder exercising voting rights by this method shall be regarded to renounce the notice of amendments of extraordinary motion or original proposals of the shareholders' meeting and voting rights." Applying to this, it only means that the chair of board of directors nominally serves as a proxy exercising voting right by correspondence or electronic means for meeting that a resolution of board of directors needs to be read by attending shareholders and requirement of simultaneously exercising voting rights in laws and decrees of Cayman Islands, however, there's no difference in actual operating results and laws and regulations of Taiwan.

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
1. Earnings distribution or loss recovery shall be formulated in Articles of Incorporation, and done each quarter or after the ending of each half of fiscal year. 2. The Company's proposals of earnings distribution or loss recovery of the first three quarters or the first half of fiscal year, shall be submitted to supervisors or audit committee with business report and financial statements before reported to the board of directors for a resolution. 3. When the Company distributes earnings in accordance with the preceding paragraph, shall first estimate and reserve tax payable, recover loss and recognize legal reserve in compliance with regulations. However, when	There's no relevant regulation in the Company Act of Cayman Islands.	According to Article 34.1(2) of the Company's Articles of Incorporation, the Company adopts the annual earnings distribution system, does not adopt midterm earnings distribution system, so the Company shall not apply to requirements in fa left column.

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
legal reserve reaches paid-up capital, shall not apply. 4. When the Company distributes earnings and make by the way of issuing new shares in accordance with paragraph 2, shareholders representing two-thirds or more of the total number of issued shares shall attend, and the attending shareholders represent a majority of the total number of issued shares shall agree. When the attending shareholders do not represent the preceding amount, the shareholders represent a major of the total number of issued shares shall attend, and an affirmative vote of two-thirds of the voting rights represented by the attending shareholders shall be required; when the Company pay in cash, shall		

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
be approved by a resolution of board of directors. 5. When the Company distributes earnings or recovers loss in accordance with the preceding four paragraphs, financial statements shall be audited or reviewed by a public certified accountant.		

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
1. When the Company has supervisors, they shall be elected in a shareholders' meeting, at least one supervisor shall have a residence in the territory of Republic of China. 2. The term of office of supervisors shall not exceed three years; but he/she may be eligible for re-election. 3. When all supervisors discharge, the board of directors shall elect within 60 days of convening a special shareholders' meeting. 4. Supervisors shall supervise implementation of the Company's business, and shall investigate the Company's business and financial status, audit, copy or duplicate books and documents at any time, and may require the board of directors or managerial officer to submit reports. 5. Supervisors shall audit the various statements and records	There's no relevant regulations in the Company Act of Cayman Islands.	As the Company adopts the audit committee system, and does not have supervisors, the Company shall not apply to requirements in far left column.

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
prepared for submission to the shareholders' meeting by the board of directors, and shall make a report of their findings and opinions at the meeting of shareholders. 6. When supervisors conduct audit matters, may represent the Company to authorize a public certified accountant and an attorney to audit. 7. Supervisors may attend the meeting of the board of directors to their opinions. In case the board of directors or any director commits any act, in carrying out the business operations of the company, in a manner in violation of the laws, regulations, the Articles of Incorporation or the resolutions of the shareholders' meeting, the supervisors shall forthwith advise, by a notice, to the board of directors or the director, as the case may be, to cease such act.		

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
8. Supervisor may each exercise the supervision power individually. 9. A supervisor shall not be concurrently a director, a managerial officer or other staff/employee of the Company.		

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
The following proposals regarding shareholder's major equity, shall have the attending shareholders represent two-thirds or more of the total number of issued shares, and shall be agreed by the attending shareholder represent a majority of the total number of issued shares. If the quorum is not met the preceding amount, shall have the attending shareholders represent a major of the total number of issued shares, and shall be agreed by the attending shareholders represent two-thirds of the total number of issued shares: 1. The Company enters into, amend, or terminate any contract for lease of the company's business in whole, or for entrusted business, or for regular joint operation with others, transfer the whole or any essential part of its business or assets, or accept the transfer of another's whole business or assets, which has	A special resolution specified in Article 60 of the Company Act of Cayman Islands, means that a resolution was approved by not lower than two-thirds (if the vote is two-thirds of voting rights) of shareholders having rights to exercise voting rights in a shareholders' meeting in person or appointing proxies to exercise voting rights; matters shall be approved by a special resolution, like alternation of the Articles of Incorporation, dissolution and merger, etc., if a resolution was approved by less than majority, it shall be invalid.	“A special resolution” in Article 1 of the Articles of Incorporation means “a resolution is approved by the attending shareholders represent two-thirds of voting rights have right to exercise voting rights in a shareholders’ meeting. The shareholders shall exercise voting rights in person or fully authorize proxies (if authorized proxies are allowed, shall specify a special resolution in the convention notice of a shareholders’ meeting which is a special resolution) to exercise voting rights,” is the definition of “a special resolution” in the Company Act of Cayman Islands. In addition, the regulations of “a special (major) resolution” means that “(i) shareholders represent two-thirds or more of the total number of issued shares (including proxies appointed by shareholders) attend a shareholders’ meeting, a resolution approved by the attending shareholders represent a major of voting rights, or (ii) if the total number of shares represented by the attending shareholders does not reach two-thirds of the total number of issued shares, but exceeds a major of the total number of issued shares, it shall be a resolution approved by the attending shareholders represent two-thirds or more of voting rights,” is the same as a special resolution of a public company specified in the Company Act of Taiwan. Any modification or alternation of Articles of Incorporation damages special shareholders’ equity; alternation of the Company’s name, modification or adding of the Articles of Incorporation; modification or adding of purpose of the Articles of Incorporation outline, rights or other specific specified matters; the Company’s capital decrease and capital redemption reserve; according to the Company’s decision in a shareholders’ meeting, adding share capital or writing off any share not acquired or agreed to acquire by anyone yet on the date of a resolution approval; and proposals, such as the Company cannot payoff and voluntarily dissolve as debt maturity, etc., Article 12.1, Article 14.1 and Article 14.3 (b) of the Company’s Articles of Incorporation shall be approved by a special resolution made by the Company Act of Cayman Islands in accordance with “a special resolution” in Article 1

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
great bearing on the business operation of the company. 2. Any modification or alteration in the Articles of Incorporation. 3. If any alteration in the Articles of Incorporation damages special shareholders' rights, a resolution of a special shareholders' meeting shall be done. 4. All or a part of dividends and bonuses are distributed by issuing new shares. 5. A resolution of dissolution, merger or split-up.		of the Company's Articles of Incorporation; or merger, except approval of a special (major) resolution of a shareholders' meeting (it's a resolution method specified in far left column), shall simultaneously meet regulations of the Company Act of Cayman Islands; the remaining matters shall be approved by a special (major) resolution of a shareholders' meeting (it's a resolution method specified in far left column). Reviewing that it's not considerable same as requirements of checklist for protecting shareholder's equity matters, however, an excepted norm of a special resolution for a public company in the Company Act of Taiwan (it's (ii) status of a special (major) resolution specified in Article 1 of the Company's Articles of Incorporation and there's no major difference, it means that there's no major unfavorable influence for shareholder's equity.

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
	According to Article 116 (d) of the Company Act of Cayman Islands, when the Company cannot pay off maturing debt, it may voluntarily dissolve in accordance with an ordinary resolution.	According to Article 14.3 (a) of the Company's Articles of Incorporation, when the Company cannot pay off as debt maturity and resolve to voluntarily dissolve, it shall be done by an ordinary resolution of a shareholders' meeting.
The remuneration of directors, if not prescribed in the Articles of Incorporation, shall be determined by a meeting of shareholders and cannot be ratified by a meeting of shareholders.	There's no relevant regulation in the Company Act of Cayman Islands.	In response to the explanation intention of Shang Tzu no. 09302030870 issued by Ministry of Economic Affairs on March 8, 2004, Article 30.2 of the Company's Articles of Incorporation: "Directors' remuneration may be only paid in cash. The remuneration mount shall be determined by the board of directors, and shall refer to directors' service range and value for the Company's operation and payment standard of the same trade concerned in the territory of Republic of China or overseas." Furthermore, the Company established remuneration committee in accordance with regulations, such as "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange", etc., it's in charge of conduction of relevant matters, and there's no major unfavorable influence for shareholder's equity.

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
1. Shareholder(s) who has/have been continuously holding 1% or more of the total number of the outstanding shares of the Company over six months may request in writing the supervisors of the Company to institute, for the Company, an action against a director of the Company, and Taiwan Taipei District Court may be designated a court of first instance to exercise jurisdiction. 2. When supervisors fail to institute an action within 30 days after a shareholder submitted a request, and Taiwan Taipei District Court may be designated a court of first instance to exercise jurisdiction.	There's no relevant regulations in the Company Act of Cayman Islands.	When the Company adopts the audit committee system, and does not have supervisors, Article 25.7 of the Company's Articles of Incorporation shall refer to Securities and Exchange Act, independent directors replace functional duties of supervisors provided in far left column, "unless otherwise provided for by law, shareholder(s) who has/have been continuously holding 1% or more of the total number of the outstanding shares of the Company over six months may request in writing the supervisors of the Company to institute, for the Company, an action against a director of the Company in the court of jurisdiction (including Taiwan Taipei District Court), in case a director has, in performing his functional duties, damaged to the Company or violated the provisions of any law, a public company's law or the Articles of Incorporation, instituting an action against the director. The independent director fails to institute such action within 30 days from the date of adoption of such resolution, the requesting shareholder may institute an action for the Company."

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
Where a juristic person acts as a shareholder of the Company, its authorized representative may also be elected as a director or supervisor of the Company. If there is a plural number of such authorized representatives, each of them may be so elected, but such authorized representatives may not concurrently be selected or serve as the director or supervisor of the Company.	The attorney of Cayman Islands expresses, when a juristic person shareholder select a natural person is elected or acts as a director, the natural person is elected or acts as a director in its (or his/their) own name, but it's not a concept of "a juristic person representative director".	Whereas the Company Act of Cayman Islands does not have the concept of so-called "a juristic person representative director" in Article 27, paragraph 2 of the Company Act of Republic of China, when a juristic person shareholder selects or nominate its (or his/their) representative to elect or act as a director, the representative acts as a director in its (or his/their) own name, and shall not particularly specify in the Articles of Incorporation. However, to meet requirements of Taiwan Stock Exchange Corporation, Article 23 of the Company's Articles of Incorporation has ruled: when any company, organization or other non-natural person is a shareholder, according to organization documents, or when there's no relevant norms in organization documents, may authorize a considering appropriate person to act as the representative of the Company's meeting or any category of shareholders' meetings by a resolution of board of directors or other authorities, and the authorized person has the right to exercise same rights of representing the juristic person shareholder and acting as a personal shareholder. For the avoidance of doubt, a juristic person shareholder may elect several representatives to elect as the Company's directors, as a means of explicitness.

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
A shareholder who votes against or waives his voting right at a general meeting where the company resolves to carry out any spin-off, consolidation, merger, acquisition or share exchange (collectively, the "Merger and Acquisition") may request the company to repurchase all of his/her shares. Any and all votes waived by a shareholder shall not be counted toward the number of votes represented by the shareholders present at a general meeting.	There's no relevant regulations in the Company Act of Cayman Islands.	The Company will amend the Articles of Incorporation in the annual shareholders' meeting, concluding requirements in far left column.

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
A company shall specify in the notice of general meeting with descriptions of the essential contents of a director's personal interest and the reason of approval or disapproval of the resolution in connection with the Merger and Acquisition. The essential contents may be posted on the website designated by the R.O.C. competent authorities or the company, and such website shall be indicated in the above notice.	There's no relevant regulations in the Company Act of Cayman Islands.	The Company will amend the Articles of Incorporation in the annual shareholders' meeting, concluding requirements in far left column.

After review, aforementioned variant items do not have an adverse impact on shareholder equity, because regulations are stricter than those of R.O.C., and no violation against checklist for protection of shareholders' equity.

JINLI GROUP HOLDINGS LTD.



Chairman: Chong, Chun Lung

