

**JINLI GROUP HOLDINGS LIMITED AND
SUBSIDIARIES**
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2020 AND 2019

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

JINLI GROUP HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2020 AND 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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, 2020, the Group's total cash and financial assets at amortized cost amounted to NTD 6,061,681 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 were not in accordance 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(16). The consolidated operating revenue of the Group for the year ended December 31, 2020 amounted to NTD 378,255 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 60% 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.

Auditor’s 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:

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, 2020 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 31, 2021

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, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 4,751,452	67	\$ 4,859,568	63
1136	Current financial assets at amortized cost	6(2)	1,310,229	19	1,287,985	17
1170	Accounts receivable, net	6(3)	27,795	-	356,523	5
1200	Other receivables		-	-	156	-
1210	Other receivables - related parties	7	7,027	-	4,355	
1220	Current tax assets	6(23)	35,840	1	35,232	
130X	Inventories	6(4)	18,690	-	66,595	1
1410	Prepayments	6(5)	8,962	-	69,646	1
11XX	Total current assets		6,159,995	87	6,680,060	87
Non-current assets						
1600	Property, plant and equipment	6(6)	34,456	-	70,378	1
1755	Right-of-use assets	6(7)	128,702	2	182,937	2
1760	Investment property, net	6(9)	769,967	11	771,766	10
1840	Deferred tax assets	6(23)	65	-	-	-
1900	Other non-current assets		21	-	5	-
15XX	Total non-current assets		933,211	13	1,025,086	13
1XXX	Total assets		\$ 7,093,206	100	\$ 7,705,146	100
Liabilities and Equity						
Current liabilities						
2170	Accounts payable		\$ 34,023	-	\$ 124,036	2
2200	Other payables	6(10)	106,523	2	163,259	2
2220	Other payables - related parties	7	2,700	-	2,000	-
2230	Current income tax liabilities	6(23)	372	-	365	-
2280	Current lease liabilities	6(7)	2,838	-	5,350	-
2399	Other current liabilities		-	-	5	-
21XX	Total current liabilities		146,456	2	295,015	4
Non-current liabilities						
2570	Deferred tax liabilities	6(23)	546,973	8	629,339	8
2580	Non-current lease liabilities	6(7)	-	-	2,775	-
25XX	Total non-current liabilities		546,973	8	632,114	8
2XXX	Total Liabilities		693,429	10	927,129	12
Equity						
Equity attributable to owners of parent						
Share capital		6(12)(14)				
3110	Share capital - common stock		1,857,472	26	1,857,472	24
Capital surplus		6(13)				
3200	Capital surplus		1,617,452	23	1,617,452	21
Retained earnings		6(14)				
3320	Special reserve		383,087	5	383,087	5
3350	Unappropriated retained earnings		3,088,969	44	3,593,540	47
Other equity interest		6(15)				
3400	Other equity interest		(549,614)	(8)	(674,989)	(9)
31XX	Equity attributable to owners of the parent		6,397,366	90	6,776,562	88
36XX	Non-controlling interest		2,411	-	1,455	-
3XXX	Total equity		6,399,777	90	6,778,017	88
3X2X	Total liabilities and equity		\$ 7,093,206	100	\$ 7,705,146	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 losses per share)

	Items	Notes	Years ended December 31,			
			2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(16)	\$ 378,255	100	\$ 2,080,819	100
5000	Operating costs	6(4)(21)(22)	(489,299)	(129)	(1,701,767)	(82)
5900	Gross (loss)profit		(111,044)	(29)	379,052	18
	Operating expenses	6(21)(22)				
6100	Selling expenses		(212,812)	(57)	(297,434)	(14)
6200	General and administrative expenses		(95,551)	(25)	(115,279)	(6)
6300	Research and development expenses		(60,715)	(16)	(55,320)	(3)
6450	Expect credit loss		(131,865)	(35)	(112)	-
6000	Total operating expenses		(500,943)	(133)	(468,145)	(23)
6900	Operating loss		(611,987)	(162)	(89,093)	(5)
	Non-operating income and expenses					
7100	Interest income	6(17)	35,774	9	40,583	2
7010	Other income	6(18) and 7	21,977	6	23,403	1
7020	Other gains and losses	6(19)	(158)	-	(24,219)	(1)
7050	Finance costs	6(20)	(303)	-	(604)	-
7000	Total non-operating income and expenses		57,290	15	39,163	2
7900	Loss before income tax		(554,697)	(147)	(49,930)	(3)
7950	Income tax benefit (expense)	6(23)	54,797	15	(2,888)	-
8200	Loss for the year		(\$ 499,900)	(132)	(\$ 52,818)	(3)
	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		(\$ 348,414)	(92)	(\$ 179,055)	(9)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences from translation of foreign operations		473,789	125	(113,419)	(5)
8300	Other comprehensive income (loss), net		\$ 125,375	33	(\$ 292,474)	(14)
8500	Total comprehensive loss		(\$ 374,525)	(99)	(\$ 345,292)	(17)
	(Loss) profit, attributable to:					
8610	Owners of the parent		(\$ 500,856)	(132)	(\$ 53,814)	(3)
8620	Non-controlling interest		\$ 956	-	\$ 996	-
	Comprehensive (loss) income attributable to:					
8710	Owners of the parent		(\$ 375,481)	(99)	(\$ 346,288)	(17)
8720	Non-controlling interest		\$ 956	-	\$ 996	-
	Basic (diluted) losses per share	6(24)				
9750	Basic (diluted) losses per share		(\$ 2.70)		(\$ 0.29)	

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)

		Equity attributable owners of the parent							
				Retained earnings		Exchange differences from translation of foreign operations		Non-controlling interest	
	Notes	Ordinary share	Capital surplus-additional paid-in capital	Special reserve	Unappropriated retained earnings		Total		Total equity
<u>For the year ended December 31, 2019</u>									
Balance at January 1, 2019		\$ 1,826,422	\$ 1,617,452	\$ 383,087	\$ 3,702,147	(\$ 382,515)	\$ 7,146,593	\$ 459	\$ 7,147,052
Profit (loss) for the year		-	-	-	(53,814)	-	(53,814)	996	(52,818)
Other comprehensive loss for the year	6(15)	-	-	-	-	(292,474)	(292,474)	-	(292,474)
Total comprehensive (loss) income for the year		-	-	-	(53,814)	(292,474)	(346,288)	996	(345,292)
Appropriation and distribution of retained earnings:	6(14)								
Cash dividends		-	-	-	(23,743)	-	(23,743)	-	(23,743)
Stock dividends		31,050	-	-	(31,050)	-	-	-	-
Balance at December 31, 2019		\$ 1,857,472	\$ 1,617,452	\$ 383,087	\$ 3,593,540	(\$ 674,989)	\$ 6,776,562	\$ 1,455	\$ 6,778,017
<u>For the year ended December 31, 2020</u>									
Balance at January 1, 2020		\$ 1,857,472	\$ 1,617,452	\$ 383,087	\$ 3,593,540	(\$ 674,989)	\$ 6,776,562	\$ 1,455	\$ 6,778,017
Profit (loss) for the year		-	-	-	(500,856)	-	(500,856)	956	(499,900)
Other comprehensive income for the year	6(15)	-	-	-	-	125,375	125,375	-	125,375
Total comprehensive (loss) income for the year		-	-	-	(500,856)	125,375	(375,481)	956	(374,525)
Appropriation and distribution of retained earnings:	6(14)								
Cash dividends		-	-	-	(3,715)	-	(3,715)	-	(3,715)
Balance at December 31, 2020		\$ 1,857,472	\$ 1,617,452	\$ 383,087	\$ 3,593,540	(\$ 674,989)	\$ 6,397,366	\$ 2,411	\$ 6,399,777

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,	
		2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 554,697)	(\$ 49,930)
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation for property, plant and equipment	6(6)(9)	51,236	53,726
Depreciation charges on right-of-use assets	6(7)	9,588	11,104
Amortization		-	3
Expected credit loss	12(2)	131,865	112
Interest expense	6(7)(20)	303	604
Interest income	6(17)	(35,774)	(40,853)
Gain on lease modification	6(7)	(2,471)	-
Losses on lease modification	6(7)	-	16
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Accounts receivable		193,917	587,987
Other receivables		(2,516)	(242)
Inventories		47,905	45,425
Prepayments		60,684	3,036
Net changes in liabilities relating to operating activities			
Accounts payable		(90,013)	(174,129)
Other payables		(56,736)	(76,862)
Other current liabilities		(5)	(13)
Cash inflow generated from operations		(246,714)	360,254
Interest received		35,774	40,853
Interest paid		(303)	(604)
Income tax paid		(1,298)	(95,892)
Net cash flows from operating activities		(212,541)	304,341
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(25)	-	(127,651)
Decrease in right-of-use assets	6(7)	50,470	-
Increase in refundable deposits		(16)	-
Net cash flows used in investing activities		50,454	(127,651)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Cash dividends paid	6(14)(26)	(3,715)	(23,743)
Decrease (increase) in other payables - related parties	6(26) and 7	700	(2,000)
Repayments of principal portion of lease liabilities	6(7)(26)	(5,207)	(5,182)
Net cash flows used in financing activities		(8,222)	(30,925)
Effect of foreign exchange rate changes		62,193	(208,838)
Net decrease in cash and cash equivalents		(108,116)	(63,073)
Cash and cash equivalents at beginning of year		4,859,568	4,922,641
Cash and cash equivalents at end of year		<u>\$ 4,751,452</u>	<u>\$ 4,859,568</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, 2020 AND 2019

(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, 2021.

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 2020 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	January 1, 2020(Note)

Note : Earlier application from January 1, 2020 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 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

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 3, 'Reference to the conceptual framework'	January 1, 2022
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
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 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.

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, 2020	December 31, 2019
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, 2020	December 31, 2019
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 \$4,743,595 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.
- 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.

(11) Inventories

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

(12) Property, plant and equipment

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

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the 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

(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.

(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 50 years.

(15) Intangible assets

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

(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.

(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.

(18) Derecognition of financial liabilities

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

(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.

(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.

(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.

(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.

(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.

(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, 2020, the carrying amount of accounts receivable that the Group recognized was \$27,795.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand and revolving funds	\$ 5	\$ 7
Checking accounts and demand deposits	<u>4,751,447</u>	<u>4,859,561</u>
	<u>\$ 4,751,452</u>	<u>\$ 4,859,568</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, 2020</u>	<u>December 31, 2019</u>
Current items:		
Time deposits	<u>\$ 1,310,229</u>	<u>\$ 1,287,985</u>

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

	<u>Year ended December 31, 2020</u>	<u>Year ended December 31, 2019</u>
Interest income	<u>\$ 21,194</u>	<u>\$ 24,821</u>

B. As at December 31, 2020 and 2019, 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 \$1,310,229 and \$1,287,985, 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, 2020</u>	<u>December 31, 2019</u>
Accounts receivable	\$ 162,713	\$ 356,630
Less: Allowance for uncollectible accounts	<u>(134,918)</u>	<u>(107)</u>
	<u>\$ 27,795</u>	<u>\$ 356,523</u>

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

B. As of December 31, 2020 and 2019, accounts receivable were all from contracts with customers. And as of January 1, 2019, the balance of receivables from contracts with customers amounted to \$944,617.

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

D. As of December 31, 2020 and 2019, 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 \$27,795 and \$356,523, respectively.

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

(4) Inventories

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

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 3,859	\$ -	\$ 3,589
Work in progress	40,263	-	40,263
Finished goods	22,473	-	22,473
	<u>\$ 66,595</u>	<u>\$ -</u>	<u>\$ 66,595</u>

The cost of inventories recognized as expense:

	Year ended December 31, 2020	Year ended December 31, 2019
Cost of goods sold	\$ 487,881	\$ 1,702,818
Loss on decline in market value	2,010	-
Sale of scraps	(592)	(1,051)
	<u>\$ 489,299</u>	<u>\$ 1,701,767</u>

(5) Prepayments

	December 31, 2020	December 31, 2019
Prepaid advertisement expense	\$ -	\$ 68,359
Others	8,962	1,287
	<u>\$ 8,962</u>	<u>\$ 69,646</u>

(6) 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, 2020</u>						
Cost	\$ 129,721	\$ 40,192	\$ 14,628	\$ 301	\$ 179	\$ 185,021
Accumulated depreciation	(74,861)	(31,597)	(7,816)	(208)	(16)	(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>

	<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, 2019</u>						
Cost	\$ 135,327	\$ 41,766	\$ 15,201	\$ 308	\$ 186	\$ 192,788
Accumulated depreciation	(42,944)	(31,034)	(6,754)	(191)	(167)	(81,090)
	<u>\$ 92,383</u>	<u>\$ 10,732</u>	<u>\$ 8,447</u>	<u>\$ 117</u>	<u>\$ 19</u>	<u>\$ 111,698</u>
<u>2019</u>						
Opening net book amount as at January 1	\$ 92,383	\$ 10,732	\$ 8,447	\$ 117	\$ 19	\$ 111,698
Depreciation charge	(35,164)	(1,800)	(1,368)	(20)	-	(38,352)
Net exchange differences	(2,359)	(337)	(267)	(4)	(1)	(2,968)
Closing net book amount as at December 31	<u>\$ 54,860</u>	<u>\$ 8,595</u>	<u>\$ 6,812</u>	<u>\$ 93</u>	<u>\$ 18</u>	<u>\$ 70,378</u>
<u>At December 31, 2019</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>

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

(7) Leasing arrangements - lessee

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 2 to 10 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, 2020</u>	<u>December 31, 2019</u>
	<u>Book value</u>	<u>Book value</u>
Land	\$ 125,994	\$ 174,897
Buildings and structures	<u>2,708</u>	<u>8,040</u>
	<u>\$ 128,702</u>	<u>\$ 182,937</u>

	<u>Year ended</u> <u>December 31, 2020</u>	<u>Year ended</u> <u>December 31, 2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 3,950	\$ 4,787
Buildings and structures	<u>5,638</u>	<u>6,317</u>
	<u>\$ 9,588</u>	<u>\$ 11,104</u>

C. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were \$281 and \$1,651, respectively.

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

	<u>Year ended</u> <u>December 31, 2020</u>	<u>Year ended</u> <u>December 31, 2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 303	\$ 604
Gain or loss on lease modification	(2,471)	16
	<u>(\$ 2,168)</u>	<u>\$ 620</u>

E. For the years ended December 31, 2020 and 2019, the Group's total cash outflow for leases was \$5,510 and \$5,786, respectively.

F. As Fujian Provincial Changtai County People's Government reallocated the land resources in Changtai Economic Development Zone, the Group entered into an agreement with the Fujian Provincial Changtai County People's Government on April 21, 2020 to return 56,495 square meters of the Group's land located in the development zone back to the original unit and refund consideration amounting to RMB 11,543 thousand which was proportionate- to the returned area of land.

(8) 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, 2020 and 2019, the Group recognised rent income in the amounts of \$19,010 and \$19,864 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, 2020</u>		<u>December 31, 2019</u>
2021	\$ <u>7,921</u>	2020	\$ 19,857
		2021	<u>8,274</u>
			\$ <u>28,131</u>

(9) Investment property

	<u>Buildings and structures</u>
<u>At January 1, 2020</u>	
Cost	\$ 797,009
Accumulated depreciation and impairment	(<u>25,243</u>)
	<u>\$ 771,766</u>
<u>2020</u>	
Opening net book amount as at January 1	\$ 771,766
Depreciation charge	(14,828)
Net exchange differences	<u>13,029</u>
Closing net book amount as at December 31	<u>\$ 769,967</u>
<u>At December 31, 2020</u>	
Cost	\$ 808,567
Accumulated depreciation and impairment	(<u>38,600</u>)
	<u>\$ 769,967</u>

	<u>Buildings and structures</u>
<u>At January 1, 2019</u>	
Cost	\$ 828,224
Accumulated depreciation and impairment	(8,661)
	<u>\$ 819,563</u>
<u>2019</u>	
Opening net book amount as at January 1	\$ 819,563
Depreciation charge	(15,374)
Net exchange differences	(32,423)
Closing net book amount as at December 31	<u>\$ 771,766</u>
<u>At December 31, 2019</u>	
Cost	\$ 797,009
Accumulated depreciation and impairment	(25,243)
	<u>\$ 771,766</u>

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

	<u>Year ended December 31, 2020</u>	<u>Year ended December 31, 2019</u>
Rental income from investment property	<u>\$ 19,010</u>	<u>\$ 19,864</u>
Direct operating expenses arising from the investment property that generated rental income	<u>\$ 18,614</u>	<u>\$ 19,989</u>

B. The fair value of the investment property held by the Group as at December 31, 2020 and 2019 was \$776,206 and \$779,168, respectively, which was valued by independent valuers based on the effective dates, December 31, 2020 and 2019. 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.

(10) Other payables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Employee benefits payable	\$ 101,919	\$ 153,976
Payables for service fees	3,847	2,510
Taxes payable	367	6,314
Others	<u>390</u>	<u>459</u>
	<u>\$ 106,523</u>	<u>\$ 163,259</u>

(11) 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 five-month period ended June 30, 2020, the contribution percentage was decreased from 16% to 8% due to the impact of COVID-19. For the eight-month period ended December 31, 2019, January 2020 and the six-month period ended December 31, 2020, the contribution percentage was 16% and for the four-month period ended April 30, 2019, the contribution percentage was 18%. 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, 2020 and 2019 were (\$8,928) and \$14,471, respectively.

(12) Share capital

- A. As of December 31, 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, 2020	Year ended December 31, 2019
At January 1	\$ 185,747,151	\$ 182,642,233
Capital increase by retained earnings	-	3,104,918
At December 31	<u>\$ 185,747,151</u>	<u>\$ 185,747,151</u>

On June 27, 2019, the Company increased its capital by issuing 3,105 thousand new shares through the capitalization of unappropriated retained earnings of \$31,049 resolved by the stockholders at the stockholders’ meeting. The registration of the aforementioned capital increase has been completed on September 18, 2019.

(13) 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.

(14) 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 June 23, 2019 and June 27, 2018, the stockholders resolved that the distribution of earnings for the years 2018 and 2017 are as follows:

	<u>Year ended December 31, 2019</u>		<u>Year ended December 31, 2018</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Cash dividends	\$ 3,715	\$ 0.02	\$ 23,347	\$ 0.13
Stock dividends	-	-	31,050	0.17

The abovementioned distributions of earnings for the years 2019 and 2018 were in agreement with those amounts proposed by the Board of Directors on May 12, 2020 and May 7, 2019, respectively.

- E. As of March 31, 2021, the appropriation of the Company's 2020 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(22).

(15) Other equity items

	Year ended December 31, 2020	Year ended December 31, 2019
At January 1	(\$ 674,989)	(\$ 382,515)
Currency translation differences-Group	<u>125,375</u>	<u>(292,474)</u>
At December 31	<u>(\$ 549,614)</u>	<u>(\$ 674,989)</u>

(16) Operating revenue

	Year ended December 31, 2020	Year ended December 31, 2020
Total revenue from contracts with customers	\$ 378,255	\$ 2,273,198
Sales discounts and allowances (Note)	<u>-</u>	<u>(192,379)</u>
Net revenue from contracts with customers	<u>\$ 378,255</u>	<u>\$ 378,255</u>

Note: Due to the impact on overall economy from U.S.-China Trade War, the Group provided subsidies to agencies in a fixed amount based on the range that their current sales amount belongs to in December 2019.

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:

Year ended December 31, 2020	Clothing and footwear	Cosmetics	Total
Revenue from external customer contracts	<u>\$ 378,211</u>	<u>\$ 44</u>	<u>\$ 378,255</u>
Timing of revenue			
At a point in time	<u>\$ 378,211</u>	<u>\$ 44</u>	<u>\$ 378,255</u>

Year ended December 31, 2019	Clothing and footwear	Cosmetics	Total
Total revenue from external customer contracts	\$ 2,272,968	\$ 230	\$ 2,273,198
Sales discounts and allowances	<u>(192,379)</u>	<u>-</u>	<u>(192,379)</u>
Net revenue from external customer contracts	<u>\$ 2,080,589</u>	<u>\$ 230</u>	<u>\$ 2,080,819</u>
Timing of revenue			
At a point in time	<u>\$ 2,080,589</u>	<u>\$ 230</u>	<u>\$ 2,080,819</u>

(17) Interest income

	Year ended December 31, 2020	Year ended December 31, 2019
Interest income from bank deposits	\$ 14,580	\$ 15,762
Interest income from financial assets measured at amortized cost	<u>21,194</u>	<u>24,821</u>
	<u>\$ 35,774</u>	<u>\$ 40,583</u>

(18) Other income

	Year ended December 31, 2020	Year ended December 31, 2019
Rent income	\$ 19,010	\$ 19,864
Royalty income	2,967	3,539
	<u>\$ 21,977</u>	<u>\$ 23,403</u>

(19) Other gains and losses

	Year ended December 31, 2020	Year ended December 31, 2019
Gain on lease modification	\$ 2,471	\$ -
Net currency exchange gain (losses)	15,985	(4,233)
Depreciation for investment property	(14,828)	(15,374)
Depreciation charges on right-of-use assets - land	(3,786)	(4,615)
Others	-	3
	<u>(\$ 158)</u>	<u>(\$ 24,219)</u>

(20) Finance costs

	Year ended December 31, 2020	Year ended December 31, 2019
Interest expense	<u>\$ 303</u>	<u>\$ 604</u>

(21) Expenses by nature

	Year ended December 31, 2020	Year ended December 31, 2019
Raw materials and supplies used	\$ 205,463	\$ 902,574
Advertising costs	204,239	284,480
Employee benefit expense	153,605	343,319
Expected credit losses	131,865	112
Outside purchase finished good	53,378	340,821
Change in inventory of finished goods and work in progress	43,782	43,096
Depreciation charges on property, plant and equipment	36,408	38,352
Cost of services	8,052	11,087
Depreciation charges on right-of-use assets	5,802	6,489
Transportation expenses	355	696
Other expenses	147,885	199,937
Revenue from sale of scraps	(592)	(1,051)
Operating cost and operating expenses	<u>\$ 990,242</u>	<u>\$ 2,169,912</u>

(22) Employee benefit expense

	Year ended <u>December 31, 2020</u>	Year ended <u>December 31, 2019</u>
Wages and salaries	\$ 151,586	\$ 292,219
(Reversal of pension costs) pension costs	(8,928)	14,471
Other personnel expenses	<u>10,947</u>	<u>36,629</u>
	<u>\$ 153,605</u>	<u>\$ 343,319</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 0.1% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration.

B. No employees' compensation and directors' and supervisors' remuneration were accrued due to the accumulated deficit for 2020 and 2019.

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.

(23) Income tax

A. Income tax (benefit) expense

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

	Year ended <u>December 31, 2020</u>	Year ended <u>December 31, 2019</u>
Current tax:		
Current tax on profits for the year	\$ 1,299	\$ 1,755
Prior year income tax underestimation	-	5,055
Deferred tax:		
Origination and reversal of temporary differences	(<u>56,096</u>)	(<u>3,922</u>)
Income tax (benefit) expense	<u>(\$ 54,797)</u>	<u>\$ 2,888</u>

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

	Year ended December 31, 2020	Year ended December 31, 2019
Tax calculated based on profit before tax and statutory tax rate	(\$ 138,627)	(\$ 14,872)
Effect from permanent differences	(8,017)	-
Temporary differences not recognized as deferred tax assets	33,528	111
Taxable loss not recognized as deferred tax assets	114,350	16,115
Prior year income tax (overestimation)	-	5,055
Effect of income tax on overseas earnings	(56,031)	(3,521)
Income tax (benefit) expense	(\$ 54,797)	\$ 2,888

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

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

Year ended December 31, 2019						
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Translation differences	Payments during the year	December 31
Temporary differences:						
-Deferred tax liabilities:						
Income tax on overseas earnings	(\$646,399)	\$ 3,521	\$ -	\$ 13,539	\$ -	(\$ 629,339)

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

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

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

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Deductible temporary differences	<u>\$ 133,987</u>	<u>\$ 11</u>

F. The Company is a registered company in the British Cayman Islands, Jinli Bermuda is a registered company in the Bermuda Islands, and Topoint and Dragon Flair are registered companies in the British Virgin Islands. All these companies are exempt from business income tax under local laws and regulations.

G. Gold Apple (HK) and Million Win are registered companies in the Hong Kong Special Administrative Region of the People's Republic of China. Under the rules of Hong Kong's Inland Revenue Ordinance, only income sourced in Hong Kong is taxable. The aforementioned subsidiaries did not generate taxable income for the years ended December 31, 2020 and 2019.

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.

(24) Losses per share

Losses per share

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

Year ended December 31, 2019			
	<u>Amount</u> <u>after tax</u>	<u>Weighted average</u> <u>number of ordinary</u> <u>shares outstanding</u> <u>(share in thousands)</u>	<u>Losses</u> <u>per share</u> <u>(in dollars)</u>
Basic(diluted) losses per share			
Losses attributable to ordinary shareholders of the parent	<u>(\$ 53,418)</u>	<u>185,747</u>	<u>(\$ 0.29)</u>

(25) Supplemental cash flow information

A. Investing activities with partial cash payments (There was no such event for the year ended December 31, 2020)

	Year ended December 31, 2019
Purchase of property, plant and equipment	\$ -
Add: Opening balance of payable on construction	127,691
Less: Ending balance of payable on construction	-
Effect of exchange rate changes	(40)
Cash paid during the year	<u>\$ 127,651</u>

B. Financing activities with no cash flow effects

	Year ended December 31, 2020	Year ended December 31, 2019
Stock dividends	<u>\$ -</u>	<u>\$ 31,050</u>

(26) Changes in liabilities from financing activities

	Lease liability	Cash dividends paid	Others	Liabilities from financing activities-gross
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.

	Lease liability	Cash dividends paid	Others	Liabilities from financing activities-gross
January 1, 2019	\$ 12,890	\$ -	\$ 4,000	\$ 16,890
Changes in cash flow from financing activities	(5,182)	(23,743)	(2,000)	(30,925)
Interest expense paid (Note)	(604)	-	-	(604)
Effect of exchange rate changes	265	-	-	265
Changes in other non-cash items	<u>756</u>	<u>23,743</u>	<u>-</u>	<u>24,499</u>
December 31, 2019	<u>\$ 8,125</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 10,125</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 is the chairman of the Company
Leads (Hong Kong) bio Co., Ltd. (Leads China)	The company 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

	<u>Year ended December 31, 2020</u>	<u>Year ended December 31, 2019</u>
Leads Hong Kong	\$ 2,967	\$ 3,539

This is 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

	<u>Year ended December 31, 2020</u>	<u>Year ended December 31, 2019</u>
Leads China	\$ 19,010	\$ 19,864

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 Jinjiang Longfei and Jinjiang Aiqi. These leases have terms expiring between 2011 and 2021. Rents are paid at the beginning of each quarter.
- (b) On January 1, 2019 (the date of initial application of IFRS 16), the Group increased right-of-use assets by \$13,776.

(c) Lease liability

i: Outstanding balance

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Jinjiang Longfei	\$ 2,194	\$ 6,328
Jinjiang Aiqi	624	1,797
	<u>\$ 2,818</u>	<u>\$ 8,125</u>

ii. Interest expense

	<u>Year ended December 31, 2020</u>	<u>Year ended December 31, 2019</u>
Jinjiang Longfei	\$ 234	\$ 451
Jinjiang Aiqi	66	128
	<u>\$ 300</u>	<u>\$ 579</u>

C. Other receivables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Leads Hong Kong	\$ 5,411	\$ 2,767
Leads China	1,616	1,588
	<u>\$ 7,027</u>	<u>\$ 4,355</u>

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

Loans from related parties

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Key management	\$ 2,700	\$ 2,000

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

(3) Key management compensation

	<u>Year ended December 31, 2020</u>	<u>Year ended December 31, 2019</u>
Short-term employee benefits	\$ 23,176	\$ 24,149
Post-employment benefits	(95)	408
Total	<u>\$ 23,081</u>	<u>\$ 24,557</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

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders 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, 2020, the Group's strategy, which was unchanged from 2019, was to maintain the gearing ratio under 100%. The gearing ratios at December 31, 2020 and 2019 were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Total liabilities	\$ 693,429	\$ 927,129
Total equity	6,399,777	6,778,017
Gearing ratio	11%	14%

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 4,751,452	\$ 4,859,568
Financial assets at amortized cost- current	1,310,229	1,287,985
Accounts receivable	27,795	356,523
Other receivables (including related parties)	<u>7,027</u>	<u>4,511</u>
	<u>\$ 6,096,503</u>	<u>\$ 6,508,587</u>
<u>Financial liabilities</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Financial liabilities at amortized cost		
Accounts payable	\$ 34,023	\$ 124,036
Other payables (including related parties)	<u>109,223</u>	<u>165,259</u>
	<u>\$ 143,246</u>	<u>\$ 289,295</u>
Lease liability	<u>\$ 2,838</u>	<u>\$ 8,125</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 Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: USD and certain subsidiaries' functional currency: RMB and HKD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2020			
Foreign currency			
	Amount	Exchange	Book value
	(In thousands)	rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB: USD	\$	18	0.15 \$ 77
HKD: USD		2	0.13 6
NTD: USD		159	0.04 159

December 31, 2019			
Foreign currency			
	Amount	Exchange	Book value
	(In thousands)	rate	(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB: USD	\$	18	0.14 \$ 76
HKD: USD		25	0.13 94
NTD: USD		206	0.03 206

- iv. The total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2020 and 2019 amounted to \$15,985 and (\$4,233), respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2020			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other Comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB: USD	1%	\$ 1	\$ -
HKD: USD	1%	-	-
NTD: USD	1%	2	-
Year ended December 31, 2019			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other Comprehensive Income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB: USD	1%	\$ 1	\$ -
HKD: USD	1%	1	-
NTD: USD	1%	2	-

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, 2020 and 2019, 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, 2020						
Expected loss rate	41.40%	77.00%	100%	100%	100%	
Total book value	\$ 18,096	\$ -	\$ 12,051	\$ 30,559	\$ 84,812	\$ 145,518
Loss allowance	7,491	-	12,051	30,559	84,812	134,913
	<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, 2019						
Expected loss rate	0.03%	0.07%	0.07%	0.07%	100%	
Total book value	\$ 317,821	\$ -	\$ -	\$ -	\$ -	\$ 317,821
Loss allowance	95	-	-	-	-	95

(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, 2020						
Expected loss rate	0.03%	0.07%	0.07%	0.07%	100%	
Total book value	\$ 17,195	\$ -	\$ -	\$ -	\$ -	\$ 17,195
Loss allowance	5	-	-	-	-	5
	<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, 2019						
Expected loss rate	0.03%	0.07%	0.07%	0.07%	100%	
Total book value	\$ 38,809	\$ -	\$ -	\$ -	\$ -	\$ 38,809
Loss allowance	12	-	-	-	-	12

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

	<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>

	2019
	<u>Accounts receivable</u>
At January 1	\$ -
Provision for impairment	112
Effect of exchange rate changes	(5)
At December 31	<u>\$ 107</u>

(c) 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, 2020 and 2019, the Group held money market position of \$4,751,452 and \$4,859,568, respectively and current financial assets at amortized cost of \$1,310,229 and \$1,287,985, 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, 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	-

<u>December 31, 2019</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	\$ 124,036	\$ -	\$ -
Other payables (including related parties)	164,259	1,000	-
Lease liability	1,522	4,250	2,833

(3) Fair value information

Fair value information of investment property at cost is provided in Note 6(9).

(4) Other matter

Due to the spread of the COVID-19 pandemic all over the world, global economic activities and consumption patterns have been changed. As a result, operating revenue of the Group for the year ended December 31, 2020 has been significantly impacted and dramatically decreased. The Group has taken the following measures in respond to the impact of the pandemic on operation:

A. Operational adjustment

Eliminate the weak original regional agencies and support the strong ones, actively seek potential agencies, strengthen brand sales and enhance sales momentum.

B. Financial adjustment

While maintaining good operating efficiency, strengthen control over various cost and expense items, increase the collection frequency of accounts receivable and maintain 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, 2020</u>		<u>Year ended December 31, 2019</u>	
	<u>Clothing and footwear</u>	<u>Cosmetics</u>	<u>Clothing and footwear</u>	<u>Cosmetics</u>
Revenue from external customers, net	\$ 378,211	\$ 44	\$ 2,080,589	\$ 230
Inter-segment revenue	-	-	-	-
Segment revenue	<u>\$ 378,211</u>	<u>\$ 44</u>	<u>\$ 2,080,589</u>	<u>\$ 230</u>
Segment profit (loss) before tax	<u>(\$ 556,583)</u>	<u>\$ 1,886</u>	<u>(\$ 51,962)</u>	<u>\$ 2,032</u>
Depreciation	<u>\$ 36,408</u>	<u>\$ -</u>	<u>\$ 38,349</u>	<u>\$ 3</u>
Interest income	<u>\$ 35,774</u>	<u>\$ -</u>	<u>\$ 40,581</u>	<u>\$ 2</u>
Other income	<u>\$ 19,010</u>	<u>\$ 2,967</u>	<u>\$ 19,864</u>	<u>\$ 3,539</u>
Other gains and losses	<u>\$ 177</u>	<u>(\$ 335)</u>	<u>(\$ 24,154)</u>	<u>\$ 65</u>
Finance costs	<u>\$ 302</u>	<u>\$ 1</u>	<u>\$ 601</u>	<u>\$ 3</u>

	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	<u>Clothing and footwear</u>	<u>Cosmetics</u>	<u>Clothing and footwear</u>	<u>Cosmetics</u>
Total segment assets	<u>\$ 7,086,263</u>	<u>\$ 6,943</u>	<u>\$ 7,700,159</u>	<u>\$ 5,024,987</u>
Total segment liabilities	<u>\$ 691,407</u>	<u>\$ 2,022</u>	<u>\$ 925,112</u>	<u>\$ 2,017</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, 2020</u>	<u>Year ended December 31, 2019</u>
Footwear sales	\$ 330,080	\$ 1,785,974
Clothing sales	47,274	480,666
Cosmetic sales	44	230
Other sales	857	6,328
Subtotal	<u>378,255</u>	<u>2,273,198</u>
Sales discounts and allowances	<u>-</u>	<u>(192,379)</u>
Total	<u>\$ 378,255</u>	<u>\$ 2,080,819</u>

(6) Geographical information

Geographical information for the years ended December 31, 2020 and 2019 is as follows:

	<u>Year ended December 31, 2020</u>		<u>Year ended December 31, 2019</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
China	\$ 378,211	\$ 933,119	\$ 2,080,589	\$ 1,025,051
Taiwan	<u>44</u>	<u>92</u>	<u>230</u>	<u>35</u>
	<u>\$ 378,255</u>	<u>\$ 933,211</u>	<u>\$ 2,080,819</u>	<u>\$ 1,025,086</u>

(7) Major customer information

For the years ended December 31, 2020 and 2019, 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, 2020</u>		<u>Year ended December 31, 2019</u>	
	<u>Revenue</u>	<u>Segment</u>	<u>Revenue</u>	<u>Segment</u>
Client L	\$ 92,312	\$ -	\$ 282,825	\$ -
Client J	58,056	-	163,660	-
Client A	36,323	-	249,355	-
Client H	31,333	-	243,583	-
Client D	28,306	-	216,963	-

Jinli Group Holdings Limited and its subsidiaries

Loans to others

Year ended December 31, 2020

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, 2020	Balance at December 31, 2020	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	\$ 248,577	1.38	Note 1	\$ -	Operations	\$ -	None	\$ -	\$ 2,558,946	\$ 2,558,946	
1	Gold Apple (HK)	Gold Apple (China)	Other receivable	Yes	400,000	400,000	248,577	1.38	Note 1	-	Operations	-	None	-	2,413,815	4,827,630	
2	Gold Apple (China)	Gold Apple (Changtai)	Other receivable	Yes	1,400,000	450,000	370,903	1.07	Note 1	-	Operations	-	None	-	2,425,086	4,850,173	

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, 2020

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020	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 \$ 250,734	-	\$ -	-	\$ -	\$ -
Gold Apple (HK)	Gold Apple (China)	Subsidiary	Other receivables \$ 250,734	-	-	-	-	-
Gold Apple (China)	Gold Apple (Changtai)	Sister companies	Other receivables \$ 372,932	-	-	-	-	-

Jinli Group Holdings Limited and its subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 31, 2020

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	\$ 3,368	Note 5	0.89
0	The Company	Gold Apple (HK)	1	Other receivables	248,577	Note 4	3.50
0	The Company	Gold Apple (HK)	1	Other receivables	2,157	Note 5	0.03
1	Gold Apple (HK)	Gold Apple (China)	3	Interest income	3,368	Note 5	0.89
1	Gold Apple (HK)	Gold Apple (China)	3	Other receivables	248,577	Note 4	3.50
1	Gold Apple (HK)	Gold Apple (China)	3	Other receivables	2,157	Note 5	0.03
2	Gold Apple (China)	Aiqi (Fujian)	3	Cost of sales	6,773	Note 7	1.79
2	Gold Apple (China)	Gold Apple (Changtai)	3	Interest income	6,129	Note 6	1.62
2	Gold Apple (China)	Gold Apple (Changtai)	3	Other receivables	370,903	Note 4	5.23
2	Gold Apple (China)	Gold Apple (Changtai)	3	Other receivables	2,029	Note 6	0.03

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, 2020

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, 2020				Footnote	
				Balance at December 31, 2020	Balance at December 31, 2019	Number of shares	Ownership (%)	Book value	Net profit (loss)		Investment income(loss)
									of the investee for the year ended December 31, 2020		recognized by the Company for the year ended December 31, 2020
The Company	Jinli Bermuda	Bermuda Island	Investment holdings	\$ 1,858,875	\$ 1,858,875	825,458,519	100	\$ 6,147,458	(\$ 504,120)	(\$ 504,120)	Subsidiary
The Company	Leads Bio	Taiwan	Manufacture and sales of cosmetics	17,850	17,850	1,785,000	51	2,510	1,951	995	Subsidiary
Jinli Bermuda	Topoint	BVI	Investment holdings	963,079	963,079	41,100	100	6,034,577	(507,954)	(507,954)	Second-tier subsidiary
Jinli Bermuda	Dragon Flair	BVI	Investment holdings	37,501	37,501	20,000	100	126,163	3,892	3,892	Second-tier subsidiary
Topoint	Gold Apple (HK)	Hong Kong	Investment holdings	980,586	980,586	254,217,784	100	6,034,538	(507,958)	(507,958)	Third-tier subsidiary
Dragon Flair	Million Win	Hong Kong	Investment holdings	37,320	37,320	10,000,000	100	126,166	3,892	3,892	Third-tier subsidiary

Jinli Group Holdings Limited and its subsidiaries

Information on investments in Mainland China

Year ended December 31, 2020

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, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee as of December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2020 (Note 2)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Gold Apple (China)	Clothing and footwear manufacturing	\$ 949,186	1	\$ -	\$ -	\$ -	\$ -	(\$ 560,345)	100	(\$ 560,345)	\$ 6,062,716	\$ -	Note 2
Aiqi (Fujian)	Clothing and footwear manufacturing	37,283	1	-	-	-	-	3,896	100	3,896	126,161	-	Note 2
Gold Apple (Changtai)	Clothing and footwear manufacturing	521,566	1	-	-	-	-	(3,645)	100	(3,645)	519,830	-	Note 2

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

Note 2：Investment income (loss) recognized for the year ended December 31, 2020 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, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
—	\$ -	\$ -	\$ -

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

Jinli Group Holdings Limited and its subsidiaries

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

Year ended December 31, 2020

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at December 31, 2020	%	Balance at December 31, 2020	Purpose	Maximum balance during the year ended December 31, 2020	Balance at December 31, 2020	Interest rate	Interest during the year ended December 31, 2020	Others
Gold Apple (China)	\$ -		\$ -		\$ -		\$ -		\$ 400,000	\$ 400,000	1.38	\$ 3,368	
Gold Apple (Changtai)	-		-		-		-		1,400,000	450,000	1.07	6,129	

Jinli Group Holdings Limited and its subsidiaries
Major shareholders information
Year ended December 31, 2020

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	35,953,883	19.35
KGI Bank Entrust Dragon Million (Asia) Limited Investment Account	12,160,544	6.54
Li, Chun Fei	9,808,652	5.28