

--Important Disclaimer--

This is a translation of the 2021 Annual Report for the 2022 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

**2021 Annual Report
(Translation)**

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

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

Printed on: 11th May 2022

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>
N a m e : Andy LEE	N a m e : Simon POON
T i t l e : Special Assistant to the Chairman and Spokesperson	T i t l e : Director of Finance
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E m a i l : andy_lee@jinligroup.com.tw	E m a i l : simonpoon@jinligroup.com.tw

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

Headquarter : Jinli Group Holdings Limited (Cayman)
A d d r e s s : PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
T e l : (852)2205 0229
S u b s i d a r y : Jinli Group Holdings Limited (Bermuda)
A d d r e s s : Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda
T e l : (852)2205 0229
S u b s i d a r y : Leads Biotechnology Limited
A d d r e s s : Rm. 502, 5F., No. 11, Qiangang St., Shilin Dist., Taipei City 111, Taiwan (R.O.C.)
T e l : (886)2-2881-2120
S u b s i d a r y : Topoint Group Limited
A d d r e s s : P.O. Box 933, 3rd Floor, Omar Hodge Building, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands
T e l : (852)2205 0229
S u b s i d a r y : Dragon Flair Limited
A d d r e s s : P.O. Box 933, 3rd Floor, Omar Hodge Building, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands
T e l : (852)2205 0229
S u b s i d a r y : Gold Apple (HK) Int'l Trading Co. Limited
A d d r e s s : Room 1101, 11th Floor, Yingchuanghui, 625 King's Road, North Point,

Hong Kong

T e l : (852)2205 0229

S u b s i d a r y : Million Win Creation Limited

A d d r e s s : Room 1101, 11th Floor, Yingchuanghui, 625 King's Road, North Point,

Hong Kong

T e l : (852)2205 0229

S u b s i d a r y : Gold Apple (China) Co., Ltd

A d d r e s s : Shuanggou Industrial Zone, Meiling Street, Jinjiang City, Fujian

Province, China

T e l : (86) 595-85655777

S u b s i d a r y : Aiqi (Fujian) Shoes Model Co., Ltd

A d d r e s s : Shuanggou Industrial Zone, Meiling Street, Jinjiang City, Fujian

Province, China

T e l : (86) 595-85655777

S u b s i d a r y : Changtai Gold Apple Co., Ltd (China)

A d d r e s s : Xingtai Industrial Park, Changtai Economic Development Zone,

Zhangzhou City, Fujian Province, China

T e l : (86) 595-85655777

O f f i c e : Jinli Group Holdings Limited (Cayman) – Taiwan Office

A d d r e s s : Rm. 502, 5F., No. 11, Qiangang St., Shilin Dist., Taipei City 111, Taiwan

(R.O.C.)

T e l : (886)2-2881-2120

F a c t o r y : Shuanggou Industrial Zone, Meiling Street, Jinjiang City, Fujian

Province, China

T e l : (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: PwC Taiwan

Accountant: Xian-Zheng CHEN, Se-Kai LIN

Address: 27F, No.333, Section 1, Keelung Road, Xinyi District, Taipei

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

Phone: (886) 2- 2729-6666

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	Graduates of Fourth Senior High School of Jinjian City. General Manager, Jinjiang Shuanggou Longfei Shoe Factory. Vice President, Jinjiang City Footwear Chamber of Commerce. Vice President, Quanzhou Footwear Chamber of Commerce. President, The Young Entrepreneurs Association and the Youth Chamber of Commerce.
Director	Li, Chun Fei	China	Graduates of Fourth Senior High School of Jinjian City. Supervisor, Jinjiang Shuanggou Longfei Shoe Factory. General Manager, Golden Apple (China) Co., Ltd.
Director	Lin, Zhao Wen	China	Graduate from the School of Business Administration, Jilin University. Production Manager, Fuqing Jingxin Taiping Shoes Co., Ltd. Executive Deputy General Manager, Golden Apple (China) Co., Ltd.
Director	Wang, Le Chun	Republic of China	Master of Industrial Engineering, Tsinghua University. General Manager, Shuimu Management Consulting Co., Ltd.

Position Title	Name	Nationality	Work Expeireince and Education History
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, 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, University of Guangdong Petroleum School. Sales Manager, Aysheno International Trading Co., Ltd.

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Letter to Shareholders

Dear ladies and gentlemen:

Thank you for taking your time to attend the 2021 Annual Shareholders Meeting. I hereby share with you the operational performance and plans as follows:

I. 2021 results of operation, competition, regulations and business environment as a whole

Macroeconomy environment of Mainland gradually grew in 2021, and based on based on “2021 statistical bulletin of national economy and social development” announced by National Bureau of Statistics, urban and rural residents’ income has constantly increased in 2021; annual disposable income of national residents was RMB\$ 35,128, increasing by 9.1%, compared with the last year, and deducted the price factor, actually increased by 8.1%; national residents’ expenditures was RMB\$ 24,100, increased by 13.6%, compared with the last year, and deducted the price factor, actually increased by 12.6%, annual total retail sales of consumer goods in 2021 was NT\$ 44.1 trillion, increased by 12.5%, and compared with the last year. Looked back on 2021, due to the influence of COVID-19, regardless of aspects, such as life safety, the medical system, politics, society and economics, etc., a significant impact was caused for various countries around the world, and further following with the influence of virus mutation of COVID-19, economic activities started to appear sometimes recovery and sometimes recession, all data indicators, such 2021 China’s economy and consumer demand, etc., was influenced by “low base effect”, and the performance was remarkable, however, the influence of the epidemic can’t be ridded slowly, and return to ordinary, and it became the haze overhead for China’s economy. Under circumstances of the poor operating atmosphere of Chinese brand on shoe and clothes market, marketing in all provinces of the Company’s long-term cooperated offline agents still does not have apparent recovery, and it caused a passable revenue performance, the order performance of foreign shoe trade in Europe and America slightly rose again, and compare with the last year, but the capacity utilization of shoe factory was still low, and manufacturing costs were relatively higher than the past years. In the aspect of financial performance, the Company’s consolidated revenue of year 2021 was NT\$ 432 million, increased by 14.29%, and compared with year 2020 of NT\$ 378 million; pre-tax net profit of year 2021 was NT\$ 27 million, increased by 104.86%, and compared with year 2020 of pre-tax net loss NT\$ 555 million, after-tax loss per share of year 2021 was NT\$ 0.12.

II. Financial Income, Expense and Profitability Analysis

Unit: in thousands of NTD; %

Year		2021	2020	Increase (Decrease) (%)
Category of Analysis				
Profit & Loss	Operating Income	432,077	378,255	14.23%
	Operating Gross Profit	35,286	(111,044)	131.78%
	After-tax Net Profit	22,568	(499,900)	104.51%

Year		2021	2020	Increase (Decrease) (%)
Category of Analysis				
Profitability	Return Rate of Asset (%)	0.33	(6.75)	104.89%
	Return on shareholders' equity (%)	0.35	(7.59)	104.61%
	Pre-tax net profit as a percentage of paid-up capital (%)	1.47	(29.86)	104.92%
	Net profit rate (%)	5.22	(132.16)	103.95%
	Earnings Per Share (NTD)	0.12	(2.70)	104.44%

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

The Company currently owns 3 brands: G-apple, E.T and MegustaMe. The first two brands (G-apple, E.T) are casual footwear and apparel products. MegustaMe is beauty products. The apparel product design and development possesses a strong understanding of the trends in the China market, In addition, shoe factories have continued to increase OEM orders. Among them, beauty products are temporarily withdrawn from the market due to poor market conditions, and will be deployed when the economy recovers; due to the impact of the new crown epidemic in 2021, China's economic environment is not still fully recovered, and casual shoes and clothing Brand agents are consolidating and consolidating. At the same time, they also adjusted the proportion of brand footwear production and increased OEM footwear production. In the future, the company's development will adopt a dual-pronged approach to OEM and branding to strengthen its operational layout and plan e-commerce sales channels one after another.

In terms of footwear, demands in the youth leisure market increased dramatically; the company adjusts the style of footwear dependent upon market trends, and decreases the ratio of sports products. In addition, with the downward trend of sports and leisure brands, the Company adjusted the production ratio of branded footwear, and increased the production of footwear through outsourcing. In the future, the Company will proceed with business development via a two-pronged approach of conducting OEM and having a corporate brand, to strengthen the structure of business operations. Regarding the beauty product sector, the company plans to market the products both domestically and overseas.

IV. Overview of the 2022 Business Operation Plan

In 2022, following the general vaccination, various countries adopted the strategy of coexistence with virus for the epidemic of COVID-19, and it brought a new hop for global economy recovery, and along with the slowdown of the epidemic, the original tight economic activities loosened together. China's official stated in December, 2021, that they will face three dilemmas: shrinking demand, supply was impacted and decrease expectation; in addition, according to the statement of China's economy expectation announced by OECD, and nevertheless China's economy increase of year 2021 reached 8.1%; however, it will slow to 5.1% in 2022 and 2023, and it showed that China's economic market will adopt an wait-and-see attitude, and the Company will emphasize offline agents and online e-commerce this year, simultaneously rectify and adjust channels of brand sales, and strengthen developing potential agents, accumulate the competitiveness of the Company's long-term operation.

The Company will uphold a steady pace for sustainable operation, and continuously develop new customers, design new products and improve production process, and create maximum benefit for

shareholders. To believe that the Company's operating performance will certainly create a new prospect again with the support of each shareholder.

Best regards,

Chong, Chun Lung

Chairman

II. Company Introduction

i. Company and Group Introduction

1. Date of Establishment and Group Introduction

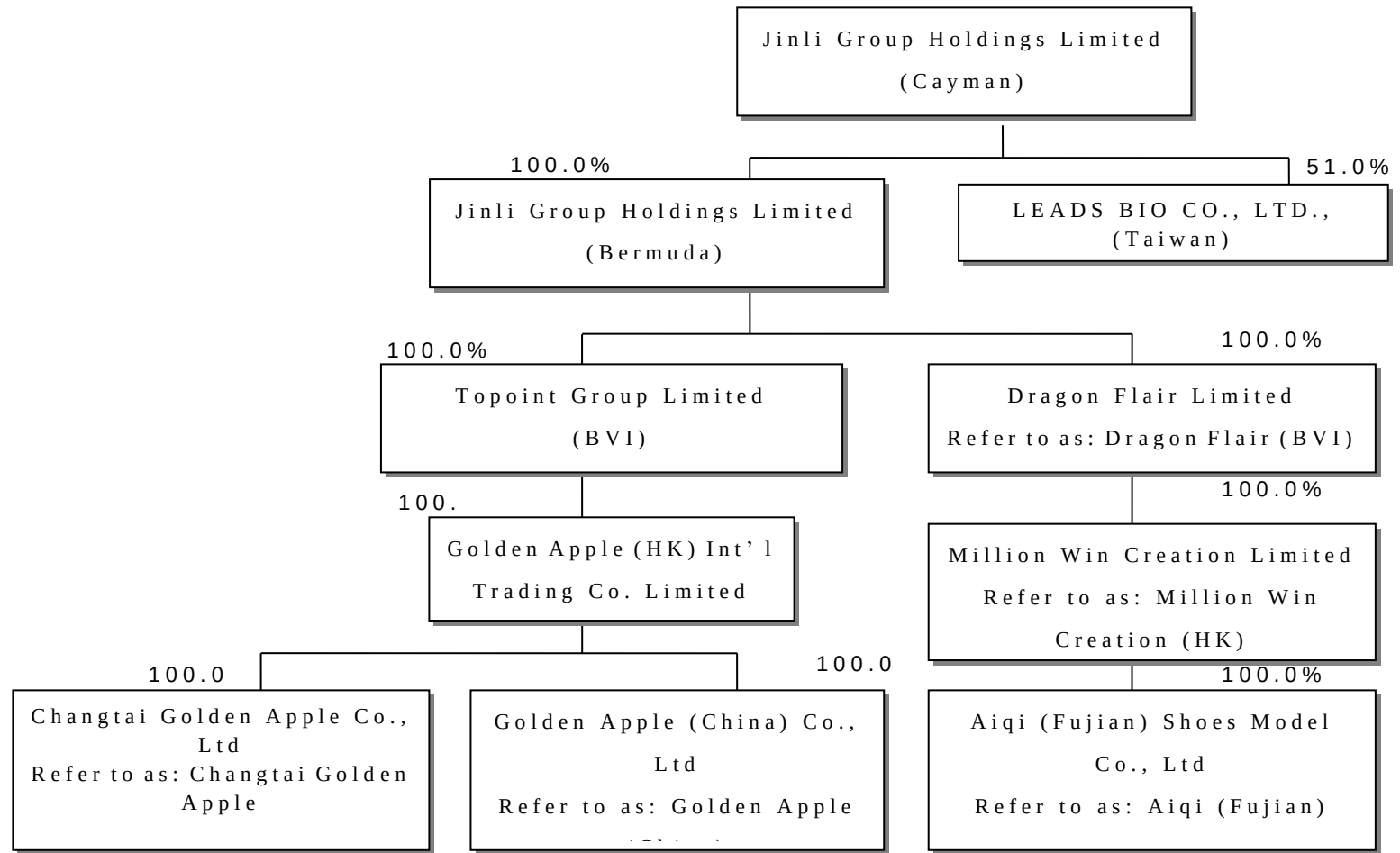
Jinli Group Holdings Limited (Cayman) (hereon after referred to as *the Company, the Group* or *Jinli Company*) was established in the British Cayman Islands on December 15, 2010, and completed company reorganization in April 2011. The Group's important investment projects include: Jinli Group Holdings Limited (Bermuda), Topoint Group Limited, Dragon Flair Limited (Longhui Co., Ltd.), Golden Apple (HK) Int'l Trading Co. Limited (Golden Apple (Hong Kong) International Trade Limited Company), Million Win Creation Limited (Austin Creation Co., Ltd.), Aiqi (Fujian) Shoes Model Co., Ltd, Golden Apple (China) Co., Ltd (Golden Apple (China) Co., Ltd (Golden Apple (China) Co., Ltd., Changtai Golden Apple Industrial Co., Ltd. and Leading International Biotechnology Co., Ltd.; Aiqi (Fujian) Shoes & Plastic Co., Ltd. is the founding company of the Group. Among them, beauty products are temporarily withdrawn from the market due to poor market conditions, and will be deployed when the economy recovers.

Golden Apple (China) Co., Ltd. is the Group's primary source of revenue and profit, while the remaining investments are placed in its holding company. Changtai Golden Apple Industrial Co., Ltd. of Golden Apple (Hong Kong) International Trade Co., Ltd. was established on December 25, 2014, for the operation of a new factory in Zhangzhou. The Company increased capitals in LEADS BIO CO., LTD.(Taiwan) on March 2, 2016, and obtained 51% of equity, as the Group branched out to create and operate in the beauty cosmetics sector.

The Group primarily runs and operates its business on: fashion casual footwear, sports footwear; manufacture and sale of: casual apparel (including denim apparel) and accessories. Target demographics are: authorized agents and trading companies of footwear within China's domain. The Company sells its products to consumers in China through authorized agents at various provinces (municipalities). Besides maintaining long-term and stable partnerships with authorized agents, as well as footwear trading entities, the Company keeps abreast with the latest direction of market development and fashion trends. This enables the Company to design products that fulfill fashion styles and consumer demands. Affected by the new crown epidemic in 2021, China's economic conditions and consumer demand for people's livelihoods have still not fully recovered. The sales of agents that the Group has been cooperating with for a long time have deteriorated in various provinces, and the dealerships may even be unable to make ends meet. Therefore, the key work of merging agents is carried out. The original provincial agents will be eliminated and strengthened, and It also plans to increase online sales channels and re-deploy operations.

The company's management team has abundant experience in footwear, apparel and accessories industries. Since the Company was established, the entity itself benefited from the high-quality management team's superb assistance, which allowed the Company to gain considerable benefits in business development, as well as competitive advantages in the industry.

2. Corporate Structure



ii. Company History

Year	Major Milestone
2010	The Company was established in Cayman Islands as the controlling parent company of the Group, and the primary entity to apply to be listed on the First Stock Exchange. Ownership of 5 footwear assembly lines, 29 footwear upper sewing production lines, 4 apparel sewing production lines. Initiated G-APPLE JEANS. The G-APPLE brand was awarded and ranked at 439th Place in “China’s Top 500 Most Valuable Brands in China” by the World Brand Lab, with a brand value at RMB1.51 billion. Won the "Top 100 Enterprises in China’s Brand Capital - Care for Employees". Rated as Grade A Taxpayer, Quanzhou State Taxation Bureau
2011	Launched e.t brand. G-APPLE awarded as 445th Place in “China’s 500 Most Valuable Brands” by the World Brand Lab, with a brand value of RMB1.865 billion. Group reorganization completed Established Xiamen Brand Operation Headquarters.
2012	Won the "Fujian Popular Brand Product". G-APPLE awarded as 454th Place in “China’s 500 Most Valuable Brands” by the World Brand Lab, with a brand value of RMB 2.189 billion. Applied for First Stock Exchange at Taiwan, as per resolution of the Board of Directors Listing completed at Taiwan Stock Exchange.
2013	G-APPLE awarded as 448th Place in “China’s 500 Most Valuable Brands” by the World Brand Lab, with a brand value of RMB2.489 billion.
2014	Company issued convertible corporate bonds. New factory in Zhangzhou as built by the local government. Changtai Golden Apple Industrial Co., Ltd. established by Golden Apple (Hong Kong) International Trading Co., Ltd.
2015	Group planned to build and develop Taiwan Beauty and Cosmetic Product Brand Operation Center. Started to plan and coordinate MegustaMe Development begins for beauty and cosmetic product –facial masks.
2016	Increase capital for: LEADS BIO CO., LTD.,(Taiwan), obtained 51% of equity. Officially launched 8 types of face masks (MARIS AQUA series and Flower Extract Extreme series), 3 types of moisturizing facial cleansers, and 3 types of skin care revitalizing oils, sales launched at well-known pharmaceutical store chains and online stores.
2017	Aggressive expansion for footwear processing business Taiwan developed and sold 5 types of face masks, including Fresh Market, with focused sales channels at e-commerce platforms.
2018	Brand license for MegustaMe in China region.
2019	Actively expand foreign trade business.
2020	Agent consolidation.
2021	Agent consolidation and online e-commerce sales channel planning.

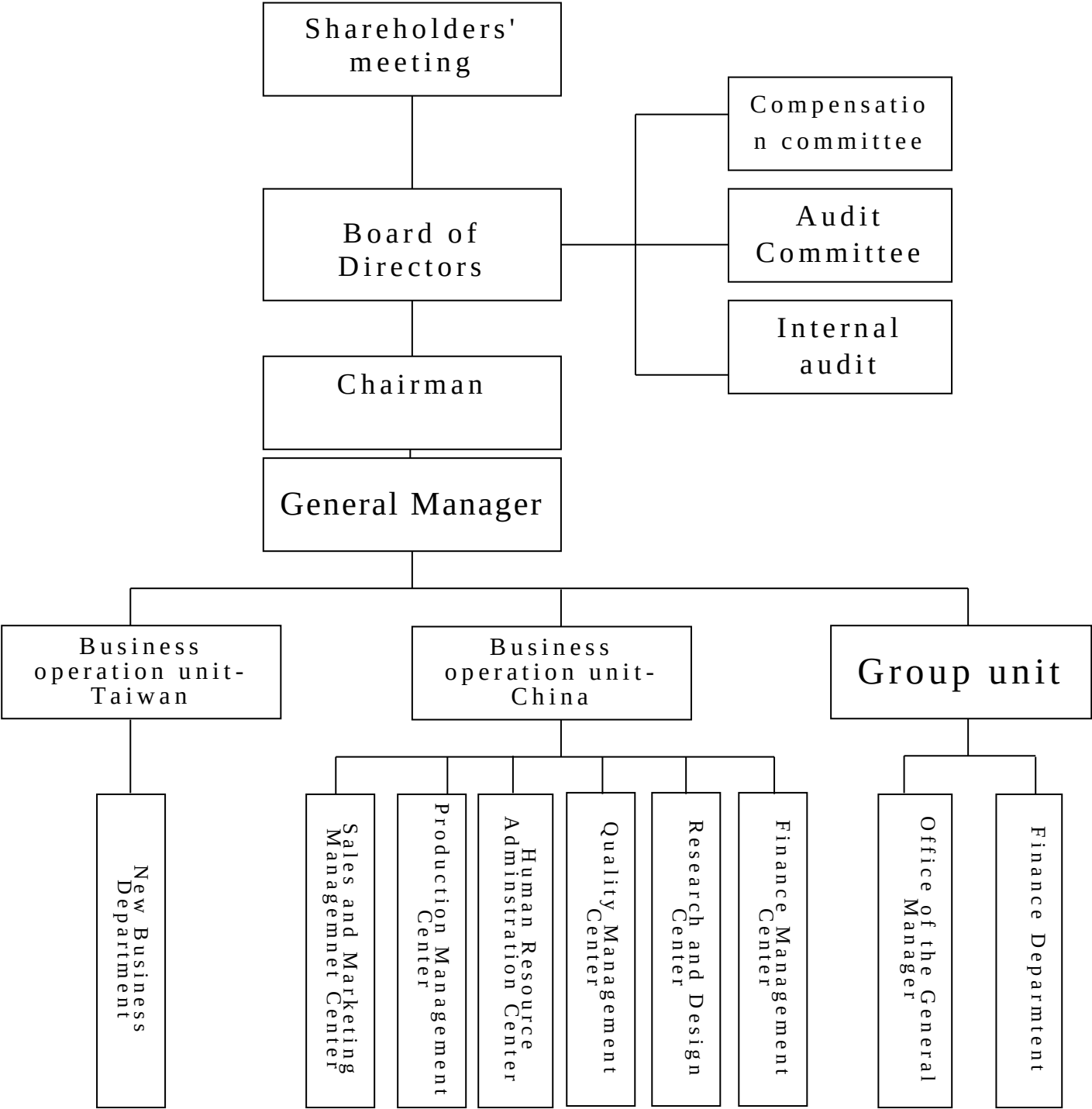
iii. Risk: Please refer to Section VII: Financial Status, Financial Performance Review Analysis and Risk

III. Company Governance Report

i. Company Organization System

1. Organization Structure

Jinli Group Holdings Limited Organization Chart



2. Operating Business for Main Departments

Department		Primary Job Scope
Chairman		Establish policy and goals for the Company's business operations Appoint key Management Personnel to promote and implement the business.
Salary and Remuneration Committee		1. Establish and review policies, systems, standards and structures for performance evaluation, salary and remuneration of Directors, Supervisors and Management Personnel, on a regular basis 2. Evaluate and determine salary and remuneration of Directors and Management Personnel.
Accounting Committee		1. Establish or amend: internal control system. 2. Review and evaluate effectiveness of the internal control system. 3. Establish or amend: procedures to obtain or handle assets, engage in derivative commodity transactions, lend funds to others, endorse others or provide assurances of important financial business practices. 4. Reach resolution on: matters of interest to the Directors. 5. Approve major assets or derivatives transactions. 6. Review major or large capital loans, endorsements or guarantees. 7. Raise, issue or privately issue securities of an equity nature. 8. Appoint, dismiss or decide on remuneration of Certified Public Accountant. 9. Appoint, dismiss Management Personnel of Finance, Accounting, and Internal Audit Team. 10. Review Annual Financial Report and Semi-Annual Financial Report. 11. Important matters as stipulated by other Companies or governing authorities.
Auditing Office		Responsible for: various auditing operations, evaluating internal control, and tracking improvement progress.
General Manager		Implement resolutions from the Board of Directors, manages all matters of the Company, lead teams to reach Company goals.
Group Departments	Office of the General Manager	Assist the general manager in executing various projects, and be responsible for coordinating the group's external speeches and contributions, and providing investors with the correct information.
	Finance Department	Handles the consolidation of the Group's account information for transferred investment, and fund allocation matters.
Operation Departments	Sales and Marketing Management Center	Responsible for: product sales, customer service, market expansion, conduct industry trend analysis, gather market information, and competitor information survey.
	Production	Responsible for: production and outsource processing, reaching the

	Management Center	Company's annual production plan and goals.
	Human Resource Adminstration Center	Handles group general affairs, network information and related equipment matters. Responsible for: establishing human resource benefit regulations, improving quality of employees, supporting development of human resources at various departments.
	Quality Management Center	Product quality assurance, handles customer complaints
	Research and Design Center	Design relevant products as per market research, search for popular elements and trends Handles production for various styles, proof, procurement of material samples, related material development, and production of relevant technical materials for outsourcing production.
	Finance Management Center	Responsible for: accounting-related work, cost and budgeting, check and review, control system, and preparing the Accounting Final Report.
	New Business Department	Responsible for: brand creation, development and operation of new business products. Withdraw from the market for now, and make arrangements when the economy recovers.

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

i directors and supervisors

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

April 25, 2022

Title	Nationality	Name	Gender	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
							Share	Shareholding %	Share	Shareholding %	Share	Shareholding %	Share	Shareholding %			Title	Name	Relationship	
Chairman	Hong Kong	Chong, Chun Lung	M (51-60)	2020/6/23	3 years	2010/12/15	1	—	35,303,883	19.01%	—	—	10,824,408	5.83% (Remark 1)	Graduates of Fourth Senior High School of Jinjian City. General Manager, Jinjiang Shuanggou Longfei Shoe Factory. Vice President, Jinjiang City Footwear Chamber of Commerce. Vice President, Quanzhou Footwear Chamber of Commerce. President, The Young Entrepreneurs Association and the Youth Chamber of Commerce.	Chairman and General Manager of the Company Chairman, Dragon Million (Asia) Limited (BVI). Chairman, Jinli Group Holdings Limited (Bermuda). Chairman, Topoint Group Limited (BVI). Chairman, Dragon Flair Limited (BVI). Chairman, Golden Apple (HK) Int'l Trading Co. Limited Chairman, Million Win Creation Limited Chairman, Chairman of Aiqi (Fujian) Footwear Co., Ltd. Chairman of Golden Apple (China) Co., Ltd. General Manager, Jinjiang Aiqi Plastic Products Co., Ltd. Chairman, Changtai Golden Apple Industrial Co., Ltd. Chairman, LEADS BIO CO., LTD.	Director	Li, Chun Fei	Brothers	Remark
Director	China	Li, Chun Fei	Male (41-50)	2020/6/23	3 years	2011/12/8	—	—	9,808,652	5.28%	—	—	1,336,136	0.72% (Remark 2)	Graduates of Fourth Senior High School of Jinjian City. Supervisor, Jinjiang Shuanggou Longfei Shoe Factory.	Director of the Company. Director, Jinli Group Holdings Limited (Bermuda). Director of Dragon Million (Asia) Limited (BVI) Director, Golden Apple (HK) Int'l Trading Co. Limited. General Manager of Aiqi (Fujian) Shoes & Plastic Co., Ltd. General Manager, Golden Apple (China) Co., Ltd. Deputy General Manager of Jinjiang Aiqi Plastic Products Co., Ltd.	Chairman	Chong, Chun Lung	Brothers	—

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
							Share	Shareholding %	Share	Shareholding %	Share	Shareholding %	Share	Shareholding %			Title	Name	Relationship	
Director	China	Lin, Zhao Wen	Male (51-60)	2020/6/23	3 years	2017/6/22	—	—	—	—	—	—	—	—	Graduate from School of Business Administration, Jilin University. Production Manager, Fuqing Jingxin Taiping Shoes Co., Ltd. Executive Deputy General Manager, Golden Apple (China) Co., Ltd.	Director of the Company	—	—	—	—
Director	Republic of China	Wang, Le Chun	Male (51-60)	2020/6/23	3 years	2012/6/7	—	—	—	—	—	—	—	—	Master of Industrial Engineering, Tsinghua University. General Manager, Shuimu Management Consulting Co., Ltd.	Director of the Company. Supervisor, Ecom Software (Inc.) Director, EDOM Technology Co., Ltd. Director, Paragon Semiconductor Lighting Technology Co., Ltd. Director, Paragon Technologies Co., Ltd. Director, LEADS BIO CO., LTD. Gallium Unicom Technology (Share) Legal Person Director Representative/Chairman	—	—	—	—
Independent Director	Republic of China	Chen, Shih Ying	Male (51-60)	2020/6/23	3 years	2011/12/8	—	—	—	—	—	—	—	—	LLM, University of Sheffield, United Kingdom Master of Finance and Finance (EMBA), School of Management, National Taiwan University Legal Assistant, Trainee Lawyer and Lawyer of Far East Law Office Internal Lawyer, Daiwa Securities SMBC-Cathay Co., Ltd Owner, Ton-Li Law Firm	Independent Director of the Company. Independent Director, Yonggu Group Co., Ltd. Independent Director, Noah Holdings Ltd. The legal representative of the director of Gamania Digital Technology (Stock) Company.	—	—	—	—
Independent Director	Republic of China	Huang, Ta Hsiang	Male (61-70)	2020/6/23	3 years	2020/6/23	—	—	—	—	—	—	—	—	Department of Business Studies, National Taiwan University. Chief Financial Officer of Meiwuhua Co., Ltd. Chief Financial Officer of Jingyue Biotechnology Co., Ltd. General Manager of Guanghui Biotechnology (Stock)	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	—	—	—	—	—	—	—	—	School of Mathematics, University of Guangdong Petroleum School. Sales Manager, Aysheno International Trading 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.

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

(3).The main shareholder is a legal representative shareholder: None.

(4).Disclosure of Professional Qualifications of Directors and Independence of Independent Directors.

Condition Name	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 Golden Apple (China) Co., Ltd. • 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
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
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 Thermaltake 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 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

Condition Name	Professional qualifications and experience (Note 1)	Independence situation (Note 2)	Number of independent directors of other public companies
Huang, Ta Hsiang	- 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 Meiwuhua (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
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 Sheng An International Trade (Hong Kong) Co., Ltd. and the director of the company. - None of the items in Article 30 of the Company Law.		0

(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:

Diversified Core Name		basic component						Professional background				Professional knowledge and skills					
		Nation	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	V
	Lin, Zhao Wen	china	Male	V		V			V		V	V	V	V	V	V	V

Diversified Core Name		basic component						Professional background				Professional knowledge and skills					
		Nation	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										
	Wang, Le Chun	TW	Male			V		V	V		V	V	V	V	V	V	V
independent director	Chen, Shih Ying		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
	Chong, Pui Yeung	HK	Male				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 2021, 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.

ii. 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	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
					Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Title	Name	Relation	
General Manager	Hong Kong	Chong, Chun Lung	Male	2011.11	35,303,883	19.01%	—	—	10,824,408	5.83% (remark 1)	Graduate of Fourth Senior High School of Jinjian City. General Manager, Jinjiang Shuanggou Longfei Shoe Factory. Vice President, Jinjiang City Footwear Chamber of Commerce. Vice President, Quanzhou Footwear Chamber of Commerce. President, The Young Entrepreneurs Association and the Youth Chamber of Commerce.	Chairman and General Manager of the Company Chairman, Dragon Million (Asia) Limited (BVI). Chairman, Jinli Group Holdings Limited (Bermuda). Chairman, Topoint Group Limited (BVI). Chairman, Dragon Flair Limited (BVI). Chairman, Golden Apple (HK) Int'l Trading Co. Limited Chairman, Million Win Creation Limited Chairman, Chairman of Aiqi (Fujian) Footwear Co., Ltd. Chairman of Golden Apple (China) Co., Ltd. General Manager, Jinjiang Aiqi Plastic Products Co., Ltd. Chairman, Changtai Golden Apple Industrial Co., Ltd. Chairman, LEADS BIO CO., LTD.	General Manager, Golden Apple (China)	Li, Chun Fei	Brothers	
General Manager, Golden Apple (China) Co., Ltd.	China	Li, Chun Fei	Male	2005.01	9,808,652	5.28%	—	—	1,336,136	0.72% (remark 2)	Graduate of Fourth Senior High School of Jinjian City. Supervisor, Jinjiang Shuanggou Longfei Shoe Factory.	Director of the Company. Director, Jinli Group Holdings Limited (Bermuda). Director of Dragon Million (Asia) Limited (BVI) Director, Golden Apple (HK) Int'l Trading Co. Limited. General Manager of Aiqi (Fujian) Shoes & Plastic Co., Ltd. General Manager, Golden Apple (China) Co., Ltd. Deputy General Manager of Jinjiang Aiqi Plastic Products Co., Ltd.	General Manager	Chong, Chun Lung	Brother	
Executive Deputy General Manager, Golden Apple (China) Co., Ltd.	China	Lin, Zhao Wen	Male	1998.09	—	—	—	—	—	—	Graduated from the School of Business Administration, Jilin University. Production Manager, Fuqing Jingxin Taiping Shoes Co., Ltd.	Director of the Company	—	—	—	

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
					Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Title	Name	Relation	
Director of Finance	Hong Kong	Simon POON	Male	2010.01	—	—	—	—	—	—	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	—	—	—	—	
Director of Finance, Golden Apple (China) Co., Ltd.	China	Huan-Zhang CHEN	Male	2017.08	—	—	—	—	—	—	Graduate of Nanping Economic and Trade School. Quanzhou Hongyuan Industry and Trade Co., Ltd. Fujian Eastern Trade Co., Ltd.	—	—	—	—	
Director of Design, Golden Apple (China) Co., Ltd.	China	Xi-shuang HUANG	Male	1998.09	—	—	—	—	—	—	Graduate of Ningde City Vocational School Fuzhou Mawei Qinglu Footwear Group Co., Ltd., engaged in the design and development of “Adidas” and holds the Senior Technician position Manager of R&D Center, Quanzhou Qingmeng Hongsheng Shoes Co., Ltd.	—	—	—	—	
Director of Sales and Marketing, Golden Apple (China) Co., Ltd.	China	Su-Ping LIAN	Male	2017.11	—	—	—	—	—	—	Quanzhou Huaqiao Vocational Middle School Development Manager, Xiamen Xinde Clothing Co., Ltd.	—	—	—	—	
Audit Manager	Republic of China	Peng-Yu LI	Male	2011.05	—	—	—	—	—	—	Graduated from the College of Accounting, Soochow University. Deputy Manager, KPMG Taiwan Finance Manager, Sesoda Corporation	Supervisor of TYCOONS Corporation	—	—	—	
Special Assistant to	Republic of	Andy LEE	Male	2012.06	—	—	—	—	—	—	Graduated from the College of Finance, Tamkang University. Assistant Sales Manager, Yuanta Securities Co., Ltd. underwriting	Supervisor of LEADS BIO 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
					Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Title	Name	Relation	
the Chairman and Spokesperson	China										business. Assistant Sales Manager, Capital Markets Department of KGI Securities.					

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.

iii. 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.

iii. Remunerations of the Director, Supervisor, General Manager, and Deputy General Manager

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		Receiv v remun eratio n from subsidi ary compa ny
		Remuneration (A)		Pension (B)		Director's Remuneratio n (C)		Business Expenses (D)				Salary, Bonuses and Special Expenses (E)		Pension (F)		Employee Remuneration (G)						
		The Compan y	All compa nies in the financ ial report	The Com pany	All com pani es in the financ ial repo rt	The Com pany	All com pani es in the financ ial repo rt	The Com pany	All comp anies in the financ ial repo rt	The Company	All compa nies in the financ ial report	The Com pany	All compa nies in the financ ial report	The Company		All companies in financial report		The Company	All companies in the financial report			
Cash Amount	Stock Amoun t	Cash Amo unt	Stoc k Amo unt																			
Chairman	Chong, Chun Lung	560	560	-	-	-	-	-	-	560 (2.48)	560 (2.48)	-	1,755	-	-	-	-	-	-	560 (2.48)	2,315 (10.26)	No
Director	Li, Chun Fei	560	560	-	-	-	-	-	-	560 (2.48)	560 (2.48)	-	1,432	-	-	-	-	-	-	560 (2.48)	1,992 (8.83)	
Director	Wang, Le Chun	560	560	-	-	-	-	-	-	560 (2.48)	560 (2.48)	-	-	-	-	-	-	-	-	560 (2.48)	560 (2.48)	
Director	Lin, Zhao Wen	560	560	-	-	-	-	-	-	560 (2.48)	560 (2.48)	-	1,034	-	-	-	-	-	-	560 (2.48)	1,594 (7.06)	
Independent Director	Chen, Shih Ying	700	700	-	-	-	-	-	-	700 (3.10)	700 (3.10)	-	-	-	-	-	-	-	-	700 (3.10)	700 (3.10)	

Independent Director	Chong, Pui Yeung	5 6 0	5 6 0	-	-	-	-	-	-	5 6 0 (2 . 4 8)	5 6 0 (2 . 4 8)	-	-	-	-	-	-	-	-	5 6 0 (2 . 4 8)	5 6 0 (2 . 4 8)	
Independent Director	Huang, Ta Hsiang	7 0 0	7 0 0	-	-	-	-	-	-	7 0 0 (3 . 1 0)	7 0 0 (3 . 1 0)	-	-	-	-	-	-	-	-	7 0 0 (3 . 1 0)	7 0 0 (3 . 1 0)	

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 aboard. 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) Total of first 4 remuneration categories (A+B+C+D)		(A+B+C+D) Total of first 4 remuneration categories (A+B+C+D)	
	The Company	The Company	The Company	All companies in the company's financial report I
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	Wang, Le Chun Chen, Shih Ying Huang, Ta Hsiang Chong, Pui Yeung
\$1,000,000 (included) ~ \$2,000,000 (excluded)	—	—	—	Lin, Zhao Wen, Li, Chun Fei
\$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	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	Stock			
General Manager	Chong, Chun Lung	-	1,755	-	-	-	-	-	-	-	-	-	1,755 (7.78)	None
General Manager, Golden Apple (China) Co., Ltd.	Li, Chun Fei	-	1,432	-	-	-	-	-	-	-	-	-	1,432 (6.35)	
Executive Deputy General Manager, Golden Apple (China) Co., Ltd.	Lin, Zhao Wen	-	1,034	-	-	-	-	-	-	-	-	-	1,034 (4.58)	

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)	—	Chong, Chun Lung Li, Chun Fei Lin, Zhao Wen
\$2,000,000 (included) ~ \$3,500,000 (excluded)	—	—
\$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) Status of employee bonus disbursement and management personnel who distributed the bonus: the Company has issued a resolution of 614,066 yuan for the employees' remuneration on March 27, 2019, all of which were distributed to the general staff and not distributed to the management personnel.

(5) Name of the manager who distributes employee bonus and distribution situation: The

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	Stock			
General Manager	Chong, Chun Lung	-	1,755	-	-	-	-	-	-	-	-	-	1,755 (7.78)	None
Director of Finance	Simon POON	-	1,832	-	-	-	-	-	-	-	-	-	1,832 (7.70)	
Assistant to the Chairman and Spokesperson	Andy LEE	1,537	1,537	-	-	-	-	-	-	-	-	1,537 (6.45)	1,537 (6.45)	
General Manager, Golden Apple (China) Co., Ltd.	Li, Chun Fei	-	1,432	-	-	-	-	-	-	-	-	-	1,432 (6.35)	
Executive Deputy General Manager, Golden Apple (China) Co., Ltd.	Lin, Zhao Wen	-	1,034	-	-	-	-	-	-	-	-	-	1,034 (4.58)	

company has decided to distribute employee remuneration of RMB 27,421 on March 30, 2022, all of which are distributed to general employees and not distributed to managers.

2. A comparison of the company's and the consolidated statements in the past two years. The Company's directors, supervisors, general managers and deputy general managers accounted for the analysis of the proportion of net profit after tax, and stated the policies, standards and portfolios of the payment of rewards. The relationship between the procedures for determining remuneration and business performance and future risks:

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

Unit: in thousands of NTD

Category	2020				2021			
	The Company		Consolidated Statement		The Company		Consolidated Statement	
	Amount	%	Amount	%	Amount	%	Amount	%
Chairman	4,432	(0.89)	8,595	(1.72)	4,201	18.62%	8,422	37.32%
Supervisors	Note							
General Manager and Deputy General Manager	—	—	4,163	(0.83)	-	-	4,221	18.70%
Net profit after tax	(499,900)	100.00	(499,900)	100.00	22,568	100.00	22,568	100.00

Note: The company has established an audit committee without supervisors.

(2) The relationship between the policies, standards and establishment of remuneration, and the performance of the business and future risks:

① The Company has set up a Remuneration Committee, and all independent directors are members. The Remuneration Committee is responsible for setting and regularly reviewing the policies, systems, standards and structures of performance evaluation and remuneration of directors and managers, and regularly evaluating and implementing the salary of directors and managers.

② Per Article 30.2 in the Company's Article of Incorporation, directors' remuneration can only be paid in cash. The amount of the remuneration shall be determined by the Board of Directors and shall be subject to the director's service scope and value of the company's operations and the inter-banking level domestically and overseas of the Republic of China. In accordance with Article 4.2.2 of the Remuneration Committee bylaw, refer to the usual level of the industry, and consider the time invested by the individual, the responsibilities of the individual, the achievement of personal goals, the performance of other positions, and the company's recent position in the same position. Remuneration, and the establishment of the Company's short-term and long-term business objectives, the company's financial status, etc., to assess the relevance of individual performance to the company's operating performance and future risks.

③ Management personnels' remuneration chart, measures the current operating scale of the Company and the payment of remuneration over the years.

iii. Status and Operation of Corporate Governance

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	7	0	100%	—
Chairman	Li, Chun Fei	1	0	14%	—
Chairman	Lin, Zhao Wen	7	0	100%	—
Chairman	Wang, Le Chun	7	0	100%	—
Independent Director	Chen, Shih Ying	7	0	100%	—
Independent Director	Huang, Ta Hsiang	7	0	100%	—
Independent Director	Chong, Pui Yeung	5	0	71%	—

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
2021/3/30	Meeting No.5 of 2021 Quarter 5	Through the Company's 2020 annual employees' and directors' compensation distribution and disbursement methods.	None	None
		Company's 2020 annual Business Report and 2020 Consolidated Financial Statements—PASSED		
		Revision of the Group's "Internal Control System" and "Internal Audit System"		
2021/5/11	Meeting	Evaluation on independence of Accountants.	None	None

		No.6 of 2021 Quarter 5	Approved the accountant appointment proposal		
			Company's 2020 annual surplus distribution—PASSED		
	2021/6/15	Meeting No.7 of 2021 Quarter 5	Fund loan case between group companies.	None	None
	2021/8/30	Meeting No.8 of 2021 Quarter 5	Through the company's consolidated financial statements for the second quarter of 2021	None	None
			Funding and loan between Group-Company.		
			Amendment of the Company's Internal Control Measures "Management of Financial Statement Preparation Process"		
	2021/11/10	Meeting No.9 of 2021 Quarter 5	Through the company's consolidated financial statements for the third quarter of 2021	The director's provisional motion speech: The company information should be provided quickly and correctly. If it is not timely enough, it will be easily questioned by the outside world or the competent authority, which will create a bad impression. In the future, I hope that the company can make real improvements and improve the timeliness of the information. If necessary, please ask an accountant to assist and guide.	The chairman responded: Financial supervisors need to be more active in handling affairs and complete assigned tasks as soon as possible.
			Director and Management Personnel liability insurance.		
			Amendment of the Company's Internal Control Measures "Management of Financial Statement Preparation Process"		

2021/12/30	Meeting No.10 of 2021 Quarter 5	2022 Annual Audit Plan—PASSED	None	None
		2022 Annual Audit Plan—PASSED		
		Reach resolution for: Remuneration of Directors suggested by the Remuneration Committee.		
		Reach resolution for: Remuneration of Management Personnel suggested by the Remuneration Committee.		
		Pass self or peer evaluation by the board of directors and individual directors		
2022/03/30	Meeting No.11 of 2022 Quarter 5	Approved the form of distribution of the 2021 compensation of directors and employees for this company	None	None
		Approved the 2021 annual business report and 2021 consolidated financial statement of this company		
		Formulated the company's "Internal Control System Statement" case		
		Amendment to the Company's "Acquisition or Disposal of Assets Handling Procedures"		
		Amendment to the Company's "Code of Practice on Corporate Governance"		
		Amendment to the Company's "Code of Practice on Corporate Social Responsibility"		

Note: Independent director attending in person. 2021/3/30 Chen Shih Ying, Huang, Ta Hsiang、Chong, Pui Yeung、2021/5/11 Chen, Shih Ying、Huang, Ta Hsiang、Chong, Pui Yeung、2021/6/15 Chen, Shih Ying、Huang, Ta Hsiang、2021/08/30 Chen, Shih Ying、Huang, Ta Hsiang、2021/11/12 Chen, Shih Ying、Huang, Ta Hsiang、Chong, Pui Yeung、2021/12/23 Chen, Shih Ying、Huang, Ta Hsiang、Chong, Pui Yeung、2022/03/30 Chen, Shih Ying、Huang, Ta Hsiang、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 23, 2021, 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 March 30, 2022, the board of directors will discuss and pass the 2021 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 in any other appropriate manner.	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. 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.

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 7 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	7	0	100%	—
Independent Director	Huang, Ta Hsiang	7	0	100%	—
Independent Director	Chong, Pui Yeung	5	0	71%	—

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 Contents of the big proposed project	Comments from Independent Director	Implementation of Comments from Independent Directors
2021/3/30	Meeting No.4 of 2021 Quarter 4	Company's 2020 annual Business Report and 2020 Consolidated Financial Statements—PASSED	None	All directors and independent directors were present and entitled to vote; matters were passed without objection.	Not applicable
		Formulated the "Declaration of Internal Control System" of the company.			
		Revision of the Group's "Internal Control System" and "Internal Audit System"			
2021/5/11	Meeting	Evaluation on	None		

	No.5 of 2021 Quarter 4	independence of Accountants.			
		Approved the accountant appointment proposal.			
		Approved the company's 2020 profit and loss supplementary statement.			
		Golden Apple China Factory Lease Case and Changtai Golden Apple Factory Lease Case			
2021/6/15	Meeting No.6 of 2021 Quarter 4	Fund loan case between group companies.	None		
2021/8/30	Meeting No.7 of 2021 Quarter 4	Company's 2021 second quarter Consolidated Financial Statements—PASSED	None		
		Funding and loan between Group-Company.			
		Revised the company's internal control measures "Management of Financial Statement Preparation Process"			
2021/11/10	Meeting No.8 of 2021 Quarter 4	Director and Management Personnel liability insurance.	None		
		Revised the company's internal control measures "Management of Financial Statement Preparation Process"			
2021/12/23	Meeting No.9 of 2021 Quarter 4	2022 Annual Audit Plan—PASSED	None		
		2022 Annual Audit Plan—PASSED			
		Through the board of directors and individual directors' self or peer evaluation.			
2022/03/30	Meeting	Approved audit the 2021	None		

	No.10 of 2022 Quarter 4	annual business report and 2021 consolidated financial statement of this company			
		Formulated the "Declaration of Internal Control System" of the company.			
		Amendment to the Company's "Acquisition or Disposal of Assets Handling Procedures"			
		Amendment to the Company's "Code of Practice on Corporate Governance"			
		Amendment to the Company's "Code of Practice on Corporate Social Responsibility"			

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. 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
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	V		4. The Company has established "Internal	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	
internal regulations that prohibit insiders from using unpublished market information to buy and sell securities?			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.	
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 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	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		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.	No major difference
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		2. Currently, the Company only sets up the Audit Committee and the Remuneration Committee. 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	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	
4. Does the Company evaluate the independence of the Certified Public Accountant on a regular basis?			such result in determining salary and remuneration payment and nomination for consecutive terms of the individual directors. 4. The Company selects the Certified Public Accountant from an accounting firm known for its creditability. 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 2021, the Board of Directors and the Audit Committee evaluated the Certified Public Accountant's independence.	No major difference
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		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	In the future, according to the company's operating conditions, the head of corporate governance will be designated to be responsible for corporate governance related matters.

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	
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)?			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.	
v. Did the Company establish communication channels with interested parties (including but not limited to: shareholders, employees, customers 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?	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 business briefings. To protect their interests.	No major difference
vi. Did the Company appoint a professional stock affair	V		The Company appointed Sinopac Securities Co., Ltd.- Stock Affairs 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	
agent to take care of all matters related to the shareholders' meeting?			handle the shareholders' meeting.	
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	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. 3. The Company will announce relevant financial reports within the time limit in accordance with the law.	No major difference 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	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	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	
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.)			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 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	

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	
			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 Directors for approval. Thereafter, 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	

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	
			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.
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.

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 Shiyong 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.

(1). Salary and Compensation Committee Member Information

2022年4月30日

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
convenor cum independent director	Huang, Ta Hsiang	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). - 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	0
independent director	Chen Shih Ying			1

independent director	Chong, Pui Yeung		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 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
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(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	Shih, Ying Hao	3	0	100%	—
Committee	Huang, Ta	3	0	100%	—

Title	Name	Actual Attendance (B)	Attendance via Proxy	Actual Attendance Rate (%) (B / A)(Remark)	Remarks
Chair	Hsiang				
Committee Member	Chong, Pui Yeung	3	0	100%	—
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, 2021/ (Meeting No.3 of 2021 Quarter 4)	Review the company's 2020 employee and director remuneration distribution and payment methods	After the chairman consulted all the members present, the proposal was passed without objection	None
December 23, 2021/ (Meeting No.4 of 2021 Quarter 4)	1. Review the various compensation and remuneration projects for directors to be implemented by the company in 2022. 2. Review the various salary and remuneration projects for managers to be implemented by the company in 2022.		
March 30, 2022/ (Meeting No.5 of 2022 Quarter 4)	Review the company's 2021 employee and director remuneration distribution and payment methods		

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

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.
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	No major differences.

push the project	Implementation (Note 1)			Differences and reasons with the Code of Practice for Sustainable Development
	Yes	No	Summary note	
			environmental safety and health management personnel, responsible for promoting and maintaining environmental safety management.	
(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 taken relevant countermeasures?	V		Pay attention to and adjust the temperature and opening hours of the company's business premises and office air conditioners at any time to achieve the goal of energy saving and carbon reduction.	No major differences.
(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.

push the project	Implementation (Note 1)			Differences and reasons with the Code of Practice for Sustainable Development
	Yes	No	Summary note	
(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.
(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	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	
environmental protection, occupational safety and health, or labor rights, and their implementation?				
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.				

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				
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 designatd 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.	o 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 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
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.	

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	
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? 2. Did the Company establish operational procedures for investigation and the relevant confidentiality mechanism while accepting the report? 3. Does the Company take measures to protect the accuser from being subject to improper treatment, because he/she filed the claim?	V V 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. 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. 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 No major difference 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				
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.				

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>.

8. Other important information that is sufficient to enhance the understanding on the operation of corporate governance must be disclosed together: None.

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: March 30, 2022

The Company hereby releases the statement regarding its 2021 Internal Control System , based on the results of the self-assessment, as follows:

- I. 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.
- II. 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 preceeding 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.
- III. 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.
- IV. 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.
- V. 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, 2021, 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.

- VI. 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.
- VII. This statement will become the main content of the Company's annual report and 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.
- VIII. This statement was approved by the Board of Directors of the Company on March 30, 2022. Among the 7 directors, 0 opposed, and the rest agreed to the contents of this statement.

Jinli Group Holdings Limited
(British Cayman Islands)

Chong, Chun Lung
Chairman

Chong, Chun Lung
General Manager

- (2) If an authorized accountant examines the internal control system, the accountant's review report should be disclosed.

Jinli Group Holdings Limited
Audit Reports on Internal Controls

Please see attachment for the evaluation held on March 30, 2022, for the internal control system of Jinli Group Holdings Limited (British Cayman Islands) and its subsidiary, regarding external financial reporting and asset security, with statement of effective design and implementation for the period January 01, 2021 to December 31, 2021, reviewed by the Accountant. It is the responsibility of the Company's Management Executives to maintain an effective internal control system and assess its effectiveness. The Accountant's responsibility is to indicate opinion on the effectiveness of the Company's internal control system and the accuracy of the Company's internal control system statement, as per results of the review.

The Accountant plans and performs the review in accordance with the "Guidelines for the Establishment of Internal Control Systems for Publicly Listed Companies", and with the commonly accepted auditing standards, to ensure the Company's internal control system stays effective in all important aspects. This review contains: understanding the Company's internal control system, evaluating the process by which Management Executives assess the effectiveness of the overall internal control system, testing and evaluating the effectiveness of the design and implementation of the internal control system, as well as other review procedures that the Accountant sees as mandatory. The Accountant trusts the review is capable to serve as reasonable basis for opinions expressed.

Any internal control system has its limitations by nature. Hence, the aforementioned internal control system of Jinli Group Holdings Limited (British Cayman Islands) and its subsidiaries, may still fail to prevent or detect any errors or frauds that has already occurred. Furthermore, the future environment may change, and the degree of compliance with the internal control system may also decrease. Therefore, an effective internal control system in this period does not define its effectiveness in the future.

Per opinion of the Accountant, in determination of internal control effectiveness of the "Guidelines for the Establishment of Internal Control Systems by Publicly Listed Companies", Jinli Group Holdings Limited (British Cayman Islands), its subsidiaries, external financial reports and asset security, designed and implemented the relevant internal control system in the Republic of China, from January 1, 2021 to December 31, 2021. The system maintained its effectiveness in all important aspects. On March 30, 2022, the statement issued by Jinli Group Holdings Limited (British Cayman Islands) for the internal control system related to the external financial reporting and asset security protection has been evaluated as effective in design, with valid implementation in all important respects.

PwC Taiwan

Accountants

Securities and Futures Bureau, Financial Supervisory
Commission

Approved Certificate No.: Certificate 6 of the
Financial Supervisory Commission No. 1060025060

Approved Certificate No.: Certificate 6 of the
Financial Supervisory Commission No. 0960072936

May 12, 2022, Republic of China

- x. 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.
- xi. 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)

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	2021.3.30	1. Approve the company's 2020 employee and director remuneration distribution and payment methods. 2. Approved the company's 2020 business report and 2020 consolidated financial statements. 3. To formulate the "Declaration of Internal Control System" of the company. 4. Amendments to the Group's "Internal Control System" and "Internal Audit System". 5. Post-approval of the relocation of the company's Taiwan office 6. Convene related matters for the 2021 regular shareholders meeting.
Board of Directors Meeting	2021.5.11	1. The assessment of the independence of accountants. 2. Approved the accountant appointment proposal. 3. Approved the company's 2020 profit and loss supplementary statement. 4. Convene related matters for the 2021 regular shareholders meeting. 5. The case of changing the venue of the regular shareholders meeting due to the need for epidemic prevention. 6. The lease of the Golden Apple China factory and the lease of the Changtai Golden Apple factory.
Board of Directors Meeting	2021.8.30	1. Pass the company's consolidated financial statements for the second quarter of 2022. 2. Fund loan and loan case between group companies. 3 Amendment to the Company's Internal Control Measures "Management of Financial Statement Preparation Process"
Board of Directors Meeting	2021.11.10	1. Through the company's consolidated financial statements for the third quarter of 2021 2. Director and Management Personnel liability insurance.
Board of Directors Meeting	2021.12.23	1. Pass the 2021 audit plan. 2. Approve the 2021 budget plan. 3. Resolve the remuneration proposal for directors recommended by the Remuneration Committee.

Shareholders Meeting or Board of Directors Meeting	Date	Important Resolutions
		4. Resolve the manager's salary and remuneration proposal recommended by the remuneration committee. 5. Pass the board of directors and individual directors' self or peer evaluation.
Board of Directors Meeting	2022.3.30	1. Approve the company's 2021 employee and director remuneration distribution and payment methods. 2. Approved the company's 2021 business report and 2021 consolidated financial statements. 3. Formulate the "Declaration of Internal Control System" of the company. 4. Amendment to the Company's "Acquisition or Disposal of Assets Handling Procedures" 5. Proposal to amend the Company's "Code of Practice on Corporate Governance" 6. Revision of the Company's "Code of Practice on Corporate Social Responsibility" 7. Convene the 2022 regular shareholders' meeting related matters.

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 Relations	Implementation description
June 23, 2021 Regular shareholders meeting	Acknowledgement: 1. Acknowledge the company's 2020 business report and consolidated financial statements. 2. Acknowledge the company's 2020 profit and loss supplementary proposal.	Acknowledgement: 1. Shareholders present at the time of voting had a total of 102,543,341 voting rights, 100,283,700 voting rights (including 4,273,301 electronic voting rights), accounting for 97.79% of the total voting rights, and 125,081 opposing rights (including 125,081 electronic voting rights), accounting for 0.12% of the total voting rights and invalid rights 0 votes, 2,134,560 abstentions and non-voting rights (including 2,134,560 electronic voting rights), accounting for 2.08% of the total voting rights 2. Shareholders present at the time of voting	The original bill was voted through.

Date	Important resolutions	Vote Relations	Implementation description
		had a total of 102,543,341 voting rights, 100,407,755 voting rights (including 4,397,356 electronic voting rights), 97.91% of the total voting rights, 132,652 opposing rights (including 132,652 electronic voting rights), 0.12% of the total voting rights, and invalid rights 0 votes, 2,002,934 abstentions and non-voting rights (including 2,002,934 electronic voting rights), accounting for 1.95% of the total voting rights	
	Discussion matters: 1. Amend the "Rules of Procedures for Shareholders' Meetings" of the company. 2. Established the company's "Director Selection Procedure"	Discussion matters: 1. Shareholders present at the time of voting had a total of 102,543,341 voting rights, 100,411,492 voting rights (including 4,401,093 electronic voting rights), accounting for 97.92% of the total voting rights, and 127,415 opposing rights (including 127,415 electronic voting rights), accounting for 0.12% of the total voting rights and invalid rights 0 votes, 2,004,434 abstentions and non-voting rights (including 2,004,434 electronic voting rights), accounting for 1.95% of the total voting rights 2. Shareholders present at the time of voting had a total of 102,543,341 voting rights, 100,411,492 voting rights (including 4,401,093 electronic voting rights), accounting for 97.92% of the total voting rights, and 130,835 opposing rights (including 130,835 electronic voting rights), accounting for 0.12% of the total voting rights. 0 votes, 2,001,014 abstentions and non-voting rights (including 2,001,014 electronic voting rights), accounting for 1.95% of the total voting rights	The original proposal was voted through, and the implementation has been completed in accordance with the resolutions of the shareholders meeting.

3. Result of execution: as per voting result.

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

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 Golden Apple China Limited	Su Guanzhou	2011/03/01	2022/04/30	resign

iv. 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
PwC Taiwan	Xian-Zheng CHEN	2021.01.01~2021.12.31	7,700	140	7,840	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.

v. Information on Change of Accountant: None.

vi. 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

vii. 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	2021		Year 2022 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	(600,000) (Remark 1)	–	(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	(600,000) (Remark 1)	–	(40,000) (Remark 1)	–
General Manager	Chong, Chun Lung	(600,000) (Remark 1)	–	(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	–	–	–	–
Director of Finance, Golden Apple (China) Co., Ltd.	Huan-Zhang CHEN	–	–	–	–
Director of Design, Golden Apple (China) Co., Ltd.	Xi-shuang HUANG	–	–	–	–
Director of Design, Golden Apple (China) Co., Ltd.	Guan-Zhou SU	–	–	–	–
Director of Sales and Marketing, Golden Apple	Su-Ping LIAN	–	–	–	–

Position	Name	2021		Year 2022 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)
(China) Co., Ltd.					
Audit Manager	Peng-Yu LI	—	—	—	—
Special Assistant to the Chairman and Spokesperson	Andy LEE	—	—	—	—

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 2021	Centralized exchange market	Non-related party	600,000	12.51
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

- 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 25, 2022

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	Shareho lding %	Share	Share holdi ng %	Share	Share holdi ng %	Entity (Name)	Relationship	—

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 (註 2)	5.83% (註 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 (註 2)	5.83% (註 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 (註 3)	0.72% (註 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	-
Chen Zhiheng	1,874,000	1.01%	-	-	-	-	-	-	-
Ou Shuqing	1,488,000	0.80%	-	-	-	-	-	-	-
Zheng Jinhong	1,428,000	0.77%	-	-	-	-	-	-	-
Wang Ziheng	1,382,831	0.74%	-	-	-	-	-	-	-
Cai Zongdian	1,365,000	0.73%	-	-	-	-	-	-	-

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	-
Chase Custody Investment Account of JP Morgan Securities Co., Ltd.	1,294,333	0.70%	-	-	-	-	-	-	-
Chen Songqin	1,180,000	0.64%	-	-	-	-	-	-	-

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.

- ix. 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 Personnel		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) Intl 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),	1,785	51%	1,715	49%	3,500	100%

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

IV. Status of Crowdfunding

i. Capital and shares

1. Source of equity

(1) Type of shares

April 25, 2022

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		Others
		Shares	Amount in Value	Quantity of Stocks	Amount in Value	Source of the shares	Deducting shares from property other than cash	
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	-
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	-

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	
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

2. Shareholder Structure

April 25, 2022

Shareholder Structure Quantity	Government insitutation	financial insitutation	Other Legal Representative	Individual shareholders	Foreign insitutation and foreigner	Total
S h a r h o l d e r	0	1	65	22,042	58	22,166
S h a r e s	0	5,541	611,514	123,175,991	61,954,105	185,747,151
Shareholding ratio (%)	0	0	0.33	66.31	33.36	100.00

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

ii. Status of equity dispersion

1.Common stock

April 25, 2022

Tiers of Shareholding	Numer of Shareholders	Share(s) held	Shareholding ratio
1 ~ 999	8,435	1,579,788	0.85
1,000 ~ 5,000	9,091	20,136,456	10.84
5,001 ~ 10,000	2,175	15,655,472	8.43
10,001 ~ 15,000	900	10,961,746	5.90
15,001 ~ 20,000	464	8,330,354	4.48
20,001 ~ 30,000	470	11,547,325	6.22
30,001 ~ 40,000	190	6,566,683	3.54
40,001 ~ 50,000	107	4,870,512	2.62
50,001 ~ 100,000	206	13,976,257	7.52
100,001 ~ 200,000	76	10,331,398	5.56
200,001 ~ 400,000	34	9,420,779	5.07
400,001 ~ 600,000	5	2,754,637	1.48
600,001 ~ 800,000	2	1,406,501	0.76
800,001 ~ 1,000,000	1	924,000	0.50
Above 1,000,001	10	67,285,243	36.23
Total	16,709	182,642,233	22.166

2. Special shares: not issued by the Company

iii. 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 25, 2022

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%
Chen Zhiheng	1,874,000	1.01%
Ou Shuqing	1,488,000	0.80%
Zheng Jinhong	1,428,000	0.77%
Wang Ziheng	1,382,831	0.74%
Cai Zongdian	1,365,000	0.73%
Chase Custody Investment Account of JP Morgan Securities Co., Ltd.	1,294,333	0.70%
Chen Songqin	1,180,000	0.64%

iv. Price per share, net worth, surplus, dividends and related information from the past 2 years

Units: thousands of NTD; thousands of shares

Years			2020	2021	Mar. 31.2022 (See Remark No.8)
Categories					
Market price per share (Remark 1)	Highest		12.05	21.65	13.10
	Minimum		5.80	8.10	10.35
	Average		8.41	11.83	11.72
Net worth per share (Remark 2)	Before distribution		34.44	34.42	35.60
	After distribution (Remark 9)		34.44	-(note 9)	-
Earnings per share	Surplus weighted per share		185,747	185,747	185,747
	Earnings per share (Remark 3)	Before adjustment	(2.70)	0.12	(0.15)
		After adjustment	(2.70)	0.12	-
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 ratio = average closing price per share / earnings per share for the year.

Remark 6: The present ratio = the average closing price per share / cash dividend per share.

Remark 7: Cash dividend yield = cash dividend per share / 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.

6. Status of Implementation on Company dividend policy

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.

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

Proposed no distribution of cash dividends and stock dividends

3. Significant changes in the expected dividend policy: None.

1. Impact of the proposed free share allotment on the Company's operating performance and earnings per share for the year : None.

8. Remuneration of employees, directors and supervisors

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.

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.

3. Status of remuneration disbursement approved by the Board of Directors

(1) Employee remuneration and remuneration of directors and supervisors distributed in cash or stock: After deliberation and approval by the Compensation and Remuneration Committee and the Board of Directors on March 30, 2022, 0.1% of employee remuneration will be set aside as NT\$27,421 and paid in cash , and no distribution of directors' 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. 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.

9. Status of shares bought back by the company: none.

ii. Company debt (including overseas corporate bonds) handling situation: none.

iii. Status of handling special stock: none.

iv. Participation in the issuance of overseas depositary receipts: none

v. Status of processing employee stock option certificate: none.

vi. Restriction to rights of employees to deal with new shares: none.

vii. Mergers and acquisitions (including mergers, acquisitions and divisions) or transfer of shares of new shares of other company: none.

viii. 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

i. Company Operation

1. Business operation

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	2020		2021	
Products	Value	%	Value	%
Casual footwear	330,080	87.26%	396,101	91.67%
Causal Apparel (include denim)	47,274	12.50%	35,494	8.22%
Cosmetics	44	0.01%	-	-
Accessories and others	857	0.23%	482	0.11%
Sales discount	378,255	100.00%	432,077	100.00%
Total	330,080	87.26%	396,101	91.67%

(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

- ① Fashion design is oriented towards innovation and fashion trends.
- ② Casual shoes are based on demand for leather as texture
- ③ Strengthen the value of the company's G-Apple and E.T brands.
- ④ Continuously design and strengthen the development of footwear OEM technology.
- ⑤ Revert with consumer feedback, information to develop cross-domain product brands.

2. Industry Overview

(1) Current status and development of the industry

① Footwear

The concept, connotation and function of footwear are closely related to the ideals and ways of life. People use the shape, brand and connotation of shoes to dress up and show themselves, and obtain an aesthetic pleasure and symbolic spiritual satisfaction. From the perspective of usage, footwear has both basic functions of practicality and aesthetics. The lack of which one will seriously affect the use of footwear. The practical function is the premise of the existence of footwear. Aesthetic and symbolic functions are important extended functions of footwear. The consumer groups are probably between 18 and 45 years old, and they also pay more attention to the brand culture personality since various brand manufacturers are also actively participating in the footwear market. Amongst them, the concept of leisure in the casual shoes market is becoming more and more highlighted in the lives of Chinese consumers, and the market for casual shoes is also growing substantially. "Fashion" and "comfort" are the two selling points of casual shoes. The consumer group of casual shoes is basically those between 18 to 45 years old, mainly students and white-collar workers, and they have higher requirements for brand culture and personalization.

In terms of the market in China, the footwear industry is a typical labor-intensive industry. With the advancement of society and development of science and technology, there's an increased demand for footwear—from raw materials, accessories, processing and assembly techniques, styles, functionality. All these are interrelated, learn from each other's strengths, and compete with each other and affect each other. Therefore, the shape, structure and function of the shoes are changing with each passing day.

In 2019, continuous trade disputes between the US and China direct and indirect impacted consumption in China, foreign research institutions further point out that assuming the worst, where the United States imposes a 25 per cent tariff on imports from China, the economic growth rate of China for next year will at least decrease by 1.3%. Which means, China's economic growth rate for 2019 will fall below 6%, which is predicted to fall to 5.6%, in 2020, economic growth rate is expected to continue to fall to 5.3%.

With the vertical integration of industrial chains in a regional manner, China's footwear industry formed 3 important production areas in Guangdong, Zhejiang and Fujian. The total annual output of these 3 provinces accounts for more than 70% of the national total. Amongst these regions, Quanzhou of Fujian Province, introduced technical equipment from Quanzhou Rubber Shoes Factory in 1981, after the reform and opening up of the footwear industry. In September 1982, Nike sports shoes started its official production, and became the first professional manufacturer of sports shoes in Fujian Province. The industry began to take off, and businesses in the coastal areas, especially Jinjiang and Shishi, took advantage of immigrant township, introduced special equipment, absorbed and digested the

production technology, then started domestic sale, as well as exports to overseas. After 20 years of hard work, the Quanzhou footwear industry has developed rapidly. The businesses went from small to large, from family processing to modern enterprise development, it has now fully entered the stage of transformation and upgrading. Business scale, product technology, brand management, management modernization are becoming more and more obvious, the scale of the industry is growing rapidly, and the quality and competitiveness of the industry are constantly improving. Quanzhou has become an important base for China's footwear industry and a major production base for sports shoes, sneakers and casual footwear. In recent years, due to the continuous improvement of China's economic aggregate, the income of urban and rural residents has continued to grow rapidly, which has led to the rapid development of the consumer market and the demand for footwear has increased year by year.

After China joined the World Trade Organization, the footwear industry entered a golden age of development; footwear production and exports continued to grow, China became the world's shoemaking center. Since year 2011, the world economy made its recovery slowly, the Chinese footwear industry has begun a difficult transition period and entered the new normal era.

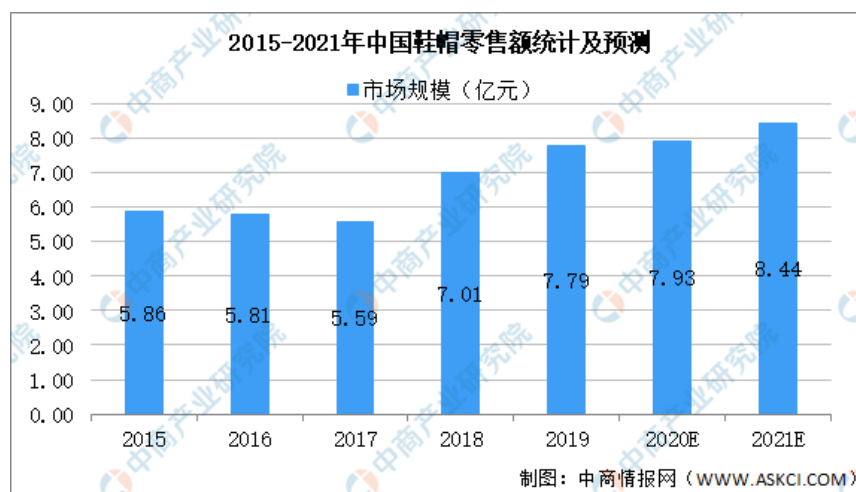
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Apart from the economic downturn in China, the lock down of cities due to COVID-19 at the end of 2019 made the situation worse. Factories were temporarily suspended one by one, which hugely impacted the global industries. Among which, production is significantly slowed for shoe manufacturing which highly depended on production in China, at the same time, it also affected the footwear production capacity in other countries, the footwear retailer thus faces enormous challenges. According to the latest figures from the Footwear Distributors & Retailers of America (FDRA), in January 2020, the amount of footwear products the United States imports from China decreased sharply by 15.7%, the lowest of the same period in over 10 years and the most significant decrease in 4 years. FDRA data shows that up to 70% of the footwear sold in the United States is imported from China. Previous, the US-China trade war had already impacted the footwear retailer in the US, although the trade tensions have somewhat eased by the end of 2019, but the businesses are still subject to high tariffs, and began to move towards a more diverse supply chain, reducing dependency on China and gradually moved production line to places such as Vietnam.

Beyond 2020, all countries will need to strengthen structural reforms in order to keep their economies dynamic and facilitate a strong and sustainable recovery against the backdrop of the COVID-19 pandemic still raging around the world. According to the Economic Outlook Report released by the Organization for Economic Co-operation and Development (OECD) in December 2021, the report predicts that among the G20 member economies, China's economy will grow to 8.1% in 2021, but will drop in 2022 and 2023. Slowed down to 5.1%; the International Monetary Fund forecasts that China's economic growth in 2022 will be 5.6%, the World Bank's forecast is 5.1%, the rating agency Fitch forecasts 4.8%, and Goldman Sachs' latest forecast for China's economic growth in 2022 is 4.3% .

The Hong Kong Trade Development Council Economic and Trade Research pointed out that the new crown epidemic has affected the global economy. According to the National Bureau of Statistics, the added value of China's footwear manufacturing industry in 2020 will drop by 12.8% year-on-year, and the production volume of footwear will be 2 billion pairs less, accounting for a higher proportion of global output than in 2019. decreased by 1 percentage point year-on-year.

The rapid development of online retailers at the sales level has provided consumers with a more convenient and fast channel to purchase shoes, greatly reducing the time and transaction costs of shoe purchases, and accelerating the flow of shoes from production to sales. From 2015 to 2020, the retail sales of shoes and hats in China increased from 586 million yuan to 798 million yuan, and the market size in 2021 will reach 844 million yuan.



Source of information: organized by Insight & Info Consulting Ltd.

In terms of footwear sales channels, the severe impact of e-commerce platforms and shopping malls has forced footwear companies to integrate channels.

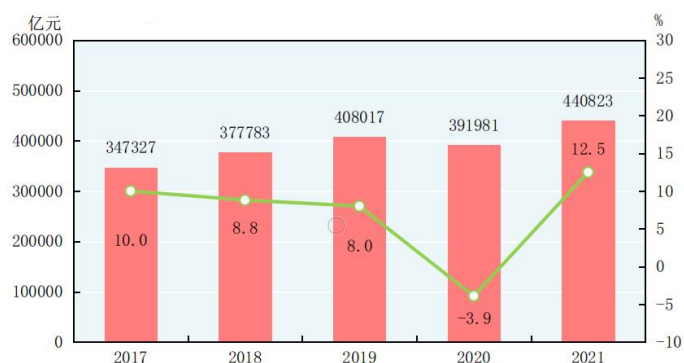
The industry is still in a tide of store closures, indicating that the industry is currently in the stage of refined operation and management after the rough and non-disconnected stores in the early stage.

② Casual apparel

Since 2019, the growth of the world economy and international trade is slowing, the number of external uncertainty increases, while the domestic economy is stability, it still faced pressure, some structural problems are yet resolved. In the face of the many risks and uncertainties, the clothing industry in China actively undergo structure adjustments and practical innovation, which increased the translation of momentum into growth, although the pressures in the domestic and international market increased, but overall the industry maintains a steady development trend overall and enters a new cycle of strategic restructuring and accumulation of development period.

According to data released by the National Bureau of Statistics of China, the total retail sales of consumer goods in China in 2021 will be 44,082.3 billion yuan, an increase of 12.5% over the previous year. According to the statistics of the place of operation, the retail sales of urban consumer goods was 38,155.8 billion yuan, an increase of 12.5%; the retail sales of rural consumer goods was 5,926.5 billion yuan, an increase of 12.1%. Since the indicator of "Total Retail Sales of Consumer Goods" can reflect the development of people's material and cultural living standards in a certain period of time, the realization of the purchasing power of social commodities, and the size of the retail market, as a whole, China's overall consumption strength is affected by the 2020 annual Due to the continuation of the Sino-US trade war and the impact of the new crown epidemic, China's economic environment in 2021 will not significantly improve, but the relationship between the lower base period will show growth.

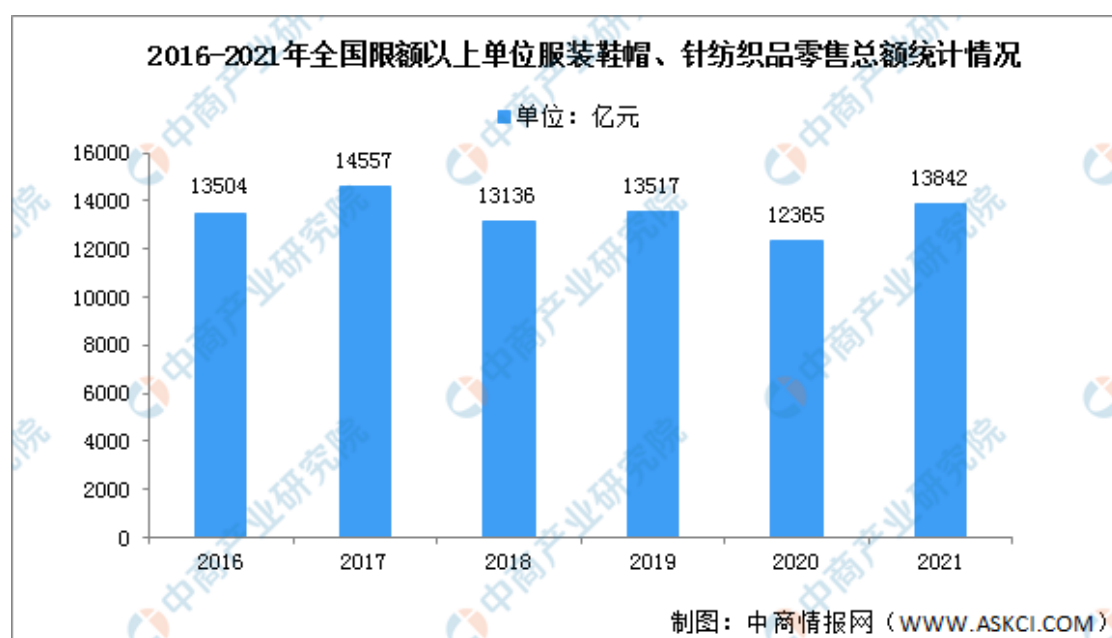
2017-2021 total retail sales of consumer goods



Source: National Bureau of Statistics of China

According to the information released by the National Bureau of Statistics of China, the cumulative retail sales of clothing, shoes, hats, needles, and textiles in 2021 will increase by 12.7% over the same period in 2020; , According to the current data released in China, it is not yet possible to subdivide into casual shoes and apparel items, but under the growth of China's overall consumption in 2021, the overall apparel industry will show the same growth phenomenon, and the casual shoes and apparel industry should also have a higher chance of growth.

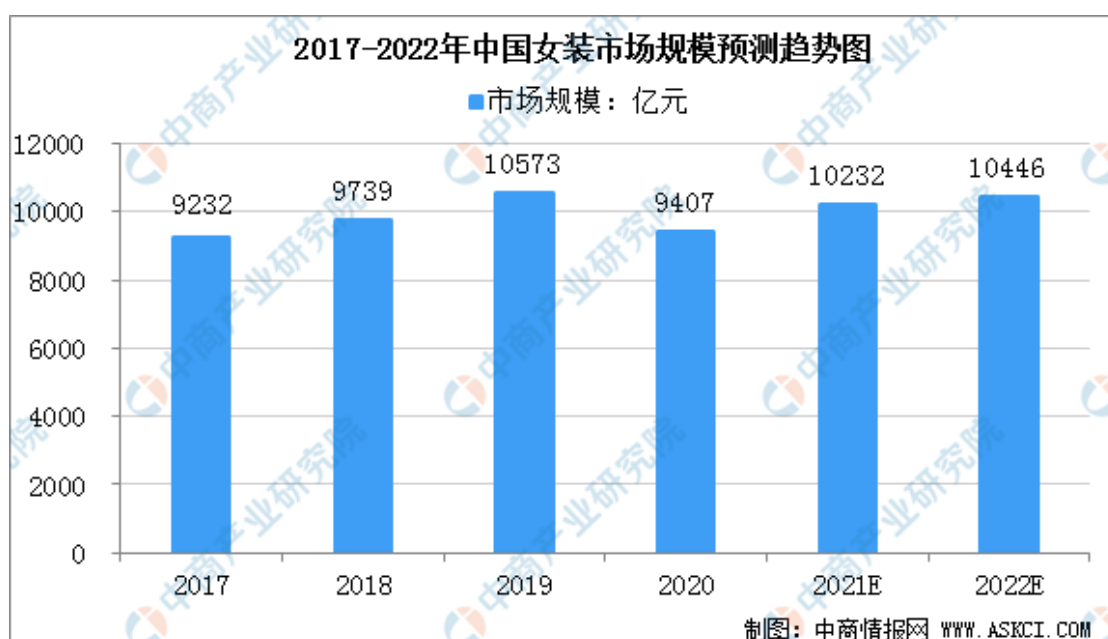
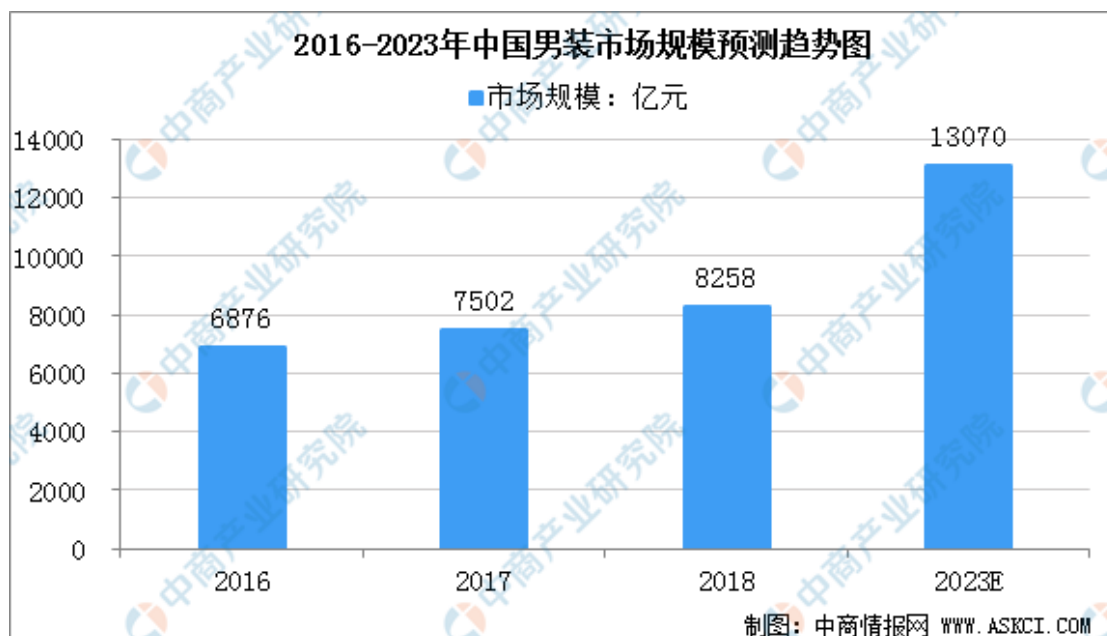
In 2021, the domestic demand market for textiles and clothing will recover steadily, and the driving effect on the steady recovery of the industry's economic operation will be strengthened. According to the National Bureau of Statistics, in 2021, the total retail sales of clothing, shoes, hats, and knitted textiles above the designated size will reach 1,384.2 billion yuan, a year-on-year increase of 12.7%.



Source: National Bureau of Statistics of China; China Business Intelligence Network

In recent years, China's men's clothing market has developed well. From 2016 to 2018, the market size of my country's men's clothing industry has increased year by year. In 2016, the market size of the domestic men's clothing industry reached 687.6 billion yuan. It is expected that the compound growth rate will reach 9.6% between 2018 and 2023. increased to 1,307 billion yuan. In recent years, the education level of women has been improving year by year, and the proportion of women who have received higher education in undergraduate and junior colleges has exceeded 50%. The chances of getting a good job have greatly increased, which directly promotes the increase of women's income and indirectly stimulates women's demand for aesthetics and high-end brands. purchasing power. In 2019, the growth rate of the overall market size of the women's clothing industry still

increased slightly, reaching 8.56%. In 2019, the market size of my country's women's clothing industry was about 1,057.3 billion yuan. In 2020, the size of the women's clothing market will drop to 940.7 billion yuan due to the epidemic. Although the market size has declined significantly, it is still about twice the size of the menswear market. China Business Industry Research Institute predicts that China's women's clothing market will reach 1,044.6 billion yuan in 2022.



Source: National Bureau of Statistics of China; China Business Intelligence Network

The future development trend of the clothing industry will likely produce three phenomena:

1. The trend of youth and personalization is becoming more and more obvious
Consumers' consumption concept has changed, and consumption has become more rational. Consumers have become younger, more personalized, and

internationalized. They pay more attention to product quality and meet personalized needs, and yearn for more high-quality and creative products. Reasonable prices and better shopping experience and services, especially young people pay more attention to personalization and fashion, they hope to establish resonance and emotional connection with brands, and express their lifestyles through products.

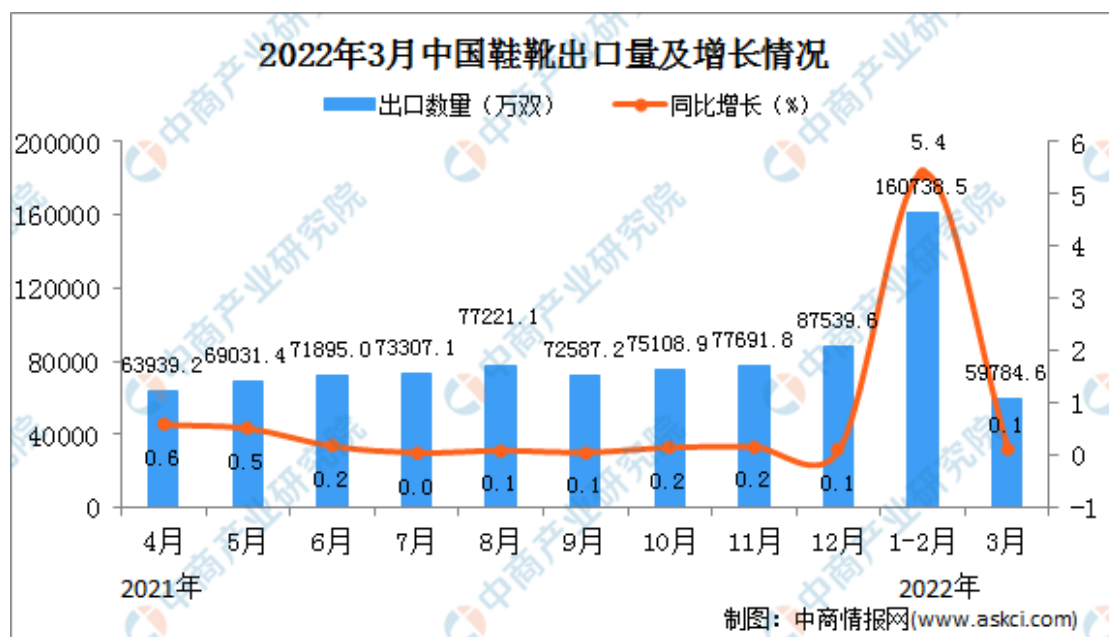
2. Mobile social networking has become a new consumption engine

Mobile social networking can not only actively stimulate users' consumption needs, but also use the information sharing function of social platforms to form fission-type network communication through users' "word-of-mouth". Do endorsement, enhance users' trust and consumer confidence, and continuously improve the frequency and efficiency of purchases, make the communication between brands and customers more warm, establish close and direct connections similar to social "friends", and better satisfy individual needs of consumer groups.

3. Online and offline pipeline integration

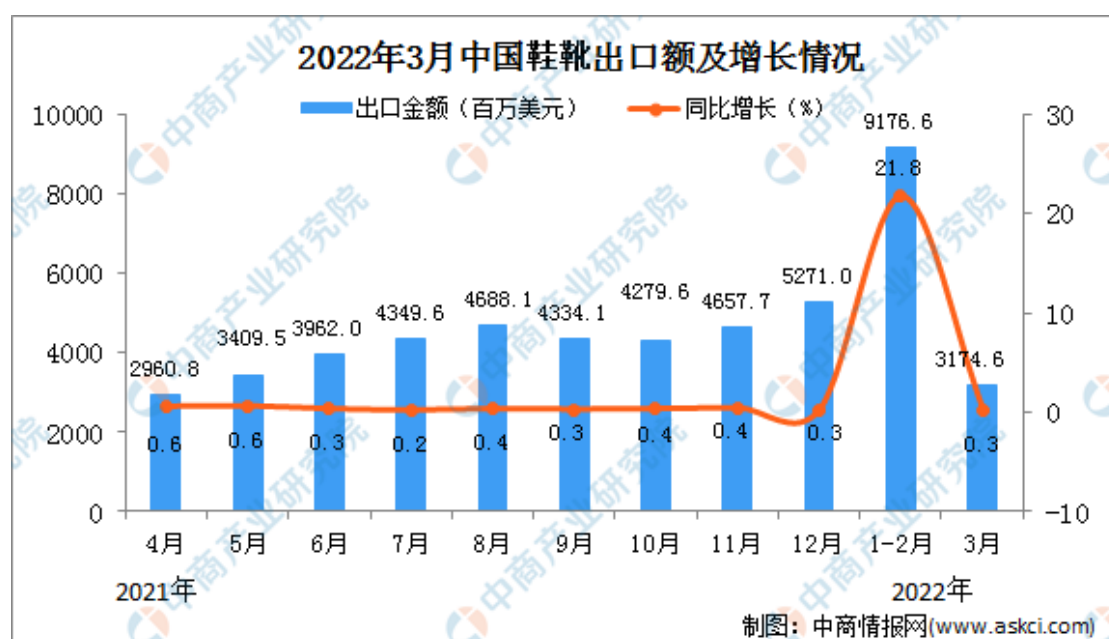
With the development of e-commerce for several years, the dividend period of e-commerce may be coming to an end. Compared with physical stores, e-commerce requires huge promotion costs, as well as website operation costs, labor costs, etc. These costs add up to the cost of opening a physical store, and even the rent of shopping malls in many areas is gradually declining. The pipeline of the clothing industry is not limited to online or offline, but the pipeline should be integrated. Uniqlo, for example, has launched an online and offline model of the same price and same price in the early years, guiding consumers not only to consume online.

China Business Intelligence Network News: According to the database of China Business Industry Research Institute, in March 2022, the export volume of China's shoes and boots was 597.846 million pairs, a year-on-year increase of 0.1%; the cumulative export volume of my country's shoes and boots from January to March was 2,205.233 million pairs, a year-on-year increase. 7.5%.



Source: Database of China Business Industry Research

From the perspective of the amount, the export value of China's shoes and boots in March 2022 was 3174.6 million US dollars, a year-on-year increase of 0.3%; the cumulative export value of my country's shoes and boots from January to March was 12351.2 million US dollars, a year-on-year increase of 23.0%.



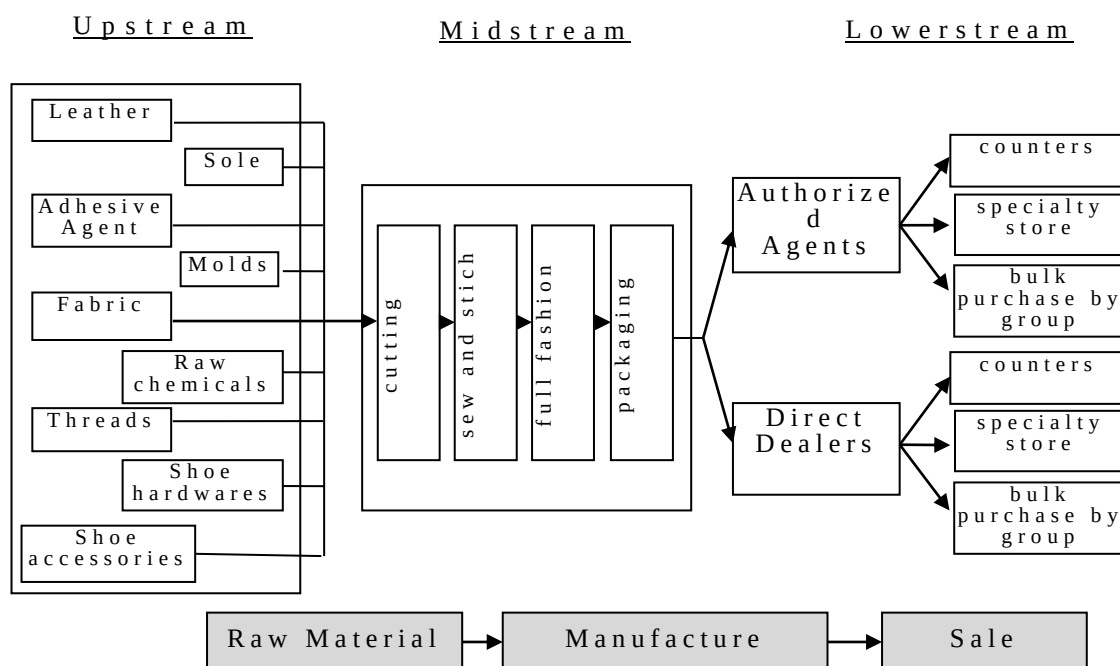
Source: Database of China Business Industry Research

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

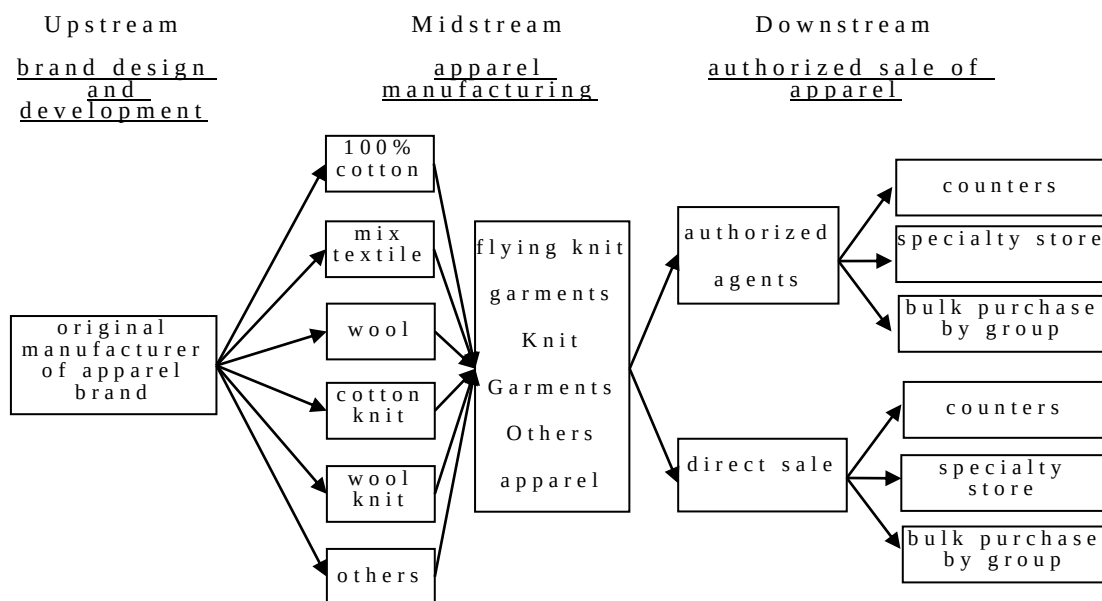
The company is a manufacturer of footwear and apparel, with its own corporate brand.

See the diagram below for upstream and downstream chains of the industry:

① Relevance of the upper, middle and lowerstream are illustrated as per image below:

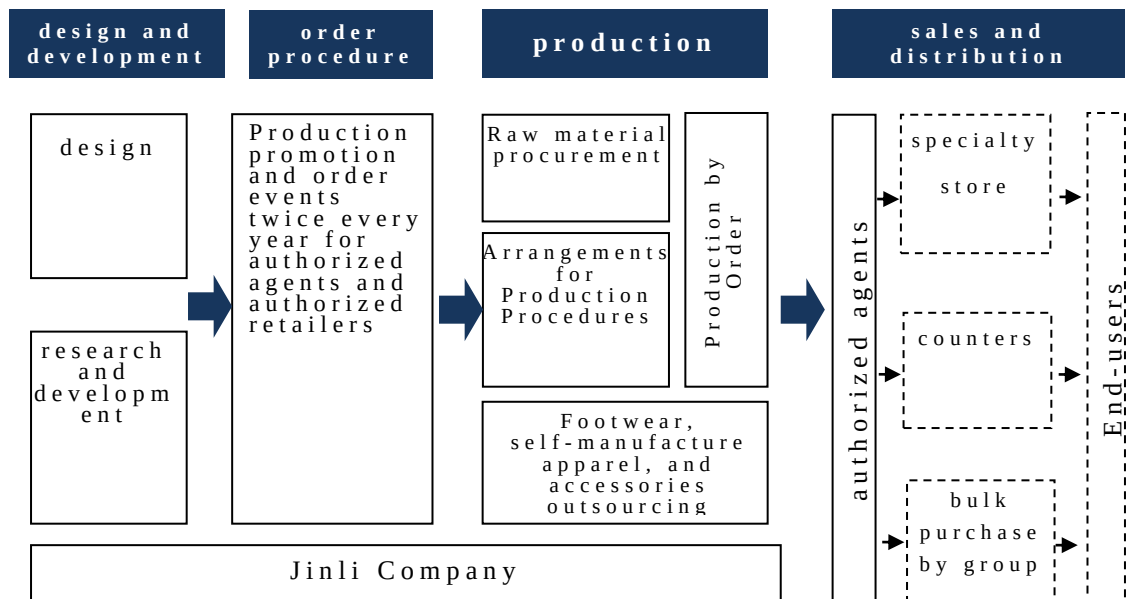


② Relevance of the upper, middle and lowerstream for the Corporate Brand are illustrated as per image below:



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.

③ The Company's sales and distribution model



The Company holds large-scale product order events twice every year, adheres to footwear production scheduling or purchase of apparel and accessories from the outsourcing factory, in accordance with the shipping details listed in the purchase and sales contract signed with the authorized agent. The shipments are dispatched by the authorized agent to the Company, or the processing factory to pick up the goods. At the final stage, authorized agents' sales channels, which includes specialty stores, counters and bulk purchase by group, then sell the products to consumers in China.

(1) Various product development trends

We have come to the era where footwear and apparel market has become consumer-oriented. In an age where shopping has been refined and become fashion-trend-based, the Company has positioned its Corporate-brand apparel product in the mid-range pricing level. Target market is set at ages 18 to 35, as they shop according to their own personality. Although the purchase power for this age group does not come with the strongest buying power, however, they make the most frequent purchases, focusing more on style, quality and attachment to the brand itself.

Consumers aged 18 to 35 are the main buying force for mid-range or semi-high end apparels. Hence, brands that are high-quality, closely tied to fashion trends, and well-known, are the focus of this particular group. The development trend of brand apparel, will be closely integrated with the lifestyle of the consumers. This includes: continuous innovation of fabric materials, indication of brand value and the improvement of before and after-sales service.

(2) Status of Product Competition

The Company's primary sales area is in China. As China's economy continues to grow, which benefited from improvement of people's living standards and the increase in distributable income, the market for footwear and apparel products in China is expanding. Business opportunities not only stimulated the rise of China's local brands, but also attracted international brands. Looking at the company's flagship footwear and apparel product routes, the main competitors are primarily: China brands. In the footwear and casual apparel sector, competitors are: Li Ning, Anta, Xtep and 361 degrees. In terms of denim products, there is a new addition of B.T.BOY, however, with China's vast land area, different market demands at various regions, footwear and apparel products retail enterprises are generally regional operations, with most of them belonging to the small-scale business category. Therefore, competitors vary from region to region and from product to product.

3. Overview of Technology, Research & Development

(1) Overview of technical level and research development

The company is committed to the design and development of G-APPLE and E.T products. Primary product goal for G-APPLE is to develop a series of sports and leisure footwear, apparel (including denim) and accessories to expand the product style to meet the needs of end-users. As of now, the Company has developed a series of different functions and featured footwear products, including: products made of breathable materials, shock-reduction. E.T. product design are known as "composite design model", combining design-oriented and market-oriented design advantages. The design model is based on the traditional "design-oriented" aspect, to build its own brand image, supported by a "market-oriented" design model to respond quickly to the market changes. The success of product design is mainly due to: the Company's ability to discover and predict industry trends in the casual footwear and apparel sectors, as well as keeping up with consumer preferences. Furthermore, in 2016, the Company officially entered the beauty industry, and established the Taiwan subsidiary as a brand and research & development center. In the future, the Company will continue to invest in the development of beauty products, including: development of raw materials, formula manufacturing and overall product design. However, beauty products are temporarily withdrawn from the market due to poor market conditions, and will be deployed when the economy recovers.

(2) Work experience and Education background of research & development staff

Unit: person; %

Year Type of employee	2019		2020		2021		2022First Quarter	
	Staff	%	Staff	%	Staff	%	Staff	%
University (vocational college) graduate	22	92%	10	91%	13	87%	11	92%
High school graduate and below	2	8%	1	9%	2	13%	1	8%
Total	24	100%	11	100%	15	100%	12	100%

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

Unit: in thousands of NTD

category	2017	2018	2019	2020	2021	2022 First Quarter
Research & Development Expenses	8,136	7,441	55,320	60,715	41,604	8,503
Net Revenue	4,024,746	3,988,324	2,080,819	378,255	432,077	58,582
Net Revenue Ratio	0.20%	0.19%	2.66%	16.05%	9.63%	14.51%

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

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

① 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

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

②Name of Awards

Year	Name of Award	Awards Received From
⁴ 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

.Long-term and short-term business development plans

(1) Short-term business development plans

① Operation Strategy

- A. Continue to obtain various quality certificates.
- B. Implement labor health and safety management, and fulfill social and employee responsibilities
- C. Strengthen footwear OEM technology.
- D. Development of beauty products and increase sales. However, the beauty products are temporarily withdrawn from the market due to poor market conditions and will be deployed when the economy recovers.

② Production Strategy:

- A. Accelerate production efficiency with semi-automated machines.
- B. Strengthen human capacity allocation to cope with changes in the boom cycle.
- C. Beauty products are manufactured in China and Taiwan.

③ Marketing Strategy:

- A. Utilize products to reinforce relationship with customers, accurately grasp market trends, expand the diversified product demand, fulfill client demands for product integration, and create layouts in advance for clients.
- B. Dedicate to: the development of fashionable and trendy products, create intrinsic value of products, thereby enhance image of the Company's corporate brand.
- C. Strengthen brand images for G-APPLE and E.T, expand market penetration.
- D. Create the MegustaMe Taiwan brand, create consumer impacts for consumers in China and Taiwan, from online and offline channels. However, the beauty products are temporarily withdrawn from the market due to poor market conditions and will be deployed when the economy recovers.

(2) Long-term development strategies and plans

① Operation strategy:

- A. Continue to expand sales of specialty stores, authorized agents; network expansion will still be a vital development strategy of the Company.
- B. G-APPLE denim franchise stores will tentatively be set at China's tier-3 and tier-4 cities to strengthen the Company's position in the Chinese market.
- C. With Taiwan as a beauty product brand research & development center, the Company will continue to develop, launch various products and move towards multi-functional skincare product sectors.

② Production strategy:

- A. Continue to strengthen: quality of incoming raw materials, efficiency for shipment delivery, and cost reduction.
- B. Expand production facilities to increase production capacity, provide suitable housing accommodation for employees and relevant benefits, in order to increase productivity.

③ Marketing strategy:

- A. Expand market share in China, distribution network and specialty stores throughout the provincial capitals, as well as other primary cities.
- B. Improve design talents, maintain Company brand image and popularity of the Company's products.
- C. Diversify product development, reduce impact of significant changes in one particular market.
- D. Beauty products' main operational method would be brand licensing. This could significantly reduce the large marketing expenses incurred during the initial stage, and reduce risks for the Group. However, the beauty products are temporarily withdrawn from the market due to poor market conditions and will be deployed when the economy recovers.

2. Overview for Marker, Production and Sales

1. Market analysis

(1) Sales Area for Primary Product

Unit: in thousands of NTD

Region	2020		2021	
China	378,211	99.99%	432,077	100.00%
Taiwan	44	0.01%	-	-
Total	378,255	100.00%	432,077	100.00%

The company's main sales area is mainland China. Due to the vastness of the Chinese market, the company mainly sells products to the final consumer through agents. The agents are distributed in 6 provinces. The company provides regular systematic training methods, including training activities such as marketing, product display design and inventory management, in order to maintain the company's excellent group image, in recent years, it has gradually increased the processing and sales of foreign trade shoes. In addition, since 2016 began to step into the beauty industry, the revenue contribution from Taiwan initially came from Taiwan. In China, the brand licensing method was used to obtain brand licensing funds. At the beginning, a small part of the contribution was made. However, due to the poor market conditions of beauty products, it is temporarily withdrawn from the market, and will be deployed when the economy recovers.

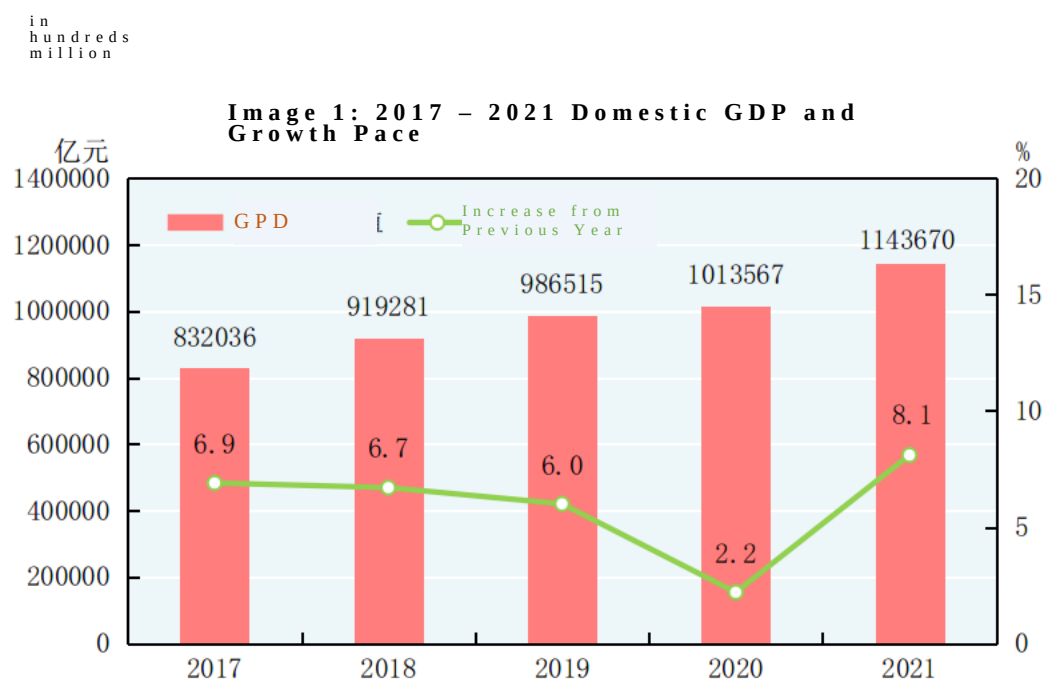
(2) Market share

The Company focuses on the following main businesses: design and sales of footwear, apparel (including denim apparel) and accessories. Since the corporate brand, G-APPLE was established in 2002, the Company actively put together an internal product design and development team, and dedicated itself towards maintaining long-term and stable relationships with authorized agents. Through the creation of a high quality product image, the Company seizes China's huge domestic market, expands market share, and expects the corporate brand to align with fashion trends and international trends. This way, the corporate brand would quickly accumulate loyal customers and specific consumer demographics. Market size for China's footwear and apparel products are large; products sold by various industries are not only highly differentiated, but also target different age groups. Small business brands with zero brand popularity, takes up a majority of the market; this makes it difficult to have accurate statistics. Hence, there are no professional institutions targeting at market share of individual businesses and conducting statistics for its market share. If according to the National Bureau of Statistics of China in 2021, the total retail sales of Chinese clothing, footwear, knitwear and textiles is RMB 13,842 billion, and the company's overall revenue for the year 2021 is approximately RMB 99 million, its market share is approximately It is 0.007%.

(3) Status and Growth of Future Market Supply and Demands

The Company primarily focuses on the domestic demand market in China, hence, the future domestic demand status is closely related to China's economic growth rate. China's economic growth rate (real GDP) was 2.2% in 2020 and 8.1% in 2021.

GDP and Growth Rate in China



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

China's overall consumption strength is due to the continuation of the Sino-US trade war and the impact of the new crown epidemic in 2020, which led to the first negative growth in 2021. The economic environment in China has not improved significantly, and the base period is relatively low, showing growth. According to the forecast of the Organisation for Economic Co-operation and Development (OECD), China's economy will slow down to 5.1% in 2022 and 2023; in addition, the International Monetary Fund forecasts that China's economy will grow by 5.6% in 2022, and the World Bank forecasts a growth of 5.1%. Rating agency Fitch forecast 4.8%, while Goldman Sachs' latest forecast for China's economic growth in 2022 is 4.3%.

In terms of clothing, the domestic demand market for textiles and clothing will recover steadily in 2021, and the driving effect of the steady recovery of the industry's economic operation will be strengthened. According to the National Bureau of Statistics, in 2021, the total retail sales of clothing, shoes, hats, and knitted textiles above designated size will reach 1,384.2 billion yuan, a year-on-year increase of 12.7%. In recent years, China's men's clothing market has developed well. In 2016, the market size of the domestic men's clothing industry reached 687.6 billion yuan, and it is

expected to achieve a compound growth rate of 9.6% between 2018 and 2023. Yuan. In recent years, with the gradual weakening of the cost advantage of China's clothing industry and the escalating trade friction between China and the United States, the export scale of China's clothing industry has also declined. Obviously under pressure. In 2020, the size of the women's clothing market will drop to 940.7 billion yuan due to the epidemic. Although the market size has declined significantly, it is still about twice the size of the menswear market. China Business Industry Research Institute predicts that China's women's clothing market will reach 1,044.6 billion yuan in 2022.

(4) Competitive niche

① Product move towards diversification

The Company's product style changed from sports style to casual style, in a gradual manner. In the apparel sector, during year 2011, the style switched to denim as the primary focus. At the same time, brand E.T, with a British style was created to meet the fashion trend of young consumers. For footwear, after the 2008 Beijing Olympics, sports product lines were favored by the general public. Looking at the second half of year 2011, the leisure series was relatively popular in the market, as there was an increase shown in the youth leisure market.

The Company adjusted the direction of footwear style and reduced the proportion of its sports series. Hence, while facing a decline in the sports market, the Company's profitability is sufficient to maintain growth year over year. During the last year, the Company reacted to changes in consumer demands, adjusted the material of casual shoes to leather at a large scale and did massive production. In the year 2016, the Company stretched its business to include livelihood consumer goods (every-day items) in the beauty and cosmetic product sector. The first product batch was face masks, followed by other products in development. As of now, there are 13 types of face masks, 3 facial cleansers, 3 revitalizing oils, etc. The Company also licensed the experience of face mask development to China.

With the terrible economic environment in China, sales of the Company brand footwear and clothing products have showed signs of decrease, in order to make optimal use of the footwear factory production capacity, the production lines have been deployed for foreign footwear order, so the annual proportion of foreign orders in 2021 has gradually increased to 50%.

② Establish market segmentation

The Company has been focusing on the Chinese market for more than 10 years, and is actively plotting business operations in tier-3 and tier-4 cities, while international brands such as Nike and Adidas are mainly located in China's tier-1 and 2 cities, other China sportswear brands such as Li Ning, Anta, Xtep and 361 degrees mainly tackle markets in tier-1 to tier-3 cities. Therefore, the Company is relatively less competitive with international brands.

③ Pricing strategy with differentiation

The company's G-APPLE products are at a medium and low price range. In terms of footwear, they are at the lower price bracket compared to China brands Anta, Xtep and 361 degrees, but still different from the high to mid price range products of Li Ning and international brands. For apparel, the Company mainly promotes denim apparel, and the price per single unit of denim apparel is relatively high, but as there are no identical products in the same industry in China, so the average wholesale price is higher than other vendors in the industry.

④ Increase of brand awareness through advertisements and sales locations

The Company is looking to utilize cost-effective online marketing to reach a broader customer pool, to increase the sales performance of retail locations, strive to optimize the image of the specialty stores managed by the authorized agents. Moreover, the Company shall encourage the authorized agents to open flagship stores or image stores. The Company will also sponsor sports events or other public relations activities, to promote the quality and brand image of the products to its target consumers.

⑤ Obtain certain amount of market share in China, equipped with broad distribution network

Based on brand image and recognition, the Company has constructed a wide range of distribution network to generate sales for products, in order to expand the coverage of various provinces and cities in China. The Company's sales network in the Chinese market, include: distribution in various provinces (cities), amongst which G-APPLE stores and specialty counters, are mainly gathered in China's tier-3 and tier-4 cities. The new brand, E.T will aim for tier-1 and tier-2 cities, while continuing to expand the Company's sales network and improve business performance.

⑥ Excellent product design and development capabilities

The Company's footwear and apparel product design and development team continues to maintain a solid knowledge of China's market trends, through assorted channels, and keeps abreast with the latest international trends using for example: the Internet, industry journals, fashion magazines, and working closely with the marketing department to provide comprehensive types of services, while fulfilling clients' demands. The beauty products are produced by the research & development teams from Taiwan and China.

⑦ Emphasize on product quality

The Company implements quality control procedures throughout the entire production process. In 2008, an award was received for ISO9001:2000 Quality Control System Certification, from the Fujian Southeast Standards Certification Center. The quality control program begins from raw materials, running all the way through the entire production process. As the Company benefited from continuous

improvement of quality management, while gaining clients' trust, it was able to establish a positive brand image. This was helpful to sales performance, and creating a sustainable business. The beauty cosmetics factory, accepting outsourcing works, complies with the Taiwan GMP factory regulations' basic standard. Actual site inspection was conducted to ensure quality, and products were inspected randomly as well.

⑧ Competitive cost structure

Location of the Company's production base is in the City of Jinjiang, Fujian Province, China. The Company has greatly benefited from China's operating costs (such as: labor costs and raw material costs) and are generally more competitive than developed countries and some developing countries. In addition, the company is located in Jinjiang, known as "City of Shoes", with advantages of suppliers and outsourcing manufacturers in the surrounding area; this cuts down on transportation costs—this is for sure, a cost competitive advantage. However, the beauty products are temporarily withdrawn from the market due to poor market conditions and will be deployed when the economy recovers.

⑨ Establish a good relationship with authorized agents

The Company forms long-term collaboration with authorized agents; solid training and guidance on product sales are provided to the agents, to tighten the work relationship between the Company and the agents. The Company collects information and feedback from the authorized agents on a periodical basis, in order to provide products that meet the demands of end-users. Brand awareness is strengthened through advertisements, promotional events, to expand the product market, and create a win-win status with the authorized agents. In 2020~2021, the economic environment in China is more volatile, private consumption is more conservative, the Company will review the system for distributors and plan regional agencies in line with the developments in the business environment, thereby achieving the most suitable solution for managing and promoting the brand clothing.

⑩ Management team with solid experience

The Chairman of the Company has more than 20 years of experience in the footwear, apparel and accessories industry, and is responsible for: business strategy and planning, applying years of experience in the footwear, apparel and accessories industries. Under the support of a superb management team, the Company can expect to enhance core competitiveness, expand the sales area, and strengthen client base, in order to build a strong competitive advantage.

11 Recruit outstanding research and development, design talents

Excellent research and development, as well as design talents were recruited after the Company was listed. The Company develops products with higher supplementary value, while meeting client demands. This enables the Company to create new brands to capture a different client base, or develop overseas business markets.

(5) Advantages, disadvantages and corresponding measures for the development of Company vision

① Advantages

A. Urbanization trends and changes in population demographics

After the 18th National Congress, the National People's Congress, the CPPCC and the Third Plenary Session, the Chinese government has determined that the future of China's economic direction would be: promoting urbanization of rural areas, aim for a "single second child" policy to expand domestic demand and the young population. For the past few years, the trend of urbanization in rural areas has become very clear, especially in the development of tier-3 or tier-4 cities. According to the Statistics Bureau, People's Republic of China, in year 2011, the urban residents' population exceeded that of the residents in the rural area, for the first time. With such, China's consumption power was greatly stimulated. The Company has been dedicating efforts in China's market for 10 years, and is actively plotting business operations in tier-3 and tier-4 cities. With the trend of urbanization and the growth of people's livelihood, there is a positive outlook in terms of business opportunities.

B. Demand from middle-class create consumption opportunities

With the increase of the general public's income and the increasing consumer awareness, consumers' also raised the bar for cost performance ratio. Consumers' perception has changed from buying something that is affordable, to purchasing something nice. This brought opportunities and challenges to businesses with great products, as well as vendors in various channels. With China's huge population, the top-notch sector of consumers dazzled the entire world. However, the rise in purchasing power of the middle class (middle-class, mid-price range) is noteworthy during the recent years. Without a doubt, this group will become the main target market. The Company's target demographics is the middle class, as they are the main force of future consumption, so the future outlook should not be overlooked.

② Unfavorable factors and corresponding measures

A. Highly competitive industry

The industry entry barriers are not high, new competitors have joined the market, and many domestic and international brands compete with each other in terms of brand loyalty, product diversity, product design, product quality and price.

Corresponding Measures

- (a) The Company is focused on product development, design and marketing capabilities. It aims to develop products with higher supplementary value, to increase profit margins.
- (b) With the Company's brand image and recognition, and comprehensive sales network established by the authorized agents, the Company aims to have products sold in China's domestic market.
- (c) There's still a relatively large space for business development on the denim market in China, which is what the Company is targeting. With that said, the company produces its own corporate brand denim apparel, and utilizes the established marketing network to expand the denim apparel business in a rapid manner.

B. Impact from the supply and price changes of raw materials and outsourced products

Footwear production and operations mainly rely on the capability to have sufficient materials supplied in a timely manner. The Company has not signed long-term contracts with major raw material suppliers, hence, it's not appropriate to claim that the Company has access to a continuous supply of their primary materials, and at competitive prices. In 2016, due to the fact that the Company has been in the casual footwear market for many years with a solid grasp of footwear cost and with sales price set according to Company pricing standards, the gross profit margin of casual shoes can be maintained at a certain level as per previous quarter. During the second quarter of 2017, the cost started to reflect employee wages and raw materials; the cost for finished product purchased from external factories (G-Apple and E.T. apparel) also increased.

Corresponding Measures

- (a) Maintaining a good relationship with upstream suppliers, negotiating by quality, productivity, reliability and delivery speed to obtain competitive purchase prices and reducing the impact of changes in the unit price of raw materials to a manageable level.
- (b) Collecting market supply information and taking advantage of large-scale procurement to reduce the cost of feeding, thereby maintaining the profitability of the product.

C. Impact on labor shortage and increased labor cost in China

Footwear and apparel are considered as labor-intensive industries. With China's inland regions' rapid development, there has been a shortage of labor in the coastal areas, causing an increase in labor cost. In coping with the situation, raising salaries became necessary measures; this led to

the rise of labor cost. The second quarter of year 2017 started to reflect employee wages, direct labor and manufacturing costs by shoe factories, as well as purchased products (G-Apple, E.T. apparel); cost from external factories also began to increase.

Corresponding Measures

- (a) Strengthen employee benefits, provide good dormitory conditions, plan periodical and non-periodical employee training, increase employees' awareness and recognition of the Company's culture; this would not only generate better productivity, but also employee loyalty and lower staff turnover.
- (b) As cost of labor increases, the cost is reflected in the price of the product, then carried over to the clients; this reduces the impact on the Company's gross profit margin.

D. Risk of compiling sales at authorized agents

The main business of the Company is to sell products through agents in China. It is generally necessary to market products in various markets in China through wholesalers or agents who are familiar with the local customs. As for the marketing cost of the company, the agents of the Company are exclusively represented in their respective provinces, but the Company does not have control over the operations of the agents, so it is not possible to accurately grasp the accuracy of the sales and inventory of the agents, and if there are changes in the partnership between the company and the agents, the company's agent management system may have a negative impact on the company's operating performance or brand goodwill.

Corresponding Measures

- (a) Strengthen brand marketing, establish brand image, and strengthen market awareness so that the products would have a strong market position. Also enhance authorized agents' dependency towards the Company. In addition, continue to execute profit sharing concept. This would allow the authorized agents to earn while enjoying a harmonious coexistence with the Company.
- (b) With the periodical supervision and guidance provided by the Regional Manager to the authorized agents, this ensures that the authorized agents comply with relevant regulations of the Company. This approach would help in maintaining brand image, and improving the authorized agents' sales ability.
- (c) The Company sends employees to supervise the authorized agents, to monitor the inventory and sales status, on a monthly basis. To have more accurate knowledge of the authorized agents' operating status, the Company will require authorized agents to provide monthly sales and

inventory reports. The regional manager will then review the reports, then include review results into the monthly work briefing.

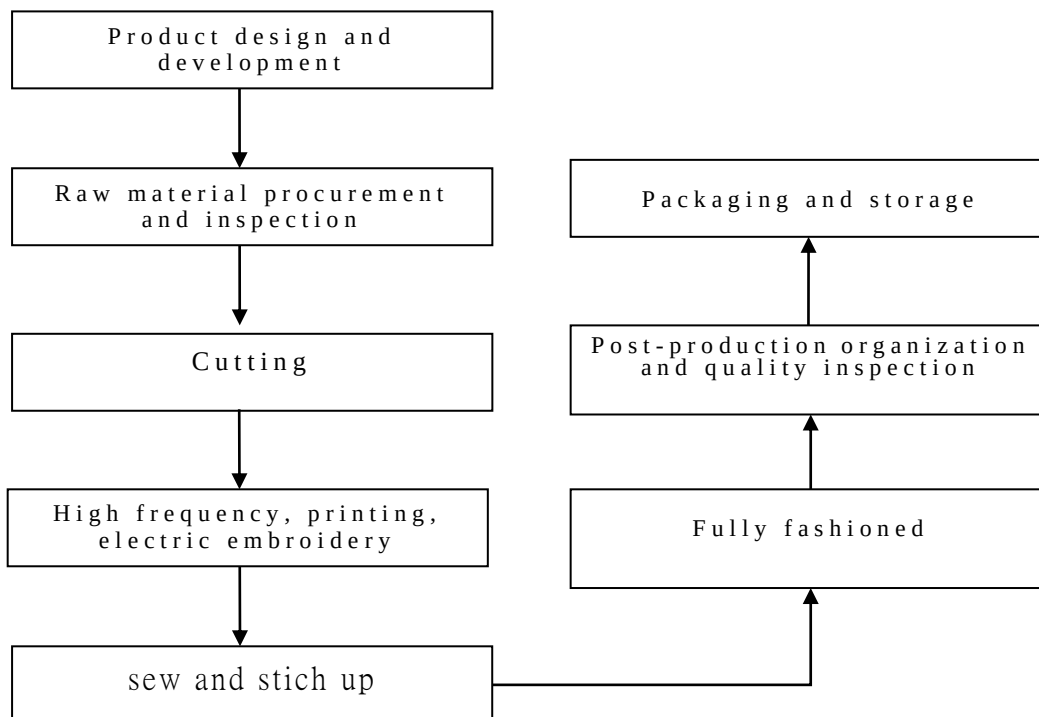
2. Important usage and manufacturing process for primary products

(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
Apparel	GBK Company	Good
Sole	HR Company · K Company · L Company	Good
Space leather, PVC, PU leather	ZD Company	Good
Packaging and Printing	E Company	Good

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

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

Units: thousands of NTD

	2020				2021				First Quarter of 2022			
	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	H R ompany	45,086	15.45	None	H R ompany	49,682	18.92	None	K ompany	7,389	22.85	None
2	Z D Company	43,458	14.90	None	K Company	41,418	15.77	None	H R Company	4,233	13.09	None
3	K Company	38,862	13.32	None	Z D Company	33,166	12.63	None	E Company	4,099	12.67	None
4	GBK Company	36,441	12.49	None	L Company	30,737	11.71	None	L Company	3,663	11.32	None
	Other	127,899	43.84	—	Other	107,583	40.97	—	Other	12,960	40.07	—
	Net purchase	291,746	100.00	—	Net purchase	262,586	100.00	—	Net purchase	32,344	100.00	—

Analysis on Change: The company's suppliers include raw material suppliers and outsourced manufacturers. The manufacturers that accounted for more than 10% of the total purchases in the last two years and the first quarter of 2022 are ZD Company, HR Company, K Company, L Company, GBK Company and E Company. The purchase amount and proportion are shown in the table above. In 2021, due to the weakening of Chinese people's livelihood consumption and the impact of the new crown epidemic on shipments, the entry of international brands into Chinese operators, and the rise of e-commerce consumption trends, the sales strength will be significantly weakened, and the overall purchase amount will decrease. Stable, HR, K Company and ZD Company have increased demand for outsole materials and shoe upper materials, so their purchase ratio is relatively stable. In the first quarter of 2022, as the economic situation has not improved, the overall purchase amount has dropped significantly. The raw materials will be provided depending on the status of each supplier's suspension and resumption of work. However, suppliers whose purchase ratio exceeds 10% will increase the purchase of packaging and printing from Company E. Not much different from the 2021 ranking.

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

Units: thousands of NTD

	2020				2021				First Quarter of 2022			
	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	92,312	24.40	None	JF Company	131,835	30.51	None	JF Company	20,803	35.51	None
2	WH Company	58,056	15.35	None	WH Company	89,823	20.79	None	WH Company	19,335	33.00	None
3	-	-	-	None	Q Company	49,573	11.47	-	--	-	-	-
4	-	-	-	-	P Company	48,544	11.24	-	--	-	-	-
	Other	227,887	60.25	-	Other	112,302	25.99	-	Other	18,452	31.49	-
	Net purchase	378,255	100.00	-	Net purchase	432,077	100.00	-	Net purchase	58,590	100.00	-

Analysis on Change: In 2021, due to the weakening of consumption in China and the impact of the new crown epidemic on shipments, international brands have also successively deployed to third-tier cities and the popularity of e-commerce consumption in China. The outlook for the casual shoes and apparel industry is more conservative, and the procurement of casual shoes by agents is more conservative. The company then strengthened the business of foreign trade orders (shoe OEM), and C&D Company and Huahai Company became the first and second largest suppliers; in the first quarter of 2022, due to the lack of improvement in the economic situation, the overall sales amount dropped significantly. Sales mainly come from foreign trade orders, which are still not much different from the 2021 ranking.

5. Production Volume Chart: Past 2 Years

Units: piece; pair ;In thousands of NTD

Year Value of Production Quantity Primary product (or department)	2020			2021		
	Production Capacity	Quantity of Production	Production Value	Production Capacity	Quantity of Production	Production Value
Footwear	5,695,000	1,107,683	422,380	5,695,000	1,233,353	363,760
Apparel (including denim)	-	-	-	-	-	-
Total	5,695,000	1,107,683	422,380	5,695,000	1,233,353	363,760

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: In 2021, due to the impact of the new crown epidemic, China's economic growth has slowed down, and orders for agent shoes and foreign trade orders have successively decreased. The output is about 20% of the production capacity, and the output value will decrease with the decrease in output.

6. Sales Volume Chart: Past 2 Years

Units: piece; pair
In thousands of NTD

Value of Production Quantity	Year	2020				2021			
		Sale - Domestic		Export (Remark)		Sale - Domestic		Export (Remark)	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Primary Casual footwear		1,173,671	330,080	—	—	1,232,450	401,870	—	—
Apparel (including denim apparel)		156,330	47,274	—	—	75,790	36,026	—	—
Cosmetic products		—	—	3,302	44	—	—	—	—
Accessories		11,370	857	—	—	7,730	489	—	—
Total		1,341,371	378,211	3,302	44	1,315,970	438,385	—	—

Remark: export indicates sales made outside of China

Analysis on Change: The sales volume and value in 2021 will increase or decrease compared with 2020, but the difference is not significant. It is due to the impact of the new crown epidemic. China's economic growth has slowed down. The industry outlook is more conservative, due to the failure to complete the recovery of the overall business performance.

3. Number of employees: Past 2 Years

Unit: person

Year		By End of 2020	By End of 2021	Up to Mar.31, 2022
Number of employees	Management personnel	15	15	14
	Regular employee	114	125	117
	Production line staff	595	561	553
	Total	1648	724	709
Average age (years)		27.92	28.34	28.22
Average years of service (years)		7.36	7.45	7.42
Mix of Employee Education Background	Master	0.13%	0.13%	0.13%
	Junior College	10.2%	10.8%	10.73%
	High School	48.73%	49.82%	49.87%
	Below High School	40.94%	39.25%	39.27%

4. Environmental expenditure information

In the past year and up to the date of report, losses due to pollution of the environment (including compensation and violations of environmental protection laws and regulations determined by environmental inspection, which shall include date of the disposition, serial number for the disposition, the provisions violated, the content of the provision violated and the content of the disposition), and disclose estimation of the current and future amount that may occur and countermeasures. Where no reasonable estimation can be provided an explanation shall be provided.: None.

5. Labor Relations

- Below is a list of the Company's employee benefits, continued education, training, retirement policy and its implementation status. This also includes the agreement between labor and company management, as well as measures taken to maintain various employee rights and interests

(1) Implementation of employee benefit

Employee talents are the most important assets of the Company. We take our time to grow, cultivate, care for each and every one of our staff, to enable them to achieve work-life balance. The Company hopes that all staff can adapt quickly to the Company's daily behavior, while working and living happily, and help to improve the lives of one another. All staff of the Company, regardless of age, position, gender, have the obligation and responsibility to maintain the dignity of all employee and see that this is put into full implementation. The rights of employees are as follows:

- Equal employment opportunity
- Receive remuneration according to performance

- C. The right to rest and take a vacation
- D. The right to enjoy labor safety, sanitation, and protection.
- E. The right to participate in learning and training.
- F. The right to file reasonable claims against management personnel's unreasonable implementation on matters.
- G. Provide social insurance and housing for employees.
- H. Regularly hold a birthday party and distribute birthday gifts.
- I. Hold events for important holidays.
- J. Provide employee dormitory.

(2) Employees' continued education and training

Employee talents are the most important, and are considered to be the core competitiveness of the Company. Continuous education and training can stimulate the individual's potential to strengthen knowledge, effective use of human resources, thereby improving the overall business performance of the Company and achieving the Company's operational goals. The measures to implement the employee continued training policy are as follows:

- A. New employee training: Once an employee has been hired, a designated trainer will be assigned to guide the new employee. This allows the employee to get acquainted with the working environment, and strengthen their understanding of the Company. In addition, various departments have implemented new basic training courses to help new employees gain relevant knowledge, which include: knowledge of the Company profile, organization structure, employee handbook, environmental knowledge, quality and environmental policy, as well as company rules, regulations, production safety and sanitation.
- B. On-the-job training: By the end of each year, the Company announces the training course plan for the next year. Course planning is done by the Company or teams in departments. The internal training course can be taught by internal lecturers; courses include: use of elevator (lifts), correct usage of sewing machine, electricity safety in the fully-fashioned workshop, etc. This is to ensure that employees operate the machine correctly, effectively improve work efficiency and prevent occupational injuries.
- C. Management training: The Company arranges various management skills training for each level of management personnel, for: building team vision, and business consensus. The management training also includes: social responsibility policies, objectives and SA8000 management codes, management procedures and hazard identification and control, cultivate personal leadership styles, build management capabilities and maintaining employee safety.

(3) The Company's main operation entity, Golden Apple (China) Co., Ltd., puts the monthly pension into a designated account of the financial department in the local government, "Regulations on the Basic Pension Insurance for Corporate Employees, to comply with the laws of China.

(4) Negotiation and agreement between labor and management

The Company values employees' rights and interests, and maintaining harmonious labor relations. The Company values employee opinions, allowing the employees to communicate directly with the human resources department or appropriate senior executives, to maintain good relations. Therefore, no major labor disputes have occurred so far.

(5) Status of maintaining various employee rights

The Company has internal control and various management measures, which clearly define employee rights, obligations, and benefit terms. The Company conducts a regular review on the content of employee benefits, to protect employees' rights and interests.

(6) Datacom safety management

1. State the information security risk management structure, the information security policy, the specific management plan and the resources invested in the information security management, etc.

(1) Datacom safety risk management framework

The information security department of the company is responsible for planning, implementing and promoting information security management matters, and promoting information security awareness.

(2) Datacom security policy

- A. Maintain the continuous operation of each information system.
- B. Prevent hackers and various viruses from invading and destroying.
- C. Prevent improper and illegal use of human intentions.
- D. Prevent the leakage of sensitive information.
- E. Avoid human error accident.

(3) The specific management plan and the resources invested in the safety management of information communication

The audit department of the company is the audit unit of information security management. If any deficiencies are found in the audit, it will require the audit unit to put forward relevant improvement plans and report it to the board of directors, and regularly track the improvement results to reduce internal information security risks.

2. List the losses, possible impacts and countermeasures caused by major information security incidents in the most recent year and up to the date of publication of the annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated: there is no such situation.

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)	Changshu Pengsheng Trading Co., Ltd.	Authorized franchise license period is three years (from Oct 1, 2020 to Sep 30, 2023)	Golden Apple authorized Company to handle the sale of "Golden Apple" brand products in the Jiangsu Province according to the provincial agency regulations.	--
6	Franchise License Contract (G-APPLE)	P company	Authorized franchise license period is three years (from Oct 1, 2020 to Sep 30, 2023)	Golden Apple authorized P Company to handle the sale of "Golden Apple" brand products in the Jiangxi Province according to the provincial agency regulations.	--
7	Franchise License Contract (G-APPLE)	Kunming Rio Tinto Electronic Commerce Co., Ltd.	Authorized franchise license period is three years (from Oct 1, 2020 to Sep 30, 2023)	Golden Apple authorized Company to handle the sale of "Golden Apple" brand products in the Yunnan Province according to the provincial agency regulations.	--
8	Franchise License Contract (G-APPLE)	U company	Authorized franchise license period is three years (from Oct 1, 2020 to Sep 30, 2023)	Golden Apple (China) authorized U Company to handle the sale of "Golden Apple" brand products in Heilongjiang Province according to the provincial license regulations.	--
9	Franchise	O company	Authorized	Golden Apple (China) authorizes	--

No.	Nature of Contract	Responsible Party	Contract Start and End Date	Primary Content	Restriction Clause
	License Contract (G-APPLE)		franchise license period is three years (from Oct 1, 2020 to Sep 30, 2023)	O Company to handle the sale of “Golden Apple” brand products in Guangdong Province according to the provincial license regulations.	
10	Franchise License Contract (G-APPLE)	Henan Haimeng Trading Company	Authorized franchise license period is three years (from Oct 1, 2020 to Sep 30, 2023)	Golden Apple (China) authorizes Company to handle the sale of “Golden Apple” brand products in Henan Province according to the provincial license regulations.	--

VI. Finance Overview

i. Condensed Financial Information for the Past 5 Years

1. Condensed Balance Sheet and Consolidated Income Statement

(1) Condensed Consolidated Balance Sheet

(as per IFRS Finance Accounting Guideline)

Unit: in thousands of NTD

Category \ Year		2017	2018	2019	2020	2021	Financial Data from Year ending until March 31, 2022
Current assets		7,020,934	7,398,316	6,680,060	6,159,995	6,151,580	6,338,769
Real estate, plant and equipment		786,417	111,698	70,378	34,456	15,819	14,494
Right-of-use asset		—	—	182,937	128,702	165,029	169,505
Net investment property		—	819,563	771,766	769,967	757,925	783,029
Other and intangible assets		194,027	187,034	5	86	5	5
Total assets		8,001,378	8,516,611	7,705,146	7,093,206	7,090,358	7,305,802
Current liabilities	Before distribution	480,682	723,160	295,015	146,456	123,478	105,706
	After distribution	504,029	746,903	298,730	146,456	—(Remark 1)	—
Non-current liabilities		590,173	646,399	632,114	546,973	571,558	585,680
Total liabilities	Before distribution	1,070,855	1,369,559	927,129	693,429	695,036	691,386
	After distribution	1,094,202	1,393,302	930,844	693,429	—(Remark 1)	—
Attributable to the owners of the parent company		6,928,651	7,146,593	6,776,562	6,397,366	6,393,222	6,612,322
Share capital		1,795,892	1,826,422	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	3,730,257	4,085,234	3,976,627	3,472,056	3,494,935	3,466,611
	After distribution	3,706,910	4,061,491	3,972,912	3,472,056	—((Remark 1)	—
Other interests – exchange rate differences in the translation of financial statements of foreign operating agencies		(214,950)	(382,515)	(674,989)	(549,614)	(576,637)	(329,213)
Treasury stock		—	—	—	—	—	—

Non-controlling interest		1,872	459	1,455	2,411	2,100	2,094
Total equity	Before distribution	6,930,523	7,147,052	6,778,017	6,399,777	6,395,322	6,614,416
	After distribution	6,907,176	7,123,309	6,774,302	6,399,777	—((Remark 1))	—

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

Remark 2: 2017~2021 consolidated financial information has been verified by an accountant, and the consolidated financial information for the first quarter of 2022 has been verified by an accountant.

2. Consolidated Income Statement

(as per IFRS Finance Accounting Guidelines)

Unit: in thousands of NTD

Year Category	2017 (Remark 1)	2018 (Remark 1)	2019 (Remark 1)	2020 (Remark 1)	2021 (Remark 1)	Year ending until March 31, 2022 (Remark 1)
Operating income	4,024,746	3,988,324	2,080,819	378,255	432,077	58,582
Operating gross profit	982,721	997,550	379,052	(111,044)	35,286	(12,742)
Business (loss) benefit	568,539	586,530	(89,093)	(611,987)	(15,277)	(41,170)
Non-operating income and expenses	43,980	26,925	39,163	57,290	42,671	10,007
Net profit before tax	612,519	613,455	(49,930)	(554,697)	27,394	(31,163)
Continued business unit net profit for the period	612,519	613,455	(49,930)	(554,697)	27,394	(31,163)
Loss of business unit	—	—	—	—	—	—
Current net profit (loss)	399,812	407,441	(52,818)	(499,900)	22,568	(28,330)
Other comprehensive profit and loss of the period (net after tax)	399,812	407,441	(52,818)	(499,900)	22,568	(28,330)
Total consolidated profit and loss for the period	336,768	239,876	(345,292)	(374,525)	(4,455)	219,094
Net profit attributable to the parent company owner	404,584	408,854	(53,814)	(500,856)	22,879	(28,324)
Net profit attributable to non-controlling interests	(4,772)	(1,413)	996	956	(311)	(6)
The total profit and loss is attributable to the parent company owner	341,542	241,289	(346,288)	(375,481)	(4,144)	219,100
Total consolidated profit and loss is attributable to non-controlling interests	(4,772)	(1,413)	996	956	(311)	(6)
Earnings per share (unit: yuan)	2.23	2.20	(0.29)	(2.70)	0.12	(0.15)

Remark 1: 2017~2021 consolidated financial information has been verified by an accountant, and the consolidated financial information for the first quarter of 2022 has been verified by an accountant.

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

Year	Certified Public Accountants	Name of Accountant Firm	Auditing Comments
2017	Jin-Mu HSIAO, Xian-Zheng CHEN	PwC Taiwan	No reserved 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

ii. Financial Analysis (as per IFRS Finance Accounting Guidelines)

Category		Financial analysis for the past 5 years					Year ending until March 31, 2022 (Remark 2)
		2017	2018	2019	2020	2021	
Financial structure (%)	Debt to asset ratio	13.38	16.08	12.03	9.78	9.80	9.46
	Long-term funds as a percentage of real estate, plant and equipment	881.28	6,398.55	9,630.87	18,573.77	40,673.09	45,906.42
Solvency (%)	Current ratio	1,460.62	1,023.05	2,264.31	4,206.04	4,981.92	5,996.60
	Quick ratio	1,419.33	997.51	2,218.13	4,187.16	4,961.75	5,977.89
Financial structure (%)	Interest coverage	—	—	(81.67)	(1,829.68)	28.81	(66.02)
Solvency (%)	Receivables turnover rate (times)	5.07	4.99	3.20	1.46	2.99	2.08
	Average date of receipt	71.99	73.14	114.06	250	122.07	175.48
	Inventory turnover rate (times)	26.10	25.33	19.06	11.21	20.54	19.34

	Payable turnover rate (times)	17.36	11.35	8.06	6.19	11.13	10.42
	Average sales day	13.98	14.40	19.15	32.56	17.77	18.87
	Real estate, plant and equipment turnover rate (times)	5.12	35.71	29.57	10.98	27.31	16.17
	Total asset turnover rate (times)	0.50	0.47	0.27	0.05	0.06	0.03
Profitability cash flow	Return on assets (%)	5.05	4.93	(0.64)	(6.75)	0.33	(1.55)
	Return on equity (%)	6.08	5.79	(0.76)	(7.59)	0.35	(1.74)
	Pre-tax net profit as a percentage of paid-up capital ratio	34.11	33.59	(2.69)	(29.86)	1.47	(1.68)
	Net profit rate (%)	9.93	10.22	(2.54)	(132.16)	5.22	(48.36)
	Earnings per share (yuan)	2.23	2.20	(0.29)	(2.70)	0.12	(0.15)
Leverage Profitability cash flow	Cash flow ratio (%)	158.57	41.33	103.16	(145.12)	41.56	(9.85)
	Cash flow rate (%)	228.65	302.12	533.60	429.81	365.33	365.33
	Cash reinvestment ratio (%)	8.43	3.91	4.27	(3.49)	0.83	(0.16)
Leverage	Operating leverage	1.03	1.23	(2.70)	0.93	(0.81)	0.92
	Financial leverage	1.00	1.00	0.99	1.00	0.94	0.99

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 2021 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 2021 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 2021 increased compared with the previous period, mainly due to the increase in the turnover rate due to the collection of overdue accounts in 2021.
4. The average collection days in 2021 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 2021 increased compared with the previous period, mainly due to the slowdown of the epidemic in 2021 and normal shipments.
6. The turnover rate of payables in 2021 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 2021 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 2021 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 2021 increased compared with the previous period, mainly due to the recovery of sales compared with the previous period.
10. The return on assets in 2021 increased compared with the previous period, mainly due to the increase in profit.
11. The increase in return on equity in 2021 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 2021 has increased compared with the previous period, mainly due to the growth in profit.
13. The increase in net profit ratio in 2021 compared with the previous period was mainly due to the increase in profit.
14. The increase in earnings per share in 2021 compared with the previous period was mainly due to profit growth.
15. The increase in the cash flow ratio in 2021 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 2021 decreased compared with the previous period, mainly due to the negative value of operating profit.

Remark 1: The consolidated financial information for 2017~2021 has been verified by an accountant; the consolidated financial information for the first quarter of 2022 has been reviewed by an accountant.

Remark 2: The consolidated financial data for 2017~2021 and the first quarter of 2022 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).

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

Audit Committee Review Report

The Board of Directors has established the Company's year 2021 annual business report, consolidated financial statements and surplus distribution proposals. Amongst the said reports, the consolidated financial statements have been entrusted and contracted by PwC Taiwan. The audit is now completed and ready. The above-mentioned business report, consolidated financial statements and surplus distribution proposal have been checked by the Audit Committee and are considered to be inconsistent. The report is based on Article 14.4 of the Securities Exchange Law and Article 219 of the Corporate Enterprise Law. The report is hereby ready for your viewing.

Audit Committee
Jinli Group Holdings Ltd.

Audit Committee :

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iv. 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.

- v. 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

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	2020	2021	Changes (Increase, decrease)	
			Amount	Ratio of Change (%)
Current assets	6,159,995	6,151,580	(8,415)	(0.14%)
Real estate, plant and equipment	34,456	15,819	(18,637)	(54.09%)
Other non-current assets	128,702	165,029	36,327	28.23%
Total assets	769,967	757,925	(12,042)	(1.56%)
Current liabilities	86	5	(81)	(94.19%)
Deferred income tax liabilities	7,093,206	7,090,358	(2,848)	(0.04%)
Total liabilities	146,456	123,478	(22,978)	(15.69%)
Share capital	546,973	571,558	24,585	4.49%
Retained earnings and capital reserve	693,429	695,036	1,607	0.23%
Other rights	1,857,472	1,857,472	0	0.00%
Total shareholders' equity	5,089,508	5,112,387	22,879	0.45%
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				

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	2020	2021	Changes (Increase, decrease)	
			Amount	Ratio of Change (%)
Operating income	378,255	432,077	53,822	14.23%
Operating cost	489,299	396,791	(92,508)	(18.91%)
Operating gross profit	(111,044)	35,286	146,330	131.78%
Operating expenses	500,943	50,563	(450,380)	(89.91%)
Operating profit	(611,987)	(15,277)	596,710	97.50%
Non-operating income and expenses	57,290	42,671	(14,619)	(25.52%)
Net profit before tax	(554,697)	27,394	582,091	104.94%
Deduct: income tax expense	(54,797)	4,826	59,623	108.81%
Current net profit	(499,900)	22,568	522,468	104.51%
Total comprehensive benefits in the current period	(374,525)	(4,455)	370,070	98.81%
Net profit attributable to the parent company owner	(500,856)	22,879	523,735	104.57%
The total amount of comprehensive benefits is attributable to the parent company owner	(375,481)	(4,144)	371,337	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. Gross operating profit, operating profit, net profit before tax, net profit for the current period, total comprehensive profit for the current period, net profit attributable to the owners of the parent company and total comprehensive interests attributable to the owners of the parent company: The increase compared to the previous period was mainly due to the recovery of the economy compared with the previous period, the slowing down of the ordering situation of the agents, turn a loss into a profit. 2. Operating costs: The decrease compared to the previous period is due to the reduction of direct labor and the subsequent reduction of operating costs. 3. Operating expenses: due to poor sales conditions, the expenses incurred by various business units were lowered.				

2. Expected sales volume and its basis

The company expects that the overall sales revenue in 2022 will increase compared to 2021, mainly because the growth momentum of China's domestic demand market has gradually recovered due to the slowdown of the new crown epidemic. It is estimated that the sales volume and customer order situation will stabilize. The future remains to be seen. The epidemic affects the global economy, which depends on the recovery of the economy. For relevant market research analysis and the current situation and development of the industry, please refer to the Operational Overview.

3. Possible impacts and response plans for the company's future financial operations

The company's domestic market growth momentum has doubts, the competition in the casual shoes and apparel market is increasingly fierce, and the future will pay attention to the changes in market demand and trends, invest in the development of new designs, increase the visibility of its own brands, and enhance the company's profitability. Can stabilize brand performance and financial situation.

3. Cashflow

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

Unit: in thousands of NTD; %

Year Category	2020	2021	Amount increase (decrease)	Ratio of Increase (decrease)
Operation activities	(212,541)	51,315	263,856	124.14%
Investment activities	50,454	(11,352)	(61,806)	(122.50%)
Financing activities	(8,222)	(6,601)	1,621	19.72%
Analysis of change: 1. Operating activities: The net cash inflow from operating activities increased by RMB 263,856,000 in the current period, which was mainly due to the recovery of the economy, the reduction of operating expenses and turn a loss into a profit. 2. Investing activities: The net cash outflow decreased by RMB 61,806,000 in the current period, mainly due to the acquisition of real estate, plant and equipment. 3. Financing activities: Net cash outflow decreased by RMB 1,621,000 from financing activities in the current period, which was mainly due to the non-distribution of cash dividends in the current period.				

2. Improvement plan for insufficient liquidity: non-applicable.

3. Analysis of cash liquidity in future year (2022):

Although the company has a number of capital expenditure plans in 2021, and the new crown epidemic affects the global economy, it may cause the economic recovery to be difficult to determine, and the people's consumption power may also decrease. Cash should be retained to meet the uncertain environmental difficulties. However, the current cash
The water level can still maintain the normal operation of the company, and there is no danger of insufficient liquidity.

4. The impact of major capital expenditures on the financial aspect of the business in the most recent year
The company has no major capital expenditures in 2021.

5. Transfer of annual investment policy for the past years, main reason for its profit or loss, improvement plan and the investment plan for the incoming 1 year

1. The company's policy on transfer investment: The current investment policy of the Company is based on the basic business-related investment targets, and the investment implemented in accordance with China's consumer market. The investment is implemented by the internal departments, following the internal control system "investment cycle", group enterprises, specific Company and related party transaction procedures and the "acquisition or disposal of asset handling procedures". The above methods or procedures are discussed by the Board of Directors or at the shareholders meeting.
2. Main reason for its profit or loss:
The Company's transfer investment business is Golden Apple (China) and LEADS BIO CO., LTD.(Taiwan), whose entity has actual business operations. Please see the table below for the most recent annual investment gains and losses:

Unit: in thousands of NTD

Transfer of investment	Business profits and losses recognized in year 2021	Remarks
Golden Apple (China)	33,286	It is mainly engaged in the design, manufacture and sales of fashion casual shoes and sports shoes, as well as the design and sales of casual apparel (including jeans) and accessories. In 2021, due to the Sino-US trade war and the impact of the new crown epidemic, the casual shoes and apparel industry is highly competitive. Conservative orders from agents, coupled with rising costs of raw materials and labor costs in China, made Golden Apple (China) less profitable than before, with a profit of only RMB 33,286,000.
LEADS BIO CO., LTD.(Taiwan)	(324)	It is mainly related to the sales and research and development of beauty products, and the income from brand licensing fees is collected. The beauty products are temporarily withdrawn from the market due to poor market conditions, and will be deployed when the economy recovers, and an investment loss of 324,000 yuan is recognized.

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.
6. Risk management should analyze and evaluate the following:
- i. Risk factors
 1. The impact of interest rates, exchange rate changes, and inflation on the Company's profit, loss and corresponding measures for the future:

(1) Change of interest rates:

At present, the Company has not taken out any loans from banks. However, the Company is in the stage of growth and continues to expand its operations to enhance its competitiveness. It maintains good relations with the banks in order to obtain funding at a lower cost in the future. Therefore, the Company and its subsidiaries will review the amount and cost of funding from various sources to obtain the funding required. The Company's 2020 and 2021 interest expenses are NT\$303,000 and 985,000, so it is expected that the change in interest rate will not have a significant impact on the overall operations of the Company.

(2) Change of currency exchange rates:

The Company's business operation is located in Golden Apple (China) Co., Ltd.. Since the authorized agents, raw material suppliers and outsource vendors for sales operation are all traded in China, hence, all are calculated in RMB. Only a few export products have its transaction done through trading companies, but still collect the payment in RMB. Therefore, payment of the relevant daily business operations of Golden Apple (China) Co., Ltd.. are mostly collected via RMB as the functional currency. The functional currency of the Company, Hong Kong and BVI subsidiaries use USD and HKD for accounting currencies. The Company's financial assets and financial liabilities are subject to adjustments when preparing the proposed consolidated statements, because of issuing convertible corporate bonds. The process of currency conversion causes gains and losses, but the proportion of net operating income and net profit before tax is minimal, and the convertible corporate bonds issued have been liquidated or converted; in addition Fluctuation of Asian currency exchange rate in 2021, caused a profit of \$5,388 million in the foreign currencies generated by the company's loans to subsidiaries with 100% controlling share and loans among subsidiaries of 100% controlling share, respectively accounting for 1.25% of the annual operating income which account for quite a small ratio. As a result, the fluctuations of the exchange rate have not had a significant impact on the Company's revenue and profit.

There is no significant exchange rate fluctuation in the company's operating entities. However, the company may be able to redeem the exchange rate of RMB against the Taiwan dollar in the future due to the issuance of NTD dividends to domestic investors or domestic financing to obtain NTD funds. As for risks, the company's financial department may take the following measures:

A. The Company maintains close contacts with banks who support the Company's corporate account, in order to monitor changes in the foreign exchange market at any time. This allows the relevant management personnel to have full control on the exchange rate and respond to sudden market conditions.

B. The Company has established the "Derivatives Transaction Processing Procedures" in accordance with the "Guidelines for the Acquisition or Disposal of Assets of Public Offering Companies", which was adopted by the Board of Directors and the resolution of the shareholders meeting on December 8, 2011. On March 20, 2014, the Board of Directors and the resolution of the shareholders' meeting on June 24, 2014 adopted amendments to regulate the procedures for the operation of derivative financial products. The foreign currency position and exchange rate changes shall be implemented when necessary, in accordance with the procedures to reduce the risk of exchange rate generated from the business operation.

(3) Inflation:

The past profit and loss of the Company has not been significantly affected by inflation. If the purchase cost increases due to inflation, the Company will also appropriately adjust the sales price when necessary to reduce the impact on the Company's operations.

2. The primary reason for conducting high-risk, high-leverage investment, capital loan and others, endorsement guarantee and derivative commodity trading, profit or loss and its corresponding precautionary measures in the future:

Based on a prudent and pragmatic business philosophy, the Company has not engaged in high-risk, high-leverage investment transactions, except for the focus of the Company's business operation. In addition, the Company has established "Capital Loans and Other Operating Procedures", "Endorsement and Guaranteed Operating Procedures", "Acquisition or Disposal of Asset Processing Procedures" and "Derivatives Transaction Processing Procedures", as a reference to implementing relevant business operations, for the Company and its subsidiaries. Up to the date of printing of this annual report, the Company has not engaged in derivative product trading and endorsement guarantees, and no funds outside the Group have been loaned to others, so the related risks are still limited.

3. Estimated expenses to be dedicated on research and development projects in the future:

In view of the continuous expansion of the demand of the footwear and apparel industry in the future, the company needs to continuously innovate and develop and grasp the market trend in a timely manner to meet the trend and develop brand models belonging to different customer groups to quickly meet the needs of various consumer groups in the market. Therefore, the Company continues to invest manpower in product design and development work, the company's R & D and design center investment in the last two years accounted for 16.05% and 9.63% of the consolidated operating income, respectively, the proportion of the reduction in 2021 is mainly due to the previous year's Chinese economic environment affected by the new crown epidemic, operating income fell sharply, research and development expenses increased slightly, making the previous year's R & D expenses to the consolidated operating income ratio is higher, It is expected that the ratio of commodity design costs to operating income invested in the future will change with the increase or decrease of personnel and changes in revenue, and due to the increase in Chinese costs year by year, 2022 may be reflected in product development activities, and

R&D expenses will be increased in due course, but the optimization of the benefits of initial investment costs will be considered.

4. The impact of important domestic and international policies, legal changes on the Company's financial operation, and the corresponding measures:

The Company is registered in the Cayman Islands, with business operations taking place in China. Primary economic activity of the Cayman islands is financial service, whereas China is the world's major economic system with stable political and economic environment. Footwear, apparel, (including denim) and accessories, as well as daily necessities, are consumer goods produced and sold by the Company, which are not licensed or restricted industries. Therefore, the Company will not yet be severely impacted by important policies and laws in the Cayman Islands or China. The implementation of the Company's various business operations are implemented in compliance with important domestic and international policies and laws. Furthermore, the Company pays close attention to the important domestic and international policy development trends and legal changes, so that measures can be taken to cope with changes in the market environment.

5. The impact of technological changes and industrial changes on the Company's financial operation and the corresponding measures:

(1) Change of technology

The Company designs, develops, manufactures and sells branded footwear, apparel (including denim apparel) and accessories, as well as the research and development and sales of beauty brands. Changes of technology can provide the Company with innovative new products, as well as wide range of business opportunities. There should be no impact on the Company's financial operation.

The company has not had major capital security incidents and property losses, and the information department of the subsidiary is currently the capital security management department, and will strengthen information security management in the future, such as the establishment of firewalls, electronic file encryption systems, etc., to control the use of authority and records by personnel and reduce the company's capital security risks.

(2) Change of the industry

With China's policy of reform and opening up barriers in the country, China has become the main production base of the global footwear and apparel market during the past 30 years. The potential in purchase power of 1.3 billion people makes China as the most developmental emerging market in the 21st century. The growth of the consumer market in recent years, has become even more impressive. Hence, the current changes in the industry are beneficial to the company's financial operation. With the Company's own brand and its diversified distribution network, it will be the best niche for the Company to respond to changes in the industry.

6. The impact of corporate image change on corporate crisis management and corresponding measures:

The Company is striving to operate with the business philosophy of "creating the highest value for clients" and has a certain reputation and image in the industry. Therefore, there is no corporate image change and consequently, no crisis for the enterprise. In addition, after the Company is listed on the Taiwan Stock Exchange, it will be monitored by the relevant authorities' laws and regulations. Corporate information will be more open and transparent, and will have positive benefits for the company's image.

7. Expected benefits, possible risks and corresponding measures for merger and acquisition:

In the most recent years up to the date of printing of this annual report, the Company does not have a specific plan to acquire other companies outside the group, it is not applicable.

8. Expected benefits, possible risks and corresponding measures for the expansion of the factory:

The company has no plans to expand the plant for the most recent year and as of the publication date of the annual report, so it is not applicable.

9. Risks and corresponding measures for the concentrated sales of goods

(1)The Company's recent changes in purchases, mostly changed with the Company's product composition, purchase price and product quality. The Company's primary business operation is located in the city of China's shoe capital. There is no shortage of raw material suppliers required for production, and a single supplier does not exceed the total purchase amount of more than 30% of the total purchase amount. Therefore, there are no significant concentrated risks on purchase.

(2) Risk for making concentrated sale: In the most recent year, sales to the company's largest customer accounted for 30.51% of the consolidated gross revenue, while the proportion of sales to other customers was each less than 12%. Therefore, there is no significant risks of concentration of sales.

10. Directors, supervisors or major shareholders holding more than 10% of the shares, and the impact and risks of a large number of shares being transferred or replaced in the company and its corresponding measures:

In the most recent year and as of the publication date of the annual report, the chairman sold 640,000 shares on the centralized trading market due to his personal financial planning. The number of shares sold accounted for 0.34% of the company's capital. However, the shareholding ratio of the chairman and his family still accounted for The company's capital is 30.83%, which has no significant impact on the company's operations.

11. The impact of changes in management rights on the company, risks and corresponding measures:

In the most recent years up to the date of printing of this annual report, the Company has no change for management rights. The Company has strengthened various corporate governance measures, and introduced Independent Directors to set up an Audit Committee. Therefore, if the management rights are changed, the Company should not have any material adverse impact.

12. Litigation or non-litigation incidents shall state that the Company and the Company's Directors, Supervisors, General Managers, actual person in charge, major shareholders with a shareholding ratio of more than 10%, and the subordinate companies that have determined or are still in the midst of a major litigation, non-litigation or administrative litigation, with results that may have a significant impact on the shareholders' equity or the price of the securities, should reveal—the facts of the dispute, the amount of the bid, the commencement date of the litigation, the parties involved in the litigation and the date of the printing of the annual report: none

13. Other important risks and corresponding measures:

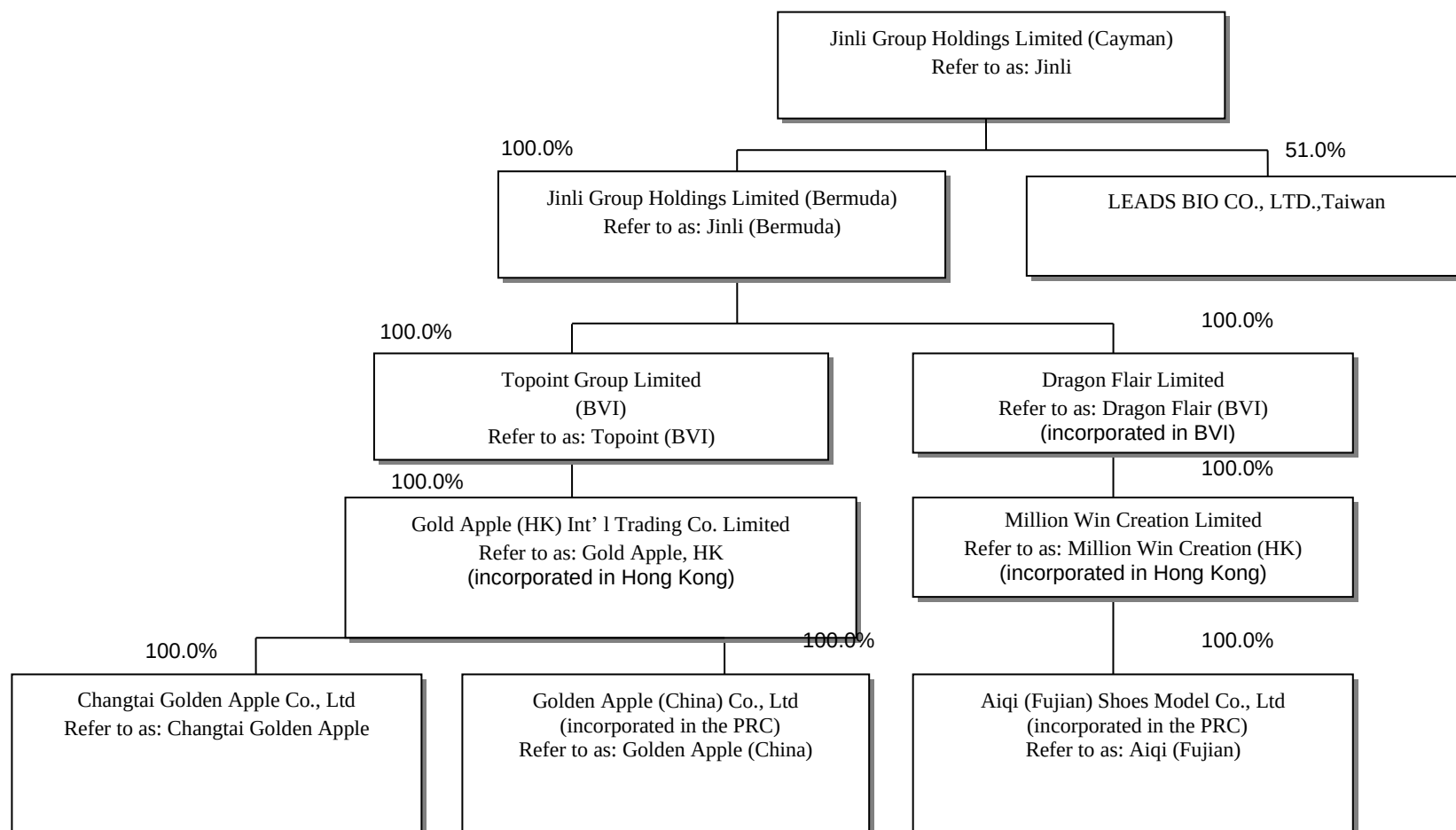
- (1) For other important risks and corresponding measures related to the operation of the Company, please review for: factors that puts the Company at a benefit or disadvantage, in relation to the future development of the Company, as well as the corresponding measures in the market, production and sales.
- (2) Although the Company has a dedicated team responsible for the application and management of trademark rights, to ensure intellectual property rights, it still cannot ensure that the Company's intellectual property is fully protected, and the design results are protected from competitors or other manufacturers.
- (3) Under special circumstances, the failure to provide adequate protection: Company operations are always accompanied by many risks and hazards, including: broken, damaged or defective machine and equipment, delayed delivery of equipment, capacity constraints, labor strikes, fires, natural disasters such as earthquakes or typhoons, environmental disasters or occupational hazards. The above-mentioned circumstances may have a material adverse effect on the operations of the Company. Although the Company has insured its fixed assets in accordance with the practice of the country of operation, such insurance may not provide adequate protection under certain circumstances. If the Company suffers losses as a result, it may adversely affect the operations of the Company.
- (4) Protection of shareholders' rights: The Cayman Islands Company Law has many different provisions from the Corporate Law in Taiwan. Although the Company has amended the Articles of Incorporation with the "Reference Examples of Important Issues in the Protection of Shareholders' Rights and Interests" as stipulated by the Taiwan Stock Exchange Co., Ltd., however, there are still many differences in the norms of how a company should operate within Taiwan and China. Investors cannot guarantee the views by investing in the legal rights of local companies in Taiwan, and apply them to the company invested in at Cayman Islands.

7. Other important remarks: none

VIII. Special Remarks

i. Relevant information of affiliates

1. Organizational Chart



2. Basic information of affiliates

March 31, 2022; 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
Golden 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
Golden 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 Golden 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.)	35,000	Whole sale and retail of beauty and cosmetic product

3. Presumed to be the same shareholder information for those with control and affiliation: none

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

March 31.2022; 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%
Golden Apple (HK) Intl Trading Co. Limited	Chairman	Chong, Chun Lung	0	0%
Million Win Creation Limited	Chairman	Chong, Chun Lung	0	0%
Golden Apple (China) Co., Ltd	Chairman	Chong, Chun Lung	0	0%
Aiqi (Fujian) Shoes Model Co., Ltd (China)	Chairman	Chong, Chun Lung	0	0%
Changtai Golden Apple Co., Ltd (China)	Chairman	Chong, Chun Lung	0	0%
LEADS BIO CO., LTD.(Taiwan)	Chairman	Chong, Chun Lung	0	0%

5. Operation overview of affiliated companies (loss), current (loss), benefit per share earnings (yuan)

December 31.2021; in thousands of NTD								
Name of Entity	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	6,159,529	—	6,159,529	—	(2)	32,473	0.04
Topoint Group Limited(BVI)	963,079	6,031,306	—	6,031,306	—	(2)	27,811	676.67
Dragon Flair Limited	37,501	129,500	—	129,500	—	(2)	4,286	214.30
Golden Apple (HK) Intl Trading Co. Limited	980,586	6,803,894	772,807	6,031,087	—	(3)	27,814	0.11
Million Win Creation Limited	37,320	129,499	—	129,499	—	(3)	4,286	0.43
Golden Apple (China) Co., Ltd	949,186	6,491,130	441,007	6,050,123	432,077	(1,126)	33,286	Remauk 1
Aiqi (Fujian) Shoes Model Co., Ltd (China)	37,283	129,998	500	129,498	—	(746)	4,289	Remauk 1
Changtai Golden Apple Co., Ltd (China)	521,566	878,438	364,685	513,753	—	(470)	(2,141)	Remauk 1
LEADS BIO CO., LTD.(Taiwan)	35,000	4,298	11	4,287	—	(403)	(635)	(0.36)

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

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

March 31.2022; 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
The Company	LEADS BIO CO., LTD.(Taiwan)	Whole sale and retail of beauty and costmetic product	Subsidiary company	1,785	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

7. Financial statements of affiliated business: same as the consolidated financial statements of the Company, no separate financial statements for affiliated business will be generated. Please refer to pages 100-146 for the consolidated financial statements of the Company.

8. Relationship Report: not applicable.

ii. From the most recent year up to the date of printing of this annual report: status of private equity securities work in progress: none.

iii. From the most recent year up to the date of printing of this annual report: subsidiary held or disposed of the company' s stock

iv. Other Remarks or Supplementary Notes: please review page 148 of this annual report, for remarks on significant variations between the Articles of Incorporation and Provisions on the Protection of Shareholders' Rights of the country: none

v. Significant impact on Shareholders' Rights or Securities Price as per Stipulated in Article 36, Paragraph 3.2 of the Securities Exchange Law

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 (the “Group”) as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of 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 the Group as at December 31, 2021 and 2020, 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 generally accepted auditing standards in 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 the Group 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. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

Cash and financial assets at amortized cost

Description

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, 2021, the Group's total cash and financial assets at amortized cost amounted to NTD 6,053,243 thousand. The aforementioned assets constitute 86% of total consolidated assets, thus, we consider cash and financial assets at amortized cost as a key audit matter.

How our audit addressed the matter

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

- A. Inspected the bank statements and online banking information of significant accounts and sample tested bank receipts and payments records.
- B. Verified that the contact information of the bank was true and correct.
- C. 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 the Group's management and verified the reasonableness and correctness of the adjustments.
- D. Sample tested the cash receipts and payments of the Group, confirmed that the nature of the transactions was for operating needs.
- E. Counted the physical certificates of time deposits.

Agency sales revenue

Description

For accounting policies on revenue recognition, please refer to Note 4(23). For details of operating revenue accounts, please refer to Note 6(14). The consolidated operating revenue of the Group for the year ended December 31, 2021 amounted to NTD 432,077 thousand.

The Group's primary sales model is agency sales. All agents sign contracts with the Group stating its term, authorized areas, delivery methods and other rights and obligations to obtain the right to sell the Group's products locally.

The sales revenue from the aforementioned agency sales constitute 49% of the Group's sales revenue and the revenue recognition is affected by the agents' sales model. Thus, we consider the agency sales revenue as a key audit matter.

How our audit addressed the matter

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

- A. Inspected the basic information of key agents, including reviewing their person in charge and major shareholders, address, capital amount, and main operating activities, and verified their business registration documents.
- B. Performed field interviews with some agents. During the interviews, sample tested the agents' sales vouchers of reselling, obtained the agents' purchase records and reconciled samples with the Group's sales records.
- C. Sent out confirmations to key agents including the balance of accounts receivable at the end of the period and total annual sales revenue to confirm the correctness and accuracy of accounts receivable and sales revenue.
- D. Assessed and tested the internal control of sales revenue, including the effectiveness of relevant internal control of order processing, delivery and payment collection from customers.
- E. Performed the test of sales and payment collections from customers after the balance sheet date.

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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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 the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group’s 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 generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

1. Identify and assess the risks of material misstatement in 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 the Group's internal controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as 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 the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We 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, 2021 and are, therefore, considered to be 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.

Hsien-Cheng, Chen

Se-Kai, Lin

For and on behalf of PricewaterhouseCoopers, Taiwan

March 30, 2022

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

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

JINLI GROUP HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 4,750,430	67	\$ 4,751,452	67
1136	Current financial assets at amortized cost	6(2)	1,302,813	19	1,310,229	19
1170	Accounts receivable, net	6(3)	70,311	1	27,795	-
1210	Other receivables - related parties	7	1,607	-	7,027	-
1220	Current tax assets	6(21)	1,510	-	35,840	1
130X	Inventories	6(4)	17,470	-	18,690	
1410	Prepayments		7,439	-	8,962	-
11XX	Total current assets		6,151,580	87	6,159,995	87
Non-current assets						
1600	Property, plant and equipment	6(5)	15,819	-	34,456	-
1755	Right-of-use assets	6(6) and 7	165,029	2	128,702	2
1760	Investment property, net	6(8)	757,925	11	769,967	11
1840	Deferred tax assets	6(21)	-	-	65	-
1900	Other non-current assets		5	-	21	-
15XX	Total non-current assets		938,778	13	933,211	13
1XXX	Total assets		\$ 7,090,358	100	\$ 7,093,206	100
Liabilities and Equity						
Current liabilities						
2170	Accounts payable		\$ 37,306	1	\$ 34,023	-
2200	Other payables	6(9)	81,376	1	106,523	2
2220	Other payables - related parties	7	700	-	2,700	-
2230	Current income tax liabilities	6(21)	426	-	372	-
2280	Current lease liabilities	6(6) and 7	3,670	-	2,838	-
21XX	Total current liabilities		123,478	2	146,456	2
Non-current liabilities						
2570	Deferred tax liabilities	6(21)	532,804	7	546,973	8
2580	Non-current lease liabilities	6(6) and 7	38,754	1	-	-
25XX	Total non-current liabilities		571,558	8	546,973	8
2XXX	Total Liabilities		695,036	10	693,429	10
Equity						
Equity attributable to owners of parent						
Share capital		6(11)				
3110	Share capital - common stock		1,857,472	26	1,857,472	26
Capital surplus		6(12)				
3200	Capital surplus		1,617,452	23	1,617,452	23
Retained earnings		6(13)				
3320	Special reserve		549,614	8	383,087	5
3350	Unappropriated retained earnings		2,945,321	41	3,088,969	44
Other equity interest						
3400	Other equity interest		(576,637)	(8)	(549,614)	(8)
31XX	Equity attributable to owners of the parent		6,393,222	90	6,397,366	90
36XX	Non-controlling interest		2,100	-	2,411	-
3XXX	Total equity		6,395,322	90	6,399,777	90
Significant events after the balance sheet date		11				
3X2X	Total liabilities and equity		\$ 7,090,358	100	\$ 7,093,206	100

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

JINLI GROUP HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Expressed in thousands of New Taiwan dollars, except for earnings (losses) per share)

	Items	Notes	Years ended December 31,			
			2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(14)	\$ 432,077	100	\$ 378,255	100
5000	Operating costs	6(4)(19)(20)	(396,791)	(92)	(489,299)	(129)
5900	Gross profit (loss)		<u>35,286</u>	<u>8</u>	<u>(111,044)</u>	<u>(29)</u>
	Operating expenses	6(19)(20)				
6100	Selling expenses		(9,195)	(2)	(212,812)	(57)
6200	General and administrative expenses		(77,589)	(18)	(95,551)	(25)
6300	Research and development expenses		(41,604)	(10)	(60,715)	(16)
6450	Expect credit gain (loss)		<u>77,825</u>	<u>18</u>	<u>(131,865)</u>	<u>(35)</u>
6000	Total operating expenses		<u>(50,563)</u>	<u>(12)</u>	<u>(500,943)</u>	<u>(133)</u>
6900	Operating loss		<u>(15,277)</u>	<u>(4)</u>	<u>(611,987)</u>	<u>(162)</u>
	Non-operating income and expenses					
7100	Interest income	6(15)	36,019	8	35,774	9
7010	Other income	6(16) and 7	19,285	5	21,977	6
7020	Other gains and losses	6(17)	(11,648)	(3)	(158)	-
7050	Finance costs	6(18) and 7	(985)	-	(303)	-
7000	Total non-operating income and expenses		<u>42,671</u>	<u>10</u>	<u>57,290</u>	<u>15</u>
7900	Loss before income tax		<u>27,394</u>	<u>6</u>	<u>(554,697)</u>	<u>(147)</u>
7950	Income tax (expense) benefit	6(21)	(4,826)	(1)	54,797	15
8200	Profit (loss) for the year		<u>\$ 22,568</u>	<u>5</u>	<u>(\$ 499,900)</u>	<u>(132)</u>
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8341	Exchange differences from translation of foreign operations		(\$ 181,954)	(42)	(\$ 348,414)	(92)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences from translation of foreign operations		<u>154,931</u>	<u>36</u>	<u>473,789</u>	<u>125</u>
8300	Other comprehensive (loss) income, net		<u>(\$ 27,023)</u>	<u>(6)</u>	<u>\$ 125,375</u>	<u>33</u>
8500	Total comprehensive loss		<u>(\$ 4,455)</u>	<u>(1)</u>	<u>(\$ 374,525)</u>	<u>(99)</u>
	(Loss) profit, attributable to:					
8610	Owners of the parent		<u>\$ 22,879</u>	<u>5</u>	<u>(\$ 500,856)</u>	<u>(132)</u>
8620	Non-controlling interest		<u>(\$ 311)</u>	<u>-</u>	<u>\$ 956</u>	<u>-</u>
	Comprehensive (loss) income attributable to:					
8710	Owners of the parent		<u>(\$ 4,144)</u>	<u>(1)</u>	<u>(\$ 375,481)</u>	<u>(99)</u>
8720	Non-controlling interest		<u>(\$ 311)</u>	<u>-</u>	<u>\$ 956</u>	<u>-</u>
	Basic (diluted) earnings (losses) per share	6(22)				
9750	Basic (diluted) earnings (losses) per share		<u>\$ 0.12</u>		<u>(\$ 2.70)</u>	

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

JINLI GROUP HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable owners of the parent					Non-controlling interest	Total equity
		Ordinary share	Capital surplus-additional paid-in capital	Special reserve	Unappropriated retained earnings	Exchange differences from translation of foreign operations		
For the year ended December 31, 2020								
Balance at January 1, 2020		\$1,857,472	\$1,617,452	\$ 383,087	\$ 3,593,540	(\$ 674,989)	\$ 1,455	\$ 6,778,017
(Loss) profit for the year		-	-	-	(500,856)	-	956	(499,900)
Other comprehensive income for the year		-	-	-	-	125,375	-	125,375
Total comprehensive (loss) income for the year		-	-	-	(500,856)	125,375	956	(374,525)
Appropriation and distribution of retained earnings:								
Cash dividends	6(13)	-	-	-	(3,715)	-	-	(3,715)
Balance at December 31, 2020		\$1,857,472	\$1,617,452	\$ 383,087	\$ 3,088,969	(\$ 549,614)	\$ 2,411	\$ 6,399,777
For the year ended December 31, 2021								
Balance at January 1, 2021		\$1,857,472	\$1,617,452	\$ 383,087	\$ 3,088,969	(\$ 549,614)	\$ 2,411	\$ 6,399,777
Profit (loss) for the year		-	-	-	22,879	-	(311)	22,568
Other comprehensive loss for the year		-	-	-	-	(27,023)	-	(27,023)
Total comprehensive income (loss) for the year		-	-	-	22,879	(27,023)	(311)	(4,455)
Appropriation and distribution of retained earnings:								
Special reserve appropriated	6(13)	-	-	166,527	(166,527)	-	-	-
Balance at December 31, 2021		\$1,857,472	\$1,617,452	\$ 549,614	\$ 2,945,321	(\$ 576,637)	\$ 2,100	\$ 6,395,322

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

JINLI GROUP HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31,	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		\$ 27,394	(\$ 554,697)
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation on property, plant and equipment	6(5)(8)	37,474	51,236
Depreciation on right-of-use assets	6(6)		
Expected credit (gain) loss	6(19) and 12(2)	7,154	9,588
Interest expense	6(6)(18)	(77,825)	131,865
Interest income	6(15)	985	303
Gain on lease modification	6(6)	(36,019)	(35,774)
Changes in assets/liabilities relating to operating activities		-	(2,471)
Changes in operating assets			
Accounts receivable		36,355	193,917
Other receivables		5,420	(2,516)
Inventories		1,220	47,905
Prepayments		1,523	60,684
Net changes in liabilities relating to operating activities			
Accounts payable		3,283	(90,013)
Other payables		(25,147)	(56,736)
Other current liabilities		-	(5)
Cash inflow generated from operations		(18,183)	(246,714)
Interest received		36,019	35,774
Interest paid		(985)	(303)
Income tax paid		(1,376)	(1,298)
Income tax refunded		35,840	-
Net cash flows from operating activities		51,315	(212,541)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(5)	(4,096)	-
Acquisition of investment property	6(8)	(7,272)	-
Decrease in right-of-use assets	6(6)	-	50,470
Decrease (increase) in refundable deposits		16	(16)
Net cash flows (used in) provided by investing activities		(11,352)	50,454
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Cash dividends paid	6(13)	-	(3,715)
(Decrease) increase in other payables - related parties	7	(2,000)	700
Repayments of principal portion of lease liabilities	6(6)	(4,601)	(5,207)
Net cash flows used in financing activities		(6,601)	(8,222)
Effect of foreign exchange rate changes		(34,384)	62,193
Net decrease in cash and cash equivalents		(1,022)	(108,116)
Cash and cash equivalents at beginning of year		4,751,452	4,859,568
Cash and cash equivalents at end of year		<u>\$ 4,750,430</u>	<u>\$ 4,751,452</u>

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

JINLI GROUP HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS
OTHERWISE
INDICATED)

1. HISTORY AND ORGANIZATION

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 its subsidiaries (collectively referred herein as the “Group”) 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. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 30, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘ Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021(Note)

Note : Earlier application from January 1, 2021 is allowed by FSC.

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment 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, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(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 Group’s 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 Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the 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, 2021	December 31, 2020
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

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	
			December 31, 2021	December 31, 2020
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 \$6,046,552 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 Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The 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

- 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.
- 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.
- 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; and
 - 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 Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; 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 Group's business model is achieved by collecting contractual cash flows.
- (b) The assets' contractual cash flows represent solely payments of principal and interest.

- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- C. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(7) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group 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 Group 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 Group recognizes the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Group 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.

(+ 二)(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.

(十三)(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 Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. 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

(十四)(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 Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.
The Group subsequently measures the lease liability at 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; and
- (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.

(十 五)(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.

(十 六)(15) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 years.

(十 七)(16) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to 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.

(十 八)(17) 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.

(十九)(18) Derecognition of financial liabilities

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

(二十)(19) 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 Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(二十一)(20) 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.

(二十二)(21) 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.

(二十三)(22) 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.

(二十四)(23) Revenue recognition

- (a) The Group 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 Group 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.

(二十五)(24) Operating segments

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

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

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

None.

(2) Critical accounting estimates and assumptions

Valuation of allowance for uncollectible accounts

The Group 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, 2021, the carrying amount of accounts receivable that the Group recognized was \$70,311.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 2	\$ 5
Checking accounts and demand deposits	<u>4,750,428</u>	<u>4,751,447</u>
	<u>\$ 4,750,430</u>	<u>\$ 4,751,452</u>

A. The Group 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.

B. The Group has no cash pledged to others.

(2) Financial assets at amortized cost

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Time deposits	<u>\$ 1,302,813</u>	<u>\$ 1,310,229</u>

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

	<u>Year ended December 31, 2021</u>	<u>Year ended December 31, 2020</u>
Interest income	<u>\$ 21,479</u>	<u>\$ 21,194</u>

B. As at December 31, 2021 and 2020, 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 Group was \$1,302,813 and \$1,310,229, respectively.

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

(3) Accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable	\$ 126,358	\$ 162,713
Less: Allowance for uncollectible accounts	<u>(56,047)</u>	<u>(134,918)</u>
	<u>\$ 70,311</u>	<u>\$ 27,795</u>

A. Information relating to ageing analysis of accounts receivable is provided in Note 12(2).

B. As of December 31, 2021 and 2020, accounts receivable were all from contracts with customers.

And as of January 1, 2020, the balance of receivables from contracts with customers amounted to \$356,523.

C. The Group does not hold any collateral as security for accounts receivable.

D. As of December 31, 2021 and 2020, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$70,311 and \$27,795, respectively.

E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(4) Inventories

	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
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>

	<u>December 31, 2020</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 1,568	(\$ 503)	\$ 1,065
Work in progress	18,646	(1,547)	17,099
Finished goods	<u>526</u>	<u>-</u>	<u>526</u>
	<u>\$ 20,740</u>	<u>(\$ 2,050)</u>	<u>\$ 18,690</u>

The cost of inventories recognized as expense:

	<u>Year ended December 31, 2021</u>	<u>Year ended December 31, 2020</u>
Cost of goods sold	\$ 399,119	\$ 487,881
(Gain on reversal of) inventory valuation losses	(1,604)	2,010
Sale of scraps	<u>(724)</u>	<u>(592)</u>
	<u>\$ 396,791</u>	<u>\$ 489,299</u>

The Group reversed a previous inventory write-down because the Group's goods and raw materials, which were previously provided with valuation loss, were sold and used in 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, 2021</u>						
Cost	\$ 131,991	\$ 40,864	\$ 14,873	\$ 305	\$ 182	\$ 188,215
Accumulated depreciation	(110,510)	(33,574)	(9,285)	(226)	(164)	(153,759)
	<u>\$ 21,481</u>	<u>\$ 7,290</u>	<u>\$ 5,588</u>	<u>\$ 79</u>	<u>\$ 18</u>	<u>\$ 34,456</u>
<u>2021</u>						
Opening net book amount as at January 1	\$ 21,481	\$ 7,290	\$ 5,588	\$ 79	\$ 18	\$ 34,456
Additions	-	4,096	-	-	-	4,096
Depreciation charge	(17,067)	(4,091)	(1,328)	(16)	(18)	(22,520)
Net exchange differences	(102)	(66)	(43)	(2)	-	(213)
Closing net book amount as at December 31	<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	\$ 18	\$ 191,074
Accumulated depreciation	(127,037)	(37,414)	(10,544)	(242)	(18)	(175,255)
	<u>\$ 4,312</u>	<u>\$ 7,229</u>	<u>\$ 4,217</u>	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ 15,819</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, 2020</u>						
Cost	\$ 129,721	\$ 40,192	\$ 14,628	\$ 301	\$ 179	\$ 185,021
Accumulated depreciation	(74,861)	(31,597)	(7,816)	(208)	(161)	(114,643)
	<u>\$ 54,860</u>	<u>\$ 8,595</u>	<u>\$ 6,812</u>	<u>\$ 93</u>	<u>\$ 18</u>	<u>\$ 70,378</u>
<u>2020</u>						
Opening net book amount as at January 1	\$ 54,860	\$ 8,595	\$ 6,812	\$ 93	\$ 18	\$ 70,378
Depreciation charge	(33,665)	(1,418)	(1,309)	(16)	-	(36,408)
Net exchange differences	<u>286</u>	<u>113</u>	<u>85</u>	<u>2</u>	<u>-</u>	<u>486</u>
Closing net book amount as at December 31	<u>\$ 21,481</u>	<u>\$ 7,290</u>	<u>\$ 5,588</u>	<u>\$ 79</u>	<u>\$ 18</u>	<u>\$ 34,456</u>
<u>At December 31, 2020</u>						
Cost	\$ 131,991	\$ 40,864	\$ 14,873	\$ 305	\$ 182	\$ 188,215
Accumulated depreciation	(110,510)	(33,574)	(9,285)	(226)	(164)	(153,759)
	<u>\$ 21,481</u>	<u>\$ 7,290</u>	<u>\$ 5,588</u>	<u>\$ 79</u>	<u>\$ 18</u>	<u>\$ 34,456</u>

The Group has no property, plant and equipment pledged to others as collateral.

(6) Leasing arrangements – lessee

A. The Group leases 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:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Book value</u>	<u>Book value</u>
Land	\$ 123,039	\$ 125,994
Buildings and structures	41,990	2,708
	<u>\$ 165,029</u>	<u>\$ 128,702</u>

	<u>Year ended</u>	<u>Year ended</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 2,249	\$ 3,950
Buildings and structures	4,905	5,638
	<u>\$ 7,154</u>	<u>\$ 9,588</u>

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$44,199 and \$281, respectively.

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

	<u>Year ended</u>	<u>Year ended</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 985	\$ 303
Gain or loss on lease modification	-	(2,471)
	<u>\$ 985</u>	<u>(\$ 2,168)</u>

E. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases was \$5,586 and \$5,510, respectively.

(7) Leasing arrangements – lessor

A. The Group leases 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, 2021 and 2020, the Group recognised rent income in the amounts of \$19,285 and \$19,010 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:

	<u>December 31, 2021</u>		<u>December 31, 2020</u>
2022	\$ 19,275	2021	<u>\$ 7,921</u>
2023	19,275		
2024	<u>8,031</u>		
	<u>\$ 46,581</u>		

(8) Investment property

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

	<u>Buildings and structures</u>
<u>At January 1, 2020</u>	
Cost	\$ 797,009
Accumulated depreciation and impairment	(25,243)
	<u>\$ 771,766</u>

2020

Opening net book amount as at January 1	\$ 771,766
Depreciation charge	(14,828)
Net exchange differences	13,029
Closing net book amount as at December 31	<u>\$ 769,967</u>

At December 31, 2020

Cost	\$ 808,567
Accumulated depreciation and impairment	(38,600)
	<u>\$ 769,967</u>

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

	<u>Year ended December 31, 2021</u>	<u>Year ended December 31, 2020</u>
Rental income from investment property	\$ 19,285	\$ 19,010
Direct operating expenses arising from the investment property that generated rental income	\$ 17,036	\$ 18,614

- B. The fair value of the investment property held by the Group as at December 31, 2021 and 2020 was \$758,231 and \$776,206, respectively, which was valued by independent valuers based on the effective dates, December 31, 2021 and 2020. Valuations were made using the replacement cost method which is categorized within Level 3 in the fair value hierarchy.

- C. The Group has no investment property pledged to others as collateral.

(二十六)(9)Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Employee benefits payable	\$ 79,011	\$ 101,919
Payables for service fees	1,717	3,847
Taxes payable	519	367
Others	129	390
	<u>\$ 81,376</u>	<u>\$ 106,523</u>

(二十七)

(二十八)(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, 2021 and 2020 and the six-month period ended December 31, 2020, the contribution percentage was 16%. For the five-month period ended June 30, 2020, the contribution percentage was decreased from 16% to 8% due to the impact of COVID-19. Other than the monthly contributions, the Group 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 Group for the years ended December 31, 2021 and 2020 were (\$1,052) and (\$8,928), respectively.

(二十九)(11) Share capital

- A. As of December 31, 2021 and 2020, 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:

	Year ended December 31, 2021	Year ended December 31, 2020
At January 1(December 31)	\$ 185,747,15	\$ 185,747,15

(三十)(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.

(三十一)(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 amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- D. On August 18, 2021 and June 23, 2020, the stockholders resolved that the distribution of earnings for the years 2020 and 2019 are as follows:

	<u>Year ended December 31,</u> <u>2020</u>		<u>Year ended December 31,</u> <u>2019</u>	
	<u>Amount</u>	<u>Dividends</u> <u>per share</u> <u>(in dollars)</u>	<u>Amount</u>	<u>Dividends</u> <u>per share</u> <u>(in dollars)</u>
Special reserve	\$ 166,527		\$ -	
Cash dividends	- \$	-	3,715 \$	0.02

The abovementioned distributions of earnings for the years 2020 and 2019 were in agreement with those amounts proposed by the Board of Directors on May 11, 2021 and May 12, 2020, respectively.

- E. As of March 30, 2022, the appropriation of the Company's 2021 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).

(三十二) (14) Operating revenue

	<u>Year ended</u> <u>December 31, 2021</u>	<u>Year ended</u> <u>December 31, 2020</u>
Total revenue from contracts with customers	<u>\$ 432,077</u>	<u>\$ 378,255</u>

Disaggregation of revenue from contracts with customers

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

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

<u>Year ended December 31, 2020</u>	<u>Clothing and footwear</u>	<u>Cosmetics</u>	<u>Total</u>
Revenue from external customer contracts	\$ 378,211	\$ 4	\$ 378,255
Timing of revenue			
At a point in time	\$ 378,211	\$ 4	\$ 378,255

(三十三)(15) Interest income

	<u>Year ended December 31, 2021</u>	<u>Year ended December 31, 2020</u>
Interest income from bank deposits	\$ 14,540	\$ 14,580
Interest income from financial assets measured at amortized cost	<u>21,479</u>	<u>21,194</u>
	<u>\$ 36,019</u>	<u>\$ 35,774</u>

(16) Other income

	<u>Year ended December 31, 2021</u>	<u>Year ended December 31, 2020</u>
Rent income	\$ 19,285	\$ 19,010
Royalty income	-	2,967
	<u>\$ 19,285</u>	<u>\$ 21,977</u>

(三十四)(17) Other gains and losses

	<u>Year ended December 31, 2021</u>	<u>Year ended December 31, 2020</u>
Net currency exchange gain	\$ 5,388	\$ 15,985
Depreciation for investment property	(14,954)	(14,828)
Depreciation charges on right-of-use assets – land	(2,082)	(3,786)
Gain on lease modification	-	2,471
	<u>(\$ 11,648)</u>	<u>(\$ 158)</u>

(三十五)

(三十三)(18) Finance costs

	Year ended December 31, 2021	Year ended December 31, 2020
Interest expense	\$ 985	\$ 303

(三十三)(19) Expenses by nature

	Year ended December 31, 2021	Year ended December 31, 2020
Raw materials and supplies used	\$ 209,870	\$ 205,463
Employee benefit expense	165,910	153,605
Outside purchase finished good	25,253	53,378
Depreciation charges on property, plant and equipment	22,520	36,408
Cost of services	9,171	8,052
Change in inventory of finished goods and work in progress	6,154	43,782
Depreciation charges on right-of-use assets	5,072	5,802
Transportation expenses	291	355
Advertising costs	-	204,239
Other expenses	81,662	147,885
Expected credit (gain)losses	(77,825)	131,865
Revenue from sale of scraps	(724)	(592)
Operating cost and operating expenses	\$ 447,354	\$ 990,242

(三十三)(20) Employee benefit expense

	Year ended December 31, 2021	Year ended December 31, 2020
Wages and salaries	\$ 154,303	\$ 151,586
(Reversal of) pension costs	(1,052)	(8,928)
Other personnel expenses	12,659	10,947
	\$ 165,910	\$ 153,605

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. For the years ended December 31, 2021, the estimated employees' compensation was \$27. There were no directors' and supervisors' remuneration accrued.

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 2020.

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.

- C. The Group 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):

	Year ended December 31, 2021	Year ended December 31, 2020
Current tax:		
Current tax on profits for the year	\$ 1,430	\$ 1,299
Prior year income tax underestimation	-	-
Deferred tax:		
Origination and reversal of temporary differences	3,396	(56,096)
Income tax expense (benefit)	<u>\$ 4,826</u>	<u>(\$ 54,797)</u>

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

	Year ended December 31, 2021	Year ended December 31, 2020
Tax calculated based on profit before tax and statutory tax rate	\$ 9,625	(\$ 138,627)
Effect from permanent differences	-	(8,017)
Temporary differences not recognized as deferred tax assets	(19,880)	33,528
Taxable loss not recognized as deferred tax assets	11,751	114,350
Effect of income tax on overseas earnings	3,330	(56,031)
Income tax (benefit) expense	<u>\$ 4,826</u>	<u>(\$ 54,797)</u>

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

Year ended December 31, 2021						
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Translation differences</u>	<u>Payments during the year</u>	<u>December 31</u>
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)

Year ended December 31, 2020						
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Translation differences</u>	<u>Payments during the year</u>	<u>December 31</u>
Temporary differences:						
— Deferred tax assets:						
Unrealised exchange loss	\$ -	\$ 65	\$ -	\$ -	\$ -	\$ 65
-Deferred tax liabilities:						
Income tax on overseas earnings	(\$629,339)	\$ 56,031	\$ -	\$ 26,335	\$ -	(\$ 546,973)

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

Year ended December 31, 2021						
<u>Region</u>	<u>Year incurred</u>	<u>Currency (thousands dollars)</u>	<u>Amount filed/ assessed</u>	<u>Unused amount</u>	<u>Deferred tax assets</u>	<u>Expiry year</u>
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

Year ended December 31, 2020						
<u>Region</u>	<u>Year incurred</u>	<u>Currency (thousands dollars)</u>	<u>Amount filed/ assessed</u>	<u>Unused amount</u>	<u>Deferred tax assets</u>	<u>Expiry year</u>
China	2019	CNY	\$ 14,973	\$ 14,973	\$ 14,973	2024
China	2020	CNY	107,242	107,242	107,242	2025

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Deductible temporary differences	\$ 56,463	\$ 133,987

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, 2021 and 2020.

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 2019 have been assessed and approved by the Tax Authority.

(三十九)(22) Earnings(losses) per share

Earnings(losses) per share

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	\$ 22,879	185,747	\$ 0.12
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	-	2	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 22,879	185,749	\$ 0.12

Year ended December 31, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
Basic(diluted) losses per share			
Losses attributable to ordinary shareholders of the parent	(\$ 500,856)	185,747	(\$ 2.70)

(一)(23) Changes in liabilities from financing activities

	<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.

	<u>Lease liability</u>	<u>Cash dividends paid</u>	<u>Others</u>	<u>Liabilities from financing activities-gross</u>
January 1, 2020	\$ 8,125	\$ -	\$ 2,000	\$ 10,125
Changes in cash flow from financing activities	(5,207)	(3,715)	700	(8,222)
Interest expense paid (Note)	(303)	-	-	(303)
Effect of exchange rate changes	(332)	-	-	(332)
Changes in other non-cash items	<u>555</u>	<u>3,715</u>	<u>-</u>	<u>4,270</u>
December 31, 2020	<u>\$ 2,838</u>	<u>\$ -</u>	<u>\$ 2,700</u>	<u>\$ 5,538</u>

Note: Shown as operating cash flows.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Longfei Plastic Products Co., Ltd. Jinjiang Fujian (Jinjiang 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) Significant related party transactions

A. Other income

(a) Royalty income

	Year ended December 31, 2021	Year ended December 31, 2020
Leads Hong Kong	\$ -	\$ 2,967

This represents royalty income from a technical license with other related parties based on mutual agreement, and there are no comparable transactions. The collection term to related parties is based on mutual agreement.

(b) Rent income

	Year ended December 31, 2021	Year ended December 31, 2020
Leads China	\$ 19,285	\$ 19,010

The Group leases 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 Group leases 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

	Year ended December 31, 2021	Year ended December 31, 2020
Jinjiang Longfei	\$ 34,449	\$ -
Jinjiang Aiqi	9,750	-
	<u>\$ 44,199</u>	<u>\$ -</u>

(c) Lease liability

i: Outstanding balance

	December 31, 2021	December 31, 2020
Jinjiang Longfei	\$ 33,065	\$ 2,194
Jinjiang Aiqi	9,359	624
	<u>\$ 42,424</u>	<u>\$ 2,818</u>

ii. Interest expense

	Year ended December 31, 2021	Year ended December 31, 2020
Jinjiang Longfei	\$ 765	\$ 234
Jinjiang Aiqi	220	66
	<u>\$ 985</u>	<u>\$ 300</u>

C. Other receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Leads Hong Kong	\$ -	\$ 5,411
Leads China	<u>1,607</u>	<u>1,616</u>
	<u>\$ 1,607</u>	<u>\$ 7,027</u>

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

Loans from related parties

	<u>December 31,</u> <u>2021</u>	<u>December 31, 2020</u>
Key management	<u>\$ 700</u>	<u>\$ 2,700</u>

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

(3) Key management compensation

	<u>Year ended</u> <u>December 31, 2021</u>	<u>Year ended</u> <u>December 31, 2020</u>
Short-term employee benefits	\$ 21,581	\$ 23,176
Post-employment benefits	<u>145</u>	<u>(95)</u>
Total	<u>\$ 21,726</u>	<u>\$ 23,081</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Because the Covid-19 pandemic became more severe in the People's Republic of China (PRC) in March 2022, the PRC government implemented various COVID-19 preventions. In order to comply with local government's policies, the subsidiaries in PRC had stopped operations starting from March 24, 2022. The Group adopted relevant responses to keep close contact with customers and suppliers, strengthen staff health management and continually monitor the development of the pandemic to reduce the impact on operations. The actual degree of impact still depends on the subsequent development of the COVID-19 pandemic.

12. OTHERS

(一) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders 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, 2021, the Group's strategy, which was unchanged from 2020 was to maintain the gearing ratio under 100%. The gearing ratios as at December 31, 2021 and 2020 were as follows:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Total liabilities	\$ 695,036	\$ 693,429
Total equity	6,395,322	6,399,777
Gearing ratio	11%	11%

(二) Financial instruments

A. Financial instruments by category

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 4,750,430	\$ 4,751,452
Financial assets at amortized cost-current	1,302,813	1,310,229
Accounts receivable	70,311	27,795
Other receivables (including related parties)	<u>1,607</u>	<u>7,027</u>
	<u>\$ 6,125,161</u>	<u>\$ 6,096,503</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Accounts payable	\$ 37,306	\$ 34,023
Other payables (including related parties)	<u>82,076</u>	<u>109,223</u>
	<u>\$ 119,382</u>	<u>\$ 143,246</u>
Lease liability	<u>\$ 42,424</u>	<u>\$ 2,838</u>

B. Financial risk management policies

- (a) The Group's 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 (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is 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 Group for the years ended December 31, 2021 and 2020 amounted to \$5,388 and \$15,985, respectively.

Price risk

Because the Group does not hold equity instruments reclassified as financial assets in the consolidated balance sheets, therefore, the Group has no significant price risk.

Cash flow and fair value Interest rate risk

Because the Group does not hold long-term and short-term borrowings reclassified as financial liabilities in the consolidated balance sheets, therefore, the Group has 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 Group 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 Group manages 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 Group's credit policy, each local entity in the Group is 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 Group adopts following assumptions under IFRS 9 to assess whether there has 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 Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The Group applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- vi. The Group 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, 2021 and 2020, 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, 2021						
Expected loss rate	0.36%	25.0%	33.4%	41.7%	100%	
Total book value	\$ 43,34	\$	\$	\$	\$ 55,8	\$ 99,224
Loss allowance	155		-	-	55,884	56,039
	<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, 2020						
Expected loss rate	41.40%	77.0%	100%	100%	100%	
Total book value	\$ 18,09	\$	\$ 12,0	\$ 30,5	\$ 84,8	\$ 145,518
Loss allowance	7,491		12,051	30,559	84,812	134,913

(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, 2021						
Expected loss rate	0.03%	0.0%	0.0%	0.0%	100%	
Total book value	\$ 27,134	\$	\$	\$	\$	\$ 27,134
Loss allowance	8					8
	<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, 2020						
Expected loss rate	0.03%	0.0%	0.0%	0.0%	100%	
Total book value	\$ 17,195	\$	\$	\$	\$	\$ 17,195
Loss allowance	5					5

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

	<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>

	<u>2020</u>
	<u>Accounts receivable</u>
At January 1	\$ 107
Provision for impairment	131,865
Effect of exchange rate changes	2,946
At December 31	<u>\$ 134,918</u>

I Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's 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 Group does not breach covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's 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, 2021 and 2020, the Group held money market position of \$4,750,430 and \$4,751,452, respectively and current financial assets at amortized cost of \$1,302,813 and \$1,310,229, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The table below analyses the Group's 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, 2021</u>	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities</u>			
Accounts payable	\$ 37,306	\$ -	\$ -
Other payables (including related parties)	81,376	700	-
Lease liability	1,361	4,084	46,289
<u>December 31, 2020</u>	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities</u>			
Accounts payable	\$ 34,023	\$ -	\$ -
Other payables (including related parties)	106,523	1,700	1,000
Lease liability	1,461	1,440	-

(三) Fair value information

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

(四) 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 eased in China, causing growth in operating revenue for the year ended December 31, 2021, in comparison to the previous year. However, the accumulated operating revenue still declined compared with the previous year. The Group has taken the following measures in response to the impact of the pandemic on operations:

A. Operational adjustment

Eliminated the weak original regional agencies and supported the strong agencies, actively sought potential agencies, strengthened brand sales and enhanced sales momentum.

B. Financial adjustment

While maintaining good operating efficiency, strengthened control over various cost and expense items, increased the collection frequency of accounts receivable and maintained capital provided by operating activities.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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 Group's segment profit (loss) of the operating segments is measured with the profit before tax, which is used as a basis for the Group 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:

	<u>Year ended December 31, 2021</u>		<u>Year ended December 31, 2020</u>	
	<u>Clothing and footwear</u>	<u>Cosmetics</u>	<u>Clothing and footwear</u>	<u>Cosmetics</u>
Revenue from external customers, net	\$ 432,077	\$ -	\$ 378,211	\$ 44
Inter-segment revenue	-	-	-	-
Segment revenue	<u>\$ 432,077</u>	<u>\$ -</u>	<u>\$ 378,211</u>	<u>\$ 44</u>
Segment profit (loss) before tax	<u>\$ 27,963</u>	<u>(\$ 569)</u>	<u>(\$ 556,583)</u>	<u>\$ 1,886</u>
Depreciation	<u>\$ 22,520</u>	<u>\$ -</u>	<u>\$ 36,408</u>	<u>\$ -</u>
Interest income	<u>\$ 36,019</u>	<u>\$ -</u>	<u>\$ 35,774</u>	<u>\$ -</u>
Other income	<u>\$ 19,285</u>	<u>\$ -</u>	<u>\$ 19,010</u>	<u>\$ 2,967</u>
Other gains and losses	<u>(\$ 11,482)</u>	<u>(\$ 166)</u>	<u>\$ 177</u>	<u>(\$ 335)</u>
Finance costs	<u>\$ 985</u>	<u>\$ -</u>	<u>\$ 302</u>	<u>\$ 1</u>

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Clothing and footwear</u>	<u>Cosmetics</u>	<u>Clothing and footwear</u>	<u>Cosmetics</u>
Total segment assets	<u>\$ 7,086,060</u>	<u>\$ 4,298</u>	<u>\$ 7,086,263</u>	<u>\$ 6,943</u>
Total segment liabilities	<u>\$ 695,025</u>	<u>\$ 11</u>	<u>\$ 691,407</u>	<u>\$ 2,022</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:

<u>Product type</u>	<u>Year ended December 31, 2021</u>	<u>Year ended December 31, 2020</u>
Footwear sales	\$ 396,101	\$ 330,080
Clothing sales	35,494	47,274
Cosmetic sales	-	44
Other sales	<u>482</u>	<u>857</u>
Subtotal	<u>\$ 432,077</u>	<u>\$ 378,255</u>

(6) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	<u>Year ended December 31, 2021</u>		<u>Year ended December 31, 2020</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
China	\$ 432,077	\$ 938,773	\$ 378,211	\$ 933,119
Taiwan	<u>-</u>	<u>5</u>	<u>44</u>	<u>92</u>
	<u>\$ 432,077</u>	<u>\$ 938,778</u>	<u>\$ 378,255</u>	<u>\$ 933,211</u>

(7) Major customer information

For the years ended December 31, 2021 and 2020, details of sales revenue that accounted for at least 10% of sales amount in the consolidated statement of comprehensive income are as follows:

	<u>Year ended December 31, 2021</u>		<u>Year ended December 31, 2020</u>	
	<u>Revenue</u>	<u>Segment</u>	<u>Revenue</u>	<u>Segment</u>
Client L	\$ 131,835	\$ -	\$ 92,312	\$ -
Client J	89,823	-	58,056	-
Client A	49,573	-	36,323	-
Client D	48,544	-	28,306	-

Jinli Group Holdings Limited and its subsidiaries

Loans to others

Year ended December 31, 2021

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31, 2021	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
0	The Company	Gold Apple (HK)	Other receivable	Yes	\$ 400,000	\$ 400,000	\$ 238,772	1.38	Note 1	\$ -	Operations	\$ -	None	\$ -	\$ 2,557,289	\$ 2,557,289	
1	Gold Apple (HK)	Gold Apple (China)	Other receivable	Yes	400,000	400,000	238,772	1.38	Note 1	-	Operations	-	None	-	2,412,435	4,824,870	
2	Gold Apple (China)	Gold Apple (Changtai)	Other receivable	Yes	900,000	450,000	361,515	1.07	Note 1	-	Operations	-	None	-	2,420,049	4,840,098	

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, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for uncollectible accounts
					Amount	Action taken		
The Company	Gold Apple (HK)	Subsidiary	Other receivables \$ 239,850	-	\$ -	-	\$ -	-
Gold Apple (HK)	Gold Apple (China)	Subsidiary	Other receivables \$ 239,850	-	-	-	-	-
Gold Apple (China)	Gold Apple (Changtai)	Sister companies	Other receivables \$ 364,568	-	-	-	-	-

Jinli Group Holdings Limited and its subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	The Company	Gold Apple (HK)	1	Interest income	\$ 2,922	Note 5	0.68
0	The Company	Gold Apple (HK)	1	Other receivables	238,772	Note 4	3.37
0	The Company	Gold Apple (HK)	1	Other receivables	1,078	Note 5	0.02
1	Gold Apple (HK)	Gold Apple (China)	3	Interest income	2,922	Note 5	0.68
1	Gold Apple (HK)	Gold Apple (China)	3	Other receivables	238,772	Note 4	3.37
1	Gold Apple (HK)	Gold Apple (China)	3	Other receivables	1,078	Note 5	0.02
2	Gold Apple (China)	Aiqi (Fujian)	3	Cost of sales	6,704	Note 7	1.55
2	Gold Apple (China)	Gold Apple (Changtai)	3	Interest income	3,944	Note 6	0.91
2	Gold Apple (China)	Gold Apple (Changtai)	3	Other receivables	361,515	Note 4	5.10
2	Gold Apple (China)	Gold Apple (Changtai)	3	Other receivables	3,053	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, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income(loss) recognized by the Company for the year ended December 31, 2021	Footnote
				Balance at December 31, 2021	Balance at December 31, 2020	Number of shares	Ownership (%)	Book value			
The Company	Jinli Bermuda	Bermuda Island	Investment holdings	\$ 1,858,875	\$ 1,858,875	825,458,519	100	\$ 6,159,529	\$ 32,473	\$ 32,473	Subsidiary
The Company	Leads Bio	Taiwan	Manufacture and sales of cosmetics	17,850	17,850	1,785,000	51	2,186	(635)	(324)	Subsidiary
Jinli Bermuda	Topoint	BVI	Investment holdings	963,079	963,079	41,100	100	6,031,306	27,811	27,811	Second-tier subsidiary
Jinli Bermuda	Dragon Flair	BVI	Investment holdings	37,501	37,501	20,000	100	129,500	4,286	4,286	Second-tier subsidiary
Topoint	Gold Apple (HK)	Hong Kong	Investment holdings	980,586	980,586	254,217,784	100	6,031,087	27,814	27,814	Third-tier subsidiary
Dragon Flair	Million Win	Hong Kong	Investment holdings	37,320	37,320	10,000,000	100	129,499	4,286	4,286	Third-tier subsidiary

Jinli Group Holdings Limited and its subsidiaries
Information on investments in Mainland China
Year ended December 31, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

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, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Gold Apple (China)	Clothing and footwear manufacturing	\$ 949,186	1	\$ -	\$ -	\$ -	\$ -	\$ 33,286	100	\$ 33,286	\$ 6,050,123	\$ -	Note 2
Aiqi (Fujian)	Clothing and footwear manufacturing	37,283	1	-	-	-	-	4,289	100	4,289	129,498	-	Note 2
Gold Apple (Changtai)	Clothing and footwear manufacturing	521,566	1	-	-	-	-	(2,141)	100	(2,141)	513,753	-	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, 2021 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, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Setting 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, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees		Financing				
	Amount	%	Amount	%	Balance at December 31, 2021	%	Balance at December 31, 2021	Purpose	Maximum balance during the year ended December 31, 2021	Balance at December 31, 2021	Interest rate	Interest during the year ended December 31, 2020	Others
Gold Apple (China)	\$ -		\$ -		\$ -		\$ -		\$ 400,000	\$ 400,000	1.38	\$ 2,922	
Gold Apple (Changtai)	-		-		-		-		900,000	450,000	1.07	3,944	

Jinli Group Holdings Limited and its subsidiaries
Major shareholders information
Year ended December 31, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Name of major shareholders	Shares	
	No. of shares held (in thousands shares)	Ownership(%)
Chong Chun Lung	35,343,883	19.02
KGI Bank Entrust Dragon Million (Asia) Limited Investment Account	12,160,544	6.54
Li, Chun Fei	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 December 25, 2019, 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") separately amended and announced by Taiwan Stock Exchange Corporation on May 14, 2021 and on March 11, 2022. 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 attorney Ogier's opinion of Cayman Islands, 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
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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." 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.”
When the Company convenes a physical shareholders’ meeting, it shall be done in Republic of China. If a physical shareholders’ meeting is convened overseas Republic of China, and it shall be reported to Taiwan Stock Exchange Corporation for approval within two days after approved by a resolution of board of directors or shareholders received approval of convention from central authority.	There’s no relevant regulation in the Company Act in Cayman Islands.	The Company will amend Articles of Incorporation in the annual shareholders’ meeting this year, and include requirements in far left column.

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 degrees 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 legal reserve reaches paid-up capital, shall not	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
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 be approved by a resolution of board of directors. 5. When the Company distributes earnings or		

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
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. Super	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
visors shall audit the various statements and records 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		

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
cease such act. 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 great bearing on the business operation of the company. 2. Any modification or alteration	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 of the Company's Articles of Incorporation; or merger, except

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
in the Articles of Incorporation. 3. If any alternation 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.		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 amount 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 designate d 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 designate d a court of first instance to exercise jurisdiction. 3. In addition to the condition that the board of directors does not or is unable to convene a meeting of shareholders, the supervisors may, for the benefit of the company, call a meeting of shareholders when it is	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, "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." In response to norms in far left column, the Company may delete independent director members of audit committee in the draft of the amendment of Articles of Incorporation for the Company's benefits, and when it's necessary, the regulation of a shareholders' meeting convention shall be submitted to the annual shareholders' meeting for a resolution.

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
deemed necessary.		

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
1. The Articles of Incorporation shall specify that a shareholders' meeting may be convened by a virtual meeting or other methods announced by the Company Act of Republic of China and central authority. However, due to natural disasters, accidents or other force majeure events, the Company may convene a meeting online or other announced methods within a certain period without specifying in the Articles of Incorporation in accordance with the Company Act of Republic of China and central authority. 2. When a shareholders' meeting is convened by a virtual meeting, shareholders participating in the meeting online will be deemed to attend the meeting in person. 3. When a shareholders' meeting is convened by a virtual meeting, the Company's 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, in response to requirements in far left column, and concluding <u>the regulation of convening a shareholders' meeting by a virtual meeting.</u>

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
conditions, operating procedures and other matters complied with the Company, shall adhere to Securities and Exchange Act of Republic of China.		

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
When the Company's paid-up capital reaches NT\$ 10 billion or more at the end of the latest fiscal year, or the sum of shareholding ratio of foreign investment and Mainland China investment specified in the roster of shareholders reaches 30 percent or more of the annual shareholders' meeting convened in the latest fiscal year, the shareholders' meeting manual and the electronic file transmission and other meeting material shall be completed thirty days before the date of the annual shareholders' 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, conclude requirement in fa left column.

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
1. A company shall not cancel its shares, unless a resolution on capital reduction has been adopted by its shareholders'	Articles 14-18 of Cayman Islands Companies Act include relevant regulations for company capital reduction, and such regulations are compulsory and shall not be	Article 14-18 of Cayman Islands Companies Act stipulates strict procedures and solid regulations for company capital reduction, and such regulations are compulsory and shall not be altered by articles of incorporation. There regulations

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
meeting; and capital reduction shall be effected based on the percentage of shareholding of the shareholders pro rata, unless otherwise provided for in this Act or any other governing laws. 2. A company reducing its capital may return share prices (or the capital stock) to shareholders by properties other than cash; the returned property and the amount of such substitutive capital contribution shall require a prior approval of the shareholders' meeting and obtain consents from the shareholders who receive such property. 3. The board of directors shall first have the value of such property and the amount of such substitutive capital contribution set forth in the preceding Paragraph audited and certified by R.O.C. certified public accountant before the shareholders' meeting.	altered by articles of incorporation.	remain comparatively different from regulations about company capital reduction in the checklist of protection of shareholders' equity. The capital reduction, formulated pursuant to article 14.1(d) in the company's articles of incorporation and in accordance with Cayman Islands Companies Act, shall be conducted by special resolutions of shareholders' meeting. In addition, jurisdiction for capital reduction by court order in compliance with laws of Cayman Islands must be obtained. The checklist for the protection of shareholders' equity requires that the capital reduction shall be effected based on the percentage of shareholding of the shareholders pro rata and after confirmation by lawyers of Cayman Islands, the shares can be bought back and cancelled. Hence, article 10.7 (1) in company's articles of incorporation stipulates that, "Unless otherwise provided for in this Act or any other governing laws, the company may, in accordance with a special resolution of the shareholders' meeting, buy back shares and cancel them according to the shareholder's shareholding ratio (rounded to the nearest decimal point). The consideration payable when buys back shares in accordance with the preceding paragraph may be cash or property other than cash. The returned property and the amount of such substitutive capital contribution shall require a prior approval of the shareholders' meeting and obtain consents from the shareholders who receive such property. The board of directors shall first have the value of such property and the amount of such substitutive capital contribution set forth in the preceding Paragraph audited and certified by R.O.C. certified public accountant before the shareholders' meeting. In response to regulations about company's treasury stocks in Company Act and Securities and Exchange Act, the

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
		Company's Articles of Incorporation has stipulated in Article 10.1 to Article 10.6, to be combined and appraised together.
A company choosing to issue no par value shares shall not convert its shares into par value shares.	According to the last paragraph of Article 8(1) in Cayman Islands Companies Act, "Provided further that no exempted company shall divide its capital into both shares of a fixed amount and shares without nominal or par value." Obtaining opinions of Cayman Islands lawyers, in accordance with the aforementioned regulations and considering the procedures for the issuance of shares in practice, Cayman Islands provided that no exempted company shall divide its capital into shares without nominal or par value; and vice versa.	The issued shares of the Company is only issued par value shares, so there isn't no par value shares to be issued by the Company, or convert all of the issued par value shares into no par value shares; therefore, the requirements specified in the leftmost column are not applicable to the Company. To avoid doubt and confusion, the company has taken into consideration its regulatory purposes, according to the company's current situation, as stipulated in Article 3.4 of the Articles of Incorporation, "The Company shall not issue no par value shares, nor convert all of the issued par value shares into no par value shares.
1. If the shareholders' meeting is held abroad, the Company shall report to TWSE for approval within 2 days after the resolution of board of directors or permission from competent authority obtained by shareholders. 2. If the shareholders' meeting is held abroad, it shall appoint a professional shareholding services agent within the Republic of China to handle shareholder services.	No relevant regulations in Cayman Companies Act	As regulated in Article 16.4 of Articles of Incorporation of the Company, if the shareholders' meeting is held abroad, relevant procedure and approval shall be conducted in compliance with regulations of related competent authorities in R.O.C. If the shareholders' meeting is held abroad, it shall appoint a professional shareholding services agent within the Republic of China to handle shareholder services (shareholders' voting by proxy is included but not limited.)
Any or a plural number of	There is no competent authority in the	The company is established in accordance with Cayman

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
shareholder(s) of a company who has (have) continuously held 3% or more of the total number of outstanding shares for a period of one year or a longer time may, by filing a written proposal setting forth therein the subjects for discussion and the reasons, request the board of directors to call a special meeting of shareholders. If the board of directors fails to give a notice for convening a special meeting of shareholders within 15 days after the filing of the request under the preceding Paragraph, the proposing shareholder(s) may, after obtaining an approval from the competent authority, convene a special meeting of shareholders on his/their own.	Cayman Islands for the approval of convening of shareholders' meetings.	Islands Companies Act, and there is no competent authority in the Cayman Islands for the approval of convening of shareholders' meetings. Hence, the Article 16.8 of the Company's Articles of Incorporation has stipulated that, if the board of directors fails to give a notice for convening a special meeting of shareholders within 15 days after the filing of the request under the preceding Paragraph, the proposing shareholder(s) may, without obtaining an approval from the competent authority, convene a special meeting of shareholders on his/their own. This shall still comply with the intent of the Financial-Supervisory-Securities-Firms-0991701319 letter of the TWSE dated April 13, 2010, and there shall be no adverse impact on shareholders' rights.
Shareholders who exercises his/her/its voting power in writing or by way of electronic transmission are deemed as attending the shareholders' meeting in person.	No relevant regulations in Cayman Companies Act	Shareholders who exercises his/her/its voting power in writing or by way of electronic transmission are deemed as the chairman of the shareholders meeting appointed as a proxy in Cayman Islands. Therefore, the Article 19.6 of the company's Articles of Incorporation, accounting for Cayman Islands lawyers' opinion, has regulated that, "Unless otherwise specified by competent authority in charge of securities affairs in R.O.C, if the shareholders' meeting is held in R.O.C., board of directors may determine that shareholders may exercise their voting power in writing or by

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
		way of electronic transmission in a shareholders' meeting. In case, if shareholders' meeting is held abroad, shareholders exercising their voting power may adopt exercising in writing or by way of electronic transmission. If shareholders may exercise their voting power in writing or by way of electronic transmission in a shareholders' meeting, then the Company shall describe in the shareholders' meeting notice the method of exercising their voting power. In case a shareholder, exercising his/her/its voting power in preceding ways, shall be regarded having appointed chairman of the shareholders' meeting as proxy, and shall exercise his/her/its voting power of shares indicated in writing or by way of electronic transmission. However, such assignment shall not be regarded as authorized proxy in accordance with the published Company Act. The chairman, been assigned as proxy, has no right to execute a power of attorney not stating therein the scope of power authorized to the proxy nor mentioned in writing or by way of electronic transmission. In addition, the chairman as proxy shall not exercise voting power on any amendment to original motions or any extemporary motions. Shareholders who exercise voting rights in this way shall be deemed to have abandoned their rights to notify and vote on the extemporary motions or amendments to the original motions of the shareholders meeting." Approved, chairman of the shareholders' meeting is in name only as shareholders' proxy exercising voting power in writing or by way of electronic transmission, which is in accordance with requirements of Cayman Islands laws about resolutions of shareholders' meeting being witnessed, shared, and exercised by attending shareholders. That is, there is no significant difference between the result of actual operation and laws and

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		regulations of my country.
In case a shareholder who has exercised his/her/its voting power in writing or by way of electronic transmission intends to attend the shareholders' meeting in person, he/she/it shall, two days prior to the meeting date of the scheduled shareholders' meeting and in the same manner previously used in exercising his/her/its voting power, serve a separate declaration of intention to rescind his/her/its previous declaration of intention made in exercising the voting power under the preceding Paragraph Two. In the absence of a timely rescission of the previous declaration of intention, the voting power exercised in writing or by way of electronic transmission shall prevail.	No relevant regulations in Cayman Companies Act	Based on opinions of Cayman Islands lawyer, so far as he/she knows, there is no relevant court decision in the Cayman Islands at present. However, decisions of the UK's Judicial Committee of the Privy Council on appeals from the Cayman Islands courts are binding precedent and regards that even if the authorized proxy is not revoked in accordance with the company's articles of incorporation, it will not prevent the shareholder from exercising the voting power in person, and exclude the calculation of the proxy's voting rights. Hence, the article 19.7 and 20.7 of the Company Articles of Incorporation regulates that, "In case a shareholder, pursuant to regulations in Article 19.6, exercises his/her/its voting power in writing or by way of electronic transmission, his/her/its declaration of intention shall be served to the company two days prior to the scheduled meeting date of the shareholders' meeting,. Same shall be applied, his/her/its declaration of revocation shall be served to the company two days prior to the scheduled meeting date of the shareholders' meeting, , and such revocation constitutes the revocation of the declaration of intent to designate the chairman of the shareholders meeting as its proxy in accordance with Article 19.6. If a shareholder's written or electronic declaration of intent in accordance with Article 19.6 has passed the aforementioned time limit for revocation of his declaration of intent, the declaration of intent to designate the chairman of the shareholders' meeting as his proxy shall be deemed irrevocable under Article 19.6 and the chairman is in regard of the proxy to exercise his voting rights on his behalf in the shareholders meeting." "In case a shareholder has exercised his/her/its voting power in writing or by way of electronic
After the service of the power of attorney of a proxy to the company, in case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person or to exercise his/her/its voting power in writing or by way		

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
of electronic transmission , a proxy rescission notice shall be filed with the company two days prior to the date of the shareholders' meeting as scheduled in the shareholders' meeting notice so as to rescind the proxy at issue, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.		transmission, and has also authorized a proxy to attend the shareholders' meeting in his/her/its behalf, then the voting power exercised by the authorized proxy for the said shareholder shall prevail. In case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person or to exercise his/her/its voting power in writing or by way of electronic transmission , a proxy rescission notice shall be filed with the company two days prior to the date of the shareholders' meeting as scheduled in the shareholders' meeting notice so as to rescind the proxy at issue, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.” If the shareholder has exercised his/her/its voting power in writing or by way of electronic transmission or authorized proxy, but intends to attend the shareholders' meeting to execute voting rights, without complying with regulations of Article 19.7 or 20.7 that a proxy rescission notice shall be filed with the company two days prior to the date of the shareholders' meeting. Although the shareholders may not send out rescission notice in practice, by attending the meeting in person and exercise the voting power, it is regards as to rescind the proxy at issue, and to exercise his/her/its voting power in writing or by way of electronic transmission. So as to abide by regulations of Cayman Islands laws.
1. The Company may explicitly provide for in its Articles of Incorporation that the surplus earning distribution or loss off-setting proposal may be proposed at the close of each quarter or	No relevant regulations in Cayman Companies Act	According to Article 34.1 (2) of the Company's Articles of Incorporation, the Company adopts annual surplus distribution system, but not interim surplus distribution system. Hence, the regulations in leftmost column are not applicable to the Company.

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
each half fiscal year. 2. The proposal of surplus earning distribution or loss off-setting for the first three quarters or half fiscal year, together with the business report and financial statements, shall be forwarded to supervisors for their auditing, and afterwards be submitted to the board of directors for approval. 3. The Company distributing surplus earning in accordance with the provision of the preceding paragraph shall estimate and reserve the taxes and dues to be paid, the losses to be covered and the legal reserve to be set aside. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. 4. The Company distributing surplus earning in the form of new shares to be issued by the company in accordance with the provision of Paragraph Two shall be adopted by a majority vote at		

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
a meeting of shareholders attended by shareholders representing two-thirds or more of the total number of the outstanding shares of the company. If the total number of shares represented by shareholders present at a shareholders' meeting is not sufficient to meet the criteria specified in the preceding paragraph, the resolution may be adopted by two-thirds of the votes of the shareholders present at a shareholders' meeting attended by shareholders representing a majority of the total number of the outstanding shares of the company. If such surplus earning is distributed in the form of cash, it shall be approved by a meeting of the board of directors. 5. Surplus earning distribution or loss off-setting proposal by the Company in accordance with the provisions of the preceding four paragraphs shall be made based on the financial		

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
statements audited or reviewed by a certified public accountant.		
1. Supervisors of a company shall be elected by the meeting of shareholders, among them at least one supervisor shall have a domicile within the territory of the Republic of China. 2. The term of office of a supervisor shall not exceed three years; but he/she may be eligible for re-election. ° 3. In case all supervisors of a company are discharged, the board of directors shall, within 30 days, convene a special meeting of shareholders to elect new supervisors. ° 4. Supervisors shall supervise the execution of business operations of the company, and may at any time or from time to time investigate the business and financial conditions of the company, inspect, transcribe or make copies of the accounting books and documents, and request	No relevant regulations in Cayman Companies Act	The Company, adopting Audit Committee System, does not set-up supervisors, so the requirements specified in the leftmost column are not applicable to the Company.

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
the board of directors or managerial personnel to make reports thereon. ° 5. Supervisors shall audit the various statements and records 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. In performing their functional duties under the preceding Paragraph, the supervisors may appoint, on behalf of the company, a certified public accountant and a practicing lawyer to conduct the examination. 7. Supervisors of a company 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		

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case may be, to cease such act. ° 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.		
The Company shall not do any of the following acts, involving shareholders' significant equity, without a resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares. if the total number of shares represented by the shareholders present at a meeting of shareholders is less than the threshold specified in the preceding Paragraph, the resolution may be adopted by a large majority (2/3 or more) vote of the shareholders present at that meeting of shareholders attended by the shareholders representing a	Definition of special resolution in Article 60 of Cayman Islands Companies Act states that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting (for casting a vote, the required majority shall be a number greater than two-thirds of the voting rights). Matters that require special resolutions, such as changes to articles of incorporation, dissolution, merger, or split-up, etc., shall be invalid if the resolutions are not passed by a majority.	The special resolution in Article 1 of company's articles of incorporation refers to "a resolution approved by more than two-thirds of the voting rights of shareholders who have the right to exercise voting rights at the shareholders meeting. The shareholder may exercise voting rights in person or entrust a fully authorized proxy (if a proxy is permitted, the special resolution must be stated in the notice of the shareholders meeting as a special resolution) to exercise the voting rights on his behalf." It shall be in compliance with definition of special resolution stipulated in Cayman Islands Companies Act. In addition, the special (significant) resolution refers to "1. A special resolution is a resolution adopted by a majority of shareholders present who represent one-third or more of the total number of issued shares (including authorized proxy by shareholders). Or (2) , if the total number of shares represented by the shareholders present at shareholders' meeting is less than two-thirds of the total issued shares, the resolution to be made thereto may be adopted by two-thirds or more of the attending shareholders who represent a majority of the total number of its

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majority of the total number of the outstanding shares of the company: 1. Enter 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 great bearing on the business operation of the company. 2. Change of Articles of Incorporation. 3. Any modification or alteration in the Articles of Incorporation prejudicial to the privileges of special shareholders shall be adopted by a meeting of special shareholders.		outstanding shares.” Accordingly, it shall apply same as regulations in Company Act about special resolution of public companies. Any amendments or changes to the articles of incorporation will damage the rights of special shareholders: change of company name, amendment or addition of articles of incorporation; amendment or addition of memorandum of articles related to purposes, powers or other matters specifically stated; reduction of company capital and capital redemption reserves; based on decisions at the shareholders' meeting, increase of the share capital or cancellation of any shares that have not been acquired or agreed to by anyone on the date of the resolution; proposals for voluntary dissolution not due to the inability to repay the debts when they are due. Articles of 12.1, 14.1 and 14.3(b) has regulated in accordance with article 1 of company articles of incorporation about special resolution, that is, the special resolution stipulated by the Cayman Islands Companies Act. Regarding the merger, Article 14.2 of the Articles of Incorporation stipulates that in addition to the adoption of a special (significant) resolution of the shareholders' meeting (that is, the resolution set in the leftmost column), it must also comply with the requirements of the Cayman Islands Companies Act; other matters shall be subject to propose at the shareholders' meeting for the special (significant) resolution (that is, the method of resolution in

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
4. The company may have the surplus profit distributable as dividends and bonuses in whole or in part distributed in the form of new shares. 5. A resolution for dissolution, consolidation or merger, or split-up.		the leftmost column). There is slight difference from the requirements of the checklist for protection of shareholders' equity, but there is no major difference from the exception to the special resolutions of public companies in the Company Act of our country (that is, the special (significant) resolutions specified in Activity (2) of Article 1 of the company's articles of incorporation. Therefore, there shall be no major adverse impact on shareholders' equity.
	In Article 116 (d) of Cayman Islands Companies Act states that an existing company may be wound up voluntarily if the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due.	Article 14.3(a) of the Articles of Association of the Company stipulates that if the company wound up voluntarily because it is unable to pay its debts as they fall due shall follow ordinary resolution at 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. °	No relevant regulations in Cayman Companies Act	According to the interpretation of the Ministry of Economic Affairs Trade No. 09302030870 on March 8, 2004, Article 30.2 of the Articles of Incorporation of the Company stipulates that, "The remuneration of directors shall be paid in cash, and amount of remuneration shall be determined by the board of directors and shall take into account the scope and value of the directors' service to the company's operations and the level of standard among domestic and foreign peers." In addition, the Company established the Salary and

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
		Compensation Committee in accordance with the provisions of " Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange” , responsible for handling related matters, and shall not have a material adverse effect on shareholders’ rights and interests.
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. Both parties agree to have Taiwan Taipei District Court as the first tribunal for jurisdiction. 2. In case the supervisors fails to institute an action within 30 days after having received the request made by shareholders, then the shareholders may institute the action for the company, and both parties agree to have Taiwan Taipei District	No relevant regulations in Cayman Companies Act	The company adopts an audit committee system and shall not set-up a supervisor. Therefore, Article 25.7 of the company’s current articles of incorporation refers to the provisions of the Securities and Exchange Act of the Republic of China has regulated that independent directors shall replace the functions of supervisors. And also, “Unless otherwise provided by laws and regulations, shareholders holding more than 1% of the total issued shares for more than six months may request, in writing, independent directors acting on behalf of the Company to apply to courts with jurisdiction (including the Taipei District Court in Taiwan) and file a law suit against directors who damage the company by their duties or violate the laws and regulations of public companies or the articles of incorporation. If shareholders may not file a lawsuit within 30 days upon receiving aforementioned request, shareholders with such request shall file the lawsuit on behalf of the company.

Variant Items	Cayman Islands Laws and Description	Regulations of Articles of Incorporation and Description
Court as the first tribunal for jurisdiction.		
Where a government agency or a juristic person acts as a shareholder of a 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. °	According to lawyers of Cayman Islands, Where a government agency or a juristic person, acting as a shareholder of a company, elects a natural person to be elected or to serve as a director, such natural person is elected or served as a director in his own name, not the concept of " juristic person authorized representative director".	The concept of " juristic representative director" in Article 27, paragraph 2 of the Republic of China Company Act was not included in Cayman Islands Companies Act. Therefore, where a government agency or a juristic person acts as a shareholder of a company, its authorized representative may also be elected as a director or supervisor of the company, and in name of himself/herself as directors. In accordance, there is no need for special regulations in the articles of incorporation. However, in order to meet the requirements of the Taiwan Stock Exchange Co., Ltd., Article 23 of the company's articles of incorporation has stipulated: When any company organization or other non-natural person is a shareholder, it may authorize a person deemed appropriate, pursuant to the organizational documents, or if there is no relevant regulations in the organizational documents, by resolutions of board of directors or other competent authority to act as a representative in a company meeting or any type of the shareholders meeting. Such authorized person has the right to represent the juristic shareholder to exercise the same rights as the rights exercised as an individual shareholder. For the avoidance of doubt, juristic shareholders may nominate several representatives to be elected as directors of the company.” Here above to clarify accordingly.

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

JINLI GROUP HOLDINGS LTD.



Chairman: Chong, Chun Lung

